



USAID
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BUREAU FOR HUMANITARIAN ASSISTANCE (BHA)

**PIPELINE AND RESOURCE ESTIMATE PROPOSAL
(PREP) GUIDANCE FOR RESILIENCE FOOD
SECURITY AWARDS (RFSAs)**

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Acronyms

ADS	Automated Directives System
AER	Annual Estimate of Requirements
AAMP	Application and Award Management Portal
AR	Annual Report
AO	Agreement Officer
AOR	Agreement Officer's Representative
BHA	Bureau for Humanitarian Assistance
BHAFP	Bureau for Humanitarian Assistance Functional Policy
BHA/M/R	Bureau for Humanitarian Assistance Mission/Regional Office
BHA/W	Bureau for Humanitarian Assistance/Washington
CDF	Community Development Funds
CF	Call Forward
C&F freight)	Commodity & Freight (the cost of commodities plus ocean and inland freight)
CP	Commodity Pipeline
DIP	Detailed Implementation Plan
ESR	Environmental Status Report
EST	Executive Summary Table
FY	Fiscal Year
ITSH	Internal Transportation, Storage, and Handling
LOA	Life of Award
M&E	Monitoring and Evaluation
MT	Metric Tons
NICRA	Negotiated Indirect Cost Rate Agreement
PREP	Pipeline and Resource Estimate Proposal
ToC	Theory of Change
USAID	United States Agency for International Development

I. Background and Purpose

The purpose of the Pipeline and Resource Estimate Proposal (PREP) is for the Bureau for Humanitarian Assistance (BHA) to review the Recipient's commodity and cash pipeline, workplan, and budget for the coming year, and to approve incremental funding, including upcoming commodity calls forward. The PREP describes a recipient's resource needs and interventions for a specific upcoming time period agreed to by the recipient and the Agreement Officer's Representative (AOR). All recipients currently implementing resilience food security activities and some recipients implementing multi-year emergency food security activities (as notified by the AOR) that intend to operate past the end of the current fiscal year (FY) must submit a PREP, even if additional resources will not be requested.¹ Recipients who have awards made in the fourth quarter of the previous FY (July 1 – September 30) or that have an expiration date in the current FY must work with their AOR to determine which components of the PREP are required.

Each cooperative agreement explicitly outlines the life of award (LOA) resources, as applicable, for the following:

- Estimated costs (which may change): commodity tonnages, commodity costs, ocean freight, inland freight, program income;
- Other costs, including: Section 202(e) funds [both 202(e) and Enhanced 202(e) categories], internal transportation, storage and handling (ITSH) funds, and community development funds (CDF), as applicable;
- Any other resources that were or will be provided by the United States Agency for International Development (USAID) during the LOA; and
- The recipient's cost share.

BHA expects recipients to program in accordance with the approved FY levels in their awards and within the overall totals for each fund category. Any changes the recipient wishes to make to the allocation of LOA resources among the fund categories or across FYs must be discussed with the AOR and the appropriate BHA Mission and/or Regional Office (BHA/M/R) contact prior to drafting the PREP documentation. Requests for increases in the LOA budget must also be discussed with the AOR and the BHA/M/R prior to drafting the PREP documentation. Recipients are expected to stay within the planned FY funding levels. Therefore, any deviations Recipients wish to propose must be discussed with the AOR as soon as possible before PREP submission. All annual resource approvals are subject to the availability of funds and commodities. Recipients must therefore coordinate with the AOR for the submission of the PREP. Note that only the Agreement Officer (AO) can approve an increase in LOA costs and that such a change would require an additional approval process. Similarly, changes to activities must be discussed with the AOR and the BHA/M/R prior to drafting the PREP documentation.

¹ Recipients should consult with their AOR if they intend to operate past the end of the current FY but are not planning changes that would require an award modification.

PREP Check

Recipients must not introduce significant programmatic or budgetary changes without discussing them with the AOR ***prior to drafting the PREP***. These include, but are not limited to: adding, eliminating, escalating, or scaling back targets, and/or activities; moving activities across implementation years; changes to the LOA or FY budget levels; and budget changes requiring prior AO approval. Consult with your AOR to determine when and how to request any significant award changes.

Recipients must work closely with their AOR in the Bureau for Humanitarian Assistance/Washington (BHA/W) as well as BHA/M/R contacts, as applicable, to determine a submission date and time period to be covered by the PREP. In making this determination, recipients should consider factors including, but not limited to: (1) when the commodity and cash resources are needed; (2) carryover of commodity or cash resources from the previous year; (3) activity planning cycles; (4) the due date of the close-out plan; and, (5) the expiration date of the award. PREP submission dates will likely vary by country, activity, and/or AOR.

