ABOUT THIS MANUAL

The CRS Food Assistance Commodity Management Manual (FACMM) seeks to standardize CRS food assistance management processes and procedures and to provide consistent guidance in planning, managing, and reporting on food commodities.

Updating of the CRS commodity management manual was done under the guidance of CRS Senior Commodity Advisor Margarett Désilier, with the active participation of several of her CRS colleagues from headquarters and field programs as well as contribution from outside consultants. The list of contributors is shown on the Acknowledgements page.

FACMM is the first revision of the CRS commodity manual and supersedes all prior provisions contained in the original 1992 document. It is published in three different formats to allow easy consultation of the manual. There is a bound document which contains all chapters and sections of the manual; there is a split-up version which will allow stakeholders to consult the chapters or sections of interest; and there is an online version posted on the FACMM page of the Commodity Management SharePoint site as well as all attachments and other references provided in the manual. https://global.crs.org/communities/CommodityMangement/FACMM/Forms/AllItems.aspx

FACMM includes an emphasis on Reg. 11 requirements that were not (consistently) followed in the past, such as Branding and Marking and BUBD (best used by date), and also includes references to and guidance on programs which did not exist in the 1990s, such as Monetization and Local and Regional Purchase (LRP). To facilitate users’ familiarization with the history of food assistance programs, we have provided a summary of legislation that initiated the various USG-funded programs which provide food for education, school feeding, health and nutrition programs, food for work, food for assets, food for emergencies, etc. Technology has started to modify the way we do business, and we have modernized some terminology that had been used for decades in food programs. For example, Call Forward has become Sales Order; DAP/MYAP/SYAPS are now replaced by Emergency and Non-Emergency programs; Call Forward becomes Sales Orders and Sales Orders will now be submitted through the USDA WBSCM (web-based supply chain management) system; and reports (commodity status, recipient status, loss) will be progressively submitted through the QWICR (quarterly web-interfaced commodity reporting) system.

Last but not least, FACMM has introduced a new section on guidance for security and safety in order to minimize incidents, accidents, and other hardships to CRS’ staff at the warehouse or during deliveries. FACMM also provides guidance to maximize safety and minimize losses of goods stored at warehouses and/or traveling on delivery trucks.
It is important to keep in mind that the manual is a living document and, as such, will be amended as general conditions that regulate a food program change (USG legislation, Regulation 11, etc.). Moreover, although the re-write team tried to cover as many aspects of food assistance management program as possible, it is likely that CRS’ subject matter experts will find a missing link, element, or parameter that they would like added or revised. MPI will therefore create a discussion page on the commodity management community of practice SharePoint site to facilitate discussions and dialogue for possible amendments of specific chapters/sections of the manual.

The scope of the FACMM extends to regional offices, headquarter audits, finance, and shipping beyond country programs. Country programs, however, have the ultimate responsibility for implementing instructions and guidance provided in the manual as well as for developing processes specific to their country environment. As such, country representatives are responsible for ensuring that country programs adhere to requirements and guidance established in this manual.

Failure to comply with the guidance provided in this manual may negatively impact planned programs, not to mention added undesirable consequences of major liabilities resulting in significant financial losses to the Agency. It is imperative that country programs and other stakeholders involved in management of food assistance programs comply with the procedures and processes in this manual.

Thank you.
ACKNOWLEDGEMENTS

This manual would not have been developed without the invaluable contribution of CRS’ employees. We would like to thank all the experts in managing food assistance programs who reviewed the draft of this manual and made valuable contributions and suggestions during its development.

From Headquarters

General Contributors
Anthony Di Filippo
Joseph Potyraj
Franciszek Orzechowski
Paul Redman
Bruce White
Vicky Pennacchia

Special Contributors
Martin Hartney, content review and edits
Miguel Mahfoud, text and edits
Pat Engers, text and review
Patrick Daniere, French translation (text)
Elena McEwan, Spanish translation
Debra Lynn Edwards, flowcharts
Margarett Désilier, text, graphic design, photos
flowcharts, business processes
LaRae Cole-Greene, technical support
Loretta Rosetti, administrative support
CRS’ Artesia, photos

Consultants
David Rinck, initial text
Joseph Gerstle, content review

From the Field

General Contributors
David Macharia
Benjamin Safari,
Yembi Ouedraogo
Landry Ouedraogo
Tiri Ouedraogo
Diogene Ndayisaba
Magalie Cinéus
Syon Niyogi
Hassan Ben Baha
Elias Kreitem
Akanga Kwame
Magua Wanjiru
Dereb Melkamu
Fido Randrianasolo

Special Contributors
Emilse Sagastume, text and Spanish translation
Luis Hurtado, text and Spanish translation
Balasubramaniam Vaidyanathan, text,
attachments, how-to-guides and
photos
Akim Kikonda and Landry Ouedraogo, French
translation (introduction)
FOREWORD

The writing of the FACMM manual was guided by two of CRS’ guiding principles borrowed from the Catholic Social Teachings (CST) principles:

“In every economic, political and social decision, a weighted concern must be given to the needs of the poorest and most vulnerable. When we do this we strengthen the entire community, because the powerlessness of any member wounds the rest of society”.

“There is inherent integrity to all of creation and it requires careful stewardship of all our resources, ensuring that we use and distribute them justly and equitably — as well as planning for future generations.”

CRS will make every effort to ensure that resources entrusted to the agency to improve the standards of living of program beneficiaries are properly invested, monitored, achieved, and recorded. This manual is one of many tools that CRS has recently developed to facilitate efficient implementation of roles and responsibilities in the management of food programs. Among those tools, one can cite the How-to-Guides which are referenced in this manual; other reference materials on fumigation and procurement; and other internet references, all regrouped under the FACMM page of the Commodity Management SharePoint, which already contains a library of other food commodity management documents.

This new CRS Food Assistance Commodity Management Manual (FACMM) reflects the Agency’s commitment to continuously enhance management of resources at its disposal for improved service delivery to its constituents. New CRS system software will soon replace our familiar FoodLog system, but guidance included in this manual in regards to activities to be performed will not change substantially. For example, warehouse management, handling of unfit food, control of inventories, and monitoring visits to sub-recipients will all continue to be made even when a step in the business process does change.

Published in December 2011 by: Catholic Relief Services
228 W Lexington Street
Baltimore, MD 21201

Written by: CRS subject matter experts with input from consultants
Graphic Design and Illustrations by: Margarett Désilier
Edited by: Miguel Mahfoud, Martin Hartney
Cover page by: Margarett Désilier

© 2011 Catholic Relief Services. All rights reserved. Any “fair use” under U.S. Copyright law should contain appropriate citation and attribution to Catholic Relief Services.
## LIST OF ACRONYMS

