United States Department of Agriculture

Fiscal Year 2022

Food for Progress Report

Contents

Cover photo: Harvester transporting sugarloaf pineapple at the Agbame village, Benin, 2019. The harvester benefited from funding from the Food for Progress project in Benin. Photo credit: Armand Acakpo, Partners for Development.

List of Abbreviations

ACDI	Agricultural Cooperative Development International
AMS	Agricultural Marketing Service
ASA	American Soybean Association
BDI	Baltic Dry Index
CAFTA-DR	Dominican Republic-Central America Free Trade Agreement
CCC	Commodity Credit Corporation
CDSO	Crude Degummed Soybean Oil
CFR	Cost and Freight
CRS	Catholic Relief Services
DNS	Dark Northern Spring Wheat
DDGS	Distiller's Dried Grains with Solubles
FAS	Foreign Agricultural Service
FFPr	Food for Progress
FSIS	Food Safety and Inspection Service
FY	Fiscal Year
HRS	Hard Red Spring Wheat
HRW	Hard Red Winter Wheat
HWW	Hard White Wheat
IESC	International Executive Service Corps
LAC	Latin American and the Caribbean
MT	Metric Tons
NCBA CLUSA	National Cooperative Business Association
NOFO	Notice of Funding Opportunity
NS	Northern Spring Wheat
RCN	Raw Cashew Nut
SAFE	Safe Agriculture/Food Export
SeGaBi	Senegal, The Gambia, and Guinea-Bissau
SBM	Soybean Meal
SRW	Soft Red Winter Wheat
SWW	Soft White Wheat
USAID	United States Agency for International Development
USC	United States Code
USDA	United States Department of Agriculture
VOCA	Volunteers in Overseas Cooperative Assistance
YC	Yellow Corn

I. Introduction

The Food for Progress Program (FFPr) 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 the trade of agricultural products in developing countries and emerging democracies. FFPr projects have focused on training farmers in improved animal, plant, and fish farming methods, including climate-smart agricultural solutions, the development of agricultural value chains from inputs to farm to processing to distribution, providing microcredit, and strengthening producer cooperatives or associations. In addition, FFPr has also targeted the policy and regulatory level to reduce barriers inhibiting trade through addressing sanitary and phytosanitary policies and procedures or helping countries simplify, modernize, and harmonize agricultural trade processes.

To fulfill Congress's mandate within the Food for Progress Act of 1985, the United States Department of Agriculture's (USDA) Foreign Agricultural Service (FAS) enters into cooperative agreements with eligible organizations to implement field-based projects that aim to improve agricultural production and expand the trade of agricultural products in developing countries. Projects are primarily funded through the sale of U.S. commodities. Monetization sales occur in the region where the project is implemented. 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. 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 USDA's International Commodity Procurement Division of the Agricultural Marketing Service (AMS) through the Web-Based Supply Chain Management System. The purchases are made with funds from the Commodity Credit Corporation (CCC). The guidelines for these procedures are contained in AMS' Master Solicitation for Commodity Procurements – International Food Assistance Program Purchases.[2]

FFPr released three Notices of Funding Opportunity (NOFO) in FY 2022. The primary NOFO resulted in seven new cooperative agreements for projects to be implemented in Burundi, Jamaica, Malawi, Nigeria, Peru, Thailand, and the Northern Triangle (El Salvador, Guatemala, and Honduras). The second NOFO, named the Standing Supplemental NOFO, provided existing agreement holders the opportunity to apply for additional funding if the project had previously experienced a no-fault shortfall in the budget due to lower than anticipated monetization proceeds. Projects in Ethiopia and Uganda received additional funding via the Standing Supplemental NOFO. The last category, the Merit NOFO, provided a funding opportunity for current agreement holders of projects that had completed monetization, a midterm evaluation, and had at least $400,000 or more in remaining freight funds in their budgets. Merit awards were given to 10 projects in Burkina Faso, Cambodia, Egypt, Georgia, Haiti, Honduras, Laos, Paraguay, a Latin America and Caribbean regional project (Ecuador, El Salvador, Guatemala, Honduras, Nicaragua, and Peru), and a West Africa regional project (Senegal, Gambia, and Guinea-Bissau). Both the standing supplemental and merit awards included only additional commodity funds.

