

PD - ABG 662
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GUIDANCE
FOR USE OF
DESIGN AND PERFORMANCE CONTRACTS (DAP)
AND
DESIGN AND DELIVER CONTRACTS (DAD)

Revised: September 30, 1992

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FOREWORD

We realize that the size of this document may appear daunting and imposing at first glance. This foreword is intended to recommend the most important sections for your review, and to explain the development of the guidance.

The most important section of this guidance is Part 1, which sets forth the theoretical framework for DAP and DAD contracting. The sample RFP (Part 2) and PIO/T (Part 3) were developed based on an actual PID, incorporating the theoretical concepts found in Part 1.

During preparation of this guidance, every attempt was made to consider the actual process that would take place to initiate DAP/DAD contracting. For the example, we asked a project development office to select an existing PID which might be representative of a suitable activity to be undertaken using DAP or DAD contracting. The project office was then asked to prepare a PIO/T, based on the PID, which would be used as the basis for a RFP. The PIO/T was to include a statement of work, performance standards for the design, budget, and evaluation criteria.

There were numerous discussions between the project development office and the Office of Procurement as to performance standards, the amount of detail in the statement of work, the deliverables, evaluation criteria, etc. Based on these discussions, a PIO/T (Part 3) was prepared. It may be noticed that there are differences between the PIO/T and RFP, most significantly, in the statement of work and the evaluation criteria. These differences are the result of further discussions between the two offices. We intentionally did not request these subsequent revisions to the PIO/T, since the project office concurred with the changes and provided clearance on the RFP. We felt this was truer to a real life scenario.

The RFP is most different from other RFPs in the sections showing the contract format, and Sections L and M, Instructions to the Offerors and Evaluation Factors for Award, respectively. The PID is included as an attachment to the RFP. The sample RFP for DAD will be distributed separately from this document.

This document represents the first step to initiating DAP/DAD as a viable means to implement A.I.D.'s development activities.

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PART 1

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**GUIDANCE PAPER
FOR USE OF
DESIGN AND PERFORMANCE CONTRACTS (DAP)
and
DESIGN AND DELIVER CONTRACTS (DAD)**

INTRODUCTION

A.I.D. seeks to simplify the project design process and to streamline contracting while emphasizing **results** in project implementation. To do this, it has been necessary to consider deficiencies in the current process and to propose new options.

Current Process:

Missions which conduct large technical assistance projects often obtain contractor assistance in the design process through use of delivery orders under Indefinite Quantity Contracts (IQCs). These design contractors may be precluded from competing for subsequent implementation contracts because of the unfair advantage they would have over other competitors. Project papers produced with or without contractor assistance eventually lead to the obligation of funds through Project Agreements, frequently after a lengthy review process involving AID/W. Once project funds are obligated, Missions begin the process of contracting for technical assistance with a contractor who has limited knowledge of the project but has won the award, often because of the apparent qualifications of individuals proposed for the team rather than the management capabilities of the firm. Three years or more may elapse from completion of the PID until arrival of implementation contract staff. The contractor often finds it necessary to substitute employees for those shown in the proposal, and projects are often redesigned to some degree when the implementing contractor obtains a better understanding of requirements than that provided by the RFP. Contracts are usually based on level of effort, and the emphasis is on inputs of staff months rather than attainment of results tied to development objectives.

Proposed Options:

The overall project design and implementation process may be streamlined if the Mission, the Host Country and the Contractor work together as a team to design and implement projects with clearly defined, measurable objectives. Such teamwork may be obtained through use of two new contracting options: Design and Performance (DAP) and Design and Deliver (DAD) contracts. Both of these contracting forms assume that competition for the

contract will occur before the project is designed and that the contractor who participates in design preparation will provide technical assistance to implement the project without further competition. Both options also assume that contractors will produce results in accordance with performance standards. DAP and DAD contracts are expected to support Agency efforts to concentrate programs through limiting the number of development objectives and individual projects. AID/W must support this effort by participating in the design process or by approving incremental parts of the design, if necessary, to avoid delay between Mission approval of the design and obligation of the Project Agreement.

Successful use of Design and Performance (DAP) and Design and Deliver (DAD) contracts will depend significantly on Mission management of the process. It will be necessary for Project Development and Contracting Officers to work closely together from the PID stage through project implementation.

These contracting options are designed for competition and award of a design contract after completion of the PID and before work on the project paper. The design contractor will work with the host country and the Mission to complete a project paper which will include a statement of work and proposed budget for modification of the contract to permit implementation of the project. The Mission may then choose to modify the (DAP) design contract to enable the contractor to implement the technical assistance components of the acceptable design without further competition. (DAD procedures are somewhat different as explained in the DAD section of this guidance.)

The DAP contract modification will be funded through the Project Agreement which should be signed immediately upon acceptance of the project design by the Mission and Host Country. With proper planning, and depending on the complexity of the project being designed, it should be possible to sign the Project Agreement and field the contractor's implementation team within 12 months after completion of the PID.

Distinction Between DAP and DAD:

DAP contracting will generally be used for single projects where completion of one design will encompass all elements of the project. Implementation may be performed by the design contractor at the Mission's discretion.

DAD contracting involves the award of two contracts to the same contractor after competition for the design contract. The "Core" contract will usually be a level of effort

contract for design activities. The number of designs may vary from one to several depending on the number of discrete activities which the Mission chooses to undertake in a sector or in a complex project. The "Companion" contract will be a requirements contract under which Delivery Orders may be placed for implementation of activities designed under the core contract. A requirements contract does not require funding at the time of contract award, but rather, each order is funded (normally from funds obligated in the Project Agreement) at the time the order is issued.

Conditions for Use of DAP and DAD:

These contracting options are intended for large individual projects or for broad sector support programs where designs will be developed over time to meet requirements. Accordingly, DAP and DAD should be used as follows:

- ** For projects with contract requirements in excess of \$1,000,000 and which provide for a continuing relationship with the contractor for a minimum of two years.
- ** In countries where there is a strong probability that the Host Government will support the project and actively participate in the design and implementation process.
- ** For projects with well defined development objectives which can be measured for results through performance indicators and contract performance standards.
- ** On occasion, for consolidation of several existing projects and contracts into an umbrella project or sector program.
- ** In the case of DAD, for large, long term projects and sector-wide activities which are expected to require several discrete contracting efforts over the life of the project.

Content of This Guidance:

In addition to general guidance, this paper includes a set of sample documents (PIO/T, RFP and Memorandum of Instructions to the Selection Committees) for a project titled "Pacific Islands Marine Resources" (PIMAR). Documents for this active project have been rewritten to illustrate how DAP or DAD procedures might have been used. (PIMAR includes several activities on

separate islands. DAP would seem most appropriate because all of the activities were clearly identified in the PID. DAD might have been used if the Mission wished to have the contractor participate in the design of separate projects for these activities and to undertake implementation incrementally after acceptance of the individual designs.)

UTILIZATION OF THE DAP CONTRACTING PROCESS

The following descriptions of procedures are presented in chronological order from the concept paper (or PID) through modification of the design contract for implementation of the project. An effort has been made to avoid repeating the "Instructions to Offerors" found in Section L of the attached sample RFPs. Readers should give special attention to Section L and to the "Evaluation Factors for Award" set out in Section M.

Preparation of the Project Concept Paper:

The project concept paper (PID or equivalent) is prepared in conjunction with the Host Government and describes in general terms the project's purpose and goals, types of activities expected to be conducted, and general expectation of the project's costs. It is particularly important that the PID clearly establish development objectives so that DAP offerors are able to submit illustrative implementation performance standards in proposals. The PID will be attached to the RFP.

Preparation of the PIO/T:

A PIO/T is prepared for selection of the DAP contractor utilizing PD&S or other funds. The PIO/T will include the project concept paper, the statement of work for the design contract, performance standards for the design contract, evaluation criteria for selection of the contractor and a budget for the design contract. The statement of work (SOW) for the design contract should cover the period from the start of the design process to the final A.I.D. approval of the project design. Minimum performance standards should be identified for the design contract with the understanding that offerors may propose alternative performance standards in describing their technical approach in the proposal.

Preparation of the RFP:

General:

The PIO/T initiates the preparation of an RFP for the project design. The RFP should include the concept

paper or PID, an explanation of the DAP policies and concepts, the statement of work for the project design, performance standards for the design contract, the selection criteria and A.I.D.'s general estimate of the project's costs. Note that A.I.D. will reveal the estimated cost of the entire project to all prospective contractors so that offerors may anticipate the magnitude of the project when submitting proposals which will include principles of cost containment to be followed during implementation. The RFP should also describe the extent to which A.I.D. or Host Country personnel will contribute to the design. For example, if the design team will include full time participation of an A.I.D. economist who will write the economic analysis section of the PP, that participation should be stated in order to clarify the contractor's responsibility. In most instances, the contractor should be required to prepare the entire design document with close participation of the Host Government and Mission personnel and with incremental approvals of the design to ensure that the final document is acceptable. More specific requirements of the RFP are described below in suggestions for proposal evaluation criteria.

Evaluation Criteria:

As may be noted from reading the evaluation criteria in Section M of the attached sample RFPs, contractor selection will depend heavily on the offeror's proven institutional capability to manage the implementation of projects and to contain direct and indirect costs. The contractor will be required to propose individuals for the design effort, but it will be far more important to ensure that the contractor has the ability to identify, provide and maintain the appropriate selection of personnel throughout implementation of the project. Some key criteria follow:

Institutional Capability: The Mission must evaluate the offeror's capacity for managing the implementation of the project after acceptance of the design. The evaluation criteria must enable the Mission to judge the offeror's technical capability in the applicable field and management capability as evidenced by experience in implementing projects of comparable size and complexity. Large projects will often require use of subcontractors to provide technical

expertise, and subcontracting will also be used frequently to acquire the services of small and minority businesses. Evaluation criteria should be included to measure the offeror's capacity to compete, award and administer subcontracts. The proposal to be submitted will include a cost proposal for the design contract, but the Mission must be able to evaluate the offeror's capacity and commitment to limit the costs of implementation. Accordingly, evaluation criteria should prompt the offeror to discuss its ability to contain direct and indirect costs of itself and subcontractors, and implement activities within budgeted costs. The successful offeror will be expected to reflect these cost containment proposals in the proposed budget to be developed during design of the project. The offeror should also demonstrate a capacity to overcome problems in the implementation of projects. The evaluation criteria may require submission of case studies which describe the offeror's experience in overcoming obstacles and unforeseen events in completing projects for A.I.D. or others.

Technical Approach: In demonstrating its institutional capability, the offeror will have described previous experiences in designing projects. In responding to technical approach criteria, the offeror will propose the method of designing the project as part of the Mission/Host Government/Contractor team. The contractor may suggest procedures for serving as a facilitator or for allocating design responsibilities among team members. Teamwork will be critical for obtaining consensus among the parties and for obtaining Mission and Host Government approvals for incremental components of the design as well as the completed design package. The proposal should explain how the design effort will be segmented and time phased to ensure that components are approved in proper order. The offeror must accept the minimum performance standards for the design contract, but should also propose additional or alternative performance standards when appropriate. The evaluation criteria should also require submission of illustrative performance standards for the implementation contract. The actual performance standards will be developed by the

team during the design phase, but the offeror should demonstrate an understanding of the development objectives set out in the PID and show a capacity for establishing related performance standards by suggesting potential methods for measuring results.

Personnel: Evaluation criteria for personnel will include proposed staff for the contractor's design team and the qualifications and experience of home office staff who will be managing the implementation contract. Ideally, members of the contractor's design team will also be retained to implement the project, but different professional qualifications for design and implementation may suggest the need for change in some or all of the contractor's staff. As noted under institutional capabilities above, DAP will rely to a much greater extent on the contractor's capacity to recruit and maintain a highly qualified staff to achieve results expressed in performance standards. The contracting firm must ensure continuity of effort from design through implementation by timely recruitment of suitable professionals, by timely scheduling of field assignments, and by home office management of the overall design and implementation effort. The Mission may require identification of key implementation personnel and their qualifications in the design document as a precondition for approval of the design, but the personnel management capability of the firm will be more important to achievement of results.

Cost: DAP and DAD contracting options are unique in eliminating the distinction between a technical and a cost/business management proposal. The cost proposals will be considered and scored by the evaluation committee just as any other element. The proposal will only include the budget for the design portion, but it will be important for the evaluation committee to consider the offeror's commitment to contain costs. Accordingly, the offeror should provide information concerning labor rates, maximum salary increases, ceiling rates on overhead, and the method of calculating indirect cost charges.

Weight of Factors: The RFP should provide information concerning the weights assigned to

each of the evaluation criteria. The institutional capability of the firm and the technical approach will normally receive the greatest weight while the cost proposal will typically be given ten to twenty percent of the total points. The offeror should be advised that cost containment commitments included in the proposal must be incorporated into the design in order to obtain Mission and Host Government approvals and successful negotiation of the implementation modification to the design contract.

Evaluation of Proposals:

Project Development and Contracting Officers will have worked closely together to obtain the unique proposals required by the DAP process. The contracting officer must have a comprehensive understanding of the technical requirements for the project, and the Mission project development and technical staff members must be able to anticipate costs of the implementation contract based on the offeror's proposals for cost containment. Accordingly, A.I.D. will change the typical evaluation process to include the contracting officer as a voting member of the committee and to cause the committee to evaluate and score the cost component as well as the technical component. Host government representatives should be included on the evaluation committee whenever possible to ensure that they are engaged as full team members prior to initiation of the design effort. Selection, negotiation and award of the design contract will proceed in accordance with standard procedures.

Administration of the Design Contract:

The Project Development Officer will normally have primary responsibility for management of the design team including performance of the design contractor. The design contract must clearly establish what the contractor is expected to deliver and the timing of incremental approvals by the Mission and the Host Government. The Project Development Officer must ensure that Mission team members provide timely inputs and that approvals are provided as required. The final design document will include a statement of work and proposed budget for the implementation of the project through modification to the design contract.

The statement of work must include performance standards to be met by the contractor during implementation, and these performance standards must be tied to development objectives or performance indicators to ensure that the contractor will obtain planned and measurable results. The Mission may then elect to modify the contract in accordance with the acceptable statement of work. The Mission may choose to use any or all of the design for award of a contract to another firm, accepting the requirement that project implementation will be delayed for another round of competition. If the Mission modifies the contract for implementation of the project, the modification must be negotiated by the contracting officer utilizing the statement of work and proposed budget included in the design document. Caution: Satisfactory negotiation of the implementing contract (modification to the design contract) will depend on cost realism and the commitments of the contractor to cost containment set out in his initial, competitive proposal.

Signing and Obligating the Project Agreement:

In order to ensure an uninterrupted flow in the process from design to implementation, it will be necessary to fund and sign the project agreement immediately following completion of the design document. The contract modification to initiate project implementation will then be funded from the PROAG obligation.

Modifying the Design Contract for Implementation:

The modification to the Design Contract for implementation should be negotiated and signed with very little preparatory work since the statement of work, personnel requirements, budget and performance standards will have been determined during the design. The modification must be negotiated by the contracting officer utilizing the statement of work and proposed budget included in the design document. Caution: Satisfactory negotiation of the contract modification will depend on cost realism and the commitments of the contractor to cost containment set out in its initial, competitive proposal. The contract modification should confirm that implementation of the design will be in the form of completion rather than a level of effort in keeping with the emphasis on results through application of performance standards.

The contractor will be expected to propose changes in implementation to overcome obstacles encountered in completing the project and in attaining performance standards. (This capability to overcome impediments may have been included in the evaluation criteria for award of the design contract).

The modified contract must fill out any uncertainties in the original scope of work. For example, the contract modification must include a subcontracting plan if subcontracting is required for minority firm participation or other needs. The subcontracting plan will also be prepared during the design stage, and it should not be necessary to delay award pending completion of the plan.

The Mission should not move to modify the contract for implementation, however, if the modification would be outside the original scope of the contract. Nor should the contract modification be executed if any defects in the design product (See FAR Part 9.5), cannot be satisfactorily corrected in the contract modification. If the contract cannot be modified for implementation, it should be terminated for the convenience of the Government and other contracting methods should be considered to carry out the purpose of the project.

Administration of Modified Contract (Implementation).

The Mission and Host Government will monitor the contractor's efforts to obtain results and maintain flexibility in contract administration to assist the contractor in making course changes when necessary.

Audit Considerations:

Pre-award audits will be performed when necessary to ensure that the contractor has an adequate accounting system and is financially capable of undertaking implementation as well as design functions for the proposed project. DAP contracts will normally include provisional overhead rates which must be adjusted to actual and subjected to audits of indirect cost rates by the cognizant U.S. Government agency. Audits may also be performed at the discretion of the Mission under inspections and records provisions of the contract. DAP contractors must also ensure that subcontractors have adequate accounting systems, maintain records and are regularly audited. Missions must ensure that DAP contracts are subjected to required close out procedures and related audits.

UTILIZATION OF THE DAD CONTRACTING PROCESS

DAD contracting procedures follow the same general process as DAP except that the DAD contractor will normally provide continuing design services under a "core" contract and will implement technical assistance for discrete designs through delivery orders issued by the Mission under a companion "requirements" contract. As with the DAP guidance above, readers should give special attention to the "Instructions to Offerors" found in Section L of the attached sample RFP. The following guidance is limited to a description of procedures which vary from those shown above for DAP.

Concept Paper, PIO/T and RFP:

The concept paper, PIO/T and RFP will closely resemble those prepared under the DAP approach, and evaluation criteria will be much the same with similar emphasis on institutional capability, technical approach and cost containment. In most instances, the DAD contractor will work with the Mission and Host Government to produce a project paper leading to a PROAG as described above for DAP. The "core" design contract might then be needed to develop discrete activities to be undertaken with funds obligated through the PROAG. Delivery orders would be issued to the contractor to undertake these activities, much the same as through the comprehensive project. The concept paper which will be attached to the RFP must clearly establish how the DAD contracts will be utilized for design of individual activities. The RFP must also clearly establish the scope of work for the requirements contract. Performance standards should be included in the design contract and in delivery orders for project or program implementation.

Administration of DAD Contracts:

In most instances, the core contract will be initially funded with PD&S or other funds. Subsequent funding for the core contract and delivery orders under the requirements contract may be provided through the project or program agreement. The Project Development Officer will normally have primary responsibility for management of the design teams consisting of Mission, Host Government and Contract staff and must ensure that approvals of designs are provided incrementally as required by provisions of the contract. The Mission may decline to implement any or all designs and may terminate the design and implementation contracts, but the Mission may not simultaneously continue the requirements contract while recompeting designs produced through the core contract. The DAD requirements contract must be used for activities designed and approved under the core contract.

Assistance With DAD Contracting:

It is difficult to anticipate all potential variations in the use of DAD contracts, and it is important to ensure that requirements contracts not be used in violation of competition requirements. Missions are encouraged to seek assistance from AID/W at the concept paper stage when DAD contracting appears advisable.