August is the last call forward month of the FY for packaged commodities; only bulk commodities may be called forward in September. Also, typically, BHA cannot process calls forward under a continuing resolution. This mainly affects the first quarter of the FY (October - December). Recipients shall factor in these constraints as they plan the commodity pipeline (CP). Recipients should also reference BHA's [call forward \(CF\) schedule](#).

II. PREP Requirements - Phase 1

Recipients should ensure they have adequate time to complete all of the PREP requirements, with some requirements being due three months in advance of submitting the full PREP package.

Recipients must review the vetting requirements in ADS 319 to determine whether the requirements are applicable to the country of implementation. If applicable, recipients should initiate this process early to ensure there is adequate time to obtain an eligibility determination in advance of submitting the full PREP package. Please contact HAVettingquestions@usaid.gov with any questions.

Three months prior to submission of the full PREP package, recipients must submit a complete updated [Monitoring and Evaluation \(M&E\) Plan](#) (if applicable) and annual [Environmental Status Report \(ESR\)](#) via email to the AOR. The information in the most recently submitted Annual Report (AR) should be used to guide the updates to the

M&E Plan and ESR, and inform the remaining PREP components.

The updated M&E Plan includes changes to indicators, targets, the Theory of Change (ToC), Logical Framework, Monitoring Strategy, M&E Staff Capacity Development Plan, and any other sub-components of the M&E Plan. Very rare changes to targets may be approved during the final implementation year, but will require substantial justification and must be discussed with the AOR prior to submission. If there are no changes to the M&E Plan and its components, the recipient is not required to submit an updated M&E plan and should inform the AOR **in writing** accordingly. If there are changes to specific M&E components/documents, the recipient shall submit those M&E components/documents that changed. More information can be found in the [M&E Guidance and Policy document](#).

The ESR meets both purposes of annual reporting and budget planning for environmental compliance and climate risk management. The ESR reports on the status of mitigation and monitoring efforts in accordance with Initial Environmental Examination (IEE) requirements over the preceding implementation year. Additionally, the ESR describes environmental compliance resource needs for the upcoming year (e.g., staffing, assessments, training). More information can be found in the [ESR template document](#).

III. PREP Format

The PREP will consist of the sections listed below. The PREP is submitted via the BHA [Application and Award Management Portal \(AAMP\)](#) found on the [BHA Partner with Us site](#). Please submit **all initial, interim, and final versions** of required PREP documents in the appropriate format in [AAMP](#). **Note: Only submit documents that are required per the PREP guidance.**

PREP Check

The PREP information is focused on the coming year and the changes that have been discussed and require approval per the terms of the award. The information and documents submitted for the PREP must therefore be relevant to the changes that have been discussed with AORs. If information or documents that were previously provided for the same PREP submission are relevant, they should be referenced, not provided a second time.

All attached documents must adhere to the following:

1. All documents must be written in English and in 12-point **Calibri** font.
2. Narratives should be prepared in Microsoft Word (or equivalent), 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, recipient, host country, and USAID award number.

3. All Word documents must include page numbers.
4. Spreadsheets must be prepared in Microsoft Excel (or equivalent), in at least 10-point font with print areas set to 8.5 x 11 inch, letter-sized paper. Only the detailed budget may be submitted with print areas set to 8.5 x 14 inch, legal-sized paper.
5. When documents are revised during the review/approval process, the date on the document must be changed to reflect the revision submission date, and the changes must be made clear with highlighting or alternative font colors. This includes changes to budgets and budget narratives.
6. Please keep repetition to a minimum.

IV. PREP Approval

Annual resource approval is subject to the availability of funds and commodities. BHA will evaluate and approve PREPs on the successful implementation of activity² interventions; technical and programmatic considerations; and the PREP's clarity, accuracy, and compliance with the PREP guidance. The PREP is considered approved when the AO has signed the award modification.

Please note, the PREP is intended for the obligation of incremental funding and approval of planned activities by the AO. ***Many elements of the PREP, referenced "as applicable," can be officially approved outside of the actual PREP process by the AOR. If one of these documents has been recently approved (at the AOR's discretion), it should be listed as "not-applicable" in the PREP paperwork and not submitted.***

V. PREP Components

A. PREP Documents to be submitted in [AAMP](#)

1. PREP Narrative

A complete PREP narrative includes a discussion of all the topics specified below in the order presented. The PREP narrative shall be written concisely (15-20 pages) and address all the requirements outlined in the PREP narrative section of this guidance.

