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U.S. AGENCY FOR  
INTERNATIONAL  
DEVELOPMENT

AUG 26 1993

Mr. John D. Shaw  
Chief, Policy Affairs Service  
World Food Program  
Cristoforo Colombo 426-00145  
Rome, Italy

Subject: FAO-0800-G-00-3045-00

Dear Mr. Shaw:

Pursuant to the authority contained in the Foreign Assistance Act of 1961, as amended, the Agency for International Development (hereinafter referred to as "A.I.D.") hereby grants to the World Food Program (hereinafter referred to as WFP), the sum of \$10,000 to provide support for the Efficiency in Food Aid Program, as described in the Schedule of this grant and in Attachment 2, entitled "Program Description."

This grant is effective as specified in Section B of Attachment 1 and obligation is made as of the date of this letter and shall apply to expenditures made by the Grantee in furtherance of program objectives during the period beginning with the effective date and ending June 30, 1993.

This grant is made to the Grantee on condition that the funds will be administered in accordance with the terms and conditions as set forth in Attachment 1 (the Schedule); Attachment 2 (the Program Description); and Attachment 3 (the Standard Provisions); all of which have been agreed to by your organization.

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Please sign the original and all enclosed copies of this letter to acknowledge your receipt of the grant, and return the original and all but one copy to me.

Sincerely,

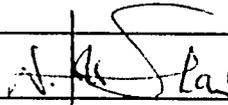


James A. Jeckell  
Grant Officer  
FAO Branch, A Division  
Office of Procurement

Attachments:

1. Schedule
2. Program Description
3. Standard Provisions

ACKNOWLEDGED

BY:   
TYPED NAME: J. JOHN SHAW  
TITLE: CHIEF, POLICY AFFAIRS SERVICE, WFP  
DATE: 14 SEPTEMBER 1993

FISCAL DATA

Appropriation No.: 72-1131021.1  
Budget Plan Code: EDVA-93-16820-KG11  
PIO/T No.: 938-0800-3681805  
Project No.: 938-0800  
Total Estimated Amount: \$10,000  
Total Obligated Amount: \$10,000  
Paying Office: FA/FM/CMPD/DC  
CEC No.: 999141492  
TIN No.:  
LOC No.: 000212241A

## SCHEDULE

A. Purpose of Grant

The purpose of this Grant is to provide support for The Efficiency of Food Aid Program, as more specifically described in Attachment 2 of this Grant.

B. Period of Grant

1. The effective date of this Grant is April 15, 1993. The expiration date of this Grant is June 30, 1993.

C. Amount of Grant and Payment

1. A.I.D. hereby obligates the amount of \$10,000 for purposes of this Grant.

2. Payment shall be made to the Grantee in accordance with procedures set forth in Attachment 3.

D. Grant Budget

The following is the Grant Budget. Revisions to this Budget shall be made in accordance with the Standard Provision of this Grant entitled "Revision of Grant Budget."

<u>Cost Element</u>	<u>A.I.D.</u>
Salaries	\$4,800
Travel	\$5,000
Miscellaneous	<u>\$ 200</u>
Total A.I.D. Contribution:	\$10,000
Total PIO Contribution:	\$10,000
Total Estimated Cost:	\$20,000

E. Reporting and Evaluation

The Grantee is to submit 2 copies of all reports required by this Grant to the Bureau for Program and Policy Coordination, Center for Development Information and Evaluation, Development Information Division (PPC/CDIE/DI). All documents should be mailed to:

PPC/CDIE/DI  
ACQUISITION  
Room 209, SA-18  
Agency for International Development  
Washington, D.C. 20523

The title of all reports forwarded shall include a descriptive title, the author's name(s), grant number, the project number and title, contractor's name, name of the A.I.D. project office, and the publication or issuance date of the report.

PROGRAM DESCRIPTION

THE EFFICIENCY OF FOOD AID:  
MONETIZATION OR DISTRIBUTION IN KIND?

