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U.S. INTERNATIONAL FOOD AID PROGRAMS: STAKEHOLDER PERSPECTIVES

HEARING

BEFORE THE

COMMITTEE ON AGRICULTURE
HOUSE OF REPRESENTATIVES

ONE HUNDRED FOURTEENTH CONGRESS

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U.S. INTERNATIONAL FOOD AID PROGRAMS: STAKEHOLDER PERSPECTIVES

WEDNESDAY, SEPTEMBER 30, 2015

HOUSE OF REPRESENTATIVES,
COMMITTEE ON AGRICULTURE,
Washington, D.C.

The Committee met, pursuant to call, at 10:03 a.m., in Room 1300 of the Longworth House Office Building, Hon. K. Michael Conaway [Chairman of the Committee] presiding.

Members present: Representatives Conaway, Lucas, King, Austin Scott of Georgia, Crawford, Hartzler, Benishek, Denham, LaMalfa, Davis, Allen, Rouzer, Abraham, Moolenaar, Newhouse, Kelly, Peterson, Walz, Fudge, McGovern, DelBene, Vela, Lujan Grisham, Kuster, Nolan, Bustos, Kirkpatrick, Aguilar, Plaskett, Adams, and Graham.

Staff present: Bart Fischer, Caleb Crosswhite, Callie McAdams, Haley Graves, Jackie Barber, Leah Christensen, Matt Schertz, Mollie Wilken, Scott Sitton, Stephanie Addison, John Konya, Andy Baker, Liz Friedlander, Nicole Scott, and Carly Reedholm.

OPENING STATEMENT OF HON. K. MICHAEL CONAWAY, A REPRESENTATIVE IN CONGRESS FROM TEXAS

The CHAIRMAN. Good morning. This hearing of the Committee on Agriculture regarding U.S. international food aid: stakeholder perspectives, will come to order. I have asked Mr. Austin Scott to open us with a prayer. Austin?

Mr. AUSTIN SCOTT of Georgia. Thank you, Mr. Chairman.

Lord, we love You and we know You love us. You have loaned us this beautiful country. We just pray that You would be with the leadership of this country, that we would do the things that would be pleasing to You, and that we would trust You to guide us in that right direction.

We ask You to continue to bless the men and women that are protecting this country and those that we seek to serve.

I make this prayer respecting other faiths. I make this prayer in the name of Christ. Amen.

The CHAIRMAN. Good morning, everyone. Thank you for being here. I appreciate our witnesses being here.

The purpose of today's hearing is to obtain the perspective of those producing and processing food used in our food aid programs, as well as those tasked with distributing the aid to those around the world that are in need.

Today's hearing is the third in our review. So far, the Committee has heard from agency officials charged with the administration of

these important programs about their views on how the programs are working and how they can be improved.

Our Subcommittee on Livestock and Foreign Agriculture has also heard from the GAO and Inspectors General for both USDA and USAID regarding their efforts to monitor program implementation. Based on that hearing, it is clear that reviews of cash-based assistance are few and far between, and that efforts have only just begun to evaluate the benefits of the flexibility provided in the 2014 Farm Bill. Those findings underscore my view that the continued push for added program flexibility is premature.

Speaking of ongoing reform efforts, the Committee continues to seek all the facts surrounding rumored negotiations between USAID and the maritime industry regarding a potential agreement that would increase funding to participants in the Maritime Security Program in exchange for unprecedented levels of cash assistance within the Food for Peace Program.

As I am sure you are aware, Subcommittee Chairman Rouzer and I have sent letters to USDA, USAID, and the Department of Transportation's U.S. Maritime Administration requesting documents of communications related to those negotiations. Unfortunately, we have yet to receive a substantive production of documents. It is my understanding that those negotiations, and until recently, discussions regarding a whole-of-government approach to global food security have largely ignored the views of the agricultural community. That is why I believe it is especially important that we provide a platform here today to assure that a variety of perspectives are heard.

America's farmers are the most productive in the world, and without question, generate the safest and highest-quality food available. Their contribution has served as the backbone of these programs for the past 60 years and should not be overlooked.

Furthermore, any review of food aid programs would be incomplete without input from those organizations carrying out the day-to-day implementation of feeding and development programs across the globe.

Finally, given the Committee's commitment to gather input from all segments involved in the lasting legacy of food aid, we also intend to hear from the maritime industry in a separate hearing later this fall.

The United States has long been the leader in the fight against global hunger, and today I look forward to learning more about the role that the private voluntary organizations, agricultural processors and suppliers, and the commodity groups play in that effort.

Again, I thank all of you for being here.

[The prepared statement of Mr. Conaway follows:]

PREPARED STATEMENT OF HON. K. MICHAEL CONAWAY, A REPRESENTATIVE IN CONGRESS FROM TEXAS

Thank you for being here this morning as the Committee continues its review of U.S. international food aid programs. The purpose of today's hearing is to obtain the perspective of those producing and processing the food used in our food aid programs as well as those tasked with distributing that aid to those in need around the world.

Today's hearing is the third in our review. So far, the Committee has heard from agency officials charged with the administration of these important programs about their views on how the programs are working, and how they can be improved.

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The United States has long been the leader in the fight against global hunger, and today, I look forward to learning more about the role that private voluntary organizations, agricultural processors and suppliers, and the commodity groups play in that effort.

Again, thank you all for being here. I now yield to the Ranking Member for any remarks he would like to make.

The CHAIRMAN. I yield now to the Ranking Member for any remarks that he would like to make.

OPENING STATEMENT OF HON. COLLIN C. PETERSON, A REPRESENTATIVE IN CONGRESS FROM MINNESOTA

Mr. PETERSON. Thank you, Mr. Chairman, and I welcome the witnesses to the Committee.

As the Chairman has said, today's hearing continues the Committee's review into international food aid programs in advance of the next farm bill. We made several improvements to U.S. food aid programs in the 2014 Farm Bill, and I look forward to hearing from our witnesses on how they have been impacted by these changes.

We are focusing on stakeholder perspectives today, and the groups before us should all be commended for the work that they do around the globe. The partnerships of the private organizations, millers and shippers have allowed the United States to deliver more than $80 billion in international food aid since World War II.

Again, I thank our witnesses for their work, and I look forward to hearing their testimony, and I yield back.

The CHAIRMAN. I thank the gentleman.

I would now like to introduce our panel today, distinguished folks all. Ms. Laura Dills, the Deputy Regional Director for Program Quality, East Africa Regional Office, Catholic Relief Services, Nairobi, Kenya; Mr. Lucas Koach, the Director of Public Policy and Advocacy, the Food for the Hungry program, here in Washington, D.C.; Mr. John Didion, CEO of Didion Milling, Johnson Creek, Wisconsin; Mr. Jeff Peanick, CEO of Breedlove Foods of Lubbock, Texas; Mr. Wade Cowan, President of the American Soybean Association from Brownfield, Texas; Mr. Jamie Warshaw, Chairman of the Food Aid Subcommittee, USA Rice, Lake Charles, Louisiana.

Lady and gentlemen, thank you for being here. Ms. Dill, you are recognized for 5 minutes.

STATEMENT OF LAURA DILLS, DIRECTOR OF PROGRAM QUALITY, EAST AFRICA REGIONAL OFFICE, CATHOLIC RELIEF SERVICES, BALTIMORE, MD

Ms. DILLS. Thank you, Chairman Conaway, Ranking Member Peterson, and Members of the House Agriculture Committee. On behalf of Catholic Relief Services, we appreciate this opportunity to discuss our perspectives on international food aid programs.

I am honored to be a part of this panel, which is representing key elements of the international food aid system.

Catholic Relief Services is the international humanitarian and development agency of the U.S. Conference of Catholic Bishops. We operate in over 90 countries and often implement programming through existing Catholic Church networks. This gives us a unique opportunity to reach people in need that many others can't match. We view international food programs—Food for Peace, Food for Education, Food for Progress—as critical components to U.S. efforts to improve food security around the world.

Catholic Relief Services' food security approach is rooted in the Pathway to Prosperity model described in detail in my written testimony. We take a holistic view to supporting small holder family farms, integrating assistance across sectors and entire communities. Ultimately, this encourages market engagement as the long-term sustainable path out of poverty.

Food aid programs are well positioned to support this approach, especially Food for Peace. Our work with Food for Peace in Madagascar focuses on nutrition, livelihoods, and community resilience. The program has seen farmers' yields in the main staple crops of rice and casaba increase by 80 and 38 percent, respectively. The program reforested 10,000 acres and irrigated 24,000 acres of land. We saw a 12 percent decline in stunting and a 31 percent decrease in underweight children. Overall, this program improved the lives of over 600,000 people.

While these seem like just statistics, behind them are real people whose lives are better as a result of the program.

I would like to tell you about a little boy that I met when I lived in Madagascar for 3½ years named John Clement. When he came into our program he was skin and bones. At 14 months, he weighed a mere 14 pounds. He was so severely undernourished that he didn't even have the strength to lift his head. Our program taught his mother better hygiene and nutritional practices, showing her how to prepare more nutritious foods using local resources avail-

able in the market. This miracle in this program was evident after 12 days. He gained 2 pounds and was able to walk.

This is a clear example of how critical it is to have dedicated funding for Food for Peace development programs and why we are very pleased with the results of the 2014 Farm Bill. That bill provides no less than $350 million a year to these programs. It has also eliminated a waiver system that could have siphoned funding from programs that rehabilitate children like John Clement.

To be clear, we view both the emergency and development sides of Food for Peace as critical. Funding for these two purposes should not be pitted against one another. We believe the Committee struck the right balance on this issue and hope others in Congress also see the wisdom of your actions.

While Food for Peace and all the food aid programs you oversee are doing incredible work, we respectfully offer specific recommendations that would further improve the programs.

These include further reducing monetization in Food for Peace and addressing it in the Food for Progress, giving implementers more discretion to use vouchers or the local purchase of food and programming and reducing the minimum tonnage and repealing outdated rules governing cargo preference. Action in this last area would be very timely given the GAO's report released last week that shows cargo preference led to $107 million more in food and shipping costs. We stand ready to work with you in pursuing any of these paths to more efficient food aid programs.

Last, while it isn't the topic of this hearing, I understand the Agriculture Committee is presently reviewing the Global Food Security Act. As such, I wanted to highlight Catholic Relief Services' support of this bill. We believe the bill provides important Congressional direction to the existing Feed the Future program. We are especially supportive of the great emphasis it places on highly vulnerable people and greater reporting requirements that will give a clearer picture on how funding is used.

Thank you again for this opportunity. I look forward to answering any questions that you may have.

[The prepared statement of Ms. Dills follows:]

PREPARED STATEMENT OF LAURA DILLS, DIRECTOR OF PROGRAM QUALITY, EAST AFRICA REGIONAL OFFICE, CATHOLIC RELIEF SERVICES, BALTIMORE, MD

Thank you Chairman Conaway and Ranking Member Peterson for this opportunity to provide testimony to the House Committee on Agriculture. I am Laura Dills, Deputy Regional Director of Program Quality for the East Africa Regional Office of Catholic Relief Services. I have been with Catholic Relief Services for 12 years and have been involved in Food for Peace projects in Burkina, Rwanda, India, Haiti, Madagascar, and now East Africa. I am honored to represent Catholic Relief Services in this hearing.

In my statement, I will review Catholic Relief Services' food security strategy, discuss how U.S. food aid programs help us to implement that strategy to help millions of people, and then make several recommendations from our experience that the Committee should consider as it seeks to improve the impact and efficiency of U.S. international food assistance.

Catholic Relief Services and the U.S. Catholic Church

Catholic Relief Services is the international relief and development agency of the U.S. Catholic Church. We are one of the largest implementers of U.S.-funded foreign assistance overall, and of international food aid programs under the jurisdiction of the Agriculture Committees. Our work reaches over 100 million poor and vulnerable people in nearly 90 countries. Catholic Relief Services works with people and com-

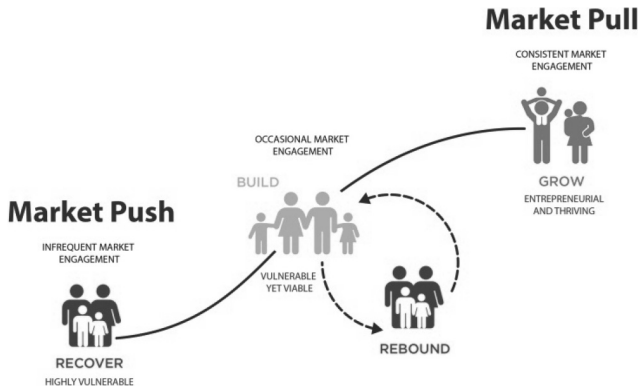
munities based on need, without regard to race, creed, or nationality. We often partner with institutions of the Catholic Church and other local civil society groups in the implementation of programs, which from our experience is essential to understanding the needs of the communities we work with, and ultimately the long-term success of our work.

Catholic Relief Services Concept of Food Security

A core focus of our work is on improving the livelihoods of small holder farm families as a means to achieve food security. These families can be categorized according to their levels of assets, vulnerability, commercial prospects, education, and ability to take on new technologies or risk. Accounting for these differences, our objective is to move small holder farm families along a Pathway to Prosperity (see *Graph*), and ultimately out of any need of assistance.

Graph 1

Pathway to Prosperity Model



Moving people along the Pathway to Prosperity requires transitioning families from subsistence farming into greater engagement with markets. Ultimately, small holder farming is a small business and even very vulnerable farmers—with the right skills and opportunities—can increase their income through increased connections to markets.

Catholic Relief Services provides customized support to farm families at all levels of the Pathway in areas of building and protecting assets, acquiring new business skills, adopting better farming practices, and revitalizing the natural resource base. The vast majority of the people we work with are subsistence farmers who would be classified in recover or maybe the build segments of our Pathway to Prosperity model. That said, changes in production and commercial behavior by one group in a community will affect others, so our programming looks at a community-wide strategy that works with small holder farmers in each group and across a number of sectors. These sectors tend to include agricultural production, nutritional status, and market engagement. We believe that this holistic, community-wide approach is the most effective way to achieve long-term food security.

Food for Peace Program

For over 60 years the Food for Peace program has provided food assistance to people in need around the world. Current operations of the Food for Peace program are split between emergency and development programming. Emergency food aid supplied by Food for Peace provides U.S. commodities to people who are impacted by natural disasters or civil conflict. Emergency programs have traditionally lasted 6–12 months, however, in many cases they are continued for much longer periods of time because the underlying emergency conditions are not resolved. This is particularly true for many refugees and internally displaced people who have fled violence at home. Catholic Relief Services currently is the prime implementer of an emergency Food for Peace program in Ethiopia, and is a sub-awardee to several emergency food aid programs.

Food for Peace development programs primarily serve extremely farm families in the recover and build levels denoted on our Pathway model. In line with our approach to food security, Food for Peace development projects are designed to address a number of sectors simultaneously—agriculture, nutrition, land regeneration, water

management, infrastructure improvements, and market engagement—in order to address whole community needs. Food for Peace development programs are implemented over a period of at least 5 years, which gives implementers like us enough time to make a lasting impact on the people we serve, whether by revitalizing local ground water sources, teaching farmers' skill sets and new practices, or constructing community assets like dikes and irrigation systems. Development programs are awarded on a competitive basis, allowing the best ideas and most successful implementers to carry out the work. And, these programs are designed to address chronic stress before negative trends devolve into outright crisis, thus helping people avoid the need for emergency food assistance. Catholic Relief Services is the lead implementer of eight Food for Peace development projects; these projects are in Burkina Faso, Burundi, Ethiopia, Guatemala, Malawi, Madagascar, Niger, and South Sudan.

The 2014 Farm Bill set funding for development projects at a minimum of $350 million per year, and also permitted this funding to rise up to 30% of overall Food for Peace appropriations. The remaining Food for Peace appropriations are available for emergency food assistance programs. In practice, this has provided over $1 billion for emergency food aid over the last several years. The 2014 Farm Bill also eliminated a waiver system that would allow development funding to be used for emergencies if certain conditions were met.

Catholic Relief Services believes funding for both emergency and development food aid programs is critical, and that funding for one should not come at the expense of the other. As such, we are grateful that the 2014 Farm Bill eliminated the then existing waiver, and established a reliable level of funding for development projects. Consistent funding for long-term development programs is paramount to ensuring such projects are able to achieve their goals. That said, we are troubled that funding for Food for Peace has remained flat over the last few years, particularly in light of higher commodity and transportation costs. **We encourage Congress to prioritize higher levels of funding for the Food for Peace program so that more resources are available for both emergency and development food aid programs.**

Food for Peace in Practice—Madagascar

Madagascar is an island off the Southeast coast of Africa, with a population of about 22 million people. About 80% of the population lives on less than $2 a day, and greater than 50% are considered food insecure. In 2014 a Catholic Relief Services-led consortium completed the Food for Peace project Strengthening and Accessing Livelihood Opportunities for Household Impact (SALOHI) project which served 630,000 people in the Central and Southern portions of Madagascar. The project focused on helping vulnerable groups within the target areas, including rural farmers in Eastern coastal areas who are often impacted by cyclones and floods, farmers living in largely inaccessible regions, pastoralists and farmers who often face drought in the South, and especially female-headed households in all project regions. The SALOHI project had three main objectives; (1) improve child nutrition, especially for children less than 5 years old, (2) improve the livelihoods of food-insecure households, and (3) increase community resilience to the shocks that often befall Madagascar.

Addressing child nutritional needs was a major component of this Food for Peace project, particularly given that over 17% of the people in target areas were children under 5. Project activities directly impacting child nutrition included the promotion of exclusive breastfeeding through 5 months, complementary feeding (supported in part with Food for Peace commodities) for children 6–23 months with continued breastfeeding, and prevention of micronutrient deficiencies and anemia. To help prevent childhood diseases, particularly diarrheal diseases common among beneficiary communities, SALOHI focused on improving personal hygiene of beneficiaries, especially hand washing and food hygiene. The project also trained existing and new community health workers and volunteers in the area of children's health, encouraged mothers to bring their children for regular checkups to monitor their nutritional status and potential need for intervention, and addressed the needs of malnourished children.

Since the vast majority of beneficiaries in SALOHI were smallholder, subsistence farmers, efforts to improve livelihoods focused on increasing agricultural production through Farm Field Schools (FFS) that brought small groups of farmers together to learn new farming techniques like planting in rows, use of better seed, basket composting, and use of organic fertilizer. SALOHI also helped farmers organize themselves into village-level microfinance cooperatives that pooled and lent small amounts of capital to their own members. Working with these same farmer groups, SALOHI also introduced agribusiness skill-sets. Women made up ½ the participants in FFS groups and over ½ in microfinance cooperatives. The new techniques and

skills from these interventions often spilled over to community members who did not participate in the Food for Peace project, as they saw and learned from direct project participants.