<table>
<thead>
<tr>
<th>Acronym</th>
<th>Full Form</th>
</tr>
</thead>
<tbody>
<tr>
<td>AER</td>
<td>Annual Estimate of Requirements</td>
</tr>
<tr>
<td>APS</td>
<td>Annual Program Statement</td>
</tr>
<tr>
<td>BEHT</td>
<td>Bill Emerson Humanitarian Trust</td>
</tr>
<tr>
<td>BL</td>
<td>Bill of Lading</td>
</tr>
<tr>
<td>BUBD</td>
<td>Best Use By Date</td>
</tr>
<tr>
<td>CF</td>
<td>Call Forward</td>
</tr>
<tr>
<td>CFA</td>
<td>Clearing, Freight Forwarding Agent</td>
</tr>
<tr>
<td>CFR</td>
<td>Code of Federal Regulations</td>
</tr>
<tr>
<td>CR</td>
<td>Country Representative</td>
</tr>
<tr>
<td>CRS</td>
<td>Catholic Relief Services</td>
</tr>
<tr>
<td>CS</td>
<td>Cooperating Sponsor</td>
</tr>
<tr>
<td>CSR</td>
<td>Commodity Status Report</td>
</tr>
<tr>
<td>DAP</td>
<td>Development Assistance Program</td>
</tr>
<tr>
<td>DIP</td>
<td>Detailed Implementation Plan</td>
</tr>
<tr>
<td>DN</td>
<td>Delivery Note</td>
</tr>
<tr>
<td>DMCR</td>
<td>Damage, Missing Commodity Report</td>
</tr>
<tr>
<td>ETA</td>
<td>Estimated Time of Arrival</td>
</tr>
<tr>
<td>FACG</td>
<td>Food Aid Consultative Group</td>
</tr>
<tr>
<td>FACMM</td>
<td>Food Assistance Commodity Management Manual</td>
</tr>
<tr>
<td>FAS</td>
<td>Foreign Agriculture Service (institution)</td>
</tr>
<tr>
<td>FAS</td>
<td>Free alongside (when commodities are on the dock)</td>
</tr>
<tr>
<td>FEDFO</td>
<td>First Expiration Date First Out</td>
</tr>
<tr>
<td>FF</td>
<td>Freight Forwarding</td>
</tr>
<tr>
<td>FFA</td>
<td>Food for Assets</td>
</tr>
<tr>
<td>FFE</td>
<td>Food for Education</td>
</tr>
<tr>
<td>FFPPr</td>
<td>Food for Progress</td>
</tr>
<tr>
<td>FGIS</td>
<td>Federal Grain Inspection Service</td>
</tr>
<tr>
<td>FIFO</td>
<td>First In First Out</td>
</tr>
<tr>
<td>FOB</td>
<td>Free on Board (when commodities are in the ship)</td>
</tr>
<tr>
<td>FY</td>
<td>Fiscal Year</td>
</tr>
<tr>
<td>HCA</td>
<td>Host Country Agreement</td>
</tr>
<tr>
<td>KG</td>
<td>Kilogram</td>
</tr>
<tr>
<td>IO</td>
<td>International Organizations</td>
</tr>
<tr>
<td>LRP</td>
<td>Local and Regional Purchase</td>
</tr>
<tr>
<td>MT</td>
<td>Metric Ton</td>
</tr>
<tr>
<td>MYAP</td>
<td>Multi-Year Assistance Plan</td>
</tr>
<tr>
<td>NGO</td>
<td>Non Governmental Organization</td>
</tr>
<tr>
<td>OMB</td>
<td>Office of Management and Budget</td>
</tr>
<tr>
<td>PA</td>
<td>Port Authority</td>
</tr>
<tr>
<td>PI</td>
<td>Physical Inventory</td>
</tr>
<tr>
<td>PL 480</td>
<td>Public Law 480</td>
</tr>
<tr>
<td>Abbreviation</td>
<td>Description</td>
</tr>
<tr>
<td>--------------</td>
<td>-------------</td>
</tr>
<tr>
<td>PL</td>
<td>Packing List</td>
</tr>
<tr>
<td>PREP</td>
<td>Pipeline and Resource Estimate Proposal</td>
</tr>
<tr>
<td>PVO</td>
<td>Private Voluntary Organization</td>
</tr>
<tr>
<td>QWICR</td>
<td>Quarterly Web-Interfaced Commodity Reporting</td>
</tr>
<tr>
<td>REF</td>
<td>Reference</td>
</tr>
<tr>
<td>REG</td>
<td>Regulations</td>
</tr>
<tr>
<td>RI</td>
<td>Reconditioned Items</td>
</tr>
<tr>
<td>RSR</td>
<td>Recipient Status Request</td>
</tr>
<tr>
<td>SCM</td>
<td>Supply Chain Management</td>
</tr>
<tr>
<td>SLS</td>
<td>Small Lot Sales</td>
</tr>
<tr>
<td>SYAP</td>
<td>Single Year Assistance Program</td>
</tr>
<tr>
<td>TA</td>
<td>Transfer Authorization</td>
</tr>
<tr>
<td>TBL</td>
<td>Through Bill of Lading</td>
</tr>
<tr>
<td>UN</td>
<td>United Nations</td>
</tr>
<tr>
<td>UNHCR</td>
<td>United Nations High Commissioner for Refugees</td>
</tr>
<tr>
<td>UMR</td>
<td>Usual Marketing Requirement</td>
</tr>
<tr>
<td>USAID</td>
<td>United States Agency for International Development</td>
</tr>
<tr>
<td>USDA</td>
<td>United States Department of Agriculture</td>
</tr>
<tr>
<td>USG</td>
<td>United States Government</td>
</tr>
<tr>
<td>WB</td>
<td>Waybill</td>
</tr>
<tr>
<td>WBSCM</td>
<td>Web-Based Supply Chain Management</td>
</tr>
<tr>
<td>WFP</td>
<td>World Food Program</td>
</tr>
</tbody>
</table>
### SOME OTHER DEFINITIONS

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Ex-tackle survey</strong></td>
<td>Is the survey conducted at the port upon offloading of the vessel</td>
</tr>
<tr>
<td><strong>Delivery survey</strong></td>
<td>Is the surveyor survey rendered at the warehouse only for landlocked countries</td>
</tr>
<tr>
<td><strong>Through Bill of Lading (TBL)</strong></td>
<td>Is a transportation document used for exportation of commodities which describes the type, nature, and quantities of the goods transported, which in the case of a food assistance program binds the carrier to deliver the goods to the “door” i.e. to warehouse of destination (as opposed to the port) must be approved by the donor for landlocked countries.</td>
</tr>
<tr>
<td><strong>Business Process (B.P.)</strong></td>
<td>Business processes is a succession of tasks leading to completion of an operation. Business process modeling is a technique used for drawing business processes in a workflow;</td>
</tr>
<tr>
<td><strong>Domestic Market Price</strong></td>
<td>Is the cost of the commodity in its country of origin as listed at the time and place of misuse/damage or loss.</td>
</tr>
<tr>
<td><strong>Value of commodities</strong></td>
<td>Is the total cost of commodities, which includes its purchase price in country of origin, added to any other cost incurred for logistics, management, and other charges from purchase to the time and place of misuse/damage or loss (purchase cost, ocean freight cost, transportation and storage, etc.) Alternatively, USAID or the diplomatic post may determine that such value may be established on other justifiable basis.</td>
</tr>
<tr>
<td><strong>Containerized commodities</strong></td>
<td>Is commodity shipped in sealed containers. The seal numbers are recorded by container and noted on the bill of ladings</td>
</tr>
<tr>
<td><strong>Bulk cargo</strong></td>
<td>Is food shipped in bulk (not pre-packaged, not in containers)</td>
</tr>
<tr>
<td><strong>Break-bulk</strong></td>
<td>Is food packed in individual bags or containers</td>
</tr>
<tr>
<td><strong>Claim</strong></td>
<td>Is the action of billing a third party for misuse/damage or loss of commodities or monetized proceeds and other program income incurred under their responsibility. The amount of the claim will be calculated on the basis of the value of the commodities as mentioned above and/or on the amount of program income misused or lost.</td>
</tr>
<tr>
<td><strong>Labeling</strong></td>
<td>Is the action of marking packaging containers with donor logos and other specific information on the commodity during packaging LRPCs (local and regional purchase) and/or repackaging commodities. CRS’ logo can also be marked on packaging containers.</td>
</tr>
<tr>
<td><strong>Do no harm</strong></td>
<td>Is an ethical approach which guides CRS in designing proposed interventions in order to avoid potentially adverse effects its programs could otherwise have on intended beneficiaries.</td>
</tr>
</tbody>
</table>
No Discrimination | Is an element of CRS policies and principles. CRS distributes commodities on the basis of clearly defined program criteria and does not discriminate (or tolerate discrimination) on any basis, religion, race, color, age, national origin, sex, disability, or handicap.

