U.S. Food Aid:

78565

USAID
U.S. Agency for International Development

What Is It?

"It is the policy of the United States to use its abundant agricultural productivity to promote the foreign policy of the United States by enhancing the food security of the developing world through the use of agricultural commodities and local currencies accruing under this Act."

AGENCY FOR INTERNATIONAL DEVELOPMENT
WASHINGTON, D.C. 20523

A Message to the Public,
from Andrew Natsios, Assistant Administrator
Bureau for Food and Humanitarian Assistance
U. S. Agency for International Development

In his transmittal letter to Congress accompanying the World Food Day Report on October 16, 1991, President George Bush stated:

> "Americans can be proud that the United States is the world's leader in helping to mitigate food shortages by sharing her abundance with those less fortunate. Through the Food for Peace program and other assistance programs, we have helped to save millions of lives and improve the nutritional status of the world's most needy people."

Last year the Congress passed and President Bush signed into law a new Food for Peace Act which places emphasis on helping the poorest countries achieve food security for their people and on using private sector channels to help accomplish that goal. This is an important tool to help those countries move successfully into meaningful, sustained economic development.

It is our hope at A.I.D. that you will find this brochure informative about world need for food aid and the United States' mechanisms for meeting that need.

Sincerely,

Andrew S. Natsios

A typhoon in the Philippines strikes: thousands are dead, and emergency assistance is urgently needed. A cyclone in Bangladesh, followed by a tidal wave: thousands more are killed and many thousands left homeless and destitute. An earthquake in Armenia displaces more victims. Drought in the Sudan and Ethiopia. War, civil strife, and guerilla attacks displace millions of individuals in many parts of Sub-Saharan Africa (Liberia, Mozambique, Somalia). Long-standing conflicts have left others in refugee camps for years on end.

American aid is there to help.

Much of the response to these emergencies is in the form of *food aid*. "Food aid" is exactly what it says — assistance or aid in the form of food commodities.

But food aid goes well beyond emergency relief. Food aid can be used in a variety of ways to attack the very causes of hunger, malnutrition, and poverty.

Far less dramatic and visible than emergencies, but no less important, are the long-term needs of developing countries to reduce the causes of hunger and malnutrition. Farm-to-market roads must be built, irrigation systems constructed, storage bins and silos made. Many desperately poor subsistence farmers need help to improve their seeds, to prevent their soils from wearing out, to get better yields per crop and more than one crop per year. Hillsides must be reforested, and sand dunes stabilized to halt the encroaching desert. Clean water supplies and latrines are needed so that parasites don't have a chance to cancel out the effects of good food and proper nutrition.

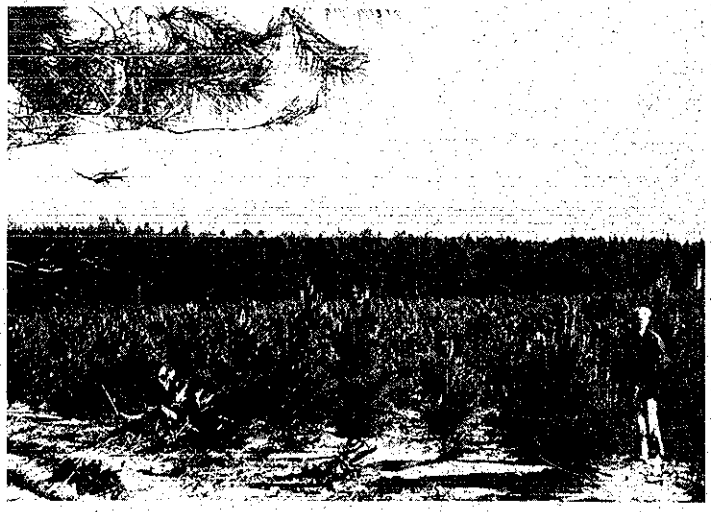
These are not the scenes Americans are most likely to see on their TV screens, but the hard work of long-range planning, change, and improvement in the living conditions of millions of the desperately poor around the world are only a whisper behind responding to catastrophes in their importance.

Even less dramatic, and far less visible, but also absolutely critical are the public policies that underlie the practices and facilities listed above. Who has access, and in what measure, to essential resources — good farmland, water, fertilizers and tools? Which products are encouraged or discouraged? Which channels — public or private — are the best for promoting goods and services, and do government policies support them? How do we get the price of food "right"? When is it high enough to encourage farmers to grow a surplus they can sell, yet low enough so that poor people (urban and rural) can afford to buy the food they cannot grow for themselves? Which crops receive the most attention in agricultural research? How much effort will be made to preserve the environment?

Emergency response, long-term development, support to policy reform — all of these can be addressed through food aid.

But before we describe the ways in which this can be done, let us look first at the pressing need for aid.

Deforestation . . .



Reforestation.

More than a billion people, or one in five of the world's population, live in households too poor to obtain the food necessary for minimal activity among adults and for healthy growth of children.

- The estimated number of malnourished persons in Sub-Saharan Africa in the mid-1980's was 142 million. This is expected to increase to 200 million by the year 2000.

- Food production in Africa increased during the 1980's, but the population grew even faster, so that per capita food production actually declined.

- Currently the United Nations estimates there are over 17 million refugees worldwide, and at least 10 million of them are in need of food aid.

- Poor people in less developed countries spend most (60-80%) of their incomes on food, compared with only 13% in the United States, and 17% in most other industrialized countries.

- Per capita Gross National Product is $710 in the Philippines, $620 in Bolivia, $180 in Bangladesh, and $120 in Ethiopia.

- Fully 86% of the population in Bangladesh, both urban and rural, have incomes below the poverty level.

