United States Agency for International Development
Bureau of Democracy, Conflict and Humanitarian Assistance
Office of Food for Peace

Fiscal Year 2013 Pipeline and Resource Estimate Proposal Guidance
(Updated September 2012)

Awardee Name/Host Country *(insert)*
Award Number *(insert)*

Submission Date *(insert)*

(Insert the following information)
Awardee HQ Contact Name
Awardee HQ Contact Address
Awardee HQ Contact Telephone
Awardee HQ Contact Fax
Awardee HQ Contact Email

(Insert the following information)
Host Country Office Contact Name
Host Country Office Address
Host Country Office Contact Telephone
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Acronyms

AER & CP	annual estimate of requirements and commodity pipeline spreadsheet
AO	agreement officer
AOR	agreement officer's representative (formerly agreement officer's technical representative or cognizant technical officer)
ARR	annual results report
B&M	branding strategy and marking plan
BEHT	Bill Emerson Humanitarian Trust
BEO	bureau environmental officer
CDF	community development funds
CF	call forward
DCHA	Bureau of Democracy, Conflict, and Humanitarian Assistance
DIP	detailed implementation plan
ESR	environmental status report
FFP	Office of Food for Peace
FFP/M/R	Food for Peace Mission and/or Regional Office, as appropriate
FFP/W	Food for Peace/Washington
FFPMIS	Food for Peace Management Information System
IDPs	internally displaced person
IPTT	indicator performance tracking table
ITSH	internal transport, storage and handling
LOA	life of award
M&E	monitoring and evaluation
MYAP	Multi-Year Assistance Program
NICRA	negotiated indirect cost rate agreement
PREP	pipeline and resource estimate proposal
PVO	private voluntary organization
USAID	U.S. Agency for International Development

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Fiscal Year 2013 Pipeline and Resource Estimate Proposal Guidance

I. Background and Purpose

The Pipeline and Resource Estimate Proposal (PREP) describes an awardee's food aid resource needs and activities for a food aid program over the course of the upcoming implementation year. All awardees currently implementing Multi-Year Assistance Programs (MYAPs) and development programs that intend to operate past the end of the current fiscal year must submit a PREP, even if additional resources will not be requested. Programs awarded in the previous fiscal year or programs that have an expiration date in the current fiscal year should work with their agreement officer's representative (AOR, formerly referred to as the agreement officer's technical representative or cognizant technical officer) to determine which components of the PREP are required.

The award language prepared by the U.S. Agency for International Development (USAID) Office of Food for Peace (FFP) in Washington, DC (FFP/W) explicitly outlines the life of award (LOA) resources for each food aid program's commodity metric tonnages, freight estimates, section 202(e) funds and internal transport, storage and handling (ITSH) funds. The awardee's adherence to the programmatic and budgetary components as described in the approved award agreement will facilitate an expeditious review and approval of the PREP.

The PREP should be submitted between August and November. The awardee will work closely with the AOR in FFP/W as well as the contacts in the FFP/Mission and/or Regional Office, as appropriate (FFP/M/R), to determine a due date for the PREP within this date range. The due date should take into consideration the awardee's first anticipated call forward (CF) using resources approved in the PREP being submitted. Final fiscal year PREP submissions should also keep in mind the expiration date of the food aid program and the anticipated due date of the close-out plan.

Approval of the PREP[1] is dependent upon the satisfactory completion of each component as listed below and detailed in Section IV, *PREP Components*, of this guidance.

1. Introduction;
2. Monetization Proceeds and Program Income;
   A. Monetization Proceeds;
      i. Monetization Budget;
      ii. Timing and Maximizing Monetization Proceeds; and
      iii. Monetization Expenditures;
   B. Other Program Income;
3. Bellmon Analysis Supplemental Information;

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[1] Should the awardee request a substantial programmatic or financial change from their approved food aid program, the awardee should consult with the appropriate AOR, who will make the determination on if and how to move forward in modifying the award. Final approval rests with the agreement officer (AO) and requires substantial justification from the awardee.

4. Food Aid Commodity Justification;
5. Food Aid Commodity Rations;
6. Monitoring and Evaluation Plan;
   A. Indicator Performance Tracking Table Narrative; and
   B. Detailed Implementation Plan Narrative;
7. Program Graduation and Exit Strategies; and
8. Attachments
   A. Budgets
      i. Comprehensive Budget;
      ii. Detailed Budget; and
      iii. Budget Narrative;
   B. Monetization Tables;
      i. Life of Activity Analysis for Monetization Proceeds; and
      ii. Anticipated Monetization Proceeds and Cost Recovery;
   C. Annual Estimate of Requirements and Commodity Pipeline;
   D. Tracking Table for Beneficiaries and Resources;
   E. Monitoring and Evaluation Materials;
      i. Monitoring and Evaluation Assessments Table; and
      ii. Monitoring and Evaluation Plan;
          a. Indicator Performance Tracking Table; and
          b. Detailed Implementation Plan;
   F. Environmental Status Report Guidance and Compliance Information;
   G. Affirmation of Certifications;
   H. Negotiated Indirect Cost Rate Agreement;
   I. Close-out Schedule; and
   J. Completeness Check.

