USDA

United States Department of Agriculture

Fiscal Year 2021

Food for Progress Report

Contents

Cover photo: Doreen Njolomole sells seeds to her clients at a shop in Mangochi, Malawi. This shop obtained a loan via the USDA Food for Progress project to grow its business, and it currently serves approximately 1,200 farmers. Photo credit: Land O'Lakes Venture37.

List of Abbreviations

AMS	Agricultural Marketing Service
CRS	Catholic Relief Services
CCC	Commodity Credit Corporation
CDSO	Crude Degummed Soybean Oil
CFR	Cost and Freight
CPI	Counterpart International
CNFA	Cultivating New Frontiers in Agriculture
DAPH	Department of Animal Production and Health
DNS	Dark Northern Spring Wheat
ECOWAS	Economic Community of West African States
FAS	Foreign Agricultural Service
FBOs	Farmer-Based Organizations
FFPr	Food for Progress
FY	Fiscal Year
GOG	Government of Guatemala
GOM	Government of Mauritania
HRS	Hard Red Spring Wheat
HRW	Hard Red Winter Wheat
HWW	Hard White Wheat
IESC	International Executive Service Corps
MOD	Market-Oriented Dairy
MT	Metric Tons
NCBA	National Cooperative Business Association
NOFO	Notice of Funding Opportunity
NS	Northern Spring Wheat
SBM	Soybean Meal
SRW	Soft Red Winter Wheat
SWW	Soft White Wheat
TNS	TechnoServe
USC	United States Code
USDA	United States Department of Agriculture

I. Introduction

The Food for Progress (FFPr) Program was authorized by the U.S. Congress in the Food Security Act of 1985. The program was re-authorized through fiscal year (FY) 2023 in the Agriculture Improvement Act of 2018 (2018 Farm Bill).[1] FFPr has two principal objectives: to improve agricultural productivity and to expand trade of agricultural products. FFPr projects have focused on the agricultural production and processing side, training farmers in improved animal, plant, and fish farming methods including climate-smart agricultural solutions, development of a variety of agricultural value chains from inputs to farm to processing to distribution, providing microcredit, and strengthening producer cooperatives or associations; some have also been targeted at the policy and regulatory level to reduce barriers inhibiting trade, whether addressing sanitary and phytosanitary policies and procedures or helping countries simplify, modernize, and harmonize agricultural trade processes.

To fulfill Congress' mandate from the Food for Progress Act of 1985, the U.S. Department of Agriculture's (USDA's) Foreign Agricultural Service (FAS) enters into cooperative agreements with eligible organizations to implement field–based projects that aim to improve agricultural production and expand trade of agricultural products in developing countries. Projects are primarily funded through the sale of U.S. commodities within the foreign market where the project is implemented. Some examples of past projects include training farmers in improved animal and plant production, establishing and building capacity of agricultural cooperatives, providing microfinance to farmers, and developing agricultural value chains including processing and distribution. Program participants have included private voluntary organizations, foreign governments, universities, and intergovernmental organizations.

Sales of the commodities are conducted through an open public invitation to bid tender. Once the sale of the commodities is awarded to a buyer in a recipient country, tenders soliciting bids for the commodity and shipping freight are issued through the Commodity Credit Corporation (CCC). USDA's Agricultural Marketing Service (AMS), through its Kansas City Commodity Office, oversees the procurement process and bidding. The guidelines for these procedures are contained in AMS' Master Solicitation for Commodity Procurements – International Food Assistance Program Purchases[2].

As provided from the statute, FFPr funding, with the authorization of the United States Secretary of Agriculture, may be used for humanitarian purposes involving eligible entities. In FY 2021, in accordance with U.S. Government commitments agreed to from the Abraham Accords, a government-to-government cooperative agreement was signed with the Government of Sudan. Through the FY 2021 program, the Government of Sudan was awarded 300,000 metric tons (MT) of Hard Red Winter (HRW) wheat and a commensurate amount of funding for ocean freight costs. The total amount included $84.5 million for purchasing wheat and $33 million for ocean freight, for an award of $117.5 million. An additional $1.77 million contract, with funds coming from FFPr's administrative budget, was awarded to monitor the Sudan project by a third party. This contract raised the total obligated amount to $119.27 million. The 2021 third-party monitoring report confirmed that six shipments totaling 253 MT arrived at Port Sudan through the end of October 2021. After unloading at the port, 48 MT of the donated wheat was milled in Port Sudan by Seen Mills and distributed to the Red Sea, Kasalla, and Al Qadarif states. The remaining wheat was transported to Sayga, Seen, Wheata, Rotana, Al Sayed, Al Hamama, and

[1] H.R.2 – Agriculture Improvement Act of 2018, https://www.congress.gov/bill/115th-congress/house-bill/2/text
[2] https://www.ams.usda.gov/sites/default/files/media/master_solicitation.pdf

Alablaj mills. Following the October 25, 2021, military takeover of the Sudanese government--and by determination of the Office of Management and Budget, the Department of State and the Department of Treasury--USDA halted the last shipment of 47,000 MT.[3]