To improve community resilience and to compliment other aspects of the project, Food for Peace commodities were used in food for asset activities, where community members would build and rehabilitate community infrastructure like roads, dams, canals, and irrigation channels in exchange for food rations. To ensure sustainability, several types of management associations were created to build and maintain these assets, some of which collect fees to raise money for upkeep expenses. SALOHI employed a "Go Green Strategy" in both its livelihood and resilience activities, which promoted natural resource management and sustainability. For instance, to protect farm land from soil erosion, the program promoted reforestation and agroforestry in and around agricultural areas. Such an approach shields farm land from strong winds, reduces soil erosion from flooding, and improves water quality and availability.

The final evaluation found that SALOHI met or exceeded most of its major targets. For children under 5, stunting rates declined from 47% to 41% and underweight children decreased from 29% to 20%. Average food availability in households increased from 7.7 months to 9.1 months. Adoption of new agricultural practices increased yields in staple crops like rice (80%) and cassava (38%), and led to more vegetable production and the adoption of new crops like sweet potatoes. Almost 4,300 hectares of land were reforested or protected, almost 900 kilometers of roads were built or rehabilitated, and over 9,800 hectares of land are now being irrigated thanks to SALOHI. What these numbers mean is that farmers are able to grow more food, on less land; farmers are not losing as much of their crops to storms, floods and pests; farmers are able to get their crops to market, sell more of their crops, and receive better prices; preventable childhood diseases are in fact being prevented; children who need special care are being helped; families have learned how to better care for their children; and overall, children are healthier and people are more productive. These are the kinds of achievements characteristic of Food for Peace development projects.

We plan to continue and build on the successes in SALOHI, as Catholic Relief Services was recently awarded a second Food for Peace 5 year development project in Madagascar. In addition to bringing our interventions to new regions in Madagascar, we are especially excited about new ways we are integrating market engagement into project activities. For instance, we are working with a local business in Madagascar to certify participating farmers in the production of organic vanilla. While Madagascar already produces the majority of the world's vanilla, there is a growing world demand for certified organic vanilla, which most of Madagascar's producers can't meet. We hope to help project farmers to meet this demand, first by earning organic certification and second by connecting them with international buyers like McCormick's and Ben and Jerry's, and in the process help them earn a premium for their product.

McGovern-Dole Food for Education Program

The McGovern-Dole International Food for Education and Child Nutrition Program provides U.S. commodities for overseas school lunch programs. These programs target some of the most food insecure communities, so providing school lunches serves as a major incentive for parents in these areas to send their children to school. Indeed, for many of the children served by McGovern-Dole programs, their school lunch is the only full meal they receive all day. This program has led to significant increases in school attendance, particularly of girls who in many communities are most likely to be kept home by their families. In addition to providing school lunches, Catholic Relief Services also implements complimentary activities that focus on literacy and strengthen educational quality, such as curriculum development, teacher training, and mentoring. Catholic Relief Services is currently implementing Food for Education projects in Benin, Burkina Faso, Guatemala, Honduras, Laos, Mali, and Sierra Leone.

Food for Education in Practice—Honduras

Catholic Relief Services is implementing a Food for Education program in Intibucá, a department (state) in Honduras which has the 4th highest adult illiteracy rate in the country and which is situated in highlands which geographically is difficult to reach. The program is serving more than 53,000 children, in over 1,000 schools, and includes a daily breakfast for all participating children, as well as take home rations for certain students. Food used in these programs is largely U.S. commodities donated by the American people.

Beyond providing meals, this Food for Education project funds implementation of a multi-prong approach to improving student attendance and achievement, and students' overall learning environment. This includes organizing school vegetable gardens which help supplement the U.S. commodities used in the program; peer-to-peer tutoring programs that target under achieving youth with special help from fellow classmates and teachers; drop-out intervention committees that help identify and address the root causes of why children are absent from school; support to especially poor families who cannot afford school supplies like books, backpacks, and uniforms; the creation of a substitute teacher program made up of community volunteers, so the that the overtaxed regular faculty can attend trainings and professional development workshops; and physical improvements to schools, like building and improving latrines, classrooms, and kitchen areas.

One of the more exciting recent developments in the program is that the Government of Honduras has decided to invest $625,000 into the program for the purchase of local foodstuffs to support the feeding and take home rations component. While this is only a 1 year pilot that will end in December 2015, we are hopeful that the government will be willing to renew this investment in subsequent years.

Food for Progress Program

The Food for Progress program improves commodity value chain development and market engagement for vulnerable farmers, helping them earn more and better support their families. Projects are funded through monetization of U.S. agricultural products in host country markets. Catholic Relief Services is presently implementing Food for Progress projects in Burkina Faso, the Philippines, Tanzania, and in Nicaragua. Like with the other food aid programs we implement, Catholic Relief Services has seen great success with Food for Progress. For instance, in the Philippines we worked with 33,000 farm families involved in rice and coffee production who had limited market experience, no access to end buyers, and limited farmland. We helped these farmers improve yields and product quality, learn essential business skills, and organize in cooperatives so they could collectively ask for higher prices. As a result, rice production rose 57% and coffee production rose 27%. Farmers also saw better prices for their crops, with an average increase of 17% for rice and 31% for coffee.

Farmer-to-Farmer Program

The Farmer-to-Farmer program has been matching U.S. farmers and other agricultural professionals with projects and communities in need of expert help around the world for 30 years. Beginning last year, Catholic Relief Services has matched over 100 U.S. citizens with projects in Kenya, Tanzania, Uganda and Ethiopia. The skill sets of these volunteers include basic farming skills, to soil quality and management, marketing, and a host of other areas. Volunteers have offered their expertise in stand-alone projects, and in support of other existing and ongoing projects funded by Food for Peace, Food for Progress, Feed the Future, and other U.S. funded programs.

Improving Food Aid Programs

As outlined above, Catholic Relief Services is a major implementer of food aid programs and as such we have a clear and deep perspective of how these programs operate. This affords us a unique perspective in how food aid programs can be improved. Below we provide three broad categories for our many recommendations for improvement; Shipping and Cargo Preference, Monetization, and Flexibility.

Shipping and Cargo Preference

Catholic Relief Services recommends that Congress explore changes to existing cargo preference laws and practices that have had a negative impact on food aid programs. Cargo preference is the policy that requires the shipping of U.S. funded cargo, in this case food aid, on U.S.-flagged vessels. The basis for this requirement is to help maintain private, sealift capacity—in terms of both cargo vessels and U.S. crews—in order to transport military supplies should it be required. While there is debate over whether cargo preference is an effective way of achieving this objective, it is clear that using U.S.-flagged vessels to ship food aid is more expensive than using foreign flagged vessels. According to a study commissioned by the Department of Transportation's Maritime Administration (MARAD), U.S.-flagged vessels cost 2.7 times more to operate than vessels flagged in other countries.[1] Our own experience

[1] Maritime Administration, U.S. Dept. of Trans., *Comparison of U.S. and Foreign-Flag Operating Costs,* Sept. 2011,available at *http://www.marad.dot.gov/documents/Comparison_of_US_and_Foreign_Flag_Operating_Costs.pdf*.

in the price differential between U.S. and other vessels closely resembles this assessment.

The cargo preference law applicable to food aid programs is found in 46 U.S.C. 55305(b), and states that:

> "at least 50 percent of the gross tonnage of the . . . commodities (computed separately for dry bulk carriers, dry cargo liners, and tankers) which may be transported on ocean vessels is transported on privately-owned commercial vessels of the United States, to the extent those vessels are available at fair and reasonable rates for commercial vessels of the United States, in a manner that will ensure a fair and reasonable participation of commercial vessels of the United States in those cargoes by geographic areas."

There are several things Congress can do to reduce the impact cargo preference has on food aid programs. First, **we encourage Congress to consider eliminating or reducing the minimum tonnage required to be shipped on U.S.-flagged vessels.** Depending on the reduction, this change could have significant and direct savings for food aid programs, leading to the purchase of more U.S. food and helping more hungry people. Alternatively, we ask Congress to consider making changes beyond the minimum tonnage requirement to current cargo preference law that would also result in significant savings for food aid programs.

One change going beyond reducing the minimum tonnage that we recommend is **eliminating the distinction between classes of vessels.** The Maritime Administration, supported by the Department of Justice, has determined "that at least [50] percent of agricultural commodities be shipped by U.S.-flag vessels 'computed separately for dry bulk carriers, dry cargo liners and tankers' requires that the U.S. vessels be divided into those three categories and further, that the [50] percent minimum be computed separately for each category of vessel."[2] In today's ships is very little functional difference between these vessel types, yet we have seen U.S. carriers use this provision to force the rebidding of awards that were initially to less expensive carriers (both U.S. and foreign) because the quota for the vessel type they were offering had not been met.

Also, the reference to "geographic areas" in the cargo preference law has led to the requirement that USDA food aid programs must meet the 50% requirement by country, per year.[3] Under this constraint, small country programs with only one or two shipments in a year usually have to use the more expensive U.S. carriers for all their commodity shipments in order to ensure they meet the 50% minimum. **We recommend doing away with the requirement that minimum tonnage be calculated based on country, or any other geographic region.**

Problems with the shipment of food aid go beyond the cargo preference law. Recently in Madagascar, we saw a foreign flag carrier split what should have been eight shipments of food into 23 different shipments, spread out over several months. This led to delays in program implementation, and higher than expected costs associated with receiving, handling and storage of the food. In another recent instance, a shipment of food on a U.S. carrier destined for Ethiopia was challenged by another U.S. carrier who felt the winning transport company did not meet all relevant statutory requirements. We ultimately decided to go ahead with the original carrier as planned because any delays could have put lives in jeopardy, but in so doing we had to assume the risk of potential legal action for this decision. **We believe there is also a role for Congress to help address food aid shipping problems that are outside of the cargo preference law through greater oversight, and if need be through legislative changes that prioritize timely shipment of food aid.**

Last, Food for Progress has been particularly hard hit by cargo preference requirements in recent years. The authorization for Food for Progress allows the program to spend up to $40 million a year on transportation costs. Prior to 2012, food aid programs were being reimbursed for using higher costs associated with shipping food on U.S.-flagged vessels. It was Food for Progress' practice to reinvest these reimbursed funds into additional transportation for its projects. We estimate this effectively gave Food for Progress $5–$10 million more each year to spend on overseas shipping of U.S. commodities. Now that reimbursements have been eliminated, Food

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[2] Maritime Administration, U.S. Dept. of Trans. Notice: *Procedures for Determining Vessel Service Categories for Purposes of the Cargo Preference Act,* FED. REG. Vol. 74, No. 177, Sept. 15, 2009, p. 47309, available at *http://www.marad.dot.gov/documents/MAR730.AG-2009-03.pdf.*

[3] Government Accountability Office, *Cargo Preference Requirements: Objectives Not Significantly Advanced When Used in U.S. Food Aid Programs,* Sept. 1994, available at *http://www.gao.gov/assets/160/154635.pdf.*

for Progress has had to cut back on the number of programs it funds, reducing the number of people the program once reached. **We ask Congress to consider ways to address this reduction in programming—in the short-term by considering additional appropriations to supplement the program's cap on shipping, and in the long-term, providing a higher authorized level of funding for transportation costs.**

Catholic Relief Services also wants to make clear that we admire and respect the contributions made by U.S. merchant mariners, who for over 60 years have delivered U.S. food to millions of hungry people around the world. We recognize their efforts and sacrifices in food aid programs, and consider them valuable partners in the fight against hunger. We, however, believe that the cost of achieving the objective of maintaining a U.S.-flagged merchant fleet, and U.S. mariners to crew those vessels, should not at the expense of programs intended to help the hungry overseas. **We encourage Congress to consider measures to support merchant marines in ways that do not place an undue burden on food aid funding.**

Monetization

Monetization is the practice of shipping U.S. commodities overseas, to be sold abroad, in order to raise funds to cover non-food program costs. Usually the markets in which these goods must be sold cannot bear the full cost of purchasing U.S. commodities and shipping them overseas—especially when U.S. carriers are used. In almost every single case, sales are at a loss. The Government Accountability Office has looked at this and has concluded that monetization is an inefficient means of raising funds to cover non-food program costs, noting that Food for Peace monetization on average achieved a 76% cost recovery—that is, the sale of commodities netted only 76% of the cost to buy and transport the food in the first place.[4] Our own experience closely resembles these results.

The Agriculture Committees recognized that monetization was an inefficient practice and in the 2014 Farm Bill increased the amount of Food for Peace funding available to 202(e), a provision in the Food for Peace Act that provides cash funding for administrative purposes. Additionally, the scope of activities that 202(e) could fund was broadened to include development activities and the enhancement of existing programs. These changes, along with additional cash funding provided to Food for Peace from USAID's Community Development Fund, has allowed most Food for Peace programs to avoid the use of monetization, including all Food for Peace development programs Catholic Relief Services is currently implementing. For this we are incredibly grateful.

While we consider this substantial progress, we also note that the 2014 Farm Bill still requires that at least 15% of Food for Peace development program resources be used towards monetization. We are concerned that this enduring 15% requirement could force our programs in the future to monetize again. **We ask that you consider measures that would eliminate the requirement to monetize in Food for Peace programs altogether.** Additionally, we note that Food for Progress programs remain entirely funded though monetization. **We request the Agriculture Committee consider ways to make cash funding available in the Food for Progress program as well.**

Another way the 2014 Farm Bill sought to address monetization was to institute a special reporting requirement when a monetization project failed to achieve at least a 70% cost recovery. It is our understanding that the intention behind this provision was to document the reasons why there was such a low cost recovery. In practice, this provision was seen as a signal from Congress that no project should ever have a cost recovery lower than 70%. This has led to substantial reluctance by Food for Progress to engage in any projects that do not guarantee at least 70% cost recovery. In the long term, this could mean Food for Progress may scale back operations to only those few countries where higher than 70% cost recovery can reliably be achieved—most likely only countries that are a short distance from the U.S. To be clear, our goal is to achieve as high a cost recovery as possible in each monetization. However, we have no control over the prices of the commodities that are bought for the project; we have no control over how much we will be charged to transport the commodities overseas; and we have no control over the market conditions in the countries in which we are required to monetize. In short, our ability to achieve cost recovery is limited, and we are concerned otherwise worthy projects will not commence because they could not guarantee a 70% cost recovery. As such, **we ask that the Agriculture Committee provide clear guidance to USDA that it will not**

[4] Government Accountability Office, *Funding Development Projects through the Purchase, Shipment, and Sale of U.S. Commodities Is Inefficient and Can Cause Adverse Market Impacts,* June 2012, available at *http://www.gao.gov/assets/330/320013.pdf*.

be penalized in any way if Food for Progress monetization does not meet the 70% cost recovery target.

Flexibility

The 2014 Farm Bill also provided additional flexibility in how food aid funding could be used. Most notably, it made permanent a pilot Local and Regional Procurement (LRP) program, and authorized $80 million in funding for this program. The farm bill also established a preference that this funding be used in conjunction with McGovern-Dole projects. We were very pleased with this outcome in the farm bill and believe that this funding could help encourage local governments to ultimately assume responsibility for school lunch programs. Specifically, we hope to implement programming that will build the capacity of local farmers to supply the food need to carry out school lunch programs, and the capacity of school officials and parent associations to manage the purchase, storage and preparation of school lunches. In this way, we will be able to create local systems to supply and carry out school feeding that can ultimately be turned over to local and national governments to fund. Since these systems will have already been adopted by the local community, and the benefits of the system all feedback to the local community, governments will have strong incentives to take over program funding when the McGovern-Dole funding runs out. **We strongly encourage Congress to provide funding for the USDA LRP program in the final FY 2016 appropriations bill.**

Another area of flexibility that we appreciate is the ability to temporarily transition existing Food for Peace development programs into emergency programs when on-the-ground circumstances make it impossible to continue development programs as planned. This flexibility has been provided by the Office of Food for Peace in two recent cases—Mali and South Sudan. In both cases we had begun implementation of Food for Peace development projects when internal civil conflict flared. In both cases we were able to use program commodities to provide emergency food relief to affected civilian populations, and in both cases we were able to transition back to development programming to populations outside combat areas. What is most critical about this kind of flexibility is that these projects have been very responsive to immediate and changing needs, and we believe they can provide a level of stability that will support the ultimate resolution of these conflicts.

Catholic Relief Services also urges Congress to provide food aid implementers as much discretion as possible in how food aid funds are used, including whether they can be used for the purchase of U.S. commodities, locally produced/purchased commodities, vouchers, or cash transfers in their projects. We have used each of these modalities of assistance and we know they all can be valuable in the fight against hunger and it is the specific circumstances of the project that will determine which is the right tool to use. In some cases using U.S. commodities will be the best choice—because it's less expensive, it can be provided in the necessary quality or quantities, or buying locally in the needed volumes will negatively impact local markets. Alternatively, in some cases using an LRP modality will be the best choice—because it's less expensive, can get to the target population faster, is more amenable to local diets, or because bringing in U.S. commodities would be disruptive to the local market. Given the dynamic circumstances in which food aid operates, food aid programs should be responsive, nimble, and adaptable to current conditions. Ideally, implementers would have complete discretion in how food aid funding is used through the life of a program.

Conclusion

U.S. food aid programs—Food for Peace, Food for Education, Food for Progress and Farmer-to-Farmer—have been incredibly successful at feeding the hungry and helping the poor become more self-sufficient. It is through these programs that the U.S. is making a significant contribution to lifting people out of poverty, and their success gives us great hope that our collective goal of ending extreme poverty is attainable. At the same time, we know these programs can be improved, and we ask the Agriculture Committee and all of Congress to consider adopting the recommendations we provide in this testimony.

Thank you for this opportunity to share with the Committee our perspectives on food aid and we stand ready to work with you on making the programs even better in the future.

The CHAIRMAN. Thank you, Ms. Dills.

Mr. Koach.

STATEMENT OF LUCAS KOACH, DIRECTOR OF PUBLIC POLICY AND ADVOCACY, FOOD FOR THE HUNGRY, WASHINGTON, D.C.

Mr. KOACH. Mr. Chairman, Food for the Hungry appreciates this opportunity to present testimony on the value and importance of U.S. food aid programs that address emergency needs and promote food security in developing countries. I ask to submit my full testimony for the record, and will summarize the key points in my opening statement.

The CHAIRMAN. Without objection.

