



## **Food for Peace Reform Act (S. 525)**

### ***The Challenge***

With limited aid dollars available, we must ensure that American government resources are used in the most effective manner possible. The Food for Peace Reform Act (S. 525) offers a meaningful opportunity to reform the federal government's outdated food aid programs so that taxpayer funds are used more efficiently and reach more people. By allowing cost-effective procurement, permitting flexibility in shipping rules and eliminating monetization, the Food for Peace Reform Act will free up nearly \$450 million annually and provide an additional eight to twelve million people with much-needed food aid.

### ***Procurement Reforms***

Current law requires that 100 percent of our country's food aid be grown in the United States. Unfortunately, purchasing and shipping crops from the United States is expensive and time consuming, which is deeply problematic during a food crisis.

The Food for Peace Reform Act eliminates this outdated policy that requires all food aid to come from the United States. It allows the U.S. government to use either U.S.-grown commodities, commodities grown closer to the crisis, or vouchers - whichever is the most cost effective option. Adding flexibility to our procurement laws will let the U.S. Government feed millions more people and speed up delivery of assistance – all at a lower cost.

### ***Shipping Reforms***

The U.S. Agency for International Development (USAID), the Government Accountability Office and Cornell University have concluded that giving government officials flexibility in choosing how to ship food aid could save \$50 million per year and potentially expedite the delivery of the food aid.

The reforms proposed in the Food for Peace Reform Act do not bar USAID from shipping food on U.S.-flagged vessels, however, the bill gives USAID the flexibility to ship on whatever vessels are readily available. Overall, the changes proposed in the bill will not have a significant impact on the U.S. shipping sector.

From 2002-2011, only 0.86 percent of the U.S. shipping sector was involved food aid, and only a portion of that would be affected by the bill. Furthermore, changes in cargo preference will not interfere with U.S. maritime preparedness according to the U.S. Departments of Defense and Transportation.

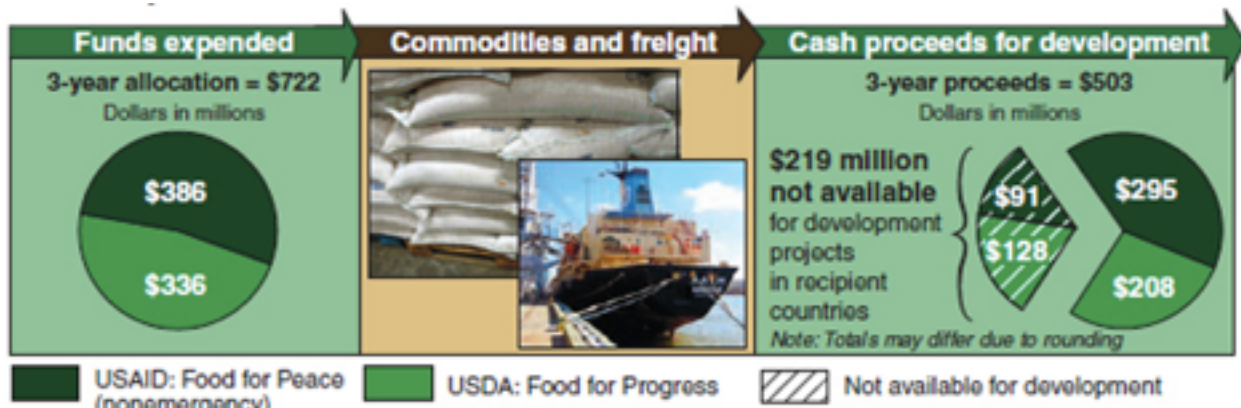
***Eliminating Monetization***

The Food for Peace Reform Act will also eliminate monetization, which the Government Accountability Office has previously criticized as "inefficient" and unsustainable.

Monetization is a complicated program with the following steps: (1) the U.S. government purchases U.S.-produced food; (2) the government ships the food overseas on U.S.-flagged vessels; (3) the government donates the food to aid organizations; (4) aid organizations sell the food in developing countries; and (5) aid organizations use the proceeds to finance development projects.

The Government Accountability Office found that monetization loses an average of 25 cents of every taxpayer dollar spent this way. Removing monetization would allow U.S. aid to reach an additional 800,000 people while freeing up to \$30 million per year.

***Illustration of Taxpayer Funds Lost Via Monetization***



***About the Borgen Project***

The Borgen Project believes that the leaders of the most powerful nation on earth should be doing more to address global poverty. It is an innovative, national campaign that is working to make poverty a focus of U.S. foreign policy. For more information about The Borgen Project, please visit [borgenproject.org](http://borgenproject.org).