FFPIB 18-03

DATE: April 5, 2018

TO: USAID/W and Overseas Distribution Lists; USAID’s Office of Food for Peace (FFP) Awardees

FROM: DCHA/FFP

SUBJECT: Procedure to Complete Market Assessment to Inform USAID’s Office of Food for Peace Activity Design and Determine Compliance with the Conditions of the Bellmon Amendment

I. Purpose

This Food for Peace Information Bulletin (FFPIB) supersedes FFPIB 09-02, which is hereby rescinded in its entirety, and describes USAID’s Office of Food for Peace (FFP) process to conduct market assessments to inform activity design. Commissioned market assessments enable FFP and its partners to design food and nutrition security activities that are appropriate, feasible, objective and cost effective within the local context in both emergency and non-emergency settings. This FFPIB provides an outline of that process, as well as guidance on the Bellmon Determination, a requirement for all FFP Title II awards. The Bellmon Determination is a formal declaration by FFP that a proposed Title II food and nutrition security activity is compliant, or not, with the Bellmon Amendment, and is required prior to any calls forward for U.S. in-kind commodities (i.e., for both emergency and non-emergency awards). Starting in 2014, FFP allows for market-based responses in both emergency and development programs with Title II funding. FFP will also require the market analysis and Bellmon Determination for any Title II food and nutrition security activity that includes locally and regionally procured commodities.

Separate from the formal Bellmon Determination, FFP requires market analyses, consistent with current practice, for all Title II food and nutrition security activities. As explained in Section C of this FFPIB, implementing partners are also required to provide appropriate information related to the local, national and regional markets when proposing food and nutrition security activities, to ensure local markets are not negatively affected by the proposed activities.

II. Analysis and Award Process

A. Independent Market Analysis

This FFPIB lays out the anticipated process of the independent market analysis, with the goal of ensuring clearly defined responsibilities, expected contents, and timing.

Based on consultation with the Mission and USAID counterparts, FFP/Washington (FFP/W) will commission an independent entity to conduct a market analysis prior to the issuance of any Request for Applications (RFA) for a new development food security activity. For emergency activities, FFP/W
will rely heavily on its implementing partners for this information. In all cases, the report will be country-context specific, but will include the following type of basic information:

1. Overview of agricultural production and market system;
2. In-depth analysis of markets for key food security crops, as appropriate;
3. Policy issues relevant to agriculture, markets, and trade;
4. Historical overview of the food assistance in the country, covering USAID, the U.S. Department of Agriculture (USDA), the United Nations (UN) World Food Program, and other development and emergency activities; and
5. Logistics and storage profile.

This report, as well as any supporting data and other documents, will be made available to the implementing partners through the FFP website. The report will also be used as FFP/W drafts the RFA in conjunction with Mission input.

B. Implementing Partner’s Application
According to solicitation guidelines, application submissions should contain essential distribution and/or monetization parameters that are informed by both the independent market analysis, as well as the implementing partner’s own analyses. For any proposed food distribution activity, submissions should also describe the following:

1. Analysis of the underlying causes of food insecurity and the rationale for geographic and participant targeting;
2. The commodities to be distributed and documentation certifying commodities meet programmatic and/or contractual specifications and requirements;
3. Any commodity substitutions, in the event that planned commodities are not available from the U.S. or through local and regional procurement;
4. Market value of any rations;
5. Distribution timing and methods, including designated points of entry and justification of any special procurement or shipping requests;
6. The approximate annual levels and description of other food assistance, including any anticipated carryover of commodities and/or resources; and
7. Other resource transfer programs in the target area.

Regarding monetization, the implementing partner should estimate the level of award costs to be covered with revenues generated from monetization, broken out on an annual basis.

III. Bellmon Determination

This section provides guidance on the Bellmon Determination: when it is legally required, who is responsible, and what it entails.

