



United States General Accounting Office

## Testimony

Before the Subcommittee on Oversight of Government  
Management, Restructuring and the District of Columbia,  
Committee on Governmental Affairs, U.S. Senate

For Release on Delivery  
Expected at 2:00 p.m., EST  
Tuesday,  
June 4, 2002

# FOOD AID

## Experience of U.S. Programs Suggests Opportunities for Improvement

Statement of Loren Yager, Director, International Affairs and Trade

Mr. Chairman and Members of the Subcommittee:

I am pleased to be here today to discuss the management and operation of U.S. food aid programs. The United States is by far the largest provider of food aid in the world,<sup>1</sup> and U.S. food aid programs account for a considerable portion of U.S. development assistance. Between 1979 and 2003, the United States spent nearly \$50 billion (2002 dollars) on food aid, and U.S. food aid represented about 19 percent of U.S. official development assistance in 2000. Notwithstanding these sizable donations by the United States, as well as donations by other countries, the need for food aid in the developing world far exceeds available supply. The United Nations Food and Agriculture Organization estimates 777 million people are chronically undernourished in the developing world.<sup>2</sup> According to its data, there has been limited progress in meeting the 1996 World Food Summit goal of halving the number of hungry people in developing countries by the year 2015.

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To contribute to a better understanding of food aid and how to maximize its effectiveness, I will address the following key issues: (1) the structure of U.S. food aid, (2) policies and events contributing to the fluctuations in U.S. food aid, and (3) how well U.S. food aid objectives are being met.

My observations are based on recent interviews with and documents from U.S. Department of Agriculture (USDA), U.S. Agency for International Development (USAID), U.S. Department of State, and Office of Management and Budget officials, and from GAO's series of reports on food aid over the last decade. (See app. I for related GAO products.)

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<sup>1</sup>During 1999 and 2000, the United States provided nearly two-thirds of world food aid, according to USDA.

<sup>2</sup>Estimate for the period 1997-99.

## Summary

U.S. food aid is provided through six programs administered by two different agencies. These programs use a variety of methods for providing resources to the programs, and also have different ways of delivering the aid to the recipient nations. The largest program is P.L. 480 Title II, which is managed by USAID. This program uses regular, annual appropriations to purchase commodities, and donates these commodities to recipient nations principally through private voluntary organizations (PVO) and the World Food Program.

The large fluctuations in U.S. food aid since 1990 are the result of three key factors: U.S. food aid policies, U.S. agricultural surpluses, and international events. Continuing previous food aid policies, the current administration is reducing the use of food aid to promote U.S. agricultural exports through sales at low interest rates with long repayment periods. It also intends to significantly reduce the role of surplus agricultural commodities in its food aid programs. The availability of surplus commodities at various times during the last decade has enabled the United States to sharply increase shipments. International events can also impact U.S. food aid. For example, with the Asian financial crisis, U.S. commercial agricultural exports did not increase as expected, resulting in large surpluses that the government purchased and made available as food aid. These surpluses became a principal inducement for the United States to provide large quantities of food aid to Russia in 1999 and 2000.

The success of food aid programs in meeting their objectives is hampered by the competing objectives of the programs and by management weaknesses. The food aid objectives include humanitarian goals of feeding hungry people, economic development goals for the recipient nations such as strengthening private enterprise, and a new goal of reducing conflict. Certain programs also have foreign policy goals. In one case, the United States continued to provide emergency food aid to North Korea for humanitarian

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purposes even though the North Korean government prevented the World Food Program (WFP) from effectively monitoring whether the food aid reached the intended recipients. In that situation, the United States weighed foreign policy considerations against the assurance that food aid was achieving its humanitarian purposes.<sup>3</sup> At the same time, management weaknesses impede efforts to assess the results of food aid programs. For example, the USDA's implementation of the Global Food for Education pilot program did not build on lessons learned from previous experience, which prevented USDA from focusing on those populations most likely to benefit from the program. As a result, our reviews and those of the administration find many opportunities to improve the management of food aid.