[1] HH.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

In total, the FY 2022 cycle awarded $223.35 million in new funding to support the purchase and shipment of up to 267,800 metric tons (MT) in commodities. Within that total, FFPr provided seven new 5-year awards with a total value of $177 million. This includes $129.18 million to support the purchase and donation of 216,000 MT of U.S. commodities to the seven awardees, $37.72 million for associated freight costs to ship the commodities, and $10.10 million to support project administration. The Standing Supplemental and Merit NOFOs provided an additional $46.35 million for commodity purchases and 51,800 MT in new commodities.

During FY 2022, activities conducted by active projects reached more than 444,000 direct participants. As a result of FFPr's work, more than 317,000 individuals applied improved agricultural management practices or technologies to more than 681,000 hectares. Access to working capital and credit are other significant components of expanding participation in agricultural sectors in emerging markets. Greater access to financing contributes to increased production, expanded international trade, and increased incomes. In FY 2022, FFPr project activities resulted in access to more than $130 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.

II. Eligible Commodities

Commodities used in FFPr programming vary depending on the 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*.[3] Table 1 provides a subset of available bulk commodities approved for use in FFPr for FY 2022, including the newly approved Distiller's Dried Grains with Solubles. Tables 2 and 3 present a summary of the new projects and the Standing and Merit Awards, respectively.

Table 1: Eligible Bulk Commodities for Use in FY 2022 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 (YC)
	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
Grain Byproducts	Distiller's Dried Grains with Solubles (DDGs)

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

Table 2: FY 2022 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)
Burundi	Technoserve	HRW	40,000	$16.21	$5.89	$1.40	$23.50
El Salvador, Guatemala, Honduras	IESC	CDSO	21,000	$29.85	$5.82	$2.20	$37.87
Jamaica	ACDI/VOCA	HRW, YC, SBM, DDGs	14,000/ 10,000/ 12,000/ 4,000	$15.27	$5.70	$1.00	$21.97
Malawi	Winrock International	HRW	40,000	$15.55	$5.55	$1.50	$22.60
Nigeria	Lutheran World Relief	SBM	30,000	$15.30	$4.50	$1.50	$21.30
Peru	NCBA-CLUSA	CDSO	15,000	$22.50	$4.06	$1.50	$28.06
Thailand	Winrock International	Soybeans	30,000	$14.50	$6.20	$1.00	$21.70
Totals*			216,000	$129.18	$37.72	$10.10	$177.00

Table 3: FY 2022 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)
Ethiopia*	Technoserve	Standing	HRW	1,800	$1.75			$1.75
Uganda*	CRS	Standing	HRW		$2.50			$2.50
Burkina Faso	Lutheran World Relief	Merit	SBM	2,900	$1.35			$1.35
Cambodia	ASA	Merit	Soybeans	3,600	$1.60			$1.60
Egypt	Venture37	Merit	SBM	2,800	$1.45			$1.45
Haiti	CRS	Merit	CDSO	3,100	$5.00			$5.00
Georgia	Venture37	Merit	SBM	9,200	$4.60			$4.60
Honduras	Technoserve	Merit	CDSO	1,300	$2.10			$2.10
LAC Regional	Technoserve	Merit	CDSO	9,000	$12.00			$12.00
Laos	Winrock	Merit	Soybeans	4,500	$2.60			$2.60

*The programs in Ethiopia and Uganda will utilize remaining tonnage from their initial awards, including 3,200 MT (Ethiopia FY 2019) and 7,000 MT (Uganda FY 2020).

Table 3 - Continued

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)
Senegal, Gambia, Guinea	Shelter for Life	Merit	SBM	10,000	$5.00			$5.00
Paraguay	IESC	Merit	CDSO	3,600	$6.40			$6.40
Totals				51,800	$46.35			$46.35