Building upon the process of adding funds to existing projects established in FY 2020, in FY 2021, FFPr released two supplemental Notice of Funding Opportunities (NOFOs) aimed at strengthening existing projects. The first involved the Standing Supplemental NOFO (USDA-FAS-0700-10606-21-S), which provided ongoing projects with a no-fault budget shortfall an opportunity to apply for additional funds. Awards for this NOFO were made to existing agreements operating in Bangladesh, Cote d'Ivoire, Egypt, Georgia, Haiti, Honduras, Mauritania, Pakistan, and Paraguay. After addressing the programs with budgetary shortfalls, the remaining FY 2021 budget was allocated from the Merit NOFO (USDA-FAS-0700-10606-D). Eligibility requirements as part of this NOFO included: projects must have completed monetization with at least $400,000 in remaining freight funds and finalized mid-term evaluations. The FY 2021 commodity budget was augmented by an additional $24.7 million in funding in alignment with the Administration's strategy for addressing the root causes of migration in Central America. The Merit awards included two projects in Guatemala, utilizing this additional support, as well as one in the Dominican Republic and one in Sri Lanka, using the remaining budget. The nine Standing and four Merit NOFOs provided a total of $56.15 million in additional funding and 64,880 MT of additional commodities. All total, the FY 2021 cycle awarded $173.65 million and 364,880 MT in commodities. Including the new FY 2021 project, there are 45 active projects in 39 countries valued at more than $1.1 billion.

During FY 2021, activities conducted by active projects reached more than 370,000 direct participants. As a result of FFPr's work, more than 199,000 individuals applied improved agricultural management practices or technologies to more than 569,000 hectares. Access to working capital and credit are other significant components in expanding participation in agricultural sectors in emerging markets. Greater access to financing contributes to increased production, expanded international trade, and ultimately, increased incomes. In FY 2021, FFPr project activities resulted in access to more than $84 million in finance for farmers and cooperatives by facilitating access to private market credit with agribusiness-management support and by directly providing loan facilities through project activities.

The 2018 Farm Bill, signed into law of December 20, 2018, included the following reporting requirements:

7 USC 1736o(j)(3)

> *(3) Report*
>
> *Not later than April 1 of each fiscal year, the Secretary shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate-*
>
> *A. a list of programs, countries, and eligible commodities, and the total amount of funds for transportation and administrative costs, approved during the prior fiscal year under this section;*
>
> *B. a description of the actual rate of return for each commodity made available under this section for the previous fiscal year including-*
>
> *I. factors that influenced the rate of return; and*
>
> *II. with respect to the commodity, the costs of bagging or further processing, ocean transportation, inland transportation, storage costs, and any other information that the Secretary determines to be necessary; and*
>
> *C. for each instance in which a commodity was made available under this section at a rate of return less than 70 percent, an explanation for the rate of return realized.*

This document includes the reporting required from sections (A), (B), and (C) in the following tables, figures, project descriptions, and narrative on the rate of return.

[3] On March 21, 2022, Secretary Blinken indicated that the activities of the Central Reserve Police of Sudan were in violation of human rights and requested to pause assistance to the Government of Sudan. Reversal of the decision would be considered when progress toward and demonstration of a civilian-led-transition to democracy are achieved.

II. Eligible Commodities

Commodities may vary from year to year, depending on availability of U.S. products and market conditions where the proposed monetization is to occur. All bulk grain commodities monetized from FFPr programs must meet the grading standards detailed in the USDA's *Official United States Standards for Grain*[4]. Table 1 provides the subset of available bulk commodities approved for use in FFPr for FY 2021. Tables 2 and 3 present a summary detail of the award to Sudan and the Standing and Merit Awards, respectively.

Table 1: Eligible Bulk Commodities for Use in FY 2021 Food For Progress

Commodity Group	Eligible Bulk Commodity
Wheat	Wheat, Hard Red Winter (HRW)
	Wheat, Northern Spring (NS)
	Wheat, Soft Red Winter (SRW)
	Wheat, Soft White (SWW)
	Wheat, Dark Northern Spring (DNS)
	Wheat, Hard Red Spring (HRS)
	Wheat, Hard White (HWW)
Other Coarse Grains	Corn, Yellow
	Sorghum
Non-Coarse Grains	Rice, Milled
Fats and Oils	Soybean Oil, Crude Degummed (CDSO) or Fully Refined
	Corn Oil, Crude or Refined
	Vegetable Oil
	Sunflower Seed Oil
	Tallow
	Yellow Grease
Non-Oil Soy Products	Soybean Meal (SBM)
	Soybeans, Whole, Yellow

[4] https://www.ams.usda.gov/sites/default/files/media/GrainGeneralProvisions.pdf

Table 2: FY 2021 Food for Progress Award for New Project

Country	Organization	Allocated Commodity	Allocated Quantity (MT)	Obligated Commodity Cost ($ millions)	Obligated Freight Cost ($ millions)	Obligated Admin Cost ($ millions)*	Total Obligated Cost ($ millions)
Sudan	Government of Sudan	Hard Red Winter Wheat	300,000	$84.5	$33.0	$1.77	$119.27
Totals*			300,000	$84.5	$33.0	$1.77	$119.27

*Administrative funds, not included in the award, went to monitoring and evaluating the wheat shipments to Sudan.