UPDATE: FFP previously asked for awardees to disaggregate information by technical sector in PREPs and other reporting. To better align FFP reporting with standard foreign assistance indicators developed by the U.S. Department of State and USAID, awardees are asked to report on activities by program element. All awardees are asked to assign resources and beneficiaries to the relevant program element in their Annual Estimate of Requirements and Commodity Pipeline (AER & CP) and Tracking Tables for Resources and Beneficiaries spreadsheets going forward. Programs awarded in FY2011 and later are further asked to disaggregate their detailed budgets by program element, consistent with the budget format approved with their award. Awardees should assign activities and resources to program elements based on the definitions found in the AER; further information on standard foreign assistance indicators can be found at http://www.state.gov/f/indicators/. The table below shows suggested comparability between technical sectors and program elements.

Technical Sectors	Program Elements
Ag. / NRM – HIV or Non-HIV	Agricultural Sector Capacity
	Natural Resources and Biodiversity
Civil Society Strengthening – HIV or Non-HIV	Civil Participation
	Capacity Building, Preparedness and Planning
Education – HIV or Non-HIV	Basic Education
Emergency Prep. / Disaster Mitigation – HIV or Non-HIV	Assistance and Recovery
Health & Nutrition – HIV or Non-HIV	HIV/AIDS
	Family Planning and Reproductive Health
	Maternal and Child Health
	Nutrition
Non-Ag. Income Generation – HIV or Non-HIV	Strengthen Microenterprise Productivity
Vul. Group Feeding / Social Safety Net - HIV or Non-HIV	Protection and Solutions
	Social Assistance
Water / Sanitation – HIV or Non-HIV	Water Supply and Sanitation

II. PREP Submission

NOTE: PREP submissions should follow the instructions below until the launch of the Food for Peace Information Management System (FFPMIS). Following the launch of FFPMIS, all PREP materials will be submitted through the online system. Registration information, training opportunities, and instruction manuals, *as well as detailed PREP submission instructions*, **will be circulated through the FACG listserv as they become available.**

The awardee should submit an electronic copy of the PREP to both FFP/W and FFP/M/R for all currently active MYAPs and development programs by the negotiated due date. The electronic copy

submitted to FFP/W should be sent to ffpdocs@amexdc2.com. Awardees with more than one award should submit each PREP separately, with the subject line of each electronic submission reading "FY__PREP" and the awardee name and host country (or country names/region for regional programs). USAID email accounts cannot accept zipped files; awardees should therefore follow-up with FFP/M/R to ensure all files were received.

Awardees should note that due to the PREP review and approval process, it is very important that the PREP be electronically submitted to both FFP/W and FFP/M/R. Failure to submit the PREP to both FFP/W and FFP/M/R may not only delay the PREP review and approval process, but the first CF as well.

III. PREP Format

In lieu of a hard copy, all PREP submissions are requested electronically and in the printer-friendly formats suggested below. Submissions not sent according to the standards requested in this guidance will be returned. Please adhere to the following formats, as applicable:

1. No more than 15 pages in length, excluding cover page, list of acronyms and attachments;
2. Written in English and in 12-point "Times New Roman" font;
3. Narratives should be prepared in Microsoft Word, with print areas set to 8.5 x 11 inch, letter-sized paper, one-inch margins, left justification and a footer on each page including page number, date of submission, food aid program awardee, host country and award number; and
4. Spreadsheets should be prepared in Microsoft Excel, with print areas set to 8.5 x 11 inch, letter-sized paper. Only the indicator performance tracking tables (IPTT) may be submitted on 8.5 x 14 inches, legal-sized paper.

IV. PREP Components

A complete PREP includes the timely submission of each component detailed below, provided in this order and with corresponding titles. Awardees should use the templates provided, as applicable. Please include only the information requested. If no changes from the approved award are requested for any of the components below, then the awardee should state that the section is not applicable, "N/A", leaving explanations for the *Completeness Check,* described below. Supplemental information should be provided if it directly supports information requested in the PREP. Please direct any questions regarding these instructions to the appropriate AOR.

Awardees should consider each food aid program's LOA to capture activities and expenses related to food aid program sustainability, exit strategies and close-out, particularly as they approach their final implementation year. The close-out of an award is the process by which USAID determines that all applicable administrative actions and required work of the award have been completed by the awardee and USAID. A well-planned LOA, particularly in the final implementation year of a food aid program, will result in an organized close-out process. For more information regarding the close-

out of food aid programs, refer to the *Food Aid Program Close-out Guide,* available on the FFP website.[2]

Annual Review of Branding Strategy and Marking Plan

Each year, the AOR will revisit the Branding Strategy and Marking Plan (B&M) and will consider changes in the country program operating environment when reviewing the PREP. If changes have occurred, the AOR may need to work with the awardee, i.e., private voluntary organizations (PVOs), to update the B&M during the PREP review process. If difficulties arise, the AOR will consult with the Missions to determine what their standards are for the B&M in the country and/or region.

Implementation Year or Fiscal Year?
Awardees should note the differences in fiscal year and implementation year. The implementation year is a 12-month period of time during which a food aid program may operate, in contrast to the U.S. Government's fiscal year schedule. The implementation year begins on the date that the food aid program award becomes effective, as detailed in the award agreement. Given award approval dates and the life of food aid program awards, one implementation year will likely straddle two fiscal years. For example, a program approved in April 2012 has its first implementation year from April 2012 to March 2013 and straddles both fiscal year 2012 and fiscal year 2013.

