



Food for Peace Reform Act of 2015 (S. 525)

OBJECTIVE: To increase the efficiency of the U.S. food aid program, allowing upwards of nine million additional hungry individuals to receive aid up to two and a half months faster, with the resultant \$440 million created by increasing the flexibility of the current law at no additional taxpayer cost.

CURRENT LAW AND INEFICIENCIES

Cargo Preference: The Foreign Assistance Act of 1961 requires 50 percent of food aid be shipped on U.S. flagged vessels. As S.525 co-sponsor Senator Corker has explained, this self-imposed limitation was created to protect the special interests of a small group and effectively doubles the amount of time it takes for hungry individuals to receive food aid.

Since the mandate, transportation costs have increased by 46 percent, while funding for the Food for Peace Program has decreased by 37 percent. According to the Government Accountability Office, more funding is spent on transportation costs than actual food aid. This has significantly reduced the amount of aid being provided to the estimated 805 million chronically hungry people around the world.

Monetization: Current law requires 15 percent of food aid distributed under non-emergency programs be sold in the recipient country. The result is a *loss of 30 cents on every dollar*. Additionally, countries receiving aid are forced to redirect funds from sectors like education and security in order to purchase food.

Quick Facts:

- On average, 130 days pass before food aid reaches hungry individuals
- Around 40 percent of U.S. flagged ships are foreign owned through shell companies

FOOD FOR PEACE REFORM ACT

Create Flexibility: The Food for Peace Reform Act allows for the most cost effective method while providing the largest amount of aid possible based on the current situation(s) in the recipient countries. The proposed bipartisan legislation would implement necessary reforms that would allow the U.S. to better promote stability around the world by delivering aid faster and cheaper.

Current law requires 100 percent of food aid to be produced in the U.S. S.525 would allow for the use of U.S. and locally and regionally procured, or LRP, food and commodities. LRP food would reduce the average food aid transportation time to 56 days at a cost savings of 30 to 50 percent, thus increasing the amount of provided aid. LRP would increase efficiency up to 34 percent, with secondary and tertiary effects resulting in stabilized local growth and development.

Demonetizing: The Food for Peace Reform Act allows the *full value of each dollar* to be utilized, thus eliminating the 30 percent loss caused by monetization. Local governments would then be able to save the money used to purchase aid and reinvest in development.

Quick Facts:

- \$4 million was saved using LRP when providing aid to the Republic of Congo
- In 2014, seven percent flexibility provided by the Farm Bill allowed 600,000 additional people to receive food aid

ACHIEVING GREATER RESULTS:

The U.S. commits \$1.6 billion annually to the Food for Peace Program. Despite this, limited funds actually go toward providing food aid. The unfortunate reality is that intended aid dollars are siphoned off as a result of cargo preference, procurement limitations and monetization. The current food aid system is inefficient and more often than not, fails to meet its intended mission: to save lives.

According to the World Food Programme, hunger and malnutrition are the number one global health risk. The good news is that hunger is preventable and solvable. Hunger is caused by various factors and needs to be addressed by a program with the flexibility to execute assistance according to numerous situations. The Food for Peace Reform Act will modernize U.S. food aid, and will achieve measurable results in developing countries by increasing the amount of people receiving aid and decreasing aid delivery time.