



**USAID**  
FROM THE AMERICAN PEOPLE

**BUREAU FOR HUMANITARIAN ASSISTANCE (BHA)**

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



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## Acronyms

ADS	Automated Directives System
AER	Annual Estimate of Requirements
AAMP	Application and Award Management Portal
ARR	Annual Results 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 and/or Regional Office, as appropriate
BHA/W	Bureau for Humanitarian Assistance/Washington
CDF	Community Development Funds
CF	Call forward
C&F	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 transport, 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 partner’s commodity and cash pipeline, workplan, and budget for the coming year, and to approve incremental funding, including upcoming commodity call forwards. 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. Recipients who have agreements made in the fourth quarter of the previous FY (July 1 – September 30) or that have an expiration date in the current FY should 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 estimated costs (which may change): commodity tonnages, commodity costs, ocean freight, inland freight, program income, monetization proceeds, and other costs, including: Section 202(e) funds (both 202(e) and Enhanced 202(e) categories), internal transport, storage and handling (ITSH) funds, and community development funds (CDF), as applicable; as well as 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. Although the LOA resources are disaggregated into the fund categories named above, BHA is primarily concerned that recipients’ multi-year budgets remain within the overall grand total of these categories. Any changes the recipient wishes to make to the allocation of the LOA resources among the fund categories should be discussed with the AOR and the appropriate BHA Mission and/or Regional Office (BHA/M/R) contact prior to drafting the PREP documentation. Moreover, exigent circumstances might compel a recipient to seek an increase in the LOA budget. Requests for increases in the LOA budget should also be discussed with the AOR and the BHA/M/R prior to drafting the PREP documentation. Note that only the Agreement Officer (AO) can approve an increase in LOA costs. Similarly, changes to activities must be discussed with the AOR and the BHA/M/R prior to drafting the PREP documentation.

### **PREP Check**

Significant changes to an activity, such as adding, eliminating, escalating, or scaling back targets, and/or activities, moving activities across implementation years in the approved budget, as well as changes to the LOA budget and expenditure or budget changes that require prior approval must be discussed with the AOR and the BHA/M/R ***prior to drafting the PREP***. Recipients must not introduce significant programmatic or budget changes, as described above, without having discussed these proposed changes with the AOR prior to drafting. Consult with your AOR to determine when and how to request any significant award changes.

Three months prior to submission of the PREP, recipients should submit a complete updated



M&E Plan and annual Environmental Status Report. The information in the most recently submitted Annual Results Report (ARR) should be used to guide the updates to the M&E Plan and Environmental Status Report (ESR), and inform the PREP. This update 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. More information can be found in the [M&E Guidance and Policy document](#).

**Recipients should work closely with their AOR in the Bureau for Humanitarian Assistance/Washington (BHA/W) as well as BHA/M/R contacts, as appropriate, 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) carry-over 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.

**Only bulk commodities can be called forward in September. August is the last month of the FY in which packaged commodities can be called forward. Also, typically, BHA cannot process calls forward under a continuing resolution. This mainly affects the first quarter of the FY (October -December). Recipients should factor in these constraints as they plan the commodity pipeline (CP) and call forward (CF) schedule.**

Please note, the PREP is intended for the obligation of incremental funding and approval of the work plan 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.*

## **II. PREP Format**

The PREP will consist of the sections listed below and is submitted via the BHA [Application and Award Management Portal \(AAMP\)](#) found on the BHA Partner with Us site. In an effort to streamline the approval process, BHA requests that you submit final documents in the [AAMP](#); the AOR will communicate when a version should be considered final and thus submitted to the portal. Please submit interim versions in Word or Excel formats via email. **Note: Only submit documents that are required per the PREP guidance.**

### **PREP Check**

A properly prepared PREP will not include information that was previously provided to BHA; the PREP information is focused on the coming year, particularly the changes that have been discussed and need approval. If information or documents that were previously provided 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 Times New Roman 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 should 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 should be made clear with highlighting or alternative font colors.
6. Please keep repetition to a minimum and only include numbers for requested resources when necessary.