Table 3: FY 2021 Food for Progress Standing and Merit NOFO Awards

Country	Organization	Award Type	Planned Commodity	Newly Allocated Quantity (MT)	Obligated Commodity Cost ($ millions)	Obligated Freight Costs ($ millions)	Obligated Admin Costs ($ millions)	Total Obligated Costs ($ millions)
Bangladesh	Winrock	Standing	Soybeans	3,100	$1.891	$.675		$2.566
Egypt*	Venture 37	Standing	Soybeans		$1.270	$.300		$1.570
Cote d'Ivoire	CNFA	Standing	Not Applicable				$.382	$.382
Georgia	Venture 37	Standing	Soybeans	5,000	$1.140	$1.895		$3.035
Haiti	CRS	Standing	SBM	5,170	$1.654			$1.654
Honduras*	TNS	Standing	SBM		$1.285	$.300		$1.585
Mauritania	GOM	Standing	Not Applicable				$.700	$.700
Pakistan	Winrock	Standing	Soybeans	6,500	$2.470	$.910		$3.380
Paraguay*	IESC	Standing	Wheat, HRW		$0.930	$.300		$1.230
Dominican Republic	NCBA	Merit	CDSO	4,000	$5.100		$.544	$5.444
Guatemala	GOG	Merit	SBM	30,000	$16.620		$3.099	$19.719
Guatemala	CPI	Merit	CDSO	5,610	$8.130		$2.410	$10.540
Sri Lanka	IESC	Merit	Soybeans	5,500	$3.110		$1.033	$4.143
Totals				64,880	$43.600	$4.380	$8.168	$56.148

*The programs in Egypt, Honduras, and Paraguay will utilize remaining tonnage from their initial NOFO awards, including 5,860 MT (Egypt FY 2018), 7,350 MT (Honduras FY 2017), and 4,320 MT (Paraguay FY 2019).

Table 4: FY 2021 Descriptions of New Food for Progress Projects

Country	Organization
Sudan	Government of Sudan
Project Description: Provide wheat to be milled and distributed to state-subsidized bakeries to produce bread for distribution to food-insecure individuals.	

III. FY 2021 Monetization Activity Summary

In FY 2021, a total of 22 monetization sales of U.S. commodities, organized into 19 shipments, were made to 18 countries. Nine of the 22 sales also benefitted multiple projects, which allowed for improved economies of scale, higher rates of return, and faster disbursement of project proceeds. The commodities included crude degummed soybean oil (CDSO), milled rice, soybean meal (SBM), yellow soybeans, hard red winter (HRW) wheat, and dark northern spring (DNS) wheat. U.S. commodities utilized in FY 2021 totaled 440,890 MT with a commercial value of nearly $210.52 million, representing the highest totals in more than a decade. Shipping expenditures, including the costs of bagging, stacking, and discharge for certain commodities such as rice, totaled close to $56.47 million. Of that total, nearly $32.94 million, or 58.3 percent, was booked on U.S.-flagged vessels, while the balance, $23.53 million, or 41.7 percent, was booked on foreign-flagged vessels. Sales proceeds from monetized commodities amounted to $183.82 million, resulting in an average rate of return of 68.9 percent.

Wheat loaded on U.S. Liberty vessel headed to Sudan. Photo credit: FAF Developments LLC.government primary school.

For Sudan, 253,000 MT of the awarded 300,000 MT of HRW was shipped prior to the conclusion of FY 2021. The total commodity value for the U.S. wheat industry for this program was $69.24 million. Meanwhile, freight expenditures totaled nearly $26.74 million, of which $18.46 million, or 69.1 percent, was booked on U.S.-flagged vessels, while $8.27 million, or 30.9 percent, went to foreign-flagged vessels. As these shipments represented direct assistance, there were no proceeds from any sales and thus no cost recovery calculation.

Table 5: FY 2021 Summary of Monetization Activity by Commodity*

Commodity	Quantity (MT)	Commodity Costs	Freight Costs	Total Costs	Monetization Proceeds	Rate of Return (%)
CDSO	40,490	$45,580,300	$9,751,040	$55,331,340	$37,082,979	67.0%
Soybeans	68,950	$36,338,115	$13,736,189	$50,074,304	$35,802,340	71.5%
Soybean Meal	52,610	$24,495,630	$7,038,800	$31,534,430	$24,111,950	76.5%
Wheat	162,600	$49,453,217	$12,216,055	$61,669,272	$44,760,800	72.6%
Wheat, DNS	37,600	$11,083,524	$6,489,746	$17,573,270	$9,088,698	51.7%
Milled Rice	78,640	$43,568,133	$7,235,172	$50,803,305	$32,978,100	64.9%
Totals*	440,890	$210,518,919	$56,467,002	$266,985,921	$183,824,867	68.9%

***All figures except the rate of return reflect rounding to the nearest whole number.**

Table 6: FY 2021 Summary of Sudan Activity

Commodity	Quantity (MT)	Commodity Costs	Freight Costs	Total Costs
Wheat, HRW	253,000	$69,239,090	$26,738,260	$95,977,350
Total	253,000	$69,239,090	$26,738,260	$95,977,350

First tranche of HRW wheat unloading at Buenaventura Port, Colombia.
Photo courtesy of Partners of the Americas.