I. Background

1. As pointed out in the joint World Bank/WFP study on Food Aid in Africa: An Agenda for the 1990s (p.23), "The complex question of monetization has come to assume pronounced importance in the food aid debate. Some believe the most efficient use of food aid is to sell (monetize) the commodities and use the funds to finance well-designed development projects. Others believe the poor can be targeted more efficiently if food aid is distributed directly. The debate has practical and operational importance".

2. At the Thirty-first Session of the Committee on Food Aid (CFA) in May 1991, the Committee "... recognized the importance of monetization and the Secretariat was requested to prepare a paper expressing WFP's views on that subject (Report of CFA 31, CFA:31/17, paragraph 51).

3. At the Thirty-fourth Session of the CFA in November 1992, the Executive Director stated that the subject would be addressed at the Thirty-sixth Session of the CFA in October 1993.

II. Program Description

4. As part of the preparation of a paper to assist the CFA in its discussion on this subject, it has been proposed to have a small, informal, two day meeting with the major donors involved in monetization, the USA, Canada and the EC Commission, before or at the time of CFA 35 in May 1993, either in Rome or at IDS/Sussex.

5. The purpose of the meeting would be to:

a) take stock of the policies and programs currently adopted regarding direct distribution and monetization of food aid commodities;

b) review a set of selected case studies of distribution in kind and monetization drawing on the experience of WFP, the three major donors and NGOs;

- c) discuss the conditions under which distribution in kind or monetization of project and emergency food aid was the preferred option;
  - d) examine ways of making funds generated through the monetization of program food aid more effective in support of poor, food-insecure people; and
  - e) identify next steps in drawing up guidelines for common action for future food aid in these fields.
6. The meeting would take into account the non-economic issues involved (political, security conditions, implementation and management problems, etc.) as well as economic considerations.
7. The WFP is requested to :
- a) prepare a background note for the meeting that would summarize the issues involved;
  - b) design a standard outline for reporting on case studies and synthesizing the reports obtained;
  - c) organize arrangements for the meeting;
  - d) produce a draft report on the meeting for clearance by participants; and
  - e) finalize a report taking into account comments recovered on the draft.
8. A selection of case studies would be prepared for the meeting drawn from the experience of the United States, Canada, the EC Commission and WFP and from the different developing regions. The case studies would be prepared by the field staff of the respective agencies on the basis of a common outline.

### III. Level of Effort

9. To assist in preparations for the meeting, its organizations and reporting on its discussions, the WFP is expected to retain the services of a consultant for a period of NTE eighteen (18) working days, and a research assistant

for a period NTE eight (8) weeks .

#### IV. Background Information

10. The following background should be taken into account in preparing for the meeting and in discussions at the meeting. These include policy papers to the CFA and discussions by the Committee, the joint World Bank/WFP study on Food Aid in Africa: An Agenda for the 1990s (Washington, D. C. and Rome, August 1991), Chapter 5 on "The efficiency of food aid: monetized aid or distribution in kind?", guidelines for counterpart funds in the framework of the Special Program of Assistance (SPA) FOR COUNTRIES IN sub-Saharan Africa implementing structural adjustment programs supported by the World Bank and IMF; the EC Commission's 1990 analysis of counterpart funds generated by all development aid of the EC Community with a view to establishing common guidelines for their management and use; the study on monetization of PL 480 Title II and Section 416 commodities by United States PVOs and cooperatives (James M. Pines, Monetization Comes of Age. A review of U>S> Government, PVOs, and Cooperatives Experiences. A.I.D. Washington, D.C., June 1990) and the report of the United States General Accounting Office, Foreign Assistance: Non-Emergency Food Aid Provided through Private Voluntary Organizations (GAO/NSIAD-90-179, Washington, D. C., July 1990); the workshop on Commodity Aid and Counterpart Funds in Africa sponsored by A.I.D., CIDA, EC Commission and WFP and held at IDS/Sussex in January 1991 (see report by Simon Maxwell and Trudy Owens in IDS Discussion Paper No. 291, June 1991; see also Simon Maxwell and Trudy Owens, "The Development Uses of Counterpart Funds", IDS Discussion Paper No. 289, June 1991 and the papers on "Counterpart Funds and Development" in IDS Bulletin, Vol. 23, No. 2, April 1992); and the workshops on monetization held by Food Aid Management (FAM), the coordinating group of United States PVOs involved in food aid.

