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Introduction

Chairman Costa, Ranking Member Johnson, distinguished members of the Subcommittee, thank you for the opportunity to discuss the U.S. Agency for International Development's (USAID) food assistance programming with you today. I also want to thank the committee for its commitment to maintaining U.S. global leadership in international food assistance. Your support for establishing more flexibility within international food assistance programs has helped USAID to reach the most vulnerable in times of need and build resilience in communities around the world.

USAID's food assistance programs are more important now than ever, as global food insecurity continues to break record after record due to a confluence of conflict, climate change, the second order economic impacts of the ongoing COVID-19 pandemic, and now the war in Ukraine. Russia's invasion of Ukraine has not only elevated humanitarian needs and displacement in the region, but threatens to further jeopardize food security around the world due to its impact on global food supply chains. According to the International Monetary Fund, Ukraine and Russia account for nearly 30 percent of wheat exports and 18 percent of corn exports in the world, most of which are shipped through Black Sea ports that are now closed. USAID is particularly concerned about the impact on geographic areas characterized by already high levels of acute food insecurity, significant vulnerability to price increases, and/or reliance on food imports from Russia or Ukraine—and Afghanistan, the Horn of Africa, Lebanon, the Sahel, the Maghreb, South Sudan, Sudan, Syria, and Yemen are at the top of the list. The impacts of the current crisis on poverty, hunger, and malnutrition could be even more significant than those seen in the global food price crisis of 2007-2008 and the subsequent civil unrest, as the last crisis followed a period of strong global economic growth, whereas the years since the onset of the COVID-19 pandemic have been characterized by an increasingly worse global economic downturn. For example, in the Yemeni city of Aden, the price of a piece of bread increased by 62 percent between February 25 and March 3. In Lebanon, domestic food price inflation has reached 483 percent. In West Africa, wheat prices increased by 58 percent per ton in just five days.

As you know, USAID uses resources authorized under Title II of the Food for Peace Act and appropriated under the annual Agriculture appropriations for both emergency and non-emergency food assistance programs. In Fiscal Year 2021, USAID provided nearly $2.3 billion in Title II Food for Peace Act assistance, funding the procurement of nearly 1.7 million metric tons of food from the United States to serve a total of almost 28 million beneficiaries in 35 countries. Nearly 86 percent of Title II assistance was for emergency responses and approximately 14 percent was for non-emergency programming.

USAID provides emergency food assistance to vulnerable populations affected by natural disasters, such as droughts and floods, and complex emergencies, such as conflict. U.S. in-kind food assistance is often used to respond to an emergency where local markets are not functioning; there is not enough food in local markets to meet needs; or beneficiaries do not have physical access to markets. The food baskets provided at food distributions can vary based on dietary preferences and nutritional needs of beneficiary populations. Because U.S. in-kind food assistance takes an average of four to six months to reach beneficiaries, USAID prepositions commodities in warehouses that are strategically located across the globe to reduce delivery times.

In addition to emergency programs, USAID works beyond the immediate response phase to improve and sustain the food and nutrition security of vulnerable populations through non-emergency assistance authorized in Section 202(b), what USAID now refers to as Resilience Food Security Activities (RFSAs). These unique programs build on USAID's humanitarian interventions to strengthen the ability of people, communities, countries, and systems to adapt to and recover from shocks and stresses, in a way that reduces chronic vulnerability and facilitates inclusive growth.

USAID merged the Office of Food for Peace (FFP) and the Office of U.S. Foreign Disaster Assistance (OFDA) to form the Bureau for Humanitarian Assistance (BHA) in 2020 to streamline the Agency's humanitarian programming and optimize the use of U.S. taxpayer resources. However, the efficiency envisioned by the creation of BHA could be further enhanced by legislative adjustments to truly maximize the impact of humanitarian programs. USAID welcomes the Committee's regard for this topic and interest in strengthening USAID's ability to more effectively respond to crises, build resilience within communities, and improve stewardship of taxpayer dollars.

Positive Impact of 2018 Farm Bill Reforms

Incremental technical fixes to authorizing language in the Agriculture Improvement Act of 2018 (the 2018 Farm Bill) have positively impacted USAID's food assistance programs over the past four years. For example, the 2018 Farm Bill eliminated the monetization requirement for food assistance, which has both ensured that taxpayer dollars do not go to waste and improved the impact of USAID programs by allowing increased investment in the resilience of vulnerable communities. Previously, USAID was required to monetize 15 percent of all U.S. in-kind commodities shipped overseas under RFSAs (based on tonnage) which, according to a Government Accountability Office report, resulted in a financial loss of approximately 24 cents on the dollar.[1]

