

AGENCY FOR INTERNATIONAL DEVELOPMENT
WASHINGTON DC 20523

JUL 3 1985

ACTION MEMORANDUM FOR THE ASSISTANT ADMINISTRATOR, PRE

FROM: PRE/PPR, Robert Beckman SUBJECT: Proposed Divestiture and Privatization Project
(940-0008)

Problem: You are requested to 1) authorize the Divestiture and Privatization Project by signing the attached Project Authorization, and 2) sign the attached PIO/T to initiate the contracting process.

Discussion: Privatization of LDC state-owned enterprises is rapidly becoming one of the most important initiatives being advanced by donor agencies. State owned enterprises offer products or services to a market and, in principle, should be capable of financing all or most of their financial obligations through normal operations. However, governments have become involved in the sector for a variety of reasons, including nationalization of foreign or domestic companies, creation of companies where no private sector capital exists, rescue of failing companies, competition with private companies for social purposes or for strictly political reasons. In 1982, five of the ten largest corporations outside the U.S. were state owned. In developing countries 65% of the companies listed by Fortune magazine were state owned. In Turkey, 150 state-owned enterprises control 50% of total manufacturing output.

A.I.D. missions are in the initial stages of involvement in the privatization initiative and now need the support of a PRE project to assist them in policy dialogue with host governments, strategy development for divestiture and privatization and technical assistance in the beginning stages of privatizing specific industries or companies. The project will provide needed assistance over a two year period for both PRE and the missions, primarily through short-term consultancies in a wide range of specialties. The technical assistance will be made available through a contract through the Small Business Administration with an 8(a) firm. The firm will be selected with the participation of A.I.D.'s Small Business staff, the Regional Bureaus and PRE.

The project concept was developed and approved at several ad-hoc PRE Executive Committee meetings and the scope of work for the contract has been reviewed by PPC and the Regional Bureau private sector offices. The June 17 Private Sector Council meeting requested that the contract provide for "buy-ins" by A.I.D. missions. Attached are memoranda from the Regional Bureaus substantiating the buy-in of each Bureaus.

The project will provide \$2 million of PRE funds over a two year period, with \$1 million to be obligated in FY 85 and the balance to be obligated in FY 86.

A Congressional Notification is required for the project (copy attached). Obligation cannot take place until the 15 day waiting period expires. PPR will monitor the notification to ensure compliance.

Recommendation: That you (1) authorize the Divestiture and Privatization Project by signing the attached Project Authorization and (2) sign the attached PIO/T to initiate the contracting process.

Attachments:

1. Project Authorization
2. PIO/T
3. Congressional Notification

Clearances: (See Project Authorization)

Drafter:PRE/PPR:RAnderson:cmw:6/26/85:1331I

AGENCY FOR INTERNATIONAL DEVELOPMENT
WASHINGTON D C 20523

PROJECT AUTHORIZATION

Name of Country: Worldwide
Project Title: Divestiture and Privatization
Project Number: 940-0008

1. Pursuant to Section, 106 of the Foreign Assistance Act of 1961, as amended, I hereby authorize the Divestiture and Privatization project involving planned obligations of not to exceed Two Million U.S. Dollars (\$2,000,000) in grant funds over a two year period from the date of authorization, subject to the availability of funds in accordance with A.I.D./OYB/allotment process. First year obligation will be One Million U.S. Dollars (\$1,000,000).
2. The goal of the project ("Project") is to foster the growth of productive, self-sustaining, job-producing indigenous private enterprise in developing countries. The purpose is to provide technical assistance to host countries and A.I.D. missions in program and projects related to privatization.
3. Any grants or contracts under this project, which may be negotiated and executed by the officer(s) to whom such authority is delegated in accordance with A.I.D. regulation and Delegation of Authority, shall be subject to the following essential terms, covenants and major conditions, together with such other terms and conditions as A.I.D. may deem appropriate.
4. Source and Origin of Goods and Services. Goods and services financed by A.I.D. under the grant(s) or contract(s) shall have their source and origin in the United States or the host country except as A.I.D. may otherwise agree in writing.

Signature: Neal Peden
Neal Peden
Assistant Administrator
Bureau for Private Enterprise

Clearances:

GC/PRE:SECarlson SW Date 7/7/85
PRE/PPR:RBeckman RBS Date 7/1/85
PRE/PPR:CWeiskirch W Date 7/3/85

AID 1350-1
(10-79)

UNITED STATES INTERNATIONAL
DEVELOPMENT COOPERATION AGENCY
AGENCY FOR
INTERNATIONAL DEVELOPMENT

PIO/T

PROJECT IMPLEMENTATION
ORDER/TECHNICAL
SERVICES

1. Cooperating Country
Worldwide

Page 1 of . Pages

2. PIO/T No.
1/ & 2/

3. Original or
Amendment No. _____

4. Project/Activity No. and Title
Divestiture and Privatization
(940-0008)

DISTRIBUTION

5. Appropriation Symbol
1/ & 2/

6. Allotment Symbol and Charge
1/ & 2/

7. Obligation Status
 Administrative Reservation
 Implementing Document

8. Project Assistance Completion Date
(Mo., Day, Yr.)
9/30/87

9. Authorized Agent
AID/W, SEP/CM

10. This PIO/T is in full conformance with PRO/AG
N/A Date _____

11a. Type of Action and Governing AID Handbook
 AID Contract (HB 14) PASA/RSSA (HB 12) AID Grant (HB 13) Other

11b. Contract/Grant/PASA/RSSA
Reference Number (if this is an
Amendment)

12. Estimated Financing: A detailed budget in support of column (2) is attached as attachment no. _____

Maximum AID Financing	A. Dollars SDA ARDN	(1) Previous Total	(2) Increase	(3) Decrease	(4) Total to Date
					\$796,536
	B. U.S.-Owned Local Currency		\$203,464		\$203,464

13. Mission
References

14a. Instructions to Authorized Agent

SER/CM is requested to enter into an 8(a) contract through the Small Business Administration for the services requested. Selection of a contractor will be done in conjunction with AID/OSDBU.

This PIO/T provides funding for the first year of the contract. The balance of the funding will be provided in FY 86.

PIO/T No.	Appropriation Symbol	Allotment & Charge
1/ 534-2515 (SDA)	72-1151021.6	PDAA-5-13480-DG-11
2/ 534-2516 (ARDN) ✓	72-1151021.3	(546 4-099-00-69-51) PDAA-5-13480-AG-11
Estimated Starting Date: September 30, 1985		(543-34-099-00-69-51)
Estimated Completion Date: September 30, 1987		

14b. Address of Voucher Paying Office

AID/FM/PAD

15. Clearances—Include typed name, office symbol, telephone number and date for all clearances.

A. The project officer certifies that the specifications in the statement of work are technically adequate
Russell Anderson, PRE/PPR
Phone No. 235-2274
Date 7-3-85

B. The statement of work lies within the purview of the initiating and approved agency program
Robert Beckman, PRE/PPR
Date 7 July 85

C. Carolyn Weiskirch, PRE/PPR
Date 7-3-85

D. Funds for the services requested are available

E. Steve Carlson, GC/PRE
Gail Horner, PRE/ADM
Date 7/9/85

Richard Hemphill, FM/PAD

16. For the cooperating country: The terms and conditions set forth herein are hereby agreed to

Signature _____ Date _____

17. For the Agency for International Development
Signature Neal Peden
Date 7/8/85
Title Assistant Administrator, PRE

AID 1380-1 (10-79) PIO/T	1. Cooperating Country <u>Worldwide</u>	2. PIO/T No. 1) 534-2515 2) 534-2516	Page 2 of Pages
	4. Project/Activity No. and Title Divestiture and Privatization (940-0008)		

SCOPE OF WORK

18. THE SCOPE OF TECHNICAL SERVICES REQUIRED FOR THIS PROJECT ARE DESCRIBED IN ATTACHMENT NUMBER B HERETO ENTITLED "STATEMENT OF WORK".

19. SPECIAL PROVISIONS

- A. LANGUAGE REQUIREMENTS (SPECIFY) French & Spanish as appropriate for consultants
(IF MARKED, TESTING MUST BE ACCOMPLISHED BY AID TO ASSURE DESIRED LEVEL OF PROFICIENCY)
- B. ACCESS TO CLASSIFIED INFORMATION WILL WILL NOT BE REQUIRED BY TECHNICIAN(S).
- C. DUTY POST(S) AND DURATION OF TECHNICIANS' SERVICES AT POST(S) (MONTHS)
Washington, DC - full time staff
- D. DEPENDENTS WILL WILL NOT BE PERMITTED TO ACCOMPANY TECHNICIAN.
Only on Mission funded long term assignments
- E. WAIVER(S) HAVE BEEN APPROVED TO ALLOW THE PURCHASE OF THE FOLLOWING ITEM(S) (COPY OF APPROVED WAIVER IS ATTACHED)
N/A
- F. COOPERATING COUNTRY ACCEPTANCE OF THIS PROJECT (APPLICABLE TO AID/W PROJECTS ONLY)
 HAS BEEN OBTAINED HAS NOT BEEN OBTAINED
 IS NOT APPLICABLE TO SERVICES REQUIRED BY PIO/T
- G. OTHER (SPECIFY) N/A

20. BACKGROUND INFORMATION (ADDITIONAL INFORMATION USEFUL TO AUTHORIZED AGENT)

21. SUMMARY OF ATTACHMENTS ACCOMPANY THE PIO/T (INDICATE ATTACHMENT NUMBER IN BLANK)

- A DETAILED BUDGET IN SUPPORT OF INCREASED FUNDING (BLOCK 12)
- B EVALUATION CRITERIA FOR COMPETITIVE PROCUREMENT (BLOCK 14)
- _____ JUSTIFICATION FOR NON-COMPETITIVE PROCUREMENT (BLOCK 14)
- C STATEMENT OF WORK (BLOCK 18)
- _____ WAIVER(S) (BLOCK 18) (SPECIFY NUMBER)

ID 1350-1 (79)	1. Cooperating Country	2. PIO/T No. 1) 534-2515	Page 3 of Pages
	Worldwide	2) 534-2516	
PIO/T	4. Project/Activity No. and Title Divestiture and Privatization (940-0008)		

22. Relationship of Contractor or Participating Agency to Cooperating Country and to AID

A. Relationships and Responsibilities

Project Manager: Russell Anderson, PRE/PPR, Tel. 703-235-2274

B. Cooperating Country Liaison Official

For Mission funded, country specific activities officials will be identified by specific Missions.

C. AID Liaison Officials

Russell Anderson, PRE/PPR
USAID Missions - The Mission Director or designee

LOGISTIC SUPPORT

23. Provisions for Logistic Support	IN KIND SUPPLIED BY		FROM LOCAL CURRENCY SUPPLIED BY		TO BE PROVIDED OR ARRANGED BY SUPPLIER
	AID	COOPERATING COUNTRY	AID	COOPERATING COUNTRY	
A. Specific Items (Insert "X" in applicable column as right. If entry needs qualification, insert asterisk and explain below in C. "Comments")					
(1) Office Space					X
(2) Office Equipment					X
(3) Housing and Utilities					X
(4) Furniture					X
(5) Household Equipment (Stoves, Refrig., etc.)					X
(6) Transportation in Cooperating Country					X
(7) Transportation To and From Country					X
(8) Interpreter Services/Secretarial					X
(9) Medical Facilities					X
(10) Vehicles (official)					X
(11) Travel Arrangements/Tickets					X
(OTHER SPECIFY)					
(12)					
(13)					
(14)					
(15)					

B. Additional Facilities Available From Other Sources

APO/FPO

PX

COMMISSARY

OTHER (Specify, e.g., duty free entry, tax exemption)

Facilities may be made available in accordance with Embassy policy at each post.

