

**Agency for  
International  
Development**

**Management of  
Direct AID Contracts,  
Grants, and  
Cooperative  
Agreements**

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# PROJECT OFFICERS' GUIDEBOOK FOR THE MANAGEMENT OF DIRECT AID CONTRACTS AND GRANTS

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# GUIDEBOOK FOR AID PROJECT OFFICERS

## CHAPTER I INTRODUCTION

### 1. PROJECT MANAGEMENT

Project management may be described as the process whereby AID oversees and monitors all aspects of an AID-financed undertaking--from conceptualization of the project or activity through its design, approval, funding, implementation, and final evaluation phases. Project management is thus a continuum encompassing the roles and interactions of AID, assistance recipients, intermediaries (contractors, grantees, consultants, other U.S. Agency experts, etc.), and other donors participating in the project.

Varying with the scope and complexity of a project, effective project management generally relies upon a number of managerially accepted oversight methods and mechanisms. These include, for example, prior review and approval of prescribed activities of the assistance recipient, liaison with the intermediaries involved, progress reporting, problem identification, site visits, and approval of disbursements.

In terms of AID program operations, responsibility for management of a project in its totality may be viewed as falling in two general categories: AID-financed bilateral projects as one category, and AID centrally or regionally funded projects as the other.

In the case of AID-financed bilateral projects, which are mutually developed and agreed upon by AID and the recipient country, primary responsibility for the overall management of such projects rests with the country agency or entity concerned. Thus, the "project manager" is the appropriate official of the recipient country charged with overseeing and coordinating the activities of all participants and resources involved, whether locally or externally provided. This principle is consistent with the "collaborative style" of economic assistance and the recognition that development itself is a recipient country responsibility. Notwithstanding this concept, however, AID continues to be responsible for the prudent oversight and utilization of the AID resources invested in such projects.

In the case of projects which are centrally funded (e.g., by the *Science and Technology* Bureau) or regionally funded (e.g., by the Bureau for Asia), such projects are normally initiated and sponsored by AID itself. For this reason, responsibility for their management and monitoring rests primarily with AID.

## 2. SCOPE OF THE GUIDEBOOK

This Guidebook is neither designed, nor intended to cover "project management" in all its dimensions and ramifications. Rather, it deals only with those aspects of project management relating to the administration and oversight of contracts, grants, and cooperative agreements entered into directly by AID.

Monitoring the activities and performance of the contractors or grantees--institutional or otherwise--which are the parties to AID direct contracts, grants, and cooperative agreements, however, is in itself a major facet of overall project management. This is particularly evident as AID moves increasingly toward greater use of intermediaries in the development and implementation of its programs, bilateral or otherwise. In fact, in many cases a single contract, grant, or cooperative agreement may in itself represent the total dimensions of a project, at least in its initial stages.

This Guidebook also does not attempt to cover the role and responsibilities of AID under circumstances where the recipient country is the contracting agency, creating a direct contractor/recipient country relationship differing in important respects from a direct AID relationship with contractors. In recognition of these differences, AID-financed country contracts are subject to the regulations and procedures set forth in Handbook 11. (AID's policy of preference for recipient country contracting will be found in Policy Determination 68, which is included in Handbook 3, Chapter 5, Appendix M.)

Despite this significant distinction, many of the monitoring principles in this Guidebook relating to direct AID contracts would appear to be equally useful guidance for Project Officers overseeing AID-financed country contracts.

In summary, the Guidebook describes the responsibilities of AID for the prudent stewardship of public funds where AID--as a U.S. Government Agency subject to applicable legislation, Executive Branch policies, and the Federal Procurement Regulations--executes contracts, grants, or cooperative agreements in the implementation of its programs.

### 3. DEFINITIONS

To facilitate understanding, the following terms may be defined as indicated for purposes of this Guidebook:

#### A. Contracts

A direct AID contract is a legally binding agreement between AID and a non-government entity (institution, firm, or individual) whereby the latter undertakes to provide AID with specified goods or services required for AID programs in return for payment therefor.

#### B. Grants and Cooperative Agreements

A grant is a conditional gift by AID to an individual or organization for the purpose of helping to carry out, improve, or expand an activity sponsored by the grantee which is consonant with the objectives of the Foreign Assistance Act (FAA).

A cooperative agreement is a conditional gift to an organization--such as a university, international research center, private and voluntary organization or other entity--for a program sponsored by the recipient but in which a substantial degree of direct participation by AID is involved.

Standardized Government procedures relating to grants and cooperative agreements will be found in OMB Circular A-110 of July 30, 1976, entitled "Grants and Agreements with Institutions of Higher Education, Hospitals, and other Nonprofit Organizations--Uniform Administrative Requirements," the pertinent parts of which are included as paragraphs G through U of Chapter 1 of Handbook 13. The various types of grants and the cooperative agreement as used by AID are discussed in more detail in Chapter III of this Guidebook.

#### C. Distinction Between Contracts, Grants, and Cooperative Agreements

(See Handbook 1B, Chapter 25.)

(1) A direct AID contract is a procurement instrument that is used when the principal purpose is to acquire specific goods or services of direct benefit or use to AID in support of AID-financed programs or projects. On the one hand, the contractor agrees to carry out AID's objectives in the manner determined and specified by AID in the contract itself. On the other hand, AID retains the right to exercise greater administrative, contractual, or legal remedies for breach of the terms and conditions of the contract than would be appropriate under a grant or cooperative agreement.

(2) A grant<sup>1</sup> is an assistance instrument that is used when the principal purpose of the relationship between AID and the other party or parties is the transfer of money, property, or services to the grantee in order to accomplish an AID purpose, authorized by statute, through support or stimulation of the grantee's own program or project. Under the provisions of a grant, the grantee has considerable freedom to pursue its own stated program or project purpose, without substantial involvement by AID during the performance of the proposed activity. AID expects the grantee to use its best efforts in achieving the purpose of the grant.

A grant is used to support the activities of an individual or of an independent organization which contribute to the achievement of objectives of the Foreign Assistance Act (FAA), where it has been determined that support for the grantee's own program is a more appropriate means of reaching those objectives than a contract or other type of assistance, such as a loan under a bilateral project agreement with a foreign government.

Grants may not be used as a substitute for contracts, thereby circumventing the carefully defined rules and procedures set forth in AID's procurement regulations.

The fact that AID decides to make a grant does not, of course, relieve it of the obligation to exercise prudent management of public funds. Grants, therefore, must include provisions which assure that AID retains reasonable oversight of these instruments.

(3) A cooperative agreement is an assistance instrument that is also used when AID wishes to support or stimulate the recipient's own program or project. Unlike other types of grants, however, a cooperative agreement does entail substantial involvement by AID in the program of the grantee. Under a cooperative agreement AID's involvement is on a partnership basis, as opposed to the relationship established under a contract, where the Agency is acquiring specific goods or services for its own use or benefit.

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<sup>1</sup>There are a number of other types of grants that are not the subject of this Guidebook, such as, for example, a grant financed project under a bilateral agreement between AID and a host country. Please refer to the discussion below at the introduction of Chapter III, Part A, Grants and Cooperative Agreements.

#### **D. Contract Officer—Grant Officer**

The Contract Officer or Grant Officer is the AID official to whom authority has been delegated to enter into and administer contracts, grants or cooperative agreements on behalf of AID, and to make related findings and determinations within the limitations of the authority so delegated.

The authority to appoint AID Contract or Grant Officers, whether stationed in Washington or the field, has been delegated to the Director, Office of Contract Management. This authority may be redelegated to Mission Directors and AID Representatives abroad. All such delegations are in writing.

#### **E. Project Officer**

The Project Officer is the AID official responsible for monitoring the performance of the contractor or grantee, as required by the terms of the related contract, grant, or cooperative agreement, in order to facilitate the attainment of project objectives and to safeguard AID's interests and investment.

#### **F. Project Implementation Order (PIO/T)**

The Project Implementation Order/Technical Services (PIO/T) is the official AID form which formally initiates the contracting or grant procedure and which prescribes the services required (scope of work), the estimated costs and time period, logistical support arrangements, and other details necessary to facilitate the negotiation and execution of a responsive contract or grant.

Where the contract is to be executed by AID/W, the PIO/T (whether initiated by Washington or in the field) is submitted to the Office of Contract Management (M/SER/CM). Where the contract is to be executed by the Mission, the PIO/T is submitted to the Mission officer empowered to negotiate and sign contracts.

#### **G. Contract or Grant Administration**

Contract or grant administration is the process whereby AID assures that the contractor performs in accordance with the scope of work and other terms of the contract, and that the grantee adheres to the conditions of the grant. Contract or grant administration includes all actions taken within the framework of applicable law, policy, and regulations, from the execution of a contract or grant until all contractual obligations have been satisfactorily met or the grant has been closed out or terminated.

In AID operations, the roles of the Contract or Grant Officer and the Project Officer are complementary and mutually supportive. While there is a clear division of responsibility between these two officials, their functions are closely related and cannot be performed in a vacuum. Close and continuing cooperation is obviously required.

Following his role as the negotiator and drafter of the contract or grant agreement, the Contract or Grant Officer becomes responsible--with advice as appropriate from the Legal Advisor--for the interpretation of all provisions of the contract, grant, or cooperative agreement and for the resolution of questions which may arise in connection with financial or business matters.

## **H. Cost Estimating**

Cost estimating is the procedure whereby the total amount to be obligated for a contract or grant is established. Development of an independent Government cost estimate is an essential element in the contracting process, both to determine funding needs and to provide the basis for evaluating technical and cost proposals by prospective contractors. (Note prohibition in Chapter 11B5 below against disclosure of cost estimates to contractors.) Although preliminary cost estimates are made and refined during the several stages of the project cycle--the Project Identification Document (PID), the Project Paper (PP), and the Project Agreement--it is in the PIO/T that a detailed and realistic estimate of costs becomes controlling in that it sets the ceiling for the resultant contract (unless and until amended). Guidance regarding cost estimating will be found in Appendix D.

For further details regarding the project process, see Handbook 3, Project Assistance, particularly Chapters 2, 4, 5, 7, 8, and 9.

## **I. Methods of Payment**

Common AID methods of payment for contracts and grants are described subsequently in Chapter II C 2 O, and Chapter III D 2 H, respectively, in this Guidebook.

## **4. ORIGIN OF THE AID "PROJECT OFFICER" CONCEPT**

In 1964, the Agency adopted the concept of assigning responsibility for project monitoring to a single AID officer designated in writing for each active project. This fixation of responsibility principle was reaffirmed several times since, most recently in January 1976 in a circular airgram (AIDTO CIRC 2) to the Missions which reiterated the requirement as the following excerpt indicates:

"For each field or AID/W project, a single individual (Project Officer) must be designated who will be responsible for all activities relating to that project, from planning through implementation and evaluation, whether he personally performs any or all of these activities or enlists the support of other staff resources, whether direct-hire, contractors or consultants."

In the application of this managerial concept, the Agency has employed various titles in the designation of officers given project management responsibilities--including "project coordinator," "project manager," and most recently "project officer." To minimize confusion and to standardize the terminology, this Guidebook uses the "Project Officer" title as the most appropriate and consistent with the Agency's latest directive on the subject.

For each project carried out by a field Mission, Agency instructions also require the designation of a "project support officer" in the appropriate AID/W Bureau "...who will be responsible for appropriate actions and backstopping the Project Officer in the field..., insuring that AID/W actions relating to planning and implementation are carried out promptly, that field inquiries and requests for assistance are expeditiously responded to, etc." In some cases, project support officers have also been designated in Missions to support and assist AID/W projects which involve activities overseas.

As a further step in the interests of simplicity, the Guidebook distinguishes between Washington and Mission officers responsible for project monitoring at their respective sites of operation by referring to the former as the "AID/W Project Officer" and to the latter as the "Field Project Officer." Adoption of these designations should not only eliminate the use of the "project support officer" distinction and terminology, but make self-evident the locus and respective responsibilities of each.

## **5. GENERAL ROLE AND RESPONSIBILITIES OF THE PROJECT OFFICER**

As mentioned earlier, this Guidebook deals primarily with the responsibilities of the Project Officer for the management of AID direct contracts, grants and cooperative agreements. Thus, the Guidebook's coverage begins basically with the preparation and issuance of the "Project Implementation Order-Technical Services" (PIO/T). This is the document which triggers the Agency processes of developing, negotiating, and executing contracts, grants, and cooperative agreements.

It should be noted, however, that under ideal circumstances the designated "Project Officer," whether serving in Washington or the field, should at least have participated, if not actually been the primary action officer, in the substantive

processes preceding the preparation of the PIO/T. These processes normally include the development of the related sector analysis, the Project Identification Document (PID), the Project Paper (PP), and the Project Agreement applicable in the case of bilateral projects, or such other documents as serve similar purposes in the case of AID/W centrally or regionally funded projects. Participation in these earlier phases of project development will enhance the Project Officer's understanding of the project goals, the relationship of contracts and grants to such goals, and the specific commitments of all parties involved in the undertaking.

Subsequent chapters of this Guidebook describe in detail the specific functions of the Project Officer relating to the oversight of contracts, grants, and cooperative agreements. Generally speaking, the Project Officer, as the "eyes and ears" of the Mission Director in the field or the Assistant Administrator in Washington, normally:

- Prepares (or arranges for preparation of) the PIO/T and related scope of work and assures its appropriate clearance and issuance to initiate the contracting or grant process;
- Participates in the process of selecting the contractor or grantee;
- Reviews and clears the draft contract, grant or cooperative agreement;
- Participates in negotiations with the prospective contractor or grantee;
- Maintains personal liaison with the contractor or grantee following award of the contract or grant;
- Monitors the substantive and technical performance of the contractor or grantee;
- Makes periodic visits to the site of the project or activity;
- Assures compliance by the contractor with the terms of his contract and arranges for corrective action for any deficiencies;
- Analyzes and comments upon reports required from the contractor or grantee;
- Assures that all relevant documents and correspondence are maintained in the contract or grant file;

- Administratively approves contractor or grantee vouchers submitted for payment;
- In consultation with the Contract Officer, assures that scopes of work, PIO/Ts, and contracts are revised as necessary so as to reflect agreed upon changes in contract implementation;
- Evaluates the performance of the contractor;
- Participates in the preparation of the Project Evaluation Summary (PES).

The general functions listed above are not equally demanding in terms of staff effort, for a number of reasons. The tasks involved are carried out more or less sequentially over an extended period of time which varies widely. The depth and degree of oversight depends in large measure upon the scope and complexity of the contracts or grants being monitored, in particular the incidence of problems which may arise during their implementation. Additionally, the Project Officer can enlist the assistance of other AID offices--such as the technical, legal, or financial staffs--to take action on matters within their functional areas of responsibility. The Project Officer also has considerable latitude in scheduling his monitoring tasks as he deems necessary in the light of his other duties and in relation to the performance benchmarks in the contract or grant.

Given the range of these oversight responsibilities, the Project Officer is neither required nor expected to perform personally all of the functions described in this Guidebook. He will frequently have to call upon other AID offices to assist on matters beyond his own technical competence, or to take action on issues falling within the purview of such offices. For example, preparation and issuance of a PIO/T may in some instances be handled by a Mission or AID/W program office. Or questions of interpretation of the provisions of a contract or grant may arise, necessitating referral of the problem to the Contractor Grant Officer or to the Legal Advisor. In these and similar circumstances, the Project Officer acts as coordinator and catalyst in enlisting the help of other AID offices and in following through to assure that required actions are taken in a timely fashion.

## **6. DESIGNATION OF PROJECT OFFICERS**

Assistant Administrators in Washington and Mission Directors in the field (or their designees) may appoint any direct hire members of their staffs to serve in the capacity of Project Officers at any point in the project cycle. Thus,

development, technical, management, desk, or other officers may function as Project Officers when so designated. Each such designation must be made in writing, with both Washington and the Mission concerned to be informed where a project requires both AID/W and field participation. This flexibility is essential to assure the most effective deployment of staff resources in the light of prevailing workload demands, staff turnover, and personnel availabilities.

In the case of AID-financed bilateral projects, the Field Project Officer looks to his counterpart AID/W Project Officer for support and assistance in responding to field requests needing Washington action (e.g., in obtaining AID/W waiver approvals, expediting contract actions, or providing required data). Under these circumstances, the Field Project Officer has overall monitoring responsibility as contrasted with the supportive role of the AID/W Project Officer.

Conversely, in the case of AID/W centrally or regionally funded projects, the Field Project Officer backstops and supports the AID/W Project Officer with respect to matters requiring field participation (e.g., oversight of contractor or grantee field operations, progress reporting, or communications). In these cases the AID/W Project Officer has overall monitoring responsibility as contrasted with the supportive role of the Field Project Officer.

## **7. PROJECT COMMITTEES AND THE PROJECT OFFICER**

Agency policies encourage the formation of a "Project Committee" at the outset of the project formulation process. (See Handbook 3, Chapter 7A.) This approach is designed to provide a multi-disciplinary array of expertise and resources in the process of project planning, design, approval, implementation, termination and final evaluation.

The Project Officer should be a member, if not actually Chairman of such Committees to assure his thorough understanding and familiarity with project backgrounds and goals.

## **8. PROJECT OFFICER STYLE OF OPERATIONS**

Precisely because of the oversight nature of the Project Officer functions, these must be carried out with sensitivity, judgment, and appropriate regard for the role of the contractor or grantee. It is assumed that the Project Officer will be fully familiar with the substance and details of the Project Paper, Project Authorization, Project Agreement, PIO/T, or other related documents, as well as with the applicable contract(s) or grant(s) he is responsible for monitoring. The respective roles and relationships among AID, the contractor or grantee,

and the recipient country where involved, must be clearly understood and kept in perspective as the Project Officer performs his tasks.

The Project Officer should proceed on the assumption that the contractor or grantee has been selected by the Agency after full consideration of its competence and reliability. Unless actual performance warrants other treatment, excessive monitoring or "over the shoulder" surveillance should be avoided. The guiding principle should be maintaining that degree of oversight which the Project Officer considers minimally necessary to assure the attainment of the objectives of the contract or the purpose of the grant, as well as to safeguard AID's interests and investment.

On the positive side, the Project Officer should consider himself a facilitator in identifying and resolving problems hampering the progress of the contractor or grantee. Wherever feasible, he should attempt to address and resolve such problems informally. One test of his effectiveness is where his relationships with the contractor or grantee are such that his advice and assistance are actively sought.

Finally, the Project Officer plays a pivotal role in discharging the Agency's overall stewardship and accountability for the use of public funds. He must therefore keep in mind the fact that there is an irreducible minimum of oversight which must be maintained over AID-financed contractors and grantees to assure the prudent management of AID's development investments. Although the Project Officer may not delegate his overall oversight responsibility, he may arrange to have specific monitoring tasks assigned to other staff members (including qualified local employees) or to non-AID specialists under contractual arrangements. Where such arrangements are made, however, the Project Officer must assure that the tasks thus assigned are effectively carried out.

## **DIRECT AID CONTRACTS**

### **CHAPTER II**

#### **PART A**

### **GENERAL DISCUSSION**

#### **1. INTRODUCTION**

This chapter of the Guidebook covers the role and responsibilities of the Project Officer where AID, either at Washington or the field level, contracts directly with an institution, firm or individual. Responsibility for continuing oversight of such contracts rests with the Project Officers designated in writing by an Assistant Administrator, Mission Director, or their designees.

#### **2. AID GENERAL POLICY ON DIRECT CONTRACTS**

It is a basic policy of AID to encourage contracting by the recipient countries themselves wherever feasible, rather than having AID itself contract for the goods or services needed in the implementation of AID-financed bilateral projects. Notwithstanding this policy, however, for a variety of valid reasons AID itself frequently makes such contracts directly. For example, direct AID contracting is usually appropriate in the case of centrally or regionally funded projects which are developed and sponsored by AID itself, or where a recipient country lacks the experience to carry out its own contracting functions in compliance with AID regulations.

Direct AID contracts may only be negotiated and executed by duly authorized AID personnel, either in AID/W or in the field, pursuant to written delegations of authority. Such delegations of contracting authority (including delegations to Mission Directors or AID Representatives abroad) are made only by the Director, Office of Contract Management (M/SER/CM), AID Washington. (See Delegation of Authority No. 99.1. et seq. in Handbook 5.)

#### **3. APPLICABILITY OF FEDERAL AND AID PROCUREMENT REGULATIONS**

Where AID contracts directly for the procurement of goods and services, it is governed by the policies and requirements set forth in the Federal Procurement Regulations (FPR) and/or the supplemental AID Procurement Regulations (AIDPR). (See Handbook 14, Procurement Regulations, for further details.)

AID direct contracting is specifically exempted from the formal advertising requirements of the Federal Property Act. However, it is AID policy to employ formally advertised proposed procurements in cases where firm requirements have been established and effective price competition can be obtained (as described in Chapter 12B of Handbook 1, Supplement B). Where formally advertised contracting is not practicable, AID relies upon competitive negotiated procurement to the maximum extent feasible.