Table 4: FY 2022 Descriptions of New Food for Progress Projects

Country	Organization
Burundi	Technoserve
Project Description: This project will focus on Burundi's coffee sector and seek to improve productivity through improved inputs and the adoption of climate-smart agricultural practices. The project will also work to increase trade through larger economies of scale and enhanced efforts in processing and marketing.	
El Salvador, Guatemala, Honduras	IESC
Project Description: This work will focus on the horticulture sector and seek to implement climate-smart agricultural and food safety-compliant practices to improve farm productivity and increase trade. Greater economic activities benefiting producers, processors, and other sector actors may help reduce the causes of outmigration.	
Jamaica	ACDI/VOCA
Project Description: This project will focus on increasing the productivity of Jamaica's high value spice sector, including ginger, turmeric, and pimento. The project will work to strengthen the capacity of farmers, producer organizations, and processors while emphasizing improvements in food security and climate-smart agriculture. This effort will seek to convert these improvements to expanded trade opportunities.	
Malawi	Winrock International
Project Description: The project will seek to implement climate-smart agricultural practices and technologies aimed at improved water management and the adoption of ecosystem services, as means to enhancing agricultural productivity in several commodities. The project will seek to expand trade opportunities for medium-sized producers.	
Nigeria	Lutheran World Relief
Project Description: This project will focus on the country's cacao value chain and work to improve productivity through the incorporation of climate-smart agricultural practices. It will also work to improve trade by enhancing traceability techniques.	
Peru	NCBA-CLUSA
Project Description: This project will increase the productivity and efficiency of Peru's ginger, turmeric, and oregano farming activities. This will include work with producer organizations, processors, and other private sector entities by encouraging climate-smart agricultural practices while preserving the country's natural biomes. The project will also seek to increase trade opportunities for these products by improving standards and creating new connections for Peruvian producers.	
Thailand	Winrock International
Project Description: This project will target the adoption of climate-smart technologies and practices to enhance farmer capacity and expand agricultural production. The project will seek to expand access to finance and promote and multi-functional, agricultural-centric data network with the aim of expanding domestic and regional trade of climate adapted commodities.	

III. FY 2022 Monetization Activity Summary

In FY 2022, a total of 7 monetization sales of U.S. commodities were made to 13 buyers across 6 countries. The sales were subsequently organized into six shipments to leverage economies of scale and freight efficiencies. Overall, with one project in Sudan and Merit and Standing awards in FY 2021, most of the monetization efforts for those projects were completed in FY 2021. The activity in FY 2022 involved delivering the final commodity tranches for project awards for previous years, as well as a special Merit award to projects in Guatemala in FY 2021, which was aimed at supporting the Administration's efforts to curb immigration from Central America. The monetized commodities consisted of crude degummed soybean oil (CDSO), soybean meal (SBM), hard red winter (HRW) wheat, and milled rice. A total of 88,560 MT of U.S. commodities were shipped in FY 2022 with a total commercial value of $69.24 million. Shipping expenditures, including the costs of bagging, stacking and discharge for certain commodities such as rice, amounted to $12.71 million. Just more than $3.77 million, or 30 percent, was booked on U.S.-flagged ships, while $8.94 million, or 70 percent, was booked on foreign-flagged ships. A shortage of available U.S.-flagged bulk carriers and the limited presence of U.S.-flagged ships in regions where the FFPr operates are responsible for the increase in use of foreign-flagged ships. Sales proceeds from monetized commodities totaled $49.17 million for an average rate of return of 68.3 percent.

Table 5: FY 2022 Summary of Monetization Activity by Commodity*

Commodity	Quantity (MT)	Commodity Costs	Freight Costs	Total Costs	Monetization Proceeds	Rate of Return (%)
CDSO	12,000	$16,656,000	$1,590,000	$18,246,000	$16,440,000	90.1%
Soybean Meal	55,440	$29,735,121	$6,181,497	$35,916,617	$23,472,406	65.4%
Wheat, HRW	7,190	$4,282,508	$1,734,587	$6,017,095	$3,271,450	54.4%
Milled Rice	13,930	$8,570,990	$3,207,661	$11,778,651	$5,989,900	50.9%
Totals*	88,560	$59,244,619	$12,713,745	$71,958,364	$49,173,756	68.3%

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

Table 6: FY 2022 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 (%)
Burkina Faso	02/03/2022	Milled Rice	13,930	$8.57	$3.21	$11.78	$5.99	51%
Cambodia[A]	10/13/2021	SBM	8,000	$3.41	$2.18	$5.59	$3.59	64%
Dominican Republic[B]	01/05/2022	CDSO	12,000	$16.66	$1.59	$18.25	$16.44	90%
Dominican Republic[C]	01/20/2022	SBM	23,560	$12.49	$1.34	$13.83	$9.40	68%
Ghana	03/09/2022	SBM	13,620	$8.40	$2.07	$10.47	$6.48	62%
Honduras[C]	01/20/2022	SBM	10,260	$5.44	$.58	$6.02	$4.00	66%
Uganda[D]	03/30/2022	Wheat, HRW	7,190	$4.28	$1.73	$6.01	$3.27	54%
Grand Total			88,560	$59.24	$12.71	$71.95	$49.17	68%
Rate of Return average on commodity sales in FY 2022								68%

*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%.