### **U.S. Food Aid Is Delivered Through Multiple Programs**

In the last decade, the United States has principally employed five programs to deliver food aid: P.L. 480 Titles I, II, and III; Food for Progress; and Section 416(b).<sup>4</sup> The May 2002 Farm Bill<sup>5</sup> authorized creation of a sixth – the McGovern-Dole International Food for Education and Child Nutrition Program. Table 1 provides a summary of the overall structure of the principal food aid programs. (App. II provides additional information on the programs.)

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<sup>3</sup>See U.S. General Accounting Office, *Foreign Assistance: North Korea Restricts Food Aid Monitoring*, GAO/NSIAD-00-35 (Washington, D.C.: Oct. 8, 1999).

<sup>4</sup>U.S. international food assistance flows from programs authorized by three major laws: P.L. 480 (the Agricultural Trade Development and Assistance Act of 1954, as amended, 7 USC § 1701 et seq.); the Food for Progress Act of 1985, as amended, 7 USC § 1736o; and Section 416(b) of the Agricultural Act of 1949, as amended, 7 USC § 1431.

<sup>5</sup>Farm Security and Rural Investment Act of 2002 (PL 107-171).

Table 1: Structure of U.S. Food Aid Programs<sup>a</sup>

Program	P.L. 480 Title I	P.L. 480 Title II	P.L. 480 Title III	Food for Progress	Food for Education & Child Nutrition <sup>b</sup>	Section 416(b)
<b>Managing agency</b>	USDA	USAID	USAID	USDA	President shall designate one or more federal agencies	USDA
<b>Program structure</b>	Concessional sales of agricultural commodities.	Donation of commodities to meet emergency and non-emergency needs. Commodities may be sold in country for development purposes.	Donation of commodities to least developed country governments.	Sale on credit terms or donation of commodities to developing countries and/or emerging democracies.	Donation of commodities and provision of financial and technical assistance in foreign countries.	Donations of CCC <sup>c</sup> surplus commodities to carry out purposes of P.L. 480 Title II and Title III and Food for Progress programs.
<b>Intermediaries</b>	Governments, private entities.	Governments, public or private entities, PVOs, cooperatives, intergovernmental organizations (such as the World Food Program).	Governments.	Governments, agricultural trade organizations, intergovernmental organizations, PVOs, cooperatives.	Governments, private entities, intergovernmental organizations.	See intermediaries for P.L. 480 Title II and Title III and Food for Progress programs.
<b>Total budget allocation, 1992-2001 (billions of 2002 dollars)</b>	\$4.38	\$9.62	\$1.34	\$1.33	NA	\$2.41

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Note: NA means not applicable.

<sup>a</sup>We do not include the Bill Emerson Humanitarian Trust. Information on this trust is provided in appendix. II.

<sup>b</sup>This program was authorized by the May 2002 Farm Bill.

<sup>c</sup>Commodity Credit Corporation

Source: GAO analysis of authorizing legislation for the various programs and agency program documentation.

USAID and USDA have historically shared program management responsibilities. USAID is responsible for managing P.L. 480 Titles II and III programs. USDA currently has responsibility for P.L. 480 Title I, Food for Progress, and the Section 416(b) program. When 416(b) surplus commodities are used for P.L. 480 Title II and P.L. 480 Title III type programs, this creates considerable duplication since USDA becomes the managing agency rather than USAID. Regarding the new food for education program, the President shall designate one or more federal agencies to manage it.

The programs use different methods for securing commodities. For example, P.L. 480 Titles I, II, and III and Food for Progress are funded by annual and supplemental appropriations. Section 416(b), however, is funded by U.S. surplus commodities when surpluses exist and a decision is made to donate some of those surpluses overseas. USDA, as manager of the Section 416(b) program, can use the donations to carry out the purposes of P.L. 480 Title II, Title III, and Food for Progress. For example, when USDA uses 416(b) commodities for a Title II program, it does not provide the commodities to USAID but rather implements the Title II-type program itself.