Attachment A

ILLUSTRATIVE BUDGET

A. PRE Funds	<u>Year 1</u>	<u>Year 2</u>	<u>Total</u>
1. Personnel:			
Project Director (24 pm)	\$60,000	\$62,500	\$122,500
Asst. Project Director (24 pm)	45,000	48,000	\$93,000
Support Staff (24 (pm)	<u>20,000</u>	<u>22,500</u>	<u>\$42,500</u>
Sub Total	\$125,000	\$133,000	\$258,000
2. Fringe Benefits (@.25%)	\$31,250	\$33,250	\$64,500
Overhead (@ 80% of 1+2)	\$125,000	\$133,000	\$258,000
4. Travel and Per Diem	\$ 54,000	\$65,500	\$119,500
5. Consultants (260 pm @ \$5,000 pm)	<u>\$600,000</u>	<u>\$700,000</u>	<u>\$1,300,000</u>
PRE TOTAL	\$935,250	\$1,064,750	\$2,000,000
B. USAID FUNDS	\$500,000	\$500,000	\$1,000,000
GRANT TOTAL	<u>\$1,435,250</u>	<u>\$1,564,750</u>	<u>\$3,000,000</u>

Evaluation Criteria

- I. Qualifications of Personnel Proposed for Project (TOTAL 40 POINTS)
- a. Experience in implementing and managing projects in the developing world (6 points).
 - b. Substantial experience in market-based, for-profit industries and services, and related businesses in developing countries (9 points).
 - c. Experience in analyses for commercial decision-making (9 points).
 - d. Experience in providing business consultation in developing countries (4 points).
 - e. Experience in dealing with governments in regulatory matters (4 points).
 - f. Foreign language capabilities especially in Spanish and French (2 points).
 - g. Experience in policies, programs, and markets relating to divestiture and privatization in the developed or developing world (6 points).
- II. General Quality and Responsiveness of Proposal and Technical Approach (TOTAL 30 POINTS)
- a. Demonstrated understanding of the scope of work and its relation to A.I.D.'s program in the private sector (10 points).
 - b. Adequacy of proposed approach for completing the scope of work, knowledge of appropriate techniques for achieving project objectives (10 points).
 - c. Demonstrated ability to formulate imaginative and coherent approaches to privatization and divestiture strategies (10 points).

III. Institutional Capabilities (TOTAL 30 POINTS)

- a. Organizational resources and facilities to carry out business analyses and technical assistance (2 points).
- b. Established procedures for executing, managing and evaluating subcontracts (6 points).
- c. Capability of selecting individual technical (outside) consultants (6 points).
- d. Successful history of good organization and management practices (4 points).
- e. Demonstrated quality and timeliness of previous outputs in international work (4 points).
- f. Extension institutional experience and successful history of work in LDC business (4 points).
- g. Demonstrated access to firms or individuals with international reputation in financial analysis for business decision-making (10 points).

NOTE: Price has not been assigned a numerical weighting. Although selection will be based primarily on technical criteria, the award will be made to the offeror whose overall proposal promises the greatest value to the Government, technical and price factors included.

STATEMENT OF WORK

I. Bac ground

Privatization of state owned or state controlled enterprises is more and more being seen as one of the most positive steps to be taken toward promoting economic growth through more efficient utilization of resources in the developing countries. It is fast becoming a high priority in the developing countries and the donor community.

The Agency for International Development (A.I.D.), through the Private Enterprise Bureau (PRE) and the A.I.D. Missions, needs technical assistance from a wide array of specialists to respond to requests by host governments and the indigenous private sector to promote the concepts of divestiture and privatization. As A.I.D. becomes more actively involved in the privatization arena it is increasingly necessary to have access to the broadest range possible of qualified specialists to enable us to plan, implement and evaluate our activities. To provide for the needed specialists, both PRE and A.I.D. Missions will participate in this contracting activity. Both PRE and the Missions will utilize both long and short-term assistance, as more fully described below.

The goal of this effort is to foster the growth of productive self-sustaining indigenous private enterprise in developing countries.

The purpose is to provide technical assistance to host countries and A.I.D. missions in programs and projects related to privatization.

II. Scope of Work

A. Summary

The Contractor shall provide approximately 500 person-months (pm) of technical assistance to PRE and, through USAID Missions, to the private and public sectors in selected developing countries. The technical assistance shall be both long-term and short-term and be provided either through the contractors staff or through consultants and subcontractors with other firms. The assistance to PRE is in the areas of strategic planning to further divestiture and privatization as a mechanism to promote economic development, information gathering and synthesis (from other donors, A.I.D., the U.S. private & educational sectors and selected developing countries), identification and coordination of short-term consultancies to respond to requests from U.S.A.I.D. Missions and host countries.

The assistance to a developing country's private and public sectors will cover a broad spectrum of long and short-term assignments required at any point in the process of privatization, from policy dialogue with host governments, legal/regulatory studies, industry specific analysis, finance, industry restructuring, accounting and others, to improved management, contracting out and divestiture of state owned or controlled enterprise or other institutions.

B. Technical Assistance to PRE

The Contractor shall provide approximately 300 person months of technical assistance, including support-staff, to allow PRE to:

1. Develop and implement a strategic plan to further privatization as a mechanism to be utilized by developing countries to accelerate economic growth;

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2. Intermittently analyze the A.I.D. project portfolio to ascertain the impact of privatization mechanisms on the portfolios, the need to further develop mechanisms, and the need to revise the PRE strategic plan to meet the realities of USAID Mission implementation. The analysis shall be accomplished through a review of the A.I.D. Congressional Presentation, Country Development Strategy Statements (CDSS) for all A.I.D. countries and approximately 75 Project Identification Documents (PIDs), 50 Project Papers (PPs) and 35 evaluations;
4. Analyze the portfolios of the multilateral development institutions to determine the level and focus of privatization activities being undertaken by those institutions;
5. Review the availability of literature and training applicable to privatization;
6. Develop a comprehensive roster of individuals and firms with the ability to provide long and short-term expertise directly relevant to the needs of developing countries' activities in privatization. The roster will include approximately 100 firms and 250 individuals listed by field of speciality as agreed to by PRE. The roster shall be made available to all A.I.D. Missions;
7. Analyze experiences in privatization and divestiture activities in both industrialized and developing countries to determine applicability to specific developing country's situations; and
8. Respond to approximately 50 A.I.D. Mission requests to provide short-term consultancies in a wide variety of subject matter areas relating to privatization, including, legal/regulatory, financial, economic, sector or industry specific specialists, etc.

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C. Technical Assistance to A.I.D. Mission

The Contractor shall provide, utilizing permanent staff, consultants or subcontracts, 200 person-months of long and short-term assistance to developing countries private and public sectors, through A.I.D. Missions. The assistance shall include the following:

1. Developing approximately five A.I.D. country specific privatization strategies;
2. Policy dialogue with host country private and public sector leaders;
3. Implementing privatization strategies in approximately countries, including such tasks as:
 - a. Sector or industry specific analysis, including agriculture, industrial, financial, transport, service industries (including tourisms), etc.;
 - b. Enterprise/firm specific analysis, including organization, production processes, finance audit, marketing, personnel policies, restructuring joint-ventures, risk analysis, etc.;
 - c. Policy/Legal/Regulatory analysis, including enabling legislative, tax, business licensing, macroeconomics, etc.;
4. Design, implement and evaluation of approximately 10 country specific projects; and
5. Analysis of the business, financial, managerial, technological and economic condition of state-owned enterprises or institutions which could be considered for privatization.

It is anticipated that 80 percent of the total assistance to developing countries will be short-term. Assistance may be requested in any of the following areas:

Strategic Planning
Macro and Micro Economic Analysis
Legal/Regulatory Analysis
Financial Analysis
Technical Specialties, including but not limited to:
 Agricultural
 Industrial
 Service industries
 Transport
Corporate Restructuring
Equity Placement
Marketing
Tax
Project Design and Evaluation

D. Reports

In addition to the requirement for submission of reports contained in AIDAR Provision No. 752.7026 entitled "Reports," the contractor shall submit to the Cognizant Technical Officer (CTO) the following management reports:

1. A first year work plan (five copies) due within 30 days after the contract is signed. This plan will detail the contractor's proposed activities, calendar and allocations of human and financial resources, and overall strategy for Year I. This work plan shall be updated as required. In the event of any inconsistency between the terms of this contract and the contractor's work plan, the terms of this contract shall control.

2. The contractor shall prepare quarterly progress reports due three months after the contractor signing, and every three months thereafter. These shall describe the work accomplished and its relation to the work plan. They should also identify gaps in performance, the reasons for these, steps taken to address any problems, and recommended actions. The progress reports are to contain a financial summary of all expenditures by line item for the prime contract and for subcontracts by country, person-months, individual, and project activity in the work plan. The financial summary also shall project expenditure for the remainder of the funding period.

3. The contractor shall include in the quarterly reports submitted to the AID/CTO current and cumulative information relating to actual and accrued project expenditures by line item with an estimated budget for the remainder of the funding period. This report shall show obligations, accrued outlays, and balances for each separate source of contract funds, e.g., USAID Missions. In order to permit A.I.D.'s Office of Financial Management (FM) to charge each account appropriately, the Contractor shall attach this report to the financial reports required by the applicable Payment clause.

4. Within 30 days of field trips to any project country, the contractor will prepare and submit in draft to the CTO and USAID Mission a country assessment. This country assessment will set forth a proposed country strategy, the rationale behind that strategy, and the expected outcomes. The format of this assessment will be determined in consultation with the CTO prior to the first submission.

5. At the conclusion of project-related travel, contractor staff shall prepare a short paper describing the background, purposes, events, and contacts of the travel and discussing plans for future activities. The contractor shall submit seven copies of all trip reports to the AID/CTO and two copies to the USAID Mission for all overseas travel within thirty (30) days of completion of the trip.

6. A Final Report shall be submitted one month prior to the contract's termination. This report will summarize concisely all project activities and will assess the progress made toward the achievement of project goals. It

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shall synthesize what has been learned from the project and suggest opportunities for future private enterprise programs. The precise format of this report shall be jointly determined by the AID/CTO and the contractor at the beginning of Year II, the final year of this project.

7. Copies of all correspondence pertaining to substantive project matters between the contractor and foreign organizations shall be forwarded to the AID/CTO.

8. The precise format of these reports will be determined jointly by the AIC/CTO and the contractor. A draft copy of the report will be sent to the AID/CTO for review and approval two weeks before the report is due. Seven copies of each approved report will be sent to the AID/CTO and one copy will be sent to the AID/W Contracting Officer (CO). The AID/CTO shall have the responsibility for distributing the report within the Agency and to the field missions.

E. Evaluation

The contractor's performance and the degree of success of the field technical assistance support will be evaluated during the course of the contract.

A Management review, chaired by the Deputy Assistant Administrator, PRE, and including appropriate technical staff will review the project at the end of the first year of performance. The A.I.D. Cognizant Technical Officer will meet not less than biweekly with the Contractor's Project Director.

The midpoint evaluation will focus on:

- Appropriateness of scope of work.
- Effectiveness of contract in achieving the stated purpose.
- Adequacy and quality of A.I.D. and contractor resources, including budget.
- Adequacy of contractor performance, management, and implementation.
- Adequacy of A.I.D. management and coordination.
- Recommendations for modification, design, management, implementation, budget or time period.
- Value of the contract to A.I.D.
- Lessons learned for use in follow-on or subsequent activities and projects.

UNITED STATES INTERNATIONAL DEVELOPMENT COOPERATION AGENCY
AGENCY FOR INTERNATIONAL DEVELOPMENT
WASHINGTON D C 20523

JUN 3 1986

ACTION MEMORANDUM FOR THE ASSISTANT ADMINISTRATOR, PRE

FROM : PRE/PD, Russell Anderson *Russell Anderson*

SUBJECT: Divestiture and Privatization (940-0008)

Problem

Your action is required to increase the life-of-project authorization for the project by \$1,769,891 to a new total of \$4,690,351 and to increase obligations for the project by \$2,769,891 to a new total of \$3,859,891.

Discussion:

A. Project Authorization

The project authorization is currently \$2,920,460. We are requesting an amendment to the Authorization for an increase of \$1,769,891 to increase the level of effort of the services provided by the contractor by approximately 13 person months. The increase in authorization would be composed of an:

- 1) Increase the total dollar funding by \$1,500,000 to add a \$1,000,000 line item in the contract for "short term technical experts" of AGI and to increase the subcontracts line by \$500,000. In a meeting with (PRE/PD), (GC/contracts) and (AAM/W/CO) to discuss options by which to obligate and utilize the Privatization Fund announced by A/AID at the Privatization Conference, it was determined that the best method available is an amendment to the Analysis Group, Inc. (SBA) contract.