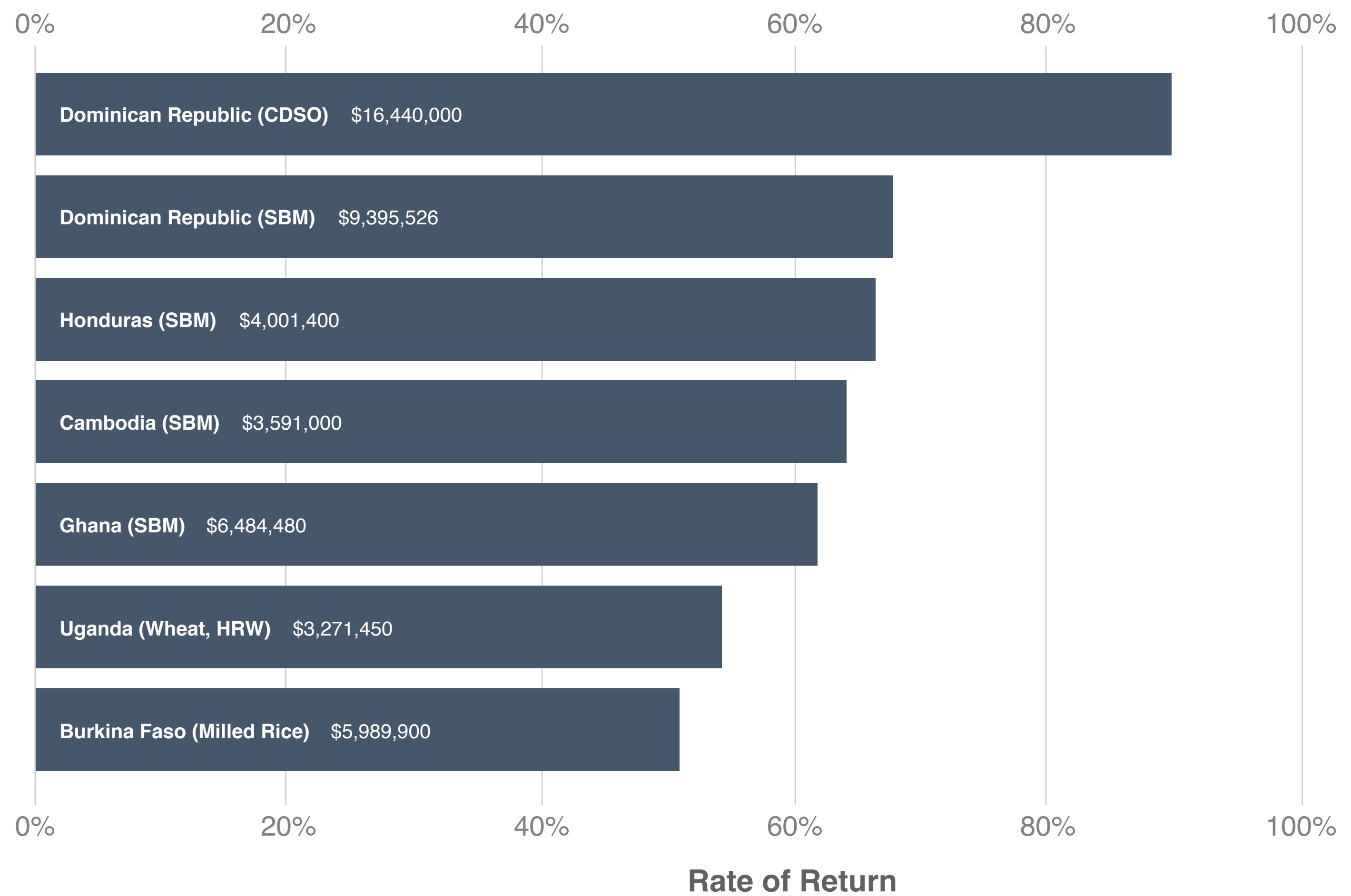
[A] The Cambodia shipment was consolidated with an FY 2021 shipment to Bangladesh.

[B] This shipment represented a consolidated sale to four buyers in support of five separate projects operating in Haiti and the CAFTA-DR region.