U.S. food aid programs also use different methods for providing aid to recipient nations. Under P.L. 480 Title I, the United States sells the commodities to the recipients under concessional terms. Financing is at low interest rates, with payments made over periods of up to 30 years, with maximum grace periods on payments of principal of up to 5 years. The Title II program is based on the donation of commodities for emergency or developmental purposes. In the latter case, the commodities can be sold in the country to raise funds for other developmental activities. Under the Food for Progress program, U.S. commodities can be either donated or sold on credit terms.

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USDA and USAID frequently rely on other entities, including private voluntary organizations and international organizations, such as the World Food Program, to deliver the food aid and, if called for in agreements with USDA or USAID, to use the food in implementing development programs.

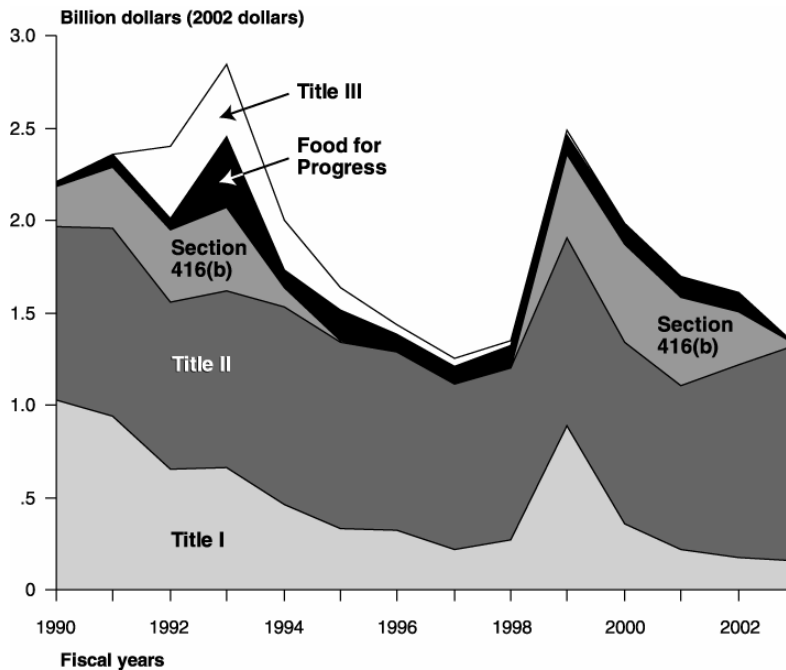
## **Policy, Surpluses, and International Events Drive U.S. Food Aid**

The large fluctuations in U.S. food aid spending since 1990 can be attributed to three key factors: the government's food aid policies, agricultural surpluses, and international events. As figure 1 indicates, total food aid has generally decreased since the early 1990s, with average spending of \$2.36 billion from 1990-1994, \$1.63 billion from 1995-1999, and \$1.65 billion from 2000-2003 (2002 dollars). The general trend toward reduced food aid occurred as the U.S. government reduced Title I and III programs and more recently the 416(b) program. This policy shift was driven to some extent by concerns over the absence of evidence supporting the success of Title I and Title III. It was also fueled by criticisms that the Title I and III programs created disincentives for agricultural and economic reform in recipient countries. The current administration also plans to dramatically cut back on the use of surplus commodities for food aid and to partially offset the reduction by a \$300 million increase in the Title II appropriation.<sup>6</sup> As a result, the Title II program dominates the funding for food aid programs in 2003.

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<sup>6</sup>The administration intends to use the Bill Emerson Humanitarian Trust (see app. II) for cases where there is an increased need for emergency food aid. Large-scale use of the 416(b) surplus disposal food aid program would occur only as a last resort.