Recipients who will need more than 20 pages to fulfill the requirements must discuss their reasons with the AOR. Recipients should ensure that all information provided as part of the PREP includes all information requirements in the suggested templates. Please include only the information requested. If no changes from the approved award are requested for any of the components below, then the recipient shall state that the section is not applicable and provide an explanation on the [PREP Completeness Checklist](#). Supplemental information should be provided only if it directly supports information requested in the PREP. Please direct any questions regarding

² Per ADS 201, an activity carries out an intervention, or set of interventions, typically through a contract, grant, or agreement with another U.S. Government agency or with the recipient country's government.

these instructions to the AOR.

The front page of the PREP must include the following information (as represented below and within the table). If sections of the table are not applicable, please leave them blank. In some cases, commodities will not be provided or funds will not be obligated with the PREP, but later in the time period covered by the PREP through a separate modification. Contact your AOR if you have questions.

Recipient Name/Host Country/Activity Name:

USAID Award Number:

Submission Date:

	MT	MT C&F (\$)	202(e) ^{***} ₂	Enhanced 202(e) ³	ITSH	CDF	Other	Cost Share
Total LOA approved MT:								
Carryover MT into PREP period:								
MT to be called forward (CF) immediately with PREP approval:								
Remaining MT to be CF during PREP period:								
Budget for PREP period:**								
Funds to be obligated with PREP approval:								
Funds to be obligated later in PREP year: ⁴								
Award ceiling remaining: ⁵								
Carryover funds from prior PREP:								

**Note: All dollar values must be rounded to the nearest dollar.*

***Budget for PREP period = Funds to be obligated with PREP approval + Funds to be obligated later during PREP year + Carryover funds from prior PREP*

**** For awards that split Section 202(e) funds into administrative and program 202(e), this will represent the total of these two.*

Recipient HQ Contact Name:

Recipient HQ Contact Telephone:

³ Section 202(e) and Enhanced 202(e) costs are described in [BHAFP 20-01](#).

⁴ Occasionally, recipients may receive two obligations of resources in the same PREP year. If the recipient plans for a second obligation in the PREP year, please include it here. Note, recipients must discuss this with the AOR.

⁵ This figure shall be the remaining value of the award that has not yet been provided, not including what is being requested with the PREP (i.e., LOA - amount previously provided- amount to be provided with this PREP).

Recipient HQ Contact Email:
Host Country Office Contact Name:
Country Office Contact Telephone
Country: Office Contact Email:

a. Introduction: Food Security Activity Implementation and Responsiveness

A critical precondition to PREP approval is the recipient's demonstration that the activity is making adequate progress towards achieving the approved purposes and targets. The PREP introduction should include an activity synopsis organized by purpose. The synopsis should highlight any progress, as well as challenges, adjustments, and changes to the country context or assumptions that have arisen and are likely to affect (either positively or negatively) the recipient's targets and/or results. Recipients whose activities are making only limited progress toward achieving purposes and targets should provide an explanation with a description of the operating environment, the extenuating circumstances that are impeding progress, and specific ways that the recipient plans to mitigate these obstacles in the upcoming year and in the out years. Information that has recently been formally shared, for example in a quarterly report or annual report (AR), should be referenced instead of repeated.

PREP Check

Recipients are required to track and report on any concerns and/or recommendations that USAID provided in writing that will be addressed or resolved in the coming year. This includes the Environmental Status Report and updates to the M&E Plan.

The recipient should discuss how concerns and/or recommendations identified in the prior PREP, AR, quarterly reports, Environmental Status Report, baseline, mid-term evaluation, learning events, and/or during field monitoring have been resolved or will be addressed in the coming year. The recipient should also highlight any improvements to systems or internal controls that resulted from audits or investigations.

b. Implementation Changes

Activities that were initially planned for the upcoming PREP year but will be delayed shall be discussed in this section. Recipients must include the reason(s) for the delay and an explanation of when the activity(ies) will be implemented. Recipients must also discuss the elimination or revision of interventions resulting from lessons learned or other reasons. Note that **significant changes such as adding or eliminating interventions must be discussed in advance of the PREP submission with the AOR and the BHA/M/R**. Recipients proposing other activity changes must discuss with the AOR how to capture those changes in the PREP.

c. Bellmon Analysis/Market Analyses

[USAID/BHA Functional Policy \(BHAFP\) 20-02](#) addresses the procedure to determine compliance with the conditions of the Bellmon Amendment. The Bellmon Determination is a formal declaration by BHA whether a proposed Title II food and nutrition security activity is compliant with the Bellmon Amendment. A Bellmon Determination is required for any Title II food security activity that includes distribution of agricultural commodities, food procured outside of the United States, food vouchers, or cash transfers for food. Separate from the formal Bellmon Determination, BHA requires market analyses for all Title II food and nutrition security activities each year **whether or not** commodities, cash, or vouchers are distributed.