The 2018 Farm Bill also allowed Community Development Funds (CDF) from the Development Assistance account in the State, Foreign Operations, and Other Programs appropriation to count towards the $365 million Title II floor for non-emergency programs included in the Food for Peace Act. This change allows USAID to increase its commitment to building resilience, provides additional flexibility in non-emergency programming, and frees up $80 million in Title II funding each year for use in humanitarian emergencies. USAID's non-emergency food assistance programming under Title II primarily consists of RFSAs, which have proven instrumental to furthering the Agency's broader efforts to decrease global chronic food insecurity and contributed significantly to results under the Feed the Future initiative. RFSAs are intended to reduce humanitarian caseloads by strengthening resilience in populations that are vulnerable to acute or chronic hunger and recurrent shocks and stresses through multi-year, multi-sectoral interventions. The current RFSA portfolio includes programming in Bangladesh, Burkina Faso, Democratic Republic of the Congo, Ethiopia, Haiti, Kenya, Madagascar, Malawi, Mali, Niger, Uganda, and Zimbabwe.

The RFSA program in Kenya, for example, is a partnership with the local government and focuses on four counties in the Arid and Semi-Arid Lands that are impacted by recurrent drought cycles and persistent acute malnutrition at or above emergency levels. The program's goal is to break this cycle of acute malnutrition through localized interventions that are sustainable so that communities and county administrations can successfully implement them on their own. The program focuses on building resilience so that the impacts of the drought cycles are lessened through activities like teaching families how to identify malnutrition and prevent or treat it at home, and long-term asset creation such as water pans, shallow wells, and irrigation for people and their livestock. The RFSA program is also able to pivot to respond to shocks like the current drought, deploying rapid response activities already built into the program which help protect the families' and communities' assets during shocks.

The 2018 Farm Bill also clarified the use of associated cost categories, resulting in significant cost savings for Title II programs. USAID has four associated cost categories that support the transportation, programming, implementation, and distribution of Title II food assistance under the Food for Peace Act: Section 202(e), Internal Transportation Storage and Handling (ITSH),

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[1] International Food Assistance: Funding Development Projects through the Purchase, Shipment, and Sale of U.S. Commodities Is Inefficient and Can Cause Adverse Market Impacts; https://www.gao.gov/assets/gao-11-636.pdf

ocean freight, and inland freight. Section 202(e) funds support the administrative costs of programming U.S. food assistance and are limited to 20 percent of Title II funding. ITSH funding supports in-country costs directly associated with the movement, storage, distribution and implementation of U.S. food assistance. Ocean freight supports the cost of shipping the commodities on U.S.- or foreign-flag ships. Inland freight supports the cost of moving commodities from a port to land-locked countries. By adding "implementation costs" (such as milling) to the ITSH definition, the 2018 Farm Bill allowed USAID to more effectively use its limited 202(e) funding. For example, flour is a staple in Yemen, but shipping U.S. flour to Yemen is not appropriate due to its limited shelf life. The ability to use the ITSH cost category for milling costs allows USAID to provide bulk wheat, sourced in the United States, for milling in Yemen. This change saves USAID approximately $40-80 million in 202(e) costs each year that can be used to support and enhance other programs.

As humanitarian needs continue to outpace available resources, BHA's programming must be routinely evaluated so that programs can be adapted to changing contexts and successes can be replicated. Changes in the 2018 Farm Bill allowed USAID to expand its program design, learning, adaptive management, and evaluation activities by adjusting funding under Section 207(f) to be a percentage of annual appropriations, rather than a static dollar amount. These funds support critical oversight, monitoring and evaluation activities including the Famine Early Warning Systems Network (FEWS NET), the Food Aid Quality Review (FAQR), program impact evaluations, third party monitoring, and the maintenance of BHA's information technology systems. The expansion of these activities has been critical over the past five years to ensure the quality and effectiveness of Title II programs.

Again, USAID thanks the Committee for its support in addressing the challenges that the Agency faced ahead of the 2018 Farm Bill. Our collaboration on the technical fixes outlined above have led to more effective and efficient food assistance programs and improved use of taxpayer dollars.

Opportunities Presented by the Reauthorization of the Farm Bill

Given the scale of global food insecurity and the dynamic nature of its causes, it is imperative that BHA fully optimize its programs and be able to employ the best food assistance modalities for each context in the future. The reauthorization of the Farm Bill, at this time of global crisis, provides an unparalleled opportunity for Congress and USAID to work together to ensure the U.S. Government has the best tools at its disposal to meet the humanitarian challenges of the day, while upholding U.S. international commitments.