## APPENDIX 5C

STANDARD PROVISIONS FOR  
GRANTS TO PUBLIC INTERNATIONAL ORGANIZATIONS

- |                                  |  |
|----------------------------------|--|
| 1. Allowable Costs               | 9. Publications  |
| 2. Refunds                       | 10. Audit and Records (Select and include only the applicable version as specified in the applicability statement of the provision.) |
| 3. Revision of Grant Budget      | 11. Payment (Select and include only the applicable version as specified in the applicability statement of the provision.)           |
| 4. Termination Procedures        |  |
| 5. U.S. Officials Not to Benefit |  |
| 6. Nonliability                  |  |
| 7. Amendment                     |  |
| 8. Notices                       |  |

1. ALLOWABLE COSTS (JULY 1988)

a. The grantee shall be reimbursed for costs incurred in carrying out the purposes of this grant which are reasonable, allocable, and allowable.

(1) Reasonable shall mean those costs that do not exceed those which would be incurred by an ordinarily prudent person in the conduct of normal business.

(2) Allocable shall mean those costs which are necessary to the grant.

(3) Allowable shall mean those costs which are reasonable and allocable, and which conform to any limitations set forth in this grant.

b. Prior to incurring a questionable or unique cost, the grantee is encouraged to obtain the grant officer's written determination as to whether the cost will be allowable.

2. REFUNDS (JULY 1988)

a. The grantee is encouraged to utilize interest bearing accounts where feasible and shall remit to AID all interest earned on funds provided by AID

b. Funds obligated by AID but not disbursed to the grantee at the time the grant expires or is terminated shall revert to AID, except for such funds encumbered by the grantee by a legally binding transaction applicable to this grant. Any funds advanced to but not expended by the grantee at the time of expiration or termination of the grant shall be refunded to AID except for such funds encumbered by the grantee by a legally binding transaction applicable to this grant.

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c. If, at any time during the life of the grant, or as a result of final audit, it is determined that AID funds provided under this grant have been expended for purposes not in accordance with the terms of this grant, the grantee shall refund such amount to AID

3. REVISION OF GRANT BUDGET (JULY 1988)

a. The approved grant budget is the financial expression of the grantee's program as approved during the grant award process.

b. The grantee shall immediately request approval from the grant officer when there is reason to believe that within the next 30 calendar days a revision of the approved grant budget will be necessary for any of the following reasons:

(1) To change the scope or the objectives of the project and/or revise the funding allocated among project objectives.

(2) Additional funding is needed.

(3) The grantee expects the amount of AID authorized funds to exceed its needs by more than \$5,000 or five percent of the AID award, whichever is greater.

c. Except as required by other provisions of this grant specifically stated to be an exception from this provision, the Government shall not be obligated to reimburse the grantee for costs incurred in excess of the total amount obligated under the grant. The grantee shall not be obligated to continue performance under the grant (including actions under the "Termination Procedures" provision) or otherwise to incur costs in excess of the amount obligated under the grant, unless and until the grant officer has notified the grantee in writing that such obligated amount has been increased and has specified the new grant total amount.

4. TERMINATION PROCEDURES (JULY 1988)

This agreement may be terminated, in whole or in part, by either party at any time upon 30 days written notice of termination. Upon receipt of and in accordance with a termination notice from the grant officer, the grantee shall take immediate action to cease all expenditures financed by this grant and to cancel all unliquidated obligations if possible. Further, upon receipt of notice of termination, the grantee shall not enter into any further obligations under this grant. Except as provided below, no further reimbursement shall be made after the effective date of termination. The grantee shall within 30 days of the effective date of termination repay to the Government all unexpended AID funds which are not otherwise obligated by a legally binding transaction applicable

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to this grant. Should the funds paid by the Government to the grantee prior to the effective date of termination be insufficient to cover the grantee's obligations in a legally binding transaction, the grantee may submit to the Government within 90 days after the effective date of termination a written claim for such amount. The grant officer shall determine the amount(s) to be paid by the Government to the grantee under such claim in accordance with the "Allowable Costs" provision of this grant.

