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**OFFICE OF FOOD FOR PEACE
INFORMATION BULLETIN (FFPIB)**

FFPIB 18-01

Date: January 3, 2018

MEMORANDUM FOR ALL FOOD FOR PEACE OFFICERS

TO: USAID/W and Overseas Distribution Lists; USAID's Office of Food for Peace (FFP) Awardees
FROM: DCHA/FFP
SUBJECT: **Eligible Uses of Section 202(e) and Community Development Funds for FFP Awards**

I. Purpose and Authority¹:

Food for Peace Information Bulletin (FFPIB) 18-01 updates and consolidates the eligible uses for Section 202(e) under Title II of the Food for Peace Act. Guidance is also provided for eligible and ineligible uses for Development Assistance funds authorized by Section 103 of the Foreign Assistance Act and referred to as Community Development Funds (CDF) in Section V of this FFPIB. For information on Internal Transportation, Storage and Handling (ITSH), Inland, and Monetization Proceeds, please see FFPIB 18-02. **Note: Eligibility of certain costs for Section 202(e) and CDF funding does not guarantee such funding. Decisions about the availability of Section 202(e) and CDF funding in a particular award will be determined by the Office of Food for Peace (FFP) Agreement Officer (AO), in consultation with the Office of Acquisition and Assistance (OAA) when appropriate (i.e., CDF), taking into account the availability of funding, statutory requirements, and activity and policy considerations.**

Section 202(e) in Title II of the Food for Peace Act requires FFP to make funding available to eligible organizations to assist in activities, such as:

1. establishing and enhancing programs under Title II;
2. meeting specific administrative, management, personnel, transportation, storage and distribution costs for carrying out Title II programs in foreign countries;
3. implementing income-generating, community development, health, nutrition, cooperative development, agricultural and other developmental activities within one or more recipient countries or within one or more countries in the same region; and
4. improving and implementing methodologies for food assistance programs, including needs assessments (upon request of the Administrator), monitoring (especially at the household level), and evaluation.

An eligible organization that receives funds for any of the above-listed purposes may invest and earn interest on the funds pending the eligible organization's use of the funds. Any interest earned on such investment may be used for the purposes for which the assistance was provided to the eligible organization without further appropriation by Congress. The overall amount of the award will not be reduced for the amount of interest earned.

¹ This FFPIB is issued pursuant to the authority contained in the Food for Peace Act (7 U.S.C. §1691 et seq.) and its implementing regulations in 22 CFR Part 211. Title II or CDF awards issued by FFP conform with the Office of Management and Budget Guidance for Grants and Agreements in 2 CFR Part 200 and the USAID supplementary grant regulations in 2 CFR Part 700, as well as USAID's applicable standard provisions in ADS 303 and ADS 308, as appropriate.

II. Definition of Eligible Organizations for Section 202(e) funding for emergency or non-emergency awards:

As outlined in Section 202(d) of the Food for Peace Act, to receive ITSH funding for a non-emergency award, an organization must be either:

- a Private Voluntary Organization (PVO) or Cooperative that is, to the extent practicable, registered with USAID; or
- an Intergovernmental Organization, such as the U.N. World Food Program (WFP).

As outlined in Section 202(a) of the Food for Peace Act, to receive ITSH funding for an emergency award, an organization must be:

- a PVO or Cooperative that is, to the extent practicable, registered with USAID;
- an Intergovernmental Organization, such as WFP; or
- a foreign government.

All eligible recipients of funding are referred to as “organizations” in this FFPIB.

III. Eligible Uses for Section 202(e) Funding:

As previously stated, Section 202(e) requires FFP to make funding available to eligible organizations to assist in interventions that enhance Title II funded interventions. All uses of Section 202(e) funding must be reasonable, allowable and allocable², and are subject to the AO’s determination that the facts of the particular situation support the use of Section 202(e) funding.

Eligible uses for Section 202(e) emergency funding include interventions that fall into two general categories: 202(e) and 202(e) Enhanced. However, eligible uses for Section 202(e) non-emergency funding include interventions that fall into three distinct categories: Administrative, Program and Enhanced. These categories are to be used for reporting in the comprehensive budget and the annual budget pipeline subtotals. The table below and following sections further explain the types of costs that fall into each category.

