Food Aid Reform

Since 1954, U.S. international food aid programs have helped feed over three billion people and promote food security in over 150 countries. [USAID Fact Sheet](#)

Most food aid is provided under the Food for Peace Act (FPA) Title II (Emergency and Private Assistance) by USAID.

- Current authorized level for Title II programs: $2.5 billion annually
- Average appropriations for Title II since FY2008: $1.8 billion
- FY2014 request for U.S. food aid: $1.47 billion
- FY2014 level in House Agriculture Appropriations (introduced): $1.15 billion

In his [FY 2014 budget request](#), President Obama proposed reforms to the food aid program.

In April, Chairman Royce (R-CA) and subcommittee Ranking Member Karen Bass (D-CA) introduced bipartisan legislation ([H.R. 1983](#)) to reform the food aid program in order to feed more people, more quickly, at a lower cost.

**U.S.-only Procurement**

Current law requires that 100% of donated food aid commodities must be produced in the United States

H.R. 1983 eliminates the U.S.-only requirement, giving USAID flexibility of “local and regional purchase” (LRP) of food near the area in need – allowing the U.S. to feed more people, more quickly, at a lower cost.

- Average cost of food aid commodities procured in and shipped from U.S.: $1,188/mt
- Average cost of food aid provided through LRP: $929/mt
- Average savings for LRP versus U.S. procurement: $259/mt (20% savings)
- Average time for delivery food aid procured in and shipped from U.S.: 130 days
- Average time for delivery of aid through LRP: 56 days (2 months more quickly)

Sources: [FY2012 Food for Peace Fact Sheet](#) and USDA LRP Pilot Project [Independent Evaluation Report](#)

**Cargo preference**

Current law requires 50% of donated food aid must be shipped on U.S.-flagged vessels.

Eliminating cargo preference requirement will save an estimated $50 million per year.

H.R. 1983 eliminates cargo preference requirement – allowing the U.S. to feed more people, more quickly, at a lower cost.
Monetization

Current law requires “monetization” for at least 15% of all food aid.

Complexity of Monetization

1. USG purchases U.S.-produced food;
2. USG ships food overseas on U.S.-flagged vessels;
3. USG donates food to aid organizations;
4. Aid organizations sell the food in developing countries;
5. Aid organizations use proceeds to finance development projects

GAO found monetization “inefficient and can cause adverse market impacts” in the developing country.

GAO found monetization loses an average of 25 cents on every taxpayer dollar spent on food aid.

Eliminating monetization will feed an additional 800,000 people and save an estimated $30 million per year.

H.R. 1983 eliminates monetization requirement -- -- allowing the U.S. to feed more people, more quickly, at a lower cost.

Food Aid Facts and Figures

Emergency Assistance

Increase in recorded disasters over past decade: 200%
Number of people affected by droughts, floods, hurricanes, and other natural disasters in 2011: 206 million
Number of disasters to which the U.S. responded in 2012: 67
Decrease in tonnage of food aid exported since 2002: 64%
Number of direct recipients of U.S. food aid in FY2007: 74 million
Number of direct recipients of U.S. food aid in FY2010: 30 million

Shippers

Percentage of FY11 agriculture exports attributable to USAID food aid: 0.86%
Decrease in gross tonnage of food aid exports between 2002 and 2011: 64%
Increase of total gross tonnage exported from the five major ports utilized for by the USG for food aid exports between 2003 and 2011: 79%

Farmers

Percentage of net farm income attributable to USAID food aid: 0.56%
FY12 agricultural exports: $135.8 billion
Forecasted FY13 agriculture exports: $142 billion (increase of $6.2 billion over FY12)