

Food Aid Reform

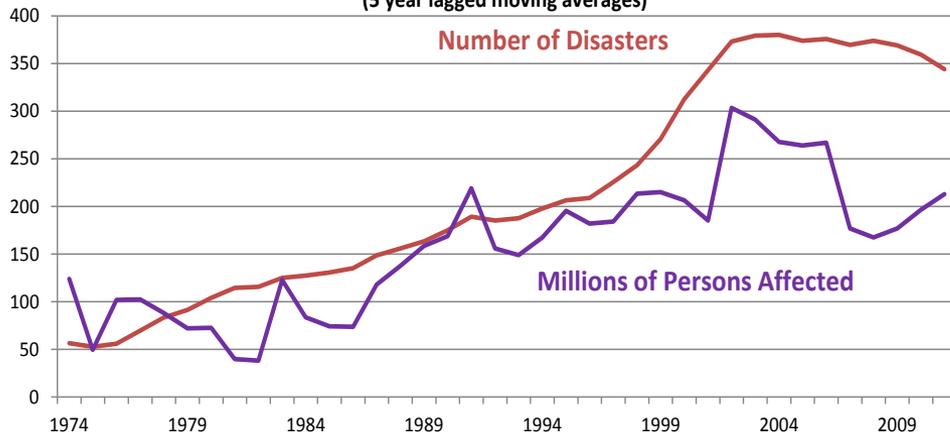
Needs Are Growing

- In 2011 alone, **206 million people** were affected by droughts, floods, hurricanes and other natural disasters.
- Today, **870 million people** are chronically undernourished—**nearly three times the population of the U.S.**



Developing World Natural Disasters

(5 year lagged moving averages)



Data source: EM-DAT: The OFDA/CRED International Disaster Database

- From 1980 to 2010, the number of recorded disasters rose by **200 percent**.
- This past year alone, the U.S. responded to **67 disasters**—a quarter of which involved multiple crises at once.

Source: www.emdat.be/natural-disasters-trends



Hunger Map 2012



The map shows the prevalence of undernourishment in the total population in 2010-2012. The indicator is an estimate of the current rate of the population having access to an amount of energy from food equivalent to treatment of health. Further information is available at www.fao.org/gis/hunger.

Source: FAO, UNICEF and WFP, 2012. The State of Food Insecurity in the World 2012: Economic growth is necessary but not sufficient to accelerate reduction of hunger and malnutrition. Rome.

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Constraints to Current USAID Food Assistance

- Title II parameters, in conjunction with Cargo Preference, create myriad inefficiencies and constrain our ability to use the right tool at the right time to combat global hunger.
- Most importantly, Title II requires that all food purchased must be grown in the United States. This constrains our ability to use electronic transfers and food vouchers and procure locally and regionally, even when these are the best responses to a crisis.
- Under Title II, NGOs "monetize" food, or sell it abroad, for cash. NGOs use the proceeds to implement long term development programs.
 - NGOs get on average 75 cents back per dollar spent on these sales. USAID "lost" \$31 million in these transactions last year. Those funds could have helped feed close to 800,000 people.
- 50% of Title II commodities must be shipped on U.S. flagged vessels.
- Local and regional procurement of food and other cash-based programs can get food to people in critical need 14 weeks faster and at savings of 25 – 50 percent. **The means the U.S. can save an additional 4 million more children** with the same resources.

Due to the current crisis in Syria, a large portion of U.S. funding available for flexible use has already been committed, forcing vulnerable people off assistance.

