

UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT

**BUREAU FOR DEMOCRACY, CONFLICT &
HUMANITARIAN ASSISTANCE**

OFFICE OF FOOD FOR PEACE

**P.L. 480 TITLE II PROGRAM POLICIES AND PROPOSAL INTERIM
GUIDELINES**

March 14, 2005

LIST OF ACRONYMS

| | |
|---------|------------------------------------------------------------------|
| ADS | Automated Directives System |
| AER | Annual Estimate of Requirements |
| AIDS | Acquired Immune Deficiency Syndrome |
| BEO | Bureau Environmental Officer |
| BNT | Bags, Needles & Twine |
| CBO | Country Backstop Officer |
| CFBCI | Center for Faith-Based and Community Initiatives |
| CFR | Code of Federal Regulations |
| CBJ | Congressional Budget Justification |
| CS | Cooperating Sponsor |
| CSR | Commodity Status Report |
| CSR4 | Cooperating Sponsor Results Report and Resource Request |
| DA | Development Assistance |
| DAP | Development Assistance Program |
| DAP/A | Development Assistance Program Amendment |
| DCHA | Bureau for Democracy, Conflict, and Humanitarian Assistance |
| EA | Environmental Assessment |
| EDM | Environmental Documentation Manual |
| ER | Emergency Resources |
| ESR | Environmental Status Report |
| FACG | Food Aid Consultative Group |
| FAO | Food and Agriculture Organization |
| FBO | Faith-Based Organization |
| FBCOs | Faith-Based and Community Organizations |
| FEWSNET | Famine Early Warning System Network |
| FFE | Food for Education |
| FFP | Office of Food for Peace |
| FFP/W | Office of Food for Peace-Washington |
| FFW | Food for Work |
| FY | Fiscal Year |
| GDA | Global Development Alliance |
| GIEWS | Global Information Early Warning System |
| HCFFPA | Host Country Food for Peace Agreement |
| HIV | Human Immunodeficiency Virus |
| IEE | Initial Environmental Examination |
| ICB | Institutional Capacity Building Agreement |
| ICRC | International Committee of the Red Cross |
| IFRC | International Federation of the Red Cross/Red Crescent Societies |
| ITSH | Internal Transport, Storage, and Handling |
| LOA | Life of Activity |
| MCH | Maternal and Child Health |
| MT | Metric Ton |
| MYAP | Multi-Year Assistance Program |
| NER | Non Emergency Resources |

| | |
|---------|----------------------------------------------------|
| NICRA | Negotiated Indirect Cost Rate Agreement |
| NGO | Non-governmental Organization |
| OFDA | Office of Foreign Disaster Assistance |
| OI | Opportunistic Infection |
| PEA | Programmatic Environmental Assessment |
| P.L. | Public Law |
| CS | Private and Voluntary Organization |
| REDSO | Regional Economic Development Service Office |
| REO | Regional Environmental Officer |
| RFFPO | Regional Food for Peace Officer |
| SO | Strategic Objective |
| SYAP | Single-Year Assistance Plan |
| TA | Transfer Authorization |
| UMR | Usual Marketing Requirements |
| USAID | United States Agency for International Development |
| USAID/M | USAID Mission |
| U.S.C. | United States Code |
| WFP | World Food Program |

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I INTRODUCTION

This document sets forth the Policies and Guidelines for Title II programs as required under Section 207(b) of the Agricultural Trade Development and Assistance Act of 1954 (P.L. 480), as amended, and Supplement Appendix I of 22 CFR Part 211. Consistent with the ongoing streamlining efforts of the Bureau for Democracy, Conflict, and Humanitarian Assistance's (DCHA) Office of Food for Peace (FFP), the Policy Letter, hitherto issued separately by this Office, will hereby be combined with the Guidelines and issued as a single document for the convenience and easy reference of partner agencies, United States Agency for International Development Missions and international organizations. In addition, just one set of Guidelines will be issued, encompassing Single- and Multi-Year activities, in the past considered as emergency or development. These Policies and Guidelines, as required under section 207(b), are made available in draft to eligible organizations and other interested persons for comment not later than 30 days prior to the issuance of final guidance. FFP solicits comments from the Food Aid Consultative Group (FACG) and USAID Missions, Regional Bureaus, and Pillar Bureaus.

These Policies and Guidelines are provided for use by Cooperating Sponsors (CSs) in the preparation of their Public Law (P.L.) 480 Title II Single-Year Assistance Program proposals and Multi-Year Assistance Program proposals. The focus of this guidance is on 1) FFP funding priorities and 2) the particular information that FFP requires in order to make a funding decision. Guidance on programming and other technical resources will be incorporated by reference; it is neither the focus nor the purpose of this FFP guidance.

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Single-Year Assistance Program proposals may be submitted on an as-needed basis (see Section VIII, p.13 for requirements.) Multi-Year Program proposals and amendments to current proposals for activities beginning in fiscal year 2006 (FY06) are due to FFP and the appropriate USAID Mission no later than March 28, 2005. Cooperating Sponsors' Resource Requests for all approved ongoing programs are due January 14, 2005 and the Results Reports for activities implemented in fiscal year 2004 were due no later than November 1, 2004.

On November 20, 1999, the President signed into law the Federal Financial Assistance Management Improvement Act. The purposes of this law are to:

- improve the effectiveness and performance of Federal grant programs;
- streamline grant application and reporting requirements;
- improve the delivery of service to the public; and
- facilitate greater coordination among those responsible for delivering such services.

In support of this initiative, the Federal Government developed FedGrants to advertise grant opportunities for all Federal grant programs. FedGrants will serve as a single portal that allows potential applicants to search and apply for all Federal grant opportunities at one location. Effective October 1, 2003, all agencies must post assistance opportunities via FedGrants. Consistent with this requirement FFP will post annual guidance for Title II Single-Year and

92 Multi-Year Assistance Programs on www.FedGrants.gov. (The process for soliciting comments
93 from the FACG noted in paragraph one will not change.)

94
95 Hard copies of the FY06 guidelines are available from FFP directly or may be accessed online.

96
97 From time to time, and in accordance with Section 207(b) of P.L. 480, DCHA/FFP may provide
98 supplemental guidelines on the design and development of specific sectoral programs to ensure
99 that such programs continue to focus on addressing the underlying causes of food insecurity in
100 vulnerable populations.

101 102 103 **II THE FOOD FOR PEACE STRATEGIC PLAN 2004 - 2008**

104
105 The new Food for Peace Strategic Plan addresses the problem of food insecurity, in accordance
106 with the Title II Program’s authorizing legislation. The 1990 Farm Bill made *‘enhancing food*
107 *security in the developing world’* the over-riding objective for the PL480 food assistance
108 programs and the subsequent 2002 Farm Bill has reinforced that message. The Title II Program
109 now represents the largest single source of resources within the USG available to focus on the
110 problem of food insecurity internationally.

111
112 Given the persistent high levels of hunger and under-nutrition in the developing world, and
113 recent trends in food insecurity coupled with significant changes in its operating environment,
114 FFP and its partners will face increasing challenges in addressing the problems of food insecurity
115 over the next five years. Under the (presently draft) Strategic Plan, the 1995 Food Aid and Food
116 Security Policy Paper remains the cornerstone of the Title II program. However, FFP has
117 expanded the basic food security framework to place emphasis on vulnerability – the risk and
118 consequences of, and resilience to, food security shocks – that impedes the achievement of food
119 availability, access, and utilization. With one strategic objective (SO), this Strategic Plan
120 represents a significant change from the 1997-2001 strategic framework, which had separate
121 objectives for emergency and non-emergency programs. The new objective: *reducing food*
122 *insecurity in vulnerable populations* encompasses both emergency and non-emergency
123 (development) programs. The focus on vulnerability will make it easier for emergency programs
124 to incorporate activities that address the underlying causes of emergencies and for development
125 programs to incorporate activities that will help vulnerable people improve their ability to
126 prevent and cope with future emergencies. (FFP Strategic Plan, 2004) Refer to Annex B: An
127 Expanded Conceptual Framework for Understanding Food Insecurity. This Framework will be
128 helpful in clarifying the interrelationships between food security and food insecurity and
129 between and among the various underlying causes of food insecurity for vulnerable populations.

130
131 The new SO – framed in terms of reducing food insecurity - places a heightened emphasis on the
132 “in” of insecurity and therefore focuses the program on those populations already food insecure
133 or vulnerable to food insecurity. The target populations are thereby clearly defined as people
134 who are at risk of food insecurity because of particular physiological status, socio-economic
135 status, political status or physical security, limited or weak governance or populations whose
136 ability to cope has been temporarily overcome by a shock. (FFP Strategic Plan, 2004) This
137 includes vulnerability due to physiological status, i.e., people who are malnourished, people

138 infected with HIV, pregnant and lactating women, and children under the age of five; socio-
139 economic status, i.e., includes the poor (defined as persons with insufficient income to purchase
140 food for an adequate diet and other basic necessities); social marginalization because of
141 ethnicity, gender, or other characteristics; living in environmentally marginal regions; and
142 physical and economic insecurity caused by conflict, which affects both resident and transient
143 populations, i.e., refugees, IDPs and victims of war (in non-emergency situations). It is to
144 adequately reach these vulnerable populations that Cooperating Sponsors are encouraged to
145 reach out to local faith leaders, faith-based groups and community groups and include them in
146 consultation and program implementation. Further discussion of the Faith-Based and
147 Community Groups Initiative can be found under Section VI - New Issues and Sectoral
148 Guidance Updates - below.