Table 7: FY 2021 Monetization Rates of Return by Country and by Sale*

Country	Shipment Approval Date	Commodity Costs	Quantity (MT)	Commodity Cost	Freight Cost ($ Millions)	Total Cost to USDA ($ Millions)	Actual Proceeds ($ Millions)	Rate of Return (%)
Bangladesh[1]	6/30/2021	Soybeans	25,000	$14.09	$3.28	$17.37	$14.00	81%
Bangladesh[1]	9/29/2021	Soybeans	25,610	$13.54	$7.56	$21.10	$15.00	71%
Burkina Faso[2]	4/14/2021	Milled Rice	21,500	$11.91	$2.10	$14.01	$9.27	66%
Cambodia	6/22/2021	SBM	8,000	$3.74	$2.83	$6.57	$3.71	56%
Colombia	4/19/2021	Wheat, HRW	41,000	$11.66	$1.67	$13.33	$10.97	82%
Colombia[1]	9/7/2021	Wheat, HRW	30,700	$11.29	$2.92	$14.21	$10.44	73%
Cote d'Ivoire[2]	4/14/2021	Milled Rice	32,140	$17.81	$2.90	$20.71	$13.34	66%
Cote d'Ivoire[2]	4/14/2021	SBM	11,000	$5.05	$0.98	$6.02	$5.39	90%
Dominican Republic[1]	4/22/2021	CDSO	8,000	$12.39	$1.06	$13.46	$9.80	73%
Egypt	10/13/2020	Soybeans	18,340	$8.71	$2.89	$11.60	$6.80	59%
Georgia	10/6/2020	SBM	4,000	$1.88	$0.79	$2.66	$1.32	50%
Ghana[2]	4/14/2021	SBM	24,000	$11.01	$1.29	$12.30	$11.66	95%
Guatemala[1]	4/22/2021	CDSO	2,610	$4.33	$0.72	$5.05	$2.79	55%

Table 7 Continued

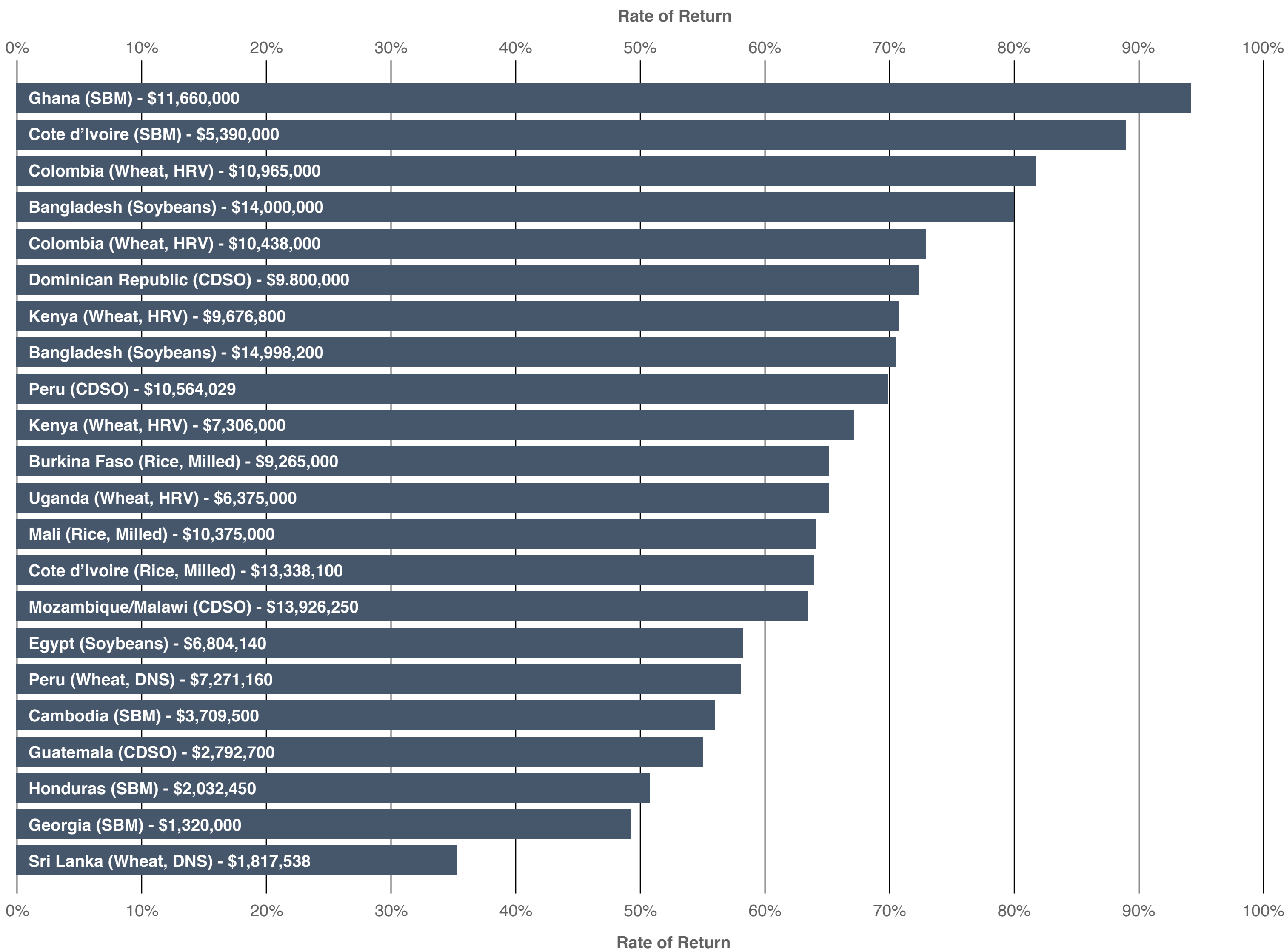
Country	Shipment Approval Date	Commodity Costs	Quantity (MT)	Commodity Cost	Freight Cost ($ Millions)	Total Cost to USDA ($ Millions)	Actual Proceeds ($ Millions)	Rate of Return (%)
Honduras[1]	11/03/2020	Wheat, HRW	5,610	$2.82	$1.16	$3.98	$2.03	51%
Kenya[2]	5/19/2021	Wheat, HRW	37,800	$10.66	$2.94	$13.60	$9.68	71%
Grand Total			440,890	$210.52	$56.47	$266.99	$183.52	69%
Rate of Return average on commodity sales in FY 2021								69%

* Costs, proceeds, and their respective totals are rounded to the nearest $10,000. Column totals reflect the actual whole number value rounded to the nearest $10,000. Average rate of return is rounded to nearest 1%.