[C] These two sales shipped together to four separate buyers in support of two projects operating in Guatemala and Honduras, respectively.

[D] This shipment was consolidated with a USAID food assistance shipment to East Africa.

Figure 1: Sale Proceeds and Rate of Return by Country and Commodity FY 2022



Factors Influencing the Rate of Return

The 2018 Farm Bill requires an explanation for instances when commodities monetized as a part of 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[4] of 70 percent or more can be challenging when considering the commercial shipping and programmatic limitations, including requirements pertaining to the U.S. Cargo Preference Act, explained below.

As in FY 2021, the first half of FY 2022 saw further increases in commodity and freight prices, which made meeting the 70 percent cost recovery target more difficult. Ongoing extreme weather events and Russia's subsequent invasion of Ukraine not only impacted the production of key bulk grains and oilseeds, including wheat, soybeans, yellow corn, sunflower seeds, and barley, but it left many developing economies dependent on imports of these commodities scrambling for supplies just as they were dealing with lingering effects of the coronavirus pandemic. From the start of October 2021 through the end of March 2022, global grain and oilseed prices rose by more than 28 percent on average. Leading the way were prices for soybean meal, which surged by 37 percent, while soybeans and soybean oil each saw an uptick of 22 percent. Global wheat prices rose by more than 20 percent during that same period and reached a 14-year high in mid-March. Meanwhile, global rice prices were up by just a mere 3 percent, even though U.S. rice prices climbed by 12 percent on lower output.[5] Hot dry weather coupled with limited rainfall in major bulk commodity regions, including North and South America, contributed to lower world output of wheat, coarse grains, and oilseeds. In some instances, the availability of higher carrying stocks from the previous season helped hold back prices from escalating further. On balance, commodity purchases for FFPr monetizations cost $191.49/MT or 40 percent more than in FY 2021. At an average cost of $668.98/MT, FY 2022 marked the most expensive year for commodity purchases on a price per metric ton basis in 12 years.

Also influencing the rate of return, the cost of ocean freight for bulk vessels for both U.S. and foreign flagged vessels continued to climb in FY 2022 to an average of $143.56/MT. That amounted to a near 20 percent increase from FY 2021. The average rate for U.S. flagged vessels rose by $23.83/MT, or more than 14 percent year-on-year to $188.57/MT, while the cost for foreign flagged vessels, surged by 47.15/MT, or almost 57 percent from FY 2021 to an average of $130.43/MT, the highest level in 9 years. The jump in foreign flagged freights in FY 2022 is notable given the overall trends in commercial bulk shipping costs as indicated by the Baltic Dry Index (BDI), which provides a composite average of shipping dry bulk materials for more than 20 trade routes. The BDI hit a 13-year high in early October 2021, then fell by 34 percent by the end of March 2022, and finally ended FY 2 022 down 70 percent from the October peak.[6] While the U.S. Cargo Preference Act mandates 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 biggest challenge with respect to ocean freight costs in FY 2022 for FFPr monetizations were limited U.S. flag vessel offers and above market pricing from foreign flagged ships.

Another challenge pertained to monetizing certain U.S. commodities, such as bulk rice, in markets where lower priced foreign competition is dominant. For example, most imported rice in West Africa originates from suppliers in Asia (India, Myanmar, Thailand, and Vietnam). Many of these suppliers, particularly India, often sell rice that has a higher percentage of broken grains. In contrast, the U.S. rice sold with the FFPr program is a higher grade, where the percentage of broken grains is seven percent or less on average. At the time of the purchase of 13,930 MT of U.S. long grain rice for a project in West Africa, the prevailing cost for 100 percent broken rice from India was $295/MT, which was approximately $320/MT below the purchase price of the U.S. rice. Among foreign competitors supplying rice with just 5 percent broken grains, the average export price at the time of the call forward purchase was $201/MT or 33 percent cheaper. Thus, while the local buyer in West Africa was willing to pay a strong price for the high-quality U.S. rice at $430/MT, the cost recovery on that shipment was the lowest of FY 2022 at 51 percent (See Table 7).

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[4] 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.
[5] 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)
[6] Baltic Exchange. Baltic Dry Exchange Index. Available at: https://www.balticexchange.com/en/data-services/market-information0/dry-services.html.