Figure 1: U.S. Food Aid Exports, 1990-2003

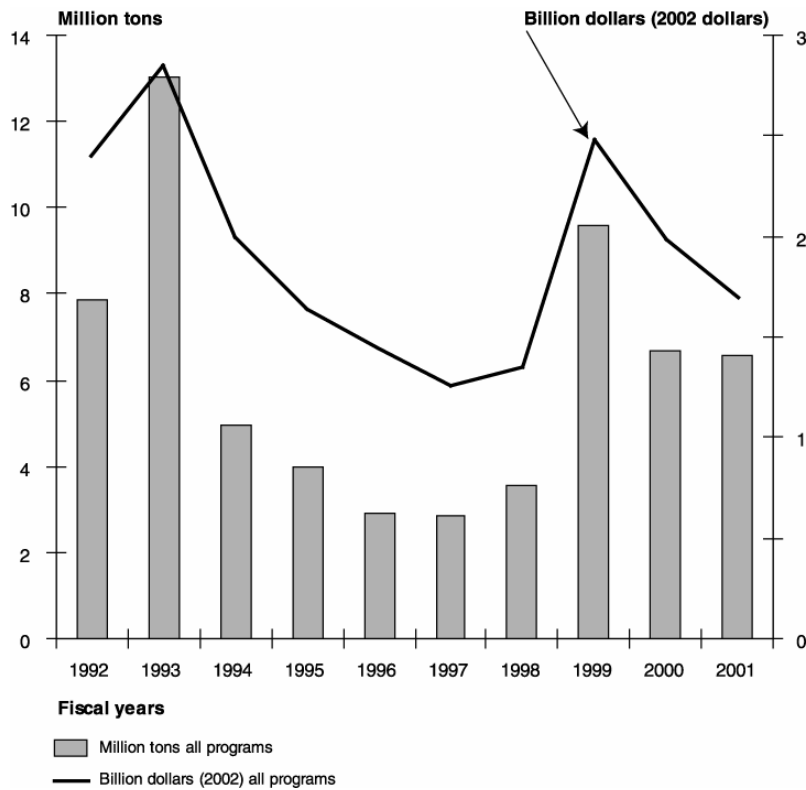


Source: GAO analysis of USDA data.

The level of U.S. surpluses has also contributed to the changing levels of food aid over the past decade. For example, a high level of stocks in the early 1990s contributed to high levels of food aid shipments during this period. In contrast, stocks reached a 20-year low in 1996 as U.S. commercial exports hit record levels, and food aid levels at this time dropped sharply. As figure 2 indicates, the volume of food aid shipments fluctuates even more than the dollar volume, as lower commodity prices during periods of surplus allow more to be purchased with the same budgetary resources.



Figure 2: Food Aid Tonnage and Expenditures, 1992-2001<sup>a</sup>



Source: GAO analysis of USDA data.

International events also affected food aid shipments during this period. For example, the Asian financial crisis of the late 1990s reduced U.S. prospects for exports to that region and increased the availability of U.S. stocks. The spread of the financial crisis to Russia, combined with a poor Russian harvest in 1999, created the demand for food aid in that country. These two conditions led the United States to make a donation to Russia that was one of the largest single food aid transfers in U.S. history.

## **Success of Food Aid Programs is Hampered by Multiple Objectives and Management Weaknesses**

The success of food aid programs in achieving their objectives is limited by the challenges of meeting multiple objectives and the weaknesses in program management.

### Competing Objectives Complicate

#### Program Implementation

U.S. food aid programs contain a range of objectives, including humanitarian and developmental goals for the recipient nations and trade objectives for the United States. In addition, recent legislation has added the prevention of conflict as an objective of the P.L. 480 food aid programs. Table 2 provides a list of the programs and their associated objectives.