- The literacy rate among women is often a good overall indicator of a poor country's health and economic status since it is closely tied with infant and maternal mortality rates, levels of malnutrition, as well as fertility and population growth rates. In Bangladesh, one in five adult women is literate; in Nepal only one in ten, and in Burkina Faso, only one in seventeen.

THE NEED IS ENORMOUS

A refugee camp

What does it mean to be hungry? malnourished? undernourished?

Most humans experience mild, or even severe hunger occasionally if we miss a meal or eat later than usual.

Some of us are actually "malnourished" because we are overweight, or obese.

Beyond the pangs of hunger, however, are the more specific and measurable conditions of being undernourished to the point of being

- "stunted" (too short for our age, usually impossible to correct after a certain age),
- "wasted" (too thin for our height, the result of a temporary food shortage, possibly combined with parasite infestation or diseases that aggravate the effects of poor diet), or
- "underweight" (too short, or too thin, or both, for our age).

8

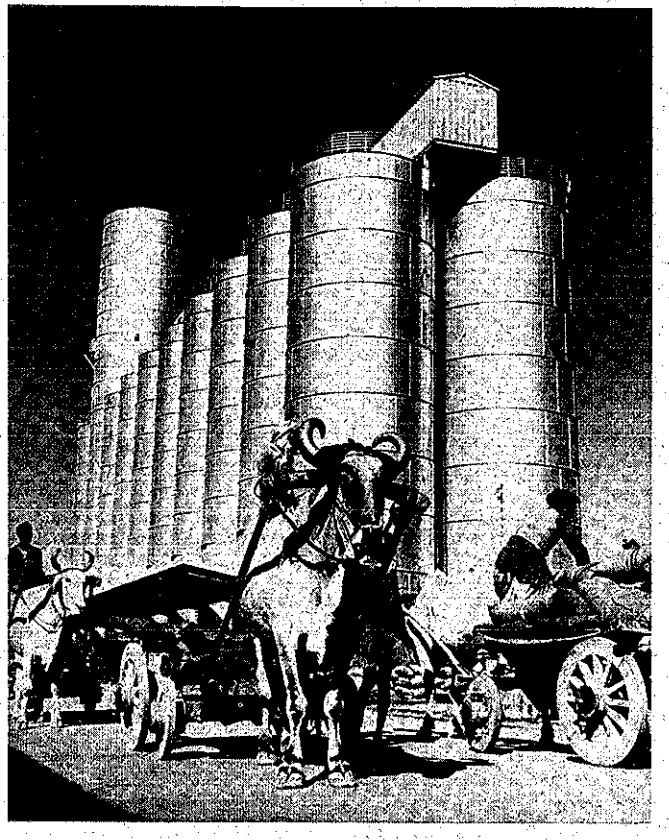
In recent years, a broader and extremely useful concept, embodied in the expression "food security," has been widely adopted by the U.S. Congress (as reflected in the 1990 Farm Bill), by A.I.D., by various United Nations agencies, and by some voluntary organizations working to alleviate hunger and malnutrition and to reduce their causes.

Food security has been variously defined. Only recently, there were many who thought it was essentially a question of producing enough food: agricultural productivity would resolve the question of malnutrition. Our views are more informed and we now recognize the complex nature of "food security."

Food security: All people at all times have access to sufficient food to meet their dietary needs for a productive and healthy life.

Food self-sufficiency: a country produces all the food it consumes.

Food self-reliance: a country produces some of the food it consumes and is able to purchase the remainder.



10

The answer is not simple. At the national, the regional, the community, or the household level, there may simply not be enough food to feed everyone, or enough money to purchase what cannot be grown. The lack of food in turn may be due to incorrect government policies, to worldwide market prices for agricultural produce, to poor and worsening soils, to inappropriate farming practices, insufficient tools and fertilizers, and so on.

There may be "enough" food for all, but not everyone gets enough for his or her activity. Why?

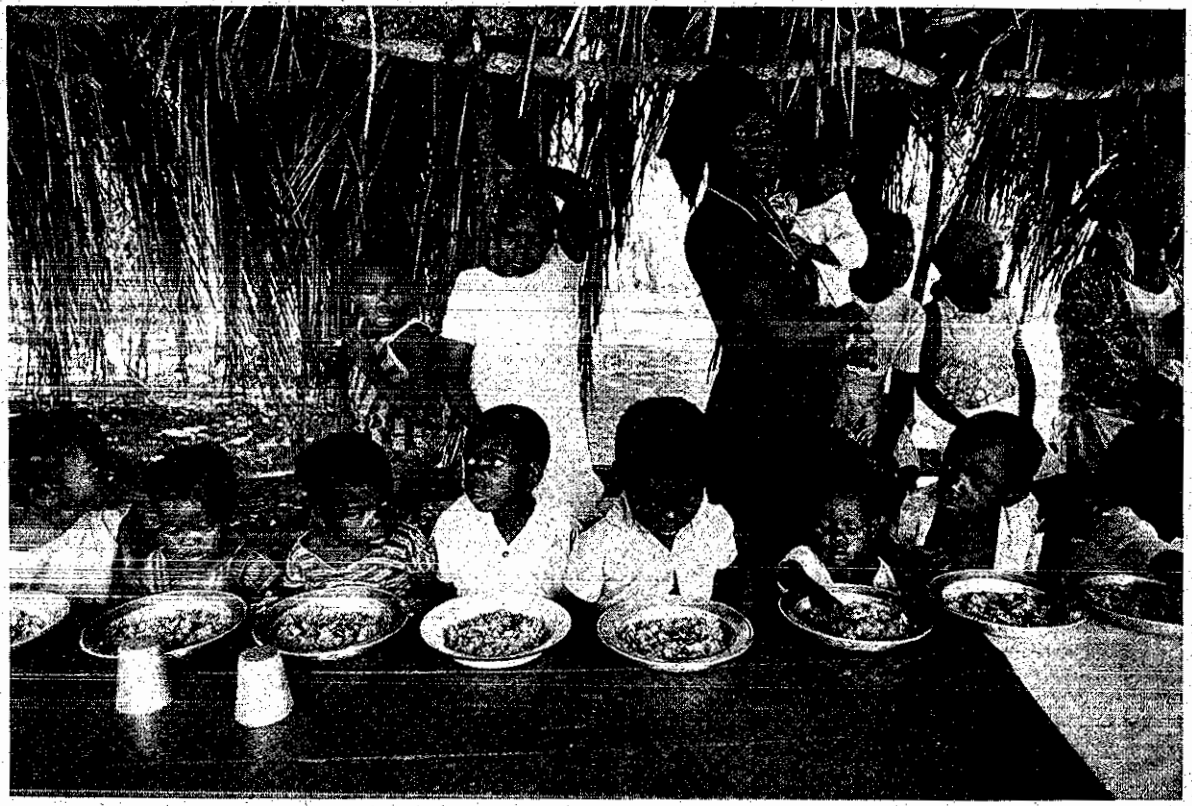
There are seasonal ups and downs. There may be excess food in one area and a shortage just over the hill. Ignorance of who needs what (what should a weaning child eat? how much should a pregnant woman consume?) may result in incorrect dietary practices. War and conflict may result in cutting off whole sectors of the population from food supplies. Traditional customs may dictate that the male head of the household is to be fed first and until satisfied, regardless of the nutritional needs of other household members.