#### **4. PROCUREMENT PLANNING AND THE PIO/T**

Where the Project Officer is officially designated subsequent to the approval of the project, his initial responsibility is to become fully familiar with the project's objectives and background by studying the related Project Paper (PP) and Project Agreement, or similar documents. Thorough understanding of these documents is essential to the Project Officer's perception of the proper role and contribution of proposed contracts; the relationships among AID, the recipient country if any, and the contractor; and the nature and extent of contract monitoring likely to be entailed.

The Project Officer plays a critical, if not primary, action role in the development and preparation of the Project Implementation Order-Technical Services (PIO/T). The importance of a properly prepared, fully detailed PIO/T cannot be over-emphasized since it constitutes the basic foundation, including the budget, upon which the resultant contract will be built.

The core of the PIO/T is the statement of the work to be performed by the contractor. This must be as precisely defined and articulated as possible if the contractor is to understand clearly the dimensions and purposes of the tasks to be undertaken. A poorly prepared scope of work is self-defeating in that it may result in a non-contractible PIO/T with attendant delays while clarification is sought, or worse, in a contract replete with ambiguities and imprecise contractor responsibilities.

To make possible meaningful monitoring and evaluation, the PIO/T (and the resultant contract) should include specific indicators of progress or benchmarks which will permit measurement of the contractor's progress against the expenditures of both time and money. Provision should be made for periodic reports by the contractor to facilitate assessment of his actual progress. Particular care should be taken to assure that each scope of work meets these requirements.

As the most substantive part of any contract, it is the scope of work which constitutes the essence of the agreement between the parties on what is to be done, and which

fundamentally binds the contractor and AID in their respective obligations. While standard provisions or "boiler plate" clauses in the contract further define rights and responsibilities, it is the scope of work which describes contract objectives and the steps which must be taken to achieve them.

Where a direct AID contract is proposed as a phase of implementing a bilateral Project Agreement, the Field Project Officer should determine when, and to what extent, participation by the recipient country in the development of the PIO/T would be appropriate.

The scope of work must also facilitate an effective and cooperative relationship between the contractor and his personnel and the Project Officers at AID/W and at the Mission. Ultimately, a clear and complete scope of work may assume even added importance if there is a legal or administrative dispute as to the adequacy of the services provided, perhaps affecting a decision as to whether or not the contractor will be paid. By assuring that the PIO/T and its scope of work are carefully prepared, including the participation and clearances of other AID officers concerned (e. g., Technical Officer, Contract Officer, Legal Advisor), and the recipient country where involved, the Project Officer is also better equipped to monitor the resultant contract.

Successful implementation of a project is closely related to the care with which the procurement of goods and services has been preplanned. The Project Officer should assure that the procurement of the necessary items of equipment and services is so phased as to be available at the project site in accordance with the project implementation schedule.

Project planning, as described in Handbook 3, should allow sufficient time, where Mission-issued PIO/Ts require AID/W action, for the Office of Contract Management (M/SER/CM) to solicit proposals, negotiate, and award a contract. Where the Mission handles its own contracting, corresponding allowance should be made for its own processing time requirements.

An average of 180 calendar days is required by M/SER/CM from the receipt of a PIO/T to award a new contract or grant competitively, and 120 days to enter into a new non-competitive contract or grant. M/SER/CM normally requires an average of 60 calendar days to negotiate, prepare, and execute an amendment to a grant or contract.

In planning for procurement, the Project Officer should be alert to the need for possible waivers in such areas as source of procurement or salary levels. Where a waiver is

appropriate, written justification should be prepared for approval by the proper authority. (See Chapters II B 3 and II C 2 T below.)

Where a PIO/T has been drafted by a Mission and submitted to AID/W for processing, it is the responsibility of the AID/W Project Officer to refer any proposed change in the draft PIO/T or amendment thereto to the Field Project Officer for prior review and approval. Following completion and signature of the PIO/T at AID/W, it is then submitted to M/SER/CM for appropriate contract action.

More detailed guidance and instructions relating to the PIO/T are attached as Appendix C, "Guidance Pertaining to Nature and Content of Scopes of Work for AID PIO/Ts and Resultant Contracts."

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## **PRE-CONTRACT AWARD FUNCTIONS**

### **CHAPTER II**

#### **PART B**

##### **1. UTILIZATION OF SMALL AND DISADVANTAGED BUSINESSES**

It is U.S. Government policy that a reasonable share of Federal Government-financed contracts be awarded to small business firms and to small economically and socially disadvantaged firms. Specific goals for such awards are arrived at each year by AID in conjunction with the Office of Management and Budget (OMB) and the Small Business Administration (SBA). AID's Office of Small and Disadvantaged Business Utilization (PRE/SDB) is responsible for administering this program in conjunction with AID operating Bureaus, Offices, and Missions. The Minority Resource Center (PRE/SDB/MRC) deals with minority-owned firms in particular.

In furtherance of this policy AID operates two types of set-aside programs. The first is the small business set-aside program, under which only firms that meet SBA's definition of a small business can compete, i. e., large businesses are eliminated from the competition. The second is administered pursuant to the so-called 8(a) procedures under which a qualified firm included by SBA in this program can be selected by AID and SBA and awarded a contract without competition, or alternatively a small number of qualified 8(a) firms (usually three) can be selected by AID and SBA to compete for the award. Most 8(a) companies are minority or women-owned. Under the 8(a) procedure, contract awards almost always should be concluded more quickly than otherwise because competition is either eliminated or is limited to a few pre-selected 8(a) firms.

Subcontracting is another requirement of which Project Officers should be aware. The law provides that for services contracts exceeding \$500,000, the prime contractor must provide AID with a satisfactory subcontracting plan indicating what elements of the project will be subcontracted to small or small disadvantaged businesses. If such subcontracting does not make sense in a particular project, this must be justified in writing to the satisfaction of SDB. AID has annual goals for such subcontracting arrived at in conjunction with OMB and SBA.

It is important that Project Officers and Project Committees, both at AID/W and in the field, consider early in the assessment and design process what project or elements of a project might be suitable for small firms or for companies in the 8(a) program and other minority and women-owned firms to undertake. Sometimes projects or some elements of projects can be designed so as to be particularly suitable for such firms. In this way Project Officers and technical specialists can work with SDB and Contract Officers in an orderly manner to ensure that the Agency meets its goals for a reasonable number of awards to such firms. Such requirements should be written into the PIO/Ts. If adequate consideration is not given to this requirement, SDB has the right to require a set-aside, when it reviews the PIO/T, if it feels a particular contract can reasonably be carried out by small or small disadvantaged businesses. Thus, teamwork in addressing this matter continuously from early in the project design process can avoid complications and delays later.

Each AID/W Bureau and independent Office has a liaison officer who works with SDB on this program. Project Officers in AID/W or the field can either contact SDB directly or contact their liaison officer for assistance in determining whether a particular contract should be considered for small business or 8(a) set-aside, and for help in identifying firms that appear qualified and interested in the particular type of work to be performed. Beyond the set-aside programs, consideration should be given to the participation of small businesses and minority and women-owned businesses in AID's normal competitive contracting. Project Officers have the right to review the capabilities of such firms before determining whether or not they prefer a set-aside. Contract Officers stationed in the field also should be intimately familiar with the program and should be consulted.

## **2. AID CONTRACTING METHODS**

The following discussion identifies the role of the Project Officer in the various methods generally employed by AID in contracting for services (including related procurement of commodities and participant training services). A fuller discussion of these methods will be found in Handbook 1, Supplement B, Chapter 12B, and in the AIDPR, Parts 7-2, 7-3, and 7-4.

### **A. Procurement by Formal Advertising**

As noted earlier, where firm requirements exist and price competition can be obtained, formal advertising is a method of competitive procurement characterized by issuing invitations for bids with awards made on the basis of the lowest responsive and responsible bidder.

Following receipt and acceptance of the PIO/T, the Contract Officer is authorized to proceed with the solicitation, receipt, opening, and evaluation of the bids. The Project Officer plays a major role in the evaluation of the bids by the responsible AID technical office. Subsequent to this process, the contract is then awarded by the Contract Officer to the lowest responsive and responsible bidder.

## **B. Competitive Negotiation**

Contracts for architect-engineer services, for the services of an educational institution or international research center, and collaborative agreements are non-competitive as to price, but do require competitive negotiations as to the qualifications of prospective contractors.

There are certain other types of procurement which are exempt from the requirements of competitive negotiation. These are described below under the heading "F. Negotiation Without Solicitation of Competitive Proposals."

All other direct contracts for technical services require competitive negotiation as to both price and the qualifications of prospective contractors.

The Project Officer should consult the Contractor's Index maintained in the AID/W Office of Small and Disadvantaged Business Utilization, and, where Title XII projects are concerned, the BIFAD Support Staff at AID/W, to develop a recommended list of all potential contractors. The Project Officer transmits this list, along with the PIO/T, to the Contract Officer, together with a statement of the qualifications and areas of expertise considered essential to carry out the activity successfully.

Based on the foregoing, the Contract Officer prepares a Request for Proposal (RFP) and arranges for it to be synopsized in the "Commerce Business Daily Synopsis of U.S. Government Proposed Procurement, Sales, and Contract Awards," published by the U.S. Department of Commerce. Because the substance of the RFP is his responsibility, the Project Officer assists in its preparation, including the development of the criteria to be used in the evaluation of all proposals. (See AIDPR 7-4.5606.)

The Project Officer normally serves as Chairman of the technical evaluation committee which is convened for each transaction. Other members of the committee include a representative of the Contract Officer and representatives from other concerned AID/W or Mission offices, as appropriate. The committee evaluates all proposals pursuant to the criteria

established in the RFP, and prepares a written listing of the offers together with the results of the evaluation of the proposals. This listing is sent by the chairman of the committee to the Contract Officer setting forth the results of the committee's technical evaluation and its recommended selection. (See AIDPR 7-4.5607.) If the evaluation and recommendation are acceptable, the Contract Officer adds an evaluative price factor, establishes a competitive list of offerors, and then proceeds to negotiate a contract.

### **C. Architect-Engineer Services**

The Project Officer serves as a member of the Evaluation Board, whose functions are described in AIDPR 7-4.1004-1 through 7-4.1004-4. (See also Handbook 1B, Chapter 12B2d.)

### **D. Educational Institutions and International Research Centers**

(See also AIDPR 7-4.57.)

Following his analysis and consideration of alternative approaches, the Project Officer makes a written determination, with the concurrence of the Contract Officer, that the required skills or institutional relationships are available only from educational institutions or international research centers (including land grant and minority institutions).

The Project Officer then prepares: (1) selection criteria for the evaluation of potential contractors for use in preparing the source list, determining predominantly qualified sources, and for selecting the contractor; (2) an initial source list of institutions considered qualified to provide the proposed services; (3) a statement of the qualifications and areas of expertise considered essential, along with the other data set forth in AIDPR 7-4.5704; and (4) transmits these data, along with the action copy of the PIO/T to the Contract Officer, who prepares a "Request for Technical Proposals" (RFTP) for transmittal to the institutions on the source list.

The Project Officer also serves as Chairman of an evaluation committee which is convened to evaluate all responses to the RFTP. The committee includes the Contract Officer and such other members deemed appropriate by the Project and Contract Officers. The evaluation committee prepares a selection memorandum pursuant to AIDPR 7-4.5704 (e). Upon approval the selection memorandum is forwarded to the Contract Officer, who proceeds to negotiate the contract.

### **E. Collaborative Assistance**

The Project Officer makes a preliminary finding that the objective of the related project can best be achieved by the early involvement of an educational institution or international research center in the design and development of the project. This may include the pioneering of new institutional forms, capabilities, processes, and techniques.

The Project Officer then establishes an evaluation panel, consisting of himself as Chairman, the Contract Officer, and representatives of other offices considered appropriate. If the panel confirms that the project meets the criteria for the collaborative assistance approach, evaluation and selection criteria and an initial source list are prepared. As Chairman of the evaluation panel, the Project Officer prepares a memorandum of the panel's finding for the Contract Officer.

The Project Officer works with the Contract Officer in the preparation of a request for an "expression of interest" which is then sent to the institutions on the source list. The Contract Officer forwards the expressions of interest subsequently received to the panel for evaluation and selection recommendation.

The Project Officer, in his role as Chairman of the evaluation panel, prepares a written selection recommendation with supporting justification.

(See AIDPR 7-4.58; Policy Determination 65, Handbook 1; and Appendix H of Handbook 14.)

### **F. Negotiation Without Solicitation of Competitive Proposals**

Negotiation without formal solicitation of proposals from more than one source may be undertaken in the special situations listed below. In each of these situations--with the exception of unsolicited proposals--consideration of as many other sources as is practicable, including informal solicitation, is required to assure maximum competition. Negotiation without solicitation of competitive proposals should under no circumstances be used to compensate for a lack of forward planning which would permit orderly competitive negotiation or bid procedures. (See AIDPR 7-3.101-50.)

#### (1) Services to be performed by the contractor in person

The Project Officer prepares a memorandum for the Contract Officer specifying the requirements of the procurement, the individuals who were considered, and why the proposed individual was recommended as the prospective contractor. (See AIDPR 7-3.101-50 (d) (1).)

(2) Unsolicited proposals

The Project Officer reviews an unsolicited proposal to determine whether it is unique and the product of original thinking, has significant merit, and contributes to the AID program. If an unsolicited proposal meets these criteria, a contract may be awarded to an offeror without consideration given to other competitive sources.

The Project Officer prepares a justification for non-competitive procurement based on an unsolicited proposal for approval by the appropriate Assistant Administrator. In addition, the Project Officer must certify that no AID employee solicited the proposal from the offeror or initiated any prior contact with the offeror regarding the submission of the proposal. (See AIDPR 7-4.910 and 7-3.101-50 (d) (6).)

(3) Mission procurement where the estimated cost of the contract for goods or services does not exceed \$100,000.

The Project Officer prepares for review and approval by the Contract Officer a certification to the effect that the procurement meets the above criteria. (See AIDPR 7-3.101-50 (c) and 7-3.101-50 (b) (2).)

(4) Procurement from one entity which has exclusive or clearly predominant capability

The Project Officer prepares for review and approval by the Contract Officer a memorandum of justification containing the information specified in AIDPR 7-3.101-50 (d) (3).

(5) Procurement from a sole source of supply

The Project Officer prepares for review and approval by the Contract Officer a certification that the required property or services are available from only one source. This certification is to be prepared in accordance with AIDPR 7-3.101-50 (d) (4).

(6) Proprietary procurement

The Project Officer prepares a certification for review and approval by the Contract Officer to the effect that it is necessary to purchase goods by reference to a particular specification, trade name, or designation in order to

assure interchangeability or standardization of equipment, special design requirement, or for any similar valid reason. (See Handbook 15, Chapter 3C 3b(4) and AIDPR 7-3.200-50.)

Where there is only one supplier of such equipment, the Project Officer proceeds in accordance with No. (5) above, Procurement from a sole source of supply. Where there is more than one supplier of the proprietary equipment, bids should be obtained from a representative number of such suppliers.

(7) Emergency procurement

The Project Officer prepares a certification for review and approval by the Contract Officer to the effect that the time required for formal competitive negotiation or bid procedures would result in an unacceptable delay or substantial increase in project costs. (See AIDPR 7-3.200-50 and Handbook 15 Chapter 3C5.) Approval of this certification is subject to the procedures set forth in AIDPR 7-3.101-50(c).

(8) Procurement which results in amendments to existing contracts to provide for continuation of activities or assistance

The necessary certification to this effect is provided by the Contract Officer. (See AIDPR 7-3.101-50(b) (5) and 7-3.101-50 (d) (5).)

(9) Special situations where procurement from any other source would impair or be inconsistent with the objectives of the Foreign Assistance Act

The Project Officer prepares a memorandum of justification for approval by the AID Assistant Administrator responsible for the program. (See AIDPR 7-3.101-50 (b) (7) and 7-3.101-50 (d) (7).)

### **3. APPROVAL PROCEDURES FOR NONCOMPETITIVE PROCUREMENT**

#### **A. AID/W**

AIDPR 7-3.101-50(c) authorizes the Contract Officer to approve requests for noncompetitive procurement up to and including \$25,000.

For noncompetitive AID/W procurement ranging from \$25,001 to \$100,000, the appropriate M/SER/CM Division Chief has approval authority.

For noncompetitive AID/W procurement ranging from \$100,001 to \$250,000, the Director or Deputy Director, M/SER/CM, has approval authority.

All requests for noncompetitive procurement ranging upward from \$100,000 to be effected by AID/W must be approved by the Noncompetitive Review Board, which is chaired by the Deputy Assistant Administrator, Bureau for Program and Management Services, or his designee. The Board also reviews all AID/W personal services contracts of \$100,000 or more.

In addition, as provided in AIDPR 7-3.101-50 (d) 6 and 7 respectively, any contract based on an unsolicited proposal, or on a determination that procurement from any other source would impair foreign assistance objectives, requires the prior approval of the appropriate Assistant Administrator.

### **B. Missions**

The Contract Officer is authorized to approve requests for noncompetitive procurement up to and including \$25,000.

\* For noncompetitive procurement ranging up to \$100,000, the Mission Director has approval authority.

All noncompetitive procurements over \$100,000 must be approved by the Mission's Noncompetitive Review Board. \*

As in the case of AID/W procurement, any Mission contract based on an unsolicited proposal, or on a determination that procurement from any other source would impair foreign assistance objectives, requires the prior approval of the appropriate Assistant Administrator.

## **4. TYPES OF CONTRACTS**

Chapter II, Part B2, of the Guidebook identifies the various methods employed by AID in contracting for services. The several types of contracts (including, for example, fixed price, cost reimbursement, and indefinite quantity contracts) used by AID are discussed in Handbook 1, Supplement B, Chapter 12, B2h. Further details regarding each of these contract types are set forth in Subpart 1-3.4 of the Federal Procurement Regulations (FPR).

Instructions governing the use of Indefinite Quantity Contracts are contained in the M/SER/CM memorandum of July 31, 1979 entitled: "Uniform Procedures for Issuance of Work Orders Under Agency-Wide Indefinite Quantity Contracts

\* Revised

(IQCs)", copies of which were distributed to all Missions and AID/W offices.

AID may also contract directly with individuals for personal services, pursuant to the authority provided in Section 636(a)(3) of the Foreign Assistance Act. The policy and provisions under which AID/W or the Missions may enter into such contracts with U.S. citizens or U.S. residents for personal services abroad are set forth in Appendix F of Handbook 14, 41 CFR Chapter 7.

For guidance relating to the use of personal services contracts covering foreign nationals, see Handbook 31, 3 FAM 900, Section 926.2 et seq.

Additionally, purchase orders may be used in procuring supplies and non-personal services not exceeding \$10,000 pursuant to Subpart 7-3.6 of the AIDPR and Subpart 1-3.6 of the FPR.

## 5. CONTRACT NEGOTIATION

Pre-award technical discussions with potential contractors should be conducted in such a manner as to preclude the assumption by any potential contractor that an AID commitment has been made. AID employees are responsible for ensuring that no unfair competitive advantage is afforded one contractor over any other contractor in competing for Agency contracts. In this connection, discussions with prospective contractors prior to the final selection of the contractor and commencement of negotiations by the Contract Officer, in collaboration with the Project Officer, must be conducted with the greatest discretion.

Negotiation of costs with contractors is solely the responsibility of the Contract Officer. Project Officers should discuss only technical or program matters with potential contractors to assure a mutual understanding on these points. Potential contractors should never know in advance what funds are budgeted or available for an activity. Hence, AID internal documents, such as the PIO/T, containing funding information should never be shown to or discussed with potential contractors.

No AID employee is authorized to dilute the Agency's negotiating position prior to or during the "arm's length" negotiations conducted between AID and contractors. The requirement for preservation of the Agency's negotiating position must be scrupulously observed, whether the procurement is to be negotiated with a single, non-competitive source or whether it is to be negotiated on the basis of multiple competitive proposals. It is advisable to involve the Contract Officer in

the project planning cycle as early as possible, and to insure that he is either present at any meeting with prospective contractors, or is consulted prior to such a meeting.

The importance of these principles has been re-emphasized in the AID General Notice of *July 23, 1980*, entitled: "Improper Disclosure of Procurement Information to Contractors," copies, of which were circulated to all AID/W and field employees.

## **6. AWARD OF CONTRACT**

Only a Contract Officer or other authorized official may enter into contracts, make the determinations and findings related thereto, and bind the United States Government to a contract, or direct or authorize a contractor to proceed with work.

## **POST CONTRACT AWARD FUNCTIONS**

### **CHAPTER II**

#### **PART C**

##### **1. BASIC DOCUMENTS**

At the post contract award stage, it is assumed that the Project Officer will already have familiarized himself thoroughly with the related Project Paper (PP) and the Project Agreement, as well as with the PIO/T and its resultant contract. Of particular importance to his monitoring role are those sections of the Project Paper concerning the project's financial plan, implementation plan, evaluation arrangements, and the annexes relating to the logical framework matrix and the performance tracking network chart. Without clear indicators which permit an objective measurement of the contractor's progress, effective monitoring of a contract is not feasible. (These requirements are covered in Handbook 3, Project Assistance, Chapter 5, Sections 5D, 5E, 5F, and Chapter 3, Appendices 3E and 3G respectively.)

