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Mr. Chairman and members of the committee, it is an honor to appear before you today to testify on the multiple benefits of the various United States food aid programs and to give you my perspective on the future these vitally important activities.

As we look forward to the period of the next farm bill several demographic patterns within developing countries, impacting world markets, appear to clearly etch themselves into the pattern of recent history. World population, and especially population in some of the poorer countries, especially those that have been unable to move ahead with economic reforms necessary to attract investment, will continue to become younger and poorer, affected by HIV- AIDS and accompanying high birth rates, as overall life expectancy declines. While total populations in some cases may decline over time, the more immediate impacts over the period of the farm bill are likely to be a decline in local agricultural production, as the population of work force age is the most dramatically hit by the affects of the epidemic, and an increased demand for imported food. The ability of those countries to feed themselves that are caught in the dual vise of disease and declining development resources will become increasingly imperiled. In the short term, for countries affected by this situation the demand for food assistance among the poor will increase, while commercial demand declines precipitously.

U.S. food assistance programs today are funded through a variety of sources and cover a variety of critical objectives. The U. S. Agency for International Development (USAID) is responsible for the administration of the Public Law 480 Title II and Title III programs. The Title II program, which is managed by the Office of Food for Peace in the Bureau for Humanitarian Response, is funded

through an annual appropriation of over \$800 million and is the leading U.S. food aid program for emergency humanitarian response and development (non-emergency) activities. While not currently funded, the Title III program provides the authority for government-to-government food aid grants that may be used, inter alia, to promote policy changes in recipient countries to strengthen the food security infrastructure and to support non-governmental organizations working for food security.

The United States Department of Agriculture (USDA) is currently responsible for the administration of the P.L.480 Title I program, the Section 416(b) program, and the Food for Progress program. The Title I program receives an annual appropriation and supports the sale of U.S. agricultural commodities to recipient governments on concessional credit terms. Under Section 416(b) of the Agriculture Act of 1949, the Commodity Credit Corporation is authorized to donate surplus commodities to meet food aid requirements overseas. The Food for Progress program, which was authorized under the Food for Progress Act of 1985, uses U.S. food commodities to assist developing countries, and particularly emerging democracies, that have made commitments to introduce or expand free enterprise elements in their agricultural economics.

Today, this broad and abundant array of U.S. food assistance tools has enabled our country to lead the world in responding to both emergency and non-emergency food aid requirements in developing countries, to expand commercial markets for U.S. goods, and to support U.S. foreign policy objectives. Following the nearly 9 million tons of food aid provided in fiscal year (FY) 1999, the United States has programmed about 9 million tons of commodities in FY 2000. These millions of tons of commodities - together with the millions of dollars of cash resources that support their transport, management, and distribution - are commonly recognized for providing a direct life-saving or life-enhancing benefit to millions of people overseas.

A clear example of the direct benefit of U.S. food aid is the current food aid response to the drought and conflict in the Horn of Africa. To date, the U.S. has committed over 1.2 million metric tons of food to the approximately 20 million drought and conflict-affected people in the region. Of that amount, approximately 400,000 metric tons has already been delivered. This entire response is being provided with resources from the Title II and Section 416(b) programs.

During the middle of March of this year, I had the opportunity to travel to Ethiopia to review the extent of the crisis there with local officials and to monitor the delivery of U.S. food assistance. After meeting with the Ethiopian Director of

the Disaster Preparedness and Prevention Commission (DPPC) in Addis Ababa, it became clear to me that the United States would have to play the leading role in the donor community in order to prevent the food shortage from turning into a full-scale famine. With over 7 million drought affected people at that time (there are more than 10 million today), Ethiopia was in urgent need of huge volumes of food aid and extraordinary amounts of technical assistance.

The day after meeting with the Commissioner of the DPPC, I flew to the town of Gode in the Somali region of Ethiopia to see the impact of the drought on the poorest Ethiopians. Although I have traveled extensively to crises in Kosovo, Angola, and Central America, the scene I experienced in Gode was the most graphic and unsettling of my career. Livestock carcasses were visible throughout the town. Health workers from our partner Save the Children reported that 61 people in the town had died in the previous two weeks with the majority being children under 5 years of age. In general, the population of the town and surrounding area was very weak and vulnerable to disease and infections. I continued my review of the town with a visit to both a supplementary and therapeutic feeding center that had recently been built by Save the Children. The therapeutic feeding center already had 86 patients suffering from severe malnutrition – all were under the age of 5 years. The supplementary feeding center had over 850 patients even though its planned capacity had not been expected to exceed 500 patients. Hundreds of new patients were arriving each day. In response to the overwhelming situation at the feeding centers, I immediately instructed my staff in the Offices of Food for Peace and Foreign Disaster Assistance to airlift corn-soy blend and other commodities appropriate for malnourished children to Gode. In addition, I tasked my staff with working with the DPPC and our partner agencies to significantly expand the number of feeding centers established around the country. Due to the severity of the drought in the Somali region, I ordered another airlift two weeks later.