[1] These six sales/shipments represented joint sales covering more than one program. In the case of Bangladesh, the two sales provided proceeds to five different programs.

[2] These seven sales were consolidated into four shipments. For example, the sales to Burkina Faso, Cote d'Ivoire, Ghana, and Mali were organized into three large-scale shipments to improve cost recovery.

Figure 1: Sale Proceeds and Rate of Return by Country and Commodity FY 2021



Factors Influencing the Rate of Return

The 2018 Farm Bill requires an explanation for instances when commodities monetized from FFPr realize a rate of return less than 70 percent of the cost of the U.S. commodities sold abroad to obtain proceeds to fund FFPr programs. Attaining a rate of return[5] of 70 percent or more can be challenging when considering the commercial shipping and programmatic limitations, including requirements from the U.S. Cargo Preference Act, explained below.

In addition, the 70 percent threshold can be difficult to achieve in overseas markets where U.S. commodities face significant price competition from foreign competitors. For example, in West Africa, imported rice primarily originates from suppliers in Asia (India, Myanmar, Thailand, and Vietnam). Many of these same suppliers often sell rice that has a substantially higher percentage of broken grains. In contrast, the U.S. rice sold from the FFPr program is a higher grade, where the percentage of broken grains is 7 percent or less on average. The price difference between U.S. origin rice and 100 percent broken rice from suppliers such as India was nearly $275/MT in the spring of 2021, when rice was purchased for five sales in West Africa. Even among foreign competitors supplying rice with a similar share of broken grains, U.S. rice was trading at about a $70/MT, or 14 percent premium. Thus, while the local buyers gained access to high-quality rice through these sales, the highest cost recovery among these shipments to West Africa was just 66 percent due to the strong price competition.

With economies around the world attempting to re-open and recover as new variants of the COVID-19 virus emerged, commodity prices continued to rally throughout FY 2021. On aggregate, grains and oilseed prices rose by nearly 27 percent worldwide. Leading the way were soybean oil prices, which from the start of FY 2021 through this past September surged upward by 77 percent due to a rebound in biodiesel demand and consumer use. By comparison, global wheat and soybean prices increased by 39 percent and nearly 18 percent, respectively, during the same period. The only major commodity not seeing an uptick was rice as prices on aggregate fell by 10 percent.[6] A major driver in the rise in wheat and soybean prices was the impact of dry weather and limited rainfall in many major producing regions, including the United States. On balance, commodity purchases for FFPr monetization cost $38.19/MT or nearly 9 percent more than in FY 2020.

Ocean freight rates, primarily for bulk and container cargo vessels, also saw a substantial uptick in FY 2021. These higher rates impacted costs of shipping on both U.S.- and foreign-flagged vessels. As an example, the Baltic Dry Index, a composite index that measures the costs of shipping dry bulk materials for more than 20 trade routes, jumped by 157.5 percent in FY 2021, reaching its highest level since September 2008.[7] In addition, with the U.S. Cargo Preference Act mandating that at least 50 percent of all commodities sent to each country and via each vessel type be shipped on U.S.-flagged vessels, the increased operating costs for both U.S.- and foreign-flagged vessels in FY 2021 were substantial. On average, freight costs for FFPr monetization were up $13.22/MT, or 12 percent from FY 2020. As further points of comparison, the average cost for a U.S.-flagged vessel in FY 2021 rose year-on-year by $57.33/MT or just more than 35 percent to $208.44/MT, while for foreign-flagged vessels, the average costs were up by $17.34/MT, or more than 26 percent to $83.18/MT.

FFPr complies with the requirements of Section 212 of the International Development and Food Assistance Act of 1977. Commonly referred to as the Bellmon amendment, this legal provision requires a market analysis be conducted to ensure that the distribution of the commodities in the recipient country will not result in a substantial disincentive to, or interference with, domestic production or marketing. The monetization is contingent upon a positive Bellmon determination, which evaluates the availability of the storage and cargo handling capacity of the recipient country. Due to limited resources in some developing countries, monetization plans are adapted to ensure economies of scale are achieved, while at the same time meeting the Bellmon requirements. In other

[5] Rate of return is the ratio of the proceeds the awardees generate through the sale of commodities divided by the cost the U.S. Government incurs to procure and ship those commodities to recipient countries.
[6] International Grains Council. Grain Market Indicators Report. Available at: https://www.igc.int/en/members-site/markets/igc_markets_prices.aspx (subscription required to access this data).
[7] Baltic Exchange. Baltic Dry Exchange Index. Available at: https://www.balticexchange.com/en/data-services/market-information0/dry-services.html

cases, monetization may be extended for 2 or 3 fiscal years to comply with the Bellmon determination and to generate the optimum proceeds for a project. Thus, this may result in the need to increase the number of shipments, using higher freight funds which in turn lowers the average rate of return (see Table 8).