Table 2: Objectives of U.S. Food Aid Programs

<b>Program</b>	<b>P.L. 480 Title I<sup>a</sup></b>	<b>P.L. 480 Title II<sup>a</sup></b>	<b>P.L. 480 Title III<sup>a</sup></b>	<b>Food for Progress</b>	<b>Food for Education &amp; Child Nutrition</b>	<b>Section 416(b)</b>
<b>Humanitarian objectives</b>	Combat world hunger and malnutrition and their causes.	Address famine or other urgent relief requirements, especially in children and mothers.	Combat world hunger and malnutrition and their causes.		Carry out maternal, infant, and child nutrition and preschool and school programs to improve food security and reduce hunger.	See objectives for P.L. 480 Title II, P.L. 480 Title III, and Food for Progress.
<b>Development objectives</b>	Promote broad-based sustainable development, including agricultural development.	Promote economic and community development; promote sound environmental policies.	Use revenue generated by sale of donated commodities for economic development.	Support efforts to expand free enterprise elements in agricultural economies.	Carry out preschool and school programs to improve literacy and primary education, especially for girls.	See objectives for P.L. 480 Title II, P.L. 480 Title III, and Food for Progress.
<b>Private enterprise and democracy</b>	Foster and encourage development of private enterprise and democracy.	Foster and encourage development of private enterprise and democracy.	Foster and encourage development of private enterprise and democracy.	Expand free enterprise elements in the agricultural economy.		See objectives for P.L. 480 Title III and Food for Progress.
<b>Market development objectives</b>	Develop and expand export markets for U.S. agricultural commodities.	Develop and expand export markets for U.S. agricultural commodities.	Develop and expand export markets for U.S. agricultural commodities.	Strengthen private enterprises.		See objectives for P.L. 480 Title II.
<b>International trade objective</b>	Expand international trade.	Expand international trade.	Expand international trade.			See objective for P.L. 480 Title III.
<b>Conflict objective<sup>b</sup></b>	Prevent conflict.	Prevent conflict.	Prevent conflict.			

<sup>a</sup>According to the Trade Development and Assistance Act of 1954, as amended, the United States is to use its abundant agricultural productivity to promote U.S. foreign policy by enhancing food security in the developing world.

<sup>b</sup>This objective was established in the May 2002 Farm Bill.

Source: GAO analysis of authorizing legislation for the various programs and agency program documentation.

The multiple objectives of food aid programs as well as the foreign policy goals of particular programs can complicate effective program management. While certain goals can be complementary and not impede program effectiveness, in other situations, goals and objectives can conflict or make it more difficult to determine the primary goals and achieve them. Some examples of problems GAO has identified stemming from multiple or conflicting objectives include the following:

- P.L. 480 loans to Honduras were backed by the State Department and USAID to support foreign policy and economic development objectives. However, USDA raised concerns about these sales displacing U.S. commercial sales in those countries.<sup>7</sup>
- Between 1996 and 1999, the United States provided emergency food aid to North Korea, valued at \$365 million, that was intended primarily for children, women, and the elderly at schools, hospitals, and other institutions. State, USAID, and others reported that North Korea prevented effective monitoring of food aid donations, but the food aid continued in part because State believed the donations might improve bilateral relations.<sup>8</sup>
- Title I assistance to Pakistan was reinstated in fiscal year 1993 after a 2-year suspension because of U.S. concerns over the country's nuclear armament capabilities. While the on-again off-again nature of Title I assistance in response to foreign policy considerations is contrary to sustaining important components of a successful market development strategy (i.e., demonstrate a long-term commitment and be a consistent supplier), the over-arching goal of the 1990 act<sup>9</sup>--to promote the U.S. foreign policy objective--was being fulfilled.<sup>10</sup>

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<sup>7</sup>U.S. General Accounting Office, *Food Aid: Competing Goals and Requirements Hinder Title I Program Results*, GAO/GGD-95-68 (Washington, D.C.: June 26, 1995).

<sup>8</sup>GAO/NSIAD-00-35.

<sup>9</sup>Food, Agriculture, Conservation and Trade Act (PL 101-624).

<sup>10</sup>GAO/GGD-95-68.

