USAID
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Report to Congress
FY 2013

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) 2013. 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

Local and regional procurement, cash transfers for food and food vouchers have become more frequently used tools for providing food assistance in emergency settings. Federal agencies and independent experts have recently conducted investigations to evaluate their impacts, concluding that they improve the ability of humanitarian actors to provide life-saving assistance and improving support in emergency and development settings.

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. The 2012 U.S. Department of Agriculture's *Local and Regional Food Aid Procurement Pilot Project: Independent Evaluation Report* likewise concluded that LRP activities can significantly shorten

[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

delivery times and costs, which are critical priorities in emergency food security activities. Cornell University's 2012 evidence-based report examining four major non-government agencies' LRP activities found that, on average, LRP saves 13.8 weeks compared to matched, in-kind deliveries, a gain of more than 60 percent. Further, an internal review by USAID of a sample of FY 2012 LRP projects reports savings of $28.7 million in commodity and transportation costs for 111,946 MT, a savings of more than 35 percent. At the same time, these interventions can strengthen and expand commercial market linkages, and stimulate an appropriate production response among developing country farmers. When strategically assessed to be the most effective intervention, LRP, cash transfers for foods and food vouchers provide an efficient means for responding to food insecurity needs.

Purpose and Program Objectives

The purpose of the EFSP program is to address the highest priority, immediate, emergency food security needs. To ensure 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.

USAID also has other criteria to guide decision-making regarding the most appropriate response to a given crisis. Those include:

- **Feasibility/Scale.** Is one intervention more practical and convenient than others given the emergency context? Is the beneficiary population easier to reach physically with one intervention compared to others?
- **Beneficiary Preference.** Do beneficiaries prefer one intervention over another?
- **Targeting and Gender.** Does one intervention more accurately target a specific population? Are there gender considerations to be taken into account with one intervention compared to others?
- **Security.** Does the intervention proposed pose a significantly increased security risk to beneficiaries and/or aid workers?
- **Program Objectives.** Does one intervention better meet the program objectives (e.g. improve dietary diversity, reduce malnutrition, mitigate family asset depletion) than others?

Fiscal Year 2013 Grants

In FY 2013, USAID awarded 56 EFSP grants, totaling approximately $577.7 million in 26 different countries, to multiple different private voluntary organizations and United Nations (UN) agencies. The funding included $300 million of base International Disaster Assistance appropriations, and an additional $277.7 million in IDA/Overseas Contingency Operations (OCO) provided due to extraordinary needs in Syria and Yemen. The grants supported local and regional procurement, cash transfers for food, and food voucher programs addressing emergency food security needs in Angola, Bangladesh, Burkina Faso, Burma, Democratic Republic of Congo, Ecuador, Egypt, Haiti, Iraq, Jordan, Kenya, Lebanon, Lesotho, Malawi, Mali, Mozambique, Niger, Pakistan, Philippines, Somalia, Sudan, South Sudan, Syria, Turkey, Yemen and Zimbabwe. These grants and those awarded in late FY 2012 but implemented in FY 2013 reached a total of 9.4 million people in need.

For a detailed list of all IDA-funded programs for FY 2013, please refer to page six of this document.

Selected Programs

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

Syria

USAID is assisting millions of conflict-affected Syrians with innovative interventions designed to save lives and alleviate suffering. As the conflict in Syria continued to devolve throughout FY 2013, USAID escalated its efforts to provide humanitarian assistance to the most vulnerable populations. The ongoing fighting made delivery of in-kind food assistance within Syria impractical and dangerous, but the flexibility of IDA funds enabled USAID to swiftly respond.

With approximately $200 million in support to partners for LRP and food voucher programs, including $98.6 million in IDA/Overseas Contingency Operations(OCO) funds, USAID helped provide life-saving assistance to more than 1.7 million food-insecure Syrians inside the war-torn country. Among the many persistent hardships of the conflict is the high price of bread. While bread has always been central to the Syrian diet, it plays an especially crucial role now. There is little access to electricity or fuel for many vulnerable households and cooking is difficult. Without access to bread, food insecurity will rise precipitously.