While an implementation year is always a 12-month period of time, food aid activities may not be implemented during that entire time period. For example, for emergency programs approved for less than 12 months of operation, the implementation year would be a 12-month period extending from the effective date of the award, but the food aid program would be implementing activities only during the actual life of the award. Similarly, for award extensions of less than 12 months, the implementation year would be a 12-month period extending from the extension's start date, but the food aid program would be implementing activities only during the remaining life of the award.

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    1. Introduction: Food Aid Program Implementation and Responsiveness

A critical pre-condition in the approval of the PREP is the demonstration that the food aid program is making adequate progress towards achieving their outlined objectives and targets. A brief synopsis of such progress should be provided in the PREP Introduction. In addition, the awardee should demonstrate compliance with FFP requirements and address concerns and recommendations that have been identified in the prior approved PREP, prior annual results reports (ARR), baseline, mid-term or final evaluations, field monitoring, Layers[3] and/or other sources, as appropriate.

Food aid programs that are unable to demonstrate progress towards achieving their outlined objectives and targets should provide an explanation, including a description of their operating environment, the extenuating circumstances that are impeding progress and specific ways that the

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[2] FFP updated its Close-Out Guide in May 2009. Awardees should consult this updated version when planning for and budgeting a food aid program's close-out.
[3] Layers is a USAID monitoring system for assessing the quality of FFP program implementation. It is not yet operational in all host countries, however FANTA-2 will ultimately implement Layers in all FFP host countries. For more information, visit the *Layers* webpage at http://www.fantaproject.org/about/layers.shtml.

awardee plans to mitigate these obstacles in the upcoming fiscal year and in food aid program out-years.

2. Monetization Proceeds, Other Program Income, and Community Development Funds

Awardees should describe activities surrounding the generation of monetization proceeds and other program income during the implementation year, as applicable. Program income means gross income earned by the awardee from activities supported under the approved food aid program during the LOA, including, but not limited to: monetization proceeds; interest earned on deposits of monetization proceeds; revenue from income generating activities and microenterprise efforts; funds accruing from the sale of containers; and nominal voluntary contributions by beneficiaries made on the basis of ability to pay. Please discuss large fund balances with the AOR prior to PREP submission. Awardees should note that monetization proceeds totals must match the corresponding total provided in the *resource summary table* (part of the tracking tables for beneficiaries and resources) and the monetization tables (both are attachments of this PREP Guidance).

If Community Development Funds (CDF) are released and made available in the program country, and the AO and the USAID Mission or Regional Office agree that CDF will be used in lieu of monetization, the AOR will provide further guidance on the CDF process to the awardee.

A. *Monetization Proceeds:*
   i. *Monetization Budget:* The amount of monetization proceeds expected to be generated during the implementation year should match the awardee's monetization budget. If the amount of expected monetization proceeds exceeds the amount from the approved budget, the awardee should reduce the request for food aid commodities for monetization. If the monetization proceeds exceed the amount in the awardee's approved budget, the awardee must discuss factors affecting resources tied to this windfall and obtain AOR approval to expend the surplus proceeds. Awardees should also note in this section any monetization information that is not yet available as well as the anticipated date for availability of the information. An LOA analysis for monetization proceeds as well as anticipated monetization proceeds and cost recovery should be noted in the monetization tables.

   ii. *Timing and Maximizing Monetization Proceeds*: In order to obtain the best sales prices, the awardee should provide justification for the timing of monetization of food aid commodities and how the monetization corresponds to the agricultural sector of the host country, market cycles and information presented in the Bellmon Estimation Studies[4] and subsequent updates, along with the awardee's knowledge of the market. (This information should also be reflected in the food aid commodity pipeline, part of the AER & CP described below).

   Additional issues to address include, but are not limited to: How does the awardee ensure that the value of the monetization proceeds will not diminish due to currency fluctuations and/or devaluation? How will the awardee compensate for a

shortfall of monetization proceeds or modify their food aid programming accordingly? Any shortfalls and modifications must be discussed with the appropriate AOR.

iii. *Monetization Expenditures:* Spending available monetization proceeds should be prioritized over spending section 202(e) funds and ITSH funds, if appropriate. However, an awardee should not arbitrarily increase the rate of spending in the final months of the award simply to expend remaining funds in any funding category. LOA expenditures are expected to stay within approved LOA budget levels. Awardees should explain any deviations from approved implementation year budget levels.

B. *Other Program Income:* As with monetization proceeds, the amount of other forms of program income expected to be generated should match the awardee's budget. If the amount of expected program income exceeds or falls short of the amount from the approved budget, the awardee must discuss factors resulting in this discrepancy and obtain AOR approval via the PREP to either expend the surplus income or adjust the budget due to the shortfall.

C. *CDF:* Unless otherwise requested by the AOR, the amount of CDF resources expected should match the awardee's budget for monetization proceeds. If the amount of CDF resources made available by USAID exceeds or falls short of the amount from the approved budget, the awardee must discuss factors resulting in this discrepancy and adjust program activities in collaboration with the AOR.