- One of the goals of P.L. 480 Title I assistance is to develop and expand export markets for U.S. commodities. However, we found that achieving this goal is hindered in part by requiring that the Title I cargo be carried on U.S. flag ships (referred to as Cargo Preference), which in some instances reduced the funds available to purchase commodities and in other cases led to changes away from the most desired commodity.<sup>11</sup>

Management Weaknesses Impede Monitoring  
and Accountability Efforts

GAO has found a lack of management attention to issues such as monitoring and accountability in the implementation of food aid programs. Some examples of our findings are as follows:

- In a general review of the P.L. 480 Title I Program, we found that USDA had not evaluated the program's performance against its objectives. Our analysis concluded that while Title I assistance could be making a meaningful, short-term contribution to the food supply in some recipient countries, its importance in helping develop long-term U.S. agricultural markets had not been demonstrated.<sup>12</sup>
- USDA's implementation of the Global Food for Education pilot program did not incorporate many of the lessons learned from successful school feeding programs in the design of its program. As a result, program managers did not require interested applicants to provide information that would enable program administrators to select programs with the greatest chance of success.<sup>13</sup>
- USDA's lack of internal controls in providing food assistance to Russia in 1999 limited the agency's ability to effectively manage the distribution process,

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<sup>11</sup>GAO/GGD-94-215.

<sup>12</sup>GAO/GGD-95-68.

<sup>13</sup>U.S. General Accounting Office, *Foreign Assistance: Global Food for Education Initiative Faces Challenges for Successful Implementation*, GAO-02-328 (Washington, D.C.: Feb. 28, 2002).

identify discrepancies, and minimize the potential for fraud and abuse.<sup>14</sup> USDA stated that it has not conducted a comprehensive evaluation of food aid programs that it manages.

- In a 1993 GAO review of the P.L. 480 Title II and Title III programs, we found that USAID had not systematically collected relevant data or developed appropriate methodologies to assess the impact of its programs on food security in recipient countries nor ensured accountability for its food aid.<sup>15</sup> Since that report, USAID has placed a significantly greater emphasis on the evaluation of its food aid programs, particularly P.L. 480 Title II.<sup>16</sup>
- GAO's 1999 review of U.S. food aid to North Korea found weaknesses in USAID's oversight over the food aid delivered through the World Food Program and private voluntary organizations. Notwithstanding the constraints presented by the North Korean government, we concluded that USAID could have done more to encourage the World Food Program to provide timely reporting on food aid distributions in North Korea.<sup>17</sup>

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#### Observations on the President's Management Review of Food Aid

In 2001 the President's management review identified U.S. food aid programs as 1 of 14 of the government's areas most in need of reform. A number of the problems it identified are consistent with the findings mentioned in my testimony. For example, the management review commented on the fact that six different programs are administered by two government agencies with similar bureaucracies. In addition, the review observes

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<sup>14</sup>U.S. General Accounting Office, *Foreign Assistance: U.S. Food Aid Program to Russia Had Weak Internal Controls*, GAO/NSIAD/AIMD-00-329 (Washington, D.C.: September 29, 2000).

<sup>15</sup>U.S. General Accounting Office, *Food Aid: Management Improvements Are Needed to Achieve Program Objectives*, GAO/NSIAD-93-168 (Washington, D.C.: July 23, 1993).

<sup>16</sup>USAID has conducted or commissioned several major studies on the effectiveness of its Title II programs. These studies cite a considerable number of positive accomplishments, but also identify program weaknesses affecting the quality of individual programs as well as USAID's overall ability to monitor and evaluate its programs.

<sup>17</sup>GAO/NSIAD-00-35.

that humanitarian purposes were often eroded by other uses having little to do with food aid. Finally, the report cited the lack of management oversight in stating that food aid programs are affected by waste and questionable spending.

Prior GAO studies have noted the importance of similar issues and have suggested a number of actions.

- With regard to overlapping efforts of the two agencies, we noted in our report on GFEI that USDA did not have the expertise to implement the program, and that Congress should ensure that the administering agency has the expertise and staff resources to effectively administer GFEI.
- With regard to the challenges created by competing objectives in food aid programs, we recommended better performance measurement and evaluation, which may help to illustrate the difficulties and tradeoffs associated with multiple objectives.
- With regard to the potential for fraud and abuse, we have frequently emphasized the importance of monitoring and accountability of food aid programs to ensure that the intended recipients receive the food.

We believe that increased attention to these issues by the Congress and the administration will continue the improvement in food aid management and help meet the immediate needs of hungry people as well as enhance food security over the longer term.