ATTACHMENTS

The attached sample design and contract documents are an integral part of this guidance. Readers are encouraged to examine this entire package and to direct questions and suggestions to Terrence J. McMahon, Director, FA/OP, A.I.D., Dept. of State, Washington, D.C. 20520

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PART 2

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U.S. AGENCY FOR
INTERNATIONAL
DEVELOPMENT

Issuance Date: MAR 1 1992
Closing Date: APR 15 1992
Closing Time: 4 p.m.

Subject: Request for Proposals (RFP) No. USAID/Fiji, 92-01

Dear Sir/Madam:

The United States Agency for International Development in Fiji (USAID/Fiji) is seeking the assistance of a contractor to design and implement the Pacific Islands Marine Resources Project (PIMAR) utilizing a new approach known as "design and perform (DAP)." USAID/Fiji has developed a document which presents the conceptual framework for the project and provides the policy context for the initiative. A.I.D. seeks the creative involvement of the contractor community to further develop the project to the Project Paper stage, and if approved by the mission, the contract will be modified to implement the project.

Standard Form 33, the cover page of the solicitation, provides a Table of Contents. Offerors should note that the proposed contract will consist of Sections A through I. The representations and certifications shown in Section K will be incorporated in the contract by reference. The instructions for preparing proposals and evaluation factors for contractor selection are included in Sections L and M respectively. Attached to the solicitation is further guidance regarding DAP contracting.

Since DAP represents a new and innovative approach of A.I.D. regarding project design and implementation, this solicitation document also reflects a new and innovative approach to contractor selection. Particular attention should be paid to Sections L and M, and the attachment on DAP contracting. Sections B through I, which forms the basis for the design contract, also includes the language which will be incorporated in the implementation contract. Language shown in brackets, e.g [], is included for clarification or information purposes only and will be omitted in the actual contract. Offerors familiar with A.I.D. contracts may recognize that some, so-called "standard language" found in A.I.D. contracts has been customized to pertain to the DAP form of contracting. The proposed contract schedule (Sections A through H) intentionally omits contractual requirements or information that duplicates those found in Section I. Likewise, the

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instructions for preparation of proposals in Section L are simplified to require only the information A.I.D. deems necessary.

A preproposal conference will be held on March 20, 1992 in Room 1234 of New State, 321 21st Street, N.W., Washington, D.C., at 1 p.m. Representatives of the mission will be available to answer questions concerning the project or the DAP form of contracting. The questions and answers from the conference will be distributed to all those who requested the RFP. Offerors unable to attend the conference may submit questions in writing to the contracting officer in sufficient time to be addressed at the conference.

Please note that the designated office or government installation for receipt of proposals is NOT the mailroom or any other office or facility of the U.S. Department of State in Washington, D.C. If you are using the U.S. Postal Service to send your proposal, allow a minimum of two (2) weeks for delivery when using the following pouch address:

**Happy Bloke
Contracting Officer
USAID/Fiji
Department of State
Washington, D.C. 20521-4290**

The following address may be used for commercial courier services. Please note that there are no provisions for accepting proposals received after the date and time specified for receipt of proposals if the proposal is sent using commercial courier services.

**Happy Bloke
Contracting Officer
USAID/Fiji
31 Loftus Street
Suva, Fiji**

Issuance of this RFP does not in any way obligate the U.S. Government to award a contract, nor does it commit the U.S. Government to pay for costs incurred in the preparation and submission of a proposal. The U.S. Government reserves the right to award a contract resulting from this solicitation without discussion.

A.I.D. appreciates your interest in this project and looks forward to the timely receipt of your offer.

Sincerely,

A handwritten signature in black ink that reads "Happy Bloke". The signature is written in a cursive, flowing style.

Happy Bloke
Contracting Officer
USAID/Fiji

Attachment: RFP No. USAID/Fiji 92-01

SOLICITATION, OFFER AND AWARD

1. THIS CONTRACT IS A RATED ORDER UNDER DPAS (15 CFR 350) PAGE OF _____

2. CONTRACT NO. _____ 3. SOLICITATION NO. **RFP USAID/Fiji 92-01** 4. TYPE OF SOLICITATION SEALED BID (IFBI) NEGOTIATED (RFP) 5. DATE ISSUED **3/1/92** 6. REQUISITION/PURCHASE NO. _____

7. ISSUED BY **Contracting Officer USAID/Fiji Suva, Fiji** CODE _____ 8. ADDRESS OFFER TO (If other than Item 7) _____

NOTE: In sealed bid solicitations "offer" and "offeror" mean "bid" and "bidder".

SOLICITATION

9. Sealed offers in original and see sec. L copies for furnishing the supplies or services in the Schedule will be received at the place specified in Item 8, or if hand-carried, in the depository located in **USAID/Fiji, Suva** until **4:00 PM** local time **4/15/92** (Date)

CAUTION - LATE Submissions, Modifications, and Withdrawals: See Section L, Provision No. 52.214-7 or 52.215-10. All offers are subject to all terms and conditions contained in this solicitation.

10. FOR INFORMATION CALL: A. NAME **Happy Bloke** B. TELEPHONE NO. (Include area code) (NO COLLECT CALLS) **(679) 311399/313600 (Suva, Fiji)**

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OFFER (Must be fully completed by offeror)

NOTE: Item 12 does not apply if the solicitation includes the provisions at 52.214-16, Minimum Bid Acceptance Period.

12. In compliance with the above, the undersigned agrees, if this offer is accepted within _____ calendar days (60 calendar days unless a different period is inserted by the offeror) from the date for receipt of offers specified above, to furnish any or all items upon which prices are offered at the price set opposite each item, delivered at the designated point(s), within the time specified in the schedule.

13. DISCOUNT FOR PROMPT PAYMENT (See Section I, Clause No. 52-233-8) 10 CALENDAR DAYS 20 CALENDAR DAYS 30 CALENDAR DAYS CALENDAR DAYS

%	%	%	%
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14. ACKNOWLEDGMENT OF AMENDMENTS (The offeror acknowledges receipt of amendments to the SOLICITATION for offers and related documents numbered and dated)

AMENDMENT NO	DATE	AMENDMENT NO	DATE

15A. NAME AND ADDRESS OF OFFEROR CODE _____ FACILITY _____ 16. NAME AND TITLE OF PERSON AUTHORIZED TO SIGN OFFER (Type or print) _____

15B. TELEPHONE NO. (include area code) _____ 15C. CHECK IF REMITTANCE ADDRESS IS DIFFERENT FROM ABOVE - ENTER SUCH ADDRESS IN SCHEDULE 17. SIGNATURE _____ 18. OFFER DATE _____

AWARD (To be completed by Government)

19. ACCEPTED AS TO ITEMS NUMBERED _____ 20. AMOUNT _____ 21. ACCOUNTING AND APPROPRIATION _____

22. AUTHORITY FOR USING OTHER THAN FULL AND OPEN COMPETITION. 10 U.S.C. 2304(c)(1) 41 U.S.C. 263(c)(1) 23. SUBMIT INVOICES TO ADDRESS SHOWN IN _____ ITEM (4 copies unless otherwise specified)

24. ADMINISTERED BY (If other than Item 7) CODE _____ 25. PAYMENT WILL BE MADE BY _____ CODE _____

26. NAME OF CONTRACTING OFFICER (Type or print) _____ 27. UNITED STATES OF AMERICA (Signature of Contracting Officer) _____ 28. AWARD DATE _____

IMPORTANT - Award will be made on this Form, or on Standard Form 26, or by other authorized official written notice

SECTION A -- SOLICITATION/CONTRACT FORM

Standard Form 33 entitled Solicitation, Offer and Award, is the cover page to this solicitation.

SECTION B -- SUPPLIES OR SERVICES AND PRICES/COSTS

1. Services

The contractor shall design a project for the Pacific Islands Marine Resources Project in accordance with the guidelines specified in this contract. At A.I.D.'s discretion, the contractor may proceed with implementation of the project if the contract is modified to provide for such implementation.

2. Estimated Contract Cost and Fixed Fee

a. Project Design

The total estimated cost for the design of the project is \$_____. The fixed fee is \$_____. The total estimated cost plus fixed fee is \$_____.

(To be used if the contract is modified to provide for implementation.)

b. Project Implementation

The total estimated cost for the implementation of the project is \$_____. The fixed fee is \$_____. The total estimated cost plus fixed fee is \$_____.

The amount of funds currently obligated and available for payment of fee and reimbursement of allowable costs incurred by the contractor is \$_____. This amount is anticipated to be sufficient to fund the contractor's performance through _____. See FAR 52.232-22 entitled Limitation of Funds.

The total estimated cost plus fixed fee for the implementation of the project will be determined during the project design, but shall not exceed the total of \$12.5 million.

3. Budget

a. Project Design

The following itemized budget sets forth the fixed fee and estimates for reimbursement of dollar costs for individual line items for the project design. Within the total estimated cost, the contractor may adjust line item amounts as reasonably necessary for effective performance of this contract.

Itemized Budget

<u>Category</u>	Budget Amount
Salaries	
Fringe Benefits	
Overhead	
Consultants	
Travel/Transportation	
Allowances	
Subcontract(s)	
Other Direct Costs	
G&A	
TOTAL ESTIMATED COST	\$ _____
Fixed Fee	
TOTAL ESTIMATED COST PLUS FIXED FEE	\$ _____

[If A.I.D. determines that the contractor will implement the project, prior to initiation of the implementation phase, the budget for the implementation will be incorporated.]

b. Project Implementation

The following budget sets forth the fixed fee and estimates for functional activities performed during the implementation phase. Without the prior written approval of the contracting officer, the contractor may not exceed the total estimated cost or the obligated amount set forth in B.2 b. above. Without the prior written approval of the contracting officer, the contractor may not exceed the dollar cost for any individual line item of cost by more than 15% of such line item, except for: (1) indirect costs, which are governed by following subparts of Section B, and (2) the fixed fee, which is governed by a following subpart of Section B.

Functional Activity Budget

<u>Activity</u>	Dollars	Local Currency
Technical Assistance	\$	
Commodities		
Construction		
Participant Training		
Total Estimated Cost	\$	
Fixed Fee		
Total Estimated Cost Plus Fixed Fee	\$	

c. The contractor shall furnish data which the contracting officer may request on costs expended or accrued under this contract in support of the budget information provided herein.

4. Fixed Fee

At the time of each payment to the contractor on account of allowable dollar costs, the contractor shall be paid a dollar amount which is in the same ratio to the total fixed fee as the related payment being made on account of allowable dollar costs is to the total estimated costs, as amended from time to time. However, whenever in the opinion of the contracting officer, such payment would result in a percentage of fee in excess of the progress made toward achieving the performance standards, further payment of fee may be suspended until the contractor has made sufficient progress, in the opinion of the contracting officer, to justify further payment of fee up to the agreed ratio. After payment of seventy-five (75%) of the total fixed fee, the provisions of the clause of this contract entitled "Fixed Fee" (FAR 52.216-08) shall be followed.

5. Establishment of Indirect Costs Rates

Pursuant to the clause of this contract entitled "Allowable Cost and Payment" (FAR 52.216-07), and, if applicable, the clause of this contract entitled "Predetermined Indirect Cost Rates" (FAR 52.216-15), an indirect cost rate or rates shall be established for each of the contractor's accounting periods which apply to the contract. Pending establishment of revised provisional, final, or predetermined rates for each of the contractor's accounting periods which apply to this contract, provisional payments on account of allowable indirect costs shall be made on the basis of the following negotiated provisional or predetermined rate(s) applied to the base(s) which is (are) set forth below:

Type of Rate	Rate	Base	Period
Fringe Benefits			
Overhead			
G&A			

6. Advance Agreement on Ceiling Indirect Cost Rates and Final Reimbursement for Indirect Costs

Notwithstanding the above subpart, for each of the contractor's accounting periods during the term of this contract, as amended, the parties agree as follows:

a. The distribution base for establishment of final rates are:

Fringe Benefits _____

Overhead _____

G&A _____

A determination as to the adequacy and acceptability of the contractor's accounting system has preceded the awarding of this contract. To the extent that the allocation and allowability of costs affect the agreement negotiated in the contract, it is understood and agreed that the contractor shall make no change in this accounting system without the prior written approval of the contracting officer. Any agreement to modify or change, in any way, the contractor's current method of allocating costs in the overhead, G&A, or other burden center accounts will require negotiation.

b. Reimbursement for indirect costs shall be at negotiated final or predetermined rates, but not in excess of the following ceiling rates:

For Accounting Period Ending	Overhead Rate	G&A Rate	Fringe Benefits
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

The Government shall not be obligated to pay any additional amount on account of indirect costs above the ceiling rates established herein. Final indirect costs exceeding the rate(s) applied to the base(s) shown above shall be absorbed by the contractor and considered cost sharing.

c. The contractor shall include a similar provision for ceiling indirect cost rates in all cost-reimbursement type subcontracts.

[Offerors shall clearly show proposed ceiling indirect cost rates for the design and implementation phases in their proposal. If there are subcontractors included in the design phase, proposed indirect cost rate ceilings or limitations for subcontractors should be shown as well. See Section L. for more information

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concerning proposal preparation.]

7. Logistic Support to the Contractor

The mission and host country resources to support the contractor are extremely limited. Accordingly, the contractor shall provide or arrange for secretarial support, computers or word processors, calculators, vehicles and transportation. Photocopy services are available only for limited use at the mission.

SECTION C -- DESCRIPTION/SPECIFICATION/WORK STATEMENT

1. General Statement

Based on the general parameters provided in the PID and as further set forth below, the contractor shall prepare a Project Paper which will achieve the stated purpose. The Offeror will base the design on the PID although it should not restrict the innovative project design.

Using standard design guidance provided in A.I.D. Handbook 3 (as a guide), the Contractor shall prepare a complete project design which gives A.I.D. assurance that: (a) the project purpose can be achieved; (b) the accomplishments can be measured with confidence; (c) the budget level available will not be exceeded; and (d) implementation can begin immediately.

2. Collaborative Effort

The successful utilization of the DAP approach requires that the Contractor work very closely with A.I.D. and host country officials during the design stage. Indeed, the final document must reflect the collaborative efforts of all parties and present a realistic and implementable project. The document will be evaluated by A.I.D. based on the performance standards described herein. If approved, the Contractor may be asked to implement the Project, in which case a modification to the contract would be executed. NOTE: A.I.D. is under no obligation to modify the contract to provide for project implementation due to the contractor's poor performance, lack of available funds, or other reasons as A.I.D. deems appropriate.

It is essential that the contractor work in a collaborative manner with A.I.D., host-country and other relevant officials, to facilitate the successful approval of the project design and for its subsequent implementation. In this way, the Pacific Islands Marine Resources project may proceed from design to implementation in a timely, uninterrupted manner.

3. Background and Design Parameters

The PIMAR project fits clearly within the Regional Development Strategy Statement (RDSS) goal of increasing income opportunities for men and women. The RDSS further outlines a marine resources program which is a major part of A.I.D.'s regional strategy for pursuing that goal. The Project parameters are summarized below with an indication of the extent to which the Contractor is bound in subsequent design:

Funding level: \$12.5 million (upper limit; excludes cost of project design.)

Life of project (LOP): Five years (negotiable, but cannot exceed ten years).

Goal: to increase income-generating opportunities for men and women within the Pacific islands through means which enhance the conservation and management of natural resources (not negotiable).

Purpose: to develop, demonstrate and replicate innovative technologies and strategies which increase the benefits to Pacific Island communities from sustainable, small-scale private sector uses of marine resources (not negotiable in substance).

Problem to be addressed: The PID cites a lack of income-generating activities in the Pacific Islands as the principal problem to be addressed by the Project. This is characterized by a growing population without adequate employment opportunities in small, moribund economies. The PID further describes the rich marine resources in the Pacific Islands as their greatest asset, and one which has heretofore been under-utilized. As a consequence, their responsible exploitation is the most logical approach to address the problem and increase income-generating activities.

DEVELOPMENT OBJECTIVES:

The PID proposes five components to address the problem stated above and achieve the project purpose. They are defined generally in the PID and require further elaboration by the Offeror in terms of specific performance indicators. The proposed Development Objectives are as follows:

Papua New Guinea: increasing the sale of locally caught fish;

Tuvalu: establishing a sustainable deep bottomfish industry;

Tonga: establishing a small-scale tuna fishery;

Cook Islands: establishing a black pearl oyster culture

industry;

Tarawa: increasing yields from mariculture and over-exploited resources; provide information to Tarawa/Kiribati governments to strengthen natural resources management capacity.

In addition to the above nationally-based activities, the Project should:

- * develop a viable regional small-scale tuna fishery;
- * demonstrate a strategy for bottomfishing which ensures sustainability;
- * demonstrate a strategy for harvesting under-utilized nearshore resources which will be replicable through the region;
- * demonstrate a viable technology for black-lipped pearl oyster culture and small-scale industry; and
- * conduct the first systematic study of the relationship between human settlement and marine resources to demonstrate the fragility of the resources and the need for strong conservation and management;

The Contractor should approach the design by affirmation or modification of the proposed components. As these represent the best thinking of AID based on experience in the region, modifications to the proposed mix of activities should be fully justified. Likewise, affirmation of the components implies the Contractor's full endorsement of the approach.

The contractor shall consider the following design/implementation issues during design of the project:

- a. **SUSTAINABILITY:** Economic and environmental sustainability are essential to development of this project both to maximize the impact of the financial resources and preserve the marine resources for future generations. Project design must demonstrate sustainable results. Environmental sustainability must be addressed separately through a complete environmental examination (IEE) and environmental assessments (EAs), where appropriate.

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- b. **BALANCE:** The PIMAR project should deliver benefits to the South Pacific Region equitably and in response to targets of opportunity for marine resource management.
- c. **PARTICIPATION OF WOMEN:** Although fishing has historically centered on men, women are important in many aspects of the fishing sector including processing, subsistence fishing, etc. The design must ensure that benefits accrue to women and that they participate in a meaningful way.
- d. **LAND TENURE/SEA-USE RIGHTS:** Increased pressure on fishing grounds will confront undeveloped policy areas in the areas of sea-use rights and land tenure. The project design must address customary individual ownership rights and collective ownership rights and make provisions for their adequate treatment.
- e. **MEASURING RESULTS:** The Project design document should provide clear indicators of results and a reliable and realistic plan for measurement of those results.
- f. **IMPLEMENTATION PERFORMANCE STANDARDS:** In order to evaluate the DAP approach, it is necessary to have clear performance standards for the implementation phase. Project results and achievements will be measured separately, but the Contractor must include specific and measurable performance standards for implementation in the evaluation plan of the project. The performance standards should reflect the agreement of USAID/Fiji, and the host governments.

4. Design Performance Standards

Performance standards for the design comprise two major factors: (a) delivery of an acceptable project paper which represents a realistic and implementable activity in the context of the South Pacific regional program; and (b) the Contractor's demonstrated ability to operate effectively with A.I.D. and the host country. The Contractor is reminded that A.I.D. is under no obligation to award the implementation stage and that performance will be subject to careful scrutiny as further described below.

