



USAID
FROM THE AMERICAN PEOPLE

SEP 30 2011

Mr. Allan Jury
Director
U.S. Relations Office
World Food Programme
2175 K Street, N.W.
Suite 500
Washington, DC 20037

Subject: Agreement No. AID-FFP-IO-11-00011

Dear Mr. Jury:

Pursuant to the authority contained in the Foreign Assistance Act of 1961, as amended, the U.S. Agency for International Development (hereinafter referred to as "USAID" or "Grantor") hereby grants to World Food Programme (hereinafter referred to as "WFP," "Grantee," or "Recipient") the sum set forth in Section 1.3 of this Agreement to provide support for an emergency food security program in Afghanistan, as described in Attachment 2 of this Agreement entitled "Program Description."

This Agreement is effective as of the date of this letter and shall apply to commitments made by the Recipient in furtherance of program objectives for the period described in Section 1.2 of this Agreement. USAID shall not be liable for reimbursing the Recipient for any costs in excess of the obligated amount.

This Agreement is awarded to the Recipient on condition that the funds will be administered in accordance with the terms and conditions as set forth in the attachments listed under my signature below, which together constitute the entire award document, and to which your organization has agreed.

Please sign both copies of this letter to acknowledge your receipt of this Agreement, retain the copy with the complete Agreement (including the attachments listed below) for your records, and return only the signed cover letter to Ms. Jackie Skinner; U.S. Agency for International Development; Office of Food for Peace; c/o Macfadden Associates, Inc.; 529 14th Street, N.W. Suite 700; Washington, DC 20045.

Sincerely,

Sallie H. McElrath
Agreement Officer
Office of Acquisition and Assistance
M/OAA/DCHA/AFP

Attachments:

1. Schedule
2. Program Description
3. Standard Provisions

ACKNOWLEDGED:

World Food Programme

By:

Name:

Title:

Date:

[Signature]
ALLAN JURY
DIRECTOR, WFP US RELATIONS OFFICE
2/30/41

ACCOUNTING AND APPROPRIATION DATA

A. GENERAL

A.1. Total Estimated USAID Amount : \$40,000,000
A.2. Total Obligated USAID Amount : \$40,000,000
A.3. Agreement Officer's Technical Representative (AOTR) : See Section 1.6
A.4. DUNS Number : 071550813
A.5. LOC No. : HHS-24A1P

B. SPECIFIC

B.1.(a) REQ Number : FFP-11-000137
B.1.(b) BFY : 2011
B.1.(c) Fund Account : FD-X11
B.1.(d) Program Element : A089
B.1.(e) Operating Unit : DCHA/FFP
B.1.(f) Program Area : A22
B.1.(g) BGA : 306
B.1.(h) SOC : 4100202
B.1.(i) Distribution : DCHA-FFP-EFSP-PIO
B.1.(j) Amount : \$40,000,000
B.1.(k) Agreement Number : AID-FFP-IO-11-00011

ATTACHMENT 1 - SCHEDULE

1.1 PURPOSE OF AGREEMENT

The purpose of this Agreement is to provide support for the program described in Attachment 2 of this Agreement entitled "Program Description."

1.2 PERIOD OF AGREEMENT

(a) The effective date of this Agreement is the date of the cover letter, and the estimated completion date is August 31, 2012.

(b) Subject to the terms and conditions of this Agreement, funds obligated under this Agreement may be used to reimburse allowable costs incurred by the Recipient during the period beginning on September 1, 2011 and ending on the estimated completion date.

1.3 AMOUNT OF AGREEMENT AND PAYMENT

(a) The total estimated amount of this Agreement for its full period, as set forth in Section 1.2(b) above, is \$40,000,000.

(b) The amount of \$40,000,000 is obligated for the purposes of this Agreement. USAID is not required to reimburse the Recipient for any costs in excess of this amount, nor is the Recipient required to continue performance or incur costs in excess of this amount (including actions/costs under the Standard provision set forth in Attachment 3 of this Agreement entitled "Termination Procedures"). If, pursuant to paragraph c of the Standard Provision set forth in Attachment 3 of this Agreement entitled "Award Budget Limitations and Revisions," the Recipient requests additional USAID funding and USAID determines not to provide such additional funding, the Agreement Officer will, upon written request of the Recipient, terminate this Agreement pursuant to the Standard Provision entitled "Termination Procedures."

(c) Advance payments shall be made to the Recipient via Letter of Credit in accordance with the Standard provision set forth in Attachment 3 of this Agreement entitled "Payment (Letter of Credit)" and the procedures of the Payment Management System (PMS) administered by the U.S. Department of Health and Human Services (HHS). Such advance payments will be liquidated via the financial reporting requirements described in Section 1.5(a) below.

(d) If the Letter of Credit is revoked pursuant to paragraph d of the aforesaid Standard Provision, the Recipient shall use the SF-270, "Request for Advance or Reimbursement," in lieu of the SF-1034 prescribed in paragraph d of said Standard Provision, to request reimbursement (the form shall be marked in Block 1a to indicate that it is a request for reimbursement). This form and its instructions are available at <http://www.whitehouse.gov/omb/grants/forms/>). Reimbursement payments may be requested monthly, but not less frequently than 30 days after the end of each calendar quarter. Either paper copies or electronic copies (scanned PDF document), but not both, may be submitted to the payment office indicated in Section 1.6(c) below.

1.4 AGREEMENT BUDGET

The following is the Agreement Budget. Revisions to the budget shall be in

accordance with the Standard Provision set forth in Attachment 3 of this Agreement entitled "Award Budget Limitations and Revisions."

THE BUDGET

Purchase of Commodities	888,000	9,635,856	0	10,523,856
Food Vouchers	0	0	3,960,000	3,960,000
Quality and Quantity (Q&Q) Surveys	2,400	67,117	0	69,517
External Transport (Overland)	0	1,039,664	0	1,039,664
Landside Transport, Storage and Handling (LTSH)	116,388	6,509,817	0	6,626,205
Other Direct Operational Costs (ODOC)	50,898	2,846,828	1,119,477	4,017,203
Direct Support Costs (DSC)	186,516	10,432,217	528,000	4,500,421
Total Direct Costs (TDC)	1,244,202	30,531,499	5,607,477	37,383,178
Indirect Support Costs (ISC)	87,094	2,137,205	392,523	2,616,822
Total Estimated Amount	1,331,296	32,668,704	6,000,000	40,000,000

1.5 REPORTING, MONITORING, AND EVALUATION

(a) Financial Reporting

(1) Reporting of Accrued Expenditures

(A) Financial reporting requirements shall be as follows. Except as may be otherwise indicated below, either paper copies or electronic copies (scanned PDF document) may be submitted, but not both.

(B) Standard Form 425 (SF-425) and SF-425A (available at <http://www.whitehouse.gov/omb/grants/forms/>) are used to report accrued expenditures. Reporting periods are calendar quarters. Quarterly reports are due not later than 30 days after the end of each calendar quarter. The final report is due not later than 90 days after the estimated completion date of this Agreement (see Section 1.2 above). The Recipient shall submit this form in the following manner:

(i) Submission to AOTR

One copy of all financial reports must be submitted to the AOTR. The Recipient may omit Lines 10a-c of the SF-425 for the submission to the AOTR. If more than one intervention/objective is identified in the budget set forth in Section 1.4 above (e.g., local procurement and regional procurement, LRP and food vouchers, LRP and cash, food vouchers and cash), the Recipient shall separately report accrued expenditures for each such intervention or objective in Block 12 of the SF-425.

(ii) Submission to USAID/M/CFO/CMP

One copy of the final financial report must be submitted to the USAID/Washington M/CFO/CMP-LOC Unit. The Recipient may omit Lines 10a-c of the SF-425 for the submission to the LOC Unit. If more than one intervention/objective is identified in the budget set forth in Section 1.4 above (e.g., local procurement and regional procurement, LRP and food vouchers, LRP and cash, food vouchers and cash), the Recipient shall separately report accrued expenditures for each such intervention or objective in Block 12 of the SF-425.

(iii) Submission to U.S. Department of Health and Human Services (HHS)

The SF-425 and SF-425A must be submitted via electronic format to the HHS (<http://www.dpm.psc.gov>). The Recipient may omit Lines 10d-o of the SF-425 for the electronic submission to HHS.

(C) As indicated in Section 1.3(c) above, if the Letter of Credit is revoked pursuant to paragraph d of the Standard Provision set forth in Attachment 3 of this Agreement entitled "Payment (Letter of Credit)," the Recipient shall use the SF-270 to request reimbursement and report accrued expenditures (for the latter, the form will be marked in Block 1a to indicate that it is a request for reimbursement). With the exception of the final report, the SF-270 shall be submitted monthly, but not less frequently than 30 days after the end of each calendar quarter. The final financial report is due not later than 90 days after the estimated completion date of this Agreement (see Section 1.2 above). In addition to submission to the payment office specified in Section 1.6 below, the Recipient shall also submit one copy of all financial reports to the AOTR.

(b) Programmatic Reporting

(1) General Requirements

(A) The Recipient shall comply with the Standard Provisions set forth in Attachment 3 of this Agreement entitled "Audit and Records (WFP)" and "Publications and Media Releases." All reports shall be in English.

(B) All reporting and data must be delineated by the interventions or objectives described in the budget set forth in Section 1.4 above.

(C) All reporting/data will include detail as to whether the same beneficiary population is being served in each intervention or objective, e.g., number of beneficiaries targeted and reached in one intervention/objective may be 5,000, and in another intervention/objective 5,000, but the cumulative total of beneficiaries reached is 5,000 -- not 10,000 -- because it is the same population targeted and reached in each intervention/objective)

(D) As used herein, "beneficiaries" means individuals and not families. Therefore, if the Recipient is working with families, the report may include data related to both families and the corresponding number of individuals. If data on individual beneficiaries are not available, or if it is impractical (due to the nature of the program) to collect and report beneficiary data, the report should indicate that beneficiary data are not available or are impractical to collect and report, and include a strong justification. Best estimates shall be provided.