Mr. KOACH. Food for the Hungry is a private volunteer organization, commonly referred to as a PVO, and a faith-based organization that works with communities in need around the world. Our approach is partnering, helping people identify and address the impediments to development and then to build their capacity through skills development, increased economic opportunity, greater ability to engage their government officials, and improve access to water, food, education, healthcare and other vital services. We are grateful for the generosity of the American people who contribute funds to our organization, and we are grateful to the Congress, which has consistently supported food aid and other programs that uplift the needy.

All the food aid programs under the jurisdiction of this Agriculture Committee are vital for meeting the range of needs, and while many know of the use of food aid to meet urgent needs, the overall goal of food aid is to indeed provide food where it is needed and to also build self-reliance in order to reduce the future need for emergency food aid. Thus, Food for Peace, Food for Progress, McGovern-Dole International Food for Education and Child Nutrition include technical assistance in capacity-building to allow food-insecure countries and crisis-prone poor communities move from subsistence to self-reliance so their populations may lead healthier and more productive lives.

The farm bill's USDA Local Procurement Program also offers a new opportunity to integrate local ingredients into food aid, and if well planned, to stimulate local production and processing of nutritious foods.

Mr. Chairman, six of the seven statutory purposes of Food for Peace Title II focus on using food aid in programs that address the underlying causes of chronic hunger and help people lead more productive lives. The premise is straightforward: regions where there is extensive poverty, poor infrastructure, and chronic hunger are prone to crisis. When food aid is integrated into programs that help vulnerable households and communities become more food-secure and self-reliant, they are less likely to need repeated humanitarian interventions over time.

Despite the wisdom of this approach and the positive result of PVO Title II development programs, returning year after year with short-term food aid to meet emergency needs has become the mainstay of the Title II program. And we fully support food aid for urgent needs and disaster response, but for areas where chronic hunger is prevalent and food shortfalls are common due to poverty, remoteness or seasonal crises, being ahead of the curve with well-planned, comprehensive development food aid program is the best

approach, thus limiting or diverting funds from development programs to emergencies is counterproductive, in our opinion.

Moreover, there are other options for addressing urgent needs if Title II funds are already committed. Non-emergency Title II programs, which are primarily conducted by private volunteer organizations, maximize the benefits of food assistance by combining food aid with skills development, technical assistance, capacity-building for the very poor, crisis-prone communities. Maternal and child hunger is reduced, livelihoods are expanded, and community resilience is improved.

A USAID-commissioned independent evaluation of over 100 Title II programs conducted from 2002 to 2009 confirmed these and other positive impacts in very poor and highly vulnerable communities. We are therefore thankful to this Committee and the Congress for establishing that minimum level of $350 million for these food for development programs in 2004 Farm Bill.

We also are grateful that the farm bill increased the maximum level for the Section 202(e) program support from 13 to 20 percent and expanding the purposes so these funds can be used for developmental capacity-building activities. Such activities make possible lasting change by not just giving a person a fish but teaching people how to fish.

As an example, in these eastern part of the Democratic Republic of Congo, in one small region, the Nyalugana Valley, Food for the Hungry has converted 914 hectares. That's over seven times the size of the National Mall of valley land that was previously not arable into productive fields bringing sustainable crop production livelihoods for over 13,000 households, and that is just one area and one program, and there are many programs like that.

Another example is the high mountain of the Amhara region of Ethiopia which is home to 31 percent of that country's food-insecure population. Food for the Hungry's Title II program started in 2011 and is reaching more than 300,000 households, facilitating terracing, reforestation, rainwater catchment, restoring the springs and on and on.

Volunteer cascade groups and care groups are reaching over 30,000 young mothers with vital health and nutrition and over 8,400 mothers in our program in Ethiopia participate in village savings and loans programs, precursors to microfinance. Ninety-one percent of beneficiaries increase agricultural production, which is also responsible for an 88 percent increase in dietary diversity and improved nutrition stores. As we can see, these programs go far beyond mere food.

So thanks to this Title II development program and others like it, during the 2012 food crisis, 7.6 million fewer Ethiopians needed emergency food relief.

We wish to acknowledge and thank this Committee's leadership in reauthorizing international food aid programs in the 2014 Farm Bill, preserving this unique and important U.S. Global Food Security Program and making it even more effective and efficient.

We appreciate this opportunity to testify and certainly welcome the opportunity to answer questions and provide further information.

Thank you.

[The prepared statement of Mr. Koach follows:]

PREPARED STATEMENT OF LUCAS KOACH, DIRECTOR OF PUBLIC POLICY AND ADVOCACY, FOOD FOR THE HUNGRY, WASHINGTON, D.C.

Food for Peace, McGovern-Dole International Food for Education and Child Nutrition, Food for Progress, Bill Emerson Humanitarian Trust and the USDA Local and Regional Procurement Program

Mr. Chairman, Food for the Hungry appreciates this opportunity to present testimony today on the value and importance of U.S. food aid programs that address emergency needs and promote food security in developing countries. Food for the Hungry is a private voluntary organization (PVO) and also a faith-based organization (FBO) that walks with communities in need around the world, providing assistance in 18 countries. Our approach is partnering, helping people identify and address the impediments to development and then to build their capacity through skills development, increased economic opportunity, greater ability to engage their government officials and improved access to water, food, education, health care and other vital services. We are grateful for the generosity of the American people who contribute funds to our organization and we are grateful to Congress, which has consistently supported food aid and other programs that uplift the needy.

In developing countries, one in eight people are chronically undernourished (FAO, 2014), which decreases productivity and increases susceptibility to disease. Insufficient nutrition during pregnancy and in the first 2 years of life increases the chances of child mortality and stunts cognitive and physical development (Black, *et al.,* 2013). In addition, millions of people urgently need assistance because of wars and natural disasters. Improving agricultural productivity and the availability of wholesome, sufficient foods through well-functioning food systems in developing countries is the long-term solution, but for now, U.S. food assistance is critically needed.

Many of the communities we serve are in areas where there are few opportunities for expanding business and incomes. Struggling to meet basic needs is a way of life. In such areas, cyclones, droughts, soil erosion, remoteness, poor water and sanitation are among the types of challenges that keep people from feeding their children good diets and improving their lives. Helping people become food secure is a priority. Assuring people have access to and can consume sufficient food to meet nutritional needs is a prerequisite for a healthy, productive life, economic growth, and, in a larger sense, peace and prosperity.

Thanks to the steadfast support of the U.S. Congress, the United States is the leader in fighting world hunger and promoting peace and prosperity through its long-standing commitment to food assistance. Indeed, our country's leadership is demonstrated through its commitment of $1.6 billion a year under the international Food Assistance Convention. This is 66 percent of total governmental pledges. The next largest pledge, by the European Union and its member countries, is ¼ the U.S. level—only 17 percent of the total.

All of the food aid programs under the jurisdiction of the Agriculture Committee are vital for meeting the range of the needs. While many know of the use of food aid to meet urgent needs, the overall goal of food aid is to provide food where and when needed and also to build self-reliance in order to reduce the future need for emergency food aid. Thus, Food for Peace, Food for Progress and McGovern-Dole International Food for Education and Child Nutrition include technical assistance and capacity building to allow food insecure countries and crisis-prone, poor communities move from subsistence to self-reliance, so their populations may lead healthier and more productive lives. The farm bill's USDA Local-Regional Procurement Program also offers a new opportunity to integrate local ingredients into food aid and, if well planned, to stimulate local production and processing of nutritious foods.

Important Role of Food for Peace (P.L. 83–480 Title II)

P.L. 83–480 is the most reliable program worldwide for fighting acute and chronic hunger. Countries that receive Title II food assistance have weak food and agricultural systems, limiting the availability of food. Producers in those countries face barriers as they seek to increase productivity and market their goods, including insufficient infrastructure, financing, agricultural inputs and services. Food safety is another difficulty. For example, aflatoxin, a poison produced by fungi in the soil, is prevalent and poorly controlled in many corn, peanut and sorghum growing areas of Sub-Saharan Africa. In addition, target countries do not commercially import sufficient amounts of food to make up for their internal deficits due to credit, foreign currency and other market constraints.

In addition to high levels of child hunger that leads to stunted growth, most Title II populations live in areas with poor water, sanitation and health services. Infectious disease and intestinal parasites reduce nutrient absorption and productivity, and can ultimately lead to death.

Over time, P.L. 83–480 Title II has been monitored, evaluated, adapted and improved and it continues to be one of the most effective instruments for reducing childhood malnutrition and fighting food insecurity. A more comprehensive list of bulk and packaged commodities and processed foods is now available, such as nut-based, high-energy pastes to treat severe acute malnutrition and Corn Soy Blend Plus, which is formulated to supplement diets of children between the ages of 6 and 24 months and to prevent malnutrition. A March 5, 2014 General Accountability Office (GAO) report found that in the past 6 years, the timeliness of P.L. 83–480 Title II food aid deliveries for emergencies has improved due to the pre-positioning of commodities at multiple strategic locations around the world. It suggests ways in which USAID could use pre-positioning even more effectively. Implementing agencies (USAID and USDA) should be encouraged to continue to take steps to improve commodity procurement, transportation and supply systems.

Title II Food for Development: From Subsistence to Self-Reliance

Section 201 of the Food for Peace Act lists seven purposes of Title II and six of them focus on using food aid in programs that address the underlying causes of chronic hunger and help people lead more productive lives. The premise is straightforward: Regions where there is extensive poverty, poor infrastructure and chronic hunger are prone to crises. When food aid is integrated into programs that help vulnerable households and communities become more food secure and self-reliant, they are less likely to need repeated humanitarian interventions over time.

Despite the wisdom of this approach and the positive results of PVO Title II development programs, returning year-after-year with short-term food aid to meet emergency needs has become the mainstay of the Title II program. We fully support food aid for urgent needs and disaster response, but for areas where chronic hunger is prevalent and food shortfalls are common due to poverty, remoteness or seasonal crises, being ahead of the curve with well-planned comprehensive development food aid programs is the best approach. When an emergency strikes, these are the most vulnerable populations. Even though progress may be made during better times, it is difficult for people to overcome hunger in their lives.

Thus, limiting or diverting funds from development programs to emergencies is counterproductive. Moreover, there are other options for addressing urgent needs if Title II funds are already committed. The Bill Emerson Humanitarian Trust managed by the Commodity Credit Corporation is designed to provide commodities for urgent needs. USAID also uses International Disaster Assistance (IDA) funds for emergency food aid.

Nonemergency Title II programs, which are primarily conducted by private voluntary organizations, maximize the benefits of food assistance by combining food aid with skills development, technical assistance and capacity-building in very poor, crisis-prone communities. Maternal and child hunger is reduced, livelihoods are expanded and community resilience is improved, all of which help reduce the future need for emergency aid. This was the original design and intent of the Food for Peace Act. A USAID-commissioned independent evaluation of over 100 Title II development programs confirmed these and other positive impacts in very poor and highly vulnerable communities. We thank this Committee and the Congress for establishing a minimum level of $350 million for these programs in the 2014 Farm Bill and urge vigilance to make sure it is met.

We also are grateful that the farm bill increased the maximum level for the section 202(e) program from 13 to 20 percent and expanding the purposes so these funds can be used for developmental, capacity-building activities. Such activities make possible lasting change by not just giving a person a fish, but teaching people how to fish.

PVOs identify the factors that cause chronic hunger and seasonal spikes in hunger and to address them through development activities as well as supplemental foods. Preparing a Title II development program proposal typically takes 6 months, but it can take up to 1 year. PVOs invest significant organizational resources to conduct quantitative and qualitative field research to identify target populations based on health and nutrition criteria, income, assets, and the degree to which households can meet their own food needs and in-depth situational assessments to identify barriers to food security. PVOs develop program plans in consultation with the targeted communities, incorporating strategies that—

(1) During the course of the program (usually 5 years) will show progressive, positive change, such as improvements in mother-child nutrition and health,

dietary and sanitation practices, land reclamation, agricultural productivity and marketing, household food supplies and incomes, and school enrollment and attendance;

(2) Build local capacity and prepare communities, governments, institutions and participants to continue activities, reap benefits and decrease vulnerability to hunger after the program is complete. For example, through Food for the Hungry's Title II development project in Ethiopia, we have a formal partnership with the Organization for Rehabilitation and Development in Amhara (ORDA) in which 26,000 government and regional partners have been trained in technical and leadership capacity. Thanks to the developmental Title II programs, during the 2012 Ethiopian food crisis, 7.6 million avoided severe hunger.

Here are some examples of the types of program activities:

- ***Locally-appropriate methods for improving child nutrition:*** Nearly all Title II development program incorporate a maternal-child nutrition component. Local organizations are formed to support better nutrition of women and children, use of latrines and other sanitary practices, and the development and maintenance of clean water sources. The practices used in households with nutritionally thriving children in communities that otherwise suffer high rates of malnutrition can be identified and used as positive examples. Community members volunteer to participate in "training of trainer" sessions and to lead "mothers clubs" or "Care Groups" that provide training and outreach within the community.
- ***Stabilizing and improving agriculture, nutrition and incomes:***

  Eastern Democratic Republic of the Congo (DRC) has suffered with conflict for many years. Under a 5 year Title II development program, Food for the Hungry uses a variety of community-based mobilization, training and technical assistance strategies to stabilize populations in South Kivu and Katanga provinces, improve nutrition and allow the communities to build a more promising future. Beneficiaries include returning refugees, internally displaced people, and more permanent communities. Thousands of houses have been built; farmers have increased production and incomes due to training in improved agricultural practices and linkages to markets; and the communities now have access to a more diverse and abundant food supply. Gender-based violence is being combated with innovative media campaigns and nutritional support has been provided to pregnant and lactating women and children under 59 months old.

  In just one region in the Nyalugana valley, working with local community leaders, FH has converted 914 hectares (over seven times the size of the National Mall) of valley land that previously was not arable into productive fields bringing sustainable crop production and livelihoods to over 13,000 households. New markets are forming, roads are being built, and clinics and schools are being constructed. FH recently shared these encouraging results with DRC government ministers and other key stakeholders in the capital of Kinshasa this summer. In a country that has seen much despair, there is much hope.

  Amhara Region of Ethiopia is home to 31% of that country's food insecure population and site of Food for the Hungry's 5 year Title II program that started in October 2011 to assist more than 300,000 food-insecure individuals that cannot grow enough food to meet year round needs. Due to low rainfall, infertile soil, degraded mountainous environment and limited market access, nine rural districts 350 km north of Addis Ababa are particularly prone to chronic food insecurity. Our food for work program uses food as payment (5 days per month in return for 15 kgs of wheat, 1.5 kgs of peas and .5 liters of vegetable oil) on public works that are transforming the landscape into productive land. It includes terracing, reforestation, rainwater catchment to restore springs, construction and maintenance of safe drinking water sources, and agriculture rehabilitation. These natural resource rehabilitation activities restore soil fertility and the surrounding environment as part of Ethiopia's Productive Safety Net Program. Volunteer cascade groups and Care Groups are reaching 30,000 young mothers with vital health and nutrition education. Over 8,400 mothers participate in village savings and loan groups—precursors to microfinance. Ninety-one percent of beneficiaries increased agriculture production, which is also responsible for an 88 percent increase in diet diversity and improved nutrition scores. Seventy-five percent have improved drinking water systems.

Through the development of farmer cooperatives, farmers now produce not only for local needs, but for markets outside their communities. As a result 89 percent increased their incomes.

The Evolution of McGovern-Dole Food for Education.

When first started, McGovern-Dole was seen as a way to deliver school meals and take-home food packages to encourage more poor families to send both their boy and girl children to school. Household chores and the need for additional wage-earners were seen as key barriers to education. When developing needs assessments and program plans, it quickly became apparent that it was necessary to address other barriers to education, as well. Many schools were in disrepair and the curriculum and teaching methods were not very effective, which made parents question the value of an education. Thus, PVOs encouraged and were pleased by USDA's decision to address both the nutritional and educational value of the program. Because of PVOs' ability to tailor each program to address local needs and conditions and organize parent-teacher associations, community-support organizations, community contributions, teacher training and curriculum improvement and other program enhancements, McGovern-Dole Food for Education programs have taken root and created sustainable benefits.

Food for Progress

Also administered by USDA, Food for Progress provides commodities to countries that are enacting economic reforms to support improvements in their agricultural and food systems. Through partnerships with PVOs and others, this program uniquely targets specific challenges to expansion of vibrant agricultural systems and links farmers, processors and other in the food value chain in order to promote economic growth and food security.

It also provides good examples of when and where monetization is a tool in the field of development especially for spurring stability and economic activity in net food-importing countries that, due to financial and market constraints, are not able to procure sufficient amounts of food on the world market. The primary purpose, therefore, is to meet commodity shortfalls in developing countries; however, through innovative programming, it can have additional economic benefits. For example, the current USDA Food for Progress program in Jordan is helping a U.S. ally that is hosting thousands of Syrian refugees meet its wheat shortfall, which the proceeds from the sale of the wheat can support continued growth in their agricultural economy—a double benefit from one contribution.

We wish to acknowledge and thank this Committee's leadership in reauthorizing international food aid programs in the 2014 Farm Bill: preserving this unique and important U.S. global food security program and making it even more efficient and effective. We appreciate this opportunity to submit testimony and would welcome the opportunity to answer questions or provide additional information.

The CHAIRMAN. Thank you.

Mr. Didion.

STATEMENT OF JOHN DIDION, CHIEF EXECUTIVE OFFICER, DIDION MILLING, JOHNSON CREEK, WI

Mr. DIDION. Thank you, Chairman Conaway, Ranking Member Peterson, and Members of the Committee for inviting me to testify today. I am John Didion. I am the CEO of Didion Milling in Cambria, Wisconsin. I am providing an abbreviated testimony and asking that a full written testimony be included in the record.

The CHAIRMAN. Without objection.

Mr. DIDION. My brother, Dow, and I founded Didion Milling back in 1971. We are a small family-owned business, employing about 250 people in a rural town in Wisconsin. Didion Milling is one of the world's largest producers of famine relief products for Title II Public Law 83–480 Food for Peace programs, the McGovern-Dole school programs run by USDA and USAID.

Daily, we receive hundreds of loads of locally produced grain for milling into our specially designed facility for domestic and food aid products. When operating at capacity, we can produce over 800 mil-

lion complete meals, products like corn-soy blend. CSB is a quality, nutrient-dense product packaged in USAID bags labeled "From the American people" with the symbol of the American flag.

At Didion, we recognize our position in the food aid supply chain as a quality, low-cost producer and resource to the industry for USDA and USAID. Over the past couple of years, we have worked closely with USDA and USAID to develop a new product, Super Cereal Plus. Super Cereal Plus was initially used by the World Food Programme, packaged in a retail-sized bag intended for children of 6 months to 12 months of age. Super Cereal Plus is effective at reducing and reversing moderate acute malnutrition in children.