- a. Delivery of Project Paper - The Contractor will be responsible for preparing a Project Paper for the PIMAR

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project which contains the following major sections, as relevant:

PP Facesheet
Executive Summary
Project Description
Procurement Plan
Financial Plan
Implementation Plan (including detailed Year One
workplan)
Evaluation and Audit Plan
Results Monitoring Plan (on an annual basis)
Summary of Analyses
Revised Logical Framework
Analyses (as required for design)
 Economic Analysis
 Technical Analysis
 Administrative Analysis
 Environmental Analysis
 Social Soundness Analysis (includes WID)
 Financial Analysis
Contractable SOW for Implementation

The PID calls for a social soundness and economic analysis. The Contractor may wish to add others and should include a rationale in the proposal.

b. Contractor Effectiveness - A.I.D. will evaluate the overall effectiveness of the Contractor as an important component of the performance standards. Effectiveness is defined as the combination of contractor's ability to deliver a sound project document and the process of doing so. To this end, the Contractor (as represented by design team members and other staff) will be evaluated on his/her ability to:

- (1) collaborate with A.I.D. and host country officials in the design and planning for the activity to ensure that the product is a joint effort;
- (2) facilitate an appropriate climate in which the rigor of project analysis is maintained while interpersonal and cross-cultural skills are evident; and
- (3) provide appropriate and timely management support in the fielding of appropriately-skilled technicians, monitoring of progress, etc.

5. Specific Requirements of Project Paper

The following provides specific information which should be

included in the Project Paper. It is not necessary for these items to be separate sections of the Project Paper. For instance, the personnel requirements and qualifications may be included in the statement of work for the implementation phase.

a. **Contractable Scope of Work** - DAP requires that the Project Paper contain a Scope of Work which can be contracted if approved for implementation. This essentially becomes the Project Implementation Order/Technical (PIO/T) which would ordinarily be issued after PP approval. Owing to the nature of the DAP, considerably more detail will be required. This should include specific responsibilities and duties of personnel.

b. **Personnel Requirements** - The project paper must include anticipated personnel requirements and qualifications for all long-term technical assistance positions and short-term specialists who would be used during implementation. Candidates for the long-term positions and a representative sample of short-term specialists should be identified. Commitment statements from nominated candidates should be provided which state that the proposed candidates are available and interested if selected.

c. **Work Plan** - The specific responsibilities should be translated into a workplan which incorporates other components of the Project.

d. **Other Procurement** - It is likely that other procurement will be required in addition to the principal technical assistance contract (participant training, commodity procurement, construction, audits, etc.). It is desirable, though not essential to have detailed specifications and /or statements of work for the subcontracts.

The contractor shall ensure that at least 10% of the total project costs are subcontracted to Gray Amendment entities. See AIDAR 752.226-2 entitled Subcontracting With Disadvantaged Enterprises for definition of what constitutes Gray amendment entities and the requirement for not less than 10% subcontracting to such entities. The implementation plan shall include provision for the selection of such entities using competition whenever practicable. Selection of non-Gray Amendment entities for subcontractors shall be made using competitive procedures, thus, the implementation plan shall make suitable provision for their timely selection.

e. **Implementation Performance Standards** - The contractor shall collaboratively develop performance standards which may be used as an objective, measurable means for verifying attainment of project objectives. While the performance standards will serve as the ultimate measure of the project's success, the project design must be flexible to allow for the contractor, in consultation with other parties, to revise the inputs as necessary to ensure that the performance standards are met.

[Offerors should submit illustrative implementation performance standards in their proposals. See subpart 2.d. of Section M, Evaluation Factors for Award.]

6. Special Provisions

The following special provisions are applicable to the project design and subsequent implementation.

- a. Long-term contractor personnel must be fluent (FSI rated S-3, R-3) in Polynesian i.e. able to conduct business at a luau.
- b. Access to classified information is not required.
- c. Duty posts and duration of technical specialists services at posts - The Contractor will be required to travel throughout the South Pacific. Short and long-term technicians will reside in capital cities of the islands where project activities are implemented.
- d. Dependents will be allowed to accompany long-term technical specialists.
- e. Geographic code applicable to this procurement: Code 941
- f. Cooperating country acceptance of this project is in process.
- g. Clearance for procurement of ADP equipment, software, and services: will be obtained depending on final design
- h. Participant training: may be funded at levels to be determined during the design.

Timing and Scheduling

This is an illustrative schedule of the DAP Model beginning with PID approval:

PID Approval	Month 0
DAP Award	Month 5
PP Approval	Month 11
ProAg Signed	Month 12
Implementation Award	Month 12
Implementation Begins	Month 13

7. Relationships and Responsibilities

The design team will work closely with Mission staff at all stages of design and implementation. The team works under the supervision of the Mission Fisheries Advisors, and in coordination with AID/W's R&D fisheries expert.

8. Technical Directions

Performance of the work hereunder shall be subject to the technical directions of the cognizant Fisheries Specialist, or his designee, in the Office of Agriculture and Rural Development in the mission. Since this is a design and perform contract, which intends to achieve the performance standards set forth in Section C. using collaborative interaction among the concerned parties, the Technical Directions are not intended to be issued in a unilateral, imperative manner. Agreement should be sought among the parties whenever possible. 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 the 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 (as described in the clause of this contract entitled "Changes -- Cost Reimbursement, Alternate II") (FAR 52-243-2), which may only be accomplished by the contracting officer. The contractor shall comply with the changes of this contract entitled "Notification of Changes" (FAR 52.243-070).

9. Advance Agreements

Advance Agreements are intended to reduce the need for frequent approvals of administrative requirements, such as consultant travel, equipment purchases, salary increases, consent to subcontract, etc. To the extent possible, the contractor shall identify administrative areas, cost issues, or other issues that may arise during implementation, and seek Advance Agreements concerning their resolution among the other concerned parties.

Such Advance Agreements will be incorporated into the contract by the modification which authorizes the project implementation.

10. Interim Performance Indicators

It is of the utmost importance that the project design proceed in accordance with the needs and wishes of the host governments and USAID. Accordingly, the contractor shall submit drafts of the deliverables specified in Section F. 4 immediately upon their completion. See Section F. 4 for list of interim performance indicators.

SECTION D -- PACKAGING AND MARKING

1. Project Paper

The project paper shall be in accordance with A.I.D. Handbook 3.

2. Reports

Reports shall be prepared in accordance with AIDAR 752.7026, Reports (October 1989).

3. Commodities

Any commodities purchased and shipped by the contractor hereunder shall be marked in accordance with AIDAR 752.7009, Marking.

SECTION E -- INSPECTION AND ACCEPTANCE

1. Responsible Official

In accordance with 52.246-5, Inspection of Supplies - Cost Reimbursement" and Inspection of Services - Cost-Reimbursement, inspection and acceptance of all services, reports and other deliverables required hereunder shall be made by the cognizant A.I.D. Project Officer (see section G of this contract). Acceptance of services, reports and other deliverables by the cognizant A.I.D. project officer shall form the basis for payments to the contractor.

2. Place of Inspection and Acceptance

A.I.D. inspection and testing of services, reports, and other deliverables required hereunder shall take place in USAID, or any other location where the services are provided/performed and reports and other deliverables are produced or submitted/delivered. Acceptance of services, reports and other deliverables required hereunder shall take place in the USAID or any other location where the services are provided/performed and reports and other deliverables are produced or submitted/delivered.

SECTION F -- DELIVERABLES OR PERFORMANCE

1. Period of Contract.

The effective date of this contract is _____ and the estimated completion date is _____ thereafter for project design only or 6 years thereafter if contract is modified for project implementation.

2. Project Paper

The contractor shall deliver the project paper as described in Section C. to the USAID/Fiji project officer. Note the interim deliverables below regarding the preparation of the project paper.

3. Performance Standards

Section C contains the minimum performance standards that the contractor is expected to meet during performance of this contract.

[Offerors must address their acceptance of these performance standards or propose acceptable alternatives. See Sections L and M for further information.]

4. Interim Performance Indicators

The following deliverables are intended to monitor the contractor's interim performance to determine whether the contractor is proceeding successfully to achieve the performance standards. USAID and host government comments regarding the deliverables shall be provided so that the contractor has the opportunity to initiate changes or revisions as necessary. If necessary, discussions may also be held to ensure understanding of the need for changes or revisions.

The following deliverables shall be submitted to the project officer (or as indicated) immediately upon their completion.

- a. Project logical framework
- b. Statement of Problem
- c. Project Description -- goal, purpose, relationship with A.I.D. program and other donor programs.
- d. Project Analyses -- technical, economic, social and administrative.
- e. Initial Environmental Examination
- f. Contractable Statement of Work (submit to contracting officer)
- g. Budget and worksheets (submit to contracting officer)

5. Stop Work Order

The following clause is incorporated by reference:

52.212-13 (Aug 1989) (Alt.I) (Aug 1989) Stop Work Order

6. Key Personnel

a. Project Design

The following personnel positions are considered key and essential to the performance of the project design.

Position Title

Economist
Design specialist

The key personnel positions identified above are considered to be essential to the work being performed hereunder. Unless otherwise agreed to by A.I.D., the contractor shall be responsible for providing the personnel included in the contractor's proposal (as revised) dated _____. See the above section on Performance Standards regarding the standard used to measure the contractor's ability to retain personnel deemed necessary for performance of the work. The listing of key positions may, with the consent of the contracting parties, be amended from time to time during the course of this contract to either add or delete positions, as appropriate.

(To be used if the contract is modified to provide for implementation)

b. Project Implementation

The following positions are considered key and essential to the performance of the project implementation.

The contractor shall be responsible for maintaining key personnel continuity adequate to attain performance standards. Project officer approval shall be obtained regarding any proposed substitutions for key personnel.

7. Illustrative Level of Effort

The contractor is required to achieve the performance standards set forth above using whatever mix of personnel and resources it deems necessary. The following level of effort reflects the contractor's proposal and revisions, if any, and serves as the

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basis for the budget shown in Section B. Nevertheless, it is considered illustrative, and the contractor may modify it, subject to the approval of the Project Officer, during the course of performance, in order to ensure that the performance standards are met. This does not waive any cost ceilings or limitations which are applicable to this contract.

Illustrative Level of Effort

Position	No. of Person Months
Economist	2.0
Design Specialist	2.5
Home Office	1
Short-term technical advisors	4
Total Estimated Level of Effort	9.5

[Note to offerors: The positions and number of person months shown above are based on the analysis done for the PID. The offeror may propose alternative positions and person months which the offeror deems appropriate for the design stage of the Project. The level of effort and person months shown in the contract will be based on the offeror's proposal. The following describes the suggested positions for the design stage:

Project Design Specialist - to provide overall design guidance and to prepare the design document

Economist - to provide design guidance concerning the economic analysis

Technical Specialists - (a) mariculturist with experience in pearl oyster cultivation, with particular skills in marine pathology; (b) small boat fishing specialist to advise on design, construction and fishing methods; (c) marine research specialist; (d) production and marketing specialist in small-scale fisheries.]

{This subpart will be revised as necessary for the project implementation phase.}

8. Rights in Data

A.I.D. retains the rights to all documentation, deliverables, notes, computer diskettes or records, etc. containing information gathered or work produced under this contract. Upon notification from the A.I.D. project officer, the contractor shall submit all working papers, drafts, notes, etc. in support of the deliverables and agrees to relinquish all rights to data produced hereunder. [Offerors shall include a statement regarding this agreement in their proposal.]

SECTION G -- CONTRACT ADMINISTRATION DATA

1. Cognizant A.I.D. Project Officer

The cognizant A.I.D. project officer is Red Snapper, Office of Agriculture and Rural Development, Department of State, USAID/Fiji, 20523-4290, or his successor or designee.

2. Cognizant Contracting officer

The cognizant A.I.D. contracting officer is Happy Bloke, Office of Contracts, USAID/Fiji, Department of State, Washington, D.C. 20523-4290.

3. Payment Office

The payment office, and the office to which requests for payment should be sent is Office of the Controller, Department of State, USAID/Fiji, Washington, D.C. 20523-4290.

4. Accounting and Appropriation Data

Funds currently obligated to this contract are chargeable as follows:

PIO/T:

Appropriation:

Allotment:

BPC:

Amount Obligated:

5. Payment will be made to the contractor either by electronic fund transfer or by check mailed to the address shown on the cover page of this contract, unless otherwise indicated below:

SECTION H -- SPECIAL CONTRACT REQUIREMENTS

[For the implementation phase of this contract, many of the subparts which follow may be modified, as desired; or superceded by written Advance Agreements to minimize excessive or redundant administrative approvals or actions. See Section C. also regarding Advance Agreements.]

1. Special provision regarding the Clauses entitled "International Travel Approval and Notification Requirements" (AIDAR 752.7032) and "Personnel" (AIDAR 752.7027, Alternate 71)

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In accordance with each of the above clauses, whereunder the contractor must obtain the contracting officer's prior written approval for all international travel under this contract, the contracting officer does, hereby, provide such approval; provided that concurrence for such travel is obtained by the contractor, in writing, from the A.I.D. project officer prior to their assignment abroad. Such approval must be within the terms of the contract, is subject to availability of funds, and should not be construed as authorization to increase the total estimated cost or obligated funds. A copy of each approval issued pursuant to this paragraph shall be retained by the contractor for audit purposes.

2. Medical Evacuation Insurance

The contractor shall obtain emergency evacuation insurance for all of its expatriate personnel (and authorized dependents) assigned to work in the Pacific Islands. This insurance is available from various vendors, so, unlike the requirement pertaining to Defense Base Act insurance, the contractor may obtain it from the vendor of its choice.

3. Personnel Compensation

a. Initial salaries

The reimbursement level for the initial starting salaries of all professional, technical and managerial/administrative employees whose salaries/rates are charged as a direct cost to this contract must be approved, in advance and in writing, by the contracting officer. Subsequent salary increases shall be in accordance with the following.

b. Annual Salary Increases

With respect to employees performing work under this contract, the maximum amount paid under this contract is one annual salary increase of not more than 5% of the employee's base salary after the employee's completion of each twelve month period of satisfactory services under the contract. Annual salary increases of any kind exceeding this 5% limitation or exceeding the maximum salary of FS-1 may be granted only with the advance, written approval of the contracting officer.

c. Consultants

No compensation for consultants will be reimbursed unless their use under the contract has the advance written approval of the A.I.D. cognizant project officer, and if such provision has been made or approval given, compensation shall not exceed, without specific approval of the rate by the contracting officer, the current compensation or the highest rate of annual compensation

received by the consultant during any full year of the immediately preceding three years, and 2) the maximum daily salary rate of FS-1, whichever is less.

d. Third Country and cooperating country nationals

No compensation for third country or cooperating country nationals will be reimbursed unless their use under the contract has the prior written approval of the cognizant project officer, or unless such individuals were included in the contractor's proposal, which formed the basis for contract award. Salaries and wages paid to such persons may not, without specific written approval of the contracting officer, exceed the level of salaries paid to equivalent personnel by the USAID Mission in the cooperating country. In no event shall such compensation exceed the FS-1 rate, unless approved in advance by the contracting officer.

e. Compensation During Travel

Compensation paid to personnel while in travel status will not be reimbursed for a travel period greater than the time required for travel by the most direct and expeditious air route, unless otherwise approved by the contracting officer.

f. Return of Overseas personnel

Compensation paid to personnel serving overseas who are discharged by the contractor for misconduct, inexcusable performance or security reasons will in no event be reimbursed for a period which extends beyond the time required to return him/her promptly to his/her point of origin by the most direct and expeditious air route, unless otherwise approved by the contracting officer.

g. Work Week

1. Non-overseas personnel

The work week for the contractor's non-overseas employees shall not be less than the established policy of the contractor.

2. Overseas personnel

The work week for the contractor's overseas employees shall not be less than 40 hours and shall be scheduled to coincide with the work week for those employees of the A.I.D. mission and the cooperating country associated with the work of this contract.

3. Authorized Geographic code

With respect to the clause of this contract entitled "Source and Nationality", the authorized geographic code is 935.

SECTION I-- CONTRACT CLAUSES

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SECTION J -- LIST OF DOCUMENTS, EXHIBITS, AND OTHER ATTACHMENTS

1. Project Concept Paper (Project Identification Document)
2. Guidance Paper for Use of Design and Performance Contracts (DAP) and Design and Deliver (DAD)
3. Contract Pricing Proposal Cover Sheet (SF 1411)

The offeror, and its subcontractors shall use this form for submission of the cost proposal. Upon award of the contract resulting from this solicitation, this exhibit will be attached and made a part of the contract.

4. Summary Subcontract Report

Standard Form 295, entitled "Summary Subcontract Report", is incorporated by reference and made a part of the contract upon award.

5. Small Business and Small Disadvantaged Business Subcontracting Plan

FAR 52.219-9 requires the submission of subcontracting plans for certain offerors. The offeror shall submit a subcontracting plan that conforms to the requirements of the clause. Upon contract award, the subcontracting plan will be incorporated and made a part of this contract. A sample small and disadvantaged business subcontracting plan is provided as a guide to offerors to assist them to prepare their plan. It should not be used by the offeror for the actual submission of the plans, nor should it be construed as superseding the requirements of 52.219-9.

6. Contractor Employee Biographical Data Sheet

Form 1420-17 shall be used as prescribed by AIDAR 752.7001. The offeror shall duplicate this form as needed. See Section L for additional information.

7. Certificate of Current Cost or Pricing Data

The certificate must be completed by the offeror and its subcontractors.

8. Solicitation Mailing List

Attached is a copy of the mailing list for this solicitation, as of the date it was sent for printing. To the extent such information was provided, it includes a designation as to the claimed status of the organization which requested this

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solicitation. This list is provided as assistance to potential offerors in identifying interested parties with which a potential offeror may wish to collaborate. Inclusion or omission from this list is in no way intended as an endorsement or recommendation, or lack thereof, of the organization's capability of carrying out the project, nor should the status designation be construed as A.I.D.'s verification of the claimed status of any organization. The RFP may be mailed to others who requested it after the initial list was prepared. This RFP will not be amended for the sole purpose of identifying other interested parties whose request for this RFP was received after the date it was sent for printing.

SECTION L -- INSTRUCTIONS, CONDITIONS AND NOTICES TO OFFERORS

1. Introduction

The DAP form of contracting is unique in that the contractor that designs the project, may implement the project, if A.I.D. so chooses. Accordingly, it is essential that the contractor selected possess the capability to both design and successfully implement a project, being responsible for a broad range of activities. The contractor selection criteria set forth in Section M of this solicitation was specifically written with the intention of obtaining information that A.I.D. considers relevant to design and implementation performance.

The DAP form of contracting is also unique in that it requires a collaborative approach among the various parties involved in design and implementation of a project, which includes host-country officials, A.I.D. project development and technical officers, and A.I.D. procurement officials. In keeping with that approach, it should be noted that there is no distinction made between a technical and a cost/business management proposal. The contractor selection criteria incorporates cost considerations that traditionally have been separated from technical aspects. The contractor selection committee will be comprised of representatives from the host-government, A.I.D. technical offices and procurement personnel. Therefore, offerors should NOT separate the technical and cost proposals.

