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OFFICE OF THE  
SECRETARY OF DEFENSE

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August 4, 2004

TO: Don Rumsfeld

FROM: Ann M. Veneman

SUBJECT: Food Aid for Afghanistan

Following our conversation at Cabinet on Monday, I asked for a review of the status of our recent donations to Afghanistan and the possibility of providing additional assistance.

In FY 2003, USDA provided \$28.5 million in food aid through three programs: Food for Progress; Section 416(b); and Food for Education. The Food for Progress donation was a \$5 million government-to-government grant and the remaining commodity donations were made to private voluntary organizations (PVOs) for in-country monetization. In FY 2004, \$30.4 million was made available through the same three programs for monetization by PVOs.

We have identified resources for additional assistance in the remaining months of FY 2004 and also for early in FY 2005. However, the major constraint in providing more assistance is not resources but rather a practical one—monetizing the commodities that we are able to make available. The local market simply cannot absorb the volume of commodities provided. For example, some 4,000 tons of vegetable oil from one of our FY 2003 donations are still stored in warehouses. The government has been able to monetize only 100 tons of the commodity. We earlier agreed to provide another \$5 million government-to-government grant in FY 2004, but have now postponed shipment to early FY 2005 due to these monetization problems. We continue to work closely with the government to deal with this market capacity issue and to examine alternative solutions such as third-country monetization (but that too poses problems).

I have asked staff to explore other creative ways beyond our traditional programs to provide additional food aid and development assistance in Afghanistan.

We want to be helpful in any way possible so let me know if there are other approaches you would suggest.



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