**Distribution agencies** receive commodities from the Awardee to distribute to eligible recipients. Distribution agencies can be local NGOs, CBO’s, centers for street children, schools, or health centers responsible to the Awardee for handling USG food commodities within the Awardee's distribution system. Distribution agencies are not full Sub-Awardees (or **recipient agencies**) in that they generally do not also independently implement Awardee-funded activities.

The Awardee remains ultimately responsible for all commodities in accordance with the terms of Regulation 11 and the operational plan. To reduce commodity loss or misuse:

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| --- | --- |
| ⬜ | Form a team free from conflicts of interest to shortlist and interview all prospective distribution agencies, according to standard procedures. |
| ⬜ | Use clear, pre-existing criteria for distribution agency qualifications, such as:   * Capacities (material and staff resources) to store and handle commodity (previous experience handling U.S. Government food commodities preferred) * Compliance with host government regulations and restrictions * Not on any list of persons who commit, threaten to commit, or support terrorism * Non-military |
| ⬜ | Train and supervise distribution agency staff (or volunteers) to ensure that they follow adequate storage and handling procedures, and use commodities only for the purposes stated in the agreement. |
| ⬜ | Conduct regular visits to distribution agencies’ sites and inspect commodity storage conditions, make physical inventories, review the records, and verify the accuracy and consistency of the data included in reports. |
| ⬜ | Investigate all commodity losses by distribution agencies and report them to USAID. |

The Awardee must sign a written agreement (MOU) with each distribution agency prior to the transfer of commodities to the distribution agency for distribution. It is important to include in the MOU the following, consistent with the approved operational plan.

|  |  |
| --- | --- |
| **General Information** | |
| ⬜ | Description of the approved **use(s)** of commodities |
| ⬜ | Total number of recipients |
| ⬜ | Detailed recipient eligibility criteria |
| ⬜ | Procedures for selecting and registering recipients |
| ⬜ | Statement that: “any transactions with, or provision of support or resources to, any individual or organization associated with terrorism is strictly prohibited, per U.S. Executive Orders and laws” |
| ⬜ | Procedures for graduating or terminating recipients from program |
| ⬜ | Total amount of commodities and size of ration, by commodity |
| ⬜ | Period of distribution |
| ⬜ | Type and frequency of commodity reports |
| ⬜ | Provisions for site monitoring by Awardee staff (to include the right of Awardee staff to visit and monitor all sites where commodity is stored or distributed, and examine all records and documents) |
| ⬜ | Procedures for handling commodity damages and losses |
| ⬜ | Names of person(s) in possession of keys to facilities storing commodity |
| ⬜ | Clear terms for suspension or termination of the agreement |
| **Distribution Agencies’ Responsibilities Concerning Commodity Management** | |
| ⬜ | Establish and use appropriate storage and handling procedures to protect the quality of commodities and guard them against infestation, damage, and loss. |
| ⬜ | Maintain documents and records of all transactions involved in the receipt, storage, and disposition of commodities, until the commodities are issued for distribution/consumption. These records must:   * + Be accurately kept   + Reflect at all times the quantities on hand and the amounts disbursed   + Meet the needs of internal and external audits   + Fully account for all commodities delivered to their possession |
| ⬜ | Submit periodic reports to Awardee (specify type of report and due date). |
| ⬜ | Maintain accurate, up to date recipient lists. |
| ⬜ | Distribute commodities only to eligible recipients. |
| ⬜ | Follow all required publicity and commodity package branding (labeling) requirements. |
| ⬜ | Adhere to the terms and conditions of Regulation 11, unless USAID and the Awardee agree it would not be appropriate or feasible. |
| ⬜ | Pay the Awardee the value of any commodities that are used for purposes not permitted under the distribution agency agreement, or that are lost or damaged as a result of the distribution agency’s failure to exercise reasonable care with respect to such commodities. |
| ⬜ | Return or properly dispose of the containers in which the commodity is received from the Awardee, according to Awardee instructions. |
| ⬜ | Retain documents according to Awardee instructions. |