(E) Beneficiary data must specify the number of Internally Displaced Persons (IDPs) within the population.

(F) Data must be age- and sex-disaggregated (i.e., boys and girls under 18 years of age, and men and women 18 years of age or older). Age data related to specific program objectives (i.e., under 2s, under 5s) must also be sex-disaggregated.

(G) Data must be disaggregated as described above, and the Recipient's Monitoring and Evaluation (M&E) Plan must be capable of accomplishing this. If disaggregated data are not feasible, the M&E plan (including performance indicators) must assess impact on disaggregated populations indirectly.

(2) Reserved.

(3) Performance Monitoring Reports

(A) Program Updates

On a regular basis, the Recipient shall provide to the AOTR (and to the FFP overseas field representative, if there is one) brief, timely, informal updates that provide information such as progress toward accomplishing each intervention or objective and achieving expected results, constraints, changes in the situation, and any aspects of the program that show demonstrable progress or achievement, expected or otherwise ("success stories"). Electronic submission is preferred over hard-copy.

(B) Notifications

The Recipient shall submit one copy to the AOTR, one copy to the FFP overseas field representative if there is one, and one (1) copy to the Agreement Officer of notifications (in writing), as follows:

(i) Developments which have a significant impact on the activities supported by this Agreement; and

(ii) Problems, delays, or adverse conditions which materially impair the ability to meet the objectives of this Agreement. This notification shall include a statement of the action taken or contemplated, and any assistance needed to resolve the problem.

(C) Performance Baseline Data

Unless performance baseline data are already included in the Program Description set forth in Attachment 2 of this Agreement, the Recipient shall submit one copy to the AOTR (and one copy to the FFP overseas field representative, if there is one) of performance baseline data which describe the prevailing conditions of a beneficiary population and/or the situation at the onset of the emergency or program, the magnitude of the problem and/or the needs that the Recipient's program will address and, if necessary or appropriate, revised performance indicators and/or numerical performance targets (including appropriate rationale and justification therefor). Electronic submission is preferred over hard-copy. The baseline data must be submitted no later than 30 days after the effective date of this Agreement.

(D) Quarterly Program Performance Reports

(i) The Recipient shall submit one copy of a concise and brief (not to exceed 5 pages) quarterly program performance report to the AOTR (and one copy to the FFP overseas field representative, if there is one). Electronic submissions are preferred over hard-copy.

(ii) Reporting periods are calendar quarters.

(iii) The due-date for these program performance reports is not later than 30 days after the end of each reporting period. However, if the reporting period ends earlier than one month from the date set forth in Section 1.2(b) above on or after which USAID will reimburse allowable costs under this Agreement, or less than one month before the estimated completion date of this Agreement and this Agreement is not being extended, no submission shall be required. All other reporting requirements shall, however, apply.

(iv) These reports shall include the following information:

- A comparison of actual accomplishments, both for the reporting period and cumulatively, with the established goals and objectives, and expected results; the findings of the investigator; or both. Data (both qualitative and quantitative) must be presented using established baseline data and indicators, and be supported by a brief narrative. Whenever appropriate and the output of programs or projects can be readily quantified, such quantitative data should be related to cost data for computation of unit costs.

- Reasons why established goals were not met (if applicable), the impact on the program objective(s), and how the impact has been/will be addressed.

- Other pertinent information including, when appropriate, success stories (if available) which illustrate the direct positive effects of the program; how unforeseen circumstances affected overall performance compared to original assumptions (if applicable), how activities were accordingly adjusted or re-targeted; and analysis and explanation of cost overruns or high unit costs.

(4) Final Results Report

The Recipient shall submit one copy of a final results report to the AOTR (and one copy to the FFP overseas field representative, if there is one). Electronic submissions are preferred over hard-copy. The final results reports shall cover the full period of this Agreement, and shall be submitted by the Recipient not later than 90 days after the estimated completion date of this Agreement (see Section 1.2 above). The final results report shall emphasize quantitative as well as qualitative data that reflect results, shall measure impact using the baseline data and indicators established for the program, and shall, at a minimum, include the following information:

(A) For All Programs

(i) Number of beneficiaries targeted and reached (disaggregated by gender, age, and intervention/objective).

(ii) Cost per beneficiary.

(B) For Local and Regional Procurement Programs

(i) Actual volume and cost for commodities purchased, by commodity type and origin, compared with costs in the most up-to-date DCHA/FFP commodity calculator. (This can be found at: http://www.usaid.gov/our_work/humanitarian_assistance/ffp/implementool.html.) In addition to commodity cost, other costs should be identified (e.g., survey, fumigation). Purchase contract costs must be disaggregated in order to reflect commodity costs. If a full breakdown is not possible, the Recipient shall provide a commodity price estimate or fair market value at the time of purchase.

(ii) Actual volume and cost for commodities purchased, by commodity type and origin, compared to planned purchases and volume tendered (if there were differences).

(iii) Actual transport costs, differentiating by ocean freight and ground transport.

(iv) Time from (1) award of this Agreement to tender; (2) tender to procurement; (3) procurement to possession by the recipient in-country of distribution; and (4) possession to beneficiary distribution.

(v) Prices of the commodities purchased two weeks before and two weeks after the procurement. Price determination will be performed for the area (or region if necessary), based on the availability of the most accurate statistics.

(vi) Where applicable, dollar value and metric tonnage of commodities procured from small-holder producers, including market identifying information and location of producers.

(vii) Commodity safety and quality assurance inspection results compared to local country food safety guidance or Codex Alimentarius, as

referenced in Section 1.8(e) below. Results must contain aflatoxin levels and moisture content certification.

(C) For Food Voucher and Cash Transfer Programs

(i) Actual number and value of vouchers and cash transfers used and/or distributed to beneficiaries.

(ii) Time from award of this Agreement to possession by beneficiaries.

(iii) For cash programs, price information on key staples in the area of the program, four weeks before the program begins, monthly during the program, and four weeks after the program ends. For voucher programs, this shall be done for major commodities included in the program. In reporting price changes over time, comparisons shall be made to any regular seasonal changes of prices.

(iv) For cash programs, post-distribution surveys to identify how households used their additional resources.

1.6 POST-AWARD AGREEMENT ADMINISTRATION

(a) Agreement Officer's Technical Representative (AOTR)

The AOTR for this Agreement has been designated in a separate memorandum from the Agreement Officer to the AOTR, a copy of which is being provided to the Recipient in addition to this Agreement. All correspondence to the AOTR should be addressed to:

DCHA/FFP
U.S. Agency for International Development
1300 Pennsylvania Avenue, N.W.
Room 8.06
Washington, DC 20523-2052

(b) Agreement Officer

The USAID Agreement Officer is:

Ms. Sallie H. McElrath
M/OAA/DCHA/AFP
U.S. Agency for International Development
1300 Pennsylvania Avenue, N.W.
Room 524-A, SA-44
Washington, DC 20523-7900

(c) Payment Office

Letter of Credit Related Documents:

E-Mail: loc@usaid.gov

1.7 RESOLUTION OF CONFLICTS

Conflicts between any of the Attachments of this Agreement shall be resolved by applying the following descending order of precedence:

Attachment 1 - Schedule
Attachment 3 - Standard Provisions
Attachment 2 - Program Description

1.8 SPECIAL PROVISIONS

(a) Code of Conduct for the Protection of Beneficiaries of Assistance from Sexual Exploitation and Abuse in Humanitarian Relief Operations

As a condition for award of this Agreement, it is understood by USAID and affirmed by the Recipient that the Recipient has adopted a code of conduct for the protection of beneficiaries of assistance from sexual exploitation and abuse in humanitarian relief operations. Such code of conduct must be consistent with the UN Interagency Standing Committee on Protection from Sexual Exploitation and Abuse in Humanitarian Crises, which includes the following core principles:

(1) Sexual exploitation and abuse by humanitarian workers constitute acts of gross misconduct and are therefore grounds for termination of employment;

(2) Sexual activity with children (persons under the age of 18) is prohibited regardless of the age of majority or age of consent locally; mistaken belief in the age of a child is not a defense;

(3) Exchange of money, employment, goods, or services for sex, including sexual favors or other forms of humiliating, degrading, or exploitative behavior is prohibited; this includes exchange of assistance that is due to beneficiaries.

(4) Sexual relationships between humanitarian workers and beneficiaries are strongly discouraged since they are based on inherently unequal power dynamics. Such relationships undermine the credibility and integrity of humanitarian aid work.

(5) Where a humanitarian worker develops concerns or suspicions regarding sexual abuse or exploitation by a fellow worker, whether in the same humanitarian aid agency or not, s/he must report such concerns via established agency reporting mechanisms.

(6) Humanitarian workers are obliged to create and maintain an environment which prevents sexual exploitation and abuse and promotes the implementation of their code of conduct. Managers at all levels have particular responsibilities to support and develop systems which maintain this environment.