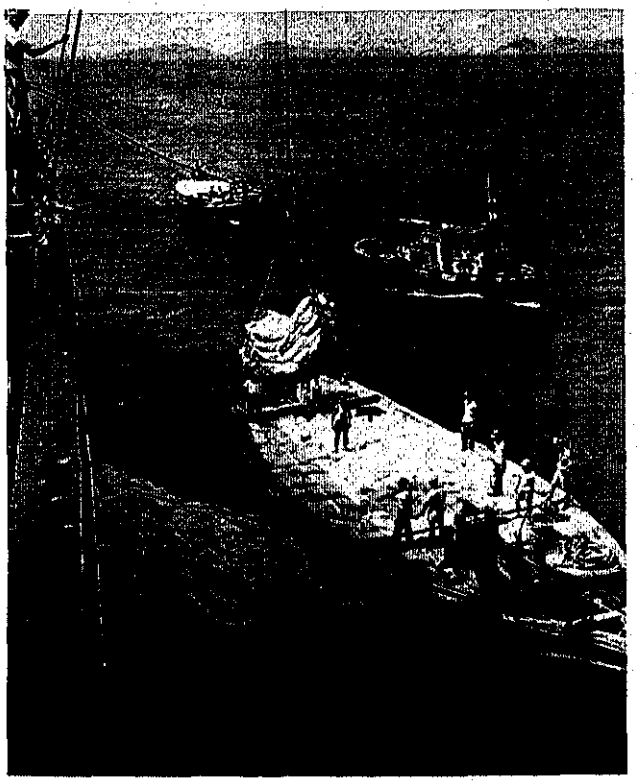
Individuals may consume what would be considered a sufficient diet, but parasites and diseases interfere and normal intake is not sufficient to compensate for the loss.

> Food aid can and does address most of these reasons. It is best determined first why people are hungry before designing the solution to the problem; food aid may not be the best or most efficient response to the cause of the problem.

A drought-stricken field: only one of many reasons . . .

As the largest food aid donor in the world, the U.S. continues to lead in innovative, developmental, and life-saving uses of food assistance.





- Since 1954 when Public Law 480 authorizing food aid was first enacted, the U.S. has provided $44 billion worth of food aid, or about half of worldwide food contributions to developing countries made each year.

- American food aid is equivalent to 13 billion meals a year, or enough to feed 35 million people annually.

- In 1991, the U.S. shipped 6.1 million metric tons, valued at $1.5 billion, requiring 310 ships each carrying 20,000 metric tons.

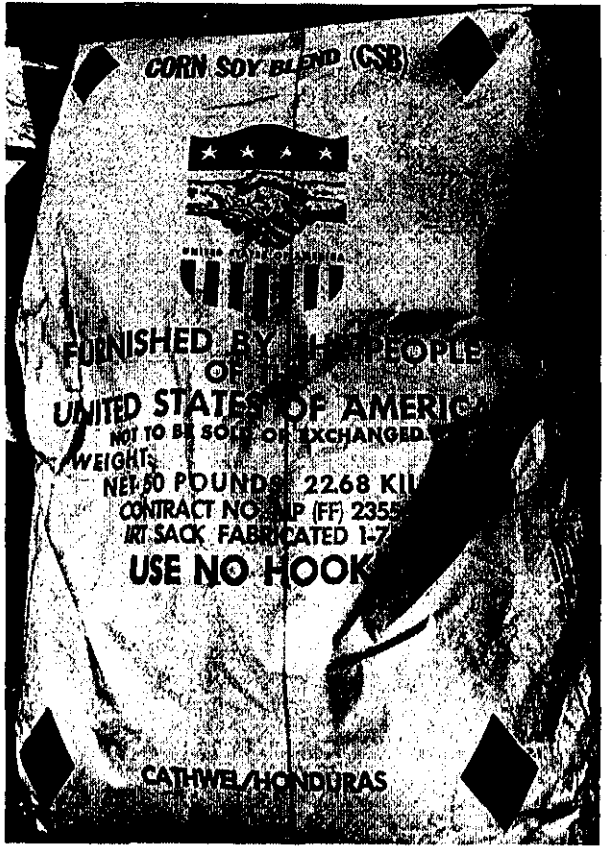
- The most commonly used commodities are wheat and wheat flour, corn, rice, corn-soya blend, vegetable oil, sorghum, bulgur, soybeans, and pinto beans.