2. Preparation of Proposal

With these distinctions in mind, the offeror shall submit a proposal directly responsive to the terms of this solicitation, carefully noting the selection criteria in Section M. To assist the selection committee's evaluation, the proposal should be divided into sections corresponding to, and following the order of, the primary selection criteria set forth in Section M. This requirement is not intended to prohibit or discourage offerors from submitting information in addition to the primary selection criteria. The relative order of importance of the selection criteria is indicated by approximate weighting, so that offerors will know which areas require emphasis in the preparation of proposals.

a. General Guidance

The following guidance is tailored to the selection criteria and is intended to provide additional information which the offeror may find useful when preparing its proposal. Please note that these are guidelines only. They do not address all of the subcriteria of the selection criteria. The contractor selection committee will refer only to the criteria in Section M to score

proposals.

1. Institutional Capability

As stated previously, A.I.D. intends for the contractor responsible for the design to also implement the project. Accordingly, A.I.D. seeks a contractor who is familiar with designing and implementing development projects. The desired contractor would also have technical capability in this particular area, i.e., marine resources. It is not required that the organization itself possess this capability, if the offeror can demonstrate linkages with those that have this technical expertise and/or the capability to obtain such services. Since the project will require the provision of long and short-term technical assistance, participant training, and commodity procurement, it is essential that the contractor have the capability to manage a variety of activities. To the extent that the contractor will subcontract, it is imperative that the contractor can show an ability to meet the subcontracting requirements of the contract that pertain to competition, and contracting with small and disadvantaged businesses. The offeror should demonstrate its ability and previous performance with respect to managing one or more subcontractors, which includes the ability to contain costs (direct and indirect). Note that a case study is required (see Section M.1.b).

2. Technical Approach

A.I.D. is seeking a contractor that wishes to collaboratively undertake the design and implementation of the project. This may mean that at times, the contractor will take a lead role in facilitating the participation of the various parties in the process. Offerors should include in their response the steps that will be taken to guarantee a cohesive team effort characterized by good communication and coordination among members, and between them and the Host Governments and the USAID/Mission.

Offerors need to demonstrate how they expect to effectively bring their disciplines, functional skills, and experiences to bear on the project. They need to make clear what inputs will come from their own staffs and which will come from subcontractors and consultants. Offerors will also need to articulate their plans for coordinating, managing and integrating technical inputs.

The contract awarded under this solicitation will differ from others in that there will be specific performance standards that the contractor will be held accountable for attaining. In keeping with the collaborative approach, however, the performance standards will not be mandated by A.I.D. The performance standards for the project design set forth in Section C reflect A.I.D.'s concept regarding the minimum performance standards.

Offerors may propose other performance standards for the design.

Offerors shall discuss the Pacific Islands Marine Resources Project and make explicit their general strategy/plan and their specific tactics/approaches for the full and timely achievement of performance standards, including their assumptions regarding implementation.

3. Personnel

Sufficient information should be submitted in support of the proposed personnel for the design team to determine qualifications and experience. The skill and expertise of the home office staff is also considered to be critical to the success of the project. Since both the design and implementation portions will heavily depend on the management capability of the home office staff, information regarding their capabilities, experience, and qualifications should be provided.

The DAP form of contracting recognizes that at the time of contractor selection, specific individuals for the implementation component will not yet be identified. Nevertheless, the general professional disciplines needed to implement the project are known at this time and can be identified by offerors. A.I.D. evaluates the offeror's ability to recruit and retain personnel appropriate to the project in the Institutional Capability section of the Evaluation Factors in Section M. (The actual nominations and approval of personnel for the implementation portion will take place during project approval.)

4. Cost

The collaborative form of contracting requires an integrated approach of A.I.D.'s project and contract managers with respect to contract administration. A comprehensive evaluation of an offeror's proposal requires that A.I.D. project development and technical officers acknowledge cost implications of certain approaches, and that contract officers understand the technical aspects of performance. The proposal will include the budget only for the design portion. To assist A.I.D. to anticipate costs for the implementation portion, proposed rationale for fee, maximum salary increases, and ceiling overhead rates for the offeror and subcontractors are requested. It is acknowledged that this information may not be available for subcontractors not yet identified, nevertheless, maximum limitations and assumptions may be determined at the outset. A.I.D. is seeking creative and original ways of ensuring that actual costs were anticipated and accurately estimated at contract formation.

The offeror should prepare a budget in support of its proposal in sufficient detail to permit the committee's determination of cost realism and reasonableness for the project design. If

subcontracting is proposed for the design portion, detailed information for subcontractor's costs should also be provided.

Details regarding items of direct cost (salaries, overseas allowances, equipment (if any), communications, insurance, travel, etc.) should be included.

b. Specific Requirements

1. The proposal should have supporting, verifiable objective evidence of the experience described, e.g., listing of client organization/previous employers for whom similar or relevant services were provided. Relevant documents and reports representative of past work related to this contract should be submitted.

2. The offeror shall submit fully completed Contractor Employee Biographical Data Sheets (AID Form 1420-17) for each individual proposed to provide services directly under this contract. Sample copy attached to the solicitation. The form must be signed by the individual and the offeror (or subcontractor) and include a salary history with exact amounts earned annually. Consultancies should be shown separately. If the offeror is unable to specify actual individuals, the position title and the maximum salary which would be paid for that position should be shown in the proposal.

3. The offeror, and each proposed subcontractor, shall include a letter or other documentation from the offeror's cognizant Government Audit Agency, if any, stating the offeror's most recent final indirect cost rates, the current provisional rates accepted by the cognizant Government Audit Agency for proposal/billing purposes, the base to which such rates are applied, and the offeror's fiscal years. The offeror shall also provide the name and address of the cognizant Government Audit Agency, and the name and telephone number of the cognizant auditor, and the types of government contracts for which the offeror's accounting system has been approved.

If the offeror or proposed subcontractor does not have a cognizant Government Audit Agency, the offeror shall provide audited balance sheets and profit and loss statements for the last two complete years and unaudited statements for the current year to date. The profit and loss statements shall include the total cost of goods and services sold, including a listing of the various indirect administrative costs, and be supplemented by information on the offeror's customary overhead allocation method, together with supporting computations of the basis for the indirect cost rates proposed.

4. The offeror should submit a copy of their written personnel policies regarding salaries, merit promotion plan by labor

category, fringe benefits, leave, etc.

5. The offeror should submit detailed itineraries for all proposed travel, including name of traveler, type of travel, number of trips estimated, and number of per diem days per trip:

6. The offeror shall propose annual ceiling salary increases for itself and each subcontractor, which may then be included in Section H of the contract, or incorporated as an Advance Agreement for both the project design and the implementation. (In no event, shall such increase(s) cause the rate of compensation for any individual to exceed the established FS-1 rate, unless contracting officer approval is obtained.

7. The offeror shall propose ceiling indirect cost rates for itself and any subcontractors, for both the design and implementation portion. See Section B.

8. The offeror shall submit sufficient evidence of responsibility for the contracting officer to make a determination of responsibility pursuant to FAR 9.104-1.

9. The offeror shall indicate its acceptance of A.I.D. retaining all rights to work produced under this contract. See the subpart in Section F. pertaining to Rights in Data for more information.

10. The offeror (and any subcontractors) shall include a fully completed S.F. 1411 entitled "Contract Pricing Proposal Cover Sheet" (see Section J).

3. General Information

a. A.I.D. intends to award one, completion type, cost-plus-fixed fee contract under this solicitation. If award is made to a non-profit organization the contract will be a completion, cost-reimbursement type.

b. Offerors must propose for the entire requirement; proposals for the design or implementation portion only, or any other subsets of the requirement, will not be considered responsive to the solicitation.

c. Six copies of the proposal, written in English, must be submitted, marked on the outside with the following: "RFP USAID/Fiji, 92-01." The proposal should be on 8.5" x 11" size paper, single-spaced, with each page numbered consecutively. There is no distinction made between technical and business management proposals. Do not separate them.

4. Requirement for Past Performance References

The offeror is required to submit, as part of its proposal, the

following additional information with respect to all contracts, grants or cooperative agreements involving the provision of similar or related services over the past three years to A.I.D. and to other organizations (both commercial and Governmental). Failure to provide complete information regarding previous similar/related contracts, grants, or cooperative agreements may result in eventual disqualification. The information supplied must include the name and address of the organization for which services were performed; the current telephone number of a responsible technical representative of that organization; the number, if any, of each contract, grant or cooperative agreement; and a brief description of the services provided, including the period during which the services were provided. A.I.D. may use this information to contact technical representatives on prior contracts, grants or cooperative agreements to obtain information on performance. The contracting officer will consider such performance data along with other factors specified herein in determining whether the offeror is to be considered responsible as defined in FAR 9.101.

5. Solicitation Provisions

(The standard FAR solicitation provisions will be shown here.)

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SECTION M -- EVALUATION FACTORS FOR AWARD

The offeror's proposals will be evaluated in accordance with the following evaluation criteria:

1. Institutional Capability 30%
The offeror demonstrates the following:

- a. Previous experience in designing overseas projects.
- b. Previous experience in implementing overseas projects. Include a case study describing offeror's experience overcoming a specific implementation problem. Case study should address the role of the home office in resolving the problem.
- c. Technical capability in marine resources relevant to the Project
- d. Management capability. Includes offeror's:
 1. ability to recruit and retain personnel in varied fields,
 2. capability to manage subcontracting, which includes competing and administering subcontracts for technical assistance, commodities, participant training and construction,
 3. ability to manage and contain direct/indirect costs (including subcontractor's), and
 4. success implementing projects within budgeted costs.

2. Technical Approach 30%

- a. The offeror demonstrates an understanding of the project concept and its objectives.
- b. The offeror proposes an approach to the design which reflects the concept of the DAP form of contracting, is innovative, and technically feasible.
- c. The offeror demonstrates an understanding of the collaborative style of contract performance. Approach should show how offeror will serve as facilitator to involve mission and host-government in design and implementation. Offeror should discuss strategies for obtaining consensus among parties and for obtaining mission and host government approvals for incremental components of the design, as well as the completed project design.
- d. The offeror accepts the performance standards for the design contract (see Section F), or proposes acceptable alternative(s). The offeror proposes illustrative performance standards tied to

the development objectives for the implementation contract.

3. Personnel

20%

The proposed personnel for the project design team appears to reflect the requisite skills and experience needed to prepare a successful project design under the DAP form of contracting. The home office staff includes individuals experienced and capable of managing subcontracts, recruiting personnel, and providing other necessary support for the design and implementation portions of the contract.

4. Cost

20%

a. The offeror's budget clearly sets forth the cost inputs necessary to design the project. The budget is adequately supported by notes, assumptions, and schedules to determine the reasonableness of cost and cost realism.

b. The proposed fees, limits on salary increases, ceiling overhead rates, and any other limitations pertaining to the budget of the implementation portion, reflect the offeror's considerations related to cost management and containment.

c. Overall value of the proposed cost related to the technical aspects of performance.

4/1

PDCBNYID (TH 3:43)

AGENCY FOR INTERNATIONAL DEVELOPMENT PROJECT IDENTIFICATION DOCUMENT FACESHEET (PID)				1. TRANSACTION CODE A = Add C = Change R = Revoke A		DOCUMENT CODE 1																			
2. COUNTRY/ENTITY South Pacific Regional Development Office				3. PROJECT NUMBER [879-0020]																					
4. BUREAU/OFFICE Regional Development Office/South Pacific A. Symbol: [04]				5. PROJECT TITLE (maximum 60 characters) [Pacific Islands Marine Resources]																					
6. ESTIMATED FY OF AUTHORIZATION/OBLIGATION/COMPLETION A. Init FY [819] B. End FY [913] C. FISC [914]				7. ESTIMATED COSTS (\$000 OR EQUIVALENT, \$1 =) <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <th colspan="2">FUNDING SOURCE</th> <th>EST OF PROJECT</th> </tr> <tr> <td>A. AID</td> <td></td> <td>12,500</td> </tr> <tr> <td>B. Other</td> <td></td> <td></td> </tr> <tr> <td>C. Host Country</td> <td></td> <td>4,500</td> </tr> <tr> <td>D. Other Donor(s)</td> <td></td> <td></td> </tr> <tr> <td colspan="2">TOTAL</td> <td>17,000</td> </tr> </table>				FUNDING SOURCE		EST OF PROJECT	A. AID		12,500	B. Other			C. Host Country		4,500	D. Other Donor(s)			TOTAL		17,000
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D. Other Donor(s)																									
TOTAL		17,000																							
8. PROPOSED BUDGET AID FUNDS (\$000)																									
A. APPRO- PRIATION	B. PRIMARY PURPOSE CODE	C. PRIMARY TECH CODE		D. EST FY 89		E. LIFE OF PROJECT																			
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(1) ARDN	252	077		1,000		12,500																			
(2)																									
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(4)																									
TOTALS				1,000																					
9. SECONDARY TECHNICAL CODES (maximum 6 codes of 3 positions each) 099 059 097 241						10. SECONDARY PURPOSE CODE																			
11. SPECIAL CONCERNS CODES (maximum 7 codes of 4 positions each) A. Code: BR DV TECH PVOU R/AG B. Amount: 811 808 808 251 808																									
12. PROJECT PURPOSE (maximum 600 characters) <div style="border: 1px solid black; padding: 10px; margin: 5px 0;"> To develop, demonstrate and replicate innovative technologies and strategies which increase the benefits to Pacific Island communities from sustainable, small-scale private sector uses of marine resources. </div>																									

RESOURCES REQUIRED FOR PROJECT DEVELOPMENT

Staff: Various technical consultants as set out in Section G, and S&T/AGR Senior Fisheries Advisor TDY for approximately six weeks.

Fund: \$287,000 (PD&S)

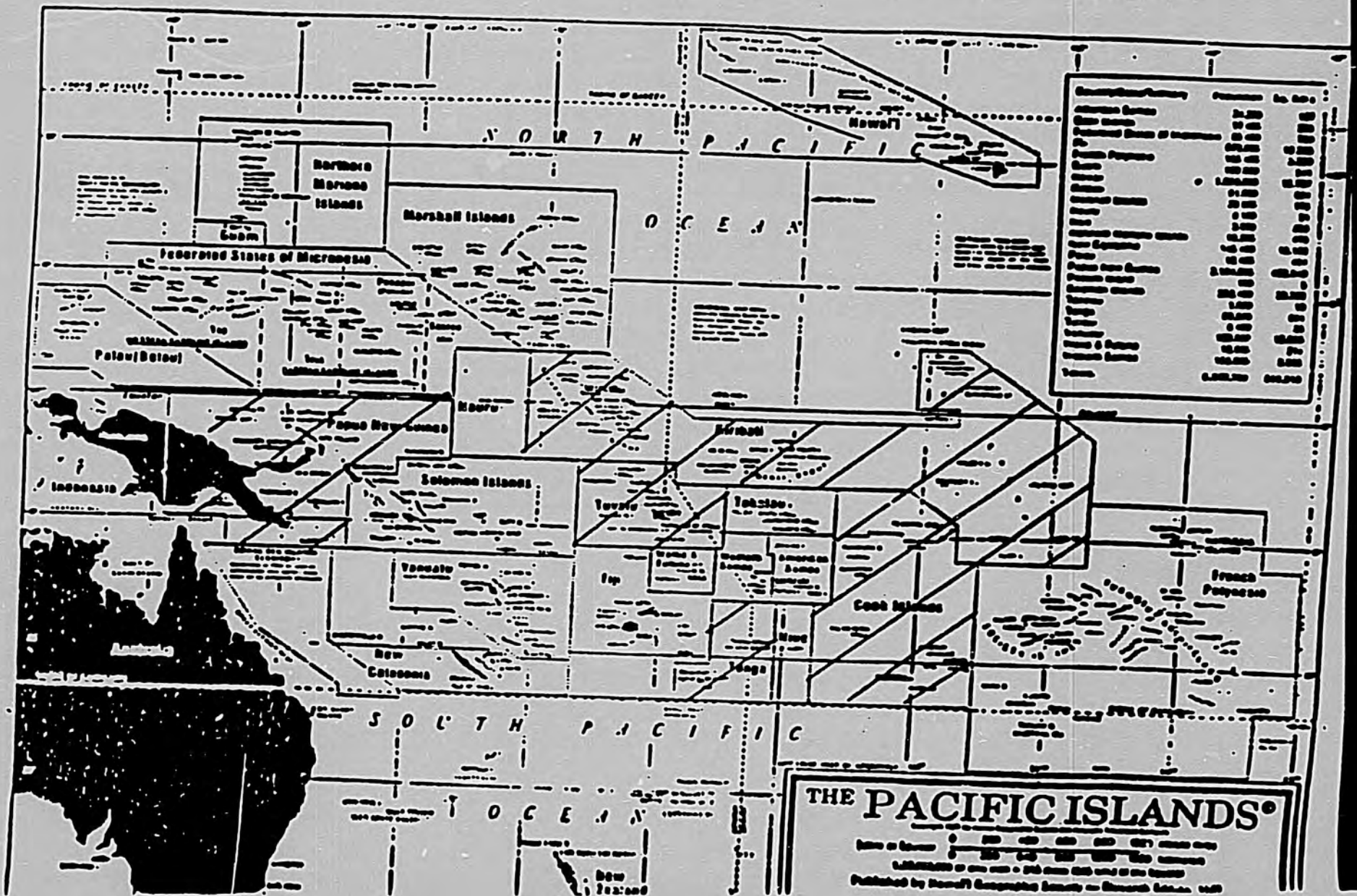
ORIGINATING OFFICE CLEARANCE	Signature: <i>J. B. Woods</i>	DATE DOCUMENT RECEIVED BY AID/M, OR FOR AID/M DOCUMENTAL DATES OF DISTRIBUTION MM DD YY
	Title: John B. Woods Regional Director	
PROJECT DOCUMENT ACTION TAKEN <input type="checkbox"/> S = Suspend CA = Conditionally Approved <input type="checkbox"/> A = Approved DD = Decision Deferred <input type="checkbox"/> D = Disapproved		17. COMMENTS:
ACTION APPROVED BY:	Signature: _____ Title: _____	
		19. ACTION DATE MM DD YY

PACIFIC ISLANDS MARINE RESOURCES PROJECT
PROJECT IDENTIFICATION DOCUMENT

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FIGURE 1



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PROJECT IDENTIFICATION DOCUMENT

**PACIFIC ISLANDS MARINE RESOURCES PROJECT
879-0020**

I. PROGRAM FACTORS

A. Conformity with Recipient Country Strategy/Programs

The national economic development plans of the Pacific Island nations are driven by two major factors:

(1) the need to provide income earning opportunities for the rapidly growing numbers of young people aspiring to cash incomes; and

(2) concern over unbalanced growth which has created in many Pacific Island states a small, growing modern sector, but stagnation in economic returns to traditional rural activities.