3. <u>Bellmon Analysis Supplemental Information</u>

Bellmon Estimation Studies are now provided by a third-party contractor; awardees are therefore no longer required to conduct a Bellmon Analysis. However, to contribute to the soundness and thoroughness of the PREP, information showing that planned food aid distributions and food aid commodities for monetization would not interfere in local markets or reduce incentives to local agricultural production should be provided. It is therefore incumbent upon the awardees to know their operating environment by monitoring short- and long-term developments in the local, national and international markets of the food aid commodities being used and to ensure that the proposed distribution and monetization efforts will not interfere in local markets or reduce incentives to local agricultural production. For food aid monetization activities, awardees should provide sufficient assurances that the anticipated sales price approximates the import parity price for each food aid commodity to be monetized. For direct distribution of food aid commodities, awardees should provide evidence (based on levels of food insecurity, malnutrition, household income, etc.) that the methodology used to determine beneficiary populations ensures that the beneficiaries are indeed food insecure and the proposed food aid distribution would be additive.

4. <u>Food Aid Commodity Justification</u>

Awardees should provide an explanation for the proposed quantity or type of food aid commodities for the upcoming implementation year, if different from the approved award. For example, if the amounts, as provided in the AER & CP, differ from LOA levels approved for the food aid program for that implementation year, please explain why this difference occurred. In addition, should the food aid commodity change from the approved award, the awardee should remember to factor host country settings such as fuelwood availability and deforestation rates when determining an

appropriate new food aid commodity (i.e., longer cooking time of certain pulses or reduced fuelwood use due to milling or soaking practices). Social, cultural and climatic conditions should also be taken into consideration when choosing the appropriate new food aid commodity.

Awardees should also discuss where and when the food aid commodities will be distributed and if targeted beneficiaries will change. The planned food aid distribution should coincide with an updated AER & CP.

For more information on food aid commodities and substitutable food aid commodities available to FFP awardees, please reference the *USAID Commodities Reference Guide* or the latest commodity calculator.

5. Food Aid Rations

Awardees should detail and justify any changes from the approved award in the food aid ration size, composition and/or target population(s) for the upcoming implementation year. If food aid commodities change from the approved award, it should be noted in the *Food Aid Commodity Justification* section described above, with corresponding changes in food aid rations described here.

Should the number or type of activities supported by the food aid rations change from the approved award, the awardee should discuss if and how the food aid rations are complementary and/or coordinated. If more than one FFP awardee is distributing food aid rations in the host country (including public intergovernmental organizations such as the World Food Program), discuss whether and/or how food aid rations are coordinated among FFP awardees and with the host country government.

Similarly, any changes in food aid ration eligibility criteria should be described by award activity, where appropriate. For example, if the beneficiary numbers expand or shrink based on changes in specific targeting criteria, please include a brief description of this change and the impact on the food aid program. Food aid ration size and composition should correspond to the objective of the food aid program, taking into consideration associated nutrition issues and logistical and financial costs.

Note: Awardees must ensure that total metric tonnage levels per food aid commodity described in this section match the food aid commodities for direct distribution provided on the AER, part of the AER & CP. The food aid ration calculator, provided as a separate tab within the AER & CP and described below, should be used as the reference source for such calculations.

For more information on recommended dietary and energy allowances used to determine food aid rations, please consult the *USAID Commodities Reference Guide*. In addition, NutVal, the general food aid ration planning, calculation and monitoring application developed by the United Nations, is also a useful reference for food aid rations determinations.

6. Monitoring and Evaluation Plan

The monitoring and evaluation (M&E) plan is a description of the entire M&E system of a food aid program and includes the results framework, IPTT, detailed implementation plan (DIP), performance monitoring plan, and any other M&E tools used for the food aid program. Per the award agreement, FFP must approve all changes to the M&E plan; therefore, proposed modifications to any aspect of the M&E plan of the food aid program should be brought to the AOR's attention in this section. An explanation of proposed changes to the M&E plan, including brief summaries of key findings or

recommendations of any assessments such as evaluations and/or special studies conducted in the prior implementation year, should be provided in order to justify the changes. A list of all M&E assessments (e.g., baseline surveys, evaluations, formative research, and/or special studies) conducted should be submitted in the *Monitoring and Evaluation Assessments Table*, which is an attachment to this *PREP Guidance*.

Note that while the food aid program's M&E plan and DIP should record planned activities by implementation year, indicators, program quarterly reports, and other results-based data submitted to FFP (via the IPTT in the PREP) should be based on the fiscal year.

   A. *Indicator Performance Tracking Table Narrative:* If any changes to the M&E plan are proposed, the approved IPTT should be revised accordingly and included as an attachment. Justifications for and descriptions of changes should be provided in this section. Awardees should describe any changes to performance indicators, including those used to determine environmental compliance. Out-year targets should be revised upward when prior fiscal year targets have been consistently exceeded, unless the awardee provides an explanation that unrepeatable factors contributed to exceeding targets. A downward revision of an out-year target requires a full explanation and FFP approval.

   B. *Detailed Implementation Plan Narrative:* The DIP is a management tool that guides activity implementation for the implementation year. It should describe activities that correspond to the resources requested in the AER & CP in order to meet the award objectives and targets for the fiscal year.

      A DIP narrative and table should be submitted for the upcoming implementation year if any changes are being proposed to the approved M&E plan. The narrative should include the status of any outstanding recommendations, including environmental mitigation efforts, from prior implementation years of the food aid program and a description of how these issues are being addressed in the upcoming implementation year. The narrative should complement the DIP table (attachment to the *PREP Guidance)* and justify the chosen activities and the relationship between the activities and the objectives and targets set for the upcoming implementation year. The narrative should also include the status of any outstanding recommendations from prior implementation years of the food aid program and a description of how these issues are going to be addressed in the upcoming implementation year and onward.