As part of its statutory obligations, 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. Consequently, each implementer monetization plan is contingent upon a positive Bellmon determination, which evaluates the availability of the storage and cargo handling capacity of the recipient country. In instances where these factors place limits on the volume and frequency of shipments, FFPr has implemented regional and consolidated sales strategies to increase economies of scale and maximize funding efficiency.

Shipment of 12,000 MT of soybean oil loading in the Mississippi River for shipment to the Dominican Republic. February 16, 2022. Courtesy of Euro-America Shipping & Trade, Inc.

A successful example in FY 2022 involved five projects operating in the Central America and Caribbean region. A joint tender was published across all the major importing markets of CDSO in the Dominican Republic - Central America Free Trade Agreement (CAFTA-DR) trade bloc. Four buyers in the Dominican Republic were awarded the sales tender at a price of $1,370/MT, the highest sales price in a decade, generating $16.44 million in proceeds and a cost recovery of 90 percent while shipping on a U.S. flagged vessel. On balance, FFPr monetizations in FY 2022 were able to absorb much of the higher commodity and freight costs as the average sales price was up year-on-year by $138.32/MT or 33 percent to $555.26/MT.

Table 7: 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. 2021	Cambodia	SBM	8,000	$3.41	$2.18	$5.59	$3.59	64.25%
Explanation: Shipment was combined with FY 2021 sales to Bangladesh. U.S. flagged vessel rate was 124% more than foreign flag rate. Purchase price of SBM $30/MT above prevailing U.S. commercial market average.								
Jan. 2022	Dominican Republic	SBM	23,560	$12.49	$1.34	$13.83	$9.40	67.92%
Explanation: Quoted U.S. commercial trade price for February 2022 was $479/MT versus actual purchase price of $529.99/MT. High-cost basis due to barge congestion in Mississippi and commercial commitments resulted in multiple purchase attempts and subsequent price increases.								
Jan. 2022	Honduras	SBM	10,260	$5.44	$.58	$6.02	$4.00	66.42%
Explanation: Quoted U.S. commercial trade price for February 2022 was $479/MT versus actual purchase price of $529.99/MT. High-cost basis due to barge congestion in Mississippi and commercial commitments resulted in multiple purchase attempts and subsequent price increases.								
Feb. 2022	Burkina Faso	Milled Rice	13,930	$8.57	$3.21	$11.78	$5.99	50.85%
Explanation: Purchase price for rice was more than $30/MT during the prevailing market average in the U.S. for similar grade. Attempted to ship with SBM sale to Ghana. No offers for SBM resulted in a deadweight freight charge of $81/MT for the unused space on the foreign flagged vessel.								

Table 7 - 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 (%)
Mar. 2022	Ghana	SBM	13,620	$8.40	$2.07	$10.47	$6.48	61.93%
Explanation: Soybean meal price rose by $100/MT since the sales contract was signed during the final week of January. Attempted to combine with rice shipment to Burkina Faso but either received no offers or offers above budget. Final purchase price was $41/MT above prevailing FOB export quotes for the U.S. commercial market.								
Mar. 2022	Uganda	Wheat, HRW	7,190	$4.28	$1.73	$6.01	$3.27	54.37%
Explanation: Wheat purchase price was $130/MT above prevailing April U.S. Gulf fob price for 11.5% protein. Cargo was combined with USAID and World Food Program. Ocean rate offered included a $66/MT deadweight charge for unused space. Ocean rate was more than that for the other cargo even though discharge terms for this load were cheaper.								

Other Costs

Commodity sales with 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. In accordance 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. Depending on the buyer's or the receiving port's capacity, commodity discharge terms are negotiated between the implementers and buyer(s). 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, totaled $1,708.00 in FY 2022. 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 cases, CCC submits an invoice to the ocean carrier for reimbursement of the charges. For FY 2022, CCC invoiced a total of $75,531.96 to ocean carriers for reimbursement. Finally, when commodities purchased do not meet required specifications, CCC invoices suppliers for a refund. For FY 2022, no refunds were processed for commodities that failed to meet required specifications.

Table 8: FY 2022 Cost of Bags

Country	Material Description	Quantity	Cost
Burkina Faso	BAGS, WOVEN POLYPROPYLENE- 50 KG	67,000	$38,860
Total		67,000	$38,860

Table 9: FY 2022 Other Shipping Costs[7]

Recipient Country	Commodity	Total Tonnage (MT)	Bagging & Stacking (per MT)	Total Additional Shipping Costs
Burkina Faso	Milled Rice	13,930	$18.50	$257,705
Total Other Shipping Costs				$257,705

[7] 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. Depending on the buyers, or the receiving port's capacity, commodity discharge terms are negotiated between the implementing partner(s) and buyer(s).