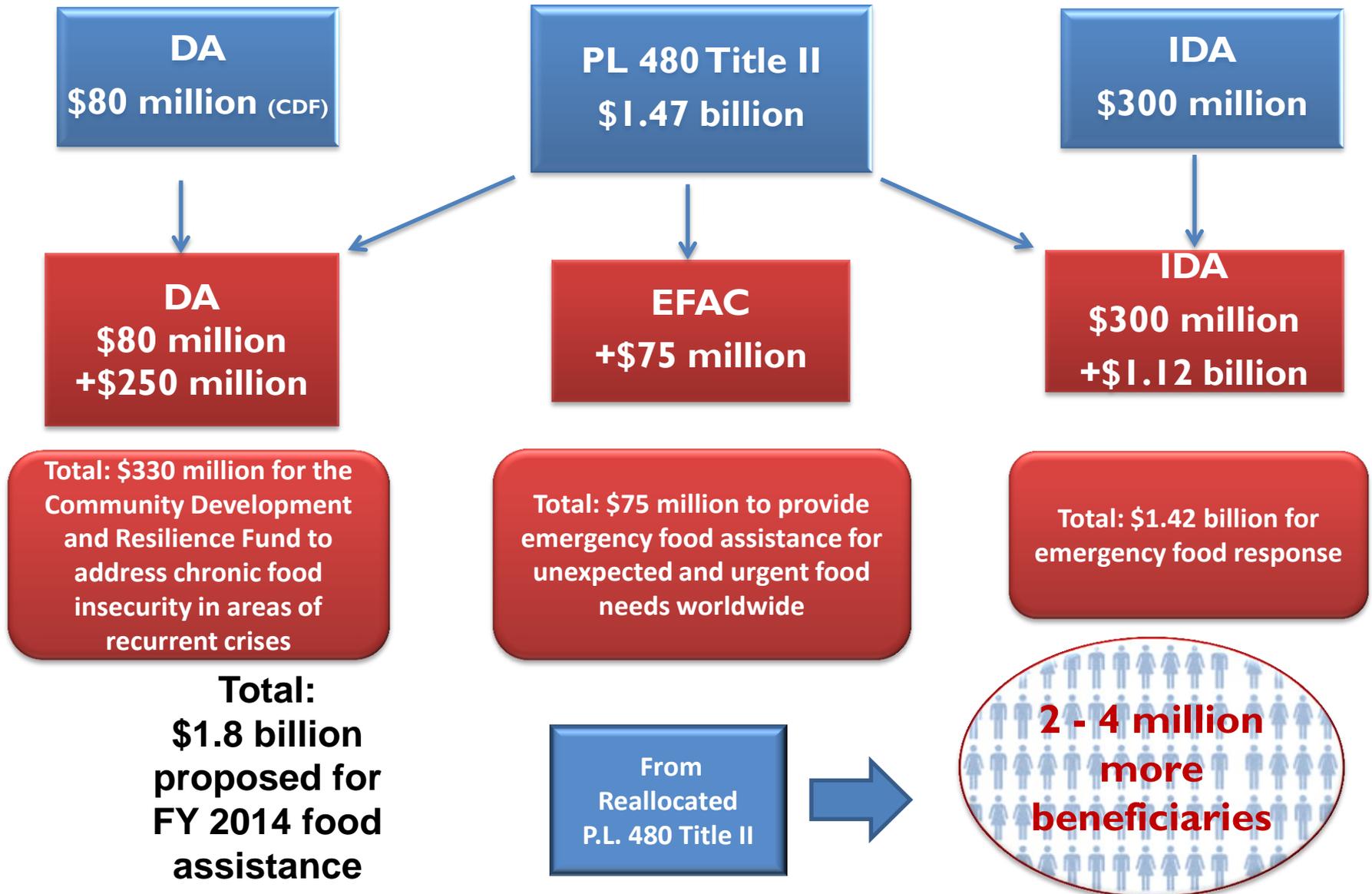
Children and Families We Don't Have the Flexibility to Reach

In **Somalia**, 350,000 fewer people—including **155,000 children**—will receive support because the U.S. does not have enough flexibility to address the ongoing emergency. [Source: CSIS speech](#)

In northern Kivu in the **DRC**, where nearly a million people have been displaced since early 2012, the U.S. will not be able to reach **34,000 vulnerable children**.



Food Aid Reform – What Happens to P.L. 480 Title II?