(b) Commodity Safety and Quality Assurance

(1) Commodity safety and quality assurance inspections are required for local and regional procurement of commodities financed hereunder. For all bulk grains, legumes, and pulses, recipient country food safety guidance must be followed. If the recipient country does not have food safety guidelines for grains, legumes, and pulses, the Recipient must adhere to the Codex Alimentarius Recommended International Code of Practice: General Principles of Food Hygiene CAC/RCP 1-1969 Rev 4 - 2003 including Annex "Hazard Analysis and Critical Control Point (HACCP) System and Guidelines for its application." All processed foods, fortified blended foods, and enriched foods shall comply, in terms of raw materials, composition, or manufacture, except as may otherwise be approved by the Agreement Officer, with the Codex Alimentarius Recommended International Code of Practice: General Principles of Food Hygiene CAC/RCP 1-1969 Rev 4 - 2003 including Annex "Hazard Analysis and Critical Control Point (HACCP) System and Guidelines for its application." All cereals and cereal product commodities must be tested for aflatoxin and have moisture content certified. The maximum acceptable total aflatoxin level is 20 parts per billion (the U.S. Food and Drug Administration

action level for aflatoxin in human foods). In addition to the local country requirements or Codex Alimentarius standards, as applicable, all commodities must meet the specifications, nutritional, quality, and labeling standards of the recipient country. The Recipient is required to contract established inspection services prior to shipment and distribution, and retain a copy of each certificate for its records. Expenses for commodity safety and quality assurance inspections are subsumed in the budget set forth in Section 1.4 above.

(2) See the FFP Commodity Reference Guide (http://www.usaid.gov/our_work/humanitarian_assistance/ffp/crg/) for commodity content statistics, information on proper commodity storage, and other information. For additional information regarding aflatoxin, see the USDA Aflatoxin Handbook (<http://www.gipsa.usda.gov/GIPSA/webapp?area=home&subject=lr&topic=hb-afl>). Organizations in the food procurement chain are encouraged to model their food safety management systems after ISO 22000:2005 standards, but compliance and certification to those standards are not mandatory.

(3) It is expected that commodities purchased by beneficiaries with food vouchers financed hereunder will meet the commodity standards of the recipient country.

(c) Branding and Marking

In order to maintain consistency between Title II food aid and the Emergency Food Security Program (EFSP) under which this Agreement is funded, the Recipient is requested to comply with USAID's marking requirements specific to locally and regionally procured commodities, as set forth in 22 CFR 226.91.

(d) Restricted Goods

The recipient shall not procure any of the following goods and services without the prior approval of the Agreement Officer:

- (1) Motor vehicles.
- (2) Pharmaceuticals.
- (3) Pesticides.
- (4) Used equipment.
- (5) Contraceptives and condoms.
- (6) Fertilizer.

(e) Limitations on Regional Procurement

Without the prior written approval of the Agreement Officer, food commodities purchased hereunder shall be from countries included on the OECD-DAC list of Official Development Assistance recipients. The list of ODA recipients can be found at the Organization for Economic Co-Operation and Development website: www.oecd.org/dac/stats/daclist. The list effective for reporting on 2009 and 2010 flows should be used unless and until a 2011 list is available for 2011 flows.

1.9 STANDARD PROVISIONS

The following Standard Provisions apply to this Agreement. The full texts of these Standard provisions are set forth in Attachment 3 of this Agreement.

- (a) Allowable Costs (APR 2011)
- (b) Amendment (APR 2011)
- (c) Nonliability (APR 2011)
- (d) Notices (APR 2011)
- (e) Payment (Letter of Credit) (APR 2011)
- (f) Audit and Records (WFP) (AUG 2011)

- (g) Refunds (APR 2011)
- (h) Award Budget Limitations and Revisions (APR 2011)
- (i) Termination Procedures (APR 2011)
- (j) Financial Management, Procurement, and Evaluation (APR 2011)
- (k) Dispute Resolution (APR 2011)
- (l) Title to and Disposition of Property (APR 2011)
- (m) USAID Disability Policy and UN Convention on the Rights of Persons with Disabilities Assistance (APR 2011)
- (n) Terrorist Financing Clause (UN) (APR 2011)
- (o) Publications and Media Releases (APR 2011)
- (p) Reporting of Foreign Taxes (UN) (APR 2011)
- (q) Standards for Accessibility for Persons with Disabilities in USAID Assistance Awards Involving Construction (Disaster Assistance) (APR 2011)

1.10 ADMINISTRATIVE COST RECOVERY

In lieu of indirect costs, USAID's contribution under this Agreement includes administrative costs which shall not exceed \$1,308,411. The administrative payment shall not be used to augment an appropriation of U.S. funds for general expenses (e.g., "voluntary contributions" under Section 301[a] of the Foreign Assistance Act of 1961, as amended); shall not include costs recovered under other components of this Agreement; must be program-specific; and shall not be applied for expenses outside the immediate management of this Agreement. Payments for indirect support costs will be used for indirect support cost expenditures in full and will not flow to the Recipient's Programme Support and Administrative (PSA) Equalization Account. All PSA expenditures will be paid on a reimbursement basis only.

ATTACHMENT 2 - PROGRAM DESCRIPTION

The Recipient's revised application dated July 18, 2011 is attached hereto as the Program Description (Attachment 2) and made a part of this Agreement. In accordance with paragraph b(1) of the Standard Provision set forth in Attachment 3 of this Agreement entitled "Award Budget Limitations and revisions," the Recipient shall request prior approval from the Agreement Officer for changes to the scope and objectives of the program or the addition of any new activities.

Request to USAID/FFP for a New Award

APS No. FFP-FY-11-001 APS for International Emergency Food Assistance Program.

Applicant Organization Name: United Nations World Food Programme (PIO)	
Headquarters Contact Information	Field Contact Information
Contact Person: Allan Jury, Director, US Relations Office	Contact Person: Louis Imbleau, Country Director, Afghanistan
Mailing Address: 2175 K st, 500, WashingtonDC20037	Mailing Address: Street No. 4, Koshani Watt (Behind Kabul Bank), Shahr-e-Naw, Kabul, Afghanistan
Telephone: +1 202 653 0010	Telephone: 0093-(0)700-282-820-4
Fax: +1 202 653 2619	Fax: 00873763089561, 00390665137807
E-mail: Allan.Jury@wfp.org	E-mail: Louis.Imbleau@wfp.org

Country/Region of Country: Afghanistan/WFP Asia Region

Programme Title: Relief Food Assistance to Tackle Food Security Challenges

Dollar Amount Requested from FFP: \$40,000,000

Submission/Revision Date: 18.07.2011

Proposed Start and End Dates: Start date upon confirmation of award notification, end date 12 month from confirmation

1. Summary of assistance planned

	LP*	RP*	FV*
Resources Requested by Intervention(s) in USD (T2 – Title II*, LP – Local Procurement, RP – Regional Procurement, CT – Cash Transfer, FV – Food Vouchers)	1,331,296 for 600 mt locally produced HEB	32,668,704 for 33,559 mt regionally procured wheat	6,000,000 for vouchers
Number of Beneficiaries (per intervention)	333,720 school children	1,046,298 individuals (174,383 households)	132,000 individuals (22,000 households)
Brief Description of Each Activity (e.g., food/cash for work, targeted supplementary feeding, etc. and timelines, as appropriate, for each activity disaggregated by EFSP/Title II funding, if applicable)	Food for Education activities using HEB for 6 months Purchase of biscuits upon confirmation of award Distribution of biscuits starting approx. 75 days from award confirmation	Food for Work or General Food Distribution for 3 months Purchase of wheat upon confirmation of award Distribution of wheat starting approx. 1 ½ months from award confirmation	Food Vouchers for vulnerable urban households for 6 months Processes established with vendors upon confirmation of award Distribution of monthly vouchers 2 months from award confirmation
Additional Information			

*These figures represent commodity costs, direct support costs, other direct operational costs, external transport, logistics costs (internal landside transport, storage and handling) and indirect support costs. See attached budget templates.

2. Program Justification

Afghanistan faces an ongoing humanitarian crisis with multiple sources of vulnerability, including recurrent natural disasters and environmental shocks, ongoing armed conflict and protracted displacement. The situation is further compounded by reduced humanitarian access and general food insecurity. **Additionally, estimates from the Ministry of Agriculture, Irrigation and Livestock (MAIL) place the 2011 wheat deficit at approximately 1.9 million metric tons, nearly three times the 2010 deficit level.**

Seasonal precipitation in Afghanistan normally occurs from November through April. The 2010-2011 wet season saw a late start with almost no rainfall between October and January. Although rainfall has improved from mid-January, the cumulative seasonal rains were below normal over the entire country. In late April and May, a critical period for rainfed wheat, precipitation was low and temperatures were higher than normal, resulting in moisture stressed rainfed wheat crops in northern Afghanistan.

According to the Famine Early Warning Systems Network (FEWS-NET), this unusually poor wet season will lead to significant wheat crop losses in rainfed areas, underperforming irrigated wheat crops, and poor pasture conditions in irrigated areas in the north, northeast, central highlands and northwest parts of Afghanistan. Households who are solely dependent on rainfed crops or on-farm labor will likely face food deficits. Households living in the central highlands and the northeast are also experiencing dry conditions and have forgone cultivating spring rainfed wheat seeds, which will result in food deficits by early winter.

A joint WFP/FEWS-NET food security appraisal survey on the overall food security and crop situation has been finalized. The FEWS-NET assessment team traveled to the northern and southeastern wheat growing provinces. The team confirmed that the irrigated crop conditions in the north are moderate (worse so in the northeastern provinces) and most of the rainfed wheat crops are in very poor condition with a possibility of localized crop failure. WFP assessment teams traveling to the central highlands and western Afghanistan confirmed that there are also instances of dryness. Agricultural production in western Afghanistan has also been affected, which will put additional stress on poor households.

A WFP Rapid Emergency Food Security Assessment is currently being finalised, with phase 1 of the report expected by the end of September. WFP currently estimates that up to 2.8 million people may require assistance due to the food deficits. An additional three million people may also be put at risk due to issues of access and availability, and could possibly require food assistance or vouchers to strengthen purchasing power for vulnerable households. The upcoming assessment will seek to clarify these approximations.