Mr. Chairman and members of the Committee, this concludes my prepared statement. I will be pleased to answer any questions you may have.

### **Contacts and Acknowledgments**

For future contacts regarding this testimony, please call Loren Yager or Phillip Thomas at (202) 512-4128. Individuals making key contributions to this testimony included Wayne Ferris, Bruce Kutnick, and Janey Cohen.

## APPENDIX I: RELATED GAO PRODUCTS ON FOOD AID

*Foreign Assistance: Global Food for Education Initiative Faces Challenges for Successful Implementation.* GAO-02-328. Washington, D.C.: February 28, 2002.

*Foreign Assistance: U.S. Food Aid Program to Russia Had Weak Internal Controls.* GAO/NSIAD/AIMD-00-329. Washington, D.C.: September 29, 2000.

*Foreign Assistance: U.S. Bilateral Food Assistance to North Korea Had Mixed Results.* GAO/NSIAD-00-175. Washington, D.C.: June 15, 2000.

*Foreign Assistance: Donation of U.S. Planting Seed to Russia in 1999 Had Weaknesses.* GAO/NSIAD-00-91. Washington, D.C.: March 9, 2000.

*Foreign Assistance: North Korean Restricts Food Aid Monitoring.* GAO/NSIAD-00-35. Washington, D.C.: October 8, 1999.

*Food Aid: Competing Goals and Requirements Hinder Title I Program Results,* GAO/GGD-95-68. Washington, D.C.: June 26, 1995.

*Foreign AID: Actions Taken to Improve Food Aid Management.* GAO/NSIAD-95-74. Washington, D.C.: March 23, 1995.

*Cargo Preference Requirements: Objectives Not Significantly Advanced When Used in U.S. Food Aid Programs,* GAO/GGD-94-215 Washington, D.C.: September 29, 1994.

*Food Aid: Management Improvements Are Needed to Achieve Program Objectives.* GAO/NSIAD-93-168. Washington, D.C.: July 23, 1993.



## APPENDIX II: SUMMARY OF FOOD AID PROGRAMS

This appendix provides a brief description of the various U.S. food aid programs.

### P.L. 480 Title I—Concessional

#### Sales of Commodities

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Title I, which is administered by USDA, has been characterized by the government as a concessional sales program to promote exports of agricultural commodities from the United States and to foster broad-based sustainable development in recipient countries.

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Repayments for agricultural commodities may be made either in U.S. dollars or in local currencies on concessional credit terms. The program provides export financing over payment periods of up to 30 years, low interest rates, and maximum grace periods on payments of principal of up to 5 years. Private entities such as the World Bank and agricultural trade organizations, as well as developing country governments, are authorized to participate in the program.

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The program's market development focus is geared primarily toward developing countries experiencing a shortage of foreign exchange earnings and difficulty meeting all of their food needs through commercial channels. The factors that determine priorities for country allocations include food needs, potential for becoming a commercial U.S. market, and the undertaking of economic development to improve food security and agricultural development. The allocations take into account changing economic and foreign policy situations, market development opportunities, existence of adequate storage facilities, and possible disincentives to local agricultural production.

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Title I agreements also stipulate development activities the recipient country will undertake. Local currencies received under Title I sales agreements may be used for activities in the recipient country such as developing new markets for U.S. agricultural commodities on a mutually beneficial basis, paying U.S. obligations, and supporting

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agricultural development or research. However, according to USDA, the local currency provisions have not been implemented for budgetary reasons.

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P.L. 480 Title II—Donation  
of Commodities for Emergency  
and Development Food Needs

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Title II programs, administered by USAID, have two main functions: food aid to vulnerable groups in emergency situations and long-term development for non-emergency aid. Emergency food aid is designed to meet critical food needs of targeted vulnerable groups, such as refugees, internally displaced families, or those who lose their land or livelihoods because of natural or complex humanitarian emergencies. USAID relies on the World Food Program (WFP) and U.S. PVOs to distribute most of the aid, with most food going to women and children.