THE RESPONSE IS GENEROUS

In 1990, half of the world's food aid was provided by the United States on a bilateral basis, 17% was provided by the World Food Program (which derives about one-fifth of its commodities from the United States), 16% was provided by the European Community, and the remaining 17% came from a variety of other donors, including several developing countries themselves when they experienced surpluses.

The United States, long the leader in agricultural productivity, in 1954 began to share its abundance to promote U.S. foreign policy interests — developmental, humanitarian, and political. The U.S. food aid program was a sensible and altruistic way to use our surplus commodities. Promoting U.S. foreign policy and creating markets for our agricultural produce are interests that continue to be served. However, there has been a shift in emphasis from surplus disposal and geopolitics to utilization of our agricultural abundance in support of developmental objectives.

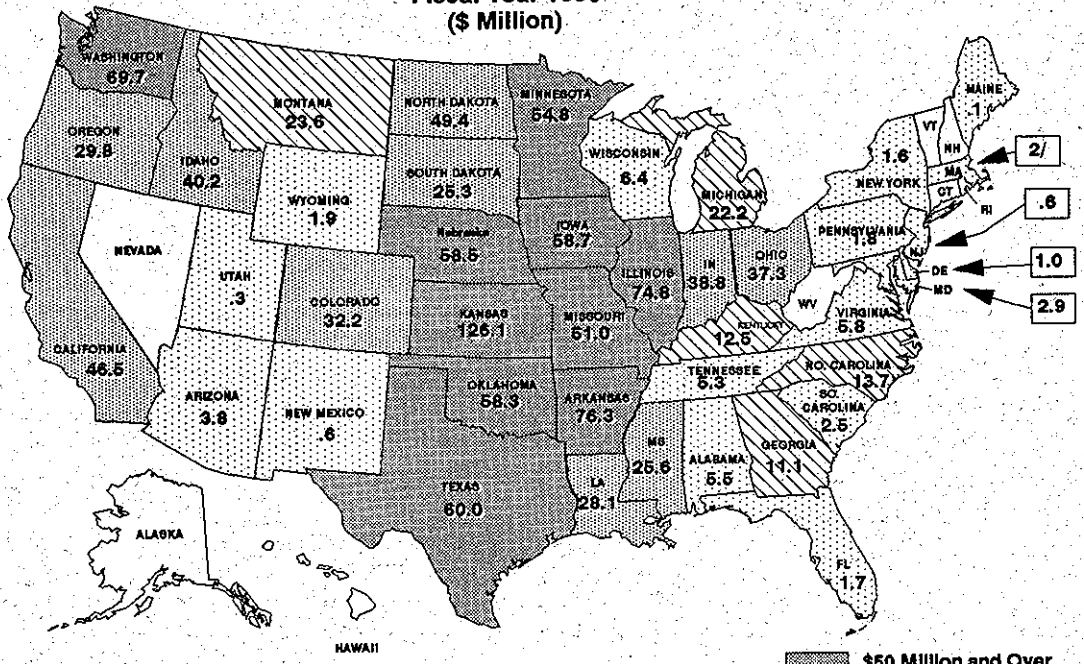
The 1990 "Farm Bill" underscored this shift even more strongly than before, by separating market-development interests (the concern primarily of the Department of Agriculture) from humanitarian and developmental interests (under the jurisdiction of the Agency for International Development).



WHO PROVIDES IT?

Agency for International Development

Estimated Value of P.L. 480 Export Shares by State 1/
Fiscal Year 1990
($ Million)



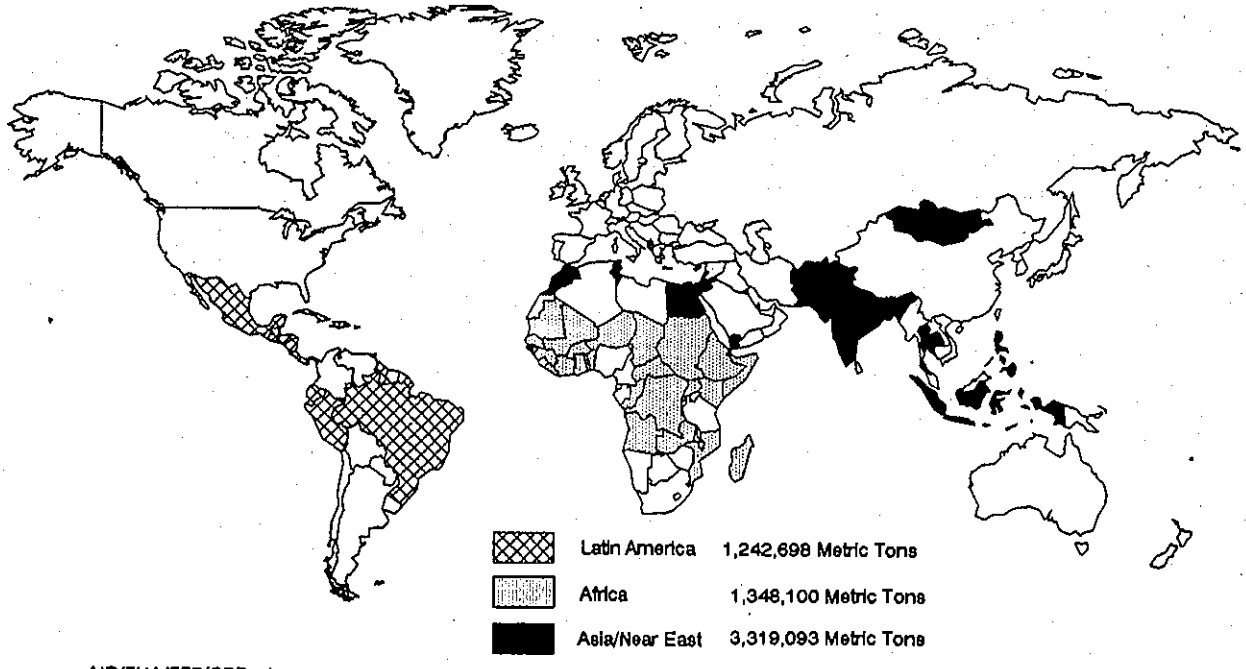
1/ The figures provided in this graphic are derived and do not reflect actual shipments. The reference "Export Shares" is used because as commodities proceed through the production cycle they may transit through a number of states thereby making it difficult to assign a point of origin for the final product.