On 27 July 2011, the Afghanistan Food Security and Agriculture Cluster (FSAC) released compiled surveys and data received by members to date. As a result, the following provinces were identified as requiring food assistance within 1-3 months with continued requirements until the 2012 harvest: Herat, Badghis, Faryab, Jawzjan, Sar-i-Pul,

Samangan and Balkh. Of these identified areas, USAID has requested that WFP prioritize its initial response under this funding opportunity to Badghis, Faryab, Jawzjan, Sar-i-Pul, Samangan and Balkh.

In response to the drought WFP, in close cooperation with the Afghan authorities, is currently working on a humanitarian assistance response plan, exploring options to set up a new Emergency Operation to support drought victims. WFP is tentatively planning to support drought affected families with programmes that address both food availability and economic access needs, including General Food Distribution (GFD), Food For Work (FFW), and Voucher projects. In winter months, harsh weather conditions sometimes prevent FFW projects from being implemented; in these cases, general food distribution (GFD) may be used to reach those that require food assistance. The approval of such a new Emergency Operation may still take a couple of weeks.

A contribution from USAID would allow WFP to initially support the areas believed to be most drought-affected, and help to address WFP Afghanistan's critical resource shortfall as the organisation gears up to support potential emergency food requirements across the country.

(iii) Rationale.

(A) Appropriateness.

Afghanistan continues to face enormous challenges and recovery needs resulting from three decades of war, intensified civil unrest, and recurring natural disasters. Despite some recent progress, millions of Afghans still live in severe poverty. About 80 percent of the population is dependant to some extent on agriculture; however, agricultural productivity remains low. Only about 12 percent of land is suitable for farming, and of that only 22 percent is irrigated. Afghanistan is fundamentally food deficit and does not produce enough food to meet domestic needs.

Though Afghanistan is facing a poor harvest this year, many countries in the region including Kazakhstan and Pakistan are experiencing good harvests, and it is expected that wheat will remain available in markets. However, future market prices will determine accessibility of households to purchase food on the market; at this time, potential fluctuations in market prices are difficult to predict. For this reason, a cash contribution to purchase wheat and High Energy Biscuits (HEB) is more appropriate than Title II in-kind food assistance to address emergency needs and strengthen food security for vulnerable groups. Food vouchers will be used in urban areas that are typically unaffected by domestic availability because of imports (however they are subject to price fluctuations).

Title II in-kind food received in Afghanistan in 2011 includes some 27,603 mt of mixed commodities. Of that amount, some 4,715 mt have been previously delivered to the seven provinces identified in July by FSAC as requiring food assistance in the coming months. The majority of deliveries to these provinces, about 3,960 mt, were delivered for food assistance projects in Herat.

(B) Timeliness.

In addition to the above mentioned reasons on the appropriateness of a cash contribution, Title II in-kind food and Title II pre-positioned stocks may not arrive in a sufficiently timely manner through the regular ordering process to address urgent emergency needs. The following is an estimated timeframe for regional procurement of wheat:

	Estimated time required
(1) agreement with donor to tender	20 days
(2) tender to procurement	15 days
(3) procurement to possession by grantee in country of distribution	26-31 days
(4) possession to beneficiary distribution	10 days

(C) Cost-effectiveness.

Not applicable for this grant.

3. Program Design and Description.

Within the framework of WFP's current PRRO 200063 in Afghanistan to strengthen resilience and food security of vulnerable groups across the country, the operation specifically aims to:

- Support conflict and disaster affected people, internally displaced persons and other vulnerable groups, including malnourished children and pregnant and lactating women, whose food security has been adversely affected by shocks;
- Support the re-establishment of livelihoods of communities and families affected by shocks, including through basic education, skills training for girls and women and asset creation; and
- Improve the success of tuberculosis treatment.

Under this funding opportunity, WFP specifically seeks to support emergency activities/Food for Work (FFW), Food for Education (FFE) and Food Voucher activities **in priority areas identified by FSAC and USAID. These include Badghis, Faryab, Jawzjan, Sar-i-Pul, Samangan and Balkh provinces.**

Emergency food assistance/Food for Work activities

Under the relief component of the operation, WFP will provide emergency food assistance to drought-affected families, including food insecure IDPs and returnees who are also being affected. Where possible, WFP uses FFW projects in emergencies to help address the underlying causes of food insecurity. WFP provides technical expertise to projects that focus on capacity building of national counterparts and communities and seek to work on complementary activities with UN and NGO partners. **This includes projects such as construction, repairs and maintenance of village or community infrastructure (roads, canals, tree planting/environmental safeguard projects, etc.) related to agricultural productivity and resilience to natural shocks.**

Under FFW projects, individual participants work on average for 22 days per month. Projects are often 1-3 months in length and are planned depending on seasonal conditions. In winter months, harsh weather conditions sometimes prevent FFW projects from being implemented. In these cases, GFD using limited stocks prepositioned before the winter months may be implemented to reach those that require food assistance.

The primary responsibility for ensuring project quality and regular monitoring is that of the implementing partner, in this case the Ministry of Rural Rehabilitation and Development (MRRD) and their provincial and community representatives. WFP monitors and contracted Programme Assistance Teams (PATs) also carry out monitoring activities (see section ix on Monitoring and Evaluation).

Support to school feeding

Through school feeding/Food for Education (FFE) activities, WFP will continue to support basic education and human capital development through school-based interventions and vocational programmes. School feeding is designed to promote enrolment and attendance, particularly for girls, using High Energy Biscuits (HEB), on-site wet feeding and oil incentives for girls. This activity is especially important during this drought to support some of the food requirements of school children and reduce to a degree the burden on households during this period.

Under school feeding projects, WFP targets schools in districts where 24 percent or more of the population is food insecure, based on the 2007/2008 National Risk and Vulnerability Assessment. Households with schoolchildren in drought-affected areas are particularly vulnerable. As a result, children most of the time would not have enough to eat at home and nothing to carry to school. Therefore the HEB provided at school will ensure that short term hunger for school children is addressed, allowing children to focus on learning. The biscuits are also fortified with vital nutrients and help to reduce the burden on vulnerable families.

HEB are provided to schools that are not targeted under WFP's wet school feeding programme, while oil incentives are provided to girls in districts where the gender gap in schools is more than 25 percent. HEB and oil incentives are provided based on continued attendance in school. However, given the current resource shortfalls, WFP is prioritizing its school feeding activities in areas with greater food insecurity and gender imbalances.

Food vouchers to urban households

WFP's voucher programme in Afghanistan was designed as a pilot project in response to the high food prices crisis in 2008-2009 for poor urban households in and around Kabul City. The effects of the high food prices continue to be felt across parts of Afghanistan as commodity prices continue to fluctuate. Purchasing power of particularly vulnerable families continues to negatively affect daily food consumption and food diversity in both rural and urban areas. In response, WFP provides a monthly voucher that is equivalent to the cash value of a 50 Kg bag of wheat flour for the target households to redeem from selected shops or traders within the urban area. WFP makes adjustments to the value of the voucher according to prevailing market rates of wheat.

The primary target groups of the voucher programme are food insecure households headed by widows or disabled persons. Targeting is done in coordination with implementing partners and government authorities and local representatives from the Afghanistan National Disaster Management Authority (ANDMA), the Ministry of Labor, Social Affairs, Martyrs and Disabled (MoLSAMD) and the relevant provincial governor's offices.

All potential beneficiary households are visited by a team of government/WFP representatives to confirm eligibility. To date, the voucher programme has been implemented to reinforce the existing urban safety net. However, given the potential availability of wheat in urban markets, vouchers are envisaged to be used to reach drought-affected populations by expanding the eligibility criteria to new IDPs (due to drought), and other vulnerable households not headed by widows or disabled persons. The current voucher value is 1,250 Afs per household per month and is equivalent to a 50kg bag of wheat (the same ration used for emergency relief food assistance). The activity duration is typically six months, after which households are anticipated to have built some resilience to sustain a minimum food security level.

i) Beneficiaries.

Given the anticipated wheat deficit this year, along with drought-affected IDPs, vulnerable households and those already affected by pre-existing food insecurity due to conflict, natural disasters and other shocks, WFP will purchase wheat to provide emergency food assistance through GFD and FFW projects to approximately 174,383 households (1,046,298 individuals) for three to five months. In addition, monthly voucher activities for AFN1,250 will be provided to some 22,000 urban households in priority areas (132,000 individuals) for six months.

WFP will also locally procure 600 mt of HEB produced in Kabul and Mazar to support 333,720 school children for a period of six months. As part of its Purchase for Progress (P4P) initiative, WFP Afghanistan began working with private sector stakeholders to encourage local production of fortified biscuits for use throughout the country.

Activity	Beneficiaries by province						
	Balkh	Samangan	Jawzjan	Sar-i-Pul	Faryab	Badghis	Total
GFD	356,802	73,302	12,000	0	0	58,398	500,502
FFW	138,000	30,996	68,202	111,102	181,698	15,798	545,796
FFE	86,383	37,186	30,285	25,560	88,722	65,584	333,720
Vouchers	42,000	18,000	12,000	21,200	18,000	21,000	132,000

Through this award, WFP plans to reach a total of **approximately 1,512,018 beneficiaries** with GFD/FFW projects, HEB to school children and voucher activities for vulnerable urban households. The average cost per beneficiary for all activities under this grant (total costs including direct and indirect support costs divided by the number of beneficiaries) is approximately **US\$ 26.45**.

(ii) Geographic Targeting.