The Strength of U.S. Agriculture

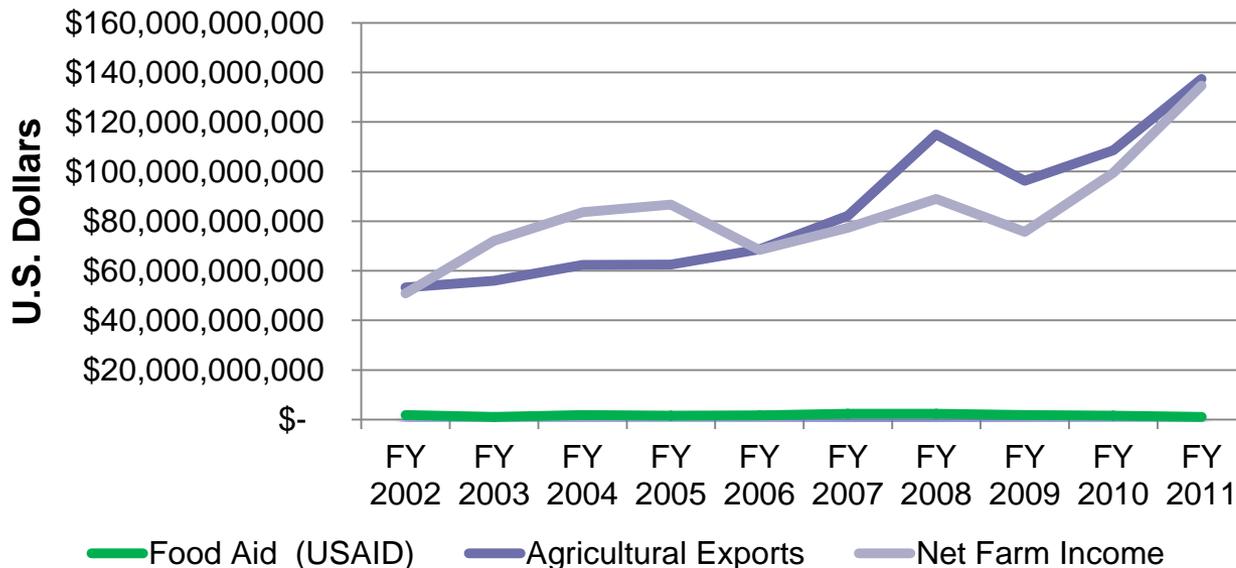
Since 1954, when the Food for Peace Act was authorized, U.S. agriculture has transformed, and for over three decades, agriculture been the second most productive sector of the American economy.

Global demand for food is up, and growing; by 2050, rising populations and more middle class consumers mean agricultural production will have to increase by 60% to meet expected demand.

We are no longer in an era of surpluses.

Fiscal 2013 agricultural exports are forecast at a record \$142 billion, \$6.2 billion above final fiscal 2012 exports. Fiscal years 2009-2012 represent the strongest four years in history for agricultural trade, with U.S. agricultural product exports exceeding \$478 billion over these four years.

Net farm income today is at near record levels while debt has been cut in half since the 1980s.



Food aid procurements are dwarfed by much larger overall commercial agriculture sales.

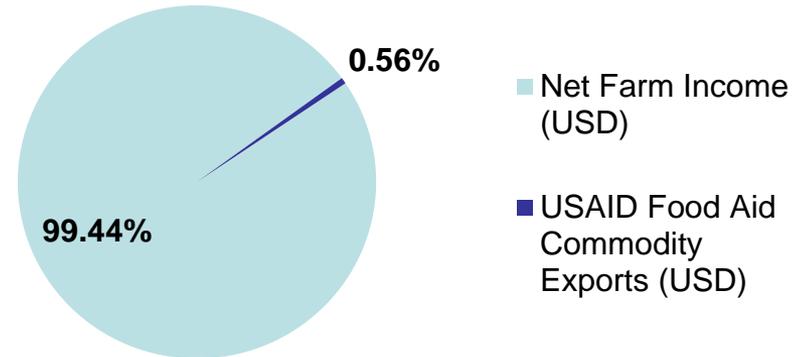
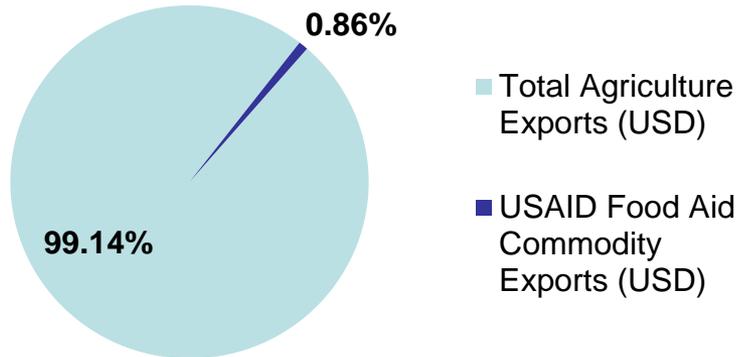
Sources:
[USDA : Blog](#)
[USDA: Trade Outlook](#)
[USDA: Results](#)
[Sec. Vilsack speech 12/19/12](#)

