

# GAO Highlights

Highlights of [-GAO-17-640](#), a report to the Chairman, Committee on Agriculture, House of Representatives

## Why GAO Did This Study

In 2015, USAID and USDA provided about \$1.9 billion of U.S. food aid overseas, including about 1.5 million metric tons of commodities. The Bellmon amendment to the Food for Peace Act requires determining, before distribution of commodities, that the distribution will not cause a substantial disincentive to a country's domestic production and that adequate storage will be available. Agency guidance requires documenting Bellmon determinations before food aid agreements are signed and promotes monitoring and evaluation to improve accountability and performance.

GAO was asked to review USAID's and USDA's provision of U.S. commodities. This report examines the extent to which the agencies have (1) documented their selection of countries for food aid, (2) documented Bellmon determinations before signing project agreements, and (3) monitored and evaluated markets to identify any negative effects during and after project implementation. GAO analyzed agency data, interviewed officials, and visited sites in Malawi and Guatemala where the agencies had projects. GAO also reviewed documentation for 38 projects initiated and 35 final evaluations or reports completed in fiscal years 2014 and 2015.

## What GAO Recommends

GAO is making eight recommendations to strengthen USAID's and USDA's provision of U.S. commodities. For example, GAO recommends that both agencies document all Bellmon determinations before signing agreements with partners and require monitoring and evaluation for negative market effects. Both USAID and USDA agreed with our recommendations.

View [-GAO-17-640](#). For more information, contact Thomas Melito at (202) 512-9601 or [MelitoT@gao.gov](mailto:MelitoT@gao.gov).

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## INTERNATIONAL FOOD ASSISTANCE

### Agencies Should Ensure Timely Documentation of Required Market Analyses and Assess Local Markets for Program Effects

#### What GAO Found

The U.S. Agency for International Development (USAID) and the U.S. Department of Agriculture (USDA) each have a process for prioritizing countries to receive U.S. commodities. USAID's documents lay out its steps to select countries for Food for Peace (FFP) projects in fiscal years 2013 through 2016. However, USDA's documents do not consistently account for decisions to provide commodities to countries that did not meet its prioritization criteria for McGovern-Dole International Food for Education and School Nutrition (McGovern-Dole) and Food for Progress development projects. For example, analysis of USDA documents showed countries that did not meet these criteria received 40 percent of Food for Progress funding in fiscal year 2015; however, the documents do not provide USDA's reasons for these decisions. Better documentation of such decisions would improve transparency and accountability.

USAID and USDA did not consistently document that U.S. commodities would not negatively affect recipient countries' production or markets and that adequate storage was available before providing the commodities. USAID and USDA guidance requires documentation of such "Bellmon determinations" before food aid agreements are signed. In fiscal years 2014 and 2015, USAID and USDA followed this guidance for the 6 FFP emergency projects and 5 of 6 Food for Progress projects GAO reviewed. However, USAID documented determinations before signing agreements for only 5 of 8 FFP development projects, and USDA did so for only 2 of 18 McGovern-Dole projects. As a result, the agencies did not consistently document compliance with a key control.

GAO found lower-than-expected prices 12 percent of the time for key commodities in countries that received commodity-based U.S. food aid at some point in 2015 and 2016. However, neither agency required implementing partners to monitor or evaluate markets during this period. In December 2016, USAID began requiring partners to monitor and evaluate emergency projects for negative market effects, such as unusual price changes. However, USAID does not require this for development projects, and USDA does not require it for either McGovern-Dole or Food for Progress. Yet both agencies require monitoring of project performance and evaluation of project outcomes to identify challenges, ensure projects achieved intended results, and to improve future projects. Monitoring and evaluation for negative market impacts would help identify any needed midcourse corrections and inform future Bellmon determinations.

#### Delivery of U.S. Department of Agriculture Commodities to a School in Guatemala



Source: GAO. | GAO-17-640