By purchasing and milling wheat in Turkey, USAID was able to meet the needs of food insecure populations in and around Aleppo. The much needed flour donated by USAID allowed bakeries—identified in coordination with the Syrian Opposition Coalition's Assistance Coordination Unit—to sell bread at reduced cost, while still making enough profit to pay workers and purchase additional supplies in local markets. Over a five-month span, the flour provided to 50 different bakeries across Aleppo Governorate made enough bread to feed

approximately 210,000 people. Additionally, USAID is not only reaching families inside Syria with bread, but also supporting WFP's efforts to reach by the end of 2014 four million people with family size packs of locally and regionally procured foods.

During the latter half of 2012, Syrian refugees fled to neighboring countries in staggering numbers. By January 2013, Lebanon, Turkey, Jordan, Iraq and Egypt hosted more than 700,000 Syrian refugees. USAID responded to the increasing level of humanitarian need among Syrian refugees by allocating $24.7 million to the UN World Food Program (WFP) regional emergency operation in February 2013. WFP used the IDA funds to provide electronic or paper based food vouchers to refugees in surrounding countries. The food vouchers offered a more appropriate response than in-kind food aid as the majority of beneficiaries took refuge in urban settings. The voucher program capitalized on host countries' well-established financial infrastructures, and allowed WFP to closely monitor assistance by tracking food prices, spending patterns and inventory levels in stores.

Refugee outflows continued throughout 2013, leaving Lebanon, Turkey, Jordan, Iraq and Egypt bearing the brunt of the refugee crisis. USAID used IDA/OCO support to quickly expand the successful food voucher program, and provided WFP with three subsequent awards totaling $131 million. The food vouchers enabled Syrian refugees to diversify their food baskets, and prepare meals with more nutritious, micronutrient rich and perishable commodities. The food voucher program also allowed mothers to cook their children familiar meals, creating a sense of normalcy in a deeply chaotic environment.

The program also stimulated local economies. According to the UN World Food Program (WFP), in Jordan alone the refugee program has injected $100 million into the national economy. Jordanian stores participating in the voucher program are seeing increased sales of 10-20 percent. In total, USAID supported WFP's regional emergency program with more than $155 million in IDA funds, helping to reach 489,898 people in need of food assistance.

Somalia

USAID is using flexible food assistance to support livelihoods and reduce food insecurity among vulnerable populations across Somalia. In a country where drought is endemic and malnutrition rates are some of the highest in the world, USAID is using food vouchers to save lives and reduce vulnerability to future shocks. In FY 2013, USAID provided more than $12 million for food voucher programs and, along with IDA funding provided in late FY 2012, met the needs of more than 483,000 Somalis.

Throughout 2012, food prices remained high and vulnerable to ongoing insecurity and high import costs. These factors, along with recurring floods and drought, negatively affected household production and depleted the purchasing power of the rural poor. USAID staff monitored the situation closely via reporting on major markets from the USAID-funded Famine Early Warning Systems Network (FEWS NET) and the Food Security and Nutrition Analysis Unit (FSNAU), supplemented by local market monitoring by partners implementing USAID awards. This monitoring allowed USAID and its partners to observe changes in commodity

prices and market behavior to ensure that the project was having the desired effect on access and availability of food for vulnerable households.

In July 2013, USAID responded to the high levels of food insecurity by allocating $6 million to a consortium of partners operating inside Somalia. The consortium approach leveraged partners' access and diverse technical knowledge for working with different kinds of communities, including those in pastoral and conflict-affected areas. This consortium instituted a voucher-for-work (VFW) program, focusing on building resilience in five underserved districts of Somalia. The work projects were designed to help bolster agricultural livelihoods while also reducing exposure to drought risk. These projects included rehabilitation of feeder roads to help farmers get to market, rehabilitation and construction of water sources for livestock and vegetable production, and sustainable, low maintenance solutions to re-seed degraded pasture areas for livestock.