Island communities look to the resources of the sea to solve these problems. The pursuit of greater economic gains from marine resources is a feature of the development plans of all ten nations which A.I.D. assists in the South Pacific region. For some of these, such as Kiribati and Tuvalu, the resources in their waters now represent, the only prospect for economic growth. Even for those with larger land masses and richer land resources, marine resource development is a central priority.

Most Pacific Island nations have become independent since the 1970s. Their colonial administrations, centered on land-based activities, paid relatively little attention to developing marine resources. In addition, pre-independence fisheries programs concentrated heavily on modern industrial-scale tuna catching and processing, with little attention paid to traditional small-scale fisheries activities.

Now, Pacific Island countries are systematically pursuing marine resources development and management across the board. They are expanding and strengthening their marine resources administrations, allocating more of their own resources and those available from donor assistance towards marine resource development, and paying more attention to issues such as domestic

Cook Islands, Fiji, Kiribati, Niue, Papua New Guinea, Solomon Islands, Tonga, Tuvalu, Vanuatu and Western Samoa. See Figure 1

fish marketing, inshore sea use rights, marine resource conservation and the impact of pollution on the marine environment.

Pacific Island nations also give high priority to the development of small-scale fisheries which touches the lives of almost all their populations. The small-scale marine resources development programs adopted by these communities reflect their physical, social and economic diversity. But there are some strong common strategic elements. These include:

- (1) encouraging the progressive development of small-scale commercial fishing to move beyond the reef to utilize underexploited resources in the deeper waters, preserving inshore resources for subsistence purposes;
- (2) improving the management of inshore resources to ensure that these are not over-exploited;
- (3) enriching the natural yields of inshore areas through mariculture; and,
- (4) protecting the coastal marine environment from damage, especially from land-based activities.

B. Relationship with the Regional Development Strategy Statement (RDSS)

The approved South Pacific RDSS has as its goal increasing income opportunities for men and women through means which enhance the conservation and management of natural resources. The RDSS outlines a marine resources program which is a major part of A.I.D.'s regional strategy for pursuing that goal.

This Project accords with the RDSS goal by aiming at sustainable economic gains from marine resources. It follows directly the major strategy elements set out in the RDSS: seeking the development of private sector small-scale marine resources activities, concentrating on commercial activities with measurable economic goals, seeking to multiply project benefits by assisting activities that are replicable and involving regional institutions that can promote the wider application of project assisted activities, and placing A.I.D. in a leading role in the establishment of practices for the conservation and management of marine resources for the region. The project is the centerpiece of the Mission's program for implementing the RDSS; it will be the largest of the new projects in the South Pacific portfolio.

II. PROJECT DESCRIPTION

A. Perceived Problem

The Pacific Island nations' greatest economic need is for the expansion of income-generating activities especially in the traditional activities of agriculture and marine resources in which most of the population is engaged.

In nine Pacific Island countries, more than 90 percent of the population lives in coastal areas and depends to some degree on resources from coastal areas. The exception is Papua New Guinea, where approximately one million people, or one third of the population, live in coastal areas. The dependence on marine resources is greatest in rural areas, but even for the town populations subsistence fishing is important, and fish and other marine products provide major sources of nutrition, materials, and employment.

There are opportunities to expand substantially the economic benefits of small-scale marine resources development across the continuum from inshore reefs and lagoons to offshore banks and oceanic waters.

(1) The waters of the South Pacific hold the largest stock of tuna in the world. Catches could be increased sustainably by at least several times. This resource is fished by a large-scale, almost completely foreign-owned fleet, however. But expanding air links to fresh tuna markets in Japan, a rapidly expanding market for high quality tuna in other developed countries of the Pacific, and the development by U.S. fishermen in the Gulf of Mexico of new methods and fishing gear for small-scale tuna fishing, now present opportunities for small-scale production of high quality tuna products by island country fishermen themselves. The challenge is to prove these methods for use on vessels which are technically and financially within the reach of Pacific Island fishermen. That is the major purpose of the project activity in Tonga.

(2) On the outer reef slopes and on banks and seamounts there are stocks of deep bottomfish (e.g., groupers, snappers) which are regarded as among the highest quality table fish. Demand for these is strong and increasing while the fish are relatively easier to catch, handle and market than tuna (although still beyond the reach of traditional fishing methods and gear). They are also of higher value, and their supply is constant, as bottom fish are not migratory like tuna. The key constraint to establishing a sustainable fishery for deep bottomfish is the susceptibility of these species to overfishing: the fishing

grounds are localized and the fish are slow growing. A.I.D. has been providing assistance to Tonga for ten years in various aspects of the successful development of this fishery. With lessons from this experience, the challenge to exploiting wisely this resource in other parts of the region lies in developing the fishery within a strong framework of resource management. That is the purpose of the proposed project activity in Tuvalu.

(3) There are underutilized inshore resources in some areas, especially Papua New Guinea and Solomon Islands, and in outer islands generally. With increasing urbanization and cash incomes, commercial demand for fish in main centers is growing and there are opportunities to generate rural incomes by increasing local fish catches. This requires better marketing facilities and practices, better small fishing craft, improved creditworthiness of potential small-scale fishing business operators, the development and application of new fishing methods and improved resource management. Experience around the region and in other parts of the world along these lines shows mixed results and some risk. Identifying appropriate small fishing vessel designs is critical, but the greatest challenge is in integrating marketing, fish production and resource management. That will be the purpose of the activity in Papua New Guinea.

(4) There is potential for mariculture to enhance yields from wild stocks in inshore waters. The lagoons of the Pacific islands provide large areas of accessible, protected waters which are clean and biologically productive. At present, mariculture production for export products in the Pacific islands is constrained largely by the lack of comparative economic advantage over competing locations, especially Southeast Asia, because of the low volumes of production, high transport costs, lack of infrastructure and the absence of a history of aquatic organism culture. Over time, these constraints are lessening; mariculture production across the region is slowly growing, and there is an increasing expectation of gains from mariculture exports. For now, the best opportunities appear to lie in the production of high value, low volume products based on natural stocks whose yields can be enhanced by more intensive management practices. This kind of activity is particularly important in outer islands where there are few other sources of income. The challenges to successfully introducing commercial mariculture technology lie in identifying viable activities, avoiding the disease risks typically associated with marine organism culture, and solving the lagoon tenure issues which arise as rights to lagoon use become valuable. That is the purpose of the proposed project activity in Cook Islands.

(5) While the opportunities for increasing the harvest of

marine resources are substantial, they are not unlimited. In inshore areas particularly, stocks are susceptible to over-exploitation and to damage to the marine environment. In the longer term, marine resource management and marine environmental issues will become central in development planning for small island and coastal communities as the effects of social and economic development press more closely against the limits of the complex and fragile tropical marine ecosystems. In some areas, yields of reef and lagoon resources have already been reduced by overfishing. Better management can increase these yields and reduce the risk of depletion of other heavily exploited resources. In other areas, yields are being reduced due to the deterioration of the marine environment from causeway construction, mangrove destruction, resort development and land reclamation. There is virtually no useful information available to Pacific Island governments on the impact of these kinds of activities on the productivity of waters which they touch. The level of these activities is increasing and better information and knowledge of a wider range of development options would enable better planning of these activities in future. Nowhere are these activities more important than on the land-scarce, sea-dependent atolls. The Tarawa atoll in Kiribati is the proposed starting point for this work.

To realize these opportunities requires technologies to be developed, adopted and replicated, new skills to be learned and better strategies for marine resource management and development to be implemented.

This is a national problem common to all the Pacific Island countries, although the opportunities and the nature of the constraints vary with their physical, economic and cultural diversity. But it is also a regional problem. There are strong common elements to the problem so that solutions which are successful in one location have application elsewhere. The region therefore needs applicable models. However, the individual Pacific Island states are small, remote and dispersed; their marine resource administrations are small, young and hard-pressed; and, they do not individually have the resources or the capacity to develop these models systematically.

Other donors are not working towards this end. Assistance for marine resources development in the region has been modest relative to that for other sectors. The programs of traditional donors such as Australia, New Zealand and the United Kingdom are oriented towards land resource and social service development activities. More recently, Japan has provided increasing and valuable amounts of assistance for marine resources development. This assistance is more directed, however, toward improving

fisheries infrastructure and building modern industrial tuna fishing industries. In several cases, facilities and equipment provided by Japan provide a valuable physical basis for planned A.I.D. activities. Coordination of A.I.D.'s efforts with Japan is important, but there remains the need to bring new technologies, skills and strategies to bear.

B. Project Goal and Purpose

The goal of this project is to increase income-generating opportunities for men and women within the Pacific Islands through means which enhance the conservation and management of natural resources.

The purpose of the project is to develop, demonstrate and replicate innovative technologies and strategies which increase the benefits to Pacific Island communities from sustainable, small-scale, private sector uses of marine resources.

The project draws heavily on the Mission's experience in the sector -- building on successful activities and on established working relationships with governments, regional organizations and PVO's.

The approach of the project is to assist marine resource development in the island countries along a well-defined development path:

- (1) encouraging small-scale commercial fishing operators to take a first step away from the lagoons and inner reef areas with more-modern craft which will operate efficiently in nearshore areas beyond the reef, preserving the lagoon and inner reef resources for more subsistence-oriented uses;
- (2) then, encouraging a farther move towards fishing for deep bottomfish offshore; and,
- (3) ultimately, seeking to establish an offshore bluewater small boat tuna fishery,
- (4) while enhancing yields from wild inshore stocks through mariculture and improved management of marine resources and the marine environment.

To do this, the project will operate five specific components over a five year period. (These components are described in Annex B.) The components are individually targetted on generating sustainable measurable economic gains for the communities involved. To multiply project benefits, the interventions have

also been selected to have potential for important applications elsewhere in the region. The project will include support for activities at a regional level to promote these wider applications. The project components take account of the political, economic, physical and cultural diversity of the Pacific Islands -- but they also add up to a single coherent strategy for marine resource development over time that is applicable to every Pacific Island country.

C. Expected Achievements and Accomplishments

The project is expected to achieve gains at two levels. At the national level, the project will:

- (1) increase the sale of locally caught fish in Papua New Guinea, thereby increasing incomes of coastal fishing communities;
- (2) establish a sustainable deep bottomfish fishery in Tuvalu, contributing significantly to private incomes and exports;
- (3) establish a small-scale tuna fishery in Tonga, providing a new opportunity for growth in employment, incomes and exports for the small-scale fishing industry;
- (4) establish a black pearl oyster culture industry in the outer islands of the Cook Islands, which will bring major opportunities for employment and income growth on these islands and in the Cook Islands as a whole, and substantially increase the export opportunities of the Cook Islands; and,
- (5) increase yields from over-exploited resources in the Tarawa lagoon, increase yields from mariculture, and provide the Tarawa community and Kiribati government with information necessary for the preparation of policies and programs for human settlement, infrastructure and resource use which preserve fragile atoll and lagoon environments throughout the country.

At the regional level, the project will:

- (1) seek to develop a viable small-scale tuna fishery which will in time open huge opportunities for employment and income generation in every Pacific Island nation;
- (2) demonstrate a strategy for the deep bottomfish fishery designed to ensure the sustainability of the fishery emphasizing resource management needs. This is a fishery which will in time be important to every country in the region ;
- (3) demonstrate a strategy for the expansion of harvesting

and marketing underutilized nearshore resources which will be replicable throughout the region;

(4) demonstrate a technology for black-lipped pearl oyster culture and a strategy for establishing a pearl culture industry which will be applicable in Kiribati, Tuvalu, Tonga, Fiji, Papua New Guinea and Solomon Islands where natural stocks of black-lipped and/or gold-lipped pearl oysters occur. More generally, by demonstrating gains from outer island mariculture, the project will encourage the mariculture of other organisms such as seaweeds, sponges, beche-de-mer, giant clams and other bivalves which require essentially the same approach;

(5) provide the first systematic study for the region of the relationships between human settlement and the marine resources of small islands -- on Tarava where the population density is among the highest in the world and where the impact of population growth is increasingly pushing up against the limits of the atoll ecosystem;

(6) demonstrate a single strategic approach to marine resource development -- moving commercial fishing effort beyond the reef, preserving inshore yields for subsistence purposes, encouraging the next step offshore to the outer reef slopes and seamounts, and ultimately developing a small boat bluewater tuna fishery while enhancing inshore yields through mariculture and improving the management and protection of the marine environment and

(7) place A.I.D. in a leading role on marine resource management and marine environmental protection in a way that will strengthen efforts on these issues by other donors, by host governments and by regional organizations.

Finally, there should be significant political and strategic gains for the U.S. from this project. Differences over fisheries policy were at the center of the serious deterioration in relations between the U.S. and the Pacific Island nations. The implementation of the Regional Treaty on Fisheries and the existing A.I.D. South Pacific Regional Fisheries Development Project have brought an improvement in those relations. This project will be an important further step in making fisheries, and marine resources development, a major field of cooperation between the U.S. Government and the Island governments, rather than one of confrontation.

D. Project Outline and How it Will Work

The project will have six components - five bilateral activities, and a sixth component to secure wider regional impacts.

Implementation will ~~begin~~ in Tonga and the Cook Islands where the project will build on existing A.I.D.-funded activities.

(1) In Tonga, the project will extend and expand an exploratory fishing program now funded by A.I.D. to test the feasibility of new small-scale tuna fishing methods by providing ~~two 35-45-foot vessels;~~ long-term technical assistance (a masterfisherman) short-term technical assistance (naval architecture, fish marketing, fishing methods) and some shore facilities.

(2) In the Cook Islands, the project will extend and expand an experimental pearl oyster culture activity now funded by A.I.D., providing long-term technical assistance in pearl oyster resource management and pearl oyster seeding, commodities including a small work vessel and equipment for a research and extension center, and training.

The project will subsequently establish activities in Papua New Guinea, Kiribati and Tuvalu.

(3) In Papua New Guinea, the project will provide fish landing and marketing facilities staged over time in three centers, long-term technical assistance and equipment for boat-building, fishing methods and resource assessment and management, and training for fisheries management staff.

(4) In Kiribati, it will provide a program of short-term technical assistance to assess marine stocks and devise resource management programs, improve mariculture yields and measure the impacts of land-based development on the lagoon ecosystem.

(5) In Tuvalu, it will initially furnish long-term and short-term technical assistance to assess offshore bottomfish resources and to undertake an exploratory program of offshore bottomfishing and marketing; and then provide short-term technical assistance, facilities, equipment and training for fishing operators and a boat-building operation.

(6) The sixth component will support workshops, short-term technical assistance, training visits, publications and experimental programs to spread the impact of the five bilateral project components to other regional locations.

Three separate U.S. entities are planned to implement the project's bilateral components -- a PVO for Papua New Guinea, a university for Kiribati, and a consulting firm for Cook Islands, Tonga, and Tuvalu. These will be supported by two Mission-hired PSCs to coordinate activities and implement the regional component. All will be under direct A.I.D. contracting arrangements. A consortium or joint venture approval might reduce the number of separate contracting arrangements. This will be considered during project design.

III. FACTORS AFFECTING PROJECT SELECTION AND FURTHER DEVELOPMENT

A. Social Considerations

1. Socio-Cultural Context

There is great diversity among the societies and cultures of the Pacific Islands. However, there is also strong commonality. The Pacific Island communities are predominantly rural societies, dependent on subsistence and small-scale agriculture and marine resource activities. They are also communal societies, where relations with the extended family, the village and the clan are important, and where many of the major decisions and activities are undertaken collectively. This last factor is particularly important for this project, as it establishes small private marine enterprises.

Attitudes to Entrepreneurship: Throughout the region, but with local variations, Pacific Islanders have had very little involvement in modern commerce, as business activities are dominated by expatriates, cooperatives or large trading groups. Lack of understanding of small business management is a major constraint in every sector. This constraint will be addressed more widely by the Mission's planned Agro-Marine Microenterprise Assistance project, but it will also be taken into account in planning this project.

Attitudes to Marine Occupations: Despite their dependence on the sea, these island communities have also shared the almost universal perception that working on or in the sea is one of the least desirable ways of earning a living. Being a masterfisherman brings prestige, but wealth is associated with land. Working the sea is seen as demanding, uncomfortable, and at times dangerous; harvests are subject to greater uncertainty than harvests from the land and the occupations of the sea are more solitary. Those who turn foremost to the sea for their living are those who have least access to land - and typically these are among the poorest groups of the community. In the Pacific Islands, this feature is as true

for Melanesians on the largest land islands who are less dependent on the sea as it is for Micronesians and Polynesians on smaller islands. In Kiribati and Tuvalu those who are most dependent on the sea are families or communities who are landless or land short because their lands were lost in battles, traded or fragmented over time.

Colonial administrations lessened respect for those who worked the land or the sea and generated aspirations in members of local elite groups to become administrators. These attitudes are changing. Most Pacific Island governments' policies are designed to prevent further growth in the size of their administrations, many senior positions are held by relatively young people, and chances of promotion are few. Opportunities are beginning to look better in the private sector, and there is emerging interest in indigenous entrepreneurship. In countries such as Kiribati, Tonga, Vanuatu and Western Samoa, successful small-scale commercial fisheries programs have created opportunities for profitable fishing and marketing enterprises, thereby increasing the status of those involved in catching, marketing and rearing fish. This is a healthy change, which this project promotes.

2. Beneficiaries: There are three groups of beneficiaries at which this project is aimed:

(a) Direct beneficiaries of the major project activities will benefit from the availability of greater income generating opportunities and an improved inshore marine environment. These include families who own or are employed on pearl farms in the Cook Islands, who are involved with small-scale fishing enterprises established by the project in Papua New Guinea, Tonga and Tuvalu, or who harvest the resources of the Tarawa lagoon in Kiribati. They are dwellers in rural coastal communities.

(b) Indirect beneficiaries of these activities include those involved in secondary employment in activities such as boatbuilding, marketing and servicing. In Tonga, Tuvalu and Cook Islands the wider community will benefit from increased export revenues and government receipts. In Kiribati and Papua New Guinea, consumers of marine products will benefit from improved nutrition and reduced dependence on expensive imported food items.

(c) Individuals and organizations in other Pacific island countries will apply, use or adapt the project's models for marine resource management and development.

3. Participation: The project is highly participatory in the design and implementation stages. In the Cook Islands and

Kiribati, the work towards the PID has involved consultation with representatives of the communities involved, with a range of local and national government officials and with political leaders. In Papua New Guinea, Tuvalu and Tonga, PID preparation drew on established links with communities and governments through existing A.I.D.-funded activities in those countries, and there will be wider participation in further design stages. At the implementation stage, the project will be heavily dependent on mobilizing small-scale private investment into the major project assisted activities. To achieve this the activities are designed to offer quick returns and to encourage a perception of a high probability of success - careful design, strong support for investors and thorough economic analysis are important for these purposes.

4. Socio-cultural feasibility: The outstanding socio-cultural issue to be addressed during project design is that of sea-use rights. Two facets of this issue have to be addressed during this project:

(a) customary individual ownership of reefs and lagoons (as in Papua New Guinea) can be both a constraint to initial development, and a potential solution to long-term resource conservation and management needs; and

(b) collective ownership of resources (as with the lagoons of the Cook Islands) can cause difficulties in the establishment of rights to use and benefit from the resources once they become commercialized and valuable.