5. U.S OFFICIALS NOT TO BENEFIT (JULY 1988)

No member of or delegate to the U.S. Congress or resident U.S. Commissioner shall be admitted to any share or part of this grant or to any benefit that may arise therefrom.

6. NONLIABILITY (JULY 1988)

AID does not assume liability for any third party claims for damages arising out of this grant.

7. AMENDMENT (JULY 1988)

The grant may be amended upon mutual consent of the parties by formal modifications to the basic grant document or by means of an exchange of letters between the grant officer and an appropriate official of the grantee.

8. NOTICES (JULY 1988)

Any notice given by AID or the grantee shall be sufficient only if in writing and delivered in person, mailed, or cabled as follows:

To the AID grant officer, at the address specified in the grant.

To grantee, at grantee's address shown in the grant or to such other address designated within the grant.

Notices shall be effective when delivered in accordance with this provision, or on the effective date of the notice, whichever is later.

9. PUBLICATIONS (JULY 1988)

(This provision is applicable when publications are financed under the grant.)

a. If it is the grantee's intention to identify AID's contribution to any publication resulting from this grant, the grantee shall consult with AID on the nature of the acknowledgement prior to publication.

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10. Audit and Records (U.N. Grants) (JULY 1988)

(This provision is applicable to grants to the United Nations when A.I.D. is not sole contributor. When this provision is used the "Reporting and Evaluation" clause in the grant schedule should be deleted.)

It is agreed that the grantee will furnish the U.S. government with a final report on activities carried out under this grant, including accounting for these funds in sufficient detail to enable A.I.D. to liquidate the grant. The report should be submitted to the U.S. Mission to the U.N. in New York for forwarding to the A.I.D. program office. It is understood that financial records, including documentation to support entries on accounting records and to substantiate charges against the grant, shall be maintained in accordance with the Grantee's usual accounting procedures, which shall follow generally accepted accounting practices. All such financial records shall be maintained for at least three years after the final disbursement of funds under this grant.

The Grantee confirms that the grant account will be audited in accordance with established procedures under appropriate provisions of the financial regulations and rules of the United Nations.

Any funds disbursed by A.I.D., but not committed by the Grantee prior to the expiration date shall be refunded to A.I.D. Funds not used for the purpose of this Grant shall be refunded to A.I.D. by the Grantee.

11. PAYMENT (LETTER OF CREDIT) (JULY 1988)

(This provision is applicable when a Letter of Credit is requested by the grantee and approved by A.I.D.'s Office of Financial Management.)

a. Payment under this grant shall be by means of a Letter of Credit (LOC) in accordance with the terms and conditions of the LOC and any instructions issued by the A.I.D. Office of Financial Management, Program Accounting and Finance Division (FA/FM/CMP).

b. As long as the LOC is in effect, the terms and conditions of the LOC and any instructions issued by FA/FM/CMP constitute the payment conditions of this grant superseding and taking precedence over any other clause of this grant concerning payment.

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c. If the LOC is revoked, payment may be made on a cost-reimbursement basis, in accordance with paragraph e. of this clause.

d. Revocation of the LOC is at the discretion of FA/FM/CMP after consultation with the grant officer. Notification to the recipient of revocation must be in writing and must specify the reasons for such action. The recipient may appeal any such revocation to the grant officer, in accordance with the Disputes clause of this grant. Pending final decision, payments under the contract will be in accordance with paragraph e. of this clause.

e. If the LOC is revoked, the grantee shall submit to the A.I.D. Controller an original and 3 copies of SF 1034, "Public Voucher for Purchases and Services Other Than Personal" and SF 1034A, Continuation of SF 1034, normally once a month, but in any event no less than quarterly. Each voucher shall be identified by the grant number and shall state the total costs for which reimbursement is being requested.