Despite the challenges of increased costs, improved coordination through joint sales and consolidated shipments in FY 2021 resulted in higher average monetization sales prices. Across the 22 sales, proceeds increased by an average $57.60/MT, or 16 percent, to $416.94/MT, pushing up the overall rate of return year-on-year by 4 percentage points. With monetization activity surpassing more than 480,000 MT in FY 2021, the higher rate of return resulted in an efficiency gain of more than $2.7 million in FY 2021. An example of successful consolidation is illustrated in the photo aside, which depicts one of two shipments to Bangladesh. Both shipments in FY 2021 provided funding to multiple projects and achieved rates of return above the 70 percent target, even when the cost of shipping on the second tranche amounted to nearly 36 percent of the landed cost.

First tranche of HRW wheat unloading at Buenaventura Port, Colombia.
Photo courtesy of Partners of the Americas.

Another example of this improved coordination involved the five sales to West Africa. All the recipient countries are members of the Economic Community of West African States (ECOWAS), an economic and political trade bloc. Moreover, the five agreements supported by these monetization sales are implementing projects across multiple ECOWAS-member states. The combined effort resulted in a purchase of 113,640 MT of U.S. commodities, generated more than $50 million in project proceeds, and produced a rate of return of 72.4 percent.

First shipment of 41,000 MT of HRW wheat arriving at the Port of Buenaventura, Colombia.
Photo credit: Partners of the Americas.

Timely execution of monetization sales in FY 2021 for newly awarded FY 2020 programs also improved outcomes. With the ramifications of the global pandemic and related economic dislocations affecting countries around the world, sales and shipping procedures had to confront ever-changing conditions on the ground. In Colombia, the country experienced severe unrest in May and June 2021, resulting in road closures and a near collapse of the country's largest seaport. This event nearly impacted the first sale of HRW to Colombian buyers. However, thanks to the collaborative efforts of the implementing partner, commodity and freight vendors, and USDA staff, timing of the delivery was adapted to allow for conditions to improve. The arrival of the first shipment of 41,000 MT in early July also helped alleviate a temporary food shortage brought about by the turmoil. The cooperation on the first tranche made a positive impression on the buyers in Colombia, which led to a second productive sale before the end of FY 2021 and an aggregate cost recovery of 78 percent for the two sales.

Overall, these incremental improvements resulted in FY 2020 awards receiving more than 96 percent of expected proceeds in their first year of operations. The cost recovery rate through the first year amounted to nearly 77 percent. Lastly, the share of monetization sales falling below the cost recovery target of 70 percent went from 75 percent for FY 2020 to 59 percent in FY 2021.

Table 8: Explanation of Return Rates Below 70 Percent

Sale Date	Country	Commodity	Quantity (MT)	Commodity Cost ($ million)	Freight Cost ($ million)	Total Cost to USDA ($ million)	Actual Project Proceeds ($ million)	Rate of Return (%)
Oct 2020	Georgia	SBM	4,000	$1.88	$.79	$2.66	$1.32	49.55%
Explanation: Lack of SBM bids prevented consolidation with another Georgia load from FY 2020. Delays resulted in a renegotiated price with the buyer of $20/MT less. SBM export prices rose 27% from signing of contract in late July 2020.								
Oct 2020	Egypt	Soybeans	18,340	$8.71	$2.89	$11.60	$6.80	58.64%
Explanation: Unable to combine with Georgia SBM load. No SBM offered in the Gulf. U.S.-flag vessel cost nearly 200% more than foreign-flag rate. Soybeans rose by $51/MT or 13% in September.								
Oct 2020	Peru	Wheat, DNS	30,680	$9.07	$3.38	$12.45	$7.27	58.40%
Explanation: U.S. freight nearly 300 percent more than foreign-flag freight. Wheat prices up 9% in September.								
Nov 2020	Honduras	SBM	5,610	$2.82	$1.16	$3.98	$2.03	51.10%
Explanation: SBM price rose nearly 14% since the sale was approved in late September. Purchase price was more than $40/MT prevailing commercial export price for U.S. SBM.								
Nov 2020	Sri Lanka	Wheat, DNS	6,920	$2.01	$3.11	$5.12	$1.82	35.48%
Explanation: Attempted to combine with other shipments without success. U.S.-flag vessel rate nearly $450/MT. Wheat rose by $30/MT, or 8%, since end of August. Small size and distance contributed to poor cost recovery.								
Dec 2020	Mozambique /Malawi	CDSO	16,850	$15.98	$5.82	$21.80	$13.93	63.88%
Explanation: U.S.-flag vessel cost 250% more than foreign-flag offers. CDSO price up $132/MT or 16% since sale approved in mid-October.								
Apr 2021	Cote d'Ivoire	Milled Rice	32,140	$17.81	$2.90	$20.71	$13.34	64.41%
Explanation: Competition from India rice and rice from Southeast Asia. Rice from India had landed cost below $400/MT. High bagging and stacking costs added on average more than $30/MT to the freight cost.								
Apr 2021	Burkina Faso	Milled Rice	21,500	$11.91	$2.10	$14.01	$9.27	66.14%
Explanation: Competition from rice from India and Southeast Asia. Rice from India had landed cost below $400/MT. High bagging and stacking costs added on average more than $37/MT to the freight cost.								
Apr 2021	Mali	Milled Rice	25,000	$13.85	$2.24	$16.09	$10.38	64.49%
Explanation: Competition from rice from India and Southeast Asia. Rice from India had landed cost below $400/MT. High bagging and stacking costs added on average more than $37/MT to the freight cost.								
Apr 2021	Guatemala	CDSO	2,610	$4.33	$0.72	$5.05	$2.79	55.33%
Explanation: U.S.-flagged vessel rate 2.4 times higher than foreign-flag rate. Sudden price rise of $200/MT in 2 weeks following signing of sales contracts lowered volume. Purchase price $100/MT above prevailing export price in United States.								
May 2021	Uganda	Wheat, HRW	25,000	$7.76	$1.95	$9.71	$6.38	65.63%
Explanation: After the sales tender in April, U.S. wheat prices rose by 14% prior to the purchase. Competition from Russian and Canadian wheat resulted in lower price as well.								