5. Impact: The direct impact of progressively encouraging fishing further offshore is aimed at fishermen. Family and home responsibilities largely constrain women from being involved in offshore fishing; but processing of catches does provide significant employment usually undertaken by women. Inshore, women have traditionally harvested much of the resources of the lagoons and inner reefs. Project activities which enhance inshore resources will primarily benefit women by giving them increasing harvests for their families or for sale, or allowing them to gather harvests needed in shorter times, increasing time available for other activities. While statistics on inshore catches by gender are not likely to be available, qualitative judgments of impacts on women can be made from information on types of catch (lagoon, reef, outer banks) and species.

B. Financial and Economic Considerations

Some of the major macro-economic measures applying to the Pacific Island countries are set out in Annex A. Recent real economic

growth in the islands has barely kept pace with population growth; the economies are small and open; high trade deficits are financed by receipts from tourism, aid and remittances; per capita income data masks large and growing differences between small growing modern urban oriented sectors and stagnant traditional rural sectors. The volumes of aid are high, and the low economic growth rates may say more about the quality of aid (which is low, but improving) than the quality of national development strategies. Economies are market-oriented, economic management is relatively conservative, foreign debt servicing is not a critical issue, and instances of chronic economic policy failure have been few.

The major development-policy-issues lie in longer-term constraints such as land-tenure practices, human resources, the role of government, private enterprise and resource allocation. The constraints of smallness and remoteness are particularly harsh for the smaller island countries. Preservation of complex fragile tropical ecosystems is a major economic issue everywhere.

The most widespread economic impact of the project will be on incomes, especially of people in rural areas and outer islands. Each of the five country sub-projects is targetted on establishing small-scale marine enterprises which will generate increased incomes. Gross and net incomes gains will be measurable by using data on production volumes which will be collected for resource management purposes.

Incomes will be further increased in the countries in which project activities are located by secondary income generating activities such as servicing the project assisted activities (boat-building, engine repair, gear provision) and processing outputs (especially through fish handling and marketing). More widely, the project will promote increases in incomes in other regions through the regional impact component.

There will be measurable macro-economic impacts. The activities assisted are among the most important planned in the recipient countries in the marine resources sector, and in small-scale production in particular. In the cases of the export-oriented activities in Cook Islands, Tonga and Tuvalu, there will be measurable macro-economic impacts on exports and government revenues.

There will be wider regional impacts on incomes where project activities are replicated elsewhere. These impacts will be more difficult to measure. The Mission plans a preliminary study on the South Pacific marine resources economy as part of project development and further within the regional impact component to establish baseline information and measure regional project impacts.

how to measure

how to measure

like what

baseline data

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The existence of well defined market opportunities is the starting point for the micro-economic framework of the project. Markets for the marine products which are the target of the major project interventions, exist and prices for likely volumes of production can be reasonably estimated. There is greater uncertainty about production costs and macro-regional comparative advantage. To some degree, the country sub-projects are all experimental - technologies need to be devised and adapted, and new strategies implemented - but in the case of each, pilot activities or experience elsewhere provide evidence that there is potential for the establishment of profitable small-scale activities, both at the project activity sites and in other places in the Pacific islands. Micro-economic analysis, to quantify that potential, and measure the impact of constraints on its realization will be an important project activity.

C. Relevant Experience with Similar Projects

For the Mission, this project is a more strategic and coordinated approach in a sector with which it is familiar. The project is based on drawing out and expanding some of the most successful marine resource activities already supported.

In Papua New Guinea, the proposed activity grows out of five years of experience with U.S. PVOs in testing new designs for small fishing and transport vessels and establishing small boat building facilities. In Cook Islands, A.I.D. is already funding a three year first phase of pearl oyster culture. In Tuvalu, A.I.D. has worked with a U.S. PVO to establish small boat designs and a boat building enterprise which is at the center of the proposed project. In Tonga, A.I.D. has been providing assistance for ten years in small-scale offshore bottomfish management and development and inshore resource management and is also currently funding an initial phase of work on small-scale tuna development.

Since the beginning of the A.I.D. program in the South Pacific, marine resources development has been an important target, particularly through support for PVO activities and for the fisheries programs of the South Pacific Commission. In the early stages, however, there was no technical capacity in the Mission and no particular strategy to the pattern of assistance being provided. A new emphasis came with the establishment of the Regional Fisheries Development Project in 1986, the coming into force of the Regional Treaty on Fisheries in 1988. Under this arrangement, the Mission grants \$10 million ESF annually to the Pacific Island governments through the South Pacific Forum Fisheries Agency.

By 1989, the Mission has had several years experience in being systematically involved in marine resources activities in all ten countries in the region and in working with all the major marine resources organizations active in the South Pacific. A limitation to this experience is that it has largely involved small variegated and dispersed activities, whereas this project proposes a smaller number of larger, more manageable and focused activities.

The Mission's experience highlights one particularly important factor -- the U.S. has the greatest capability on tropical small-scale marine resources management and exploitation of the major donor nations. The Mission has found great strengths to draw on in the U.S. fishing industry, U.S. universities, U.S. PVO's and the U.S. National Marine Fisheries to implement its past programs. The Mission has been particularly pleased with the availability of experienced qualified experts in a wide range of marine resources disciplines. (In FY89, A.I.D. is funding six long-term marine resources experts in the region - two masterfishermen, two scientists, one mariculturist, and one fisheries planner).

D. Proposed Grantee and/or Implementing Agencies

Funding for the project's bilateral components will be obligated through five bilateral project agreements.

Procedures for the implementation of project assistance among the recipient governments are fairly standard. The foreign affairs and finance/planning administrations are involved in the broader aspects of project preparation with detailed preparation and implementation being the responsibility of the technical administrations - i.e., the marine resources and fisheries administrations. The Mission has had substantial experience with the five governments in assisting smaller marine resources activities. All five governments have a good record of efficient administration of previous assistance for marine resources development.

E. A.I.D. Support Requirements and Capability

Responsibility for this project lies with the Agriculture and Rural Development Office of the Mission. Two on-board personal services contractors will be directly responsible for oversight and management of the project. Additional present responsibilities are primarily coordination of the regional fisheries development project, which will be fully funded in FY1990, and oversight of the Treaty funding arrangements.

F. Estimated Costs and Methods of Financing

A preliminary budget estimate is set out below. The several U.S. implementing entities will be reimbursed directly by A.I.D. through A.I.D. direct letters of commitment or similar payment arrangements. The PSCs would be paid directly by the Mission.

INDICATIVE BUDGET

Component	Long-term Technical Assistance	Short-term Technical Assistance	Facilities	Commodities	Training	Total
	(\$000)					
1. Cook Is	800	480				
2. Kiribati		960		920	50	2,250
3. Papua New Guinea	1,250	700		140	50	1,150
4. Tonga	900	490	800	1,000	350	4,100
5. Tuvalu	120	380	130	800	80	2,400
				100	100	700
SUB-TOTAL	3,070	3,010	930	2,960	630	10,600
6. Regional Impact/ Monitoring and Evalu- ation	1,000	375		100	425	1,900
PROJECT TOTAL	4,070	3,385	930	3,060	1,055	12,500

G. Design Strategy

Preliminary proposals have been received from all countries involved. Initial data gathering and analyses have been conducted. A consultant has completed a report on the development of a pearl culture industry in the Cook Islands and a consultation on atoll development research needs with the Government of Kiribati, several U.S. universities and various regional organizations was held in Kiribati. To facilitate the design process, two analyses will be completed before the work of the core design team begins:

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- (1) social soundness analysis by an anthropologist (PSC); and
- (2) analyses of the South Pacific marine resources economy by an economist (PSC OR IQC).

After these are completed, the core design team (Mission's Fisheries Advisor, AID/W's S&T fisheries expert TDY, a design specialist, and an economist PSC or IQC) will visit the project site countries. In each country, the core team will be assisted by an expert for specific technical analysis (PSC). The technical specialists will include:

- (1) in Cook Islands, a marine scientist with experience in pearl oyster culture to evaluate requirements for farm management and especially for shellfish disease prevention;
- (2) in Tonga and Tuvalu, a small boat fishing specialist to advise on the design of vessels and fishing methods to be tested;
- (3) in Kiribati, a marine scientist to analyze marine resource research needs; and
- (4) in Papua New Guinea, small-scale fisheries production and marketing specialists and a marine scientist.

A marine environment consultant will use analyses for Cook Islands, Papua New Guinea and Tuvalu to complete the Initial Environmental Examination.

In each country, the Mission expects substantial assistance from local government technical staff and senior marine resource administrators.

The Mission Project Committee will be composed of the Assistant Regional Director, Agriculture Development Officer, Project Development Advisor, Controller, Training Advisor and Fisheries Advisors.

Two regional fisheries meetings, in May and August, will provide opportunities for consultations with staff of the regional institutions on the design of the regional impact component.

H. Recommended Environmental Threshold Decision

An Initial Environmental Examination is attached at Annex B.

I. A.I.D. Policy Issues

A.I.D. policy issues include:

(1) assisting export production of high value items: in Tonga, Tuvalu and the Cook Islands, the project aims at increasing production of high value items for export. The target recipients are the rural poor but the emphasis is on specialisation, comparative advantage and overall economic self-sufficiency, rather than increasing food availability or improving food self-sufficiency; and

(2) sustainability: sustainability is an environmental and an economic issue. Over-exploitation of marine resources impoverishes the marine environment and may disturb complex environmental systems; it also reduces catch rates and threatens profitability and the survival of harvesting and marketing enterprises.

TABLE 1: PACIFIC ISLAND NATION COMPARISONS

Country	Land Area (sq. mi)	Sea Area (sq. mi)	Population (1985)	Population Density (per sq mi)	Pap. Growth Rate (%)	GDP (Year) (\$m)	GDP Per Capita (\$)	Exports (\$m, 1984)	Imports (\$m, 1984)	Balance	Aid (\$m, 1984)
Cook Is.	96	732,000	17,600	73	-0.3	35.4(1985)	2020	3.7	20.8	-17.1	8.1
Fiji	7310	480,000	700,500	38	2.0	1022.8 (1985)	1440	250.6	451.1	200.5	31.3
Kiribati	276	1,420,000	64,600	93	2.0	27.7(1984)	444	11.0	18.4	-7.4	11.0
Niue	104	156,000	2,900	11	-2.6	4.1(1983)	1394	0.1	2.4	-2.3	3.2
PHC	184,676	1,240,000	3,320,700	7	2.1	2325.3 (1985)	717	896.7	974.4	-77.7	321.0
Salomon Is.	11,022	520,000	272,500	10	3.5	159.6(1983)	632	94.0	66.5	+27.5	19.4
Tonga	280	280,000	94,400	135	0.3	81.0(1983)	849	9.1	48.6	-31.5	15.7
Tuvalu	10	351,000	8,600	331	2.8	3.4(1985)	325	1.2	3.4	-2.2	5.5
Vanuatu	4,752	272,000	135,600	11	3.3	79.6	667	44.0	68.5	-24.5	24.5
W. Samoa	11,745	116,000	160,000	55	0.6	113.3	717	20.2	39.2	-19.0	20.2

From South Pacific Economies Statistical Summary, South Pacific Commission (Ed. 9) 1987

COOK ISLANDSA. Background

Pearl oyster shells have traditionally been harvested and exported from the Cook Islands for production of buttons and jewellery. Since 1986, the Government of the Cook Islands has been working to establish a pearl oyster culture industry. With support from A.I.D., experimental farms have been established at Manihiki Island, and several basic scientific studies have been undertaken. These trials have been successful, and the Government plans to establish a private pearl oyster culture industry. In 1987 pearl oyster shell exports were worth \$450,000, or 10 percent of the value of exports.

B. Proposal: The national purpose of this component is to establish a pearl oyster culture industry in the outer islands of the Cook Islands. The regional purpose is to demonstrate a technology for pearl oyster culture and a strategy for the establishment of a pearl oyster culture industry which is applicable to other Pacific Island locations.

The approach will be to:

- (1) measure the capacities of the lagoons of five islands to carry black-lipped pearl oyster stocks;
- (2) establish a pearl farm training and research center at Suvarrow Island;
- (3) train farmers and establish new pearl farms to extend the present operations at Manihiki Island and introduce pearl oyster culture on four other islands;
- (4) improve knowledge about pearl oysters including studies on oyster gonadal tissue to improve nuclei retention and on spatfalls, lagoon water-exchange and sedimentation; and
- (5) devise improved pearl farming methods, including testing more effective spat collection methods and more economical suspension systems.

The major planned A.I.D. inputs are:

- (1) long-term technical assistance including a biologist to assist with research and resource management planning and a manager to establish the Suvarrow facility;

(2) short-term technical assistance for technical, biological, social and management purposes and for an initial period of pearl oyster seeding;

(3) a vessel for transporting oyster spat, equipment supplies and personnel;

(4) equipment for the research and training facility at Suvarow;

(5) materials for trial farm establishment.

The major impacts of the activity will be:

(1) increased income from the sale of black pearls. The long-term potential value of production is estimated at \$20-30 million per year; and

(2) a demonstrated pearl oyster culture technology applicable to Pacific Island nations.

The level of income gains anticipated will give the Cook Islands greater fiscal independence from budgetary aid from New Zealand at a time when securing and maintaining access for ship visits to the Cook Islands is important to the U.S. Government.

The major issues are:

(1) the establishment of rights to use areas of lagoon which are now potentially very valuable; and

(2) management of oyster farms to avoid overstocking and reduce risks of disease.

TONGA

A. Background

In the marine resources sector, Tonga has a leading role in the region. After a series of successful development programs, Tongans make fuller use of their marine resources than any other Pacific Island community.

Inshore, the resources of the reefs and lagoons are heavily exploited for subsistence and small-scale commercial purposes. In response to the limited scope for increasing inshore yields, the Tongan government began ten years ago to develop resources further offshore. With a U.S. PVO, A.I.D. funded two prototype small-scale offshore vessels to fish for deep bottomfish. Ten years later, after further support from a number of donors including A.I.D., a fleet of 45 vessels are landing \$3-4 million value of bottomfish annually. This program was initially aimed at meeting local demand for fish. More recently, difficulties with agricultural exports have encouraged the Government to increase the emphasis on exports of marine resources. The deep bottomfish species are highly valued in Pacific countries and high quality fresh fish is now being exported to markets in Australia, New Zealand and the United States.

As the fleet has increased to a size where it is fully exploiting and perhaps over-exploiting the bottomfish resource, the emphasis has shifted from expanding catches to resource management. With cooperation from the U.S. National Marine Fisheries Service and some assistance from A.I.D., the Tongan fisheries administration is presently involved in deriving systematic estimates of the sustainable yields of bottomfish for use in management of the fishery.

Encouraging offshore fishing has successfully transferred some commercial fishing pressure away from the inshore areas, but inshore resources are still heavily used and their abundance is threatened by over-exploitation. In response the Tongan government is working to assess inshore resources, put in place systems to regulate use of these resources and build institutional arrangements to encourage understanding by the community of the need to conserve the resources of the reefs and lagoons. A.I.D. has supported this effort by funding a U.S. PVO to provide a U.S. fisheries scientist who leads a program of inshore resource assessment and management. The program applies methods devised by the International Center for Living Aquatic Resources Management with substantial support from S&T/AGR. To supplement yields from

natural stocks inshore, Tonga is also working on mariculture, targetting on milkfish and mullet culture, drawing on the work of the Oceanic Institute in Hawaii.

Tonga is in a position which all Pacific Island nations can be expected to reach in time. It is now exploiting at around sustainable levels most of the more accessible marine resources. The next step is to harvest the huge stocks of tuna in the offshore waters. These are currently harvested almost exclusively by large foreign-owned industrial vessels. The growing demand for high quality tuna in developed Pacific rim countries, and the proving of new fishing methods for small-scale tuna fishing by U.S. fishermen in the Gulf of Mexico create an opportunity for establishing now small-scale tuna fishing operations.

Among the Pacific Island nations, Tonga is best placed to exploit this opportunity because it has the most advanced small-scale fishing sector. Tongan fishermen are commercially successful in catching bottomfish offshore in small vessels and in exporting high quality fish. The establishment of a small-scale tuna industry is not only important to Tonga, it offers the prospect in time of thousands of job opportunities across the Pacific Island region.

B. Proposal

The major national purpose is to establish a small-scale tuna fishery in Tonga. The component would also have the purposes of completing activities to improve management of the offshore bottomfish fishery and test the feasibility of mariculture of a locally important species. The major regional purpose is to adapt and demonstrate a widely applicable technology for small-scale tuna fishing.

The approach will be to:

(1) undertake a two year trial fishing and marketing program with two 35 to 45 foot prototype vessels to adapt fishing methods to this size of vessel and to South Pacific fishing conditions;

(2) establish an initial fleet of up to ten privately owned small-scale tuna fishing vessels;

(3) complete an on-going assessment of the offshore bottomfish resources; and

(4) complete an exploration of the feasibility of mullet and milkfish culture for tuna fishing bait and foodfish by

providing a site for work by the S&T/AGR project to advance induced spawning of mullet and milkfish.

The planned A.I.D. inputs are:

- (1) two prototype small-scale tuna fishing vessels with equipment and a small shore facility;
- (2) long-term technical assistance to manage the trial fishing operations and then train fishermen;
- (3) short-term technical assistance in marketing, boat design, boatbuilding, fishing methods, offshore resource assessment and mullet culture;
- (4) improvements to an existing experimental mariculture facility.

The impacts will be:

- (1) increased employment, incomes and export revenue generated by small-scale tuna fishing and processing operations in Tonga;
- (2) a demonstrated opportunity for similar benefits over time in other Pacific Island nations;
- (3) strengthening of the sustainability of the offshore fishing in Tonga by protecting yields from depletion through overfishing; and
- (4) information on the viability of mullet culture.

PAPUA NEW GUINEA

A. Background

There is substantial scope for increasing economic returns from the marine resources of Papua New Guinea. Offshore, the waters of Papua New Guinea are among the richest tuna fishing areas in the world. Inshore, a recent survey indicates that yields could be sustainably increased.

With difficult terrain in the interior, major modern population centers are developing along the coast. Increasing populations and rising cash incomes generate growing opportunities for increasing local fish sales by small-scale fishermen. Relatively little attention has been given to small-scale commercial fisheries development in either government programs or the programs of major aid donors. Now, the Papua New Guinea government is increasing the priority attached to this area. It is substantially expanding its own fisheries extension services, and is looking for a donor partner for its coastal fisheries development program.

In this situation, where demand for fish is growing, prices are high, quality is poor, domestic production is low, resources are relatively abundant, and imports of both low value and high value fish products are high there is a powerful economic rationale for small-scale commercial fisheries development.