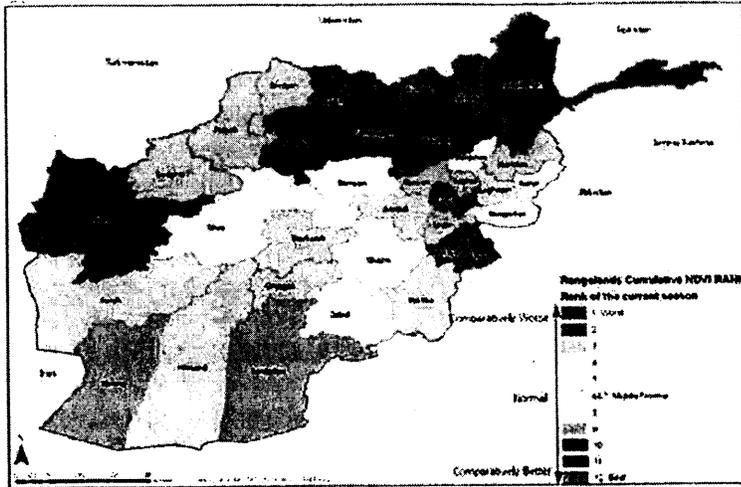
WFP will target food insecure beneficiaries in Badghis, Faryab, Jawzjan, Sar-i-Pul, Samangan and Balkh provinces. These areas have been identified by FSAC as drought-affected and requiring food assistance within 1-3 months.

Under emergency activities, WFP targets those families that have become food-insecure due to a shock and who cannot meet their food needs from their own resources. This caseload consists of large families from rural areas often dependent on agricultural as their only source of income, female-headed households, widows, families with a single income earner and/or a large number of small children as well as the elderly and handicapped. These groups will receive food under the GFD scheme.

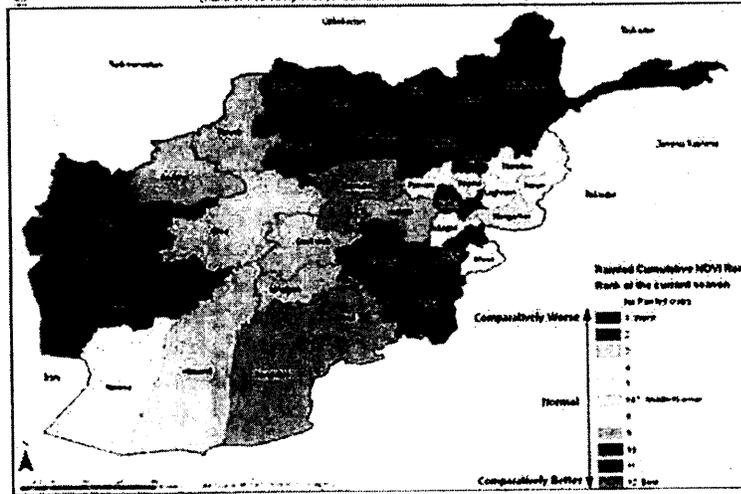
All WFP interventions are based on needs assessments which are jointly conducted by WFP, partners and government counterparts. The assessments look at the beneficiary's food security status which is the main criteria for assistance. Past experience has shown that large families, female headed households/widows, elderly and handicapped families with one income earner only and/or a large number of children are the most vulnerable.

Areas being hit hardest by the current drought are the north, northeast, central highlands and northwest parts of Afghanistan. **These areas have been identified as requiring food assistance in the coming months.** The following maps show relative crop performance in rangeland, rainfed and irrigated areas for the 2011 harvest season.

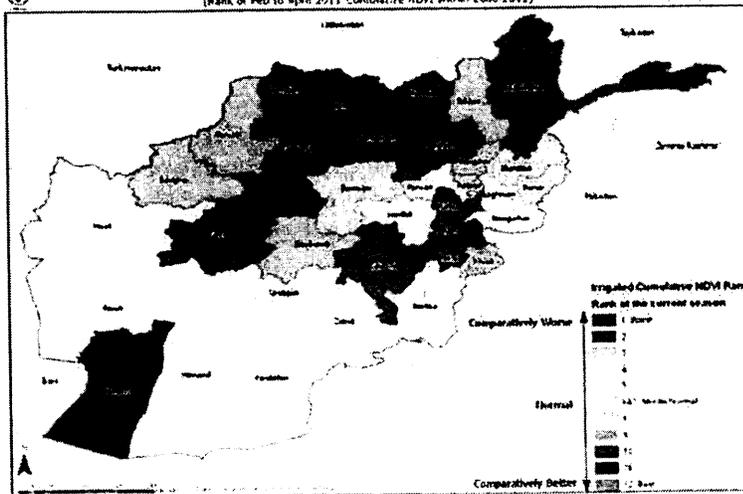
AFGHANISTAN - Relative performance of the Rainfed areas in the early 2011 season
(Rank of Feb to April 2011 Cumulative NDVI within 2000-2011)



AFGHANISTAN - Relative performance of the Rainfed areas in the early 2011 season
(Rank of Feb to April 2011 Cumulative NDVI within 2000-2011)



AFGHANISTAN - Relative performance of the Irrigated areas in the early 2011 season
(Rank of Feb to April 2011 Cumulative NDVI within 2000-2011)



After the initial three month period of assistance, the food security status of beneficiaries in GFD and FFW projects will be reassessed. If food insecurity persists, these people are preferably graduated into other assistance programmes such as Food for Assets (FFA) or Food for Training (FFT) as appropriate. In exceptional cases of extreme hardship, GFD or FFW projects can be extended for an additional period to be determined.

An average Afghan family consists of six family members. The monthly GFD ration will provide each family member with 2,100 kcal per day. For FFW activities a slightly reduced ration will be handed out as described in the following section. It is expected that beneficiaries will participate in these FFW schemes for a period of three months. The food that will be given to a household will depend on a household's participation in the work schemes. Local "shuras" (village elders) or Community Development Councils will do the beneficiary selection, supervise the work schemes and organize food distributions. The FFW ration is smaller than the GFD ration in order to allow for self-targeting. Furthermore, beneficiaries under the FFW schemes do have access to other sources of income and/or food (daily wage, own production, contribution from host families), hence a full ration will not be required.

For FFE activities, WFP supports schools officially recognized and approved by the Ministry of Education. This includes public day schools for grades 1-9 for boys and girls, and grades 10-12 for girls. The list of schools is fine-tuned with the provincial Departments of Education (DoE) and shared with the Ministry.

Voucher activities will be targeted to support vulnerable households in urban district areas where commodities can be purchased on the market.

(iii) Rations.

WFP will support food insecure returnees and IDPs with GFD. The standard ration to be provided will consist of wheat (81kg), pulses (13.5kg), oil (5.4kg), and salt (0.9kg), providing 2,092Kcal per person per day.

Where possible, WFP will support food insecure IDPs in host communities as well as drought affected people with FFW. Under this activity, WFP will provide beneficiaries with a standard ration consisting of wheat (50kg), pulses (6kg), oil (3.7kg), and salt (0.5kg). This will provide approximately 1,800 kcal per person per day for every month worked.

Schoolchildren in grades 1-9 and girls in grades 10-12 will be supported with a daily ration of 100g HEB.

Vulnerable urban households will be given a monthly voucher of approximately 1,250 Afghanis, or about \$25. This is equivalent to the cash value of a 50Kg bag of wheat flour.

(iv) Distribution Method.

WFP will use the following distribution modalities to reach its targeted beneficiaries:

- GFD or FFW activities to reach targeted refugees, returnees and IDPs;
- FFE activities using locally procured HEB; and
- Vouchers to assist vulnerable urban households.

At the community level, WFP and partners work with CDCs and community leaders to prioritize activities and beneficiaries under food for work and emergency response. In the case of general food distribution, beneficiaries are selected based on the impact of a specific shock and their inability to participate in targeted interventions such as FFW or FFT activities. Rations are typically distributed to beneficiaries at distribution sites.

All projects implemented through FFW are proposed at the community level and vetted/endorsed by the District Rural Rehabilitation and Development office as well as the relevant Provincial Governors Office and WFP. Participants in FFW projects will work an average 22 days per month to qualify for assistance that will meet 85 percent of family caloric requirements.

WFP emergency food assistance is closely coordinated with ANDMA, the Provincial Disaster Management Committees (PDMCs) and relevant line ministries. For school feeding activities, food is provided to the provincial level to the Ministry of Education, and is then delivered to schools and distributed.

Under the voucher activities, beneficiaries go to WFP-contracted shops to exchange vouchers for food items selected from the list of food commodities on the reverse side of the voucher. The shop keepers come to the bank that is supporting the activity and will be paid upon presentation of the vouchers. The bank will then charge the WFP account on a daily basis.

(v) Exit or Transition Strategy.

WFP has recently reevaluated its current PRRO in Afghanistan by undertaking a comprehensive Strategic Review of its operations. The review addresses a number of issues, including prioritization of activities, service delivery, staff security, humanitarian access and improved partnerships. In consultation with the Government of Afghanistan, humanitarian partners and donors, the review was conducted to evaluate the changing context of the country against food security needs and funding considerations. The document will serve as a guiding framework for the refocusing of WFP's relief and recovery activities throughout Afghanistan over the coming 8-12 months.

In line with the WFP Strategic Plan 2008-2013, Afghan National Development Strategy (ANDS) and the United Nations Development Assistance Framework (UNDAF) for Afghanistan, WFP continues to support food assistance projects for asset creation, education and health. WFP will continue to build capacity of the Government of Afghanistan for the management of WFP-supported programmes.

The PRRO will undergo a thorough evaluation in 2012 to determine the appropriate modalities for assistance following the completion of the current food assistance operation in March 2013.

(vi) Partners.

WFP has established a strong partnership with the Government of Afghanistan, sister UN agencies, NGOs as well as with community based organizations. At the national level, WFP works with the Ministry of Rural Rehabilitation and Development (MRRD) for overall strategic coordination of food for work/assets activities as well as with the Ministry of Agriculture, Irrigation and Livestock (MAIL). WFP also partners with the Ministry of Education (MoE) for school feeding and training activities, the Ministry of Refugees and Repatriations (MoRR) for displacement, the Afghanistan National Disaster Management Agency (ANDMA) for emergency activities and others.