This decision was reached because (1) the deadline for competitive procurement could not be met; (2) the uncertainty of country selection ruled out bilateral Project Agreements; (3) a grant or cooperative agreement could not meet the legal test of an "assistance agreement"; and (4) the efficiencies of a central point for the privatization effort, especially at this early stage of development, are manifold.

In order to adhere to the SBA requirement that a minimum of 55% of the total work billed under the contract be performed by employees of the minority firm and not by consultants or subcontractors, it will be necessary for AGI to bring individuals performing short-term technical assistance onto their payroll as "short term technical experts". Per our earlier discussions, AGI would only assess 10% general and administrative expenses on these employees and not overhead or fringe benefit expenses. Not only are the general and administrative expenses legitimate, but the SBA uses the assessment of general and administrative expenses on a cost as an indicator of whether an expense should count towards the minimum 55% requirement.

2) Increase the total dollar authorization by a further \$269,891, obtained from a deobligation/reobligation, for the purpose of increasing the line for Center for Privatization direct hire salaries to allow additional staff to:

1) Administer the increased workload of responding to the unanticipated high levels of requests generated by the new ABS guidance on required mission privatization activities and,

2) Administer the Privatization Fund.

Summary

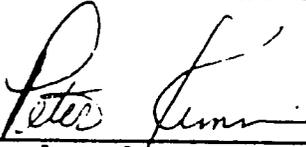
Current Authorization	\$2,920,460
Privatization Fund	1,500,000
<u> De-ob/Re-ob</u>	<u>269,891</u>
New Authorization Total	\$4,690,351
=====	=====

UNITED STATES INTERNATIONAL DEVELOPMENT COOPERATION AGENCY
AGENCY FOR INTERNATIONAL DEVELOPMENT
WASHINGTON D C 20523

SECOND AMENDMENT
TO
PROJECT AUTHORIZATION

NAME OF COUNTRY: Worldwide
NAME OF PROJECT: Divestiture and Privatization
NUMBER OF PROJECT: 940-0008

1. Pursuant to Section 106 of the Foreign Assistance Act of 1961, as amended, I hereby authorize the second amendment to the authorization for the Divestiture and Privatization project by increasing the authorized Grant amount by One Million and Seven Hundred Sixty Nine Thousand and Eight Hundred Ninety One United States Dollars (\$1,769,891) to a new total of \$4,690,351, subject to the availability of funds in accordance with the A.I.D. OYB/Allotment process. The purpose is to provide for the purchase of goods and services to implement the Administrator's proposed "Privatization Fund".
2. Except as hereby amended, the Project Authorization of July 8, 1985 shall remain full force and effect.

Acting


Neal Peden
Assistant Administrator
Bureau for Private Enterprise
6/13/86

Date

Clearance:

PRE/PD:CPatalive  Date 6/7
PRE/PR:CWeiskirch  Date 6-12
A-DAA/PRE:RBeckman  Date 6-13-86
GC/PRE:MKitay  Date 6-12-86

Drafter:PRE/PD:PHaire:5/30/86:7-7474:0043m 

AID 1380-1 (10-79)	UNITED STATES INTERNATIONAL DEVELOPMENT COOPERATION AGENCY AGENCY FOR INTERNATIONAL DEVELOPMENT	1. Cooperating Country Worldwide	Page 1 of . Pages
		2. PIO/T No. 634-2310	3. <input checked="" type="checkbox"/> Original or Amendment No. _____
		4. Project/Activity No. and Title Divestiture and Privatization (940-0008)	
		5. Appropriation Symbol See Below	

DISTRIBUTION	5. Appropriation Symbol See Below		6. Allotment Symbol and Charge See Below	
	7. Obligation Status <input checked="" type="checkbox"/> Administrative Reservation <input type="checkbox"/> Implementing Document		8. Project Assistance Completion Date (Mo., Day, Yr.)	
	9. Authorized Agent SER/OP/W/CO		10. This PIO/T is in full conformance with PRO/AG N/A Date _____	
	11a. Type of Action and Governing AID Handbook <input checked="" type="checkbox"/> AID Contract (HB 14) <input type="checkbox"/> PASA/RESSA (HB 12) <input type="checkbox"/> AID Grant (HB 13) <input type="checkbox"/> Other		11b. Contract/Grant/PASA/RESSA Reference Number (if this is an Amendment) DPE-0008-C-00-5058-00	

12. Estimated Financing (A detailed budget in support of column (2) is attached as attachment no. _____)					
Maximum AID Financing	A. Dollars	(1) Previous Total	(2) Increase	(3) Decrease	(4) Total to Date
	B. U.S. Owned Local Currency		See Below		See Below

13. Mission References

14a. Instructions to Authorized Agent

- SER/OP/W/CO is requested to amend contract DPE-0008-C-00-5058-00 to add the following budget line items (a) "Short Term Technical Experts" funded at \$1,000,000 (b) "Subcontracts" at \$500,000 and (c) Salaries at \$269,891. The new total LOF cost is \$4,690,351.
- SER/OP/W/CO is also requested to amend the same contract to provide incremental funding in the amount of \$2,500,000. All other items and provisions remain in full force and effect.

Funding will be as follows:

1. Approp.: 72-1161021.6	*2. Approp.: 72-115/61021.6
Allot.#: 040-34-099-00-69-61	Allot.: 560-34-099-00-69-61
Budget Code: PDAA 86-13480-DG-11	Budget Code: PDA5-86-13450-DG-11
Amount: \$2,230,109.	Amount: \$269,891 (Re-ob/de-ob monies)

14b. Address of Voucher Paying Office
AID/FM/PAD

FUNDS RESERVED BY
US 6/18/86
POSTED
/FM/LSD

15. Clearances—include typed name, office symbol, telephone number and date for all clearances.

A. The project officer certifies that the specifications in the statement of work are technically adequate PRE/PD: PHaire	Phone No. 647 7474	B. The statement of work was under the purview of the initiating and approved agency programs A-DAA/PRE: RBeckman	Date 5/30/86	Date 13 June 86
	C. PRE/PD: CPatalive PRE/PD: RAnderson		Date 6/3/86	D. Funds for the services requested are available VIOLA STEWARD FM/PAD: RHiemphill
E. PRE/PR: JGelb PRE/PR: CWeiskirch	Date 6-13-86			

16. For the cooperating country. The terms and conditions set forth herein are hereby agreed to	17. For the Agency for International Development
Signature _____ Date _____	Signature <u>Neil Peden</u> Date <u>6/13/86</u>
Title _____	Title <u>Assistant Administrator, PRE</u>

AID 1350-1
(10-79)

J/T

UNITED STATES INTERNATIONAL
DEVELOPMENT COOPERATION AGENCY
AGENCY FOR
INTERNATIONAL DEVELOPMENT

PROJECT IMPLEMENTATION
ORDER/TECHNICAL
SERVICES

1. Cooperating Country

Worldwide

Page 1 of Pages

2. PIO/T No.

634-2310

3. Original or
Amendment No. 1

4. Project/Activity No. and Title

Divestiture and Privatization
(940-0008) SDA

DISTRIBUTION

5. Appropriation Symbol

72-1161021.6

6. Allotment Symbol and Charge
PDAA 86-13480-DG-11 646-34-099-00-69-61

7. Obligation Status

Administrative Reservation

Implementing Document

8. Project Assistance Completion Date
(Mo., Day, Yr.)

9. Authorized Agent

SER/OP/W/CO

10. This PIO/T is in full conformance with PRO/AG
Date N/A

11a. Type of Action and Governing AID Handbook

AID Contract
(HB 14)

PASA/RSSA
(HB 12)

AID Grant
(HB 13)

Other

11b. Contract/Grant/PASA/RSSA
Reference Number (if this is an
Amendment)

DPE-0008-C-00-5058-00

12. Estimated Financing (A detailed budget in support of column (2) is attached as attachment no. _____)

Maximum AID Financing	A. Dollars	(1) Previous Total	(2) Increase	(3) Decrease	(4) Total to Date
		2,500,000	269,891		
	B. U.S.-Owned Local Currency				

13. Mission
14a. Instructions to Authorized Agent

SER/OP/W/CO is requested to amend contract DPE-0008-C-00-5058-00 to add additional incremental funding of \$269,891. LOP cost is \$4,690,351. All other items and provisions remain in full force and effect.

14b. Address of Voucher Paying Office

AID/EM/PAD

Clearances—Include typed name, office symbol, telephone number and date for all clearances.

The project officer certifies that the specifications in the statement of work are technically adequate

PD: PHaire

Phone No.

647-7474

Date 7-15-86

B. The statement of work lies within the purview of the initiating and approved agency programs

A/DAA/DRF: RBeckman

Date

15 July 86

PD: CPatalive

PD: RAnderson

Date 7/15/86

7/15/86

D. Funds for the services requested are available

PP: JGelb

PP: CWeiskirch

Date 7-15-86

7-15-86

Viola Steward, EM/PAD

For cooperating country: The terms and conditions set forth herein are hereby agreed to

Signature _____ Date _____

17. For the Agency for International Development

Signature Neal Peden

Date 7/11/86

Title AA/DRF, Neal Peden

AID 1350-1
(10-79)

O/T

UNITED STATES INTERNATIONAL
DEVELOPMENT COOPERATION AGENCY
AGENCY FOR
INTERNATIONAL DEVELOPMENT

PROJECT IMPLEMENTATION
ORDER/TECHNICAL
SERVICES

1. Cooperating Country

Worldwide

Page 1 of Pages

2. PIO/T No.

634-2310

3. Original or
Amendment No. 2

4. Project/Activity No. and Title

940-0008 (SDA)
Divestiture and Privatization

DISTRIBUTION

5. Appropriation Symbol

72-1161021.6

6. Allotment Symbol and Charge
PDAA-86-13480-DG-11 646-34-099-00-69-61

7. Obligation Status

Administrative Reservation

Implementing Document

8. Project Assistance Completion Date
(Mo., Day, Yr.)

9. Authorized Agent

AID/SER/OP/W

10. This PIO/T is in full conformance with PRO/AG

Date

11a. Type of Action and Governing AID Handbook

AID Contract
(HB 14)

PASA/RSSA
(HB 12)

AID Grant
(HB 13)

Other

11b. Contract/Grant/PASA/RSSA
Reference Number (If this is an
Amendment)

DPE-0008-C-00-5058-00

12. Estimated Financing (A detailed budget in support of column (2) is attached as attachment no. _____)

Maximum AID Financing	A. Dollars	(1) Previous Total	(2) Increase	(3) Decrease	(4) Total to Date
		\$2,769,900	75,000		
	B. U.S. Owned Local Currency				

13. Mission
References

14a. Instructions to Authorized Agent

SER/OP/W/C of requested to amend contract DPE-0008-C-00-5058-00 to provide additional incremental funding in the amount of 75,000. No other changes or revisions are requested at this time.

14b. Address of Voucher Paying Office

AID/FM/PAD

15. Clearances—Include typed name, office symbol, telephone number and date for all clearances.

A. The project officer certifies that the specifications in the statement of work are technically adequate

Phone No.

Date 7/17/86

B. The statement of work lies within the purview of the initiating and approved agency programs

Date

PRE/PD, Paul Haire

A-DAA/PRE, Robert Beckman

PRE/PD, Charles Patalive

Date 7/17/86

D. Funds for the services requested are available

M/FM/PAFD, Viola Steward

PRE/PR, John Gelb

PRE/PR, Carolyn Weiskirch

Date 7-17-86

16. The cooperating country: The terms and conditions set forth herein hereby agreed to

17. For the Agency for International Development

Signature _____ Date _____

Signature _____ Date _____

Title

Title Neal Peden
AA/PRE

12

AGENCY FOR INTERNATIONAL DEVELOPMENT
WASHINGTON, D.C. 20523

REP RA
2.PH

JUL 15 1986

MEMORANDUM

TO: PRE/PD, P. Haire
FROM: M/SER/OP/W/CO, Jean M. Hacken
SUBJECT: Divestiture and Privatization,
Project No. 940-0008



We have received a PIO/T in the amount of \$2,500,000, requesting an amendment to Contract No. DPE-0008-C-00-5058-00 with Analysis Group, Inc.

