

Reform Food Aid Programs

SAVINGS IN MILLIONS OF DOLLARS

2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2016–2020	2016–2025
\$168	\$168	\$168	\$170	\$173	\$175	\$178	\$181	\$184	\$186	\$847	\$1,751

Heritage Recommendation:

Eliminate the Food and Agriculture Organization (FAO) funding and reform U.S. food assistance programs to allow local purchasing and remove shipping requirements. This proposal saves \$168 million in 2016, and \$1.8 billion over 10 years, as follows:

- \$125 million in average annual savings from eliminating U.S. contributions to the FAO
- \$50 million in annual savings from the Royce–Bass Food Aid Reform Act (H.R. 1983) as estimated by the House Foreign Affairs Committee Staff

Rationale:

The United States has been providing food assistance around the world for nearly six decades— addressing starvation and emergency food shortages, and supporting agricultural development and related projects in developing nations. The Food for Peace (P.L. 480) Title II program comprises over half of the total food aid budget annually, but is subject to requirements to purchase U.S. food and ship it on U.S. vessels. Congress should support and expand the reforms directed at improving the efficiency of America’s food aid programs, while rejecting the proposed retention of purchase requirements for U.S. food and subsidies for U.S. shipping.

Several international organizations are focused on providing food assistance and supporting agricultural development. Not all are well managed or impactful. A 2011 British study concluded that the FAO represents “poor value for money” and criticized it for lacking a “corporate culture of value-for-money and cost effectiveness” and having weak “programming and financial accounting processes.”³¹

Additional Reading:

- Bryan Riley and Brett Schaefer, “Congress Should Reject Proposed Food Aid Shipping Mandate,” Heritage Foundation *Issue Brief* No. 4228, May 23, 2014, <http://www.Heritage.org/research/reports/2014/05/congress-should-reject-proposed-food-aid-shipping-mandate>.
- Bryan Riley and Brett Schaefer “U.S. Food Aid Should Focus on Combating Hunger and Malnutrition in Poor Nations,” Heritage Foundation *Issue Brief* No. 3910, April 15, 2013, <http://www.Heritage.org/research/reports/2013/04/us-food-aid-should-focus-on-combating-hunger-and-malnutrition-in-poor-nations>.

Calculations:

Savings based on adding together the cost of the Food and Agriculture Organization (FAO) as found on page 44 of the “FY 2015 Congressional Budget Justification: Department of State, Foreign Operations, and Related Programs,” and the savings from the Royce-Bass Food Aid Reform Act as described by committee staff, equaling \$500 million over 10 years: House Foreign Affairs Committee, “Royce–Bass Food Aid Reform Act: Section-by-Section,” undated, <http://foreignaffairs.house.gov/sites/republicans.foreignaffairs.house.gov/files/Food%20Aid%20Reform%20Act%20Section-by-Section.pdf>. The FAO’s estimated FY 2014 cost of \$116 million is increased, according to the CBO’s most recent August 2014 baseline for discretionary spending. The \$500 million in 10-year savings from the Royce–Bass Food Aid Reform Act is spread equally across the 10 years, as \$50 million per year.