



USAID
FROM THE AMERICAN PEOPLE

Food for Peace Act, Section 202(e) Funding Report

Fiscal Year 2015



Cover Photograph: Belleus Pierre, 31, is one of 59 merchants using mobile money to sell basic food staples to families in the St. Marc Kenbe-La program in Haiti. She now has a steady flow of customers to her store, providing her own family with much needed income. “People are very happy with the program,” she says. Purchases are “very easy,” she adds. “It’s one, two, and the transaction is complete.” Photo: Lisa Hoashi/Mercy Corps

This report may be found online: DEC.usaid.gov, www.usaid.gov/open/reports-congress and at www.fas.usda.gov.

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I. Overview

Pursuant to Senate Report 114-82, accompanying S. 1800,¹ the U.S. Agency for International Development (USAID) is pleased to submit this report, which outlines how USAID used Food for Peace Act, Section 202(e) funding in Fiscal Year (FY) 2015 to enhance the impact of the Office of Food for Peace's Title II programming.

The Agricultural Act of 2014 instituted changes to the Food for Peace Act, as follows:

- Increased available Title II Section 202(e) funds from “not less than 7.5 percent nor more than 13 percent” to “not less than 7.5 percent nor more than 20 percent” of the Title II account.
- Expanded the definition of Section 202(e) to authorize its use to: a) Fund development activities previously supported by monetization; and b) Enhance any existing Title II program.

USAID issued [updated guidance](#),² as required under the law, to explain how it would implement these changes in Section 202(e). USAID refers to the Section 202(e) funds applied for the purposes of offsetting monetization or enhancing Title II programming as “Impact Funds.” This distinguishes Impact Funds from the other administrative and programmatic uses of Section 202(e) funds, including administrative, management, personnel, transportation, storage and distribution costs for carrying out Title II in-kind food assistance programs.

For the past two years, these changes have had a significant impact on both emergency and development food assistance programs. Impact Funds have allowed for a decrease in the use of monetization in Title II development programs, enabling USAID to pay directly for the costs associated with community-based asset building programs, for example, rather than relying on monetization to generate cash for programs. Impact Funds have also allowed for the use of market-based tools, including local and regional procurement and food vouchers, in emergency and development settings.

USAID and its partners have used the new authorities and resources to: 1) reach more people; and 2) fill critical food assistance gaps, support market recovery, build community assets and improve dietary diversity. USAID has used Impact Funds to support food insecure beneficiaries with food voucher or cash transfer programs where markets are working, enabling USAID to prioritize Title II in-kind food for nutrition interventions or where markets were less functional.

¹ S. Report 114-82, published on July 16, 2015, requested a report on “the use of authorities under section 202(e) of the Food for Peace Act during Fiscal Year 2015 and planned for fiscal year 2016. This report should identify and evaluate the type, challenges, and success of such activities.

² <https://www.usaid.gov/sites/default/files/documents/1866/FFPIB%2014-01%20final.pdf>

Based on preliminary analysis, USAID estimates that it was able to reach approximately 740,000 additional beneficiaries in FY 2015 as a result of increased flexibility through Impact Funds³. USAID is currently conducting both internal and external analyses on its beneficiary reach across modalities and funding streams and looks forward to providing additional insight on beneficiary impact in the near future.

Impact Funds are only approved for countries where there is an ongoing Title II in-kind program or where an in-kind component will soon begin. This means these funds cannot be used in all countries where Food for Peace is currently operating. That said, Impact Funds are especially welcomed in Title II countries because ongoing Title II programs can be rapidly amended to incorporate these funds when changed conditions on the ground require it, rather than initiating a separate award process for International Disaster Assistance Funds (IDA) that are available under the Emergency Food Security Program.

In FY 2015, USAID used Impact Funds in the following responses: Burkina Faso, Burundi, Central African Republic (CAR), Colombia, Democratic Republic of the Congo (DRC), Ebola Regional, Ethiopia, Kenya, Liberia, Malawi, Mali, Niger, Pakistan, Sierra Leone, Somalia, Tanzania, Uganda, and Zimbabwe. Specific examples are highlighted in [Section II](#). A complete breakdown of funding by country can be found in [Section III](#).