(vii) Protection and Gender Integration.

In accordance with WFP's enhanced commitment to women, rations are being distributed to women heads of household whenever possible. However, due to cultural sensitivities and traditions within various tribes, such efforts are often met with resistance in various geographical areas of Afghanistan. Singling women out in certain instances will put them at risk given the cultural context and the prevailing security situation in the country.

Furthermore, in order to be able to transport a monthly ration, families oftentimes consider it more efficient to send one or two males to the distribution points rather than a woman. Additionally, WFP relies upon and, when possible, enforces the existing structure of female shuras (women's committees) and involve them both in beneficiary selection and the management of food distributions. This will be possible in the areas where women already play a fairly active role within the traditional societies at the village level.

Traditionally the majority of recipients engaged in Food for Work projects are male due to nature of work itself (i.e. road rehabilitation, canal digging, etc), while it is acceptable for females to participate in very few activities (i.e. nursery). The activities undertaken are community assets that usually benefit the whole community, the women benefit directly from the road rehabilitation in the sense that the access to water collection points and markets are improved. Safety is also improved with canal digging that reduces the impact of flooding.

(viii) Coordination.

WFP closely coordinates its activities with sister UN agencies, NGO partners and the donor community to ensure that life-saving and safety net activities address the food security requirements of vulnerable groups and to support the longer term development objectives of the Government of Afghanistan.

In January 2011, WFP and MRRD have restarted a jointly chaired Steering Committee meeting to better coordinate WFP's food assistance activities in Afghanistan. A second Steering Committee meeting was held in May 2011 to discuss short and medium term objectives to support humanitarian and development priorities of the Government of Afghanistan and the international humanitarian community, namely enhanced partnership with FAO and a comprehensive national work plan to strengthen cooperation on health and nutrition interventions in Afghanistan.

(ix) Monitoring and Evaluation Plan.

WFP's Monitoring and Evaluation (M&E) functions use the systematic collection of data on specified indicators to inform management, partners and donors of operational outputs and outcomes. Monitoring activities regularly assess the status of projects by comparing the actual implementation of activities against a work plan. Evaluation measures progress in the projects (ongoing and completed) towards the achievement of objectives, as well as measuring impact. Both are important for accountability and provide inputs required for effective and coordinated decision making.

Rigorous M&E systems illustrate operational progress and achievements, and identify challenges in project implementation against set targets. In Afghanistan, the M&E Unit also supports programme management during activity design and review to clearly establish objectives, targets and expected results.

WFP's monitoring also reflects the corporate Results-Based Management framework. WFP uses a logical framework approach to monitor activities and their efficiency and effectiveness in achieving results (outputs, outcomes). Monitoring includes beneficiary interviews, community discussions and stakeholder consultations/coordination meetings on implementation issues.

Post Distribution Monitoring Surveys and reports are conducted / issued each quarter and aim to improve WFP's ability to: monitor, in a timely manner its food assistance programs; identify strengths and weaknesses; and to make informed management decisions, together with partners, to improve program effectiveness and efficiency. The specific objectives of the surveys are to understand: (i) demographic and socio-economic characteristics of beneficiaries including their food/income sources, food gaps and coping mechanisms; (ii) targeting efficiency; (iii) food/cash ration size and distribution process; (iv) utilization of food/cash assistance including their consumption patterns.; (v) impacts of the food/cash aid on beneficiaries' livelihoods. The information obtained through PDM surveys assist in process, output and outcome monitoring.

In areas designated insecure or inaccessible by the UN Department of Safety and Security for Afghanistan, WFP has contracted its monitoring activities to Programme Assistance Teams (PATs), or companies that assist WFP in verification, distribution monitoring and post distribution monitoring. The primary objectives of the PAT is to carry out, on behalf of WFP and under the supervision of the relevant WFP Area Office, some of the traditional programming functions in areas where access for WFP staff is limited. PATs allow WFP to expand its presence into traditional UN "No-Go" areas while conforming to all WFP standards for quality and accountability.

WFP's PATs have proven critical from the first time they were piloted in the southern region in 2007. Almost immediately, WFP was able to clarify beneficiary caseloads for school feeding projects in the southern region and prioritize assistance to school children accordingly. This also allowed for a new level of engagement with MoE at the provincial level.

The PATs provide staff that report to the Head of the WFP Area Office or the responsible officer. PAT members work on behalf of WFP, and duties typically include liaising with local

government authorities, monitoring WFP activities, support the escorting of convoys where required, visiting to project sites, collecting market price data, undertaking food security assessments and other duties as the security situation dictates.

In addition to the role of ensuring transparency, the use of PATs also increase WFP's access across the country. The PAT monitors do not travel in SUVs or wear UN hats or shirts, but instead travel through local means, dress locally and are generally recruited from the region where they work. The PATs are respected in the communities in which they work and are able to negotiate with local elders to ensure that trucks can pass safely into the community, beneficiary targeting and selection is done in line with all WFP standards, and that monitors continue to maintain access to project sites.

To date, the use of PATs has been expanded to 29 out of 34 provinces countrywide. In 2011 of the total monitoring, an estimated 75 percent is covered by PATs and 25 percent by WFP staff. **This is due to the steady increase of UN high risk areas where stricter security rules make it increasingly difficult for WFP staff to engage extensively in monitoring activities or access certain areas altogether.**

(x) Market Impact.

Whenever possible, WFP procures the commodities from local suppliers subject to availability, competitive prices and cash resources as per standard corporate guidelines. To ensure that every purchase fits WFP's main objective of cost-efficiency and timely delivery, a case-by-case cost comparison is made between the local, regional and international markets. This involves the concept of import parity, which combines the cost of purchasing the commodity from the cheapest alternative source with the associated costs integrated, such as transport costs to the final destination. The cost of import parity can also serve as an essential indicator in many local markets of whether commercial stocks are reducing in the country and demand is pushing over the supply.

The results of the tenders themselves are often a very good reflection of the various markets within which WFP operates. This information is further enhanced by constant in-country market analysis in collaboration with relevant Ministry partners, sister UN agencies, FEWS-NET, NGOs and trader networks as well as WFP's food aid monitors, food security and analysis unit, and emergency assessment officers.

Wheat is a major food staple in Afghanistan. Due to a combination of fluctuating prices and an annual food deficit of nearly 2 million mt for 2011, more than half of the wheat consumed in Afghanistan is imported from other countries. **Commercial imports from countries such as Kazakhstan, Pakistan, Russia and Ukraine are important in meeting the needs of the population. According to statistics provided by the USAID Afghanistan Office of Agriculture, wheat and wheat flour imports to Afghanistan from Kazakhstan and Russia were 1,054,654 mt and 66,931 mt in 2010, respectively.**

Therefore, with imported wheat available in many urban markets, voucher based interventions may be more appropriate to address limited access to food when availability is not an issue. However, in areas of chronic food insecurity which are inaccessible for traders in winter months, markets are greatly impacted, and vulnerable groups face issues

of both availability and access. In these areas, food assistance projects are used to reach food insecure groups.

For humanitarian operations in Afghanistan, WFP typically purchases wheat from regional markets, namely Pakistan, Kazakhstan and Uzbekistan where prices are relatively stable. WFP also has experience with local procurement of wheat in Afghanistan, with purchases of wheat from MAIL in 2010 and 2011.

The purchase of HEB is intended to support vulnerable and food insecure children through WFP's P4P initiative in Afghanistan. At a time when the national wheat deficit is near record levels, this support to schoolchildren will reduce the stress on households while both encouraging children to stay in school and supporting capacity development of the private sector as it works to enhance local production of fortified foods.

Under WFP Afghanistan's Purchase for Progress (P4P) project, WFP purchased more than 4,000 mt of wheat locally in 2010, including 100 MT of HEB. The operation continues to work with partner factories to expand local production of HEB, exploring the use of containerized production units for local HEB baking.

The provision of vouchers in the urban context allows WFP to benefit from the adequate supply of basic commodities in urban centers when and where markets are functioning. The urban market supply is usually not susceptible to seasonal lack of availability due to integration with markets in Kazakhstan, Pakistan and other neighbors. At the same time, vouchers provide beneficiaries with a greater choice of commodities and also prevent potential market distortion that in-kind food assistance in urban areas may sometimes cause.

For this proposal, WFP plans to buy approximately 33,559 mt of wheat from Kazakhstan and/or Pakistan and 600 mt HEB from Afghanistan, subject to the final agreed upon purchase price. Additionally, vouchers worth approximately AFN 1,250 will be provided on a monthly basis to 22,000 food insecure rural households (approximately 132,000 beneficiaries).

4. Management and Logistics.

(i) Management.

WFP operations in Afghanistan are managed from the Country Office in Kabul with Area Offices in Faizabad, Herat, Jalalabad, Kabul, Kandahar and Mazar. All WFP interventions are based on needs assessments which are jointly conducted by WFP, partners and government counterparts. Assessments look at the food security status which is the main criteria for the provision of emergency assistance or other recovery interventions. Food distributions are typically implemented together with the government, CDCs or NGOs, while monitoring is typically carried out by WFP, NGO partners or Programme Assistance Teams (PATs).

(iii) Logistics for the WFP Afghanistan operation.

