

Corker, Coons Reintroduce Food for Peace Reform Act of 2015

Legislation frees up as much as \$440 million per year to feed up to 12 million more people faster and at a lower cost

WASHINGTON – U.S. Senators Bob Corker (R-Tenn.) and Chris Coons (D-Del.), both members of the Senate Foreign Relations Committee, today reintroduced bipartisan legislation to reform U.S. global food assistance programs that will free up as much as \$440 million annually through greater efficiencies in delivering aid, allowing the U.S. to reach an estimated eight to twelve million more people, in a shorter time period.

“With limited aid available, it is our responsibility to ensure American resources are used in the most effective manner possible,” said Senator Corker, chairman of the Senate Foreign Relations Committee. “These necessary reforms will allow us to better promote stability around the world by delivering lifesaving food to those in need more quickly and at a lower cost. Reorganizing this vital food aid program in a more sensible way also will help further U.S. interests.”

“More than anything else, the mission of America’s food aid program is to save lives,” said Senator Coons, former chair of the Senate Foreign Relations Subcommittee on African Affairs. “Our current system for acquiring and distributing food aid is inefficient and often hurts the very communities it is trying to help. This bill will modernize America’s food aid program and help it to reach as many as nine million more people each year. It will also help get food aid to where it is needed months sooner. The reforms in this bill build on reforms in the FY14 omnibus appropriations bill and 2014 farm bill, and has broad and bipartisan support from policy experts and humanitarian organizations.”

The Food for Peace Reform Act of 2015 is identical to legislation that Corker and Coons introduced in the last Congress. The legislation would transfer current food aid authorities from the Farm Bill into the Foreign Assistance Act and implement the following reforms that were proposed by the president and have bipartisan support in Congress:

- **Cost-Effective Procurement:** Current law requires 100 percent of food aid commodities be produced in the United States (recent changes in the Farm Bill could allow a small amount be used as cash to offset monetization and for locally procured food). The Corker-Coons bill would lift this requirement and allow both U.S. and locally or regionally procured (LRP) commodities, vouchers, and cash transfers to be used—whichever is the most cost effective option. As a result of a LRP pilot project, U.S. Agency for International Development (USAID) found that using LRP commodities allows the U.S. to feed more people, more quickly and at a lower cost. The impact of this reform on the U.S. agricultural sector would be small considering U.S. food aid contributed just 1.41 percent of net farm income from 2002-2011.
- **Cargo Flexibility:** Current law requires 50 percent of donated food aid to be shipped on American-flagged vessels. According to USAID, Government Accountability Office (GAO), and a study by Cornell University, removing the cargo preference requirement will save an estimated \$50 million per year and speed delivery to a larger population. This legislation would provide USAID with the flexibility to ship on vessels that are readily available. The Cornell study found cargo preferences in 2006 contributed to a 46 percent increase in freight costs above competitive market rates. These unreimbursed costs to U.S. food aid agencies, according to the study, roughly equal USAID’s entire non-emergency food aid to Africa. In separate letters to the House Foreign Affairs Committee, the U.S. Departments of Defense and Transportation have determined the changes to cargo preferences will not undermine U.S. maritime readiness. The impact of this reform on the U.S. shipping sector would be small considering U.S. food aid contributed just 0.86 percent of total U.S. agricultural exports from 2002 -2011.

- **Eliminate Monetization:** Current law requires 15 percent of all U.S. donated food to be sold first by aid organizations, producing cash that then funds development projects. GAO [has warned](#) this process – known as “monetization” – is “inefficient and can cause adverse market impacts” in recipient countries. GAO also found monetization loses an average of 25 cents on every taxpayer dollar spent. According to USAID, eliminating monetization could feed an additional 800,000 people and free up an estimated \$30 million per year.

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Source: <http://www.foreign.senate.gov/press/chair/release/corker-coons-reintroduce-food-for-peace-reform-act-of-2015>