   7. Program Graduation and Exit Strategies

Definitions of and guidance for program graduation and exit strategies can be found in the publication *Program Graduation and Exit Strategies: A Focus on Title II Food Aid Development Programs,* published by Food and Nutrition Technical Assistance II (FANTA-2) Project.

Program graduation and exit strategies for a food aid program consist of a plan describing how the food aid program intends to withdraw its resources while assuring achievement of development goals is not jeopardized and progress towards these goals continues. An exit strategy may use graduation from specific project areas as steps towards the eventual total withdrawal of resources, or the exit may take place at one time across the entire food aid program. In both cases, the underlying goal of an exit strategy is to ensure sustainability of food aid program impacts after a food aid program expires. A clearly defined exit strategy involves identifying exit approaches to be used; criteria for

exiting; measurable benchmarks of progress in meeting the criteria; a timeline for the exit process; action steps and responsible parties; and mechanisms to assess progress.

Food aid programs are required to develop exit strategies from the start of their award. Over the course of implementation, the awardee should reexamine the exit strategy and update it as necessary. The food aid program should be built around milestones leading up to the last one being the exit itself due to sustainability of activities. In this context, awardees should consider how the food aid program is progressing with respect to the current milestones. Awardees should:

A. Consider where the food aid program is in its life cycle;
B. Consider achievements to date and discuss key issues affecting program graduation and exit;
C. Consider which food aid program outcomes and impacts are expected to be sustained;
D. Consider the environmental impact and sustainability of the food aid program; and
E. Describe which activities will be phasing over, phasing down or phasing out (including food aid ration reduction) by the expiration date of the food aid program, how this will be done and desired impacts, including potential decreases in beneficiary load.

Ideally, activities would continue as needed using local (community or government) resources, but in some cases, ongoing external support may be required. To ensure this support is provided, FFP program and resource integration with non-FFP resources is highly encouraged. Resource integration should therefore be woven into the food aid program's exit strategy. The U.S. Government offers a wealth of technical and financial resources that can be used to complement a development program, especially those in the last year(s) of food aid programming. By seizing upon alternative resource pools, multi-year development food aid program activities are not confined to the life of FFP resources alone and can use other resources to continue key activities and gradually move to greater sustainability. The following list, by no means exhaustive, provides examples of potential resource integration partners:

A. USAID Farmer to Farmer Program
B. USAID Missions programs
C. USAID Global Development Alliance
D. USAID Global Conservation Program
E. USAID Global Climate Change Program
F. Initiative to End Hunger in Africa
G. President's Emergency Plan for AIDS Relief
H. United States Department of Agriculture
I. The Millennium Challenge Corporation
J. Comprehensive Africa Agriculture Development Program
K. Host Country Government programs
L. Local organizations

8. Attachments

The following attachments should also be submitted in conjunction with the narrative provided above, as applicable. Please note that the letters for the following subsections correspond to the letter of the PREP attachments.

A. *Budgets*

While FFP encourages awardees to use the suggested budget line item titles as provided in the corresponding budget templates, FFP recognizes the importance of remaining consistent across the LOA. Accordingly, awardees may continue to use those budget line item labels that have been approved and are already in use. FFP has provided two budget templates; awardees whose previously approved detailed budgets break down spending by program element should continue to follow this format. More information on FFP's gradual shift to disaggregating budgetary and programmatic information by program element can be found on page five of this guidance.

i.   *Comprehensive Budget*: Awardees should submit a comprehensive budget for the upcoming implementation year. Awardees should maintain consistency in budget presentation and categories as they move from the approved award through all subsequent PREPs. Totals shown for each category must be the same in both the detailed budget and the comprehensive budget. If using CDF in lieu of monetization, CDF resources should be listed under the "other" column and noted as such.

ii.   *Detailed Budget:* Awardees should submit a detailed budget for the upcoming implementation year. Awardees should maintain consistency in budget presentation and categories as they move from the approved award through all subsequent PREPs. The detailed budget should mirror the approved detailed budget of the award. If using CDF in lieu of monetization, CDF resources should be listed under the "other" column and noted as such.

Awardees should note that costs for environmental mitigation measures must also be included in each implementation year budget including, for example, environmental assessmentas and environmental impact statements (refer to 22 C.F.R. 216). If no line item specific to environmental mitigation measures exists for the food aid program, awardees must reflect how costs are incorporated into each applicable program element being implemented by the food aid program. Costs for services provided by subawardees should be disaggregated and shown as single line items.

UPDATE: Beginning with programs awarded in FY2011, the revised Detailed and Comprehensive Budget template disaggregates each line item by program element. If only one unit of a line item will be used for the program, but will be shared among multiple program elements, please use a fraction for number of units based on the percentage of time or value that the line item will be used for each element. For example, if a program will address two program elements, Nutrition and Basic Education, but will employ one program manager, the applicant would enter 0.5 as the number of units under the appropriate funding source in both the *Program Element 1 Nutrition* section and the *Program Element 2 Basic Education* sections.

iii.   *Budget Narrative:* The budget narrative has been separated from the main PREP narrative in order to allow the awardee full discretion on length. In the budget narrative section, the awardee should provide an explanation to accompany the comprehensive and detailed budgets and describe key differences between what is being proposed and the approved LOA budget. FFP does not generally provide

more resources for any given implementation year than what was allocated for the approved food aid program. However, under exceptional circumstances, greater resources than what had been anticipated may be needed for a select implementation year. Note that while year-to-year fluctuations are acceptable within the budget, the total LOA budget is expected to remain the same.