##### **2. CONTRACT ADMINISTRATION**

###### **A. Project Officer Relations with the Host Country**

If the contract implements a bilateral Project Agreement, the Field Project Officer should seek host country participation, wherever appropriate, in various phases of the contract monitoring process. Although the contract is between AID and a particular contractor, the Project Officer must continually keep in mind the interests of the host country, as the ultimate beneficiary of the contractor's work. Hence, more rather than less host country involvement in the oversight of such contracts should be encouraged and fostered.

Depending upon the nature of specific problems arising during the course of the contract, participation by the appropriate host country representative in meetings with the contractor may be both desirable and productive. Discussion with the contractor regarding the possible need for contract extensions or amendments, for example, should normally be attended by a representative of the country (in addition to the Mission Contract Officer and Legal Advisor). Similarly, site visits should include host country participation whenever feasible.

In general, the Project Officer is expected to use his judgment in determining under what circumstances direct host country involvement in particular aspects of the contract monitoring process is required.

### **B. Initial Meeting with the Contractor**

As soon as possible following award of the contract, the Project Officer, in coordination with the Contract Officer, should arrange to meet with the contractor. This meeting should include the key personnel of the contractor who will actually be engaged in the work. During this initial familiarization discussion, the Project Officer should:

(1) review with the contractor the related project and its objectives;

(2) explain his general responsibilities as Project Officer for oversight of the contractor's performance on behalf of AID;

(3) verify that the contractor has a clear understanding of the scope of the work, the provisions of the contract, and the relationships with officials of the recipient country to the extent they are involved;

(4) obtain from the contractor the latter's detailed implementation, logistics and time schedules, and financial and staffing plans (the provision of this type of data, to the extent necessary, should be a requirement of the contract); and

(5) assist the contractor where appropriate to facilitate the initiation of his work, including arranging to have the contractor meet key AID/W, Mission, and/or cooperating country officials substantially involved in the project.

### **C. Periodic Meetings/Discussions with the Contractor**

Where the complexity and duration of the contract warrant, the Project Officer should arrange for periodic meetings with the contractor to review jointly the progress of the work, identify problems, and determine actions needed to facilitate the contractor's performance. Decisions reached at such meetings, particularly those relating to the substance of the contract, should be recorded in a summary memorandum, with copies to the contractor, the Contract Officer, and to the contract operational file maintained by the Project Officer.

Once a meeting with a contractor has been agreed upon and any issues have been made known to all interested parties,

an internal AID meeting should take place with the Contract Officer and such other AID personnel (e.g., Controller, Legal Advisor, Technical Officers) as the Project Officer determines may be necessary to establish an AID position or line of inquiry to be followed in the meeting.

Differences of opinion among AID personnel should never be discussed in the presence of the contractor. AID personnel should adjourn to resolve privately any such differences of opinion, and resume discussions with the contractor only when the AID position has been clarified and established.

The AID individual designated to chair meetings with a contractor should be selected prior to the meeting. Depending upon the issues to be discussed, whether primarily technical or primarily contractual, the chairman should be designated from either the responsible technical office or the contracting office. In any event, the Project Officer should be an active participant in the meeting.

Where assistance by AID is necessary and appropriate, the Project Officer should enlist the cooperation of such other AID offices as may be concerned, and follow through to assure that the required action is taken in a timely fashion. Judgment should be exercised as to the need and purpose of such contacts or meetings with the contractor to avoid undue interruption of the work underway and a climate of over-zealous surveillance. Although the contractor should be aware of the oversight responsibilities of the Project Officer, wherever possible informality should characterize the nature of these contacts or meetings. The contractor should feel that AID, while properly concerned with the adequacy of his performance, is fully prepared to meet AID's obligations under the contract.

#### **D. Interpretation of Contract Provisions and Disputes**

Normally, the contractor can be expected to deal directly with the Contract Officer on the business and financial aspects of contract administration. Where the Project Officer, however, receives a request from the contractor involving such matters (e.g., the final determination of overhead rates, technical interpretations of contract provisions, etc.), or where disputes with the contractor arise, it is the responsibility of the Project Officer to refer such issues, together with all pertinent details, to the Contract Officer for consideration and resolution. Depending on the nature of the problem, the Legal Advisor should be similarly informed.

Under these circumstances, the Project Officer should avoid making any statements to the contractor which, by implication or otherwise, could be construed as an official AID

position. Action on such matters should be taken only by the Contract Officer.

## **E. Commodity Procurement**

### **(1) Commodities Procured Under Contracts for Services**

Direct AID contracts for services may also authorize the contractor to procure needed commodities (e.g., vehicles, laboratory equipment) to be delivered under the terms of the contract. Although it is the responsibility of the Contract Officer to assure that the provisions of the contract require compliance with the Agency's commodity procurement policies (e.g., regarding competitive procurement, source and origin, commodity eligibility, cargo preference, etc.), the Project Officer should be generally familiar with these basic policies and their applicability. (Detailed guidance in these areas will be found in Handbook 1, Supplement B, particularly Chapters 4A1a(4), 1b and 1c, 4C2, 5A1d, 5B, 5C, 5D, 6D; Handbook 15, Chapters 1, 2, 3, and 5; and Part 7-6.51 of Handbook 14 (the AIDPR).

Prompt procurement and availability of the commodities covered by a contract for services may be critical to the effective overall performance of the contractor, particularly overseas. As a phase of his monitoring responsibilities, the Project Officer should assure that the contractor is procuring such commodities on schedule and in conformance with the relevant terms of the contract. The actual arrival and appropriate utilization of these items should be verified by the Project Officer during the course of his site visits and periodic reviews of the contractor's procurement and shipping documents. The same monitoring responsibilities apply to paragraphs 2, 3, and 4 below.

### **(2) Direct Procurement of Project Commodities**

In some cases, the AID Mission itself may procure, or arrange for the procurement of, commodities (and commodity-related services) required in the implementation of a project. Such procurement is authorized through the issuance of a "Project Implementation Order/Commodities" (PIO/C) which provides all data needed to fulfill the requirement.

Under these circumstances, the Project Officer assures the preparation and issuance of the PIO/C, including obtaining such clearances as are required within the Mission (e.g., Controller, Executive Officer). He should then follow the progress of the procurement through actual arrival and utilization of the commodities concerned.

(Detailed instructions covering the preparation and use of the PIO/C (AID Form 1370-1) are set forth in Appendix D7 of Handbook 15.)

### (3) Purchase Orders

Purchase orders may also be used in procuring supplies and non-personal services not exceeding \$10,000, pursuant to Subpart 7-3.6 of the AIDPR and Subpart 1-3.6 of the FPR.

### (4) Local Cost Financing

In the implementation of bilateral projects abroad, it is frequently necessary to use appropriated dollars to finance the procurement of goods and services requiring payment in local currency. The policies applicable to such procurement are set forth in Chapter 18 of Handbook 1, Supplement B.

## **F. Participant Training Services**

Participant training services may be contracted for separately by AID, or may be included as a component of other direct AID contracts for services. For guidance relating to the former, see Subpart 7-7.53 of the AIDPR entitled: "Contracts for Participant Training." In either case, questions concerning the provision of training services may be referred to the Office of International Training (S&T/IT), AID/W.

Depending upon the site of the training, the Field Project Officer or the AID/W Project Officer, as appropriate, should assure that the contractor is providing the required training as scheduled and in accordance with the terms of the related contract. The adequacy and effectiveness of the training should be assessed by the Project Officer during the course of his site visits and should be specifically addressed in his written site visit reports.

The Project Officer should also assure contractor compliance with such participant training reporting requirements as are specified in the contract, and the timely submission of such reports to S&T/IT. (Further guidance on participant training will be found in Handbook 10.)

## **G. Contractor Logistical Support**

Problems relating to the provision, adequacy, or timeliness of the logistical support of contractors serving overseas frequently confront Field Project Officers. Both the PIO/T and the resultant contract should have clearly identified what

specific support (such as visas, housing, transportation, duty free privileges, office space and equipment, etc.) was to be provided to the contractor, and whether such support was to be provided by AID or the recipient country involved.

Logistical support obligations of the recipient country are normally set forth in the related Project Agreement. Where such support is not forthcoming, additional contract costs may be incurred, the work of the contractor unnecessarily delayed, and morale of the contractor's staff adversely affected.

In such contingencies, the Project Officer should enlist the assistance where necessary of such other Mission officers as may be appropriate (e.g., Executive Officer, Controller) if AID is at fault; or take the matter up with his counterpart in the recipient country where the latter is delinquent in meeting its commitments to furnish the support required. Where the recipient country fails to rectify the situation, the Project Officer should report the matter to the Mission Director (or other appropriate senior AID officer). (For further guidance in this regard, see Appendix E of Handbook 14.)

#### **H. Contractor Reports**

The Project Officer should assure that the contractor submits such reports as are required by the terms of the contract. Upon receipt of each report, he is expected to review the document with the Contract Officer or Project Committee as appropriate and to comment upon the report's adequacy and responsiveness.

Where a contractor report is considered deficient or identifies problems, the Project Officer should meet with the contractor promptly to discuss the situation. Deficiencies should be frankly reviewed with the contractor and courses of action to rectify the problems should be suggested by the Project Officer.

Depending upon the nature and significance of the problems, the Project Officer should discuss the situation with the Contract Officer and determine whether his immediate superior and other AID officers (e.g., Legal Advisor, Controller) should be alerted and consulted. Where the circumstances warrant, the Project Officer should record the difficulties in a memorandum to his superior, with a copy to the Contract Officer and the contractor. This technique puts the contractor on notice that AID considers the matter of some importance and expects the contractor to remedy the situation promptly.

## **I. Project Officer Status Reports**

As required by the Mission Director or Assistant Administrator (or their designees), the Project Officer is responsible for the preparation and submission of periodic reports on the implementation status of the contract being monitored. These reports should describe briefly the progress achieved by the contractor against the schedules prescribed in the contract, major problems encountered or anticipated, and remedial actions taken or required to resolve such problems. Each report should also provide summary information on the financial status of the contract, including the level of actual and planned disbursements.

The highlights of Contractor progress reports and site visit reports (see Appendix E *of this Supplement*) should be drawn upon by the Project Officer in preparing these contract implementation status reports intended primarily for internal AID use. A copy of each status report should be forwarded to the Contract Officer, and to such other Mission or AID/W officials as the Project Officer designates.

Where an urgent problem, not previously identified in prior reports, arises during the course of contract implementation, the Project Officer should prepare a separate memorandum alerting the responsible Mission or AID/W officer concerned (e.g., Legal Advisor, Program Officer, Contract Officer), requesting assistance or action to resolve the difficulty.

## **J. Special Reports**

From time to time, special ad hoc reports may be required regarding the status of a contract for purposes of the Congressional Presentation, public information requirements, AID management, or for other reasons. It is the responsibility of the Project Officer to prepare or to coordinate the preparation of such reports and to assure their submission on or before the deadline prescribed.

## **K. Site Visits and Inspections**

Among the more significant aspects of contractor oversight are periodic visits by the Project Officer to the contractor's office or to the site of the work in progress. The frequency of such visits obviously depends upon a number of factors, such as the size, complexity, and term of the contract; the urgency of unresolved issues or problems; the availability of travel funds; and other priority duties of the Project Officer. Certain types of contracts may be suitable for selective sampling in the scheduling of site visits by the Project Officer.

In many cases, particularly where the contract is of major significance, however, there is no substitute for personal observation of the work site to enable the Project Officer to obtain first-hand impressions of the contractor's progress and to identify incipient problems which may adversely affect his performance unless remedied. Normally, such visits should be made with the prior knowledge of the contractor, and preferably should be undertaken with a representative of the contractor to foster the atmosphere of mutuality of interest mentioned earlier.

Merely knowing that such site visits are a phase of the Project Officer's oversight functions also serves to help keep the contractor "on his toes" and may diminish the prospects of eventually rating the contractor's performance as unsatisfactory or deficient. Site visits properly handled can also pay dividends in the early diagnosis of impending problems where AID can appropriately assist the contractor in their resolution before misunderstandings or otherwise avoidable delays may arise.

Where the contract implements a bilateral project agreement, the Project Officer should encourage the personal participation of the appropriate host country representative in site visits. Host country involvement in this phase of the monitoring process enhances the contractor's perception of the relevance of his efforts to the broader objectives of the related project, and keeps the host country informed about the status of the contractor's progress.

As soon as possible after each visit the Project Officer should prepare a brief report highlighting his observations and findings and file a copy of the report in the related contract file. (For guidance in the preparation of such reports, see Appendix E of this Supplement.)

#### **L. Contract Extensions and/or Amendments**

As the AID official most conversant with the day-to-day status of the contract, the Project Officer should be in a position to anticipate the need for curtailment, extension, or amendment of the contract which he is overseeing. In many cases, the contractor himself can be expected to alert the Project Officer where such action appears necessary. Regardless of how the Project Officer becomes aware of this requirement, he should promptly advise the Contract Officer in writing, with a copy to the appropriate AID program budget office if additional funding may be needed, including his views as to the justification for the proposed curtailment, extension, or amendment. Prompt notification is essential to avoid the possibility of interruption of the work underway, or misunderstandings on the part of the contractor.

Particular attention should be given to the requirement for formally amending the scope of work in any contract so as to reflect agreed upon changes in contract implementation. Contract extensions and/or amendments require the issuance of a PIO/T which should be processed in the light of the time requirements described in Chapter II A 4.

Pending official decision of the Agency, however, under no circumstances should the Project Officer lead the contractor to believe that such contract extensions or amendments will be approved. Informal commitments, explicit or implied, to this effect must be scrupulously avoided, particularly where additional funding may be entailed to amend or extend a contract.

### **M. Administrative Approval of Vouchers**

An essential feature of AID's system of management of the contracting process is the requirement for administrative approval by the Project Officer of vouchers and supporting documentation submitted by the contractor for payment. This administrative approval--in the form of a prescribed certification--is supplemental to the normal U.S. Government requirement for the financial certification of all payment vouchers by an authorized certifying officer.

The Project Officer is the AID official who is best and most currently informed concerning the progress, problems, and accomplishments of the contractor. As a consequence, he is the logical official to acknowledge that the services and/or commodities covered by the contractor's vouchers have in fact been satisfactorily delivered. Therefore, any request for payment by the contractor requires approval by the Project Officer to assure that AID's interests are adequately protected. In addition, the requirement for such approval becomes a useful means for the Project Officer to obtain remedial action in any case where significant deficiencies in a contractor's performance become known. (Refer to Section N below.)

For AID direct contracts, the Project Officer's administrative approval reads as follows:

"I have reviewed the voucher, the related invoice(s) and supporting documentation attached thereto. Based on this documentation and my personal knowledge of the project, I see no reason to withhold payment. Therefore, the voucher is administratively approved for payment subject to the financial review and certification by the paying office."

Before approving the contractor's final voucher, the Project Officer should check with the Contract Officer to

assure that the contractor has submitted such release form(s) as are required pursuant to the provisions of AIDPR 7-16.851.

Further guidance for administrative approval of vouchers will be found in Handbook 19, Chapter 3H2.

## **N. Enforcement and Remedies**

Where the contractor fails to comply with a specific statutory or AID policy requirement, as included in the contract, or is seriously delinquent in meeting deadlines prescribed in the contract, the Project Officer should promptly review the situation with the Contract Officer and discuss the options available to resolve the problem. Such discussions should include the Legal Advisor to assure that questions of contract interpretation or legal issues are properly addressed.

A meeting should then be held among the Contract Officer, Project Officer, and contractor in an effort to resolve the problem informally. If the contractor fails to rectify the situation within a reasonable period, the Project Officer--in consultation with the Contract Officer, Legal Advisor, and Controller--should then consider withholding approval of the contractor's vouchers.

Other courses of action available to AID under such circumstances include a demand for refund from the contractor, or possible termination of the contract as provided below in Chapter II C 2W. Recourse to these significant sanctions requires close coordination among the above mentioned officers, as well as the prior approval of the Mission Director or Assistant Administrator, as appropriate.

## **O. Methods of Payment to the Contractor**

Careful consideration should be given to the selection of the method of financing of direct contracts. Payments to AID-financed contractors are generally made for goods delivered, services performed, or to cover costs already incurred by the recipient. Common AID methods of financing direct contracts include (1) direct reimbursement by AID pursuant to the terms of AID direct contracts; (2) Federal Reserve Letter of Credit (FRLC); and (3) direct advances by U.S. Treasury check.

An exception to the policy of paying only for services performed or goods delivered is made for non-profit organizations which may be advanced funds to meet immediate disbursing needs. The Federal Reserve Letter of Credit is one method widely used to permit advances to non-profit contractors in such a way as to minimize the amount of cash withdrawn from the U.S. Treasury in advance of specific operating needs.

FRLCs provide the non-profit contractor considerable flexibility and independence in obtaining cash advances for immediate disbursement needs. Since the FRLC works through the contractor's commercial bank, there is no time lag between the request for drawdown and receipt of the cash for disbursement. This method of payment is required for financing advance payments where (1) the amount required for advance financing equals or exceeds \$120,000 per year; (2) there will be a continuing relationship with the institution for at least one year; and (3) the recipient has the ability to maintain procedures that will minimize the time elapsing between the transfer of funds and their disbursement. When a mixed dollar and local currency advance is involved under an individual contract to a nonprofit organization, the following shall apply:

(a) Only one instrument (either an FRLC or an advance by Treasury check) will be used and only one payment office will provide the advance, and

(b) If the foreign currency portion of the total advance under the contract is less than 50%, an FRLC shall be used, or

(c) If the foreign currency portion of the total advance under the contract is more than 50%, but more than one foreign currency country is involved, an FRLC shall be used, or

(d) If the foreign currency portion of the total advance under the contract is more than 50%, but only one foreign currency country is involved, an advance by Treasury check shall be used.

Advances by U.S. Treasury check may be used to finance a non-profit contractor's need for federal funds when the FRLC method of financing is not appropriate. Periodic advances by Treasury check are to be based upon an analysis of the cash requirements of the contractor and made only in amounts necessary to meet immediate disbursement needs. Periodic advances by Treasury check are generally to be no more than the contractor's cash requirements for a 30-day period measured from the date of receipt until the advance is expended. See 15C1g and 15C1h of Handbook 1, Supplement B, for the definition of "immediate disbursing needs" for an FRLC and an advance by Treasury check. (For further guidance on methods of payment, see Handbook 19, Chapter 3K, and AIDPR 7-30.)

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## **P. Correspondence**

As the focal point of contact with the contractor, the Project Officer will normally be the recipient of letters and memos from the contractor, or from other sources relating to contract implementation and monitoring. Where a reply to such correspondence is required, the Project Officer will respond promptly in writing, or arrange to have the response prepared by the AID office primarily responsible for the subject matter involved. Additionally, he should assure that copies of all such correspondence are provided to the Contract Officer for incorporation, as necessary, in the official contract file.

## **Q. Operational Contract File**

In addition to copies of the PIO/T and contract, the contract file should contain copies of all documents (amendments, letters, memos, cables, reports, etc.) relating to the contract. The Project Officer should assure that a contract file is established for each contract he is monitoring, and that such file is maintained on a current basis.

It should be noted that this is an operational file, with the official contract file being maintained by the Contract Officer. The Project Officer should see that copies of all pertinent documents are also included in the official file.

The maintenance and accessibility of a completely documented, current operational contract file is important for several reasons. Such a file (1) serves as an important tool in effective contract management, (2) facilitates the transfer of responsibility for contract oversight from the Project Officer to his successor in the event of the former's reassignment, and (3) records in AID's "memory" system the accomplishments under the contract, as well as the lessons learned for the general guidance of the Agency as a whole.

Where a Project Officer is departing from post during the implementation of a contract, he should see to it that his replacement is thoroughly familiar with the operational contract file, and has a clear conception of the status of the contract, its progress, and its problems. Where a Project Officer departs post prior to the arrival of his replacement, care should be taken that the operational contract file is complete, containing copies of all documents necessary to permit his replacement to assume effective monitoring of the contract upon arrival.

The Project Officer can assist the process of strengthening the Agency's "memory" by submitting a copy of any documents in the contract file which he believes reflect either significant development accomplishments or major problems of a potentially recurring nature to the AID/W Office of Development Information and Utilization, Bureau for *Science and Technology*.

### **R. Briefings and Presentations**

Because of his special role, the Project Officer may be required on occasion to brief AID or other officials about the progress or problems being encountered in the administration of specific contracts. Such briefings or presentations may be conducted for the benefit of senior AID officials or for external groups such as members of Congress, GAO representatives, or recipient country officials.

Depending on the complexity of the contract, the Project Officer may wish to arrange the participation of other AID officers, such as the senior technical or development officers most concerned with the related project which the contractor is helping to implement.

## **S. Audits and Investigations**

The Project Officer cooperates with authorized representatives of the *Inspector General*, the General Accounting Office, Congressional Committees, and other U.S. Government agencies, assuring ready access to pertinent documents relating to the examination of contracts under the Project Officer's purview.