Attached is a copy of the original Scope of Work incorporating changes to be made. However, the modifications requested are very general and require further clarification.

Please use this draft to provide more detail regarding the revised Scope of Work, as well as the level of effort.

If you have any questions, please contact Lorie Byram at 235-8905*.

* Note: Effective 7/21/86, Ms. Byram's phone number will be 875-1170.

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Section C - Statement of Work

C.1. Objectives

The Agency for International Development (AID), through the Private Enterprise Bureau (PRE) and AID Missions, needs technical assistance from a variety of specialists to respond to requests by host governments and the indigenous private sector to promote the concepts of divestiture and privatization. As AID becomes more actively involved in the area of privatization, it is increasingly necessary to have access to the broadest range possible of qualified specialists to enable planning, implementation and evaluation of activities. To provide for the needed specialists, AID/PRE and AID Missions will participate in this contracting activity and both will utilize long term and short term assistance.

C.2. Scope of Work

a. Summary

The Contractor shall provide approximately ³⁰⁰~~200~~ person months of technical assistance to AID/PRE and, through the AID Missions, to private and public sectors in selected developing countries. The technical assistance will be long term or short term and will be provided from Contractor staff, consultants or through subcontracts. The assistance to PRE is in the areas of Strategic Planning to further divestiture and privatization as a mechanism to promote economic development; Information Gathering and Synthesis from other donors, AID, the U.S private and educational sectors and selected developing countries; and Identification and Coordination or Short Term Consultancies to respond to requests from AID Missions and host countries.

The assistance to a host country's private and public sectors will include a variety of long term and short term assignments required at any point in the process of privatization; including policy discussions with host governments, legal/regulatory studies, industry specific analysis, finance, industry restructuring, accounting, improved management, contracting out and divestiture of state owned or controlled enterprise or other institutions.

b. Technical Assistance to PRE

The Contractor shall provide technical assistance, including support staff, to enable PRE to:

1. Develop and implement a strategic plan to further privatization as a mechanism to be utilized by developing countries to accelerate economic growth.
2. Analyze the AID project portfolio to ascertain the impact of privatization mechanisms on the portfolios and the need to revise the PRE strategic plan to meet the realities of implementation. The analysis shall be accomplished through a review of the AID Congressional Presentation, Country Development Strategy Statements for all AID countries and approximately 75 Project Identification Documents, approximately 50 Project Papers and approximately 35 evaluations.
3. Analyze the portfolios of multilateral development institutions to determine the level and focus of privatization activities undertaken by those institutions.
4. Review the availability of literature and training applicable to privatization.
5. Develop a comprehensive roster of individuals and firms with the ability to provide long term and short term expertise directly relevant to the needs of developing countries' activities in privatization. The roster will include approximately 100 firms and 250 individuals listed by field of specialty, as agreed to by PRE. The roster shall be made available to all AID Missions.
6. Analyze experiences in privatization and divestiture activities in industrialized and developing countries to determine applicability to specific developing country's situations.
7. Respond to AID Mission requests to provide short term consultancies in a variety of areas relating to privatization; including legal/regulatory, financial, economic, sector or industry specific Consultancies, etc.
8. Administer privatization fund. (see attached paragraph)
- c. Technical Assistance to AID Missions

The Contractor shall provide technical assistance to AID Missions as follows:

1. Develop approximately ~~five~~ ¹⁰ AID country specific privatization strategies.
2. Policy discussions with host country private and public sector leaders.

8. Analyze requests from missions for technical assistance arising under the privatization fund, develop strategies for prioritizing such requests and otherwise administer the privatization fund.

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3. Implement privatization strategies in approximately five countries, including the following tasks:

i. Sector or industry specific analysis including agriculture, industrial, financial, transportation, service industries, tourism, etc.

ii. Enterprise/firm specific analysis including organization, production, financial control, marketing, personnel policies, restructuring joint ventures, risk analysis, etc.

iii. Policy/legal/regulatory analysis including enabling legislation, taxes, business licensing, macroeconomics, etc.

4. Design, implementation and evaluation of approximately ten country specific projects.

5. Analysis of the business, financial, managerial, technological and economic conditions of state owned enterprises or institutions which could be considered for privatization.

It is anticipated that 80% of the assistance to developing countries will be short term. Assistance may be requested in any of the following areas:

Strategic Planning

Macro and Micro Economic Analysis

Legal/Regulatory Analysis

Financial Analysis

Technical Specialties, including but not limited to:

Agriculture

Industrial

Service Industry

Transportation

Corporate Restructuring

Equity Placement

Marketing

Taxes

Project Design and Evaluation

C.3. Technical Directions

Performance of the work hereunder shall be subject to the technical directions of Project Officer AID/PRE. As used herein, "Technical Directions" are directions to the Contractor which fill in details, suggest possible lines of

inquiry, or otherwise complete the general scope of work. "Technical Directions" must be within the terms of this contract, shall not change or modify them in any way, and shall not constitute changes within the meaning of the contract clause entitled "Changes-Cost Reimbursement," Alternate I - APR 1984. The Contractor shall notify the Contracting Officer in writing of any Technical Directions which he considers to constitute changes prior to performing such changes.

C.4. Personnel

The Personnel which the Contractor will furnish for the performance of this Contract are as follows:

Alexander C. Tomlinson, Project Director
Gordon O.F. Johnson, Assistant Project Director

Section F - Deliveries and Performance

F.1. The effective date of this Contract is September 27, 1985 and the estimated completion date is September 30, 1987.

F.2. In the event that the Contractor fails to complete the scope of work set forth herein, then the Contracting Officer may require the Contractor to continue performance of the work beyond estimated completion date until the Contractor has completed the specified scope of work or until the estimated cost of the work for such period shall have been expended.

F.3. Reports

In addition to the requirement for submission of reports contained in AIDAR 752.7026, the Contractor shall submit to the Project Officer, AID/PRE the following:

a) Five copies of a first year Work Plan due within 30 days of the effective date of the Contract. This plan will detail the Contractor's proposed activities, schedule and allocations of human and financial resources; and overall strategy for the first year. The Work Plan shall conform to the terms of the Contract and be approved by the Project Officer, AID/PRE.

b) The Contractor shall prepare Quarterly Progress Reports due within 3 months of the effective date of the Contract and every 3 months thereafter. These reports shall describe the work accomplished and its relation to the Work Plan. The report will also identify gaps in performance, the reason, steps taken to correct any problems and recommended action.

The Quarterly Progress Report will include a financial summary of all expenditures by line item for the prime contract and subcontracts by country, person months, individual, and project activity in the Work Plan. The financial summary shall also reflect projected expenditures for the remainder of the funding period.

c) The Contractor shall include with the Quarterly Progress Report a statement of current and cumulative, actual and accrued project expenditures by line item with an estimated budget for the remainder of the funding period. This statement will reflect obligations, accrued outlays and balances for each separate source of funds (i.e. AID/PRE, AID Missions, etc.) and shall be attached to the financial reports required by the applicable Payment clause.

d) Within 30 days of field trips to any project country, the Contractor shall prepare and submit to the Project Officer and AID Mission a country assessment. This country assessment will set forth a proposed country strategy, the rationale for the strategy and expected outcomes. The format of the assessment will be determined in consultation with the Project Officer prior to the first submission.

e) At the conclusion of project related travel, Contractor staff shall prepare a paper describing the background, purpose, events and contacts of the travel and discuss plans for future activities. The Contractor shall submit 7 copies of trip reports to the Project Officer and 2 copies to the AID Mission, within 30 days of completion of each trip.

f) A Final Report shall be submitted one month prior to termination of the Contract. This report will summarize all project activities and assess the progress made toward achievement of project goals. The report will synthesize what has been learned from the project and suggest opportunities for future private enterprise programs. The format of this report will be jointly determined by the Contractor and Project Officer at the beginning of the second and final year of the Contract.

g) Copies of all correspondence pertaining to substantive project matters between the Contractor and foreign organizations shall be forwarded to the Project Officer.

h) The format of the reports will be determined jointly by the Contractor and Project Officer. Draft copies of reports will be submitted to the Project Officer for review and approval 2 weeks prior to the due date of the report.

F.4. Evaluation

The Contractor's performance and the degree of success of the field technical assistance support will be evaluated during the course of the Contract.

A management review, chaired by the PRE Deputy Assistant Administrator and including appropriate technical staff, will review the project at the end of the first year of performance. The AID Project Officer will meet no less than biweekly with the Contractor's Project Director.

The midpoint evaluation will focus on:

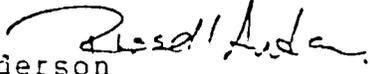
- Appropriateness of the Scope of Work.
- Effectiveness of the Contract in achieving its purpose.
- Adequacy and quality of AID and Contractor resources, including the budget.
- Adequacy of Contractor performance, management and implementation.
- Adequacy of AID management and coordination.
- Recommendations for modification, design, management, implementation, budget or time period.
- Value of the Contract to AID.
- Lessons learned for use in follow-on or subsequent activities and projects.

Section G - Contract Administration Data

The Contractor shall provide the following information on each voucher submitted for payment.

Contract No.:
Project:
Technical Office:
Obligation No.:

ACTION MEMORANDUM FOR THE ASSISTANT ADMINISTRATOR, PRE

FROM: PRE/PD, Russell Anderson 

SUBJECT: Divestiture and Privatization Project (940-0008)

Problem: Your approval is required to increase the PRE Bureau Project Authorization for the subject project by \$2,408,533 to a new total of \$7,100,926 and to increase the PRE Bureau obligation for the project by \$2,050,000 to a new total of \$5,894,891. Your approval is also sought to increase the total contract budget for Analysis Group Inc. (Center for Privatization) to \$15,314,634 to permit the Center to operate through September 30, 1988 and permit Mission buy-ins to the project.

DISCUSSION:

A. Background: The project was initially authorized in FY 1985 in the amount of \$2,922,502. Utilizing AID's Small and Disadvantage Business contractor selection procedure, a contract with the 8(a) firm Analysis Group, Inc. was executed on September 25, 1985 with a total estimated cost of \$2,922,502. At the same time, the PRE Bureau obligated \$1,000,000. Since the initial authorization and obligation, the project and related contract have been extremely active as indicated in Table 1 below.

We now have reached a critical point in the funding for the contract. Currently, there are barely sufficient funds obligated in the contract to operate the Center for Privatization's (Center) central operations through September 30, 1987 and to complete studies and work assignments which are currently underway. Although the recent Honduras buy-in added \$2.7 million to the total contract cost, with a \$700,000 obligation this year, these funds can be used only for the marginal costs of the work funded by Honduras. They cannot be used for central contract costs, i.e., the Center's operations, or for PRE-financed studies in other countries. Additionally, notwithstanding the Honduras buy-in, the contract is fully funded, that is, the total cost of the contract is equal to the combined total of the PRE-funded obligations and all previous buy-in obligations.