Beneficiary Care | Is the design of distribution plans and implementation processes that take into account the dignity of the beneficiary by minimizing their wait time and distance from habitations; arranging for decent waiting conditions (protection against harsh weather conditions); educating them on seeking help from their household for carrying the rations back home; organizing distribution in a secure and safe environment, etc.

Primary Warehouse (P.W.) | Is the main/principal warehouse where commodities **first arrive**, are stored, and dispatched to other locations. The other locations could be secondary warehouses or distribution sites that are managed by CRS or partners.

Secondary Warehouse (S.W.) | Is most often supervised by a commodity manager located in a sub-office. It corresponds to a warehouse which receives a commodity from a primary warehouse for dispatch to distribution sites in its geographical zone.

Partner Warehouse (P.W.) | Describes any warehouse not managed by CRS. A partner warehouse can be another PVO or a CRS sub-recipient warehouse; the partner warehouse could be their primary or secondary warehouse: **see model in business process below.**

Distribution Site (D.S.) | Corresponds to nutrition, health, school feeding (SF), internally displaced persons (IDPs), refugees or FFW program sites where distribution activities take place. Some of these categories such as SF and health centers have small storerooms where commodities transit before distribution to recipients.
SAMPLES OF MOST COMMON MODELS OF WAREHOUSES

Primary warehouse (P.W) = P.W
Secondary warehouse (S.W) = S.W
Delivery site (D.S) = D.S
# TABLE OF CONTENTS

Overview

A. Introduction 1

B. Definition of Programs 5

C. Implementation/Phases 1-12 11

| Phase 1: Emergency and Non-Emergency Preparation | 15 |
| Phase 2: Sales Order Call Forward | 21 |
| Phase 3a: Procurement | 25 |
| Phase 3b: Logistics Planning | 29 |
| Phase 4: Pre-arrival of Vessel | 37 |
| Phase 5: Arrival of Vessel | 41 |
| Phase 6: Port Activities | 43 |
| Phase 7: Warehouse Receipt | 53 |
| Phase 8: Other Warehouse Activities | 61 |
| Phase 9: Dispatch Planning | 89 |
| Phase 10: Arrival of Commodities | 95 |
| Phase 11a: End-Use Checking and Monitoring | 101 |
| Phase 11b: Other Elements of Monitoring | 111 |
| Phase 12: Reporting | 115 |

D. Additional Regulation 11 references 120

E. Internet references 123

F. List of figures/tables 124

G. List of attachments 125
INTRODUCTION

Purpose
Food aid commodities are governed by various donor regulations and CRS policies. CRS implements a variety of food aid programs funded and/or supplied with commodities by diverse donors, including USG agencies and in some cases, host-country governments. However, unless required to do differently, CRS follows the following guidelines and regulations in managing food aid commodities:\(^1\)

- USAID Regulation 11 (22CFR 211)
- A 133: Audit of states, local governments, and non-profit organizations (NGO)

\(^1\) Staff working with food assistance programs should always have full copies of all relevant regulations, as well as manuals, publications and other documentation on hand for further reference.
The requirements and processes described in this manual apply to all CRS sub-recipients (both A-133 and non A-133 recipients).

### Objectives

The goal of this CRS Food Aid Commodity Management Manual (FACMM) is to provide consistent guidance on processes and procedures in planning, managing, and reporting on donated food commodities for country programs that operate food assistance programs. The objectives of this FACMM include:

i. Facilitate implementation and adherence of donor food aid regulations
ii. Promote consistency and accountability of food programs
iii. Provide guidance on accounting for receipts, storage and distribution of food commodities
iv. Provide guidelines for safe and clean warehouses, keep commodities fit for human consumption, and minimize losses
v. Describe the separation of duties for improved internal control and accountability during the life of programs
vi. Informed planning of commodity projection; healthy pipeline; utilization and accountability.

The USG implements food aid programs both through private voluntary organizations (PVOs) and through International Organizations (IOs), especially the United Nations (UN) World Food Program (WFP) and to a lesser extent, the United Nations High Commission for Refugees (UNHCR).

### Supply Chain Management (SCM)

In addition to the objectives listed above for the management of a food program, CRS is developing a standardized commodity management system. The CRS SCM will minimize the risks associated with using a variety of manuals, systems, and other automated management tools and will bolster CRS’ ability to perform efficient monitoring and timely decision-making. The supply chain management (SCM) software that CRS will acquire will streamline current processes and support end-to-end supply chain operations. Meanwhile, the present manual provides instructions to country programs that are to be followed in the interim, with the understanding that some procedures will need to be adjusted to better adapt to the demands of specific work environments. Food commodity will be a component of all the other commodities that will be managed by the new CRS’ software. The SCM software will interface with other relevant software currently used by the agency, such as Sun System and

---

2 In general, USG regulations do not apply to IOs. Instead their food aid operations are governed by special bilateral agreements. However, PVOs working under IOs are still governed by CRS’ regulations for commodity management and/or any other requirement by the IO donor.
Purchasing. The SCM software will, for example, replace FoodLog and other processes related to the circulation of information. It will change the way we do business, but it will not replace the monitoring and control functions performed in the management of a food program. For example, we will continue to conduct inventories on a regular basis; we will continue to make monitoring visits to partners and beneficiaries; and we will continue to follow long-established procedures to dispose of damaged commodities.
B. DEFINITION OF PROGRAMS

1. Legislation

2. Overseas Programs

   2.1 PL 480 programs

      2.1.1 Title I
      2.1.2 Title II
      2.1.3 Title III
      2.1.4 The Bill Emerson Humanitarian Trust

3. Additional overseas programs

   3.1 Section 416(B)
   3.2 Food for Progress
   3.3 The McGovern-Dole international Food for Education and Child Nutrition
   3.4 Local and Regional Purchase (LRP)
      3.4.1 The USDA LRP project
      3.4.2 USAID Food for Peace LRP project

1. U.S. Overseas Food Assistance Authorizing Legislation

Public Law 480 (PL 480) is the largest U.S. government international assistance program. President Dwight D. Eisenhower initially signed PL 480 into law on July 10, 1954, stating that the purpose of the legislation was to "lay the basis for a permanent expansion of our exports of agricultural products with lasting benefits to ourselves and peoples of other lands." In 1961, U.S. President John F. Kennedy re-named the law as Food for Peace, stating "Food is strength, and food is peace, and food is freedom, and food is a helping to people around the world whose good will and friendship we want." Since 1965, U.S. government food assistance programs have generally been authorized within the “Farm Bill.” The Farm Bill is a five-year omnibus law that is supposed to be revised once it expires. In the case that it is not amended, the food aid programs it authorizes cease being funded. Foreign food assistance programs take up only a small part of these bills, which also contain federal commodity and farm support policies, as well as other farm-related provisions. Since 1965, there have been ten revisions of the Farm Bill. The most recent is the Food, Conservation, and Energy Act of 2008, which includes re-authorization of food aid programs. Although the Farm Bill is supposed to be amended

---

3 www.crs.org/public-policy/pl-480-title-ii.cfm
5 For a full glossary of terms used in this section, see: Womach, Jasper “CRS Report for Congress - Agriculture: A Glossary of Terms, Programs, Laws” Congressional Research Service (CRS) – The Library of Congress
every five years, it is often delayed one or more years, due to politics surrounding U.S. government support for agriculture that this bill addresses.