In exchange for their work on the community projects, beneficiaries received vouchers to purchase a range of eligible food items, increasing dietary diversity and access to food for vulnerable households. Given markets in the targeted areas were functioning and local suppliers were able to mobilize supply to meet the increased demand, the VFW program enabled USAID's partner to save time and reduce the cost of delivering assistance to beneficiaries, therefore increasing the overall number of people reached.

Upon implementation, the consortium requested an expansion of the items permissible for purchase by the voucher. The flexibility of IDA funding enabled a consultative process between USAID and its partners, resulting in an expansion of the list of voucher approved items. The addition of items such as canned beans, tuna fish, and dates provided greater access to affordable sources of protein and fiber.

The VFW program not only supported the immediate nutritional needs of 7,248 households, but the infrastructure development also enhanced the productive capacities of pastoral, agro-pastoral and peri-urban households. As the likelihood of future drought remains high for Somalia, FY 2013 IDA funds have made beneficiaries better able to cope and recover from drought, and less vulnerable to future shocks.

Burkina Faso

In Burkina Faso, USAID works with international partners and the Government of Burkina Faso to build resilience among vulnerable populations by improving their productive opportunities and ensuring access to more nutritious foods. Following low cereal harvests across the Sahel region in 2010, Burkina Faso faced abnormally high levels of food insecurity. With neighboring countries also experiencing substantial harvest deficits, cereal prices increased alarmingly, further threatening the food security of the most vulnerable households. By August 2012, 2.95 million Burkinabe were facing stressed and crisis levels of food insecurity, with more than half a million children at risk for acute malnutrition.

In December 2012, USAID allocated $1.3 million in IDA funds to Catholic Relief Services (CRS) for a cash-for-work (CFW) program in the provinces of Seno and Soum in the

Sahel region. Participants in the program worked in the construction and improvement of irrigation systems to expand and improve communal land available for market gardening production. In order to help families increase their agricultural yields, CRS organized beneficiaries into cooperatives and provided training in organizational development, governance and water systems. Participants also received training in market garden techniques – particularly onion cultivation, a high value crop which is easily stored – marketing, and compost production and application. In exchange for their work, beneficiaries received a cash transfer, of which they were required to spend 70 percent on food, with the remaining going to healthcare, transport services, education expenses and other household needs.

The CFW program supported short-term recovery by increasing households' access to food and providing temporary employment to nearly 4,000 Burkinabe during the country's dry season. It also fostered economic resilience among the targeted population in the long-term by improving and expanding agricultural lands' productivity, empowering Burkinabe to withstand future shocks.

Lesotho

USAID assistance in Lesotho not only responds to the immediate needs of vulnerable populations, but also works to address the underlying causes of food insecurity. Through a variety of activities in Lesotho, USAID support is helping communities to better mitigate, recover and adapt to future crises.

The drought and late rains of the 2011-2012 cropping seasons further strained the previous year's poor harvest, causing an increase by almost 30 percent in the country's food-insecure population. In December 2012, USAID allocated $2.5 million in IDA funds to UN WFP's emergency operation. The funds supported WFP and partners' work in feeding vulnerable people, reducing malnutrition, and instituting a Food for Assets program designed to improve communal land management and reached a total of 22,250 beneficiaries.

With USAID support, WFP provided regionally-purchased food items to vulnerable groups in five of Lesotho's worst affected districts. The cost and time savings of the regional procurement enabled a quicker start to the life-saving program, and provided economic stimulus to the agricultural economy of neighboring countries. Additionally, the immediate food provisions helped families stave off negative coping strategies, such as the sale of livestock, which would have reduced dietary diversity and increased malnutrition.

USAID funding in Lesotho also supported WFP's Food for Assets (FFA) program that focused on creating communal assets, including the construction or refurbishment of irrigation ponds and canals, reforestation, terracing and water harvesting. The assets constructed under the FFA program respond to the real causes of food insecurity and low productivity, and will help reduce the impact of food shocks in the future.