### **III. PREP Approval**

Annual resource approval is subject to the availability of funds and commodities. Contingent upon such availability and on successful implementation of activity<sup>1</sup> interventions, PREPs will be evaluated and approved based on the application's technical and financial clarity as reflected in each applicable component detailed in Section IV. PREP Components. The PREP is considered approved when the AO has signed the award modification.

### **IV. PREP Components**

#### ***A. PREP Documents to be submitted in the AAMP***

##### **1. PREP Narrative**

A complete PREP narrative includes a discussion of all the topics specified below in the order presented. The PREP narrative should 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 should discuss their reasons with the AOR. Recipients 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 recipient should state that the section is not applicable and provide an explanation on the *PREP Completeness Checklist* (see Annex II). Supplemental information should be provided only if it directly supports information requested in the PREP. Please direct any questions regarding these instructions to the AOR.

The following information and table should be included on the front page of the PREP narrative.

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<sup>1</sup> 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 partner country's government.



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. Contact your AOR if you have questions.



Recipient Name/Host Country/Activity Name

USAID Award Number:

Submission Date:

	MT (rounded to 10 MT)	MT C&F (\$)	202(e)	Enhanced 202(e) <sup>2</sup>	ITSH	CDF	Other	Cost Share
Total approved MT:								
MT to be CF with PREP approval:								
MT to be CF later:								
Carryover MT from prior PREP:								
<hr/>								
Budget for PREP period:**								
Funds to be obligated with PREP approval:								
Funds to be obligated later in PREP year: <sup>3</sup>								
Award ceiling remaining: <sup>4</sup>								
Carryover funds from prior PREP:								

\*Note: All fund requests should be rounded to the nearest dollar.

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

Recipient HQ Contact Name: recipient

HQ Contact Telephone: Recipient HQ

Contact Email

Host Country Office Contact Name Host

Country Office Contact Telephone Host

<sup>2</sup> Section 202(e) and Enhanced 202(e) costs are described in [BHA FP 20-01](#).

<sup>3</sup> Occasionally, recipients may receive two obligations of resources in the same PREP year. If the recipient plans for a second obligation in the PREP's year, please include it here. Note, recipients should discuss this with the AOR.

<sup>4</sup> This figure should be the remaining value of the award that has not yet been obligated, not including what is being requested with the PREP (i.e., LOA - amount previously obligated - amount to be obligated with this PREP).



## 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 objectives and targets. The PREP introduction should include an activity synopsis by the BHA sectors. Information on the BHA sectors can be found in the [BHA Emergency Application Guidelines](#). 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 objectives 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 results report (ARR), 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, ARR, quarterly reports, Environmental Status Report, baseline or mid-term evaluation, learning events, and/or during field monitoring have been or will be resolved or 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***

USAID recognizes that implementation of some activities may be delayed, especially in light of the COVID-19 pandemic. Activities that were initially planned for the upcoming PREP year but will be delayed should be discussed in this section. Recipients should 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. For modified interventions, you should discuss with the AOR how these will be captured.

### ***c. Bellmon Analysis/Marketing Information***

[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, consistent with current practice, for all Title II food and nutrition security activities.

To contribute to the soundness and thoroughness of the PREP, information should be provided annually showing that planned resource transfers (food distributions, vouchers, cash transfers and food commodities for monetization) 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 and/or monetization efforts will not interfere in local markets or reduce incentives to local agricultural production. This information should be shared in the PREP.

For local and regional procurement, 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? Provide data about price trends of key commodities in the local markets. Do market prices fall when food assistance distributions occur or increase when cash 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?

For monetization activities, recipients should provide sufficient assurances that the anticipated sales price approximates the import parity price for each commodity to be monetized.

For direct distribution of commodities, recipients should provide evidence (based on levels of food insecurity, malnutrition, household income, etc.) that the methodology used to determine participant populations ensures that the participants are indeed food insecure and the proposed distribution would be additive.