To contribute to the soundness and thoroughness of the PREP, information shall be provided annually showing that planned resource transfers (food distributions, vouchers, and cash transfers) or any other market-based assistance will not disrupt local markets or reduce incentives to local agricultural production. It is therefore incumbent upon the recipients to know their operating environment by monitoring short- and long-term developments in the local, national, and international markets of the commodities being programmed, as well as to ensure that the proposed distribution will not interfere in local markets or reduce incentives to local agricultural production. This information shall be shared in the PREP, **and applies to both TII and CDF awards.**

For any local, regional, and/or international procurement, or cash or voucher transfer activity, a market analysis must be done before implementation begins. To the extent possible, recipients should provide specific information about local markets in their implementation area. For example, does the lean season coincide with planned distributions? What is the projected food availability in the markets, especially during the planned distribution timeframe? What are the price trends of key commodities in the local markets? Do market prices fall when food assistance distributions occur or increase when distributions occur? If so, for which commodities and to what extent? For those activities that have been providing in-kind food commodities from the United States, should a change to local and regional procurement of commodities, cash and/or vouchers be considered?

d. Commodity Justification and Calls Forward

Recipients must provide an explanation for the proposed quantity and type of commodities for the upcoming year, if different from the approved award. This section must also include an explanation of carryover levels from the previous year, loans, and CF timing. For activities that have previously been approved to procure commodities locally, regionally, and/or internationally, this section shall include details about the commodities that will be procured, including tonnages, and information about where the recipient expects to source the commodities. **If there are any significant changes to food commodity management and/or supply chain activities approved at the time of**

award (including, but not limited to, warehousing, fumigation, and repackaging procedures), and these changes have not already been communicated to the AOR, please include updated information in this section.

e. Food and Nutrition Security Rations

Describe the ration for each commodity per participant type (if it has changed) and identify the frequency of distributions. This can be presented in a table format, but please do not replicate information from the ration calculator table. Recipients must detail and justify any changes in the food and nutrition security ration size, composition, and/or the target population(s) for the upcoming year. For voucher, cash, and food-for-assets transfer programs, indicate the value of the transfer, percentage of the kilocalorie needs it is intending to cover, as well as an indicative food basket showing how the transfer value was determined.

PREP Check

Changes to food and nutrition security distributions must be discussed with the AOR and BHA/M/R prior to preparing the PREP.

If the number or type of interventions supported by food and nutrition security rations changes from the approved award, the recipient must discuss the reason(s) for the change. Similarly, recipients proposing changes to participant numbers and/or ration size and composition shall describe the proposed change, the rationale behind it, and the impact on the food and nutrition security intervention.

If more than one implementer is distributing rations in the host country (including public international organizations such as the World Food Program), discuss whether and how rations are coordinated among the implementers, including the host government.

Note: For in-kind programs, recipients must ensure that total metric tonnage levels per commodity described in this section match the commodities for direct distribution requested in the Annual Estimate of Requirements (AER).

f. Detailed Implementation Plan Narrative

The Detailed Implementation Plan (DIP) table and the DIP narrative must correspond to each other. The DIP narrative should not discuss previously approved interventions, except as outlined below. The DIP narrative should explain in detail, along with a clear rationale:

- Any new interventions that were not previously planned but which the recipient is adding in order to enhance the activity;

- Interventions that were planned for but not started in the prior PREP year but that will be carried out in the upcoming PREP period;
- Interventions that were planned for and started in the prior PREP year but are behind schedule and will be completed in the upcoming PREP year;
- Interventions that were planned for future PREP periods but that will be accelerated and started in the upcoming PREP year;
- Any adaptations to **incorporate learning** and/or address contextual changes; and
- Any new types of construction or new construction areas not approved **in the Limiting Construction Standard Provision** included in the award.

g. Sustainability Strategy and Transition Plan

This section must discuss the sustainability **strategy and transition plan** of the activity for the upcoming year and any barriers to achieving full sustainability by the end of the activity. **If a separate sustainability strategy is not available, describe** the activity's interventions that will continue or will feed into the strategy. Specific **interventions** may vary based on the phase of implementation, but may include building the capacity of the host government to take over interventions; transitioning from seed distribution to establishing market linkages; working with the private sector to support participants in starting micro businesses; or developing functioning water use committees.

