



Food for Peace Reform Act (S. 525)

Efficiencies will lead to helping 9 million more people per year.

Overview: The Food for Peace Reform Act offers an opportunity to reform the federal government’s food-aid programs so that funds are used more efficiently and reach millions more people each year – at no additional cost to U.S. taxpayers.

Why Food Aid Reform Matters: Reforming the U.S. food aid program will help to increase flexibility and prevent inefficiencies from harming those that food aid is meant to help. According to researchers at USAID, GAO, and Cornell University, fully reforming Food for Peace, the main U.S food aid program, will allow for up to \$440 million in efficiency savings, allowing the United States to reach up to 9 million more people each year (up to 16 percent increase from the average 56 million reached by Food for Peace). Increased flexibility will allow U.S. food aid to reach those in need more than two months sooner than current implementation.

Proposed reform: S. 525 is currently in the Senate Foreign Relations Committee. The proposed bill changes the Food for Peace program currently authorized through the Farm Bill and places food aid authorities into the Foreign Assistance Act. Doing this allows the government to drop the harmful policies of U.S.-only procurement, U.S.-only cargo preference, and monetization.

Food for Peace Reform Act (S. 525) achieves the following:

- **Creates Flexibility:** Current law requires that 100 percent of food aid be grown in the United States. (Recent changes in the Farm Bill allowed a small amount to be provided as cash for locally procured food and to offset monetization.) The Food for Peace Reform Act eliminates this requirement and allows either U.S. commodities or locally and regionally procured (LRP) com-

modities, vouchers, and transfers to be used—whichever is the most efficient option. An initial LRP pilot project conducted by USDA through the 2008 Farm Bill found that use of LRP commodities allows the U.S. to feed more people quicker and at a lower cost.

	U.S. procurement	LRP	Average Savings
Average cost	\$1,188/metric ton	\$929/metric ton	\$259/metric ton
Average delivery time	130 days	56 days	2½ months sooner

- **Eliminates Cargo preference:** Current law requires 50 percent of food aid be shipped on U.S.-flagged vessels. According to USAID, GAO, and a study by Cornell University, eliminating cargo preference requirements will improve response time and save an estimated \$50 million per year. The reform does not bar USAID from shipping on U.S.-flagged vessels, but provides the agency with the flexibility to ship on vessels that are readily available.
- **Ends Monetization:** Current law requires “monetization” for at least 15 percent of all food aid distributed under non-emergency programs. Monetization is a complicated program with the following steps: (1) U.S. Government (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; and (5) Aid organizations use proceeds to finance development projects. GAO found monetization loses an average of 25 cents of every taxpayer dollar spent on food aid.

Act Now: Call your senators TODAY at 800-826-3688 and ask them to cosponsor S. 525, the Food for Peace Reform Act.