



USAID
FROM THE AMERICAN PEOPLE

**Report to Congress
FY 2012**

**Use of International Disaster Assistance Funds for
Local and Regional Procurement, Cash, and Food Vouchers under the
Emergency Food Security Program**

This report is submitted in compliance with House Report 111-366 accompanying the Consolidated Appropriations Act, 2010 (P.L. 111-117), which required a report no later than September 30, 2010 and every six months thereafter.

This report to Congress discusses how USAID used International Disaster Assistance (IDA) funds, otherwise known as Emergency Food Security Program (EFSP) funds, appropriated under this Act for local and regional procurement (LRP), cash transfers for food, and food vouchers to address food insecurity in emergency situations internationally in Fiscal Year (FY) 2012. The report describes how USAID used the funding in accordance with the following priorities expressed by the Committee:

1. That the program “in no way supplants the United States emergency food assistance strategy built upon the provision of in-kind commodities produced in the United States”;
2. That the program “be employed on a case-by-case basis when in-kind food aid is unavailable or impractical, and only when compelling evidence exists of an urgent need where LRP, cash transfers for food, or food vouchers in place of other options will save lives, reduce suffering, or serve substantially more people in need”; and
3. That the program “ensure that such purchases do not distort, but instead bolster and develop local agricultural markets in developing countries.”¹

Background

The 2009 Government Accountability Office report to Congress, *International Food Assistance: Local and Regional Procurement Can Enhance the Efficiency of U.S. Food Aid, but Challenges May Constrain Its Implementation*², found that providing cash grants for local and regional procurement rather than in-kind food commodities to implementing partners can enable grantees to deliver food to beneficiaries more quickly and cost-effectively, while also providing development benefits to local communities where the food is purchased. In many cases, LRP, which includes local and regional procurement of food commodities, cash transfers, and food vouchers, can significantly shorten delivery times for food aid, which is a critical priority in emergency food security activities. At the same time, LRP can strengthen and expand commercial market linkages, and stimulate an appropriate production response among developing country farmers.

¹ Conference Report for the FY2010 Foreign Operations appropriations, H. Rep. 111-366, citing the House Report for the same appropriations, H. Rep. 111-187.

² GAO-09-570

Purpose and Program Objectives

The purpose of the EFSP program is to address the highest priority, immediate, emergency food security needs. To ensure that the program complements – and does not substitute for – U.S. in-kind food aid, USAID has established strict criteria for its use of IDA funds that are clearly articulated in the solicitation for applications. In brief, funding may be used under the following conditions:

1. When in-kind food assistance cannot arrive in a sufficiently timely manner through the regular ordering process or when prepositioned stocks are unable to address emergency needs either because of a new emergency or an increase in needs for an ongoing emergency (e.g., increased displacement during an existing conflict);
2. When local and/or regional procurement, cash, and/or food voucher programs, due to market conditions, are more appropriate than in-kind food assistance to address specific emergency food security needs; or
3. In certain cases, when significantly more beneficiaries can be served through the use of local and/or regional procurement, cash, and/or food vouchers. All applicants for USAID funding must justify why their applications meet one of the criteria, and USAID experts independently review each one to determine whether to proceed.

Fiscal Year 2012 Grants

In FY 2012, USAID awarded 50 EFSP grants, totaling over \$374 million in 19 different countries, to multiple different private voluntary organizations and United Nations (UN) agencies. The grants supported local and regional procurement, cash transfers, and food voucher programs addressing emergency food security needs in Afghanistan, Burma, Cambodia, Chad, Democratic Republic of the Congo, Haiti, Kenya, Mali, Mauritania, Niger, Pakistan, Rwanda, Somalia, Senegal, Sudan, South Sudan, Syria, Syria Regional, Yemen and Zimbabwe.

For a detailed list of all IDA-funded programs for FY 2012, please refer to page five of this document.