FY 2013 Awards

Country	Emergency	Awardee	Funding level	Program Type	Funding Criteria	Metric Tons	Regional Procurement Countries
Angola	Drought	World Vision	$1,998,332	Regional Procurement	Appropriateness[3]	215.136	South Africa
Bangladesh	Drought	WFP	$1,500,000	Food Vouchers	Appropriateness	N/A	N/A
Burkina Faso	Drought	Catholic Relief Services	$1,309,420	Cash Transfers	Appropriateness	N/A	N/A
Burma	Conflict	WFP	$3,000,000	Local Procurement	Timeliness	3,333	Local
Burma	IDPs	WFP	$5,000,000	Local and Regional Procurement	Appropriateness	5,030	Local and Indonesia
Democratic Republic of Congo	Conflict	World Vision	$2,604,213	Food Vouchers	Appropriateness	N/A	N/A
Ecuador	Conflict	WFP	$940,748	Local Procurement	Appropriateness	552	Local
			$554,692	Food Vouchers	Appropriateness	N/A	N/A
Haiti	Hurricane	ACDI/VOCA	$3,915,711	Cash for Work	Appropriateness	N/A	N/A
Haiti	Hurricane	CARE	$2,500,000	Food Vouchers	Appropriateness	N/A	N/A
Haiti	Hurricane	World Vision	$2,495,388	Food Vouchers	Appropriateness	N/A	N/A
Haiti	Hurricane	CARE	$3,958,215	Food Vouchers	Appropriateness	N/A	N/A
Haiti	Drought	World Vision	$1,088,431	Cash for Work	Appropriateness	N/A	N/A
Haiti	Drought	ACDI/VOCA	$2,395,627	Cash for Work	Appropriateness	N/A	N/A
Jordan	IDPs	WFP	$2,400,000	Regional Procurement and Cash Vouchers	Appropriateness	909	
Kenya		WFP	$13,400,000	Cash Transfers	Appropriateness	N/A	N/A
Lesotho	Drought	WFP	$2,500,000	Food for Assets	Cost Effectiveness	N/A	N/A
Malawi	Drought	WFP	$6,044,548	Local Procurement	Timeliness		Local

[3] For all awards labeled with "Appropriateness" in this table, appropriateness is due to local market conditions.

						8,442	
Malawi	Drought	WFP	$10,000,000	Local Procurement	Appropriateness	14,500	local
Mali	Conflict	WFP	$5,000,001	Local and Regional Procurement	Appropriateness	4,884	Local & Togo
Mali	Conflict	WFP	$13,000,000	Regional Procurement and Cash Transfers	Appropriateness	7,599	Togo & Burkina Faso & Senegal
Mozambique	Flooding	WFP	$1,430,463	Local Procurement	Timeliness	1,960	Local & South Africa
			$269,538	Regional Procurement	Timeliness	N/A	N/A
Niger	Drought	WFP	$10,000,000	Cash Transfers	Timeliness and Appropriateness	N/A	N/A
Pakistan	Monsoon/ Flooding	WFP	$3,000,000	Cash for Work	Appropriateness	N/A	N/A
Pakistan	Conflict	WFP	$7,040,128	GoP donated wheat (value $9,381,184)	Appropriateness	N/A	FFP is supporting associated costs
Pakistan	Conflict	Hashoo Foundation	$889,705	Food Vouchers	Appropriateness	N/A	N/A
Philippines	Flooding	WFP	$2,779,344	Regional Procurement	Timeliness	3,400	Sri Lanka
			$1,220,656	Cash Transfers	Timeliness	N/A	N/A
Somalia	IDPs	Partner 1	$1,579,499	Food Vouchers	Appropriateness	N/A	N/A
Somalia	IDPs	Partner 1	$1,950,625	Food Vouchers	Appropriateness	N/A	N/A
Somalia	Drought	Partner 2	$5,999,999	Food Vouchers	Appropriateness	N/A	N/A
Somalia	Drought	WFP	$2,500,000	Food Vouchers	Appropriateness	N/A	N/A
Sudan	Conflict	Partner 1	$28,517,798	Regional Procurement	Appropriateness	14,611	Sudan/South Sudan
Sudan	Conflict	Partner 2	$4,375,816	Regional Procurement	Appropriateness	1,020	Uganda
Sudan	Conflict	Partner 3	$2,186,289	Cash Transfers	Appropriateness	N/A	N/A
Sudan	Conflict	WFP	$9,000,000	Local Procurement and Food Vouchers	Appropriateness	6,110	Local