Project Financial Summary Data

	<u>PRE Bureau</u>		<u>Mission Buy-Ins</u>		<u>Contract Budget</u>
	<u>Authorization</u>	<u>Obligations</u>	<u>Approvals</u>	<u>Obligations</u>	
<u>FY 85</u>					
Initial Amount	\$2,922,502	\$1,000,000			\$2,922,502
LAC Bureau Buy-In			\$90,000	\$90,000-	
<u>FY 86</u>					
Privatization Fund	1,500,000	1,500,000			
Deob/Reob Funds	269,891	269,891			
Incremental Funding	-	1,000,000			
Incremental Funding	-	75,000			
Bangladesh			60,000	60,000-	
Turkey (ANE)			75,000	75,000-	
Belize			7,000	7,000 ✓	
Ecuador	2,060		5,000	5,000 ✓	
Honduras	1,500		300,000	300,000 -	
Honduras	2,060		2,760,000	700,000 -	
Amendment No.1	- 2837502				1,459,389
Amendment No.2					2,760,000
Current Total	<u>\$4,692,393</u>	<u>\$3,844,891</u>	<u>\$3,297,000</u>	<u>\$1,237,000</u>	<u>\$7,141,891</u>
<u>Proposed Actions</u>					
PRE Authorization	\$2,408,533				
PRE Obligation		\$2,050,000			
Estimated Buy-Ins			\$4,916,708	\$4,916,708	
Remaining Honduras Obligation				2,060,000	
Contract Budget Increase				2,000,000	
Projected Total	<u>\$7,100,926</u>	<u>\$5,894,891</u>	<u>\$8,213,708</u>	<u>\$8,213,708</u>	<u>\$15,354,600</u>

59,000
37,075
60,000 = Rom
145,931 - 1 au 518
Africa
Egpt

B. PRE Bureau Authorization Increase: We are requesting that you approve increasing the PRE Bureau Project Authorization amount from \$4,692,393 by \$2,408,533 to a new total of \$7,100,926. This is the amount which will allow obligation of funds necessary for the Center to operate an additional year, i.e., October 1, 1987 through September 30, 1988 as discussed below in section C. The actual increase in the authorized amount is calculated as indicated in Table 2 below:

Table 2
PRE Bureau Authorization Increase

Total PRE-funded Obligations to Date	\$3,844,891
Planned Obligations FY 87/88 (discussed in Section C below)	3,256,035
<hr/>	
Total Required Project Authorization Amount	7,100,926
Less: Current Project Authorization Amount	(4,692,393)
<hr/>	
Required Increase to Project Authorization	\$2,408,533 =====

C. PRE-Funded Obligations: With this Action Memorandum, we are requesting that you approve the FY 87 obligation of \$2,050,000 for this project. These funds will be utilized as incremental funding for the Center's operations from October 1, 1987 through September 30, 1988. (Note: Based on the previous years operations and projected work, we have prepared a budget cost estimate for the Center's operation for this period; costs for PRE Bureau funded activities total \$3,256,030. A detailed copy of our budget estimate is attached to the enclosed PIO/T).

This year's \$2,050,000 obligation will be applied to the contract in the following manner:

CFP Central Operations: The \$1,586,182 for CFP operations and attendant direct and administrative

7/11

costs would fund the project through September, 1988. These costs include the revised CFP staffing pattern approved by PRE in April. This time period will carry the project to the point where the prime contractor, Analysis Group, Inc., will be removed from the Small Business Administration's (SBA) list of minority firms eligible for set-aside contract funding. By then PRE will have made a number of fundamental decisions about the future of the CFP. The \$1,586,182 will ensure sufficient operating time for the CFP to allow PRE to structure a long-term privatization effort which takes into account projected need and the changing relationships of the CFP to both AGI and PRE.

CFP/AGI Short term Consultants and Subcontractors: The remaining \$463,818 of the incremental funding covers the costs of AGI short-term consulting services and subcontractor services. These funds will be split during contract negotiations in order to adhere to the SBA requirement that a minimum of 55% of the work billed under this contract be performed by employees of A.G.I., the minority firm, and not by outside consultants or subcontractors. This permits AGI to bring individuals onto their payroll as "short-term technical experts". When these individuals are engaged for short-term services, AGI would assess only 10 percent general and administrative expenses and 8 percent fee on them and not overhead or fringe benefit costs. Continued use of the subcontractors, on the other hand, permits continuation of the quick-response capability available through AGI's approved subcontractors. As has been the practice in the past, these assignments will be for preliminary reconnaissance or feasibility work. Requests for assistance generated by such work will be funded by requesting missions.

D. Contract Budget Cost Increase: By copy of this Action Memorandum and the attached P10/T, we are requesting SER/MO/OP/W (AID Contracts Office) to increase the total budget cost of the contract from \$7,141,891 to a new total of \$15,314,634. This \$8,172,743 increase includes the one-year additional services funded by PRE discussed above and includes sufficient budget to allow for estimated Mission buy-ins for the period.

Table 3
Contract Budget Cost Increase

Current Total Contract Budget Cost	\$7,141,891
A. PRE-Funded Activities	3,256,035
B. Estimated Total Costs of Mission Buy-Ins	4,916,708
Estimated Total Contract Budget Through September, 1988	\$15,314,634 =====

Although you are approving the overall increase to the total estimated cost (budget) of the contract, it is not necessary for you formally approve an increase to the Project Authorization in a like amount. The funds used for Mission buy-ins have previously been authorized by the respective Missions/Regional Bureaus.

Mission buy-in projections are based on rate of new interest in and commitment to privatization by governments and on knowledge of buy-ins in the pipeline which are likely to materialize. In the latter category are potential large-scale buy-ins in countries such as the Philippines, Thailand, Pakistan and Jordan.

E. Congressional Notification: A Congressional Notification for this project was submitted on July 9, 1985 as a continuing project. The FY 87 Congressional Presentation showed \$3.5 million of SDA funds. Since we are proposing to use \$1,073,000 of ARDN funds during FY 87, a Technical Notification was sent on March 17, 1987 for that amount thus satisfying our Congressional Notification requirement this fiscal year.

RECOMMENDATION:

That you approve increasing the PRE Bureau life-of-project authorization for the subject project by \$2,408,533 to a new total of \$7,100,926 (by signing the attached Project Authorization Amendment) and increasing the PRE Bureau obligation for the project by \$2,050,000 to a new total of \$5,894,891; and, finally, approve increasing the Analysis Group Inc. (Center for Privatization) total contract budget to \$15,314,634.

Approve: 

Disapprove: _____

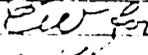
Date: 6/16/87

Clearance:

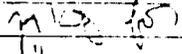
PRE/PD: CJPatalive 

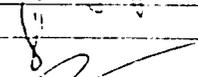
PRE/PR: CWeiskirch 

PNE/PR: JGelb 

PRE/PR: RBeckman 

PRE/I: SWalsh 

GC/PRE: DErickson 

DAA/PRE: CGladson 

Draft: PRE/PD:LFaoro:se:6-2-87:x77474:Doc.0825L

THIRD AMENDMENT
TO
PROJECT AUTHORIZATION

NAME OF COUNTRY: Worldwide
NAME OF PROJECT: Divestiture and Privatization
NUMBER OF PROJECT: 940-0008

1. Pursuant to Section 106 of the Foreign Assistance Act of 1961, as amended, I hereby authorize the third amendment to the authorization for the Divestiture and Privatization Project by increasing the total authorized amount by Two Million Four Hundred Eight Thousand Five Hundred Thirty Three United States Dollars (\$2,408,533) to a new total of \$7,100,926, subject to the availability of funds in accordance with A.I.D. OYB/Allotment process. The purpose is to provide for the purchase of goods and services to continue providing support to A.I.D Missions overseas with their privatization programs and projects..
2. In recognition of current and projected Missions' desire to participate in this project by providing Mission authorized and obligated funds to AID's contract with Analysis Group, Inc. (Center for Privatization), I hereby approve a total estimated contract budget not to exceed \$15,314,634.
3. Except as hereby amended, the Project Authorization of July 8, 1985 shall remain full force and effect.



Neal Peden
Assistant Administrator
Bureau for Private Enterprise

6/11/87

Date

Clearance:

PRE/PD:LFaoro *LF* Date: 15 JUNE 87
PRE/PR:CWeiskirch *ew* Date: 6-15-87
A-DAA/PRE:RBeckman *ew* Date: 6-15-87
GC/PRE:DErickson *DE* Date: _____

Drafter:PRE/PD:CPatalive:se:6/12/87:7-7474:0826L



33

Agency for International Development
PROJECT IMPLEMENTATION ORDER/TECHNICAL SERVICES

Cooperating Country: AID/W - Worldwide

2. PIO/T No.: See 14a below

4. Project Activity No. and Title: Divestiture and Privatization (940-0008)

Bureau for Private Enterprise

5. Appropriation Symbol: See 14a below

6. Budget Plan Code: See 14a below

7. Obligation Status: Administrative Reservation Implementing Document

8. Project Assistance Completion Date (Mo., Day, Yr.):

9. Authorized Agent: SER/OP/W/CO

10. This PIO/T is in full conformance with PRO/AG No. N/A Date

11a. Type of Action and Governing AID Handbook: AID Contract (HB 14) AID Grant or Cooperative Agreement (HB 13) PASA/RSSA (HB 12) Other

11b. Contract/Grant/Cooperative Agreement PASA/RSSA Reference Number (if this is an Amendment): DPE-0008-C-00-5058-00

12. Estimated Financing (A detailed budget in support of column (2) is attached as Attachment No. _____)

Maximum AID Financing Available	A. Dollars	(1) Previous Total	(2) Increase	(3) Decrease	(4) Total to Date
		B. U.S. Owned Local Currency			
			2,050,000		2,050,000

14A. Instructions to Authorized Agent: SEE ATTACHED

14B. Address of Voucher Paying Office: AID/FM/PAD

15. Clearances - Include typed name, office symbol, telephone number and date for all clearances.

A. The Project Officer certifies that the specifications in the statement of work or program description are technically adequate. PRE/PD, Louis Faoro	Phone No. 7-7474 Date	B. The statement of work or program description lies within the purview of the initiating office and approved agency procedures. PRE/PR, Robert Beckman	Date 6-15-87
C. PRE/PD, Russell Anderson	Date 6-12-87	D. Funds for the services requested are available	Date 6-15-87
E. PRE/PR, Carolyn Weiskirch	Date 6-15-87	DAA/PRE, Charles Gladson	

16. For the Cooperating Country: The terms and conditions set forth herein are hereby agreed to

Signature _____ Date _____

17. For the Agency for International Development

Signature: Neal Peden Date: 6/16/87

Title: Assistant Administrator, PRE

FUNDS RECEIVED
 J. Fuller
 POSTED 6/16/87
 M/FM/PAD

See HB 3, Sup. A, App. C, Att. B, for preparation instructions. Note: The completed form contains sensitive information whose unauthorized disclosure may subject an employee to disciplinary action.

Project Implementation Order/Technical Services

Block 14a. Instructions to Authorized Agent:

SER/OP/W/CO is requested to amend the contract, noted in Box 11b above, with Analysis Group Inc. (AGI) to reflect the following changes:

1. Increase the total cost of the contract from \$7,141,891 to a new total of \$15,314,634. The increase of \$8,172,743 is comprized of \$3,256,035 attributable to the increase in PRE Bureau funded activities for the period October 1, 1987 through September 30, 1988, and the balance, \$4,916,708 represents Mission Buy-Ins to the project, projected over the period April, 1987 through September 1988. Estimated budgets are attached, one for the PRE Bureau attributed increase and the other for the projected Mission Buy-Ins.