The Project Officer also serves as the action officer in preparing material for the AID response to audit and investigative reports relating to the technical or programmatic aspects of such contracts. To the extent that the audits and investigations pertain to such issues as overhead or contract financing, the Contract Officer plays a similar role.

The material prepared by the Project Officer or the Contract Officer is forwarded to the AID office responsible for coordinating the total Agency response to the report in question.

The important consideration in these circumstances is that there be prepared as comprehensive and responsive an Agency commentary as the facts warrant.

If the auditor's findings appear justified, the Project Officer or Contract Officer arranges for appropriate corrective action. If the auditor's findings do not appear justified, the Project Officer or Contract Officer explains in the Agency commentary the respects in which such findings are not warranted or should be amended.

## **T. Waivers and Deviations**

On occasion, and as the contractor proceeds with the work, waivers from AID's regulations or standard provisions to the contract may become necessary, if not previously authorized in the planning stage. Such waivers may be needed, for example, to expand the authorized sources of procurement, to allow more flexibility in travel or shipping arrangements, or to deviate for some other reason from standard AID rules.

In such circumstances, and where the Project Officer determines that a required waiver is warranted, he should prepare the request for approval of the exception, including a

statement of justification. Depending upon the nature of the waiver, the Project Officer should submit the request to the AID/W or Mission office authorized to approve the exception.

The most frequent types of waivers and deviations in contract administration are as follows:

(1) Non-competitive Procurement

Refer to discussion in Chapter II B 3 above, Approval Procedures for Non-competitive Procurement.

(2) Contractor and Other Eligibility Rules

Information concerning waivers on AID policies and procedures relating to the eligibility of commodities; source and nationality of suppliers and contractors; eligibility of suppliers' and contractors' certificates; commingling; marine insurance; conditions for authorizing advance and progress payments; and local cost financing will be found in the respective chapters of Handbook 1, Supplement B, which deal with these subjects.

(3) Salaries of Contractor Employees

The limitations on salary levels for contractor personnel may be found in AIDPR 7-7.5501-5, 7-7.55024, 7-15.2, 7-15.3, and 7-15.6.

Where it is deemed essential to pay a contract employee a base annual salary plus overseas recruitment incentive, if any, which exceeds the maximum level authorized for grade FS-1 employees, the Project Officer should prepare a memorandum of justification for approval by the Mission Director or Assistant Administrator, as appropriate, in accordance with the provisions of AIDPR 7-15.205-6 or 7-15.309-7.

All other salary approvals for direct contract employees are at the discretion of the Contract Officer.

(4) Other Provisions of the AIDPR

Any deviations that are deemed essential or appropriate from other provisions of the AIDPR are the responsibility of the Contract Officer pursuant to the provisions of AIDPR 7-1.107-3. He obtains approval from the head of the procuring activity. In a field Mission, the head of the procuring activity is the Mission Director, to the extent of his delegation of direct contracting authority. At AID/W the heads of *the* procuring activity are the

Assistant to the Administrator for Management and the Director, Office of Contract Management.

It will be noted that deviations originating in the field Missions or at AID/W pursuant to AIDPR 7-1.107-3 require, prior to submission for approval by the head of the procuring activity:

- (a) written comments from the Office of Contract Management, Support Division (Policy Branch), AID/W; and
- (b) coordination with the Office of General Counsel, as appropriate.

#### **U. Contractor Performance Evaluation Report**

An essential feature of AID's system of contract management is the requirement for periodic contractor performance evaluation reports. The initial report covers the first six-month period of contractor performance from the date the contract is signed. Thereafter, these reports are to be prepared annually.

The Project Officer, based on his observance of the contractor's performance and review of the contractor's progress reports, should be well qualified to prepare these required reports. His overall assessment in these reports should be consistent with his prior actions in administratively approving the contractor's payment vouchers (as required in paragraph M above).

Submitting an unsatisfactory evaluation report, however, is not a desirable solution to problems arising from inadequate or deficient contractor performance. In his monitoring of a contract, the Project Officer should have become aware of such problems prior to the need to submit performance evaluation reports, and should have been working with the contractor to assist him appropriately in resolving such difficulties.

Where desired improvement in the contractor's performance cannot be achieved, however, there may be no alternative other than to submit an unsatisfactory evaluation report. If this aspect of AID's management is to be meaningful, forthrightness on the part of the Project Officer is essential. An unsatisfactory evaluation report should be reviewed in advance by the Contract Officer.

Objectivity and candor in reports concerning the performance of contractors is a particularly important aspect of the Project Officer's monitoring responsibilities. Such reports

enable the Agency to review its prior experience with a specific contractor when contemplating additional work for which the contractor is being considered. Hence, superficial or perfunctory performance evaluation reports are neither adequate nor acceptable.

Where submission of an unsatisfactory evaluation report is deemed necessary, the Project Officer should identify and document the specific contractor deficiencies which warranted the unfavorable appraisal. He should keep in mind that the contractor may be expected to challenge such an evaluation, and that an unsatisfactory performance rating may also serve as the basis for an adverse determination by the Contract Officer regarding the "responsibility" of the contractor or the possible suspension or debarment of the contractor.

Contractor Performance Evaluation Reports (AID Form 1420-43) should be prepared in accordance with the instructions in Handbook 14, Appendix C, with copies submitted both to the AID/W Offices of Contract Management and Small and Disadvantaged Business Utilization (PRE/SDB). Copies of completed Contractor Performance Evaluation Reports on file in AID/W may be obtained from PRE/SDB.

It should be noted that it is the responsibility of the Contract Officer to furnish the contractor with a copy of an unsatisfactory evaluation report and request his comments thereon prior to final review and approval of the report, as prescribed in paragraph 5 (b) of Appendix C, Handbook 14.

## **V. Project Evaluation Summary**

In addition to evaluating the performance of the contractor, the Project Officer also plays a role in the preparation of the Project Evaluation Summary (PES), which is concerned with the project as whole. The PES is signed by the Mission Director or the head of the AID/W office responsible for the project. The timing of project evaluations requiring a PES is keyed to the approved project evaluation schedule.

For further guidance, refer to Chapter 5, Section 5F and to Appendix 5N of Handbook 3.

## **W. Contract Closeout and Termination Procedures**

On or before 90 days following completion of the work under a contract, the Office of Contract Management in AID/W initiates action to close out the contract officially. This entails the completion of several prescribed forms by various AID offices (e.g., the *Inspector General*, Financial Management, Security, etc.) confirming that all substantive and administrative actions required by either the contractor or AID have been satisfactorily taken.

As his part in the closeout of a contract, the Project Officer prepares and submits AID Form 1420-15A "Technical Office Checklist" to the Support Services Branch, Office of Contract Management, AID/W. For further guidance, refer to AID Handbook 14, Appendix G, page G-1, which describes the contract closeout procedures.

All direct AID contracts contain a provision authorizing termination for the convenience of the United States Government or for default by the contractor. In extreme cases, a contract may be terminated for default as, for example, where a contractor's performance is so deficient as to constitute a breach of the contract.

Under circumstances where the Project Officer believes that a contract should be terminated prior to completion, he should document his conclusions and should review the situation promptly with both the Contract Officer and the Legal Advisor. Where the facts warrant, the Contract Officer takes appropriate action to terminate the contract pursuant to the relevant provisions of the FPR and the AIDPR.

Summary Statement of Project and Contract Officer Functions

A summary statement covering the respective roles of the Project and Contract Officers in the management of AID direct contracts will be found in Appendix A *of this Supplement*.

## GRANTS AND COOPERATIVE AGREEMENTS

### CHAPTER III

#### PART A

#### 1. INTRODUCTION

##### A. Grants Not Covered by This Guidebook:

(1) Grant-Financed Bilateral Projects. These are government-to-government grants, usually for technical assistance, covered by bilateral project agreements between AID and host countries. (See Handbook 3, Project Assistance.)

(2) Grants to international organizations and programs, issued pursuant to Section 301 of the FAA. Funds for such grants are earmarked in the AID appropriations legislation, and are programmed and administered by the State Department. (There are, however, a number of grants to international organizations issued by AID pursuant to other sections of the FAA. These are the grants that are the subject of Chapter 5 of Handbook 13. Guidance for the Project Officer in managing the latter category of grants to international organizations is included in this Chapter.)

\* (3) Grants to implement the program of the American schools and hospitals abroad, under Section 214 of the FAA. Refer to Handbook 1B, Chapter 16A and Handbook 3, Chapter 6. \*

(4) Title II, PL 480 Grants, which are described in detail in Handbook 9. In this instance, the Project Officer is referred to as the Food for Peace Officer.

(5) Disaster Assistance Grants, which are described in detail in Handbook 8. In this instance, the Project Officer is referred to as the Mission Disaster Relief Officer.

**B. Grants Covered by This Guidebook**

The policies, procedures, and regulations governing the categories of non-governmental grants to which this Guidebook applies will be found set forth in detail in Handbook 13; Handbook 1B, Chapter 16; and in Chapter 6 of Handbook 3.

**CATEGORIES OF GRANTS****CHAPTER III****PART B****\* 1. SECTION 122(d) GRANTS**

(See Handbook 13, Chapter 1, Appendix 1G and Chapter 4)

Guidance on Institutional Grants to U.S. research and educational institutions authorized by Sec. 122(d) of the Foreign Assistance Act (formerly Sec. 211(d)) has been transferred from Chapter 2 of Handbook 13 to Chapter 1, Appendix 1G, paragraph 4 and to Chapter 4, paragraph 4A3a(8).

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## 2. **SPECIFIC SUPPORT GRANTS**

(See Handbook 1B, Chapter 16B; Handbook 3, Chapter 6; and Handbook 13, Chapters 1 and 4.)

Specific support grants provide assistance for all or a portion of a discrete program or project proposed by an organization applying for support.

The program or project aided by a specific support grant is clearly definable in terms of what the grant funds are to support. The grantee justifies, in advance, the proposed costs of each element of the program or project. The program or project may cover a short period of time--such as a grant of three months duration to support a conference, or a longer period such as a two year project to develop educational materials for cooperatives. The program description of any specific support grant should clearly state the purpose and scope of the project as well as its project implementation plan.

Handbook 13, Chapters 1B2 and 4C, explains the selection criteria and procedures used in awarding a specific support grant. Again, the procurement policies as well as the fiscal and management policies of the proposed grantee must be

acceptable to AID. In addition, the grantee is required to follow certain AID policies such as sources of procurement, use of U.S. flag carriers, and procurement of restricted commodities and services. (See Handbook 1B, Chapter 16B1b.

\* Handbook 13, Chapter 4, *Appendix 4C, Standard Provision 15*, contains special rules that apply where procurement of goods and services under a specific support grant total less than \$250,000. The rules that apply to procurements of a total of \$250,000 or more appear in Standard Provision 16, Appendix 4C, Handbook 13. When procurements are made in the cooperating country, the rules in Standard Provision 17, Appendix 4C, Handbook 13, apply. \*

AID makes grant funds and subventions (PL 480 commodities, ocean freight reimbursement funds, and excess property) available to private and voluntary organizations (PVOs). Organizations wishing to be eligible to seek such assistance from AID must first meet certain conditions for registration with AID as a private and voluntary organization. (See Handbook 3, Chapter 6 Appendix C.)

The more significant categories of specific support grants are as follows:

### **A. Matching Grants**

A matching grant is awarded to carry out a discrete, clearly conceived, evaluable, field-oriented program in a number of countries whose scope is normally a broad functional area like community-based health services or small enterprise development.

Matching grants are awarded only to those PVOs with well established development programs and with a demonstrated ability to raise funds in the private sector. These grants are matching in the sense that AID will pay no more than 50 percent of the cost of each program.

### **B. Operational Program Grants (OPGs)**

This program enables PVOs to carry out specific programs in individual countries and occasionally in regions. An OPG is typically a two or three year program. Like the matching grant program, a program funded by an OPG must be fully compatible with AID's legislative mandate. Twenty-five percent of the cost of an OPG must come from non-AID sources. (See AIDTO Circular A-342 of June 25, 1976.) Typically, the AID management of the grant relationship is a field function performed at the AID mission.

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Like the matching grant program, OPGs encompass the entire range of the program areas contained in AID's legislative priorities, such as agricultural development, income generation, health, and small enterprise development. The OPGs and the matching grant program represent the most field-oriented of AID's grant relationships with PVOs. These organizations normally approach the AID field missions directly for support of their programs.

### **C. Development Program Grants (DPGs)**

DPGs have been made to assist PVOs requiring further strengthening in their ability to become effective development agencies. Assistance has been provided in such areas as program development or evaluation. While this program has been discontinued for any new PVO applicants, AID is making grants to a very limited number of such organizations to complete the work started under a DPG where past performance so justifies.

### **D. Other Specific Support Grants**

Other specific support grants are made to PVOs such as, for example, the Population Council, to carry out particular technical programs in fields such as family planning or health.

Specific support grants are also made for individual project support, such as a conference or special training. Individuals may also receive grants of this type. These would most often be to support an individual doing research.

### **E. Grants Made Pursuant to Title XII**

The Title XII amendment to the FAA deals with the need to involve U.S. universities more intensively and consistently in U.S. bilateral development assistance in the fields of agriculture, food, nutrition, and rural development. It provides a new and closer link between land grant universities and other eligible institutions and AID.

The legislation provides for the creation of the Board of International Food and Agricultural Development (BIFAD) which, together with its subordinate committees and support staff, participates actively with AID in formulating policy, defining problems, and carrying out the planning, design, implementation, and evaluation of activities coming within the scope of Title XII.

#### **(1) Matching Formula University Strengthening Grants**

This program seeks to strengthen eligible universities to enable them to carry out programs that will build the

institutional capacities of the agriculturally developing countries; participate in long-term collaborative university research on food production, distribution, storage, marketing, and consumption; participate in the international network of agricultural science; conduct research projects identified for specific problem-solving needs; and develop and strengthen national research systems in the developing countries.

Excluding overhead, AID will match, on a one-to-one basis, university expenditures for strengthening grants in an amount up to ten percent of the dollar value of university activity eligible under this program, up to a ceiling of \$300,000 annually per university. However, if under the formula the university, during the first five years of a program, is eligible for a matching grant of less than \$100,000 per year, AID will still provide a grant of up to \$100,000 annually to the extent it is matched by the university's own contribution.

(2) Minority Institution University Strengthening Grants

Minority universities which meet certain criteria prescribed in Section 298 (c) of Title XII of the FAA are eligible to receive support grants from AID, without matching requirements, for approved programs of university expenditures in a total amount of up to \$500,000 for periods of up to five years.

The objectives of this program are twofold: (1) to draw the participating minority universities into an early involvement with AID and BIFAD in Title XII development assistance activities; and (2) to prepare the minority university to qualify for participation in the matching formula program for strengthening grants.

(3) Collaborative Research Support Program (CRSP)

A CRSP is an arrangement which facilitates collaboration among U.S. universities, the U.S. Department of Commerce, the U.S. Department of Agriculture, international agricultural research centers, other research institutions, private agencies and industry, and universities and other research institutions in developing countries.

Through procedures involving AID, BIFAD, and the Joint Research Committee (JRC) under BIFAD, collaboration among institutions such as described above is carried out on a problem-oriented basis in a common, integrated research and development program to solve priority food,

nutrition, or rural development problems. CRSP grants are approved for periods of up to five years, with program approval renewed each year.

A key feature of the CRSP is the designation of a non-governmental administrative "management entity" with appropriate legal status. The management entity might be a U.S. university, an administrative unit within a university, a special consortium of universities, or other body representing the participating institutions.

The functions of the management entity are to administer the resources contributed by AID and to oversee the individual project comprising the program. The management entity receives and administers AID grant funds for the CRSP and enters into sub-grants or contracts with collaborating U.S. and developing country institutions for their respective projects, according to the program plan. The management entity coordinates the effective implementation of the program and is responsible for implementing the budgetary plans, including the contributions of the participating institutions to their projects.

### **3. GRANTS TO PUBLIC INTERNATIONAL ORGANIZATIONS**

(See Handbook 13, Chapter 5; and Handbook 1, Supplement B, Chapter 16C.)

Grants in this category are made to public international organizations created by international agreement and having membership consisting primarily of national governments or public agencies thereof, and in which the United States participates pursuant to a treaty or under the authority of an act of Congress authorizing such participation or making an appropriation therefor.

Such grants are made only to support specific activities undertaken by the international organizations. Examples of such grants are those made to the World Health Organization (WHO) or to the Organization of American States (OAS). Also included in this category are those made by AID to the International Committee of the Red Cross (ICRC).

AID may use such grants to initiate a new project or activity or to expand an ongoing program in which it has a special interest and a preference that it be handled by an international organization rather than by AID directly. However, AID may not use a grant to a public international organization to supplement voluntary contributions to those organizations which are authorized pursuant to Section 301 of the FAA.

Where AID is not the sole contributor to a project of a public international organization, AID relies on that organization's own procurement and auditing policies and procedures.

However, when AID is the sole contributor to such a project, appropriate AID procurement and audit policies apply, unless waived. When AID is the largest contributor to such a project, AID, with the concurrence of the Department of State, may elect to negotiate the application of selected procurement and audit policies.

As previously indicated, this Guidebook does not cover grants in the form of voluntary contributions made under Section 301 (e.g., contributions to the United Nations Development Program). Funds for such voluntary contributions are earmarked in the AID appropriations legislation, and are programmed and administered by the Bureau of International Organization Affairs (IO) of the State Department. Grants in this category are generally, but not always, made in order to provide general support for budgets of the international organizations.

#### **4. COOPERATIVE AGREEMENTS**

(See Handbook 1B, Chapter 25E3; Handbook 13, Chapter 6.)

The cooperative agreement authorizes a form of assistance that includes substantial AID involvement, unlike other types of grants. In determining whether to use a grant or a cooperative agreement to fund a program, the Grant Officer must first decide whether the intention is to support or stimulate the proposed grantee's own program or to manage another program authorized by the FAA. If this is the intention, and the recipient can be expected to run its program in accordance with the grant agreement without substantial involvement by AID, then a grant, not a cooperative agreement, is the instrument which should be used to provide the assistance.

Where, however, the intention is to support or stimulate the proposed grantee's own program, and where AID expects to become substantially involved in that program, then a cooperative agreement is in order. For example, a cooperative agreement may be used to fund a multi-year program of an organization such as a university, international research center, private and voluntary organization, or other entity which complements a field of endeavor of active interest to AID. Problems in the less developed countries related to access to land, water, and natural resources, and to off-farm employment generation are examples of the subject matter of some current cooperative agreements. The cooperative agreement provides for the active participation by AID at various stages in the program being funded.

The programming and implementation processes described below for grants essentially apply also to cooperative agreements. Excepting the extent to which there is a greater degree of AID involvement in a cooperative agreement, the Project Officer and Grant Officer play roles similar to those under grants.

AID's greater involvement in cooperative agreements, however, means that the Project Officer must assume a more active role both in planning and monitoring the implementation of those instruments. For example, the cooperative agreement may provide for the Project Officer's prior review and approval of each annual work plan or one stage of work before work can begin on a subsequent stage; prior review and approval of the substantive provisions of subordinate agreements or contracts; concurrence for staff appointments; monitoring to permit specified kinds of direction or redirection of the work because of the inter-relationships with other AID-financed projects; and joint participation in other aspects of implementation and evaluation.

The Project Officer should assure that the extent of AID's involvement in a program or activity funded by a cooperative agreement is spelled out in the agreement itself. In order to learn the nature of his specific responsibilities, the Project Officer should become thoroughly familiar with the contents of the cooperative agreement, including the standard provisions thereto, as well as with other relevant project documents.

## **PRE-GRANT AWARD FUNCTIONS**

### **CHAPTER III**

#### **PART C**

#### **1. ROLE OF PROJECT OFFICER PRIOR TO GRANT AWARD**

As indicated above, the various categories of grants are discussed in some detail in AID Handbooks 1, 3, and 13. In view of the widely differing nature of these grants, a detailed discussion of the Project Officer's responsibilities related to each type of instrument would mean the repetition of much detail either now available or currently being developed for these Handbooks, and would make the Guidebook unwieldy.

It will be useful, however, to review certain general areas of responsibility shared by Project Officers in the development of all types of grants.

A grant is initiated by an application from an organization or institution, demonstrating its interest and capacity to perform development activities consonant with the objectives of the FAA. The application may be solicited or may be sought by AID either competitively or non-competitively as appropriate to program needs.

The Federal Grant and Cooperative Agreement Act of 1977 seeks to "encourage competition, where deemed appropriate, in the award of grants and cooperative agreements." Selection procedures for grants and cooperative agreements will be found in Handbook 13, Chapters 1B2 and 4B. \*

The Project Officer in the first instance will determine, or as a member of a committee participate in the determination of, the consistency of the prospective grantee's proposal with the relevant country or regional development strategy. A determination needs to be made that the proposal represents a more effective and efficient means of helping to carry out the strategy than a contract, or other type of assistance.