South Sudan	Conflict	WFP	$4,000,000	Regional Procurement	Timeliness	1,494	Italy, France, Kenya and Uganda
Syria	Conflict	Partner 1	$17,956,609	Regional Procurement	Appropriateness	17,250	Turkey
Syria	Conflict	Partner 1	$16,000,000	Regional Procurement	Appropriateness	7,655	Turkey
Syria	Conflict	Partner 1	$9,996,762	Regional Procurement	Appropriateness	13,547	Turkey
Syria	Conflict	WFP	$26,000,000	Regional Procurement	Appropriateness	79,610	Turkey, Jordan, Vietnam, Lebanon
Syria	Conflict	Partner 2	$7,238,164	Regional Procurement	Appropriateness	6,277	Turkey, Jordan, Vietnam, Lebanon
Syria - IDA/OCO	Conflict	WFP	$18,600,000	Regional Procurement	Appropriateness	16,373	Syria
Syria - IDA/OCO	Conflict	WFP	$80,000,000	Regional Procurement	Appropriateness	28,744	Syria
Syria - Regional (Lebanon, Turkey, Jordan, Iraq, Egypt)	Conflict	WFP	$24,650,000	Food Vouchers	Appropriateness	N/A	N/A
			$4,350,000	Local and Regional Procurement	Appropriateness	1,774	Turkey, Jordan, Iraq, Egypt, Lebanon
Syria Regional IDA/OCO (Lebanon, Turkey, Jordan, Iraq, Egypt)	Conflict	WFP	$29,223,980	Food Vouchers	Appropriateness	N/A	Turkey, Jordan, Iraq, Egypt, Lebanon
			$2,176,020	Local Procurement		4,591	Turkey, Jordan, Iraq, Egypt, Lebanon
Syria Regional IDA/OCO (Lebanon,	Conflict	WFP	$95,000,000	Food Vouchers	Appropriateness	N/A	Turkey, Jordan, Iraq, Egypt, Lebanon

Turkey, Jordan, Iraq, Egypt)							
Syria Regional IDA/OCO (Lebanon, Turkey, Jordan, Iraq, Egypt)	Conflict	WFP	$6,700,000	Food Vouchers	Appropriateness	N/A	Turkey, Jordan, Iraq, Egypt, Lebanon
Syria	Conflict	Partner 3	$4,612,011	Regional Procurement	Appropriateness	2,014	Turkey
Syria	Conflict	Partner 3	$15,000,000	Food Vouchers	Appropriateness	6,224	Turkey
Syria	Conflict	Partner 4	$5,000,000	Local and Regional Procurement	Appropriateness		
Yemen	Conflict	ACTED	$3,431,594	Food Vouchers	Appropriateness	N/A	N/A
Yemen	Drought	Mercy Corps	$5,000,000	Food Vouchers	Appropriateness	N/A	N/A
Yemen	Drought	Save the Children	$5,000,000	Food Vouchers/FFA	Appropriateness	N/A	N/A
Yemen	Drought	Global Communities	$5,000,000	Food Vouchers/FFA	Appropriateness	N/A	N/A
Yemen	Drought	ADRA	$6,400,000	Food Vouchers	Appropriateness	N/A	N/A
Zimbabwe	Drought	WFP	$6,000,000	Regional Procurement	Timeliness	9,637	Malawi
			$2,000,000	Cash Transfers	Appropriateness	N/A	N/A
Zimbabwe	Drought	WFP	$7,000,000	Regional Procurement	Appropriateness	7,439	Zambia and Malawi
			$3,000,000	Cash Transfers	Appropriateness	N/A	N/A
Total			**$577,680,326**				