Food Aid in Context

From 2002-2011, the FFP program procured less than 1% of food that was exported from the United States.

FY 2002-FY 2011

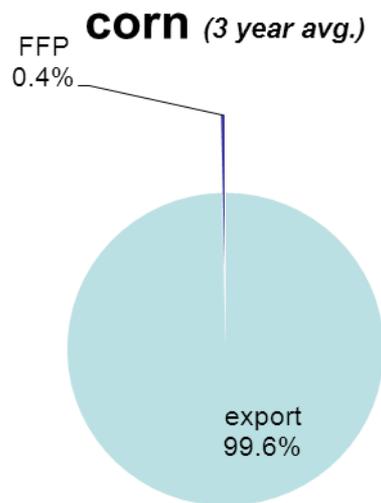
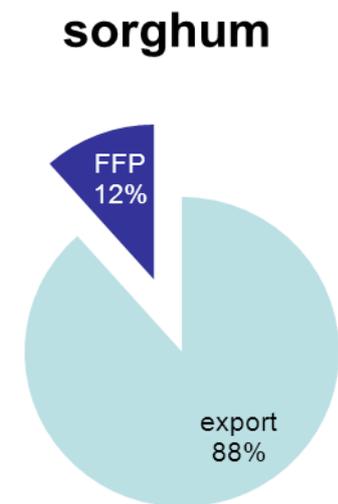
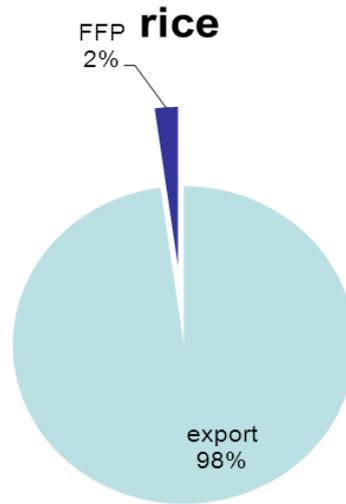
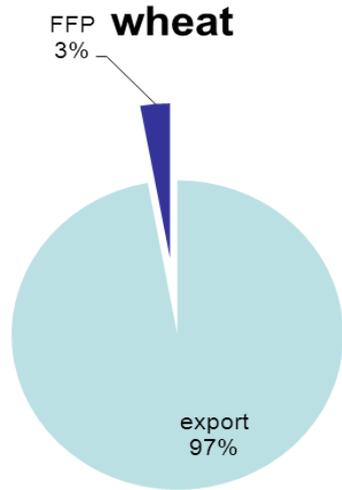
FY 2011



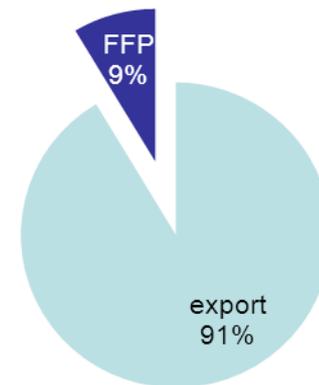
For the larger suppliers and consolidators, given their large business both in the United States and overseas, the impact of food aid reform may be minimal.

Smaller suppliers will likely replace the tonnage they would have sold to the U.S. Government as food aid by responding to increasing global food demand.

FY 08 to 12 FFP MTs as % of US Exports



veg oil (2 year avg.)



Maintaining the U.S. Commitment to Farmers

The innovation and expertise of **American farmers will continue to play a critical role** in ending hunger and extreme poverty.

