Statement by Suzanne Heinen
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U.S. Department of Agriculture
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Subcommittee on Rural Development, Research, Biotechnology, and Foreign Agriculture
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Mr. Chairman, members of the Subcommittee, I am pleased to appear before you today. I welcome the opportunity to discuss trade, food aid, and capacity building programs authorized by Congress and administered by the Foreign Agricultural Service (FAS) of the U.S. Department of Agriculture (USDA). As you requested, I am pleased to discuss the goals of each program, outline how the program funds are allocated, and describe how the goals for each program are being met. The efforts of FAS personnel around the globe, bolstered by cooperative public-private partnerships, have assisted U.S. farmers and ranchers in achieving record agricultural export sales and have increased food security for some of the poorest around the world. In fiscal year 2011, we expect U.S. agricultural exports to reach a new record of $137 billion, we expect to feed more than 5.2 million hungry people, and we expect to build agricultural capacity in dozens of countries around the world.

We do much of our work in very close coordination with the U.S. Agency for International Development (USAID). USAID plays an important role in the countries in which we work.

LINKING U.S. AGRICULTURE TO THE WORLD

FAS is USDA's lead agency for addressing the challenges and opportunities of the dynamic global marketplace by expanding foreign market access for U.S. products, building new markets, improving the competitive position of U.S. agriculture, and addressing food security and capacity building in foreign countries. FAS has the primary responsibility within USDA for international market development and export financing, trade agreements and negotiations, and the analysis and dissemination of vital international market intelligence and data to agricultural producers and exporters. FAS also administers food aid programs and mobilizes USDA's unique resources and expertise in agricultural development activities.

FAS relies on its global network of agricultural economists, market development experts, negotiators and trade specialists in Washington, DC, and its approximately 100 international offices that cover 156 countries. FAS' agricultural counselors and attachés serving at U.S. Embassies are our eyes and ears around the world, providing the agricultural expertise to identify and seize opportunities, by capturing real-time information on emerging trade and market development issues, and averting problems before they become trade barriers that impede U.S. exports.

COMPLEMENTARY MARKET DEVELOPMENT EFFORTS

Over numerous Farm Bills, Congress has authorized and refined an effective combination of agricultural market development programs. These programs that are designed to develop markets, facilitate financing of overseas sales, and resolve market access barriers dovetail with the FAS mission. We must open, expand, and maintain access to foreign markets, where 95 percent of the world's consumers live. Participants from all corners of the U.S. agricultural community utilize FAS-administered trade programs to reach these consumers, complementing Administration efforts to open and maintain markets through trade negotiations, diplomacy, and enforcement of trade agreements.

MARKET ACCESS PROGRAM

The largest market development program operated by FAS is the Market Access Program (MAP). The program originally known as the Targeted Export Assistance Program was first authorized by Congress in the 1985 Farm Bill. The 1996 Farm Bill renamed the program the MAP and established the current statutory prohibitions on the use of MAP funds to promote the products of large companies.

MAP is a cost-share program that uses funds from USDA's Commodity Credit Corporation (CCC) to aid in the creation, expansion, and maintenance of foreign markets for U.S. agricultural products. MAP forms partnerships between non-profit U.S. agricultural trade organizations, U.S. agricultural cooperatives, non-profit State Regional Trade Groups, and small-sized U.S. commercial entities to share the costs of overseas marketing and promotional activities, such as consumer promotions, market research, and trade show participation. The 2008 Farm Bill makes available $200 million of CCC funds for MAP in FY 2011; that amount is matched with industry contributions. Applicants submit MAP proposals to USDA as part of a competitive Unified Export Strategy (UES) process, which allows applicants to request funding for various USDA foreign market development programs through a single, strategically coordinated proposal. One strength of the UES process is that utilizing the complementary nature of the various market development programs is emphasized.