In line with the recommendations of major food aid implementers, including CRS, and at the direct request of U.S. President George W. Bush, the 2008 Farm Bill included provisions for a local and regional food aid procurement pilot program to be implemented by USDA.\(^6\) This provision is due to expire in 2012.

Two recent revisions of the Farm Bill, the Farm Security and Rural Investment Act of 2002 and the Food Security Act of 1985 (PL 99-198), also known as the Food for Progress Act, established additional food aid programs: the McGovern-Dole International Food for Education and Child Nutrition Program (FFE) and the Food for Progress (FFPr) Program.\(^7\)

2. **U.S. Overseas Food Assistance Programs**

Together, the three acts described above authorize the various U.S. government food aid programs and assign their administration to two government agencies: the United States Agency for International Development (USAID), and the United States Department of Agriculture (USDA). Each of these agencies is responsible for developing the regulations that govern these programs, and publishing them in the Code of Federal Regulations (CFR).\(^8\)

2.1 **PL 480 Programs**

PL 480 authorizes the largest overseas assistance programs implemented by the U.S. government. PL 480 has several “Titles” or subsections. Title I, II, and III comprise the “Food for Peace Act”\(^9\) and contain the principal U.S. overseas food assistance programs.

2.1.1 **PL 480 Title I - Trade and Development Assistance:** The PL 480 Title I program was implemented by USDA to make government-to-government sales of U.S. agricultural commodities to developing countries on low-interest credit terms. Priority was given to:

- Countries with little foreign exchange (trade)
- Countries with high levels of food insecurity
- Programs concentrating on alleviating poverty
- Countries with agricultural development needs

Since 2006, the US Congress has not authorized funding for the PL 480 Title I program.

2.1.2 **PL 480 Title II – Emergencies and Development Assistance:** PL480 Title II is administered by USAID, through the Office of Food for Peace. The PL 480 Title II program provides for the

---

\(^6\) A side by side comparison of the 2008 Farm Bill with previous legislation can be found at: [http://www.ers.usda.gov/FarmBill/2008](http://www.ers.usda.gov/FarmBill/2008)


\(^8\) [http://www.gpoaccess.gov/cfr/index.html](http://www.gpoaccess.gov/cfr/index.html)

\(^9\) Titles IV and V of PL 480 do not authorize food assistance programs per se. Rather, Title IV but provides for technical assistance on behalf of friendly developing countries, and also provides criteria for determining U.S. food aid commodities. It also establishes an advisory committee to survey general food aid policies. Title V of PL 480 is commonly known as the John Ogonowski Farmer-to-Farmer Program, established in 1986. It was re-authorized by the 1996 Farm Bill Act. The Farmer-to-Farmer program is not a food aid program, but rather a program of short-term technical assistance which links American volunteer farmers with farmers in developing countries, whereby the U.S. farmer will spend time in the developing country working with the local farmers to improve food production, marketing and distribution. This establishment of the program was aimed mainly at the Newly-Independent States (NIS) of the former Soviet Union, but also covers Asia, Africa, and Central and South America. It is implemented by USAID through a consortium of U.S. private voluntary organizations (PVOs), subject to re-bid every five years.
donation of U.S. agricultural commodities to meet emergency and non-emergency (development assistance) food needs in other countries. Commodities provided for development assistance programs can be used for direct feeding or monetized (see Monetization below) by the recipient organization to raise funds for related activities. Recipients of agricultural commodities donated by the U.S. government through PL 480 Title II can be PVOs officially registered with the USAID Office of Food for Peace as cooperating sponsors (CSs); international organizations (IOs) such as the United Nations (U.N.) World Food Program (WFP), or United Nations High Commission for Refugees (UNHCR); and foreign governments.

To operationalize the legislation that enacted Title II programs, USAID issued 22 CFR 211: Transfer of Food Commodities for Food Use in Disaster Relief, Economic Development and Other Assistance. It is commonly referred to as “Reg. 11”. Reg. 11 is applicable to all Title II programs except those conducted by agencies of the United Nations and the World Food Program.

Monetization
Monetization refers to the sale of donated food aid commodities in recipient or nearby countries on the open market, in order to raise funds for complimentary cash programming (see above). Monetization of food aid is almost solely a practice of the United States and U.S.-based NGOs. When the sale of food takes place in a country other than the beneficiary country, this is referred to as Third Country Monetization (TCM). See the CRS Policy and Operations Guidelines for Monetization and the USAID Monetization Field Manual.

Most monetized commodities are sold ex-tackle, and hence CRS never takes possession of them. However, in cases where the commodities are transferred to a warehouse while CRS is still in possession of them (for example, in cases where the commodities are stored by CRS in-country before they are sold), all regulations and management procedures described in this manual must be adhered to, as if these were commodities for distribution. These commodities will be stacked separately and have a separate registry because they have different markings (they do not say “Not to be sold or exchanged”). Such cases can include small-lot sales (SLS). For more information on this topic, see the CRS Monetization Procedure Guidelines.

The USAID Office of Food for Peace implements Title II through two types of programs:

Emergency Food Aid Programs: Emergency Food Aid Programs, previously known as Single Year Assistance Programs (SYAPs), are funded by USAID to respond to emergency situations and provide for the distribution of food. Monetization of donated commodities is allowed with USAID prior approval.

---

10 For information on UNHCR food aid programs, please see: http://www.unhcr.org/pages/49c3646cec.html
Non-Emergency Food Aid Programs: Non-Emergency Food Aid Programs, previously known as Multi-Year Assistance Programs (MYAPs), are the programmatic response to non-emergency development assistance situations, and provide for programs between three and five years.

2.1.3 PL 480 Title III – Food for Development: PL 480 Title III is implemented by USAID, and authorizes the agency to make government-to-government grants to support long-term growth in least developed countries. The PL 480 Title III program has been inactive since 2006.

The following link shows a CRS/India presentation on USG programs and regulations (Internet Ref. #2 p.123) and provides a summary of Title I, Title II, and Title III programs and policy requirements which food program staff might find useful.

2.1.4 The Bill Emerson Humanitarian Trust (BEHT): The BEHT is a reserve of commodities and cash held in trust to supplement food aid made available under P.L. 480 programs. The Secretary of Agriculture administers the BEHT. The reserve can hold up to four million metric tons of wheat, corn, sorghum, and rice. The commodities or cash can be released from the reserve to meet unanticipated needs for emergency food assistance or when domestic supplies are insufficient. The decision to use this reserve is made by the USG, and commodities from the BEHT are only available for emergency needs. According to provisions made in the 2008 Farm Bill, the BEHT no longer needs to keep commodities in reserves, so the BEHT is now in the form of cash.

3. Additional Overseas Food Assistance Programs

3.1 Section 416(B): The Section 416(b) program (surplus commodities provided to the PVOs for foreign distribution) was authorized under the Agricultural Act of 1949 and the program is implemented through foreign governments, PVOs, and IOs. The Section 416(b) program has not been active since at least 2008.

3.2 Food for Progress (FFPr): The Food for Progress (FFPr) Program (commodities offered to emerging democracies/developing countries that have made commitments to introduce or expand free enterprise elements in their agricultural sectors) is administered by the USDA Foreign Agricultural Service (FAS) and provides U.S. agricultural commodities to foreign governments, PVOs, and IOs.

3.3 The McGovern-Dole International Food for Education and Child Nutrition Program: The McGovern-Dole International Food Education and Child Nutrition Program is a school feeding and child nutrition program administered by USDA/FAS (Foreign Agriculture Service). Under this program, USDA/FAS is authorized to provide donations of U.S. food commodities to agencies to implement distribution activities and provide financial and technical assistance for school feeding and maternal and child
nutrition in low-income, food-deficit countries. For a country to be eligible, they must demonstrate a commitment to universal education.

3.4 Local and Regional Purchase (LRP): In the past decade, several international donor agencies began to change their operating procedures from providing donations of in-kind food, to providing cash to implementing agencies to purchase food in the countries or regions where food assistance is necessary. This operation is referred to as Local and Regional food aid Procurement (LRP), and is based on both operational and developmental rationales:

Operational Rationales for LRP:

a. Timeliness: Sourcing closest to recipients provides for a more rapid delivery of food assistance
b. Cost effectiveness: Sourcing closest to recipients is less costly (largely due to negating the need for shipping), meaning more beneficiaries can be served
c. Appropriateness: Sourcing local food may allow for more cultural or nutritiously appropriate foods, or may avoid security risks associated with the delivery of transoceanic food aid

The formula for deciding how to source food assistance was laid out in a decision tree as follows:12

![Decision Tree Image]

Other models of decision trees from other organizations can be consulted in the following link: Decision Tree Samples (Internet Ref. #26, p.123).

Developmental Rationales for LRP:

a. Market development: Sourcing from recipient countries provides revenues to them, instead of replacing demand
b. Market institution development: Sourcing through market institutions in recipient countries strengthens these institutions

---

12 Christopher Barrett and Dan Maxwell, “Food Aid After Fifty Years: Recasting its Role.” Routledge, 09 August 2005
Pitfalls to Avoid and Other Imponderables — Quality and Safety

a. The quality of the commodities will not consistently be the same throughout their delivery. Country programs should therefore perform random quality sampling to ensure that all of the commodities delivered are fit for human consumption. A surveyor should monitor the delivery and take samples to analyze at a local laboratory to ensure fitness of the commodity as per agreed-upon requirements.

b. Unfitness of commodities could have legal implications and possible liabilities if anyone gets sick from eating unfit commodities. Therefore, the sales agreement should stipulate the obligation of the seller to submit a fitness certificate of the commodities from a local laboratory of good standing.

c. Standards for analysis of the products to purchase should be prescribed in the sales agreement.

d. A clause in the sales agreement should require that conditions of the mill meet standards of sanitation and that CRS has the right to request physical inspection by relevant local authorities.

Sales Contract

The sales contract with the supplier should also include clauses on:

a. Delays in delivery: timeframe with penalty clause for undue delays must be included

b. Weight of bags: weight of bags will be randomly monitored by CRS and underweight bags will be set aside for reconciliation

At the urging of numerous food assistance operating agencies, both the USDA and USAID Office of FFP have recently implemented LRP programs.

3.4.1 The USDA LRP Project: In 2008, the Food, Conservation, and Energy Act (2008 Farm Bill) authorized the USDA to implement a Local and Regional Food Aid Procurement Pilot Project (USDA LRP Project) as a five-year pilot program, funded at $60 million over the life of the project. The primary objective is to study the timeliness and efficiency of local and regional procurement (LRP) as a way of enhancing the impact of USG food assistance programs. LRP is based on the premise that providing cash grants to purchase food in surplus-producing areas of the country or region where it will be distributed is a more time and cost-efficient approach to providing food aid.

3.4.2 USAID/Food for Peace LRP Project: In January 2010, the USAID/Office of Food for Peace announced the Emergency Food Security Program, an Annual Program Statement (APS) for local and regional food aid procurement programs. Although no cap was placed on program value, the APS stated that USAID anticipated that each individual program would not exceed $30 million each. The objective of this program is “to address the highest priority immediate emergency food security needs.”

## C. IMPLEMENTATION

### C. IMPLEMENTATION/PHASES 1 - 12

<table>
<thead>
<tr>
<th>Phase 1: Emergency and Non-Emergency Preparation</th>
<th>Phase 11a: End-Use Checking and Monitoring</th>
</tr>
</thead>
<tbody>
<tr>
<td>Phase 2: Sales Order/Call Forward</td>
<td>Phase 11b: Other Elements of Monitoring</td>
</tr>
<tr>
<td>Phase 3a: Procurement</td>
<td>* Best Used by Date (BUBD)</td>
</tr>
<tr>
<td>3b: Logistics Planning</td>
<td>* Branding &amp; Marking</td>
</tr>
<tr>
<td>Phase 4: Pre-arrival of Vessel</td>
<td>* Monetization</td>
</tr>
<tr>
<td>Phase 5: Arrival of Vessel</td>
<td>* QWICR</td>
</tr>
<tr>
<td>Phase 6: Port Activities</td>
<td>* WBSCM</td>
</tr>
<tr>
<td>Phase 7: Warehouse Receipt</td>
<td>Phase 12: Reporting</td>
</tr>
<tr>
<td>Phase 8: Other Warehouse Activities</td>
<td>CSR</td>
</tr>
<tr>
<td>Phase 9: Dispatch Planning</td>
<td>RSR</td>
</tr>
<tr>
<td>Phase 10: Arrival of Commodities</td>
<td>LSR or DMSCR</td>
</tr>
<tr>
<td></td>
<td>PREP</td>
</tr>
<tr>
<td></td>
<td>Proceeds From Sale of Commodities</td>
</tr>
<tr>
<td></td>
<td>Return of Funds to the Donor Agency</td>
</tr>
</tbody>
</table>

There are 12 major phases in the life of a USG food assistance program, starting with the proposal submission until final report (Figure 2 below). The task and work products for each phase are described in subsequent chapters. As preamble to receiving USG food commodities, the following requirements must be met:

1. **Host Country Agreement (HCA):** Regulations *CRF 211.3* require the PVO requesting USG commodities to have a signed agreement with the host country government. Permission to import commodities exempted from all custom duties and other charges must be part of the Host-Country Food agreement. The document must allow CRS to recognize the US as the donor and allow CRS to maintain bank accounts. If the country program is planning a monetization program and duties and taxes are charged on monetized commodities, it is wiser to build a clause into the sales agreement that the buyer will pay all charges instead of amending the HCA. It is essential that the country representative or designated staff be aware of all the approvals required by national government officials and the time it normally takes to secure them. If problems have occurred in previous importations it is essential that CRS document the problems and take steps to avoid the problem reoccurring in the future.
2. **Agreement with USAID**: This agreement describes the approved use of commodities and program income that is consistent with the annual program statement (APS). It also requires that the Cooperating Sponsor (CS) pays the value of any commodity or program income that are lost, damaged or misused as a result of counterpart’s failure to exercise reasonable care. Furthermore, it incorporates by reference the terms and conditions of Reg.11.14

3. **Approved Non-Emergency Programs/MYAPS, Emergency Programs/SYAP, and APS (Annual Program Statement)**: See more on MYAP/SYAP in Section C Phase 1.

**Food Assistance Phases (see Figure 2 below)**

Figure 2: Phases of a Food Assistance Commodity Management System

In addition to the donor requirements listed above (1, 2, and 3), CRS’ best practices recommends that country programs pay special attention to the following four (4) elements, which are of utmost importance in the implementation of a food assistance program:

1. **Clear Definition of Roles and Responsibilities**: It is extremely important that country programs hire the right amount of food workers with the right skills for the positions entrusted to them. A prototype food program department organizational chart (described in figure 20 at the end of the document, p. 119), outlines different roles and responsibilities for commodity and programming teams, which this manual does not cover. This manual focuses on operational management guidance from a supply chain perspective (logistics from procurement to distribution to the ultimate beneficiary).

---

14 Title to USG commodities is transferred to the CS at the US port when the shipping company takes possession of the cargo. However the CS does not take possession until the commodities are discharged and released at the destination port. CRS retains title to all commodities until recipients consume them.
2. **Internal Control and Risk Management:** Internal control is a process designed to provide reasonable assurance regarding the effectiveness and efficiency of operations; reliability reporting; and compliance with agency policies, procedures, and applicable laws and regulations.

ICs are defined as good business practices; they consist of structures, systems, procedures, and activities to monitor risks and facilitate timely corrective actions. All CRS employees must adhere to established internal control systems. The systems and procedures described in this manual are standard for the purpose of food commodity management. Country programs will adapt them as needed to fit specific aspects of their work environment.

In the context of a food management program, adherence to internal controls will help:

- Reduce losses, fraud, and misappropriation (a good IC system should help detect losses in a timely manner in order to avoid further losses). This is the responsibility of all staff: programming, warehouse, inspection and monitoring, partners, etc.
- Redress non-compliance with regulations (CRS and Reg. 11)
- Improve quality of monitoring (monitoring includes regular management and supervisory activities)
- Establish efficient information flow and communication with management

3. **Training:** The pre-program launch and ongoing training of food workers (e.g., food monitors, warehouse staff, food accountants, and partner/sub-recipient staff) in commodity management and internal control systems (**see training components in Phase 11a, #5**) is imperative. In fact, food workers should begin training in commodity management and financial and internal control systems during the set-up phase of the program.

4. **Partners’ Capacity:** To ensure the success of a food assistance program, partners’ management and staff must be well acquainted with the main documents that regulate the food program: 22 CFR 211 (Reg. 11), the approved project proposal, and USAID standard provisions, which are an integral part of the project agreement signed with CRS. Partners must be aware of the consequences for the program when prescriptions in these documents are not adhered to. It is also essential that the partner supervise the performance of its staff and other program stakeholders, and take required corrective action whenever a departure from program objectives and applicable regulations is detected.
PHASE 1: NON-EMERGENCY DEVELOPMENT ASSISTANCE AND EMERGENCY ASSISTANCE PROGRAMS (FORMER MYAP AND SYAP)

MYAP was a Multi-Year Assistance Program funded by P.L. 480 Title II and administered by USAID’s Office of Food for Peace and is currently called Non-Emergency Development Assistance, but still referred to as MYAP. The former name was a DAP, or Development Assistance Program. Non-Emergency Development Assistance programs are programs with multiple years of funding and with the key objective of reducing food insecurity of vulnerable populations. The usual duration of a MYAP is three or five years. Key documents required for effective food aid management in a MYAP include:

- A Host Country Food for Peace Agreement (Section C1)
- AER: Annual Estimate of Requirements (see 2 below)
- Detailed Implementation Plan (DIP). The DIP is a stage by stage work plan (with deadlines) for the implementation of the Emergency Program SYAP/MYAP Non-Emergency Program.
- Pipeline and Resource Estimate Requirement (PREP section C.12/Reporting).
- A marking and branding strategy along with CRS’ Operational Plan within its submission (see Section C/Phase 11b).

Moreover, programs implementing monetization require additional documentation (see Sections 3 and 4 below) indicating that targeted program will not negatively impact local markets, such as the Bellmon Determination and Usual Marketing Requirement (UMR).

**Commodity Pipeline and Annual Estimate of Requirements (AER)**

Annual Estimate of Requirements (AER) reflects a food aid program’s proposed commodity needs for both direct distribution and monetization over the course of an implementation year. To receive commodities in a country program (CP), the CP must submit a yearly program plan. An AER is part of the Emergency Program/SYAP or Non-Emergency Program/MYAP and is required by the USAID for all USG food programs. A new AER form has been in effect since 2009 to facilitate and expedite AER calculations. Food aid commodities, formulas, and other data have been provided in advance to ensure accuracy and conformity.

A Commodity Pipeline form is part of the AER and details how the requested food aid commodities, as well as dollar resources, will be programmed over a given implementation period. The AER and Commodity Pipeline also include a Food Aid Ration Calculator that disaggregates and justifies a food aid program’s direct distribution commodity request.

As listed on the official AER instruction document, the AER provides for:

i. The requesting country (countries) program
ii. Name of applicant/awardee
iii. FFP funding source
iv. Implementation period
v. Fiscal Year of the AER: The U.S. Fiscal Year (FY) spans the period from October 1 to September 30. All commodity programs used to operate according to the Fiscal Year calendar with an obligation to submit two AERs when the program year crossed over two FYs. With the current introduction of the “Implementation Year” and “MYAP” shift, there is no longer a need to submit two AERs.
vi. Award agreement number
vii. AER type and AER status

Other AER elements will be carried over from the AER rations calculator tab, such as:

viii. Food aid commodities: they will be automatically transferred from the food aid commodities information entered in the AER Ration Calculator tab
ix. Program elements: (ration size, nutritive elements, # of beneficiaries etc) will be automatically transferred from the program elements information entered in the AER Ration Calculator tab
x. Direct recipients: they will be automatically transferred from the direct recipients information entered in the AER Ration Calculator tab

xi. Total MT operations requirements: “After entering in the data above this total will automatically round to the nearest ten metric tons for procurement purposes. The metric tonnage amount should correspond with the calculated metric tonnage per food aid commodity per program element on the Ration Calculator tab. Metric tonnage requests in the AER should match the total metric tonnage request in the Resources Summary Table, tab A of the tracking tables for beneficiaries and resources. The following link to USAID Food for Peace (Internet Ref. #3 p. 123) provides guidance on Pipeline and Resource requirements.

xii. Submitted by: Prior to submission to FFP, the signature and title of the CS person approving the AER should be provided as well as the date approved and position title. Once complete, the AER is signed by either the Country Representative of the Country Program or the HQ Public Donor Liaison (PDL) for submission to the agreement Officer at FFP in Washington (usually submitted with the MYAP or SYAP). If there is any change (increase or decrease in the tonnage originally requested, type of commodity, etc.) during the fiscal year, it is necessary to submit a new AER for approval as per Reg. 11 .211.4(e)(2). Once approved by FFP/Washington, the PDL will then send copies of the approved document to both the country program and HQ/Shipping.

1. Bellmon Determination/Market Analysis

Market analysis plays a key role in determining the impact of food aid. A good analysis includes estimates of the quantities and sources (i.e. imported or locally produced) of the various commodities that comprise the staple food basket of the target country, as well as assessment of the prices throughout the market chain. It also includes an assessment of the type of each food consumed; i.e. hard versus soft wheat, parboiled versus non-parboiled rice.

In 1977, P.L.480 legislation was amended in response to concerns over the potential negative impact of food aid on recipient countries to include the following conditions:

“No agricultural commodity shall be made available overseas unless it is determined that:

- Adequate storage facilities will be available in the recipient country at the time of the arrival of the commodity to prevent the spoilage or waste of the commodity; and,

- The distribution of the commodity in the recipient country will not result in a substantial disincentive to or interference with domestic production or marketing in that country.

This clause (which is referred to as the “Bellmon Amendment” after Senator Harry Bellmon, who introduced it) applies to all commodities transferred to cooperating Sponsors, whether for emergency or non-emergency use. In emergency situations, a summary Bellmon Determination is likely.
However, for non-emergency programs in countries receiving P.L. 480 on an annual basis, a full market analysis is usually required to make this determination. Since 2008, these analyses have been carried out as BEST analyses (Bellmon Estimation Studies for Title II) by Fintrac, as per its contract awarded by USAID/FFP. While these analyses are now the source of the Bellmon determination, Title II cooperating sponsors are still expected to have adequate knowledge of the markets in the countries where they work and should have structures in place to carry out market analyses over the course of the program. They should also have a contingency plan in place if the analyses detect a negative impact on markets.