2/ Less than $100,000.

AID/FHA/FFP/CPD

- $50 Million and Over
- $25 Million to $49.9 Million
- $10 Million to $24.9 Million
- Less than $9.9 Million
- No P.L. 480 Activity

P.L. 480 Title I, Title II, and Title III
FY 1991 Metric Tons
Worldwide Distribution



AID/FHA/FFP/CPD

WHO RECEIVES IT?

The ten countries which received the most food aid from the United States in 1991 included India (commodities worth $182 million), Egypt, Ethiopia, Pakistan, Bangladesh, the Philippines, El Salvador, Mozambique, the Dominican Republic, and Morocco.

Many countries, such as Japan, Korea, Israel, Brazil, and Zimbabwe that once received food aid from the United States now purchase our farm commodities in quantities worth many times over the value of the food aid they once received.

The U.S. farmer grows it . . .

The U.S. trucker takes it to the warehouse where . . .

The U.S. bagger bags it . . .

The U.S. shipper ships it overseas . . .

Workers at the port unload it . . .

Truckers take it to warehouses, schools, clinics, food-for-work project sites, where . . .

Beneficiaries and participants receive it.

Meanwhile, there are a variety of other "actors", including personnel in the U.S. and abroad in the Agency for International Development and in the Department of Agriculture, staff of American private voluntary organizations and cooperatives in their headquarters and field offices, recipient country nationals, both public and private individuals who — together with the World Food Program (headquartered in Rome, but with offices around the world) and PVOs plan, administer, and evaluate individual projects and large-scale programs.

WHO PARTICIPATES? WHO BENEFITS?

Sand dunes are stabilized to halt desertification.

U.S. food commodities can be used in a variety of ways, for a number of different purposes, through several channels.

An Asian hillside, terraced to prevent erosion.

A farmer rejoices in his abundant crop.

HOW DOES IT WORK?

CHANNELING FOOD AID:

Food aid can be channeled as *bilateral aid* (government-to-government as from the U.S. to the recipient country) or as *multilateral aid* (through the World Food Program, which then provides commodities from a variety of donor nations to recipient governments).

Food aid can be donated to American PVOs (private voluntary organizations) and CDOs (Cooperative Development Organizations). These in turn work either directly with beneficiaries or through local counterparts such as government ministries, or indigenous non-governmental organizations such as church-related agencies, women's groups and other types of self-help institutions. Eighteen PVOs and CDOs in 1991 distributed more than a million tons of food aid worth $270 million in 62 countries.

MECHANISMS:

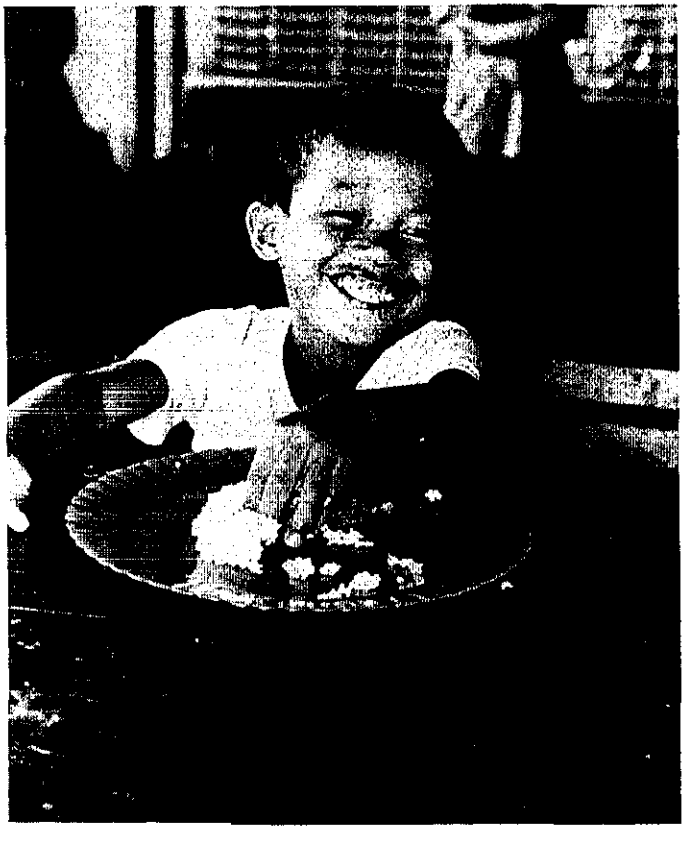
The commodities can be *used directly* in projects; or they can be *swapped* (bartered, exchanged) for locally grown commodities. Alternatively, the commodities can be *sold* (monetized) and the proceeds in local currencies can be used in many ways such as support to policy reform or development projects.

The commodities can be provided as a *loan*. The receiving country purchases the food on very favorable terms but will eventually have to pay the United States back (Title I of the Farm Bill, see below);

the commodities may be provided on a *grant* basis, government-to-government. The recipient government must meet certain conditions, such as agreeing to market reforms, but is not obliged to repay the U.S. (Title III); or

the commodities may be *donated* to private voluntary organizations, cooperatives, or the World Food Program for direct use and/or sale in support of development projects and emergency response (Title II).