A grant should not be used as a substitute for a contract, thereby circumventing the carefully defined rules and procedures set forth in AID's procurement regulations. If it is determined that a grant and not a contract is the appropriate form of assistance, a choice must be made as between a grant or a cooperative agreement.

In the administration of grants, AID must rely almost entirely on the grant agreement, the program, the integrity, the procedures, and the competence of the grantee. The Project Officer will help the Grant Officer to determine whether the proposed grantee is well financed and managed, and capable of efficient planning, organizing, staffing, directing, controlling, and coordinating the program (including acceptable audit, procurement, and evaluation policies and procedures). An accurate determination of the financial and managerial capability of the prospective grantee may help to avoid serious problems during the implementation of the grant.

\* For procedures governing survey team evaluations prior to the award of specific support grants, refer to Handbook 13, Chapter 3B1d and Chapter 4C5b. \*

For unsolicited applications meeting AID's criteria, the Project Officer, either individually or as a member of a committee, should prepare a Project Identification Document (PID), or the equivalent thereof, after the application has been received and reviewed. (See Handbook 3, Chapters 4 and 6.) Based on the completeness of the application, it may be advisable to prepare the PID in collaboration with the proposed grantee. The PID describes the project and its estimated cost, discusses any policy issues, states the problem or objective to be addressed, identifies proposed benefits, and justifies the proposed activity. Where the application has been solicited, the PID or equivalent document precedes the application.

Following approval of the PID, the Project Paper (PP), or its equivalent, should be prepared by the Project Officer, either individually or as a member of a project committee. (See Handbook 3, Chapters 5 and 6.) Again, collaboration with the proposed grantee in the preparation of the PP may be advisable.

In preparing the PP, the Project Officer should obtain the implementation plan of the prospective grantee, showing how the proposed objectives of the grant will be achieved. In the absence of a well conceived, feasible plan of implementation, the Project Officer's problems in monitoring the grant may well prove insurmountable.

The PP should describe the grant identified in the PID in greater detail, and provide analyses including an explanation of how the problem or objective addressed by the grant will be dealt with. For this reason, emphasis in the Project Paper should be directed to such concerns as administrative feasibility, the plan of implementation (including clear benchmarks which permit an objective verification of progress), the responsibility for monitoring, and evaluation arrangements.

When the activity has been approved in a Project Paper or equivalent document, and has been authorized, it is the responsibility of the Project Officer to initiate and clear the PIO/T authorizing the Grant Officer to enter into such an agreement. The specific PIO/T requirements vary somewhat according to the type of grant. Therefore, the Project Officer should refer to the chapter in Handbook 13 which deals with the kind of grant under consideration. Every PIO/T should contain some form of benchmarks to serve as evaluation indices. (Specific guidance for the preparation of the PIO/T for grants will be found in *Attachment A to Appendix C of this Guidebook*.)

On receipt of the PIO/T and a signed application from the prospective grantee, negotiations are conducted on possible program changes, terms, conditions, and the budget. The principal representatives of AID in this process are the Grant Officer, who is in charge of the negotiations and who bears the responsibility for drafting and executing the grant agreement, and the Project Officer. Other AID officials as appropriate, such as the program officer at a Mission or a desk officer at AID/W, may attend if their presence is considered useful.

It is essential that the Project Officer make no commitment, express or implied, to the proposed grantee, either prior to or during the negotiations, even though the Project Officer may have assisted the proposed grantee in developing the technical aspects of its application. Only the Grant Officer is authorized to make commitments to the proposed grantee on behalf of AID.

It is likewise essential that the position of AID with respect to the points under negotiation be determined and agreed upon prior to the negotiations. Disagreements among the AID staff during the negotiations with a proposed grantee are to be avoided.

The actual contents of the agreement vary according to the type of grant. For further guidance, the appropriate chapter in Handbook 13 in which the type of grant under consideration is discussed should be consulted.

When the grant agreement has been drafted, copies are provided to the grantee. The Grant Officer, in consultation with the Project Officer, may schedule a meeting with the grantee to review the grant terms and to insure that the grantee fully understands what is expected of it. The meeting should include as representatives from the grantee organization the individual primarily responsible for the program and the individual representing the business or financial section of the organization.

On this occasion, there should be carefully explained to the representatives of the grantee the respective roles of the Project Officer and Grant Officer in the implementation of the grant. These roles are discussed below.

## **POST-GRANT AWARD FUNCTIONS**

### **CHAPTER III**

#### **PART D**

As indicated above, the case of grants, reliance is placed primarily on the grantee organization to carry out its own program as approved by AID. For this reason the degree of monitoring is expected to be materially less than that exercised where a direct AID contract is involved.

However, a grant is by no means a "hands off" operation, and there are areas where a reasonable degree of oversight must be maintained by AID to assure that the grant program is successfully carried out.

#### **1. ROLE OF THE GRANT OFFICER IN GRANT IMPLEMENTATION**

Oversight of a grant is shared between the Project Officer and the Grant Officer. While there is a clear division of responsibility between these two officials, their functions are closely related and cannot be performed in a vacuum. Close operation is obviously required between the Grant Officer and the Project Officer.

Following his role as the negotiator and drafter of the grant agreement, the Grant Officer becomes responsible for the interpretation of all provisions of the grant agreement and for the resolution of questions which may arise in connection with the financing of the agreement.

Examples of some of the Grant Officer's more significant areas of direct concern are the final determination of overhead rates, requests of the grantee for deviations from AID procurement procedures, travel and procurement policies, refunds of excess advance payments under a Federal Reserve Letter of Credit or refunds of costs reimbursed to the grantee in excess of those provided for in the grant agreement, and approval of agreements subordinate to the grant agreement.

The Grant Officer receives the grantee's periodic financial and audit reports, analyzes them, and informs the Project Officer of any problems of significance that are reflected by these reports.

It is customary for the grantee to communicate directly with the Grant Officer on the above matters.

## **2. ROLE OF THE PROJECT OFFICER IN MONITORING GRANTS**

The Project Officer is in direct communication with the grantee on all program or technical matters relating to the grant, such as questions that may be raised by the grantee on program direction or specific implementation problems. The nature of the relationship between the Project Officer and the grantee will be governed in large measure by the provisions of the grant or cooperative agreement. With respect to the extent of the Project Officer's involvement in the latter, refer to the discussion under Chapter III B4 of *this Guidebook*.

Thus, where a grantee's operations are carried out in a foreign country, the Project Officer, either personally or acting through the Field Project Officer in a field Mission, may assist the grantee's representatives in meeting key country officials who are concerned with the project. If a grant agreement should provide for logistical support in a foreign country, the Field Project Officer will see to it that such support is provided.

To define his level of involvement in the affairs of the grantee, it is essential that the Project Officer become thoroughly familiar with the grant agreement and its standard provisions. Examples of such provisions would be the requirement that all requests by the grantee for international travel be referred to the Project Officer for prior approval in order that the AID field Mission may be so informed, or the requirement that the grantee deliver to the Project Officer a copy of all published works developed under the grant.

There are other general areas of oversight where involvement with the grantee is expected, irrespective of the nature of the grant:

### **A. Liaison With Grantee**

The Project Officer receives and answers, or arranges for replies to, correspondence relating to implementation and programmatic management of the grant. As indicated above, correspondence relating to the financial management of the grant is handled directly by the Grant Officer.

As circumstances warrant, the Project Officer should hold meetings or discussions with the grantee with regard to any aspect of grant implementation.

### **B. Interpretation of Grant Provisions and Disputes**

When substantive questions come to the attention of the Project Officer requiring technical interpretations of any provisions of the grant agreement, or where disputes with the

grantee arise, it is the responsibility of the Project Officer to refer such issues to the Grant Officer for his consideration and resolution. Under such circumstances, the Project Officer should avoid making statements to the grantee which, expressly or by implication, could be construed as an official AID position, pending receipt of guidance from the Grant Officer.

### **C. Grantee Reports**

The Project Officer assures that the grantee submits such reports as are required by the terms of the grant agreement. Upon receipt of each report, he is expected to review the document and comment upon its adequacy and responsiveness.

Where a grantee report is considered deficient or identifies problems, the Project Officer should meet with the grantee promptly to discuss the situation. Deficiencies should be frankly reviewed with the grantee and courses of action to rectify the problems should be suggested by the Project Officer. Depending upon the nature and significance of the problems, the Project Officer should determine whether his immediate superior should be alerted and consulted. In such cases, the Project Officer may wish to record the difficulties in a memorandum to his superior, with a copy to the Grant Officer and to the grantee. This technique puts the grantee on notice that AID considers the matter of some importance and expects the grantee to remedy the situation.

As indicated above, the periodic financial and audit reports required by the grant agreement are directly submitted by the grantee to the Grant Officer. Nevertheless, the Project Officer reviews copies of those reports in order to measure physical progress under the grant against the expenditure of time and money.

### **D. Reports of the Project Officer**

As required by the Mission Director or Assistant Administrator (or their designees), the Project Officer is responsible for the preparation and submission of periodic reports on the implementation status of the grant being monitored. These reports should describe briefly the progress achieved by the grantee, major problems encountered or anticipated, and remedial actions taken or required to resolve such problems.

The highlights of grantee progress reports and site visit reports (see Appendix E of this Guidebook) should be drawn upon by the Project Officer in preparing these grant implementation status reports intended primarily for internal AID use. A copy of each status report should be forwarded to the Grant Officer, in addition to such other Mission or AID/W officials as the Project Officer designates.

Where a substantive problem requiring the urgent attention of AID arises during the course of grant implementation, the Project Officer should prepare a separate memorandum alerting the responsible Mission Officer concerned (e.g., Legal Advisor, Program Officer, Grant Officer) requesting assistance or action to resolve the difficulty.

### **E. Site Visits**

Among the more significant aspects of the oversight of grants are periodic visits by the Project Officer to the site where work under the grant is being performed. Scheduling such visits obviously depends upon a number of factors, such as the size, complexity, and term of the grant, the availability of travel funds, and other priority duties of the Project Officer.

In many cases, however, where the grant is of major significance, observation at the work site is important to enable the Project Officer to obtain first-hand impressions of the grantee's progress and to identify incipient problems which may adversely affect its performance unless remedied. Such visits should be made with the prior knowledge of the grantee, and the Project Officer should be accompanied by a representative or representatives of the grantee.

Where work is performed in the field under a grant administered at AID/W, the AID/W Project Officer should request site visits by the Field Project Officer designated for the project.

As soon as possible after each visit the Project Officer should prepare a brief report highlighting his observations and findings and file a copy of the report in the related grant file. See Appendix E for guidance in the preparation of such reports.

Merely knowing that such site visits are a phase of the Project Officer's oversight functions also helps to keep the grantee "on his toes." Site visits properly handled can pay dividends in the early diagnosis of impending problems where AID can appropriately assist the grantee in their resolution before misunderstandings or other avoidable delays arise.

### **F. Grant Extension and/or Amendments**

As the AID official most conversant with the day-to-day status of the grant, the Project Officer should be in a position to anticipate the desirability for curtailment, extension, or amendment of the grant which he is overseeing. In most cases, the grantee itself can be expected to apply for more assistance or necessary changes in the terms of the grant. Regardless of how the Project Officer becomes aware of this requirement, he

should promptly advise the Grant Officer in writing, with a copy to the appropriate program budget office if additional funding may be needed, including his views as to the justification for the proposed curtailment, extension, or amendment. Pending official decision of Agency, however, under no circumstances should the Project Officer lead the grantee to believe that such grant extensions or amendments will be approved. Informal commitments, explicit or implied, to this effect must be scrupulously avoided, particularly where additional funding may be entailed to amend or extend a grant.

Grant extensions and/or amendments require the issuance of a PIO/T which should be processed in the light of the time requirements described in Chapter II A 4 of *this Guidebook*.

### **G. Administrative Approval of Vouchers**

An essential feature of AID's system of management of the grant process is the requirement for administrative approval by the Project Officer of vouchers submitted by the grantee for payment. This administrative approval--in the form of a prescribed certification--is supplemental to the normal U.S. Government requirement for the financial certification of all payment vouchers by an authorized certifying officer.

The Project Officer is the AID official who is best and most currently informed concerning the progress, problems, and accomplishments of the grantee. As a consequence, he is the logical official to determine that the grantee's activities are proceeding satisfactorily. Therefore, any request for payment by the grantee requires approval by the Project Officer to assure that AID's interests are adequately protected. In addition, the requirement for such approval becomes a possible means for the Project Officer to obtain remedial action in any case where deficiencies in the grantee's performance become known, and correction cannot otherwise be obtained.

For grants, the Project Officer's administrative approval reads as follows:

"I have reviewed the voucher, the related invoice(s) and supporting documentation attached thereto. Based on this documentation and my personal knowledge of the project, I see no reason to withhold payment. Therefore, the voucher is administratively approved for payment subject to the financial review and certification by the paying office."

Further guidance for the administrative approval of vouchers will be found in Handbook 19, Chapter 3H2.

## H. Methods of Payment to the Grantee

Payments to grantees may be made by advances of AID funds or by the direct reimbursement procedure. Effective cash management requires that advances to grantees be kept to the minimum amount needed for their immediate disbursement needs. Advance payments should be based upon an analysis of the cash required under the grant, taking into consideration the reimbursement cycle. The timing and amount of cash advances should be close as is administratively feasible to the actual disbursements by the grantee.

The Federal Reserve Letter of Credit (FRLC) is one method widely used in grant administration to permit advances in such a way as to minimize the amount of cash withdrawn from the U.S. Treasury in advance of specific operating needs. FRLCs provide the grantee considerable flexibility and independence in obtaining cash advances for their immediate disbursement needs. Since the FRLC works through the grantee's commercial bank, there is no time lag between the request for draw-down and receipt of the cash for disbursement. This method of payment is required for financing advance payments where: (1) the amount required for advance financing equals or exceeds \$120,000 per year; (2) there will be a continuing relationship with the institution for at least one year; (3) the recipient has the ability to maintain procedures that will minimize the time elapsing between the transfer of funds and their disbursement; and (4) the recipient's financial management system meets the OMB Circular A-110 standards for fund control and accountability.

When a mixed dollar and local currency advance is involved under an individual grant or cooperative agreement to a nonprofit organization, the following shall apply:

(a) Only one instrument (either an FRLC or an advance by Treasury check) will be used and only one payment office will provide the advance, and

(b) If the foreign currency portion of the total advance under the grant or cooperative agreement is less than 50%, an FRLC shall be used, or

(c) If the foreign currency portion of the total advance under the grant or cooperative agreement is more than 50%, but more than one foreign currency country is involved, and FRLC shall be used, or

(d) If the foreign currency portion of the total advance under the grant or cooperative agreement is more than 50%, but only one foreign currency country is involved, an advance by Treasury check shall be used.

Advances by U.S. Treasury check may be used to finance a grantee's need for federal funds when the FRLC method of financing is not appropriate. Periodic advances by Treasury check are to be based upon an analysis of the cash requirements of the grantee and made only in amounts necessary to meet immediate disbursement needs. Periodic advances by Treasury check are generally to be no more than the grantee's cash requirements for a 30 day period measured from the date of receipt until the advance is expended. See 15C1g and 15C1h of Handbook 1, Supplement B, for the definition of "immediate disbursing needs" for an FRLC and an advance by Treasury check. (For further guidance on methods of payment, see Chapter 1, paragraph 10 of Handbook 15.)

Under the direct reimbursement method of financing, AID reimburses the grantee for eligible expenses already paid by the grantee using its own funds. This method of payment is used for construction grants and for those grants where the major portion of the program is accomplished through private market financing or federal loans. The direct reimbursement method is also used when the grantee's financial management system does not meet the standards prescribed by OMB Circular A-110.

(For further guidance on methods of payment, see Handbook 19, Chapter 3K; Handbook 13, Chapter 1N10; and Handbook 1B, Chapter 15.)

### **I. Operational Grant File**

The Project Officer is responsible for ensuring that a properly documented, permanent operational file for each grant is established, and that it contains all basic documents and reports relating to the grant. Included will be such documents as the grant proposal, the PID, the PP (or equivalent documents), the PIO/T, and the grant agreement. Also included will be the periodic reports submitted by the grantee, AID evaluation and audit reports, correspondence with the grantee, and copies of AID memoranda which the Grant Officer or the Project Officer has written or received about the grant.

It should be noted that this is an operational file, with the official file being maintained by the Grant Officer. The Project Officer should see that copies of all pertinent documents are included in the official file.

The maintenance and accessibility of a completely documented and current operational grant file is important for several reasons. Such a file (1) serves as an essential tool in effective grant management; (2) facilitates the transfer of responsibility for grant oversight from the Project Officer to his successor in the event of the former's reassignment; and (3) records in AID's "memory" system the accomplishments under the grant, as well as the lessons learned for the general guidance of the Agency as a whole.

\* The Project Officer can assist the process of strengthening the Agency's "memory" by submitting a copy of any documents in the grant file which he believes reflect either significant development accomplishments or major problems of a potentially recurring nature to the Development Information Utilization Services, Bureau for Science and Technology, AID/W. \*

Where a Project Officer is departing from post during the implementation of a grant, he should see to it that his replacement is thoroughly familiar with the operational grant file, and has a clear conception of the status of the grant, its progress, and its problems. Where a Project Officer departs from post prior to the arrival of the replacement, care should be taken that the operational grant file is complete, containing copies of all documents necessary to permit the replacement to assume effective monitoring of the grant upon arrival.

### **J. Briefings and Presentations**

Because of his special role, the Project Officer may be required on occasion to brief AID or other officials about the progress or problems being encountered in the administration of specific grants. Such briefings or presentations may be conducted for the benefit of senior AID officials or for external groups such as members of the Congress, GAO representatives, or recipient country officials.

All such briefings should be conducted with the full cooperation, and, if possible, the participation of the grantee.

Depending on the complexity of the grant, the Project Officer may wish to arrange for the participation of other AID officers, such as the senior technical or development officers most concerned with the grant.

### **K. Audits and Investigations**

The Project Officer cooperates with authorized representatives of the *Inspector General*, the General Accounting Office, Congressional Committees, and other U.S. Government agencies, assuring ready access to pertinent documents relating to the examination of grants under the Project Officer's purview.

The Project Officer also serves as the action officer in preparing material for the AID response to audit and investigative reports relating to the technical or programmatic aspects of such grants. To the extent that the audits and investigations pertain to such issues as overhead or grant financing, the Grant Officer plays a similar role.

The material prepared by the Project Officer and the Grant Officer is forwarded to the AID office responsible for coordinating the total Agency response to the report in question.

The important consideration in these circumstances is that there be prepared as comprehensive and responsive an Agency commentary as the facts warrant.

If the auditors' findings appear justified, the Project Officer or Grant Officer arranges for appropriate corrective action. If the auditors' findings do not appear justified, the Project Officer or Grant Officer explains in the Agency commentary the respects in which such findings are not warranted or should be amended.

### **L. Waivers and Deviations**

On occasion, as the grantee proceeds with its project, waivers or deviations may be necessary from the standard provisions that are a part of each general or specific support grant, or of each cooperative agreement, or from policies or procedures set forth in Handbook 13.

As the Project Officer perceives the need for waivers or deviations in grants or cooperative agreements, he forwards the request for approval of the exception to the Grant Officer together with a justification for the exception. Whether the request originates in a field Mission or at AID/W, the Grant Officer submits the request by action memorandum to the Director, M/SER/CM. Handbook 13, Chapter 1E, provides the necessary guidance on this point.

\* Where the need for a waiver (e.g., procurement source, salary levels, etc.) becomes apparent during the review of the grantee's project proposal and prior to AID's entering into a grant, the Project Officer is responsible for obtaining the necessary approvals. (See Handbook 13, Chapter 1U5.) \*  
This approach will reduce the administrative burden and allow maximum flexibility for operational decisions during the period of performance under the grant.

### **M. Evaluations**

AID policy requires that all projects, including those financed by grants or cooperative agreements, be evaluated periodically during their implementation in terms of their efficiency, effectiveness, and significance in contributing to the accomplishment of project objectives. At the conclusion of each evaluation there is submitted a "Project Evaluation Summary" (PES) as described in Handbook 3, Chapter 5F, and Appendix 5N.

\* Revised

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It is important that there be developed a preplanned evaluation strategy, which is normally included in the Project Paper or equivalent document. The evaluation strategy should provide for participation by the grantee, and, where appropriate, by officials of the host government. The evaluations should be timed to coincide with the grantee's application for continued support.

Private and Voluntary Organizations (PVOs) normally conduct their own evaluations during implementation, with the participation of the host country and/or the counterpart or co-operating organization within the host country. While the PVO is expected to follow AID guidelines, the above mentioned "Project Evaluation Summary" form is not a requirement. However, the PVO is expected to provide a copy of each evaluation to the Project Officer. (See Handbook 3, Chapter 6, Appendix 6A and Annex 2 to Attachment B of that Appendix.)

#### **N. Closeout, Suspension, and Termination**

(See Handbook 13, Chapters 1Q, 1R, and 4F.)