149
150 Consistent with the new Strategic Framework and in support of the effective and efficient use of
151 available funding and commodity resources, new program proposals should directly address the
152 vulnerability of food insecure individuals and households and communities. Title II program
153 design should incorporate an understanding of why they are vulnerable, how they are vulnerable
154 and the consequences of their vulnerability; and define effective approaches to address the
155 underlying causes of that vulnerability. These approaches should integrate emergency response
156 and livelihood provisioning with development interventions that are aimed at enhancing
157 individual capacities, livelihood capabilities and community resilience.

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159

160 **III DEFINING DEVELOPMENT-RELIEF CONCEPTS**

161

162 Development-Relief is an approach that encourages the programmatic linkages of the emergency
163 and development objectives, and relies on flexibility. The approach is reflective of the overall
164 Strategic Plan to address the underlying causes of food insecurity in a holistic manner,
165 recognizing that to address these underlying causes, programs must take into account long-term
166 risks and vulnerability as well as short-term shocks and their impact on a vulnerable, food
167 insecure population.

168

169 It recognizes that:

170

- 171 ▪ relief and development can occur in the same place at the same time;
- 172 ▪ relief activities are relevant in pre-shock environments and development activities
173 are relevant in post-shock environments;
- 174 ▪ development and relief programming alternates and shifts back and forth in the
175 most vulnerable, food insecure settings;
- 176 ▪ monitoring systems can track vulnerability indicators to determine when to shift
177 programming;
- 178 ▪ programs need to be flexible and have the ability to modify interventions when
179 the context calls for change.

180

181 Development-Relief programming encompasses development-conscious emergency programs
182 that “enhance community and household resilience to shocks” (FFP and DCHA 2003), and
183 emergency-conscious development programs that incorporate resource contingencies and

184 promote effective and coordinated interventions related to disaster prevention and recovery.
185 Indeed, development-relief programs will usually be designed to achieve both an immediate
186 impact – protecting lives and maintaining consumption levels, and longer-term impacts – helping
187 people and communities build more resilient livelihood bases.

188 **Chronic and Transitory Vulnerability to Food Insecurity**

190
191 Food insecure households face challenges due to chronic food insecurity as well as natural and
192 economic shocks and social and health risks such as conflict and HIV/AIDs. It is important to
193 identify chronic and transitory food insecurity and to distinguish between the two for proper
194 targeting. Programming for the chronically food insecure population calls for interventions that
195 are stable, multi-year and determined by a careful analysis of context. Programs should focus on
196 increasing the resiliency and livelihood options of the chronically food insecure to enable them
197 to pull themselves out of poverty. Enhanced safety-nets, particularly those which support
198 investments in health/nutrition, training and education, can help to address both current and
199 inter-generational food insecurity, and offer a wide range of possibilities for food-based
200 programming. The existence of long-term safety nets with surge capacity (with the ability to
201 expand its coverage and purpose) will also permit programs to respond to the needs of
202 households that become transitorily food insecure due to shocks. In the absence of such
203 expandable safety-net programming, or specific asset protection strategy, the transitory food
204 insecure may be further weakened, lose their productive assets, and eventually join the ranks of
205 the chronically food insecure.

206 207 208 **IV TITLE II PROGRAM CATEGORIES**

209
210 Under the new strategy, Title II programs will fall into one of two categories. Both categories
211 are explained in this guidance as FFP is intent on having one document that combines guidance
212 regarding the submission of proposals for emergency and non emergency resources. Otherwise
213 the emphasis has not changed: the bulk of Title II resources remain intended for multi-year non
214 emergency programming.

215 Single-Year Assistance Programs (up to 12 months duration)

- 216
217 ➤ in response to sudden-onset disasters, due to causal factors such as earthquakes, floods,
218 cyclones or civil unrest;
- 219 ➤ in response to slow-onset disasters, due to causal factors such as drought, that affect
220 households in specific localities.
- 221 ➤ in on-going emergency situations where the requirements for medium-term planning and
222 programming have not been established.
- 223 ➤ in other situations where food assistance may be solicited for a short period of time
224 within longer-term non food assisted activities or where the timely input of food
225 resources may prevent transitory food insecurity from developing into chronic food
226 insecurity.

227

228 Multi-Year Assistance Programs

- 229 ➤ in complex emergencies arising from prolonged civil strife (and often exacerbated by
230 climatic events) where the basis for medium-term planning nonetheless exists;
231 characterized by insecurity; failure/inability of governmental structure to effectively
232 address a crisis; large-scale refugee movements and/or internal displacement; and
233 increased vulnerability among children, the elderly, and the infirm.
- 234 ➤ in post-emergency transition situations characterized by a cessation in civil conflict and
235 refugee/internal-displaced resettlement; and a need to facilitate resettlement, reintegration
236 of ex-combatants, and rehabilitation of food production capacity.
- 237 ➤ in situations where populations suffer from medium to long-term chronic food insecurity
238 and recurrent vulnerability, characterized by economic and/or social vulnerability.

239 Development-Relief approaches can occur within all of the above programs, as flexibility allows
240 FFP to consider programs that focus on a variety of activity areas as long as they are related to
241 the availability, access and utilization of food, and the underlying causes of food insecurity.
242 These include innovative programs aimed at strengthening individual, household and community
243 coping and resiliency capacities, as well as those that support the strengthening of local
244 governments and other institutions to address food insecurity.

245 In all of these situations, programs should differentiate between interventions aimed at the
246 chronically food insecure and the transitory food insecure, i.e. those who are usually food secure
247 but whose ability to cope has been temporarily overwhelmed by a shock. When a shock occurs,
248 the level of food insecurity of the chronically food insecure may get worse, and the usually food
249 secure may also find themselves temporarily food insecure. In the absence of any safety net or
250 other insurance, the transitory food insecure may be further weakened, increasing the danger of
251 losing productive assets and resiliency.

252

253

254 **V RESOURCE ALLOCATION PRIORITIES FOR TITLE II MULTI-YEAR**
255 **ASSISTANCE PROGRAMS**

256

257 In order to achieve the strategic objective of reducing food insecurity of vulnerable populations,
258 FFP has refined the criteria used to identify and target countries and regions within countries
259 where the Title II resource is more likely to be effective in reducing food insecurity.

260

261 **The highest priority for Title II multi-year programming is in countries or areas within a**
262 **country where there is a high rate of child malnutrition (as measured by greater than 20%**
263 **underweight or greater than 30% stunting among children under the age of 5 years <-2 Z**
264 **score.) Additional priority will be placed on countries or areas within a country where, in**
265 **addition to high rates of malnutrition, a high proportion of the population is living in**
266 **poverty (as measured by greater than 25% of the population living under \$1/day or an**
267 **equivalent measure.)**

268

269 Follow on Multi-Year Assistance Program proposals in countries or areas within a country that
270 meet the above conditions must present final evaluation findings for the prior cycle DAP that
271 demonstrate positive results and effective implementation in order to be considered in the high
272 priority category.
273

274 To the maximum extent possible, Multi-Year programs should indicate resource and
275 programmatic integration from Mission sources, CS resources, and USAID initiatives such as the
276 Initiative to End Hunger in Africa and The President’s Emergency Plan for AIDS Relief. The
277 leveraging of resources and the integration with Title II is sought and encouraged.

278

279 **VI NEW ISSUES AND SECTORAL GUIDANCE UPDATES**

280

281 It is important for implementing partners to consider several issues related to HIV/AIDS and
282 Education as they develop proposals. In addition, food assistance currently available from all
283 donors will not meet emergency needs, nor can food aid alone effectively promote agricultural
284 productivity as a core strategy for fighting poverty and hunger. USAID continues to work in
285 various fora to increase donor food aid levels and agricultural productivity (through improved
286 policies, open markets, use of science and technology) in food insecure countries. Yet, the level
287 of need in countries such as Sudan and Ethiopia demonstrates that new tools and resources are
288 and will continue to be urgently needed to enable the U.S. to continue to play a leadership role.
289 One such example being pursued by USAID is the Global Development Alliance, which
290 provides new opportunities for leveraging resources to enhance Multi-Year assistance
291 programming. FFP considers these activities to be extremely important in helping to leverage
292 resources to address food insecurity needs.
293

294 **Global Development Alliance**

295

296 FFP’s first priority in review of proposals for Title II resources is to deepen and expand the
297 development impact of its investments. In this effort, FFP will prioritize proposals that leverage
298 additional resources and include the public-private alliance approach.