2. Usual Marketing Requirements (UMR)

An additional clause of P.L. 480 protects the normal commercial imports of commodities from displacement due to food assistance imports. This is referred to as the Usual Marketing Requirements (UMR). “The usual market requirements (UMR) of a country are a measure of its import requirement met through commercial purchases. It is usually defined as a five-year average” (Wikipedia). In effect, the UMR acts as a limit on the amount of food aid that can be programmed in a specific country due to the potential of displacing commercial sales. The UMR is calculated by USDA/FAS (Foreign Agricultural Service) for specific commodities in each country.

The calculation appears as a balance sheet (see Figure 3 below), as follows:

![Figure 3: UMR calculation](image)

Understanding the UMR calculation is difficult, due to the multiple sources for data such as imports, exports, and production. Also, much of the data sources referred to by USDA/FAS are not routinely available to CSs, further complicating the calculation of the UMR.

USDA is responsible for the official US government calculation of the UMR. USDA’s methodology in calculating UMR and the data that it uses for the calculation are confidential and for USDA’s use only. USAID has established an informal benchmark for commodities for monetization of 10 percent or less of the five-year average of commercial imports of a commodity, as being the amount that it will normally accept as not having adverse effects on normal commercial trade and therefore eligible for monetization, i.e. not violating the UMR.
Country programs should use all credible data – FAOSTAT, USDA PSD, national customs data, and interviews with reliable trade sources – in selecting commodities and quantities for monetization. Only in extraordinary circumstances should monetization at levels beyond 10% of the five-year average of imports be considered.\textsuperscript{15}

\textsuperscript{15} FAOSTAT is the statistical database that FAO keeps on production, imports, exports (total supply), and demand/usage by country, commodity, and year. FAOSTAT is often not up-to-date and tends to use official country data (from national ministries) as its basis for supply, which at times is open to challenge by USG/USDA as to accuracy. USDA PSD is USDA’s Production, Supply, and Demand database, similar to FAOSTAT in organization, but the data collected from USDA sources including attaché reports. Its range of commodities and countries is not as broad as FAOSTAT. So PSD may not have the pertinent data for a specific country, but where it does, theoretically, it should have more credibility within USG than does FAOSTAT. Another source that USDA may use, particularly when there is no data in the PSD, is trade data from the IGC (International Grains Council). This is only conjecture because, as stated, USDA’s method of computing UMR is opaque. IGC data is not readily available to us and the data that is available is not free.
SECTION C/Phase 2: Sales Order (previously called Call Forward)

From Call Forward to Sales Order

For decades, commodity requests have been ordered through a call forward (CF). To call forward commodities begins the process of ensuring that commodities arrive at their destination when needed in a timely fashion. The CF begins the process of ordering, purchasing, manufacturing, packaging, etc. CFs used to be processed manually and submitted to HQ/Shipping for coordination with the freight forwarder and submission to the USG with HQ/Shipping responsible for placing the actual order. In 2011, Sales orders replaced call forward and sales orders are now placed through the USG Web-Based Supply Chain Management (WBSCM) system presented in Section C/Phases 11b and 12.
Once the project proposal and appended AER are approved by relevant USG authorities, the country program must request that the commodities be shipped in a timely fashion to allow receipt of the commodities for distribution in its detailed implementation plan. The country program will be guided by the attached “Procurement Timeline” (attachment 1 p.125). To “Call Forward” was the terminology used when the country program requested the shipment of commodities. The term call forward has now been replaced by sales order (Refer to Section C/Phase 11).

Making a sales order or CF not only orders the shipment of the commodities, but begins the process of purchasing, packaging, manufacturing (in the case of blended cereals and other processed grains) and shipment to the US port of departure.

Recently, host governments have begun requesting that a Best Use By Date (BUBD) (see Section C, Phase 11b) be printed on the bags of some commodities to be imported. The requirement, however, to be indicated in a sales order/CF, should be accompanied by a letter from the host country, clearly indicating the BUBD as a special requirement.

Therefore, to make sales orders/CF which ensures that the commodities arrive at the appropriate time requires that the country program determine the balance of commodities it will have on hand and the quantity of commodities it plans to distribute for a certain period.

Sales orders/Call Forward Should Contain the Following Information:

- Type and quantity of the commodity in MT; quantity divisible by 10 MT
- Bags/container size (avoid plastic containers; request that tins be on record)
- Port of destination or in-country point of entry for landlocked countries
- Number of original and non-negotiable BLs required (how many of each)
- Documents required by country programs such as import permit, phytosanitary certificate, fumigation certificate, BUBD, invoice, cargo manifest, etc.
- Abbreviated bag markings for monetization
- Statement that adequate storage facilities are available
- Documents required by host country (radioactivity certificates, fumigation documentation, BUBD, etc).

Sales orders/Call Forward Should Contain the Following Information:

Country programs must forward all sales orders/call forward to CRS/Shipping. CRS/Shipping FF (this function is currently outsourced to LifeLink Logistics) will enter the information into the Web-based Supply Chain Management (WBSCM) system utilized by USAID and USDA (see Section C, Phase 11b).

Call Forwards are processed in WBSCM. For Title II programs, each country program will send an electronic copy of the Sales Order/CF by the 8th of the month to HQ/Shipping for verification and in order to make the submission deadline to input by the 10th of each month. USAID produces a yearly procurement schedule that shows deadlines and timing of departures and arrivals. The WBSCM entries must follow those schedules unless an exception is granted. For USDA
Call Forwards, each agreement will indicate the timing of the shipment and Call Forwards should be submitted accordingly.

### Useful tips

1. A CS can ask for staggered shipments in one (1) CF (request delayed delivery dates). If country programs prefer quarterly CF \( (10^{th} \) of every month), explain the reasons CF is placed when it is placed.

2. A tolerance of \( \approx 5\% \) is allowed on call forward of less than 10,000MT. A tolerance of 2\% is allowed if the tonnage is over 10,000M.

Under WBSCM, a Call Forward initiates a “sales order” which will be the basis of the commodity and freight bids. The number of the sales order is sequential. Once the sales order/CF is accepted in WBSCM, CRS’ freight forwarder will advise the country program of the sales order number. USDA will issue the bids for purchase of the commodities according to the specifications on each sales order. USAID may decide to fulfill the sales order/CF from their Pre-positioned stocks. **(Section C/Phase 3a)**

Once the freight offers are analyzed, USAID/USDA will advice FF of the selection of carrier and FF will contract with that carrier on behalf of CRS. Once the sailing details are finalized, FF will provide those details to the country program. For bulk shipments the commodities get to the US port a month earlier because manufacturing is not required. In the past, Form 512 (**attachment 2 p.125**), Notice of Commodity Availability, has been used to provide PVOs information that is necessary to book cargo for delivery to the country program and for the country program to prepare to receive the cargo. USDA has now eliminated this form and **(temporarily)** replaced it with another electronic tool (**attachment 3 p.125**) within the USDA Web-Based Supply Chain Management (WBSCM: see Phase 12/Reporting).

Each program is responsible for advising the freight forwarder (FF) of any changes to their country program profile including updating contact information. Once the shipment sails, the FF will prepare the required documents and scan and e-mail them to the country program. The originals will be sent via DHL. Included in the document package will be a confirmation of arrival. It is very important that once the vessel arrives the country programs records the date, scans the updated arrival document with the updated date, and e-mails it back to the FF. The ocean freight carriers will not be paid until that document is received.