The product launch of Super Cereal Plus has had its challenges. Super Cereal Plus was initially purchased with a lot of enthusiasm by USDA in 2014. The product has not been solicited for purchase since January of 2015. Our specially designed production line, costing millions of dollars, has sat idle for months.

Our history with food aid, Food for Peace, McGovern-Dole school feeding programs is long standing. Our commitment is unwavering.

Recent changes have us concerned about the future for the Food for Peace program. In 2004, USDA purchased over 200,000 metric tons of CSB while in 2014 there has been less than 60,000 tons purchased. Didion has adapted to the change and continues to participate in the program while others have opted out. We are most concerned about these changes on behalf of the needy recipients. Every night, over 800 million people go to bed hungry, and according to the World Food Programme, the trend has worsened over the last decade. In my opinion, the trend of declining food purchases and the increasing number of hungry people in the world is connected and it must be reversed. We can do better.

Allocations for food aid have declined and there is now talk of converting more dollars to a greater proportion of the program to cash. It is my opinion that more cash, less food aid provided will jeopardize the Food for Peace program and put more needy lives at risk.

On the surface it may seem more efficient to send cash rather than provide in-kind food. However, there are many considerations in in-kind food that make it superior to cash. In some instances, cash may actually cost the needy more than in-kind food. Cash is more susceptible to corruption. Products purchased with cash are not necessarily designed for at-risk populations. Cash will not have the same support from Americans, certainly not from the U.S. Corn Belt. Cash is impersonal and will not carry the same message to recipients as our bags do.

Food for Peace and the McGovern-Dole school feeding programs have operated successfully for many decades as in-kind food deliveries. In-kind food aid puts our best foot forward as a country while creating and supporting American jobs in food production, rail transportation, stevedoring, maritime administration, and support of rural America.

Over the 20+ years that Didion has participated in this program, we have reached out and provided more than a billion people in 35 different countries with a nutritious meal. I believe Food for Peace is a food program that works and a program that should be expanded with in-kind food aid.

Thank you very much.
[The prepared statement of Mr. Didion follows:]

PREPARED STATEMENT OF JOHN DIDION, CHIEF EXECUTIVE OFFICER, DIDION MILLING, JOHNSON CREEK, WI

Thank you, Chairman Conaway, Ranking Member Peterson, and Members of the Committee, for inviting me to testify at today's hearing. I am John Didion, CEO of Didion Milling in Cambria, Wisconsin. My brother, Dow, and I founded Didion Milling in 1971 and have worked closely with farmers and our customers, milling, processing and marketing grain products. Since then, we have expanded our operation several times; however, we are still a family-owned, small business employing approximately 250 people.

At Didion, our vision is to develop great people and make quality products from grain. We develop and empower employees; driving decision making to the front lines to move our business forward. We have recently grown our food and industrial milling business by over 300% with this model. This growth would not be possible without dedicated employees committed to our vision. I live our mission and it is a key reason why we have chosen to participate in the Title II Food for Peace program (Food for Peace) to help provide quality food products for the development of people around the world.

Over the last 20 years, we have been producing famine relief products. Our products include Corn-Soy Blend (CSB), Corn-Soy Blend Plus (CSB+), Cornmeal, Soy Fortified Corn Meal, Corn Soy Whey Blend, Fortified Vegetable Oil, and most recently, Super Cereal Plus for Food for Peace and McGovern-Dole school feeding programs. We are one of the world's largest producers of fortified blended foods for the U.S. Department of Agriculture (USDA) and U.S. Agency for International Development (USAID).

We are incredibly proud of our role in transforming the corn and soybeans purchased from our local farmers into complete nutritious food products which are sent to hungry school children and others around the world. Every day we receive hundreds of loads of quality grain from local farmers for milling into specially designed food aid products, such as CSB+ and Super Cereal Plus. Both are high quality, nutrient-dense products packaged in USAID bags labeled "From the American People" with a symbol of the U.S. flag.

About 90% of the grain we purchase is grown within a 100 mile radius of our facilities; both farmers and employees take pride in helping to meet the humanitarian needs across the world with U.S. grown crops, and particularly with Wisconsin grown crops. When operating at capacity, Didion Milling can produce over eight million complete meals per day, shipped from our plant in rail cars and transported to various U.S. ports for distribution all around the world.

Last week when Pope Francis addressed Congress, he said, "The fight against poverty and hunger must be fought constantly and on many fronts, especially in its causes. I know that many Americans today, as in the past, are working to deal with this problem." Food for Peace is a very important part of the fight against hunger. It is a program the American people, farmers and businesses have taken pride in over the past 60 years, as it benefits so many who are in need around the world.

At Didion we recognize our position in the food aid supply chain as a quality and low cost supplier as well as an industry resource for the USDA and USAID to help commercialize new products and implement suggested changes of the Food Aid Quality Review. We welcome those opportunities to have a lasting impact in the world by helping to deliver the best product with the best nutrition at the best value. We have a close working relationship with the USDA for the procurement of our products and with USAID for the formulation of existing and new products. We were the first U.S. supplier of CSB+ through our partnership with USDA and USAID. In coordination with USAID and Tufts University, we helped develop and produce Corn Soy Whey Blend. This product is currently being field-tested for acceptance and performance.

Within the past year, we worked with USAID and USDA to commercialize and scale up our newest product, Super Cereal Plus. Super Cereal Plus was specially designed by the World Food Programme (WFP). The product is packaged in retail sized packaging to promote the dignity of recipients. Nutritionally, it is high in fat and protein, containing both animal and vegetable proteins. It is fortified with vitamins and minerals such as vitamin a, iron, iodine and zinc along with many others. This vitamin and mineral profile will promote cognitive development and growth, strengthen the immune system and reduce the occurrence of blindness. The intended recipients are kids 6 months to 24 months as well as pregnant and lactating

women. WFP has been purchasing this product internationally for years; however, it had not been produced in the U.S. until late last year. As the food aid basket evolves, we remain committed to working closely with USAID and USDA to produce high quality, safe and nutritious products, like Super Cereal Plus, that will meet the needs of many around the globe.

However, this product evolution is not without its challenges. Super Cereal Plus was initially purchased with a lot of enthusiasm by USDA and USAID. A few short months later, there are questions about the future of the product being produced in the U.S. USAID country directors, private voluntary organizations and program managers seem uninformed about the product and its availability. For example, the majority of food basket items have a robust document on the USAID website with the intended use, suggested serving size and expected outcome for program managers. Unfortunately, this document is absent for Super Cereal Plus. Because of this, the product stayed in the warehouse at port for months without any movement, preventing any additional procurement of the product. The product has not been solicited for purchase since January 2015. Now our specially designed production line has sat idle for over 5 months. Lengthy production interruptions strain our ability to be a low cost producer. More importantly over 18 million meals were delayed for about 6 months.

Our goal is to produce the most cost efficient quality product to reach as many recipients as possible. Recently, we added an ethanol plant to our mill to support this cost efficiency effort. Our proprietary process selects the best parts of the kernel of corn for food products and sends the balance of the kernel to our biofuels plant to produce ethanol. This unique system helps to deliver the highest value for all parts of the kernel of corn and optimize our natural resources. This benefits our customers and reduces our carbon footprint.

Our history with the USDA and USAID is long standing and our commitment has been unwavering. Recent changes have us concerned about the future of Food for Peace. In 2004, the USDA purchased over 200,000 MT of CSB, while in fiscal 2014 there was less than 60,000 MT of CSB/CSB+ purchased. We have successfully adapted to this change and continue to participate in the program while others have opted out. We are most concerned about these changes on behalf of the needy recipients. Every night over 800 million people go to bed hungry and according to the WFP, the trend has worsened over the last decade. The progress made in the 1980s, 1990s and early 2000s through the strength of Food for Peace has been slowed. I believe in our products as well as the rest of the U.S. products in the food aid basket. I know fortified blended foods are safe, high quality, nutrient dense and cost effective products that improve the lives of recipients. Processed and bagged products promote the generosity of the American people by being labeled "From the American People" with the symbol of the U.S. Flag.

Now the discussion has turned to converting a greater portion of the program to cash. I believe a movement to more cash will jeopardize Food for Peace and put more lives at risk. On the surface, it may seem more efficient to send cash rather than provide in kind food; however, there are many considerations which make in kind food superior to cash:

- Cash may actually cost *more* than in-kind food. According to a study conducted by the WFP in Niger, cash support costs four times as much as an in kind food aid delivery of a specially designed product like CSB+ or Super Cereal Plus.
- Cash does not always reach the intended recipients. Corruption is a concern and a recent GAO report concluded controls need improvement.
- The products purchased with cash are not necessarily designed for the at-risk populations and could leave children with unmet nutritional needs.
- Cash would not have the same support from the U.S. Farm Belt.
- Cash is impersonal and will not carry the same message to recipients as bags labeled "From the American People" with the symbol of the U.S. Flag.

Food for Peace has operated successfully for many decades with in kind food deliveries, now supplemented by the McGovern-Dole school feeding program. In kind food aid puts our best foot forward as a country while creating and supporting American jobs in food production, rail transportation, stevedoring, and maritime; it also supports American agriculture. Over the 20+ years Didion has participated in these programs, our products have reached and helped serve a complete nutritious meal to over a *BILLION* people in over 35 different countries. We use the phrase "The Didion Difference" to explain our great people, quality products and exceptional service. We are proud "The Didion Difference" has had a positive impact on lives of the needy around the world. We ask all parties to work together to find and implement cost and time savings so we can reach more needy recipients. We believe

Food for Peace is a food program that works and a program that should be continued with in kind food aid.

Thank you very much. I am happy to answer any questions you may have.

The CHAIRMAN. Thank you.

Mr. Peanick, 5 minutes.

STATEMENT OF JEFFREY L. PEANICK, CHIEF EXECUTIVE OFFICER, BREEDLOVE FOODS, INC., LUBBOCK, TX

Mr. PEANICK. Good morning, Chairman Conaway, Ranking Member Peterson, and Members of the House Agriculture Committee. I would like also to recognize retiring Vice Chairman Neugebauer and thank him for his service to our 19th Texas District and to our country.

Thank you for inviting me here to testify about the role Breedlove Foods plays in providing global humanitarian aid. We are a nonprofit food processor, and since our founding in Lubbock in 1994, we have provided humanitarian relief to some 65 countries and produced over 1.5 billion servings of nutritious food for the hungry.

My name is Jeff Peanick, and since this past April, I have been entrusted to carry on this good work as the CEO of Breedlove Foods. Although I am new to Breedlove, since 1978 I have been engaged in international trade with Asia, Europe and Latin America, and have served as a senior executive in North America and overseas in Europe and in the Middle East.

As a young man, I was privileged to grow up on a farm in the beautiful Missouri Ozarks, and although my career has taken me far from those beloved Ozark hills, I still consider myself first and foremost a farmer, and no doubt some of you feel the same way about your agricultural roots.

Since first partnering with Food for Peace in 2001, grants to Breedlove from USAID have funded over 22,500 metric tons of nutritionally fortified food to feed the hungry in 65 countries. To put this effort in perspective, however, I would cite some recent statistics on world hunger from the World Food Programme.

Poor nutrition causes nearly ½ of deaths in children under age 5. That is 3.1 million children each and every year. One in four of the world's children are stunted physically or mentally.

Breedlove is a small food processor with just 54 employees, and when confronted with the enormity of the world hunger problem, I am reminded that Jesus' disciples faced a similar dilemma. In reference to feeding the 5,000 with five barley loaves and two fishes, the disciples asked, "What are these among so many?"

Solving world hunger requires taking a first step. This past August, Breedlove was privileged to host 40 4–H students from Nicaragua. Some of these students were beneficiaries of Breedlove's feeding programs from 2002 to 2010 with Fabretto, our PVO partner. Food insecurity in Nicaragua is a serious problem with 22 percent of the children unable to reach their expected height due to malnutrition and stunting. In response, Fabretto implemented a school lunch program that provides students with a nourishing meal every weekday. Fabretto also prepares future community leaders by teaching primary and secondary students about sustainable agriculture through hands-on models such as 4–H clubs. Some

might ask, what are 40 children among so many. To them, I would recount this story. Once upon a time there was an old man who used to go to the ocean to do his writing. Early one morning he was walking along the shore after a big storm had passed and found the beach littered with starfish. Off in the distance he saw a young boy occasionally stooping down and picking something up and throwing it into the ocean. As he approached him, he said, "Young man, what is it you are doing?" The young paused, looked up and replied, "Throwing starfish into the ocean." When the sun gets high, they will die unless I throw them back into the water." The old man replied, "But there must be tens of thousands of starfish on this beach. I'm afraid you won't really be able to make a difference." The boy bent down, picked up yet another starfish and threw it as far as he could into the water and he turned and smiled and said, "It made a difference to that one."

The Food for Peace initiative can and does make a difference. The Fabretto feeding program certainly made a difference to those children from Nicaragua.

Some of those in America helped today in turn might revile us in the future and the values we stand for. For those who begin to ask this question, I would invoke Mother Teresa's memory with a quote from her *Anyway* poem. "If you're kind, people may accuse you of selfish ulterior motives. Be kind anyway. The good you do today, people will often forget tomorrow. Do good anyway. You see, in the final analysis, it is between you and God. It has never been you and them anyway."

So yes, there may be those that seek to return evil for the food that America does such as Food for Peace. Nevertheless, we should stay the course anyway. We must remain true to American virtues and continue to share the blessings that God has bestowed on our great nation, for in the children we feed today lies the future of many developing nations, future friends of America, and future friends of our children.

In closing, I wish to thank the Committee for allowing Breedlove to continue our mission where we have clearly seen the faces of children we have saved and can proudly say that we made a difference to the Fabretto children of Nicaragua. May God continue to bless this good work and may He continue to bless America.

Thank you.

[The prepared statement of Mr. Peanick follows:]

PREPARED STATEMENT OF JEFFREY L. PEANICK, CHIEF EXECUTIVE OFFICER, BREEDLOVE FOODS, INC., LUBBOCK, TX

Good morning, Chairman Conaway, Ranking Member Peterson, and Members of the House Agriculture Committee. I would also like to recognize the Vice Chairman, Congressman Neugebauer who also happens to be my Congressman. We we're all sad to hear of your intent to retire, and I want to thank you for your service to our 19th district in Texas and to our country.

Thank you all for inviting me here today to testify about the role that Breedlove Foods plays in providing global humanitarian aid. Founded in 1994, Breedlove is a nonprofit humanitarian food aid processor dedicated to hunger relief throughout the world.

My name is Jeff Peanick and since this past April, I have been entrusted to carry on the good work as the CEO of Breedlove Foods. Although I am new to Breedlove, since 1978 I have been engaged in international trade with Asia, Europe and Latin America, and have served as a senior executive in North America and overseas in Europe and in the Middle East. As a young man, I was privileged to grow up on

a farm in the Missouri Ozarks and was an active 4–H member. Although my career in international business took me far from those Ozark hills, my agricultural roots remain with me.

Breedlove Foods Background

Breedlove Foods, Inc. is a 501(c)(3) nonprofit humanitarian food aid organization located in Lubbock, Texas. Since it's beginning in 1994, Breedlove has focused it's efforts as a nonprofit organization on providing nutritious food aid items to planned feeding programs, improved nutrition programs, emergency preparedness, and emergency relief operations. This is accomplished by working with various Private Volunteer Organizations (PVO's) throughout the world to determine specific program needs and distribute humanitarian food aid. Breedlove works with both private and government funding sources in order to develop food aid items that deliver sound nutrition, to the most people, at the lowest cost to our partners.

Since Breedlove began operations in 1994, approximately 1.5 Billion servings of shelf-stable, prepackaged food aid has been shipped to approximately 80 partnering PVO's, in more than 65 countries. It is safe to say this would not have happened without the vision of the House Agriculture Committee in promoting the International Food Relief Partnership Act, nor without the good work of USAID.

Employing more than 50 people, we operate 5–7 days per week with up to three shifts each day. Production capacity includes a drying line (110,000 pounds of raw product per day), four dry blending and packaging lines (192,000 pounds of finished product per day), a paste-pouch packaging line (20,000 pounds of finished product per day), over 30,000′2 of warehouse space, and four shipping bays to accommodate multiple types of transportation.

Breedlove combines expertise in food technology, manufacturing, logistics, and program implementation to provide the most appropriate food aid to partner organizations. Since it's beginning, Breedlove has focused on research and development of nutritious food aid products specifically for use in various types of humanitarian programs. Simple packaging helps to keep costs low for our partners; however, labeling can be customized to best suit the needs of the partner and the end user. Preparation requirements vary from ready-to-eat convenience pouches to minimal boil and serve soup blends; and Breedlove food aid items are packaged in such a way that makes shipping and handling very convenient for both the distribution personnel and the end recipient.

Breedlove food aid items have a long shelf-life, a highly dense number of servings requiring minimal storage space, and require only routine non-perishable food storage management. Products include various types of Vegetable Blends, Lentil Vegetable Blends, Rice Blends, other legume and pulse blends, nutritionally fortified Dry Drink Blends, and nutritionally fortified Ready-to-Eat pastes in convenience pouches. Breedlove looks to both staple commodities (soybeans/soybean products, rice, lentils, beans, peas, peanuts, dried vegetables—potatoes, carrots, onion, *etc.*) and innovatively processed and fortified products to develop nutritionally impactful food aid products.

Throughout the years, Breedlove has developed a variety of products, taking into consideration cultural preferences, program needs, nutritional needs, as well as other factors affecting logistics and costs, all to provide the right food aid to those in need of assistance.

Breedlove Foods' Partnership with Food For Peace

In 2001, Breedlove Foods began its partnership with the U.S. Agency for International Development (USAID) to provide hunger relief through the Office of Food For Peace programs. Breedlove implemented a unique approach by offering nutritious blended foods. The strategy was to provide staple commodities, like rice, lentils, potatoes along with soy-based fortified textured vegetable protein and other nutritious vegetables like carrots and onions. These blends were formulated to provide nutrition first, but also to be adaptable to cultural preferences. Breedlove's food has been called "nutrition with dignity."

Under our USAID/Food For Peace programs alone, Breedlove has partnered with 49 other U.S. Nonprofit organizations—many of them community and faith based—in 48 countries, providing 22,500 MTs, over 1.1 billion servings of Breedlove food aid to those in need. This has leveraged another 10,060,000 servings of nutritionally fortified peanut paste delivered through other non-Federal forms of assistance.

Our partnership with Food For Peace enables Breedlove and PVOs to collaborate in a wide range of program activities, including small scale emergency and relief

activities, institutional and hospital feeding, feeding children in schools, food for orphans, safety net assistance for needy communities, the elderly, supplemental food in for those dealing with severe illnesses, and many others.