The Pakistan ports, transport corridors, storage and transshipment facilities comprise a complex logistics network that has been serving the WFP Afghanistan operation for the majority of its

food needs. A significant portion of food is being imported through Northern corridor through Hairaton in Mazar and Torghundi in Herat. The receipt and overland transport of WFP food, both for Pakistan and in transit to Afghanistan, are managed by the Pakistan Logistics Unit based in Islamabad. The Unit is comprised of staff designated as part of the Joint Logistics Unit (JLU), whose funding is shared by the respective Country Offices. WFP maintains seven warehouses in Afghanistan with a total capacity of 72,000 mt. WFP also maintains four hubs in Pakistan. WFP staff are responsible for warehouse management.

WFP often purchases commodities from neighboring countries such as Kazakhstan, Russia and Pakistan. There are four main entry points for regionally purchased commodities: Peshawar & Quetta (Pakistan), Thurgundi (border with Turkmenistan) and Hairaton (border with Uzbekistan). Despite the worsening security situation, logistics operations in Afghanistan remain highly effective reaching vulnerable populations in remote areas. To the extent that wheat is available on the local market or from strategic reserves administered through MAIL, WFP also seeks to purchase locally.

For voucher activities, WFP works with the government and Afghan banks (either Kabul Bank or Standard Chartered Bank) to deliver the project. The roles and responsibility are structured in order to mitigate potential risks associated with implementing the activity. WFP designs and prints bar-coded vouchers to enable electronic accounting. This method also allows WFP to ensure that only genuine cash vouchers are redeemed. The vouchers will be distributed to the beneficiaries through selected cooperating partners in the designated area with the support of local government representatives.

(A) Activity Timeline.

- **Proposed start date of grant:** upon confirmation of award
- **Import parity preparation/approval:** days 2-3
- **Raise PR, tender process:** days 3-17
- **Production for locally produced HEB:** days 18-60
- **Date when food commodities are required in WFP Extended Delivery Point warehouses:** typically by day 46 from confirmation for wheat, by day 65 for HEB
- **Date when food distributions would start:** day 50 from confirmation for wheat, day 75 for locally procured HEB
- **Date when food distributions would end:** 5 months from start of distributions for FFW/GFD; 6 months from the start of activities for FFE
- **Proposed expiration date of the grant:** 240 days from confirmation
- **Activities can typically start within 30 days from confirmation of an award.**

Commodity Procurement Table

(B) Commodity Procurement Table.

Commodity	33,559 MT Wheat	600 MT HEB
Source country	Kazakhstan/Pakistan	Afghanistan
Destination country	Afghanistan CO	Afghanistan CO
Estimated cost/MT	US\$ 287	US\$ 1,480
Procurement modality	Regional Tender	Local Tender
Anticipated shipping method (if applicable)	Road	Road
Estimated timeframe:	72 Days	75 Days
Donor contribution Confirmed	Day 1	Day 1
Departure from country of origin	Day 15	Day 60*
Commodity Arrival at WFP Warehouse (EDP)	Day 30-72	Day 65
Distribution of commodity to beneficiaries	Day 36	Day 75

***Given the logistics and security constraints of moving HEB from Herat, where production capacity is higher, into priority areas, biscuits will be produced in Kabul and Mazar and will be shipped to drought-affected areas. Shipments will be negotiated to ensure that biscuits are shipped as they are produced. This will allow WFP to immediately dispatch and distribute HEB to address prioritized 2011 requirements through December.**

(C) Commodity Safety and Quality Assurance.

WFP corporate quality control measures are designed to ensure appropriate quality standards irrespective of the procurement modality. All food purchases by WFP (local, regional, or international), are inspected by reputed inspection companies prior to shipment and distribution. The food is examined upon arrival and at various points along the supply chain. If at any point food is found not to conform to standard, WFP will engage a reputable inspection company to conduct a rigorous sampling exercise following an internationally accepted protocol such as Codex CAC/GL 50-2004. The product is analyzed in a pre-qualified reference lab capable of conducting a wide range of sophisticated analyses. Subsequent actions are taken based on scientific evidence.

In relation to the proposed commodity purchases under this grant, WFP reaffirms it will contract a reputable inspection company prior to receiving the commodity in order to ensure that the commodity conforms to the contracted specification and in line with national policies of the recipient country. To ensure that all commodities proposed in this application meet the specifications required, WFP Afghanistan employs an independent inspection company CISCO to inspect the commodities. The inspection company is to provide details of the inspections, such as sampling process and laboratory results, in a report to WFP.

When working with quantity and quality (Q&Q) inspectors, WFP Afghanistan has established parameters such as moisture content, foreign matter, color, and any abnormalities or inconsistencies in its requirements with inspectors for assessments. Please see Annex 2 for a

sample award to a Q&Q award agreement memorandum. Please see Annex 3 for a sample test report for wheat that was completed by Q&Q company QRI Laboratories on agreed upon parameters.

WFP will provide monthly updates on the progress of this programme.

5. Past Performance.

Funds under the Emergency Food Security Program were requested by WFP Afghanistan in the fourth quarter of 2010 to locally purchase 12,783 mt of wheat from the MAIL. The purchase helped to address pipeline shortfalls and to off-set losses of approximately 23,000 mt of commodities resulting from the floods in Pakistan last year. In December 2010, the contractual agreement between WFP and MAIL was finalized for the provision of 12,289 mt of wheat. The wheat is intended to support some 500,000 people for three months as part of WFP's emergency and Food for Work interventions in Afghanistan.

Some 6,289 mt of wheat was purchased in Mazar (Balkh province), with 6,000 mt purchased in Pul-e-khumri (Baghlan province). Dispatch and distribution of wheat began in early January 2011 and continues in some provinces that have face delays due primarily to security.

6. Cost Proposal.

Please find attached the WFP budget as well as a summary of total funding to the WFP operation. Under the current Protracted Relief and Recovery Operation in Afghanistan, WFP received approximately US\$ 78.9 million in 2010 (US\$ 63.9 million in-kind support, US\$ 14.9 million cash) and in-kind contributions totaling just over US\$ 50 million for 2011 through USAID.

WFP's general policy is to purchase from pre-qualified suppliers through a competitive bidding process. Competitive bidding guarantees that the best possible prices are obtained and that the purchase is carried out in a transparent manner. This process entails an analysis of the cost of the commodity as well as the costs of transport and handling up to the delivery point. Before issuing a tender, careful consideration is given to the location of the most advantageous place to buy, relative to the area of need. Factors such as the acceptability of the commodity on offer to the tastes of the receiving beneficiaries and the delivery time to destination play an important part in this evaluation.

ATTACHMENT 3 - STANDARD PROVISIONS

(Note: Throughout this Agreement, the following terms may be used interchangeably: (a) "Grant Officer" and "Agreement Officer;" (b) "Grantee," "Recipient," and "Awardee;" (c) "Grant," "Cooperative Agreement," "Agreement," and "Award;" (d) Agreement Officer's Technical Representative," "Cognizant Technical Officer," "Project Officer," and "Activity Manager;" (e) "Subaward," "Subgrant," and "Subagreement;" and (f) "Subrecipient," "Subgrantee," and "Subawardee." All references to dollars (\$) mean U.S. dollars or the equivalent thereof in another currency. References to "USAID," without an indication of the specific position or individual within USAID, shall mean "Agreement Officer" unless otherwise indicated or delegated to another USAID position or individual by the Agreement Officer.)

1. **ALLOWABLE COSTS (APR 2011)**

a. The recipient must use funds provided under the award for costs incurred in carrying out the purposes of the award which are reasonable, allocable, and allowable.

(1) "Reasonable" means the costs do not exceed those that would ordinarily be incurred by a prudent person in the conduct of normal business.

(2) "Allocable" means the costs are necessary to the award.

(3) "Allowable" means the costs are reasonable and allocable, and conform to any limitations set forth in the award.

b. The recipient is encouraged to obtain the Agreement Officer's written determination in advance whenever the recipient is uncertain as to whether a cost will be allowable.

2. **AMENDMENT (APR 2011)**

The parties may amend the award by mutual agreement, by formal modifications to the basic award document, or by means of an exchange of letters between the Agreement Officer and the recipient.

3. **NONLIABILITY (APR 2011)**

USAID does not assume liability for any third party claims for damages arising out of the award.

4. **NOTICES (APR 2011)**

Any notice given by USAID or the recipient will be sufficient only if in writing and delivered in person, mailed, or transmitted electronically by e-mail or fax. Notices to USAID should be sent to the Agreement Officer at the address specified in the award and to any designee specified in the award. Notices to the recipient should be sent to the recipient's address shown in the award or to such other address designated in the award.

Notices will be effective when delivered in accordance with this provision, or on the effective date of the notice, whichever is later.

5. **PAYMENT (LETTER OF CREDIT) (APR 2011)**

a. Payment under the award is completed through a Letter of Credit (LOC), in accordance with the terms and conditions of the LOC and any instructions issued by the USAID Bureau for Management, Office of the Chief Financial Officer, Cash Management and Payment Division (M/CFO/CMP).

b. As long as the LOC is in effect, the terms and conditions of the LOC and any instructions issued by M/CFO/CMP constitute the payment conditions of the award over any other payment clause of the award.

c. The recipient should have written procedures that minimize the time elapsing between the transfer of funds and disbursement by the recipient. The recipient must exercise prudent management of Federal funds by drawing only those funds that are required for current use. The timing and the amount of the drawdown must be as close as is administratively possible to the actual disbursements by the recipient for direct program or activity costs and the proportionate share of any allowable indirect costs.

d. Revocation of the LOC, in accordance with its terms and conditions, is at the discretion of M/CFO/CMP, after consultation with the Agreement Officer. Notification of revocation must be in writing and must specify the reasons for such action. If the LOC is revoked, payments may be made on a cost-reimbursement basis. For

reimbursement, the recipient must submit to the USAID Controller an original and three copies of SF-1034, Public Voucher for Purchases and Services Other Than Personal ([http://contacts.gsa.gov/webforms.nsf/0/57675C8BB6CE880B85256A3F004125BD/\\$file/SF%201034.pdf](http://contacts.gsa.gov/webforms.nsf/0/57675C8BB6CE880B85256A3F004125BD/$file/SF%201034.pdf)), and SF-1035, Continuation of SF-1034 ([http://contacts.gsa.gov/webforms.nsf/0/213A354B84AE05B085256A81004632C8/\\$file/SF%201035.pdf](http://contacts.gsa.gov/webforms.nsf/0/213A354B84AE05B085256A81004632C8/$file/SF%201035.pdf)), normally once a month, but in any event no less than quarterly. Each voucher must be identified by the award number and must state the total costs for which reimbursement is being requested.