American Farmers are vital to **transforming food aid basket:**

- Ready to use therapeutic foods
- Better fortification of blended foods
- Improved micronutrient reformulation for milled grains and vegetable oil
- Emergency food bars

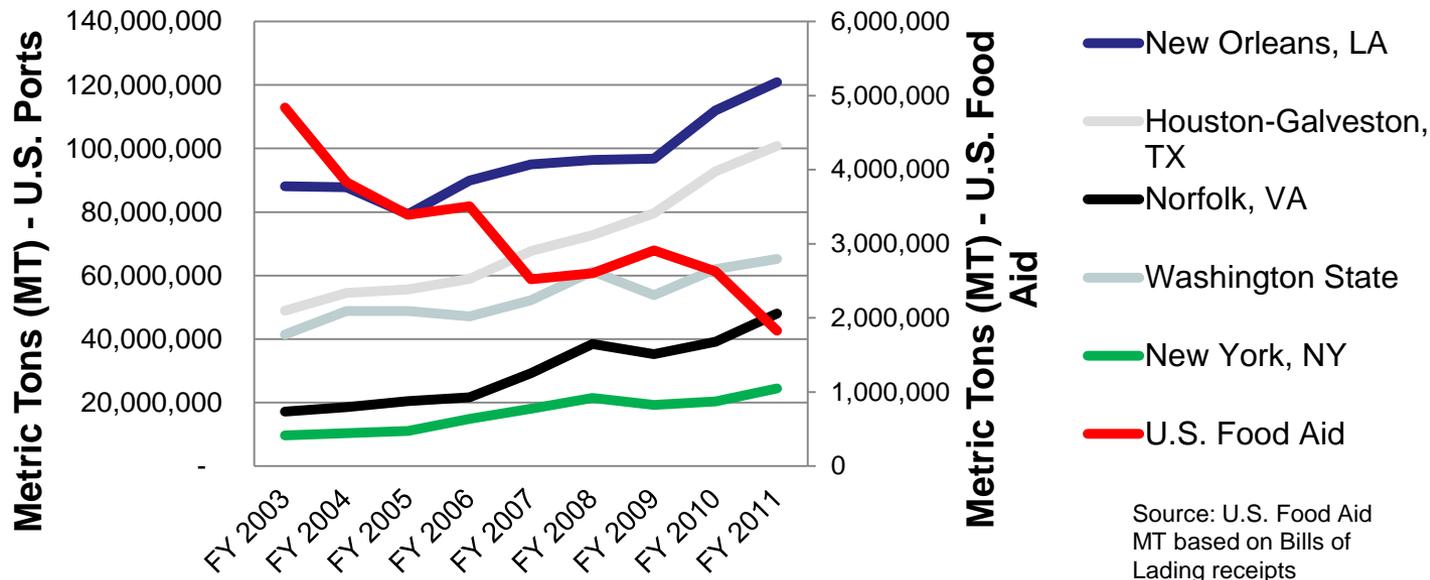
Through **Feed the Future**, we will continue to work with land grant universities, farmer, and agribusinesses to strengthen food security and increase economic prosperity at home and abroad.



Comparison of Food Aid Volumes and Port Volumes Exported

U.S. farmers and agribusinesses have already had to adjust to declining purchases of U.S. food aid by the U.S. Government – from 5 million metric tons in 2002 to 1.8 million in 2011– meaning less food aid is being sent through U.S. ports to go overseas.

U.S. Port Exports: FY 2003-FY 2011



Yet ports have continued to thrive. Major ports used by the U.S. Government to export food aid – e.g. New Orleans, Houston-Galveston, and Norfolk - have in fact increased their overall tonnage exported from 2003-2011, in some cases doubling or tripling their tonnage exported.

Placeholder for Ship routing map

The President's Proposal Will Save 4 Million More People *With the Same Resources*

The more **agile, flexible, and modern approach** laid out in the President's budget **pairs the continued purchase of the best of American agriculture** with greater flexibility around **local procurement, cash transfers, and electronic vouchers**.

The President's proposal maintains the majority of U.S. funds—**55 percent in 2014**—for the purchase, transport, and related costs of American commodities.

That means the U.S. will keep working with the **soy, wheat, pulse, and rice farmers and processors across America** who help feed hungry children from Bangladesh to the Sahel.