Our innovative and expeditious programs with Food For Peace have increased our ability to serve the needy and destitute. The objectives of these programs have grown—adding new types of fortified products, engaging the private sector, rapid response to natural disasters and civil strife, and increasing outreach to small organizations typically new to collaborating with USAID. Our programs have served as a catalyst for introducing new products, and a model for conceptualizing pre-positioning of aid commodities for emergencies. Both processors and distribution partners bring additional resources in the form of other matching funding or in-kind asset use, personnel, administration, services, and development activities to projects. Distribution partners educate, shelter, tend to the sick, give technical/vocational training, teach life skills, and perform many more program activities that contribute beyond simply feeding, thus reducing the factors that lead to poverty and food insecurity.

U.S. international food aid programs facilitate partnerships: between Food For Peace and nonprofit processors like Breedlove, between our nation's great agricultural producers and the word's most vulnerable and food insecure. U.S. international food aid programs have allowed Breedlove Foods and The Office of Food For Peace to engage more small organizations in nimble program partnerships, increasing outreach to those in need—children, mothers, families, the elderly, and the ill.

The Importance of U.S. International Food Aid

Breedlove Foods is a small food processor with just 54 employees. When confronted with the enormity of the world hunger problem, we realize the importance of our partnerships through U.S. international food aid.

According to statistics on World Hunger from the World Food Programme:

- *Some 795 million people in the world do not have enough food to lead healthy, active lives.*
- *Poor nutrition causes nearly ½ (45%) of deaths in children under 5, 3.1 million children each year.*
- *One out of six children—roughly 100 million—in developing countries is underweight.*
- *One in four of the world's children are stunted. In developing countries the proportion can rise to one in three.*

Solving the world hunger problem requires a first step. In August, Breedlove was privileged to host 4–H students from Nicaragua following their tour of Washington, D.C. Some of these 40 students were beneficiaries of Breedlove's feeding programs from 2002 to 2010 with Fabretto Children's Foundation, a partner with Breedlove through food aid programs with Food For Peace (photos attached). The ramifications of food insecurity in Nicaragua are serious, with 23% of children unable to reach their expected height due to stunting. In response to high rates of undernourishment in Nicaragua, Fabretto Children's Foundations implements a school lunch program that provides students with a nourishing meal every weekday. Fabretto also prepares future community leaders by teaching primary and secondary students about sustainable agriculture through hands-on models such as 4–H clubs.

As we all visited that afternoon at Breedlove in Lubbock, Texas, the signs of hunger without intervention could be seen clearly. Two boys approached us to express their gratitude for hosting them that day, but also for much more. One boy stood as tall as a normal growing teenage boy—the other, a small-framed boy that appeared to be 8 or 9 years old. Both boys had been recipients of the food aid programs. The smaller boy did not receive nutritional intervention soon enough to avoid stunting—he actually is a teenager, close to the same age as the other boy. The Fabretto feeding program certainly made a difference to those 40 children!

Closing

What difference does U.S. international food aid make? Does a soybean farmer in Illinois or a rice grower in Arkansas or a lentil farmer in Minnesota touch the lives of at risk children in Nicaragua or wasting mothers in Africa?

Yes. U.S. international food aid through Food For Peace can and does make a difference.

There may be those that seek to marginalize the good that America does. But among the children we feed today lies the future of all developing nations, and the future friends of America and our children.

In closing, I wish to thank our leaders for allowing Breedlove to continue our mission. For we see the faces of children we have saved and can proudly proclaim that we made a difference.

Breedlove looks forward to continuing its partnership with Food For Peace in international food aid programs.

Chairman Conaway, Committee Members, we appreciate the opportunity to share Breedlove's story and to express our support of international food aid.

Thank you.

ATTACHMENT

Breedlove Partners in Food For Peace Programs (49)

A Call to Serve	Hope Education Foundation
Amigos International	International Crisis Aid
Batey Relief Alliance	International Medical Corps
Bless the Children	International Partnerships for Human Development
Catholic Relief Services	International Relief Teams
Center for International Health	Joint Aid Management
ChildLife International	Legacy World Missions
Children's Hunger Fund	Medical Missionaries
Church of Bible Understanding	Nascent Solutions
CitiHope International	NOAH
Convoy of Hope	OICI
Copro Deli	Outreach Aid to the Americas
Counterpart International	Planet Aid
Cross International	Project Concern International
Evangelistic International Ministries	Project Hope
Fabretto's Children Foundation	Resource & Policy Exchange
Family Outreach	Salesian Missions International
Feed the Children	Salvation Army WSO
Food for the Hungry	Samaritan's Purse International
Food for the Poor	SERV Ministries International
Global Hope Network	Share Circle
Global Transitions	United Methodist Committee on Relief
Haiti Vision	Uplift International
Healing Hands International	World Help

Breedlove Food Aid by Country thru Food For Peace Programs (48)

Angola	Kyrgyzstan
Armenia	Laos
Belize	Lesotho
Bolivia	Liberia
Burundi	Malawi
Cambodia	Mexico
Central African Republic	Moldova
Central Asia (Region)	Namibia
Congo	Nicaragua
Dominican Republic	Niger
Ecuador	Peru
El Salvador	Philippines
Ethiopia	Romania
Georgia	Senegal
Ghana	Serbia
Guatemala	South Africa
Guinea	Swaziland
Haiti	Tajikistan
Honduras	Tanzania
India	Uganda
Indonesia	Uzbekistan
Kazakhstan	Zambia
Kenya	Zimbabwe
Kosovo	



Photo credit to Breedlove Foods, Inc., August 2015. Fabretto Children's Foundation and 4–H kids from Nicaragua visit Breedlove Foods in Lubbock, Texas. Pictured, left to right top row, Kevin Marinacci, 4–H student, Hope Floeck; left to right bottom row, 4–H girl student, a stunted teenage 4–H student, Elbia Galo.



Photo credit to Breedlove Foods, Inc., August 2015. Fabretto Children's Foundation and 4–H kids from Nicaragua visit Breedlove Foods in Lubbock, Texas.

Breedlove

Harvest Lentil Pro

Code 404

General Description

Lentil and Vegetable Blend is made of lentils, rice, textured vegetable protein, and dehydrated potatoes, onions and carrots. This product does not contain animal or animal byproducts.

Color

Shall possess a color representative of the ingredients in the mix.

Flavor and Aroma

Shall have appropriate characteristic flavors and aroma. There shall be no foreign flavors and aromas such as, but not limited to, burnt, scorched, stale, rancid, musty or moldy.

Ingredients

Lentil, Rice, Fortified textured vegetable protein (soy flour, caramel color, zinc oxide, ferrous sulfate, niacinamide, calcium pantothenate, pyridoxine hydrochloride, riboflavin, thiamine mononitrate, vitamin A palmitate, vitamin B12), Potato, Onion, Carrot, Salt

Allergens

Soy

1818 North MLK Blvd.
Lubbock, TX 79403 USA
806.741.0404

Created 3/21/2014 2:00:50

Defects

It must be free of defects that affect the edibility of the product.

Foreign Material

All ingredients and final product must be clean, in sanitary condition for consumption and free from any evidence of infestation of rodents and insects.

Microbiology

After following preparation instructions:

Total Plate Count:	***1,000 cfu/g***
Total Coliforms:	***100 cfu/g max***
E. coli:	***Negativo***
Yeast and Mold:	***100 cfu/g max***

Product contains raw lentils and needs to be cooked according to instructions.

Moisture

Shall not exceed 12.5% Determined by AOAC Vacuum Oven Method at 70° C for 5 hours.

Water Activity

Shall not exceed 0.65.

Preparation Instructions

For 8 servings:
Combine 1 of dry mix with 8 cups of water. Stir and bring to boil. Cover and cook over medium heat for 35-40 minutes or until lentils are tender.

Packaging

The product is packed in a high-density polypropylene bag, securely heat-sealed at all openings.

Or

The product is packed in three layers co-extrusion film with Metallocene. The outside layer is formed by an uncoated, transparent polyester film corona treated on one side to provide superior wetting and adhesion of inks, primers and adhesives. The package is resistant to moisture, temperature and puncture offering a flavor and odor barrier that help to maintain the organoleptic qualities of the product. The use of corrugated cardboard boxes ensures a safe delivery.

Nutritional Information:

		100g	20 g
Calories	Kcal	343	68.60
Protein	g	22	4.40
Total Fat	g	0.9	0.18
Saturated Fat	g	0.1	0.02
Cholesterol	g	0.0	0.00
Carbohydrates	g	62	12.40
Fiber	g	19	3.80
Total Sugars	g	5.5	1.10
Calcium	mg	89	17.80
Iron	mg	6.4	1.28
Magnesium	mg	119	23.80
Phosphorus	mg	378	75.60
Potassium	mg	1049	209.80
Sodium	mg	≤799	159.80
Zinc	mg	6.7	1.34
Copper	mg	0.6	0.12
Manganese	mg	1.4	0.28
Selenium	mcg	7.7	1.54
Iodine	mcg	130	26.00
Vitamin C	mg	7.6	1.52
Thiamin	mg	0.6	0.12
Riboflavin	mg	0.2	0.04
Niacin	mg	4.3	0.86
Vitamin B_6	mg	0.6	0.12
Folate	mcg	296	59.20
Pantothenic Acid	mg	1.7	0.34
Vitamin K	mcg	5.8	1.16
Vitamin A	IU	1305	261.00
Vitamin B_{12}	mcg	0.7	0.14

Shelf Life

This product will maintain acceptable quality for 24 months when kept at ambient temperature of 80° F and dry conditions.

This product has been processed under sanitary conditions in accordance with good commercial practices to meet all standards for human consumption, including provisions of Federal and State Regulations of the United States and their enforcement inspection agencies.

This product has been manufactured in a Kosher and Halal certified facility.

Breedlove

VitaNut Pro IC

Code 906

Prepared for Mark Wentling

General Description

VitaNut-Pro IC Supplementary Spread is a fortified, energy-dense, ready-to-eat product. The product's composition is designed to meet the nutritional requirements of moderately malnourished infants and children.

Color

Medium dark yellow color.

Flavor and Aroma

Shall have appropriate characteristic flavors and aroma. There shall be no foreign flavors and aromas such as, but not limited to, burnt, scorched, stale, rancid, musty or moldy.

Ingredients

Soy flour, Peanut paste, Canola oil, Oat flour, maltodextrin, mono and diglycerides (emulsifier), Malted barley, vitamins and minerals (vitamin A, calcium, phosphorus, vitamin C, vitamin B3, iron, vitamin B6, vitamin B2, vitamin B1, folic acid, iodine, vitamin B12, Zinc), sucralose (artificial sweetener)

Allergens

Soy and Peanuts.

Defects

Shall be absent of lumps. It must be free of defects that affect the edibility of the product.

Foreign Material

All ingredients and final product must be clean, in sanitary condition for consumption and free from any evidence of infestation of rodents and insects.

Microbiology

Total Plate count:	<10,000 cfu/g
Total Coliforms:	<1000 cfu/g
E. coli:	Negative
Yeasts and molds:	<100 cfu/g
Salmonella:	Negative
Aflatoxins:	<20 ppb
Listeria monocytogenes:	Negative

Moisture

Shall not exceed 4%. Determined by AOCS Ab2-49 heating at 130° C for 2 hours.

Water Activity

Shall not exceed 0.45

Preparation Instructions

Product is ready-to-eat. Massage package gently prior to open to incorporate all ingredients.

Packaging

The product is packed in a multi-laminate flexible package providing an effective vapor transfer rate of 0.05g/100in2/24hrs at 100°F, 90%RH. Packaging material is durable and puncture resistant making it resistant during transportation and storage.

Nutritional Information:

		100g	50 g
Calories	Kcal	570	285.00
Protein	g	19	9.50
Total Fat	g	44	22.00
Saturated Fat	g	7.5	3.75
Cholesterol	g	0.0	0.00
Carbohydrates	g	29.9	14.95
Fiber	g	6.1	3.05
Total Sugars	g	3.0	1.50
Calcium	mg	400	200.00
Iron	mg	11.9	5.95
Magnesium	mg	127	63.50
Phosphorus	mg	350	175.00
Potassium	mg	755	377.50
Sodium	mg	10	5.00
Zinc	mg	4.2	2.10
Copper	mg	0.03	0.02
Manganese	mg	1.6	0.80
Selenium	mcg	14.2	7.10
Iodine	mcg	67	33.50
Vitamin C	mg	33	16.50
Thiamin	mg	1.0	0.50
Riboflavin	mg	1.2	0.60
Niacin	mg	14.3	7.15
Vitamin B_6	mg	1.8	0.90
Folate	mcg	327	163.50
Pantothenic Acid	mg	0.9	0.45
Vitamin K	mcg	27	13.50
Vitamin A	mcg_REA	752	376.00
Vitamin B_{12}	mcg	4.2	2.10

Shelf Life

This product will maintain acceptable quality for 36 months when kept at temperatures ≤29°C (≤ 85°F) or 18 months when kept at temperatures of 49°C (120°F).

This product has been processed under sanitary conditions in accordance with good commercial practices to meet all standards for human consumption, including provisions of Federal and State Regulations of the United States and their enforcement inspection agencies.

This product has been manufactured in a Kosher and Halal certified facility.

CEO

1818 North MLK Blvd.
Lubbock, TX 79403 USA
806.741.0404

Breedlove

Breedlove (RUSF) Dairy

Code 907

Prepared for Mark Wentling

General Description

RUSF is a fortified, lipid nutrient paste ready-to-eat product designed for supplementary feeding to treat moderate acute malnutrition, principally children 6 months to 5 years of age who are moderately malnourished and are free from severe medical complications.

Color

Medium brown color

Flavor and Aroma

Shall have appropriate characteristic flavors and aroma. There shall be no foreign flavors and aromas such as, but not limited to, burnt, scorched, stale, rancid, musty or moldy.

Ingredients

Peanut paste, Canola oil, Sugar, Nonfat dry milk, Rice Flour, whey protein concentrate , Malted barley, Cocoa powder, mono and diglycerides (emulsifier), Mono and diglycerides

Allergens

Peanut, milk proteins

Defects

Shall be absent of lumps. It must be free of defects that affect the edibility of the product.

Foreign Material

All ingredients and final product must be clean, in sanitary condition for consumption and free from any evidence of infestation of rodents and insects.

Microbiology

Enterobacteriaecae	<10 cfu/g
Total Plate count:	<10,000 cfu/g
Total Coliforms:	<10 cfu/g
Clostridium	<10 cfu/g
E. coli:	Negativo in 1g
Staph aureus	Negativo in 1g
Salmonella:	Negativo in 25g
L. monocytogenes	Negativo in 25g
Yeast	<10 cfu/g

Moisture

Shall not exceed 4%. Determined by AOCS Ab2-49 heating at 130° C for 2 hours

Water Activity

Shall not exceed 0.4

Preparation Instructions

Product is ready-to-eat. Massage package gently prior to open to incorporate all ingredients.

Packaging

The product is packed in a multi-laminate flexible package providing an effective vapor transfer rate of 0.05g/100in2/24hrs at 100°F, 90%RH. Packaging material is durable and puncture resistant making it resistant during transportation and storage.

Nutritional Information:

		100g	50 g
Calories	Kcal	500	250.00
Protein	g	13.9	6.95
Total Fat	g	32	16.00
Saturated Fat	g	5.1	2.55
Cholesterol	g	11.2	5.60
Carbohydrates	g	32.7	16.35
Fiber	g	1.9	0.95
Total Sugars	g	19	9.50
Calcium	mg	609	304.50
Iron	mg	10.9	5.45
Magnesium	mg	150	75.00
Phosphorus	mg	520	260.00
Potassium	mg	764	382.00
Sodium	mg	19.6	9.80
Zinc	mg	15	7.50
Copper	mg	1.6	0.80
Manganese	mg	0.7	0.35
Selenium	mcg	35	17.50
Iodine	mcg	150	75.00
Vitamin C	mg	100	50.00
Thiamin	mg	1.0	0.50
Riboflavin	mg	2.5	1.25
Niacin	mg	15	7.50
Vitamin B_6	mg	1.6	0.80
Folate	mcg	238	119.00
Pantothenic Acid	mg	3.3	1.65
Vitamin K	mcg	30	15.00
Vitamin A	mcg_REA	1190	595.00
Vitamin B_{12}	mcg	3.0	1.50

Shelf Life

This product will maintain acceptable quality for 24 months when kept at temperatures ≤30°C (≤ 86°F) or 18 months when kept at temperatures of 40°C (104°F) or higher.

This product has been processed under sanitary conditions in accordance with good commercial practices to meet all standards for human consumption, including provisions of Federal and State Regulations of the United States and their enforcement inspection agencies.

This product has been manufactured in a Kosher and Halal certified facility.

CEO

1818 North MLK Blvd.
Lubbock, TX 79403 USA
806.741.0404

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The CHAIRMAN. Thank you, Mr. Peanick.
Mr. Cowan, 5 minutes.

STATEMENT OF WADE COWAN, PRESIDENT, AMERICAN SOYBEAN ASSOCIATION, BROWNFIELD, TX

Mr. COWAN. Thank you, Mr. Chairman and Members of the Committee. I am Wade Cowan, a soybean farmer from Brownfield, Texas, and President of the American Soybean Association. We thank you for this opportunity to testify on the important role that U.S. farmers play in providing international food assistance, and the importance of addressing global food security in coming years.

Since the inception of the Food for Peace program in 1954, U.S. farmers have played a vital role in ensuring the availability, quality, and nutritional value of commodities that feed the world's hungry. The American Soybean Association has a long history of supporting U.S. in-kind food assistance. Soybeans and soy products have been staples in the Food for Peace Program, which has provided food for more than 57 million people in 46 countries experiencing crises.

U.S. commodities have been the backbone of the Food for Peace program's success in alleviating hunger in both emergency and development situations. USAID and USDA have established a strong framework to ensure that commodities procured from U.S. farmers and processed, easily used foods are shipped overseas to meet the needs of hungry people. This framework represents both the bounty of U.S. agriculture and the compassion of the American people. ASA strongly supports the use of U.S. commodities in emergency and development assistance, and opposes cuts in developmental food aid funding to offset shortfalls in emergency assistance.

Along with other farm organizations and the Congressional Agriculture Committees, ASA participated in a comprehensive review of the food aid program during consideration of the 2014 Farm Bill. After much debate among all interested parties, the farm bill included changes to the Food for Peace program, as well as inclusion of a new $80 million Local and Regional Procurement Program at USDA. These changes are still being implemented by both USDA and USAID, and their benefits remain under review. Accordingly, ASA believes it would be premature to reopen the farm bill and change the Food for Peace program yet again before a full assessment of the strengths and weaknesses of these recently enacted reforms has been assessed.