Emergency Funding

| Section 202(e) | Section 202(e) Enhanced ³ |
|---|---|
| <ul style="list-style-type: none"> • Staff Salaries • Fringe Benefits • Overseas Allowances • Travel • Indirect Costs • Audits • Training • Equipment • Sub-Awards | <ul style="list-style-type: none"> • Local, regional and international procurement (LRP) of food • Cash transfers • Food vouchers • Direct administrative costs to implement LRP, cash transfer or food voucher interventions • Twinning⁴ • Complementary activities⁵ |

² According to 2 CFR 200, “A cost is allocable to a particular Federal award or other cost objective if the goods or services involved are chargeable or assignable to that Federal award or cost objective in accordance with relative benefits received.”

³ All costs associated with these interventions should be included in the designated cost categories.

⁴ FFP defines twinning as an initiative that pairs in-kind food contributions from governments receiving aid (host governments) with cash-based contributions from another donor to ensure delivery and distribution of the food. The cash contributions usually cover all associated costs to process bulk food commodities as well as to transport and distribute the food.

⁵ For more information on complementary activities, refer to guidance in the Food for Peace Annual Program Statement (APS): https://www.usaid.gov/sites/default/files/documents/1866/Food_for_Peace_Fiscal_Year_2017_International_Emergency_Food_Assistance_Annual_Program_Statement_APS.pdf.

| | |
|---|--|
| <ul style="list-style-type: none"> ● Sub-Contracts ● Supplies ● Other Direct Costs ● Branding and Marking | |
|---|--|

Non-Emergency Funding

| Section 202(e) | | Section 202(e) Enhanced ⁶ |
|---|--|---|
| Administrative | Program ⁷ | Enhanced |
| <ul style="list-style-type: none"> ● Staff Salaries ● Fringe Benefits ● Overseas Allowances ● Travel ● Indirect Costs ● Audits ● Equipment ● Branding and Marking | <ul style="list-style-type: none"> ● Training ● Sub-Awards ● Sub-Contracts ● Supplies ● Other Direct Costs | <ul style="list-style-type: none"> ● Local, regional and international procurement (LRP) of food ● Cash transfers ● Food vouchers ● Direct administrative costs to implement LRP, cash transfer or food voucher interventions ● Twinning ● Complementary activities |

A. Administrative 202(e)⁸: Eligible uses for Administrative Section 202(e) funding in all awards include specific administrative, management and personnel costs for carrying out Title II interventions in foreign countries. All costs must be reasonable, allowable and allocable. In addition to those costs listed above, costs may include, but are not limited to those listed below. Some of these costs may be subject to restrictions and/or waivers; examples are marked with asterisks (*).

- a. administrative and overhead costs in-country;
- b. staff, including field management and personnel costs;
- c. local banking costs;
- d. audit costs, subject to the approval of the AO;
- e. branding and marking;
- f. local processing; and
- g. indirect costs*.

B. Program 202(e): Eligible uses for Program Section 202(e) funding in all awards include specific programmatic costs and, in cases where ITSH funding is not permitted⁹, internal transportation and distribution costs for carrying out Title II interventions in foreign countries. All costs must be reasonable, allowable and allocable. In addition to those costs listed above, costs may include but are not limited to those listed below. Some of these costs may be subject to restrictions and/or waivers; examples are marked with asterisks (*).

- a. methodologies to improve and implement food security activities, as approved by the AO on a case-by-case basis;

⁶ All costs associated with these interventions should be included in the designated cost categories.

⁷ The Program and Administrative designations is only required for Title II non-emergency awards. Title II emergency awards are not required to designate Section 202(e) costs among the three categories. Rather, those will continue to be designated as either “Section 202(e)” or “Section 202 (e) Enhanced”.

⁸ Sections A (Administrative 202(e)) and B (Program 202(e)) apply to non-emergency programming. In emergency programs, costs are only distinguished as Section 202(e) and Section 202(e) Enhanced.

⁹ See FFPIB 18-02 on ITSH for further information.

