

HOUSE COMMITTEE ON FOREIGN AFFAIRS

“Modernizing U.S. International Food Aid Programs: Reaching More for Less”

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Chairman Royce, Ranking Member Engel and distinguished Members of the Committee, thank you for the opportunity to be here today to discuss U.S. international food aid programs and support your efforts to modernize the programs.

U.S. food aid provides the backbone of the global emergency response system. For the past 60 years, when disaster strikes another part of the world—whether natural, economic, or political—and people are left without access to food, the U.S. government responds by providing American agricultural products through the Food for Peace program. Food for Peace resources fund life-saving, emergency programs as well as non-emergency programs that promote development, improve child nutrition, and build resilience to prevent costlier humanitarian interventions in the future.

For less than one-tenth of one percent of the federal budget, these international food assistance programs save lives and empower communities to more effectively respond to future crises. Last year in the Sahel, famine was averted due to the early, robust and comprehensive humanitarian food assistance provided by the international community, with the leadership of the U.S. government.

Furthermore, emergency food assistance remains vital to restoring and maintaining stability in volatile regions, including those that are of key national security concern for the U.S.

The question before us today is clearly not whether we should improve the U.S. food aid system but rather how can we reform the system in a way that creates the most benefit for both American farmers and hungry people. I would like to propose five key points for the Committee’s consideration as it looks to modernize U.S. international food aid programs and identify the means by which reform can best be achieved.

I. Humanitarian needs are increasing

Despite the great progress being made across U.S. international food security programs, humanitarian needs continue to grow as the number of people affected by natural disasters and conflict increases.

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Floods, droughts and other natural disasters have increased by 400 percent over the past two decadesⁱ and the number of people affected and displaced by conflict has risen from 17.4 million in 1997 to 27.5 million today.ⁱⁱ According to a recent Brookings Institution report, global demographic trends suggest that more people are living in areas vulnerable to sudden-onset natural disasters. Scientists at the same time predict that the frequency and intensity of these disasters are likely to increase as a result of the effects of a changing climate.

In 2013, the UN World Food Programme estimates that more than 80 million people will require food assistance globally, with significant increases in need in the Middle East. The Middle East region now comprises 25% of the estimated food assistance needs for 2013 – up from 10% in 2012 – largely due to doubling needs in Syria and Yemen. In Syria and neighboring countries, increases in food needs have been staggering over the past year, growing from around 300,000 people requiring food assistance in April 2012 to over 3 million in April 2013.ⁱⁱⁱ

As we rightly look to reform these programs, we must keep in mind that needs around the world are not going down – but rather they are continuing to rise. Our efforts to improve the current food aid system must enable us to reach more hungry people.

II. The commitment to food aid programs is bipartisan

Fighting global hunger has been a bipartisan effort that has united Administrations and Congresses without regard to party for the past 60 years. The Food for Peace Program, first known as “Public Law (PL) 480,” was signed into law by President Dwight D. Eisenhower in 1954. Shortly thereafter, President John F. Kennedy underscored the importance of PL 480 by renaming it “Food for Peace” and placing it in the newly created U.S. Agency for International Development.

Since that time, international food aid programs have received support from Administrations in both parties. In 2008, the Bush Administration even initiated a food aid reform effort, proposing a legislative authorization in the Farm Bill to use up to 25% of Food for Peace funds available annually to procure food from selected developing countries near the site of a crisis. This year, the Obama Administration has proposed a set of reforms to further increase the flexibility and efficiency of U.S. food aid reforms and potentially enable the U.S. to reach 2-4 million more people globally.

In Congress, there is a similar story of deep commitment to international food aid programs. There are numerous examples of Congressional support for feeding hungry people, from the collaboration between Senators McGovern and Dole that eventually led to the creation of our McGovern-Dole International Food for Education and Child Nutrition programs to the bipartisan leadership of Senators Stabenow and Roberts last year in developing food aid provisions in the Senate Farm Bill. The Chairman’s recent introduction of the Food Aid Reform Act (H.R. 1983),

is another important instance of Republicans and Democrats coming together to make improvements to our international food aid system.

In a political climate where bipartisanship can be a challenge, feeding hungry people remains a priority for many Members regardless of political affiliation.

III. A growing consensus is developing on principles of reforming food aid programs

As previously noted, the reforms proposed in the Administration's FY14 budget request and in the recent legislation introduced by Chairman Royce and Congresswoman Bass build upon past reform efforts of the U.S. Congress and Administration and reflect food aid principles that are commonly agreed upon. While there has been substantial discussion and debate on the tactics and mechanics of food aid reform, this is widespread agreement on the overarching strategic goals.

Across foreign aid stakeholders, a desire for greater flexibility, efficiency and impact in our food aid system is evident.

Greater *flexibility* in our food aid system would allow the U.S. to employ the right tool at the right time when responding to crises. This means buying food locally and regionally when markets are functioning, utilizing specialized nutrition products when circumstances require them and allowing for the use of cash transfers and food vouchers in complex environments where U.S. commodities may be hard to deliver. Studies show that with favorable market conditions, 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 a cost savings of 25 – 50 percent. While great progress has been made over the past several years to enhance the prepositioning of U.S. commodities to increase response time and strengthen early warning systems to better prepare for weather-related shocks, much more can be done to improve the flexibility of our food aid system.