Mr. Chairman, I would like to comment on the important role U.S. agriculture plays in international development assistance, and on the importance of enhancing this role. As this Committee knows, agriculture is the foundation of a nation's broader economy. The more successful a country's farmers and ranchers are in providing food and fiber, the more its society can diversify into other enterprises. And the more affluent a country becomes, the better able it is to improve its diet, including by importing agricultural products from the United States. This model has worked for developed and for emerging market economies alike. Where it hasn't worked to date is in the poorest countries, particularly in sub-Saharan Africa. In some of these countries, as much as 80 percent of the population is engaged in subsistence agriculture. These are also

the countries where population growth is the highest, and where demographic pressures over the next 20 to 30 years risk outstripping economic growth and humanitarian assistance, destabilizing civil society, and increasing political unrest. ASA believes U.S. agriculture has much to contribute toward addressing this looming crisis.

The Department of Agriculture, its extension service, and our land-grant institutions are well equipped to assist small holder farmers in increasing their yields and productivity. Our farmers have practical know-how and our agribusinesses have experience in how to build local markets. These resources can and must be more directly focused on the needs of the poorest countries through international development assistance efforts.

ASA has been working for the last 15 years through the World Initiative for Soy in Human Health, or WISHH, to achieve these goals. More broadly, ASA has helped form a coalition of farm organizations, agriculture-based foundations, and development implementers to push for a more central role for USDA and our agricultural system in the U.S. international development programs.

Our coalition recently sent a letter asking your Committee, the Committee on Foreign Affairs, and your counterparts in the Senate, to codify the role of USDA through a whole-of-government approach to global food security. We want to thank you and your Committee for taking the time to review this important issue. It is vital for the Secretary of Agriculture to have a seat at the table with the Administrator of USAID in developing and implementing international development policies and programs that are focused on agriculture. We also believe that U.S. agricultural institutions and organizations that are guided by farmers can play a very important role in helping to transform agricultural systems and markets in food-insecure countries.

Mr. Chairman, we stand ready to work with your Committee and the Foreign Affairs Committee to move legislation forward that will achieve a truly whole-of-government approach to global food security. Given the urgent and growing food insecurity of poor countries abroad and the need to make the most efficient use of limited resources, we believe this is an important priority that Congress should act on in the coming months.

Thank you.

[The prepared statement of Mr. Cowan follows:]

PREPARED STATEMENT OF WADE COWAN, PRESIDENT, AMERICAN SOYBEAN ASSOCIATION, BROWNFIELD, TX

Thank you, Mr. Chairman and Members of the Committee. I am Wade Cowan, a soybean farmer from Brownfield, Texas, and President of the American Soybean Association. We thank you for this opportunity to testify on the important role that U.S. farmers play in providing international food assistance, and the importance of addressing global food security in coming years.

The Food for Peace Program

Since the inception of the Food for Peace program in 1954, U.S. farmers have played a vital role in ensuring the availability, quality and nutritional value of commodities that feed the world's hungry. The American Soybean Association has a long history of supporting U.S. in-kind food assistance. Soybeans and soy products have been staples in the Food for Peace Program, which has provided food for more than 57 million people in 46 countries experiencing crises.

U.S. commodities have been the backbone of the Food for Peace program's success in alleviating hunger in both emergency and development situations. USAID and USDA have established a strong framework to ensure that commodities procured from U.S. farmers and processed, easily-used foods are shipped overseas to meet the needs of hungry people. This framework represents both the bounty of U.S. agriculture and the compassion of the American people. ASA strongly supports the use of U.S. commodities in emergency and development assistance, and opposes cuts in developmental food aid funding to offset shortfalls in emergency assistance.

Along with other farm organizations and the Congressional Agriculture Committees, ASA participated in a comprehensive review of the food aid program during consideration of the 2014 Farm Bill. After much debate among all interested parties, the farm bill included changes to the Food for Peace program, as well as inclusion of a new Local and Regional Procurement Program at USDA. These changes are still being implemented by both USDA and USAID, and their benefits remain under review. Accordingly, ASA believes it would be premature to reopen the farm bill and change the Food for Peace program yet again before a full assessment of the strengths and weaknesses of these recently enacted reforms can be assessed.

Agriculture's Role in International Development Assistance

Mr. Chairman, I would like to comment briefly on the important role U.S. agriculture plays in international development assistance, and on the importance of enhancing this role. As this Committee knows, agriculture is the foundation of a nation's broader economy. The more successful a country's farmers and ranchers are in providing food and fiber, the more its society can diversify into other enterprises. And the more affluent a country becomes, the better able it is to improve its diet, including by importing agricultural products from the U.S. This model has worked for developed and for emerging market economies alike.

Where it hasn't worked to date is in the poorest countries, particularly in sub-Saharan Africa. In some of these countries, as much as 80 percent of the population is engaged in subsistence farming, where a family is barely able to feed itself, much less provide food for others. These are also the countries where population growth is the highest, and where demographic pressures over the next 20 to 30 years risk outstripping economic growth and humanitarian assistance, destabilizing civil society and increasing political unrest.

ASA believes U.S. agriculture has much to contribute toward addressing this looming crisis. The Department of Agriculture, its extension service, and our land grant institutions are well equipped to assist small holder farmers in increasing their yields and productivity. Our farmers have practical know-how and our agribusinesses have experience in how to build local markets. These resources can and must be more directly focused on the needs of the poorest countries through international development assistance efforts.

Efforts To Support Global Food Security in Fragile Economies

ASA has been working for the last 15 years through the World Initiative for Soy in Human Health, or WISHH, to achieve these goals. WISHH recently concluded projects in Afghanistan, Bangladesh, and Liberia, and is working in Ghana, Mozambique, Pakistan, and other countries to develop soy, food, feed and livestock value chains. More broadly, ASA has helped form a coalition of farm organizations, agriculture-based foundations, and development implementers to push for a more central role for USDA and our agricultural system in U.S. international development programs.

Our coalition recently sent a letter asking your Committee, the Committee on Foreign Affairs, and your counterparts in the Senate, to codify the role of USDA through a whole-of-government approach to global food security. It is important for the Secretary of Agriculture to have a seat at the table with the Administrator of USAID in developing and implementing international development policies and programs that are focused on agriculture. We also believe that U.S. agricultural institutions and organizations that are guided by farmers—including our own WISHH program—can play a very important and positive role in helping to transform agricultural systems and markets in food-insecure countries.

Mr. Chairman, we stand ready to work with your Committee and the Foreign Affairs Committee to move legislation forward that will achieve a truly whole-of-government approach to global food security. Given the urgent and growing food insecurity of poor countries abroad and the need to make the most efficient use of limited resources, we believe this is an important priority that Congress should act on in the coming months.

The CHAIRMAN. Thank you.

Mr. Warshaw, 5 minutes.

STATEMENT OF JAMES WILLIAM WARSHAW, CHAIRMAN, FOOD AID SUBCOMMITTEE, USA RICE; CHIEF EXECUTIVE OFFICER, FARMERS RICE MILLING COMPANY, LAKE CHARLES, LA

Mr. WARSHAW. Good morning, Chairman Conaway, Ranking Member Peterson, and Members of the Committee. I want to thank you for allowing me to testify today on behalf of the U.S. rice industry. My name is Jamie Warshaw. I am CEO of Farmers Rice Milling Company, a small milling company in Lake Charles, Louisiana, which employs about 90 people. I currently serve and testify today here for not only what I believe but also for the beliefs of the U.S. rice industry.

In addition to milling rice for both domestic and export customers, Farmers Rice Milling has provided rice to feed hungry people as part of U.S. food aid programs globally for many years. Over the past 10 years alone, our mill has provided 300,000 metric tons of rice to successful food aid programs such as USAID Food for Peace; USDA Food for Progress, and McGovern-Dole Food for Education. These programs have had measurable successes reducing hunger and malnutrition while also supporting education and democracy in vulnerable populations throughout this world.

Over the past 60 years, the United States has provided significant quantities of food assistance, credited with saving billions of lives from starvation and malnutrition and fostering goodwill amongst the recipients of the aid.

The U.S. rice industry plays a vital role in making this process work. Since 2007, over a million metric tons of rice have been delivered to hungry recipients in the form of global food assistance. To put it in perspective, that is 2.2 billion pounds of rice. Basically a serving is ¼ pound of rice, and we have reached ten billion people since 2007 through these feeding programs.

By far, rice is the most consumed commodity in the world. Fifty percent of the people depend on rice for the majority of their caloric intake every day throughout this world.

There are things happening in the rice industry that are changing and play a vital role in what we are doing, going forward, and that is fortification of rice, which provides eight critical micronutrients including iron and Vitamin A. One of the cutting-edge products that we are developing is fortified rice.

USA Rice is continuing to work with USAID and USDA, and other aid organizations to increase the successful and effective use of fortified rice in food assistance. Unfortunately, despite all the efforts of the United States and other countries, there is still a significant number of people across the world that are considered food-insecure. I appreciate efforts by USAID and various Members of Congress who are looking for ways to make food aid programs more effective, but I have serious concerns about many of the policy proposals and reforms that have been laid on the table this year.

In-kind food aid has been an essential part of the U.S. Global Food Assistance Program since its inception. When I sell rice from our mill to be used for food aid, I know it is grown in the United States, it is processed in the United States, packed in the United States and distributed in bags that feature the label, "From the

American People." This is a clear statement of the commitment the United States has to fighting global food insecurity and is a symbol that is intended to help foster international goodwill. A simple symbol is a huge benefit nonetheless.

Proposed methods of replacing in-kind aid with cash vouchers or local and regional procurement have serious and extensively documented flaws. A recent internal audit of World Food Programme initiative and USAID's Emergency Food Security Program found that aid was being distributed in conflict zones like Syria with little to no oversight, in some cases via cash in envelopes. It doesn't take a Ph.D. in international studies to know that injecting cash with little to no monitoring of how it is used into a war zone will only lead to dangerous consequences. The lack of oversight and diversion of aid was also noted in the same audit of its cash voucher process.

Another proposed reform to food aid programs is the utilization of local and regional procurement where commodities are purchased locally in food-insecure areas and distributed to needy recipients. By increasing the local demand for commodities, LRP can spike the cost of food, widen the circle of food insecurity, and turn many of those that could have afforded food prior to the intervention into recipients of food aid themselves.

Additional issues with food quality and food safety concerns have arisen with products purchased overseas. In 2014, just a year and a half ago, a farm bill was signed. These proposed reforms of food aid would expose all the programs your Committee worked so hard to sign into law. It is important to me running an agricultural business and to the rice farmers that I serve that we work to keep the farm bill intact and maintain some sense of certainty over a 5 year period in its authorization. The continued delivery of in-kind food aid will help to avoid many of these potential consequences of program reforms.

U.S. grown and processed commodities are without question the safest and highest quality products available, and what I feel is one of the most important distinctions, in-kind allows farmers to contribute something tangible to the benefit of those less fortunate across the globe. It is a program that I am proud to supply rice to, and I hope the Members of the Committee will continue to allow U.S. agriculture to play a central role in combating global hunger.

Again, thank you for this opportunity to testify before you.

[The prepared statement of Mr. Warshaw follows:]

PREPARED STATEMENT OF JAMES WILLIAM WARSHAW, CHAIRMAN, FOOD AID SUBCOMMITTEE, USA RICE; CHIEF EXECUTIVE OFFICER, FARMERS RICE MILLING COMPANY, LAKE CHARLES, LA

Introduction

Chairman Conaway, Ranking Member Peterson, and Members of the Committee, I want to thank you for holding this important hearing regarding U.S. international food aid programs. I appreciate the opportunity to offer my testimony on behalf of USA Rice.

My name is Jamie Warshaw and I am a native of Lake Charles, Louisiana, where I currently live and serve as the CEO of Farmers Rice Milling Company. I have been with Farmers Rice since 1986 and have managed the company and its nearly 90 employees as the CEO since 1996.

In addition to my paid position, I have spent nearly the last 20 years volunteering through leadership positions with USA Rice, the trade association and global advo-

cate for all sectors of the U.S. rice industry. My most important role with the organization was several years ago when I served a term as the Chairman of the USA Rice Federation, overseeing the Rice Millers' Association, USA Rice Producers Group, USA Rice Merchants and the USA Rice Council.

I currently serve as a member on several of the organization's boards and committees but most appropriately for today's hearing, I serve as the Chairman of the USA Rice Food Aid Subcommittee of the International Promotion Committee.

U.S. Rice Involvement in Food Aid

In addition to milling rice for domestic consumption and for our export customers, Farmers Rice Mill has provided rice to feed populations in need as part of U.S. international food aid programs. Over the past 10 years alone our mill has provided 300,000 metric tons of rice to successful food aid programs such as the U.S. Agency for International Development's (USAID) Food for Peace, United States Department of Agriculture's (USDA) Food for Progress and McGovern-Dole Food for Education. These programs have had measurable successes reducing hunger and malnutrition while also supporting education, democracy, and agricultural development in vulnerable populations throughout the world.

Over the past 60 years that the Food for Peace program has been in operation, the United States has provided significant quantities of food assistance, credited with saving billions of lives from starvation and malnutrition and fostering good will amongst the recipients of the aid.

Rice plays a vital role in making this process a success. Since 2007 over 1 million metric tons of rice have been delivered to hungry recipients in the form of global food assistance. As the most consumed commodity worldwide, rice is leading the way in developing new cutting-edge products that not only meet the demands of hunger but also curb persistent nutritional deficiencies.

Through the McGovern-Dole Food for Education Program, USDA conducted a series of micronutrient pilot programs. The first successful result was a school feeding intervention in Cambodia using fortified rice which provides eight critical micronutrients including iron and Vitamin A.

USA Rice is continuing to work with USAID, USDA, and other aid organizations to increase the successful and effective use of fortified rice in food assistance.

Unfortunately, despite all the efforts of the United States and other countries, there is still a significant number of people across the world that are food insecure. Therefore, I appreciate efforts by USAID and various Members of Congress who are looking for ways to make food aid programs more effective, but I have serious concerns about many of the policy proposals and reforms that have been laid on the table.

U.S. Food Aid Reform

In-kind food aid has been an essential part of our nation's global food assistance programs since their inception many years ago. The label on our commodities alone carries some heavy significance. When I sell rice from our mill to be used for food aid, I know with confidence it will be grown in the U.S. and packaged and distributed in bags that feature the label, "From the American People." This is a clear statement of the commitment the United States has to fighting global food insecurity and is a symbol that is intended to help foster international good will. While this may not be quantifiable and is often ignored by those that seek to make changes to the program, it is a benefit nonetheless that cannot be overlooked.

Proposed methods of replacing in-kind aid with cash vouchers or local and regional procurement have serious and extensively documented flaws.

A recent internal audit of World Food Programme initiatives and a Government Accountability Office (GAO) review of the Emergency Food Security Program administered by USAID exposed some of the flaws. The GAO report found that aid was being distributed in conflict zones like Syria with little to no oversight, in some cases via cash in envelopes. It doesn't take a Ph.D. in international studies to know that injecting cash with little to no monitoring of how it is used into a war zone will only lead to dangerous consequences. The lack of oversight and diversion of aid was also noted in the same audit of its cash voucher process.

Another proposed reform to food aid programs is the utilization of local and regional procurement (LRP) where commodities are purchased locally in food insecure areas and distributed to needy recipients. By increasing the local demand for commodities, LRP can spike the cost of food, widen the circle of food insecurity and turn many of those that could have afforded food prior to the intervention into recipients of aid themselves. Additionally, issues with food quality and food safety concerns have arisen with products purchased overseas since they are not subject to the same extensive food safety regulations as U.S.-produced food.

Conclusion

As an industry we've invested significant capital, time and effort in being a timely and reliable supplier of food aid for the various program currently in use. Looking forward we are developing fortified rice and rice products aimed to reduce global hunger and malnutrition, particularly in women and children. We have had great success so far but as I said, global food insecurity is a challenge we're still facing. The continued delivery of in-kind food aid is necessary to help avoid many of these potentially serious consequences of program reforms.

U.S.-grown and processed commodities are without question the safest and highest quality products available. And, what I feel is one of the most important distinctions is that in-kind food aid allows farmers to directly contribute something tangible to the benefit of those less fortunate across the globe.

I am proud to supply rice toward international food aid programs and I hope that the Members of this Committee will continue to allow U.S. agriculture to play the central role in combating global hunger.

Again, thank you for your leadership and for the opportunity to offer my testimony this morning. I look forward to working with you and your staff and will be happy to respond to any questions you might have.

The CHAIRMAN. I thank the panel of witnesses.

The chair will remind Members that they will be recognized for questioning in order of seniority for Members who were here at the start of the hearing. After that, Members will be recognized in order of arrival. I appreciate the Members' understanding. And with that, I will break with tradition and go to the Chairman of the Subcommittee of jurisdiction, Mr. Rouzer, for 5 minutes.

Mr. ROUZER. Thank you, Mr. Chairman.

Mr. Koach, my question is for you. As we continue to look at food aid programs, I can appreciate that there may be some examples when using cash or buying regionally can save money. However, in the Livestock and Foreign Agriculture Subcommittee just a few weeks ago, we heard from GAO about their March 2015 report that found over a 4 year period, the World Food Programme implemented more than 80 percent of cash-based food aid programs under "an abbreviated review process," which basically means they do not go through the more rigorous review required of U.S. nonprofit organizations.

Now, that leaves me with concerns on whether we can guarantee that cash-based assistance is being effectively delivered to recipients, and given those concerns, can you share with me what kinds of challenges that you all have faced delivering cash and emergency aid response?

Mr. KOACH. Thank you, Mr. Rouzer.

Food for the Hungry doesn't implement any cash or voucher programs. The programs that we are implementing currently are the development Title II programs under Food for Peace that I spoke at some length about. But nevertheless, your concerns are well cited. That GAO report does cite many concerns merely seeing the spike in the Emergency Food Security Program. The account that funds those has seen a 440 percent spike between Fiscal Years 2010 and 2014 from $76 million to over $409 million, and so there is a lot of money going out through that program, and GAO's findings are sound and should be taken into advice that there needs to be a closer examination on how they are monitored, if there is indeed an open and thorough bidding process that goes with them that we do currently experience under traditional Title II provisions.

Mr. ROUZER. Talk to me a little bit of how in-kind food aid has helped you achieve your goals.