2. Increase the PRE Bureau obligated amount by \$2,050,000 representing incremental funding for FY 87. The allocation of funding source is as follows:

PIO/T Number: 734-2012
Appropriation: 72-1171021.3
Budget Plan Code: PDNA-87-13480-KG-11
Allotment: 743-34-099-00-69-71
Amount: \$1,073,000

PIO/T Number: 734-2118
Appropriation: 72-1171021.6
Budget Plan Code: PDSA-87-13480-KG-11
Allotment: 746-34-099-00-69-71
Amount: \$977,000 ✓

3. Please refer to the executed copy of the PRE Bureau Action Memorandum for additional information.

doc 0070x

Bureau for Private Enterprise
 Privatization and Divestiture Project
 Analysis Group Inc.
 Attachment 1 - Estimated Budget

Contract Cost Element	Thru 9/30/87	10/1/87-9/30/88	10/1/87-9/30/88	Thru 7/30/88
	Current Contract Budget	PRE Bureau Budget Costs	Buy-In Budget Costs	Total Revised Budget
Direct Labor	\$1,022,865	\$600,000	\$50,000	\$1,672,865
Fringe Benefits (24.07%)	\$255,716	\$144,420	\$12,075	\$412,171
Overhead (55%)	\$704,115	\$409,431	\$34,119	\$1,147,665
Supplies/Other Direct Cost	\$331,301	\$176,000	\$176,000	\$683,301
G & A Costs (10.44%)	\$241,581	\$138,836	\$28,113	\$408,531
Subtotal	\$2,555,578	\$1,468,687	\$300,567	\$4,324,833
Fee (8%)	\$204,446	\$117,495	\$24,045	\$345,987
Subtotal - CFF Operations	\$2,760,025	\$1,586,182	\$324,613	\$4,670,820
Subcontractors/Consultants	\$2,823,878	\$1,000,000	\$2,750,000	\$6,573,878
Travel/Transportation	\$847,866	\$400,000	\$1,100,000	\$2,347,866
G & A Costs (10.44%)	\$383,539	\$146,160	\$401,940	\$931,639
Subtotal	\$4,057,283	\$1,546,160	\$4,251,940	\$9,855,383
Fee (8%)	\$324,584	\$123,693	\$340,155	\$788,432
Subtotal - Tasks	\$4,381,866	\$1,669,853	\$4,592,095	\$10,643,814
Total	\$7,141,891	\$3,256,035	\$4,916,708	\$15,314,634
Total G & A Costs	\$625,120	\$284,996	\$430,353	\$1,340,469
Total Fee	\$529,030	\$241,188	\$264,201	\$1,034,419

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ACTION MEMORANDUM FOR THE ACTING ASSISTANT ADMINISTRATOR, PRE

FROM: PRE/PD, Thomas Nicastro

SUBJECT: Divestiture and Privatization Project (940-0008)

PROBLEM: Your signature is required:

- To increase the PRE core funding Authorization for the subject project by \$2,600,965 from \$7,100,926 to \$9,701,891;

- To approve a Waiver of Requirement for Full and Open Competition in order to increase the total contract budget for Analysis Group, Inc. (Center for Privatization) by \$7,600,965 from \$15,254,169 to \$22,855,134. This will permit the Center to operate through September 30, 1989 and allow Mission buy-ins to the project;

- To approve the PRE Bureau's obligation of \$2,557,000 for the project in FY'88 from \$5,894,891 to \$8,451,891; and,

- To increase the contract budget amount to provide for an increase of \$5,000,000 for Mission buy-ins for a new total of \$13,153,243 from \$8,153,243.

DISCUSSION:

A. Background: The project was initially authorized in FY 1985 in the amount of \$2,922,502. A contract with the 8(a) firm Analysis Group, Inc. (AGI) was executed on September 25, 1985 with a total estimated cost of \$2,922,502. AGI was selected as a result of a solicitation and evaluation of proposals from 8(a) firms. At the same time the PRE Bureau obligated \$1,000,000. Since the initial authorization and obligation, the contract has been amended eight times, bringing the total contract budget up to \$15,254,169, as shown in Table 1 (attached). The contract terminates September 30, 1989.

We are now at the point where the remaining unutilized core funds available to finance the CFP's central operations will be exhausted shortly after the end of FY'88. The total value of core vouchers submitted for payment by the CFP is approximately \$4.7 million. This leaves approximately \$1.2 million to fund ongoing core activities from March 30 through the end of the fiscal year, 1988.

TABLE 1
**FINANCIAL SUMMARY OF
 DIVESTITURE AND PRIVATIZATION PROJECT (940-0008)**

PRE BUREAU CORE FUNDS

	<u>Current Level</u>	<u>Proposed Action</u>	<u>New Total</u>
Authorized	7,100,926	2,600,965	9,701,891
Obligated	5,894,891	3,807,000*	9,701,891

*amount to be obligated in FY 88 = 2,557,000
 amount to be obligated in FY 89 = 1,250,000

MISSION BUY-INS

	<u>Current Level</u>	<u>Proposed Action</u>	<u>New Total</u>
Contract Budget	8,153,243	5,000,000	13,153,243
Obligated	4,082,507	9,070,736	13,153,243

CURRENT TOTAL CONTRACT BUDGET: 15,254,169
 NEW TOTAL CONTRACT BUDGET: 22,855,134

In February of 1988, the PRE Bureau began work to ensure an uninterrupted continuation of services currently provided by the CFP. In March of 1988, we requested that the Small Business Administration amend the existing contract by \$10 million. Our proposal was turned down, even though our request preceeded AGI's graduation from 8(a) status.

Almost immediately, the PRE Bureau began discussions with the Contracts Office and Legal Office on the prospect of terminating the current contract for convenience and initiating a competitive process to select a contractor to continue the work currently undertaken by the CFP. Although preliminary indications from all parties were favorable, we received a memo, dated June 17, 1988, from GC/LE, which effectively ruled out the termination for convenience option (see attachment A).

The PRE Bureau also considered and rejected as unworkable, the idea of letting a new contract for technical services related to privatization which would run parallel to the existing AGI contract. We believe that Missions such as Honduras and Bolivia, which have long term buy-ins under the current contract, would resist the idea of trying to coordinate the efforts of two separate contractors working simultaneously in their countries.

After carefully considering all options, we believe that the most reasonable course of action is to fully fund the existing contract with AGI to allow for an uninterrupted continuation of services through the contract expiry date of September of 1989. This will require an authorization amendment, a waiver of competition, an increase in PRE-funded obligations, and an increase in the total contract budget. Each of these elements is discussed below.

PRE's long term plans for the continuation of work past September 1989, calls for a cooperative agreement or grant to a non-profit organization. All action necessary for this to happen will be completed before the expiry of the AGI contract to ensure a smooth and orderly transition period.

PRE Bureau Authorization Increase We are requesting that you approve increasing the PRE Bureau Project authorization amount by \$2,600,985 from \$7,400,926 to \$9,701,891. This is the amount necessary to allow the CFP to operate through the contract expiry date of September 30, 1989. Contract # 15-254-169. By transmitting this increase in the authorized amount to the Contracts Office (see attached copy of our budget request) a copy of this Action Memorandum and the attached P/O/T, we are requesting the Contracts Office to increase the total budget cost of the contract from \$15,254,169 to \$22,855,134. This increase of \$7,600,965 includes the one-year addition of services funded by PRE and includes sufficient budget to allow for estimated mission buy-ins for the period.

Table 2

PRE Bureau CFP Authorization

Total core funds obligated to date	5,894,891
Planned obligation FY '88	2,557,000
Planned obligation FY '89	<u>1,250,000</u>
Total required project authorization amount	9,701,891
Less: Current project authorization amount	<u>(7,100,926)</u>
Required increase to project authorization	1,600,965

C. Waiver of Full and Open Competition: We are requesting that you approve a waiver of full and open competition to allow an amendment to the existing contract with RAGI to increase core funds by \$2,600,965 and allow up to an additional \$5,000,000 in Mission buy-ins. This waiver will allow an obligation of \$2,557,000 in FY 1988 and \$1,250,000 in FY 1989. Section 706.302-706(b)(1) of the AIDAR provides that competitive requirements may be waived when they would impair foreign assistance objectives. It is imperative that the work currently being carried out by the CFP continue without interruption. This waiver will allow an amendment to the current contract and prevent an unacceptable hiatus in operations.

D. PRE-Funded Obligations: We are requesting that you approve FY '88 obligation of \$2,557,000 for this project. These funds will be utilized as incremental funding for the CFP's core operations from October 1, 1988 through a Group, approximately June 30, 1989. Based on the previous years operations and projected work, we have prepared a budget cost estimate for the Center's operation through September 30, 1989. A detailed copy of our budget estimate is attached to the enclosed PIO/T.

Approval

E. Contract Limit Increased: By transmitting to SER/OP/W/CO (A.I.D. Contracts Office) a copy of this Action Memorandum and the attached PIO/T, we are requesting the Contracts Office to increase the total budget cost of the contract from \$15,254,169 to \$22,855,134. This increase of \$7,600,965 includes the one-year addition of services funded by PRE and includes sufficient budget to allow for estimated Mission buy-ins for the period 10/1/88

ATTACHMENT A

June 17, 1988

MEMORANDUM

TO: GC/PRE, Michael G. Kitay
FROM: GC/LE, Gary M. Winter /s/
SUBJECT: PRE Privatization Efforts

This memorandum constitutes attorney work product and should be treated as privileged material.

GC/LE has reviewed your draft memorandum concerning contract issues arising out of PRE's privatization efforts. Although there may well be additional facts of which we are not aware, and while we are not privy to business considerations taken into account by PRE, we offer the following view on your draft memorandum. To approve the PRE Bureau's authorization of \$2,500,000 for the project in FY'88 from \$1,000,000 to \$8,451,001;

While the U.S. Government has broad authority to terminate a contract for convenience, such action can be challenged successfully, either before the Armed Services Board of Contract Appeals or in the U.S. Claims Court, under certain circumstances. Such a successful challenge would result in the termination being converted into breach of contract, with the resultant monetary damages as well as political fallout. Termination for convenience can be so defeated if it can be shown that the U.S. Government acted in bad faith (which may be found if A.I.D. collusion with CPP can be demonstrated) or if its actions are deemed to be an abuse of discretion. Terminating a contract for convenience to get a better deal for the same or similar services generally is not a defensible contract action. At the same time the PRE Bureau obligated \$1,000,000. Since the initial authorization and

This memorandum may be oversimplifying how PRE's options may be interpreted, but based upon the information GC/LE has received on the matter, the potential for litigation appears to be high, and the degree of success questionable, should PRE terminate its ongoing contract with AGI for convenience.

We are now at the point where the remaining unutilized core funds available to finance the CPP's central operations will be exhausted shortly at the end of FY'88. The total value of core vouchers submitted for payment by the CPP is approximately \$6.7 billion. This is an annual liability of \$1.7 billion to fund ongoing core activities from FY'88 to the end of the fiscal year.

ACTION MEMORANDUM FOR THE ACTING ASSISTANT ADMINISTRATOR, PRE

FROM: PRE/PD, Thomas Nicastro

SUBJECT: Divestiture and Privatization Project (940-0008)
Waiver of Requirement for Full and Open
Competition.

PROBLEM: Your signature is required to amend contract No. DPE-0008-C-00-5058-00 with Analysis Group, Incorporated, (AGI) to add up to \$2,600,965 in core funding and up to \$5,000,000 in Mission buy-ins without full and open competition in accordance with the authority granted you by A.I.D. Acquisition Regulations (AIDAR) section 706.302-706(b)(i).

DISCUSSION: The original two-year contract for \$4.9 million was signed with AGI, an 8(a) firm, on September 27, 1985. The contract established the Center for Privatization (CFP), a consortium of six companies, to provide expert advisory services to governments and private firms in developing countries on privatization and divestiture. The original contract has been amended eight times, increasing the level of effort, broadening and refining the original scope of work, and permitting incremental financing by numerous Mission buy-ins. The CFP has dispatched over 100 consultants to over 30 countries. The total contract budget is currently \$15,254,169 and the contract expiry date is September 30, 1989. To date, \$9,977,398 has been obligated, which consists of \$5,894,891 in core funds and \$4,082,507 in Mission buy-ins. The existing contract is sufficient to meet A.I.D.'s requirements through the end of this fiscal year.

On March 14, 1988, A.I.D. wrote to the Small Business Administration to request the authority to conduct technical and cost negotiations with AGI which would amend the contract amendment valued at \$10,000,000. SBA denied A.I.D.'s request, even though it preceded AGI's graduation from 8(a) status.

The SBA's decision, which was transmitted to us on April 15, 1988, made it impossible to put additional funds into the contract. This presented a dilemma since the Honduras buy-in has already been approved and the contract completion date was extended to September 30, 1989. The PRE Bureau immediately began to explore the possibility of terminating the contract

Best Available Document

for convenience and initiating a full and open competition to identify a contractor to provide follow-on privatization services. Although preliminary discussions with both contractors and legal were favorable, we received a memo from GC/LE, dated June 17, which effectively eliminated this option. (See Attachment A to the Action Memorandum).

Section 706.302-706(b)(1) of the AIDAR provides that U.S. Government contracting procedures for full and open competition may be waived when they would impair foreign assistance objectives, and would be inconsistent with the fulfillment of the foreign assistance program. It is imperative that the work currently being carried out by the CFP be continued without interruption. After careful consideration of all options, it is apparent that the only way to prevent an unacceptable hiatus in the program's operation is to amend the current contract to provide adequate funding through the contract expiry date.