#### ***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 carry-over levels from the previous year, loans, and CF timing. For activities that have previously been approved to procure commodities locally and/or regionally, this section should include details about the commodities that will be procured, including tonnages, and information about where the recipient expects to source the commodities.



**e. Food Security Rations**

Describe the ration for each commodity per participant type (if it has changed) and identify how often the rations are distributed. 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 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 the Food Security Rations section should be discussed with the AOR and BHA/M/R prior to preparing the PREP.

If the number or type of interventions supported by food security rations changes from the approved award, the recipient must discuss the reason(s) for the change. 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.

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

For more information on recommended dietary and energy allowances used to determine food security rations, food security commodities, or substitutable commodities, please consult BHA’s [Food Aid Product Descriptions](#). In addition, [NutVal](#), the general food security ration planning, calculation, and monitoring application developed by the United Nations, is also a useful reference for ration determinations.

*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). The ration calculator which can be attached as a supporting document to the PREP in the [AAMP](#) calculates total metric tonnage levels based on information entered into the ration calculator and 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 time period but that will be carried out in the upcoming PREP time period;
- Interventions that were planned for and started in the prior PREP time period but are behind schedule and will be completed in the upcoming PREP year;
- Interventions that were planned for future PREP time periods but that will be accelerated and started in the upcoming PREP year; and
- In reference to construction, any new geographical areas or new types of interventions that were not approved in the original award.

USAID will reimburse allowable costs for only the construction activities listed in paragraph D of the [Mandatory Standard Provision](#) entitled “Limiting Construction Activities”, not to exceed the amount specified in the construction line item of the award budget. The recipient must receive prior written approval from the AO to transfer funds allotted for construction to other cost categories, or vice versa. Construction-related changes that will affect the budget should also be detailed in the budget narrative.

**g. Sustainability and Exit Strategies**

This section should discuss the sustainability and exit strategies of the program for the upcoming year. It should explain what has been updated or achieved in regards to these strategies. For example, building capacity of the host government for handover of interventions; participants working with the private sector to start micro businesses; or functioning water use committees around improved water sources.

Recipients are expected to implement activities that promote sustainability and the exit of the project. This includes interventions to improve service providers’ sustained access to resources and capacities, service providers’ sustained motivation to provide the services, communities’ sustained motivation to use the services, and interventions to create linkages between the service providers and capacity strengthening organizations, even after the project has ended. If the project design lacks robust interventions or strategies to strengthen these factors, recipients will be expected to refine the strategies to improve sustainability.

**PREP Check**

This section should specifically describe the steps that will be taken in the coming year to shift ownership of interventions to the beneficiaries and/or local government. For example, a shift away from providing seeds directly to farmers and toward linking farmers with input markets would be discussed in this section. Recipients should identify any barriers to achieving full sustainability by the end of the activity.

Definitions of and guidance for graduation and exit strategies 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. More information on sustainability can be found in the [Technical References for Development Food Security Activities](#).

## 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 fiscal 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 appropriately budgeted for. The DIP must reflect all activities planned for the year. Some that recipients often overlook but must be included are:

- Training of staff, including sub-recipient staff, government counterparts, etc.;
- Meetings with sub-recipients and monitoring of their interventions;
- Learning interventions that create intentional opportunities for reflection to inform adjustments to implementation;
- 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 (ARR, quarterly reports, next PREP, etc.)

## 3. Pipeline Analysis

The pipeline analysis should show actual expenditures, accrued expenditures, and the projected cost of the entire award 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 should be submitted. Note: The pipeline analysis should 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 should be highlighted for ease of review. Budgets, including the budget narrative, should be clearly linked to the technical narrative and DIP. Budget categories should remain consistent across the LOA, unless new or additional guidance is provided. For awards signed in FY 2017 and later, **comprehensive budgets must break down spending by BHA sector**. Awards from FY 2016 and earlier can continue to break down detailed budgets by BHA sector, or change it to comprehensive budgets if agreed to by the AOR. 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, exit 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](#)
- [2 CFR 230 – Cost Principles for Non-Profit Organizations](#) (applicable to awards made prior to December 26, 2014)
- [USAID/BHA Functional Policy \(BHAFP\) 20-01, including the Budget Matrix attached to the BHAFP](#)
- [Aligning Budgets for Implementing Environmental Compliance Safeguards in USAID Development Food Assistance Programs Toolkit Annex](#)

### BUDGET ALERT

The comprehensive budget - rather than the detailed budget - must be broken down by BHA sector. *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 be calculated using formulas.