Mr. KOACH. Sure. I like to say it is more than food, just as our name, Food for the Hungry. It is more than food, and that is sometimes where people get stuck. The Food for Peace Program, by statute is required that 75 percent of the commodities are to be used for developmental purposes. As I was citing, the inverse has become the case as we have had more emergencies come up around the globe and those developmental programs have unfortunately been whittled away. But we know that to use these resources in a smart way, we need to help build local capacity, and you have to work in a multi-sectoral fashion. So there is the food aid that is brought that are being used during the hungry months, during the often dry months where chronic hunger and severe malnutrition is a very pressing, urgent issue, but then the program support that comes with the programs, called the section 202(e) support, that is the money that is used for the programming to develop the maternal and child health care groups.

If you go to *caregroupsinfo.org,* you will see at great length where this has been developed with tremendous science where community leaders are designated and identified to cascade very key health messages for lactating mothers and particularly for children under 2 and then under 5 and beyond. It includes restoring household assets so we have—often there are food for work programs, so we are doing that in the northern region of Amhara. Senator Stabenow recently visited with a group of Senators this summer to see that region where over 90 percent of Ethiopia has unfortunately experienced deforestation, and that is leading to tremendous erosion of topsoil. So while we are doing the immediate relief kind of work, we are doing reforestation to preserve topsoil so water tables are recharged and can bring recharged wells into those local communities.

As we teach ag development inputs, we are seeing increased diet diversity scores. They are becoming healthier, and what is happening now, they are developing a surplus and now will be able to link those surplus of agricultural goods to local markets. We have savings groups. These folks can even access microcredit in small towns. They have literally village savings and loans groups.

So, I would like to say our brand is important on the bag but the real branding of these programs is in these leaders. These programs are often designed by local communities, local faith leaders, local government leaders, local NGOs that we are helping raise and build up the capacity.

The CHAIRMAN. The gentleman's time has expired.

Mr. Peterson, for 5 minutes.

Mr. PETERSON. Thank you, Mr. Chairman.

Ms. Dills, in your testimony you note that the GAO has concluded that monetization is an inefficient practice, but you also describe CRS monetization projects in Burkina Faso, Philippines, Tanzania and Nicaragua as a great success. Is it fair to say that the CRS regards monetization as a useful but imperfect tool to address humanitarian needs around the world, or what is your take on that?

Ms. DILLS. Thank you, Congressman Peterson.

I actually had to monetize in Madagascar while I lived there for 3½ years, and I found it to be very extremely risky due to fluctuations in commodity markets, currencies, cargo preference requirements and getting the commodities to the country on time so that they could be monetized, as well as the political situation in the country. So from our perspective, we have had huge risk monetizing commodities in countries around the world. We barely made cost recovery efforts of 70 percent, and in some cases fell very short.

Catholic Relief Services believes in serving the people that are greatest in need. If the only way we can receive funds is through monetization, we certainly will do that so that we can serve those people, but it is not how we would like to program. We appreciate that the Committee raised—the farm bill allowed for more flexibility with cash so that we could program these different interventions like with John Clement that I talked about. So it is a very risky business, and we certainly will continue to do it if it is the resource available to serve the people in need.

Mr. PETERSON. Thank you.

Mr. Koach, you mentioned that local and regional procurement can integrate local ingredients in food aid if it is well planned and it can stimulate local production and processing. Can you give us some examples of where local procurement has worked well and how it stimulates local production and processing. Is it because it increases local demand and prices, and does it ever have an adverse effect on food security in those recipient countries?

Mr. KOACH. Yes. Again, just for the record, FH has not directly implemented a local and regional purchase program but we have studied this policy at length with many of our PVO colleagues. We applaud the USDA Local and Regional Purchase Program pilot, and we have seen very good indicators there. We certainly applaud the farm bill's authorization of LRP programs at $80 million and hope we will see appropriations towards those ends. And so there are good indicators that we are seeing from LRP schemes.

I think we have to be cautious as we scale local and regional purchase as we have to screen for food safety concerns sometimes regionally or locally that don't quite meet the U.S. product standards. Aflatoxins, for example, can be an issue in some regions. And moreover, we want to make sure that they will continue to scale and these programs will be readily available in future appropriations.

So we see good signs; but, as we look at local and regional purchase, we must be also cognizant—I know we are eager to save costs on how we can do food aid more effectively and efficiently—that most of local and regional purchase programming shipping costs are not in the transatlantic shipping, it is in the inland transportation shipping and handling, called ITSH. About ten percent on average, the pilot program found, was on the high seas transatlantic or transoceanic shipping. Most of it was incurred locally, and you are going to incur those either way.

And oftentimes these commodities are not available locally. Sometimes it is presumed that you can just get that locally. Well, you can't always get them locally. And when you start going to regional schemes, then you are almost working on global markets

where U.S. commodities could be relatively competitive in those types of schemes.

So we applaud it. I want to see it encouraged, but we should continue to be cautious of some of those pieces.

Mr. PETERSON. Thank you.

Thank you, Mr. Chairman.

The CHAIRMAN. The gentleman yields back.

Mr. Austin Scott, 5 minutes.

Mr. AUSTIN SCOTT of Georgia. Thank you, Mr. Chairman.

I only have one question, but before I ask that, I wanted to thank you for what you do and talk a little bit about a mission that was started by Mark Moore in Fitzgerald, Georgia. I don't know if any of you have seen this pack before but it is ready-to-use therapeutic food. It is three packs a day for 6 weeks. It takes a child from being malnourished to certainly healthy by that part of the world's standards. I would suggest that this little pack, what they have done is, they have put peanut butter paste and milk powder and vitamins in here, and that little packet has 500 calories in it. Three packs a day for 6 weeks transitions that child from somebody who is quite honestly probably going to die to somebody who can have a healthy life.

I know that we have talked about other people who are doing the same thing, but my question is, a group like MANA, we can manufacture enough in Fitzgerald, Georgia, they can manufacture enough in Fitzgerald, Georgia, for about 4,000 children per day. So it is not a matter of being able to produce what the people need with our technology and food supply in the United States, it is the logistics of getting it to the people who need it, and if you could just in general, are there barriers that we could help remove that you see? Are we doing things right with the logistics of getting the aid to the children who need it? I recognize this is one specific aspect, the severely malnourished children, but I am interested in any suggestions you have for us on how we do a better job with the logistics.

Ms. DILLS. Certainly, Congressman.

I think that we have studied, and there is information available that using U.S.-flag vessels to ship food aid is more expensive than using foreign-flag vessels, and in some cases, it costs 2.7 times more to operate these vessels that carry U.S. flags to countries. I just wanted to give you a good example in Madagascar that I experienced this past year. We should have received eight shipments to the country for four different types of commodities. Unfortunately, because Madagascar, most people know it by the movie, not where it is actually located, it is a very difficult country to get to in the Indian Ocean and so U.S. vessels actually don't arrive in Madagascar; they unload in another port of call and they have to find another vessel to deliver shipments. So instead of receiving eight shipments, we received 23 shipments over 4 months for what we called forward, and that increases huge amounts of cost at the port to clear commodities, the paperwork, storage, staffing. So this is where CRS is recommending to eliminate the requirements of the minimum tonnage that is calculated based on countries and geographic regions, and we also would like Congress to consider elimi-

nating or reducing the minimum tonnage required to ship on U.S.-flag vessels. Thank you.

Mr. AUSTIN SCOTT of Georgia. Anybody else with any comments on that? If not, that is fine.

Any specific recommendations that you have after the hearing is over, if you could get them to us in writing, I would very much appreciate that. I think that a lot of us would be certainly willing to help you resolve those issues. The goal is to help those children and those people, and if we have things that are barriers to that that are simple to remove, then we have a responsibility to do that.

Mr. DIDION. There are barriers to the development of new products. You have a good example of one. We have one in CSB or Super Cereal Plus. Those barriers are, my belief, in part the country or program directors don't even know that these products exist and that they are available for use. If there isn't a consistent ordering or consistent procurement, the cost of the product is driven much higher than it could be if we could operate consistently and efficiently.

Mr. AUSTIN SCOTT of Georgia. And any——

Mr. DIDION. And so—I am sorry.

Mr. AUSTIN SCOTT of Georgia. No, go ahead, please.

Mr. DIDION. And so to the extent that USAID could make the information more available on new products and their uses to program directors, it would be very productive.

Mr. AUSTIN SCOTT of Georgia. Mr. Chairman, my time has expired. If I could have the courtesy of one more quick comment?

General Kelly, who I have a tremendous amount of respect for, from Southern Command, made one suggestion on the products that we deliver, and that would be that the American flag be prominently displayed on it, that the respect for the American flag overseas and understanding that that is a safe product being delivered by America. He felt that that American flag on the products would help.

Thank you. I yield the remainder of my 1 minute that I ran over.

The CHAIRMAN. The gentleman's time has expired.

Mr. McGovern, for 5 minutes.

Mr. MCGOVERN. Thank you, Mr. Chairman.

Let me begin by thanking all of you for the incredible work that you do. It is lifesaving work, and it represents the best of this country, and so let me begin by saying thank you.

I am interested, ultimately, in developing a strategy to end global hunger, not just to manage it or contain it or limit it, but to actually end it, and we need to understand that to do that, we need to scale up some of these programs. I mean, we are not investing enough, the world is not investing enough to get to the point where we can actually talk seriously about how we are going to eliminate hunger. We have all these different goals but somehow the resources don't always follow those goals.

I have had the pleasure of visiting Food for Peace programs when I have traveled aboard, McGovern-Dole programs, Feed the Future programs, and I know that the demand is much greater than what we have available. There are dozens and dozens more applications for McGovern-Dole funds to set up school feeding programs in poor countries than there are resources available, and so

we need to acknowledge that. And I do think that we ought to have a hearing at some point not just in the Agriculture Committee but maybe in conjunction with the Foreign Affairs Committee and Appropriations Committee about how do we develop a long-term plan to actually end this, end hunger, and it is not just a nice thought. It is doable and it is doable in a way that is sustainable, and a lot of the things you all talked about here today, that this is not just about delivering food to somebody and saying okay, we will feed you for a week. You are also involved in projects whether they are school feeding projects or development projects to help people be able to provide for themselves, to help school feeding programs be self-sustainable, to help provide help with local economies.

We talk a lot about national security here in Washington, and that is what we are all obsessed with, but I think that our food aid programs do more to contribute to our national security than almost any other investment that we make. I know we have limited budgets and we have to prioritize but I mean, we ought to be thinking seriously about whether or not if the United States and other military powers around the world took a small percentage of what we invest in weapons and diverted it to some of the programs that you talked about whether or not we would be better off. I think we would be more secure. I think the world would be more stable. I think it would be less violent. And we would also be fulfilling our moral obligation to feed the hungry. But we need to make choices.

And I want us to think bigger than just how do we tweak the programs that you all represent, and I appreciated your talks about some of the flexibility. I believe that you ought to have the maximum amount of flexibility as possible in delivering your programs because I have also learned that one glove doesn't fit all, and in some places there is a demand for U.S. commodities and other places it makes more sense for cash. In some places it is a combination of all kinds of things. But wherever you get the biggest bang for your buck, that is what we ought to be doing, and we ought to kind of stand out of the way and make sure that you get what you need.

I also should say that we talk about increased funding. We ought to provide greater funding to Food for Peace on their emergency humanitarian side because every year there is a shortfall, and we are always in a panic when that happens, but we are facing the greatest refugee crisis in the world since World War II. I don't think anybody in this room actually believes that next year will be better. I hope I am wrong on that, but the odds are that it will be just as bad, nor that there will be fewer refugees and humanitarian crises due to conflict, war and natural disasters.

I am running out of time here but we need to kind of enlarge this discussion to figure out how do we solve the problem of hunger, how can we scale things up, and how do we provide you with the maximum amount of flexibility so that whatever you are doing, you are doing it in the best possible way.

Mr. KOACH. Thank you, Mr. McGovern. It is a real honor to even hear from you. We know of your tireless activity around global hunger issues, as Chairman of the Congressional Hunger Caucus, and so your tireless leadership is of great value and of tremendous

importance to this ongoing effort. So we thank you for your tireless activity.

I think you are spot on and that we need to have an increased comprehensive strategy to eradicate extreme poverty in our lifetime. There are good indicators in the right direction but there are also tremendous challenges and crises like you said. We are now facing 60 million displaced persons around the globe, more than any other time since World War II, and we are cognizant and sobered by that.

But I tell you, even because of that, not in spite of that, we need all the tools on the table to address this issue, and——

The CHAIRMAN. Mr. Koach, I am going to ask you to suspend, and we will come back for a second round.

Mr. Crawford, for 5 minutes.

Mr. CRAWFORD. Thank you, Mr. Chairman.

I want to direct a question to Mr. Warshaw. I come from the largest rice-growing district in the country so I am very familiar with your business model. Given that rice is a staple for nearly ½ the world's population, fortified rice, as you alluded to, seems to be a promising new commodity to address nutrient deficiencies in poor and hungry populations. Does the rice industry have the ability to provide a fortified variety of rice to food aid programs at this time?

Mr. WARSHAW. Thank you for the question.

Yes, we do, and fortified rice has been around a long time. Everything that is served or you eat in the United States is fortified or enriched with certain micronutrients that make rice more nutritious. The same is happening now in the food aid program. We are developing and putting into the marketplace a fortified product that adds specific micronutrients, vitamins, iron that will go a long way to reduce birth defects, malnutrition, other issues that are very prominent in famine areas. It is an interesting way to work because rice is a staple, and we found a way to improve that staple. We are not asking anybody to change their diet. We are formulating a product that will be better for them when they eat it. So, it is very exciting for the industry. I think it has a great opportunity in trying to help improve both starvation, malnutrition and other issues that we face in this world. Thank you.

Mr. CRAWFORD. Mr. Koach, the U.S. Government has invested millions of dollars and years of research in studying new fortified food assistance products to deliver targeted nutritional value to hungry people, as Mr. Warshaw just indicated. Does your organization use these types of products such as fortified rice or Super Cereal Plus, and what kind of efforts are being undertaken to incorporate these products into your aid delivery?

Mr. KOACH. No, we do not deliver or implement those types of products. Our current programs are development programs that are using some traditional commodities including wheat and peas and lentils and vegetable oil, are our largest ones.

Mr. CRAWFORD. Any particular reason why you are staying away from the fortified varieties?

Mr. KOACH. Yes. Those are used in very severe, acute malnutrition situations. We do have some small programs, but again, not in a major sense that are implementing those. Those are used for very quick onset and fundamentally for children to stabilize their

nutrition situations. They can be used for other populations but that is the target.

They are good products. The nutrition strategy by USAID recently published has helped boost that awareness. But they are also very expensive to process, and again, they are processed and priced efficiently and effectively but they are still expensive.

The best nutrition as we are looking to get people out of those acute, severe hunger situations and stabilize them over the course of 5, 6 years because they are going to hit those hungry months again is getting those nutrients largely to lactating mothers, elevating the virtues and importance of breastfeeding, stabilizing health, water projects and rebuilding livelihoods so that over time they can reduce their reliance on those emergency products.

Mr. CRAWFORD. Mr. Warshaw, is there a price disparity there that you see as significant between conventional varieties or traditional varieties *versus* a fortified varieties?

Mr. WARSHAW. I can't speak for any other than rice. The additional cost of rice is fairly minimum. It would be less than five percent of the value of the product. And it works. We use it here in the United States. It is mandated by law that we fortify our products here in the United States—the bread you eat, the rice you eat, the milk you drink. So it works across all sectors. So I would think it would also work even better in areas where you have malnutrition and you have people that are starving. It is giving them the basic food and it is giving them the vitamins and the micronutrients to allow them to live a healthier life.

Mr. CRAWFORD. So the cost doesn't seem to be that much of an impediment there, so I am just wondering, Ms. Dills, do you share that sentiment? Is it a cost issue? Is it an issue for the difference between children and adults or lactating mothers and adults? It seems to me like the fortified varieties seem to be a pretty good value proposition.

Ms. DILLS. Congressman, sometimes it is actually cultural preferences. Sometimes these are commodities that are unfamiliar to populations, and so it is very hard. It takes years to get them to accept different tastes, different textures. And so I fully agree with fortified foods.

There can also be challenges with local governments accepting certain types of commodities into their countries. There are actually complexities around this issue but we of course have used fortified foods in many of our country programs.

Mr. CRAWFORD. Thank you.

I yield back.

The CHAIRMAN. The gentleman's time has expired.

Mr. Aguilar, 5 minutes.

Mr. AGUILAR. Thank you, Mr. Chairman, and thank you all for your testimonies and for being here today. We have hit some important topics that need to be addressed, and I appreciate your candid views of the food-based programs as well as the cash or voucher programs and the role they play.

I am interested to know a little bit on the effectiveness, how you measure the effectiveness and sustainability of your programs. Moving forward, this group will ask tough questions of all sides, and I think that how we measure our effectiveness is important,

and if Ms. Dills and Mr. Peanick could start in how you measure the effectiveness of your programs and things that the Committee should be aware of, moving forward.

Ms. DILLS. Certainly. Thank you.

Yes, it is important not just to count numbers, people that are served, but actually look at the impacts of the people that we are serving. Through our Food for Peace programs that I am more familiar with, I have worked in six different countries for CRS on Food for Peace programs and we have found that there are very specific indicators that measure impact, and one of them is food availability. At the start of a program, we measure how many months of food that households have available and looking at that at the end of the program. In the recent program that I oversaw in Madagascar, we saw it went from 7.7 months of the year to 9.1 months. So that is a very good indication that there is more food security for those households that we reached.

Certainly, when I mentioned John Clement, we are weighing children, we are measuring their height to weight, their weight for age and tracking those indicators over a period of time to see how many children are successfully rehabilitated if they are undernourished. So there are a variety of indicators. I think technology is helping us collect this information faster, more real time. CRS is very proud of using mini iPads and actually providing beneficiary cards that have QR codes and so that you can scan—when a mother arrives for a distribution on a monthly basis, we can scan her card and we know what mothers come to for the distribution on a monthly basis and what mothers are absent that we can follow up afterwards.

It allows us to track other services because it is multi-sectoral. It is not just food. It is looking at, she needs to be participating in a care group, she needs to be going to prenatal visits, she needs to be looking at hygiene in the household. So all of these things can be tracked more easily with technology and provide real-time information to our donor. Thank you.

Mr. PEANICK. Well, Breedlove takes a slightly different approach. We ship to roughly 65 countries in our 21 year history, worked with over 50 different PVOs at the same time, so it is difficult, not impossible, given our lack of resources, to do research projects on each of those feeding programs.

What we do try to do with the grants that have been given us is to leverage as much as possible, and as I said, 1.5 billion servings of this food, which is nutritionally dense. It is packed with many of the micronutrients that the local food doesn't have. So it is a misnomer to equate hunger with malnutrition, so that one way to leverage the program is to make sure that the food that is being provided is nutritionally fortified.

Mr. AGUILAR. Mr. Koach?

Mr. KOACH. Yes. Thank you.