Title II resources are also supporting development activities that promote sustainable food security and make the poor less vulnerable to disasters. Some examples of success stories directly attributable to U.S. food assistance are:

- ◆ Agricultural productivity increased and incomes improved in Mozambique
- ◆ More efficient water use helped poor farmers in Eritrea

- ◆ Improved watershed management results in a wide range of benefits for lower caste, poor farmers in India
- ◆ Sustainable rural enterprises created jobs and reduced rural poverty in Ghana
- ◆ Honduran farmers produced a timely surplus in the aftermath of Mitch
- ◆ Severely malnourished children in Peru regained good nutritional status
- ◆ Integrated program results in decreased malnutrition and improved health for women and children in Bolivia
- ◆ Haiti's most vulnerable children received a better education
- ◆ Title II food helped girls stay in school in Ghana

While the story of the impact of U.S. food aid on the beneficiaries overseas is of paramount importance – and is a story that I take pride in telling – it is really just the first chapter in the book on the benefits of U.S. food assistance programs. Additional chapters might have headings like “Food Aid Supports American Businesses,” “Food Aid and Foreign Policy,” or “Food Aid: America’s Values at Work.” Let me briefly explain what I mean by each of these chapter headings.

Food Aid Supports American Businesses: Using the P.L.480 Title II program as an example, I can tell you that out of approximately \$960 million dollars disbursed in FY 1999:

- Approximately \$480 million or 50 percent of the total program budget paid for U.S. agricultural commodities.
- Approximately \$170 million or about 18 percent of the total program budget financed the shipping of the commodities on U.S. flag vessels.
- Approximately \$18 million, or about 2 percent of the total program budget, funded support to U.S. private voluntary organizations (PVOs) whose humanitarian spirit is deeply rooted in American values.

As you can see, even a very conservative evaluation of food aid expenditures shows that about 70 cents out of every dollar expended on U.S. food assistance activities is spent in the United States. When you consider the multiplying factor that these dollars represent as they are further spent in the market, the employment and tax generation impact is significant. The money spent on delivering emergency commodities to Ethiopia touches farmers, processors, vitamin suppliers, truckers, stevedores, and, in most cases, U.S. flag vessels and our PVO partners.

In addition to the multiplier effect, the benefits of food aid resources are spread widely across the country. According to a recent study commissioned by USAID, more than \$3.0 billion dollars in P.L.480 resources have been spent since 1997 purchasing and transporting U.S. commodities. During that same period, more than 37 states each have benefited by more than \$1.0 million from P.L.480 Title II purchases alone. Commodity purchases range from bulk corn from Minnesota, to flour milled in Kansas, Missouri and Texas, to peas and lentils produced in Idaho. The eleven states that benefited most from these programs are Louisiana, Texas, Illinois, Kansas, Tennessee, Indiana, Washington, Wisconsin, Nebraska, Iowa, and Arkansas. I am pleased to note that my home state of Texas ranked number two, just behind Louisiana, among states benefiting from P.L.480 resources. In large part, of course, this high standing for the states of Texas and Louisiana has to do with the large volume of P.L.480 commodities that move through their ports to destinations overseas. Just ask the port interests and stevedoring companies in New Orleans or Lake Charles, Louisiana or Houston or Jacinto City, Texas whether P.L.480 resources are important to them.

Food Aid and Foreign Policy: A key aspect of U.S. foreign policy is the mitigation and prevention of crises around the world. Crises, whether natural or manmade, can disrupt or derail a country's progress toward sustainable development, they can disrupt or destroy markets and market structures, and their effects can destabilize the social and economic infrastructure of entire regions. Another U.S. foreign policy goal is the expansion of markets for U.S. commodities and the promotion of free and competitive trade practices around the world. U.S. food aid resources have proven over the last 50 years to have an inherently strong secondary benefit that often supports one or more of these foreign policy objectives. For example:

- In natural or manmade crisis situations from Angola to Kosovo to Rwanda to East Timor, Title II emergency resources have proven to provide critically needed food to address the humanitarian requirements of the affected populations.
- Title III resources, in developmental or non-emergency situations, have been used to meet specific food requirements in recipient countries while at the same time encouraging sustainable development policies and practices. In Haiti, as an example, Title III resources were used to encourage the privatization of local industry.
- USDA's Food for Progress program emphasizes market development and market strengthening activities. By introducing U.S. commodities into

new markets and strengthening the commercial market infrastructure, these programs support the U.S. foreign policy objective of expanding markets for U.S. products and strengthening commercial market structures worldwide.