Selected Programs

IDA funds enable USAID to respond quickly to emergencies around the world. This section offers a glimpse into three programs and their success in improving the lives of USAID beneficiaries.

Chad

Responding to long-term food insecurity crises in Chad, USAID awarded a trio of grants in FY 2012 to provide food assistance to local populations, internally displaced persons (IDPs), and refugees in Eastern Chad with the goal of reducing food insecurity. These awards, valued at \$4.5 million, \$2.7 million and \$10 million and granted with IDA funding, were awarded to Catholic Relief Services (CRS), ACTED and the UN World Food Program (WFP), respectively.

Over the past decade, the nation of Chad has grappled with issues of unrest, including increasing levels of food insecurity. When the fighting in Darfur intensified in neighboring Sudan in 2004, Chad experienced an influx of refugees that strained the already limited food supply needed to sustain its own populations in Eastern Chad. In addition, fighting within Chad between various rebel groups, government forces, and cattle raiders in the border areas in the East further decreased the stability of the region, subsequently straining food security. By the end of 2011, there were 250,000 Darfuri refugees and 180,000 IDPs living in camps throughout Eastern Chad. A society already strained by local and regional conflict, Chad reached dire levels of food insecurity when in early 2011 a poor rainy season caused a shortage of 620,000 metric tons of cereal – nearly a 50 percent reduction against the average. By April 2012, 3.6 million Chadians in the Sahel region of the country were food insecure, of which 1.5 million were considered severely food insecure.

USAID-funded interventions included regional procurement of food commodities from Nigeria and the supply of food vouchers to reduce food insecurity and alleviate suffering of refugees and IDPs. The voucher programs implemented by CRS and ACTED in different regions of the East, for example, provided both short-term and long-term support to families. Through their respective programs, CRS and ACTED invited food vendors from other areas of the country to participate and distribute food at food fairs in order to compensate for the lack of food available in the areas of operation. Program beneficiaries were then invited to the food banks and issued food vouchers for the purpose of purchasing foods from these various vendors. In the short-term it helped vulnerable families gain access to foods, while improving food security in the long-term by protecting livelihood assets, such as livestock, that aid in recovery and building resilience to future shocks. In total, more than 18,000 households in 301 villages benefitted from the life-saving food voucher programs implemented by CRS and ACTED.

Haiti

The earthquake that hit Haiti in January 2010 caused unimaginable devastation to the small island nation, shattering critical infrastructures needed in establishing market linkages for food and agriculture. Later that year, Hurricane Thomas hit Haiti for its second great disaster of the year, further straining food supply and access, especially for households residing in Grande-Anse in the Southwestern tip of Haiti. Against an already difficult backdrop, the cholera epidemic that struck Haiti after Hurricane Thomas reduced food security conditions even further; as health conditions deteriorated food prices rose and child malnutrition increased. By late 2011 it became apparent that more needed to be done to mitigate rising food insecurity, particularly in the more remote area of Southwest Haiti.

After a careful evaluation of the food security situation in Grande-Anse, USAID awarded a \$5.9 million grant to CARE International to establish an electronic food voucher distribution program in the smaller community of Dame Marie. The program used a new and innovative approach to food distribution – mobile money – which was created to counter the difficulties faced by traditional food distribution, such as high transport costs, by capitalizing on the wide usage of cell phones in Haiti. It was apparent that local markets in Dame Marie had ample food stocks to supply local households, but the damage to livelihoods as a result of the series of shocks had left many vulnerable families unable to purchase food. CARE's program provided

beneficiaries with electronic vouchers that could be used at pre-approved local vendors to purchase eligible, nutritious food. The use of vouchers supported 12,000 vulnerable families to access food, including locally produced foods such as beans and yams, while building a more diversified and sustainable post-project local market chain and reinvesting aid dollars directly into the local economy. This support of locally produced foods and strengthening of local market chains also supported Feed the Future goals of advancing local production of staple foods.

