

H.R. 5276: Food for Peace Modernization Act

SECTION-BY-SECTION SUMMARY

The bill amends the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1691), which was formally renamed the “Food for Peace Act” in 2008, to authorize the establishment of an efficient, effective, and accountable international food assistance program that utilizes U.S. agricultural commodities and market-based tools to combat hunger and advance U.S. security, economic, and humanitarian interests overseas. The bill establishes a minimum level of U.S. agricultural commodities to be utilized under the program annually; authorizes the use of market-based tools that will enable the United States to stretch limited resources farther and save more lives; limits the practice of “monetization”,¹ clarifies various terms and definitions, including “associated costs”; and makes other technical and conforming changes.

Sections 1. Short Title. Establishes that the Act may be called the “Food for Peace Modernization Act”.

Section 2. United States Policies. Provides greater unity of purpose in programs authorized under the Food for Peace Act (FFPA) by consolidating competing policy directives currently contained in sections 2, 3, and 201 (7 U.S.C. 1691, 7 U.S.C. 1691a, and 7 U.S.C. 1721, respectively). Establishes that it is the policy of the United States to advance U.S. security, economic, and humanitarian interests overseas through the provision of U.S. foreign assistance, including agricultural commodities, to: (1) reduce global poverty, hunger, and malnutrition; (2) respond to famine and food crises; (3) improve food and nutrition security and build resilience to shocks; (4) advance free market principles and catalyze inclusive agriculture-led economic growth; and (5) reduce long-term reliance upon U.S. foreign assistance.

Further establishes that it shall be the policy of the United States to coordinate such programs with other donors; to base decisions about to whom, when, where, and how assistance is provided upon thorough assessments of need, opportunity, and risk; and to provide assistance in a manner that avoids disincentives to local production and minimizes market disruptions.

TITLE I – FOOD FOR PEACE EMERGENCY AND NONEMERGENCY FOOD ASSISTANCE PROGRAMS

Section 101. Establishment of Food for Peace Program. Amends section 201 of the FFPA (7 U.S.C. 1721), which formally established the Food for Peace program within the United States Agency for International Development (USAID), to provide assistance, including agricultural commodities, overseas to advance the policies established in section 2.

Section 102. Provision of Assistance. Amends section 202 of the FFPA (7 U.S.C. 1722) to authorize the use of market-based food assistance, enhance coordination of U.S. food assistance

¹ “Monetization” provides for the sale of donated U.S. food aid commodities by non-governmental organizations in local markets so they may generate funds to cover administrative costs and implement other development programs. According to GAO, monetization is highly inefficient and disrupts local markets. Under current law, not less than 15 percent of all agricultural commodities provided for nonemergency assistance *must* be monetized.

programs, and make other technical and conforming changes. Section 202 provides the Administrator with authority to utilize the Food for Peace program to meet both emergency and nonemergency food needs overseas. Assistance may be provided through the donation and distribution of U.S. agricultural commodities or through utilization of “market-based” tools – i.e. mechanisms that help get food into the hands of those in need while supporting market participation, such as the distribution of vouchers, biometric electronic transfers, and locally or regionally procured food.

All forms of assistance shall be directed toward the areas of greatest need, coordinated with indigenous organizations and beneficiary groups, regularly monitored and evaluated, and, to the greatest extent practicable, marked and labeled in local languages as assistance being furnished by the American people.

Section 103. Securing the Role of American Farmers in the Food for Peace Program.

Recognizes the historic role American farmers have played and will continue to play in the Food for Peace program.

Section 104. Minimum Levels. Establishes that not less than 25 percent of the funds made available to carry out this title shall be used for the purchase and distribution of U.S. agricultural commodities, including associated costs.

Re-designates and amends section 412(e) of the FFPA (7 U.S.C. 1736f) to establish that for each of the fiscal years 2018 through 2023, not less than \$350 million shall be made available for nonemergency assistance, i.e. the nonemergency “safe box”, provided that the safe box shall not exceed 30 percent of the program’s total annual appropriation. Authorizes funds made available for nonemergency purposes under chapter 1 of part 1 of the Foreign Assistance Act (22 U.S.C. 2151 et seq.) to be applied to the safe box.

Section 105. Generation and Use of Currencies by Private Voluntary Organizations and Cooperatives.

