



Report to Congress October 2011

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

This report submitted in compliance with House Report 111-3666 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 appropriated under this Act for local and regional procurement, cash, and food vouchers to address food insecurity in emergency situations internationally in Fiscal Year (FY) 2011. 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 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.”

Background

The 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*,¹ 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

¹ 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 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 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 2011 Grants

IDA funds enable USAID to respond quickly to emergencies around the world. In Fiscal Year 2011, USAID awarded 33 grants totaling over \$232 million. USAID awarded grants to a variety of private voluntary organizations and United Nations (UN) agencies. The grants support local and regional procurement, cash, and food voucher programs addressing emergency food security needs in Afghanistan, Benin, Burma, Colombia, Cote d'Ivoire, Egypt, Ethiopia, Haiti, Indonesia, , Kenya, Kyrgyzstan, Liberia, Libya, Nicaragua, Niger, Pakistan, Somalia, Sri Lanka, Tunisia, West Bank/Gaza, Yemen, and Zimbabwe.

For a detailed list of all EFSP-funded programs for FY 2011, please refer to the attached list of grants.

FY 2011 Emergency Food Security Program Grants Awarded

| Country | Program | Status | Date Awarded | Associated Funding | Program Type | Relationship to EFSP Funding Criteria |
|-------------|-----------------------|---------|-----------------|--------------------|----------------------------|---|
| Afghanistan | WFP | Awarded | 10/22/2010 | \$14,999,638 | Local Procurement | Timeliness |
| | CRS | Awarded | 10/26/2010 | \$980,307 | Local Procurement | |
| | WFP | Awarded | 9/30/2011 | \$34,000,000 | Local/Regional Procurement | Appropriate due to Market |
| | | | | \$6,000,000 | Food Vouchers | Conditions |
| | | | Subtotal | \$55,979,945 | | |
| Benin | CRS | Awarded | 3/21/2011 | \$4,065,812 | Food Vouchers | Appropriate due to Market Conditions |
| | | | Subtotal | \$4,065,812 | | |
| Burma | WFP | Awarded | 12/23/2010 | \$1,495,410 | Local Procurement | Timeliness |
| | | | Subtotal | \$1,495,410 | | |
| Colombia | Mercy Corps | Awarded | 8/22/2011 | \$5,000,000 | Local Procurement | Timeliness and Appropriate due to Market Conditions |
| | | | Subtotal | \$5,000,000 | | |
| Ethiopia | WFP (drought) | Awarded | 8/30/2011 | \$4,833,630 | Local Procurement | Timeliness and Appropriate due to Market |
| | WFP (refugee) | Awarded | 8/30/2011 | \$3,821,914 | | |
| | | | Subtotal | \$8,655,544 | | |
| Haiti | Action Against Hunger | Awarded | 8/26/2011 | \$3,649,342 | Cash Transfer | Appropriate due to Market Conditions |
| | CRS | Awarded | 9/26/2011 | \$3,959,997 | Food Vouchers | |
| | | | Subtotal | \$7,609,339 | | |
| Indonesia | Save the Children | Awarded | 4/8/2011 | \$21,573 | Food Vouchers | Timeliness and Appropriate due to Market Conditions |
| | | | | \$688,427 | Local Procurement | Timeliness |

| | | | | | | |
|--|-------------------|-----------|-----------------|--------------|--|---|
| | | | Subtotal | \$710,000 | | |
| Ivory Coast | Save the Children | Awarded | 7/21/2011 | \$2,930,806 | Cash Transfer | Appropriate due to Market |
| | WFP | Awarded | 8/31/2011 | \$2,740,888 | Regional Procurement and Food Vouchers | Timeliness and Appropriate due to Market |
| | | | | \$2,932,846 | Food Vouchers | Market |
| | | | Subtotal | \$8,604,540 | | |
| Kenya | WFP | Awarded | 5/12/2011 | \$9,721,447 | Local Procurement | Timeliness and Appropriate due to Market Conditions |
| | | | | \$278,553 | Cash Transfer | Appropriate due to Market Conditions |
| | | | Subtotal | \$10,000,000 | | |
| Kyrgyzstan | WFP | Mod Award | 12/2/2010 | \$3,200,000 | Local/Regional Procurement | Timeliness |
| | | | Subtotal | \$3,200,000 | | |
| Liberia | WFP | Awarded | 9/6/2011 | \$1,776,416 | Cash Transfer | Appropriate due to Market |
| | | | Subtotal | \$1,776,416 | | |
| Libya | WFP | Awarded | 9/15/2011 | \$5,000,000 | Local and Regional Procurement | Timeliness and Appropriate due to Market Conditions |
| | | | Subtotal | \$5,000,000 | | |
| Nicaragua | CRS | Awarded | 3/15/2011 | \$534,287 | Cash Transfer | Appropriate due to Market Conditions |
| | | | Subtotal | \$534,287 | | |
| Niger | UNICEF | Awarded | 8/19/2011 | \$1,999,081 | Cash Transfer | Appropriate due to Market |
| | WFP | Awarded | 8/19/2011 | \$3,000,000 | | |
| | | | Subtotal | \$4,999,081 | | |
| N. Africa Response (Tunisia and Egypt) | WFP | Awarded | 3/16/2011 | \$5,000,000 | Local Procurement | Timeliness and Appropriate due to Market Conditions |
| | | | Subtotal | \$5,000,000 | | |

| | | | | | | |
|----------------|----------------------|-----------|------------|--------------|--------------------------------|---|
| Pakistan | WFP | Mod Award | 11/10/2010 | \$45,000,000 | Local/Regional | Timeliness |
| | WFP | Awarded | 9/28/2011 | \$4,300,000 | Procurement | |
| | | | Subtotal | \$49,300,000 | | |
| Somalia | WFP | Awarded | 5/26/2011 | \$14,578,674 | Transport Costs | n/a |
| | UNICEF | Awarded | 8/12/2011 | \$5,000,000 | Regional Procurement | Timeliness |
| | UNICEF | Mod Award | 9/27/2011 | \$9,999,185 | Local and Regional Procurement | Appropriate due to Market Conditions |
| | ACTED | Awarded | 9/27/2011 | \$2,706,335 | Food Vouchers | Appropriate due to Market |
| | Horn Relief | Awarded | 9/30/2011 | \$10,233,099 | Cash Transfer | Market |
| | | | Subtotal | \$42,517,293 | | |
| Sri Lanka | ACTED | Awarded | 5/12/2011 | \$1,493,920 | Cash Transfer | Appropriate due to Market Conditions |
| | | | Subtotal | \$1,493,920 | | |
| West Bank/Gaza | WFP | Awarded | 8/17/2011 | \$1,000,000 | Cash Transfer | Appropriate due to Market |
| | | | | \$4,372,220 | Local and Regional Procurement | Timeliness and Appropriate due to Market Conditions |
| | | | Subtotal | \$5,372,220 | | |
| Yemen | Save the Children | Awarded | 11/24/2010 | \$1,310,187 | Food Vouchers | Appropriate due to Market Conditions |
| | Relief International | Awarded | 9/29/2011 | \$3,661,475 | Local Procurement | Timeliness |
| | | | Subtotal | \$4,971,662 | | |
| Zimbabwe | WFP | Awarded | 10/1/2010 | \$5,717,909 | Regional Procurement | Timeliness |
| | | | Subtotal | \$5,717,909 | | |

TOTAL

\$232,003,378