For packaged goods, an example of timing would be:

<table>
<thead>
<tr>
<th>Event</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Call forward month</td>
<td>June</td>
</tr>
<tr>
<td>Purchase month</td>
<td>July</td>
</tr>
<tr>
<td>Manufacture month</td>
<td>August</td>
</tr>
<tr>
<td>Arrive at US port</td>
<td>September</td>
</tr>
<tr>
<td>From US port to foreign port</td>
<td>15-45 days depending on the trade route</td>
</tr>
</tbody>
</table>

Figure 3: Timing of Delivery of Packaged Goods
Food Commodity Procurement at CRS

In this manual, procurement is defined as the acquisition of food assistance resources. The different methods of CRS’ food acquisition are explained in this chapter. Each method involves some degree of negotiation, handling, warehousing, delivery, etc. When the method of procurement involves local or regional purchase (LRP), additional activities are required, such as market and cost-benefit analyses, bidding, and tendering, depending on the context. As per the diagram below, several country program divisions are involved: the Projects department (for assessment, analysis, and decision making), Procurement services (for bidding, tendering, and negotiations), and administration (for contract preparation and contract management).

PHASE 3a/PROCUREMENT

Commodity Selection

Regardless the method of procurement, whether from a sales order/call forward (suppliers or pre-positioned stocks), local or regional purchase (LRP), substitution or swap, commodities need to be selected with several criteria in mind, such as:

- They must meet the nutritional needs of the beneficiaries
- They must meet the dietary preferences of the beneficiaries
- The logistics infrastructure of the recipient and transit countries must be able to support the arrival, transport and storage (space and special storage requirements) of the commodities in the types and quantities required
• The commodities selected must not represent a disincentive or displacement to locally produced foods

**Staffing**
Given the requirements above, it is important for staff with various skills to work together on commodity selection, including nutritionists, country experts, logistics experts, and market analysts (from the CP or Regional human resources)

**a. Through Sales Order/CF Process**
The majority of food assistance that CRS uses is received through sales order/CFs through the USAID/FFP. Once donors receive a country office sales order/CF, they arrange to procure food, usually on a competitive bid from a supplier’s donor country. The donor is responsible for the tender, procurement, and delivery to the US port.

**b. Through Pre-Positioned commodities**
To save time, the USG may decide to process the sales order/CF through its pre-positioned warehouses. Pre-positioned commodities respect similar standards as commodities procured through sales order/CF (purchased by USDA for direct shipment).

USAID/FFP has set up seven pre-position warehouses in Djibouti, Mombasa (Kenya), Sri Lanka, Durban (South Africa), Lome (Togo), Las Palmas (Canary Islands) but not yet on line, and Jacinto/Houston (USA). Monetization of these goods is not permitted.

**c. Through Local and Regional Procurement (LRP)**
When the food assistance is procured from local or regional sources, CRS staff will need to obtain commodities through well-established systems and procedures as outlined below. Local and regional procurement of food aid commodities is becoming increasingly common, but such commodities must still meet the same requirements as those procured in the U.S. for in-kind donations.

**LRP Specifications:** Local and regional purchase refers to food purchased in the country of distribution or in adjacent or nearby countries. If the commodity crosses a border, the procuring agency must obtain certification from the procurement (export) country that the commodities conform to the health requirements of the recipient (import) country.

“A participant must use funding that is designated for the purchase of eligible commodities to purchase eligible commodities that will meet the specifications, as well as the nutritional, quality and labeling standards, of the purchase country and the recipient country. If the recipient county lacks applicable standards, the eligible commodities must meet the corresponding specifications or standards set forth in the Codex Alimentarius.”

Locally and regionally procured commodities are preferably purchased through a competitive tender process. However, in countries with insufficient competition between vendors, a sole source contract is possible. In such cases, the commodities do not need to be competitively procured if the development impact of the procurement justifies “non-competitive” procurement.
To assure that a commodity is of sufficient quality and fit to eat by program beneficiaries, donor and host governments require the food meet certain specifications. These vary by commodity. The CRS country office must make sure that the specifications established by the donor are consistent with those required by the country where the food will be consumed. If not, the relevant host-country ministry may refuse to let the ship discharge the food at the port or may prevent its distribution to the intended beneficiaries.

Generally the following factors are taken into consideration by donor and host country:

- Maximum moisture content
- Maximum allowable bad and damaged grains
- Foreign matter presence
- Chemical treatments
- Shelf life of commodity or Best Use By Date (BUBD)

Summary of other issues to consider:

- Terms of sale
- Methods of payment
- Tender or not
- Market analysis/impact
- Packaging and Marking requirements.

Wherever the goods are procured, proper packaging, labeling, and marking are essential. Labeling allows warehouse staff to identify the contents of the package, account for it, and stack it correctly. Proper labeling will also facilitate distribution. Packages should be clearly marked with the donor and CRS logos, its weight or volume and, if possible, the specific vendor name that provided the LRP as well as any unique specification. The country office should check with the donor to determine if there are any branding requirements in the country of operations.

Monitoring requirements for LRP are essentially the same as when food aid is received from a donor country. Please see the Monitoring Sections 11a and 11b of this manual.

**d. Through Substitution:**

On occasion, certain commodities may not be available when needed for distribution, or supply may not meet required nutritional needs of target beneficiaries. In this case, multi-disciplinary country program staff (nutritionists, country and logistics experts, and market analysts) should help develop plans for commodity substitution to ensure that distributed commodities have the required nutritional value.

**e. Through Commodity Loans:**

Lack of commodities on hand may obligate a country program to borrow commodities from another agency. In these cases, the donor agency should be notified and all normal requirements for commodity management applied, including the use of appropriate waybill documenting the movement of the commodities between programs or from the lending agency. *See Reg. 11, section 211.5(n)(o).*
Commodity loans can also be internal between program types, in which case Reg. 11.211.5(a) allows for 10% exchange without USAID approval.

f. Through Commodity Swap:
Commodity Swap is an exchange of commodities (trading of one commodity for another with the similar qualities) between two agencies to provide goods that one or the other agency needs. This is not common; it requires special attention and approval from the donor.

Packaging
Packaging consideration is an important factor during procurement, whether it originates from sales order/CF, pre-positioned stocks, local or regional purchases, commodity substitution, or swap. Packaging reduces handling loss, protects the commodity, and eases distribution to beneficiaries.

<table>
<thead>
<tr>
<th>Type of commodity</th>
<th>Package size</th>
<th>Packaging detail</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grains (Corn, Wheat, Sorghum, Bulgur Wheat, Rice etc) and Pulses (Peas, Lentils, Beans)</td>
<td>50 kg bag</td>
<td>Woven polypropylene fabric with an inhibitor to resist ultraviolet absorption, and antiskid coating.</td>
</tr>
<tr>
<td>Blended and vitamin-fortified grain products including Corn Soya Blend (CSB) and Wheat Soy Blend (WSB)</td>
<td>25 kg bags</td>
<td>Multiwall paper bags with a 1 mm polypropylene liner or high performance (HP) bag. These commodities are moisture sensitive and susceptible to infestation because of high fat and caloric nature. The plastic acts as a moisture barrier, and the outer multiwall paper resists tearing.</td>
</tr>
<tr>
<td>Vegetable Oil</td>
<td>208 liters, 20 liters, 4 liters</td>
<td>Metal 4 liter tins are strong; 6 tins come in one strong hardboard box and suffer less damage. Plastic containers are also used.</td>
</tr>
</tbody>
</table>

Figure 4: Common Commodity Packaging