As far as oversight and evaluation of our programs, USAID and USDA require a results framework showing linkages between our program objectives, activities, indicators that do measure outputs and outcomes. They both require us to indicate certain indicators such as reduced stunting in children, increased incomes or production so they can track progress across programs and across sectors.

Private volunteer organizations also share lessons learned in a formal manner through technical working groups like the Core Group or TOPS that are meeting regularly. So now both USDA and USAID require an independent contractor to collect our baseline data before our programs get going, conduct a midterm evaluation, see if there are any efficiencies or corrections that need to be made, and then the final evaluations.

So we hope that adequate funding will be available so we can use topnotch researchers and evaluators from land-grant and other universities who can also provide feedback about which particular types of activities work best.

Mr. AGUILAR. Thank you.

Thank you, Mr. Chairman.

The CHAIRMAN. The gentleman's time has expired.

Mr. Benishek, for 5 minutes.

Mr. BENISHEK. Thank you, Mr. Chairman.

Thank you for being here this morning. I appreciate your input. I have a couple questions based on your testimony.

Ms. Dills, tell me about this risk that you are talking about. You said that there is a lot of risk involved with the cash-based, and I can, from my own mind, understand the risks, and some of the other Members over here brought it up too, but you have actually done this then, right? So tell me a little bit more specifically about the risks that you have seen.

Ms. DILLS. Certainly. I think that there is a time and place appropriate for all types of programming. I actually arrived in Haiti right after the earthquake in 2010, 7 days after the earthquake, and we needed to provide different items for different types of beneficiaries to build back better. I think that in our programs an assessment has to be done on what can work in that particular place at that particular time.

There are risks, but my organization, Catholic Relief Services, we have tried to minimize those risks when we implement cash or voucher programs. We certainly prefer more voucher programs. So a voucher has a barcode on it. The beneficiaries receive these vouchers and then they go to vendors that have been pre-approved by CRS so they have been vetted appropriately, and they are selling appropriate items to the beneficiaries. So the beneficiaries choose what they want to buy. And in these cases, in our food programs in many of our cases, they are buying local food products so they are buying fish, they are buying eggs, they are buying greens. These are high in protein for beneficiaries. So our program, it is a voucher program. Some people would call it a cash program but it is actually not providing cash directly to the beneficiaries. We at CRS actually reimburse the vendors once the beneficiaries purchase the products.

Mr. BENISHEK. No, I can understand that. That seems like a reasonable way of doing it.

I just have a couple other questions, and they are kind of technical because I don't understand how this all works, frankly. You know what I mean? When you talk about the difference between development and emergency, I understand development is helping those farmers and small landholders to do a better job with their own agriculture and that. I understand that. But I don't under-

stand how do you determine when an emergency exists or when you need to act in an area that, say, you haven't been to in a while or you are not familiar with. How does that occur?

Ms. DILLS. So certainly Catholic Relief Services works with local partners that are consistently on the ground, even in places like south Sudan where we implement a Food for Peace program. We have people out in very remote opposition-held areas that we stay in contact with and continue to provide services to the most needy. Again, it is based upon the needs of the people at the time.

Mr. BENISHEK. Who do you have in the south Sudan that you talk to?

Ms. DILLS. We have local partner and then our own staff.

Mr. BENISHEK. Who would be a local partner?

Ms. DILLS. A local community-based organization so it could be a church, it could be a small church group, it could be a community-based organization.

Mr. BENISHEK. Okay. Let me ask you one more thing that came up in your testimony that I didn't understand, this cargo preferences that you referred to a couple of times. Tell me about that.

Ms. DILLS. Again, we find that U.S.-flag vessels cost 2.7 times more than foreign-flag vessels. So we are in the business of serving the most people who have the most need, and if there is a discrepancy of apparently in the last GAO report that $107 million——

Mr. BENISHEK. I know, but your colleague over here says that that shipping part is not the major part of the expense; the shipping part is only a part of the expense, and there is a reason that we have these rules in place so that we can maintain the shipping industry in this country for multiple reasons but——

Ms. DILLS. Certainly.

Mr. BENISHEK.—I don't think that is going to change, so can we talk about the—and I am out of time.

The CHAIRMAN. Well, I would point out that we are going to have a separate hearing next month on the maritime portion of this issue, so we will have plenty of time to go through that.

Mr. BENISHEK. All right. So this cargo preferencing that you are bringing up is simply the use of the U.S.-flag vessels?

Ms. DILLS. That is certainly one, but also the reducing the minimum tonnage required to be shipping on U.S.-flag vessels is another consideration, and eliminating requirements for minimum tonnage.

The CHAIRMAN. The gentleman's time has expired.

Ms. DILLS. Sorry.

The CHAIRMAN. We are going to have experts in on the shipping issue next month.

Mr. Abraham, for 5 minutes.

Mr. ABRAHAM. Thank you, Mr. Chairman.

Ms. Dills, I was in Haiti too just a few days after the quake and I was aware of y'all's efforts there, a phenomenal job in a very tough environment, so kudos to you guys for that.

Mr. Warshaw, I am a Louisiana boy. I have a lot of rice in my district of north central and in the Florida parishes. I guess the question I want to ask is, let's compare Louisiana rice to, say, a locally resource-insecure country, and I will just pick Cambodia as an example. Comparing the two types of rice, is there a different

between the safety and nutritional value between rice that we grow in Louisiana and, say, an resource-insecure country as Cambodia?

Mr. WARSHAW. Again, thank you for the question. I think beyond a shadow of a doubt, the United States produces the safest food supply that is out there in the world, and depending on regions around the world, there are issues. There are issues with water quality. There are issues with what kind of herbicides and pesticides that are used, farming practices, storage practices. By far, what we supply through the in-kind programs is a superior food, which can be supplied timely and it can be supplied in a cost-effective manner.

When you go to a local or regional purchase program, you often distort the market locally, and then the pure cost of that product may change, but specific to your question, yes, there are no doubt problems when you try to put together a large quantity of an agricultural product in a country that doesn't really have it available with its quality. There is really no testing or protocol or adherence to any standards, and we see this in the commercial export industry, not just in emergency food aid. We are living by USDA and FDA and ½ dozen other agencies that are watching what we do every day in the food-processing industry here in the United States. Hardly any of that exists in the major rice-producing areas around the world, surely not to the scrutiny level that we have.

Mr. ABRAHAM. And I was going to go to the "why," but you have answered that question.

In your mills that our rice goes through in Louisiana, certainly I am assuming there is more regulation than rice going to locally in these countries that are in need. Is that a fair statement? And what regulations are you having to jump through hoops to get rice certified?

Mr. WARSHAW. I can't speak for every country out there but surely in the United States, with Food and Drug, with USDA, with Federal Grain Inspection Service, with APHIS, these are all requirements that we have to go through. We have Federal Grain Inspection Service employees that live in our plant. Everything we ship, they certify. We have APHIS. Everything that ships out of the country is certified through APHIS. We have, more than I would like to count, agencies looking over our shoulder making sure that we put out both for domestic and export consumption the products are safe. By far, and I think it is well documented, that the food coming from the United States, whether it be Food for Peace or Progress or for export or commercial, is a safe product.

Mr. ABRAHAM. Thank you.

My last question will also be to you, and I want to read this one. Has the agricultural community been sufficiently involved in the discussion of any potential changes that may be made to the Feed the Future initiative?

Mr. WARSHAW. I am sorry. Can you repeat the question?

Mr. ABRAHAM. Yes, sir. Has the agricultural community been sufficiently involved in the discussion of any potential changes that may be made to the Feed the Future initiative or other broader reform?

Mr. WARSHAW. The farm bill that was just signed into law that you all worked so hard to get signed into law gave some flexibility

to do in-kind. It gave some flexibility for cash and for local regional purchases. So I think that gives these, I guess, non-in-kind programs an opportunity to prove themselves, do they make sense. Specific to our industry, the fortified rice is a very, very interesting product that is coming out, and yes, we are engaged in trying to push this forward because we are not asking people to eat something different; we are asking them to consume exactly what they have been consuming all their life, and in reality, taste, texture and color will be the same. It will give an added benefit.

So we are trying to improve most of all the food processors in the United States that put Food for Peace products out there to make a better product that has a better value for the end consumer and ultimately produces a better outcome. That is the goal.

Mr. ABRAHAM. Thank you.

Thank you, Mr. Chairman.

The CHAIRMAN. The gentleman's time has expired.

Mr. Davis, for 5 minutes.

Mr. DAVIS. Thank you, Mr. Chairman. The bad part about leaving the room for other meetings is, you come back and you get immediately surprised as to whether or not you are here, so I have to get my questions that I wanted to actually ask and get answers.

But I just wanted to, number one, thank each and every one of you. This is an extremely important issue. I am surprised today that my colleague, Mr. Rouzer's head wasn't in the way to stop you from seeing me. I joked at an event last night about that.

But I do want to ask some questions to Mr. Cowan. As somebody who comes from Illinois, we are blessed with some of the best producing farmland on Earth, as many of your members, I am sure, talk about. Unfortunately, though, many other countries, they are not lucky with their agriculture production, and because of their land issues, it makes the production very limited. Do you think the in-kind donations of U.S. agriculture products help offset some of those limitations?

Mr. COWAN. Congressman, without a doubt, the in-kind programs and the commodities that we send overseas, they are not only more reasonably priced as American farmers, we are not scared of any market producing against anybody in the United States. We provide the safest, lowest-cost food that anybody can. As you know, from Illinois, with the blessings that you all have up there and the big crops that you have had, we need to keep these markets. The thing that we have with in-kind that I see and as I go overseas, U.S. commodities are seen as the very best. When I travel to China, anywhere in the Far East, when I travel to Europe, there is no question that those commodities that come from American producers and are processed in American facilities are viewed as the gold standard on Earth. When you move away from that as an American farmer, when you move to more cash, I worry not only about looking at that gold standard, I look at the fact that as farmers, we are some of the most supportive people in the country as far as being able to deal with charity. I know the Breedlove facility very well at Lubbock. I have been involved in the past with donating commodities to them because I know that that commodity that I donate to them is going to go and do good somewhere else in the world. And so it is very important that we do that and that

product doesn't come from another area of the world where it may not be as nutritious or as safe as it would be from the American producer.

Mr. DAVIS. I personally agree with a lot of your comments, especially the one about blessings in Illinois with our agricultural production.

Mr. COWAN. Well, for somebody from Illinois that realizes those blessings and then you are from west Texas where we farm the most harsh environment in the United States, I often get kidded by that from the people from the Midwest.

Mr. DAVIS. Well, take it well because I get kidded back from the Chairman behind me about Texas and Illinois often.

Last question for you, Mr. Cowan. Are you concerned that the local regional procurement programs will result in the use of U.S. taxpayer dollars to purchase commodities from your overseas competitors?

Mr. COWAN. Of course, and when we do that, when you have purchases that are cash-based instead of in-kind commodities, you also leave the discussion up to what technologies, what advancements we have made being able to get into those countries. One of the things that we have problems with overseas continually is markets that don't allow the newer varieties of soybeans into their markets because of not approving those traits into the market. Biotech soybeans are a prime example. That is another product that can improve the nutrition of those overseas, and as we keep in-kind, then that kind of pushes that envelope to where if they are having to get U.S. products and we can show them that very best in the world product and as we can get it to them. And so I really worry about when you give cash that it goes to the supplier of lowest cost, and a lot of times that is also the supplier of the lowest quality.

Mr. DAVIS. I am glad you mentioned biotech and biotechnology. I was recently at a Pioneer facility in my district where they talked about one of the traits that they are developing for a soybean that has zero trans fats, and I thought to myself, how can that be bad? We are actually taking a nutritional advantage with an American product through biotechnology, and you are right, we have to do more on that aspect.

Thank you for your time. Thank you all for our opportunity to hear from you. I yield back.

The CHAIRMAN. The gentleman yields back. I recognize myself for 5 minutes. Again, I thank the panel for being here.

The previous discussion talked about the big picture and solving hunger around the world, and in fact, that is the stated goal of the Global Food Security Act. It is pretty clear to me that throughout all those discussions, production agriculture as well as the resources at USDA, are not necessarily at the table as that conversation is going on.

Can I get each of the panelists just to give me a quick sentence or two on your support or lack of support for the Global Food Security Act?

Ms. Dills?

Ms. DILLS. Thank you, Mr. Chairman.

From our reading of the bill, there are no substantial changes to international food aid programs, and for us at Catholic Relief Serv-

ices, we are hoping for better coordination between Feed the Future and international food aid programs where appropriate. Thank you.

The CHAIRMAN. Thank you.

Mr. Koach?

Mr. KOACH. Yes, we too support the Global Food Security Act that helps ensconce a lot of the U.S. Government's global food security strategy, but Mr. Chairman, your points are right, that it is important to keep these key constituencies engaged as U.S. food assistance is the only foreign assistance program that this Committee had jurisdiction over, has robust jurisdiction over every 5 years pursuant to the farm bill. Particularly with the food aid and food security, the assessment demonstrated is that these programs that are being discussed this morning provide a vital linkage to what the Global Food Security Act and Feed the Future is helping developing.

The CHAIRMAN. All right.

Mr. Didion?

Mr. DIDION. Yes, sir. As an American and a humanitarian, I am for feeding people around the world, whether that is our product or any other nutrient-dense product. The best product for the application, in my opinion, is a nutrient-dense product. It has been talked about, the inland cost of transportation sometime is equal to or greater than the commodity itself, and so highest-value product delivered in country best, absolutely.

The CHAIRMAN. Mr. Peanick?

Mr. PEANICK. Having been newly posted to this position, I am not intimate with the Global Food Security Act, but I am confident that involvement of this Committee would protect the interests of the ag producers and the food processors and ultimately end up with getting the most bang for the buck to those that need it the most, and that is the hungry kids.

The CHAIRMAN. Thank you.

Mr. Cowan?

Mr. COWAN. Mr. Chairman, ASA has been a longtime supporter of agriculture development abroad to promote greater food security. This is shown through the work of the World Initiative for Soy for Human Hunger and Health, which is the agriculture development arm of ASA. WISHH recently concluded projects in Afghanistan, Bangladesh and Liberia and is working in Ghana, Mozambique, Pakistan and other countries to develop soy food, feed and livestock value chains. However, the Global Food Security Act as currently written falls short of its goal to create a whole-of-government approach for addressing global food security strategy. ASA applauds this Committee for taking a second look at the text and at the important role that the Department of Agriculture and the U.S. agricultural system can play in maximizing the effectiveness of our international agriculture development programs.

The CHAIRMAN. Thank you.

Mr. Warshaw?

Mr. WARSHAW. I think it is a pretty simple answer, that agriculture has to have a seat at the table in these discussions and have input so that we can work for the betterment of what we are all trying to accomplish.

The CHAIRMAN. All right. Thank you. And again, I thank our panelists for being here today to talk to us about this. It is pretty clear to me that each of you has a real heart for your work and that is important.

We will have a struggle in this arena of where that line is ultimately drawn between all in-kind and all cash or all vouchers. If you look at the last 100 years, there has never been a country that has done as much good for the rest of the world as the United States and ask so little in return—and much of that has been feeding people. So, as we set priorities and we try to draw those lines, maintaining support across a broad section of Americans for these programs is going to be vital. As we look at scarce resources, and as we move the line towards less in-kind and more cash assistance, then we begin to eliminate natural support systems within the American populace. If most Americans see a 100 pound sack of rice being given out to a hungry group of folks, and it has the American flag on it they will be darn near unanimous in their support. And so that emotional attachment to helping people is important to what you do and why you do it. Likewise, we have to maintain that link with our folks and can do so by having the backbone of that system on the production side at the table in the conversations and being supportive of whatever it is we are trying to do.

I don't know that our guys here would argue that it ought to be 100 percent in-kind, and I don't know that you are arguing it ought to be 100 percent cash. But wherever that line gets drawn, we are going to have to do it thoughtfully. We think the 2014 Farm Bill gave some flexibility, and we are keenly interested in the evaluation process rather than a rush to judgment to increase that flexibility further.

So thank you very much for your very thoughtful testimony this morning. It is clear that each of you is a part of the solution. So I appreciate each of you being here.

Under the rules of the Committee the record of today's hearing will remain open for 10 calendar days to receive additional material and supplemental written responses from the witnesses to any questions posed by a Member.

This hearing of the Committee on Agriculture is adjourned.

[Whereupon, at 11:33 a.m., the Committee was adjourned.]

[Material submitted for inclusion in the record follows:]

SUBMITTED STATEMENT BY NAVYN SALEM, FOUNDER, EDESIA INC.

Edesia appreciates the opportunity to submit testimony to the House of Representative Agriculture Committee Hearing on International Food Aid. Edesia is a Rhode Island-based nonprofit manufacturer of high quality, peanut-based ready-to-use therapeutic and supplementary foods that are used to treat malnutrition in children around the globe. Edesia understands the importance of U.S.-manufactured, in-kind food assistance. Since our inception in 2010, we have reached three million children in 46 countries with our products. This includes over 8,000 metric tons of products for programs supported by the U.S. Agency for International Development (USAID) and the United States Department of Agriculture (USDA)—equivalent to providing over one million children with lifesaving treatments. We are proud of the part we play in helping to save the lives of children around the world—children who would not be saved without the generosity of the American people and the hard work of USAID and USDA.

Edesia's work supports the second sustainable development goal "Zero Hunger" with a target of ending all forms of malnutrition by 2030. For this to become a reality, we will need a balance of international food aid that is flexible to meet the needs of the various populations and situations that are presented to the humanitarian community. The root cause of malnutrition is poverty; economic development and increased resiliency must be part of the long term strategy for improved nutrition. For this reason, we also support local and regional procurement in situations where a faster response is possible. Additionally, we feel a new emphasis on nutrition security and aid that is fit-for-purpose, such as specialty nutritional products for treating malnutrition, will be increasingly important in order to reach the world's goals for 2030. Edesia stands ready to assist Congress, USAID and USDA in meeting these goals.

Our partnerships with USAID, USDA, and UN agencies not only allow us to reach children in need, but also allow us to create economic growth at home. Our work helps to support American agriculture—we use peanuts, sugar, oil, soybeans, and dairy commodities from all over the country. Since our opening in 2010, we have grown from a company of 20, to today having a team of 75. Next year we are expanding to a new 82,000 square foot facility in the hopes that we can continue to reach nutritionally vulnerable children around the world.

Thank you for providing Edesia the opportunity to submit testimony. As international food aid programs are reviewed by your Committee we hope you will use us as a resource; we are highly experienced in the area of specialized food aid, and as a nonprofit business, we understand the economics while also remaining committed to the goals. Please do not hesitate to contact me if the Committee has any questions or would like further information.