Additionally, the mobile money approach developed under this program became a foundation for one of CARE's strategic objectives under their FY 2013 Title II development program supporting the Government of Haiti in establishing a food voucher-based safety net program. This program will be capable of scaling up nationally, surging during emergencies, and will promote consumption of locally produced foods.

Syria

In early 2011, nationwide protesters began demonstrating against President's Bashar government in a movement considered to be a part of the larger Arab Spring. What began as an anti-government protest quickly escalated into a fierce government crackdown, and later a full-scale civil war. As government forces clashed with coalition forces, living conditions for local populations deteriorated, thus straining food supply networks and increasing food insecurity. In response to growing food insecurity, WFP began its first emergency program (EMOP) in December 2011. Initially targeting 50,000 beneficiaries, WFP's program used LRP of needed food commodities to provide life-sustaining food supplies to IDPs and refugees affected by the conflict.

As the crisis escalated, USAID took note of the declining food security and moved forward in March 2012 with its first contribution of \$6 million of IDA support to WFP's program. Due to the nature of the conflict and security situation in Syria, USAID determined that WFP's method of LRP was the only way to make any effective impact for the provision of food assistance within conflict-affected areas of Syria. Import constraints, concerns that the Syrian government could block or tamper with U.S. goods, and fears that recipients or aid workers might face security threats if found using U.S. food has limited its use. Finding alternatives to traditional food assistance to mitigate loss of human life was absolutely necessary if USAID and WFP wished to reach any substantial population of a growing food insecure population.

As the conflict worsened, the scope of food insecurity widened. To meet the growing need, WFP extended its program through June 2012 with the aim of doubling its reach. With the program now targeting 100,000 beneficiaries, USAID made a second contribution of \$6 million to support continuing LRP efforts. Yet even as WFP expanded operations, the crises continued to rapidly deteriorate thus requiring even more emergency food assistance. By the end of FY 2012, the need for food assistance in Syria was staggering. USAID made two additional contributions of \$6 million and \$14.3 million for a total FY 2012 package of \$30.3 million in IDA support to WFP's primary EMOP and the people of Syria. By the end of June 2012 – only seven months after WFP began its EMOP – the program targeted more than 850,000 total beneficiaries – an increase of 1170 percent – and had been extended to last through the end of calendar year 2012.

FY 2012 Awards

Country	Emergency	Awardee	Date Awarded	Funding level	Program Type	Funding Criteria	Metric Tons	Regional Procurement Countries
Afghanistan	Drought	Save the Children	10/21/11	\$ 5,031,114	Cash Transfers	Appropriate due to market conditions	N/A	N/A
	Drought	CARE	01/12/12	\$ 2,226,229	Cash Transfers	Appropriate due to market conditions	N/A	N/A
	Drought	Aga Khan	05/10/12	\$ 852,622	Cash Transfers	Appropriate due to market conditions	N/A	N/A
				\$ 793,326	Local and Regional Procurement	Timeliness	1,474	India
Burma	Conflict	WFP	6/29/12	\$ 3,000,000	Local Procurement	Appropriate due to market conditions	3,426	N/A
Cambodia	Cyclone/ Flooding	WFP	01/30/12	\$ 2,000,000	Local Procurement	Timeliness	2,421	N/A
Chad	Drought	WFP	04/18/12	\$ 10,000,000	Regional Procurement	Timeliness	7,279	Nigeria
	Drought	ACTED	04/18/12	\$ 2,767,228	Food Vouchers	Appropriate due to market conditions	N/A	N/A
	Drought	Catholic Relief Services	04/19/12	\$ 4,504,047	Food Vouchers	Appropriate due to market conditions	N/A	N/A