299

300 In the past few years, USAID has prioritized public-private alliance building as a principal
301 business model for the Agency and found it to be an effective way to expand and deepen the
302 development impact of USAID development and humanitarian assistance programs. In FY 2002
303 and FY 2003, USAID funded approximately 200 public-private alliances with over \$500 million
304 leveraging over \$2 billion in partner contributions. Public-private alliances mobilize the ideas,
305 efforts and resources of governments, businesses and civil society to address a number of
306 development issues.

307

308 USAID expects alliances bring significant new resources, new ideas, new technologies and/or
309 new partners or using existing partners in new ways, to address development and humanitarian
310 problems in countries where USAID works. There is no pre-defined minimum or maximum
311 number of partners; each alliance will be different. Like all investments in development, alliance

312 activities at the country level that actively involve local leadership and local beneficiaries in
313 design and implementation are the ones most likely to be successful and sustainable. Local
314 ownership, leadership and beneficiary participation are still keys to success. FFP encourages
315 implementing partners to submit applications that expand food security activities through the
316 building of public-private alliances. While a match of a one-to-one of USAID to partner
317 contributions is the goal for creating Global Development Alliances, it is understood that this is
318 not always feasible for food aid activities. FFP will review applications that are submitted and
319 give preference to those that maximize food security and developmental impact by bringing
320 some private sector resources into the program. Matching resources will not always be money--
321 different partners can contribute different things. In addition to monetary contributions, in-kind
322 resources, intellectual property, implementation know-how, and technical assistance are also
323 valuable contributions. Alliance proposals must clearly specify what each party is contributing.

324 Implementing partners are urged to develop partnerships related to their work with Title II and
325 can find guidelines for applications and tools at the following GDA Secretariat website:
326 http://www.usaid.gov/our_work/global_partnerships/gda/.

327 For an idea of what types of partnerships the USAID bureaus and offices are interested in
328 pursuing, go to http://www.usaid.gov/our_work/global_partnerships/gda/GDA_Contacts.doc.

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HIV/AIDS

332 The new FFP strategy provides a framework for integrating food aid programs with HIV/AIDS
333 programming. FFP encourages implementing partners to seek appropriate food assistance
334 programming opportunities that target Persons Living With HIV/AIDS (PLWHA) and families
335 affected by HIV/AIDS **as long as the overall food security objectives of Title II**
336 **programming are met.** Proposed programs should include a discussion of HIV/AIDS as an
337 impediment to food security in the country or region where partners expect to work with food
338 insecure populations. Where Title II food aid resources will be targeted to food insecure
339 PLWHA, children, young people and families and communities affected by HIV/AIDS;
340 implementing partners will be required to identify and track resources (food and nonfood) and
341 beneficiaries that target HIV/AIDS programming in their M&E systems and financial reports.
342 Implementing partners will be expected to integrate the President's Emergency Plan for AIDS
343 Relief, Development Assistance (DA) or other resources to fund HIV/AIDS service delivery
344 activities to the maximum extent possible and utilize food for direct distribution to the widest
345 number of beneficiaries possible. FFP strongly encourages partners to consider the possibilities
346 of a Global Development Alliance (see above), in order to leverage additional private sector
347 resources. In addition, given the wealth of resources available for HIV/AIDS programming, FFP
348 prefers that monetization resources be utilized for programming around a direct food security
349 mitigation or intervention to strengthen food and livelihood security for those affected by
350 HIV/AIDS rather than for HIV/AIDS prevention or education programs.

351
352 FFP expects implementing partners to take into consideration the following principles when
353 programming food-assistance for HIV/AIDS infected and affected food insecure populations:
354

- 355 1. Ensure that a thorough analysis of food security and HIV/AIDS has been
356 conducted prior to the design and initiation of food-assisted HIV/AIDS
357 programs.
358 2. Ensure that food-assisted HIV/AIDS programs are providing assistance to food-
359 insecure HIV/AIDS affected populations.
360 3. Ensure effective collaboration between food security and HIV/AIDS
361 practitioners.
362 4. Ensure that the objectives of food-assisted programs and their component
363 interventions (e.g., home-based care or food-for-training activities) are clear and
364 explicit such as providing HIV/AIDS affected population with:
365 a) nutritional care and support,
366 b) incentives to participate in program activities, and
367 c) safety nets and/or income transfers.
368 5. Ensure that ration size and composition corresponds to the objective of the
369 food-assisted program and gives adequate attention to associated nutrition
370 issues and logistical and financial costs.
371 6. Ensure that important cash-based activities complement and reinforce food-
372 assisted activities.
373 7. Ensure that food-assisted food security and HIV/AIDS programs do no harm.
374 8. Ensure that graduation criteria and exit strategies are clear, realistic and explicit
375 so that desired outcomes are sustainable.
376 9. Ensure that monitoring and evaluation and documentation of lessons learned are
377 given adequate attention.
378

Food for Education

379
380 FFP supports Food for Education (FFE) activities where the education component is an integral
381 part of a broader proposal that addresses the determinants of food insecurity (availability, access
382 and utilization) in vulnerable populations. Implementing partners considering Food for
383 Education as a component of their multi-year food security programs need to ensure that an
384 appropriate package of interventions clearly linking resources and activities through integrated
385 programming is included. Food and nutritional interventions must be programmed within the
386 context of other interventions that focus on the quality of education. In single-year programs,
387 school feeding may be considered as an appropriate safety net mechanism. For both types of
388 programs, transition strategies must be described in the proposals. This includes phase out or
389 phase over planning which should also be laid out in the proposal (not necessarily to be
390 completed within the timeframe of the multi-year program) and benchmarks should be
391 established.
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Faith-Based and Community Initiative

395
396 The Faith-Based and Community Initiative was created by Executive Order on January 29, 2001
397 to help the Federal Government coordinate a national effort to expand opportunities for faith-
398

399 based and other community organizations, and to strengthen their capacity to better meet social
400 needs in America's communities and international development and relief efforts.

401
402 Cooperating Sponsors are encouraged to reach out to local faith leaders and faith-based and
403 community organizations when forming strategic objectives and implementing strategies for FFP
404 programs. Working directly with FBCOs or local faith leaders will not be possible in every
405 instance, but CSs are encouraged to include them in planning and implementation. Faith-based
406 and community organizations and local faith communities are often times the only ones who can
407 reach and do reach the most vulnerable in society, even when these communities are transient. It
408 is, therefore, necessary to utilize this great resource in alleviating human suffering, especially
409 hunger. Furthermore, when local faith communities and community-based organizations are
410 rooted and not transient, building their capacity and strengthening their outreach efforts will go a
411 long way towards enhancing and stabilizing the community itself and guaranteeing sustainability
412 long after USAID financial assistance has been completed.

413
414 Additional guidance pertaining to faith based and community organizations and USAID
415 funding can be obtained at the following website:

416 **22 CFR Parts 202, 205, 211, and 226 Participation by Religious Organizations in USAID**
417 **Programs**

418 http://www.usaid.gov/our_work/global_partnerships/fbci/fbocomments_101304.doc

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420

421 **VII FACILITATING PROGRAMMATIC FLEXIBILITY**

422 **Time frame**

423 Programming to reduce food insecurity must have flexible time frames. Single-Year Assistance
424 Programs are initiated in response to an emergency. Multiple, follow-on Single-Year programs
425 are possible in a situation where the need for food interventions continues but the situation post-
426 shock has not stabilized sufficiently to enable medium-term planning and implementation.

427 Multi-Year proposals should be designed to be implemented between 3 and 5 years, depending
428 on the context and the strategy envisioned. Whether a 3-year time frame is sufficient versus a 5-
429 year time frame, will be dependent on what results are intended to be achieved as well as the
430 status of the vulnerability of the targeted population. The chronically food insecure may require
431 longer term interventions to improve resiliency – if that is the goal of the program – but the
432 transitory food insecure populations may also require a longer-term time frame if the interest is
433 to go beyond the initial resolving of the effects of a crisis to rebuilding assets in order to prevent
434 these households from becoming chronically food insecure.

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436

437 **Program Funding**

438 In the interest of maintaining flexibility and ensuring that the emergency and non-emergency
439 funding categories within P.L.480 are respected, emergency and non-emergency resources will
440 fund the following programs and activities within Single-Year Assistance Programs and Multi-
441 Year Assistance Programs.

442
443 Single-Year Assistance Programs will be funded with emergency resources mainly. In the
444 exceptional case that Title II resources are required for one year during a multi year integrated,
445 development program that is otherwise funded with non food resources, a single-year assistance
446 program could be funded with non emergency resources, as part of this otherwise cash-funded
447 development program.

448
449 Multi-Year Assistance Programs may be funded with both emergency and non-emergency
450 resources over the life of the activity. Multi-Year program activities that target the chronically
451 food insecure, which may include long-term safety-nets in addition to human capacity,
452 livelihood capability and community resiliency activities, will be funded with non-emergency
453 resources. Emergency resources may be used to extend enhanced safety-net or asset protection
454 activities to the transitory food insecure. These transitory safety-nets may be included, for
455 example, in the first year of a Multi-Year program that targets a population that is transitioning
456 from an emergency situation. In addition, during the life of activity of a Multi-Year Assistance
457 Program, safety-net interventions may need to be added or increased in response to a short-term
458 emergency or shock that causes the usually food secure to experience transitory food insecurity
459 and need asset protection.