When preparing the budget narrative for the upcoming fiscal year's PREP submission, awardees should reference the following:

- USAID 22 C.F.R. 211 (USAID Regulation 11), *Transfer of Food Commodities for Food Use in Disaster Relief, Economic Development and Other Assistance;*
- USAID 22 C.F.R. 226, *Administration of Assistance Awards to U.S. Non-Governmental Organizations*;
- OMB Circular A-122 (Relocated to 2 C.F.R. 230), *Cost Principles for Non-Profit Organizations;* and
- The most recent FFP Information Bulletin on section 202(e) funds and ITSH funds, including a matrix addressing monetization proceeds, for specific information regarding the use and eligibility of these funds.

FFP/W and FFP/M/R will be using these documents to determine whether the overall budget for the food aid program is appropriate. For food aid programs with monetization components, FFP/M/R will ensure that the awardee has satisfactorily met financial and management requirements set forth in the above documents.

Items to be discussed in the narrative include, but are not limited to, the following:

- Requests for procurement of any property[5] with a value of $5,000 or more with useful life of one year or more for the upcoming implementation year, with a description of and purpose for the property;
- Significant amount of carry-over from the prior implementation year;
- Budget line items in requested changes in section 202(e) funds and/or ITSH funds;
- The latest negotiated indirect cost rate agreement (NICRA) and whether or not rate changes are expected; and
- Per 22 C.F.R. 216, *Environmental Procedures*, where a line item in the detailed budget for environmental mitigation does not exist, costs for environmental mitigation measures for relevant technical sectors must be described.

As per 22 C.F.R. 211.5 (a), requests in the PREP for cumulative budget shifts of monetization proceeds by program element of ten percent or more require agreement officer (AO) approval and should be discussed with the AOR prior to PREP submission.

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[5] Property includes both individual units of equipment and aggregate supplies.

B. Monetization Tables
The monetization tables enable the AOR to determine whether monetization proceeds are on target for the approved budget, or whether changes are needed. Awardees should note that the monetization budget and request amounts should match the corresponding monetization amounts provided in the resource summary table, part of the tracking tables for resources and beneficiaries. Information provided in the narrative should correspond with and complement the information presented in these monetization tables.

i. *Life of Activity Analysis for Monetization Proceeds:* Awardees should complete the LOA analysis for monetization proceeds table if the food aid program contains monetization. LOA expenditures are expected to stay within approved LOA budget levels. Explain any deviations from the approved implementation year budget levels in the monetization narrative, as noted above.

On an implementation year basis, the amount of monetization proceeds expected to be generated should match the awardee's monetization budget. If the amount of monetization proceeds expected to be generated in the upcoming implementation year is likely to exceed the amount from the approved budget, the awardee should reduce the request for food aid commodities for monetization. If the monetization proceeds exceed the amount in the awardee's approved budget, the awardee must discuss factors affecting resources tied to this windfall and obtain AOR approval to expend the surplus proceeds.

ii. *Anticipated Monetization Proceeds and Cost Recovery:* Awardees should complete the anticipated monetization proceeds and cost recovery table for expected monetization proceeds and cost recovery for the upcoming implementation year, as applicable.

iii. *Actual Monetization Proceeds and Cost Recovery:* The actual monetization proceeds and cost recovery figures for the upcoming implementation year will be captured within the awardee's subsequent ARR and on a quarterly basis with the submission of the federal financial forms.

iv. *Anticipated or Actual Monetization Results:* Awardees should report on how they plan to maximize the value of monetization proceeds. Note whether the timing of the sale corresponds with the agricultural crop and market cycles in order to obtain the best sales price. (This information should also be reflected in the commodity pipeline tab of the AER & CP).

UPDATE: The revised AER tab of the AER & CP no longer disaggregates food aid commodity requirements for direct distribution and monetization by technical sector. Instead, the AER (and corresponding food aid ration calculator) now disaggregates such data by program element for food aid commodities used for both direct distribution and monetization. For each food aid commodity being requested, awardees should enter the program element(s) to which they correspond, and disaggregate this information by food aid commodities for direct distribution and/or monetization. For example, if an awardee programmed food aid commodities under the program element of Agricultural Sector Capacity, that program element option would be available in both the direct distribution and monetization sections of the AER.

Please refer to page five of this guidance for further information on this change.

C. *Annual Estimate of Requirements and Commodity Pipeline:* It is very important that awardees fully read the definitions and instructions tabs included in the AER & CP to complete this attachment properly. Food aid commodity requirements are ultimately approved through the AER & CP along with the award agreement; the AER & CP is therefore a critical component of the PREP. While the AER & CP is submitted with the PREP, periodic updates may be requested by FFP/W during the implementation year, but no more than quarterly, if necessary for resource management.

The AER & CP details how one implementation year of food aid commodities and cash resources are programmed. Totals provided in the AER & CP should match those provided in the PREP narrative, the tracking tables for beneficiaries and resources, and the monetization tables (as applicable).