IV. FOOD FOR PROGRESS PROJECT HIGHLIGHTS

Project highlights illustrate Food for Progress (FFPr) activities during FY 2022. Examples from projects in Senegal, The Gambia, and Guinea Bissau, and a project in the Dominican Republic provide additional information about the results of FFPr funding on improving agricultural productivity and infrastructure, training farmers, and expanding trade.

Food for Progress: Cashew Project

Food for Progress provided funding to Shelter for Life to implement the Linking Infrastructure, Finance, and Farms to Cashew (LIFFT-Cashew) in Senegal, The Gambia, and Guinea-Bissau (SeGaBi). The six-year project from 2017 to 2023 was awarded a merit-based extension in FY 2022 to continue through 2025. The project is developing a regional and integrated cashew value chain by increasing cashew production, processing, and trade in local and international markets. This is being accomplished through the construction of durable trade infrastructure, increased access to financial services, smallholder farmer organization, and training to increase production and bargaining power to build the capacity of local processors to add value to cashew kernel in West Africa.

Women sorting cashew nuts at a factory in The Gambia.
Photo credit: Daouda Kare of Shelter for Life

The project engages with 24 farmer cooperatives to build capacity of their cashew farms by cashew marketing and market linkages. Farmers in Senegal, The Gambia, and Guinea Bissau are connected to local and international cashew traders and exporters to improve access to loans through working with local financial institutions. The project organizes business-to-business engagement both online and directly with institutions including local and national chambers of commerce and other trade associations. These activities funded by USDA/FFPr provide smallholders with critical resources that may otherwise be absent. Cashew producers are no longer accepting bags of rice from intermediaries in exchange for raw cashew nut (RCN). Instead, they sign contracts directly with international exporters. In addition, every year, more farmers register as members of cooperatives; these cooperatives are engaging in group sales to increase pricing power and earn significant profits for farmers. In 2022 alone, project cooperatives in SeGaBi sold 79,752 MT of RCN, which helped farmers and farms generate $71,733,016 in sales.

In the access to finance component of the project, through public-private partnerships between cooperatives, financial institutions, and the Warehouse Receipt System Regulation Organ of Senegal, more than $840,000 in financing for cooperatives was made available. An additional $64 million in prefinancing from individual exporters or trading companies was leveraged. The project assisted nine cooperatives in renting four storages and using four of their own rehabilitated storages to join the Warehouse Receipt System program. A total of 6,645 MT of RCN was stored, allowing cooperatives and their members to benefit from traders and exporters selling directly through the system.

The project facilitated face-to-face and online business-to-business events to link cooperatives with local and international buyers. U.S. businesses such as Red River Foods and European-based Trading Organic and Nuts2 have participated and visited the region. As a result, cashew cooperatives can compete and export RCN and processed cashew nuts to the region, Europe, and the United States. Since 2020, 144 commercial supply contracts have been signed, resulting in 122,397 MT of RCN in sales for a value of $105.9 million.


Woman sorting graded kernel cashew in Guinea-Bissau (November 2022). Photo credit: Jamolidin Vohidov of Shelter for Life

The business model for farmer cooperatives in the three countries is to foster partnerships with all stakeholders, generate profit, and establish market relations. SeGaBi cooperatives invested their own financial and other resources as partners and co-investors in the project to maximize the impact of USDA funding. Between 2020 to 2022, cooperatives in Senegal, The Gambia, and Guinea-Bissau, leveraged approximately $150,000 in cash and in-kind investment toward their agriculture and storage rehabilitation/construction activities. To date, the project has rehabilitated or constructed 15,564 cubic meter of RCN storage warehouses and is on track to complete 30,398 cubic meter in 2023. In addition, the project has linked thousands of rural farmers to markets by completing 136 km of agriculture feeder roads involving more than 4,600 cash for workers.

To date, LIFFT-Cashew trained 20,946 farmers on Good Agricultural Practices such as correct pruning, spacing, intercropping, and post-harvest techniques. As a result, 15,686 farmers have applied improved management practices or technologies on more than 20,000 hectares of cashew plantations. In addition, the project works to improve local cashew variety productivity and quality by working with cashew nurseries. Since 2020 these nurseries have produced more than 98,000 seedlings used in agroforestry and reforestation of new plantations and to renew old, non-productive ones.