Food Aid: America's Values at Work: U.S. food aid programs are a direct outgrowth of America's values. We live in the strongest democracy in the world. Our country is blessed with abundant natural resources. We believe in hard work and just rewards. At the same time, we are a compassionate people; a people who believe that our wealth should be used to assist those less fortunate - both domestically and abroad; and a people who believe that our values and ethics should be shared with others as a means of guiding them to self-sufficiency. Those values are reflected in the "U.S. Action Plan on Food Security," our Government's strategy to meet the goal of the 1996 World Food Summit of reducing the number of hungry in the world by half by 2015. U.S. food aid programs are a clear reflection of these values. Let me explain:

- All Americans universally recognize food as a basic human need. U.S. food assistance programs respond to this need.
- By procuring all commodities in the United States, U.S. food assistance programs serves the dual goals of responding to the needs of food insecure populations around the world and simultaneously supporting the domestic agricultural economy.
- In cooperation with partners such as CARE, Catholic Relief Services, Save the Children, World Vision, and others, U.S. food assistance programs support the transfer of a combination of technical and organizational skills and practices. This aspect of U.S. food assistance programming is the engine that drives all sustainable development activities.

U.S. food aid programs have been the foundation for all U.S. foreign assistance activities for more than 50 years. Each program was established to have certain strengths that would enable it to respond to specific needs and circumstances as they arose. The two largest programs, Title II and Section 416(b), however, are, also, the two oldest programs. It would be advantageous if both were updated to acknowledge the post-Cold War environment and the new complexities of food aid programming. Some of the more pressing issues are as follows:

- Food aid requirements have increased in the post-Cold War era. With the Soviet Union no longer addressing some of the food requirements of the developing world and with large amounts of food assistance being required in the countries of the former Soviet Union, food aid requirements worldwide have increased dramatically.
- U.S. food aid appropriations have declined by almost 50 percent in dollar terms since 1990. As a result, the consistent availability of U.S. food aid resources cannot be assured.
- Section 416(b) resources, while substantial, cannot be programmed on a multiyear basis due to the annual nature of their availability.
- U.S. food aid activities are becoming more complex. The monetization or sale of food aid commodities to support food security or market development activities has increased the cost of managing and implementing food aid activities.
- U.S. direct-distribution activities, in particular those in sub-Saharan Africa, are increasingly more expensive to implement due to the costs of moving the commodities to isolated areas.
- Resources set aside for the administration of food aid activities are not keeping pace with the changing nature of the programs.

In an effort to ensure the continued vitality and effectiveness of the U.S. food assistance programs, the following changes to the authorizing legislation would be helpful:

- With more than 800 million hungry or malnourished people in the world today, the United States must ensure that sufficient resources are available to meet an appropriate portion of the associated food and nutrition requirements.
- We are concerned about the lack of consistency in U.S. food aid availability. The integration of food aid resources into long-term sustainable development activities is not viable as long as the largest food aid program, the Section 416(b) program, is not available on a consistent basis.

It would be helpful if additional flexibility was added to the authorizing legislation of U.S. food aid activities to allow for the funding of internal transport, storage and handling (ITSH) costs for non-emergency activities.

Thank you again, Mr. Chairman, for the opportunity to speak before you today. Using U.S. food aid resources to respond to humanitarian and developmental requirements sends a clear message that we are willing to make a critical direct investment in the future of the world's food insecure. At the same time, however, I am convinced that that same direct investment in the world's poor has a much more profound and long-term impact on this country and the world. By providing assistance to a people or country in crisis, by promoting free-market transactions, or by introducing competitively priced commodities into new markets, food aid programs stimulate sustainable development that benefits the entire world community. I hope that I have helped convey the tremendous role that U.S. food aid programs play in supporting the foreign policy of this country, supporting thousands of jobs in the United States, and, most significantly, fulfilling the mandate of the American people to use the abundant resources of this country to help the less fortunate around the world. Thank you.