NOTE: The AER & CP should be completed according to implementation year and not fiscal year. For each award, one AER & CP should be submitted per funding type. Thus, if award resources are split between emergency and non-emergency resources, two AER & CP attachments should be submitted with the PREP. If multiple partners are implementing a single food aid program, only one aggregate AER & CP should be submitted to FFP, by the consortium lead.

i. *Food Aid Rations Calculator:* The food aid rations calculator tab should be completed first due to automatic calculations that pre-fill cells in subsequent sheets. Detailed instructions are provided in the AER & CP and should be adhered to closely. The food aid rations calculator allows awardees to enter food aid rations per program element, activity and location. Based upon the number of food aid distributions, the food aid ration calculator will then provide the total metric tonnage for one implementation year per commodity and category.

ii. *Food Aid Commodity Nutrition Information:* Awardees should use the food aid commodity nutrition information sheet to enter energy and protein values for the requested food aid commodities. The nutrition values are already entered in the sheet, based upon *USAID Commodity Reference Guide* values. However, awardees may choose to adjust nutrition values according to those found in other acceptable sources. In such cases, awardees should enter their nutrition values and justification for

changes into the corresponding columns on the food aid commodity nutrition information tab. Once entered, the nutrition values from this tab will adjust the values on the food aid rations calculator.

    iii. *Annual Estimate of Requirements:* The food aid commodities for direct distribution listed on the food aid rations calculator should automatically transfer to the AER. Awardees should then enter food aid commodity information for monetization activities. Awardees should note that the disaggregation of program elements by food aid commodities for direct distribution and monetization is reflected in two corresponding sections on the AER. Be sure to pay special attention to the instructions provided in the AER & CP.

    iv. *Food Aid Commodity Pipeline and Resource Pipeline Summary Tabs:* The food aid commodity pipeline and the resource pipeline summary tabs are crucial tools for an awardee to justify when CFs and financial obligations must be made for its food aid program. FFP/W will draw upon these tabs to make monthly resource allocation decisions, relying on the arguments put forth by the awardee to advocate for funding when resources are scarce. Thus, it is important that the awardee explain and justify each requested CF or support funds obligation. The food aid commodity pipeline information will help FFP/W to better schedule and prioritize funding actions. These tabs are not an official financing mechanism for FFP, but rather an important planning tool for the office. Taken together, they present the awardee's food aid commodity and support funds request and projected usage (burn rate) for the existing resources (carry-in) and those being requested in the upcoming fiscal year.

D. *Tracking Tables for Beneficiaries and Resources:* It is very important that awardees fully read the definitions and instructions sheets included with the tracking table for beneficiaries and resources spreadsheet to complete this attachment properly. The tracking tables should summarize the total resources (food aid commodities, support funds, cost share, etc.) approved and requested for the food aid program in the upcoming implementation year and the total number of direct food aid program beneficiaries planned during the upcoming implementation year.

NOTE: For each award PREP submission, one tracking tables for beneficiaries and resources spreadsheet is required per implementation year per funding type. Accordingly, if award resources are split between emergency and development resources, two tracking tables spreadsheets should be submitted – one for each funding type. If multiple partners are implementing a single food aid program, only one aggregate tracking tables spreadsheet should be submitted to FFP, by the consortium lead.

For each of the following sections, the letter corresponds to the letter of the tab in the tracking tables spreadsheet.

    i. *Tab A. Resources Summary Table-Proposals/PREP:* The resources summary table tab should be completed first. Awardees should include all resources (i.e., food aid commodities for both direct distribution and monetization, section 202(e) funds, ITSH funds, cost share, etc.) on the resources summary table sheet by program element and implementation year. For more information on FFP's gradual shift to disaggregating

resources and activities by program element, including suggested comparability between technical sectors and program elements, please see page five of this guidance. Monetization totals provided in this tab should match those provided in the corresponding sections of the food aid program's monetization tables and budgets. If you are planning to use CDF in lieu of monetization, enter those resources under the "monetization proceeds" column.

a.   Awardees should provide the resource totals targeting beneficiaries who are highly vulnerable children. According to the PL 109-95 Implementation Strategy (May 2006), highly vulnerable children are "children and youth who are under 18 years whose safety, wellbeing, growth and development are at significant risk due to inadequate care, protection, or access to essential services." Refer to www.hvcassistance.org for further information. Using the tracking tables spreadsheet, the awardee should specify the planned resource targets for highly vulnerable children, disaggregated by gender and age (under 17.99 years of age) where possible.

ii.   *Tab B. Resources Summary Table-Annual Results Report:* For the purposes of the PREP, this tab should be left blank. This tab will be updated and submitted with the food aid program's ARR.

iii.   *Tab C. Beneficiaries Data by Program Element:* Awardees should provide their estimated number of direct food aid program beneficiaries for the upcoming implementation year for each program element in which they implement activities in the columns corresponding to PREP data. The ARR columns should be left blank at this time as they will be updated and submitted with the food aid program's ARR.

a.   Certain rows on the beneficiary data by program element tab capture information related to the Bill Emerson Humanitarian Trust (BEHT). Given that BEHT is used on an emergency and/or contingency basis, awardees cannot request its use in advance and should therefore leave these rows blank for the PREP submission. These rows will be completed, if applicable, with the submission of the ARR.

