

Feeding More People through More Efficient Food Assistance

Established in 1954, P.L. 480 Title II (Title II) has promoted the food security of developing countries by providing food assistance that saves lives, helps people recover from crises, and addresses chronic poverty and malnutrition. Since its inception, Title II has helped more than three billion people in over 150 countries. Over the years, Title II has been reformed and modernized to ensure the program keeps up with changing economic circumstances and best practices in the delivery of food aid. In a time of both budget constraints and urgent human need, the President's 2014 Budget includes additional food aid reform that will allow life-saving assistance to reach an estimated two to four million more people annually within the same resources.

The reform will facilitate robust emergency and development programming within current budget constraints. Food aid reform includes a shift of funding previously requested in P.L. 480 Title II to three other assistance accounts: International Disaster Assistance (IDA) for emergency food response (\$1.1 billion); Development Assistance (DA) for the Community Development and Resilience Fund (CDRF) to address chronic food insecurity in areas of recurrent crises (\$250 million, in addition to \$80 million in DA currently for this use); and a new Emergency Food Assistance Contingency Fund (\$75 million), which will enable the President to provide emergency food assistance for unexpected and urgent food needs worldwide.

In addition to helping more people in crisis, the reform will reduce mandatory spending – and the deficit – by an estimated \$500 million over a decade.

By modernizing food assistance, the 2014 Budget:

Allows the U.S. government to respond more flexibly to hunger needs around the world, reaching more people with more efficient programming. Through food aid reform, the United States is recommitting to a more efficient and effective program that allows assistance to reach an estimated two to four million more people in 2014. The reform pairs significant in-kind food aid procurements from the United States with a more expansive use of interventions such as local and regional procurement and food vouchers. Studies show that local and regional procurement of food and other cash-based programs can get food to people in critical need 11 to 14 weeks faster and at savings of 25 – 50 percent. Local and regional food will continue to be procured only from developing countries near crises.

Provides the right tool for more efficient and effective responses. Rather than limiting the United States to a commodities-only approach, these reforms will enable experts to select the right tool to most efficiently meet the needs of starving and vulnerable people. Without cash-based resources USAID would not have been able to respond to the Syrian crisis. These tools can also be more effectively used and targeted than in-kind food aid to help reduce the scope of crises and to help prevent their recurrence, in part by not disturbing local economies and by sustaining local agricultural producers and markets.

Continues commodity purchases in the United States. U.S. commodities will continue to play a vital role in U.S. emergency food assistance. Under the proposal, in 2014, no less than 55 percent of the requested \$1,416 million in funding for emergency food assistance in IDA will be used for the purchase,

transport, and related costs of U.S. commodities. U.S. commodities will continue to make up a significant portion of purchases, particularly for many processed foods and large cereal procurements that are unavailable elsewhere in the world or produced in insufficient amounts by developing countries near crises. For example, there is insufficient production capacity in developing countries for certain specialized food products used to combat malnutrition.

Ends the inefficiencies of Title II monetization. This reform ends the costly and inefficient process of Title II monetization, the sale of U.S. food abroad for cash, which, according to several studies, including the Government Accountability Office (GAO), loses an average of 25 cents or more per taxpayer dollar spent on food aid. For example, based on 2012 Title II monetization levels, eliminating monetization would enable U.S. development food aid to reach an estimated 800,000 more undernourished women, men, and children. In addition to being inefficient, monetization incurs additional administrative costs and is an added burden on Private Voluntary Organizations (PVOs), as PVO staff must negotiate the sale and transportation of commodities in order to generate the proceeds to fund the development programs they implement.

Reaffirms the U.S. commitment to PVO development food aid partners and programs. The 2014 Budget maintains both the intent of Title II development programs and equivalent funding levels given the cost savings associated with ending monetization. The United States is committed to spending \$330 million of DA funds on development food assistance programs through the CDRF. These programs will be managed by USAID's Office of Food for Peace and support the objectives of Feed the Future, strengthening the U.S. Government's ability to reduce chronic poverty, build resilience, and help prevent future food crises. USAID's PVO partners will benefit from increased efficiencies due to ending monetization and the expanded availability of cash for emergencies.

Sustains the U.S. merchant marine that may be used by the Department of Defense. The reform will reduce the amount of government food aid carried on U.S.-flag vessels, many of which are used by the Department of Defense to sustain overseas operations. In order to mitigate the potential negative impact of these reduced shipments on U.S. mariners and vessels, the proposal shifts \$25 million of the efficiency savings that will be obtained through the food aid reform to the Department of Transportation's Maritime Administration. The addition funding will provide a vehicle to support sustainment of militarily-useful vessels and a qualified pool of citizen merchant mariners.

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