Key CFP personnel are currently under contract to AGI. The existing contract with AGI also covers the consultants being provided to Honduras and Bolivia under long term buy-ins. Failure to adequately fund the contract would lead to a suspension of critical services. Privatization is a complex and highly sensitive issue. Any interruption in the availability of technical assistance to governments and client missions would destroy the FRE Bureau's credibility and halt the momentum and interest in privatization which has been carefully cultivated in numerous countries.

Privatization has become a key element in the strategy of many Missions. In addition to Honduras and Bolivia, both Tunisia and Egypt are in the process of executing significant buy-ins. In the case of Egypt, the Mission is assisting the government to privatize the Principle Bank for Development and Agricultural Credit. This organization plays a critical role in the distribution and financing of agricultural inputs nationwide. The issues involved are extremely sensitive and have the potential to affect every farmer in the country. It is imperative that we provide the necessary financial assistance through this contract to ensure that we have the opportunity to make a breakthrough in advancing privatization in this, the largest AID recipient nation.

It is recommended that you approve the proposed contract amendment which will provide for the continuation of the current contract through the contract expiry date. This amendment is necessary to ensure that the program is not interrupted.

RECOMMENDATION: That you approve a waiver of full and open

competition in accordance with AIDAR 706.302-706(b)(1) by signing below.

Approval Christine Kunnell

Disapproval _____

Date 7/21/88

PC

PRE/PD:DCowles:rlm:0046e:7/20/88

Clearance

GC/PRE, MKitay: *MVJ*

PRE/DP, BBrookie: *BB* 7/21/88

FOURTH AMENDMENT
TO
PROJECT AUTHORIZATION

NAME OF COUNTRY: **Worldwide**
NAME OF PROJECT: **Divestiture and Privatization**
PROJECT NUMBER: **940-0008**

1. Pursuant to Sections 103 and 106 of the Foreign Assistance Act of 1961, as amended, I hereby authorize the fourth amendment to the authorization for the Divestiture and Privatization Project by increasing the total authorized grant amount for: core funds, by Two Million Six Hundred Thousand Nine Hundred Sixty-Five United States Dollars (\$2,600,965), to a new total of \$9,701,891; and Mission buy-in funds, by Five Million United States Dollars (\$5,000,000) to a new total of \$13,153,243, subject to the availability of funds in accordance with the A.I.D. OYB/Allotment process. The purpose is to provide for the purchase of goods and services to continue providing support to A.I.D. Missions overseas with their privatization programs and projects.
2. In recognition of current and projected Missions' desire to participate in this project by providing Mission authorized and obligated funds to A.I.D.'s contract with Analysis Group, Inc. (Center for Privatization), I hereby approve a total estimated contract budget not to exceed \$22,855,134.00.
3. Except as hereby amended, the Project Authorization of July 8, 1985 shall remain full force and effect.

Christopher Russell
Christopher Russell
Acting Assistant Administrator
Bureau for Private Enterprise

7/21/88
Date

DC
PRE/PD:DCowles:rlm:0018c:7/20/88

Clearance:

PRE/PD:Randerson *A*

PRE/PR:BBrockie *BA*

GC/PRE:MKitay *MLK*

Date: _____

Date: 7/21/88

Date: 7/21/88

AID 1350-1 1-87) *PIO/T AGENCY FOR INTERNATIONAL DEVELOPMENT PROJECT IMPLEMENTATION ORDER/TECHNICAL SERVICES	1. Cooperating Country Worldwide	Page 1 of 5 Pages
	2. PIO/T No. 1/834-2010 See 14a 2/834-2020	3. <input checked="" type="checkbox"/> Original or Amendment No. _____
	4. Project/Activity No. and Title Divestiture and Privatization (940-0008) Bureau for Private Enterprise	

DISTRIBUTION M/FM/PAFD POSTED 7/22/88 FUNDS RESERVED BY <i>Gloria Craig</i>	5. Appropriation Symbol See 14a below		6. Budget Plan Code See 14a below		
	7. Obligation Status <input checked="" type="checkbox"/> Administrative Reservation <input type="checkbox"/> Implementing Document		8. Project Assistance Completion Date (Mo., Day, Yr.) 9/30/89		
	9. Authorized Agent SER/OP/W/CO		10. This PIO/T is in full conformance with PRO/AG No. Date n/a		
	11a. Type of Action and Governing AID Handbook <input checked="" type="checkbox"/> AID Contract (HB 14) <input type="checkbox"/> AID Grant or Cooperative Agreement (HB 13) <input type="checkbox"/> PASA/RSSA (HB 12) <input type="checkbox"/> Other			11b. Contract/Grant/Cooperative Agreement/ PASA/RSSA Reference Number (If this is an Amendment) DPE-0008-C-00-5058-00	
	12. Estimated Financing (A detailed budget in support of column (2) is attached as Attachment No. _____)				

Maximum AID Financing Available	A. Dollars	(1) Previous Total	(2) Increase	(3) Decrease	(4) Total to Date
				1/ 1,250,000	ARDN
	B. U.S.-Owned Local Currency	2/ 1,307,000	SDA		

J. Mission References	14A. Instructions to Authorized Agent SEE ATTACHED
	14B. Address of Voucher Paying Office AID/FM/PAD

15. Clearances—Include typed name, office symbol, telephone number and date for all clearances.			
A. The Project Officer certifies that the specifications in the statement of work or program description are technically adequate.	Phone No. 77474	B. The statement of work or program description lies within the purview of the initiating office and approved agency programs.	Date 7/21/88
PRE/PD, David Cowles <i>RC</i>	Date 7/15/88	PRE/DP, Michael Unger <i>MU</i>	
C. PRE/PD, Russell Anderson <i>RA</i>	Date 7-15-88	D. Funds for the services requested are available	Date
E. PRE/DP, Betty Brockie <i>BB BK</i>	Date 7/21/88	M/FM/PAFD, Gloria Craig <i>GC</i>	Date 7/22/88
7-15-88			
16. For the Cooperating Country: The terms and conditions set forth herein are hereby agreed to		17. For the Agency for International Development	
Signature _____ Date _____	Signature <i>Christopher Russell</i> Date 7/21/88		
Title _____	Title Christopher Russell		

*See HB 3, Sup. A, App. C, Att B, for preparation instructions. Note: The completed form contains sensitive information whose unauthorized disclosure may subject an employee to disciplinary action.

PROJECT IMPLEMENTATION ORDER/TECHNICAL SERVICES

Block 14a. Instructions to Authorized Agent:

SER/OP/W/CO is requested to amend contract DPE-0008-C-00-5058-00 with Analysis Group, Inc. (AGI) to reflect the following changes:

1. Increase the total cost of the contract from \$15,254,169 to a new total of \$22,855,134. The increase of \$7,600,965 is comprised of \$2,600,965 attributable to the increase in PRE Bureau funded activities for the period September 30, 1988 through September 30, 1989; and the balance of \$5,000,000 which represents Mission Buy-Ins to the project, projected over the period September 1988 through September 1989. Estimated budgets are attached, one for the PRE Bureau attributed increase and the other for the projected Mission Buy-Ins.

2. Increase the Pre Bureau obligated amount by \$2,557,000 representing incremental funding for the period October 1, 1988 through June 30, 1989. The allocation of funding source is as follows:

<u>1/</u>	PIO/T Number:	834-2010
	Appropriation:	<u>72-1181021.3</u>
	Budget Plan Code:	<u>PDNA-88-13480-KG-11</u>
	Allotment:	<u>843-34-099-00-69-81</u>
	Amount:	<u>\$1,250,000</u>

<u>2/</u>	PIO/T Number:	834-2020
	Appropriation:	<u>72-1181021.6</u>
	Budget Plan Code:	<u>PDSA-88-13480-KG-11</u>
	Allotment:	<u>846-34-099-00-69-81</u>
	Amount:	<u>\$1,307,000</u>

3. Please refer to the executed copy of the PRE Bureau Action Memorandum for additional information.

PRE/PD:DCowles:rlm:0020c:7/13/88

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Statement of work or program description for this project is described in Attachment No. _____.

19. Special Provisions

- A. Language Requirements (specify) French and Spanish as appropriate for consultants.
(If marked, testing must be accomplished by AID to assure desired level of proficiency.)
- B. Access to classified information will will not be required by technical specialists. (Indicate level) _____.
- C. Duty post(s) and duration of technical specialist(s) services at post(s) (months) Washington, D.C. - fulltime staff.
- D. Dependents will will not be permitted to accompany technical specialist(s).
- E. Geographic code applicable to procurement under this PIO/T is 000 899 935 941 Other (specify) _____.
(If other than authorized in HB 1, Sup B, Chap 5, Para 5A1d, attach waiver(s).)
- F. Salary approval(s) to exceed FS-1 salary ceiling are attached in process N/A.
- G. Cooperating country acceptance of this project (applicable to AID/W projects only)
 has been obtained is in process is not applicable to services required by PIO/T.
- H. Justification for use of external resources for consulting services is attached N/A.
- I. Clearance for procurement of ADP equipment, software, and services is attached in process N/A.
- J. OMB approval of any report to be completed by ten or more members of the general public under the statement of work is
 attached in process N/A.
- K. Participant training is is not being funded as part of this PIO/T.
- L. Requirement (contracts only) is recommended for small business set-aside SBA 8(a) Program neither.
- M. Other (specify).

20. Provisions for Logistic Support	IN KIND SUPPLIED BY		FROM LOCAL CURRENCY SUPPLIED BY		TO BE PROVIDED OR ARRANGED BY SUPPLIER	N/A
	AID	COOPERATING COUNTRY	AID	COOPERATING COUNTRY		
A. Specific Items (Insert "X" in applicable column at right. If entry needs qualification, insert asterisk and explain below in C. "Comments")						
(1) Office Space					X	
(2) Office Equipment					X	
(3) Housing and Utilities					X	
(4) Furniture					X	
(5) Household Appliances (Stoves, Refrig., etc.)					X	
(6) Transportation in Cooperating Country					X	
(7) Transportation To and From Country					X	
(8) Interpreter Services/Secretarial					X	
(9) Medical Facilities (Health Room)					X	
(10) Vehicles (official)					X	
(11) Travel Arrangements/Tickets					X	
(12) Nightwatchman for Living Quarters					X	
(13)						
(14)						
(15)						

(OTHER SPECIFY

SH

20. Provisions for Logistic Support (Continued)

B. Additional Facilities Available From Other Sources

Diplomatic pouch

PX

Commissary

Other (specify, e.g., duty free, entry, tax exemption)

C. Comments

21. Relationship of Contractor or Participating Agency to Cooperating Country and to AID

A. Relationships and Responsibilities

Project Manager: David Cowles, PRE/PD, Tel. 202-647-7474

B. Cooperating Country Liaison Officials

For Mission funded, country specific activities officials will be identified by specific Missions.