Small enterprise: PL480 wheat flour was among the ingredients in this bread in Afghanistan.



PURPOSES AND USES:

The food can be distributed on an *emergency* basis. Or, commodities can be provided as ongoing *humanitarian* assistance to orphans, hospitalized persons, children already malnourished or at risk of malnutrition, pregnant women and nursing mothers and other vulnerable persons. Food aid can also be provided on a non-emergency basis for longer-term *developmental* purposes such as building schools and clinics, reforesting eroded areas, or making it possible for more children to attend schools.

Approximately half of the total amount of Title II food aid distributed — by American PVOs and cooperatives, by the World Food Program, and under several government-to-government arrangements — went to emergency relief and half to non-emergencies, or "regular" programming.

There are three classic categories of project food aid, although a variety of innovative uses have been added in recent years.

Maternal and Child Health (MCH) programs may focus exclusively on malnourished or potentially malnourished children, or they may also include pregnant and lactating women. Some programs include intensive rehabilitation when severely malnourished children are identified.

The food ration provided to mothers acts as an incentive for them to come to health posts where their children are vaccinated and weighed regularly. Mothers are instructed in proper nutrition for themselves and their families. Pregnant women's weight gain is also monitored in some MCH programs. Education in treating infant diarrhea with rehydration solutions, or in proper breastfeeding, personal hygiene, environmental sanitation, and family planning are also among the services provided at health centers.

The largest MCH program supported by food rations donated by the United States is in India, where approximately 7 million mothers and children were reached during 1991.

School Feeding programs typically provide either an on-arrival breakfast, a mid-morning snack, or a mid-day meal. Activities that often accompany the provision of commodities include nutrition education for the children and for those who prepare the meals; community organizing for those who arrange for the meals; tools, seeds, and other "inputs" for school gardens so that locally grown foods can someday replace those donated as food aid. School feeding programs in 15 countries reached 11 million children in 1991.

Food for Work programs use commodities as wages, or partial wages (workers build a road or irrigation dams, a school or a clinic and are "paid" in food, or in a combination of food and cash). Or they can be used as an incentive for a group of persons to come together to voluntarily take on a community works project. Sometimes the workers take home a food aid ration; other times, the commodities are cooked at the work site, enabling the participants to work a longer day, broken by an energy-replacing mid-day meal.

There were FFW projects in 20 countries worldwide in 1991. The largest in the world is in Bangladesh where in 1991 there were 5.3 million beneficiaries — workers and their families.

Food aid can be provided to tide people over until the results of a project intervention are accomplished. For example, when a steep hillside is cultivated, heavy rains wash away the richer top-soil, and the earth becomes progressively poorer. The farmer derives less and less food for the family to consume or to sell. In such a situation, it may be wise to construct terraces, or horseshoe-shaped shrubbery plantings at intervals to slow the water run-off. In the long run, the farmer should be better off. However, in the short run, s/he could actually be worse off because the conservation measures result in less surface area available for cultivation. Food aid can bridge the gap between the high-erosion pre-project state of affairs and the successful post-project phase.

In a similar way, when cattle destroy a grazing area because there are too many of them, food aid can bridge the gap until the herd is reduced or controlled — confined in paddocks or fed in stalls.

Another way that food aid can serve as a bridge is by enabling newly emerging democracies to weather the difficult transition from totalitarianism to democracy. Dramatic transition periods are often characterized by political turmoil and economic chaos. The formerly communist countries of Eastern Europe and what had been to Soviet Union are prominent examples. Others include Nicaragua, Ethiopia, Panama, and Zambia. Food aid, provided during the "tiding over" period, can moderate wide swings in food prices and provide crisis support to those most adversely affected by the economic storm.

FOOD AID AS A BRIDGE

In addition to the countries undergoing severe political changes on the path to democracy, a number of debt-burdened developing countries are implementing drastic economic adjustments. In the long run, the economic reforms are expected to benefit the poor through creation of jobs in sectors and industries in which each such country is most likely to excel (that is, where the country enjoys a "comparative advantage"). However, in the short run, the reforms can result in negative consequences for the poor, especially the urban poor. The reforms, for example, may include a reduction in or elimination of government subsidies on basic foods, or a cutback in social services, or a reduction of jobs. Food aid can provide a temporary safety net for vulnerable groups. Increased food aid can support greater access by mothers and children to health services. Food subsidies that are targeted on staple foods consumed mainly by poor people (rather than broader subsidies that benefit rich as well as poor) can be financed with currencies raised from the sale of donated commodities. Food aid can also support retraining of laid off government workers or of persons whose jobs in non-competitive enterprises have been eliminated. As in the case of the transition to democracy, food aid can also be sold in urban markets to stabilize food prices.

Food for Work: An access road is built in Peru following an earthquake.

NUTRITION TRANSFER and INCOME TRANSFER:

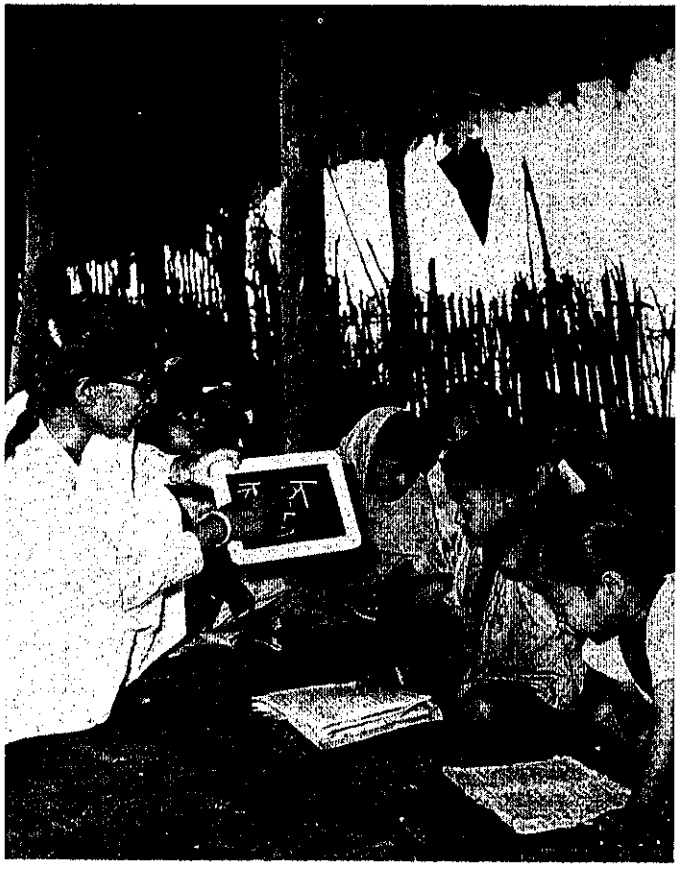
Even the properties that food has can be used to achieve different objectives.

Food has many qualities — aesthetic, symbolic, ceremonial, social, psychological, economic, and of course nutritional. It is the last two of these that are most important in food aid, although the others must not be ignored.

Food can be valued and used directly for its *nutritional value,* but it can also be valued and used primarily for its *economic value.*

School feeding programs illustrate the difference: if a school program is designed to achieve nutritional effects, then the food consumed by the pupils must be in addition to meals or snacks they would normally have consumed. Short-term nutritional effect — reducing hunger in a child who has walked a long distance to school — can increase the child's attention span and thus facilitate learning. (Longer-term weight gain and nutritional impact are more difficult to accomplish.)

However, if the objective is to encourage disadvantaged children to enroll in school and to attend regularly, then the economic value of the food is more important than its nutritional value. The program must then be designed so that the school meal substitutes for food the child would otherwise consume. The pupil's family then saves some money. For very poor families, the savings are enough for them to afford school fees and uniforms, and possibly also to forego the child's labor at home.



FOOD HAS MANY QUALITIES/PROPERTIES

Food security has two major aspects — *availability* and *access*. Availability, in turn, has several components: how much food is *produced*, and of that amount, how much is *lost* after the harvest to rodents, moisture etc.; and how *stable* is the supply (both in seasonal and geographic terms).

Access also has several aspects: some individuals have inadequate access to sufficient food because they *are permanently vulnerable:* they are disabled, they are elderly and not supported by families, they are considered social outcasts (lepers). Such persons are unable to earn their own living or grow all of their own food.

Others persons are *temporarily vulnerable:* they are ill and presumably will recover; they are pregnant or lactating; they are very young.

Still others are vulnerable not as individuals but as households; a family's inability to provide food for everyone in the household is due to poverty. There is not enough land to be self-sufficient in food production, and not enough income to purchase what they cannot grow. Poverty must also be considered a temporary condition that can, with appropriate interventions, be alleviated or overcome.

Food aid can be used in many ways to increase food security.

Food Aid to Promote Agricultural Productivity: Food aid can be used to provide wages or incentives to create irrigation structures, or to undertake soil conservation measures, such as planting trees that serve as windbreaks so that topsoil will not blow away. Food aid can be used as risk insurance, encouraging farmers to introduce unfamiliar farming practices, or crops they're not familiar with. U.S. food aid can also be provided to a country on condition that certain policies be reformed. Some of the reforms may contribute to food security by concentrating public funds to increase farm credit or agricultural research and extension services. Pricing policies can be altered to stimulate farmer interest in producing surpluses for market. Private, rather than public ownership of enterprises that furnish agricultural services and supplies (such as fertilizers and farm implements) can more efficiently reach the farmer at lower cost.

Food Aid to Increase Stability of Supply: Even though agricultural production may seem to be sufficient, there are often wide fluctuations according to season. Many small farm families experience a severe "hungry season" prior to the harvest. Appropriate storage (on-farm and community storage, as well as larger-scale regional silos) can reduce some of the ups and downs of food availability. Literacy, numeracy, and training in understanding market information (in order to better know when to buy, when to sell, and to whom) can all be supported with food aid. Food aid can also be used to create buffer stocks of grain for emergency use.

The nationwide supply of food can appear to be ample, when in fact it is unevenly distributed and there are surplus regions and severely food deficit regions at the same time in the same country. Food aid can be used to create roads that facilitate the movement of food from farms to markets, and from one region to another and to create more ample market structures. Local currencies generated from the sale of food aid can be used to improve information on marketing so as to even out the supply of food across the country.

Food Aid to Create and Enhance Equitable Access: There are many reasons why individuals or households have insufficient access to food supplies, even when supplies are both abundant and stable. Some of these reasons can be overcome: income-generating projects and various policies directed toward more equitable income distribution can help to rectify poor access due to poverty. Food for training can build skills, which then result in increased incomes. Carefully targeted food subsidy schemes, such as food coupons or fair price shops, can also make basic foods affordable to the poor.

Other blockages to access are more difficult to address; certain categories of vulnerable and severely disadvantaged persons (unsupported elderly, orphans, outcasts) may require long-term humanitarian assistance to ensure their access to sufficient nutrition.

Emergency distributions of food, whether of short duration postdisaster, or over long periods (as in some refugee or displaced persons programs) illustrate a very direct role for food aid in restoring food security.

Finally, even though individuals may actually ingest food that should be sufficient for their age, weight, and activity, they may be undernourished because of the effects of disease and parasites. Thus, an important part of using food aid to promote food security is using commodities to enhance preventive health care.