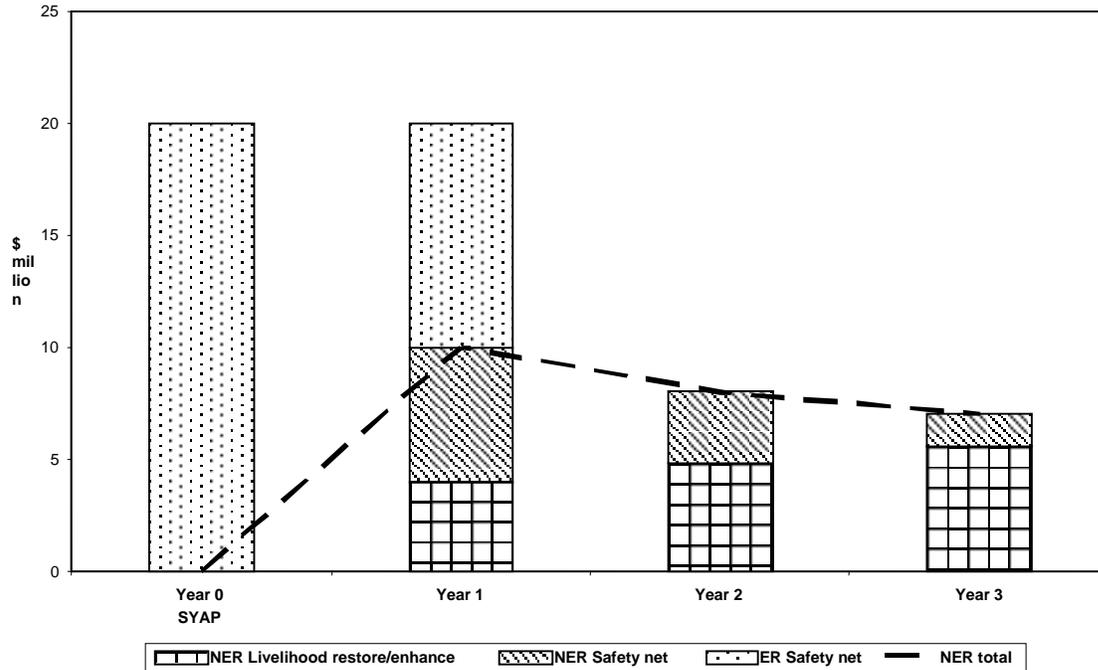
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461 Activities that strengthen disaster management or emergency preparedness may also be funded
462 with emergency funding, if they are identified in the program design. Mitigation activities and
463 activities detailed as part of the program’s contingency planning may equally be funded out of
464 emergency resources in some cases, although normally, these types of activities, if multi-year,
465 will be funded with non-emergency resources.

466
467 The following graphs provide visual examples of the use of the emergency and non-emergency
468 resources that FFP believes will facilitate programmatic adjustments and flexibility in response
469 to shocks in Multi-Year programs.

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The first example (Figure 1) represents the case of a new Multi-Year Assistance Program being implemented in a population that is transitioning from a Single-Year Assistance Program (emergency program). In this situation, during the first year of the multi-year program, the program is targeting a population suffering from residual transitory food insecurity from the emergency, as well as a chronically food insecure population, one that was likely to have been food insecure even before the shock. Emergency resources (ER) are used to fund the safety-net activities for the transitory food insecure, and non-emergency resources (NER) are used to fund the activities targeting chronic food insecurity. In years two and three of the Multi-Year program, the transitory food insecure have “graduated” from the need for a safety-net, and programming is focused on the chronically food insecure. All funding in years two and three is non-emergency (NER).

Figure 1. MYAP in a Population Transitioning from Emergency - No Shock

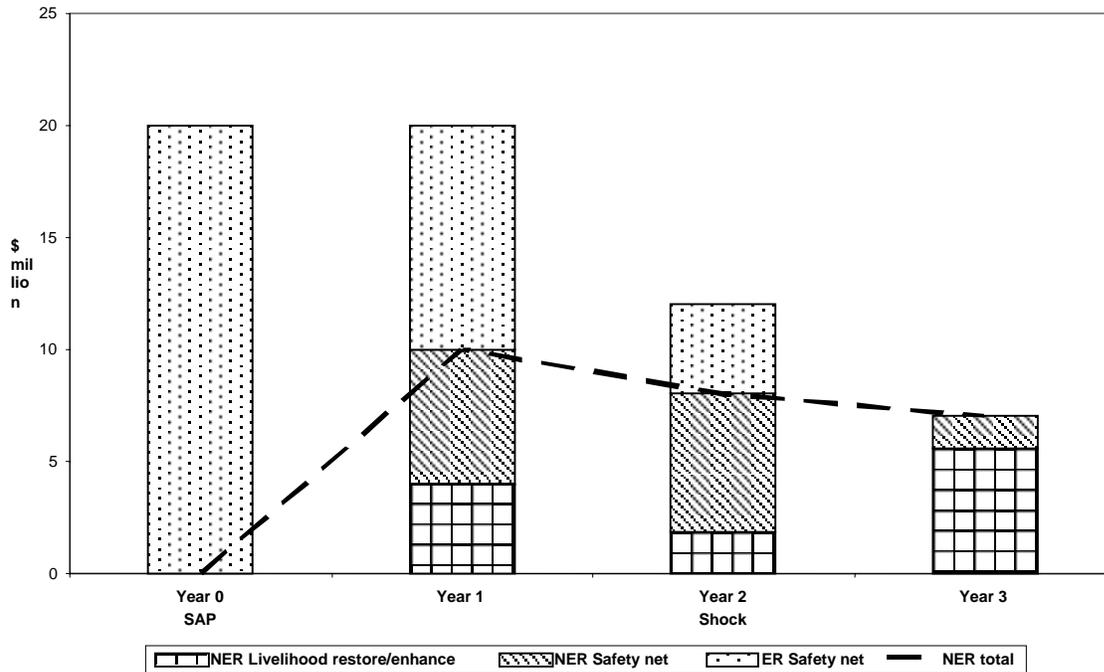


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Figure 2 presents the program and funding adjustments to the same Multi-Year Assistance Program when the population experiences a shock in year two of the program. There is an increased need for safety-net interventions to maintain consumption levels and protect assets, both for the chronically food insecure and the usually food secure. The Cooperating Sponsor adjusts the distribution of non-emergency resources to increase the proportion directed to safety-net provision for the chronically food insecure. Plus, additional emergency resources are made available to fund the “surge” in safety-net requirements for those who have become transitorily food insecure. It is important to note that Multi-Year program design in this scenario, included early warning mechanisms within program monitoring that advised managers when the emergency intervention was required, and interventions designed to meet the increased needs. Early warning indicators, and internal triggers should be identified that will assist program managers to recognize when to adjust or add program interventions.

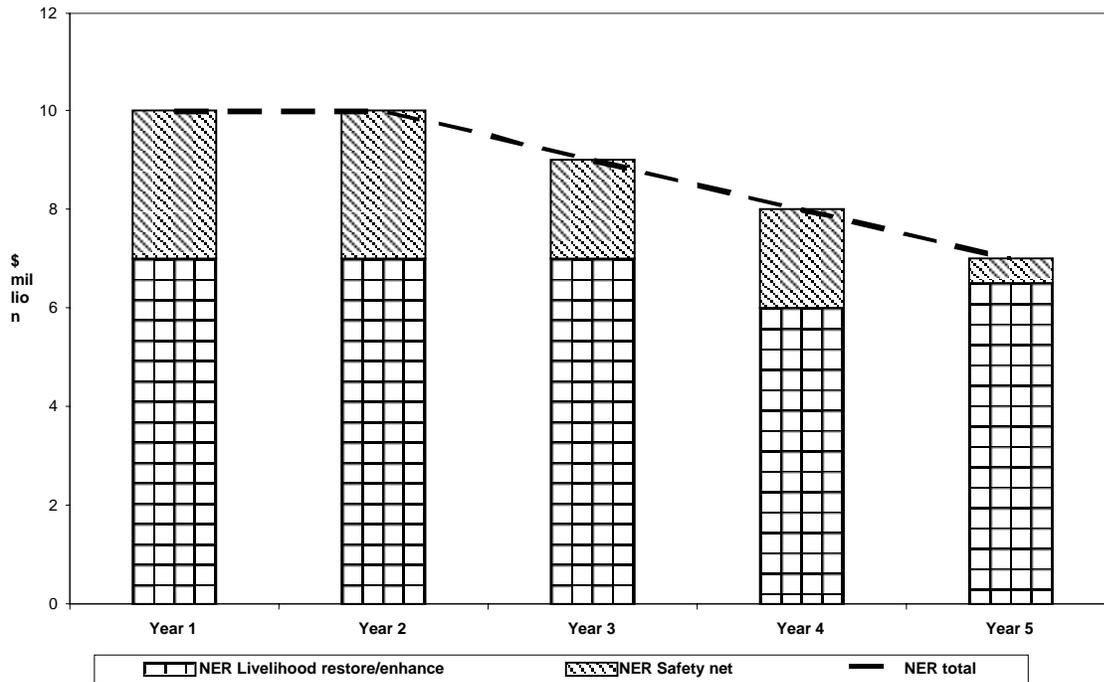
Figure 2. MYAP in a Population Transitioning from Emergency - Shock in Year Two



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502 The third example (Figure 3) represents a scenario whereby the Multi-Year Assistance Program
503 targets a chronically food insecure population and throughout the period of intervention no
504 shocks are experienced – hence, the funding source is non-emergency.

