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OFFICE OF FOOD FOR PEACE
INFORMATION BULLETIN (FFPIB)

FFPIB 17-01

Date: September 29, 2017

MEMORANDUM FOR ALL FOOD FOR PEACE OFFICERS

TO: USAID/W and Overseas Distribution Lists; FFP Awardees

FROM: DCHA/FFP

SUBJECT: Eligible Uses of Section 202(e) and CDF for FFP Awards

I. Purpose and Authority¹:

This Food for Peace Information Bulletin (FFPIB 17-01) 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 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 17-02. **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, 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.

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

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 the Office of Food for Peace 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.

In order to be considered eligible to receive either Section 202(e) funding for a non-emergency award, an organization must be either:

- a Private Voluntary Organization (PVO) or Cooperative; 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 Section 202(e) funding for an emergency award, an organization must be:

- a PVO or Cooperative;
- 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 activities. All uses of Section 202(e) funding must be reasonable, allowable and allocable, and are subject to the Agreement Officer’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 includes 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 purposes, including in the comprehensive budget and the annual budget pipeline subtotals. The table below and following sections further explain the types of activities that fall into each category.

Emergency Funding

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

Non-Emergency Funding

202(e)		202(e) Enhanced
Administrative	Program ²	Enhanced
<ul style="list-style-type: none"> • Staff Salaries • Fringe Benefits 	<ul style="list-style-type: none"> • Training • Sub-Awards 	<ul style="list-style-type: none"> • Local and regional procurement (LRP) of food

² The Program designation 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 “202(e)” or “202 (e) Enhanced”.

<ul style="list-style-type: none"> ● Overseas Allowances ● Travel ● Indirect Costs ● Audits ● Equipment ● Marketing 	<ul style="list-style-type: none"> ● Sub-Contracts ● Supplies ● Other Direct Costs 	<ul style="list-style-type: none"> ● Cash transfers ● Food vouchers ● Direct administrative costs to implement LRP, cash transfer or food voucher programs
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A. Administrative 202(e): Eligible uses for Section 202(e) funding in all awards include specific administrative, management, and personnel costs for carrying out Title II activities in foreign countries. All costs must be reasonable, allowable and allocable. 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 Agreement Officer;
- e. local processing;
- a. equipment 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;³
 - access or provision costs for clean water or a clean water source;
 - materials, supplies and funds for income generating or micro-financing activities; and
 - medications*;
- f. indirect costs*.

B. Program 202(e): Eligible uses for Section 202(e) funding in non-emergency awards include specific programmatic costs and, in cases where ITSH funding is not permitted (see the FFPIB 17-02 on ITSH for further information), internal transportation and distribution costs for carrying out Title II activities in foreign countries. All costs must be reasonable, allowable and allocable. 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 (*).

- b. methodologies to improve and implement food aid programs, as approved by the Agreement Officer on a case-by-case basis;
- c. needs assessments upon the request of the USAID Administrator;
- d. monitoring, especially at activity sites and at the household level, and evaluations, including activities tied to environmental compliance;
- e. branding and marking;
- f. 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)⁴;
- g. trucking (includes the lease or rental of trucks, maintenance, fuel, drivers and loading/unloading charges) for non-LDCs;
- h. distribution cost for non-LDCs;

³ All types of construction in non-emergency programs must be identified for pre-approval and regulated per the USAID construction policy.

⁴ 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 (insert link).

- i. 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));
- j. 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); and
- k. on- and off-farm income-generating and capacity-building activities contributing to household and community resilience and sustainable food security.

Note: FFP’s preferred policy regarding vehicle procurement is that organizations purchase vehicles with a source of funding other than the U.S. Government (i.e., organizations’ cost share). Section 202(e) funding may be used to rent or procure vehicles for use in Title II activities 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 activities, which together comprise a program, are aligned with the FFP Strategy and, where applicable, the USAID Country Development and Coordination Strategy (CDCS). When relying on this specific authority, Title II commodities provided under Sections 202(a) or (b) **must be an integral component of the activity.**

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
- c. complementary services including analysis, social behavior change communication, and resilience interventions in protracted recovery or conflict-affected settings.

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 shall only cover those costs/activities submitted in U.S. dollar amounts.
3. No expense is eligible for Section 202(e) funding until it is approved by the Agreement Officer under a procurement authorization, modification, grant or cooperative agreement.
4. In LDCs, Section 202(e) funding is expected to cover 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 17-

02). For non-emergency activities in non-LDCs, Section 202(e) funding would be 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 (CDF)

Development Assistance funding or Community Development Funds (CDF) are intended to complement Title II non-emergency programming in several Feed the Future (FTF) target countries and resilience priority countries. Through CDF, FFP is able to program cash through its NGO partners to fund community-level development activities directly when the activities aim at building 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 17-01 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.