Food for work can support the creation of structures and facilities for clean water or health centers; food aid can support the training of village health workers; maternal and child health programs can use food rations as a way to attract women to health centers where they receive both services (e.g., immunizations for their children, prenatal care for themselves) and education (proper breastfeeding, appropriate weaning practices, personal hygiene, household sanitation, nutrition for the family).

-photo by Emily Moore

In 1990, the U.S. Congress passed, and President Bush signed into law, the Agricultural Development and Trade Act (the "Farm Bill"). part of which concerns food aid; this part is "PL (public law) 480".

The Preamble to PL480 states that:

> It is the policy of the United States to use its abundant agricultural productivity to promote the foreign policy of the United States by enhancing the food security of the developing world through the use of agricultural commodities and local currencies accruing under this Act.

Under the Act, food resources are directed towards five purposes:

- to combat world hunger and malnutrition and their causes;
- to promote broad-based, equitable and sustainable development;
- to expand international trade;
- to develop and expand export markets for U.S. agricultural commodities; and
- to foster the development of private enterprise and democratic participation in developing countries.

PL480 has several major sections, or Titles:

Title I (concessional sales) is the responsibility of the Department of Agriculture, while Titles II (project and emergency food aid) and III (government-to-government grants) are the responsibility of the Agency for International Development. This is an important departure from the prior law, signaling a clearer separation of trade and market development objectives from humanitarian and development objectives.

Title I: Countries that are eligible for Title I agreements are less poor than Title II and Title III countries. It is hoped that they will eventually "graduate" from concessional sales and purchase our agricultural commodities at world market prices.

A Title I country buys U.S. commodities on credit, then sells them through public or private channels. The money earned can then be used for various developmental purposes.

Title II: Under this title, commodities are donated to the World Food Program and to U.S. private voluntary organizations in support of emergency relief and development programs.

Increasing efforts are being made to anticipate and prepare for emergencies (as well as to react to them) in order to mitigate their most devastating effects and to work as quickly as possible toward longer-term development goals.

It is now possible for Title II commodities to be sold in order to provide local currencies to provide program support. (Unlike Title I, there is no requirement for the cost of the commodities to be repaid to the U.S. Government.)

Title III: This is a grant program for the poorest countries, with a strong emphasis on promoting food security. There are 56 eligible countries, 36 of them in Africa.

The largest 1991 Title III agreement was in Bangladesh ($69.6 million) and the smallest in Chad ($5.1 million). Considered to be an exemplary agreement is the one in Sri Lanka, whose purposes are to "reduce the Government of Sri Lanka's role in agricultural production and marketing systems, increase incentives for agricultural production, and increase efficiencies in the food system." Among a variety of actions toward realization of these purposes, the Title III agreement includes restructuring and privatization of the Fisheries Harbor Corporation, trade liberalization, revision of state agency structures in order to reduce government expenditures, and a land survey/deeding program for farmers.

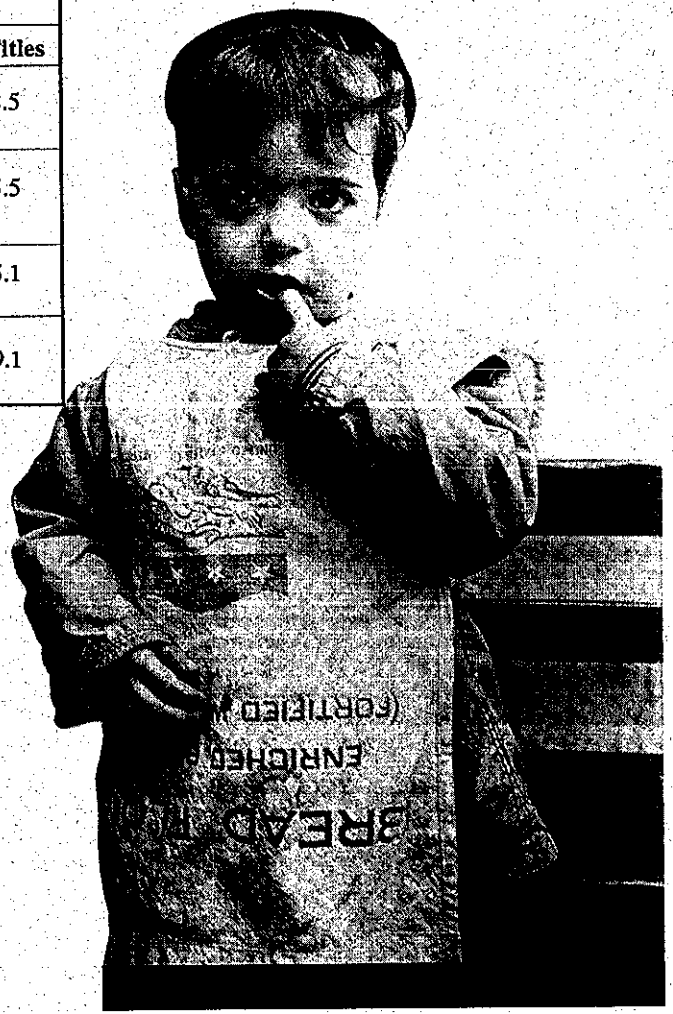
U.S. Food Aid, in Dollar Values, Fiscal Year 1991

by Region and by Title of PL480

in millions

	Title I	Title II	Title III	All Titles
Asia/Near East	$247.3	$265.7	$115.5	$628.5
Latin America/ the Caribbean	$158.8	$129.9	$86.8	$375.5
Africa	$33.0	$407.6*	$74.5	$515.1
All Regions	$439.1	$803.2	$276.8	$1,519.1

* $325 million of this was emergency food aid.



This pamphlet was prepared by A.I.D.; Bureau for Food and Humanitarian Assistance; Office of Program, Planning, and Evaluation; Washington, D.C. 20523.
Printed on recycled paper.

USAID

U.S. Agency for International Development