Democratic Republic of the Congo	Conflict	WFP	12/13/11	\$ 3,000,000	Local and Regional Procurement	Timeliness	2,437	Uganda, Rwanda
				\$ 2,000,000	Food Vouchers	Appropriate due to market conditions	N/A	N/A
Haiti	Hurricane	CARE	10/27/11	\$ 5,910,238	Food Vouchers	Appropriate due to market conditions	N/A	N/A
Kenya	Drought	WFP	11/29/11	\$ 15,000,000	Local and Regional Procurement	Timeliness	22,901	Uganda
				\$ 5,000,000	Cash Transfers	Appropriate due to market conditions	N/A	N/A
	Drought	Adeso (Horn Relief)	12/29/11	\$ 4,284,469	Cash Transfers	Appropriate due to market conditions	N/A	N/A
	Drought	WFP	08/23/12	\$ 10,500,000	Cash Transfers	Appropriate due to market conditions	N/A	N/A
				\$ 1,500,000	Local and Regional Procurement	Timeliness	1,941	Zambia
Mali	Drought	Catholic Relief Services	04/20/12	\$ 2,226,023	Food Vouchers	Timeliness and appropriateness due to market conditions	N/A	N/A
	Drought	Catholic Relief Services	09/20/12	\$ 1,838,865	Cash Transfers	Appropriate due to market conditions	N/A	N/A

				\$ 4,009,782	Regional Procurement	Timeliness	3,457	Burkina Faso, Senegal, Togo
	Drought	WFP	04/20/12	\$ 990,218	Cash Transfers	Appropriate due to market conditions	N/A	N/A
Mauritania	Drought	Save the Children	9/25/12	\$ 1,081,619	Cash Transfers	Appropriate due to market conditions	N/A	N/A
	Drought	World Vision	03/30/12	\$ 2,000,000	Food Vouchers	Timeliness and appropriatenes s due to market conditions	N/A	N/A
	Drought	World Vision (Mod 1)*	09/25/12	\$ 2,790,626	Food Vouchers	Timeliness and appropriatenes s due to market conditions	N/A	N/A
	Drought	WFP	03/30/12	\$ 3,000,000	Cash Transfers	Appropriate due to market conditions	N/A	N/A
Niger	Drought	UNICEF	04/30/12	\$ 2,000,000	Cash Transfers	Appropriate due to market conditions	N/A	N/A
				\$ 1,000,000	Local Procurement	Timeliness	221	N/A
	Drought	WFP	04/25/12	\$ 2,500,000	Cash Transfers	Appropriate due to market conditions	N/A	N/A
				\$ 7,500,000	Local and Regional Procurement	Timeliness	6,396	Togo

	Drought	WFP (Mod 1)	5/31/12	\$ 20,000,000	Regional Procurement	Timeliness	19,522	Nigeria
	Drought	Mercy Corps	04/30/12	\$ 3,997,507	Cash Transfers	Appropriate due to market conditions	N/A	N/A
	Drought	Africare	09/20/12	\$ 3,241,242	Local Procurement	Appropriate due to market conditions	2,871	N/A
				\$ 757,912	Cash Transfers		N/A	
	Drought	WFP	9/22/12	\$ 5,000,000	Cash Transfers	Appropriate due to market conditions	N/A	N/A
	Drought	Samaritan's Purse	9/24/2012	\$ 2,500,041	Local Procurement	Appropriate due to market conditions	1,108	N/A
Pakistan	Flooding	WFP	11/08/11	\$ 20,000,000	Local and Regional Procurement	Timeliness	26,607	Malaysia
			06/01/12	\$(1,120,399)	Transfer of funds from this award to WFP award two rows below.	N/A	-1,316	N/A
	Conflict	WFP	05/23/12	\$ 2,519,798	Local and Regional Procurement	Timeliness	5,116	Malaysia
			06/01/12	\$ 1,120,399	Transfer of funds to this award from WFP award above.	N/A	1,316	N/A
	Flooding	Save the Children	01/19/12	\$ 5,000,000	Food Vouchers	Appropriate due to market conditions	N/A	N/A

