



**USAID**  
FROM THE AMERICAN PEOPLE

## Report to Congress October 2010

### 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, Public Law 111-117, which states that the U.S. Agency for International Development (USAID) “is directed to report no later than September 30, 2010, on the cases in which local and regional procurement (LRP) was employed, including the circumstances, specifics of implementation, and brief justification for exercising LRP in lieu of other food assistance options.”

This report to Congress discusses how International Disaster Assistance (IDA) funds appropriated under this Act were used for local and regional procurement, cash and food vouchers to address food insecurity in emergency situations internationally in Fiscal Year (FY) 2010. It describes how USAID used the funding in accordance with the Committee’s emphasis 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”; “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 in place of other options will save lives, reduce suffering, or serve substantially more people in need”; and “ensure that such purchases do not distort, but instead bolster and develop local agricultural markets in developing countries.”

#### Background

The Government Accountability Office report to Congress, entitled *International Food Assistance: Local and Regional Procurement Can Enhance the Efficiency of U.S. Food Aid, but Challenges May Constrain Its Implementation*,<sup>1</sup> 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 can significantly

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<sup>1</sup> GAO-09-570

shorten delivery times for food aid, which is a critical priority in emergency food security activities. At the same time, it can serve to strengthen and expand commercial market linkages, and stimulate an appropriate production response among developing country farmers.

### **Purpose and Program Objectives**

The purpose of the EFSP 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 the EFSP use that are clearly enunciated in the solicitation for proposals. 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 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 ongoing 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 proposals meet one of the criteria, and USAID experts independently review each one, on a case-by-case basis, to determine whether to proceed.

### **FY 2010 Grants**

In FY 2010, USAID awarded 17 grants totaling over \$244 million. Grants were awarded to a variety of private voluntary organizations and WFP. The grants support local and regional procurement, cash and food vouchers programs addressing emergency food security needs in Haiti, Kenya, Kyrgyzstan, Niger, Pakistan, Mozambique, Sri Lanka and Sudan.

### **Selected Programs**

The funds made available under the IDA account enable USAID to respond quickly to emergencies around the world. This section offers three examples of how EFSP programs complemented Title II in-kind food aid based on timeliness, appropriateness, and cost-effectiveness. For a detailed list of all EFSP-funded programs for Fiscal Year 2010, please refer to the attached list of grants.

### *Pakistan*

In Pakistan, when the floods struck, USAID allowed for the diversion of Title II commodities already in Pakistan for other programs and dispatched Title II commodities available in prepositioning sites. These commodities, however, could only address a small percentage of the needs, which were immediate. USAID therefore awarded more \$117 million in EFSP funds to purchase almost 180,000 tons of wheat and pulses produced in Pakistan and therefore available quickly. Additionally, USAID provided EFSP funding for food vouchers for 65,500 households in flood-affected regions located in areas where food markets were functional.

### *Sudan*

In Sudan, USAID provided over \$395 million in Title II commodities to address emergency needs for 2010 due to both insecurity and drought. Markets are functioning well, however, in some areas. USAID therefore provided nearly \$2.5 million in EFSP funds to provide food vouchers to 59,352 people affected by drought in North Kordofan State and 69,721 people displaced from their homes due to insecurity in North Darfur.

### *Haiti*

Following the catastrophic January 12, 2010, earthquake in Haiti, FFP responded immediately with the provision of much needed in-kind food assistance. In the aftermath of the natural disaster, the roots of the food security emergency shifted from a lack of food availability to a lack of access – meaning there were sufficient quantities of food on the local market, but beneficiaries lacked the funds to purchase it. The flexibility of EFSP funds allowed FFP to provide \$47.5 million for cash-for-work and food voucher programs, which gave earthquake-affected Haitians the means to meet their food aid needs.

## FY 2010 Emergency Food Security Program Grants Awarded

|            |                                      | Specifics of Implementation |                              | Circumstances                                  | Primary Justification |
|------------|--------------------------------------|-----------------------------|------------------------------|--|-----------------------|
| Country    | Program                              | Funding                     | Program Type                 |  |                       |
| Haiti      | World Food Program                   | \$ 35,000,000               | Cash for Work                | Earthquake                                     | Appropriateness       |
|            | Mercy Corps                          | \$ 12,462,861               | Food Vouchers                |  |                       |
|            | <b>Haiti Total</b>                   | <b>\$ 47,462,861</b>        |                              |  |                       |
| Kenya      |                                      | \$ 9,900,000                | Local & Regional Procurement | Drought  | Timeliness            |
|            | World Food Program                   | \$ 100,000                  | Cash for Work                |  |                       |
|            | <b>Kenya Total</b>                   | <b>\$ 10,000,000</b>        |                              |  |                       |
| Kyrgyzstan | Save the Children                    | \$ 2,999,987                | Local & Regional Procurement | Civil Unrest                                   | Timeliness            |
|            | World Food Program                   | \$ 3,000,000                |                              |  |                       |
|            | Mercy Corps                          | \$ 3,946,714                | Cash Vouchers                |  |                       |
|            | <b>Kyrgyzstan Total</b>              | <b>\$ 9,946,701</b>         |                              |  |                       |
| Mozambique | World Food Program                   | \$ 6,000,000                | Local Procurement            | Drought  | Timeliness            |
|            | <b>Mozambique Total</b>              | <b>\$ 6,000,000</b>         |                              |  |                       |
| Niger      | World Food Program                   | \$ 17,587,777               | Regional Procurement         | Drought  | Timeliness            |
|            |                                      | \$ 4,345,494                | Local Procurement            |  |                       |
|            | Mercy Corps                          | \$ 467,904                  | Food Vouchers                |  |                       |
|            | Catholic Relief Services             | \$ 4,355,087                | Food Vouchers                |  | Appropriateness       |
|            | <b>Niger Total</b>                   | <b>\$ 26,756,262</b>        |                              |  |                       |
| Pakistan   |                                      | \$ 20,000,000               | Local Procurement            | Internal Displacement due to Conflict          | Timeliness            |
|            | World Food Program                   | \$ 102,264,615              | Local & Regional Procurement |  |                       |
|            | Relief International                 | \$ 1,852,067                | Food Vouchers                | Floods   |                       |
|            | Save the Children                    | \$ 12,861,970               | Food Vouchers                |  |                       |
|            | <b>Pakistan Total</b>                | <b>\$ 136,978,652</b>       |                              |  |                       |
| Sri Lanka  | Agency for Technical Cooperation and | \$ 575,113                  | Food Vouchers                | Conflict-Displaced Returnees                   | Appropriateness       |
|            |                                      | \$ 1,953,185                | Cash for Work                |  |                       |
|            | World Food Program                   | \$ 2,381,210                | Local Procurement            |  | Timeliness            |
|            | <b>Sri Lanka Total</b>               | <b>\$ 4,909,508</b>         |                              |  |                       |
| Sudan      | World Food Program                   | \$ 2,258,177                | Food Vouchers                | Drought; Internal Displacement due to Conflict | Appropriateness       |
|            | <b>Sudan Total</b>                   | <b>\$ 2,258,177</b>         |                              |  |                       |

**Total \$ 244,312,161**