When a grantee has completed its activities in accordance with the provisions of the grant agreement, the Project Officer so notifies the Grant Officer, who follows the closeout procedures set forth in Handbook 13.

Suspension of a grant may be requested by the Project Officer pending corrective action by the grantee, or pending a decision to terminate the grant. The recommendation to terminate a grant agreement in whole or in part is also a responsibility of the Project Officer, and the decision is taken by the Grant Officer whenever it is determined that the grantee has failed to comply with the conditions of the grant agreement, and that other corrective action is not feasible.

Termination by the Grant Officer of a grant agreement in whole or in part for convenience may occur when the Project Officer and the grantee agree that continuation of the project would not produce beneficial results commensurate with the further expenditure of funds.

#### Summary Statement of Project and Grant Officer Functions

A summary statement covering the respective roles of the Project and Grant Officers in the management of grants and cooperative agreements will be found in Appendix B of *this Guidebook*.

**SUMMARY FUNCTIONAL SCHEMATIC**  
**ROLES OF PROJECT AND CONTRACT OFFICERS IN**  
**MANAGEMENT OF AID DIRECT CONTRACTS**

MANAGEMENT OF DIRECT AID CONTRACTSROLES OF PROJECT AND CONTRACT OFFICERS

<u>FUNCTION</u>	<u>PROJECT OFFICER</u>	<u>CONTRACT OFFICER</u>
A. <u>Project Planning</u>		
1. Country Development Strategy Statement (CDSS) and/or Sector Analysis	Participates.	Not involved.
2. Project Identification Document (PID)	Participates.	Not involved.
3. Project Paper (PP) (including implementation, financial and evaluation plans)	Participates.	Should be consulted where direct AID contract(s) are anticipated in implementation phase.
4. Project Agreement Negotiation/Execution	Participates.	Not involved.
B. <u>Pre-contract Award</u>		
1. Project Implementation Order (PIO/T) (including scope of work)	Prepares or has prepared.	Provides advice where direct AID contracting is proposed.

<u>FUNCTION</u>	<u>PROJECT OFFICER</u>	<u>CONTRACT OFFICER</u>
2. Small and/or Minority Business Prospective Participation	Consults AID/W Office of Small and Disadvantaged Business Utilization for availability and capabilities of such firms.	Not involved.
3. Procurement by Formal Advertising	Participates in technical evaluation of bids.	Upon issuance of PIO/T, proceeds with solicitation and bid opening. Participates in evaluation of bids.
4. Competitive Negotiation	(1) Consults Contractor's Index and includes list of potential contractors in PIC/T.  (2) Assists in preparation of the "Request for Proposal" (RFP), and serves as Chairman of Proposal Evaluation Committee.	Prepares and issues RFP and arranges for publication of RFP synopsis by U.S. Department of Commerce. Participates in evaluation of proposals.
5. Procurement of Architect - Engineer (A&E) Services	Serves as member of the Evaluation Board which reviews and evaluates qualified firms and prepares a selection memorandum recommending three or more highly qualified firms.	Serves as member of Evaluation Board.

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<u>FUNCTION</u>	<u>PROJECT OFFICER</u>	<u>CONTACT OFFICER</u>
6. Educational Institutions (including International Research Centers)	(1) Where nature of work to be performed requires use of an educational institution, makes determination to this effect.  (2) Prepares selection of criteria for evaluation of potential contractors, and list of latter with statement of qualifications, and forwards with PIO/T.  (3) Serves as Chairman of Evaluation Committee.	Prepares and issues requests for technical proposals (RFTP), and serves as member of Evaluation Committee.
7. Collaborative Assistance  For projects where it has been determined (a) that a continuing collaborative relationship between AID, the recipient country, and the contractor is required from project design through completion; * and (b) that the services of an educational institution, an international research institution, or a cooperative development organization is required. *	(1) Establishes and serves as Chairman of an Evaluation Panel to determine that the project qualifies for collaborative assistance, to establish evaluation and selection criteria, and to prepare a list of prospective institutions.  (2) Assists the Contract Officer in preparation of requests for expressions of interest by prospective institutions.  (3) Prepares written selection recommendation.	Serves as member of the Evaluation Panel. Obtains expressions of interest from prospective institutions, and forwards to the Evaluation Panel for selection recommendation.

\* Revised

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<u>FUNCTION</u>	<u>PROJECT OFFICER</u>	<u>CONTRACT OFFICER</u>
<p>8. Negotiation without Solicitation of Competitive Proposals</p> <p>Procurement may be undertaken without formal solicitation of competition under the following circumstances: where it is essential to obtain the services of a specific individual; in the case of unsolicited proposals; for mission procurement where the estimated cost of goods or services is less than \$100,000; in the case of a contractor with "pre-dominant capability"; where goods or services needed are obtainable only from a single source; or in the case of emergencies where unacceptable delays or costs would otherwise result.</p>	<p>Prepares written justification describing the circumstances which preclude obtaining competitive solicitations.</p>	<p>Determines validity of justification.</p>
<p>C. <u>Contract Negotiation and Award</u></p>	<p>Participates in negotiations.</p>	<p>Negotiates and awards contract.</p>
<p>D. <u>Post-Contract Award Monitoring</u></p>	<p>If contract under a bilateral project agreement, assures host country participation in appropriate phases of the monitoring process.</p>	<p>Participates as appropriate.</p> <p>(TM 3S:4) 9-1-82</p>
<p>1. Relations with Host Country.</p>		

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<u>FUNCTION</u>	<u>PROJECT OFFICER</u>	<u>CONTRACT OFFICER</u>
2. Initial Meeting with Contractor	(1) Becomes fully familiar with project objectives, scope of work, and terms of contract (including contractor's detailed work schedule and financial plan).  (2) Meets with contractor representative, assures that contractor has clear understanding of scope of work and contract provisions, and explains Project Officer role and responsibilities for monitoring progress.	As available, may participate in initial briefing of contractor representative.
3. Liaison with Contractor	(1) Arranges to have contractor meet key AID and/or cooperating country officials substantially involved in project.  (2) Holds periodic meetings/discussions with contractor to review progress, identify problems, and determine actions needed to facilitate contractor performance.	Not involved.  Not involved.

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<u>FUNCTION</u>	<u>PROJECT OFFICER</u>	<u>CONTRACT OFFICER</u>
4. Interpretation of Contract Provisions and Disputes	Where questions requiring contract interpretation or where disputes arise, refers issue(s) to the Contract Officer and/or representative of the General Counsel.	Provides required interpretation and resolves disputes in collaboration with appropriate representative of the General Counsel's Office where necessary.
5. Commodity Procurement	If contract involves commodity procurement, assures that contractor procures on schedule, and verifies arrival and utilization of commodities.	Not involved.
6. Participant Training Services	If contract involves participant training, assures that contractor provides required training, and assesses adequacy and effectiveness of training provided.	Not involved.
7. Contractor Logistical Support	Assures that AID (and cooperating country where involved) is providing, or arranging to provide, support of the contractor as stipulated in the contract.	Not involved.

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<u>FUNCTION</u>	<u>PROJECT OFFICER</u>	<u>CONTRACT OFFICER</u>
8. Contractor Reports	(1) Assures that contractor submits reports required by the terms of the contract. Reviews and evaluates each report as to its adequacy and responsiveness, and assures distribution to AID offices concerned.  (2) Discusses inadequacies or problems with the contractor.	Receives and notes copy of report.
9. Contract Status Reports	As required, prepares periodic reports on the status of the contract.	Notes and files in official contract file.
10. Special Reports	(1) Where circumstances warrant, prepares separate memorandum alerting responsible AID office (e.g. GC, SER/CM, Program Office, etc.) of substantive problems or issues, and requests assistance or action to resolve such problems or issues.  (2) As needs develop, prepares status reports for Congressional Presentation, public information, etc.	Takes action where problems or issues are within Contract Officer's responsibilities and authorities.  Not involved.

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<u>FUNCTION</u>	<u>PROJECT OFFICER</u>	<u>CONTRACT OFFICER</u>
11. Site Visits	As necessary, visits site of the contractor's work to permit first-hand observation of work underway.	Not involved.
12. Contract Extension and/or Amendments	Advises Contract Officer when an extension or amendment of the contract is required.	Acts to extend or amend the contract.
13. Administrative Approval of Contractor Vouchers	Prior to disbursement, reviews contractor vouchers and based on the documentation and personal knowledge of the contract, administratively approves such vouchers for payment.	Not involved.
14. Enforcement and Remedies	Where contractor defaults or is seriously delinquent, reviews situation with Contract Officer and Legal Advisor to determine appropriate course of action.	Participates in review of possible courses of action. Where facts warrant, takes action to terminate contract.
15. Correspondence	Receives and answers (or arranges for replies to) correspondence relating to contract management.	Takes action on correspondence relating to contract interpretation and disputes.

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<u>FUNCTION</u>	<u>PROJECT OFFICER</u>	<u>CONTRACT OFFICER</u>
16. Contract File	Maintains or arranges for maintenance of operational contract file.	Maintains official contract file.
17. Briefings/Presentations	As required, briefs AID officials, members of Congress, GAO representatives, host country officials, etc. on the status of the related contract.	Not involved.
18. Audit/Investigative Reports	Serves as primary action officer in reviewing and responding to IG, GAO, Congressional Committee or other external reports relating to performance of the contractor.	Participates where such reports relate to role and responsibilities of the Contract Officer.
19. Waivers	Prepares and submits justification for waivers of AID regulations to AID office authorized to approve such exceptions.	Approves or disapproves waiver requests relating to contract provisions.

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<u>FUNCTION</u>	<u>PROJECT OFFICER</u>	<u>CONTRACT OFFICER</u>
20. Contractor Performance Evaluation Report (AID Form 1420-43)	Completes and submits AID Form 1420-43 at intervals required in instructions attached to form.	Acknowledges receipt and review by signing the report and retains copy for official contract file (Note: the Office of Small and Disadvantaged Business Utilization maintains AID's central file of contractor reports for Agency-wide reference).
21. Project Evaluation Summary (PES) (AID Form 1330-15)	Participates in the preparation of the PES (to be signed by the AID/W senior officer responsible for the project or by the Mission Director). PES is to be submitted at intervals required in the project Evaluation Plan.	Not involved.
22. Contract Close Out Reports	Prepares and submits AID Form 1420-15A-Part I, relating to the completion of work by the contractor.	Assures that all required close out reports have been submitted.

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**SUMMARY FUNCTIONAL SCHEMATIC**  
**ROLES OF PROJECT AND GRANT OFFICERS IN**  
**MANAGEMENT OF AID GRANTS AND COOPERATIVE**  
**AGREEMENTS**

MANAGEMENT OF GRANTS AND COOPERATIVE AGREEMENTSROLES OF PROJECT AND GRANT OFFICERS

<u>FUNCTION</u>	<u>PROJECT OFFICER</u>	<u>GRANT OFFICER</u>
A. <u>Project Planning</u>		
1. Country Development Strategy Statement (CDSS) and/or Sector Analysis	Participates.	Not Involved.
2. Identify Problem and Options for Solutions	Participates.	Not Involved.
3. Determine Selection Methodology and Suitability of Individual or Institution	Recommends.	Participates.
4. Project Identification Document (PID), or Equivalent Document	Participates.	Not Involved.
5. Project Paper (PP) or Equivalent Document	Participates.	Should be Consulted Where Grant or Cooperative Agreement Contemplated.

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<u>FUNCTION</u>	<u>PROJECT OFFICER</u>	<u>GRANT OFFICER</u>
B. <u>Pre-Grant Award</u>		
1. Project Implementation Order (PIO/T)	Prepares or has prepared.	Participates.
C. <u>Grant Negotiations and Award</u>	Participates.	Negotiates and awards grant.
D. <u>Post-Grant Award Monitoring</u>		
1. Detail Work Plan (For cooperative agreements only)	Participates as appropriate.	Not involved.
2. Liaison with grantee	Maintains contact with grantee on all technical or programmatic matters.	In direct contact with grantee on all financial management matters.
3. Interpretation of Grant Provisions and Disputes	Where questions requiring grant interpretation or where disputes arise, refers issue(s) to the Grant Officer and/or representative of the General Counsel.	Provides required interpretation and resolves disputes, in collaboration with appropriate representative of the General Counsel's Office where necessary.

JP

FUNCTION

PROJECT OFFICER

GRANT OFFICER

4. Grantee Reports

- (1) Assures that the grantee submits reports required by the terms of the grant. Reviews and evaluates each report as to its adequacy and responsiveness, and assures distribution to AID offices concerned.
- (2) Discusses inadequacies or problems with grantee.

Periodic financial and audit reports required by the grant agreement are submitted directly to the Grant Officer, with copies to the Project Officer.

5. Special Reports

- (1) Where circumstances warrant, prepares separate memorandum alerting responsible AID office (e.g., GC, SER/CM, Program Office, etc.) of substantive problems or issues, and requests assistance or action to resolve such problems or issues.
- (2) As needed, develop, prepares status reports for Congressional Presentation, public information, etc.

Takes action where problems or issues are within Grant Officer's responsibilities and authorities.

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<u>FUNCTION</u>	<u>PROJECT OFFICER</u>	<u>GRANT OFFICER</u>
6. Site Visits	As necessary, visits site of the grantee's work to permit first-hand observation of progress.	Not Involved.
7. Grant Extension and/or Amendments	Advises Grant Officer when an extension to the grant agreement and/or additional funding is required.	Acts to extend or amend grant agreement.
8. Administrative Approval of Vouchers	Prior to disbursement, reviews grantee's vouchers, and based on the documentation and personal knowledge of the grant, administratively approves such vouchers for payment.	Not Involved.
9. Grant File	Maintains or arranges for maintenance of operational grant file.	Maintains official grant file.

nb

<u>FUNCTION</u>	<u>PROJECT OFFICER</u>	<u>GRANT OFFICER</u>
10. Briefings/Presentations	As required, briefs AID officials, members of Congress, GAO representatives, host country officials, etc. on the status of the related grant.	Not Involved.
11. Audits and Investigative Reports	Serves as primary action officer in reviewing and responding to IG, GAO, Congressional Committees or other external reports relating to performance of the grantee.	Participates where such reports relate to role and responsibilities of the Grant Officer.
12. Waivers	Acts to obtain waivers and deviations considered appropriate where need for waivers or deviations becomes known during the review of grantee's proposal. Subsequent request for waivers or deviations are referred to Grant Officer for action.	Acts to obtain waivers and deviations at request of the Project Officer.

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<u>FUNCTION</u>	<u>PROJECT OFFICER</u>	<u>GRANT OFFICER</u>
13. Project Evaluation Summary (PES) (AID Form 1330-15)	Participates in preparation of the PES, to be submitted at intervals required in the project Evaluation Plan. Private and Voluntary Organizations (PVOs) prepare own evaluations and submit them to Project Officer.	Not Involved.
14. Closeout, Suspension and Termination	Notifies Grant Officer when grantee has achieved its objectives, or when grant is to be suspended or terminated.	Works with Project Officer to closeout, suspend or terminate grant.

HP

**GUIDANCE ON PIO /Ts AND SCOPES OF WORK**

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GUIDANCE PERTAINING TO NATURE AND CONTENT OF SCOPES  
OF WORK FOR AID PIO/Ts AND RESULTANT CONTRACTS

Introduction

The most essential part of any contract is the statement of work or services to be performed. It is the statement of work which constitutes the essence of the agreement between the parties on what is to be done and fundamentally binds the contractor and the government in their respective obligations. While standard provisions or "boiler plate" clauses further define rights and responsibilities and elaborate on what happens in particular circumstances, it is the statement of work which spells out project objectives and the steps which will be taken to achieve them. It is recognized that any contract must be read in its entirety, but the statement of work stands out as being of prime importance and must be thoughtfully and carefully prepared by project technical personnel and scrutinized by contracting personnel.

Joint Responsibility of Agency Personnel

It is the joint responsibility of project technical officers, program and backstop officers, and contracting personnel to develop a "contractable" statement of work which will ensure that AID's requirements are fulfilled. All parties should be working toward the objective of defining the required work or services in a manner that is mutually understood and that can be understood by contractors and third parties who may subsequently evaluate results or be asked to intervene in the event of a dispute. The statement should leave no question as to the intent of the parties. There is a tendency to try to save time in defining the statement of work for the PIO/T, with the idea that everything can be straightened out during negotiations or once there is a contract. However, time spent drafting a good PIO/T scope of work is more than compensated for a time saved in the later stages of contract negotiation and contract administration. This is particularly true in the case of statements of work included in PIO/Ts submitted to AID/W by field activities. In these instances, the channels of communications are long and drawn out and questions regarding inadequate statements of work are difficult and time-consuming to resolve. Not only is administrative time lost while attempting to clarify what is intended, but in many cases program implementation is delayed as a consequence. Therefore, the drafter's objective should be to write PIO/T scopes of work that are sufficiently explicit and comprehensive to be included in the contract without revision.

### Style

In developing statements of work, the drafter's language should be clear and concise so that it can be understood by all parties. Words which have multiple meanings, are too generic, or are so parochial that only a very limited audience will understand them, should be avoided. Direct, mandatory language (e.g., shall, must, has to) should be used in preference to indirect, non-mandatory language (e.g., should, ought, is expected to). The drafters should put themselves in the position of contractors and read the statements of work in the context of "what does it say I have to do." If what is stated in mandatory language is less than what the project dictates, then the statement must be re-drafted until the two conform. It is only what we require contractors to do that we can legitimately expect to receive. We should not rely on professional ethics to get the Agency more than it specifically asks for.

### Format

The goal of the drafter should be to arrange the statement in a logical and readable manner that accentuates the most important elements and conveys to the contractor exactly what must be done to reach the objectives of the project. There are several accepted techniques for logically arranging a statement of work. The one most prevalent in AID is to first state the contract objective and then enumerate the specific work or services the contractor must perform to achieve that objective. It is suggested that this practice be followed except in unusual circumstances. In describing the specific work or services to be performed by the contractor the text should be arranged methodically (e.g., chronologically, by priority, or by function). The simplest, and generally most readable, method for lengthy work statements is to arrange tasks chronologically. Having first stated the objective, this leads the reader in logical sequence through the steps which will be taken to reach that objective. Another method is to state the tasks in order of importance - this method is particularly suited for "level of effort" type contracts which will be discussed later. Still a third method is to list the major tasks by functional area, treating the ancillary tasks under each function heading - this is particularly suited for large contracts covering a multitude of diverse tasks which the contractor is ultimately responsible for coordinating and synthesizing. Whichever method is used, the goal of the drafter should be to arrange the statement in a logical and readable manner that accentuates the most important elements and conveys to the contractor exactly what must be done to reach the objectives of the project.

### Level of Effort vs. Completion Type Contracts

It was earlier stated that listing tasks in order of importance is particularly suited for level of effort type contracts. A distinction has to be made between level of effort type cost contracts and completion type cost contracts.

In a completion type contract the contractor is responsible for accomplishing a clearly defined task or an output. (In some instances this may be a final report of research or investigatory results.) For accomplishing the task the contractor is reimbursed for costs incurred and sometimes receives a fixed fee, if appropriate. (Fees are generally not applicable in dealing with non-profit organizations.) The contractor makes every effort to accomplish the task within the estimated cost initially negotiated. However, if the contract cannot be completed within the estimated cost, AID can elect to increase the estimated cost, extend the contract, and require additional work to obtain the original results with no increase in fee, or let the contract expire.

In a level of effort type contract, the statement of work is stated in general terms, usually in terms of the objective or target to be accomplished, and the contractor agrees to provide specified inputs, usually in work months of identified effort, for a stated period of time in pursuit of that objective or target. If the contractor expends the level of effort called for in that period of time in a satisfactory manner, then he is reimbursed costs and receives the fixed fee, if any, negotiated in advance. (It is not necessary for the contractor to ever attain the objective or target.) Any subsequent requests by AID for additional effort require the negotiation of new cost and fee arrangements.

The completion type contract is preferable when the work itself or specific output segments can be defined with sufficient precision to permit the development of estimates within which prospective contractors can reasonably be expected to complete the work. However, in research and development and other projects where the end product itself cannot be defined with precision but the objective can, a level of effort type contract may be preferable in that it provides more flexibility for conduct of the contractor's effort. Whichever type contract is ultimately decided on, the work statement should be specific and detailed as to what we want the contractor to do, and when we want it done.

In some cases this may require that the work be divided into discreet phases of accomplishment, each of which must be completed and approved before the contractor may proceed to the

next. For example, a single contract could be divided into stages of situation assessment, tests, evaluation, and performance. The advantage of this approach is that it establishes specified points that permit periodic evaluation of the contractor's progress and permits correction of false starts. Unfortunately it is not practical in every situation, as when a multitude of tasks must be performed simultaneously and the results are interdependent.