To date in FY 2016, Food for Peace is using Impact Funds in Central African Republic, Chad, Colombia, Madagascar, Malawi, Niger, Nigeria, South Sudan, Tanzania, Uganda and Zimbabwe; additional countries might receive Impact Funds based on emergency need.

³ The number of additional beneficiaries reached is based on preliminary data analysis that evaluated the spending efficiencies of local and regional procurement in emergency programs.

II. Regional and Country Examples of the Use of Impact Funds

These examples cover activities using Impact Funds to enhance Title II programs through the use of local and regional procurement, cash transfers or food vouchers. Title II development activities now funded by Impact Funds rather than through monetization are part of the Agency's ongoing Title II development awards. Development program results are captured through independent baseline and final evaluations, which are regularly reported through the annual U.S. International Food Assistance Report (IFAR) and were recently highlighted in a special publication entitled *Voices from the Field*.⁴ In FY 2015, USAID monetized \$15.6 million in only one country, Bangladesh, and met its 15 percent minimum monetization requirement, as required by law. Comparatively, in FY 2011, USAID used \$156.6 million to monetize commodities in numerous countries. This is an important shift: a 2011 Government Accountability Office (GAO) [study on monetization](#) highlighted the fact that the process of monetization results in a loss, on average, of 24 cents on every \$1 dollar spent – a significant loss of food in a world where hunger is increasing. Through Impact Funds, USAID is able to feed more people at a lower cost than if programs were monetized.



Respect, whose community was hard hit by Ebola, received cash transfers for food & agricultural vouchers to purchase seeds for peppers, which helped rebuild her livelihood. Credit: USAID

The Ebola Crisis

In FY 2015, USAID played a major role in addressing acute food insecurity caused by the Ebola crisis in West Africa. Border closures, restrictions on movement and mass gatherings, disrupted trade, increased food prices and Ebola-related fears all had negative impacts on the economies, livelihoods and food security of the three most affected countries of Liberia, Sierra Leone and Guinea. USAID provided \$9.8 million in Impact Funds for the local and regional

⁴ <https://www.usaid.gov/sites/default/files/documents/1866/Food%20for%20Peace%20-%20Voices%20from%20the%20Field%20-%20online%20version%20rev.pdf>

procurement of food to the U.N. World Food Program (WFP)⁵. Local and regional procurement was needed because the food was available locally and the urgency of the situation required immediate action, and the procurement helped mitigate further market disruptions in the region. WFP was able to provide this food to Ebola patients and survivors; families of Ebola-infected people who were in treatment, recovering or deceased; households in quarantine (including contacts); caregivers of children orphaned by Ebola; and communities significantly affected by the epidemic.

In addition, two USAID Title II development food assistance programs implemented by ACDI/VOCA in Liberia and Sierra Leone were well-positioned to provide an immediate community-based response to the disease. Both programs were scheduled to close out when the epidemic hit. In order to continue providing support to more than 489,000 people during the crisis through these programs, USAID awarded \$4.9 million in Impact Funds to each program, thereby extending the programs through 2015 and into a sixth year in 2016⁶.

USAID worked with ACDI/VOCA to tailor its development activities in Sierra Leone and Liberia to incorporate Ebola-related education activities on topics such as hygiene and mother and infant health. These development programs also supported other emergency Ebola-response activities implemented by the Ministries of Health in both countries. By using the ACDI/VOCA development platform and long presence in impacted communities, USAID was able to protect the development gains achieved by the Title II projects while launching an emergency response that was well attuned to local dynamics on the ground.

Overall, Impact Funds ensured that urgent food needs were met in a timely manner, mitigating the further erosion of household food security in areas of high Ebola transmission. Through these types of activities, USAID and its partners ensured food security and nutrition needs were met, as well as worked to ensure the food supply chain and the larger economy were more resilient to disruptions such as those the Ebola quarantines created.