#### 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, 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 comprehensive budget must be presented in the same format as the approved budget in the award. The names of categories and subcategories should not be revised. Any changes to the comprehensive budget categories of more than 10 percent of the single year's budget should be highlighted and explained. Budget figures should be rounded to the nearest dollar. The comprehensive budget should reflect the entire LOA, broken down by year.

#### 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 additional outyears' detailed budgets. Unless notified by the AOR, recipients should 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 changes are made in regards to the BHA sectors. Line items should not shift between budget categories. Do not use "Miscellaneous" and "Other" as line items in the detailed budget. Any substantial changes to the detailed budget, including the addition of new line items, should 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.

In addition to a 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.
- As noted in the DIP narrative section of this guidance, any construction-related changes to the budget should be discussed in the budget narrative.
- Highlight requests for procurement of any equipment<sup>5</sup> for the upcoming implementation year, with a description of and purpose for the equipment.
- Explain why there is carry-over from the prior year. All factors contributing to the carry-over should be discussed (e.g., international trips were not taken, some interventions were canceled or delayed, procurement of supplies or equipment was postponed or canceled, etc.).
- Explain all 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.
- Explain comprehensive budget category variances of 10 percent or more from the prior approved single year budget.
- Note if the provisional or final Negotiated Indirect Cost Rate Agreement (NICRA) has been updated since the last submission or whether NICRA rate changes are anticipated.
- Discuss any new policies and local laws that affect budget calculations (e.g., changes in

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<sup>5</sup> *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.



benefits policies, insurance laws, laws with respect to employee separation/termination, that impact the budget). If no changes have occurred, simply note N/A.

- Per [22 CFR 216, Environmental Procedures](#), budget line items that address environmental compliance requirements (including implementation of environmental mitigation measures, monitoring, and staffing), must be included in the detailed and comprehensive budgets and explained in the budget narrative. The budget narrative should particularly highlight 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.
- Cost narratives related to resource transfers (cash and vouchers) should include transfer value going directly to participants (not including transfer fees), number of transfers across budget period and number of individuals and/or households targeted.

### Funding Sources Other than Title II

#### *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 who cost share 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*

Most BHA resilience activities are not currently monetizing. In some cases cash requirements are being met with CDF or increased programming of Section 202(e) resources (as allowed under the Food for Peace Act). In this section the recipient should discuss any anticipated challenges associated with the programming of these funds.

## **5. Completeness Checklist**

Recipients must submit the Completeness Checklist in Annex II 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 attach in the [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 been 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. The scope of work for the mid-term evaluation is due 15 months into the award or as indicated in the award language. As a reminder, recipients are required to attach all survey and evaluation data collected during the reporting *fiscal year* to the [Development Data Library](#). Recipients must submit the reports even when these evaluations, studies and/or assessments are conducted by third-party partners (e.g. an external evaluation team) or submitted with the PREP.

## **7. Review of Branding Strategy and Marking Plan**

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

## **8. Affirmation of Certifications**

If applicable, recipients who already have up to date, signed forms in *Certifications, Assurances and Other Statements of the Recipient, an Additional Help for Automated Directives System (ADS) 303* with the award approval may simply submit a signed Affirmation of Certifications. Refer to [ADS Chapter 303](#) for guidance. Recipients should also write-in the recipient, host country or region names, and USAID award number underneath the signatures.

## **9. Negotiated Indirect Cost Rate Agreement**

A copy of the latest finalized NICRA must be submitted with the PREP.