#### Drafting the PIO/T

AID's instrument for conveying the scope of work is presently the PIO/T. It is the document which tells the contracting office what is to be included in the request for proposals and the contract. Attachment A is a copy of the PIO/T worksheet (AID Form 1350-1X) and instruction sheets on how to prepare a PIO/T (AID 1350-1A). Rather than restate the instructions for preparing PIO/Ts, a few points will be highlighted. First, although the space provided in Block 19-A for stating objectives is minimal, the drafter should not be constrained and the use of attachments or continuation sheets is encouraged and expected. This section may require a full page to adequately state the objective of the contract. Second, a frequent omission in PIO/Ts which sometimes has disastrous effects is failure to state language requirements in Block 19-C(3). Third, while not directly related to the technical services required, it is very important that the logistic support to be provided is enumerated on page 5 of the PIO/T. This is necessary for contractors to realistically price proposals, and it eliminates subsequent contract changes and morale problems when conditions encountered do not coincide with what was expected. Fourth, the technicians required, their proficiency, and the estimated duration of their services should be specified whenever possible. This will give contractors an idea of the project's magnitude and enable them to determine whether they can furnish personnel with the qualifications required. Lastly, the reports to be submitted should be specified including the format, style, addressees, and number of copies. It is important that report due dates be keyed to specific progress indicators in the contract, thereby furthering their value as a management tool for monitoring contractor performance. In providing the above types of information, PIO/T drafters should be as detailed and explicit as possible and not inhibited by the space provided on the PIO/T form. It is better to provide too much information than not enough, and continuation sheets and addenda should be used as appropriate.

### The Statement of Work

In developing the statement of work the drafter should first decide what is wanted from the contractor - is it an end product or service capable of accomplishment or is it a specified amount of effort directed toward accomplishment of a goal? Having distinguished between the two, the drafter is in a better position to then define the specific work or services which the contractor will be required to provide.

If the drafter decides that what is wanted is an end product or service capable of accomplishment, then that end product should be defined in detail. In most cases this can be done by first stating in general terms what the end product is and then with more specificity describing it from the standpoint of what it is supposed to accomplish, how it is supposed to function, what characteristics it must have, i.e., all of the attributes it must possess to distinguish it from a similar, yet different, end item or service. As with any end product or service, the person describing the service should indicate when it is required, how it will interface with other services, and the purpose for which it will be ultimately used.

If the drafter decides that what is needed is essentially research or other effort directed toward an ultimate goal (e.g., project identification, advice and assistance to a host country institution), then the services should be defined in terms of the contractor inputs desired toward accomplishment of that goal. For example, the goal may be to develop a type of corn which will produce high yield in an arid climate with a short growing season. Obviously this goal has to be further defined to indicate where the corn is going to be grown, what trade-offs are acceptable - i.e., must it have a certain nutritional content, be able to withstand certain diseases, be capable of limited storage, etc.? However, what is of equal importance in this type of statement or work is to specify what inputs the contractor is required to use toward accomplishment of the goal. Should the contractor limit research to known hybrids; should he employ six researchers or ten; should the researchers be Ph.D.s - if so, should they have a particular research background; should six varieties of corn be tested or should new strains be developed; should yields be planted at random or should different planting techniques and sites be utilized? The more able we are at defining the constraints and contractor inputs, the better able we are to direct the research toward the specific goal we have in mind. If, as sometimes happens, we don't want to direct the avenues of research but want to give the contractor latitude toward accomplishment of the goal, then it is essential that definition of the goal be given added emphasis so that the contractor knows exactly where he should be headed.

In drafting either of the types of contract statements of work described above, the drafter should provide the contractor adequate background information regarding why the services are needed and describing what, if anything, has been tried before. In addition, the drafter must indicate how the contractor should coordinate with the Agency and what the respective roles and obligations are of the two contractual parties. Who will provide commodities, logistic support, travel approvals; what financial and progress reports are needed; what is the extent of subcontracting permitted; will the contractor work under the technical direction of the project manager? All of these questions should be answered so that there is no misunderstanding.

### Summary

The statement or scope of work is one of the most important elements of the contract and requires the particular attention of everyone involved in the contracting process to eliminate delays and misunderstanding before and after contract award. PIO/Ts should be drafted bearing in mind the above criteria and the instructions provided with the PIO/T form. As a last check for substance and clarity, PIO/T drafters should place themselves in the position of contractors and other third parties and reread the statement of work to see if it conveys the requirements and expected results to an uninformed reader. A renewed emphasis in preparing better statements of work by all involved will ultimately result in better project accomplishment for the Agency.

**ATTACHMENT A  
TO APPENDIX C**

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INSTRUCTIONS ON COMPLETING FORM AID 1350-1,  
PROJECT IMPLEMENTATION ORDER/TECHNICAL SERVICES (PIO/T)

NOTE: Discretion must be exercised in the handling of completed PIO/T's. Estimated financing data (including detailed budget) shall not under any circumstances, be given to prospective contractors and grantees.

Instructions for completing the PIO/T form AID 1350-1, and using the Continuation Sheet, form AID 1300-1, are as follows:

A. Page Number 1 (face sheet) - Blocks 1 through 17:

Block 1 - Cooperating Country. Insert the name of the country, region or interregional program benefiting from the assistance.

Block 2 - PIO/T Number. Insert the complete PIO/T number (reference Handbook 18).

Block 3 - Original or Amendment Number. Check the box if this is an original PIO/T or, if an amendment to a previously issued PIO/T, insert the number of the amendment. Amendments are numbered consecutively against each original PIO/T.

Block 4 - Project/Activity Number and Title. Insert the complete number and title of the project as entered on the face sheet of the Project Agreement or other obligating document; add subtitle, if any. For a technical support activity, insert the number and title that was used in the Activity Description and authorizing documentation (reference Handbook 18). For projects financed by loan funds, insert the Loan Number and Disbursement Authorization Number in this block.

\* Block 5 - Appropriation Symbol. Cite the current Appropriation Symbol used for the related Project Agreement, Activity Description or Allotment Advice issued for interregional programs for the AID funds which are to be charged for the amounts shown in Block 12A(4). If the PIO/T is to be financed from more than one appropriation and allotment, insert the word "multiple" in this block and indicate in Block 14A whether: (i) one specified will be charged for all costs until the funds are exhausted and then another specified allotment will be charged, or (ii) each bill will be charged to each of the allotments on a specified percentage or other basis, or (iii) all commodities will be charged to one specified allotment and all other costs to a different specified allotment, etc. In cases of multiple funding, a complete listing of the number of each appropriation/allotment, indicating the amount applicable to each, shall be included in Block 14A.

\* Block 6 - Allotment Symbol and Charge. Insert the allotment symbol used on the related Project Agreement or Activity Description or other obligating document. When more than one allotment is utilized, insert the word "multiple", and follow the procedure outlined in Block 5 above.

Block 7 - Obligation Status. Mark "Administrative Reservation" if the services are not funded by a Project Agreement or other obligating document indicating that funds will require revalidation before implementing document is fully executed. Mark the box indicating "Implementing Document" if the services are funded by a Project Agreement or other obligating document.

\* NOTE: The terms "allotment" and "allotment symbol" have been replaced by the terms "budget allowance" and "budget plan code," respectively.

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Block 8 - Project Assistance Completion Date. Insert the project assistance completion date (see Handbook 3, Chapter 10)

Block 9 - Authorized Agent. Insert in this block the name of the Authorized Agent, such as (1) AID/W, (2) AID/W through \_\_\_\_\_ (a named U.S. Government agency), or (3) Mission.

Block 10 - PIO/T Conformance with PRO/AG. If applicable, insert number and date of project agreement; if not applicable, insert "N/A".

Block 11A - Type of Action and Governing Handbook. Mark "AID Contract" when AID is to negotiate and execute a contract or amendment to a contract, mark "PASA/RSSA" when a Participating Agency Service Agreement or a Resources Support Service Agreement is planned or extended, mark "AID Grant" when AID is to execute a grant; and mark "Other" for special situations not separately identified in this block and provide an explanation in Block 14A.

Block 11B - Contract/Grant/PASA/RSSA Reference Number. If Block 3 indicates that PIO/T is an amendment, then insert the appropriate contract/grant/PASA/RSSA number which implemented the original PIO/T.

Block 12A - Estimated Financing. Blocks 12A and 12B must show the maximum amount of AID funds which may be committed pursuant to the PIO/T (or amended PIO/T) and which are required to finance the services, as well as the related equipment and supplies to be procured during the funding period specified in Block 14A. The requirements for filling in Lines 12A and 12B are identical except Line 12A shows the AID commitments of U.S. Dollar funds and Line 12B shows the commitment of U.S. owned local currency funds available for program uses under this PIO/T. If this is an original PIO/T, the dollar and local currency amounts on Lines 12A and 12B are entered both in Column (2), Increase and Column (4), Total to Date. When amounts appear in Block 12A(2) and 12B(2), a detailed explanation of the individual components shall be provided in a "Detailed Budget in Support of Increased Funding"; Block 21A will be marked; and the estimate, following the format provided herein, will be attached to the PIO/T.

Block 13 - Mission References. Insert appropriate references, including identifying numbers to authorizing messages.

Block 14A - Instructions to Authorized Agents. Explain "other" when marked in Block 11A. Indicate the expected period of time for which implementing document (contract, grant, PASA/RSSA, etc.) is intended to cover, including when services are to start and finish (Target date and/or "no later than" dates so identified). State any other special requirements which may bear on the procurement to be effected under the PIO/T. Include, when pertinent, an explanation of timing (i.e. when will services be required to mesh with other projects, etc.) exigencies, priorities, or exceptional factors of relevance. Insert also, when appropriate, details on multiple appropriations or allotments.

If the PIO/T provides additional funds for continuing services, with no change in the scope of work, then indicate and identify the services by prior-year PIO/T Number, by contract or PASA number or by other appropriate reference. When the PIO/T is for a PASA covering a simple detail or for extension of contract, grant or PASA which is describable in a few sentences, use this block to summarize

the purpose of the PIO/T. In such cases, only page 1 of the PIO/T need be completed.

For all competitive procurements, list suggested sources (i.e., commercial firms, nonprofit or educational institutions), include the Evaluation Criteria to be used in evaluating proposals and mark Block 21B). For noncompetitive procurements, note here and attach Justification for Noncompetitive Procurement and mark Block 21C.

Block 14B -- Address of Voucher Paying Office. Insert the paying office which will be responsible for paying vouchers submitted against this PIO/T.

Block 15 - Clearances. The initiating officer (e.g., Project Officer) normally signs and dates in Block 15A. The project management officer in the mission, bureau, or office signs Block 15B. If appropriate, Block 15C is signed by the individual responsible for coordinating the logistic support. The mission Controller or AID/W funds control officer signs in Block 15D. Other appropriate clearances may be shown in Block 15E (i.e., the mission, desk, contracting officer).

Block 16 - Signature Block for the Cooperating Country. On each mission or AID/W issued PIO/T under which the cooperating country supplies monetary, logistic, or in-kind support which is not specified in a Project Agreement in the permanent records of the Mission, obtain the signature of the authorized representative of the cooperating country or borrower/grantee. The counter-signed copy must be retained in the permanent records of the mission.

Block 17 - For the Agency for International Development. For a mission issued PIO/T, obtain the signature of the Mission Director, or his designee, as authorized by a written delegation of authority. For an AID/W issued PIO/T, insert the signature of the Assistant Administrator, or his designee, pursuant to a written delegation of authority. The signature of the Mission Director or Assistant Administrator, or their designee, indicates that all necessary clearances have been obtained and the PIO/T has been approved and issued on the date indicated.

Page Number 2 - Blocks 18 through 21:

Block 18 - Scope of Technical Services. Insert the number of the attachment which provides the clear, adequately detailed, concise description of the required technical services (see format for Scope of Technical Services provided herein)

Block 19A - Language Requirements. (1) Indicate the language(s) and the proficiency levels (speaking and reading -- "S" and "R") required of the technicians in order to perform effectively using the policy and definitions set forth in AID Handbook 28. For example, if French is the language required at the "2" speaking and reading levels, "French S-2, R-2" shall be indicated on the PIO/T. If language proficiency is not essential, enter "none required". (2) When a language requirement is shown on a PIO/T, the technician's proficiency will be tested through the Office of Personnel Management, Training and Development Division (M/PM/TD) AID/W, to determine whether or not he/she meets that requirement. If the language requirement is not met, language training may be authorized by the Contracting Officer, with the concurrence of the appropriate Bureau(s) and scheduled by M/PM/TD. Funds should be provided for language training, if required.

Block 19B - Access to Classified Information. Indicate which contractor, RSSA or PASA employees, if any, will require access to restricted premises or classified material. If such access is necessary, state the level of security clearance that will be required.

Block 19C - Duty Post and Duration of Technician's Services. Identify sites where the services are to be performed (i.e., the duty posts and period of time the technician's services will be required) When some services are to be performed at locations other than the principal site, identify such locations and any unusual factors (such as climatic conditions, limited accessibility, etc.), the number of months of technician's services required at each site, the needs for field travel, and other relevant factors (especially when these might have a significant bearing on costs, the physical requirements of technicians or their willingness to accept the assignment).

Block 19D - Dependents. Insert a checkmark in one of the two boxes to indicate whether dependents will be permitted to accompany the employees of the contractor or participating agency. This determination often will effect the ability of the contractor or agency to recruit necessary personnel.

Block 19E - Waivers. Mark block if waivers have been approved to allow services or commodities to be procured from other than U.S. sources, list each in space provided and also mark Block 21E.

Block 19F - Cooperating Country Acceptance. Mark box which applies to services required by PIO/T.

Block 19G - Other. If marked, specify additional or alternative special provisions which apply.

Block 20 - Background Information. Insert a listing and description of sources, if any, of pertinent background information which might be useful to the Authorized Agent or of assistance to a prospective contractor in preparing proposals or bids or, if selected, in actually performing the technical services covered by the PIO/T. Listed sources may include articles, surveys, technical reports, telegrams, airgrams, memoranda from AID files, or, when it is known that Post Reports are obsolete or not available, sources of information of the type that normally would be in such reports. Occasionally, the Mission may find it advisable to summarize local conditions and facilities in an attachment to the PIO/T.

Block 21 - Attachments Accompanying PIO/T. Mark all boxes which apply to the PIO/T. If Block 21E is marked and more than one waiver is listed in Block 19E, identify each waiver as a separate attachment and insert total number of waivers attached in the blank provided.

C. Page Number 3 - Blocks 22 and 23:

Block 22 - Relationship of Contractor or Participating Agency to Cooperating Country and to AID. In the following blocks, list those relationships which will provide the technician with a clear picture of expected relationships and contacts.

Block 22A - Relationships and Responsibilities: (1) Insert the name of the cooperating-country agency and/or institution for which the proposed technical

services are to be provided. Describe, generally, the organizational structure (attach an organization chart, if available). Indicate the particular areas within the agency and/or institution which will be the direct points of contact for the technicians. State insofar as practicable, the lines of authority and supervisory responsibility as they may affect the supplier. Identify also, as appropriate, other national or local agencies and institutions which will benefit directly or indirectly from the services to be provided; (2) Indicate the administrative and operational responsibilities of the contractor or participating agency and his employees in relation to the mission. (Identify and explain joint or divided responsibilities).

Block 22B - Cooperating-Country Liaison Official. Insert the title and address of the cooperating-country official responsible for maintaining liaison with the contractor or participating agency.

Block 22C - AID Liaison Officials. Insert the title and location of the designated AID/W and mission liaison officials.

Block 23 - Logistic Support. AID policy concerning the provision of logistic support by the contractor, the cooperating country, and the mission under a contract is set forth in Handbook 14.

Block 23A - Specific Items. Indicate any logistic support that either the mission or the cooperating country will furnish a contractor or a participating agency, or that a contractor is expected to provide or arrange for himself, by marking the corresponding space. The information provided here must be reliable as well as explicit for each category, since price estimates and commitments (both by AID to the contractor/grantee/participating agency and by the supplier to his employees) will be based upon it. The PIO/T and the Project Agreement must agree as to specific items of logistic support to be provided by the mission and the cooperating country.

Logistic support anticipated from the cooperating country is to be confirmed before submission of the PIO/T and fully specified within it. Cooperating countries are to be aware of, and have accepted, their obligations as stated in this block, and are to be in a position to fulfill them. Promised facilities, when possible, are to be approved by the mission to assure that they are suitable to the anticipated needs of the supplier and are in acceptable condition.

Block 23B - Additional Facilities Available From Other Sources. Check appropriate box if these facilities are definitely available for the supplier's (contractor, grantee/PASA/RSSA) employees. Include a listing of any other facilities which are definitely available for use of the supplier's employees. In addition, list those facilities whose availability for AID contractor/grantee/PASA/RSSA employee use is not yet determined, and state whether the Mission intends to exercise its best efforts to obtain such privilege for AID-direct-contract personnel use.

D. Preparation of Attachments Listed in Block 21:

1. Detailed Budget in Support of Increased Funding. The detailed estimated budget should be prepared on plain white paper generally following the format provided in these instructions. In order to obtain reasonable and equitable funding amounts for inclusion in a contract, grant, PASA or other implementing document, it is essential that a clear understanding of the rationale behind

all estimates be presented in the budget attached to the PIO/T. The authorized agent must be able to distinguish between verifiable data submitted and judgemental factors which have been included in the estimates submitted. The budget attachment should be prepared substantially as follows:

Identification. The top right-hand corner should contain the Attachment Number applicable to the PIO/T being prepared and immediately thereunder the PIO/T Number so that if the documents become separated they can be readily identified.

Period of Performance. Immediately following the title "BUDGET", state the period for which the funds provided by the PIO/T are expected to begin and end.

Salaries. List each individual technician required to perform technical services indicating desired profession and acceptable level or standards within the profession or non-professional classification. For each individual, list; (i) work-months required (one work-month equals 21.7 days) and/or percentage of time expected to be devoted to work during the period stated above and (ii) anticipated salary.

Fringe Benefits. Indicate the percentage used to compute estimate and provide estimated total.

Consultant(s). List each consultant required for the project indicating (i) the specialty field, (ii) the work-months required and (iii) the anticipated rate per workday. If applicable, add a note here that "fees include travel and transportation costs".

Travel and Transportation. Indicate how many round or one-way trips are expected and identify destination. Indicate estimated travel costs for dependents, if appropriate. Also, include expected transportation for household effects and baggage and vehicles. Add an allowance for estimated storage if long term assignments are anticipated. If orientation or language training is appropriate, include funding for correspondent travel.

Allowances. Identify appropriate allowances and explain basis for estimate. Allowances include such items as per diem, post differential, education, quarters, separate maintenance, language training, orientation, etc.

Equipment, Vehicles, Materials and Supplies. List type of known equipment, vehicles and other materials/supplies required to be purchased for project use with funds provided in PIO/T plus the estimated cost of each.

Participants Training. List fields in which participants will be trained, length of training period, and where training is planned. Explain basis of estimates (e.g., travel included/excluded, subsistence allowance, tuition per participant, etc.).

Subcontract(s). Identify type of work to be subcontracted indicating percentage of the total scope of work and anticipated amount of each subcontract.

Other Direct Costs. List all other direct costs, such as medical examinations, communication, etc.

Overhead. Indicate the rate used to compute the overhead estimate and provide basis for computation.

Fixed Fee or Profit. Explain the process by which the fixed fee or profit was estimated and state the dollar estimate in column provided.

Grand Total. Add column totals or category totals, whichever is suitable.

2. Evaluation Criteria for Competitive Procurement. For a competitive procurement provide the criteria which can be used to evaluate proposals which will be submitted in response to a Request for Proposals (RFP). The various factors of the criteria should be listed in order of importance and/or numerical weights (based on a total scale of 100) should be assigned to each element. Criteria may include such things as (i) General Quality and Responsiveness of Proposal (e.g. completeness/thoroughness, responsiveness to all terms and conditions; etc.); (ii) Organization, Personnel and Facilities (e.g. evidence of good organization/management practice, qualifications/availability of personnel, experience in similar or related fields, record of past performance, etc.); (iii) Technical approach (e.g. understanding of project, proposed work plan, staffing pattern, scheduling/ability to meet schedules, etc.) and (iv) cost factors (e.g. necessity of various cost elements reasonableness of amounts estimated for necessary costs, etc.). Evaluation Criteria shall be prepared on plain white bond with attachment number and PIO/T number identified in the upper right-hand corner.

3. Justification for Noncompetitive Procurement. Attach the approved Justification for Noncompetitive Procurement which was prepared in conformance with the instructions contained in AIDPR 7-3.101-50 (Handbook 14). Identify the attachment number in the upper right-hand corner and indicate PIO/T number directly thereunder.

4. Statement of Work. The Statement of Work shall be prepared on plain white bond and identified in the upper right-hand corner in the general format attached. The Statement should be so written in the active rather than the passive voice and in a contractible manner so that the Statement of Work can be incorporated into the contract/grant/PASA or other implementing document.

The Statement of Work is probably the most important single document written. The attachment needed here is a document which clearly spells our AID's requirement. It should be written with enough specificity that there will be no doubt of what is desired. It must provide for clear target dates which must be met, goals, and objectives for a particular project. Vague descriptions should always be avoided.