USAID and its partners were able to provide direct food assistance to more than 1.1 million people directly affected by Ebola, in part with the support of Impact Funds. Impact Funds directly contributed to the broader U.S. Government efforts to contain the disease.

⁵ Overall USAID provided more than \$90 million in International Disaster Assistance (IDA) food assistance for targeted cash-transfers and food vouchers. Early in the epidemic, before IDA funds became available, \$21.7 million of in-kind food assistance was provided, including Impact Funds. These Title II funds were subsequently reimbursed to USAID's Title II account once IDA Ebola supplemental funds (Title IX of the Omnibus) became available.

⁶ These Title II Impact Funds were subsequently reimbursed to USAID's Title II account once IDA Ebola supplemental funds (Title IX of the Omnibus) became available.



Burundi beneficiaries receive vegetable oil Credit: USAID

Burundi

In April 2015, the decision by the President of Burundi to run for a third term sparked widespread protests, a thwarted coup, and the outflow of thousands of refugees to neighboring countries. To respond to this unforeseen emergency, USAID provided \$1 million in Impact Funds to WFP for the regional purchase of 915 metric tons (MT) of food commodities. The 915 MT included cereals, pulses, oils, sugar and high energy biscuits.

This \$1 million contribution helped WFP meet the emergency food needs of 25,000 vulnerable, food-insecure Burundians for up to six months. **Given the quick onset of this crisis, the use of Impact Funds for regional procurement was critical because it meant that food could arrive in Burundi within two to three weeks** and be distributed to people in need of emergency food assistance shortly thereafter.



Beans are one of the staple foods regionally procured in the Central African Republic. Credit: USAID

Central African Republic

Ongoing armed conflict since 2013 in CAR has led to increased displacement, exacerbating food insecurity as well as emergency health and nutrition conditions. In October 2014, the U.S. issued a disaster declaration for the complex emergency. In a country of 4.7 million people, nearly 370,000 people were displaced and approximately 1.3 million people were estimated to require emergency food assistance.

In FY 2015, USAID responded to food insecurity exacerbated by the ongoing armed conflict, using \$6.5 million in Impact Funds for regionally purchased commodities and food vouchers to complement \$20 million in Title II in-kind food, which arrived later. USAID's partner, the U.N. World Food Program, was able to purchase food, including red beans and corn meal in the region, forestalling a commodity pipeline break and ensuring that much-needed food assistance arrived in time for the April-October 2015 lean season. Additionally, food vouchers enabled 70,000 severely food-insecure persons living in areas with functioning markets to purchase food from local vendors and helped stimulate the local economy.

Locally and regionally purchased commodities were 33 percent less expensive than a similar basket of U.S. in-kind food. This combination of Title II and local and regional procurement of commodities contributed to a more cost-effective and timely response.



*A woman and her family use electronic food vouchers to buy local food in a grocery store in Colombia.
Credit: USAID*

Colombia

In Colombia, the more than 50-year conflict has displaced an estimated 5.9 million people, of whom 60 percent are women and children.⁷ Despite the recent peace agreement between the Government of Colombia and the Revolutionary Armed Forces of Colombia (FARC), decades of displacement and conflict have resulted in food insecurity and loss of livelihoods for millions. USAID supports the U.N. World Food Program to address the needs of more than 143,000 food insecure Colombians.

In FY 2015, USAID provided \$3.96 million in Impact Funds for locally purchased food as well as electronic cash transfers or food vouchers to enable beneficiaries to purchase items such as fresh fruits and vegetables. This assistance was critical in meeting the nutritional needs of approximately 25,000 IDPs.

Utilizing Impact Funds for market-based food assistance in USAID's emergency response had a dual impact; it addressed the lack of dietary diversity—a contributing factor to malnutrition—among internally displaced people and it supported local markets and smallholder farmers. Impact Funds were also used to support complementary interventions accompanying the food transfers, namely training sessions on nutrition and support for community gardens.