### ***C. PREP Data Attached as Supporting Documents***

The following is a list of PREP components that the recipient will attach as supporting documents in the [AAMP](#). Instructions on how to use [AAMP](#) are on the [AAMP website](#).

#### ***1. Commodity-related Information***

The Ration Calculator, AER, CP, and Executive Summary Table (EST) are submitted with the PREP. The Ration Calculator, AER, CP, and EST can be attached as supporting documents to the PREP in the [AAMP](#) system. Please see the EST, AER, CP and RC 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.



The Ration Calculator, 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 Ration Calculator, AER, CP, and EST should match those provided in the PREP narrative, and the monetization tables, as applicable.

### **a. Ration Calculator**

Recipients must enter all commodities being used in their activity, whether for monetization or direct distribution. 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**

The commodities for direct distribution entered in the Ration Calculator will be reflected in the AER. recipients should then enter metric tonnage for each monetization commodity, as applicable. recipients should note that the disaggregation of BHA sectors by commodities for direct distribution and monetization is reflected in two corresponding sections on the AER.

### **c. Commodity Pipeline**

The CP is a crucial tool for a recipient to justify when CFs must be made for its food security activity. It also shows planned distributions for the FY. BHA/W will refer to the commodity pipeline to make monthly resource allocation decisions, relying on the arguments put forth by the recipient to advocate for funding when resources are scarce. CP information will help BHA/W to better schedule and prioritize funding actions. The CP is not an official procurement mechanism for BHA, but rather an important planning tool for the office. It presents the recipient's food security commodity and resource requests and projected usage for the existing commodities (carry-in) and those being requested in the upcoming fiscal year. Values entered in the CP are the approved values for the award, so it is essential to ensure their accuracy.

### **2. Executive Summary Table (EST)**

The EST is a funding and tonnage snapshot. The EST generates 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. Additionally, recipients can enter requested levels of Title II ITSH and cost share. 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: Monetization<sup>6</sup>

### PREP Documents to be Attached in the [AAMP](#)

For recipients who are monetizing commodities, please find specific information listed below in addition to the instructions in the guidance. Include a separate section in the PREP narrative that addresses the following topics.

#### 1. Monetization Budget

The amount of monetization proceeds expected to be generated during the upcoming year should match the recipient's monetization budget. If the amount of expected monetization proceeds exceeds the amount from the approved budget, the recipient should reduce the request for monetization commodities. If the monetization proceeds exceed the amount in the recipient's approved budget, the recipient must discuss factors affecting resources tied to this windfall and obtain AOR approval to expend the surplus proceeds. recipients 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.

#### BUDGET ALERT

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

#### 2. Timing and Maximizing Monetization Proceeds

In order to obtain the best sales prices, the recipient should provide justification for their monetization timing. The recipient should also discuss how the monetization corresponds to the agricultural sector of the host country, market cycles, information presented in the Bellmon Estimation Study<sup>7</sup> and subsequent updates, along with the recipient's knowledge of the market. Additional issues to address include, but are not limited to:

- How will the recipient ensure that the value of the monetization proceeds will not diminish due to currency fluctuations and/or devaluation?
- How will the recipient compensate for a shortfall of monetization proceeds or modify the food security activity accordingly?
- Any shortfalls and modifications must be discussed with the AOR.

#### 3. Monetization Expenditures

<sup>6</sup> Most Bureau for Humanitarian Assistance activities are not currently monetizing.

<sup>7</sup> For more information on the Bellmon Estimation Studies (BEST), please visit the [Development Experience Clearinghouse](#).



Spending available monetization proceeds should be prioritized over spending Section 202(e) funds and ITSH funds, if appropriate. However, a recipient should not arbitrarily increase the rate of spending in the final months of the award simply to expend remaining funds in any funding category. Unless previously discussed with the AOR and the BHA/M/R, expenditures are expected to stay within approved LOA budget levels. Recipients should explain any deviations from approved implementation year budget levels.