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Commodities can be monetized (i.e., sold for cash) to generate local currency for development activities or used as humanitarian assistance in needy countries for direct feeding of individuals unable to take advantage of development activities—orphans, the elderly, patients in hospices and hospitals, and HIV/AIDS victims/families.

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P.L. 480 Title III—Food  
Donations Through Government-  
to-Government Agreements

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The P.L. 480 Title III program, administered by USAID, seeks to enhance food security in the least developed countries by supporting economic development. Under Title III the U.S. government donates agricultural commodities to the recipient country and arranges for and pays the costs of purchasing, processing, and transporting the commodities to the port or point of entry in the recipient country. The donated commodities are sold on the

domestic market, and revenue generated from the sale in the recipient countries is used to support programs of economic development.

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Food for Progress—Food Donations  
for Developing Countries and  
Emerging Democracies Moving to  
Free Enterprise in Agriculture

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The Food for Progress (FFP) program, authorized under the Food for Progress Act of 1985, as amended, allows the Commodity Credit Corporation (CCC) to finance the sale and export of agricultural commodities on credit terms, or on a grant basis, to support developing countries and countries that are emerging democracies that have made commitments to introduce or expand free enterprise elements into their agricultural economies. Commodities may be provided under the authority of P.L. 480 or Section 416(b). Under certain conditions, CCC may also purchase commodities for use in Food for Progress programs if the commodities are currently not held by CCC in stocks. For commodities furnished on a grant basis, the CCC may pay, in addition to acquisition costs and ocean transportation, such related commodity and delivery charges. Food for Progress agreements can be signed with governments or with PVOs, nonprofit agriculture organizations, cooperatives, intergovernmental organizations, or other private entities.

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Section 416(b)—Donations  
of Surplus Commodities to  
Developing and Friendly Countries

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The Agricultural Act of 1949, as amended, authorizes the donation of surplus food and feed grain acquired by the CCC for carrying out assistance programs in developing countries and friendly countries under P.L. 480 Titles II and III and under the Food for Progress Act. However, the act also authorizes USDA to manage all of the Section 416(b) food aid. As a result, in recent years, USDA has managed P.L. 480 Title II and Title III

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type programs, when surplus commodities are involved, even though USAID manages such programs when they are financed by regular appropriations.<sup>18</sup>

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### McGovern-Dole International

#### Food for Education and

#### Child Nutrition Program

The May 2002 Farm Bill authorizes the President to establish a permanent program to continue a food for education and preschool nutrition pilot program that was established by USDA in 2000 using Section 416(b) surplus commodities. The new program goes beyond the pilot by authorizing maternal and infant nutrition programs for pregnant women, nursing mothers, and infants. The law directs the President to use \$100 million of CCC funds for the new program for fiscal year 2003. It authorizes appropriating such sums as are necessary to carry out the program for fiscal years 2004 through 2007.

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The law authorizes the President to designate one or more federal agencies to implement the program and ensure that it is consistent with U.S. foreign policy and development assistance objectives. Private voluntary organizations, cooperatives, intergovernmental organizations, governments of developing countries and their agencies, and other organizations can be used to carry out the program.

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### Bill Emerson Humanitarian Trust

The Emerson Trust<sup>19</sup> is a food security commodity trust, consisting of up to 4 million metric tons of grains. It exists to meet emergency humanitarian food needs in developing countries. Authorized commodities for the trust include wheat, corn, grain sorghum, and rice. In any fiscal year, the Secretary of Agriculture is authorized to release up to 500,000 metric tons of wheat or the equivalent value of eligible commodities other than wheat,

<sup>18</sup>Under an interagency agreement, USDA used USAID to administer its overseas Section 416(b) activities until 1992.

<sup>19</sup>The trust was formerly known as the Food Security Wheat Reserve and the Food Security Commodity Reserve (7USC § 1736f-1).

and up to 500,000 metric tons of any eligible commodities that could have been released in prior fiscal years, but were not. At this point, the reserve holds 2.5 million tons of wheat.

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