Recipients are expected to implement interventions that support and lead to sustainable **outcomes**. This includes interventions to improve service providers' sustained access to resources and capacities; sustain service providers' motivation to provide the services; ensure communities' sustained motivation to use the services; and create linkages between the service providers and capacity strengthening organizations, even after the project has ended. If the activity design lacks robust interventions or strategies to strengthen these factors, recipients will be expected to refine those strategies to improve sustainability.

Recipients who have a separate sustainability strategy should coordinate with the AOR on when updated versions should be submitted. Once available, BHA encourages recipients to use the sustainability strategy template from Program Cycle Support.

Provide any appropriate updates on the transition plan. The final FY PREP should discuss close-out planning and the phasing out or phasing over of activities. If there is no update on the sustainability strategy and/or transition plan, indicate that there are no updates.

Further guidance can be found in the publication [Effective Sustainability and Exit](#)

[Strategies for USAID FFP Development Food Assistance](#) published by the Food and Nutrition Technical Assistance III (FANTA-3) Project. Recipients **may** also review the [legacy-FFP Technical References for Development Food Security Activities \(DFSA\)](#) for additional information. Please note that the legacy-FFP Technical References for DFSA are a compilation of documented best practices - not a BHA policy or a BHA guidance document. USAID policy references in legacy documents may also not reflect the most recent iteration.

2. Detailed Implementation Plan (DIP) Table

The detailed implementation plan (DIP) is a management tool that summarizes, by month, all of the interventions that will be implemented in the coming year. The DIP table and the DIP narrative must correspond to each other. Recipients must ensure that activities planned for the coming time period are budgeted for appropriately. The DIP table must reflect all activities planned for the year. Some required, but often overlooked elements include:

- Training of staff, including sub-recipient staff, government counterparts, etc.;
- Meetings with sub-recipients and monitoring of their interventions;
- Learning activities;
- Other noteworthy meetings such as with government officials, private enterprises, etc.;
- Studies and research;
- Environmental monitoring and mitigation interventions;
- Commodity CF;
- Ration distributions;
- Food-for-assets work; and
- Reporting deadlines (e.g., AR, quarterly reports)

3. Financial Pipeline Analysis

The pipeline analysis must show actual expenditures, accrued expenditures, and the **projected costs for the upcoming period covered by the PREP**. There is a pipeline analysis sample on the [BHA website](#).

PREP ALERT

The pipeline analysis is not required with the initial PREP submission. The AOR will inform the recipient when the pipeline analysis must be submitted. Note: The pipeline analysis must be as up-to-date as possible at the time of submission.

4. Comprehensive and Detailed Budgets and Budget Narrative

Notable changes to the budget shall be highlighted for ease of review. Budgets, including the budget narrative, shall be clearly linked to the award and DIP. Budget categories should remain consistent across the LOA, unless new or additional guidance is provided. Awards signed in FY 2017 or subsequent FYs **must break down spending in their comprehensive budgets by BHA sectors.** **The breakdown should include FY and LOA totals by sector.** Awards signed in FY 2016 or earlier may continue to break down detailed budgets by BHA sector, or change it to comprehensive budgets if agreed to by the AOR.⁶ As previously noted, the recipient's adherence to the approved LOA budgetary levels as described in the approved award agreement helps to facilitate an expeditious review and approval of the PREP. The recipient should be certain that their funding streams are clearly defined and changes are highlighted in the budget. Recipients should ensure that the budget captures interventions and expenses related to food security activity sustainability, **transition** strategy, and close-out. A well planned budget, particularly in the final implementation year, will result in an organized close-out process. When preparing the budget for the upcoming PREP submission, recipients should reference the following, dependent on their award:

- [22 CFR 211 – Transfer of Food Commodities for Use in Disaster Relief, Economic Development and Other Assistance](#)
- [2 CFR 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards](#)
- [2 CFR 700 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards](#)
- [USAID/BHA Functional Policy \(BHAFP\) 20-01](#)
- [Aligning Budgets for Implementing Environmental Compliance Safeguards in USAID Development Food Assistance Programs Toolkit Annex](#)

Additional budget guidance is included in [Annex 1: Budget Addendum](#)

BUDGET ALERT

The comprehensive budget - rather than the detailed budget - must be broken down by BHA sector.⁷ **All sub-recipients must have separate detailed and comprehensive budgets and budget narratives**, and their budgets must also be broken down by BHA sector. All expenses in the detailed budget **must show the formulas in the cells if opened.**

⁶ For awards whose budgets are broken down by program area/element, please discuss with your AOR.