6. AUDIT AND RECORDS (WFP) (AUG 2011)

- a. The recipient agrees to furnish the U.S. Government (USG) with a final report on activities carried out under the award, including accounting for award funds in sufficient detail to enable USAID to liquidate the award. The report must be submitted to the address specified in the award.
- b. It is understood that financial records, including documentation to support entries on accounting records and to substantiate charges against the award, will be maintained in accordance with the recipient's usual accounting procedures, which must follow generally accepted accounting practices. The recipient must maintain such financial records for at least three years after the recipient's final disbursement of funds under the award.
- c. The recipient confirms that the award account will be subject to audit applying established procedures under appropriate provisions of the financial regulations and rules of the World Food Programme. The recipient agrees to make available any resulting audit reports to the USG in accordance with the conditions and procedures of WFP's Policy for Disclosure of Internal Audit reports to Member States (WFP/EB.2/2010/4-B/1/Rev.1) and other related information as agreed upon by the parties. In exceptional circumstances, USAID may request the WFP's Inspector General to perform a special audit for a project or an aspect of the project, provided that the costs of the audit are covered by the donor or the project itself.

7. REFUNDS (APR 2011)

- a. If the recipient earns interest on Federal advances before expending the funds for program purposes, the recipient must remit the interest annually to USAID. Interest amounts up to \$250 per year may be retained by the recipient for administrative expenses.
- b. Funds obligated by USAID, but not disbursed to the recipient before the award expires or is terminated will revert to USAID, except for funds committed by the recipient to a legally binding transaction applicable to the award. Any funds advanced to, but not disbursed by, the recipient before the award's expiration or termination must be refunded to USAID, except for funds committed by the recipient to a legally binding transaction applicable to the award.
- c. If, at any time during the life of the award, or as a result of an audit, the Agreement Officer determines that USAID funds provided under the award have been expended for purposes not in accordance with the terms of the award, then the recipient must refund the amount to USAID.

8. AWARD BUDGET LIMITATIONS AND REVISIONS (APR 2011)

- a. The approved award budget is the financial expression of the recipient's program as approved during the award process. USAID is not obligated to reimburse the recipient for any costs incurred in excess of the total amount obligated under the award.
- b. The recipient must immediately request approval from the Agreement Officer when there is reason to believe that, within the next 30 calendar days, a revision of the approved award budget will be necessary for any of the following reasons:

- 1) To change the scope or the objectives of the program or to add any new activity.

- 2) To revise the funding allocated among program objectives by more than ten percent (10%) of the total budget amount unless the award states otherwise.
- 3) Additional funding is needed.
- 4) The recipient expects the amount of USAID authorized funds to exceed its needs by more than \$20,000 or ten percent (10%) of the USAID award, whichever is greater.

c. The recipient will not be obligated to continue performance under the award (including actions under the "Termination Procedures" provision) or otherwise to incur costs in excess of the amount obligated under the award, unless and until the Agreement Officer notifies the recipient in writing that the obligated amount has been increased and specifies the new award total amount.

9. TERMINATION PROCEDURES (APR 2011)

The award may be terminated by either party, in whole or in part, at any time with 30 days written notice of termination. After receiving a termination notice from the Agreement Officer, the recipient must take immediate action to cease all expenditures financed by the award and to cancel all unliquidated obligations if possible. The recipient may not enter into any additional obligations under the award after receiving the notice of termination, other than those reasonably necessary to effect the close out of the award. Except as provided below, no further reimbursement will be made after the effective date of termination. As soon as possible, but in any event no later than 120 days after the effective date of termination, the recipient must repay to USAID all unexpended USAID funds that are not otherwise obligated by a legally binding transaction applicable to the award. If the funds paid by USAID to the recipient before the effective date of termination are not sufficient to cover the recipient's obligations under a legally binding transaction, then the recipient may submit a written claim for such amount to USAID within 120 days after the effective date of termination. The Agreement Officer will determine the amount(s) to be paid by USAID to the recipient under the claim in accordance with the "Allowable Costs" provision of the award.

10. FINANCIAL MANAGEMENT, PROCUREMENT, AND EVALUATION (APR 2011)

To the extent not inconsistent with other provisions of the award, USAID and the recipient understand that funds made available to the recipient must be administered in accordance with the recipient's own financial rules and regulations, and that the recipient will follow its own procurement and evaluation policies and procedures.

11. DISPUTE RESOLUTION (APR 2011)

USAID and the recipient will use their best efforts to amicably settle any dispute, controversy, or claim that results from, or relates to, the award.

12. TITLE TO AND DISPOSITION OF PROPERTY (APR 2011)

Ownership of equipment, supplies, and other property purchased with funds under the award will vest in the recipient during the life of the award. Disposition of excess property financed under the award will be made in consultation with USAID and, where applicable, the host government of the country in which the activities financed under the award take place or other recipient organizations.

13. USAID DISABILITY POLICY AND UN CONVENTION ON THE RIGHTS OF PERSONS WITH DISABILITIES ASSISTANCE (APR 2011)

a. The principles of the present UN Convention on the Rights of Persons with Disabilities include promoting: (1) respect for inherent dignity, individual autonomy including the freedom to make one's own choices, and independence of persons; (2) nondiscrimination; (3) full and effective participation and inclusion in society; (4) respect for difference and acceptance of persons with disabilities as part of human diversity and humanity; (5)

equality of opportunity; (6) accessibility; (7) equality between men and women; and (8) respect for the evolving capacities of children with disabilities. The full text of the Convention can be found at the following Web site: <http://www.un.org/disabilities/documents/convention/convoptprot-e.pdf>.

b. USAID requires that the recipient not discriminate against persons with disabilities in the implementation of USAID-funded programs and make every effort to respect the principles of the Convention on the Rights of Persons with Disabilities in performing the program under the award. One of the objectives of the USAID's Disability Policy is to engage other U.S. Government agencies, host country counterparts, governments, implementing organizations, and other donors in fostering a climate of nondiscrimination against people with disabilities. To that end, and to the extent it can accomplish this goal within the scope of the program objectives, the recipient should demonstrate a comprehensive and consistent approach for including men, women, and children with disabilities.

14. TERRORIST FINANCING CLAUSE (UN) (APR 2011)

Consistent with numerous United Nations Security Council resolutions, including S/RES/1269 (1999) ([http://www.undemocracy.com/S-RES-1269\(1999\).pdf](http://www.undemocracy.com/S-RES-1269(1999).pdf)), S/RES/1368 (2001) ([http://www.undemocracy.com/S-RES-1368\(2001\).pdf](http://www.undemocracy.com/S-RES-1368(2001).pdf)), and S/RES/1373 (2001) ([http://www.undemocracy.com/S-RES-1373\(2001\).pdf](http://www.undemocracy.com/S-RES-1373(2001).pdf)), both USAID and the recipient are firmly committed to the international fight against terrorism, and in particular, against the financing of terrorism. It is the policy of USAID to seek to ensure that none of its funds are used, directly or indirectly, to provide support to individuals or entities associated with terrorism. In accordance with this policy, the recipient undertakes to use reasonable efforts to ensure that none of the USAID funds provided under the award are used to provide support to individuals or entities associated with terrorism.

15. PUBLICATIONS AND MEDIA RELEASES (APR 2011)

a. If the recipient intends to identify USAID's contribution to any publication, video, or other information/media product resulting from the award, the product must state that the views expressed by the author(s) do not necessarily reflect those of USAID. Acknowledgements must identify the sponsoring USAID Bureau/Independent Office or Mission and the U.S. Agency for International Development substantially as follows.

"This [publication, video, or other information/media product (specify)] was made possible through support provided by the Office of _____, Bureau for _____, U.S. Agency for International Development, under the terms of Award No. _____. The opinions expressed in this [publication, video, or other information/media product] are those of the author(s) and do not necessarily reflect the views of the U.S. Agency for International Development."

b. The recipient must provide USAID with one copy of all published works developed under the award and with lists of other written works produced under the award.

c. Except as otherwise provided in the terms and conditions of the award, the author or the recipient is free to copyright any books, publications, or other copyrightable materials developed in the course of or under the award, but USAID reserves a royalty-free, nonexclusive, and irrevocable right to reproduce, publish, or otherwise use, and to authorize others to use, the work for U.S. Government purposes.

16. REPORTING OF FOREIGN TAXES (UN) (APR 2011)

The recipient is not subject to taxation of activities implemented under the award based on its privileges and immunities as a public international organization (PIO). However, should it be obligated to pay value-added taxes or customs duties related to the award, the recipient must notify the USAID Agreement Officer's Technical Representative (AOTR).

17. STANDARDS FOR ACCESSIBILITY FOR PERSONS WITH DISABILITIES IN USAID ASSISTANCE AWARDS INVOLVING CONSTRUCTION (DISASTER ASSISTANCE) (APR 2011)

Any construction activities authorized under the award must be limited to emergency construction (provision of plastic sheeting or tents, minor repair and upgrading of existing structures, rebuilding of part of existing structures or provision of temporary structures) intended to be temporary in nature.