- b. needs assessments upon the request of the USAID Administrator;
- c. monitoring, especially at activity sites and at the household level, and evaluations, including activities tied to environmental compliance;
- d. after preliminary discharge from an ocean carrier, internal transportation and distribution costs, i.e., rail and barge transportation (includes costs to transport, load and unload commodities; stevedoring for barge transportation), for non-least developed countries (LDCs)¹⁰;
- e. trucking (includes the lease or rental of trucks, maintenance, fuel, drivers and loading/unloading charges) for non-LDCs;
- f. distribution cost for non-LDCs;
- g. storage-related costs such as warehouse leases, fumigation*, pesticides*, security, property insurance as required by the host country laws (i.e., insurance that is not related directly to Title II commodities in non-LDCs (for example, vehicle insurance));
- h. complementary activities to address context-specific drivers of food insecurity and/or resilience building interventions to protect emergency activities impacts (e.g. activities relating to conflict mitigation, disaster risk reduction, social behavior change, agriculture, nutrition, and water, sanitation, and hygiene);
- h. supplies necessary for all sectors as described in the FFP annual guidelines, including:
 - seeds*, fertilizers*, tools and equipment*, including animals for husbandry activities*;
 - publications related to programming;
 - education, communication and training materials;
 - building materials used in activity interventions;¹¹
 - access or provision costs for clean water or a clean water source;
 - materials, supplies and funds for income generating or micro-financing interventions;
 - medications*;
- i. on- and off-farm income-generating and capacity-building activities contributing to household and community resilience and sustainable food security.

Note: FFP's prefers organizations purchase vehicles with a source of funding other than the U.S. Government (e.g., organizations' cost share). Section 202(e) funding may be used to rent or procure vehicles for use in Title II interventions if the organization is unable to identify alternative funding and the vehicles are necessary for implementation.

C. Enhanced 202(e): Under changes made to the Food for Peace Act by the Agricultural Act of 2014, Section 202(e) funding may be used to establish and enhance Title II programs in both emergency and non-emergency settings. A program is defined as a coherent collection of activities, typically grants or cooperative agreements with implementing organizations that collectively contribute to addressing the FFP objectives in a country or region. These individual activities, which together comprise a program, are aligned with the FFP Strategy and, where applicable, the USAID Country Development and Coordination Strategy. When relying on this specific authority, Title II commodities provided under Sections 202(a) or (b) **must be an integral component of the program.**

Section 202(e) costs to enhance or establish FFP programs in emergency and non-emergency settings may include but are not limited to:

- a. local and regional purchase of commodities, if deemed appropriate;
- b. cash transfers and food vouchers, if deemed appropriate; and

¹⁰ Least developed countries, or LDCs, meet the poverty and other eligibility criteria established by the International Bank for Reconstruction and Development for financing by the International Development Association. The following website provides a list of the eligible LDC countries in which FFP will consider ITSH funding for non-emergency awards: <http://ida.worldbank.org/about/borrowing-countries>.

¹¹ All types of construction in non-emergency programs must be identified for pre-approval and regulated per the USAID construction policy.

- c. complementary services including food security related analyses, social behavior change communication, and resilience interventions in protracted recovery or conflict-affected settings, among others.

IV. Ineligible Uses for Section 202(e) Funding:

The following costs are **not eligible** for Section 202(e) funding:

- direct costs of activities not associated with FFP awards;
- case studies not associated with assessments or evaluations of FFP awards;
- proposal writing;
- advocacy; and
- expenses associated with hospitality.

V. Funding Expectations:

1. FFP strongly encourages organizations to identify other sources of public and private funding (including cost share) in order to leverage Title II resources and diversify support for the activity prior to making requests for Section 202(e) funding.
2. Section 202(e) funding must only cover those costs/activities submitted in U.S. dollar amounts.
3. No expense is eligible for Section 202(e) funding until AO approval under a procurement authorization, modification, grant or cooperative agreement.
4. For emergency activities in LDCs, Section 202(e) funding covers expenses tied to activity impact and ITSH funding is expected to cover expenses tied to the receipt of commodities, i.e., those costs tied to the movement, storage, and distribution of Title II commodities (for more information on ITSH funding, see FFPIB 18-02). For non-emergency activities in non-LDCs, Section 202(e) funding is used to cover both types of expenses.
5. FFP will receive and consider Section 202(e) funding requests from organizations on a per award basis. All organizations will be subject to the same Section 202(e) funding policy guidelines defining what types of costs may be covered by the funding.

VI. Community Development Funds:

Development Assistance funding or CDF are intended to complement Title II non-emergency programming in several Feed the Future target countries and resilience priority countries. Through CDF, FFP is able to program resources through its NGO partners to fund community-level development activities directly when the activities aim to build a community's resilience. The statutory source of these funds is Section 103 of the Foreign Assistance Act of 1961, and not the Food for Peace Act. As with all federal awards, the use of these funds is governed by 2 CFR Part 200, 2 CFR Part 700, and remains subject to applicable USAID standard provisions in ADS 303.

VII. FFPIB 18-01 Amendments/Modifications:

FFP may issue amendments/modifications to any FFPIB. However, subject to statutory requirements, the FFP Director may waive a particular provision in this FFPIB in extraordinary circumstances.