The Mission has been providing assistance for small-scale fisheries development in Papua New Guinea since 1985. Working with U.S. PVOs, A.I.D. funded successful trials of a new small-scale fishing boat based on a traditional canoe design from Kiribati adapted by work by the U.N. Food and Agriculture Organization, but with increased carrying capacity and with sail and outboard motor power. More recently, A.I.D. has supported the establishment of two boatbuilding enterprises to begin providing these craft for fishing, and has provided assistance to the government fisheries administration in strengthening its fisheries management capacity.

B. Proposal:

The national purpose of the component is to strengthen local small-scale commercial fisheries capacity to meet demand for fish in the major centers.

The regional purpose is to demonstrate a strategy for increasing consumption of locally caught fish by expanding catches of

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nearshore resources.

The approach will be to:

- (1) improve fish marketing and expand local fish consumption in population centers;
- (2) meet this demand from sources of fish supply near centers where there are underutilized resources and opportunities for efficient transport to these centers; and,
- (3) establish research programs to monitor the impact on fish resources to ensure the sustainability of increased production and economic gains.

The major planned A.I.D. inputs are:

- (1) improved fish marketing facilities in three centers;
- (2) training and technical assistance to improve fish handling and quality;
- (3) training, technical assistance and commodities to establish small-scale boatbuilding operations and train fishing operators in preparation for receiving a loan, acquiring a vessel and running a small fishing business; and
- (4) training and technical assistance in resource assessment and management.

The major impacts will be:

- (1) increased incomes for rural fishing communities in Papua New Guinea of US\$3-6 million p.a.;
- (2) enhanced subsistence fishing in nearby areas where catches would be increased by the transfer of fishing effort into deeper waters; and,
- (3) the availability of better quality fish at lower prices.
- (4) reduced imports of fish and other food.

The major issues are:

- (1) the effect of traditional reef use rights on the availability of fishing grounds; and

2. to avoid overfishing in the project locations.

TUVALU**A. Background**

Tuvaluans depend heavily on the resources of the reefs and lagoons, nearshore tuna and other oceanic species for subsistence. Government programs are designed to encourage commercial fishermen to move increasingly to the outer reef, seamounts and oceanic species. A.I.D. previously worked for five years with a U.S. PVO to establish a boatbuilding operation to meet the need for small fishing vessels to operate in the deeper waters. Offshore tuna resources are harvested by foreign vessels under licensing arrangements, but the lack of infrastructure, capital and transport services is likely to continue to constrain the establishment of locally based tuna fishing operations. Efforts are being made to expand mariculture output especially of giant clams and seaweed. Trochus shellfish which are harvested for the export of their shells have recently been introduced.

Tuvalu has perhaps only one natural resource with potential to generate economic gains in the short-term. On the outer slopes of the reefs and on offshore banks and seamounts are stocks of deep bottomfish. Fishing grounds for these stocks have been partially identified by a Japanese survey fishing project in 1984/1986 and by occasional fishing by visiting masterfishmen from the South Pacific Commission. The size of the stocks and the likely sustainable yields are uncertain but likely to be small - probably in the range of 50-200 tonnes p.a. However, they may represent a valuable opportunity for economic gains because there are strong export markets at high prices for these species and the fish can be relatively easily caught from small vessels.

There are two major constraints to sustainable exploitation of these resources. The first is logistical. The major known fishing grounds are in the far north and far south of Tuvalu's waters, far from the major center at Funafuti, and beyond the reach of Tuvalu fishermen with the vessels they presently operate.

The second constraint is the susceptibility of bottomfish to overfishing. Ensuring that the fishery is sustainable requires a strong program of assessment, monitoring of the impact of fishing and implementation of a management program to limit fishing effort. The U.S. National Marine Fisheries Service has designed resource assessment methods to meet this problem.

B. Proposal

The national purpose is to establish a sustainable offshore

bottomfish fishery in Tuvalu. The regional purpose is to demonstrate a strategy for the establishment of a sustainable bottomfish fishery within a strong framework of resource management.

The approach will be to:

- (1) make a preliminary assessment of the size and distribution of the bottomfish resources of Tuvalu;
- (2) prepare a plan for the establishment of the bottomfish fishery of Tuvalu, including marketing, transport and boat building requirements;
- (3) identify appropriate vessels and methods to exploit the resources;
- (4) train fishermen and others involved in fishing methods, vessel ownership, business management and fish handling and marketing;
- (5) monitor the impact of fishing over time on the resources.

The major A.I.D. inputs will be:

- (1) short-term technical assistance to assist in resource assessment, marketing, boat design and building and fishing methods;
- (2) long-term technical assistance to manage a trial fishing and training program;
- (3) training in resource assessment and fishing methods;
- (4) equipment for resource assessment, boatbuilding and fish handling.

The impacts will be:

- (1) increased incomes and exports for Tuvalu; and
- (2) improved knowledge about the assessment and management of bottomfish resources regionally.

The major issues are:

- (1) the potential role of joint venture or licensing arrangements with foreign fishermen; and
- (2) the establishment of an effective regime for managing the Tuvalu bottomfish resources.

KIRIBATI

A. Background

Kiribati is made up of 33 atolls and covers 1.4 million square miles of ocean. The atolls are low-lying and typically composed of a ring of islets around a lagoon. The subsistence and cash economies are both dominated by fish and coconuts.

The effects of high population densities, limited natural resources and the fragility of the atoll ecosystems are increasingly emerging as a major focus of development planning for Kiribati. Here viability is as much an environmental issue as it is an economic one.

The problem is at its most striking on Tarawa, the capital island, where the population has doubled in ten years. This urbanization has caused major impacts to the marine environment. High levels of use of the resources of the reef and lagoon threaten to deplete these resources. Activities such as causeway construction, sewage and solid waste disposal, reclamation and destruction of mangroves reduce the productive capacity of the surrounding waters and threaten further declines in marine resource harvests. To communities as dependent on the sea as the atoll-dwellers, these problems are critical.

In the longer term, marine environmental issues are going to become central in development planning for all island communities, even those with more and richer land, as the effects of social and economic progress press more closely against the limits of the complex and fragile tropical marine ecosystems. In a strong sense then, Tarawa is a clear case of a problem that is going to require increasing attention in every Pacific Island nation over time.

The Government of Kiribati has set out three objectives to address the problem of population pressure on the atoll marine environment. They are:

- (1) ensuring that land-based activities such as causeway development protect, and where possible, enhance the marine environment;
- (2) improving the management of the use of marine resources to avoid over-exploitation; and
- (3) expanding mariculture to natural enhance yields of marine resources from atoll lagoons.

B. Proposal

The national purpose of the activity is to provide scientific information necessary for strategies to manage the marine resources and the marine environment of the atolls of Kiribati, especially of the Tarava atoll.

The regional purpose is to provide marine resources management information which is applicable for atolls across the Pacific Island region.

The approach will be to establish a program of applied marine resources research in Tarava which will:

- (1) describe the major aspects of the Tarava atoll ecosystem;
- (2) assess the present stocks of economically important marine resources of the atoll;
- (3) analyze the biology and behavior of these species, and set out options for management of their use;
- (4) identify the major constraints to increasing mariculture production, especially of milkfish and propose measures to overcome these constraints;
- (5) determine the impact on marine resource yields of activities such as causeway construction, reclamation, sewage and solid waste disposal and mangrove destruction; and
- (6) examine the terrestrial and human effects of the declining health and balance of the lagoon ecosystem including the effect on the population's health, on the physical integrity of infrastructure and on agricultural production.

The major A.I.D. inputs are short-term technical assistance, training and equipment.

The major impact is to increase the economic benefits from wild and cultured stocks of marine resources of atolls, especially of Tarava.

REGIONAL IMPACT COMPONENT

A. Background

There is a well-established framework of regional cooperation in marine resources activity in the region. The major focal points are the regional organizations, particularly the South Pacific Forum Fisheries Agency (FFA), the South Pacific Commission (SPC), and the University of the South Pacific (USP). The Mission has strong working relationships with these institutions. They have all been consulted extensively on both the overall structure and the individual components of this project. A number of U.S. institutions including the U.S. National Marine Fisheries Service, U.S. PVOs and U.S. universities also have well-established working relationships with the regional organizations and with A.I.D. The strength of these various institutions, and the relationships among them provide a favorable setting for the wider regional application of the results of the five bilateral components of this project.

B. Proposal

The purpose of this component is to promote the wide regional application of the technologies and strategies which are demonstrated by the bilateral components of the project.

The approach will be for the Mission to:

- (1) support the preparation of improved analysis and documentation of the structure of the marine economy of the Pacific Islands to provide an improved understanding of the opportunities for gains from marine resources development across the region;
- (2) with this analysis identify opportunities for achieving broader impacts from the major project assisted activities in other A.I.D. recipient countries of the region; and
- (3) work with regional organizations to draw up and implement a plan to achieve these wider impacts.

The major A.I.D. inputs will be the work of two Mission PSC's, supplemented by short-term technical assistance, training, including study visits, attachments and workshops, publication and pilot activities.

The impact will be to multiply the benefits of the five bilateral components of the project, and in particular to generate increases in rural incomes over time beyond the major project sites.

Initial Environmental Examination (IEE)

Project Location	South Pacific Regional
Project Title	Pacific Island Marine Resources
Life of Project:	FY1989 - FY1994
Funding:	\$12.5 million
IEE Prepared By:	L.G. Clark Fisheries Advisor
Environment Action Recommended:	Negative determination on three components, deferred decision on three components
Regional Director's Concurrence	Signature: Date:
Decision of Environmental Officer Bureau for Asia, Near East:	Approved: Disapproved: Date:

A. Project Description

The project will promote the development of small-scale marine resource activities in the Pacific Islands. The project will have six components - five of these will provide technical assistance, training and commodities for the development of marine resources in specific localities; a sixth, the regional impact component will provide technical assistance and training to promote the wider application of technologies, skills and strategies developed in the other five components.

B. Evaluation of Environmental Impact

Three activities to be funded by the project are expected to have no adverse impact on the natural or physical as follows:

(1) regional impact component: - consists of training and technical assistance which do not have an effect on the natural or

physical environment;

(2) Kiribati atoll marine resource management component which consists of training and technical assistance which will not have an effect on the natural or physical environment and small research activities which will not have a significant impact as a result of limited scope and careful monitoring;

(3) Tonga small-scale tuna fishing component which involves largely experimental fishing on a resource with an estimated standing stock of three million tons of fish from which yields could be sustainably increased by at least several hundred thousand tons annually.

For three other activities to be funded by the project, further information is needed to make an initial examination of whether an Environmental Assessment or an Environmental Impact Statement will be required. These are:

(4) Papua New Guinea coastal fisheries development where resource assessment and management may be needed to ensure that the project does not encourage depletion of some coastal fisheries resources;

(5) Tuvalu deep bottomfish development where the project will assist with the management and development of a virgin fish stock - one which is susceptible to overfishing without good fishery management; and,

(6) Cook Islands black-lipped pearl oyster where intensive pearl oyster culture will be expanded and a small facility may be constructed on an outer island.

Marine scientific studies of each of these three activities are planned as part of the further project design process. The Mission plans to follow these studies with an analysis by an environmental consultant of whether these activities will have a significant effect on the environment. An Initial Environmental Examination will then be completed by August 30, 1989.

C. Recommendations

1. That a negative determination should be recorded for the regional impact component and the Kiribati and Tonga-based activities of this project.

2. That a threshold decision be deferred on the Cook Islands, Papua New Guinea, and Tuvalu activities so that further information can be assembled on whether these activities will have a significant effect on the physical and natural environment.

PRELIMINARY LOGICAL FRAMEWORK

ANNEX D.

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
<u>PROGRAM OR SECTOR GOAL</u>	<u>MEASURE OF GOAL ACHIEVEMENT</u>		<u>FOR ACHIEVING GOAL TARGETS</u>
<p>1. To increase income generating opportunities for men and women within the Pacific Islands through means which enhance the conservation and management of natural resources.</p>	<p>1. Increased numbers of men and women engaged in small-scale marine resources production. 2. Increased incomes from small-scale marine resources activities. 3. Increased local sales and exports of marine products.</p>	<p>1. Project measurement of the regional marine economy. 2. Census results. 3. National income accounts. 4. Local marine resources market data on the value of sales and prices.</p>	<p>1. Projected market conditions are maintained. 2. Comparative economic advantages of the Pacific Islands in small-scale marine products are maintained. 3. Governments and communities have adopted measures necessary for the conservation and management of marine resources.</p>
<u>PROJECT PURPOSE</u>	<u>END OF PROJECT STATUS</u>		<u>FOR ACHIEVING PURPOSE TARGETS</u>
<p>1. To develop, demonstrate and replicate innovative technologies and strategies which increase the benefits to Pacific Island communities on sustainable small-scale private sector uses of marine resources.</p>	<p>1. Technologies and strategies for small-scale private marine resources development have been tested and information is available on where and when these technologies and strategies work. 2. Technologies and strategies for which test results have been positive, have been applied in the target locations, with measurable increases in output of marine products by small-scale enterprises. 3. Results from the five major project activities are being transferred for application in other parts of the region. 4. Programs of marine resources assessment monitoring and management necessary for achieving sustainability of yields have been established.</p>	<p>1. Project reports, evaluations and monitoring. 2. Measures of production, investment and participation from Government marine resources survey data and reports designed for resource assessment monitoring and management. 3. Local marine resources market data on sales volumes. 4. Export statistics on volumes of marine products. 5. Reports of meeting of regional fisheries organizations. 6. Government reports and legislation relating to marine resources management. 7. Volumes of lending reported for investment.</p>	<p>1. Private sector invests in project assisted activities. 2. Credit is available for small-scale investors in marine resources production 3. No dramatic changes in oceanographic conditions.</p>

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OUTPUTS	MAGNITUDE OF OUTPUTS		FOR ACHIEVING OUTPUTS
<ol style="list-style-type: none"> Completed trial marine resources operations. Reports on the viability of trial operations and strategies. Following the results of the trial phases <ol style="list-style-type: none"> a small-scale tuna fishery established in Tonga a deep bottomfish fishery established in Tuvalu black pearl oyster culture established in Cook Islands local fish marketing and production expanded in Papua New Guinea yields of atoll marine resources increased in Kiribati Research reports on the abundance, biology and management of marine resources. 	<ol style="list-style-type: none"> Completed trial marine resources operations; <ol style="list-style-type: none"> .. years trial small-scale tuna fishing; .. pearl oysters trial culture; .. months trial bottom fishing; trial local fish marketing production and management at one center; management programs introduced for .. atoll marine resources Reports on the above five trials. .. established small marine resources enterprises. .. strengthened small marine resources enterprises. .. private sector operators participate in ... person-months of short-term training. .. government resource managers and extension service managers participate in ... person-months of short-term training. .. government resource managers participate in ... person-months of long-term training. .. marine resources are the subject of research reports on abundance, biology and management. 	<p>Project reports, evaluations and monitoring.</p>	<ol style="list-style-type: none"> Suitable private and public sector participants for training can be identified.

INPUTS	IMPLEMENTATION TARGET		FOR PROVIDING INPUTS
<ol style="list-style-type: none"> Long-term Technical Asstos. Short-term Technical Asstos. Facilities Comodities Training 	<ol style="list-style-type: none"> Long-term Tech. Asstos Short-term Tech. Asstc Facilities Comodities Training 	<p>(\$000)</p> <p>AID</p> <p>4,070</p> <p>3,385</p> <p>930</p> <p>3,060</p> <p>1,055</p> <p><u>12,500</u></p> <ol style="list-style-type: none"> Cook Islands 2,250 Tonga 2,400 Papua New Guinea 4,100 Tuvalu 700 Kiribati 1,150 Regional Impact <u>1,900</u> 	<p>Project Documentation, and governmental regional organization records.</p> <ol style="list-style-type: none"> Required funding can be made available on a timely basis. Experts can be found to live in small island locations. Appropriate management arrangements can be established for the project.

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PART 3

AID 1350.1 (387)	AGENCY FOR INTERNATIONAL DEVELOPMENT	1. COUNTRY/COUNTRIES South Pacific	Page 1 of 10 Pages
		2. PIO/T No. 879-0020-3-XXXX	3. <input checked="" type="checkbox"/> Original or Amendment No. _____
		4. Project/Activity No. and Title South Pacific; Pacific Islands Marine Resources Project	
		5. PROJECT IMPLEMENTATION ORDER/TECHNICAL SERVICES	

DISTRIBUTION	5. Appropriation Symbol		6. Budget Plan Code	
	7. Obligation Status <input checked="" type="checkbox"/> Administrative Reservation <input type="checkbox"/> Implementing Document		8. Project Assistance Completion Date (Mo., Day, Yr.) 12/31/94	
	9. Authorized Agent FA/OP/B/AET		10. This PIO/T is in full conformance with PRO/AG No. N/A Date	
	11a. Type of Action and Governing AID Handbook <input type="checkbox"/> AID Contract (HMB 14) <input type="checkbox"/> AID Grant or Cooperative Agreement (HMB 13) <input type="checkbox"/> PASA/RSSA (HMB 12) <input checked="" type="checkbox"/> Other		11b. Contract/Grant/Cooperative Agreement 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. _____)					
Minimum AID Financing Available	A. Dollars	(1) Previous Total	(2) Increase	(3) Decrease	(4) Total to Date
			\$170,000		
	B. U.S.-Owned Local Currency				

13. Mission References	14A. Instructions to Authorized Agent You are requested to select a contractor for a design and perform (DAP) approach to the Pacific Islands Marine Resources Project (879-0020).
	14B. Address of Voucher Paying Officer

16. Clearances - include typed name, office symbol, telephone number and date for all clearances.				
A. The Project Officer certifies that the operations described in the statement of work or program description are technically adequate.	Phone No.	B. The statement of work or program description fits within the purview of the issuing office and approved agency programs.	Date	
	Date			Program Officer, PROG
	Agricultural Officer, IACR			
C. Project Development Officer, PDD	Date	D. Funds for the services requested are available	Date	
Deputy Director, DD	Date			Controller's Office, CONT
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 _____ Date _____		
Title _____		Title Mission Director		

*See HMB 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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SOUTH PACIFIC REGIONAL
PACIFIC ISLANDS MARINE RESOURCES PROJECT (PIMAR)
DESIGN AND PERFORM APPROACH (DAP)

1. **Background and Design Parameters**

A.I.D. seeks the assistance of a contractor to design and implement the Pacific Islands Marine Resources (PIMAR) project utilizing a new approach known as "design and perform (DAP)." A.I.D. has developed a Project Identification Document (PID) [or New Project Description (NPD)] which presents the conceptual framework for the project and provides the policy context for the initiative. A.I.D. is soliciting the creative involvement of the contractor community to further develop the project to the Project Paper stage and, if approved by the Mission, to implement the project.

Offerors are advised to approach this activity very differently from standard A.I.D. procurements. Based on the general parameters provided in the PID and as further set forth below, you are requested to propose a project design which will achieve the stated purpose. The Offeror will base the design on the PID (incorporated as an official annex to this PIO/T) although it should not restrict the innovative project design.

