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# Food Aid Trends and Implications

Robin Tilsworth  
Acting Deputy Administrator for Export Credits  
U.S. Department of Agriculture  
Foreign Agricultural Service  
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# U.S. Commitment to Food Aid and Development

- International Goal of 1996 World Food Summit: By 2015, Reducing by Half the Number of Chronically Hungry People
- U.S.-Proposed Priorities at 2002 World Food Summit:
  - reducing hunger by increasing agricultural productivity
  - ending famine
  - improving nutrition



# U.S. International Food Aid Budgets in FY 2006 and FY 2007

Program	FY 2006 Current Estimate		FY 2007 Request	
	\$ Mil.	1,000 mt	\$ Mil.	1,000 mt
Title I Funded Loans and Grants	103	225	0	0
Title II	1,600	2,700	1,310	2,100
Bill Emerson Humanitarian Trust	---	---	---	---
Food for Progress	146	263	161	300
Section 416(b)	---	---	---	---
McGovern-Dole	98	69	103	100
<b>Total</b>	<b>1,936</b>	<b>3,257</b>	<b>1,574</b>	<b>2,500</b>



# FY 2007 U.S. Budget Request for International Food Aid

- Administration's FY 2007 budget request:
  - Total funding: \$1.6 billion
  - P.L. 480, Title II, funding: \$1.3 billion
  - Up to 25 percent can be used for overseas purchases of emergency food instead of U.S. commodities
  - Title I funding shifted to Title II emergency funding
  - McGovern-Dole funding maintained at \$100 million
  - Food for Progress continues with CCC funding



# FAS Changing To Meet New Challenges

- FAS has refined its three mission functions:
  - market access, intelligence, and analysis
  - trade development
  - agricultural development for national security



# USDA Food Aid Programs Contributing to National, International Security

- President's National Security Strategy:
  - international economic development
  - defense
  - diplomacy
- Programs supporting the strategy include:
  - Food for Progress
  - McGovern-Dole



# P.L. 480, Section 401(a)

## Availability of Commodities:

- No agricultural commodity shall be available for disposition under this Act if the Secretary of Agriculture determines that the disposition would reduce the domestic supply of the commodity below the supply needed to meet domestic requirements and provide adequate carryover (as determined by the Secretary),
- unless the Secretary determines that some part of the supply should be used to carry out urgent humanitarian purposes under this Act.



# Bill Emerson Humanitarian Trust

- Food reserve for P.L. 480, Title II, available to:
  - Meet unanticipated emergency humanitarian food needs when PL 480 funds exhausted
  - When U.S. domestic supplies are insufficient to meet the annual PL 480 needs
- Recent Trust releases:
  - June 2005: up to 500,000 tons for Ethiopia and Eritrea
  - December 2004: up to 200,000 tons for Africa, mainly Sudan
  - Total value of these FY05 releases: \$377 million
- Current assets: 915,000 tons of wheat, \$107 million in cash



# P.L. 480, Title I

- Concessional loans and grants, primarily government-to-government
- Concessional loans: 30-years, low interest and grace period
- FY06 programming: currently negotiating 2 concessional loans, 7 grants, additional programs likely in next couple of months



# Food for Progress

- Donations help developing countries and emerging democracies:
  - Implement economic and agricultural reforms
  - Recover from recent conflicts
  - Assist with transitions under trade agreements
  - Fill gaps between consumption and production needs



# McGovern-Dole International Food for Education and Child Nutrition

- USDA has reached decisions for FY 2006 programming and sent letters to program applicants
- Approximately \$98 million has been programmed, which will provide about 69,100 tons of assistance
- Key decision criteria are:
  - Cultural biases against educating females
  - Economic biases against educating children
  - Other social factors that limit education
- In FY 2006, FFE funding at least 16 programs in 14 countries, improving the lives of over 2.4 million beneficiaries
- Administration is requesting **\$100** million for FY 2007



# WTO Impact on Food Aid

- Food aid under intense negotiation in Doha Development Round
- U.S. Position Firm:
  - Safe box for emergencies and NFIDC/LDCs
  - Disciplines can be developed, but
  - The effect should not be to reduce amount or flexibility of food aid