Greater *efficiency* in our food aid system would enable the U.S. to reach more people in a time of fiscal constraints. In a 2011 report, the GAO estimated that \$219 million was lost over a three-year period as a result of monetization – about 25 cents on every dollar.^{iv} In eliminating the need to monetize food by using cash rather than U.S. commodities to fund development programs, we reduce waste and have more resources available for food assistance programs.

Lastly, greater *impact* is achieved by ultimately reaching more people with nutritious food assistance. Greater flexibility and efficiency mean little if we are not able to feed more vulnerable men, women and children and ensure that a great number of families and communities are given the opportunity to have a healthier, more prosperous future.

IV. The future of U.S. agriculture depends on thriving global economies

As the former Secretary of Agriculture, it is critical to underscore the benefits of food aid reform to U.S. agriculture and U.S. farmers and ranchers. Helping to feed the hungry has been and continues to be a source of pride for American farmers and businesses.

In the 1950s, President Eisenhower promoted “sharing the bounty” of U.S. agriculture with countries too poor to purchase it on commercial terms by inaugurating the food aid program. At the time, this was a win-win. Not only did the food aid reach hungry people but it helped the government offload some of the commodity surplus that was accumulating as a result of federal agricultural support programs.^v

More than 60 years later, U.S. agricultural productivity remains high. In 2012, agriculture was one of four categories with a U.S. trade surplus. Changes in U.S. agricultural policy and rising consumer demand outside of our country – where 95% of the world’s consumers live – ensure that commodities not needed for American consumption now flow quickly into thriving global markets.

This means that food aid procurements have become an increasingly small proportion of overall U.S. commercial agriculture sales. From 2002-2011, the Food for Peace program procured less than 1% of total food that was exported from the U.S. Further, the volume of food assistance provided by the U.S. has been steadily declining over time due to higher food prices and lower overall appropriations for the program. From 2002 to 2011, the purchases of U.S. food aid by the U.S. government declined from 5 million to 1.8 million metric tons.^{vi}

Given these changes, the future interests of U.S. agriculture are less in the provision of U.S. food aid and to a greater extent in the development of stable, thriving economies that can create new markets for American businesses and new consumers for American products. The opportunities for American farmers are no longer on our soil, but rather on overseas soils. Developing countries accounted for 97 percent of global population growth in 2012 and it is anticipated that nearly all future population growth will be in the world's less developed countries.^{vii}

V. American farmers can and should support food aid reform

It is firmly in the interest of American farmers to support greater efficiencies and flexibility within our food aid system so that we can provide more food to more people and support the local and regional agricultural development systems of future trading partners. This type of change in U.S. food aid policy would promote the well-being and health of populations and potential future consumers; open up new trade and investment opportunities for US agribusinesses; and ensure that our humanitarian commitments are met.

With the National Farmers Union and Cargill recently expressing support for food aid reform efforts, it is becoming increasingly clear that American farmers themselves agree that making our programs more efficient and flexible is not in opposition to their interests. In their recent statement on food aid, Cargill asserted: “[i]t is time we reassess the program to make certain it is efficient and effective in meeting the increasing needs and allow for some flexibility in the delivery of a portion of food aid assistance so that food can get more quickly to people on the brink of starvation.”^{viii} For example, South Korea, once a recipient of U.S. food aid, is now America’s sixth largest trading partner and in 2011 imported more than \$4 billion worth of agriculture goods from the U.S.

In conclusion, the world has long possessed the collective resources and knowledge to end global hunger. What has often been lacking is the political will and sustained leadership at the highest levels of government. We now have broad agreement on what needs to be done to improve our food aid programs and we must seize the opportunity. With the Obama Administration’s recent proposal and the leadership of this Committee in supporting reforms to our food aid system, I am confident that we are on a path forward that will deliver results for the hundreds of millions of people around the world that depend on U.S. food assistance.

I might add that change is not always simple and easy – particularly change to a long standing way of doing things. Food aid reform was attempted during the Bush Administration. In my view a key component to achieving these important and necessary reforms is to reassure everyone with a stake in food assistance programs that what will emerge from reform is a stronger American commitment to food assistance and help to our friends around the world. Food aid can help nations become economically stronger and effective partners and allies of the United States. This is an important investment for America and a terrific foreign policy tool for our government.

I look forward to answering the committee’s questions. Thank you.

ⁱ International Disaster Database. <http://www.emdat.be/natural-disasters-trends>

ⁱⁱ World Disasters Report. 2012. <http://www.ifrc.org/PageFiles/99703/1216800-WDR%202012-EN-LR.pdf>

ⁱⁱⁱ WFP. Syria Talking Points.

^{iv} GAO, “*Funding Development Projects through the Purchase, Shipment, and Sale of U.S. Commodities Is Inefficient and Can Cause Adverse Market Impacts*,” June 2011.

^v http://www.livinghistoryfarm.org/farminginthe50s/money_08.html

^{vi} USAID. <http://www.usaid.gov/foodaidreform/us-farmers>

^{vii} <http://www.prb.org/Publications/Datasheets/2012/world-population-data-sheet/fact-sheet-world-population.aspx>

^{viii} <http://thecaucus.blogs.nytimes.com/2013/05/22/food-company-and-farmers-union-back-changes-to-aid-program/?emc=tnt&tntemail0=y>