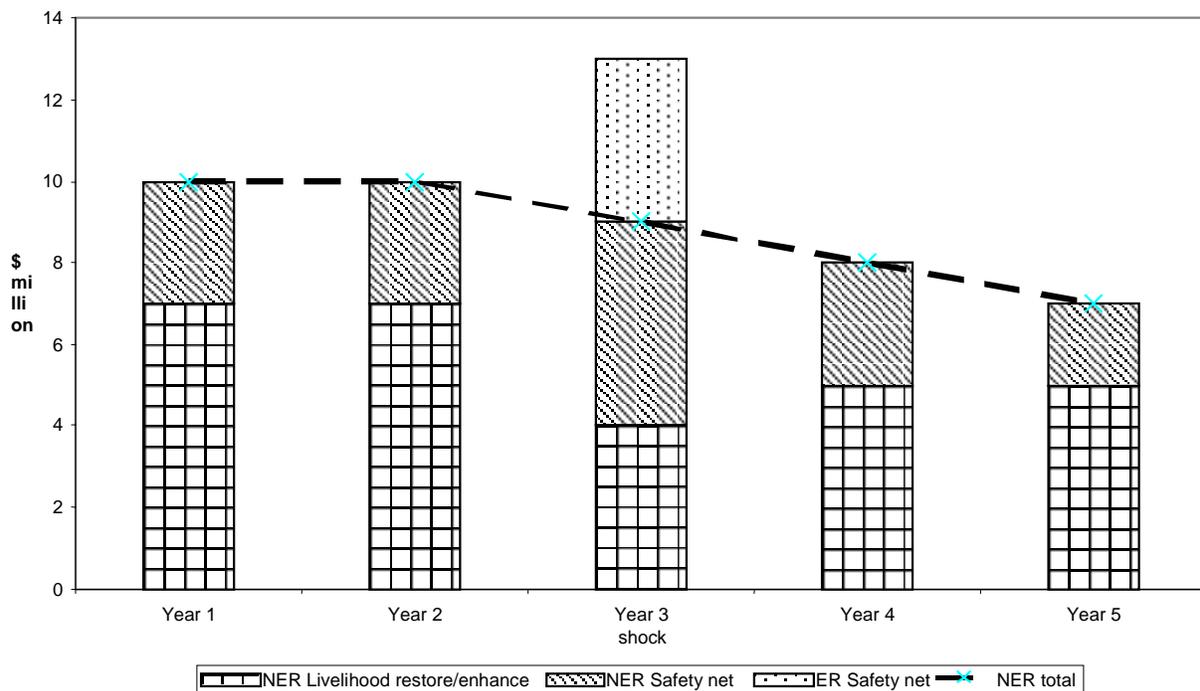
Figure 3. MYAP in a Chronically Food Insecurity Population - No Shock



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507 Figure 4 represents a scenario of the same Multi-Year Assistance Program that experiences a
 508 shock in year three. Regular programming continues with adjustments among the interventions
 509 and, in addition, emergency resources are added to response to additional transitory needs due to
 510 the shock. This “emergency” safety-net intervention is funded with emergency funds during the
 511 same time that the longer-term interventions continue with non-emergency funding, although the
 512 relative weight of the safety-net interventions for the chronically food insecure increases relative
 513 to the livelihood enhancement interventions because of the need to maintain consumption levels
 514 and protect the assets of the chronically food insecure.
 515

Figure 4. MYAP in a Chronically Food Insecure Population - Shock in Year Three



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518 All of these scenarios indicate the need for flexibility and use of both emergency and non-
 519 emergency funding. Identifying the potential shocks is paramount to programming Multi-Year
 520 programs that focus on vulnerability of the targeted populations. Understanding their level of
 521 resilience and coping mechanisms provide the basis for determining when to intervene with
 522 emergency responses.

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525 **VIII SUBMISSION AND REVIEW PROCESS**

526 *a) Single-Year Assistance Programs*

527 The Single-Year Assistance Program proposal and approval process is designed to facilitate
 528 rapid response to emergency situations where loss of lives and livelihoods may result in the

529 absence of rapid intervention. FFP's most important emergency response mission is to ensure
530 that critical food needs of people affected by natural disasters and complex emergencies are
531 effectively met. Natural disasters, protracted refugee operations and complex civil emergencies
532 almost always lead to food insecurity for the affected population. Due to war or a natural
533 catastrophe, coping mechanisms are typically strained and resources exhausted, creating a
534 situation warranting external intervention to offset the inability of the affected population to
535 meet their basic needs. The sometimes lengthy nature of the crises further compounds people's
536 ability to adapt because of insecurity, leading in some cases to constant movement, which in turn
537 affects their ability to plant food crops or gain employment. In these situations Single-Year
538 programs may require follow-on Single-Year programs – or may require the design of follow-on
539 Multi-Year programs, which are described below.

540 If the emergency is a rapid onset emergency in a country or region of a country where no Title II
541 activity is occurring, CSs should take the initiative in assessing emergency food needs and
542 submitting food aid requests to FFP and non-food requirements to USAID's Office of Foreign
543 Disaster Assistance (OFDA). In such instances, Single-Year proposals should be submitted to
544 both offices.

545 A second process to determine whether a food aid response is needed begins with the issuance of
546 an UN emergency appeal or a disaster declaration by the U.S. Embassy. Often, the initial food
547 assessment may provide the foundation of an appeal or disaster declaration. Both are considered
548 primary "triggering mechanisms" used by FFP as a basis for considering requests for new,
549 "stand-alone" emergency food assistance. Though infrequent, an emergency request from the
550 International Committee for the Red Cross (ICRC), International Federation of the Red
551 Cross/Red Crescent Societies (IFRC) or similar international organizations may also initiate a
552 broader U.S. response in the form of food grants to CSs/NGOs.

553 **Note that such an external "triggering mechanism" as described above is necessary only**
554 **when there have not been any on-going or previous Title II programs – either in the**
555 **country or in the region affected by the emergency. Otherwise, as detailed below, the**
556 **expectation is that early warning indicators and internal triggering mechanisms, will be in**
557 **place within on-going programs and will enable timely response following an emergency or**
558 **shock as described above.**

559 All FFP Single-Year proposals must demonstrate the need for food as an appropriate response to
560 the emergency. Frequently, an in-country needs assessment is carried out on a joint basis
561 involving several different agencies, including WFP and CS/NGOs. Note that national or
562 regional needs assessment data is also available to those agencies, USAID Missions and
563 FFP/Washington through several sources including the Famine Early Warning System Network
564 (FEWSNET). The Food and Agriculture Organization of the United Nations (FAO) produces bi-
565 monthly reports by country on food crops and shortages as well as reports generated by the
566 Global International Early Warning System (GIEWS). These documents are especially helpful
567 in preparing for a slow onset emergency, such as a drought.

568 A CS considering a response should contact the USAID Mission and their CS headquarters to
569 alert them that a response is being contemplated. The format of an initial Single-Year Assistance
570 Program proposal is flexible. For rapid, urgent response, the proposing entity should address the
571 following issues in a brief proposal submission.

572 (1) Nature of the emergency (attach available needs assessments)

573 (2) Proposed response - What and why

574 (3) Beneficiaries – Who, where and how many

575 (4) Ration(s) composition and size – What, why and how much

576 (5) Program Duration – Length (up to one year), transition strategy

577 (6) Implementation – How and who

578 (7) Monitoring - How and what indicators

579 (8) Cost Estimate – Breakdown of P.L.480 Title II Section 202(e) and ITSH costs

580 (9) Timeframe - When commodities are needed

581 (10) Duplication – Describe how the program will fill gaps that may exist and/or avoid
582 duplication or overlap with other programs.

583 Rapid onset emergencies require quick mobilization and FFP will not normally expect an
584 extensive initial food need assessment in order to make a timely and effective response. For
585 these reasons, in response to a critical, rapid onset emergency in a new environment, FFP will
586 act with a minimum of informational background in authorizing food commodities essential to
587 insuring an expedient response from CS partners. If resources are also being sought from
588 OFDA, a CS/NGO may choose to follow the format established by DCHA/OFDA for emergency
589 funding, with the inclusion of the critical information required for food aid justification.