Table 8 Continued

Sale Date	Country	Commodity	Quantity (MT)	Commodity Cost ($ million)	Freight Cost ($ million)	Total Cost to USDA ($ million)	Actual Project Proceeds ($ million)	Rate of Return (%)
Jun 2021	Kenya	Wheat, HRW	28,100	$8.08	$2.73	$10.82	$7.31	67.53%
Explanation: Lack of wheat supplies prevented this shipment for being consolidated with Uganda load in May. Freight cost increased by $19.65/MT due to smaller volume. Competition from Russia and Canadian wheat also strong. HRW price rose another 2% in 3 weeks.								
Jun 2021	Cambodia	SBM	8,000	$3.74	$2.83	$6.57	$3.71	56.45%
Explanation: Unable to combine shipment with first Bangladesh load. U.S. flag $100/MT more. SBM purchase price $30/MT above average U.S. export price for SBM. Freight represented 43% of total costs.								

Other Costs

Commodity sales from FFPr are arranged as commercial transactions with private sector buyers. To limit internal transport, shipping, and handling costs to the U.S. government, FFPr sales tenders are solicited on a Cost and Freight (CFR) basis, meaning the title to the commodities passes to the buyers at the time the cargo passes the ship's rail at the U.S. port of origin. According to the CFR terms, the buyer is responsible for arrangements and costs in connection with the receipt, clearance, inland delivery, and storage of the cargo. Risk of loss also passes to the buyer at this point in accordance with the CFR shipping terms. Thus, the buyer is responsible for insuring the donated commodities. The implementing partner(s) and buyer(s) negotiate commodity discharge terms depending on the buyer's or the receiving port's capacity. On occasion, buyers request bagging and stacking as part of the freight discharge terms. The costs for the bags for these commodities are separate from ocean freight expenditures. The costs of bagging and stacking, however, as well as bulk discharge premiums, are included in total freight expenditures. Tables 9 and 10 present these respective costs.

The final remaining monetization expenses pertain to issuing phytosanitary certificates, carrying charges, and refunds for delivering commodities that do not meet quality specifications. Phytosanitary certificates, which are required for most exported agricultural food and feed products, including bulk grains, amounted to $488 for FY 2021. Carrying charges involve expenses incurred by the commodity supplier due to an ocean carrier's failure to meet the loading requirements stipulated in the freight tender offer. In these events, CCC submits an invoice to the ocean carrier for reimbursement of the charges. For FY 2021, pandemic challenges and labor shortages resulted in a significant uptick in carrying charges. CCC invoiced a total of $449,344.67 to ocean carriers for reimbursement. Finally, when commodities purchased do not meet required specifications, CCC invoices suppliers for a refund. For FY 2021, no refunds were processed for commodities that failed to meet required specifications.

[8] This table includes instances of added shipping costs, outside of the ocean transportation segment, such as bagging, stacking, and bulk discharge costs. These discharge costs are for certain commodities in certain markets. The implementing partner(s) and buyer(s) negotiated commodity discharge terms depending on the buyer's or receiving port's capacity. For the shipments to Cote d'Ivoire, there were two rates for bagging and stacking rice due to 10,640 MT being shipped on a separate vessel with SBM, while 21,500 MT went together on another vessel.

Table 9: FY 2021 Cost of Bags

Country	Material Description	Quantity	Cost
Burkina Faso	BAGS, WOVEN POLYPROPYLENE- 50 KG	439,000	$219,278
Cote d'Ivoire	BAGS, WOVEN POLYPROPYLENE- 50 KG	657,000	$318,950
Mali	BAGS, WOVEN POLYPROPYLENE- 50 KG	510,000	$244,130
Total		1,606,000	$782,358

Table 10: FY 2021 Other Shipping Costs[8]

Recipient Country	Commodity	Total Tonnage (MT)	Bagging & Stacking (per MT)	Total Additional Shipping Costs
Burkina Faso	Milled Rice	21,500	$37.68	$810,120
Cote d'Ivoire	Milled Rice	32,140	$23.00/$31.50	$829,660
Mali	Milled Rice	25,000	$37.85	$946,250
Total Other Shipping Costs				$2,586,030

[8] This table includes instances of added shipping costs, outside of the ocean transportation segment, such as bagging, stacking, and bulk discharge costs. These discharge costs are for certain commodities in certain markets. The implementing partner(s) and buyer(s) negotiated commodity discharge terms depending on the buyer's or receiving port's capacity. For the shipments to Cote d'Ivoire, there were two rates for bagging and stacking rice due to 10,640 MT being shipped on a separate vessel with SBM, while 21,500 MT went together on another vessel.

IV. FOOD FOR PROGRESS PROJECT HIGHLIGHTS

Project highlights illustrate FFPr activities during FY 2021. Examples from Malawi and Sri Lanka provide additional information about the results of FFPr funding on improving agricultural productivity and infrastructure, training farmers, and expanding trade.