This market-based assistance complemented \$2.88 million in Title II in-kind food. **By combining U.S. in-kind food with market-based assistance, USAID addressed food insecurity in a way that met both the food and nutrition needs of beneficiaries, while simultaneously supporting longer term economic recovery.**

⁷ Statistics from the U.N. World Food Program, February 2016.



*A woman participates in a biometric program at a refugee camp in Kenya, similar to the program in Ethiopia.
Credit: WFP*

Ethiopia

Decades of drought, conflict and civil war have impacted East Africa. As a result, Ethiopia now hosts over 730,000 refugees—more refugees than any other country in Africa⁸. Given the large number of refugees hosted by Ethiopia, the humanitarian community is taking advantage of improved technology to ensure that food and non-food items are efficiently delivered to legitimate, registered refugees in camps throughout Ethiopia.

In FY 2015, USAID provided \$2 million in Impact Funds to the U.N. World Food Program biometrics pilot program, which began rolling out a biometric identification system across the many refugee camps in the country. These funds were used to support the rehabilitation or new construction of biometric scanning facilities, information communication and technology equipment and tools for community awareness around biometrics and sensitization campaigns. The new biometrics-based procedure checked the fingerprints of every refugee coming to collect food against fingerprint records held in UNHCR's registration database, thereby enhancing the efficiency and effectiveness of the system and improving accountability. The new system was also an important protection tool as improved targeting assures the most vulnerable are receiving assistance.

Advancing biometrics technology both saves money in the long run and helps ensure that USAID contributions, including the \$44 million of Title II in-kind food assistance contributed for refugees in Ethiopia in FY 2015, reaches the intended beneficiaries. The system also expedited distributions, reducing wait times for refugees as well as the staff time required to manage a distribution. One location reported that distribution time dropped from three or four days to a maximum of two days.

⁸Refugee numbers from UNHCR, February 2016

With proper targeting from biometric registration, preliminary estimates suggest beneficiary figures could be reduced by approximately 15 percent, ensuring that the intended beneficiaries received assistance. A similar USAID-funded effort in Kenya yielded a 25 percent reduction in beneficiaries, as well. Biometrics systems are rolling out in Chad and other countries and are fast becoming a new standard for a wide range of humanitarian activities. USAID will continue to assess the impacts of biometrics and support as appropriate to advance the efficiency and effectiveness of its food assistance programs.



Pakistanis receive emergency food assistance through a twinning partnership between USAID, WFP and the Government of Pakistan. Credit: USAID

Pakistan

Since 2008, insecurity in the northwest of the country has led to high levels of displacement with serious financial and social impacts. Combined with instability in the Federally Administered Tribal Areas and a large number of natural disasters in Pakistan, the number of food insecure people in the country is roughly 34 million.

In FY 2015, through an International Disaster Assistance (IDA) funded twinning program, USAID supported the milling and transportation of Government of Pakistan-donated wheat, forging a successful humanitarian collaboration between the host government, the United States and the UN World Food Program (WFP). USAID also provided \$15 million in Impact Funds to locally and regionally purchase more than 14,000 MT of non-cereal commodities including yellow split peas, palm oil, wheat soy blend, ready-to-use therapeutic food and salt. **USAID saved up to 30 percent on these non-cereal commodities** compared to commodities purchased and transported from the United States, helping an additional 300,000 beneficiaries

and providing cost savings critically needed to meet growing humanitarian needs in Pakistan and around the world.



Bellah Mabhungo is a Zimbabwean who benefited from a mobile money transfer to use for food during the hunger season in Zimbabwe in 2014. Credit: USAID

Zimbabwe

In FY 2015, poor seasonal rains -- exacerbated by El Niño -- led to a severe drought and deteriorating food security in Zimbabwe. Impacted communities saw record low harvests since they planted less. As a result, their incomes dropped, food prices rose and they could not afford basic food items.