## **Data Attached as Supporting Documents in the [AAMP](#)**

### **1. Monetization-Related Information**

The monetization-related information can be attached as supporting documents in the [AAMP](#), in conjunction with the description in the PREP narrative, enables the AOR to determine whether monetization proceeds are on target for the approved budget, or whether changes are needed. Recipients 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 participants. Information provided in the narrative should correspond with and complement the monetization information attached as supporting documents in the [AAMP](#).

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

**b. Life of Activity Analysis for Monetization Proceeds** Recipients should complete the LOA Monetization. LOA expenditures are expected to stay within approved LOA budget levels. Explain any deviations from the approved budget levels in the monetization narrative.



**ANNEX II: Completeness Checklist Template**  
 United States Agency for International Development  
 Bureau for Humanitarian Assistance  
 Fiscal Year 202X: Pipeline and Resource Estimate Proposal Guidance  
 Completeness Checklist

PREP Document	Details	Yes	No	If no, explain	N/A
Narrative	Introduction				
	Bellmon Analysis/Market Information				
	Commodity Justification and Calls Forward				
	Food Security Rations				
	DIP Narrative				
	Sustainability, Graduation, and Exit Strategies				
Budget Narrative					
Detailed Budget					
Comprehensive Budget					
DIP Table					
Completeness Checklist					
Evaluation, Studies, & Assessment List*					
Branding Strategy & Marking Plan*					
Affirmation of Certifications*					
NICRA*					
<i>Pipeline analysis will be submitted once the PREP has undergone an initial review. The AOR will inform the recipient when to submit the pipeline analysis</i>					



\*These components are as applicable, per the guidance.

*Recipients should note that due to the PREP approval process, the PREP components should be submitted via the [AAMP](#).*



### **ANNEX III: Budget Addendum**

As referenced on page 11, PREP budgets include a narrative, comprehensive budget, detailed budget and budget pipeline.

All Bureau for Humanitarian Assistance partners (including Refine & Implement partners) are encouraged to submit single year budgets (for the prime and sub-recipients) for the PREP implementation period. The review will focus on budget changes from most recent previously approved budget including, but not limited to:

- Addition of new budget line items;
- 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);
- 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)"; and
- Other changes as mandated in the award (e.g., addition of new key personnel, changes to sub-recipients or contractors/consultants).

All of these changes should be explicitly highlighted in the budget narrative and detailed budget and explained in the budget narrative (e.g., why a unit cost has increased or why fringe benefits have changed). Key changes should also be discussed and justified in the PREP narrative. BHA's budget review for the PREP will only focus on these changes. All budget figures should match across the different budget documents.

BHA will not be reviewing or approving prior year budgets, nor proposed changes to out-year budgets. 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 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, comprehensive budgets; budget narratives; and pipelines. All documents should be coherent such that a change in one is reflected in all the other documents where such change must be reflected. Submitting accurate budget documents will ensure timely processing of the PREP and the award modification. Please therefore verify the following prior to submission of budget documents:

- Ensure that the detailed budget, subrecipient budgets, comprehensive budget, pipeline, and budget narrative reflect the same information and amounts when such information must appear in more than place or document.
- Formulas are correct.
- Cost categories are consistent between the pipeline, comprehensive budget and detailed budget.



- All budgets are in USD.
- Any deviation from the approved budget is identified in the budget narrative.
- Sub-recipients detailed budget and budget narratives are formatted similarly to Prime's budget and budget narrative.
- Changes to the budget are reflected across all budget documents (subrecipient, detailed, comprehensive, pipeline, and narratives)
- The budget narrative explains the breakdown for all lump sum costs.
- The budget applies the most recent, approved NICRA for all subs and primes.
- The NICRA calculation, including the de-minimis rate, is explained or broken down in the budget narrative.
- The pipeline reflects the most recent financial status of the project including the total obligated amount, actual and accrued expenditures, and the projected cost of the entire award.

The cumulative obligation total includes the most recent obligation amount approved.