590

591 ***b) Multi-Year Assistance Programs (3 to 5 year time frame)***

592
593 Proposals should be submitted to FFP and to the appropriate USAID Mission and/or Regional
594 Mission no later than March 28 of the calendar year prior to the fiscal year (FY) in which the
595 activities are to commence (for example, by March 28, 2005 for activities to start in FY 2006,
596 which starts October 1, 2005). Due dates may change annually and FFP will notify PVOs
597 accordingly. For FY 06 approval, the date for submission of the MYAPs is March 28, 2005.
598 Should a regional program be proposed, the proposal should be submitted to all affected USAID
599 Missions for review. If the proposal is for a follow-on Multi-Year program from a Single-Year
600 Assistance Program described above, adherence to the scheduled submission dates will be
601 required; however discussion on a case by case basis will be expected regarding phase-over and
602 transition concerns. It is likely that country specific pipeline and activity arrangements will have
603 to be made regarding the end of the initial emergency interventions under the Single-Year
604 Assistance Program and the startup of an approved Multi-Year Assistance Program.

605
606 FFP will review each proposal based on the criteria and policies set forth in these guidelines.
607 USAID Missions and/or Regional Offices will submit comments regarding proposals to FFP
608 within 30 days of receipt of the proposals. Every effort will be made to have the proposal review
609 in the field with FFP/Washington participation; however Missions are not authorized to present
610 comments to or request proposal revisions from CSs during the review process without
611 FFP/Washington concurrence.

612
613 FFP is committed to meeting the 120-day mandate as set forth in the P.L. 480 Title II legislation.
614 However, its ability to meet this mandate depends upon the quality of proposals and their
615 responsiveness to the standards and requirements set forth in these guidelines. CSs are
616 encouraged to read these guidelines carefully and ensure that their proposals are responsive and
617 complete in all respects.

618
619 Consistent with the requirements set forth in the P.L. 480 Title II legislation, FFP shall determine
620 whether to approve a proposal, and sign a Transfer Authorization (TA) for funding, not later than
621 120 days after receipt of a complete proposal. If a proposal is denied, FFP will specify the
622 reasons for denial and the conditions that must be met for approval. Unsuccessful proposals may
623 be resubmitted in the following proposal review cycle.

624 625 **Proposal Format**

626
627 The review of a proposal can begin if it is prepared in the proposal application format and
628 includes the key documentation outlined below. A proposal shall be considered incomplete if
629 any of these documents are not included in the proposal submission.

- 630
631 ➤ A signed Host Country Food for Peace Agreement (HCFPPA) or, Mission or Diplomatic
632 Post concurrence noting that such a program can operate in accordance with Regulation
633 11 without the HCFPPA or until one can be signed;
634 ➤ A draft Initial Environmental Examination (IEE) (without signatures);
635 ➤ An AER (without signatures);
636 ➤ A Bellmon Analysis;
637 ➤ Comprehensive and detailed budgets including narrative; and

638 ➤ Certifications Regarding Lobbying and Terrorism.
639

640 In other words, the 120 day clock will not begin if any of the documents above are missing at
641 submission. If the documents above are submitted but there are questions about their content,
642 FFP will not consider the proposal incomplete. For example, if all documents above are
643 submitted on the March 28 deadline, but there is a question about an AER calculation, the
644 submission will not be considered incomplete and the proposal will not be rejected on that basis.
645

646 Within 10 working days from the receipt of an incomplete proposal or one not submitted in the
647 proposal application format, FFP shall notify the CS Headquarters Office and the relevant
648 Mission by e-mail with an explanation of why the proposal was rejected. The CS will then have
649 10 working days from the receipt of the e-mail to submit a proposal that includes the
650 documentation listed above. FFP shall begin the 120-day time period for the approval and
651 issuance of a TA from the date FFP receives a legible electronic copy or paper copy of the
652 documents that complete the proposal, whichever is earlier. FFP will notify the CS and the
653 Mission by e-mail of the date the 120-day time period begins and will follow the process for
654 review of a complete proposal outlined below. Remaining documents, as noted in the Annex A
655 Proposal Format, should be submitted within 15 working days of the initial submission date if
656 they have not been provided with the original submission.
657

658 When a complete proposal submission is received, FFP will finish its review process, and if the
659 proposal is approved, send a signed TA to the CS within 120 days for review and signature. For
660 a complete proposal received by March 28 the TA would therefore be signed by FFP by July 26.
661

662 FFP will review complete proposals and send an issues letter to the CS. This issues letter will
663 consolidate the comments by all USAID offices, including FFP, USAID Missions and Bureaus.
664 FFP may also request a formal meeting with the CS (either in Washington or the field) to discuss
665 the threshold issues presented in this letter. If the proposal is being reviewed in the field, the
666 response from the CS to the issues letter should be received before the proposal review meeting
667 takes place. Determination of whether or not a field review is feasible will be done by FFP and
668 the USAID Mission and the CSs. In order to meet the 120-day mandate, FFP will impose strict
669 time periods for the CS to complete the necessary revisions. If a CS fails to complete the
670 revisions on time, FFP may deny the proposal based on the outstanding issues the CS has failed
671 to address in a timely fashion. Proposals that are denied may be resubmitted in the following
672 proposal review cycle.
673

674 Late Submittals: With the approval of the Director of the Office of Food for Peace late proposals
675 will be accepted on an exceptional basis when it is in the best interest of the U.S. Government to
676 do so. However, FFP will give priority funding consideration to acceptable proposals submitted
677 on time.
678

679 **c) CS Preparation and FFP Review of Proposals**
680

681 Use of the proposal format provided in **Annex A** is required. Proposals must address each of the
682 sections included in the format. FFP will review proposals based on the CS's ability to provide
683 adequate, relevant information for each section.

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Furthermore, proposals must meet the following conditions:

- Written in 12-point type (narrative) in English;
- Limited to no more than 30 numbered and dated pages (not including annexes);
- Includes a clear statement of program goal(s) and results to be achieved by the end of life of the program, with objectively verifiable indicators and sources of data to measure such results;
- Submitted as files saved in Word and Excel spreadsheets (attachments); and
- Provides only the information requested (state if a section is not applicable; cross referencing and use of charts are encouraged to present information concisely and to eliminate repetition).

CSs are required to submit two (2) unbound copies and one (1) electronic copy to the USAID Mission, and one (1) unbound copy to FFP/W via Amex Int'l Attn: FY06 Multi-Year Assistance Program Proposal, 1300 Pennsylvania Ave, N.W. Suite 440, Washington DC 22004, and one (1) electronic copy to FFP at FFPdocs@amexdc.com.

Where Regional FFP Offices operate, the USAID Mission and the Regional office should each receive two (2) hard copies and one (1) electronic copy.

The following information provides further guidance to CSs beyond the information referenced in **Annex A**. CSs should consider these issues in developing Multi-Year Assistance Program proposals:

i) Legislative Mandates for Type of Commodity, Programming and Program Size

Of the non-emergency tonnage, 75% must be processed, fortified or bagged. FFP has developed a "Value Added Commodities List" of processed, fortified and bagged commodities that it has determined will meet this statutory requirement (see **Annex E**). Proposals with a higher proportion of processed, fortified or bagged commodities may be given priority.

ii) Section 202(e) Funding

Authority and Purpose: P.L. 480 Title II Section 202(e), requires FFP to make cash available to eligible organizations in support of Title II programs in order to 1) assist them in establishing new programs under Title II; and 2) help in meeting specific administrative, management, personnel and internal transportation and distribution costs for carrying out Title II programs (including monetization programs) in foreign countries.

Section 202(e) funding has historically been limited by a \$28 million cap, however the 2002 Farm Bill increased the authorization to an amount no less than 5% and no greater than 10%¹ of

¹ In FY 2003, the range between 5% and 10% of the Title II appropriation of \$1.75 billion equated to between \$87.5 million and \$175 million. For FY 2004 the projected range is from \$59.6 million to \$119.2 million.

726 the total Title II appropriation in each fiscal year. Due therefore, to the significant increase in
727 the amount of 202(e) funding authorized in the 2002 Farm Bill, FFP has broadened the scope of
728 the types of costs eligible for funding consideration under this section.

729
730 Definition of Eligible Recipients: In order to be considered “eligible” to receive funds under
731 Section 202(e) an organization must be:

- 732
733 aa) a Cooperating Sponsor (CS) or cooperative that is, to the extent practicable,
734 registered with USAID¹ or
735
736 bb) an Intergovernmental Organization (IO), such as the World Food Program

737 Eligible Uses: Eligible uses for 202(e) funding differ between “new” programs and “established”
738 programs as detailed in the Food for Peace Information Bulletin (FFPIB) of October 27, 2003
739 **(Link to be Added)**

740
741 Expectations:

742
743 A. FFP strongly encourages CSs to identify other sources of public and private funding in
744 order to leverage Title II resources and diversify support for the program prior to making
745 requests for 202(e) funding.

