

Trends, Threats and Opportunities in Food Aid Programming

W. Kirk Miller

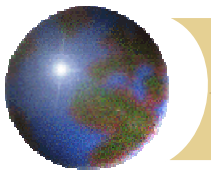
General Sales Manager

U.S. Department of Agriculture

Foreign Agricultural Service

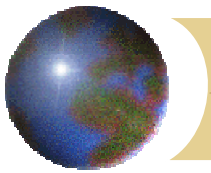
WISSH Washington Workshop

Feb. 16, 2005



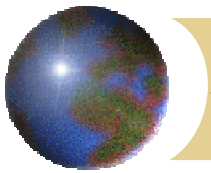
U.S. Commitment to Food Aid and Development

- International Goal Adopted at 1996 World Food Summit:
 - By 2015, reduce by half the number of chronically hungry people
- U.S.-Proposed Priorities at 2002 World Food Summit:
 - Reduce hunger by increasing agricultural productivity
 - End famine
 - Improve nutrition



U.S. Food Aid Contributions to Asian Tsunami Relief

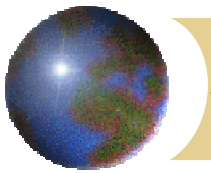
- Administration requested \$950 million for relief and reconstruction in area hit by tsunami
- USDA and USAID rerouted food aid totaling about \$34 million
- USDA provided 15,000 tons of rice to Indonesia and Sri Lanka
- USAID provided 21,000 tons of rice, corn-soy blend, soybean oil and peas



Budget for U.S. International Food Assistance in FY 2005 and FY 2006

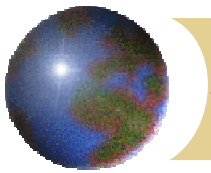
Program	FY 2005 Current Estimate		FY 2006 Request	
	\$ Mil.	Mil. MT	\$ Mil.	Mil. MT
Title I Funded Loans and Grants	\$145	0.5	\$145	0.5
Title II	\$1,346	2.4	\$964	1.7
Title II Supplemental*	\$150	0.3	---	-----
USAID International Disaster & Famine Assistance	---	---	\$300	0.6
Bill Emerson Humanitarian Trust	\$225	0.2	---	---
Food for Progress	\$141	0.3	\$137	0.3
Section 416(b)	\$147	0.1	\$151	0.1
McGovern-Dole	\$91	0.1	\$106	0.1
Total	\$2,245	3.9	\$1,803	3.3

* May be increased by about \$23-30 million for reimbursement for food diverted to tsunami relief.



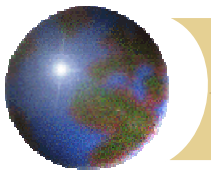
Emerson Trust: Current Assets

- 1.4 Million Tons – Wheat
- \$87 Million
- \$20 Million Expected Reimbursement
from Title I and Title II in FY 2005



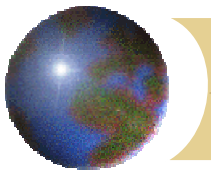
Food Aid, FY 2004 Programmed Levels

Program Type	Value (\$ Mil.)	Quantity (1,000 MT)	Number of Agreements
Title I Funded Loans and Grants	\$153.9	583.9	18
Title II	\$1,670.0	2,663.0	NA
Food for Progress	\$137.9	295.7	27
Section 416(b)	\$172.7	81.3	20
McGovern-Dole	\$47.7	62.6	12
Total	\$2,182.2	3,686.5	77



P.L. 480, Title I

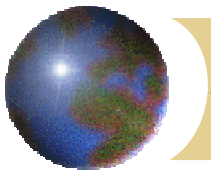
- Funding can support additional Food for Progress grants
- Concessional loans: 30-year repayment, 1-percent interest rate and 5-year grace period
- Loans provided to governments
- So far in FY 2005, USDA has approved \$45 million in loans and \$47 million in Food for Progress grants



P.L. 480, Section 401(a)

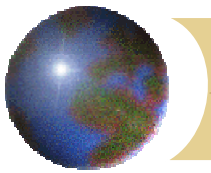
Availability of Commodities:

- ✿ No agricultural commodity shall be available for disposition under this Act if the Secretary 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.



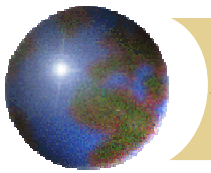
Food for Progress

- Applicants for CCC-funded programs received decisions last week
- Program announcements should be released shortly
- 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 needed consumption and production
- USDA has approved proposals for 19 programs in 16 countries that will receive 300,000 tons (\$125 million)
- Examples: Afghanistan, Niger and Honduras



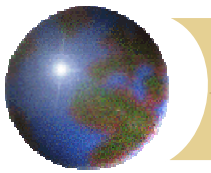
Section 416(b)

- Current purchases of milk are limited, and current stocks are about 35,000 tons
- Planned deliveries under existing agreements will absorb current stocks
- USDA may solicit new proposals for FY 2006 cycle if purchases resume



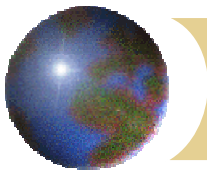
McGovern-Dole International Food for Education and Child Nutrition

- USDA will announce decisions on McGovern-Dole later this month
- Approximately \$91 million is available in FY 2005, which will provide about 100,000 tons of assistance
- Key decision criteria for FY 2005:
 - Cultural biases against educating females
 - Economic biases against educating children
 - Other social factors that limit education
- Administration requested \$106 million for FY 2006



McGovern-Dole Beneficiary History

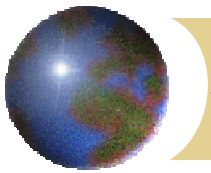
- FY 2001-2002, Global Food for Education Pilot
- FY 2003, CCC Funding
- FY 2004-2006, Appropriations



Estimated Commodities in FY 2005

U.S. Government Programs

Commodity	Title I	USAID	Food for Progress	Section 416(b)	McGovern-Dole
1,000 MT					
Soybeans & Products	44	270	91	0	32
Corn, Sorghum & Products	24	860	26	0	14
Nonfat Dry Milk	0	0	0	35	0
Pulses	2	160	6	0	8
Rice	81	80	10	0	8
Wheat & Flour	294	1,330	172	0	30
Other	3	0	0	0	2
Total	448	2,700	305	35	94



Major Challenges

- ⊕ Doha Round WTO Negotiations: Implications for Food Aid
- ⊕ Tight Budgets
- ⊕ Increased Importance of Targeting Food Aid to Countries and Vulnerable Groups