In addition to generic promotions, MAP has a brand promotion component that provides export promotion funding to over 600 small companies and agricultural cooperatives annually. To conduct branded product promotion activities, individual companies must provide at least 50 percent of funding. Most small companies and agricultural producer cooperatives access market development programming through one of the four State Regional Trade Groups (SRTGs)—Food Export Association of the Midwest USA, Food Export USA Northeast, Southern United States Trade Association, and Western United States Agricultural Trade Association. The SRTGs work closely with the State Departments of Agriculture in their respective regions to identify eligible company participants and export opportunities, and then bring the two together. In that effort, SRTGs provide small companies with export readiness training and organize trade missions, as well as branded programming opportunities to directly access MAP funds for individual company promotions and trade show participation.

WildRoots, a small healthy snack food company, with two production facilities in Illinois and one in Nebraska, matched MAP branded funds to market their products in Canada. Export sales soared from zero in 2008 to over $4 million in 2010. The company buys blueberries from Michigan, corn and soy products from Illinois, oats from Nebraska, cranberries from Massachusetts, and almonds from California. According to a WildRoots' co-founder, "Without the branded program, we simply would never have been able to compete with Canadian producers. It has moved our business to a new level and has promoted U.S.-based agricultural products, creating jobs in an economy that desperately needs them."

FOREIGN MARKET DEVELOPMENT PROGRAM

The Foreign Market Development (Cooperator) Program (FMD) had its first participants (known as Cooperators) in 1954. FMD is currently authorized by Title VII of the Agricultural Trade Act of 1978, which directs the Secretary of Agriculture to "establish and, in cooperation with eligible trade organizations, carry out a foreign market development cooperator program to maintain and develop foreign markets for United States agricultural commodities and products …" Funding for FMD was most recently reauthorized by Congress in the 2008 Farm Bill.

FMD is a cost-share program that aids in the creation, expansion, and maintenance of long-term export markets for U.S. agricultural products. The current Farm Bill makes available $34.5 million of CCC funds for FMD this year. The program fosters a market development partnership between USDA and U.S. agricultural producers and processors who are represented by non-profit commodity or trade associations known as Cooperators. Under this partnership, USDA and each Cooperator pool their technical and financial resources to conduct overseas market development activities that are generic in nature. Activities must contribute to the maintenance or growth of demand for U.S. agricultural commodities and generally address long-term foreign import constraints and export growth opportunities. Programs focus on matters such as reducing infrastructural or historical market impediments, improving processing capabilities, modifying codes and standards, and identifying new markets or new applications or uses for the agricultural commodity or product in the foreign market. Twenty-one organizations representing a broad sample of U.S. agriculture, including peanuts, sunflower, soybeans, livestock genetics, dry beans, wheat, poultry, and rice, benefited from receiving a total of $34.15 million in fiscal year 2010 through the FMD program.

Through the FMD program, U.S. sunflower producers' activities in Spain are paying dividends. To increase awareness of confectionary sunflower seed and build demand in Spain, the National Sunflower Association (NSA) used FMD funding to create and implement an integrated and highly successful marketing program of trade advertisements, newsletters, trade shows, seminars, and trade missions. Through this work, U.S. sales to Spain reached nearly $270 million, making Spain the top market for U.S. confectionary sunflower seeds, and generating jobs in top sunflower producing states including Colorado, Kansas, Minnesota, North Dakota, Oklahoma, South Dakota, and Texas.

ECONOMIC IMPACT OF MAP AND FMD PROGRAMS

The economic impact of the MAP and FMD programs is striking. USDA's Foreign Agricultural Service commissioned a cost-benefit analysis in March 2010 that concluded the programs effectively leveraged private and public sector resources in a unique partnership to increase U.S. food and agricultural exports. The analysis concluded for the time period 2002 through 2009 that U.S. food and agricultural exports increased by $35 for every dollar invested by government and industry on market development. Additionally, U.S. agricultural exports in 2009 were $6.1 billion higher than they would have been without the increased investment in market development. The study also found that an estimated 47 percent of the programs' total trade impact accrued to commodities not receiving market development assistance – a phenomenon known as the "halo" effect. In other words, non-promoted U.S. commodities benefited from increased promotion of other U.S. commodities in the same market.