b.   Awardees should provide the number of beneficiaries who are internally displaced persons (IDPs) or refugees. According to the *USAID Assistance to Internally Displaced Persons* report, IDPs are persons involuntarily uprooted within their country of origin due to a specific crisis or shock. No single international legal instrument or international organization is exclusively devoted to addressing their needs. This distinguishes IDPs from refugees, who have crossed an international border. Refugees benefit from clear international responsibilities for their protection and the international organization mandated to assist them. Using the tracking tables spreadsheet, the awardee should specify the planned beneficiary targets for both IDPs and refugees.

c.   Awardees should provide the number of beneficiaries who are highly vulnerable children. According to the PL 109-95 Implementation Strategy (May 2006), highly vulnerable children are "children and youth who are under 18 years whose safety, wellbeing, growth and development are at significant risk due to inadequate

care, protection, or access to essential services." Refer to www.hvcassistance.org for further information. Using the tracking tables spreadsheet, the awardee should specify the planned beneficiary targets for highly vulnerable children, disaggregated by gender and age (under 17.99 years of age) where possible.

    iv.   *Tab D. Regional Beneficiaries Data by Program Element:* Awardees should complete this tab if their food aid program is being implemented in more than one host country. The same instructions apply as on tab C, disaggregated by country. The aggregate total of beneficiaries in the *Beneficiaries Data by Program Element* tab (tab C, for the entire food aid program) and the regional beneficiaries data by program element tab (tab D, for each individual host country within the food aid program) should match.

E. *Monitoring and Evaluation Materials*
    i.   *Monitoring and Evaluation Assessments Table:* Please list any assessments such as baseline surveys, evaluations, formative research, and/or special studies conducted in the prior and current implementation years.

    ii.   *Monitoring and Evaluation Plan:* Should any modifications to the M&E plan be proposed, revised M&E plan spreadsheets should be included here.
        a. *Indicator Performance Tracking Table:* Should any changes to the IPTT be proposed, awardees should submit a revised version of the approved IPTT. Indicators demonstrating environmental compliance should also be included in the IPTT. A narrative (described above in this *PREP Guidance*) should elucidate the changes described in the IPTT.
        b. *Detailed Implementation Plan Table:* The DIP table consists of a list of each activity to be carried out during the implementation year (including the quantity and general location of each activity), the intermediate result(s) the activity supports, and the timing of the activity by month. Activities should include major management and M&E events, including those related to environmental compliance. The DIP table should be prepared using the format provided in the example shown in the attachment. For the PREP submission, the last column of the DIP table (*current status*) should be left blank; this will be completed and submitted with the ARR. A narrative (described above in this *PREP Guidance*) should explain the changes described in the DIP table.

F. *Environmental Status Report Guidance and Compliance Information:* Awardees must submit an Environmental Status Report (ESR) with their PREP to report on the mitigation measures outlined in the approved Initial Environmental Examination. Guidance on requirements and procedures are provided in the attachment, *Environmental Status Report Guidance and Compliance Information,* of this *PREP Guidance*. Refer to 22 C.F.R. 216, *Environmental Procedures,* for further details on USAID environmental requirements. The *FFP Environment* website, the *Environmentally Sound Design and Management Capacity Building for Partners and Programs in Africa* website and the *Environmental Procedures Training Manual* also provide useful information and tools.

G. *Affirmation of Certifications:* Awardees who have already signed forms in *Certifications, Assurances and Other Statements of the Recipient, an Additional Help for ADS 303* with the award approval may simply submit a signed *Affirmation of Certifications: A*

Mandatory Reference for ADS Chapter 303. Awardees should also write-in the awardee and host country or region names as well as the award agreement number underneath the signatures.

H. *Negotiated Indirect Cost Rate Agreement:* A copy of the latest NICRA negotiated between awardees and the U.S. Government should be submitted with the PREP, even if no updates have been made over the past implementation year.

I. *Close-out Schedule:* All awardees submitting a PREP for the final implementation year of a food aid program should submit the *Close-out Schedule*. Based upon responses in the close-out schedule, the awardee will work closely with the AOR to determine a date by which the close-out plan is due, keeping in mind the expiration date of the food aid program.

J. *Completeness Checklist:* Awardees should submit the completeness checklist to ensure all applicable PREP components are included in the submission. If, for any reason, the awardee is not submitting a particular component as detailed in section IV, *PREP Components*, the awardee should provide a short explanation as to why the component is not applicable to the PREP in the *Completeness Checklist.*

V. PREP Approval

While designing the PREP, the awardee should work closely with the AOR in FFP/W, as well as the FFP/M/R and DCHA/BEO, when considering any changes to the approved award. Awardees should take note that while year-to-year fluctuations are acceptable within the budget, the total LOA budget is expected to remain the same. As stated above, due to the PREP approval process, it is very important that the PREP be submitted to both FFP/W and FFP/M/R. Failure to submit the PREP to both FFP/W and FFP/M/R may not only delay the PREP review and approval process, but the first CF as well.

Annual resource approval is subject to the availability of funds and food aid commodities. Contingent on such availability and on successful implementation of program activities, PREPs will be evaluated and approved based on the technical and financial merits of the proposal as reflected in each component detailed in section IV *PREP Components*, of this *PREP Guidance*.

If Community Development Funds (CDF) are released and made available in the program country, and the AO and the USAID Mission or Regional Office agree that CDF will be used in lieu of monetization, the AOR will provide further guidance on the CDF process to the awardee.