746
747 B. FFP expects that the 202(e) portion of most Title II Programs will be between 5% and
748 7% of the approved program value (including the commodity cost, shipping cost, ITSH and
749 202(e) budgets), and will not exceed 10% of the approved program value. Exceptions will be
750 considered on a case by case basis.

751
752 C. No expense is eligible for 202(e) funding until 202(e) funding is obligated under a
753 Transfer Authorization or Cooperative Agreement budget (or Amendment).

754
755 D. If the Title II program shares staff, services or space with another program(s), the
756 amount charged to 202(e) should be in proportion to the expenses incurred by the Title II
757 program.

758
759 E. FFP will receive and consider 202(e) funding requests from CSs on a per project basis.
760 CSs may charge indirect costs on their 202(e) direct costs in accordance with their previously
761 established Negotiated Indirect Cost Rate Agreements (NICRAs). All cooperating sponsors, will
762 be subject to the same 202(e) policy guidelines defining what types of direct costs may be
763 covered by 202(e) funding.

¹ Registration for U.S. based CSs is done through the USAID/DCHA Office of Private and Voluntary Cooperation. Indigenous organizations in host countries work through the local USAID mission in most cases to establish themselves as eligible organizations. In addition, FFP requires all cooperating sponsors to sign a Food for Peace Agreement to use Title II commodities in compliance with P.L. 480 and USAID Regulation 11 (22 C.F.R. 211).

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iii) Funding for Internal Transport Storage & Handling (ITSH)

P.L. 480 Title IV Section 407(c) (1)(B) (for non-emergency programs) and Section 406(b)(6) (for emergency programs) authorizes the use of Title II funding for the transportation costs of Title II commodities from designated ports or points of entry abroad to storage and distribution sites and for the associated storage and distribution costs for Title II programs in Least Developed Countries (LDCs).

The UN website: <http://www.un.org/special-rep/ohrlls/ldc/list.htm> provides a list of the eligible LDC countries where FFP will consider ITSH funding for programs in these countries.

If other sources of support have been examined and are inadequate, a request for ITSH funds may be submitted with the program proposal. This fund is limited and justification for such funding must be strong.

Eligible uses for ITSH funding can be found in the Food for Peace Information Bulletin (**LINK TO BE ADDED**)

iv) Monetization

In low income, food-deficit countries, monetization may stimulate the economy and allow needed commodities to be provided in the marketplace. Multi-Year proposals will be approved based on the merits of the program’s plan to reduce food insecurity, not on the level of monetization. The goal is to attain food security while employing the most effective and efficient mix of direct distribution, section 202(e), ITSH, and DA resources, along with monetization, (assuming monetization is appropriate given the applicable market data). Multi-Year proposals will undergo a strategic review to ensure that monetization is approved when it is part of an appropriate mix of these resources. It is expected that with the increase of 202(e) and ITSH funding, monetization requirements for Title II programs in general will be substantially reduced and monetization proceeds will be used primarily for the purpose of funding program implementation.

USAID will review and approve those monetization plans which demonstrate the ability to generate sufficient resources to justify the use of monetization proceeds to fund the program. The Report Language in the Farm Bill states:

In deciding whether or not to approve a proposed sale of commodities at the local market price, (USAID will) take into account the prevailing world market prices of a commodity, including acquisition, transportation costs, and any localized factors that might result in significant differences between the prevailing local market prices and those prices that would be expected to prevail in a pure free market.

810
811 Once a monetization plan is approved, if market fluctuations cause commodity or freight prices
812 to drop below the anticipated sales price provided in the monetization plan, FFP will not approve
813 additional commodities to make up the shortfall as funding for the life of activity is capped. The
814 CS must either fund the shortfall from other resources or scale back programming to reflect the
815 reduction in anticipated monetization proceeds. Any exceptions to this general rule - of not
816 supplying additional commodities because of market fluctuations - will need to be considered
817 and justified on a case-by-case basis, according to urgent food security needs, and approved by
818 the Director of Food for Peace, subject to the availability of funds. Conversely, if market
819 fluctuations cause commodity prices to increase above the anticipated sales price, pipelines for
820 monetization commodities would be adjusted accordingly in the out-years of the activity,
821 resulting in less monetization tonnage than originally planned.
822

823 Monetization activities will be undertaken only where they will not disrupt commercial markets
824 for agricultural commodities. Title II programmed commodity levels will be compared with
825 USDA's established amount available for all U.S. food aid programming, which includes Title I,
826 Food for Progress, McGovern-Dole International Food for Education and Child Nutrition
827 Program and others, determined by the "usual marketing requirements" (UMR). The UMRs are
828 routinely provided by USDA to USAID for specific commodities and countries. However, CSs
829 are expected to research the markets independently to justify their monetization plans. In the
830 case of West Africa, in concert with the West Africa Regional FFP Office, CSs are encouraged
831 to participate in the data collection and analysis that contribute to the final UMRs for the region.
832 FFP encourages CSs to design and execute monetization plans in consultation with U.S. food
833 export and processing trade.
834

835 The monetization of value-added commodities, i.e. processed, fortified, or bagged commodities,
836 is preferred to the monetization of bulk commodities because FFP is required to meet the
837 statutory requirement that 75% of the programmed commodities be processed, bagged or
838 fortified. The FFP Director must approve monetization of commodities to be used for purposes
839 other than human consumption. Where more than one CS in a country proposes monetization of
840 the same or different commodities, FFP encourages the monetization sales to be carried out
841 jointly in order to decrease costs associated with monetization management and to maximize the
842 monetization proceeds. However, Cooperating Sponsors may provide justification for
843 monetizing separately, to be reviewed on a case by case basis.
844

845 Proposals advocating monetization of Title II commodities to generate proceeds for the purchase
846 of locally produced food or cash for work may be supported in exceptional circumstances if
847 benefits are clearly delineated and supported in the proposal and an explanation is provided on
848 why direct distribution of Title II commodities is not appropriate.
849

850 Monetization sales in low-income food-deficit countries (LIFDCs): Go to the FAO Link to find a
851 list of LIFDCs: <http://www.fao.org/countryprofiles/lifdc.asp?lang=en>
852 If it is not feasible to monetize in the country where proceeds will be utilized, monetization may
853 be carried out in another LIFDC in the region, i.e. "third country". If neither is feasible, then
854 monetization may take place in a least-developed country (LDC), in the region. In the case of
855 "third country" sales the USAID Mission and/or U.S. Embassy in both the program country and

856 monetization country must endorse the plan. Note: Monetization in the recipient country is
857 preferred over monetization in a “third” country where the food security activities will not be
858 taking place. A Bellmon Analysis is required for each country where food resources will be
859 distributed or monetized.

860
861 For each commodity to be monetized CSs must set a sales price which: (1) represents the
862 reasonable market price of the commodity in the country (or region) in which it is being sold; (2)
863 does not depress the price of locally produced commodities in accordance with the 1977
864 Bellmon Amendment; (3) does not disrupt normal commercial practices, i.e. UMR
865 considerations and (4) is acceptable to the USAID Field Mission (or Regional mission for non-
866 presence countries).

867
868 In light of the change in legislation regarding a cost recovery requirement for monetization by
869 Cooperating Sponsors, “Reasonable Market Price” is to be achieved in the sale of Title II
870 commodities per the market realities in the economy in which they are being sold. In general,
871 market forces are recognized as a reliable and acceptable means of determining the reasonable
872 and fair market price. In local markets, where the Cooperating Sponsor demonstrates, through
873 sales by public tender auction or similar methodology, that the level of participation in the
874 exercise (by prospective buyers) ensures competitive price formation and mitigates against
875 collusion, the sales price so established will be regarded as the reasonable market price.

876
877 Where market forces cannot be harnessed to transparently formulate a reasonable market price
878 (as above), and negotiated/treaty sales are required, a sales price which compares favorably with
879 the lowest landed price or parity price for the same or comparable commodity from competing
880 suppliers may be considered a reasonable market price, however the USAID mission will
881 determine whether or not the resulting price is the best use of its limited resources and advise
882 FFP.

883
884 For all monetization planned, CSs should estimate anticipated sales prices based upon local
885 market analysis and provide the background and basis of that estimate for review by USAID
886 Mission, FFP/W and Regional Office as appropriate.

887
888 CSs should also indicate optimal timing of imports in order to contribute to food security
889 (availability) objectives and to generate/receive sufficient monetization proceeds in time to meet
890 programmatic requirements. For example, FFP recommends that CSs avoid the harvest season of
891 a comparable product in order to ensure that there will not be a disincentive to local production.
892 Further, harvest season should also be avoided due to competing demands for labor, equipment,
893 vehicles, transport systems, etc.