Rwanda	Refugees	WFP	12/23/11	\$ 3,032,542	Local Procurement	Timeliness	3,283	N/A
		WFP (mod)	06/20/12	\$ 1,665,707			1,431	N/A
Senegal	Drought	CRS	09/25/12	\$ 592,739	Food Vouchers	Appropriate due to market conditions	N/A	N/A
				\$ 1,839,781	Cash Transfers	Appropriate due to market conditions	N/A	N/A
Somalia	Drought/ Famine	Partner 1	11/08/11	\$ 19,288,160	Cash Transfers	Appropriate due to market conditions	N/A	N/A
	Drought/ Famine	Partner 1 (mod)	6/6/12	\$ 30,680,278	Cash Transfers	Appropriate due to market conditions	N/A	N/A
	Drought/ Famine	Partner 2 (Mod)	04/13/12	\$ 9,981,238	Cash Transfers	Appropriate due to market conditions	N/A	N/A
	Drought/ Famine	Partner 3 (Mod)	05/17/12	\$ 2,500,000	Food Vouchers	Appropriate due to market conditions	N/A	N/A
	Drought/ Famine	Partner 4 (Horn Relief)	06/05/12	\$ 14,757,669	Cash Transfers	Appropriate due to market conditions	N/A	N/A
	Drought/ Famine	Partner 5	09/30/12	\$ 4,795,723	Cash Transfers	Appropriate due to market conditions	N/A	N/A
Sudan	Conflict	Partner 1	07/19/12	\$ 1,562,871	Local Procurement	Timeliness	500	N/A
	Conflict	Partner 2	02/29/12	\$ 3,651,053	Regional Procurement	Timeliness	2,102	Uganda

	Conflict	Partner 2 (Mod 1)	4/23/2012	\$ 2,009,911	Regional Procurement	Timeliness	1,000	Uganda
	Conflict	Partner 2 (Mod 2)	6/12/2012	\$ 3,275,389	Regional Procurement	Timeliness	2,000	Uganda
South Sudan	Conflict	WFP	05/01/12	\$ 30,000,000	Regional Procurement	Timeliness	21,519	Tanzania, Ethiopia
Syria	Conflict	WFP	03/21/12	\$ 6,000,000	Local and Regional Procurement	Timeliness	4,911	Middle East/Asia
	Conflict	WFP (Mod 1)	05/18/12	\$ 6,000,000	Regional Procurement	Timeliness	5,795	Turkey, Vietnam
	Conflict	WFP (Mod 2)	07/11/12	\$ 6,000,000	Local and Regional Procurement	Timeliness	5,484	Turkey, Lebanon
	Conflict	WFP (Mod 3)	08/21/12	\$ 14,300,000	Local and Regional Procurement	Timeliness	11,700	Turkey, Jordan, Vietnam, Lebanon
Syria Regional	Conflict	WFP	06/28/12	\$ 673,750	Regional Procurement	Timeliness	329	Turkey
				\$ 7,326,250	Food Vouchers		N/A	N/A
	Conflict	WFP (Mod 1)	8/21/2012	\$ 6,700,000	Food Vouchers	Appropriate due to market conditions	N/A	N/A
Yemen	Conflict	ADRA	04/27/12	\$ 6,379,917	Food Vouchers	Appropriate due to market conditions	N/A	N/A
	Conflict	Mercy Corps	03/20/12	\$ 4,787,890	Food Vouchers	Appropriate due to market conditions	N/A	N/A

	Conflict	Save the Children	06/14/12	\$ 4,345,094	Food Vouchers	Appropriate due to market conditions	N/A	N/A
Zimbabwe	Drought	WFP	11/17/11	\$ 8,000,000	Regional Procurement	Timeliness	10,115	Zambia, Malawi
				\$ 2,000,000	Cash Transfers	Appropriate due to market conditions	N/A	N/A
TOTAL				\$374,468,867				
* Mod=Modification to the original award								