Re-designates and amends section 203 of the FFPA (7 U.S.C. 1723) to authorize eligible organization receiving agricultural commodities for nonemergency purposes to monetize up to 15 percent of such commodities, thereby enabling them to: (1) establish programs under this Act; (2) meet specific administrative, management, personnel, transportation, storage, and distribution costs; and (3) improve and implement methodologies for food assistance programs. This practice is commonly known as “monetization” and is currently subject to a mandatory 15 percent floor, rather than a permissive 15 percent ceiling.

Section 106. Food Assistance Consultative Group. Re-designates and amends section 205 of the FFPA (7 U.S.C. 1725) to require the Administrator to consult with the Food Assistance Consultative Group at least 30 days before any new or revised regulation, handbook, or guideline to implement this title becomes final.

Section 107. Administration. Makes stylistic, technical, and conforming changes to the administrative provisions contained under section 207 of the FFPA (7 U.S.C. 1726a).

Authorizes the Administrator to use up to five percent of the funds made available to carry out this title for monitoring and evaluation. Of this amount, up to \$4.5 million may be used to assess

food aid quality, adjust formulations, and develop and test new specialized food products, and up to \$8 million may be used for the Famine Early Warning System Network (FEWS Net). Funding for FEWS Net must be matched by funds made available to carry out the Foreign Assistance Act.

Section 108. International Food Relief Partnership. Makes stylistic, technical, and conforming changes to section 208 of the FFPA (7 U.S.C. 1726b), which authorizes the Administrator to make grants to nonprofit organizations for the preparation and stockpiling of shelf-stable prepackaged foods and to PVOs and international organizations for the rapid transportation of such foods. Extends the existing \$10 million authorization of appropriations through FY2023.

TITLE II – General Authorities and Requirements

Section 201. Definitions. Amends section 402 of the FFPA (7 U.S.C. 1732) to add the Senate Foreign Relations Committee to the definition of “appropriate committees of congress” and to add a definition of “associated costs”.

Section 202. General Provisions. Makes stylistic, technical, and conforming changes to section 403 of the FFPA (7 U.S.C. 1733). Requires the Secretary of Agriculture or the Administrator, in consultation with the Secretary of State, to seek information from implementing agencies on the potential costs and benefits to the local economy of sales of agricultural commodities within the recipient country. In providing assistance to areas experiencing protracted warfare or civil strife, requires the Administrator, in consultation with the Secretary of State, to encourage all parties to the conflict to permit safe passage of assistance and to establish safe zones for medical and humanitarian treatment and evacuation of injured persons. As required by annual appropriations bills, conditions the provision of assistance under this Act upon the establishment of effective monitoring and control mechanisms to ensure that assistance is received by the intended beneficiaries and not diverted for unauthorized or inappropriate purposes.

Section 203. Agreements. Makes stylistic, technical and conforming amendments to section 404 of the FFPA (7 U.S.C. 1734), which requires that all agreements to carry out the FFPA include: an estimate of the annual value or volume of agricultural commodities proposed to be made available to the country or eligible organization; a statement that such agreement shall be subject to the availability funds and agricultural commodities; and other terms and conditions as the Administrator determines to be necessary.

Section 204. Administrative Provisions. Amends section 407 of the FFPA (7 U.S.C. 1736a) to extend the authority to preposition food in the United States and overseas through FY2023 and consolidate two annual reporting requirements.

Section 205. Expiration Date. Amends section 408 of the FFPA (7 U.S.C. 1736b) to extend the deadline for entering into new agreements under the FFPA through FY2023.

Section 206. Minimum Level of Nonemergency Food Assistance. Amends section 412 of the FFPA (7 U.S.C. 1736f) by striking subsection (e), relating to the nonemergency “safe box”. The “safe box” is now addressed under section 204(b) of the FFPA.

Section 207. Micronutrient Fortification Programs. Amends section 415 of the FFPA (7 U.S.C. 1736g-2) to extend the existing Micronutrient Fortification Program through December 31, 2023.

Section 208. John Ogonowski and Doug Bereuter Farmer-to-Farmer Program. Amends section 501 of the FFPA (7 U.S.C. 1737) to extend an existing farmer-to-farmer training program, which may draw funds from the Food for Peace nonemergency safe box, through FY2023.