A. Authorizing Legislation
Prior to the arrival in country of proposed Title II in-kind food assistance (whether involving distributed or monetized commodities), Section 403(a) of the Food for Peace Act (7 U.S.C. § 1733(a)) requires that the U.S. Government (USG) make a positive Bellmon Determination. A
positive Bellmon Determination indicates that, prior to the proposed call forward, the following conditions have been satisfied:

a. No agricultural commodity shall be made available under the Food for Peace Act unless it is determined that:
   1. Adequate storage facilities will be available in the recipient country at the time of the arrival of the commodities to prevent the spoilage or waste of the commodity; and
   2. The distribution of the commodity in the recipient country will not result in a substantial disincentive or interference with domestic agricultural production or marketing in that country.

In addition to the Bellmon Determination, USAID is required by Section 403(b) of the Food for Peace Act to ensure that the importation of U.S. agricultural commodities will not have a disruptive impact on the farmers or the local economy of the recipient country. Further, while the Food for Peace Act’s definition of agricultural commodities refers specifically to those sourced in the U.S., FFP will apply the criteria above to non-U.S.-sourced commodities as well.

FFP/W, in concurrence with the relevant USAID Mission, is responsible for the Bellmon Determination as part of its approval of a Title II-funded application before a final award is issued. Comments from the USAID Mission must specifically include a statement that the USAID Mission or the U.S. Diplomatic Post, if there is no USAID Mission, has determined that the proposed shipment is in compliance with the Bellmon Amendment or, alternatively, a statement that the USAID Mission is unable to make that determination and why.

The Bellmon Determination is based on available information included in the aforementioned independent market analysis. This may include, among other things, consultation with market and development experts, market reports and a specially commissioned Bellmon Analysis. In prior years, the Bellmon Analysis was a report prepared by or for implementing partners, and was included as part of a food and nutrition security activity application submission as per the FFP annual guidelines. Since 2009, FFP/W has contracted for an independent market analysis to inform food security development activity applications.

B. USAID Bellmon Determination – Positive or Negative

When applicable, for each award application under review, the relevant USG staff in the field and Washington will assess information available from all sources, including the independent market analysis report, to reach consensus on the Bellmon Determination. The information in the report is intended to assist in that decision-making process. The final Bellmon Determination is the responsibility of FFP/W, with concurrence from the Food for Peace Officer at the USAID Mission, or the otherwise delegated USG official.

C. Implications for Implementing Partners

The Bellmon Determination process complements, but does not replace the need for an implementing partners’ own initial, and ongoing market analyses and surveillance to inform their
understanding of the operational context. To implement sound food security activities, implementing partners must continue to stay abreast of the conditions of the markets in which they monetize and/or distribute food assistance. To be responsible stewards of FFP resources, awardees also need to maintain their vigilance of those relevant markets. For these reasons, while a Bellmon Analysis is not required in a food and nutrition security development activity application submission, the implementing partner will continue to be required to provide considerable information in its proposal related to the local, national and regional markets, especially for those markets that could be affected by proposed food assistance activities.

IV. Market Analysis and Bellmon Updates

FFP/W will arrange for the preparation of updates of market analyses, as needed. Updates will be required when there is compelling reason to question the validity of the findings of the prevailing analysis and/or Bellmon Determination. When an awardee, the USAID Mission, or FFP/W deems an update necessary, the awardee, USAID Mission or FFP/W should convey those concerns, in writing, along with the justifications and a suggested timeline, to the Agreement Officer, through the Agreement Officer’s Representative for activities in that country. This request should include:

1. The date of the last market analysis and/or Bellmon Determination;
2. A copy of the last market analysis used to inform an understanding of compliance with the Bellmon Amendment (where applicable);
3. A description of the performance of the FFP award, indicating any potential issues; and
4. An explanation of what calls into question the validity of the current market analysis and/or Bellmon Determination, including specific references to changed market and programmatic conditions and/or issues related to the previous analysis.

All requests for updates will be reviewed and evaluated by FFP/W. FFP/W will then inform those requesting updates of its decision regarding the request. Updates may be conducted in any countries deemed essential.

V. Deviations

Consistent with the statutory authorities and requirements of Title II of the Food for Peace Act, the FFP Director reserves the right to deviate from the procedures specified in this FFPIB under extraordinary circumstances.