⁷ For awards whose budgets are broken down by program area/element, please discuss with your AOR.

a. Comprehensive Budget

The comprehensive budget is a summary, by budget category, of the expenses that are included in the detailed budget. Examples of budget categories include: Salaries, Fringe Benefits, Overseas Allowances, Non-Employee Labor, Travel and Transport, Program Supplies, Other Direct Costs, Staff Training, Branding and Marking, Sub-Awards, Construction, Equipment > \$5,000, and Indirect Costs. Totals shown for each category must be the same in both the detailed budget and the comprehensive budget. The cost categories in the comprehensive budget must match that of the approved budget. **Should changes to the cost categories be required, these must be approved via an award modification.** The names of categories and subcategories must not be revised. Any changes to the comprehensive budget categories of more than 10 percent of the single year’s budget must be highlighted and explained. **Budget figures must be rounded to the nearest dollar.** The comprehensive budget must reflect the entire LOA, broken down by year, **and reflect any carryover from one PREP period to another.**

b. Detailed Budget

Recipients must submit a detailed budget for the upcoming implementation year. The AOR will notify recipients (in advance) if there is a reason to submit detailed budgets for out years. Unless notified by the AOR, recipients shall only submit detailed budgets for the upcoming implementation year. Detailed budgets are required for all sub-recipients. The detailed budget must be presented in the same format as the budget that was approved with the award, unless those changes were made to reflect the shift to utilize BHA sectors. Line items should not shift between budget categories. If recipients need to shift line items across cost categories, recipients must engage with their AOR in advance of the PREP submission and must highlight the change in the budget and explain the change in the budget narrative. Do not use “Miscellaneous” and “Other” as line items in the detailed budget. Any notable changes to the detailed budget, including the addition of new line items, must be highlighted. A detailed budget and detailed budget narrative are required for all sub-awards.

c. Budget Narrative

Budget Alert

The PREP Budget Narrative must include a description of all expenses included in the detailed budget, whether or not there have been any changes to the line items since the initial LOA budget was approved. **It is not sufficient for the description to state, “see detailed budget.” The narrative describes and elaborates on the detailed budget; it does not merely restate it.**

In addition to a **written** description of all the line items in the detailed budget. The Budget Narrative must also include a discussion of:

- How the exchange rate was determined and applied, if applicable. Recipients should discuss the exchange rate they intend to use with the BHA/M/R before preparing the budget.
- Any new restricted goods, such as vehicles and pharmaceuticals, that were not initially included in the LOA budget. **These goods must be discussed with the AOR prior to inclusion in the PREP.** These items require special consideration and approval.
- Any construction-related changes to the budget.
- Any new equipment⁸ requests for the upcoming implementation year, with a description of the equipment and its intended purpose.
- **Carryover amounts from the prior year, including the level of carryover and factors contributing to the carryover (e.g., international trips were not taken, interventions were canceled or delayed, procurement of supplies or equipment was postponed or canceled). It is not necessary to explain carryover at the level of individual line items; recipients may include a summary description in the budget narrative (e.g., in a paragraph at the start of the budget narrative.)**
- Shifts in the funding sources for a line item [e.g., a salary was previously funded with 50 percent Section 202(e)/50 percent ITSH resources, and the recipient is proposing to fund the salary with 75 percent Section 202(e)/25 percent ITSH resources]. Highlight these shifts in the budget narrative.
- Comprehensive budget category variances of 10 percent or more from the prior approved single year budget.
- Updates to the provisional or final Negotiated Indirect Cost Rate Agreement (NICRA) and anticipated NICRA rate changes.
- Any new policies and local laws that affect budget calculations (e.g., changes in benefits policies, insurance laws, laws with respect to employee separation/termination). If no changes have occurred, simply note N/A.
- Environmental compliance requirements, per [22 CFR 216, Environmental Procedures](#). Recipients shall discuss environmental mitigation measures, monitoring, and staffing. Highlight any environmental compliance costs for which a line item does not exist (or are integrated into line items) and where significant changes from previous years are made.
- How costs for resource transfers (cash and vouchers) are allocated. Recipients should discuss the transfer value going directly to participants (not including transfer fees), the number of transfers across budget periods, and the number of individuals and/or households targeted.