USAID's goal has always been to optimize humanitarian assistance programming and maximize taxpayer dollars within the confines of authorizing legislation in innovative ways. For example, in our non-emergency RFSA programming, USAID piloted the "Refine and Implement" approach to co-creation which is based on adaptive management principles. The method allows partners to work closely with USAID and target communities to refine activity design in a way that is considerate of local context and community priorities while addressing the underlying causes of food insecurity. Our partners use evidence and pilot studies gathered during the first year of the award to refine the design of the program. Partners continue to review the assumptions and monitoring data annually to adjust the program as needed. Using this co-creation approach ensures that RFSAs are effective, efficient, and responsive to the needs of beneficiary communities over time. RFSAs are strategically designed to improve the sustainability of outcomes beyond the life of the programs. These programs also build the capacity of local actors to own the delivery of necessary inputs and services using a market-based approach, which is in line with USAID's localization agenda.

In fact, even more optimization and efficiencies could be gained by adjusting some of the approaches to implementing Title II resources. For example, USAID most commonly utilizes Title II and International Disaster Assistance (IDA) resources to fund humanitarian assistance programs. The number of countries where sustained, large volumes of U.S. in-kind food assistance are the most effective modality is limited, and it can be difficult to redirect commodities if the needs or the context change. Increasing flexibility between Title II and IDA accounts to allow USAID to quickly pivot programming in response to changing contexts would help ensure that the Agency utilizes the most appropriate funding tool in each response. Additionally, expanding the Food for Peace Act to allow IDA and Title II funding in the same award, would obviate the need for multiple awards to a single partner implementing both IDA and Title II resources in the same response. Humanitarian crises are rarely limited to one sector—robust wrap-around services (including health, nutrition, and water, sanitation, and hygiene) are often needed to support vulnerable people receiving food assistance. Expanding USAID's ability to co-program accounts would increase USAID's flexibility to respond to complex emergencies and its ability to implement multi-sectoral programs efficiently. Amending the Food for Peace Act to allow the co-programming of accounts could help BHA implement robust, multi-sectoral programs, as it was designed to do through the Bureau's creation.

USAID is also committed to improving localization in humanitarian responses. On November 4, 2021, USAID Administrator Samantha Power laid out her vision for the future of USAID in a speech at Georgetown University, which included an increased focus on localization, as local actors are best positioned to drive their country's development. Administrator Power set two ambitious goals for localization during this speech: 25 percent of USAID assistance must go to local partners within the course of the next four years, and 50 percent of USAID programming must place local communities in the lead to either co-design a project, set priorities, drive implementation, or evaluate the impact of our programs by the end of the decade. USAID's localization agenda has strong bipartisan support: it was also a priority under former USAID

Administrator Mark Green's New Partnerships Initiative and procurement reform efforts. In an effort to attract new, small, or local organizations to apply for these resources, establishing a single associated cost category would help streamline budgets and lessen the administrative burden of implementing Title II programs. This change would result in the elimination of barriers to entry for smaller organizations while retaining the necessary financial oversight to ensure compliance with the strict authorized uses of cost categories, such as Section 202(e) and ITSH.

The combination of CDF authorizations in the 2018 Farm Bill and the increased 20 percent 202(e) cap from the 2014 Farm Bill allowed USAID to eliminate the monetization requirement. Further increasing the cap on 202(e) resources would give BHA the flexibility to support emergency programming while also using the most appropriate modality for each non-emergency program based on local context and beneficiary needs. The 20 percent cap on 202(e) limits our ability to support both quality non-emergency program design and increasingly expensive emergency logistics needs at the same time. Because of this, USAID must still program commodities in RFSAs, where market-based modalities can be better suited to building long-term resilience. For example, the 2021 Haiti RFSA solicitation required a minimum of 50 percent of each annual budget be used to program U.S. in-kind commodities. During the question and answer period, many partners, including local Haitian non-governmental organizations, expressed logistical concerns about the need to program commodities due to inadequate warehouse and storage facilities, supply chain challenges, and security concerns. Some partners also did not believe that RFSAs with a commodity requirement could be sustainable after the end of the award or make lasting improvements to the resilience of vulnerable populations. As such, increasing the cap on 202(e) resources would give our partners increased flexibility to program RFSAs effectively.

Conclusion

Addressing the staggering level of food insecurity around the world will be one of the greatest challenges of our time. Optimizing USAID's food assistance programs will be critical to saving the most lives when confronted with growing humanitarian needs and limited resources. As demonstrated by 2018 Farm Bill changes I outlined above, incremental technical fixes to authorizing language in the Farm Bill have had significant positive impacts on USAID's food assistance programs over the past four years. Similar solutions exist for each of the current challenges USAID is experiencing as well. We look forward to working with the Committee ahead of the upcoming Farm Bill reauthorization to maximize the ability of the legislation to support USAID to more effectively respond to crises, build resilience among communities, and improve stewardship of taxpayer dollars. Thank you again for the opportunity to testify today; I look forward to your questions.