Using standard design guidance provided in A.I.D. Handbook 3 (as a guide) and the provisions of the AIDAR, the Contractor should arrive at a complete project design which gives A.I.D. assurance that: (a) the project purpose can be achieved; (b) the accomplishments can be measured with confidence; (c) the budget level available will not be exceeded; and (d) implementation can begin immediately.

The successful utilization of the DAP approach requires that the Contractor work very closely with A.I.D. and host country officials during the design stage. Indeed, the final document must reflect the collaborative efforts of all parties and present a realistic and implementable project. The document will be evaluated by A.I.D. based on the performance standards described herein. If approved, the Contractor may be asked to implement the Project, in which case an amendment to the contract would be executed. However, A.I.D. is under no obligation to award the implementation phase to the design contractor and the contract may be allowed to expire due to poor performance, lack of funds or other reasons as A.I.D. deems appropriate.

The PIMAR project fits clearly within the Regional Development Strategy Statement (RDSS) goal of increasing income opportunities for men and women. The RDSS further outlines a marine resources program which is a major part of A.I.D.'s regional strategy for pursuing that goal. The Project parameters are summarized below with an indication of the extent to which the Contractor is bound in subsequent design:

Funding Level: \$12.5 million (upper limit)

LOP: Five years (negotiable, but cannot exceed ten years).

Goal: to increase income-generating opportunities for men and women within the Pacific Islands through means which enhance the conservation and management of natural resources (not negotiable).

Purpose: to develop, demonstrate and replicate innovative technologies and strategies which increase the benefits to Pacific Island communities from sustainable, small-scale private sector uses of marine resources (not negotiable in substance).

2. **Problem to be addressed:** The PID cites a lack of income-generating activities in the Pacific Islands as the principal problem to be addressed by the Project. This is characterized by a growing population without adequate employment opportunities in small, moribund economies. The PID further describes the rich marine resources in the Pacific Islands as their greatest asset, and one which has heretofore been under-utilized. As a consequence, their responsible exploitation is the most logical approach to address the problem and increase income-generating activities.
3. **Selection of Specific Opportunities for Development:** The PID proposes five components to address the problem stated above and achieve the project purpose. These components are nationally-based activities which were selected for their possible regional application as described in the PID. They are defined generally in the PID and require further elaboration by the Offeror in terms of specific benchmarks. The proposed components are as follows:

Papua New Guinea: increasing the sale of locally caught fish;

Tuvalu: establishing a sustainable deep bottomfish industry;

Tonga: establishing a small-scale tuna fishery;

Cook Islands: establishing a black pearl oyster culture industry;

Tarawa: increasing yields from mariculture and over-exploited resources; provide information to Tarawa/Kiribati governments to strengthen natural resources management capacity.

In addition to the above nationally-based activities, the Project should:

- * seek to develop a viable regional small-scale tuna fishery;
- * demonstrate a strategy for bottomfishing which ensures sustainability;
- * demonstrate a strategy for harvesting underutilized nearshore resources which will be replicable through the region;
- * demonstrate a viable technology for black-tipped pearl oyster culture and small-scale industry; and
- * conduct the first systematic study of the relationship between human settlement and marine resource to demonstrate the fragility of the resources and the need for strong conservation and management;

The Contractor should approach the design by affirmation or modification of the proposed components. As these represent the best thinking of AID based on experience in the region, modifications to the proposed mix of activities should be carefully and fully justified. Likewise, affirmation of the components implies the Contractor's full endorsement of the approach.

4. Major Design/Implementation Issues

- a. **Sustainability:** Economic and environmental sustainability are essential to development of this project both to maximize the impact of the financial resources and preserve the marine resources for future generations. Project design must demonstrate sustainable results. Environmental sustainability must be addressed separately through a complete environmental examination (IEE) and environmental assessments (EAs), where appropriate.
- b. **Balance:** The PIMAR project should deliver benefits to the South Pacific Region equitably and in response to targets of opportunity for marine resource management.
- c. **Participation of Women:** Although fishing has historically centered on men, women are important in many aspects of the fishing sector including processing, subsistence fishing, etc. The design must ensure

that benefits accrue to women and that they participate in a meaningful way.

- d. **Land Tenure/Sea-Use Rights:** Increased pressure on fishing grounds will confront undeveloped policy areas in the areas of sea-use rights and land tenure. The project design must address customary individual ownership rights and collective ownership rights and make provisions for their adequate treatment.
 - e. **Measuring Results:** The Project design document should provide clear indicators of results and a reliable and realistic plan for measurement of those results.
 - f. **Implementation Performance Standards:** In order to evaluate the DAP approach, it is necessary to have clear performance standards for the implementation phase. Project results and achievements will be measured separately, but the Contractor must include specific and measurable performance standards for implementation in the evaluation plan of the project.
5. **Design Skill Requirements:** The Contractor is requested to propose a mix of skills appropriate for the design stage of the Project. Based on the analysis done for the PID, A.I.D. recommends the following skills be represented on the team:

Project Design Specialist - to provide overall design guidance and to prepare the design document

Economist - to provide design guidance concerning the economic analysis

Technical Specialists: (a) mariculturist with experience in pearl oyster cultivation, with particular skills in marine pathology; (b) small boat fishing specialist to advise on design, construction and fishing methods; (c) marine research specialist; (d) production and marketing specialist in small-scale fisheries.

The design team will work closely with Mission staff at all stages of design and implementation. The team works under the supervision of the Mission Fisheries Advisor, and in coordination with AID/W's R&D fisheries expert.

6. Design Performance Standards

Performance standards for the design comprise two major factors: (A) delivery of an acceptable project paper which represents a realistic and implementable activity in the context of the South Pacific regional program; and (B) the Contractor's demonstrated ability to operate effectively with A.I.D. and the host

country. The Contractor is reminded that A.I.D. is under no obligation to award the implementation stage and that performance will be subject to careful scrutiny as further described below.

A. Delivery of Project Paper - The Contractor will be responsible for preparing a Project Paper for the PIMAR project which contains the following major sections, as relevant:

- PP Facesheet
- Executive Summary
- Project Description
- Procurement Plan
- Financial Plan
- Implementation Plan (including detailed Year One work plan)
- Evaluation and Audit Plan
- Results Monitoring Plan
- Summary of Analyses
- Revised Logical Framework
- Analyses (as required for design)
 - Economic Analysis
 - Technical Analysis
 - Administrative Analysis
 - Environmental Analysis
 - Social Soundness Analysis
 - Financial Analysis
- Contractable SOW for Implementation¹

The PID calls for a social soundness and economic analysis. The Contractor may wish to add others and should include a rationale in the proposal.

B. Contractor Effectiveness - A.I.D. will evaluate the overall effectiveness of the Contractor as an important component of the performance standards. Effectiveness is defined as the combination of a contractor's ability to deliver a sound project document and the process of doing so. To this end, the Contractor (as represented by design team members and other staff) will be evaluated on his/her ability to:

- (1) collaborate with A.I.D. and host country officials in the design and planning for the activity to ensure that the product is a joint effort;
- (2) facilitate an appropriate climate in which the rigor of project analysis is maintained while interpersonal and cross-cultural skills are evident; and

¹ See Section 11 for further discussion of the Contractable SOW.

(3) provide appropriate and timely management support in the fielding of appropriately-skilled technicians, monitoring of progress, etc.

7. Special Provisions

- A. Long-term contractor personnel must be fluent (FSI rated S-3, R-3) in Polynesian i.e. able to conduct business at a luau.**
- B. Access to classified information is not required.**
- C. Duty posts and duration of technical specialists services as posts - The Contractor will be required to travel throughout the South Pacific. Short and long-term technicians will reside in capital cities of the islands where project activities are implemented.**
- D. Dependents will be allowed to accompany long-term technical specialists.**
- E. Geographic code applicable to this procurement: Code 941**
- F. Salary approvals to exceed FS-1 salary ceiling: N/A**
- G. Cooperating country acceptance of this project is in process.**
- H. Justification for use of external resources: N/A**
- I. Clearance for procurement of ADP equipment, software, and services: will be obtained depending on final design**
- J. OMB approval of any report to be completed by ten or more members of the general public under the statement of work: N/A**
- K. Participant training: may be funded under this PIO/T at levels to be determined during the design.**
- L. Requirement is recommended for neither small business setaside or SBA 8(a) program.**

8. Provisions for Logistic Support

All administrative and logistical support must be provided by the Contractor. It is possible that technicians will be permitted access to the Embassy health facilities, contingent upon full medical clearance commensurate with USDH employees. The Contractor is advised to engage the services of a local management consulting firm to provide administrative assistance during the design and possibly during implementation.

9. Illustrative Budget: Design Stage

A. Operating Expenses

AID/W R&D Fisheries Specialist	\$7,500
Anthropologist (PSC)	
TOTAL OE	7,500

B. PD&S Expenses	
Project Design Specialist	50,000
2.5 months @ \$20,000/mo.	
Economist	40,000
2.0 months @ \$20,000/mo.	
Mariculturist	20,000
1.0 month @ \$20,000/mo.	
Small boat fishing Specialist	20,000
1.0 month @ \$20,000/mo.	
Marine Research Specialist	20,000
1.0 month @ \$20,000/mo.	
Marketing & Production Specialist	20,000
1.0 month @ \$20,000/mo.	
TOTAL PD&S	\$170,000

10. Contractable Scope of Work

DAP requires that the Project Paper contain a Scope of Work which can be contracted if approved for implementation. This is essentially the PIO/T which would ordinarily be issued after PP approval. Owing to the nature of the DAP, considerably more detail will be required.

A. Key Personnel - The proposal must include candidates for all long-term TA positions and a representative sample of short-term specialists who would be used during implementation. The proposal should provide a degree of certainty that the proposed candidates are available and interested if selected.

B. Full Description of the Specific Responsibilities - This combines, but significantly shortens, the typical proposal under traditional TA procurements. The Offeror should have a much clearer idea of the specific responsibilities for each component of the project.

C. Workplan - The specific responsibilities should be translated into a workplan which incorporates other components of the Project.

D. Other Procurement - It is likely that other procurement will be required in addition to principal TA contract (participant training, evaluations, audits, etc.). It is desirable, though not essential to have detailed SOWs for these procurement

11. Timing and Scheduling

This is an illustrative schedule of the DAP Model beginning with PID approval:

PID Approval	Month 0
DAP Award	Month 6
PP Finalization	Month 9
PP Approval	Month 10
Congressional Notification	Month 11
ProAg Signed	Month 12
Implementation Award ²	Month 12
Implementation Begins	Month 13

12. Design Award Evaluation Criteria

Award of the DAP will be based on technical and cost proposals. Technical criteria and relative weighting are provided below:

- A. Prior Experience (25 points) - The offeror must demonstrate technical and managerial experience in developing countries and in marine fisheries. The proposal must include references.**
- B. Key Personnel (25 points) - The offeror will provide a full design team as described above. Alternates must be provided.**
- C. Ability to Implement (25 points) - The Contractor must demonstrate a capability to implement the project, if awarded.**

² if approved for implementation by the Mission.

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PART 4



U.S. AGENCY FOR
INTERNATIONAL
DEVELOPMENT

MEMORANDUM

TO: USAID/Fiji, Red Snapper
FROM: USAID/Fiji, Happy Bloke *Happy Bloke*
SUBJECT: I. Procurement Schedule
II. A.I.D. Instructions for Evaluation Committee
Request for Proposal (RFP) No. USAID/Fiji 92-01
Pacific Islands Marine Resources Project (PIMAR)

I. The subject RFP was issued March 1, 1992 with a closing date of April 15, 1992. Below is the procurement schedule for award of the contract:

Evaluation of Proposals	4/16/92 - 5/1/92
Negotiations/Request for Best and Final (BAFO)	5/29/92
Best and Final Received	6/15/92
Evaluation of BAFO	6/16/92 - 6/22/92
Contract Executed	6/30/92

II. This RFP is using a new contracting procedure called design and perform (DAP), which allows for the contractor that designs the project to implement it. The RFP's contract format, instructions, and evaluation criteria are specifically tailored to a DAP contract. Since this form of contracting is quite different, please review the RFP carefully, paying particular attention to the instructions to offerors in Section L and Attachment 2 entitled Guidelines and Procedures for DAP/DAD Contracts.

The major difference in scoring the proposals under this RFP is your consideration of cost factors. Usually, the committee's evaluation is limited to only the technical proposals and the contracting officer scores the cost proposals. This procedure, however, does not allow the technical committee to see the cost implications of different proposals and the anticipated costs of contracting with different offerors. In DAP contracting, since the contractor that designs the project will implement it (in most cases), it is essential that the committee evaluate the contractor's consideration of the project's costs during the design phase, and its ability to manage costs (of itself and subcontractors).

The proposals submitted in response to the referenced RFP will be provided to your office on April 16, 1992. The procedures to be followed leading up to award of a contract are set forth below. Each member of the A.I.D. Evaluation Committee ("the Committee") should be thoroughly familiar with these procedures.

A. EVALUATION

1. A Committee, composed of a Chairperson representing the project office, and as appropriate, representatives of other concerned offices and the host governments, shall be established by the Mission. The Contracting Officer will be included as a full member of the committee. The function of the Committee will be to evaluate all proposals pursuant to the evaluation criteria set forth in the RFP.
2. No contact relative to the RFP should be made with individual offerors before or during the Committee's proceedings without the concurrence of the Contracting Officer except as specified in Paragraph A.2. below. Such unauthorized contact may serve to disqualify an offeror, or in extreme situations, may result in termination of the procurement action. It should also be noted that after proposals have been received, and prior to award, no information regarding the number or identity of the offerors participating in the negotiation nor the results of the Committee's deliberations shall be made available to the public or to anyone whose official duties do not require such knowledge.
3. Each member must evaluate every proposal utilizing only the evaluation criteria set forth in the RFP. A scoring sheet is to be provided each member by the Chairperson. Each member's scoring sheet should be supplemented by a narrative which describes the strengths and deficiencies of each proposal.
4. Reference Check
 - (a) After the Committee has conducted the normal evaluation of the proposals in accordance with the evaluation criteria, it shall then conduct a reference check on past performance for each offeror who has submitted a technically acceptable proposal. The committee shall obtain factual comment from a minimum of three (where possible) cognizant technical representatives (commercial or Governmental), and/or A.I.D. project officers, concerning the offeror's past performance with reference to the following factors where applicable:
 - (1) Planning to achieve the project's purpose;
 - (2) Managing adjustments in scope of work, funding, and scheduling, with timely notice to the cognizant technical and contracting officials;

(3) Ability to resolve problems that arise during performance;

(4) Providing technically qualified staff (including key personnel) on a timely basis to achieve the project's purpose;

(5) Responding to technical directions;

(6) Adhering to the work schedule;

(7) Providing home office support for the field team(s);

(8) Developing working relations with cooperating country's nationals;

(9) Managing the provision of commodities;

(10) Administering participant training responsibilities;

(11) Training and utilizing local (in country) staffs;

(12) Submitting reports as required.

(b) A.I.D. project officers shall, upon request of the Committee, furnish candid, accurate, and complete factual information for consideration by the Committee and/or the Contracting Officer. The information must be factual rather than opinion. If deficiencies in past performance are noted, mitigating circumstances, if any, should also be mentioned.

(c) The Committee shall have the option to expand the reference check described in A.4. above, if appropriate, when additional sources are identified as a result of information received from the offeror's references or from other contacts.

5. Evaluation Report

Upon completion of the evaluation, the Chairperson shall send a memorandum to the Contracting Officer presenting the Committee's composite score and narrative findings for each offeror. This memorandum will be used:

-- to assist the Contracting Officer in determining which proposals are in the competitive range;

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- as a basis for negotiations with each competitive offeror with the purpose of improving the proposals; and
- as a basis for debriefing unsuccessful offerors.

The memorandum should also indicate those proposals containing deficiencies and the nature thereof, which make the proposals unacceptable. Copies of the Committee members' scoring sheets will be transmitted with the memorandum. If additional information is required to substantiate the scoring, the Contracting Officer will notify the Committee immediately.

THE MEMORANDUM SHALL BE MARKED "SOURCE SELECTION INFORMATION - SEE FAR 3.104."

B. COMPETITIVE RANGE

The Contracting Officer is responsible for determining the competitive range of proposals. Offerors not falling within the competitive range will be notified by the Contracting Officer that their proposals are no longer under consideration.

A proposal is in the competitive range unless it is so technically inferior or out of line with regard to price that meaningful negotiations are precluded, or, that there is no possibility that it can be improved to the point where it becomes acceptable. The decision shall not be based upon pre-established cutoff scores.

C. NEGOTIATIONS

1. Written or oral negotiations are required to be conducted with all responsible offerors who submitted proposals determined by the Contracting Officer to be within the competitive range. Committee members, the Chairperson, or another representative from the project office should be prepared to participate in discussions of technical areas that need to be dealt with during negotiations.
2. The Committee may wish to hold discussions with some or all of the offerors or their key personnel for purposes of clarifying proposed project performance. This may be accomplished through coordination with the Contracting Officer. When such discussions are held, questions by the Committee will relate only to the content of the written proposal as submitted. Modifications to the proposal will not be requested or suggested by the Committee. Changes to the proposal by the offeror may not be considered by the Committee unless these changes are submitted in writing to the Contracting Officer as a formal modification to the proposal.

3. Offerors with whom negotiations are conducted shall be informed of deficiencies in their proposals and offered the opportunity by the Contracting Officer to submit best and final offers by a specified date. The Contracting Officer may submit the best and final offers to the Committee for reevaluation which could involve rescoring and additional narrative statements. When there is a reevaluation by the Committee, the Chairperson will inform the Contracting Officer in writing of any changes in evaluations and rankings of the offerors which resulted from the best and final offers. If the results of the negotiations are considered unsatisfactory by the Contracting Officer, he or she may call for additional rounds of negotiations and best and final offers. In most cases, one round should be sufficient to make an award.

D. AWARD

Upon the conclusion of all negotiations, contract award will be made by the Contracting Officer to the responsible offeror judged best able to perform the contract in the manner most advantageous to the Government, price and other factors considered. Prior to that decision, the Contracting Officer will normally consult with the cognizant technical office and the Committee Chairperson, as appropriate.

E. COMMITTEE INFORMATION

Please provide a memorandum indicating the names and organizational units of the Committee Chairperson and other voting members. The memorandum should indicate whether the committee members are familiar with the Office of Federal Procurement Policy Act (Procurement Integrity Act) and have signed the Procurement Integrity Certification.

--This procurement is covered by the procedures of the Office of Federal Procurement Policy Act. See attached Section 3.104 of the FAR. All individuals that are involved in this procurement are considered Procurement Officials and are therefore required to have signed a certification regarding the procurement Policy Act and are required to protect all information as Source Selection Information in accordance with FAR 3.104.

--The proposals, which have all been marked "Proprietary", and the source selection information are required to be secured in a secured facility to prevent disclosure.

--All individuals who have access to the proprietary or Source Selection Information are required to be listed in the contract file. Consequently, the chairman is required to furnish a list of all individuals who had access to the file and their relationship with the Agency.

Please contact me if you need any further advice or assistance.

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