EMERGING MARKETS PROGRAM

The Emerging Markets Program (EMP) provides funding for technical assistance activities intended to promote exports of U.S. agricultural commodities and products to emerging markets in all geographic regions, consistent with U.S. foreign policy. The program is authorized by the Food, Agriculture, Conservation, and Trade Act of 1990, as amended, through the end of the current 2008 Farm Bill. Funding is set by Congress at $10 million each fiscal year from the Commodity Credit Corporation.

EMP was specifically designed by Congress to improve market access and develop or promote exports of U.S. agricultural commodities and products to low and middle income emerging markets through cost-share assistance to eligible applicants for approved technical assistance activities. For this program, Congress defined an emerging market as any country that "is taking steps toward a market-oriented economy through the food, agriculture, or rural business sectors of the economy of the country," and "has the potential to provide a viable and significant market for United States agricultural commodities or products of United States agricultural commodities." EMP resources may be used to support exports of U.S. agricultural commodities and products only through generic activities, not specific brands. The EMP statute provides that the Secretary establish a private sector advisory committee to provide information and advice to USDA in developing strategies for providing technical assistance and enhancing markets for U.S. agricultural products in developing markets. More specifically, EMP Committee members review, from a non-governmental perspective, qualified proposals submitted for funding assistance. The Secretary of Agriculture appoints members to the Committee for 2-year terms. For Fiscal Year 2010, the EMP program supported 83 agricultural export promotion projects with funding totaling $8.3 million.

In 2010, EMP assisted Wisconsin ginseng growers battle counterfeits. For more than a decade, the Ginseng Board of Wisconsin (GBW) has struggled with Chinese counterfeiters selling fake Wisconsin Ginseng. With 90 percent of its exports going to China, the GBW moved aggressively to regain control of its brand. Using EMP, GBW initiated research to develop a technique to detect trace elements of ginseng's valuable root to Wisconsin or where it was grown originally; initial findings are promising.

TECHNICAL ASSISTANCE FOR SPECIALTY CROPS PROGRAM

The Technical Assistance for Specialty Crops Program (TASC) was authorized by Congress in the Farm Security and Rural Investment Act of 2002. The 2008 Farm Bill reauthorized the Technical Assistance for Specialty Crops (TASC) Program and provided mandatory Commodity Credit Corporation (CCC) funds for the program. In FY 2010 the program was funded at $8 million and for FY 2011 and FY 2012 program funding is set at $9 million. Congress authorized the TASC program to assist U.S. organizations by providing funding for specialty crops projects that address sanitary, phytosanitary and related technical barriers that prohibit or threaten the export of U.S. specialty crops. Using TASC, USDA has successfully helped U.S. exporters regain market access for millions of dollars of products from almonds to spinach. Examples of project activities include seminars and workshops, study tours, field surveys, pest and disease research, and pre-clearance programs. TASC proposals are accepted from U.S. non-profit trade associations, universities, agricultural cooperatives, private companies, U.S. government agencies and state government agencies. FAS, which administers the program, provides grant funds as direct assistance to U.S. organizations. Applicant contributions are not required, but are strongly encouraged.

Last year, TASC was instrumental in assisting the U.S. potato exporters in overcoming a Thai phytosanitary protocol that was preventing U.S. exports from certain states. Following several months of negotiations between the Thailand Department of Agriculture and USDA, the U.S. Potato Board (USPB) used TASC to arrange for Thai officials to visit the U.S. and review U.S. seed certification procedures, seed cultivation practices and phytosanitary mitigation measures. Following this activity, Thailand agreed to additional market access that more than doubles – to fourteen – the number of states eligible to export seed potatoes to Thailand. Seed potatoes from Colorado, Maine, Michigan, Minnesota, Montana, Nebraska, New York, North Dakota, Wisconsin and Wyoming may now be exported to Thailand. FAS estimates sales of $250,000 to $500,000 during the first year of Thai market access, while the USPB estimates that expanded market access could boost exports to Thailand to $1 million in three to five years.

