# **Royce-Bass Food Aid Reform Act**

***Section-by-Section***

*U.S. international food aid programs are out-dated, inefficient, and in desperate need of reform.*

**Summary:** House Foreign Affairs Chairman Edward R. Royce and Africa Subcommittee Ranking Member Karen Bass are sponsoring bi-partisan food aid reform legislation that will:

- eliminate U.S. procurement requirements for agricultural commodities;
- eliminate the costly and inefficient practice of "monetization";
- align nonemergency food aid with the Foreign Assistance Act of 1961; and
- exempt U.S. food aid provided from cargo preference requirements.

The bill is expected to save $500 million over the next ten years while at the same time enabling the United States to reach more people, more quickly, at less expense.

**Title I – Amendments to the Food for Peace Act.** In general, this title *eliminates* the authority to provide nonemergency food assistance and monetize commodities under the Title II of the Food for Peace Act. "Monetization" is the process by which the United States Government procures agricultural commodities from domestic sources, ships them overseas on US-flagged vessels and donates them to nongovernmental or private voluntary organizations, which then sell the commodities in developing countries and use the proceeds to finance development programs. Under the Food for Peace Act, nonemergency assistance is synonymous with monetization. According to the Government Accountability Office, monetization is "inefficient and can cause adverse market impacts." Moreover, GAO found "the monetization process reduced funding available to the U.S. Government for development projects by $219 million over a 3-year period." The elimination of monetization is expected to save an estimated $30 million per year.

*Section 101. Food Aid to Developing Countries.* This section amends the Food for Peace Act to remove references to nonemergency food assistance and monetization. Nonemergency assistance – intended to help countries build resiliency and thus mitigate the need for future emergency assistance – would instead be carried out by the US Agency for International Development (USAID) in accordance with existing authorities under the Foreign Assistance Act of 1961 (FAA).

*Section 102. Emergency and Private Assistance Programs.* Consistent with the intent to eliminate monetization, this section strikes references to "private" assistance and eliminates authorities and minimum levels for nonemergency assistance. Authorities for emergency assistance are expanded to include assistance beyond commodities only. Section 102 also extends funding limitations on monitoring and evaluating food aid quality and authorizes the Food Aid Consultative Group, established pursuant to Section 205 of Food for Peace, through September 30, 2018. Finally, this section aligns administrative authorities under the Food for Peace with the Foreign Assistance Act.

*Section 103. General Authorities and Requirements.* This section expands the current definition of "Agricultural Commodities," thus eliminating the current US-only procurement requirement. It enables the Commodity Credit Corporation to make both funds and commodities available to carry out agreements under Title II of Food for Peace, eliminates authorities and requirements related to nonemergency programs, and extends existing authority for the prepositioning of commodities through September 30, 2018. It also includes the Senate Foreign Relations Committee among the Committees of jurisdiction.

*Section 104. Effective Date.* This section provides that amendments made by the Food Aid Reform Act will take effect 180 after enactment, thus providing space for nonemergency programs already in the pipeline to be concluded responsibly.

**Title II – Cargo Preference.** This title exempts food assistance provided pursuant to Title II of Food for Peace, as amended, from cargo preference. Under current law, whenever the United States Government procures, contracts for, or otherwise obtains any equipment, materials, or commodities that must be shipped overseas, at least 50% of the gross tonnage must be transported on privately-owned U.S-flagged vessels. This requirement has added extraordinary transportation costs to U.S. food assistance programs. Exempting Title II programs from cargo preference is expected to yield $50 million in efficiency savings annually.

*Prepared by Committee Staff*