Enumerate all obligations of the Government (e.g., Government furnished equipment, services, etc.). If progress is dependent upon AID approval before proceeding from one stage to another, this must be stated. Intentions cannot be read into work statements, therefore, close all loopholes. To be legal and binding, an agreement must be complete. Not only for reasons of legality, but for every practical application, it is necessary that details be complete.

Some unknown quantities will always exist. The easy out is to use "when required" or "as necessary", "maximum possible use of existing", "where feasible", and similar meaningless words. This practice speeds up the writing, but catches up with you, first when you try to estimate the job and again during performance of the contract. Very often you can get an immediate decision, if you try, on number (such as number of specimens to be tested) or date due, instead of writing, "as required". When immediate decisions cannot be made, it is usually possible to include a procedure by which the decision will be made. This does not have to be complicated. It can be merely a statement such as "as approved by the contracting officer" or "at the contractor's discretion".

Specify progress, final, or other reports required of the contractor, grantee, or participating agency indicating (1) frequency (e.g., quarterly, monthly, ad hoc, and/or final), (2) content and format, (3) language translation requirements, if other than English, (4) number of copies and (5) desired distribution to Mission, AID/W cooperating country government, project manager, and contracting/grant officer. Two copies of each PASA/RSSA report must be provided to M/SER/CM/SOD/IFA; three copies of each contractor or grantee report must be provided to S&T/TRI/DIU. The appropriate project activity, PIO/T, and contract/grant/RSSA/PASA number is to be indicated on each report. See Sections 7-7.5001-16 and 7-7.5501-13 of AID Handbook 14 for standardized report requirements for AID contracts). Reference Handbook 13 for standardized reporting requirements for grants. Report requirements are to be analyzed carefully and tailored to the needs of each project. Reports should be comprehensive enough to allow them to be used in evaluating both project progress and contractor/grantee performance.

5. Waivers. Attach all approved waivers. Identify the attachment number in the upper right-hand corner and indicate PIO/T number directly thereunder.

E. Continuation Sheet, Form AID 1300-1. When the space provided in an individual block on the PIO/T is insufficient to insert the required data, a note shall be made in that block, "continued on AID Form 1300-1, Page \_\_\_\_\_" and said form shall be attached to the PIO/T.

**Worksheet**

AID 1350-1X (1-78)	DEPARTMENT OF STATE AGENCY FOR INTERNATIONAL DEVELOPMENT  <b>PROJECT IMPLEMENTATION ORDER/TECHNICAL SERVICES</b>	1. Cooperating Country _____	Page 1 of _____ Pages	
<b>PIO/T</b>		2. PIO/T No. _____	3. <input type="checkbox"/> Original or Amendment No. _____	
		4. Project/Activity No. and Title _____		
<b>DISTRIBUTION</b>	5. Appropriation Symbol _____		6. Allotment Symbol and Charge _____ <b>*</b>	
	7. Obligation Status <input type="checkbox"/> Administrative Reservation <input type="checkbox"/> Implementing Document		8. Project Assistance Completion Date (Mo., Day, Yr.) _____	
	9. Authorized Agent _____		10. This PIO/T is in full conformance with PRO/AG Date _____	
	11a. Type of Action and Governing AID Handbook <input type="checkbox"/> AID Contract (HB 14) <input type="checkbox"/> PASA/RSSA (HB 12) <input type="checkbox"/> AID Grant (HB 13) <input type="checkbox"/> Other		11b. Contract/Grant/PASA/RSSA Reference Number (If this is an Amendment) _____	
	12. Estimated Financing (A detailed budget in support of column (2) is attached as attachment no. _____)			
	Maximum AID Financing	A. Dollars	(1) Previous Total	(2) Increase
		B. U.S.-Owned Local Currency	(3) Decrease	(4) Total to Date
	13. Mission References			
	14a. Instructions to Authorized Agent _____			
	14b. Address of Voucher Paying Office _____			
15. Clearances—Include typed name, office symbol, telephone number and date for all clearances.				
A. The project officer certifies that the specifications in the statement of work are technically adequate		Phone No. _____ Date _____	B. The statement of work lies within the purview of the initiating and approved agency programs Date _____	
C. _____		Date _____	D. Funds for the services requested are available	
E. _____		Date _____		
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 _____		

\* NOTE: The term "allotment symbol" has been replaced by the term "budget plan code."

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Worksheet

AID 1350-1 X (1-78)	1. Cooperating Country	2. PIO/T No.	Page 2 of	Pages
PIO/T	4. Project/Activity No. and Title			

SCOPE OF WORK

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

19. SPECIAL PROVISIONS

- A.  LANGUAGE REQUIREMENTS (SPECIFY) \_\_\_\_\_  
(IF MARKED, TESTING MUST BE ACCOMPLISHED BY AID TO ASSURE DESIRED LEVEL OF PROFICIENCY)
- B.  ACCESS TO CLASSIFIED INFORMATION  WILL  WILL NOT BE REQUIRED BY TECHNICIAN(S).
- C.  DUTY POST(S) AND DURATION OF TECHNICIANS' SERVICES AT POST(S) (MONTHS)
- D.  DEPENDENTS  WILL  WILL NOT BE PERMITTED TO ACCOMPANY TECHNICIAN.
- E.  WAIVER(S) HAVE BEEN APPROVED TO ALLOW THE PURCHASE OF THE FOLLOWING ITEM(S) (COPY OF APPROVED WAIVER IS ATTACHED)
- F.  COOPERATING COUNTRY ACCEPTANCE OF THIS PROJECT (APPLICABLE TO AID/W PROJECTS ONLY)  
 HAS BEEN OBTAINED  HAS NOT BEEN OBTAINED  
 IS NOT APPLICABLE TO SERVICES REQUIRED BY PIO/T
- G.  OTHER (SPECIFY)

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

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

- \_\_\_\_\_ DETAILED BUDGET IN SUPPORT OF INCREASED FUNDING (BLOCK 12)
- \_\_\_\_\_ EVALUATION CRITERIA FOR COMPETITIVE PROCUREMENT (BLOCK 14)
- \_\_\_\_\_ JUSTIFICATION FOR NON-COMPETITIVE PROCUREMENT (BLOCK 14)
- \_\_\_\_\_ STATEMENT OF WORK (BLOCK 18)
- \_\_\_\_\_ WAIVER(S) (BLOCK 19) (SPECIFY NUMBER)

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**Worksheet**

AID 1350-1X (1-78)	1. Cooperating Country	2. PIO/T No.	Page 3 of Pages
PIO/T	4. Project/Activity No. and Title		

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

A. Relationships and Responsibilities

B. Cooperating Country Liaison Official

C. AID Liaison Officials

**LOGISTIC SUPPORT**

23. Provisions for Logistic Support

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

B. Additional Facilities Available From Other Sources

APO/FPO

PX

COMMISSARY

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

**GOVERNMENT COST ESTIMATING**

GOVERNMENT COST ESTIMATING

Development of an independent government cost estimate is an essential element in the procurement process. First, it provides a basis to determine that a requirement can be fulfilled within available funding. Secondly, it provides a benchmark against which technical and cost proposals can be evaluated in both a competitive and non-competitive situation.

The initial government estimate of project costs begins with the Project Identification Document (PID) and is further refined in the Project Paper (PP) and/or Project Agreement (PROAG). The estimates contained in these documents are necessarily broad and usually cover projects in which multiple methods may be used to accomplish project objectives.

The Project Implementation Order (PIO) is the document which is used to identify specific segments of the total project which will be accomplished by sources external to AID. It is in this document that a detailed estimate of costs is extremely important. A detailed budget is a required item in the Project Implementation Order.

There are several methods available for estimating costs however, none takes the place of an item by item analysis based on those categories of costs shown in the "Work Sheet" (Attachment 13A.)

The following comments are provided to assist you in preparation of a truly independent cost estimate and to acquaint you with the sources within AID that can provide valuable input into the process:

I. Salaries

The majority of AID contracts are for technical assistance which consists primarily of obtaining the services of various individuals. As such, the majority of costs are concerned with personnel. The estimate of total effort involved in a contract then is of paramount importance. This estimate should consider the following:

- A. How many months of effort are required by individual areas of expertise. This should be further broken down by those who will be in the field and those who will be in the home office backstopping the effort;

B. Salary ranges should be established for each area of expertise expressed in terms of the equivalent GS/FS salary scale for the level of expertise required. Ranges of dollar salaries should be small enough to provide meaningful data;

C. For multiyear projects a salary inflator should be used. 7% has proven to closely approximate actual increases;

D. Information on salary ranges can be obtained from several sources such as OPT, CM, and ENGR; and

E. If the use of cooperating country nationals is contemplated, the number of man months and types of services should be shown. Salary ranges can be obtained from the AID missions in each country in which contract performance is involved.

## II. Fringe Benefits

Fringe benefits are those items such as sick and annual leave, health insurance, life insurance, workmens compensation, etc., which are provided to employees by employers. These benefits are usually expressed as a percentage of base salaries and are shown as a separate cost. (In some cases fringe benefits are included in overhead rates.)

While fringe benefits vary from contractor to contractor for estimating purposes 22% of base salaries has shown to be an average. This rate is never applied to consultant costs; and

## III. Consultants

Because of the need for many different disciplines in AID Projects contractors must normally augment their permanent staff with short term consultants.

A. The total number of days for each consultant should be shown. A daily rate should be shown for each consultant. If approximate daily rates are unknown \$180 a day may be used for estimating purposes.

#### IV. Overhead

\* Overhead or indirect costs are those costs which are incurred by the contractor in the general operation of the organization and which cannot be identified to a specific contract. They involve facilities, company officers' salaries, utilities, rents, public relations, etc. Overhead costs are expressed as a percentage of some base which distributes these costs equitably among projects. Each organization's overhead is independently established in accordance with its own accounting system and therefore is not comparable to other organizations. For estimating purposes only, the following average overhead rates (excluding consultants) are furnished:

A. "University 'on campus' rates average 40% of modified total direct costs which normally consists of salaries and wages, fringe benefits, materials and supplies services, travel, and subgrants and subcontracts up to \$25,000 each. 'Off campus' rates usually run approximately 15 percentage points below 'on campus' rates because this type of effort does not require as much indirect cost support." \*

B. Commercial rates average 100% of direct salaries and wages;

C. If noncompetitive procurement is contemplated M/SER/CM/SD/OSCB maintains rates on most contractors and can provide them by phone.

#### V. Travel, Transportation and Per Diem

Travel and transportation are typically the third largest cost behind salaries and overhead. The cost of round trip air fares can be obtained from M/SER/MO/TTM or the airlines. Transportation costs can be obtained from M/SER/MO/TTM or the Mission. Per diem rates are contained in Section 925 of the Standardized Regulations (Government Civilians, Foreign Areas).

A. Travel should be expressed as the number of round trips by each individual. It should be broken down by domestic and international. If local in-country travel is involved by other than project or privately owned vehicles this should also be shown.

B. Transportation of household effects should be based on the maximum allowable (11,000 lbs.) for each long-term field employee as well as the unaccompanied airfreight maximum of 700 lbs. for the average family of four.

#### VI. Allowances and Differentials

In general contractors receive the same allowances as AID direct hires. The specific allowances are outlined under AIDPR 7-7.5002-7.

\* Revised

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Rates for allowances and differentials are contained in Section 920 of the Standardized Regulations (Government Civilians, Foreign Areas). For those allowances based on family size an average family of four should be used.

VII. Other Direct Costs

This is a miscellaneous category for small costs such as telephone, telegraph, and reproduction or printing. A typical contract allows for \$50-100 a month for field to home office communication. This may increase based on the type of services required. Printing and reproduction are based on the reports and data required by AID in the contract. A basis for estimating these costs may be obtained from M/SER/MO/Publications.

VIII. Equipment, Vehicles, Materials, & Supplies

All major items of equipment, materials, and supplies not furnished by AID or the cooperating country should be shown. M/SER/COM and/or M/SER/MO can assist in providing estimates. M/SER/MO can provide estimates for vehicle cost.

IX. Participant Training Costs

S&T/IT can provide basic costs per participant. If academic training is involved, tuition and fees should be obtained from universities which are representative of those which would be used by contractor.

X. Subcontractor

The need for a subcontractor may or may not be known at the PIO stage. If not known then the costs should already be included in categories I - IX. If a specific area is known to require a subcontract then the subcontract cost should be itemized in the same manner as indicated in items I - IX.

XI. Royalties

This category is seldom applicable to AID contracts and would not be known until identified by the proposer.

XII. General and Administrative Rate

Some commercial firms segregate part of their overhead costs into this category. Use of the 100% overhead rate should compensate for this item.

XIII. Fixed Fee or Profit

This category applies to commercial firms and some non-profits who charge a minimal fee. The Federal Procurement Regulations place a legal maximum of 10% of total cost on cost plus fixed fee contracts for non-R&D services. It is suggested that the 10% be used for estimating purpose. The actual fee will be negotiated by the Contract Officer.

**SITE VISIT REPORTS**

REPORT OF SITE VISIT

<u>Report Number</u>	<u>Related Project Title</u>
<u>Date of Report</u>	<u>Project Number</u>
<u>Contractor or Grantee</u>	<u>Project Officer</u>
<u>Contract or Grant Number</u>	<u>Contract or Grant Officer</u>

Officials Participating in Site Visit:

(names and titles, if inspection made by a team)

Discussions Held With:

1. Key Contractor/Grantee Staff: (names and titles)
2. Other Officials: (names and titles)  
(Host Country Officials; Officials of other organizations or institutions)

\* \* \* \* \*

I. Summary of Contractor/Grantee Progress

(This section should discuss briefly actual versus planned progress of the contractor or grantee. Major issues or problems identified should be highlighted. Particular attention should be given to issues or problems which would adversely affect achievement of the related project objectives).

II. Conclusions and Recommendations

(This section should be a concise summary discussing the overall performance of the contractor or grantee, together with the remedial actions needed, by whom, and by when. Recommendations requiring the attention of the Mission Director, Assistant Administrator, or other senior AID officers should be included when warranted by the circumstances).

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### III. Substantive Elements of the Contract/Grant

(This section of the report should discuss briefly the nature and extent of the progress and/or problems noted with respect to each of the following elements, if applicable, under the terms of the related contract or grant. Indicate whether the services or commodities required are being provided satisfactorily and on schedule. Where serious delays have occurred or are anticipated, identify the reason(s) therefor and the action proposed, if any, to offset slippage or to re-schedule. Remedial action proposed should identify who is expected to take such action and by when. Note particularly delays or problems which may substantively affect the terms of the contract or grant).

1. Advisory Services and Reports

2. Engineering and/or Construction

3. Procurement of Commodities

4. Training Services

5. Logistical Support

(Whether to be provided by the contractor/grantee; AID; or the recipient country.)

6. Other (specify)

### IV. Financial Status of the Contract/Grant

(This section should summarize the status of commitments and disbursements and the extent to which disbursements reflect satisfactory or lagging progress. Problems relating to the establishment of letters of commitment or credit; advances; progress payments; or other financial arrangements should be identified).

### V. Contractor/Grantee Organization and Management

(This section should include a brief assessment of the general competence and efficiency of the contractor or grantee, with particular emphasis upon staffing problems, if any. Awareness by the contractor or grantee of the relationship of their activities to the broader objectives of the related project, if any, should also be noted and discussed).

### VI. Contractor/Grantee Relations

(This section should identify briefly the nature and effectiveness of the contractor or grantee relations, as indicated below).

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1. Relations with AID/W, USAID, or both where involved
  
2. Relations with Assistance Recipient  
(Recipient country agency; other organization/institution)

Note:

Distribution of Site Visit Reports should include, as a minimum, the AID official to whom the Project Officer reports, the Contract or Grant Officer involved, the heads of offices responsible for taking action on the specific issues or problems identified, and the related contract or grant file. Copies should also be sent to the Mission Director and/or Assistant Administrator where the substance of the report so warrants.

**SELECTED REFERENCE DOCUMENTS**

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SELECTED REFERENCE DOCUMENTS

<u>Document</u>	<u>Subject</u>
<u>HANDBOOK I - POLICY</u>	
1) Part V - 11	Policy regarding Contracts and Grants to Private and Voluntary Organizations
2) Part VI - 5	General Policy on Program Evaluation
3) Part VII - 2	General Policy on Commodity Procurement
4) Supplement A TM 1:13, PD - 65 pp. 1 - 8	Collaborative Assistance for Direct Contracts for Technical Assistance
5) Supplement A TM 1:6, PD - 37 & Attachment	Guidelines Governing Choice between Direct, Contract and Participating Agency Hire
6) Supplement B Chapter 12, pp. 2 - 10	Procurement Policies and Procedures for Administration of Direct Contracts
7) Supplement B Chapter 16	Procurement Policies and Procedures for Administration of Grants
8) Supplement B Chapter 25	Criteria for Choice of Implementation Instrument under Direct Contract and Grant Procedures

HANDBOOK 3 - PROJECT ASSISTANCE

HANDBOOK 5 - DELEGATIONS OF AUTHORITY

Delegations of Authority 99.1.1 (AS AMENDED)	Redelegation of Authority concerning Contracting and Related Functions
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<u>Document</u>	<u>Subject</u>
<u>HANDBOOK 13 - GRANTS</u>	
1) Chapter 1, p. 8	Definition and Role of Project Officer in the Administration of Grants
2) Chapter 1, pp. 21 - 23	Monitoring and Reporting Requirements of Grant Recipients
3) Chapter 1, p. 22	Project Officer Site Visits
4) Chapter 1, p. 23	Required Methods of Payment to Grant Recipients
5) Chapter 1, pp. 26 - 28	Closeout, Suspension and Termination of Grants
6) Chapter 1, p.38	Project Officer and Grantee Geographic Source Waivers

DocumentsSubjectChapter 4 - Specific Support Grants

- |    |                    |  |                 |
|----|--------------------|--|-----------------|
| 7) | P. 6 - 11          | Role of Project Officer in Specific Grants                   | grant<br>grants |
| 8) | Appendix 4c, p. 11 | Notification of Project Officer for Travel - Specific Grants | er              |

Chapter 5 - Grants to Public International Organizations

- |     |                    |  |  |
|-----|--------------------|--|--|
| 16) | Chapter 5, pp. 3-4 | Processing Grants to International Organizations |  |
|-----|--------------------|--|--|

HANDBOOK 14 - PROCUREMENT REGULATIONS

- |     |                   |  |                 |
|-----|-------------------|--|-----------------|
| 1)  | Appendix C        | Contractor Performance Report  |                 |
| 2)  | Appendix G        | Contract Closeout Procurement Checklists   | id              |
| 3)  | Appendix H        | Use of Collaborative Method of AID Direct Contracts for Technical Assistance                               | re<br>;         |
| 4)  | AIDPR 7-1.704-5   | Role of Project Officer in Procurement for Small Business  | )-              |
| 5)  | AIDPR 7-1.451-4   | Delegation of Procurement Responsibilities to "Specific Organizations"                                     | onsi-<br>nates' |
| 6)  | AIDPR, Part 7-2   | Procurement by Formal Methods  | ing             |
| 7)  | AIDPR, Part 7-3   | Procurement by Negotiated Methods  |                 |
| 8)  | AIDPR, 7-3.101-50 | Justification for Non-Negotiated Methods   | ive             |
| 9)  | AIDPR, Part 7-4   | Special Types and Methods of Procurement   | ro-             |
| 10) | AIDPR 7-4.910     | Project Officer Certification Procedures for Unsolicited Proposals   | in              |
| 11) | AIDPR 7-4.10      | Architect/Engineer Selection Procedures  |                 |
| 12) | AIDPR 7-4.56      | Role of Project Officer in Procurement Procedures for Negotiated Direct Contracts for Technical Assistance | ec-             |

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<u>Document</u>	<u>Subject</u>	
13) AIDPR 7-4.57	Selection Procedures for tional Institutions and I national Research Centers	
14) AIDPR 7-4.58	Collaborative Assistance Selection Procedures	or
15) AIDPR 7-7	Contract Clauses	
16) AIDPR 7-8	Termination of Contracts	

HANDBOOK 19 - FINANCIAL MANAGEMENT

1) Chapter 3, pp. 5 - 7	Project Officer Administr Certification of Vouchers	
2) Chapter 3, pp. 3,10 - 16	Documentation and Procedu Requirements for Contract	

OTHER REFERENCES

Manual Order 1305.1.1 October 26, 1970	Project Management Handbo Technical Assistance	
AIDTO Circular 2 Jan. 3, 1976	Role of Mission Director, Officer, Development Offi Assistant Development Off	
AIDTO Circular A 154 March 18, 1975	Concept and Responsibilit Project Officer, Developm Officers and Assistant De ment Officers.	
Federal Grant and Coopera- tive Agreement Act of 1977 (Public Law 95-224)	Contracts, Grants and Co Agreements; Relationship Government and Contractor for Procurement Transacti for Cooperative Agreement	il ts ts
Implementation of Federal Grant and Cooperative Agree- ment Act of 1977 - Final OMB Guidance, August 1978	Guidance to Federal Agenc	
	tions of Higher Education and Other Non-Profit Orga	als,
Contracting for Non-Pro- curement Personnel	Aid Staff Training Manual M/SER/CM, AID/W	

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