Funding Sources Other than Title II

⁸ *Equipment* means tangible nonexpendable personal property including exempt property charged directly to the award having a useful life of more than one year and an acquisition cost of \$5,000 or more per unit. However, consistent with recipient policy, lower limits may be established.

a. *Program Income*

Recipients with program income must specify the amount of program income received to date and any anticipated program income in the budget. If applicable, discuss reasons for any variation from the target.

b. *Cost Share*

Recipients with a cost share requirement must specify the amount of cost share funds provided to date vis-à-vis the cost share commitment approved in the award. If applicable, discuss reasons for any variation and the plan for meeting the commitment. For the upcoming year, specify the amount of cost share that will be provided and identify the expenses that will be covered.

c. *Other Funding Sources, e.g., Community Development Funds*

In some cases cash requirements are being met with CDF. In this section the recipient must discuss any anticipated challenges associated with programming these funds.

5. Completeness Checklist

Recipients must submit the [Completeness Checklist](#) to ensure all applicable PREP components are included in the submission. If, for any reason, the recipient is not submitting a particular component, the recipient should explain in the Completeness Checklist why the component is not applicable to the PREP.

B. PREP Documents to be Attached (if applicable)

The following is a list of PREP components that the recipient will include in their PREP submission in [AAMP](#) if they are applicable. This section contains a list of documents that the AOR has been delegated the authority to approve, or are only necessary if they have changed since the last approval and therefore require a modification to the award. Please discuss with your AOR if you should submit these documents.

6. Evaluation, Studies, and Assessment List

If applicable, recipients must provide a list of any assessments and studies, such as baseline surveys, evaluations, formative research, and/or special studies planned for the time period covered by this PREP. Recipients should note that the scope of work for the mid-term evaluation is due 15 months into the award or as indicated in the award language.

7. Sustainability Strategy

Per discussions with the AOR, if needed, submit the updated sustainability strategy.

8. Branding Strategy and Marking Plan

If applicable, discuss any updates or changes to the Branding Strategy and Marking Plan implementation for the coming year.

9. Affirmation of Certifications

Recipients who already have up-to-date signed forms as part of the as part of the [Certifications, Assurances, Representations, and Other Statements of the Recipient](#) may simply submit a signed [Affirmation of Certifications](#). Refer to [ADS Chapter 303mad](#) for guidance. Recipients shall also write in the recipient, host country or region names, and USAID award number underneath the signatures.

10. Negotiated Indirect Cost Rate Agreement (NICRA)

If applicable, a copy of the most recently finalized NICRA must be submitted with the PREP. Please see the [Indirect Cost Rate Guide for Non-Profit Organizations](#) for additional information.

11. Risk Assessment and Management Plan (RAMP)

Please submit an updated RAMP with the PREP submission, or notify your AOR that your existing RAMP requires no modifications.⁹ Recipients can direct any questions on RAMP updates to their AORs.

12. Counterterrorism Vetting Eligibility Determination

If applicable, recipients should upload the eligibility notification, per ADS 319. Questions about vetting requirements may be directed to HAVettingquestions@usaid.gov.

C. Commodity and Resource Tables

The Ration Calculator (RC), Annual Estimate of Requirements (AER), Commodity Pipeline (CP), and Executive Summary Table (EST) are submitted with the PREP (unless the RFSA is not requesting any TII resources). The Ration Calculator, AER, CP, and EST can be attached as supporting documents to the PREP in the [AAMP](#) system. Instructions on how to use [AAMP](#) are on the [AAMP website](#). Please see the EST, AER, CP and RC

⁹ Recipients are not limited to updating the RAMP with the PREP and should discuss with their AOR if changes are needed during the implementation year.

format available on the [BHA website](#). Periodic updates may be requested by BHA/W during the implementation year, but no more than quarterly, if necessary, for resource management. Whether during the PREP, or other updates, recipients should use the Commodity and Resource tables when requesting RFSA resources. Recipients should not use the commodity calculator posted on BHA's EAG page.

The RC, AER, CP, and EST detail how one year of commodity and cash resources are programmed and details the resource request for the year. Totals provided in the RC, AER, CP, and EST must match those provided in the PREP narrative. As needed to process the award modification, BHA may request an updated AER.

a. Ration Calculator

Recipients must enter all commodities being requested during the PREP year. The ration calculator allows recipients to enter food rations by BHA sector and activity. Based upon the number of food assistance distributions, the ration calculator will then provide the total metric tonnage for one implementation year per commodity and BHA sector.

b. Annual Estimate of Requirements (AER)

The commodities for direct distribution entered in the Ration Calculator will be reflected in the AER.

c. Commodity Pipeline (CP)

The CP is a crucial tool for a recipient to indicate when calls forward must be made for its food security activity. It also shows planned distributions for the FY. The CP is not an official procurement mechanism for BHA, but rather an important planning tool for recipients and BHA. It presents the recipient's food security commodity and resource requests and projected usage for the existing commodities (opening stocks) and those being requested in the upcoming fiscal year.

d. Executive Summary Table (EST)

The EST is a funding and tonnage snapshot. The EST reflects the Section 202(e) costs and estimated commodity and freight costs associated with the commodities that the recipient is requesting via the AER and CP. The EST sums up all of the different cost categories to generate a total cost to BHA for the PREP request and for the LOA.