BCV  
4/2/93  
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AGENCY FOR INTERNATIONAL DEVELOPMENT  
PROJECT IMPLEMENTATION ORDER/TECHNICAL SERVICES (PIO/T)\*

Page 1 of 7 Pages

1. Cooperating Country Centrally Funded	2. PIO/T No. 938-0800-3681805	3. PIO/T Amend No. ORIGINAL
4. Project/Activity No. and Title Program Development and Evaluation	5. Appropriation Symbol(s) 72-1131021.1	
7. Pro Ag No. or Project Authorization Date N/A	6. Budget Plan Code(s) EDVA-93 16820 KGI1 341-38-099-00-61-31	
9. Project Assistance Completion Date (Month, Day, Year)	8. Obligation Status <input checked="" type="checkbox"/> Administrative Reservation <input type="checkbox"/> Implementing Document	
11. Type of Action and Governing A.I.D. Handbook A. A.I.D. Contract (HB14) B. A.I.D. Grant or Cooperative Agreement (HB 13)	C. PASA/RSSA (HB 12) D. Other	12. Contract/Grant/Cooperative Agreement/ Reference Number (if this PIO/T is for an order or a modification to an award) N/A

13. A.I.D. Funding (Attach a detailed budget in support of column (2) as Attachment A.

	(1) Previous Total	(2) Increase	(3) Decrease	(4) Total to Date
A. Dollars	- 0 -	\$10,000	-0-	\$10,000
B. U.S.-Owned Local Currency				

14. Mission References

15. Instructions to Authorized Agent FA/OP/A/HRN is requested to negotiate a grant to the World Food Programme for the purposes stated under Attachment D. - Statement of Work

FA/FM/A/NPA & PA  
OFFICE OF FINANCIAL MANAGEMENT  
ACTION: Reserve  
DATE: 3/25/93 INITIALED RA

16. Address of Voucher Paying Office FA/FM/CMP/DCB, ROOM 700, SA-02, Washington, D. C. 20523-0209

17. Clearances - Include typed name, office symbol, and date for all clearances

A. The Project Officer certifies (1) that the specifications in the statement of work or program description are technically adequate, and (2) that (for contract actions only) all program personnel who are defined as procurement officials under 41 U.S.C 423 have signed the Procurement Integrity Certification (OF-333).

Signature: J. Correa, FHA/FFP Date: 2/22/93 Phone No: X0135

B. The statement of work or program description lies within the purview of the initiating office and approved agency programs.  
Signature: FHA/FFP, R. Hechtman Date: 19 March 93

D. Funds for the services requested are available  
Signature: FHA/PPE, E. Jefferson Date: 3-11-93

18. For the Cooperating Country: The terms and conditions set forth herein are hereby agreed to:  
Signature: N/A Title: Date:

19. For the Agency for International Development:  
Signature: FHA/PPE, A. P. Tannen Title: Acting Director Date: 3/12/93

FOR CONTRACT ACTIONS ONLY: SOURCE SELECTION INFORMATION--SEE FAR 3.104. THIS DOCUMENT, OR PORTIONS THEREOF, CONTAINS PROPRIETARY OR SOURCE SELECTION INFORMATION REQUIRED TO THE CONDUCT OF A FEDERAL AGENCY ACQUISITION, THE DISCLOSURE OF WHICH IS RESTRICTED BY LAW (41 U.S.C. 47). UNAUTHORIZED DISCLOSURE OF THIS INFORMATION MAY SUBJECT BOTH THE DISCLOSER AND RECIPIENT TO CONTRACTUAL, CIVIL, AND/OR CRIMINAL PENALTIES AS PROVIDED BY LAW.  
FOR OTHER ACTIONS: UNAUTHORIZED DISCLOSURE OF PROPRIETARY OR SOURCE SELECTION INFORMATION MAY SUBJECT AN EMPLOYEE TO DISCIPLINARY ACTION.

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