The SeGaBi region is known for its high-quality nuts and the potential for organic production. The project assists processing companies in obtaining organic and industry food safety certifications to open their markets to US buyers. In total, 6,750 farmers were trained in organic production, and 1,875 became certified in organic and have been linked with a local processing company that purchased their nuts. The project's goal is to certify at least 6,000 farmers in the next two years, further building the capacity of processing companies to sell to the U.S. market.

Food for Progress: Dominican Republic

Following a review of the Dominican Republic's documented inspection system for raw and intact beef products, USDA's Food Safety, and Inspection Service (FSIS) has reinstated equivalence with U.S. food safety standards for the export of beef products to international markets.

The milestone comes thanks to USDA's FFPr $27.3 million, 7-year award to NCBA CLUSA's Safe Agriculture/Food Export (SAFE) project in the Dominican Republic, known locally as Progana. The main objectives of the project are to improve agricultural productivity in the livestock (beef and dairy) value chain, as well as expand trade of beef and dairy, particularly by improving the policy and regulatory framework, and strengthening the capacity of key organizations in the trade sector.

Since October 2015, the SAFE project and one of its consortium partners, the Texas A&M University's Borlaug Institute, have provided technical and financial assistance to the Dominican Republic's Beef Food Safety

Food Safety experts from Texas A&M University (TAMU) and Directorate General of Medicines, Food and Health Products (DIGEMAPS) conduct a mock audit of a beef processing facility. Photo credit: SAFE project.

Inspection System, helping stakeholders make the necessary investments to comply with FSIS and the U.S. Food Safety Modernization Act's food safety standards and regulations.

The results of these investments were verified by Guatemala's Vice Ministry of Agricultural Health and Regulations, Safety Directorate on June 24, 2019, that the Dominican Republic's Beef Inspection System (BIS) certification that the beef processing plant, Mercarne, complied with Guatemala's food safety standards for the import of non-processed beef products to the country. This milestone recognizes the hard work and investments made by the Dominican Republic, its food safety inspection system, meat processing facilities, and thousands of cattle ranchers - all of which are expected to create a positive feedback loop that will continue strengthening the Dominican cattle industry for years to come.

SAFE started by conducting an analysis of previous USDA/FSIS evaluations of the country's BIS and of the overall beef and dairy value chains. In 2017, SAFE joined the "Equivalence Round Table" led by the Dominican Association for Landowners and Farmers. This roundtable comprised of public and private sector stakeholders, including beef producers, the Dominican Association of Processing Plants, the country's three largest processing plants (Mercarne, Agrocarne, and Suplidora A&B), and other relevant agencies. The project facilitated the development and improvement of 11 policies, regulations, and procedures necessary to achieve equivalence, and helped develop the political support for a risk-based system.

TAMU experts provide SPS training to Ministry of Public Health and DIGEMAP inspectors. Photo credit: SAFE project.

SAFE also engaged producer groups such as Asociación Nacional de Productores de Ganado de Carne and local slaughterhouse suppliers. The project conducted comprehensive trainings across all components of the Beef Inspection System, including FSIS requirements, the Food Safety Modernization Act, risk management, animal welfare, Hazards Analysis and Critical Control Points (HACCP), Best Manufacturing Practices, Sanitary Performance Standards (SPS), Sanitation Standard Operational Procedures, Sanitary Dressing Procedures, and many other food safety and sanitation topics.

For the Dominican Government, this achievement represents the creation of new employment opportunities, strengthening of trade, as well as of the livestock industry, including 400 MT in beef products exported to Guatemala from June 2019 through August 2022, which were valued at more than $2 million. After achieving equivalence, the Dominican Republic guarantees safe meat products to the Dominican people and international consumers.

Conclusions

In conclusion, the Food for Progress program continues to promote resiliency and improve global food security in specific countries and regions around the world. The program has trained farmers in animal and plant health, helped improve farming methods, developed road and utility systems, established producer cooperatives, provided microcredit, and developed agricultural value chains. With 45 active projects in 39 countries valued at more than $1 billion, Food for Progress has been instrumental in advancing global food security. FAS looks forward to continuing our work to further promote resiliency and global food security around the world.