ANNEX I: Budget Addendum

The pipeline analysis, comprehensive and detailed budgets, and budget narrative are required budgetary components of a PREP. All recipients are encouraged to submit single year budgets (for the prime and subrecipients) for the PREP implementation period.

BHA will review the PREP budget documents in conjunction with the PREP narrative for the purpose of cost realism analysis. Cost realism analysis is the process of independently reviewing and evaluating specific elements of the proposed costs to determine whether:

- The proposed cost elements are realistic for the activities planned for the coming year;
- Correspond to and are relevant and appropriate for the particular RFSA's phase of implementation and closeout planning; and
- Are consistent with the methods of performance and materials described in the PREP narrative.

In conjunction with the cost realism, BHA will conduct a cost analysis of the budget documents to determine whether cost elements are allowable, allocable, reasonable, and justified. However, the focus of the cost analysis will be on the changes proposed to the single year budget under the PREP compared to what was approved in the base award for the same year, or in subsequently approved updates. In addition, BHA reserves the right to request corrections if errors were not caught previously. Key budgetary changes must also be discussed and justified in the PREP narrative.

Some examples of key budget changes are as follows:

- Addition of new budget line items;
- Changes to the indirect cost rate and resultant changes to the total indirect costs;
- Moving a budget line item from one funding source to another [e.g., a line item previously funded with ITSH funds now to be funded with 202(e) funds];
- Changes across cost categories of more than 10 percent of the single year's budget in the comprehensive budget (e.g., salaries, other direct costs)¹⁰;
- Changes requiring prior written approval in accordance with 2 CFR 200.407 and 2 CFR 200.308 (for U.S. organizations) or standard provision entitled, "Amendment of Award and Revision of Budget" (for non-US organizations);
- Transfer of funds allotted for construction activities to non-construction cost categories, or vice versa; and
- Other changes as mandated in the award (e.g., addition of new key personnel, changes to subrecipients or contractors/consultants).

All of these changes must be explicitly highlighted in the detailed budget. The budget narrative must highlight the changes and describe the reason behind the changes.

¹⁰ Although AO prior approval is not required in the RFSA award agreement for transfers greater than 10% among existing direct cost categories, identification of these changes as part of the PREP will aid BHA in reviewing the budgetary impact of programmatic changes in the annual work plan.

BHA's cost analysis will not consist of the review or approval of prior year budgets, nor proposed changes to out-year budgets ***unless the PREP proposes an increase in the LOA total. In the case of an LOA increase, the budget representing the additional funds will be reviewed. The AOR will inform the partner if out-year budgets will be required in these cases.*** Actual and accrued expenditures for ITSH and Section 202(e) funds or CDF incurred based on prior year budgets will be reflected in the pipeline analysis. Out-year changes will generally be addressed in future PREPs. Corrections to past budgets can be made on an as-needed basis.

BHA expects accurate budget documents, including the subrecipient, detailed, and comprehensive budgets; budget narratives; and pipelines. All documents must be consistent, i.e., a change in one is reflected in all the other relevant documents. Submitting accurate budget documents will ensure timely processing of the PREP and the award modification.

Please verify the following prior to submission of budget documents:

- The comprehensive and detailed budgets for the prime and subrecipients, pipeline, and budget narrative reflect the same information and amounts when such information appears in more than place or document.
- Changes to the budget are noted in all budget documents (subrecipient, detailed, comprehensive, pipeline, and narratives) and reflect information presented in the PREP narrative and DIP.
- Formulas are correct.
- Cost categories are consistent between the pipeline, comprehensive budget, and detailed budgets.
- All budgets are in USD.
- Deviations from the previously approved budget are highlighted and described in the budget narrative. **Examples include significant deviations in previously approved amounts, changes in funding types, and new activities.**
- Subrecipients' detailed budget and budget narratives are formatted similarly to prime's budget and budget narrative.
- The budget narrative explains the breakdown of all lump sum costs.
- The budget applies the most recent, approved NICRA for the prime and subrecipients.
- The NICRA calculation, including the de-minimis rate **(if applicable)**, is explained or broken down in the budget narrative.
- The pipeline reflects the most recent financial status of the award including the total obligated amount, actual and accrued expenditures, and the projected cost of the entire award.