894
895 Monetization plans for new Multi-Year proposals are to be included in the Activity Resource
896 Requirements section of the proposal. Per these guidelines, the monetization plan is to follow
897 the outline provided in USAID’s Monetization Field Manual with the exception of the guidance
898 on cost recovery requirements, which was changed by the 2002 Farm Bill. This includes: a)
899 rationale for monetization; b) proposed mechanics of the monetization: commodity selection,
900 timing of sale, location of monetization, method of sales, impact of the sale on the local market
901 and other programs, and storage facilities; c) monetization sales budget; d) sales proceeds

902 management: safeguarding the proceeds, identification of financial institution(s),
903 monitoring/accounting system and, if applicable, brief description of the joint/umbrella
904 monetization.

905
906 For proposal amendments, CSs are required to provide information on their monetization plan if
907 it will be significantly modified/changed. If not, the CS must state that the sales methodology
908 will remain the same. As the amendment instrument is often the substitute for a Resource
909 Request, the CS will provide sales price estimates for the upcoming fiscal year.

910
911 From the time of the Multi-Year proposal design to approval, and from Resource Request
912 submission to TA finalization, market conditions may change to the degree that sales price
913 estimates will need to be modified. CSs are requested to provide this information to FFP if the
914 change in market conditions will result in insufficient resources for program implementation or if
915 a significant drop in prices makes the sale of a particular commodity impractical.

916
917 It should be noted that report language was also included with the 2002 Farm Bill legislation,
918 which stated that the new provision is intended to be consistent with the goal of maximizing
919 proceeds from commodity sales. The report also listed several factors such as USG acquisition
920 costs, transportation costs and localized factors that may impact market prices of the
921 commodities that should be taken into consideration when deciding whether to approve a
922 proposed sale of commodities at the local market price. FFP will consider these factors prior to
923 the approval of any proposal with a monetization component.

924
925 v) Cost-Share Programming

926
927 Where integration of CS resources occurs, it must be expressed as a formal auditable cost-share in
928 the CS proposed budget and approval documentation.

929
930 vi) Bellmon Determination

931
932 The Bellmon Determination certifies that the commodities will not have a negative impact on the
933 local market or will not be a disincentive to local production in the recipient country, and assures
934 availability of adequate storage. It is a statutory requirement and should focus on the first fiscal
935 year of the proposal. A Bellmon Determination is required for each country where Title II
936 commodities will be distributed or sold, including each country that is part of a regional
937 proposal.

938
939 For detailed guidance on conducting the analysis required for a Bellmon Determination, CSs
940 should consult the *1985 Background Paper and Guide to Addressing Bellmon Amendment
941 Concerns on Potential Food Aid Disincentives and Storage* and the official USAID cable
942 entitled, *Bellmon Certification Requirements for P.L. 480 Title II Activities* (reissued, August
943 1999). For supplemental information regarding market analysis, CSs should consult the *P.L. 480
944 Title II Monetization Field Manual*. These documents are available on the Internet at:

945 http://www.usaid.gov/our_work/humanitarian_assistance/ffp/nonemergency.html

946
947 vii) Host Country Food for Peace Agreement

948
949 In accordance with Regulation 11 (Section 22 211.3(b) CSs shall enter into a written Host
950 Country Food for Peace Agreement (HCFPPA) with the government of each country for which
951 Title II commodities are to be transferred to the CS. This agreement shall establish the terms and
952 conditions needed by the CS to conduct a Title II program in the country in accordance with the
953 applicable requirements of Regulation 11. Where such a written agreement is not appropriate or
954 feasible, the USAID Mission or the Diplomatic Post shall assure FFP/W, in writing that the
955 program can be effectively implemented in compliance with this Regulation without such an
956 agreement...or until one can be signed. The submittal must include either the HCFPPA or the
957 written certification as appropriate.

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959 viii) Annual Estimate of Requirements

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961 An unsigned Annual Estimate of Requirements (AER) reflecting the tonnage of commodities
962 proposed for approval should be provided as Appendix 3 of the proposal. If there are carry-over
963 resources, a commodity pipeline analysis must be provided as part of the AER. CSs should
964 continually monitor their pipelines to ensure that requested commodities are adequate and are
965 needed to meet program requirements. FFP will request and review pipelines on a periodic basis
966 to ensure that pipelines are commensurate with program requirements and commodity status
967 reports.

968
969 An accurate pipeline analysis in the AER is particularly critical in the last year of a resource
970 request so that FFP can ensure that the CS has planned for all commodities to be utilized by the
971 program completion date and that commodities requested for monetization are consistent with
972 anticipated monetization proceeds that must be expended by the end of the program.

973
974 In the interest of facilitating the reporting of resources, an additional column of information has
975 been added to indicate which commodities are planned under emergency (ER) and non-
976 emergency (NER) funding. The additional column will permit maintaining separate reporting of
977 resources.

978
979 ix) Vehicle Purchases

980
981 Vehicle procurement: It is FFP preference that CSs purchase vehicles for project use with a
982 source of funding other than the U.S. Government (USG). However, if the cooperating sponsor
983 is unable to identify alternate funding (at the discretion of the CS), the order of preference for
984 funding is 202(e) funds and then ITSH funds. FFP prefers not to fund the purchase or lease of
985 vehicles with monetization resources. Vehicles purchased with USG funding must follow the
986 FFP procurement policy on source and origin requirements.

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x) Inland Transportation

In the case of landlocked countries, Title II Inland Transport funding may be provided on a reimbursable basis for transport from discharge port to extended delivery point (EDP), or designated port of entry within the recipient country. ITSH funding may be provided for internal transport from the EDP or designated point of entry to distribution site. When a CS requests inland or internal transport through the vessel’s bill of lading to a designated internal point, funding will be provided on a reimbursable basis under the CS’s Inland freight purchase authorization (PA).

CSs without a prior activity in a given country should submit data from pro-forma invoices or contract quotes submitted by likely inland transport companies. Submission of the required information is pivotal to establishing an inland transportation account for reimbursement. In lieu of pro-forma invoices or contract quotations, CSs shall perform market research or a survey of local and regional transport companies. This shall be completed to determine local costs and pricing for the type and range of inland transport services that may be required during the term of the agreement. In this manner, the CS and FFP may be confident with the budget estimates for reimbursement of inland transport services.

d) Procedures for the Final Year of a Program

Cooperating sponsors (CS) should conduct impact evaluations in the year prior to the program’s final year, and should submit the evaluation report to FFP during the final year. If the CS is proposing a follow-on program, the final evaluation report should be submitted to FFP prior to the submission of the follow-on proposal. FFP expects that CSs will plan for all commodities to be distributed, and all costs to be incurred against the approved monetization budget, by the program completion date. CSs should submit closeout plans to the USAID Mission and FFP/W six (6) months prior to the expiration of a program. Closeout guidance is available on FFP’s home page at http://www.usaid.gov/our_work/humanitarian_assistance/ffp/closout.htm.

IX MULTI YEAR PROGRAM AMENDMENT SUBMISSION AND REVIEW PROCESS

A CS should submit an amendment to a Multi-Year Assistance Program if any significant changes to the approved program are proposed. A significant change is defined as: a) a change in the purpose and/or outcome of the project; b) a radical restructuring of implementation or monetization arrangements; or c) a shift of 10 percent of resources between budget line items or activities within the overall approved LOA budget; or d) a request for additional resources over the approved LOA budget.

Under any of these circumstances, the CS and FFP may mutually decide to consider a program revision or amendment. CSs should consult early with FFP Country Backstop Officers to make this determination.

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1034 For CSs with consolidated country or regional programs, amendments are required only if
1035 resources are requested over the LOA for the total combined program, or if dramatic program
1036 implementation changes are proposed, as described above.
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1038 The same deadlines apply to amendments as described for Multi-Year proposals established in
1039 these guidelines.
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1041 Use of the amendment format provided in **Annex A** is required. FFP will review amendments
1042 based on the CSs' ability to provide adequate, relevant information under each section
1043 established in the format. New activities and implementation arrangements proposed in an
1044 amendment will be approved based on successful activity implementation, responsiveness to
1045 previously expressed concerns and recommendations, evaluation of the resource request
1046 (financial plan and AER), mission concurrence, and environmental compliance. Final approval
1047 will be subject to the annual availability of funds and commodities.
1048
1049 Furthermore, amendments must meet the following conditions:
1050
1051 • Written in 12-point type (narrative) in English
1052 • Limited to 20 numbered and dated pages, (including Appendices A-C)
1053 • Submitted as files saved as Word and Excel spreadsheets (attachments)
1054 • Including only the information requested (state if a section is not applicable; cross
1055 referencing and use of charts are encouraged to present information concisely and to
1056 eliminate repetition)
1057
1058 CSs are required to submit two (2) unbound copies and one (1) electronic copy to the USAID
1059 Mission, and one (1) unbound copy to FFP/W via Amex Int'l Attn: FY06 Multi-Year Proposal,
1060 1300 Pennsylvania Ave, N.W. Suite 440, Washington DC 22004, and one (1) electronic copy to
1061 FFP at FFPdocs@amexdc.com.
1062
1063 Where Regional FFP Offices operate, the USAID Mission and the Regional office should each
1064 receive two (2) hard copies and one (1) electronic copy.