Food for Progress: Malawi

Aluvita, a farmer in Dedza, Malawi, counts funds from her village savings and loans group, which was supported by the USDA FFPr project. Photo credit: Land O'Lakes.

In Malawi, agriculture is the main source of income for 85 percent of residents. However, most Malawian farmers are smallholders with plots as small as a tenth of a hectare, have limited access to extension services, and difficulty affording seeds and equipment due to last-mile delivery costs. FFPr provided funding to Land O'Lakes Venture37 to address these challenges in Malawi by implementing the FFPr project titled "Malawi Strengthening Inclusive Markets for Agriculture," a FY 2016 project valued at $15 million. In collaboration with Michigan State University, the five-year project, which ended in September 2021, focused on increasing agricultural productivity in the fruit and vegetable sector by expanding the availability of inputs, improving infrastructure to support production on farms, and training farmers with new agricultural techniques and technologies. The project also helped expand trade of agricultural products in the fruit and vegetable sector by training producers and processors on improved post-production processes, facilitating new linkages between buyers and sellers, and improving market and trade infrastructure.

Thanks to the project, smallholder producers were able to market and sell to formal markets and processors by supporting 39,744 farmers organized into cooperative farmer-based organizations (FBOs) where 55 percent of these cooperative members were women. The project established 167 FBOs, each with 75 to 300 members. The FFPr project's interventions have helped horticultural producers and processors be more competitive in both local and regional markets, leading to more than $18.4 million in sales and trade of more than 63,000 MT of horticultural produce. Additionally, the FFPr project worked with the Malawi Bureau of Standards to formalize horticultural product standards to enable locally sourced produce to be sold on Malawi's supermarket shelves.

A farmer in Lilongwe demonstrates how locally made storage bins — introduced and promoted by the FFPr project — help prolong the shelf life of his onions. Photo credit: Land O'Lakes.

Access to finance is critical to helping even the smallest of businesses to grow, but many farmers or small and medium enterprises in the agriculture sector are unable to access and/or were not offered credit. During the life of the project, 10,377 loans valued at $699,879 were disbursed with the project's support. Thanks to the project's record of success, other financial institutions including both commercial banks and microfinance institutions are expanding into the horticulture sub-sector and have sought the project's technical advice and support on farmer outreach. This new willingness to engage the horticulture sub-sector will be one of the lasting impacts of the project in Malawi.

Food for Progress: Sri Lanka

Mr. and Mrs. Rohitha Edirisinghe in the Puttlam District of Sri Lanka increased their cows' milk production due to the FFPr project. Photo credit: IESC.

The FFPr project in Sri Lanka titled "Market-Oriented Dairy (MOD)" is implemented by the International Executive Service Corps (IESC) and began in late 2017 with the aim of at least doubling the production of its participating farmers by the project's conclusion, scheduled for September 2024. Dairy is a critical sub-sector in Sri Lanka due to rapidly growing consumer demand and its potential for rural development and inclusive economic growth. In 2017, Sri Lanka was estimated to be able to meet only about 31 percent of its domestic annual demand for milk products of about 1,348 million MT. The project is supporting producers to increase their productivity through sustained access to improved inputs, increasing domestic trade by improving food safety and quality of fresh milk at the local level, and targeting market-oriented farmers and other dairy value chain entrepreneurs seeking to grow their business. The project is increasing domestic trade of fresh milk by enabling producers to meet improved quality requirements of private sector milk processors, creating a spectrum of dairy products.

Between 2017 and 2020, this FFPr project helped its participating farmers to increase their production by 64 percent, while national production had fallen by 20 percent, promising a significant shift as MOD and its governmental and private partners spread its practices more widely. The Sri Lankan Ministry of Agriculture's Department of Animal Production and Health (DAPH) estimated that the domestic dairy sector met 37.5 percent of domestic demand in 2020 (partly due to a fall in demand given the recession), and we expect that by the end of the project the dairy sector will be meeting a significant share of a restored and increased domestic demand.

FFPr Project's Business and Value Chain Director and extensionist during a mentoring and monitoring visit discussing future plans with a youth entrepreneur cultivating fodder. Photo credit: IESC.

Through the end of September 2021, the project trained a cumulative number of 4,773 farmers plus 1,524 officials from Sri Lanka's DAPH -- including the Ministry's field extension agents -- along with staff of dairy companies seeking to improve their product sourcing. Despite having to cancel 83 percent of their planned in-person farm trainings in 2021 due to COVID, the project was able to dramatically strengthen farmer outreach by adding the option of phone calls to physical visits during the COVID-19 lockdown, which allowed the program to reach a cumulative total of 12,433 mentoring and monitoring visits/calls.

By September 2021, 99 percent of farmers had adopted at least one of the best practices promoted by MOD, 85 percent had adopted at least five, and 71 percent had adopted at least ten. It is promising that DAPH wants to replicate much of the FFPr project's extension techniques in its work throughout the country, and that the project will hand over its mobile extension system, the ration formulation tool, and the dairy sector trading platform to joint public-private ventures when the project concludes.

From left to right: A semi-automated silage machine ready for transport, one manufacturer installing a machine at a customer site, and posing with a sample pack produced using the machine. Photo credit: IESC.

To date, FFPr helped facilitate 1,968 loans to farmers by the country's four largest banks which lend to agriculture, most in collaboration with the International Fund for Agriculture Development-funded Small Agribusiness Partnership Program.