To address rising food needs, USAID contributed over \$15.7 million to the U.N. World Food Program in Title II food assistance, including nearly \$882,200 in Impact Funds. In exchange for cash or food transfers—depending on food availability in local markets—beneficiaries participated in activities to build or strengthen essential community infrastructure, including dams, irrigation schemes and dip tanks for livestock. These structures helped to improve water access, prevent cattle disease and protect livelihoods in areas where climate is not favorable for crop production. Over the year, nearly 100,000 Zimbabweans benefited from these activities.

By helping communities recognize their needs and prioritize key improvements in infrastructure, these activities aimed to enhance the self-reliance of vulnerable households impacted by drought, reduce negative coping strategies and lessen their dependence on humanitarian assistance in the future. In a country that has confronted recurrent drought for the last decade, these investments in early recovery are critical to ensuring improvements in food security and longer term development.

III. FY 2015 Funding Tables

In total, USAID spent more than \$97.5 million dollars in Impact Funds – approximately 74 percent for emergency programs and 26 percent for development programs in FY 2015. The tables below provide a breakdown of Impact Funds by country, partner, modality and funding amount.

Section 202(e) Emergency Funding⁹

Country	Awardee	Modality	Section 202e
Burkina Faso	U.N. World Food Program	Local and regional procurement	\$ 500,000
Burundi	U.N. World Food Program	Cash/Vouchers	\$ 5,602,546
Burundi	U.N. World Food Program	Local and regional procurement	\$ 1,000,000
Central African Republic	U.N. World Food Program	Local and regional procurement	\$ 5,000,000
Central African Republic	U.N. World Food Program	Regional procurement	\$ 1,500,000
Colombia	U.N. World Food Program	Local and regional procurement /Cash/Vouchers	\$ 3,960,000
Democratic Republic of Congo	U.N. World Food Program	Local and regional procurement	\$ 11,000,000
Ebola Regional	U.N. World Food Program	Local and regional procurement	\$ 9,846,400
Ethiopia	U.N. World Food Program	Biometrics	\$ 2,000,000
Liberia	U.N. World Food Program	Local and regional procurement	\$ 3,000,000
Malawi	U.N. World Food Program	Local and regional procurement	\$ 2,000,000
Malawi	U.N. World Food Program	Twinning	\$ 1,000,000
Niger	U.N. Children's Fund (UNICEF)	Local and regional procurement	\$ 2,100,000
Pakistan	U.N. World Food Program	Local and regional procurement	\$ 15,000,000
Somalia	Save the Children- Technical and Operational Performance Support Program	Baseline for resilience programs	\$ 531,200
Tanzania	U.N. World Food Program	Local and regional procurement	\$ 2,587,244
Uganda	U.N. World Food Program	Local and regional procurement	\$ 5,752,600
TOTAL			\$ 72,379,990

⁹ Impact Funds for emergency response must be awarded to partners who already are managing existing Title II in-kind activities. Currently, the U.N. World Food Program is the primary partner for emergency food assistance globally and, as a result, they received a significant proportion of Impact Fund resources.

Section 202(e) Development Funding¹⁰

Country	Awardee	Modality	Section 202e
Burkina Faso	ACDI/VOCA	Tufts research	\$ 2,310,566
Ethiopia	Relief Society of Tigray	Cash transfers	\$ 1,858,249
Liberia	ACDI/VOCA	Program extension	\$ 4,900,000
Kenya	U.N. World Food Program	Evaluation	\$ 200,000
Malawi	Catholic Relief Services	Local and regional procurement	\$ 377,515
Mali	CARE	Multiple modalities, including vouchers	\$ 9,000,000
Sierra Leone	ACDI/VOCA	Program extension	\$ 4,900,000
Zimbabwe	U.N. World Food Program	Cash transfers	\$ 882,000
Zimbabwe	Cultivating New Frontiers in Agriculture	Cash for assets	\$ 708,000
TOTAL			\$ 25,136,330

¹⁰ As noted on p. 4, this report does not capture 202(e) funds used by development partners to offset monetization and implement development activities. That said, Impact Funds were also awarded to allow for rapid modification of Title II development awards so that unforeseen crises could be addressed, or so that food vouchers or cash transfers could be added to complement and enhance development interventions.