



Wild, Natural & Sustainable®

ALASKA GLOBAL FOOD AID PROGRAM
REPORT TO ASMI BOARD OF DIRECTORS, MAY 10TH 2018

ALASKA GLOBAL FOOD AID PROGRAM
FY 2019 GLOBAL FOOD AID PROGRAM BUDGET
BRUCE SCHACTLER, GLOBAL FOOD AID PROGRAM DIRECTOR
MAY 10TH 2018

FY 2019 PROGRAM BUDGET OVERVIEW & COMPARISON WITH FY 2018 BUDGET

FY18 Budget (July 1, 2017 – June 30, 2018)		FY19 Budget (July 1, 2018 – June 30, 2019)	
Program Operations	FY18 Budget	Program Operations	FY19 Budget
Personnel	\$155,000	Personnel	\$155,000
Travel	\$ 25,000	Travel	\$25,000
Subtotal	\$180,000	Subtotal	\$180,000
Marketing Operations & Pilot Projects		Marketing Operations & Pilot Projects	
Retainer for GF&N	\$93,900	Retainer for GF&N	\$93,900
Retainer Subtotal	\$93,900	Retainer Subtotal	\$93,900
Promotions, Trade Shows, Conferences, Presentations & Educational Events		Promotions, Trade Shows, Conferences, Presentations & Educational Events	
“Taste of Food Aid” (Washington, DC)	\$5,000	“Taste of Food Aid” (Washington, DC)	\$5,000
All Hands Meeting	\$3,000	All Hands Meeting	\$3,100
USAEDC Meeting (2)	\$4,000	USAEDC Meeting (2)	\$4,000
USDA/USAID International Food Aid & Development Convention (Des Moines, IA)	\$18,000	USDA/USAID International Food Aid & Development Marketing Activities, conferences	\$7,500
School & Children Nutrition – Domestic (School Lunch Conference; USDA/FDA programs; Dietary Guidelines)	\$10,000	USDA Nutrition Programs – Domestic (School Lunch, TFAP, FDPIR, USDA/FDA programs; Dietary Guidelines, etc.)	\$7,500
Global Child Nutrition Forum (Montreal, Canada)	\$17,000	Global Child Nutrition Forum	\$0.00
ASMI/Legislature Presentation	\$3,000	ASMI/Legislature Presentation	\$0.00
USDA Sponsored Protein & Trade Export Expansion Global Based Initiative (Senegal, Africa)	\$23,000	USDA Sponsored Protein & Trade Export Expansion Global Based Initiative	\$0.00
Promotional materials, publications, web, upgrade & development	\$14,000	Promotional materials, publications, web, upgrade & development	\$4,000
Promo, Trade Shows, Cons, Presentations & Ed Events Subtotal	\$97,000	Promo, Marketing, Trade Shows, Cons, Presentations & Ed Events Subtotal	\$31,100
TOTAL Program FY 18	\$370,900	TOTAL Program FY 19	\$305,000



Wild, Natural & Sustainable®

FY 18 (July 1, 2017 – June 30, 2018)		FY 19 (July 1, 2018 – June 30, 2019)	
Extra Budgetary Activities & Special Projects		Extra Budgetary Activities & Special Projects	
Special Projects	\$50,000	Special Projects	\$50,000
Legislative Capital Grant (Herring & Protein Powder Projects)	\$120,000* or the balance as of June 30, 2017	Legislative Capital Grant (Herring & Protein Powder Projects)	\$114,000* or the balance as of June 30, 2018
TOTAL	\$170,000	TOTAL	\$164,000

FUNDING SUMMARY

Our presented budget as requested is a 15% cut to our total budget. To meet the across the board 15%, we have cut our domestic and international marketing budgets by 66%. We have also removed some line items that have not been developing as anticipated or have been sporadically scheduled by USDA.

In order to preserve the ability to develop and update our promotional and website materials for new products, programs, customers and events and at the same time, limit expenditures, our design and publishing is primarily done by the GFAP contractor.

I have been very miserly with the Legislative Capital Grant as we wait for the R&D on the Wild Alaska Seafood Powder to come to fruition. At that time we will need every penny of it to launch this exciting new, Wild Alaska Seafood product and show it to the world.

PROGRAM BUDGET HIGHLIGHTS

The ASMI Alaska Global Food Aid Program (AGFAP) will continue to focus, on behalf of the Board, the Alaska Seafood industry and the State of Alaska, on solutions for the Pollock sector, with the goal of increasing the use and volume of Alaska Pollock by opening new channels for new products and product forms with United States Government (USG) purchases. We are positioning Wild Alaska Salmon, Wild Alaska Pollock, and other Wild Alaska Seafood products to align with the priorities and trends in domestic and international food-aid markets, although our ability to market on the international side will decrease with the new budget restrictions.

We continue to respond to USDA's request for animal-based proteins especially for low-income households participating USG programs. Wild Alaska Seafood provides high-quality, shelf-stable nutrition that, if introduced through food banks and distribution centers, both domestic and international, becomes a conduit for the grocery store, at a very reasonable price point that both producers and stakeholders can appreciate.

We continuously help USDA access quality Wild Alaska Seafood products delivering better, more cost-effective nutrition, as the latest nutrition science and policy may recommend.



Wild, Natural & Sustainable®

USG Nutrition Policy and Wild Alaska Seafood: We play a critical role in providing testimony, writing comments and participating in hearings and meetings about all seafood related nutritional and use issues. We push to make sure that all USG food and nutrition programs to follow the *Dietary Guidelines for Americans* (DGA) and Food and Drug Administration (FDA) guidance, both of which recommend people of all ages eating seafood at least twice a week, including pregnant women. Our nutrition consultant drafted comments for ASMI's review and use as part of the 2020 DGA development process, which is in an early stage, and will continue working to ensure evidence-based inclusion of Seafood in diets of all Americans.

Wild Salmon: FY 2018, we successfully petitioned for the incorporation of Wild Alaska Salmon in food assistance programs offering "traditional foods." One of the major programs, the Food Distribution Program on Indian Reservations (FDPIR) and its participants were extremely pleased with the addition of Wild Alaska Sockeye Salmon to the Foods Available list. We were able to nearly double the size of this new market to 432,000 lbs. of 4 oz, PBO, vacuum-sealed, frozen fillet portions which will introduce **a new group of 95,000 family customers** to this great Wild Alaska Salmon product form.

We have been able to put together a sustained, yearly market sales volume within these programs for approximately 300k cases of canned Tall pinks. **We recommend this minimum amount be planned for in the 2019 production. We understand the dynamics of the industry and are in the process of negotiating the inclusion of more Wild Alaska Salmon species and product forms in the Foods Available List for all programs**

Research & Development – New Products: We have requests from the USG and the World Food Program (WFP), several African countries, and other food aid stakeholders and customers to continue building the evidence for Wild Alaska Seafood Powder and Wild Alaska Canned Herring. In particular, USDA/Foreign Agriculture Service (USDA/FAS) would like us to pursue pilot projects and research grant possibilities within the FY18-19 cycle of school meals programs (USDA/FAS McGovern Dole International Food for Education and Child Nutrition- MGD). We have been invited to do some marketing of the powder in West Africa and are encouraged by the production research and development that the product may be available by the fall of 2018.

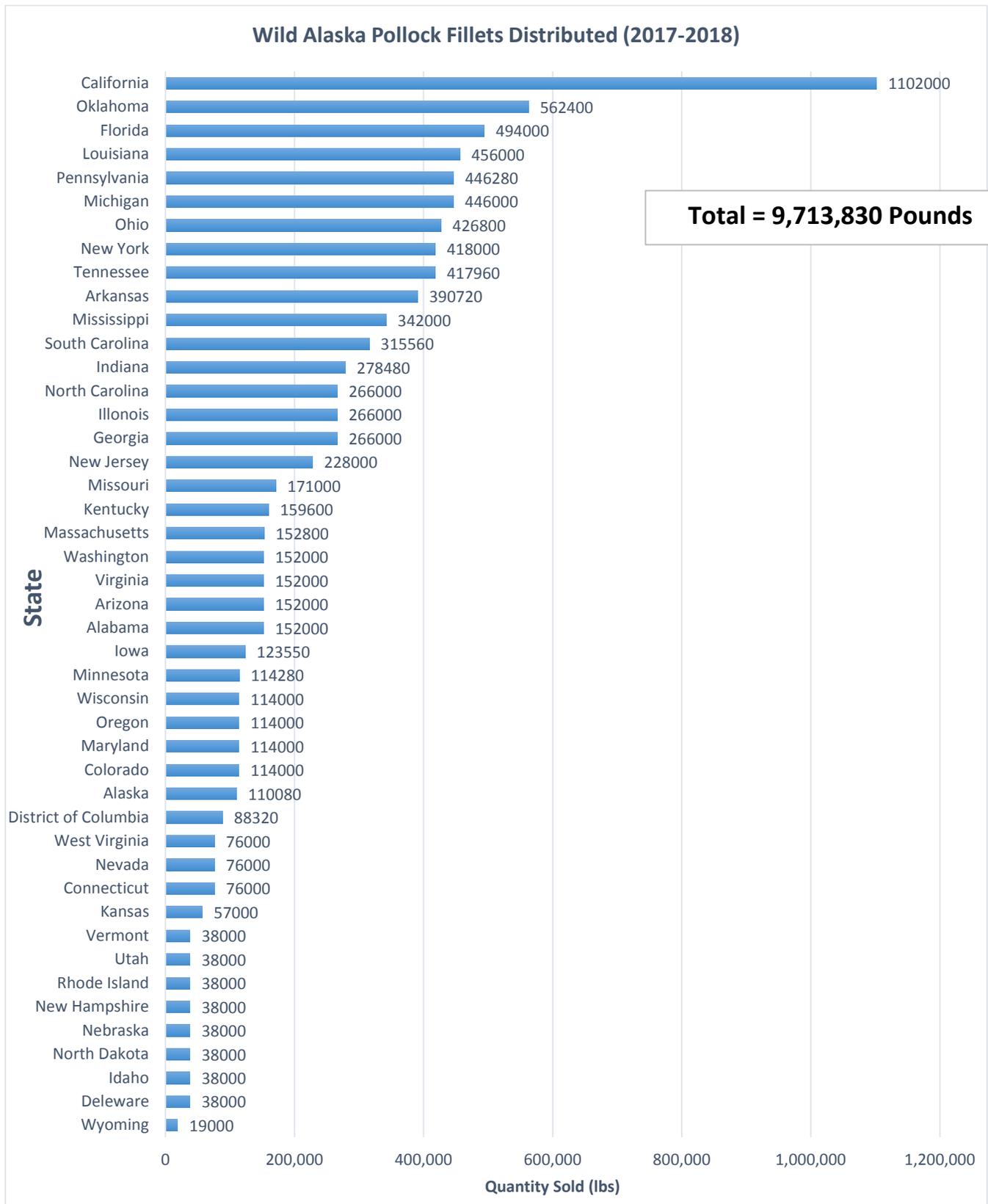
Wild Alaska Pollock in Domestic Food Banks and Schools: We continue to work to get our new Wild Alaska Pollock products onto the regular list of products for any and all USDA programs. This ambitious effort began following the inclusion of Wild Alaska Pollock Fish Sticks into the National School Lunch Program and an unbreaded, 4oz, vacpac, PBO fillet portion targeting the national Food Bank systems. These portions were purchased last year through a Bonus Buy. That technical specification comes under the heading, *Wild Alaska Pollock Portions, Frozen*. With the inclusion of this product, the new option may satisfy interested consumers and participants in any of the USDA programs. It is a cost-effective and high-quality marine protein product which is what they are seeking to enhance the nutrition and quality of the food aid product basket.

The inclusion of Wild Alaska Pollock Fish Sticks in year 1, introduced some **7.5 million children** associated with the NSLP and further touched all of **their associated families** to this great new product. The NSLP market for these Wild Alaska Pollock Fish Sticks will certainly expand their use and potential retail exposure.

The overall distribution of the Wild Alaska Pollock Fillet portions will go through June and will introduce Wild Alaska Pollock to up to **8 million new family customers**..... See Histogram below for amounts and locations where the product has been distributed to date (distribution started in December 2017).



Wild, Natural & Sustainable®





PROGRAM CHALLENGES

The US Government is working on improving domestic and international food and nutrition service programs such as the Food Distribution Program on Indian Reservations (FDPIR), the National School Lunch Program (NSLP) and the Temporary Emergency Food Assistance Program (TFAP), and Women and Children's Supplemental Nutrition Program (WIC) through food banks, distribution centers, schools, and other channels, yet there are several important challenges to increasing Wild Alaska Seafood purchases in food aid here and abroad.

Below are some species-specific challenges:

1. WILD ALASKA SALMON

The 1 lb tall cans of Wild Alaska Pink Salmon have been very well received through the USDA-supplied TFAP food pantry and food banks as well as the other nutritional assistance programs. We are always working to grow this basic sector of the market. We have been working with the international food aid organizations and decision makers to keep Canned Salmon on the list. Even with the recent inclusion of Tuna, there is resurgent interest in the product and we have secured a program request of **2,500 metric tons** included in proposals for McGovern Dole international Food for Education and Child Nutrition for FY19.

2. WILD ALASKA POLLOCK

We have introduced 9M lbs of Wild Alaska Pollock Portions to food banks nationwide and 3M lbs of Wild Alaska Pollock Fish Sticks to school systems nationwide. We are now working to get both consumer-ready products and more, on the permanent list of products available to any and all USDA programs, so industry is not dependent solely on Bonus Buys and single programs.

While the National School Lunch Program (NSLP) is the largest of the USDA food and nutrition support programs, there are many others that also offer a great potential to have more people eat more Wild Alaska Pollock, more often, in more ways, and in more markets. With that as a specific direction from the ASMI Board, our interaction with USDA and their program consumers is focused on including more new Wild Alaska Seafood products this year.

3. WILD ALASKA HERRING

Producing frozen Wild Alaska Herring Fillets that are competitive in the world market has been accomplished and a commercial market for both IQF and block frozen fillets has been established using the male herring from the Togiak fishery. For a variety of infrastructure reason, it appears that none of the processors in the Togiak fishery will be able to produce these fillets this season....I hope the market that is expecting them understands and that our 2 steps forward don't turn into 3 steps backward. I am hoping that the domestic market requests for Wild Alaska Herring Fillets will be fulfilled with summer herring from the Dutch Harbor fishery in July.

Our first samples of canned product, using whole fish seemed to be a much better product than the canned fillets. For this reason, I am looking to have some new canned samples produced by a traditional



herring canner in Europe this next fall so we can best assess our opportunities by realizing a product produced in a globally acceptable manner that we in Alaska are currently unable to produce.

As I write this, I am waiting for the herring to arrive in Togiak where I will again be an active harvester. For this reason, you may be seeing this presentation given by Dr. Schlossman.

4. **WILD ALASKA SEAFOOD PROTEIN POWDER**

The development of a human grade Wild Alaska Seafood Protein Powder is progressing. Wild Alaska Seafood Protein Powder is a promising, shelf-stable product, ingredient and supplement that can fit both domestic and international demands for food aid products and for dietary supplementation in the retail market.

As a result of our presentation and interaction in the Global Based Initiative (GBI) in Senegal in 2017, we were approached by a national government in Africa that has great interest in this product in their National School Lunch program. We are moving forward by designing a demonstration project with them that will present the use and potential of such a product not only to them, but to the greater Food Aid community worldwide. I am in hopeful anticipation that there will be sufficient Alaska Seafood Protein Powder produced in the next few months to finalize this much anticipated demonstration project.

5. **LACK OF SEAFOOD PRODUCTS IN EMERGENCIES & DISASTER PREPAREDNESS**

We continue to work with our Washington, DC delegation to push for the addition of shelf stable Alaska Seafood products for disaster repositioning and preparedness. Wild Alaska Seafood products have been excluded from USG large scale disaster relief efforts even though there is a need for shelf stable products that can be used in the first weeks of a disaster; ones that are high in nutrition, do not need preparation or cooking, and store for five years in repositioning warehouses in the USA and across the globe, as are other prepositioned products. Canned Salmon, Canned Herring and other shelf stable Wild Alaska Seafood products are being developed and are very appropriate to include in daily emergency rations. I am also working with our DC delegation to address a renewed effort towards "Organic" labeling for wild caught seafood and for a broader "American Made" requirement for all government programs.

WHAT'S NEXT FOR FY2019?

In FY19, we will continue to follow through with the activities that have been initiated in FY18:

1. We will work as much as we can to develop McGovern-Dole Grants for shelf stable Alaska Seafood products and have interest from countries where we could develop a demonstration project for food aid and commercial applications.
2. We have recently worked closely with a large NGO regarding canned Wild Alaska Salmon for a new program in Sri Lanka, where they are requesting 2500 MT. We will continue to support their efforts, including working to introduce the product and providing letters of support from Alaska Delegation, ASMI and industry as needed.



Wild, Natural & Sustainable®

3. We are also actively seeking an opportunity to partner with the World Food Program in programming Wild Alaska Seafood products such as the wild Alaska Seafood Powder.
4. We will and are working toward the launch of the new USDA National School Lunch Program's Alaska Pollock products for the upcoming school year and an individual portion of Wild Alaska Pollock product suitable for NSLP and other programs. School lunches and other USDA-supported programs will now feature the same products that can be found in grocery stores, so families will be eating the same product within and outside of school and food distributions on request from FNS. This will positively affect commercial retail and food service purchases.
5. We will be performing multiple marketing blitzes, funding permitting, to raise awareness of Wild Alaska Seafood products and availability for both USG programs and domestic/international consumers.

OPPORTUNITIES:

- **Supply Chain Issues – Resolution with USDA:** we work actively to address barriers with USDA through repeated meetings and communication, e.g. load weights, new product specifications and updates, and other supply chain issues as they arise.
- **Alaska Fisheries Value Chain Education for USDA, other Stakeholders: Continuing to Educate USDA:** Organizing a visit for USDA decision makers and stakeholders to Alaska to see firsthand and learn about the value chain in our Alaska Seafood products used and of interest to USDA program managers.
- **Marketing to International Food Aid Organizations and Stakeholders:** We will continue to meet regularly with and work with these organizations to make sure that they include canned Wild Alaska Salmon and Herring whenever possible and to keep them aware of the ongoing development of a Wild Alaska Seafood Protein powder.
- **Providing Testimony, Comments, and Other Science-Based Input to Increase Seafood Consumption:**
 - **Domestic Seafood Consumption Guidance:** We will be providing more real time testimony and comments in various venues, including the Institutes of Medicine and National Academy of Sciences on support for increased seafood consumption, and working with the 2020 DGA process. Participation at the NSLP and other USDA stakeholder conventions will be more important than ever now that we have added several new products.
 - **International Seafood Guidance:** We will seek opportunities to monitor, participate in and provide input in international venues, such as the Global Child Nutrition Forum, the Global Based Initiative, and new initiatives such as fish consumption in global initiatives that seeks ways to address protein needs sustainably for the growing population around the world.

US Government changes in USDA policy and program implementation have changed the way we must go about achieving the goals that you, the Board have asked for. These changes and additional activity requests have increased complexity and therefore, the cost of working through these processes as successfully as we have.



Wild, Natural & Sustainable®

Our focus has expanded to all Alaska Seafood species and products. We are now addressing multiple challenges for the industry simultaneously.

We will keep working with Dr. Schlossman and her company, Global Food and Nutrition (GFN). GFN continues to take on additional work in Washington DC on behalf of ASMI and at my specific direction. Dr. Schlossman holds a PhD in Nutrition and provides this program with the opportunity of having an “in-house”, PHD Nutritionist rather than having to look for that expertise on Google or out to a variety of others on a case by case or contractual basis. She brings a unique skill set combination of 30 years working with food aid stakeholders (14 of that with us and the Alaska Seafood Industry) and with the researchers and scientists in food development in the food and humanitarian aid space. She is a faculty member at Tufts University in the Friedman School of Nutrition Science & Policy and brings to our team, a network of internationally renowned nutrition and food researchers, scientists and technologists that we can and do consult with as needed.

Nutrition has become a principal focus in ALL things related to seafood and lifestyle. Be it a response to public questions, the development of recipes, new marketing material or daily education and PR, nutrition is often the first thing that must be addressed. Having a nutritionist onboard that can professionally speak to any and all of these nutrition based needs in a manner that is **consistent** with everything that is Wild Alaska Seafood, is something that would add to the quality and consistency of our work at ASMI and across the industry’s marketing teams.

Working together with the entire ASMI staff, I would like to suggest that a proposal be put together that defines a “scope of work” that will work for our challenged budget and for Nina’s time and expertise.

We are aggressively working to significantly increase USDA purchases of all types in FY2019. We will push hard to meet the challenges with a constrained budget. We will continue to seek new opportunities to research, develop new evidence, and provide stakeholder education about needs, benefits and new uses for an updated commercially viable, cost effective set of Wild Alaska Seafood products that will better fit the evolving needs of the USG, and institutional and commercial customers in the US and overseas.

FY2018 will be a tough act to follow with over \$40M in direct USG sales, but as we add more Wild Alaska Seafood products to more programs, both domestic and international, we have great expectations that FY2019 is going to be good.

We look forward to working hard for the industry again this year to support the Board’s priorities with Wild Alaska Seafood and expand opportunities for new products and market expansion here and abroad.

Bruce Schactler
Global Food Aid Program Director