Another example is U.S. hops exports to Canada. Canada buys more than $18 million in U.S. hops, which makes it the fifth largest export market for U.S. hops producers. In response to limited pesticide tolerances in Canada that potentially threatened trade, TASC funds supported U.S. hop industry efforts to work with regulators in Canada in establishing five new hops-related maximum residue levels in Canada for pesticides critical to U.S. hop production. The Canadian tolerances were set at safe levels that allow U.S. hop growers to apply essential U.S. crop protection tools that significantly reduce the risk of shipping hops to Canada. Given that over half of U.S. hop production is exported, the setting of pesticide tolerances in one of the industry's most crucial export markets has been vital for this industry.

EXPORT CREDIT GURANTEE PROGRAM

Starting in 1981, the Export Credit Guarantee Program (GSM-102) was originally administered under the Commodity Credit Corporation Charter Act. In the 1990 Farm Bill GSM-102 became specifically authorized under, and subject to the provisions of, the

Agricultural Trade Act of 1978, as amended. It has been continuously authorized since that time, but funding levels under the program were most recently authorized in the 2008 Farm Bill. The GSM-102 program was developed to expand U.S. agricultural exports by making available payment guarantees to encourage U.S. private sector financing of foreign purchases of U.S. agricultural commodities on credit terms. The payment guarantee issued under GSM-102 is an agreement by CCC to pay the exporter, or the U.S. financial institution that may take assignment of the payment guarantee, specified amounts of principal and interest in case of default by the foreign financial institution that issued the letter of credit for the export sale covered by the payment guarantee. By providing credit guarantees of up to three years to cover up to 100 percent of loan principal and a portion of the interest, the financial risk to U.S. lenders of foreign banks is greatly diminished. As Congress intended, the reduced risk in financing under GSM-102 increases export opportunities for U.S. exporters. This reduction in risk is most important for exports to developing countries, where the lack of credit often impedes a U.S. exporter's ability to sell and the buyer's ability to purchase U.S. agricultural commodities. GSM-102 is an effective response to the short windows of opportunity that U.S. agricultural exporters face when financing trade based on market-based prices and slim margins.

Applicable law mandates that CCC make available for each fiscal year an amount of credit guarantees equal to the lesser of (a) $5,500,000 or (b) an amount of guarantees that CCC can make available using budget authority for an underlying subsidy amount of the sum of $40 million per year plus any unobligated budget authority from prior fiscal years. For the last two years, the program has operated at a "negative subsidy," meaning that the cash flow into the program has exceeded the funds needed to provide for expected losses.

From its inception in the early 1980's through June 2011, exports facilitated through the use of GSM-102 have reached a total of more than $100 billion. In FY 2010, guarantees covered $3.10 billion in sales that ran the gamut from corn to Costa Rica to soybeans to Indonesia and from wheat to Nigeria to wood chips to Turkey. During the financial crisis of 2008 and 2009, FAS received a record number of applications for GSM-102, attesting to the success of the program in facilitating trade finance in times of tightened liquidity. In FY 2011, USDA expects to make available the full Farm Bill-mandated allocation of $5.5 billion in GSM-102 guarantees. These guarantees will facilitate targeting by U.S. agricultural exporters of sales to over 100 eligible country destinations.

FACILITY GUARANTEE PROGRAM

Authorized by Congress under the Food, Agriculture, Conservation and Trade Act of 1990, the Facility Guarantee Program (FGP) was designed to meet the financing needs for the establishment or improvement of facilities in emerging markets that would benefit U.S. agricultural exporters. By providing credit guarantees, FGP is intended to reduce the financial risk to U.S. lenders of default by foreign banks serving as borrowers, thus improving the ultimate buyer's ability to acquire the agricultural-related infrastructure or services that will enhance U.S. export sales. Emerging markets often lack the infrastructure to support increased trade volume. Export sales of U.S. equipment or expertise to improve ports, loading and unloading capacity, refrigerated storage, warehouse and distribution systems, and other related facilities may qualify for facility guarantees, as long as these improvements are expected to increase opportunities for U.S. agricultural exports.

From its inception, through June 2011, only one transaction has been guaranteed under FGP. Prior to the amendments to the statutory authority made in the 2008 Farm Bill, FGP required U.S. content on any goods guaranteed. The 2008 Farm Bill allows for a waiver of the U.S. content requirement, if such goods are unavailable or the use of such goods is impracticable. FAS is currently reviewing how to implement this provision. FGP operates as a subset of the GSM-102 Export Credit Guarantee Program and under that authority is subsumed within the same overall limitations on the amount of credit guarantees that CCC may make available.

DAIRY EXPORT INCENTIVE PROGRAM

The Dairy Export Incentive Program (DEIP) was enacted by Congress under the Food Security Act of 1985 and most recently reauthorized in the 2008 Farm Bill. The program provides a bonus or subsidy on a bid basis to exporters of dairy products. By providing a subsidy on exports of dairy products, Congress intended the DEIP to bridge the gap between world market prices and U.S. domestic prices. Commodities eligible under the DEIP are milk powder, nonfat dry milk, butterfat, and various cheeses. The authorizing legislation for the DEIP provides that the subsidy may be paid in cash or in commodities held by the CCC. As CCC inventories diminished, the DEIP evolved into the sole use of cash payments for the subsidy. The DEIP is subject to U.S. export subsidy reduction commitments under the World Trade Organization’s Uruguay Round Agreements, and is therefore capped by both subsidy level and quantity in accordance with those commitments.

The DEIP has helped to meet the needs of U.S. exporters and expanding markets for U.S. dairy products when world prices are depressed due to the application of subsidies by other nations, particularly the European Union. Agricultural economists at FAS continuously monitor the world dairy situation and have the responsibility for recommending issuing allocations under the DEIP as world dairy prices dictate. Since 2002, world dairy prices have warranted issuing allocations under the DEIP five times. DEIP bonuses were last awarded in fiscal year 2010 in an amount of $2.37 million. In 2010, the DEIP was used to facilitate U.S. dairy exports around the globe, including mozzarella cheese to China and butter to Saudi Arabia.

INTERNATIONAL FOOD ASSISTANCE AND DEVELOPMENT

One of the most significant and compelling challenges the world faces is eradicating chronic hunger and malnourishment. The food aid and development programs administered by USDA’s Foreign Agricultural Service are making a difference in the lives of poor and hungry people. These programs support international assistance and development activities that alleviate hunger and improve nutrition, education, and agriculture in some of the world’s poorest countries.

MCGOVERN-DOLE PROGRAM

The McGovern-Dole International Food for Education and Child Nutrition Program (McGovern-Dole Program) is authorized by the Farm Security and Rural Investment Act of 2002. Congress established the McGovern-Dole Program to carry out preschool and school food for education programs in foreign countries to improve food security, reduce the incidence of hunger, and improve literacy and primary education, particularly among girls; and maternal, infant, and child nutrition programs for pregnant women, nursing mothers, infants, and children who are 5 years of age or younger. Under this program, USDA donates U.S. agricultural products and provides financial and technical assistance for school feeding and maternal and child nutrition projects in low-income, food-deficit countries that are committed to universal education. The 2002 Farm Bill provided $100 million of CCC funds for the program and authorization of appropriations through 2007. This authorization of appropriations has been extended through FY 2012. In FY 2011, Congress appropriated $199.5 million for the program. In FY 2011, the McGovern-Dole Program will provide benefits to beneficiaries in 15 countries, including, Nepal, Haiti, Guatemala, Burkina Faso, and Senegal.

Since 2003, the McGovern-Dole Program has supported projects in 41 countries and has fed up to five million schoolchildren each year. USDA enters into agreements with implementing organizations to carry out activities under the program. In progress reports, implementing organizations provide information about the number of children being fed, the increases in attendance, and other benefits that lead to improved literacy, better diet, and graduation of the programs. Organizations frequently report gains in attendance of 10 percent or more in participating schools. USDA and the implementing organizations develop graduation plans to ensure that progress is being made toward the goal of having a local entity assume responsibility for the program. The McGovern-Dole Program graduated a school feeding project in Moldova, and the Government of Moldova has continued much of the program since the U.S. funding ended. School feeding programs in Kenya, Laos, and Guinea-Bissau are nearing full graduation.

USDA is implementing improvements in program management that will allow for more intensive monitoring of results. In FY 2011, USDA released a results framework for implementing organizations that outlined the objectives for the program. Organizations will begin reporting against these frameworks in FY 2012, and USDA will review the results closely to keep organizations on track. The improvements address a recent GAO recommendation for an improved monitoring process, which we agree with and had recognized as appropriate.

FOOD FOR PROGRESS PROGRAM

Authorized by Congress through the Food Security Act of 1985, the Food for Progress Program (FFPr) provides commodities on credit terms or on a grant basis to developing countries and emerging democracies to assist in the introduction of elements of free enterprise into the countries' agricultural economies. CCC may purchase commodities for use in Food for Progress if the commodities are currently not held in CCC inventory. The 2008 farm bill extends authority for the program through 2012.

Under FFPr, commodities are provided on a donation basis to foreign governments, private voluntary organizations, non-profit organizations, cooperatives, or intergovernmental organizations. The implementing organizations request commodities and USDA purchases those commodities from the U.S. market. USDA donates the commodities to the implementing organizations and pays for the freight to move the commodity to the recipient country. In meeting the statutory requirements of the program, USDA considers proposals for all developing countries and territories with priority consideration given to proposals for countries with: per capita income at lower or lower-middle income standards (using World Bank statistics); greater than 20-percent prevalence of undernourishment as a proportion of the total population (World Health Organization (WHO) of the United Nations data); and positive movement toward freedom, including political rights and civil liberties (as defined by Freedom House). Depending on the agreement, the commodities donated through FFPr may be sold in the recipient country, and the proceeds used to support agricultural, economic, or infrastructure development programs. Assistance is provided through foreign governments, PVOs, nonprofit organizations, cooperatives, and intergovernmental organizations.

The FFPr allocations for FY 2011 include more than 232,000 metric tons of U.S. rice, wheat, vegetable oil, soybean meal, soybean oil, and corn valued at more than $143 million. The commodity value for FFPr is not limited, however the statute limits the amount UDSA can pay for non-commodity costs to no more than $40 million annually. These donations will reach more than 1.6 million beneficiaries in 10 countries, including Haiti, Bangladesh, Uganda, Malawi, and Honduras. For example, in FY 2010, Land O'Lakes received an FFPr grant to improve commercial milk production, processing and marketing in Tanzania. By the end of the program, the gross value of milk produced in Tanzania is projected to increase by $2.1 million. The project will also create 180 new dairy sector-related jobs in private sector enterprises.

P.L. 480 TITLE I PROGRAM

The P.L. 480 Title I program was authorized by Congress in 1954 to allow concessional sales of U.S. agricultural commodities to developing countries. It is now authorized under the Food for Peace Act. Commodities provided under this program may be sold in the recipient country, and the proceeds may be used to support agricultural, economic, or infrastructure development projects in such country. The primary goals of the Title I program are to provide economic assistance and promote food security. Priority is given to countries coping with limited foreign exchange reserves, chronic food shortages, poverty, and underdevelopment in the agricultural sector. Past Title I programs have targeted countries with food insecurity, countries with limited foreign exchange, and countries working to alleviate poverty and develop their agricultural economies.

Over the program's history, USDA made concessional sales in response to requests from foreign governments. Concessional sales were made to governments that were facing food insecurity or economic problems or that were working to alleviate poverty and promote economic development. Since fiscal year 2006, new funding has not been requested or appropriated because demand for food assistance using credit financing has fallen and grant programs have become a more appropriate tool for providing food assistance.

BORLAUG FELLOWSHIP PROGRAM

The Borlaug Fellowship Program (BFP) was initiated in March 2004 by FAS in honor of the late Nobel Laureate Dr. Norman E. Borlaug, an agronomist, humanitarian, and the father of the Green Revolution. Congress provided statutory authorization for the program in the Food, Conservation, and Energy Act of 2008. The BFP provides fellowships for scientific training and research in the United States to potential agricultural leaders with the goal of promoting food security and economic growth.

Since its inception in 2004, the Borlaug Fellowship Program has provided agricultural scientific training in the United States for 539 Fellows from 64 countries in sub-Saharan Africa, the Middle East, the former Soviet Union, Asia and Latin America. Collaborative-research and training have spanned such fields as the plant and animal sciences, food safety, agricultural biotechnology, environmental sciences, climate change, and food security. Women agriculturalists receive priority consideration in the program and now comprise nearly 50 percent of participants. During FY 2011 it is anticipated that the Borlaug Fellowship Program will sponsor approximately 34 individuals from 26 countries.

The program has facilitated the adoption of modern agricultural practices in targeted countries by strengthening human and institutional capacity through U.S.-based training. The Borlaug Fellowship Program periodically conducts surveys to gather information from alumni about the impact of the fellowship program on their work. Responses from Borlaug alumni received in fiscal year 2010 overwhelmingly reported that their fellowship had a positive impact on one or more aspects of their work. Of the 100 surveys received, the Fellows specifically reported that participating in the Borlaug Fellowship Program positively impacted their research (92 percent), teaching (74 percent), and policy objectives (14 percent), including the adoption of one or more new techniques or technologies (52 percent) in their home institutions.

LOCAL AND REGIONAL FOOD AID PROCUREMENT PILOT PROJECT

The Local and Regional Food Aid Procurement Pilot Project is a five-year, $60 million pilot project authorized and funded by Congress in the 2008 Farm Bill. Congress authorized the pilot project for the purpose of examining the timeliness and efficiency of local and regional procurement (LRP) as a tool to enhance U.S. government food assistance programs. The 2008 Farm Bill established four requirements that USDA has met or is on track to meet in regard to the pilot project. First, a study of prior local and regional purchase programs was required. USDA submitted this study to Congress in January 2009. Next, in light of the study, USDA was tasked to develop project guidelines. The guidelines were completed in FY 2009. A third requirement was to implement field-based projects during FY 2009 – FY 2011. During this period, six private voluntary organizations and one international organization received funding to undertake 23 field-based projects in 19 different countries. A sample of projects supported by this program include: school feeding in Burkina Faso, relief for drought-affected households in Niger, and income-generating opportunities for women in Mali. At this time, all the available funding for the field-based projects has been obligated and implementation of the projects will be completed by September 30, 2011. The LRP pilot project’s fourth and final requirement, an independent evaluation, is moving forward on time. USDA has a contract with an independent evaluator to begin work on the LRP project evaluation and deliver it to Congress as required in May 2012.

CONCLUSION

As Administrator of USDA's Foreign Agricultural Service, I am proud of our efforts in administering the Farm Bill authorized trade, food aid, and development programs of the U.S. Department of Agriculture. We look forward to providing any support we can as Congress works on the next Farm Bill.

This concludes my statement. I look forward to answering any questions you may have. Thank you.

Suzanne Heinen
Acting Administrator
Foreign Agricultural Service
U.S. Department of Agriculture

Suzanne Heinen was appointed Acting Administrator of the Foreign Agricultural Service (FAS) on May 15, 2011, after having served several months as the agency's Associate Administrator and General Sales Manager. Prior to that, she worked on food security issues in the Office of the Secretary and as Minister-Counselor for Agriculture at the U.S. Mission to the United Nations Agencies for Food and Agriculture in Rome, Italy.

In her 25-plus years as a Foreign Service officer, Heinen has served at FAS posts around the world, including Mexico, the People's Republic of China, Russia and Central America. In Washington, she served as FAS Deputy Administrator for International Cooperation and Development and as Assistant Deputy Administrator for Foreign Agricultural Affairs. Heinen also held various positions in international trade policy, working on multilateral and bilateral issues, particularly sanitary and phytosanitary agreements.

Heinen, a native of Michigan, received her Bachelor of Science degree from the University of Michigan and her Master of Science from Michigan State University.