C. AID Liaison Officials

USAID Missions - The Mission Director or designee

22. Background information (additional information useful to authorized agent)

23. Summary of attachments that accompany the PIO/T (check applicable boxes)

A. Detailed budget estimates in support of increased funding (Block 12)

B. Evaluation criteria for competitive procurement (Block 14A)

C. Justification for procurement by other than full and open competition or noncompetitive assistance

D. Statement of work or program description (Block 18)

E. Waiver(s) justification(s), clearance(s), certification(s) (Block 19) (specify number _____)

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BUREAU FOR PRIVATE ENTERPRISE
 PRIVATIZATION AND DIVESTITURE PROJECT
 ANALYSIS GROUP INC.
 ATTACHMENT 1 - ESTIMATED BUDGET

CONTRACT COST ELEMENT	THRU 9/30/88 CURRENT CONTRACT BUDGET	10/1/88 - 9/30/89 PRE BUREAU BUDGET COST	10/1/89 - 9/30/89 BUY-IN BUDGET COSTS	THRU 9/30/89 TOTAL REVISED BUDGET
DIRECT LABOR	\$2,285,590	\$618,504	\$221,538	\$3,125,632
FRINGE BENEFITS (24.07%)	\$571,397	\$148,874	\$53,324	\$773,595
OVERHEAD (55%)	\$1,573,343	\$422,595	\$151,367	\$2,147,305
SUPPLIES/OTHER DIRECT COSTS	\$759,986	\$35,618	\$145,587	\$941,191
G & A COSTS (10.44%)	\$541,869	\$127,954	\$59,698	\$729,521
SUBTOTAL	\$5,732,185	\$1,353,545	\$631,514	\$7,717,244
FEE (8.5%)	\$454,172	\$115,051	\$53,679	\$622,902
SUBTOTAL - CFP OPERATIONS	\$6,186,367	\$1,468,596	\$685,193	\$8,340,146
SUBCONTRACTORS/CONSULTANTS	\$5,362,338	\$750,000	\$2,797,534	\$8,909,872
TRAVEL/TRANSPORTATION	\$2,205,056	\$195,000	\$803,318	\$3,203,374
G & A COSTS (10.44%)	\$790,036	\$98,658	\$375,928	\$1,264,622
SUBTOTAL	\$8,357,430	\$1,043,658	\$3,796,781	\$13,377,869
FEE (8.5%)	\$710,382	\$88,711	\$338,026	\$1,137,119
SUBTOTAL - TASKS	\$9,067,812	\$1,132,369	\$4,314,807	\$14,514,988
TOTAL	\$15,254,169	\$2,600,965	\$5,000,000	\$22,855,134
TOTAL G & A COSTS	\$1,331,905	\$226,612	\$435,626	\$1,994,143
TOTAL FEE	\$1,164,554	\$203,762	\$391,705	\$1,760,021

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AGENCY FOR INTERNATIONAL DEVELOPMENT
WASHINGTON, D.C. 20523

ACTION MEMORANDUM FOR THE ASSISTANT ADMINISTRATOR, PRE

FROM: PRE/PD, Russell Anderson *R Anderson*

SUBJECT: Divestiture and Privatization Project (940-0008)
FY 89 Obligation of \$1,250,000.

PROBLEM: Your signature is required to instruct SER/OP/W/CO to obligate \$1,250,000 in PRE core funding into contract No. DPE-0008-C-00-5058-00 with Scientex Corp., formerly Analysis Group Inc. (AGI).

DISCUSSION: The original two-year contract for \$4.9 million was signed with AGI on September 27, 1985. The contract established the Center for Privatization (CFP), a consortium of six companies, to provide expert advisory services to governments and private firms in developing countries on privatization and divestiture. The original contract has been amended 25 times, increasing the level of effort, broadening and refining the original scope of work, and permitting incremental financing by numerous mission buy-ins. The CFP has provided technical assistance to 46 countries in over 100 separate assignments. The total contract budget is currently \$22,823,590 and the contract expiry date is September 30, 1989. To date \$15,814,944 has been obligated which consists of \$8,451,891 in core funds and \$7,363,053 in mission buy-ins.

The proposed action will increase the core obligated amount by \$1,250,000 up to \$9,701,891 which is the authorized amount for the project. This will provide incremental funding for the period of June 30, 1989 to September 30, 1989 which corresponds to the contract expiration date. This action does not alter the total estimated contract budget or level of effort.

RECOMMENDATION: That you approve increasing the PRE core funded obligated amount by \$1,250,000 up to a new total of \$9,701,891, by signing the attached PIO/T Nos. 934-2280 and 934-2290.

DCowles:dt:0401c:5/30/89

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FD 1350-1
(87)

*PIO/T

AGENCY FOR
INTERNATIONAL DEVELOPMENT

PROJECT IMPLEMENTATION
ORDER/TECHNICAL
SERVICES

1. Cooperating Country
Worldwide

Page 1 of Pages

2. PIO/T No.
940-0008-3-934-2280 1/
940-0008-3-934-2290 2/

3. Original or
Amendment No. _____

4. Proj. Act/Activity No. and Title
Divestiture and Privatization (940-0008)
Bureau for Private Enterprise

DISTRIBUTION
POSTED 6/11/89
FUNDS RESERVED BY
AID/FM/PAD

5. Appropriation Symbol
see 14a below

6. Budget Plan Code
see 14a below

7. Obligation Status
 Administrative Reservation Implementing Document

8. Project Assistance Completion Date
(Mo., Day, Yr.) 9/30/89

9. Authorized Agent
SER/OP/W/CO

10. This PIO/T is in full conformance with PRO/AG No.
N/A Date

11a. Type of Action and Governing AID Handbook
 AID Contract (HB 14) AID Grant or Cooperative Agreement (HB 13) PASA/RSSA (HB 12) Other

11b. Contract Grant/Cooperative Agreement
PASA/RSSA Reference Number (if this is an Amendment)
DPE-0008-C-00-5058-00

12. Estimated Financing (A detailed budget in support of column (2) is attached as Attachment No. _____)

Maximum AID Financing Available	A. Dollars	(1) Previous Total	(2) Increase	(3) Decrease	(4) Total to Date
					\$750,000 1/
	B. U.S. Owned Local Currency		\$500,000 2/		

13. Mission References

14A. Instructions to Authorized Agent
see attached

14B. Address of Voucher Paying Office
AID/FM/PAD

15. Clearances—Include typed name, office symbol, telephone number and date for all clearances.

A. The Project Officer certifies that the specifications in the statement of work or program description are technically adequate. PRE/PD, David L. Cowles <i>DL</i>	Phone No. 7-7474 Date 6/11/89	B. The statement of work or program description is within the purview of the initiating office and approved agency programs. PRE/DP, Michael Unger <i>MU</i>	Date 6/7/89
C. PRE/PD, Russell Anderson <i>RA</i>	Date 6/2/89	D. Funds for the services requested are available PFM/FM/PAFD, GCraig <i>GC</i>	Date 6/15/89
E. PRE/DP, Robert Friedline <i>RF</i>	Date 6/2/89	DAA/PRE, Christopher Russell <i>CR</i>	Date 6/7/89

16. For the Cooperating Country: The terms and conditions set forth herein are hereby agreed to
Signature _____ Date _____

17. For the Agency for International Development
Neal Peden
Signature _____ Date 6/12/89
Title AA/PRE, Neal Peden

*See HB 3, Sup. A, App. C, Att B, for preparation instructions. Note: The completed form contains sensitive information whose unauthorized disclosure may subject an employee to disciplinary action.

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Statement of work or program description for this project is described in Attachment No. _____.

J. Special Provisions

- A. Language Requirements (specify) shall be specified for individual consultants.
(If marked, testing must be accomplished by AID to assure desired level of proficiency.)
- B. Access to classified information will will not be required by technical specialists. (Indicate level) _____.
- C. Duty post(s) and duration of technical specialist(s) services at post(s) (months) Washington, D.C. - fulltime staff.
- D. Dependents will will not be permitted to accompany technical specialist(s).
only on mission funded long-term assignments
- E. Geographic code applicable to procurement under this PIO/T is 000 899 935 941 Other (specify) _____.
(If other than authorized in HB 1, Sup B, Chap 5, Para 5A1d, attach waiver(s).)
- F. Salary approval(s) to exceed FS-1 salary ceiling are attached in process N/A.
- G. Cooperating country acceptance of this project (applicable to AID/W projects only)
 has been obtained is in process is not applicable to services required by PIO/T.
- H. Justification for use of external resources for consulting services is attached N/A.
- I. Clearance for procurement of ADP equipment, software, and services is attached in process N/A.
- J. OMB approval of any report to be completed by ten or more members of the general public under the statement of work is
 attached in process N/A.
- K. Participant training is is not being funded as part of this PIO/T.
- L. Requirement (contracts only) is recommended for small business set-aside SBA 8(a) Program, neither.
- M. Other (specify).

20. Provisions for Logistic Support

A. Specific Items (Insert "X" in applicable column at right. If entry needs qualification, insert asterisk and explain below in C. "Comments")

	IN KIND SUPPLIED BY		FROM LOCAL CURRENCY SUPPLIED BY		TO BE PROVIDED OR ARRANGED BY SUPPLIER	N/A
	AID	COOPERATING COUNTRY	AID	COOPERATING COUNTRY		
(1) Office Space					X	
(2) Office Equipment					X	
(3) Housing and Utilities					X	
(4) Furniture					X	
(5) Household Appliances (Stoves, Refrig., etc.)					X	
(6) Transportation in Cooperating Country					X	
(7) Transportation To and From Country					X	
(8) Interpreter Services/Secretarial					X	
(9) Medical Facilities (Health Room)					X	
(10) Vehicles (official)					X	
(11) Travel Arrangements/Tickets					X	
(12) Nightwatchman for Living Quarters					X	
(13)						
(14)						
(15)						

(OTHER SPECIFY

20. Provisions for Logistic Support (Continued)

B. Additional Facilities Available From Other Sources

Diplomatic pouch

PX

Commissary

Other (specify, e.g., duty free, entry, tax exemption)

C. Comments

21. Relationship of Contractor or Participating Agency to Cooperating Country and to AID

A. Relationships and Responsibilities

Project Manager: David L. Cowles, PRE/PD, Tel. (202) 647-7474

B. Cooperating Country Liaison Officials

will be specified for each specific mission funded assignment

C. AID Liaison Officials

USAID Missions - The Mission Director or designee

22. Background information (additional information useful to authorized agent)

23. Summary of attachments that accompany the PIO/T (check applicable boxes)

- A. Detailed budget estimate in support of increased funding (Block 12)
- B. Evaluation criteria for competitive procurement (Block 14A)
- C. Justification for procurement by other than full and open competition or noncompetitive assistance
- D. Statement of work or program description (Block 18)
- E. Waiver(s) justification(s), clearance(s), certification(s) (Block 19) (specify number _____)
-

Project Implementation Order/Technical Services

Block 14a. Instructions to Authorized Agent:

SER/OP/W/CO is requested to amend contract DPE-008-C-00-5058-00 with Scientex Corp., formerly known as Analysis Group, Inc. to increase the PRE Bureau obligated amount by \$1,250,000 which represents incremental funding for the period June 30, 1989 through September 30, 1989. The total contract budget and LOE remain unchanged. The allocation of funding by source is as follows:

1. PIO/F No.: 940-0008-3-934-2280
Appropriation Symbol: 72-1191021.3
Budget Plan Code: PDNA-89-13460-KG-11
Allotment Number: 943-34-099-00-69-91
Amount: \$750,000

2. PIO/T No.: 940-0008-3-934-2290
Appropriation Symbol: 72-1191021.6
Budget Plan Code: PDSA-89-13460-KG-11
Allotment Number: 946-34-099-00-69-91
Amount: \$500,000

Please refer to the executed copy of the PRE Bureau Action Memorandum for additional information.

DCowles:0402c:5/31/89:dt

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- b. Funds presently available and obligated under this contract are limited to \$13,564,843 and the Contractor shall not exceed this amount unless approved in writing by the Contracting Officer as provided in the clause of this contract entitled "Limitation of Funds". Subject to the availability of funds, up to an additional amount of \$9,258,747 may be provided.
- c. The following summarizes the status of funding currently under this contract:
 - 1. PRE core funding obligations to date total \$5,894,891. Up to an additional \$3,804,415 may be provided.
 - 2. Buy-ins (excluding long term technical assistance to Honduras) total \$2,352,952. Up to an additional \$8,011,334 may be provided.
 - 3. Long term technical assistance to Honduras is fully funded."

II. In Section B.3., paragraph b., delete the "TOTAL CONTRACT BUDGET" in its entirety, and substitute the following in lieu thereof:

	<u>"TOTAL CONTRACT BUDGET"</u>
Salaries	\$ 3,256,366
Fringe Benefits	814,091
Overhead	2,241,601
Travel/Trans	3,396,815
Consultants	514,219
Subcontracts	7,711,151
Other Direct Costs	1,140,404
G&A	<u>1,991,393</u>
Total Estimated Cost	\$21,066,040
Fixed Fee	<u>1,757,550</u>
Total Estimated Cost Plus Fixed Fee	\$22,823,590"

III. Delete Section C.5. in its entirety, and substitute the following in lieu thereof: