PROJECT IMPLEMENTATION COURSE

Participant Manual

Prepared for: Office of Personnel Management
Agency for International Development

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PROJECT IMPLEMENTATION COURSE

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TABLE OF CONTENTS

	Page
FOREWORD	i
Case Study: Kaos Health and Nutrition Project	iii
A. COURSE INTRODUCTION	
Project Officer Responsibilities	A-1
Project Officer's Manifesto	A-2
AID Project Document System	A-3
Project Implementation Letter (PIL)	A-4
Implementation Handbooks	A-5
Implementation Problems	A-6
Pre-Implementation Quiz	A-7
Project Management	A-8
Implementation Planning	A-9
Optional Schedule Formats	A-10
Planning - Monitoring - Controlling Cyle	A-11
Project Monitoring	A-12
Project Control	A-14
Verifiable Indicators of Quality: Small Group Exercise	A-15
Critical Incidents in Project Implementation, plus AID Handbook 24 Excerpts	A-17
Critical Incidents in Project Implementation; Small Group Exercise	A-25
Case Study: Contracting and Financing	A-27
B. AID DIRECT CONTRACTS FOR SERVICES	
Project Implementation Decision Tree	B-1
Direct vs. Country Contracting: AID Policy	B-2
Factors to be Considered in Determining Direct vs. Host Country Contracting	B-4
Targeting Principal Geographic Codes	B-5
Pre-Contract Award Functions	B-7
Handbook 1, Chapter 12, Contracting for Project Goods & Services	B-9
AID Direct Contracts/Grants, Selection Criteria	B-19
Contract Methods of Selection	B-20
Other Than Full & Open Competition in Procurements over $25,000	B-21
Content of Justification for Other Than Full & Open Competition	B-22
AID Direct Contracts Quiz	B-24
Types of Contracts	B-26
Using an IQC	B-27
Comparison of Standard Contract Budget with IQC Budget	B-28
Leadtimes for Acquisition Methods	B-29
Planning for Procurement of Services (Check list)	B-31
Delegations of Authority to Negotiate/Execute Direct Contracts and Grants	B-32

Printed JUNE 1989

Page

AID Direct Contracting Process for Services B-33
PIO/T (Check list and definition) B-34
PIO/T Review Instructions B-35
Guidance Pertaining to Nature and Content of Statements of Work for AID PIO/T's. B-36
Writing Work Statements B-42
Instructions for Completing the PIO/T Form (AID 1350-1) B-45
Government Cost Estimating. B-57
PIO/T for Review. B-63
Training in Host Country Contracting for the Kaos Ministry of Health: Statement of Work. B-67
Critical Elements of a Statement of Work. B-70
Preparing a Statement of Work: Small Group Exercise. B-71
Case Study on Writing a Statement of Work B-72
AID Contractor Performance Evaluation Procedures. B-73
Improper Disclosure of Acquisition Information. B-80
Administration of Contracts Following Award B-83
Contract Administration: Case Study. B-84
Contracts, Grants and Cooperative Agreements Closeout Procedure . . . B-88

C. HOST COUNTRY CONTRACTING FOR SERVICES

Host Country Contracting for Services: Decision Tree C-1
Host Country Contracting Process (Flow Chart) C-2
Handbook 11, Chapter 1, Procurement of Professional and Technical Services C-3
Host Country Contracting: Typical Time Required for Contracting. C-63
Country Contracting Rules for Technical Services (In Brief) (HB11, Chapter 1) C-64
Introduction to Negotiation C-68
Host Country Contracting: Three-Part Role Play C-69
Review of HC Contract for AID Approval: Small Group Exercise: Task Sheet. C-75

D. COMMODITY PROCUREMENT

Host Country Contracting for Commodities Decision Tree. D-1
Who Procures? (HB1, Supp B, Ch. 3) D-2
General AID Procurement Rules D-3
Handbook 11, Attachment 3A: Relevant AID Geographic Codes. D-4
The Procurement Process D-5
Commodity Procurement Process: Country Contracting D-7
Country Contracting: Formal Procurement. D-9
Formal Procurement (Example). D-10
Country Contracting: Two-Stage Procurement D-11
Two-Stage Procurement (Example) D-12
Country Contracting: Informal Procurement (Competitive Negotiation). D-13
Informal Procurement (Competitive Negotiation) Example. D-14
Country Contracting: Small Value Procurement D-15
Small Value Procurement (Example) D-16

Printed JUNE 1989

	Page
Negotiated Procurement or Formal Bid Procedures	D-17
Elements of an IFB	D-18
Sample Instructions to Bidders	D-19
Sample Bid/Award/Contract Form	D-25
Sample Bid Schedule	D-26
Procurement Agent	D-27
Quiz: Country Contracting for Commodities	D-28
Handbook 11, Chapter 3 (Excerpt) Procurement of Equipment and Materials	D-31
Notices for the Commerce Business Daily and AID Bulletins	D-63
Shipping Terms	D-67
AID Direct Contracting for Commodities: Decision Tree	D-68
Matrix of Host Country & AID Direct Commodity Procurement	D-69
PIO/C (Contents)	D-70
Sample PIO/C	D-71
Instruction on Use and Preparation of the PIO/C	D-77
Handbook 15, Appendix G4: Specifications Guide	D-93
Procurement Plan Checklist	D-97
Developing A Commodity Procurement Plan: Small Group Exercise	D-99
Procurement Plan Matrix	D-103
Acquisition Options	D-104

E. CONTRACTING FOR CONSTRUCTION SERVICES

Host Country Contracting for Construction (Flow Chart)	E-1
Host Country Construction Contracting Rules	E-2
Fixed Amount Reimbursement Method	E-8
Acquisition Options	E-11

F. ASSISTANCE INSTRUMENTS

Grants and Cooperative Agreements, Handbook 13, Chapter III	F-1
AID Direct Contracts/Grants, Selection Criteria	F-9
Grants and Cooperative Agreements, Types of Assistance Instruments	F-10
Grants Necessitate Limited Control but Prudent Management	F-11
Grants Are Subject to Legal Constraints	F-12
Cooperative Agreement	F-13
Unsolicited Grant Proposal: Small Group Exercise	F-14

G. FINANCIAL MANAGEMENT

Project Implementation Decision Tree	G-1
Planning, Budgeting and Implementation Cycle	G-2

Printed JUNE 1989

Page

Annual Budget Submission (ABS) G-3
Financial Management: A Definition of Terms G-4
Financial Management Transactions, Terms, & Related Documents G-5
Financing Methods:
Direct Reimbursement G-6
Direct Payment G-8
Direct Letter of Commitment (Direct L/COM) G-10
Sample: Direct Letter of Commitment G-12
Letter of Credit - Treasury Financial Communications System (LOC-TFCS) G-17
Sample: Letter of Credit G-20
Federal Cash Transactions Report G-21
Formula for Mixed Dollar and Local Currency Financing to Non-Profit Organizations G-22
Letter of Commitment to Banks (L/COM) G-23
Sample: Bank Letter of Commitment/Letter of Credit G-26
Fixed Amount Reimbursement G-30
Handbook, Sup B, Chapter 20: Fixed Amount Reimbursement (FAR) G-32
Methods of Financing: Chart G-34
Cash Management Procedures G-35
AID Prompt Payment Implementation Policy and Procedures G-41
Handbook 19, App 3A, Criteria of Project Officers' Administrative Approval G-45
Project Officer Checklist for Administrative Approval of Vouchers G-51
Quiz: Administrative Approval of Vouchers G-52
Managing a Project Budget: Project Accounting Exercise: Task Sheet G-55
Project Accounting Exercise Instructions G-56
Project Accounting Exercise G-60
How to Minimize Negative Audits G-81
What to Do When Your Project is Being Audited G-82
Acquisition Options G-83

H. PARTICIPANT TRAINING

Participant Training, Policy Directive-8 . . . . . H-1
Training Factors in Project Development, Handbook 10, Chapter 2 . . . H-10
AID Mission and Project Officer Responsibility for Participant Training, Handbook 10, Chapter 3 . . . . . H-20
Implementing Participant Training: Project Officer's Role H-25
Participant Training Options H-26
Participant Training Process H-27
PIO/P H-29
Sample PIO/P H-30
Instructions for Completion of the Project Implementation Order/ Participants (PIO/P)Handbook 10, Attachment 11B H-33
Budgeted Training Costs H-43

Page

I. WAIVERS

Waivers in a Nutshell I-1
AID Waiver Authorities. I-2
Sample Waiver I-10

J. AID ACRONYMS & GLOSSARY

AID Acronyms. J-1
Glossary. J-9

AGENCY FOR INTERNATIONAL DEVELOPMENT
WASHINGTON, D.C. 20523

Welcome to the Project Implementation Course!

Since its inception more than 2,100 people have taken advantage of the two-week Project Implementation (PI) course sponsored by the Training Division of A.I.D.'s Office of Personnel Management. The course is designed to increase the knowledge and upgrade the skills of A.I.D. Project Officers and other personnel associated with implementing A.I.D.'s numerous and diversified development projects. It specifically analyzes AID/USG policies and procedures required for successful A.I.D. project implementation.

The PI course is one way to keep abreast of everchanging development process. As such, the course content is continuously being refined and improved to keep it current and practical. Recent modifications include: (1) the revision/reinforcement of the grants, agreements and commodities units; and (2) an increased focus on project management techniques.

The material presented during these two weeks and incorporated in this Participant Manual comes largely from information contained in Handbook 3, and other appropriate Handbooks. In addition, Development Associates, Inc., has incorporated into the course seven years of its experience, as well as numerous suggestions made in past participant evaluations. It is my hope that as a result of the most recent project implementation source documents, you will develop familiarity with these references so that in the future you will be able to research answers to the many questions that arise during the life of A.I.D. projects.

As indicated above, very little is static in development programs. Precepts and doctrines articulated in the PI course may be changed in the future as circumstances alter A.I.D. policy. Thus, you must keep abreast of modifications made in the Handbook series. While the PI course will provide a current snap-shot of A.I.D. policy on implementation, there is no substitute for frequent references to the Handbooks as problems arise in the future.

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KAOS HEALTH AND NUTRITION PROJECT

I. BACKGROUND AND JUSTIFICATION

A. Analytic Framework

The Independent Republic of Kaos, located in a tropical island chain, has major health problems which are clearly a manifestation of the larger problems of poverty as a whole. The dimensions of the problem have been well-documented in studies conducted by the Government of Kaos, AID, and other international organizations. These studies indicate that the existing primary health system is inadequate for addressing the needs of the rural population, many of whom are afflicted with preventable diseases. The classic manifestations of poverty, poor nutrition and primitive health conditions are widespread in Kaos, especially in rural areas. Malaria is endemic, parasitic diseases are rampant and infant mortality rates are among the highest in the world. Deficiencies in the general nutritional status of the rural poor contribute to the poor health and high infant mortality in Kaos. The primary diet is rice supplemented by a few green vegetables (which are always cooked), fruit and very occasionally a little fish or chicken.

B. Rural Health Problems in Kaos

The problems noted above summarize the seriousness of Kaos' health problems, particularly among rural and low income population groups. Despite a higher rate of unreported deaths in rural areas, rural infant mortality sometimes exceeds 110/1000 live births. Nearly 50% of all mortality in Kaos is in the 0 to 5 age group, even though this cohort constitutes only 16% of the national population. Overall death rates have averaged 40% higher in rural than in urban areas, but the actual difference is undoubtedly greater than official statistics indicate given the much greater under-reporting of deaths in the rural areas. Diarrheal diseases are the major causes of death, especially among infants and children under five. These diseases, as well as

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respiratory infections (the second major source of mobidity and mortality), are largely preventable and could be controlled through an effective health care delivery system.

Malnutrition is a serious problem that is frequently exacerbated by diarrhea and communicable diseases. Although no comprehensive national nutrition data have been collected since the 1960's, special surveys and health facility records indicate that as many as 40% of the under five population suffers from some degree of protein/calorie malnutrition. While rarely reported as a principal cause of death, reliable indicators of poor health status include measles as the sixth leading cause of death and the extremely high rate of post neo-natal deaths in relation to neo-natal deaths. The lack of up-to-date information on nutritional status and the absence of a nutritional surveillance system handicap the design of projects to remedy this situation.

While an inhospitable, unsanitary environment and widespread poverty are the most important causes of ill health and early death in Kaos, the poor condition of the country's primary health care services accentuate these conditions. Nationally, there are less than 0.4 consultancies per capita per year in Ministry of Health (MOH) facilities. Only one-third of all pregnant women receive professional prenatal care, and only 20% of all births are attended by trained personnel. Only 4% of all children from one to five years old receive any medical care at all.

Partly as a result of growing international interest and domestic political pressure, the Ministry of National Planning has established the improvement of health and nutrition as a development priority in Kaos. The Ministry of National Planning, working in collaboration with the Ministry of Health, is taking a long-range perspective on the problem. Working with USAID/Kaos the two concerned ministries have defined a broad based approach to solving the problems of the health sector: improving the inadequate health delivery system, particularly in rural areas, and addressing the absence of a nutritional assessment and monitoring system.

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II. DETAILED PROJECT DESCRIPTION

A. Project Goal, Purpose and Strategy

The project's goal is to improve the health of Kaos' rural poor as measured by decreasing morbidity and mortality, especially among mothers and children under five. The project's purpose is to increase the capacity of the Ministry of Health's (MOH) Primary Health Care System to serve the rural poor and to develop and train MOH staff in the implementation of a national nutritional surveillance system to assess, monitor and improve the nutritional status, particularly of the rural poor. The project will also finance the training of MOH staff in AID Handbook (HB) 11 contracting actions for (a) the surveillance system and (b) equiping and supplying the Primary Health Care System facilities.

By the end of the project the Primary Health Care System will be expanded to include six new provincial medical facilities, and the renovation and enlargement of 20 rural health facilities. Staff training and equipping the facilities will also be accomplished by the project. MOH staff will be able to manage the expanded system. They will also be able to undertake and manage the acquisition of a national nutrition surveillance system which will be developed and installed by a contractor working with the new National Institute for Health Research and Development (NIHRD). The surveillance system will provide the MOH with information with which to design nutrition intervention programs. Staff of the National Institute for Health Research and Development will be trained to implement the surveillance system and to undertake other nutritional studies as required.

In order to accomplish the comprehensive project purpose of increasing the MOH Primary Health Care System and establishing a nutrition monitoring capacity, four project elements were defined in the PP. Within the project elements, each of the components making up the project elements were approved in the AID/W Project Authorization as submitted, except for the contracting components for design and implementation of the National Nutrition Surveillance System (NNSS). These contracting components were originally proposed as one contract for both design and implementation, but after AID/W PP review, the USAID was

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instructed that the NNSS design contract should be separated from a contract for installing, implementing and institution building calling for two separated contracting processes: Phase I - contract for design of the NNSS; and Phase II - larger contract for installation and implementation of the NNSS.

PROJECT ELEMENTS

1. Upgrade and Improve MOH Primary Health Care System (Training and Technical Assistance - T/TA)

Technical assistance for the Ministry of Health will be provided under an AID-direct contract for an estimated $3.5 million dollars. The contractor will be responsible for working with the Ministry's Primary Health Care System for approximately 4-1/2 years to strengthen its capacity to deliver health services and to expand its service delivery to cover a greater geographical area. The contractor will also assist the MOH in establishing a baseline per capita service level. They will also develop a system for collecting service data as an indicator of achievement of project purpose. Throughout the contract they will report on changes in service levels.

The contractor will conduct a training needs assessment, and design and manage a comprehensive staff development program for the MOH in primary health care services. In accordance with the staff development program, the contractor will work with MOH to recruit and train up to 200 paramedical and 40 supervisory personnel to manage and staff the new and expanded primary health care facilities. Paramedical and supervisory personnel will be trained at a regional training facility, financed through the T/TA contract, in a neighboring country. Training for each group will be nine months long, starting in September and ending in May. Three groups of paramedical and supervisory participants will be selected and trained in consecutive years during the project. (The capacity of the training institute limits training to 70 paramedics and 15 supervisors per academic year.) Six senior MOH career staff will be trained in the United States in primary health care planning and administration to increase the institutional capacity of the ministry. They will receive Masters Degree level training over a two-year period.

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After the receipt of information from the newly developed National Nutritional Surveillance System, the contractor will work with health facility staff to develop appropriate nutrition interventions within the Primary Health Care System. The contractor will also be responsible for defining the nature and specifications of equipment and supplies to be purchased for the 6 new provincial facilities and 20 rural health centers.

2. Develop and Implement a National Nutrition Surveillance System (NNSS)

a. Training of MOH Personnel in AID Country Contracting Procedures

One element of the project is training MOH staff in host country contracting procedures. Therefore, the project provides for a start-up training program for appropriate ministry staff on the rules and regulations required for AID-financed host country contracting for technical assistance services and procurement of commodities. A one-week training event in AID-HB 11 procedures will be conducted under an AID direct contract. Training will be provided for up to 15 members of MOH staff. The effectiveness of the training will be evaluated from both the perspective of the training staff and the Host Country participants in order to determine the value of future replications of this training course to other elements of the GOK and, possibly, to other AID recipient countries.

As a result of this training, the MOH will be able to assume responsibility for contracting for development of the National Nutritional Surveillance System using AID Handbook 11 rules. A contract of approximately $50,000 will be awarded under 8(a) procedures to develop, present and evaluate the results of the training.

b. Design and Implementation of a National Nutritional Surveillance System

This component of the NNSS project element will focus on upgrading the capacity of the National Institute of Health Research and Development to undertake research and monitoring of national nutritional status. As originally designed, one contractor was to design, pilot test, install

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and begin implementation of the surveillance system; provide related training and technical assistance to help upgrade the NIHRD staff; and provide minimal commodities to improve the laboratory equipment, library and research facilities. Unfortunately, because of a combination of factors, the final approval and authorization of the project to the USAID mission stipulated that the project must be funded and contracted for incrementally in two phases. While overall there would be no major change in the scope of the project, the design of the system would be the primary immediate thrust; implementation and institution building of the NIHRD would be contracted separately.

The approach approved by AID/W for this component is:

Phase I: Up to $500,000, funded in the initial project agreement, for a host country contract with a U.S. university to design a model National Nutrition Surveillance System in Kaos in conjunction with the NIHRD (estimated to take about one year) The contract will include participating in a design review workshop, revising the model, as necessary; conducting a 3 week training workshop, developing specifications for ADP equipment to be purchased under the Phase II contract and minimal equipping of the NIHRD laboratories as determined by the advisors and minimal training of staff at the home university.

Phase II: When the Kaotian Government approves the design of the model surveillance system,another separate host country contract will be negotiated, subject to the availability of funds up to $2.5 million, to begin in the third year of the project. During this second phase the contractor will help install the surveillance system nationwide, procure and install equipment for data processing and analysis, and conduct long-term institution building within the new National Institute for Health Research and Development (NIHRD), including staff development and training to ensure NIHRD capacity to implement the nutrition surveillance system on a continuing base. The contractor will also develop a process for ensuring that NNSS data and analysis is communicated to the Primary Health Care System (PHCS) to provide the informational base for designing appropriate interventions to improve the nutrition of Kaotians.

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c. Two-day Workshop on the NNSS Model

This component of the NNSS project element will occur during Phase I of the NNSS contract. Under this component, the MOH will set up and host a two-day workshop to review the contractor-designed model surveillance system with headquarters and field personnel of the ministry. The workshop will involve the presentation by the design contractor of the model NNSS to representatives of the MOH/NIHRD and MOH Provincial Medical Directors followed by discussions of the model system and comments from the future users of the system prior to MOH approval of the model.

The AID contribution to the two-day workshop, estimated to total $5,000, will be applied by the MOH to travel and per diem for the provincial medical directors, and to conference facilities and materials costs.

d. Three-week Training Workshop

In order to prepare MOH personnel for the implementation phase of the NNSS, the NNSS design contractor will conduct a three-week workshop that will cover the design of the surveillance system as contained in the NNSS model, the necessary local organization of the surveillance effort, the uses of nutrition surveillance data for planning and developing intervention programs, and the basic skills needed to implement the surveillance system.

The MOH will cover, as part of its contributions to the project, all costs for this training workshop except for the salaries and support costs for the NNSS design contractor team, which will be covered by the Phase I design contract.

3. Expand and Equip Primary Health Care Delivery System Facilities

a. Construction and Renovation

The Primary Health Care System will be expanded through the construction of six major provincial medical facilities and the renovation and expansion of 20 existing rural health care centers. The Ministry of Public Works (MPW) will contract with an architect and

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engineering firm for the design of the provincial facilities and the renovation design for the 20 rural centers using HB 11, Chapter 1 rules. The A&E contractor will also represent the MPW in the supervision of the construction and renovation activities. The construction contract(s) for the six provincial facilities will be awarded by the Ministry of Public Works using AID host country construction contracting procedures (HB 11, Chapter 2). AID has agreed to reimburse the GOK a fixed amount of $40,000 for each rural center expanded and renovated to agreed upon specifications using the Fixed Amount Reimbursement (FAR) method. Under the FAR agreement, reimbursement will be made upon completion of each set of five units. Both the provincial facilities and the rural health care centers will be staffed by the personnel trained under the comprehensive training program conducted by the training and technical assistance contractor.

Each of the provincial facilities will be constructed using the same design. They will be two-story structures containing provincial administrative offices, moderate laboratory space and capability, temporary inpatient facilities (ten beds), space for outpatient examination and referral services, and necessary sanitation and sewerage facilities.

The existing 20 rural health centers will be expanded to conform to a standard design of a single floor structure of five rooms of various sizes to accommodate two rural administration offices, examination and outpatient referrals, a three-bed temporary inpatient service, a small laboratory and appropriate sanitation facilities.

Based on estimated current construction costs of $110,000 for each of the provincial centers, an agreed upon fixed amount reimbursement of $40,000 for each of the 20 rural centers, and $600,000 for A&E services, a total of $2,060,000 in project grant funds will be provided by AID to assist the GOK to design, construct and renovate these facilities.

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b. Equipment and Supplies

The equipment and supplies for six provincial centers and the expanded 20 rural health facilities will be provided under a $2,500,000 commodity component of this project element. Besides medical equipment, furnishings and supplies, the project will finance vehicles for each of the provincial facilities and the 20 rural centers to facilitate outreach primary health services to rural areas. Estimates are that each provincial facility will require $200,000 worth of equipment and supplies; each of the rural centers will require $50,000 worth of equipment and supplies: and the field-type 4-wheel drive vehicles (one per center) will cost $300,000 delivered. Commodities to be purchased include furnishings, laboratory equipment, medical supplies and equipment, pharmaceuticals and vehicles (see Acquisition Plan).

4. Project Evaluation

The fourth element of this project is an evaluation of project progress in the fourth year of the project. At that point in the life of the project, a sufficient number of the project components are scheduled to have been begun (e.g., construction in progress, commodities ordered with delivery schedule, external training of Kaotians underway). Therefore, it is an appropriate point for an objective evaluation of project progress.

The evaluation questions will concern time, cost and quality indicators. They will include, such questions as:

1. Is the project proceeding according to schedule and within budget?
2. Have data collection procedures been devised to collect information on rate of per capita health care consultancies, including establishing baseline data?
3. What progress is evident in the training and assignment of MOH staff to the expanded facilities?

Printed JUNE 1989

4. Was the training of the MOH in HB 11 procedures successful?

5. What is the status of the NNSS? Is it progressing according to plan? Is it generating useful information?

6. What is the status of construction and renovation of PHCS facilities? Problems?

7. What is the status of the planned procurement of equipment and supplies for the constructed/renovated facilities? Problems?

This activity is to be implemented under an IOC, using an evaluation team of three experts over a period of three months at an estimate cost of $65,000.

B. Government of Kaos Implementation Entities

The Ministry of National Planning has taken an active interest in the improvement of health and nutritional status of Kaotians, particularly rural Kaotians. Working with the Ministry of Health and USAID/Kaos, the Ministry of National Planning made a major contribution to the design of this project.

Implementation of the project, however, will reside primarily with the Ministry of Health as the lead agency, working in collaboration with the Ministry of Public Works for contracting for and overseeing the construction/renovation activities. The nutritional surveillance element of the project will be the responsibility of the National Institutes of Health Research and Development (NIHRD), a newly established institute within the MOH.

There are few technically qualified staff in the Kaos government and salaries are modest. Therefore, the institution building and training elements of the project are designed to better equip MOH staff to manage and provide primary health care services and to train NIHRD staff to conduct nutritional surveillance and studies.

Neither the MOH nor its NIHRD have had any experience in contracting with foreign organizations. The staff are primarily public health officers with little administrative experience. However, since there will be a series of

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large health and nutrition projects to alleviate the present unhealthful conditions in Kaos, it is a specific purpose of this project to train relevant MOH and IHRD staff to be able to undertake project procurement of both services and commodities. Within this and subsequent projects then the MOH and NIHRD staff will build the institutional capability and experience to contract for and manage future procurement needs.

The Ministry of Public Works (MPW) has had considerable experience working with international and local architect and engineering firms and construction contractors. MPW has used AID's country contracting rules for construction (HB 11, Chapter 2) as well as their own regulations and those of other donors in several previous projects. However, the Ministry has not been involved with any Fixed Amount Reimbursement methods in the past and they are wary about the FAR agreement. In order to induce them and the Ministry of National Planning to accept the Fixed Amount Reimbursement Agreement procedure, AID has agreed to provide an initial advance of $125,000.

C. Conditions Precedent

Besides the standard CPs requiring the GOK to (1) identify and provide the names of counterpart authorities and their signatures, and (2) present a legal opinion from competent GOK authority that the project agreement is legally binding on the GOK; an additional CP was written into the ProAg requiring that the NIHRD budget be approved for the upcoming fiscal period to ensure the GOK commitment of funding to this new entity.

D. Geographic Code

AID project approval established the governing geographic code to be 941 and Kaos.

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III. FINANCIAL PLAN AND PROJECT BUDGET
(at the Time of Project Approval)

A. General

As indicated in the Detailed Project Description (Section II, above), the project has been divided into four elements:

- Project Element 1: Upgrade and Improve the MOH Primary Health Care System.
- Project Element 2: Design, and Implement a National Nutrition Surveillance System.
- Project Element 3: Expand, Equip and Supply Physical Facilities for the Primary Health Care System.
- Project Element 4: Evaluate Project Progress -- all elements.

These elements are further broken down into components for the purpose of implementation management and financing, as indicated in the attached budget.

The project agreement will include an estimated budget for the total six-year project life, but will specify that AID financing, subject to congressional appropriations and worldwide allocations of such appropriations by AID, will be provided incrementally during the first and third years of the life of the project.

The methods of financing contemplated for the several budgetary components are shown in the tabular presentation of the ACQUISITION PLAN SUMMARY, Section V of this case description.

The financial plan for the provision of incremental AID financing for the project is as follows:

(In U.S. Dollars)

Element/Component	FY86	FY87	FY88	FY89-92	TOTAL
Element 1:					
- T/TA Contract	1,500,000	-	2,000,000	-	3,500,000
Total	1,500,000		2,000,000		3,500,000
Element 2:					
- Contract (Train MOH Officials in HHC Procedures	50,000	-	-	-	
- Contract (NNSS Design and Model (Training)	500,000	-	-	-	
- Contract (NNSS Installation,, Implementation, NIHRD Training)	-	-	2,500,000	-	
- Workshop NNSS Model	-	-	5,000	-	
Total	550,000		2,505,000		3,055,000
Element 3:		-		-	
- Contract for A&E Services	600,000	-			
- Construction Services (6 Provincial Facilities)	-	-	660,000	-	
- FAR Agreement (Renovation of 20 Rural Centers)	-	-	800,000	-	
- Procure Equip. & Supplies	-	-	2,500,000	-	
Total	600,000		3,960,000		4,560,000
Element 4:	-	-		-	
- Project Evaluation (IQC)	-	-	65,000		
Total			65,000		65,000
TOTAL PROJECT BUDGET:	2,650,000	-	8,530,000	-	11,180,000

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IV. IMPLEMENTATION PLAN

The attached table lists the major implementation tasks by the Project Element, the responsible party for undertaking or managing the task (AID or Agency of the Host Government), and the estimated start and completion date of each task. The ProAg is expected to be signed in late March, 1986 and last for 6 years, or until a PACD of March 1992.

The attached tabular presentation provides the preliminary schedule for implementation of the project. It will serve as the basis for a more detailed operational plan to be developed during project start-up following the signing of the ProAg in late March 1986. The operational plan, will detail the actions required in the contracting processes and milestones to monitor contract and project element progress. It will provide project management (AID project officer and committee and host government project manager) with an effective instrument to help monitor project implementation through its six year life.

LOP: 6 years
PACD: March 19,1992

IMPLEMENTATION PLAN AT TIME OF PROJECT APPROVAL

Major Implementation Actions	Project Element	Responsible Party(s)	Estimated Time of Initiation	Target Completion Date (Month/Year)
START-UP				
• Sign Project Agreement	NA	Minplan/AID	1st quarter/86	March 1986
• Issue PIL #1	NA	AID	1st quarter/86	April 1986
• Meet Initial CPs	NA	GOK	1st quarter/86	July 1986
ACTIONS INITIATED IN CALENDAR YEAR ONE				
• Contract with 8a firm to train MOH officials in HCC Procedures	2	AID	3rd quarter/86	December 1986
• Contract for T/TA to MOH for Improvement of Primary Health Care System (PHCS)	1	AID	3rd quarter/86	August 1987
• Contract for A&E Services (Design/Supervision of Expansion of PHCS facilities)	3	MPW	3rd quarter/86	May 1987
ACTIONS INITIATED IN CALENDAR YEAR TWO				
• Train MOH Officials in HCC Procedures	2	8a contractor	1st quarter/87	March 1987
• Contract for Design of National Nutrition Surveillance System (NNSS)	2	MOH/NIHRD	2nd quarter/87	January 1988
• Develop Construction and Renovation Designs	3	A&E	3rd quarter/87	December 1987
• Implement T/TA Scope of Work (e.g., staff development/training, equipment needs and specs., system upgrading, etc.)	1	T/TA contractor and MOH	4th quarter/87	February 1992
ACTIONS INITIATED IN CALENDAR YEAR THREE				
• Amend ProAg to Add Funding	--	MINPLAN/AID	1st quarter/88	January 1988
• Contract for Construction Services for 6 Provincial Facilities	3	A&E/MPW	1st quarter/88	October 1988
• Negotiate FAR Agreement for Renovation of 20 Rural Centers	3	AID/MPW	1st quarter/88	May 1988
• Contract for Renovation of 20 Rural Centers (FAR)	3	A&E/MPW	2nd quarter/88	January 1989
• Implement NNSS Design Contract Scope of Work (e.g., NNSS Model, early training of NIHRD staff, provision of minimum ADP equipment)	2	NNSS Design Contractor	2nd quarter/88	February 1989
• Contract for NNSS Implementation	2	MOH/NIHRD	3rd quarter/88	May 1989
• Contract for Equipment and Supplies for 6 Provincial Facilities and 20 Rural Centers	3	MOH/MPW	4th quarter/88	June 1989

IMPLEMENTATION PLAN (CONTINUED)

Major Implementation Actions	Project Element	Responsible Party(s)	Estimated Time of Initiation	Target Completion Date (Month/Year)
ACTIONS INITIATED IN CALENDAR YEAR FOUR				
• Construct 6 Provincial Facilities	3	A&E/Construc.Contractor	1st quarter/89	August 1991
• Renovate 20 Rural Centers (FAR)	3	MPW/A&E/Construction Contractor	1s quarter/89	June 1991
• Carry out NNSS Implementation Scope of Work (e.g., Install NNSS, Train NIHRD staff, procure/install ADP equipment)	2	NNSS Implementation Contractor	2nd quarter/89	November 1991
• Contract (IQC) for Evaluation of Project	4	AID	4th quarter/89	April 1990
ACTIONS INITIATED IN CALENDAR YEAR FIVE				
• Evaluate Project	4	IQC Contractor	2nd quarter/90	September 1990
• Submit Evaluation Report	4	IQC Contractor	--	October 1990
• Receive and Install Equipment/Supplies as renovation of 20 rural centers completed	3	MOH/MPW	--	June 1991
ACTIONS INITIATED IN CALENDAR YEAR SIX				
• Receive and Install Equipment/Supplies in 6 Provincial Facilities	3	MOH/MPW	--	January 1992
• PACD	--	--	--	March 19, 1992

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V. ACQUISITION PLAN
KAOS HEALTH AND NUTRITION PROJECT

As described in the Detailed Project Description, the GOK Ministry of Health has had no experience with contracting for resources from outside Kaos. In order to provide the necessary expertise to implement the project, AID will contract for (a) the training and technical assistance to the MOH for upgrading and improving the Primary Health Care System, and (b) the training of MOH staff in AID rules and processes governing AID-financed host country contracts. This later contract will help meet a subsidiary purpose of building the institutional capacity in the MOH for handling the contracting for subsequent actions. The training of MOH staff in AID host country contracting procedures will be conducted under an 8(a) contract.

After the MOH has received the contracting training, the MOH will assume primary responsibility for contracting for both technical assistance phases of the National Nutrition Surveillance System (NNSS), design and implementation. They may also undertake some of the procurement for the equipment and supplies for the provincial and rural primary health facilities.

The GOK Ministry of Public Works (MPW) which has had considerable contract management experience in foreign donor financed projects, including experience with AID, will assume overall management of the contracting for A&E services, construction services for the 6 provincial facilities (using the A&E firm for construction supervision), and the implementation of the FAR agreement for renovation of the rural primary health care centers.

Following is a tabular presentation of the Acquisition Plan Summary which represents the status of planning at the time of project approval.

ACQUISITION PLAN SUMMARY
KAOS HEALTH AND NUTRITION PROJECT

PROJECT ELEMENT	GOODS/SERVICES	RESPONSIBLE AGENCY	ACQUISITION METHOD	ESTIMATED COST	METHOD OF FINANCING	ESTIMATED START DATE*	ESTIMATED DURATION
1	Training/Technical Assistance to Ministry of Health	AID	AID Direct (RFP)	$3,500,000	Direct Payment	4th quarter/87	4½ years
2	Training of MOH staff in HCC Contracting Rules/Procedures	AID	8(a)	50,000	Direct Payment	4th quarter/86	4 months
2	Design/Implement NNSS						
	• Phase I (Design)	MOH	HCC-RFTP	500,000	Direct Reimbursement or Direct L/Com	1st quarter/88	1 year
	• Phase II (Implementation)	MOH	HCC-RFTP	2,500,000	Direct Reimbursment or Direct L/Com	3rd quarter/89	2½ years
3	Expansion of PHCS Facilities						
	• A&E Services (Design and supervision)	MPW	HCC-RFTP	600,000	Direct Reimbursement or Direct L/Com	2nd quarter/87	4 years
	• Construction 6 Prov.Facilities	MPW	HCC-IFB	660,000	Direct Reimbursement or Direct L/Com	4th quarter/88	2½ years
	• Renovation 20 Rural Centers	MPW	FAR Agreement	800,000	FAR Agreement	1st quarter/89	2½ years
3	Acquisition of Equipment/Supplies and Vehicles (See attached illustrative list of equipment and supplies)	MOH and/or AID	HCC-IFB/RFQ PIO/C-IFB/RFQ	2,500,000 (including transportation)	Bank L/COM, Direct L/COM, Direct Payment (Depending on division of Agency and Procurement Transactions)	3rd quarter/89	3 years (Various deliveries in schedule)
4	Project Evaluation	AID	IQC	65,000	Direct Payment	2nd quarter/90	4 months

*Time of Initiating Implementation Actions (after signed contract, agreements, etc.)

ILLUSTRATIVE LIST OF EQUIPMENT AND SUPPLIES (AT THE TIME OF PROJECT APPROVAL)

The project design calls or the T/TA contractor, who will work with the GOK Ministry of Health, to develop the final list of equipment and supply needs and specifications for the Primary Health Care System facilities -- provincial and rural. At this time, as a basis for cost estimates for the equipment and supplies component of the PHCS expansion element of the project, the project planners/designers have developed the following illustrative list of equipment and supplies with estimated costs for the different categories.

ITEM		EST.NUMBER	UNIT COST	EST.TOTAL
FURNISHINGS				
Desks		70	$225	$15,750
Chairs		140	25	3,500
				19,250
HEALTH CENTERS EQUIPMENT				
Beds:	Prov. Centers	60	125	7,500
	Rural Centers	60	125	7,500
Examination Tables:	PCs	30	225	6,750
	RCs	40	225	9,000
Stretchers:	PCs	30	75	2,250
	RCs	40	75	3,000
Wheel Chairs:	PCs	30	225	6,750
	RCs	20	225	4,500
Scales:	PCs	12	175	2,100
	RCs	20	175	3,500
Refrigerators:	PCs	12	425	5,100
	RCs	20	425	8,500
Sterilizers:	PCs	12	275	3,300
	RCs	20	275	5,500
Blood Pre. Monitors:	PCs	30	45	1,350
	RCs	40	45	1,800
Stethescopes:	PCs	30	75	2,250
	RCs	40	75	3,000
Eye/Ear Exam Instrument:	PCs	12	80	960
	RCs	20	80	1,600

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Bed Pans:	PCs	30	15	450
	RCs	60	15	900
Drug Cabinets:	PCs	12	115	1,380
	RCs	20	115	2,300
X-Ray Units:	PCs	6	55,885	335,310
				426,550

GENERATORS

Generators:	Rural Centers	20	45,000	900,000
	Provincial Centers	6	55,367	332,202
				1,232,202

VEHICLES

Field Vehicals (4-Wheel Drive)	20	15,000	300,000
Sedans (Prov. Centers)	6	12,000	72,000
			372,000

TRANSPORTATION

For all Commodities Procured	-	-	450,000

GRAND TOTAL			$2,500,002
	(Rounded)	-	$2,500,000)

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VI. MONITORING PLAN KAOS HEALTH AND NUTRITION PROJECT

This monitoring plan focuses on three aspects of project implementation:

1. Timing of project implementation tasks (inputs and outputs);

2. Financial inputs and operations; and

3. Quality results as related to project purposes.

Monitoring of the timing of project actions will be accomplished by: segmenting each project element into definable activities with projected start and completion dates, assigning responsibility for each and placing them on a timeline (either manually or, more preferably, through the use of computer software). This detailed schedule can be used as an instrument to monitor and control project progress.

Monitoring the financing of project components will be handled by the controller and project officer through the review of authorizing documents, contracts, grants and payment documents which are recorded and controlled through the MACS accounting system.

Progress in meeting project purposes will be monitored by establishing indicators of achievement of project purpose (quality indicators), defining performance criteria, determining baseline levels of performance and collecting information on performance throughout the project. The quality indicators of the achievement of project purpose and related performance criteria are the following:

Element I:
Upgrade and Improve MOH Primary Health Care System

Quality Indicators of Purpose:

1. Per capita annual health care consultancies in Primary Health Care System facilities will increase from less than 0.4 to 0.6 by 1992 in populations served.

2. Two hundred paramedical and forty supervisory personnel will be trained and assigned to PHCS provincial centers and rural facilities; 6 health care administrators will be trained to staff MOH administration.

3. Two to three nutrition intervention programs will be designed and executed in rural areas.

Element II:
Design and Install a National Nutritional Surveillance System (NNSS)

Quality Indicators of Purpose:

4. The MOH will be able to undertake host country contracting according to AID reglations.

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5. A data base of information of Kaotian nutritional status will be established.

6. The NIHRD will be operating the National Nutritional Surveillance System nationally.

7. A process will be established for communicating NNSS data and analyses to the PHCS.

The Ministry of Health (MOH) is now in the process of consolidating baseline data on the annual per capita health care consultancy rate from numerous studies done by the ministry itself, AID technical studies, other bilateral and international donor studies. The T/TA contractor that will be training and advising the MOH throughout the project will help the MOH establish this baseline against which project progress will be measured.

Information and reporting on quality indicators will be the responsibility of the project contractors and of the GOK organizations participating in the implementation of this project: the MOH Directorate of the Primary Health Care System, the National Institute of Health Research and Development, the provincial health facilities, and the rural health centers.

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A. COURSE INTRODUCTION

Project Officer Responsibilities

Project Officer is responsible for:

- Primary AID liaison with B/G Project Manager and implementing entity (Host Country agency, contractor, grantee)
- Insuring that USAID implementation actions are taken
- Monitoring and reporting project progress to mission management and AID/Washington
- Evaluating performance of contractors, grantees or other entities executing projects

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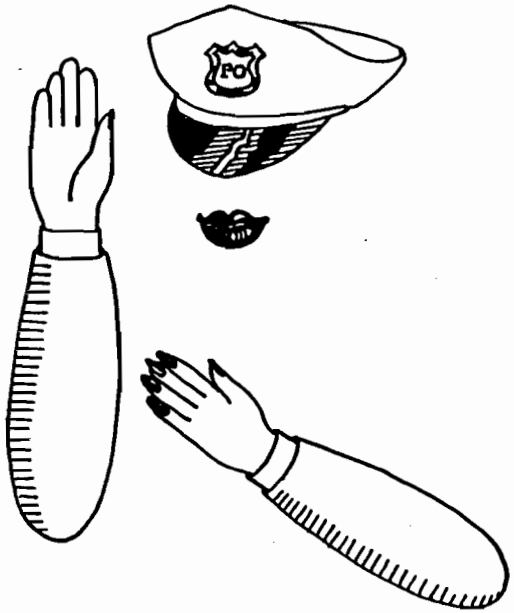
Project Officer's Manifesto



- If it doesn't make sense, it should not be done.
- If it does make sense, there's got to be a way to do it.
- If it ain't broke, don't fix it.
- If I don't know how to use the handbooks, someone who doesn't care as much as I do about the success of my project will inflict them on me.

THE AID PROJECT DOCUMENTATION SYSTEM

The principal documents in the AID project system and their purposes are as follows:

CDSS (Country Development Strategy Statement) Prepared every three years and updated annually if necessary by the USAID mission, this document summarizes (in about 50 pages) the Host Country's social and economic development status; progress and con- straints to development; development plan and resources, and sectoral assistance strategy, within the framework of current AID/Washington policy and guidelines.

(ABS) Annual Budget Submission: Yearly submission of OE and program funded operational, budget and outyear funding requirements.

PID (Project Identification Document) Prepared by the USAID mission in collaboration with Host Country counterparts at any time the need becomes evident, this document outlines (in about 15 pages) the description, rationale, and estimated cost for a new project, which is consistent with the Host Country's development plan and the USAID Mission's assistance strategy, as described in the current CDSS.

PP (Project Paper) Prepared by the USAID mission in collaboration with Host Country counterparts after approval of the PID by the AID/Washington Regional Bureau. This document presents the rationale, a thorough analysis, plan, schedule, cost estimate, and recommendation for a new project, complete with supporting documents, tables, schedules, and special studies.

PROAG (Project Agreement) Prepared by the USAID mission in negotiation with Host Country counterparts, after approval of the PP by the AID/Washington Regional Bureau. This document summarizes the essential elements of the objective and rationale for the PP, the amount and type of funding, and the responsibilities of the U.S. and the Host Country in implementing the project. An updated implementation plan is also prepared and made a part of the PROAG. The PROAG is signed jointly by representatives of the USAID Mission and the Host Country.

PIL or IMP Letter (Project Implementation Letter) Prepared by the USAID mission at any time during project implementation when the USAID Project Officer considers it appropriate, the PIL provides administrative, financial and/or technical guidance or clarification to the counterpart Host Country Project Manager.

PIO (Project Implementation Order) Prepared by the USAID Project Officer during project implementation, the PIO is a principal means of specifying use of project funds obligated in PROAG. There are three types:

PIO/T - To procure specialized Technical Services
PIO/C - To procure project Commodities; equipment and supplies
PIO/P - To provide for Host Country personnel training as Participants in the U.S. or third countries

A.I.D. Evaluation Summary: Prepared by the A.I.D. Officer responsible for the evaluation in collaboration with the Mission Evaluation Officer. This document summarizes the evaluation report, lists actions to be taken, recommendations, and lessons learned. Also includes comments by the Mission or A.I.D./W Office sponsoring the evaluation.

The Project Implementation Letter (PIL)

Ref.: HB 3, Ch. 8

- Basic PIL provides detailed guidance on:
  - — Acceptable format for Host Government legal opinion.
  - — Contracting/Purchasing procedures and source/origin rules.
  - — Disbursement procedures (financing methods).
  - — Required reports: content, format and frequency.
- Subsequent PILs:
  - — Document AID approvals
    - contracts
    - budget adjustments, etc.
  - — Agree to changes in PROAGs
  - — Notify the B/G of project related actions
    - evaluations
    - audits
  - — Notify the B/G that it has met conditions precedent
  - — Explain AID policy and procedures
- Serially numbered to permit control and identification.
- PIL usage is unique to each mission.

IMPLEMENTATION HANDBOOKS

HANDBOOK (NO.)	IMPLEMENTATION INSTRUMENT	GENERAL CONSIDERATIONS
Procurement Policy (1, Suppl. B)	PIOs, PILs, Contracts, Agreements	1. Contracting for Services 2. Contracting for Commodities 3. Grants, Cooperative Agreements 4. FAR Agreements
Participant Training (10) (AID Reg. 5)	PIO/P (Other) (Contract)	1. Development - related activities 2. Utilization, obligation to return 3. Follow-up activities 4. Planning leadtimes
Country Contracting (11)	Financing Request Country Contract	1. Host Government capability 2. Eligible contractor (nationality, other) 3. AID approval
Use of Federal Agencies (12)	PIO/T PASA	1. Uniquely suitable 2. Not competitive with private firms 3. No interference with domestic program 4. Cost effective
Grants/Cooperative Agreemtents (13)	PIO/T Grant/Cooperative Agreement	1. Transfer of resources to support grantee program 2. Substantial recipient freedom 3. Substantial involvement not anticipated Cooperative agreement: 1 and 2 above, and greater involvement 4. Financial responsibility 5. Competition 6. Authority to sign
Procurement Regulations (14) (FAR/AIDAR)	PIO/T Contract	1. Acquisition for direct benefit or use 2. Right to performance 3. Inputs/Outputs 4. Competition 5. Type of Contract/Specifications 6. Authority to contract
AID Financed Commodities (15)	PIO/C (PA/PR) Contract (ORDER)	1. Acquisition for direct benefit 2. Right to performance 3. Competition 4. Specifications 5. Authorized agent 6. Authority to contract
Excess Property (16)	Letter Order/Purchase Order Movement Release Document	1. Need (quantity, suitability) 2. End user responsible 3. Value serviceability, appearance 4. Surveillance (accountability)

IMPLEMENTATION PROBLEMS

SMALL GROUP EXERCISE

The Project Implementation Course is focussed primarily on the management systems which are involved in providing the AID-financed inputs for development projects. It is concerned with the review of policies, rules and procedures governing AID direct and host country contracting for services and commodities, the making of grants to private organizations, the provision of funds to carry out projects and the management of participant training activities.

In order to make the description of these management systems more relevant to project officers and other employees, it is helpful, first, to identify some of the key problems encountered in project implementation. Consequently, the purpose of this exercise is to identify and categorize the most common problems you encounter in the various subject matter areas to be covered in this course.

TASK 1: In your group discuss the most common problems encountered in the following areas.

- AID direct contracting for services
- Host country contracting for services
- Procurement of commodities and equipment
- Making grants/cooperative agreements to private organizations
- Financial management
- Participant training

TASK 2: As a group select up to three problems for each category. (If you wish you may add a Miscellaneous category for problems which do not fall into one of the above categories.) It is not necessary to identify problems in all areas.

TASK 3: After agreeing on the list of problems write them on the flip chart under the appropriate heading so they may be presented to the large group.

PRE-IMPLEMENTATION QUIZ

Instructions Listed below are a number of implementation actions. Check those which you believe could be taken before the Project Agreement is signed.

Yes	No	Not Sure	POSSIBLE PRE-IMPLEMENTATION ACTIONS
___	___	___	1. Any project action which the Borrowee/Grantee is willing to finance with its own funds, if not otherwise in conflict with the project plan.
___	___	___	2. Preparation of staffing patterns for both local and foreign staff and initiation of administrative support preparations (e.g., housing, transport arrangements, etc.).
___	___	___	3. Location and assignment of suitable B/G staff.
___	___	___	4. Discussions between AID and B/G on nature of Conditions Precendent (CPs) expected in Project Agreement and method of meeting them.
___	___	___	5. Delineation of lines of responsibility and delegations of authority.
___	___	___	6. Approval by AID of contracts the B/G wishes to sign and initially finance with its own funds.
___	___	___	7. Preparation of detailed management, implementation, procurement, logistics, shipping and/or sub-unit work plans.
___	___	___	8. Design of specific data gathering and periodic reporting systems.
___	___	___	9. Completion of evaluation plans and arrangements.
___	___	___	10. Familiarization of B/G staff with AID procurement and contracting rules and guidelines and preliminary agreement of detailed procedures to be applied.
___	___	___	11. Issue of Project Implementation Orders/Technical Services (PIO/T) or Project Implementation Orders/Commodities (PIO/Cs).
___	___	___	12. Preparation of draft notices for advertising procurement requirements in the Commerce Business Daily.
___	___	___	13. Preparation of detailed scope of work.
___	___	___	14. Pre-qualification of contractors.
___	___	___	15. Preparation of Requests for Proposals (RFPs).
___	___	___	16. Preparation of Invitations for Bids (IFBs) for commodity procurement unless that task is to be assigned to an Architect/Engineering firm (A/E) firm or other consultant.
___	___	___	17. Development of preliminary financial plans and a project accounting system.
___	___	___	18. Agreement between B/G and AID on detailed disbursement procedures for both local currency and foreign exchange.
___	___	___	19. Filing of B/G requests with AID (conditional on Project Agreement (PROAG) signing) for opening of revolving funds and Letters of Commitment and preparation of final drafts of the Letter of Credit thereunder.
___	___	___	20. Issuance of AID Letters of Commitment.
___	___	___	21. Preparation of PIO/Ts or PIO/Cs.
___	___	___	22. Distribution of IFBs to prospective bidders.

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PROJECT MANAGEMENT

Project management entails the utilization of human and other resources, in combination with appropriate management systems, to achieve prescribed goals within planned time frames and budgeted costs. Consequently, as part of the planning process Project Officers should put monitoring systems in place which will make it possible to determine if a project is departing from schedule, exceeding budgeted costs or not achieving project objectives. The process of "control" involves acting on the information obtained through monitoring systems so as to bring implementation of a project into conformity with the original plan or conversely to alter the plan so that it more accurately reflects actual progress.

AID project design processes require the inclusion of an initial implementation plan in the Project Paper. This plan is refined and updated following authorization of the project. Indeed, the implementation plan should be reviewed and updated periodically to ensure that it reflects the real world an is not largely a paper exercise. The design process also provides for the development of monitoring and evaluation plans.

No project is executed exactly as planned. The more detailed the planning and design, the more likely it is that changes will be required during implementation. Thus project modifications are a logical outgrowth of the more or less continuous assessments resulting from project monitoring and reporting as well as the periodic evaluations which take place over the life of a project.

AID's Handbook 3 contains the rules and guidance for the design, implementation, monitoring, evaluation and modification of AID-fiananced project.

IMPLEMENTATION PLANNING

(Ref: Handbook 3, Chapter 9)

I. Pre Project (Project Paper)
- Collaborative Effort - Define Project Objective
- Feasibility Assessment
- Implementation Methodology
- Timetable

II. Operational Planning (B/G to Manage, AID to Monitor)
- Outgrowth/Expansion of Pre-Project Planning
- Periodically Revised and Updated
- Need to Install:
  - A. Time Controls:
    - Master Schedule for Activities
    - Subsidiary Schedules for Each Party
    - Includes: Logistics
      - Procurement
      - Financial/Administrative
      - Evaluation Plan
  - B. Cost Controls
  - C. Performance Controls

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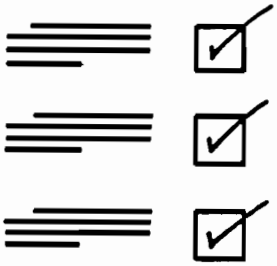
OPTIONAL SCHEDULE FORMATS

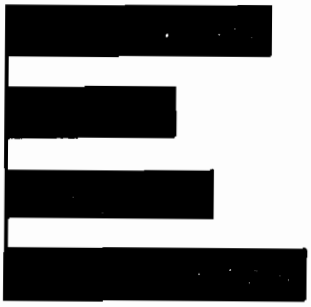
Checklist of Activities/Times

- Listing in Sequence
- With Start and Target Completion Dates
- No Provision for Interrelationship of Tasks
- No Graphic Display
- OK for Small, Not Complex Projects



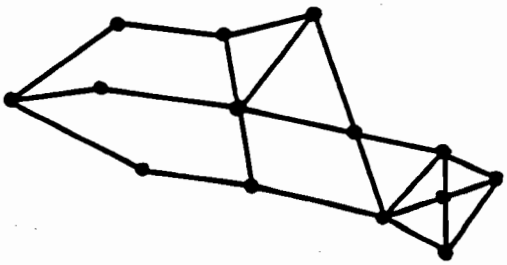
Gantt (Bar) Chart

- Graphic Presentation Activities/Time
- Can Show Milestones
- No Provision for Interrelationship of Tasks Except Eyeball
- OK for Small/Moderate Size Projects



Networks

- Demonstrate Interrelationship of Tasks
- Useful for Initial Planning
- Permits Rapid Project Implementation Analysis
- Impact of Activity Changes Quickly Assessed
- Show Critical Performance Indicators
- Most Appropriate for Large/Complex Projects



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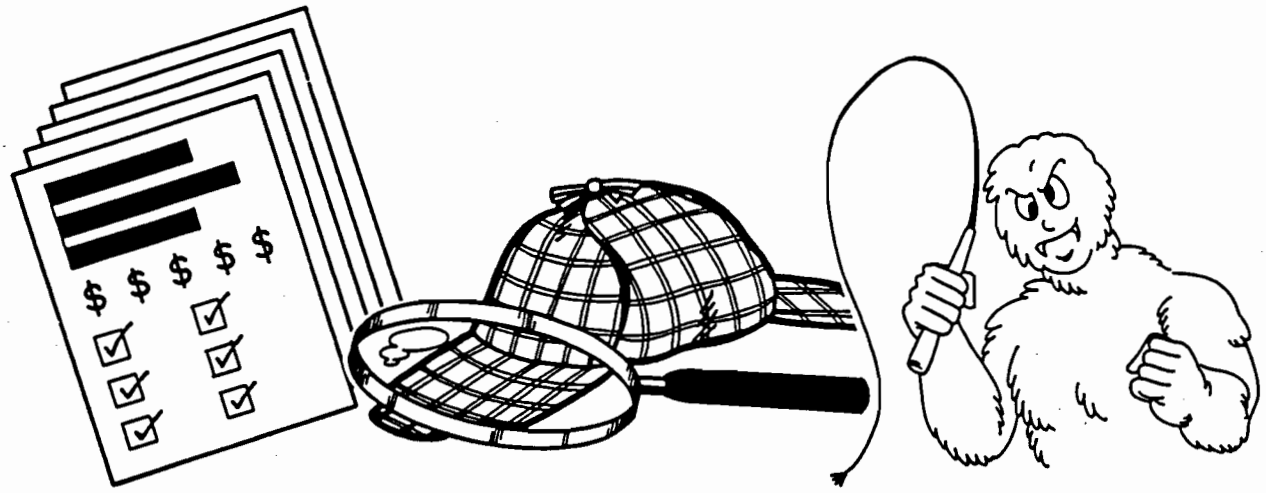
PLANNING - MONITORING - CONTROLLING CYCLE



PLANNING: Develop objectives for project performance
- Time
- Cost
- Quality

MONITOR: Identify key factors to control from objectives
Develop system to collect information

CONTROL: Act on monitoring information

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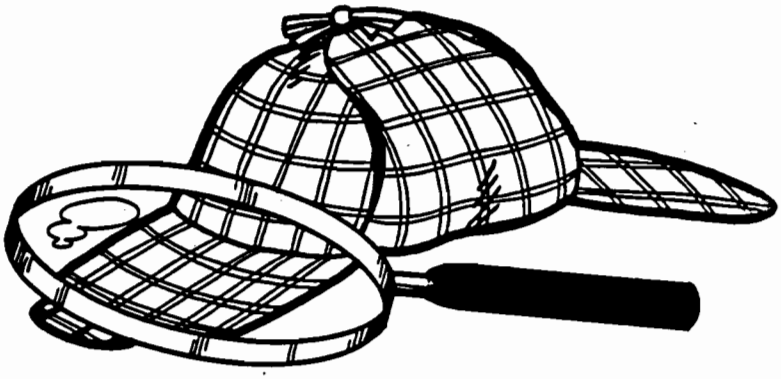
PROJECT MONITORING



PURPOSE: Link project planning and control

Gather data for project control

- Time
- Cost
- Quality

PROCESS: Identify key factors to control from plan

Establish performance criteria, standards & data collection methods for each factor

Identify information to be collected

Focus on output rather than activity

Collect relevant information (not just data)

Relate reports to project milestones

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Project Monitoring

Common Sources of Information

- PROAGs and PILs
- B/G implementation plans
- Project work plans
- Project management information/ scheduling system
- Financial reports
- Contractor's periodic reports
- Audits
- Site visits
- Periodic review meetings
- Implementing agency assessments

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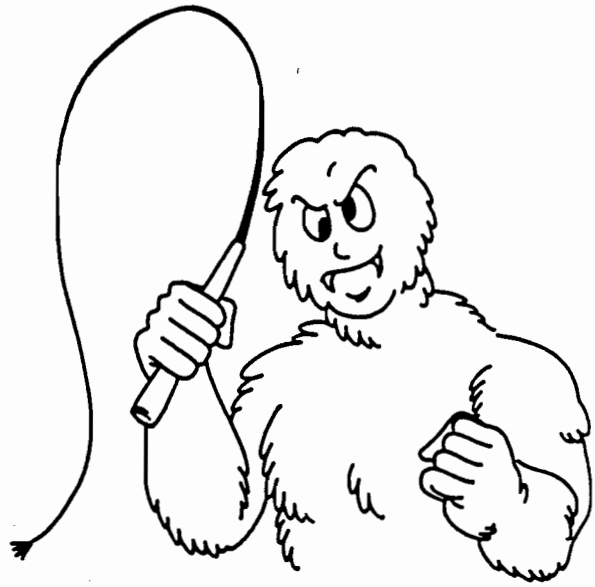
PROJECT CONTROL



PURPOSE: Reduce differences between reality and plan

Manage resources

PROCESS: Identify significant variances from plan by

— Continuous monitoring of plans (milestones)

— Periodic evaluation of progress against objectives

Regulate results by modification of activities and plans

- "Crash" activities
  - — Add more resources, reduce time
- Reduce scope of plans/activities
- Modify project objectives
  - — Revise PP, ProAG

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SMALL GROUP EXERCISE

VERIFIABLE INDICATORS OF QUALITY

TASK SHEET

Task 1 - DISCUSS the "quality indicators" presented in the Case Study (Front section of your Manuals).

Task 2 - DETERMINE whether the verifiable indicators presented in the Case Study are acceptable to you.

Task 3 - If they are acceptable, WRITE them in the attached matrix in the left hand column.

Task 4 - If they are not acceptable, REWRITE them.

Task 5 - Using the matrix format, DETERMINE how to measure project progress toward its purpose for each of the indicators, e.g. what data/information is appropriate as a measure?, when must these data/information be reported (how often)?, and who will be the responsible party for gathering and reporting these data/information?

Task 6 - Record your group's completed matrix on flip chart paper to be presented to the class during the report back session.

1409D

PROJECT MONITORING MATRIX
Verifiable Indicators of Quality

Verifiable Indicators of Quality	How to measure/monitor	WHEN	WHO IS RESPONSIBLE
1.			
2.			
3.			
4.			
5.			
6.			
7.			

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CRITICAL INCIDENTS
In Project Implementation

TASK 1 The incidents that follow describe situations which are typical of those experienced by AID Project Officers during implementation. READ each one carefully considering the impact of the Project Officer's action.

TASK 2 Decide how you feel about the action taken in each case and check the appropriate box for each incident.

TASK 3 Briefly describe your rationale for your decision below each rating.

CRITICAL INCIDENT #1

"TRADITIONAL PRACTICES"

Tribal reservations in the country of Jawewow are backward areas which have received little attention from the central government. The reservations are a holdover from precolonial days and are autonomous areas governed by committees of tribal chiefs, or headmen. Because of the remoteness of the reservations and the tribes' volatility, the central government chose not to attempt to bring them under the normal administrative structure of the government. However, the reservations' rapid development and integration into the country's economy has become vital to the country's security and consequently to U.S. geopolitical interests because of a changing political situation in neighboring countries and close proximity of the reservations to the borders of those neighbors.

As part of the overall economic support program for the country, AID authorized a development project specifically designed to assist the reservations. The project includes construction of roads, schools, and health clinics. After project authorization, detailed preparation of the implementation and procurement plans was begun with host government counterparts.

When formulating these plans it was made clear to the USAID project officer that there is a long-established practice that a commission must be paid to the tribal chiefs for each construction contract carried out on the reservations, or such contracts must be awarded to tribal firms -- all of whom have reputations for poor performance. These commissions, in the past, have run as high as 20% of total contract cost.

Our host government counterparts explained that in the past the commission was paid to cover the cost of providing protection to outside contractors. Our counterparts stated that payment of the commission has continued up to the present to insure the smooth implementation of contracts if they are not awarded to tribal firms.

Our counterparts told us that this commission is an accepted form of income for the tribal chiefs, and stated further that while they did not like the commission system, it was a well established tradition dating back to colonial times and, therefore would be very difficult to alter or abolish -- particularly since the host government accepted it.

PO Decision: Given the wight of traditional precedent, the project officer recommended to the Mission Director that the commission be allowed as part of contract costs -- in the same manner that in commodity procurement contracts, commissions to supplier representatives in-country may be authorized for AID financing.

Completely Agree	Moderately Agree	Can't Decide	Moderately Disagree	Completely Disagree

Why?

2521D/3.87

CRITICAL INCIDENT #2

"COUNTERPART RELATIONS"

An FSN project officer and his U.S. supervisor visited the U.S. for the purpose of reviewing architectural/engineering plans for a large hospital complex being designed by a U.S. contractor. Accompanying them were two host country representatives: the hospital's Medical and Works Directors.

During the 10-day review, working lunches were provided by the contractor for members of the review team. On the last day of the review, the U.S. supervisor informed his FSN colleague that acceptance of meals from contractors was prohibited under AID rules. Hence, payments for all lunches would have to be made by each individual. He also asked the FSN to convey this to the host country representatives.

The FSN said that while payment for the lunches might be appropriate in his own case, it may be difficult to explain and perhaps inappropriate for the host country officials to pay. This was especially true since a considerably greater number of working lunches had been provided, without charge, during the previous year by the host country representatives when site visits were made by AID and contractor personnel. Since he was the main contact person from AID on the project, the FSN felt that AID's insistence that the host country members pay for their lunches could generate bad feelings and affect his working relationship with host country counterparts. The FSN explained this to his supervisor and advised that the host country reps not be asked to pay. If they had to be asked, the FSN suggested that the U.S. supervisor make the request rather than himself. Since such a request could be more palatable to the host country representatives if it came from an American rather than a fellow countryman. The FSN's supervisor insisted, however, that the FSN himself explain the AID rule and ask the host country reps to make the necessary payment.

The FSN was thus faced with two choices: (1) refuse his supervisor and risk possibly losing his job; or (2) comply with his supervisor's instructions, earn the displeasure of the host country representatives, and possibly create setbacks for the project.

PO Decision: The FSN asked the host country representatives to pay for the lunches, in what was a very embarrassing moment for the FSN. They agreed to pay, but complained strongly about not being informed beforehand. They felt they could have economized on the working lunches by obtaining sandwiches from the snack bar in their hotel, especially since they were receiving a lower per diem (based upon host country rules) compared to their AID colleagues. Finally, they complained, as the FSN had predicted, that it was unfair to charge them for lunches when they themselves had not charged for working lunches hosted by them.

Completely Agree	Moderately Agree	Can't Decide	Moderately Disagree	Completely Disagree

Why?

2521D/3.87

Excerpt From AID Handbook 24,
Attachment 2C, pp 4 and 5

Subpart B -- Ethical and Other Conduct and Responsibilities of Employees

§10.735-201 General.

(a) Proscribed actions. An employee shall avoid any action, whether or not specifically prohibited by the regulations in this part, which might result in, or create the appearance of:

(1) Using public office for private gain;

(2) Giving preferential treatment to any person;

(3) Impeding Government efficiency or economy;

(4) Losing independence or impartiality;

(5) Making a Government decision outside official channels; or

(6) Affecting adversely the confidence of the public in the integrity of the Government.

(b) Applicability to members of families of employees. A U.S. citizen employee shall take care that certain responsibilities placed on the employee are also observed by members of the employee's family. These are the restrictions in regard to: acceptance of gifts (§ 10.735-202 and 10.735-203); economic and financial activities abroad (§ 10.735-206); teaching, lecturing, and writing (§ 10.735-204(c)); participation in activities of private organizations (§ 10.735-211(c)); and political activities abroad (§ 10.735-211(g)).

§ 10.735-202 Gifts, entertainment, and favors.

(a) Acceptance prohibited. Except as provided in paragraphs (b), (c), and (d) of this section, an employee shall not solicit or accept, directly or indirectly, any gift, gratuity, favor, entertainment, loan, or any other thing of monetary value, from a person who:

(1) Has, or is seeking to obtain, contractual or other business or financial relations with the employee's agency;

(2) Conducts operations or activities that are regulated by the employee's agency;

(3) Has interests that may be substantially affected by the performance or nonperformance of the employee's official duty; or

(4) Appears to be offering the gift with the hope or expectation of obtaining advantage or preferment in dealing with the U.S. Government for any purpose.

(b) Acceptance permitted. The provisions of paragraph (a) of this section do not apply to:

(1) Gifts, gratuities, favors, entertainments, loans, or any other thing of monetary value received on account of close family or personal relationships when the circumstances make it clear that it is that relationship rather than the business of the persons concerned which is the motivating factor;

(2) Acceptance of loans from banks or other financial institutions on customary terms to finance proper and usual activities of employees, such as home mortgage loans;

(3) Acceptance of unsolicited advertising or promotional material, such as pens, pencils, note pads, calendars, and other items of nominal intrinsic value;

(4) Acceptance of rates and discounts offered to employees as a class.

(c) Acceptance permitted for State and ICA employees. For State and ICA employees the provisions of paragraph (a) of this section do not apply to: acceptance of food and refreshments of nominal value on infrequent occasions in the ordinary course of a luncheon or dinner meeting or other meeting or on an inspection tour where an employee may properly be in attendance.

(d) Acceptance permitted for AID employees. For AID employees the provisions of paragraph (a) of this section do not apply in the following situations:

(1) Acceptance of food, refreshments, or entertainment of nominal value on infrequent occasions offered in the ordinary course of luncheons, dinners, or other meetings and gatherings hosted by foreign governments or agencies and officials thereof, embassies, and international organizations, where the primary purpose of the function is representational or social, rather than the transaction of business. Where the primary purpose of the function is the transaction of business, acceptance is not permitted, except if there is justification and reporting in accordance with paragraph (d)(4) of this section.

(2) Participation in widely attended lunches, dinners, and similar gatherings sponsored by industrial, technical, and professional associations for the discussion of matters of mutual interest to Government and industry.

(3) Acceptance of food, refreshments, or entertainment in the unusual situation where the employee, by virtue of the location of the person, firm, corporation, or other entity, or the regulations governing its dining facilities, finds it inconvenient or impracticable not to accept the offer. Each case of acceptance shall be reported in accordance with the requirement of paragraph (d)(4) of this section. In no other case shall employees accept food, refreshments, or entertainment from private corporations, entities, firms, or individual contractors at occasions which are other than widely attended functions whose purposes are unrelated to Agency business.

(4) In exceptional circumstances where acceptance of food, refreshments, or entertainment is not authorized by paragraphs (d)(1), (2) and (3) of this section, but where, in the judgment of the individual concerned, the Government's interest would be served by such acceptance directly or indirectly from any foreign government, agency, or official thereof or a private person, firm, corporation, or other entity which is engaged or is endeavoring to engage in business transactions of any sort with AID, an employee may accept the offer: provided, that a report of the circumstances, together with the employee's statement as to how the Government's interests were served, will be made within 48 hours to the employee's supervisor, or, if the employee is serving abroad, or on temporary duty abroad, to the Mission Director.

(e) Gifts to superiors. An employee shall not for a gift to an official superior, make a donation as a gift to an official superior, or accept a gift to an official superior, or accept a gift from an employee receiving less pay than the employee (5 U.S.C. 7351). However, this paragraph does not prohibit a voluntary gift of nominal value or donation in a nominal amount made on a special occasion such as marriage, illness, or retirement.

(f) Neither this section nor §10.735-204 precludes an employee from receipt of bona fide reimbursement, unless prohibited by law, for expenses of travel and such other necessary subsistence as is compatible with this part for which no Government payment or reimbursement is made. However, this paragraph does not allow an employee to be reimbursed, or payment to be made on the employee's behalf, for excessive personal living expenses, gifts, entertainment, or other personal benefits, nor does it allow an employee to be reimbursed by a person for travel on official business under agency orders when reimbursement is proscribed by Decision B-128527 of the Comptroller General dated March 7, 1967.

§ 10.735-203 Gifts from foreign governments.

An employee shall not accept a gift, present, decoration, or other thing from a foreign government unless authorized by Congress as provided by the Constitution and in 5 U.S.C. 7342, and the regulations promulgated thereunder pursuant to E.O. 11320, 31 FR 15789. These regulations are set forth in Part 3 of this title (as added, 32 FR 6569, Apr. 28, 1967), and in 3 FAM 621. (HB 24, Attachment 2D, pp 1-7)

Excerpts from AID Handbook 24, Attachment 2F, pp 1 and 2

This section sets forth the requirement for reporting promptly any information, allegation, or complaint relating to violations of Title 18, United States Code, involving Government officials and employees or AID-financed activities. If there is doubt whether an apparent irregular situation involves an offense, it should be reported so that AG/IIS can review the matter in consultation with Office of the General Counsel (GC). Attorney General has emphasized that such reports are to be made even if there is doubt whether the offense actually occurred. It is also emphasized that this requirement applies to "all Government employees" whatever their citizenship or location. The reporting is mandatory and not discretionary. This requirement is to be brought to the attention of all employees. No particular format is required for employees to report possible violations. The report may be verbal or in writing.

CRITICAL INCIDENTS IN PROJECT IMPLEMENTATION; SMALL GROUP EXERCISE

Task 1: Using the critical incidents reviewed in the large group as examples, IDENTIFY and DISCUSS "critical incidents" in project implementation that group members have encountered.

Task 2: From the small group discussion SELECT one critical incident that you would like to present to the larger group. DISCUSS the major principles that should be brought out in the incident.

Task 3: DESIGNATE one member from your group to write out the incident using a format similar to that on the preceding pages of your participant manuals.

Task 4: Critical incidents documented by the small groups will be collected later this week by the training team and will be reviewed in a large group session later in the course.

945B

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CASE STUDY:
CONTRACTING AND FINANCING

1. BACKGROUND

The Missions in countries A and B are planning projects with the Central Statistics Agency in their respective countries. Intent of project is to improve the economic, social and demographic data of country, to assist in overall country planning efforts.

- o Country A has adequate reserves and dollar accounts in the U.S. to cover necessary dollar requirements of proposed contracts. Country A can also make provision in their budget for all local currency requirements of the project. The Central Statistics Agency has some personnel trained in the U.S. under a previous project. Several local contractors can handle all phases of the proposed renovation project.

- o Country B has practically no foreign exchange which can be utilized on the proposed project. There is concern that Country B either will not or cannot devote sufficient local currency to support the project. Country B has very limited administrative and technical capability and although the Central Statistics Agency has been in place for several years, it is not considered to be adequately staffed with technical personnel. Local contractors are available but they are not financially capable of handling the project without assistance.

2. SCOPE OF PROJECT

Proposed segments of the projects are:

1. Study by U.S. contractor to determine facilities, equipment, training needs, etc.

2. Contract with A&E to design and supervise renovation of #3 below.

3. Contract with local contractor to upgrade and renovate existing facility, utilizing imported materials for air conditioning, plumbing and electrical components and elevators.

4. Contract with U.S. contractor (assume non-profit wins the award) for up to 2 years' effort by a resident team of consultants to provide technical assistance in systems design, statistical methodology and staff training, including a participant training element for up to 20 members of the Central Statistics Agency.

5. Contract with U.S. data processing equipment supplier for data processing equipment, including all necessary hard and software as recommended by the study, including maintenance, and training services.

6. Contract with a PSA to procure numerous pieces of equipment and supplies for the agency.

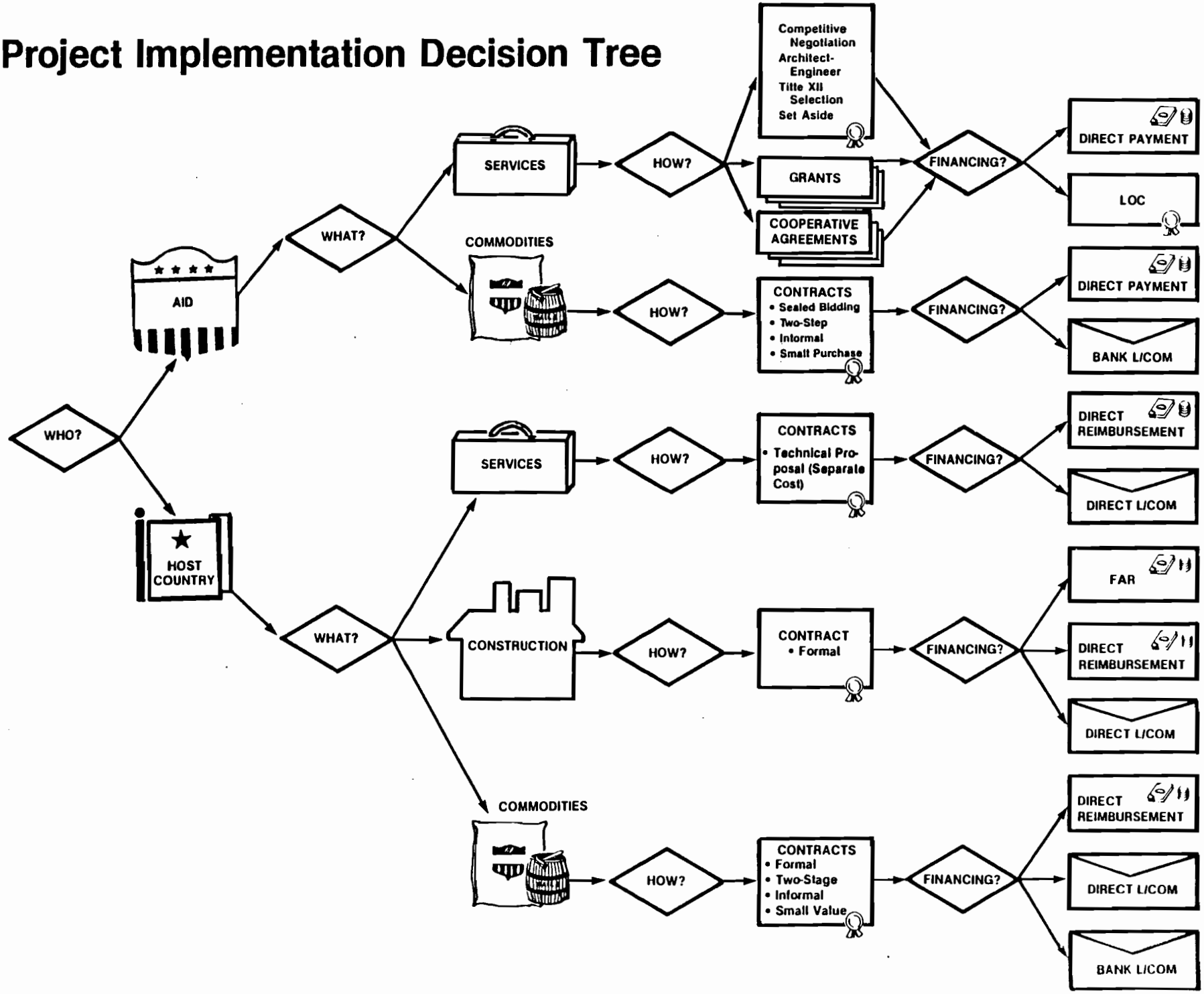
METHODS OF CONTRACTING AND FINANCING
CASE STUDY FORMAT

COUNTRY _____

PROJECT SEGMENT		HOST COUNTRY OR DIRECT CONTRACTING	CONTRACTING METHOD	TYPE OF CONTRACT	FINANCING METHOD	CONTRACTOR ADVANCES RECOMMENDED	WHO WILL PROVIDE
1.	A						
	B						
2.	A						
	B						
3.	A						
	B						
4.	A						
	B						
5.	A						
	B						
6.	A						
	B						

B. AID DIRECT CONTRACTS FOR SERVICES

Project Implementation Decision Tree



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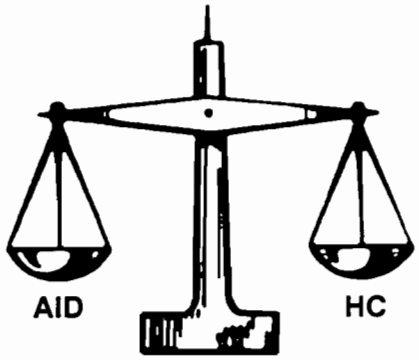
DIRECT VS. COUNTRY CONTRACTING: AID POLICY



BASED ON APPROPRIATENESS CONSIDERING:

- Project design and objectives
- Borrower/Grantee preference
- Relative costs
- Procurement capability of B/G
- Available system/procedures for contract support
- Available AID procurement, legal, program staff
- Effects on institutional/professional relationships

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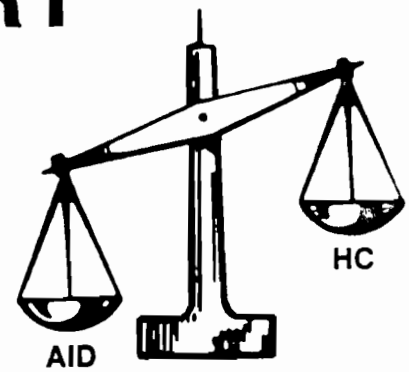
DIRECT VS. COUNTRY CONTRACTING: AID POLICY



SPECIAL CIRCUMSTANCES:

DIRECT AID PREFERENCE

- U.S. university contract
- Potential for minority business contract (Small & Disadvantaged)
- U.S. government agency designated by B/G

HOST COUNTRY PREFERENCE

Construction contracting (Including A&E)

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Factors to be Considered in Determining Direct vs. Host Country Contracting

1. Does the Host Country agency have contracting capability?
   a. a technical staff for monitoring and directing the project?
   b. a contracts section capable of negotiating, awarding, and administering?
   c. adequate legal counsel?
   d. a voucher examination and payment procedure?
   e. realistic contract and voucher approval authorities?

2. Are other Host Country agencies involved in the approval processes? These processes may be involved and time consuming.

3. Are there local laws regarding advertising, number of bids required, special approvals, etc., which may encumber the procurement process?

4. Are host government officials familiar with AID country contract procedures?

5. Does the HC agency have a good record in awarding and administering contracts?

6. Are host government officials familiar with dealing with U.S. firms?

7. Are qualified U.S. contractors agreeable to dealing with other governments?

8. Is a cost reimbursement contract contemplated? HC may not understand it.

9. Are audit facilities available?

10. What are expected lead times for HC vs. AID direct contracts?

11. Is it essential that the contract be intensively managed? Who can do so?

12. Does the continued existence of the government agency appear likely?

13. Is a long-term relationship between the contractor and the HC likely?

14. Is the contract of a sensitive nature? It might be desirable to have the country do contracts that are sensitive by U.S. standards; AID to do contracts that are sensitive by Host Country standards.

15. Is the Host Country method apt to result in a transfer of knowledge?

16. Is the AID mission staffed to provide advice and guidance to Host Country officials during the contracting process?

17. Is the contracted project apt to be terminated? If so, a direct relationship between AID and the contractor may facilitate the claims settling process.

18. Do proposed contracts have to interrelate with one another and are the agencies or persons involved in a position to see that they do?

19. Is the project susceptible to FAR procedures?

20. Are local contractors apt to be more responsive to HC or to AID?

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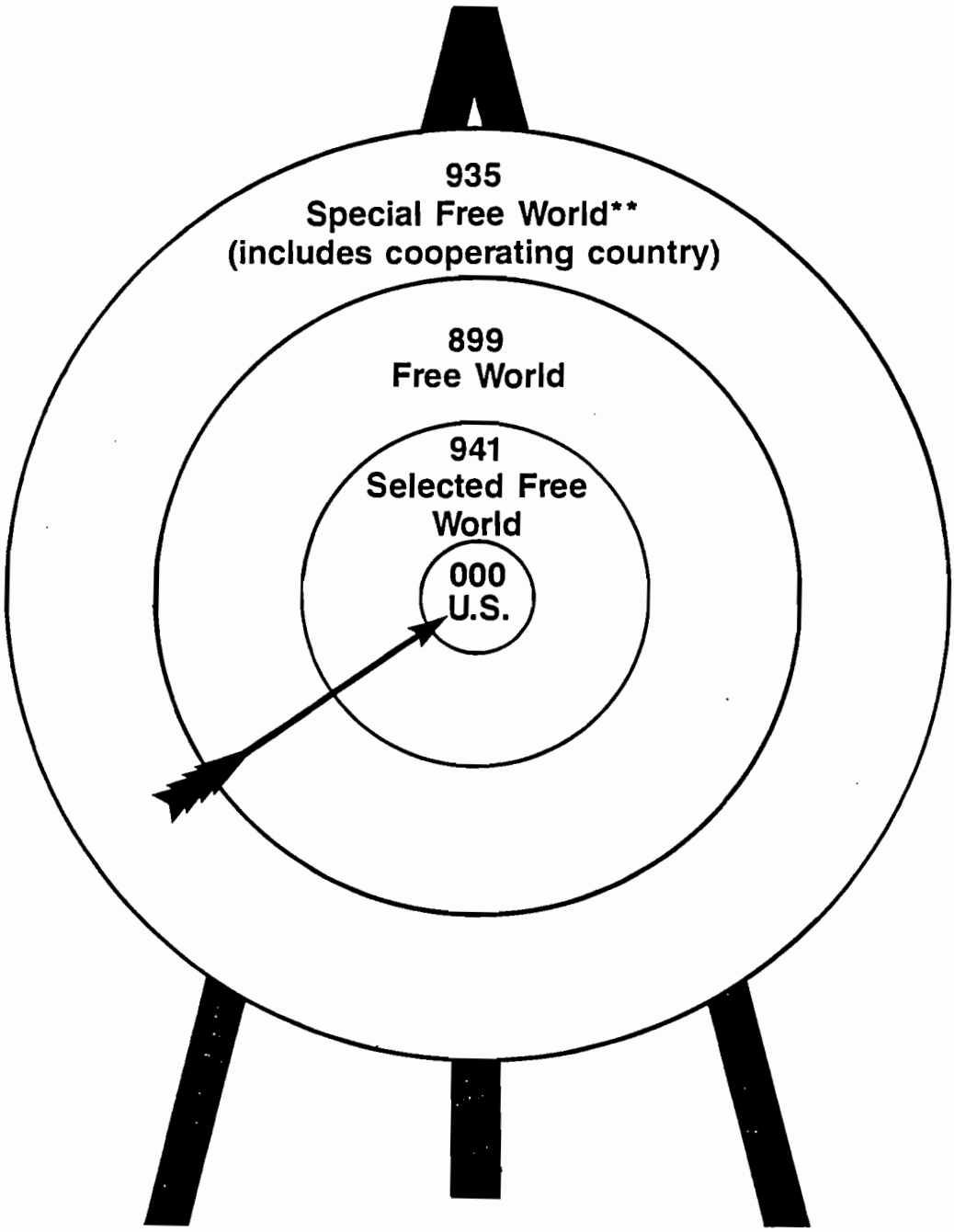
Targeting Principal Geographic Codes



Note: U.S. included in all geographic codes —
** Only 935 includes cooperating country —

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FROM 1986 PROJECT OFFICERS GUIDEBOOK

MANAGEMENT OF DIRECT AID CONTRACTS, GRANTS, AND COOPERATIVE AGREEMENTS

HB-3, SUPPLEMENT A

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 in the United States. 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 (OSDBU) is responsible for administering this program in conjunction with AID operating Bureaus, Offices, and Missions. The Minority Resource Center (OSDBU/MRC) deals with minority-owned firms in particular.

In furtherance of this policy AID operates two types of Government-wide 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 and nonprofit organizations are eliminated from the competition. The second is administered pursuant to the 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 should almost always be concluded more quickly than otherwise because competition is either eliminated or is limited to a few pre-selected 8(a) firms.

The requirements for subcontracting plans is another subject 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 subcontracting opportunities do not exist in a particular project, subcontracting requirements for small and small disadvantaged business participation may be waived by M/SER/OP, above the Contracting Officer level.

In addition to the above Government-wide programs, AID is also subject to the Gray Amendment which provides that no less than 10% of Development Assistance and Sahel funds must be available for economically and socially disadvantaged enterprises, historically Black colleges/universities, and Private Voluntary Organizations (PVOs) which are controlled by individuals who are economically and socially disadvantaged (including women). While the previous programs concerned only AID/W direct contracts, the Gray Amendment involves Mission contracts, grants

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and cooperative agreements in reaching the percentage of funding requirement. (See Contract Information Bulletin 84-24, dated November 28, 1984, and AID-wide cables State 243643, dated August 8, 1985 and State 348103, dated November 13, 1985.)

Project Officers and Project Committees, both at AID/W and in the field, have "front line" responsibility to 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.

Each Project Identification Document (PID) submitted for review or approval is now required to contain an "early alert" discussion of potential contracting opportunities for minority or Gray Amendment organizations. Mission Directors/AID Representatives are also required to certify in each Project Paper (PP) that the procurement plan for the project was developed with full consideration of involving such organizations to the maximum extent possible in the provision of required goods and services and whether the project is or is not appropriate for minority or Gray Amendment organization contracting. Such requirements should be written into the PIO/Ts. Further, each Mission is required to submit annual Action Plans with a retrospective listing of Gray Amendment organization contracting achievements and plans for the following year. In this way Project Officers and technical specialists can work with OSDBU and Contracting Officers in an orderly manner to ensure that the Agency meets its goals for a reasonable number of awards to such firms. If adequate consideration is not given to this requirement, OSDBU has the right to recommend a set-aside when it reviews the PIO/T if it feels a particular contract can reasonably be carried out by small disadvantaged businesses. Thus, teamwork in addressing this matter continuously from early in the project design process can avoid complications and delays later.

[End of Project Officer's Guidebook Reference]

After having completed the review of potential set-asides for Small and Disadvantaged Businesses based on the AID policy described above, if the decision is made to follow other than set-aside procedures, you should follow the policies, methods and practices described in Chapter 12, Handbook 1, Supplement B. The pertinent sections of HB 1B, Chapter 12 are included in the following 11 pages.

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CHAPTER 12

CONTRACTING FOR PROJECT GOODS AND SERVICES

12A. Introduction

1. Contracting Mode

* a. A fundamental principle of A.I.D. is that the countries it assists should themselves undertake the implementation of their own development programs, rather than use A.I.D. as an agent to do so. *

b. This principle is based on a number of considerations, the first and most important of which is that the ultimate responsibility for all development projects rests with the countries whose projects they are. Moreover, the process of implementation is itself an important opportunity for development of technical, institutional, and administrative skills. To the extent A.I.D. performs as implementing agent countries forego those benefits. Finally, A.I.D. is principally a planning, financing, and monitoring organization rather than a procurement agency.

c. A.I.D.'s policy on the choice of contracting mode for the procurement of the goods and services for which it provides financing, whether loan or grant, is set out in Chapter 3 of this Supplement.

2. Contracting as Preferred Means of Personnel Recruitment

a. A.I.D. has always recognized that it can best succeed in its role by mobilizing outside resources as they are needed, rather than by attempting to maintain a direct-hire staff adequate to carry out all of its programs in the developing countries.

b. Where other factors are equal, skilled program personnel by order of preference are obtained: (1) by contract with nongovernmental organizations or persons; (2) by participating agency service agreements or contracts with other governmental agencies; and, lastly, (3) by direct-hire.

c. However, legal and policy considerations require that many functions be performed only by direct-hire personnel, such as the making of policy, planning, budgeting, and programming decisions; conducting negotiations with the governments of cooperating countries; and procuring outside technical services. *

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* Revised

Page No.	Effective Date	Trans. Memo. No.	
12-2	March 2, 1987	1B:70	AID HANDBOOK 1, Sup B

12A

3. Distinction Between Acquisition and Assistance

a. Chapter 12B on direct contracts describes A.I.D.'s acquisition process and the types of contracts used when A.I.D.'s purpose is to procure goods and services for its program and/or administrative use.

b. When, however, A.I.D.'s purpose is to support the programs of other entities, as authorized by the FAA, A.I.D. uses an assistance instrument. See Chapter 16 for a discussion on A.I.D.'s policies with regard to grants and cooperative agreements, as well as Handbook 13 - Grants.

12B. Direct Contracts (Acquisition)

* 1. Applicability

This statement of policy applies whenever A.I.D. signs the contract. It may also apply where A.I.D. carries out all activities leading to the signing of the contract document by others. This section is applicable to project assistance only. *

2. Policy

a. General Policy

(1) Direct A.I.D. contracts are signed by authorized A.I.D. personnel either in A.I.D./W or the Missions. Authorized A.I.D. personnel are designated by written delegations of contracting authority. To the extent feasible, the cooperating country should participate in the selection of contractors.

(2) A.I.D. policy requires the application of the Federal Acquisition Regulation (FAR) and/or the supplemental A.I.D. Acquisition Regulations (AIDAR), Handbook 14 - Procurement Regulations. The policies and procedures in the AIDAR implement and complement the FAR and are authorized by the Foreign Assistance Act (FAA) to facilitate contracting in the unique circumstances found in the foreign assistance field.

(3) It is A.I.D. policy to obtain full and open competition to the maximum practical extent; this may be accomplished through the use of either sealed bidding or competitive negotiation (see FAR Part 6 for a fuller discussion of competition requirements).

(4) The majority of A.I.D. direct contracts are negotiated contracts and there are a number of procedures utilized by A.I.D. in the negotiation of contracts for supplies and services (as described in 12B2c).

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* Revised

12B2

* b. Procurement by Sealed Bidding (FAR Part 14, AIDAR Part 714 and FAR 6.401(a))

Sealed bidding is a method of Competitive procurement by invitations for bids with awards based on the lowest responsive and responsible bids and involves the following basic steps:

(1) Preparation of the invitations for bids (IFB), describing A.I.D.'s requirements clearly, accurately, and completely, but avoiding unnecessarily restrictive specifications or requirements which might unduly limit the number of bidders. An IFB constitutes the complete assembly of related documents (whether attached or incorporated by reference) furnished prospective bidders for the purpose of bidding.

(2) The IFB is synopsized in the U.S. Department of Commerce's Commerce Business Daily and is publicized by such other means as may be appropriate. For procurements estimated to exceed $25,000, the notice of availability of Invitations for Bids, Requests for Quotations, or if prequalification is used, prequalification questionnaires is published by the Office of Small and Disadvantaged Business Utilization in the appropriate A.I.D. (SDB) publication. Copies of the unabridged IFB are sent to all firms and institutions that request the IFB in sufficient time to enable prospective bidders to prepare and submit bids before the time set for public opening of bids.

(3) Submission of sealed bids by prospective contractors.

(4) Awarding the contract, after bids are publicly opened, to that responsible bidder whose bid, conforming to the invitation for bids, will be most advantageous to the Government considering only price and price-related factors.

c. Procurement by Negotiation (FAR Part 15, AIDAR Part 715 and FAR 6.401(b))

(1) When A.I.D. requires either supplies or services, a Request for Proposal (RFP) is synopsized in the U.S. Department of Commerce's Commerce Business Daily, and when the procurement involves supplies estimated to exceed $25,000, the RFP is also synopsized in the appropriate A.I.D. (SDB) publication. Copies of the RFP are sent to firms and institutions considered by A.I.D. to be qualified and to all others who request it.

(2) A.I.D.'s RFP contains a clear and complete statement of the work to be performed and an inventory of all specific requirements to be addressed in proposals. The submission of cost or pricing data by offerors is a specific requirement for competitive negotiation. *

* Revised

12B2c

* (3) The RFP also contains an explanation of the specific criteria A.I.D. will use in evaluating the proposals received.

(4) Once received, all proposals are evaluated by an A.I.D. evaluation panel applying the evaluation criteria previously established in the RFP. The panel then prepares a rank order listing of all offerors and documents its ranking and its evaluation of each proposal. A.I.D. then undertakes negotiations with all firms in the competitive range as determined by the contracting officer.

d. Negotiations for Architect and Engineering Services (FAR Part 36, AIDAR Part 736, and FAR 6.102(d)(1))

(1) When the services of architects and engineers are required, A.I.D. notifies the professions of the prospective procurement by publishing a Notice of Proposed Contract for architect and engineering services in the U.S. Department of Commerce's Commerce Business Daily, inviting expressions of interest from those wishing to compete.

(2) A.I.D. reviews responses to the Notice, asks for additional information as required, and reviews its file of potential architects and engineers which is maintained by A.I.D. in the A.I.D. Consultant Registry Information System (ACRIS). The names of firms responding to the Notice and those identified from the ACRIS are submitted to an evaluation panel for consideration.

(3) The A.I.D. evaluation panel considers the technical qualifications of all firms interested in providing the required services and holds preliminary discussions with not less than three firms which it judges the most highly qualified. These preliminary discussions are conducted without submission of price/cost information. *

(4) The evaluation panel prepares a selection memorandum recommending not less than three firms to the head of the procuring activity in rank order and documenting the basis for the comparative ranking. The panel includes in its selection memorandum an estimate of the cost to A.I.D., for use by A.I.D.'s contracting officer in subsequent negotiations. If the proposed selection is approved by the head of the A.I.D. procuring activity, the contracting officer obtains a new or revised proposal, including cost, and negotiations begun with the firm which has received the highest ranking. If a satisfactory contract cannot be negotiated with the first firm, negotiations are terminated and the firm having the next most highly ranked proposal is called upon to negotiate, and so on through the list until a satisfactory agreement is reached.

* Revised

12B2

* e. Negotiations for Services of Educational Institutions under Title XII of the Foreign Assistance Act

(1) Regular Procedure (See also AIDAR 715.613-70)

When the project office acting through a duly constituted evaluation panel certifies that the activity is authorized under Title XII and that use of the Title XII procedure is appropriate, A.I.D. prepares selection criteria, and an initial source list of institutions considered qualified to do the proposed work is made. A statement of resources and expertise considered essential, a scope of work, and personnel requirements are then prepared. Requests for Technical Proposals (RFTP), based on this statement, are sent to a sufficient number of institutions on the source list to insure competition to the maximum practical extent. Responses to the RFTP are then evaluated, a selection memorandum prepared, cost and any other necessary data are obtained from the responsive and responsible institution or institutions ranked first, and negotiations are begun.

(2) Collaborative Assistance Procedure (See also AIDAR 715.613-71)

The project office, acting through a duly constituted evaluation panel, certifies that the activity is authorized under Title XII, and determines that use of the collaborative assistance method of contracting is essential. The panel then prepares selection and evaluation criteria, and an initial source list of eligible, qualified institutions. Competition is sought to the maximum practical extent among Title XII institutions. A request for expression of interest is sent to those eligible institutions determined qualified by the panel. Expressions of interest received are evaluated by the panel, and a selection memorandum is prepared. The Contracting Officer will obtain necessary cost and other data from the recommended institution or institutions and start negotiations. *

f. Negotiation of Unsolicited Research and Analysis Proposals (FAR 15.5, AIDAR 715.5 and FAR 6.302-1(b)(3)

(1) A.I.D. encourages outside organizations and individuals to submit unsolicited proposals which may contribute new ideas useful to A.I.D.'s research and analysis programs.

(2) A contract may be awarded to an offeror without consideration of other competitive sources, if an unsolicited proposal is the product of original thinking, has significant scientific merit, and contributes to A.I.D.'s research program.

* Revised

12B2

g. Procurement by Other Than Full and Open Competition ("Noncompetitive Procurement")

The Competition in Contracting Act of 1984 (CICA) established the following seven statutory circumstances that permit procurement by other than full and open competition (formerly referred to as "noncompetitive procurement"):

(1) Only one responsible source (FAR 6.302-1). This circumstance permits the use of other than full and open competition when the supplies or services are available from only one responsible source and no other type of supplies or services will satisfy agency requirements. This circumstance applies in part to sole source procurements, follow-on contracts, unsolicited research proposals and standardization program purchases.

(2) Unusual and compelling urgency (FAR 6.302-2). This circumstance permits the use of other than full and open competition when the agency's need for the supplies or services is of such an unusual and compelling urgency that time precludes full and open competition and that the Government would be seriously injured, financially or otherwise, unless the agency is permitted to limit the number of sources from which it solicits.

* (3) Industrial mobilization; or engineering, developmental, or research work (FAR 6.302-3). This circumstance permits other than full and open competition when it is necessary to award the contract to a particular source or sources in order (a) to maintain a facility, producer, manufacturer, or other supplier available for furnishing supplies or services in case of a national emergency or to achieve industrial mobilization, or (b) to establish or maintain an essential engineering, research, or development capability to be provided by an educational or other nonprofit institution or a federally funded research and development center. *

(4) International agreement (FAR 6.302-4). This circumstance permits the use of other than full and open competition when required by the terms of an international agreement (e.g., bilateral project loan or grant agreement) or a treaty between the United States and a foreign government or international organization, or by the written directions of a foreign government reimbursing the agency for the cost of the acquisition of the supplies or services for such government.

(5) Authorized or required by statute (FAR 6.302-5). This circumstance permits other than full and open competition when (a) a statute expressly authorizes or requires that the acquisition be made through another agency or a specified source, or (b) the agency's need is for a brand name commercial item for authorized resale.

* Revised

12B2g

(6) National security (FAR 6.302-6). This circumstance permits other than full and open competition when the disclosure of the agency's needs would compromise the national security unless the agency is permitted to limit the number of sources from which it solicits bids or proposals.

(7) Public interest (FAR 6.302-7). This circumstance permits other than full and open competition when the agency head determines that it is not in the public interest in the particular acquisition concerned. However, the authority to make the determination may not be redelegated and the Congress must be notified of the determination not less than 30 days before award of the contract.

h. Types of Contracts

* (1) A.I.D. uses several types of contracts for acquiring supplies and services. The most commonly used are fixed price and cost reimbursement. Fixed-price-type contracts are preferred when it is possible to define the requirement either by specification or in-depth description in order that potential contractors may be able to effectively respond to requests for proposal. A second presumption in fixed-price contracting is that multiple sources are available to assure adequate competition.

(2) Cost-reimbursement-type contracts are used when it is impossible to describe precisely either by specification or detailed description the supplies or services required. Cost-reimbursement contracts may be straight cost without fee or may be cost-plus-fixed fee. In cost contracts, since price competition is not present, it is necessary to select contractors on the basis of the most advantageous technical proposal with all factors including cost considered prior to final award of contract.

(3) Further, the type of contract will determine the degree of risk and responsibility to be divided between A.I.D. and the contractor. The fixed-price contract, after signature, places all of the risk on the contractor whereas the cost-type contract places most of the risk for cost escalation on A.I.D. Therefore, the degree of risk assumed by the contractor should be reflected in the negotiated profit or fee to be included in the contract. The higher the risk the higher * the profit or fee and the lower the risk the lower the profit or fee.

(4) In no circumstances may A.I.D. enter into a cost plus percentage of cost contract.

(a) Fixed-Price Contracts (FAR 16.2)

The firm-fixed-price contract is not subject to any adjustment by reason of cost experience by the contractor in the

* Revised

12B2h(4)(a)

performance of the contract except where the contract contains escalation provisions. Once the contract award is made, all risk or gain or loss is placed on the contractor. If used when adequate design or performance specifications are available, the fixed-price contract enables both the government and the contractor to assess risk. It is particularly useful in the purchase of standard commodity items or services of a general commercial nature.

(b) Cost-Plus-Fixed-Fee (CPFF) Contracts (FAR 16.306)

Cost-plus-fixed-fee contracts provide for the payment of a fixed-fee to the contractor based on the estimated cost of performing the work described in the contract. The CPFF contract is used when the supplies or services cannot be defined sufficiently to permit the use of a fixed-price contract. Because the fixed fee does not vary in relation to the contractor's ability to control costs, the CPFF contract does not provide an incentive for effective contractor control of costs. The CPFF contract is normally used to acquire research and development and technical services when it is not possible to draft definitive specifications for the scope of work.

(c) Cost-Reimbursement Contracts (FAR 16.302)

Cost-reimbursement contracts provide only for the reimbursement of costs and no fixed fee. Such contracts are used with educational and nonprofit organizations whose charters do not provide for receiving profit from work carried out by them.

(d) Time and Materials, and Labor-Hour Contracts (FAR 16.6)

This type contract provides for procurement of supplies or services on the basis of fixed-direct-labor rates, such as worker-days or worker-months. The fixed rates include all labor costs, overhead costs, and profit. Any material, equipment, and transportation, etc., is at cost. This type of contract, since it is open ended with respect to the amount of time required, does not provide the contractor with profit incentive to control cost and, therefore, requires proportionately more A.I.D. administrative supervision to assure that the services called for are closely monitored.

* (e) Indefinite Delivery or Multiple-Orders-Type Contracts (FAR 16.5 and AIDAR 716.5) *

There are several multiple-order-type contracts which A.I.D. uses to acquire supplies and services where the exact time or amount of supplies or services is not known at the time the contract must be awarded. Such contracts are competitively placed and authorize the use of task orders for actual purchases. The most frequently used of such contracts are described below:

* Revised

1. Requirements Contract (FAR 16.503)

This type contract provides for filling all AID requirements for supplies or services during a specified period with the contractor engaged. The services of the different engineering specialities are examples of this type contract.

2. Indefinite-Quantity Contract (FAR 16.504)

This type contract provides for the furnishing of indefinite quantities, within established minimum or maximum limits, of supplies and services during the contract period. Task orders are placed as requirements for supplies or services arise. Such contracts are funded to provide that a minimum quantity of supplies and services will be ordered. A maximum funding ceiling on orders is also included. Examples of this type contract are the services for packing, handling, and shipping of excess property acquired by AID and services for evaluation, identification, and development of projects.

i. Basic Agreements and Basic Ordering Agreements (FAR 16.7)

Basic Agreements and Basic Ordering Agreements are not contracts and do not obligate funds.

(1) Basic Agreements (FAR 16.702)

Basic agreements provide for understandings with contractors on specific provisions which can be referred to in other contracts with the same entity which obligate funds. Basic agreements are normally used with educational and other nonprofit organizations with which AID has extensive contracting.

(2) Basic Ordering Agreements (FAR 16.703)

Basic ordering agreements are similar to basic agreements except that basic ordering agreements contain a mechanism by which prices of commodities or services ordered are determined. Such agreements are normally used with a single contractor when multiple orders from different agency organizations will occur and where prices or price mechanisms can be fixed for a specified period of time.

3. Source of Policy

a. The procurement practices and procedures for direct contracting established under the Federal Property and Administrative Services Act of 1949, and the Office of Federal Procurement Policy Act, and the ensuing FAR and AIDAR are followed by AID except for those sections of that Act that have been specifically waived by other authority. In the opinion of the AID General Counsel, the legislation and the FAR apply as a matter of law, except for those provisions specifically waived. AID retains the

right to deviate from other provisions, as authorized under the FAA, in order to carry out its functions. The Federal Property and Administrative Services Act itself provides that AID, to the maximum extent practicable, coordinate its operations with the requirements of that Act. Moreover, President Truman issued a statement to this effect at the time of enactment of this legislation. AIDAR Section 7-1.103 states that the FAR and AIDAR apply to all procurements to which AID is a direct party, unless a deviation is specifically authorized in accordance with AIDAR Subpart 701.4 or unless otherwise provided.

b. The policy that all qualified U.S. suppliers are entitled to an opportunity to compete for AID-financed business and that professional and technical services be obtained through process of competitive selection based primarily on the quality of services offered is in accordance with Section 601 of the FAA and reflects basic U.S. Government principles, as set forth in the FAR.

c. The policy relating to those circumstances permitting other than full and open competition authorized in Part 6 of the FAR/AIDAR.

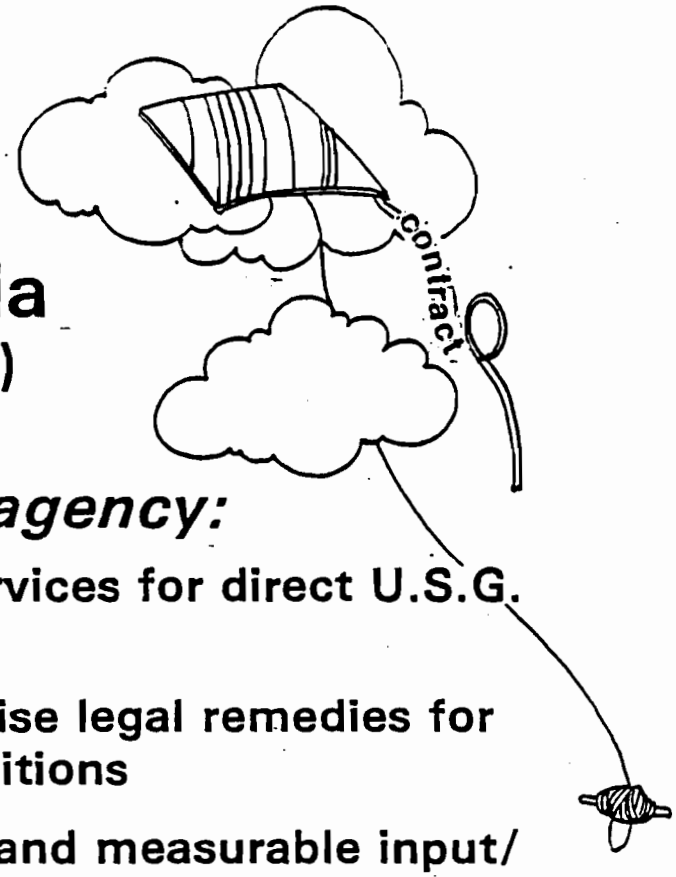
4. Implementation

Handbook 14 (48 CFR 1 and 48 CFR 7, the FAR and AIDAR, respectively).

5. Waivers

Deviations from requirements of AIDAR/FAR may be authorized by the head of the Contracting activity (HCA) in accordance with the FAR 1.4 and AIDAR 701.4.

AID Direct Contracts/Grants



Selection Criteria
(HB1, SUP B, CH.25)

Use contract when agency:

- Acquires goods or services for direct U.S.G. use/benefit
- Retains right to exercise legal remedies for breach of terms/conditions
- Specifies identifiable and measurable input/output objectives

Use grant when:

- Transfer of dollars, goods, services to recipient to accomplish public purpose
- Grantee has <u>FREEDOM</u> to pursue <u>ITS</u> stated program or purpose
- Agency involvement is minimal

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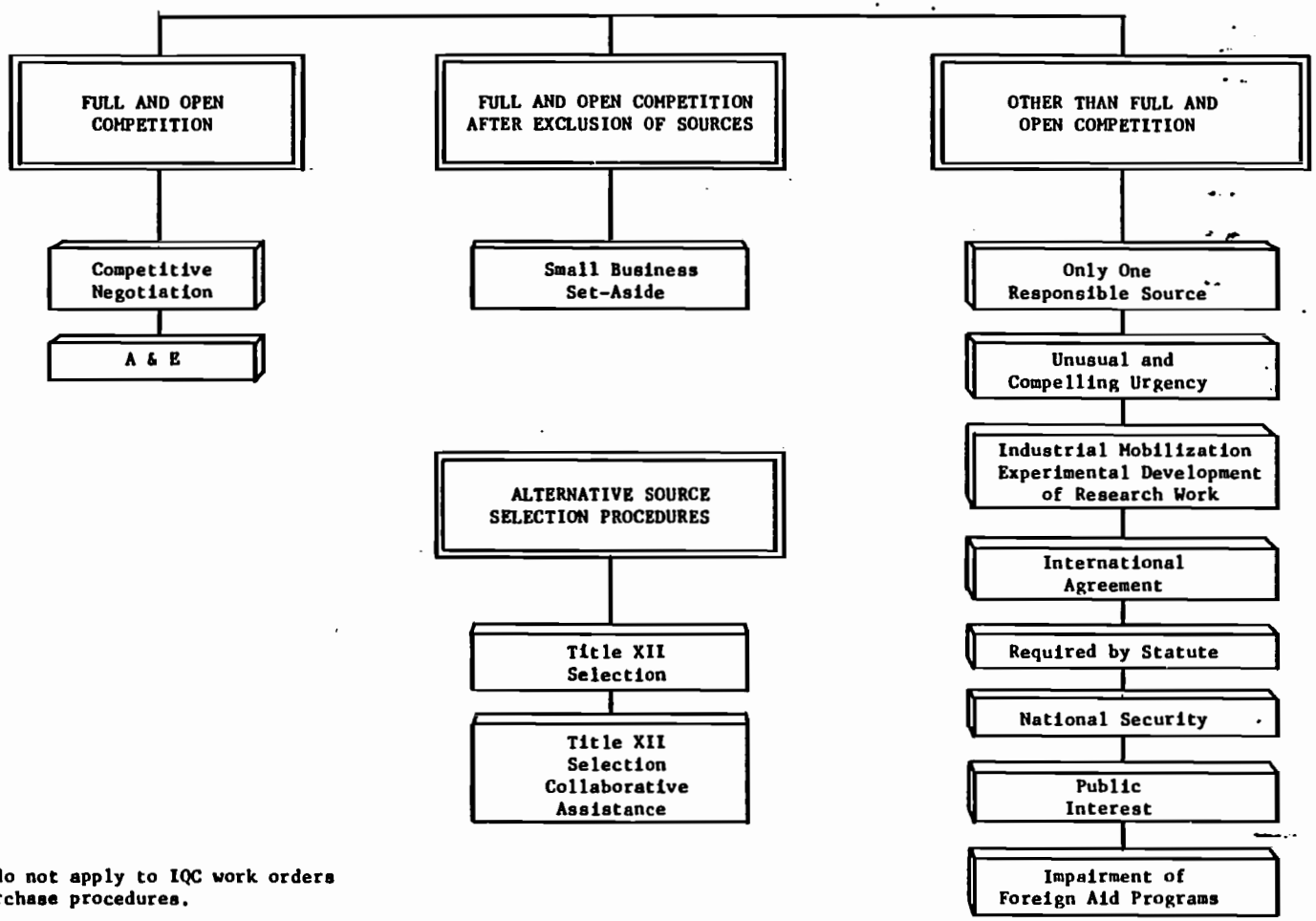
Contracts Methods of Selection
(FAR, AIDAR)*



*These rules do not apply to IQC work orders and small purchase procedures.

OTHER THAN FULL AND OPEN COMPETITIONS IN PROCUREMENTS OVER $25,000

CIRCUMSTANCES

1. Only one responsible source.*

   - Follow-on to avoid substantial duplication or unacceptable delays.
   - Unsolicited research proposal demonstrating a unique or innovative concept.
   - Standardization-Agency head determination based on agency's standardization procedures.

2. Unusual and Compelling Urgency.

3. Industrial Mobilization or Experimental, Development or Research Work.

4. International Agreement.

   - U.S. and Foreign government.
   - Foreign government reimburses U.S. for services/commodities.

5. Statute requires acquisition from government agency or specific source.

6. National Security

   - Solicit as many sources as possible.

7. Public Interest

   - Agency head determines
   - Congress notified 30 days prior to award.

APPROVALS		AUTHORITY
$25,000 up to $100,000	-	One level above CO
$100,000 - 1,000,000	-	Competition advocate
1,000,000 - 10,000,000	-	Head of procuring activity
Over $10,000,000	-	Agency senior procurement executive

8. Impairment of Foreign Aid Programs - AIDAR Authorities

   - Personal services contract
   - Under $100,000 overseas
   - AA determination and findings for project/program
     - A/AID determination and findings for countries, regions, projects, programs

* CBD Notice Required

4172D/2.88

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CONTENT OF JUSTIFICATIONS
FOR OTHER THAN FULL AND OPEN COMPETITION
(from the Federal Acquisition Regulations)

6.303-2 Content of Justifications (Must contain sufficient facts and rationale to justify authority cited, including the following)

1. Identity of agency and contracting activity: specific identification of document as being "the justification for other than full and open competition."

2. Nature and/or description of the action.

3. Description of requirement.

4. Identification of statutory authority.

5. Evidence that the proposed contractor has unique qualifications or nature of acquisition requires use of authority cited.

6. Description of efforts to ensure solicitation from maximum number of sources practicable.

7. Determination that cost will be fair and reasonable.

8. Description of market survey conducted (7.101) or rationale for waiving survey.

9. Other facts supporting justification, such as:

   Why specifications not suitable or available.

   Estimated costs which would be duplicated in lieu of follow-on contracts under 6.302-1 (as described in 6.302-1(b)(2).

   Under 6.302-2 (Unusual and Compelling Urgency), explanation as to extent and nature of harm to Government.

10. Listing of sources expressing interest in solicitation.

11. Statement of actions may take to remove or overcome barriers.

12. Certification that justification is accurate and complete.

Include evidence that technical or requirements personnel have certified data supporting other than full and open competition.

Process

- Technical personnel make recommendation and provide data.
- Contracting officer certifies accuracy, prepares written justification, and obtains approval if necessary.
- For exemptions based on public interest, AID Administrator signs a "Determination and Finding" and Congress is notified at least 30 days before award.

2059B

AID DIRECT CONTRACTS QUIZ

1. What is sealed bidding?

2. The majority of the AID direct contracts are negotiated contracts. One method of contracting by negotiation is called "Competitive Negotiation." List several key steps associated with this method.

3. Another method of contracting for services, is negotiations for architect and engineering services. List several key steps associated with this method.

4. Under AID procedures, there is a method of contracting that permits limiting bidders to a particular type of institution and requesting only technical proposals from them. What is this method called? List several key steps associated with this method.

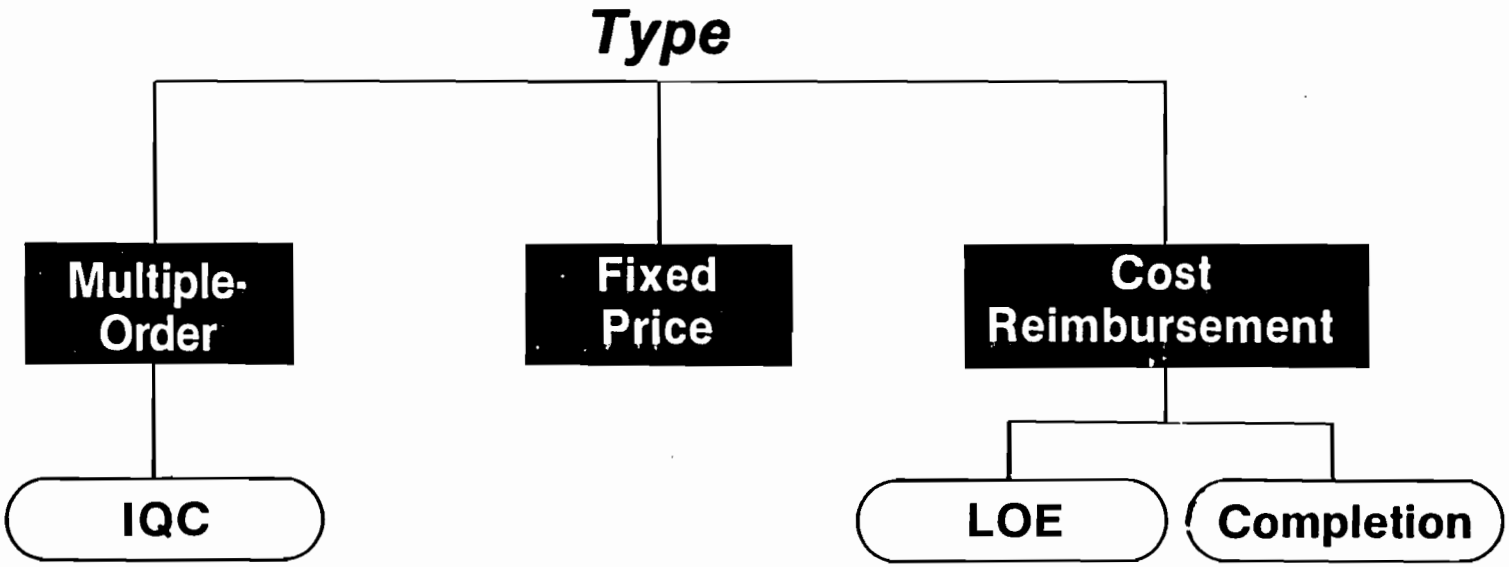
5. If a project officer feels that project objectives can best be achieved by the early involvement of an institution in design and development, what method of selection would facilitate the process? List several key steps associated with this method.

6. There are two methods of selecting a contractor that are referred to as "set-aside" programs? What are the two methods?

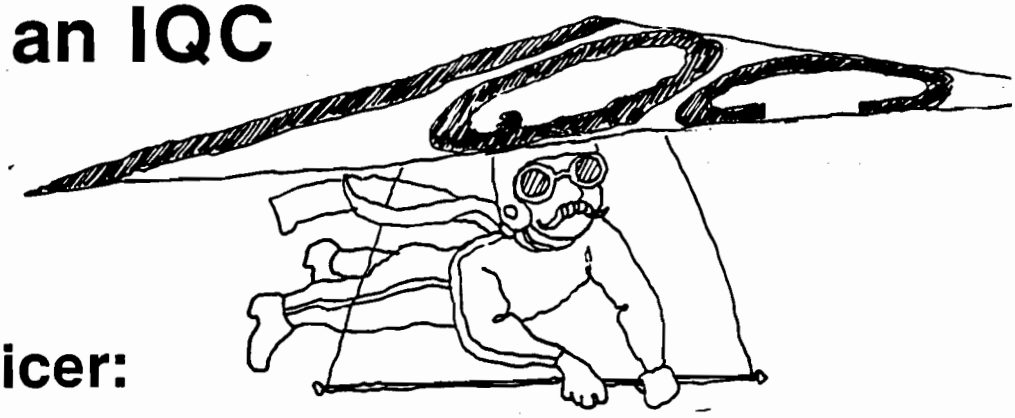
7. AID direct contracting actions over $25,000 have to be synopsized in _____ _____(Name of publication).

3174D/9.87

CONTRACTS


Type
Multiple-Order
Fixed Price
Cost Reimbursement
IQC
LOE
Completion

Using an IQC



Project Officer:

- Identifies Potential Contractor(s) with Coordinating Technical Officer and Contracting Officer
  - —Consider Maximums, Minimums and Distribution of Work
- Undertakes Informal Contact with Potential Contractors Re Staff Availability
- Prepares a PIO/T which
  - —Recommends a Specific Contractor and Contract
  - —Includes: Background Material and A Succinct Scope of Work
  - —Identifies Individuals Proposed By Contractor
- Submits Cover Memo to Contracting Officer

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STANDARD CONTRACT BUDGET

I. Salaries		
Team Leader	80 days @ $151/day	$12,080
Info. Collection Spec.	17 days @ $104/day	1,768
Social and Demographic Specialist	60 days @ $ 85/day	5,100
Public Opinion Specialist	20 days @ $200/day	4,000
		$22,948
II. Overhead @ 100%		$22,948
III. Total of I and II		$45,896
IV. Other Direct Costs		
Per Diem:	Lima @ $75/day x 150 days	$11,250
	Colombia @ $95/day x 3 days	285
	Mexico @ $69/day x 3 days	207
Air Travel:	3 RT, DC - Lima @ $1,183	$ 3,549
	1 RT, DC - Lima - Bogotá - Mexico City - DC	1,700
In-Country Travel:	Taxis @ $5/day x 100 days	$ 500
	Rental car (gasoline and insurance) @ $45/day x 20 days	900
Materials/Supplies		1,200
Communications/Telex/Postage		1,500
DBA Insurance		1,200
Data Processing		1,000
Total IV		$23,291
Total I-IV		$69,187
Fee @ 10%		$ 6,919
Total		$76,106

IQC BUDGET

I. Salaries	Daily Rate	x Multiplier	= Burdened Daily Rate	x Days	= Total
Team Leader	$151	2.2	$332	80	$26,560
Info.Collection Specialist	104	2.2	229	17	3,893
Social and Demographic Specialist	85	2.2	187	60	11,220
Public Opinion Specialist	200	2.2	440	20	8,800
Total I				177	$50,473

II. Other Direct Costs		
Per Diem:	Lima @ $75/day x 150 days	$11,250
	Colombia @ $95/day x 3 days	285
	Mexico @ $69/day x 3 days	207
Air Travel:	3 RT, DC - Lima @ $1,183	$ 3,549
	1 RT, DC - Lima - Bogotá - Mexico City - DC	1,700
In-Country Travel:	Taxis @ $5/day x 100 days	$ 500
	Rental car (gasoline and insurance) @ $45/day x 20 days	900
Materials/Supplies		1,200
Communications/Telex/Postage		1,500
DBA Insurance		1,200
Data Processing		1,000
Total II		$23,291
	TOTAL BUDGET	$73,764

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PLANNING LEADTIMES FOR ACQUISITION METHODS
NORMAL EVENTS AND NORMAL TIME FRAMES BETWEEN EVENTS
AFTER PIO/T RECEIVED BY SER/OP

GENERAL SELECTION COMPETITIVE NEGOTIATION/RFP

	WORK DAYS
Review/Process PIO/T	7
Resolve Set-aside Issues	50
*Advertise	25
Obtain Proposals	30
Obtain Technical Evaluation Results	45
Obtain Pre-award Audit Review(s) (Required if over $250,000)	20
Complete Negotiations	20
Execute Contract	5
	202
Approximate Elapsed Time	9.6 mo.

SMALL BUSINESS SET ASIDE

	WORK DAYS
Review/Process PIO/T	7
Resolve Set-aside Issues	50
*Advertise	25
Obtain Proposals	30
Obtain Technical Evaluation Results	45
Obtain Pre-award Audit Review(s) (Required if over $250,000)	20
Complete Negotiations	20
Execute Contract	5
	202
Approximate Elapsed Time	9.6 mo.

PERSONAL SERVICES CONTRACT

	WORK DAYS
Review Process PIO/T	7
Resolve Set-aside Questions	5
Obtain SF171	30
Obtain Security Clearance (If over 60 days service, or will be working in USG facility)	5
Complete Negotiations	5
Execute Contract	5
	57
Approximate Elapsed Time	2.9 mo.

ARCHITECT AND ENGINEER SERVICES REQUEST FOR FORMS AND INFORMATION

	WORK DAYS
Review Process PIO/T	7
Resolve Set-aside Questions	45
*Advertise	25
Obtain Data from Interested Firms	30
Obtain Selection Memo from Evaluation Board	30
Obtain Cost Proposal	25
Obtain Pre-award Audit Review(s) (Required if over $250,000)	20
Complete Negotiations	10
Execute Contract	5
	197
Approximate Elapsed Time	9.9 mo.

8(a)

	WORK DAYS
Review Process PIO/T	7
Obtain Technical Proposals	20*
Obtain Technical Evaluation Results	15*
Obtain Cost Proposal	25
Obtain Pre-award Audit Review(s) (Required if over $250,000)	20
Complete Negotiations	5
Coordinate with SBA	10
Execute Contract	5
	107
Approximate Elapsed Time	5.4 mo.

*Reflects more than one 8(a) firm solicited.

NON-PERSONAL SERVICES CONTRACT* WITH INDIVIDUAL

	WORK DAYS
Review Process PIO/T	7
Resolve Set-aside Questions	5
Solicit Reasonable Number of Offers	2
Obtain Proposals	5
Complete Negotiations	5
Execute Contract	5
	29
Approximate Elapsed Time	1.5 mo.

*$20,000 and under.

*Mission contracts up to $100,000 do not have to be advertised in the CBD.

PLANNING LEADTIMES FOR IQCs AFTER PIO/T RECEIVED BY SER/OP

IQC W.O. OR REQUIREMENTS T.O.	WORK DAYS
Review Process PIO/T, and Standardized Forwarding Memo	7
Obtain Proposals	5
Complete Negotiations	10
Execute Contract	5
	27
Approximate Elapsed Time	1.4 mo.

PLANNING LEADTIMES FOR ALTERNATIVE ACQUISITION METHODS, AFTER PIO/T RECEIVED BY SER/OP

ALTERNATIVE SOURCE SELECTION PROCEDURES TITLE XII SELECTION	WORK DAYS
Certify appropriateness of Title XII selection	10
Review/Process PIO/T, Source List,etc.	7
Distribute RFTP to sources	10
Obtain Technical Proposals	45
Obtain Technical Evaluation Results	30
Obtain Cost Proposal	25
Obtain Pre-award Audit Review(s) (Required if over $250,000, but may be waived by AA/M)	20
Complete Negotiations	10
Execute Contract	5
	162
Approximate Elapsed Time	7.7 mo.

REQUEST EXPRESSION OF INTEREST FROM SOURCES COLLABORATIVE ASSISTANCE FOR TITLE XII	WORK DAYS
Certify Appropriateness of Title XII Selection	10
Review/Process PIO/T, Source List,etc.	7
Obtain Expressions of Interest (EOI)	60
Obtain Evaluation of EOI	30
Obtain Cost and Other Data	45
Obtain Pre-award Audit Review(s) (Required if over $250,000, but may by waived by AA/M)	20
Complete Negotiations	10
Execute Contract	5
	197
Approximate Elapsed Time	9.3 mo.

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PLANNING FOR PROCUREMENT OF SERVICES

- ☑ Describe inputs (services) needed for project and develop cost estimate.
- ☑ Determine when inputs are needed.
- ☑ Identify services that can be provided by small or economically and socially disadvantaged organizations.
- ☑ Identify procurement entity and method.
- ☑ Develop services contracting schedule.
- ☑ Consider contractor nationality.
- ☑ Note waivers or special delegations of authority.
- ☑ Consider pre-implementation actions (preparation of scopes of work and draft CBD notices).
- ☑ Obtain assistance from procurement specialists as necessary.

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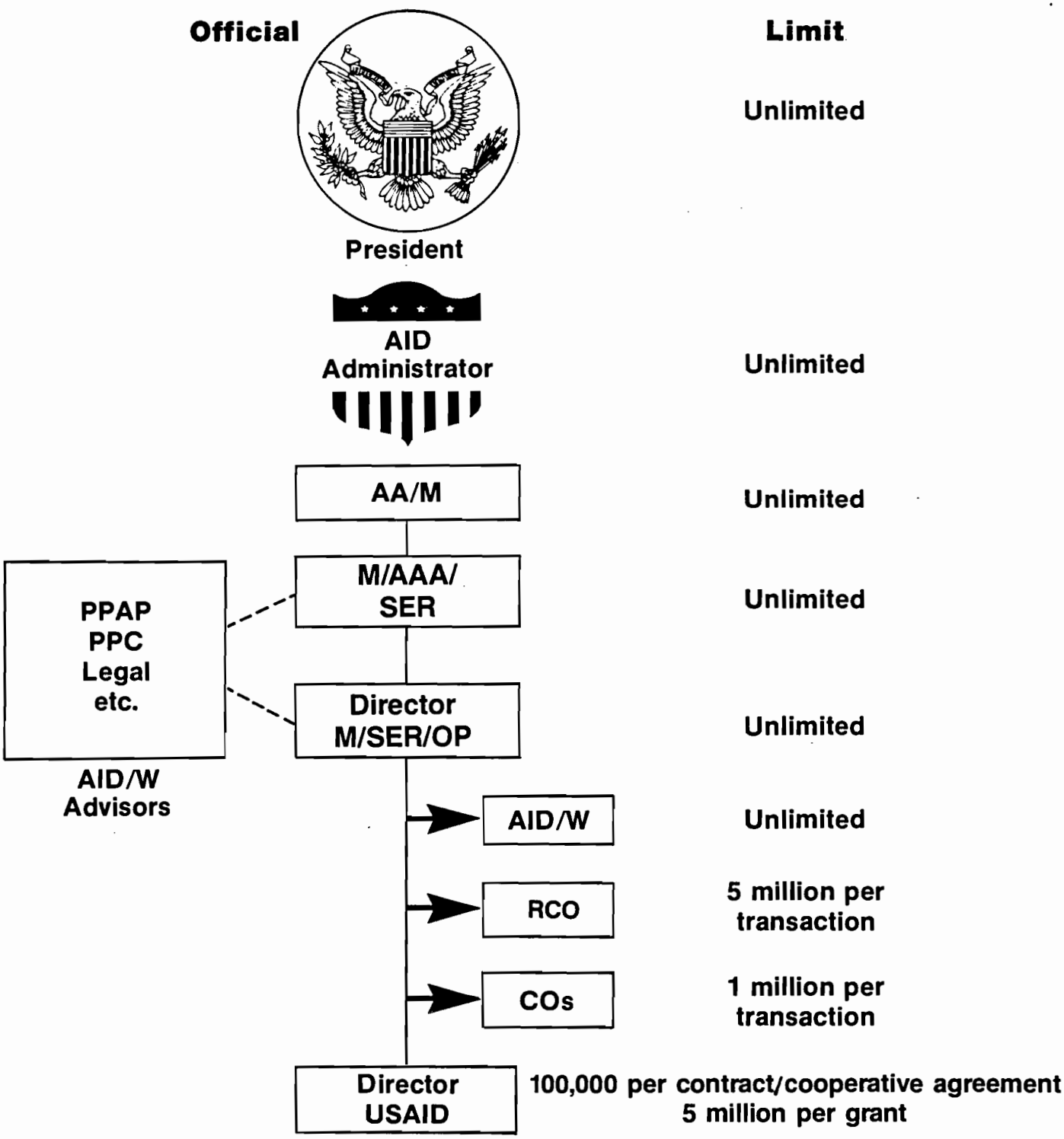
Delegations of Authority to Negotiate/ Execute Direct Contracts and Grants



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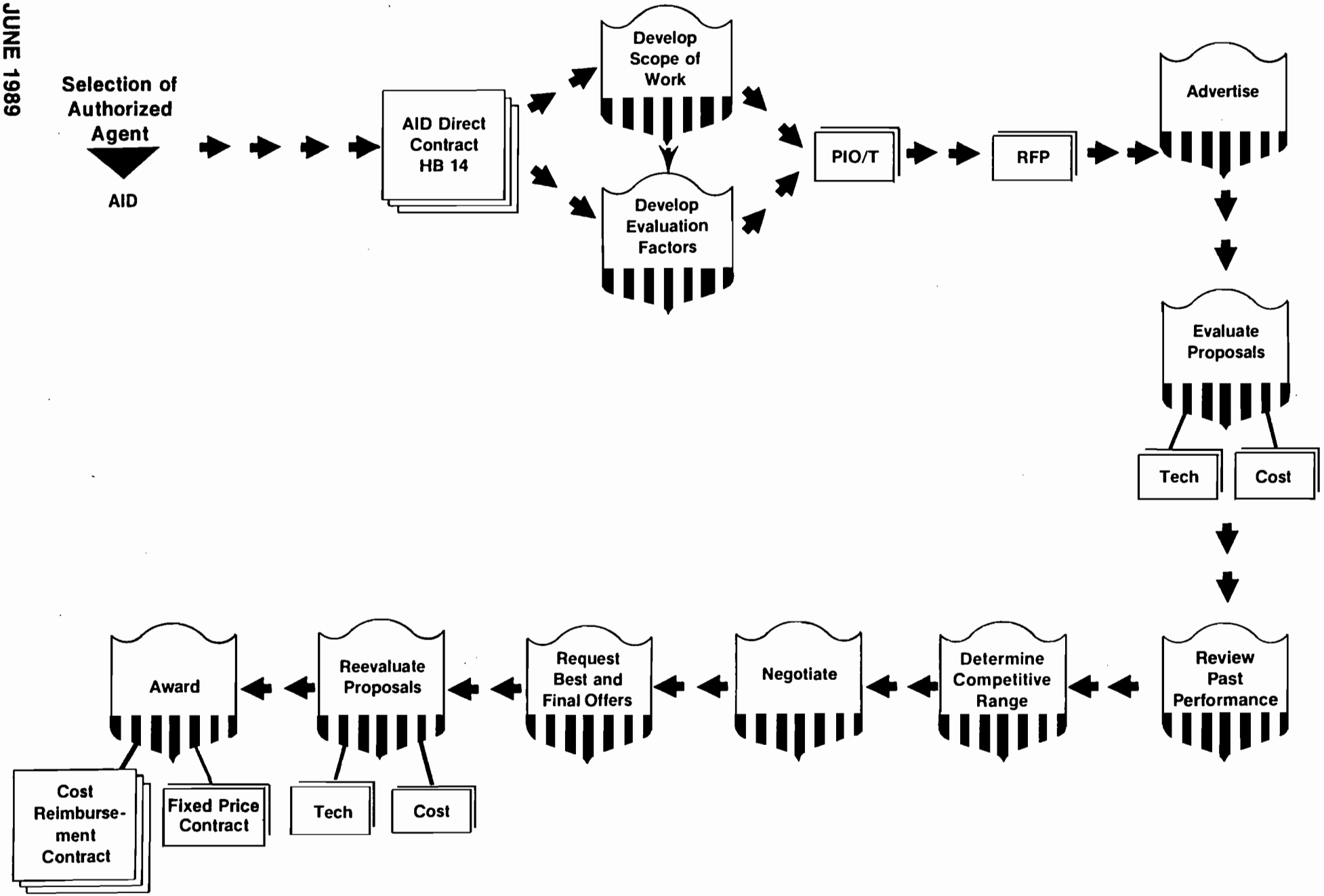
BEST AVAILABLE

AID Direct Contracting Process for Services



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Department of State
Agency for International Development

PIO/T

Becomes the RFP

- What you say is what you get

Needs to stand alone

- Can't refer to PP, PROAG

Scope is crucial

- Clear definition of services (Who), or outcomes (What)

Many of the blocks are part of the scope

- Logistics (be sure, don't guess)
- Language

Must have "contractable" scope

- Arrange task by task
- Logical sequence
- Provide adequate information
- Eliminate superfluous information

Includes evaluation criteria (if competitive)

Send advance copy of PIO/T to CO

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PIO/T REVIEW INSTRUCTIONS

Writing your PIO/T in a manner that fully describes what you want and can easily be translated into an RFP by a contract officer wil help to ensure that you receive the services you need.

In the following exercise, you are to review a PIO/T and determine if it is adequate to develop a contractible scope of work. You should:

1. READ Appendix C and D of the Project Officer's Guidebook and "Writing Statements of Work" which follow on pages B-36 - B-43.

2. REFER to Element 2.a. of the Kaos Health and Nutrition Project description and REVIEW the resultant PIO/T beginning on page B-63.

3. ASSESS the adequacy of the PIO/T (use the instructions for completing the PIO/T in Appendix C beginning on page B-45 to support your review) and identify substantive and technical deficiencies and suggestions for its improvement.

4. WRITE down your comments for use in classroom discussion.

GUIDANCE PERTAINING TO NATURE AND CONTENT OF STATEMENTS OF WORK AND PROGRAM DESCRIPTIONS, FOR FORM AID 1350-1, PROJECT IMPLEMENTATION ORDER/TECHNICAL SERVICES (PIO/T) AND RESULTANT CONTRACTS AND ASSISTANCE INSTRUMENTS

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. The program description fulfills a similar function in assistance instruments.

Joint Responsibility of Agency Personnel

It is the joint responsibility of project technical officers, program and backstop officers, and contracting personnel to develop a "contractible" 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 statement of work is more than compensated for 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 statements of work that are sufficiently explicit and comprehensive so that they may be included in the contract without revision.

(TM 3S:10)

* From 1986 Edition of Project Officer's Guidebook on Management of Direct AID Contracts, Grants, and Cooperative Agreements.

Style

In developing statements of work, the drafter's language must be clear and concise so that it can be understood by all parties. Words must be avoided or clarified if they have multiple meanings, are too generic, or are so parochial that only a very limited audience will understand them. Direct, mandatory language (e.g., shall, must, has to) shall be used in preference to indirect, non-mandatory language (e.g., should, ought, is expected to). The drafter should put himself/herself in the position of the contractor and read the statement 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 redrafted until the two conform. It is only what we require contractors to do that we can legitimately expect to receive. We must not rely on the contractor's professional ethics and sense of responsibility to get the Agency more than it specifically requires.

Format

The goal of the drafter must be to arrange the statement in a logical and readable manner so that it 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 must 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.

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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 nonprofit organizations.) The contractor makes every effort to accomplish the task within the estimated cost initially negotiated. However, if the contract objective cannot be achieved 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 on the other hand, it can 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 it 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 constitute new procurement requirements subject to the normal publication and competition requirements specified in Chapter II of this Guidebook and 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 be, 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 utilized, the work statement must 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 Form AID 1350-1, PIO/T

AID's instrument for conveying the statement of work from the project office to the contracting office is the Project Implementation Order/Technical Services (PIO/T) (Form AID 1350-1). It is the document which tells the contracting office what is to be included in the request for proposals and the contract. Attachment B is instructions on how to prepare a PIO/T. Attachment A is a copy of the PIO/T. Rather than restate the instructions for preparing PIO/Ts, a few points will be highlighted. First, where the space provided in the blocks of the form is not sufficient to insert the complete information required, the drafter should not be constrained, and the use of attachments or continuation sheets is encouraged and expected. Second, a frequent problem in PIO/Ts, which sometimes has disastrous effects, is failure to state language requirements in Block 19-A. Third, while not directly related to the technical services required, it is very important that the logistic support to be provided is correctly specified in the PIO/T. This is necessary for contractors to realistically price proposals, and it reduces the number of subsequent contract changes and morale problems that occur when conditions encountered do not coincide with what was expected. Fourth, the technical specialists 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 must be specified, including the format, language, 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, the PIO/T drafter must 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.

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.

(TM 3S:10)

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 must be defined in terms of the contractor inputs desired toward accomplishments 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, it is equally important in this type of statement of work to specify what inputs the contractor is required to use toward accomplishment of the goal. Should the contractor limit research to known hybrids; should it employ six researchers or ten; should the researchers be PhDs - 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 specific we are in 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 it 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 is the extent of subcontracting permitted; will the contractor work under the technical direction of the project officer? When will the contractor be expected to begin and complete the work? All of these questions should be answered so that there is no misunderstanding.

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Program Description

The program description in the PIO/T for an assistance instrument, i.e., grant or cooperative agreement, fulfills a similar function to the statement of work in a contract. It should contain a clear and complete description of the program to be assisted, the results intended, definitive reporting requirements, and any special provisions desired by the project office. It should generally follow the format of a contract statement of work, but the style or tone of the program description should be less restrictive and mandatory, befitting the differences in relationships between recipients of assistance and contractors.

Summary

The statement of work in a contract or a program description in an assistance instrument is one of the most important elements of the respective vehicle and requires the particular attention of everyone involved in the contracting or assistance process to eliminate delays and misunderstanding before and after 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 or recipients and other third parties and reread the statement of work (or program description) to see if it conveys the requirements and expected results to an uninformed reader. A renewed emphasis in preparing better statements of work or program descriptions by all involved will ultimately result in better project accomplishment for the Agency.

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WRITING WORK STATEMENTS

(A PRECIS OF DO'S AND DON'TS)

Work Statement Writing Technique. A work statement specifies what the contractor agrees to do, and also what the Government agrees to do. After contract award, it becomes the standard against which contractor performance is measured. Careful and exact spelling out of this mutual agreement will avoid misunderstanding. Some things to bear in mind are as follows:

1. Use Active Rather Than Passive Voice. Say "The contractor will conduct a hydrotest," rather than "a hydrotest will be conducted." The former statement leaves no room for doubt.

2. Spell Out Carefully All Obligations of the Government. If Government Furnished Equipment is to be provided, the nature, condition, and availability of the equipment should be stated. If approval actions are to be made by the Government, provide for a time limit. Remember that any provision which takes control of the work away from the contractor, even temporarily, must be covered by a contingency reserve (pad) if the contractor is to protect himself. Do not build in these contingencies.

3. Close All the Loopholes. Perhaps one of the most expensive problems in contracting is the problem of loopholes. Contractors and inspectors go by the letter of the work statement. What the writing intended is beside the point. In one instance, an engineer intended to have some damaged roof edges repaired and repainted. He wrote "match existing" but did not specify "repaint." The contractor who did the work matched the existing metal flashing strip, but refused to paint the new flashing. The inspector could only agree with the contractor, since the engineer had not described what was intended.

4. Describe the Complete Requirement. 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 the details be complete. You will find that there are many details and that it is easy to overlook some. Essentially, for every piece of deliverable hardware, for every important action there is not only the "what" but the "when" and "where." If it is necessary to omit a quantity or time and to specify that something will be done "as necessary" specify whether the judgment is to be made by the contractor or by the Government. Where expensive services such as "technical liaison" are to be furnished, do not just say "as required." Provide a ceiling on the amount, or work out a procedure that will assure reasonableness and Government control, such as "will be furnished by the associate contractor when requested in writing by the prime and countersigned by a designated representative of the contracting officer."

5. Do Not Use "Catch-Alls". A "Catch-All" paragraph is sometimes intentionally included. The intent is to pretend that anything else the Government may think of later was already included in the work statement. This is tempting, because it makes changes unnecessary. All you have to do is reinterpret the existing words. But it is a trap for two reasons: first, it forces the contractor to pad his estimate and, second, it gives the contractor a chance to out maneuver you and to include (and get paid for) things you do not want. Changes do

require effort, but it is worth it. In the long run, being as specific as possible is both the easiest and the most economical way.

6. Do Not Infer, or "Back Into" a Requirement. "Shut the door as you go out" may be considered more polite than a direct request to leave; however, indirection is singularly inappropriate in work statements. Do not say, "you must have firemen standing by when you static fire the qualification," and thereby inform the contractor that he has to static fire some motor. This admonition may sound uncessary, but it is surprising how many times a person who is well versed in a subject will assume that his reader understands the main objectives, and hence "back into" a requirement while explaining details.

7. Do Not "Sole Source" Your Work Statement. The work statement specifies a requirement of the Government and is supposedly impartial concerning who can do it. In keeping with this philosophy, the work statement itself should contain no reference to sources. Say "The contractor will" not "The XYZ Company will."

8. Include Procedures. 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" or "the contractor shall submit this report each time a category 'B' failure occurs."

9. Do Not Overspecify. The ideal situation is to specify results required and let the winning contractor find the best method of getting there. In any case, you cannot tell him exactly how to do it and then make him responsible for the results.

10. Eliminate Extraneous Material. The following two questions can be used to judge whether material should be in a work statement:

(a) Does it tell what the contractor is to do?

(b) Is it necessary in order to determine what the contractor is to do?

Material that does not pass this test should generally be left out of the work statement.

INSTRUCTIONS ON PREPARATION OF 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 financial data (including detailed budget) shall not under any circumstances be given to prospective contractors. Reference AIDAR Appendix A and AID General Notice dated May 15, 1986, Subject: Improper Disclosure of Acquisition Information (Attachment C of this Appendix).

Prepare the PIO/T, Form AID 1350-1, for submission to the authorized agent listed in Block 9 of the form. When AID/W is the authorized agent, submit an original and three copies of the form through the cognizant Bureau Management Office to M/SER/OP/PS/SUP. When the authorized agent is other than AID/W, consult mission procedures on submission. Additionally, prepare a copy of the form for each individual listed for clearance in Block 15 and each approving individual in Blocks 16 and 17.

Instructions for completing the PIO/T, form AID 1350-1, and using the Continuation Sheet for PIO's and PA/PR's, 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, Appendix D).

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(2). If the PIO/T is to be financed from more than one appropriation and budget allowance, insert the word "multiple" in this block and indicate in Block 14A all funding citations,

indicating the amount applicable to each, and whether: (i) the first one specified will be charged for all costs until the funds are exhausted and then another specified budget allowance will be charged, or (ii) each bill will be charged to each of the budget allowances on a specified percentage or other basis, or (iii) all commodities will be charged to one specified budget allowance and all other costs to a different specified budget allowance, etc.

Block 6 - Budget Plan Code. Insert the Budget Plan Code used on the related Project Agreement or Activity Description or other obligating document. When more than one budget allowance 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 the implementing document is fully executed. Mark the box indicating "Implementing Document" if the services are funded by a Project Agreement or other obligating document.

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 "AID Grant or Cooperative Agreement" when AID is to execute a grant or cooperative agreement; mark "PASA/RSSA" when a Participating Agency Service Agreement or a Resources Support Service Agreement is planned or is being amended; and mark "Other" for special situations not separately identified in this block and provide an explanation in Block 14A.

Block 11B - Contract/Grant/Cooperative Agreement/PASA/RSSA Reference Number. If the purpose of the PIO/T is to amend an executed contract or agreement, then insert the appropriate contract/grant/cooperative agreement/PASA/RSSA number.

Block 12 - Estimated Financing. Lines A and B 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 A and B are identical except Line A shows the AID commitments of U.S. dollar funds and Line B 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 A and B are entered both in Column (2), Increase and Column (4), Total to Date. When amounts appear in Sub Blocks A(2) and B(2), a detailed explanation of the individual components shall be provided in a "Detailed Budget Estimate in Support of Increased Funding";

Block 23A 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 which implementing document (contract, grant, cooperative agreement, 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 or assistance 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 budget plan codes.

If the PIO/T provides additional funds for continuing service, with no change in the statement 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, cooperative agreement, 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 requirements, list suggested sources (i.e., commercial firms, nonprofit or educational institutions), include the Evaluation Criteria to be used in evaluating proposals and mark Block 23B). For requirements soliciting other than full and open competition, note here and attach Justification for Other than Full and Open Competition or the Justification for Noncompetitive Assistance, if required by Handbook 13, Chapter 1B, and mark Block 23C.

Block 14B - Address of Voucher Paying Office. Insert the paying office which will be responsible for paying vouchers submitted against this PIO/T. When the paying office is not also the accounting office, the clearance of the paying office must be included in Block 15.

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, paying office, 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/her 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.

B. Page Number 2 - Blocks 18 through 20A:

Block 18 - Statement of Work or Program Description. Insert the number of the attachment which provides the clear, adequately detailed, concise description of the required technical services (see format for Statement of Work provided herein).

Block 19A - Language Requirements. (1) Indicate the language(s) and the proficiency levels (speaking and reading -- "S" and "R") required of the technical specialists 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 Foreign Service Institute "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 technical specialist(s) will be tested through the Office of Personnel Management, Training and Development Division (M/PM/TD) AID/W, to determine whether or not they meet 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 Technical Specialist's Services. Identify sites where the services are to be performed (i.e., the duty posts and period of time the technical specialist'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 technical specialist'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 technical specialists 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 technical specialist(s) to post. This determination often will effect the ability of the contractor or Agency to recruit necessary personnel.

Block 19E - Source, Origin, and Nationality Waivers. Insert a checkmark to indicate the authorized Geographic Code applicable to the procurement of goods and services, as specified in the Project Paper or otherwise authorized. Attach a copy of the waiver(s) or other authorization(s) if other than the code specified in HB 1, Supp. B, Chap. 5, Para. 5A1d, is indicated, and mark Block 23E.

Block 19F - Salary Approvals. Mark the block if salary justification(s) have been approved to authorize personal compensation in excess of the current FS-1 salary ceiling, in accordance with AIDAR 731.205-6, 731.371, 731.772, and Appendices D and G. List each in the space provided and mark Block 23E. Note: Not applicable to grants and cooperative agreements.

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

Block 19H - Justification of Use of External Resources for Consulting Services. Insert a checkmark in the appropriate box; and if applicable, attach the justification required by AIDAR 737.270 and AID General Notice, dated October 28, 1982, Subject: System for Managing the Use of Consulting Services (Attachment D of this Appendix); mark Block 23E; and write "CONSULTING SERVICES" on the upper right hand corner of the PIO/T face sheet.

Block 19I - Clearance for Procurement of ADP Equipment, Software, and Services. Insert a checkmark in the appropriate box; and if applicable, attach the M/SER/IRM clearance of these items, if operating expense funded or project funded in excess of life cycle costs of $100,000, in accordance with HB 18, Part 5, and AID General Notices, dated March 8, 1984, Subject: Threshold for M/SER/IRM Approval of Automation Components, and dated May 15, 1985, Subject: Increase of Threshold for Review of Program-Funded Automation (Attachment E of this Appendix); and mark Block 23E.

Block 19J - OMB Approval of Reports. Insert a checkmark in the appropriate box and attach the OMB approval obtained by M/SER/IRM/PE for any reports for which the contractor or recipient will solicit the collection of information required by law or necessary to obtain a benefit from ten or more members of the general public (other than federal employees), in accordance with HB 18, Chap. 4I. Mark Box 23E to indicate an attachment.

Block 19K - Participant Training. Insert a checkmark in the appropriate box to indicate whether or not participant training is included in the Statement of Work/Program Description of the PIO/T to ensure that the procuring activity adds the appropriate clauses on participant training reports, health and accident coverage, visa requirements, etc. If participant training is included, send five copies of an unfunded, record copy of a PIO/P to S&T/IT at the time of PIO/T submission, in accordance with Handbook 10, Participant Training, Chapter 6. The Project Officer should also furnish the contract/assistance instrument to S&T/IT upon execution.

Block 19L - Small Business Set-Aside/8(a) Program. Insert a checkmark in the appropriate box to indicate the project office's recommendation on implementing these socio-economic programs under the requirement covered by this PIO/T.

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

Block 20 - 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 AIDAR Appendix C. AID policy concerning the provision of logistic support under a grant or cooperative agreement, as set forth in HB 13, App. 4C, is that the Grantee's employees shall maintain private status and may not rely on local U.S. Government offices or facilities for support when employed overseas. Exceptions to this policy will be considered, on a case by case basis, for a deviation from a mandatory provision under HB 13, Chap. 1. Logistic support that will involve the use of AID/W facilities requires the prior approval of M/SER/MO/GS. Block 20A of the PIO/T should be initialed by the M/SER/MO/GS approving official when Blocks 20A(1), (2), (4), (8), or (10) are checked as being supplied by AID/W.

Block 20A - Specific Items. Indicate any logistic support that either the mission or the cooperating country will furnish a contractor, recipient or a participating agency, or that a contractor is expected to provide or arrange for itself, 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 and the contractor/recipient/participating agency) 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 made aware of, and have accepted, their obligations as stated in this block and the logistic support items are to be approved by the mission to assure that they are suitable to the anticipated needs of the contractor/recipient/participant agency and are in acceptable condition. Acceptance of the cooperating country logistic support responsibilities is indicated by signature in Block 16 of page 1 of the PIO/T.

C. Page Number 3 Blocks 20B, 20C, 21, 22 and 23:

Block 20B - Additional Facilities Available From Other Sources. Check appropriate box if these facilities are definitely available for the contractor/recipient/PASA/RSSA employees. Include a listing of any other facilities which are definitely available for use of these employees. In addition, list those facilities whose availability for AID contractor/recipient/PASA/RSSA employee use is not yet determined, and state whether the Mission intends to exercise its best efforts to obtain such privileges for these contractor/recipient/PASA/RSSA employees.

Block 20C - Comments. List any limitations and conditions in the provision of its effective utilization or logistic support that would have impact on the preparation of budget estimates.

Block 21 - Relationship of Contractor, Recipient, or Participating Agency to Cooperating Country and to AID. In the following blocks, list those relationships which will provide the technical specialists with a clear picture of expected relationships and contacts.

Block 21A - 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 technical specialists. State insofar as practicable, the lines of authority and supervisory responsibility as they may affect the technical specialists. 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 its employees in relation to the mission. (Identify and explain joint or divided responsibilities).

Block 21B - Cooperating Country Liaison Officials. Insert the title and address of the cooperating country officials responsible for maintaining liaison with the contractor or participating agency.

Block 21C - AID Liaison Officials. Insert the title and location of the designated AID/W and mission liaison officials.

Block 22 - 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 as an attachment to the PIO/T.

Block 23 - Attachments Accompanying PIO/T. Mark all boxes which apply to the PIO/T. If Block 23E 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. Do likewise for salary approvals referenced in Block 19F.

D. Preparation of Attachments Listed in Block 23:

1. Block 23A - Detailed Budget Estimate in Support of Increased Funding. The detailed budget estimate 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 judgmental 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 technical specialist 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 corresponding travel.

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

Participant Training. List fields in which participants will be trained, number of participants by field, 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 statement of work and anticipated amount of each subcontract.

Other Direct Costs. List all other direct costs, such as medical examinations, communications, language training, orientation, Defense Base Act insurance, etc.

Overhead. Indicate the rate used to compute the overhead estimate and provide the 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 the column provided.

Grand Total. Add the category totals.

2. Block 23B - 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.). Prior experience with AID per se should not be an evaluation criterion, and prior overseas/regional and/or country experience should not constitute more than 10% of the total matrix for technical evaluation, in accordance with CIB 84-19. Evaluation Criteria shall be prepared on plain white bond with attachment number and PIO/T number identified in the upper right-hand corner.

3. Block 23C - Justification for Procurement by Other Than Full and Open Competition or Noncompetitive Assistance. For contracts, attach the approved certified Justification for Procurement by Other then Full and Open Competition which was prepared in conformance with the instructions contained in FAR 6.3 (Reference Chapter II.B.3 of this Project Officer's Guide Book).

For assistance instruments, attach a memorandum setting forth the program factors which determined the choice of method to obtain application(s), and if noncompetitive, the proper approval thereof, in accordance with Handbook 13, Chapter 1B2. This citation requires the approval of the responsible Assistant Administrator or his/her designee when applications are to be considered from a limited number of applicants or an unsolicited application is being considered.

Identify the attachment number in the upper right-hand corner and indicate PIO/T number directly thereunder.

4. Block 23D - Statement of Work or Program Description. The statement of work or program description shall be prepared on plain white bond paper and identified in the upper right-hand corner in the general format attached. It should be written in the active rather than the passive voice and in a contractible manner so that it can be incorporated into the contract/grant/cooperative agreement/PASA/RSSA or other implementing document.

The statement of work or program description is probably the most important single portion of the PIO/T and resultant contract/grant/ cooperative agreement/PASA/RSSA. The attachment needed here is a document which clearly spells out AID's requirement. It should be written with enough specificity so that there will be no doubt of what is required. 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 this document, 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 and unambiguous.

On the other hand, it is important not to overspecify requirements in a statement of work or program description. The inclusion of detail beyond what is necessary to fully describe the product or service to be performed raises the possibility of ambiguities and opportunities for contrary interpretations. Further, overspecificity beyond the Government's fundamental requirements may discourage or eliminate potential sources of competition when one of the Government's primary objectives is to broaden the base of participation. In any case, you cannot specify exactly how something is be done and then hold someone else completely responsible for the results. The ideal situation in this regard is to specify the fundamental results intended (performance rather than design specification(s) and to let the contractor/recipient develop the best method of achieving them. As a general rule, an item should be included if it helps to explain what is to be done and is necessary to determine the outcome.

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, recipient, 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 contract/grant/cooperating agreement/PASA/RSSA report must be provided to the contracting officer; three copies of each contractor or recipient report must be provided to PPC/CDIE/DI. The appropriate project activity, PIO/T and contract/grant/RSSA/PASA number is to be indicated on each report. See AIDAR 752.702-6 for standardized reporting requirements for AID contracts. Reference Handbook 13 for standardized reporting requirements for grants and cooperative agreements. 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/recipient performance.

5. Block 23E - Waiver(s) Justification(s), Clearance(s), Certification(s). Attach all approved waivers, justifications, etc. not specified above. In the case of a PASA/RSSA, attach the certification required by FAA Sec. 621(a) here. Identify the attachment number in the upper right-hand corner and indicate PIO/T number directly thereunder.

E. Continuation Sheet for PIO's and PA/PR's, 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 form AID 1300-1, Page ____" and said form shall be attached to the PIO/T.

GOVERNMENT CONTRACT 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), Form AID 1330-2, and is further refined in the Project Data Sheet, Form AID 1330-4, and/or Project Agreement (PROAG) Form AID 1330-17 A-D series. 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 contained in the detailed budget attachment of the PIO/T, Form AID 1350-1 under Appendix C of this Guidebook.

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. The home office backstopping is most frequently underestimated in this process and requires particular attention;

(TM 3S:10)

* From 1986 Edition of Project Officer's Guidebook on Management of Direct Aid Contracts, Grants and Cooperative Agreements

B. Salary ranges should be established for each area of expertise expressed in terms of the equivalant ~~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. Lacking more precise data, a 6% annual salary increase factor may be used for estimating purpose;

D. Information on salary ranges may be obtained from several sources such as M/PM/CSP, M/PM/FSP, M/SER/OP, and S&T/ENGR; and

E. If the use of cooperating country nationals is contemplated, the number of person months and types of services should be shown. Salary ranges should 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, workers 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 seperate cost. (In some cases fringe benefits are included in overhead rates.)

While fringe benefits vary from contractor to contractor, 22% of base salaries could be used as a rough estimate, absent more specific information. This rate is never applied to consultant costs.

III. Consultants

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

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, $220 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. For the purpose of compiling a Government cost estimate in lieu of more specific data, University 'on campus' rates may be estimated at 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. Likewise, commercial rates may be estimated of 100% of direct salaries and wages;

C. If noncompetitive procurement is contemplated, M/SER/OP/PS/OCC maintains rates on most contractors with prior contracts 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).

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.

Transportation of household effects should be based on the maximum allowable for each long-term field employee as well as the unaccompanied airfreight maximum of 700 lbs. for the average family of four when dependents are authorize at post, under AIDAR 752.7002.

VI. Allowances and Differentials

In general contractors receive the same allowances as AID direct hires. The specific allowances are outlined under AIDAR 752.7028. 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 if dependents are authorized at post.

VII. Other Direct Costs

This is a miscellaneous category for small costs such as telephone, telegraph, reproduction or printing, and DBA insurance. A typical contract might allow $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/PM. DBA insurance costs approximately $2.67 per $100 of overseas salary and differential compensation to the U.S. national employees of a contractor.

VIII. Equipment, Vehicles, Materials, and Supplies

All major items of equipment, materials, and supplies not furnished by AID or the cooperating country should be shown. M/SER/OP 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 subcontractor 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. This item should be covered by including all of the estimated overhead under item IV.

XIII. Fixed Fee or Profit

This category applies to commercial firms and some non-profits who charge a mimimal fee. The Federal Acquisition Regulation places 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 Contracting Officer.

NOTE:

It is critical that the amount and composition of the Government Cost Estimate for proposed contract awards be restricted to only those authorized individuals with the need-to-know. Unauthorized disclosure may result in an unfair competitive advantage. Refer to Appendix C, Attachment C of this Guidebook.

(TM 3S:10)

AID 1350-1
(3-87)

*PIO/T

AGENCY FOR
INTERNATIONAL DEVELOPMENT

PROJECT IMPLEMENTATION
ORDER/TECHNICAL
SERVICES

1. Cooperating Country: Kaos

Page 1 of Pages

2. PIO/T No. 999-0232-6097

3. [X] Original or Amendment No. ____

4. Project/Activity No. and Title

999-0232-Kaos Health and Nutrition Project

DISTRIBUTION

Received
SER-OP

9-5-86

5. Appropriation Symbol: 06-999-0232-674

6. Budget Plan Code: 999-0232-674

7. Obligation Status
[ ] Administrative Reservation [ ] Implementing Document

8. Project Assistance Completion Date (Mo., Day, Yr.) 3-1-92

9. Authorized Agent: AID/W

10. This PIO/T is in full conformance with PRO/AG No. Kaos 123 Date 3/20/86

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

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

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

		(1) Previous Total	(2) increase	(3) Decrease	(4) Total to Date
Maximum AID Financing Available	A. Dollars		$50,000		$50,000
	B. U.S.-Owned Local Currency				

13. Mission References

14A. Instructions to Authorized Agent

Negotiate a contract for training of GOK officials in host country contracting rules.

14B. Address of Voucher Paying Office

Controller USAID/Kaos

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

A. The Project Officer certifies that the specifications in the statement of work or program description are technically adequate. J. Doe	Phone No. / Date 7/31/86	B. The statement of work or program description lies within the purview of the initiating office and approved agency programs. M. Antoinette	Date 8/4/86
C. C. Farnsworth	Date 8/5/86	D. Funds for the services requested are available Sam Nobux	Date
E. H. Applegate	Date 8/29/86		

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

Signature _____ Date _____

Title

17. For the Agency for International Development

Signature Ms. Shondi Rector Date 8/22/86

Title

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

Printed JUNE 1989

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AID 1350-1
(3-87)

PIO/T No. 999-0232-6097

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

19. Special Provisions

A. ☐ Language Requirements (specify) NA.
(If marked, testing must be accomplished by AID to assure desired level of proficiency.)

B. ☐ Access to classified information ☐ will ☒ will not be required by technical specialists. (Indicate level) _____.

C. ☐ Duty post(s) and duration of technical specialist(s) services at post(s) (months) Kosandra or Putsch.

D. ☐ Dependents ☐ will ☒ will not be permitted to accompany technical specialist(s).

E. ☐ Geographic code applicable to procurement under this PIO/T is ☐ 000 ☐ 899 ☐ 935 ☐ 941 ☐ Other (specify) _____.
(If other than authorized in HB 1, Sup B, Chap 5, Para 5A1d, attach waiver(s).)

F. ☐ Salary approval(s) to exceed FS-1 salary ceiling are ☐ attached ☐ in process ☐ N/A.

G. ☐ Cooperating country acceptance of this project (applicable to AID/W projects only)
☐ has been obtained ☐ is in process ☒ is not applicable to services required by PIO/T.

H. ☐ Justification for use of external resources for consulting services is ☐ attached ☒ N/A.

I. ☐ Clearance for procurement of ADP equipment, software, and services is ☐ attached ☐ in process ☒ N/A.

J. ☐ OMB approval of any report to be completed by ten or more members of the general public under the statement of work is
☐ attached ☐ in process ☒ N/A.

K. ☐ Participant training ☐ is ☒ is not being funded as part of this PIO/T.

L. ☐ Requirement (contracts only) is recommended for ☐ small business set-aside ☒ SBA 8(a) Program ☐ neither.

M. ☐ Other (specify).

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

Printed JUNE 1989

AID 1350-1
(3-87)

PIO/T No. 999-0232-60987

20. Provisions for Logistic Support (Continued)

B. Additional Facilities Available From Other Sources

☐ Diplomatic pouch ☐ PX ☐ Commissary

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

C. Comments

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

A. Relationships and Responsibilities

The contractor will work with Kaos Ministry of Health Staff

B. Cooperating Country Liaison Officials

Director, PHCS

C. AID Liaison Officials

J. Doe

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

Kaos Post Report

HB 11

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

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

☒ B. Evaluation criteria for competive procurement (Block 14A)

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

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

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

ATTACHMENT NO._____

PIO/T NO._____

BUDGET

Personnel	
Trainers	18,000
Overhead	18,000
	36,000
Other direct costs	
Travel	6,000
Per diem	2,000
Local Travel	500
Telephone	55
Materials	1,000
Total	45,455
Fee	4,545
TOTAL	50,000

4172D/2.88

ATTACHMENT NO. _____

PIO/T NO. _____

TRAINING IN HOST COUNTRY CONTRACTING
FOR THE KAOS MINISTRY OF HEALTH

STATEMENT OF WORK

I. OBJECTIVE

The project will ensure that the Ministry of Health is able to contract using AID host country contracting procedures.

II. TASKS

Task 1. Training Design

Using a systems model the contractor is expected to design a training program sensitive to the needs and the level of sophistication of the ultimate recipients of the training. The contractor should consider appropriate training methodologies consistent with prevalent theories of adult learning to maximize the effectiveness of the training sessions. It may be necessary to identify relevant behavioral objectives for each of the training units in order to facilitate the anticipated evaluation.

Task 2. Training Materials

Training materials should be clear and concise and should summarize relevant topics relating to the training content, i.e. host country contracting. It would be appropriate if the materials could be used both during the training and as guides after the training. Training materials can include more than written materials. A multimodal approach is preferable.

Task 3. Training session

A one week training experience is envisioned unless an acceptable alternative is presented. All sessions will be in English. The best site for this training would be Kaosandra, the capital city of Kaos, though the contractor may want to consider having it in Putsch, which is a more contemplative spot.

Task 4. Evaluate the Training

In order to determine the feasibility and benefit of this training, AID will review the report of the evaluation.

Task 5. Reports

The contractor will submit reports as required by the project officer.

III. PERSONNEL

The contractor's staff must have masters degrees in adult education, experience in working with AID, and experience in conducting large scale evaluations of training programs.

CRITICAL ELEMENTS OF A STATEMENT OF WORK

I. Background

- What is project purpose?
- Studies, data, reports
- How did you know the present need exists?
- How does it relate to whole project or future projects?

II. Objective

- What is the intended outcome of this contract?

III. Tasks

- What are the required steps to accomplish objective? (May let contractors propose.)

- What management controls (milestones) do you require?

  o briefings
  o draft document reviews
  o Analyses/reports
  o review meetings
  o pilot tests

IV. Reports and Deliverables

- summarize report and deliverable requirements
- number of copies, to whom
- due dates

V. Personnel

- What are the requirements for team members?
- Language requirements?
- Length of time for each?

VI. Roles and Responsibilities

- Who reports to whom?
- What is role of AID?
- What is role of Host Country?
- What are relationships with other donors?

VII. Logistics

- What logistics will be supplied?
- What logistics will contractor be responsible for?
- What is the nature of the duty post(s)?

VIII. Level of Effort

- How many persondays/months/years is the contractor expected to provide?

IX. Evaluation Criteria

PREPARING A STATEMENT OF WORK

Task 1:

The purpose of this assignment is to improve your ability to prepare clear, contractible statements of work. First, read the background information on the following page. As reflected in the background statement, this will be an 8(a) contract, competed among several 8(a) firms. As part of your homework, write down key tasks that you would like the contractor to perform in preparing for and undertaking the training. Ensure that your tasks communicate precisely what you would like the contractor to do. Bring your notes to class tomorrow.

Task 2

This task consists of a small group exercise to practice outlining the requirements of a statement of work. The basis for the statement of work will be the 8(a) contract used in your homework last night. In your small groups complete the following:

- Using the statement of work critical elements guide (previous page), develop a detailed outline for sections I, II, and III of the guide. In doing so, discuss and draw upon the contractor tasks you developed as homework. In developing the outline, keep in mind that the issue here is to communicate clearly the work to be performed. The purpose of the exercise is to decide what belongs in the statement of work and in contractible language spell out your requirements. The exercise is not intended to discuss the merits of training programs.
- Prepare reporting and deliverable requirements for this proposed contract (IV).
- List the personnel requirements (V).
- Develop and provide preliminary weights for the evaluation criteria for evaluating proposals.
- Prepare to present your results to the large group.

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CASE STUDY ON
WRITING A STATEMENT OF WORK

One of the objectives of the Kaos Health and Nutrition Project is to train staff of the Ministry of Health in AID host country contracting procedures. Since the Ministry of Health has had no experience with contracting using AID's host country contracting procedures, both the ministry and AID agreed that this project would be a suitable one to try to develop that capacity. As a result, the project design calls for a training session in AID procedures to be given to Host Country Ministry of Health personnel at the outset of the project. The training will be conducted under an AID direct contract which will be competed among several 8(a) firms. This training will cover the rules and procedures of AID host country contracting requirements, to enable the host country to undertake subsequent contracting activities. It will be one week in length and will include a variety of training experiences, including lecture, presentations, case studies, and small group exercises. After undertaking this training MOH staff will be responsible for contracting for and managing the contracts to design and implement a national nutritional surveillance system. They also would be able to contract for provincial and rural center equipment purchases.

You are particularly concerned about the quality of the training since your mission wants to use this as a test case and intends to replicate the training for other projects if it is successful. Therefore, you want to make sure the training staff have the proper background and experiences to be effective in providing this training and that the ultimate design for the training is appropriate for the intended audience.

The project design calls for a 6-month contract to develop and present the training and to evaluate the training session from both the perspective of the training staff and that of the Host Country participants. The contractor will be required to submit a final report containing the evaluation results.

The ProAg was signed last month and the ministry staff are anxious to get the training contract underway. You are also interested in expediting the contracting for these services. You have reviewed the draft PIO/T for this contract that was developed during the project design and have concluded that it is beyond repair. Therefore, you have decided to develop from scratch a detailed outline for the Statement of Work for this training contract which you will review with your MOH counterpart before finalizing it and sending it to Washington for contracting action. Having taken the Project Implementation Course, you can easily prepare a detailed outline for the RFP that will contain all the required elements for the upcoming contracting process.

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Distribution List D-4 (LL)

M/SER/CM, Hugh L. Dwelley
CONTRACT INFORMATION BULLETIN 85-17

AID Contractor Performance Evaluation Procedures

This CIB sets forth procedures to be followed to assure that past contractor performance is given systematic consideration in the awarding of new direct AID contracts, and to reemphasize that AID Project and Contracting Officers must deal promptly and effectively with poor contractor performance. Specifically, offerors/bidders will be required to provide references which the Agency will contact before awarding new AID direct contracts. The Technical Evaluation Committee ("the Committee"), established under the selection procedures of AIDPR 7-4, will obtain past performance information from offerors' references, and will provide a summary of this information to the Contracting Officer for consideration in the selection process. The Contracting Officer will obtain similar information from references supplied for procurements (i.e., IFBs and noncompetitive) which do not involve a formal evaluation committee.

The procedures are outlined below. With the exception of Personal Services Contracts (PSC's), they apply to all new Direct AID Contracts over $100,000 including "8(a)" contracts. They also apply to all Indefinite Quantity Contract awards regardless of value. These procedures may be applied to new direct AID contracts under $100,000 at the discretion of the Contracting Officer.

1. Pre-Award Stage

a. Solicitations

(1) The Contracting Officer shall ensure that all solicitations/invitations contain a provision for obtaining appropriate data concerning past performance essentially as follows:

"REQUIREMENT FOR PAST PERFORMANCE REFERENCES
The offeror/bidder is required to submit, as part of its proposal/bid, the following additional information with respect to all contracts, grants or cooperative agreements involving the provision of similar or related services over the past three years to AID and to other organizations (both commercial and Governmental). Failure to provide complete information regarding previous similar/related contracts, grants, or cooperative agreements may result in eventual disqualification. The information supplied must include the name and address of the organization for which services were performed; the current telephone number of a responsible technical representative of that organization; the number, if any, of each contract, grant or cooperative agreement; and a brief description of the services provided, including the period during which the services were provided. AID may use this information to contact technical representatives on prior contracts, grants or cooperative agreements to obtain information on

performance. The Contracting Officer will consider such performance data along with other factors specified herein in determining whether the offeror/bidder is to be considered responsible as defined in FAR 9.101

(2) The Contracting Officer shall (a) forward each offeror's technical proposal (including references) to the Committee; (b) request M/SER/CM/SD/SS to forward to the Committee a computer printout listing, for each offerer, all of its contracts, grants, and cooperative agreements with the Agency for the past three years, along with the names of the cognizant AID Project Officer for each instrument; and (c) supply the Committee Chairperson a copy of "AID Instructions for Technical Evaluation Committees", "the Instructions", for each set of proposals to be evaluated. A set of these instructions is attached.

b. Evaluation of Reference Checks

(1) The Committee shall conduct the normal evaluation of the proposals in accordance with the evaluation criteria except for the factor relating to past performance. It shall then conduct reference checks on past performance per paragraph A.4. of the Instructions for all the offerors who have submitted technically acceptable proposals.

(2) AID Project Officers shall, upon request of the Committee, furnish candid, accurate, and complete factual information for consideration by the Committee and/or the Contracting Officer. The information must be factual rather than opinion. If deficiencies in past performance are noted, mitigating circumstances, if any, should also be mentioned. The Committee shall have the option to expand the reference check described in paragraph A.4. of the Instructions, if appropriate, when additional sources are identified as a result of information received from the offeror's references or from other contacts.

(3) If the performance data on an offeror is all positive, the Committee may submit a summary statement to that effect. However, if any of the performance data on an offeror is derogatory, the Committee report will so note and all the information received, both positive and negative, will be furnished to the Contracting Officer together with the Committee's evaluation report.

(4) Evaluation of Proposals. The Contracting Officer will obtain and consider past performance data when no evaluation panel is involved.

(5) Negotiations. The Contracting Officer shall consisder the summary of past performance for those offerors/bidders in the technically competitive range during the negotiation of the contract. The Contracting Officer shall not award a contract to an offeror/bidder where deficiencies in past performance have been identified to the Contracting Officer, unless those deficiencies have been discussed with the offeror/bidder and addressed to the satisfaction of the Contracting Officer. Data furnished by the Committee, or obtained by the Contracting Officer, will be retained in the official contract files.

c. Responsibility Determination

The Contracting Officer shall also use the past performance evaluation summary, in addition to other relevant information, in determining the responsibility of the prospective contractor and shall maintain that summary in the M/SER/CM contract files for a period of three years.

2. Post-Award Stage

a. The AID Project Officer. It is the primary responsibility of the AID Project Officer to monitor a contractor's performance under any contract assigned to him/her for technical cognizance, and to record periodically written comments on that performance. The Project Officer shall bring any instances of poor performance immediately to the attention of both the Contractor and the Contracting Officer.

b. The Contracting Officer. When instances of poor performance are brought to his/her attention, the Contracting Officer shall work closely with the AID Project Officer and the Contractor to correct the situation through informal means or, if necessary, through formal "show cause" letters or termination procedures. Poor performance shall be dealt with promptly.

For futher information concerning this Bulletin, please consult the AID/W Office of Contract Management, M/SER/CM.

Project Officer

Contracting Officer

AID Instructions for Technical Evaluation Committees

Request for Proposal (RFP)No.

The technical proposals submitted in response to the referenced RFP will be provided to your office immediately after the RFP closing date. The procedures to be followed leading up to award of a contract are set forth below. Each member of the AID Technical Evaluation Committee ("the Committee") should be thoroughly familiar with these procedures.

A. TECHNICAL EVALUATION

1. A committee, composed of a Chairperson representing the project office, a representative of the contracting office, and as appropriate, representatives from the desk, the Mission, the host government, and other concerned offices, shall be established by the cognizant Bureau. The function of the Committee shall be to evaluate all technical proposals pursuant to the evaluation criteria set forth in the RFP. _____ will represent the contracting office as a non-voting member and will be available as needed in an advisory capacity.

2. No contact relative to the RFP should be made with individual offerors before or during the Committee's proceedings without the concurrence of the Contracting Officer except as specified in paragraph A.4. and C.2. below. Such unauthorized contact may serve to disqualify an offeror, or in extreme situations, may result in termination of the procurement action. It should also be noted that after proposals have been received, and prior to award, no information regarding the number or identity of the offerors participating in the negotiation nor the results of the Committee's deliberations shall be made available to the public or to anyone whose official duties do not require such knowledge.

3. Each voting member must evaluate every proposal utilizing only the technical evaluation criteria set forth in the RFP. A scoring sheet is to be provided each member by the Chairperson. Each member's scoring sheets should be supplemented by a narrative which describes the strengths and deficiencies of each proposal.

4. Reference Check

(a) After the Committee has conducted the normal evaluation of the proposals in accordance with the evaluation criteria, it shall then conduct a reference check on past performance for each offeror who has submitted a technically acceptable proposal. The Committee shall obtain factual comment from a minimum of three (where possible) cognizant technical representatives (commercial or Governmental), and/or AID Project Officers, concerning the offeror's past performance with reference to the following factors where applicable:

(1) Planning to achieve the project's purpose;

(2) Managing adjustments in scope of work, funding, and scheduling, with timely notice to the cognizant technical and contracting officials;

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

(4) Responding to technical directions;

(5) Adhering to the work schedule;

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

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

(8) Managing the provision of commodities;

(9) Administering participant training responsibilities;

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

(11) Submitting reports as required.

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

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

5. Evaluation Report

Upon completion of the technical evaluation, the Chairperson shall send a memorandum to the Contracting Officer presenting the Committee's composite score and narrative findings for each offeror. The past performance of each offeror, who has submitted a technically acceptable proposal, must also be addressed in the memorandum even though it is not a scored factor. If the performance data on an offeror is all positive, a summary statement to that effect may be submitted. However, if any of the performance data on an offeror is derogatory, all the information received, both positive and negative, will be furnished to the Contracting Officer. This data will be used:

--to assist the Contracting Officer in determining which offerors are technically responsible and capable of performing the contract;
--to assist the Contractng Officer in determining which proposals are in the competitive range;

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

The memorandum should also indicate those proposals containing deficiencies and the nature thereof, which make the proposals technically unacceptable. Copies of the Committee members' scoring sheets and the reference check data of A.4. above will be transmitted with the memorandum. If additional information is required to substantiate the scoring, the Contracting Officer will notify the Committee immediately.

B. COMPETITIVE RANGE

The Contracting Officer is responsible for determining the competitive range of proposals. Offerors not falling within the competitive range will be notified by the Contracting Officer that their proposals are no longer under consideration. A proposal is in the competitive range unless it is so technically inferior or out of line with regard to price that meaningful negotiations are precluded, or, that there is no possibility that it can be improved to the point where it becomes acceptable. The decision shall not be based upon pre-established cutoff scores.

C. NEGOTIATIONS

1. The Federal Procurement Regulation states that there are exceptional circumstances which permit an award without negotiations after receipt of initial proposals (FAR 15. 610(a)). This is not the usual practice and rarely occurs in AID procurements. Written or oral negotiations are the customary practice, and they are required to be conducted with all responsible offerors who submitted proposals determined by the Contracting Officer to be within the competitive range. Committee members, the Chairperson, or another representative from the project office should be prepared to participate in discussions of technical areas that need to be dealt with during negotiations.

2. The Committee may wish to hold discussions with some or all of the offerors or their key personnel for purposes of clarifying proposed project performance. This may be accomplished through coordination with the Contracting Officer. When such discussions are held, questions by the Committee will relate only to the content of the written proposal as submitted. Modifications to the proposal will not be requested or suggested by the Committee. Changes to the Proposal by the offeror may not be considered by the Committee unless these changes are submitted in writing to the Contracting Officer as a formal modification to the proposal.

3. Offerors with whom negotiations are conducted shall be informed of deficiencies in their proposals and offered the opportunity by the Contracting Officer to submit best and final offers by a specified date. The Contracting Officer may submit the technical portion of the best and final offers to the Committee for reevaluation which could involve rescoring and additional narrative statements. When there is a reevaluation by the Committee, the Chairperson will inform the Contracting Officer in writing of any changes in technical evaluations and rankings of

the offerors which resulted from the best and final offers. If the results of the negotiations are considered unsatisfactory by the Contracting Officer, he or she may call for additional rounds of negotiations and best and final offers. In most cases, one round should be sufficient to make an award.

D. AWARD

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

E. COMMITTEE INFORMATION

Please provide the names and organizational units of the Committee Chairperson and other voting members. We should also be advised of the Committee meeting times and places. It is our practice to have the contracting office representative attend at least the first committee meeting. Please contact our office if you need any further advice or assistance.

6405A/6.85

AGENCY FOR INTERNATIONAL DEVELOPMENT
WASHINGTON, D.C. 20523

AID General Notice
M/AAA/SER
Issue Date: 5-15-86

SUBJECT: Improper Disclosure of Acquisition Information

All employees, including personal services contract employees, are reminded that the release of sensitive acquisition information without proper authorization is prohibited. Improper disclosure of acquisition information violates A.I.D. policy and seriously undermines the integrity of the acquisition process. Violations may result in disciplinary action and possibly, depending on the circumstances, criminal prosecution under Title 18, U.S. Code.

Employees with access to acquisition information should be thoroughly familiar with the provisions of Appendix A of the A.I.D. Acquisition Regulations (Handbook 14), "Respective Roles of Contracting and Other Personnel in the AID Procurement Process." Specifically, para. 2(a) states in part that:

> "AID employees are responsible for insuring that no unfair competitive advantage is afforded one contractor over any other contractor in competing for Agency contracts....
> Under no circumstances should the specific amount of funds which the Agency has available to support a contract be made known to a prospective contractor. No AID employee is authorized to dilute the Agency's negotiation position prior to or during an 'arm's length' negotiation conducted between AID and the contractors with whom it does business."

Specific types of acquisition information which should be protected may vary with the details of each procurement. Basic considerations relevant to a decision to disclose acquisition information include preserving the Agency's bargaining position; securing full and open competition while avoiding unfair competitive advantage; and maintaining the confidentiality of commercial or financial information submitted by Government contractors. Internal Agency cost estimates and funds-available figures should not be disclosed.

Documents at all stages of the project design and implementation process may contain acquisition information. Agency employees who receive inquiries for information which may constitute protected acquisition information, including requests for project papers, project agreements, PIDs, PIOs, correspondence and other project documentation, should take the policies outlined in this General Notice into consideration before releasing information. Agency employees should also advise contractor personnel, who may have access to acquisition information, to act accordingly.

A.I.D.'s policy prohibiting improper disclosure of acquisition information does not alter or conflict with its responsibilities under the Freedom of Information Act (FOIA). The Agency implements the FOIA in A.I.D. Regulation 12, 22 CFR Part 212, and Handbook 18, Part III, chapter 10. This implementation provides that information about the objectives and operations of A.I.D. should be freely available to the public. Disclosure of records requested according to FOIA procedures is mandated unless a decision is made by the FOIA Liaison Officer, with GC consultation, to withhold them under specified exemptions. Exemption 5, see 22 CFR 212.41(e), has been interpreted to authorize the Government to prevent premature disclosure of internal commercial data fundamental to the acquisition process. Validly classified information and privileged or confidential trade secrets and commercial or financial information obtained from contractors may also be exempted from disclosure. Documents such as project papers may be released if they do not contain sensitive acquisition information or information otherwise exempt. It is good practice to minimize the sensitive acquisition information in such documents in order to reduce the scope of the screening problem.

Inquiries made as requests for records under the FOIA should be handled according to the policies and procedures contained in Regulation 12 and Handbook 18, Part III, chapter 10. Requests received in AID/W are referred to the FOI Staff Officer. Requests received in A.I.D. Missions are referred to the FOI Officer or the FOI Staff Officer as provided in HB 18, Part III, ch. 10, sec. 10G. However, Agency employees who receive inquiries regarding information that may require protection as acquisition information should promptly consult the cognizant contracting officer for guidance. The contracting officer should refer FOIA requests immediately upon receipt and in transmitting them should indicate if he considers that the requests concern acquisition information which should not be disclosed.

Inquiries not made as requests for records under the FOIA, e.g. telephone inquiries, may be processed by the Bureau or Office handling custody of a record as provided in HB 18, Part III, ch. 10, sec. 10F. However, any inquiry for which the response may involve acquisition information that may require protection should be processed in consultation with the cognizant contracting officer.

This General Notice is intended to provide a screening procedure by which requests involving acquisition information may be reviewed and Agency documents released to the public without compromising the integrity and effectiveness of the acquisition process. In carrying out their responsibilities under this General Notice, A.I.D. employees should request the assistance of contractor personnel and host country government officials in controlling improper disclosure of acquisition information.

DISTRIBUTION:
AID List H, Position 5; and
List B-1, Position 10

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ADMINISTRATION OF CONTRACTS FOLLOWING AWARD

Project Officers have a myriad of responsibilities in the administration of contracts. Below is a list of some of their major contract administration functions.

- Respond to continuing need to arrange host country participation under bilateral projects.
- Set up initial meetings with contractor to arrange mobilization effort.
- Organize periodic meetings/discussions with contractor covering scope of work, logistics, etc.
- Coordinate interpretations of contract provisions with the contracting officer, as appropriate.
- As necessary, assist contractor in getting approvals/making arrangements for participants and commodities being funded under the contract.
- Coordinate resolution of any problems under the "logistic support" category.
- Develop local system to insure receipt and evaluation of progress and/or final contractor reports.
- Conduct site visits and prepare appropriate reports.
- Review and give administrative approval to contractors' vouchers.
- Insure that operational contract file is maintained.
- Assist auditor in arranging for, and conducting audits. Also, assist USAID in resolving resulting audit questions.
- Prepare necessary contractor performance evaluation memoranda.
- As appropriate, arrange for contracting officers, legal advisors, controllers, auditors, and others to participate in any of the above or related functions which exceed the authority or the experience of the Project Officer.

CONTRACT ADMINISTRATION
CASE STUDY

TASK 1. READ the status report of the Training and Technical Assistance contract of the Kaos project, as of June 1989.

TASK 2. In your groups, DISCUSS the current status of the T/TA contract and its impact on the success of the project.

TASK 3. DETERMINE what the project officer must do

- immediately, and
- in the longer run

to rectify the situation.

0515D/4.86

KAOS TRAINING AND TECHNICAL ASSISTANCE CONTRACT
STATUS REPORT
June, 1989

You, J. Doe, are project officer not only for the Kaos health and nutrition project but for several other health related projects, as well. In keeping with sound management practices with such a heavy work load you practice management by exception, that is you focus your attention on those matters that vary significantly from the operational plan.

During the initial phases of the Kaos health and nutrition project all elements proceeded according to plan. During this period you successfully awarded an AID direct T/TA contract with Dewhurst, Trainer and Ward (DWT) using the competitive negotiation selection procedure. The contract was awarded August 26, 1987 meeting the scheduled award date of the operational plan.

The scope of work of the T/TA contract directed the contractor to:

o. Conduct a T/TA needs assessment	(to be completed by December 1987)
o. Develop a staff development plan	(to be completed by January 1988)
o. Select and provide masters level training for 6 health administrators in the U.S.	(to begin September, 1988)
o. Provide nine months of technical training to three groups of supervisory and paramedical staff in three successive years	(to begin September, 1988)
o. Provide T/TA to the Ministry of Health to facilitate expansion of the Primary Health Care Service	(to begin February, 1988)
o. Provide T/TA to the staff of the rural facilities to help them increase their service to the rural population	(to begin February, 1988)
o. Conduct an assessment of the equipment and supply needs of the 6 provincial centers (that are being constructed by the project) and the 20 expanded rural health facilities.	(to be completed by December, 1987)
o. Develop specifications for the equipment and supplies to be purchased for the provincial centers and the rural facilities.	(to be submitted for approval by March, 1988)
o. Determine the baseline service level of the PHCS to serve as the basis for future evaluation.	(to be completed by October, 1987)
o. Develop a data collection and reporting system to provide information on progress made on quality indicators.	(to be completed by January, 1988)

The scope of work of the contract also directed the contractor to work on a day to day basis with the Ministry of Health. Progress reports were to be submitted on a monthly basis to MOH and AID.

Throughout the inital contract period the contractor's reports indicated that they had established a close working relationship with the MOH. The MOH staff confirmed that they were extremely satisfied with DWT work on the T/TA contract. DWT had completed the T/TA needs assessment and the staff development plan. They had also initiated the development of training plans and the provision of T/TA to the MOH and the rural facilities.

In late 1988, DWT progress reports began to indicate a slippage in the training schedule for the first group of supervisory and paramedical staff. This problem, the report confirmed, had been reviewed and discussed with the MOH who was completedly in accord with the revised training dates.

Progress reports indicated that long term training of the Health Administrators had been initiated as planned and all T/TA activities for the MOH were proceeding on schedule. The contractor was working closely with Ministry staff to help them to be able to administer the expanded Primary Health Care Service.

By June 1989, the first group of supervisory and paramedical participants were scheduled to be completing training. However, by that date this first group of participants was just being selected. This was a significant delay in the contract schedule which, J. Doe realized, would have implications for the whole project schedule. As a result, J. Doe decided to have a meeting with the DWT team leader and the counterpart from the Ministry of Health.

As a result of this meeting and of research into the present situation, J. Doe found the following situation:

- o. The MOH had selected two additional participants for long-term training in the U.S. They requested that DWT send them for training under their contract. DWT complied.

- o. After the eight MOH staff left for long term training in health administration, the MOH had difficulty replacing them. Therefore, the MOH directed the contractor to assign three of their staff to work on a daily basis in the offices of the MOH, as part of the T/TA effort. These staff who would have been responsible for other contract activities (including development and oversight of the training of the paramedical and supervisory staff, and the development of specifications for the equipment) were instead performing administrative functions for the MOH.

- o. A preliminary assessment of the equipment and supplies needed by the new provincial centers and the expanded rural facilities had been accomplished. However, the information from this assessment had never been coordinated. Therefore, no list of equipment and supplies had ever been developed and submitted for review to the MOH and AID. Since no list of equipment and supplies had been developed the contractor had not developed the specifications for these commodities. The specifications were scheduled to have been completed and approved by late 1988. The MOH had indicated to the contractor that other responsibilities (including the administrative functions being performed by their staff) took precedence over the development of the specifications.

- o. Technical assistance to the MOH had been superb. The contractor had worked with the MOH staff to help them reorganize to accommodate the PHCS expansion. DWT, Inc. had also conducted several short term training sessions on public administration issues of interest to the MOH, which would help them plan for and monitor the expanded service.

- o. The contractor had worked closely with the MOH reviewing available data and interviewing relevant staff to establish a good estimate of the baseline service level of the Primary Health Care Service for the target population. The contractor had also developed a system for collection and reporting of data relating to the quality indicators of project purpose.

You, J. Doe, recognize that you have not spent enough time on this project. You have relied too heavily on reviewing the contractor's progress reports, without determining what was actually happening. However, rather than dwelling on these mistakes you now want to set the contract and the project on the right path. What do you do?

0515D

Close-out Procedures for Contracts, Grants and Cooperative Agreements

The following actions must be taken to close-out contracts, grants and cooperative agreements.

The contracting officer will:

- Obtain memorandum from project officer regarding contract grant/coop agreement completion.
- Obtain statement from paying office re: receipt and payment of (interim) final voucher.
- Request contractor to:
  - Submit final voucher, if not already submitted
  - Confirm all reports have been submitted
  - Confirm settlement of subcontracts, if any
  - Submit final inventory of property
- Provide contractor with instructions for disposition of property and "limited official use" or "classified" materials if any
- For cost-reimbursement contract/grants/cooperative agreements
  - Request final audit (if over $500,000)
  - Resolve disallowances
  - Establish final price
  - Obtain contractor's release (AID Form 1420-40)
- Prepare contract completion statement
- Retire the contract file

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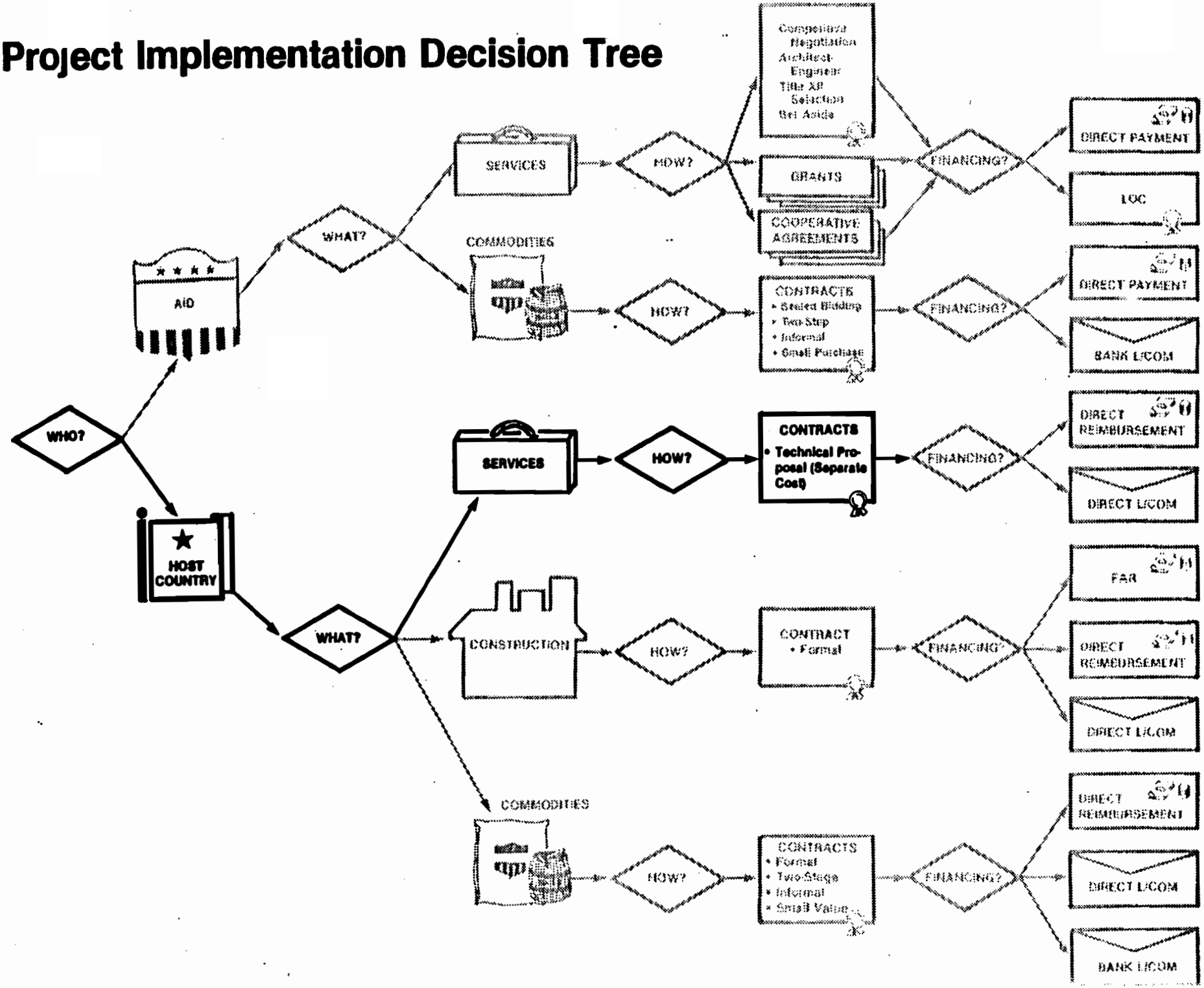
C. HOST COUNTRY CONTRACTING FOR SERVICES

Project Implementation Decision Tree



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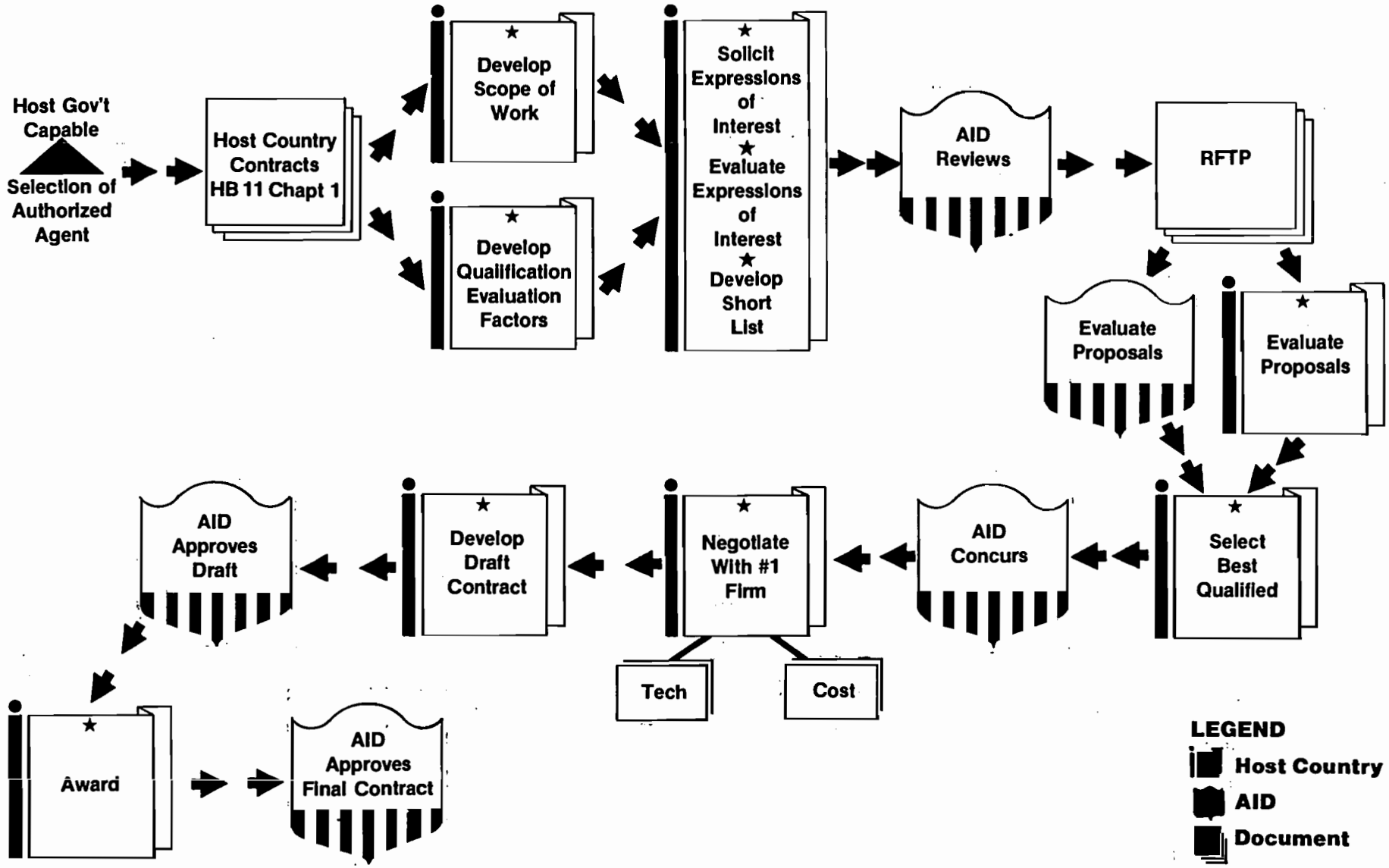
Host Country Contracting Process



CHAPTER 1

PROCUREMENT OF PROFESSIONAL AND TECHNICAL SERVICES

1.0 Introduction

1.1 Applicability

Chapter 1 of Handbook 11 contains both rules and guidance for all country contracting for technical or professional services under project assistance (both loan and grant funded).

a. Contracts Competed Internationally

This Chapter 1 of Handbook 11 applies to contracts for technical and professional services when solicitations for such contracts are not made solely within the cooperating country, even though local firms may be eligible. The contract may be denominated in U.S. dollars, local currency, or other currency.

b. Contracts Competed Locally

When solicitations for contracts for technical or professional services are made solely within the cooperating country, only the contract approval requirements set forth in Section 2.2, the competitive principle in 2.4.1, the nationality requirements in 2.6, and the appropriate mandatory contract clauses discussed in 2.12 apply. However, this Chapter contains information and other procedures which are useful in entering into such local contracts.*

c. Procurement by Intermediate Credit Institutions

Handbook 11 applies to contracts entered into by development banks or other intermediate credit institutions for their own account. Although the guidance may contain useful information, the rules do not apply to contracts entered into by or on behalf of the subborrowers of such banks or institutions unless made applicable by the Project Agreement or Project Implementation Letter.*

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*See also Handbook 1 Supplement B, for contracting policies concerning Local Cost Financing (Chapter 18), Intermediate Credit Institutions (Chapter 19), and Fixed Amount Reimbursement (Chapter 20).

d. Contracts with Individuals

Annex A to this Chapter 1 modifies and supplements the rules and guidance elsewhere in Chapter 1 for use in contracting for the services of an individual alone. The Annex applies regardless of whether foreign or local individuals are considered for the contract.

** e. Contracts with Educational Institutions, International Research Centers, or Cooperative Development Organizations

Annex B to this Chapter 1 modifies and supplements the rules and guidance elsewhere in Chapter 1 for use when it has been determined that only an educational institution, international research center, or cooperative development organization can perform the required services and a collaborative assistance relationship is desired. Annex B may not be used for contracts with nonprofit organizations which are not educational institutions, international research centers, or cooperative development organizatons.

If an institution covered by Annex B wishes to perform a contract which could also be performed by a profit-making or nonprofit firm other than an educational institution, international research center, or cooperative development organization, or if the collaborative assistance relationship is inappropriate, Chapter 1 shall apply in all respects in lieu of Annex B.

f. Other Chapters in this Handbook are:

-- Chapter 2, Procurement of Construction Services

-- Chapter 3, Procurement of Equipment and Materials

-- Chapter 4, Cost Principles for Borrower/Grantee Contracts

** 1.2 AID's Role in Country Contracting

The AID Mission is responsible for providing assistance to the Contracting Agency, to the extent necessary, in the applicaton of the rules and guidance in this Handbook. The Mission may also have a useful role in explaining AID's procedures to the contractor. Prior approval of country contracts by AID, as discussed in 2.2 below, serves both as a vehicle for providing assistance and to safeguard effective contracting.

1.3 Rules

The rules to be followed in country contracting are set forth in section 2.0 of this chapter. They are either derived from U.S. Government statutes or are based on AID's experience in carrying out its responsibility for stewardship of U.S. Government funds. In certain cases, as discussed in section 2, these rules may be waived by an authorized AID official based on a written justification.

** New Material

1.4 Guidance

The remainder of this chapter contains guidance which may be modified based on the circumstances of the particular procurement. This guidance is based on sound procurement practice. Use of procedures other than those recommended in the Guidance Section of this Chapter (Section 3) does not require waivers of any kind. The procedures to be followed in contractor selection and contract preparation should be agreed upon with the Contracting Agency and set forth in a Project Implementation Letter. Review of the application of the procedures by the Contracting Agency to individual contracting actions is part of the A.I.D. contract approval process.

1.5 Definitions

Special terms are usually defined when first used. Any reference to a firm or contractor also applies to an individual unless indicated otherwise.

1.5.1 "A.I.D. Geographic Code _____" is used by A.I.D. to define eligible countries and means the countries specified in the A.I.D. Geographic Code Book in Handbook 18, Appendix D. Relevant codes are contained in Attachment 1A to this chapter.

1.5.2 "Borrower/Grantee" means the government of any cooperating country, or any agency, instrumentality, or political subdivision thereof, or any private entity or regional or multinational organization to which A.I.D. directly makes funds available by loan or grant.

1.5.3 "Contracting Agency" is any entity of the host country designated by the Borrower/Grantee as responsible for negotiating contracts financed by an A.I.D. loan or grant. This includes, but is not limited to, ministries of the national government and their subunits, authorities (such as port or regional), units of local government at any level, and government-owned, private, or mixed corporations and similar entities.

1.5.4 "Eligible Countries" are those countries specified by Geographic Code in the Project Agreement, Project Implementation Letters and other related documents, as eligible countries for the supply of services and goods.

1.5.5 (Reserved)

1.5.6 A "Firm" is any contractor or prospective contractor within the scope of this chapter. It includes nonprofit organizations, educational institutions, and international research centers. It also includes individuals unless indicated otherwise.

1.5.7 A "Joint Venture" is a collaboration of two or more firms whose members are jointly and severally liable with respect to a particular contract. The rules in this chapter with respect to firms (including nationality) apply to all members of the joint venture.

1.5.8 "Legal Resident" is a person classified by the immigration authorities as a legal resident regardless of citizenship.

1.5.9 "Local," "cooperating country," or "host country" means the country of the Borrower/Grantee.

1.5.10 "United States" means the United States of America, any of its states, territories, or possessions, Puerto Rico, and the District of Columbia.

* 2.0 Rules

2.1 AID Approvals

2.1.1 Formal A.I.D. approval of the executed contract is required whenever A.I.D. financing is involved and the total contract amount exceeds $100,000 or equivalent. Approval of contracts with a lower value and/or decisions made by the Contracting Agency during the contracting process may also be required. The approval requirements are set forth in a Project Implementation Letter.

2.1.2 Factors to be considered in establishing additional approval requirements are discussed in section 3.2.

2.2 Contracting Method

Contracts for professional and technical services are awarded on the basis of negotiation rather than on a formal bid basis. The selection of a prospective contractor with whom to negotiate is based exclusively on professional qualifications for the project. Price is not included with the technical proposals which are evaluated qualitatively based on the needs of the specific project. A price proposal is requested from the offeror submitting the highest ranked technical proposal and negotiations are conducted concerning both technical and cost proposals. If a satisfactory contract cannot be concluded, the Contracting Agency terminates negotiations with that contractor and initiates negotiations with the next ranked offeror.

Exceptions to this rule may be authorized only by the Regional Assistant Administrator or his delegate. The request for the exception must fully explain the procedure to be used in evaluating both the technical and price elements of the proposal. *

* Revised

* 2.3 Debarment, Suspension, and Ineligibility

The Contracting Agency is required to refrain from soliciting offers from or considering making award to organizations and individuals that are suspended, debarred, or ineligible as indicated on the A.I.D. Consolidated List of Debarred, Suspended, and Ineligible Awardees under A.I.D. Regulation 8 (22 CFR Part 208) (A.I.D. List). Exception to the rule may only be made upon waiver of the prohibition by the A.I.D. Associate Assistant to the Administrator for Management. Prior to soliciting offers from or considering an award to organizations or individuals that are listed on the Consolidated List of Debarred, Suspended, and Ineligible Contractors maintained by the U.S. General Services Administration (GSA List), but not on the A.I.D. List, the Contracting Agency is directed to request the A.I.D. Project Officer to consult the A.I.D./W General Counsel in order to determine whether debarment or suspension action under Regulation 8 is warranted. The A.I.D. and GSA Lists are regularly distributed to U.S.A.I.D. Missions and are available for review. Questions concerning the listing of organizations and individuals on these lists should be directed to IG/LC in A.I.D./W.

2.4 Competition

2.4.1 Rule

A.I.D. requires that the Contracting Agency follow competitive procedures in procuring services with A.I.D. financing. Such competitive procedures include obtaining as many proposals as practical and competitive selection based on technical quality. Sections 3.3, 3.4, and 3.5 of this chapter are the usual steps in competitive negotiated procurement.

2.4.1.1 Competition without advertising and written requests for technical proposals *

In the following two cases, advertising and written requests for proposals are not required:

(a) If the services are to be performed personally by an individual, consideration of a reasonable number of candidates is recommended. (See Annex A.)

(b) If the estimated contract value does not exceed $100,000, negotiation may be undertaken without formal solicitation of proposals from more than one source. However, informal solicitation of several sources is required unless a waiver of competition has been approved pursuant to 2.4.2 below.

* Revised

2.4.1.2 Follow-on Work

If the Borrower/Grantee wishes to employ, for work related to project implementation, a contractor who has satisfactorily performed work in connection with the identification, development, or study of a project, competitive selection need not be used provided that 1) the contractor was initially selected on a competitive basis; 2) all competing firms were advised in the Commerce Business Daily notice, if any, and in the Request for Technical Proposals that the Contracting Agency reserved the right to contract with the selected contractor for specified subsequent work; and 3) the firm is eligible in accordance with 2.7. Work performed under the initial contract might be a sector assessment, project design, social studies, or a feasibility study covering technical, economic, financial, or environmental aspects of a defined project. Subsequent work might be engineering design, construction supervision, the provision of advisors needed for the execution of a project, or a combination of such services.

2.4.2 Waiver--Negotiation with a Single Source

a. Circumstances

Competition in the procurement of services may be waived and negotiation with a single source authorized in accordance with paragraph c. below only under one of the following criteria. Waivers must be supported by a written record of the reasons for negotiation with only the single source.

1. The Borrower/Grantee can demonstrate the existence of an emergency situation in which the requirement for competition would result in unacceptable project delay.

2. Special design or operational requirements require services available from only one source.

3. One firm can be demonstrated to have the unique capability by reason of special experience or facilities, or specialized personnel who are recognized as predominant experts in the particular field to perform the services required for the project.

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*If only one firm responds to a solicitation for technical or professional services, technical and cost negotiations may be conduced with that firm without a waiver.

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* Revised

4. The Borrower/Grantee desires to utilize a contractor previously engaged in the project for follow-on work and the contractor clearly has special capability by virtue of previous experience in the work but the contractor was either not initially selected on a competitive basis or the Contracting Agency did not advise all competing firms that a follow-on contract might result. A waiver on these grounds should be granted only after careful review of all pertinent facts. If the contract for the initial work specified that follow-on work might result, see section 2.4.1.2.

5. Adherence to competitive procedures would result in the impairment of the objectives of the United States foreign assistance program or would not be in the best interests of the United States.

b. Amendments

Approval of an amendment to an existing contract which increases the scope of work or level of effort (i.e., a new procurement amendment is also required. Negotiation with the single source to amend the contract must be justified under one of the criteria in a.1 through a.5 above, and approved by the official who has the authority under c. below, for the estimated amount of the amendment.

c. Approval Authority

1. A single source negotiated contract may be authorized only by the Administrator if the estimated value of the procurement exceeds $1 million.

2. Regional Assistant Administrators may authorize a single source negotiated contract in amounts not exceeding $1 million. Such A.I.D./W approved waivers shall indicate consultation with the Associate Assistant to the Administrator for Program and Management Services (M/AAA/SER).

3. Regional Assistant Administrators may redelegate authority to approve negotiation with a single source to Mission Directors in amounts not exceeding $1 million. Such field authority may only be exercised based on the recommendation of a Mission Noncompetitive Review Board composed of the Mission Director, Mission or Regional Legal Advisor (or Deputy Mission Director if there is no Legal Advisor available), and a senior project officer not connected with the procurement under consideration. Whenever a noncompetitive procurement is approved in the field, the Mission Director will promptly cable to Regional Assistant Administrator a summary of the waiver. The Summary shall include the identity of the project, the type of waiver (noncompetitive new contract or amendment) the amount of the procurement (expressed in U.S. dollars), the nature of the services being procured, and the grounds for the waiver.

2.5 Advertising

2.5.1 Rule

Solicitation of potential contractors is effected through widely disseminated advertising. This is accomplished by publishing a notice of the availability of prequalification questionnaires or, if prequalification is not used, Requests for Technical Proposals (RFTP) in the Commerce Business Daily of the U.S. Department of Commerce. The Contracting Agency may also utilize additional advertising in appropriate local, regional, and international journals, newspapers, etc., and otherwise in accordance with local practice.

2.5.2 Exceptions

This rule does not apply to contracts with an individual (see Annex A) or with an estimated value under $100,000 (see 2.4.1.1), follow-on work (2.4.1.2), or waiver of competition (2.4.2).

2.5.3 Waivers

The requirement for advertising in the Commerce Business Daily may be waived by the Regional Assistant Administrator to avoid serious delay in project implementation, provided that efforts shall in any event be made to secure proposals from a reasonable number of potential contractor. The waiver authority may be redelegated to U.S.A.I.D. Directors for contracts up to $500,000 in estimated value.

2.6 Nationality and Source

2.6.1 The Project Agreement, Project Implementation Letters, and other related documents specify the authorized geographic code for nationality of services contractors and source for any related commodities.

2.6.2 Nationality Rule

2.6.2.1 Privately Owned Commercial Suppliers

An individual or a privately owned commercial firm is eligible for financing by A.I.D. as a contractor or as a subcontractor providing services only if the criteria in subparagraphs a., b., or c., below are met and, in the case of the categories described in b. and c., the certification requirements in subparagraph d. are met.

a. The Supplier is an individual who is a citizen of and whose principal place of business is in a country or area included in the authorized geographic code or a non-U.S. citizen lawfully admitted for permanent residence in the United States whose principal place of business is in the United States.

b. The supplier is a privately owned commercial (i.e., for profit) corporation or partnership that is incorporated or legally organized under the laws of a country or area included in the authorized geographic code, has its principal place of business in a country or area included in the authorized geographic code, and meets the criteria set forth in either subparagraph (1) or (2), below:

(1) The corporation or partnership is more than 50% beneficially owned by individuals who are citizens of a country or area included in the authorized geographic code and non-U.S. citizens lawfully admitted for permanent residence in the United States. In the case of corporations "more than 50% beneficially owned" means that more than 50% of each class of stock is owned by such individuals; in the case of partnerships, "more than 50% beneficially owned" means that more than 50% of each category of partnership interest (e.g., general, limited) is owned by such individuals. (With respect to stock or interest held by companies, funds or institutions, the ultimate beneficial ownership by individuals is controlling.)

(2) The corporation or partnership:

(a) has been incorporated or legally organized in the United States for more than 3 years prior to the issuance date of the invitation for bids or request for proposals; and

(b) has performed within the United States similar administrative and technical, professional, or construction services under a contract or contracts for services and derived revenue therefrom in each of the 3 years prior to the date described in the preceding paragraph; and

(c) employs United States citizens and non-U.S. citizens lawfully admitted for permanent residence in the United States in more than half its permanent full-time positions in the United States; and

(d) has the existing capability in the United States to perform the contract.

c. The supplier is a joint venture or unincorporated association consisting entirely of individuals, corporations, partnerships, or non-profit organizations which are eligible under 2.6.2.1.a. or b., above, or 2.6.2.2 below.

d. A duly authorized officer of a firm or nonprofit organization shall certify that the participating firm or nonprofit organization meets either the requirements of subparagraphs 2.6.2.1.b(1) or (2), or 2.6.2.2. In the case of corporations, the certifying officer shall be the corporate secretary. With respect to the requirements of subparagraph b(1), the certifying officer may presume citizenship on the basis of the stockholder's record address, provided the certifying officer certifies, regarding any stockholder (including any corporate fund or institutional stockholder) whose holdings are material to the corporation's eligibility, that the certifying officer knows of no fact which might rebut that presumption.

2.6.2.2 Nonprofit Organizations

Nonprofit organizations, such as educational institutions, foundations, and associations, are eligible for financing by A.I.D. as contractors or subcontractors for services if they meet all of the criteria listed in subparagraphs a., b., and c. below, and the certification requirement in 2.6.2.1.d., above is met.

Any such institution must:

a. Be organized under the laws of a country or area included in the authorized geographic code; and

b. Be controlled and managed by a governing body, a majority of whose members are citizens of countries or areas included in the authorized geographic code; and

c. Have its principal facilities and offices in a country or area included in the authorized geographic code.

2.6.2.3 Government-Owned Organizations

Firms operated as commercial companies or other organizations (including non-profit organizations other than public educational institutions) which are wholly or partially owned by governments or agencies thereof are not eligible for financing by A.I.D. as contractors or subcontractors, except if their eligibility has been established by a waiver in accordance with the provisions in 2.6.2.6.a(2) and 2.6.2.6.d, below.

2.6.2.4 Joint Ventures

A joint venture or unincorporated association is eligible only if each of its members is eligible in accordance with 2.6.2.1, 2.6.2.2, or 2.6.2.3, above.

2.6.2.5 Ineligible Suppliers of Commodities and Services

Citizens of any country or area, and firms and organizations located in or organized under the laws of any country or area, which is not included in Geographic Code 935 are ineligible for financing by A.I.D. as suppliers of services or commodities, or as agents acting in connection with the supply of services, except that non-U.S. citizens lawfully admitted for permanent residence in the United States are eligible regardless of such citizenship.

2.6.2.6 Waiver

a. Criteria

A waiver to authorize a different geographic code or include additional suppliers must be based on one of the following criteria:

(1) Privately Owned Commercial Suppliers

(a) There is an emergency requirement for which non-A.I.D. funds are not available and the requirement can be met in time only from suppliers in a country or area not included in the authorized geographic code.

(b) No suppliers from countries or areas included in the authorized geographic code are able to provide the required services.

(c) Persuasive political considerations.

(d) Procurement of locally available services (where the cooperating country is not already eligible) would best promote the objectives of the foreign assistance program.

(e) Such other circumstances as are determined to be critical to the achievement of project objectives.

(2) Government-Owned Organizations

In addition, or alternatively if a change in the geographic code is not required, a waiver to make government-owned organizations described in 2.6.2.3, above, eligible for financing by A.I.D. must be justified on the basis of the following criteria:

(a) The competition for obtaining a contract will be limited to host country firms or organizations meeting the criteria set forth in 2.6.2.1 or 2.6.2.2, above; or

2.6.2.6

(b) The competition for obtaining the contract will be open to firms from countries or areas included in the authorized geographic code and eligible under the provisions of 2.6.2.1 or 2.6.2.2, above, but it has been demonstrated through prequalification that no U.S. firm is interested in competing for the contract; or

(c) The competition for obtaining the contract will be open to firms from countries or areas included in the authorized geographic code and it has been demonstrated, through prequalification or otherwise, that one or more U.S. firms are interested in competing for the contract but the foreign policy interests of the United States outweigh any competitive disadvantage at which U.S. firms might be placed or any conflict of interest that might arise by permitting a government-owned organization to compete for the contract.

b. Certification Supporting Waivers to Codes 899 or 935

Waivers from Codes 000 or 941 to Codes 899 or 935, in addition to meeting one of the criteria in 2.6.2.6.a, must be supported by the following certification: "The interests of the United States are best served by permitting the procurement of services from Free World countries other than the cooperating country and countries included in Code 941."

c. Authority to Grant Waivers

Waivers to nationality and source requirements for contractors and subcontractors are authorized by the following officials:

1. Administrator: transactions exceeding $5 million.

2. Assistant Administrator: transactions not exceeding $5 million.

3. Mission Director: transactions not exceeding $5 million if such authority has been redelegated by the Assistant Administrator.

* 4. A waiver is not required for any individual transaction whose value does not exceed $5,000, exclusive of transportation costs. *

* Revised

d. Authority to Grant Waivers to Make Government-Owned Organizations Eligible

(1) Waivers justified on the grounds of United States foreign policy interests under the provisions of 2.6.2.6.a.(2)(c), above, must be authorized by the Assistant Administrator having program responsibility after consultation with the Associate Assistant to the Administrator for Management (M/AAA/SER) and GC, and in the case of engineering and construction contracts, with S&T/ENGR.

(2) Waivers based on the criteria listed in 2.6.2.6.a(2)(a) or (b) may be granted by the Mission Director.

2.6.2.6

e. Waiver Control

(1) AID/W-Issued Waivers - All services waivers issued in A.I.D./W under the authority of A.I.D. Delegation of Authority 40 or any redelegations thereunder, including those covered by a project paper or project authorization, shall indicate consultation with GC and M/SER/CM, and a copy of every A.I.D./W-approved services waiver must be sent to M/AAA/SER.

(2) Mission-Issued Waivers - Copies of all Mission-approved services waivers under the authority of A.I.D. Delegation of Authority 40 and any redelegation thereunder, including those covered by a project paper or project authorization shall indicate consultation with the Regional Legal Advisor, if available, and must be sent to M/AAA/SER even though A.I.D./W clearance is not required. In addition, the Mission Director shall promptly cable to the regional Assistant Administrator a summary of each waiver he or she approves. The summary shall identify the project covered by the waiver, the type of waiver (source, origin, nationality), the grounds for the waiver, the amount (in U.S. dollars) and nature of the services covered by the waiver.

2.6.3 Nationality of Employees under Contracts and Subcontracts for Services

The nationality policy of 2.6.2.1, above, does not apply to the employees of contractors or subcontractors. Such employees must, however, be citizens of countries included in Geographic Code 935 or, if they are not, have been lawfully admitted for permanent residence in the United States.

2.6.4 Source Rule

Source and origin requirements for commodities are discussed in section 4.3.24. The requirements apply to any country contract which includes an element of commodity procurement.

2.7 Factors Other Than Nationality Affective the Eligibility of Firms to Compete for the Contract

In addition to the eligibility criterion in 2.6, above, firms may be ineligible for A.I.D.-financed contracts for any of the following reasons:

2.7.1 A firm, including its affiliates and subsidiaries, should not be employed to perform services when, in the judgment of the A.I.D. official authorized to approve the contract, the firm has been, or might be, placed in a position where its judgement may be biased, or where it has achieved an unfair competitive advantage. However, a firm will not be disqualified solely because it was previously employed to make a feasibility study, participate in sector assessments or project design, or perform other technical or engineering services for a single project provided it is otherwise qualified for detailed design, supervision, or rendering of other subsequent technical services for the project.

BEST AVAILABLE

2.7.2 Unless specifically approved by the A.I.D. official authorized to approve the contract (for example, turnkey jobs or other exceptional circumstances), no firm, including its affiliates and subsidiaries, may perform engineering services and provide commodities or perform construction services on the same project.

2.7.3 A firm is not eligible for an A.I.D.-financed contract if it is included on any list of suspended, debarred, or ineligible bidders used by A.I.D.

2.7.4 Any firm incorporated or legally organized in the United States is eligible for an A.I.D.-financed contract only if it certifies prior to contract award that it is in compliance with its equal employment opportunity obligations under Executive Order 11246, as amended, and regulations and orders issued thereunder. This requirement may be waived only by the A.I.D. Administrator.

(TEXT CONTINUED ON PAGE 1-13)

2.8 Language and Specifications

2.8.1 Contracts and other documents submitted to AID shall be in English unless AID otherwise agrees in writing. Notices published in the United States, in accordance with the rule in 2.5, shall be prepared in English.

2.8.2 The customary U.S. system of measurement or the metric system may be used. Specifications shall be based on U.S. standards except as otherwise agreed by the AID official authorized to approve the contract.

2.9 Prohibition Against Certain Types of Contracts

In no event will AID finance a cost-plus- percentage-of-cost contract; i.e., a contract in which the profit or fee (however described) increases without limitation as the cost of the contract increases. Nor will AID finance a contract for engineering services when the price is expressed as a percentage of the final cost of construction of a facility.

2.10 Documentation for Payment

Each AID-financed contract must require that claims by contractors for payment or reimbursement for goods and services be supported by appropriate and complete documentation, including the "Contractor's Certificate and Agreement with the Agency for International Development" (form AID 1440-3), which is usually specified in the Project Implementation Letter or other related documents. (See 2.12.3.)

The documentation requirements under different methods of payment are discussed in Section 3.6.6.

2.11 Submission of Contracts to AID

The Mission will inform the Contracting Agency how many copies of the final executed contract and amendments are to be submitted to AID. The Regional Bureau shall advise the Mission of AID/W distribution requirements.

2.12 Mandatory Contract Clauses

The mandatory contract clauses discussed in this section are required by U.S. Government statute or regulation. There are other clauses, discussed in 4.3, which are sound contracting practice but not directly imposed by such legislation.

2.12.1 Legal Effect of AID Approvals and Decisions

AID requires the reservation of certain approval rights with respect to the contract but must not incur legal liability by reason of the exercise of those rights. The clause in 5.11 which must be included verbatim in each contract, does not itself reserve approvals; it does recognize AID's role as the financing entity and protects AID against exposure to liability.

2.12.2 Nationality

The contract must state the eligible nationality of any subcontractors for services. The eligible countries must match those stated in the Project Agreement unless a waiver has been obtained (see 2.6.2.3). The nationality requirements arise from a number of U.S. Government statutes and regulations. While the language contained in the clause in 5.22 is not required to be used verbatim, any changes should be carefully worked out because this is a very complex subject.

2.12.3 Contractor's Certificate and Agreement with the Agency for International Development/Invoice and Contract Abstract (Form AID 1440-3)

The contract must require the contractor to submit a "Contractor's Certificate and Agreement with the Agency for International Development/Invoice and Contract Abstract" (form AID 1440-3), Attachment 1L, executed in accordance with instructions thereon, with each request for payment.

2.12.4 Air Travel and Transportation

a. Grant-Financed Contracts

A U.S. Government statute requires the use of U.S. flag air carriers for all AID grant-financed international air travel and transportation unless such service is not available. When U.S. flag air carriers are not available, any Code 935 flag air carrier may be used. The language defining "available" and "unavailable" carriers in 5.23 must be used verbatim in grant-financed country contracts.

b. Loan-Financed Contracts

(1) There is no statutory requirement for use of U.S. flag air carriers under loan-financed contracts.

(2) When the authorized source under a loan is Code 000, AID's policy on financing air transportation is the same as under grant-financed contracts (paragraph a. above).

(3) When the authorized source under a loan is Code 941, AID policy requires use of cooperating country flag air carriers, U.S. flag air carriers, or other Code 941 flag air carriers for international air travel and transportation to the extent they are available in accordance with the criteria in the clause in 5.23. If the contractor certifies that authorized carriers are unavailable, any Code 899 flag air carrier may be used.

2.12.5 Worker's Compensation Insurance

Worker's compensation insurance must be provided under all services contracts financed by AID, often in the form of Defense Base Act insurance. This clause is discussed in detail in 4.3.41.

* 2.12.6 Participant Training

When a contract provides for participant training, i.e., the training of non-U.S. nationals outside their home countries, the contract must include a clause (See 4.3.44 and 5.44) which incorporates into the contract, by reference, AID Handbook 10, Participant Training, and requires the contractor to follow the provisions of that handbook and attendant Participant Training Notices. *

2.12.7 Host Country Taxes

AID funds may not be used to pay identifiable taxes of the host government or its political subdivisions. This basic exemption is generally set forth in the bilateral agreement between the U.S. and host governments. The contract must contain a clause (see 4.3.20 and 5.20) applying the exemption to the particular contract.

3.0 Guidance

3.0.1 The guidance in this section 3 should be applied based on the circumstances of the procurement.

3.0.2 The normal considerations in country contracting are:

- Choice of type of contract
- AID approvals
- Prequalification
  - Use of prequalification
  - Advertising
  - Distribution of prequalification questionnaires
  - Submission of prequalification questionnaires
  - Analysis of prequalification information and establishment of a "shortlist"
  - Advice to firms seeking prequalification
- Contractor Selection
  - Preparation of the Request for Technical Proposals (RFTP)
  - Advertising (if prequalification was not used)
  - Distribution of RFTP
  - Receipt and analysis of Technical Proposals
  - Selection of contractor
  - Advice to firms
- Contract Preparation
  - Invitation to negotiate
  - Preparation of cost estimate by Contracting Agency
  - Negotiations

* Revised

Draft contract
AID approval of draft contract
Signature of contract and required AID approval
Determination of the Method of Payment
Contract administration

3.1 Choice of Type of Contract

3.1.1 General

The Contracting Agency decides which type of contract is most appropriate for the specific procurement as the first step in the contracting process after the general outline of the work to be performed by the contractor has been developed during the project development process.

The three types of contracts most often used for procuring technical or professional services are discussed below. Other types of contracts, or a combination of these, may also be used, subject to the rule in section 2.9.

3.1.2 Cost Reimbursement (With or Without Fee)

Cost reimbursement contracts are advisable when uncertainties in the amount of work, or the conditions under which the work must be performed, make accurate determination of the costs involved impossible. This type of contract entitles the contractor to reimbursement of all its reasonable, allowance, and allocable costs incurred in performing the work, plus a fixed fee. Nonprofit organizations are usually not entitled to a fixed fee.

Cost reimbursement contracts should provide safeguards against profligate spending by the contractor. Such safeguards include an agreed budget which the contractor may not exceed without advance approval by the Contracting Agency. The budget sets forth the limitations on direct costs (e.g., salary, allowances, travel, commodities, etc.), indirect costs (e.g., overhead), and the fixed fee.

Payments to the contractor under cost reimbursement contracts are made periodically (usually monthly or quarterly) against billings which are supported by itemized listings of the items being billed. The Contracting Agency must understand the principles under which direct and indirect costs are billed and have a system for ensuring that the billings are justified. Thus, use of a cost-reimbursement contract requires a competent Contracting Agency staff in order to avoid frequent disputes over billings and maintain effective control of the contract.

3.1.3 Time-Rate Contracts

a. Description

Time-rate contracts are useful when services are tied to schedules whose duration and timing are uncertain, but the type of skill(s) is known. They usually combine aspects of both fixed price and cost-reimbursement contracts. Only salary, overhead, and profit are combined into a fixed rate per time unit (day, week, or month). Other direct costs, such as travel and allowances are paid on a cost-reimbursement basis. The contractor is paid the fixed rate for the days actually worked, plus the related cost-reimbursement items, up to the maximum contract amount. The time-rate amount should be negotiated based on the following considerations:

(1) If the contractor has an established pay scale, the salary levels for each type of contractor employee who might perform work under the contract should be stated in the contract. The ranges for each level should be as narrow as possible and based on the pay scale. The contractor cannot substitute a person making a lower salary than the rank of people it is required to provide by the terms of the contract.

(2) If the contractor does not have an established pay scale, or if salary ranges are broad, the host country should be encouraged to negotiate a "multiplier" formula. The multiplier is a negotiated factor which includes salary, overhead and profit. It is multiplied against the actual salary paid to the employee. An example would be calculated as follows:

Direct Salary = 100 percent	=	1.00
Overhead at 100 percent	=	1.00
Subtotal		2.00
Profit at 10 percent		.20
Multiplier		2.20

Fixed daily rate = multiplier x actual salary. If the employee's actual salary is $52,000 per year or $200 per day, the fixed daily rate would be 2.2 x $200, or $440.

b. Advantages

The major advantage in using time-rate contracts is the flexibility when the duration of the required services is more or less than the time estimated (but still within the stated maximum contract amount) and the relative ease of processing payments compared to the detail involved in cost-reimbursement contracts.

c. Disadvantages

Particular care should be exercised in the use of this type of contract since its terms of payment do not encourage effective management control and, in fact, encourage the contractor to expend more time in performing the services thereby increasing its monetary return. Thus it is essential that this type of contract be used only where provision is made for adequate control, including appropriate surveillance by host country and AID personnel during performance, to give reasonable assurance that inefficient or wasteful methods are not being used. The more time the contractor expends in performance of the contract, the greater its profit (which is included in the fixed rate). Also, unless the contract is carefully drafted the contractor can substitute lower paid personnel than those proposed during negotiations. Since the time-rate amount is fixed, the contractor could increase its profits by retaining the excess salary for itself. In addition, the determination that contract costs are reasonable is more difficult for time-rate contracts than for any other form. An analysis is not difficult in short-term, time-rate contracts under known conditions. However, when the contract is for a longer term, and the problems facing the contractor are less foreseeable, a cost-reimbursement contract is usually less costly, and therefore, preferable.

3.1.4 Fixed Price or Lump Sum

Fixed price or lump sum contracts should be used whenever the scope and duration of services to be performed may be defined in advance with sufficient precision to enable both contracting parties to determine with reasonable accuracy the personnel and other requirements for the performance

of the contract. The contractor is paid the amount stated in the contract regardless of its actual costs. The contract amount includes all of the contractor's anticipated direct and indirect costs and profit. The primary advantages to this type of contract are that it is easy to administer and the cost of the contract is known. The primary disadvantage is the difficulty for both the contractor and Contracting Agency to calculate the cost of performing the work. The contractor obviously does not want to lose money on the contract, nor does the Contracting Agency wish to finance a "windfall" for the contractor. Consequently, a fixed price contract is most suitable when the work is precisely defined and the contract period is sufficiently short to minimize the contingencies covered in the price.

3.2 AID Approvals

3.2.1. The rule in 2.2 requires AID approval of all contracts whenever AID financing is involved and the total contract amount exceeds $100,000 or equivalent. AID and the Contracting Agency may agree that additional approvals are also appropriate depending upon the complexity and value of the contract, and other factors.

3.2.2 Factors to be considered in establishing additional approval requirements are discussed below. The stages of the contracting process, not all of which are present in every case, are set forth below. AID approval rights may be exercised at any or all of these steps, as well as at any additional stages that the Mission and Contracting Agency deem appropriate.

a. Notices to prospective offerors, such an synopses, prequalification notices, etc.

b. Lists of prequalified offerors, if any, prior to issuance of the Request for Technical Proposals.

c. The draft Statement of Work to be used in the Request for Technical Proposals.

d. Complete Request for Technical Proposals prior to issuance.

e. The contractor selection method.

f. The selected contractor.

g. Termination of negotiations with the highest ranked offeror and initiation of negotiations with the next ranked offeror.

h. The final draft contract, prior to its execution.

i. Signed contract documents, before financing.*

*AID approval of these documents is mandatory for all contracts whenever AID financing is involved and the total contract amount exceeds $100,000 or equivalent.

j. Contract administration actions, such as subcontracts, amendments to the contract, assignment of the right to receive payments and/or the obligation to perform, change orders, etc., as provided in the contract.

3.2.3 Different Contracting Agencies have widely varying experience with contracting matters. Even agencies having a good deal of experience are frequently unfamiliar with A.I.D. country contracting rules and procedures. The Mission must therefore assess whether the Contracting Agency is likely to select a contractor acceptable to A.I.D. and negotiate a contract which A.I.D. can approve without having approved earlier steps in the process. Since approval of the contract by A.I.D. implies approval of the contractor selection procedure and contractor selected, it is recommended that A.I.D. approve the contractor when the selection is made.

3.2.4 The complexity of the contract is another factor to consider. Since A.I.D. approval is contingent on a scope of work which clearly reflects the needs of the project and describes the work in adequate detail, a contract process based on an inadequate statement of work could result in much wasted time and effort. A.I.D. approval of the proposed statement of work before the Request for Technical Proposals is prepared is usually desirable.

3.2.5 Since prospective contractors usually follow closely all phases of the procurement procedure, flaws in the procedure frequently result in Protests by contractors who believe themselves to have been injured. These protests must be resolved and considerable time may be lost. Although it is impossible to avoid all protests, they can be minimized when A.I.D. is fully aware of all significant steps taken by the Contracting Agency. This can be done by approving intermediate steps in the process.

3.2.6 A.I.D. must approve the signed contract document. However, changing an executed document to conform to A.I.D.'s requirements can be difficult and time-consuming. Consequently, it is strongly recommended that A.I.D. conduct a detailed review of the final draft contract and raise any issues before the contract is signed. The formal A.I.D. approval required by Section 2.2 can then be based on a comparison between the approved draft and the signed contract.

3.2.7 All of these considerations must be balanced against the desirability of having the host country be responsible for its own contracting and the time savings possible if A.I.D. reviews are kept to a minimum. The steps at which A.I.D. approval will be required are set forth in a Project Implementation Letter.

3.3 Prequalification

3.3.1 Use of Prequalification

After the Contracting Agency has determined the exact nature of the services required, the type of contractor to provide them, and the type of contract (e.g., fixed-price, cost-reimbursement, etc.) to be used, it decides whether to prequalify and shortlist interested firms. In making this decision, the Contracting Agency considers such factors as the cost to interested firms to prepare adequate technical proposals; the complexity or uniqueness of the services; the number of responses anticipated; the need, if any, for review of documents, data, and conditions in the host country; or whether it is otherwise advantageous to determine the qualifications of potential contractors before proposals are requested. A.I.D. generally recommends prequalifications.

If prequalification is not deemed necessary, the Request for Technical Proposals must include the qualification factors which will be evaluated as part of the contractor selection procedure.

* * To assure that the procurement is conducted in a manner that does not give an unfair competitive advantage to any party, information concerning specific procurement requirements should not be released to any potential offerors, directly or indirectly, prior to the issuance of prequalification questionnaires or the Request for Technical Proposals if prequalification is not used. * *

3.3.2 Advertising

In accordance with the rule in 2.5., a Notice of the availability of prequalification questionnaires is published in the Commerce Business Daily of the United States Department of Commerce. The contents of the Notice are set forth in 4.1.1. In addition, when services are sought from other eligible country and/or local firms, such firms are notified by the Contracting Agency in a manner consistent with local law and practice. A copy of the notification should be furnished to A.I.D.

3.3.3 Distribution of Prequalification Questionnaires

The Contracting Agency shall furnish to all interested firms responding to the prequalification notice, and all other firms which it wishes to solicit, an outline for presenting their general and specialized qualifications; i.e., applicable experience, reputation, job capacity, etc. The Standard Form 255, "Architect-Engineer and Related Services Questionnaire for Specific Project" (Attachment 1B), requests this information. Similar forms which will elicit comparable information may be used.

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* * New Material

3.3.3

If a joint venture seeks prequalification, qualification information must be supplied with respect to all firms in the joint venture. Each member firm of the joint venture must meet the source and other eligibility rules in 2.6 and 2.7. However, the joint venture is treated as a unit in determining technical and other qualifications. If subcontracting is contemplated by any firm or joint venture, qualification information may be requested with respect to major subcontractors.

3.3.4 Submission of Prequalification Information

Prequalification information should be submitted to the Contracting Agency by the date specified in the Notice. The deadline date should be a reasonable time after publication of the Notice, but never less than 30 days after publication. Mailing time for prequalification forms and the completed questionnaires is a major factor in establishing the deadline date.

The Contracting Agency may consider prequalification information received after the due date as long as such consideration does not delay the contract process. In order to avoid disputes, it is recommended that the Notice contain a statement whether or not the Contracting Agency, at its option, will consider late prequalification information.

3.3.5 Analysis of Prequalification Information and Establishment of a "Shortlist"

The Contracting Agency evaluates the information submitted by interested firms and establishes a "shortlist". If the number of competing firms or the complexity of the work so warrants, the procedure in 3.4.4 may be adapted for this evaluation. The shortlist should include at least three firms. Depending upon the qualifications of the firms submitting information and the complexity of the Request for Technical Proposals, a few or all of the firms deemed qualified may be put on the "shortlist." Any firms that are not qualified should not be considered further. Conversely, firms not on the shortlist are not necessarily unqualified.

3.3.6 Advice to Firms Seeking Prequalification

The Contracting Agency should advise promptly those firms not selected for the shortlist. Attachment 1C is an example of such notification.

3.4 Contractor Selection

3.4.1 Preparation of the Request for Technical Proposals (RFTP)

The contents of the RFTP are set forth in section 4.2.1. If required by the Agreement, Project Implementation Letters or related documents, the RFTP is approved by A.I.D.

The due date established in the RFTP must allow offerors sufficient time to receive the RFTP, prepare responsive proposals (including time to visit the host country, if appropriate), and submit their proposals to the specified place by the specified time. The due date may be extended by the Contracting Agency by means of an addendum to the RFTP which is sent to all firms who received copies of the RFTP.

Likewise, if clarification of the material contained in the RFTP is necessary, a written addendum (also extending the due date, if appropriate) must be sent to all firms who received copies of the RFTP.

* 3.4.1.1 Selection Criteria

A primary selection criterion to be included in the RFTP is the previous experience of the offeror and the employees that it is proposing to assign to the requirement being contracted. Previous experience with A.I.D. or country contracts in itself is not an appropriate selection factor, and technical experience obtained from such contracts should not be given more weight than experience gained from comparable performance under contractual arrangements with other contracting entities. Further, overseas, regional, and/or in-country experience should not be weighted in excess of 10 percent of the total technical evaluation criteria weighing without the approval of the A.I.D. Assistant Administrator or Mission Director under whose authority the final award will be made.

In order to evaluate the offeror's previous experience from the perspective of its clients, the RFTP should include a request for business references from at least three present or former clients for whom the offeror has provided services similar to those being solicited. The offeror should be requested to furnish in its business references the names, addresses, telephone and/or telex numbers of the appropriate clients' contact persons, and descriptions, values, and periods of the services provided. The RFTP should also include a statement notifying the offerors of the intent to verify the business reference and employee biographical data submitted.

3.4.2 Advertising (If prequalification was not used)

In accordance with the rule in 2.5., if prequalification was not used, the Contracting Agency must advertise the availability of the RFTP. A Notice of the availability of the Request for Technical Proposals is published in the Commerce Business Daily of the United States Department of Commerce. The contents of the Notice are set forth in 4.2.2. When services are sought from other eligible country and/or local firms, such firms will be notified by the Contracting Agency in a manner consistent with local law and practice. A copy of the notification should be furnished to A.I.D./OSDBU/MRC. *

* Revised

BEST AVAILABLE

3.4.3 Distribution of the RFTP

The Contracting Agency shall provide the Request for Technical Proposals to all firms asking for it and to all other firms the Contracting Agency wishes to solicit or, if prequalification was used, to all shortlisted firms. Normally, there is no charge for the RFTP; but, if a charge is made, it shall not exceed the cost of reproduction and mailing.

* 3.4.4 Receipt and Analysis of Technical Proposals

Promptly after the date for receipt of Technical Proposals has expired, the Contracting Agency should begin evaluating the proposals against the criteria set forth in the Request for Technical Proposals. If provided for in the RFTP, Technical Proposals received after the due date but prior to completion of the technical evaluation procedure may be considered at the option of the Contracting Agency.

A.I.D. recommends use of a selection panel for evaluation and subsequent ranking of the proposals. The selection panel should be composed of experienced, senior-level host country government personnel representing the program and contracting specialties involved in the project. Outside specialists may be included as requirements dictate. Care must be taken to avoid the inclusion of persons whose participation in the evaluation could be construed as a conflict of interest that would impair an impartial evaluation of the proposals received.

The most effective procedure to evaluate proposals is to develop a chart which shows the criteria to be considered and to assign a weight to each criterion or group of criteria specified in the RFTP. Each proposal is rated against each criterion, a numerical value is assigned, and the weighted ratings are totaled. Attachment 1D is an example of an evaluation chart.

The selection panel should contact a sufficient number of the business references listed by each offeror considered technically acceptable in order to make an assessment of the experience claimed. The A.I.D. Project Officer will provide liaison to check the performance record that an offeror may claim with A.I.D.

When considering U.S. offerors for which A.I.D. and the Contracting Agency do not have sufficient first-hand information on previous performance or qualifications, the A.I.D. Project Officer may obtain additional business data for the selection panel's consideration by cabling PPC/CDIE/DI, in A.I.D./W. This office has access to approximately a dozen computerized business data bases, such as Dun and Bradstreet, Standard and Poor's, Moody's, etc. It may be appropriate to liase with the appropriate A.I.D. country desk officer in determining which data bases to search. *

* Revised

Although the rating of firms against the criteria involves subjective judgments on the part of the rater, a degree of objectivity can be obtained by having the individual members of the selection panel independently rate the proposals. A comparison of the rating assigned by each member often brings to light ambiguities in the proposal which should be clarified by the offeror. The final ranking may be established by averaging the scores assigned by the panel members.

The contracting Agency prepares a selection memorandum which:

a. States the evaluation criteria;
b. Lists all of the firms which submitted proposals;
c. Ranks the proposals; and
d. Lists all proposals deemed acceptable in the order ranked.

3.4.5 Selection of Contractor

If required by the Project Agreement or Project Implementation Letters, the Contracting Agency must secure A.I.D. approval of the highest ranked contractor. A.I.D. approval will be based on:

a. The eligibility of the proposed contractor (see sections 2.6 and 2.7).

* b. The selection procedures carried out by the Contracting Agency (see sections 2.2, 2.3, 2.4, and 2.5).

c. The selection memorandum.

d. A finding that the contractor's proposal demonstrates that it can carry out the work described in the RFTP. If that finding can be made, it is not necessary that A.I.D. agree with the ranking of the proposals.

3.4.6 Advice to Firms

Immediately after A.I.D. approval of the contractor, the Contracting Agency should send appropriate notices to those firms submitting proposals which clearly will not be further considered and to those alternate firms with whom negotiations may be conducted if a satisfactory contract is not concluded with a higher ranked firm. Attachments 1E and 1F are examples.

3.4.7 Protests by Offerors

Protests of the contractor selection and award processes which are submitted by offerors contending for award should be directed to the Contracting Agency in accordance with its policies and procedures. Consistent with its role as a financing entity and not a party to the contract, A.I.D. will not become directly involved in the resolution of *

* Revised

** such protests. However, in accordance with subsection 3.5.5.2 of this chapter, the equitable settlement of such protests will be a consideration in the determination to grant A.I.D. approval of the contract award. Costs incurred by the Contracting Agency in the adjudication and settlement of protests by offerors are not subject to reimbursement by A.I.D. **

3.5 Contract Preparation

3.5.1 Invitation to Negotiate

Negotiations should commence promptly after the proposed contractor has been selected and, if required, approved by A.I.D. The highest ranked firm is asked to submit a cost proposal, and the time and place of negotiations is established.

3.5.2 Preparation of Cost Estimate by Contracting Agency

3.5.2.1 To be well prepared for its negotiations with the Contractor, the Contracting Agency should prepare its independent cost estimate in as much detail as possible. If it does so, it will be able to analyze quickly and thoroughly the cost proposal to be submitted by the Contractor, determine where the major differences are and concentrate during the negotiations on the critical items. The Contracting Agency must have substantial knowledge of the cost factors considered by contractors; Chapter 4 of this Handbook contains information on this subject.

The total cost of a contract is made up of three basic elements:

-- direct costs
-- indirect costs (overhead)
-- profit (fee), if appropriate.

In order to avoid giving any offeror an unfair competitive advantage or jeopardizing the Contracting Agency's bargaining position, the amount of funds available and the amount and composition of the cost estimate should not be disclosed to other than host country or A.I.D. personnel with a need to know.

3.5.2.2 Direct Costs

In contracts for services, salaries are the single most important cost item and indirect costs (overhead) are usually calculated as a Percentage of salary costs. Errors made in estimating basic salaries will, therefore, result in far greater errors in the total estimate. The Contracting Agency must attempt to collect up-to-date information on salaries for different categories of professional staff in the contractor's country. The Contracting Agency can use other recent contracts, published tables, or other information on salary costs which A.I.D. may be able to provide.

** New Material

Next, the Contracting Agency must estimate the number of work-months required to do the work. For large contracts involving hundreds of work-months, this is the most important estimate; it requires a fairly precise knowledge of the job that is to be done and needs to be prepared in sufficient detail to permit an analysis of differences between the contractor's approach to the job and that used by the Contracting Agency. Direct costs other than salaries require special attention since major items are easily overlooked. Attachment 1G may be used as a checklist.

3.5.2.3 Indirect Costs

The Contracting Agency can ascertain a particular contractor's current indirect cost (overhead) rate if it has recently negotiated a contract with the same contractor, or the rate may be available from the Overhead and Special Costs Branch, Office of Contract Management, A.I.D./W. It is difficult to estimate indirect costs because contractors use varying accounting systems to establish the rates.

3.5.2.4 Fee or Profit

Finally, the fee should be estimated based on recent experience with contractors in the host country. While all other contract costs can be analyzed and agreed upon if the facts or estimates on which they are based are accepted by both parties, the fee is a matter for negotiation. The Contracting Agency should, therefore, be prepared to discuss the fee with the contractor on the premise that the contractor should be allowed a reasonable but not exorbitant profit. In forming a judgment on the amount which might meet that criterion, the business risk to the contractor, the method and frequency of payment, the relationship between the fee and direct salary costs, between the fee and the total contract cost, the cost per work-month based on direct and indirect salary costs or on total contract cost should be considered as indicators of the range within which an acceptable fee might fall.

Attachment 1G (Cost-Reimbursement) and Attachment 1H (Fixed-Price) are recommended formats for analysis of costs. They are useful for initial cost estimating, for cost breakdowns and analysis during negotiations, and for recording final agreement on price for contract purposes and A.I.D. approval.

3.5.3 Negotiations

3.5.3.1 General

The responsibility for contract negotiation lies with the Contracting Agency. A.I.D. has a vital interest in the contract as a financier with contract approval rights; however, A.I.D. is not a party to the contract. A.I.D. is prepared to offer the negotiating parties, at the Contracting Agency's request, counsel and advice in the interest of

3.5.3.1

reaching a fair and reasonable contract that meets project needs. Useful roles for A.I.D. include such actions as assisting the contractor in understanding local laws, regulations, procedures, and customs, explaining U.S. contracting principles and administrative procedures to the Contracting Agency, or clarifying what solutions would not be acceptable to A.I.D. in approving the contract. It is difficult to maintain this advisory role which requires experience, flexibility, and tact.

3.5.3.2 Preparation for Negotiation

The Contracting Agency should prepare a position from which to negotiate well in advance of the parties' first meeting. This includes the cost estimate, and an analysis of any adjustments to the statement of work and the other contract provisions which either party wishes to propose.

Cost Estimate. See 3.5.2

Statement of Work. The prospective contractor may well offer an alternative approach in its proposal or make modifications in the statement of work as set forth in the Request for Technical Proposals. The Contracting Agency should analyze the offeror's proposal to consider which elements could be accepted, which should be further discussed or explained, and which should be rejected and why.

Other Contract Clauses. If the offeror has taken exception to any part of the contract as set forth in the Request for Technical Proposals, or if the Contracting Agency sees a need for changes, the contract clauses may be modified during negotiations. The contract clauses are discussed in detail in section 4.3. A sample contract is contained in section 5.

3.5.3.3 Unsuccessful Negotiations

Despite the best efforts of the parties to arrive at a mutually acceptable contract, there are cases where differences are irreconcilable. In those cases, the Contracting Agency should inform the offeror that it considers further negotiations useless and wishes to terminate them. After A.I.D. approval, if required, this should be confirmed in writing. The Contracting Agency then invites the next highest ranked offeror to submit a cost proposal and invites that firm for negotiations.

3.5.4 Draft Contract

The end result of the negotiations is a draft contract acceptable to both the Contracting Agency and to the contractor. Since A.I.D. approval of the signed contract is required (see the rule in Section 2.2), the contract must also be acceptable to A.I.D. To avoid changes in the signed contract and resulting delays, it is prudent to obtain A.I.D. approval of the draft contract.

3.5.5 A.I.D. Approval of Draft Contract

3.5.5.1 After the contract has been negotiated by the Contracting Agency and the contractor, but prior to signing, the Contracting Agency should submit to A.I.D. for approval a complete draft of the contract together with the information cited below.

a. Analysis of the cost or price of the proposed contract. Attachment 1G (cost-reimbursement) or Attachment 1H (fixed-price), or a similar form may be used.

b. If not previously submitted, the selection memorandum prepared pursuant to 3.4.4 above.

c. Biographic data of key personnel, particularly with respect to qualifying experience.

d. Offeror protests and their disposition.

3.5.5.2 A.I.D. Approval Criteria

A.I.D. approval of the contract will be based on:

a. The soundness of the contract document as a fair and workable instrument to accomplish the objective;

b. Adequacy of the scope of work and work plan;

c. Reasonableness of price based on the analysis prepared by the Contracting Agency and the considerations discussed in 3.5.2.;

* d. Conformity with the rules in section 2; *

e. Appropriateness of the selection procedure, including the settlement of offeror protests, and

f. Review of the A.I.D. Consolidated List of Debarred, and Ineligible Awardees (Regulation 8, 22 CFR Part 308) and the GSA List of Debarred, Suspended and Ineligible Contractors.

After A.I.D. approval of the contract, the firms whose proposals were retained in case a satisfactory contract was not reached are notified of the award. Attachment 1J is an example.

3.5.5.3 Signature of Contract and Required A.I.D. Approval

The contract is signed by the Contracting Agency and the contractor. A copy is submitted to A.I.D. for approval in accordance with the rule in 2.2. If A.I.D. did not approve the final draft contract, the documentation listed in 3.5.5.1 should be submitted with the signed contract for approval in accordance with the criteria in 3.5.5.2.

After the Contracting Agency is advised in writing of A.I.D.'s approval, copies are distributed to A.I.D. in accordance with the rule in 2.11. Additional copies may be distributed as appropriate.

3.6 Determining the Method of Payment

3.6.1 General

The method of payment to the contractor is described in the contract and should be chosen in consultation with A.I.D. personnel. The three basic methods employed for payment are Direct Reimbursement to the Borrower/Grantee, Direct Letter of Commitment to the Contractor, and Letter of Commitment to a U.S. bank with subsidiary Letters of Credit. Each is especially useful in certain situations explained below. In each method, payments are made on the basis of submission of the appropriate documents discussed in 3.6.6 below.

3.6.2 Direct Reimbursement to the Borrower/Grantee

Under the Direct Reimbursement procedure, the Borrower/Grantee pays for the contract services and related commodities from its own resources, prepares a Request for Reimbursement with the required supporting documentation, as listed in 3.6.6, submits it to A.I.D., and receives reimbursement.

3.6.3 Direct Letters of Commitment to the Contractor

The Direct Letter of Commitment (D L/COM) is an agreement between A.I.D. and the contractor, under which A.I.D. makes payment directly to the contractor for eligible commodities and services furnished under a country contract. The D L/COM is assignable under the Assignment of Claims Act, by the contractor to a banking institution and thus may serve as collateral for credit the contractor may require for working capital.

The steps involved in this method of U.S. dollar payments are:

a. The Contracting Agency prepares a request for a Letter of Commitment and submits it to A.I.D.

b. Based on the Project Agreement and Project Implementation Letter, the request for a Letter of Commitment, and the contract, A.I.D. issues a Letter of Commitment directly to the contractor.

c. The contractor presents the appropriate documents listed in 3.6.6 to A.I.D., and receives payment directly from A.I.D.

3.6.4 Letter of Commitment to U.S. Bank

The Bank Letter of Commitment (L/COM) is an agreement between AID and a U.S. bank, under which the bank is authorized to make payments to the contractor for eligible commodities and services. The bank is reimbursed by AID for payments made in accordance with the conditions set forth in the L/COM. This financing device utilizes established commercial banking channels to process payments to contractors. Under this financing arrangement, a party designated by the Borrower/Grantee (known as the "approved applicant", which is generally a host country bank) may either issue letters of credit to contractors, and request the L/COM bank to advise or confirm them or may request the L/COM bank to issue its own letters of credit to contractors.

a. Eligibility and Designation of U.S. Banks

Any banking institution organized under the laws of the United States, or any State, Territory or possession thereof, or Puerto Rico or the District of Columbia is eligible to be designated as an L/COM bank. It is the responsibility of the Borrower/Grantee to select the U.S. banking institution, and as a general rule, responsibility for selection of the U.S. bank is delegated to the approved applicant. Normally, an existing correspondent relationship between the approved applicant and the U.S. bank is the basis on which a U.S. bank is selected.

In those cases where the amount of the contract is $50,000 or more, the contractor may, prior to signature on the contract, request the designation of a specific U.S. bank to receive the L/COM. The decision as to whether or not to comply with the contractor's request rests with the approved applicant which should make every effort to grant this request.

b. U.S. Bank Charges

U.S. banking institutions charge for their services under Letters of Commitment issued to them by AID. These charges are for the account of the approved applicant, but may be financed by AID from funds set aside in the L/COM, if so authorized by the terms of the underlying agreement. The schedule of fees and charges should be negotiated, and agreed upon by the approved applicant and the U.S. bank prior to the time a bank is designated as the L/COM bank. If the Contracting Agency elects to finance the bank charges under the L/COM, which is usually the case, the amount to be set aside in the L/COM should be specified by the Contracting Agency and not be estimated by AID. AID will not finance any banking charges other than those assessed by the L/COM bank.

c. The steps involved in this method of financing are:

(1) The Contracting Agency requests AID to issue an L/COM. The request should contain the L/COM amount including the amount of estimated banking charges; the name and address of the U.S. bank; the name and address of the approved applicant; and the expiration date of the letter of commitment.

(2) AID issues a Letter of Commitment to the specified U.S. bank. The L/COM sets forth the conditions under which AID will reimburse the bank.

(3) The L/COM bank, based on instructions received from the approved applicant, issues, advises, or confirms a letter of credit to the contractor. The Letter of Credit must be in accordance with the terms of the contract, including documentation requirements, and be consistent with the terms of the L/COM.

(4) The contractor presents the documentation prescribed in the Letter of Credit to the U.S. bank and receives payment.

(5) The U.S. bank submits its voucher and the prescribed AID documentation to AID and receives reimbursement. The documentation submitted to AID by the bank is not pre-audited by AID but, like all AID-financed transactions, is subject to post-audit.

* 3.6.5 Advance Payments

3.6.5.1 Definition

Advance payments are payments of monies to a contractor prior to or in anticipation of future performance under a contract. They are not based on actual performance or actual costs incurred.

3.6.5.2 Conditions For Use

a. Non-Profit Contractors

Contractors which are non-profit organizations (including international research centers and educational institutions) and which do not charge a fee are authorized advance payments. Thus, they will not be forced to utilize their own working capital or earmarked funds to finance work carried out under AID-financed contracts. However, before an advance is authorized, the recipient organization must have a financial management system which has been found by U.S. Government audit (or other acceptable audit) to be adequate for controlling and accounting for U.S. Government funds. If the contractor does not have an acceptable financial management system, payment shall be on a reimbursement, not advance, basis.

b. Non-Profit Contractors Which Charge A Fee

Paragraph c., below, discusses conditions for advance payments to such contractors. *

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* c. Profit Making Contractors

Advance payments to profit making contractors or non-profit organizations which charge a fee may be authorized only when the approving official (3.6.5.4 below) has made a positive determination in writing that AID will benefit in terms of increased competition and/or lower prices. This determination must be made prior to the issuance of the RFTP so that all prospective contractors are made aware of the availability of advance payments. The contractor must post adequate security for the advance (e.g., advance payment bond or guaranty). The requirement for an acceptable management system determined by U.S. Government or other acceptable audit described in paragraph a, above, also applies to profit making organizations.

3.6.5.3 Amount of the Advance

The amount of the advance payment, whether in dollars or local currency, is to be based on an analysis of the working capital required under the contract, taking into consideration the reimbursement cycle and, in the case of profit making firms, the availability of their own working capital. The advance shall be limited to the minimum amount needed for immediate disbursing needs (i.e., up to 30 days from date received until expended). The advance period may be extended up to 90 days when the approving official has made a written determination that implementation will be interrupted or impeded by applying the 30-day maximum.

3.6.5.4 Approvals

a. Advances to non-profit organizations are authorized, subject to the concurrence of the AID Controller serving the Mission, when the organization has an acceptable financial management system.

b. Advances of $100,000 or less to profit making firms, regardless of the percentage of the contract value, may be approved by the Mission Director with the concurrence of the AID Controller serving the Mission.

c. Advances to profit making firms of up to 10% of the contract value with a maximum of $1 million may be approved by the Mission Director with the concurrence of the AID Controller serving the Mission.

d. Advances to profit making firms in excess of 10% of the contract value or $1 million, whichever is less, must be approved by the regional Assistant Administrator with the concurrence of the AID/W Controller (M/FM).

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3.6.6 Documentation for Payment

Regardless of the method of payment used, appropriate documentation, as discussed below, must be submitted in order to receive payment.

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* Revised

3.6.6.1 Voucher

The voucher, SF 1034, "Public Voucher for Purchases and Services Other Than Personal" (Attachment 1K), is to be submitted in an original and three copies, normally prepared by the U.S. banking institution under Letters of Commitment, by the Contracting Agency under Direct Reimbursement, or by the contractor under Direct Letters of Commitment.

3.6.6.2 Contractor's Invoice

The Contractor submits its invoice in the number of copies specified in the contract describing the services performed, and itemizing in the detail the costs, such as salary, travel, materials, and equipment, if any, for which payment is invoiced under cost reimbursement contracts. When the contractor seeks reimbursement for commodities and the value of the commodity transactions exceeds $2,500, the contractor also submits a "Supplier's Certificate for Project Commodities (form AID 1450-4), executed by the commodity supplier. The invoice shall indicate that the contractor has already incurred costs for the items being claimed. Under fixed-price contracts, the invoice shall identify the sections or paragraphs in the covering contract which contain the terms of payment.

3.6.6.3 Contractor's Certificate and Agreement (Attachment 1L)

In accordance with the rule in 2.12.3, the Contractor's Certificate and Agreement with the Agency for International Development, form AID 1440-3, shall be prepared in accordance with instructions thereon and submitted with each request for payment.

3.6.6.4 Borrower/Grantee's Certification for Reimbursement

When direct reimbursement to the Borrower/Grantee is used, the following certification, signed and dated by the Borrower/Grantee must accompany the required documentation:

"Pursuant to Agreement No. _____, dated _____, the Borrower/Grantee hereby requests reimbursement and certifies as follows:

a. The Borrower/Grantee has not applied for or received reimbursement for the cost of any of the items for which reimbursement is requested, and will not obtain such reimbursement out of the proceeds of any other loan or grant available to the Borrower/Grantee.

b. If pursuant to a loan or grant agreement some portion of the total payment for the specific goods and services covered herein is to be met from other than AID sources, the Borrower/Grantee certifies that the total payment was $_____, of which the sum of $_____ was borne by _____."

3.6.6.5 Certification of Performance for Payments Other Than Final

Under any of the payment methods, when the request for payment is made by the Contracting Agency or the contractor, a certificate, signed and dated by the Contracting Agency, is required to accompany invoices for payments (other than final payment) as follows:

"The Contracting Agency certifies that (a) the services (or equipment and materials) for which reimbursement is requested have been satisfactorily delivered, (b) the reimbursment requested is in accordance with the terms of the contract, and (c) reports or recommendations required under the contract have been received and are in accordance with the terms of the contract."

Contracts may provide that if the contractor submits an invoice and the Contracting Agency fails to execute and deliver a certification of performance within a given period; e.g., 30 days after submission of the voucher, payment will be made without such a certification, unless a certification of nonperformance of specific items is delivered within such period. In such a case payment with respect to such items may be withheld subject to adjustments being made in subsequent billings.

3.6.6.6 Certificate of Performance for Final Payment

In addition to the above documentation, the following certificate, signed and dated by the Contracting Agency, is required to accompany the invoice for final payment under any of the payment methods:

"The Contracting Agency certifies that the services (or equipment and materials) for which final payment is invoiced meets in all respects the specifications prescribed in the covering contract, and the amount invoiced is properly due and payable under the terms of the contract.

3.6.6.7 Termination Claims

If the contract has been terminated pursuant to provisions contained therein, the claim for termination costs is accompanied by:

a. Written justification by the contractor supporting in detail the claimed charge.

b. One of the following:

(1) Written concurrence by the Contracting Agency to the contractor's claim, or

(2) A certified copy of an arbitration award.

3.6.6.8 Administrative Approval by AID Project Officer

An administrative approval by the AID Project Officer is to be shown on the original of the SF 1034 whenever Direct Reimbursement to the Borrower/Grantee is used. This administrative approval is not required when a Bank Letter of Commitment is used. When a Direct Letter of Commitment to the Contractor is used, the administrative approval is required unless the request for payment is solely for the cost of commodities and the contract provides for payment for commodities against invoices and shipping documents.

a. Direct Reimbursement to the Borrower/Grantee

The administrative approval should read:

"I have reviewed the voucher, the request for reimbursement 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 of the AID paying office."

b. Direct Letter of Commitment to the Contractor

The administrative approval below is required unless the request for payment is solely for the cost of commodities and the contract provides for payment for commodities against invoices and shipping documents.

1. When the AID Project Officer has ready access to the place of performance or direct personal knowledge of contractor performance the administrative approval should read:

"I have reviewed the voucher, the related invoice(s) and supporting documentation. Based upon: (a) my personal knowledge of the project, (b) the representations of the Contractor in the Contractor's Certificate (form AID 1440-3) or other documentation, and (c) the representations of the Borrower/ Grantee in the Certificate of Performance, I see no reason to withhold payment. Therefore, the voucher is administratively approved for payment subject to the financial review and certification by the AID Paying Office."

2. When the AID Project Officer does not have ready access to the place of performance or does not have direct personal knowledge of contractor performance, the administrative approval should read: "Based on the summary data provided which is applicable to the voucher and supporting documentation, including representations of the Contractor and the Borrower/Grantee, 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 AID Paying Office."

3. If contrary to normal practice, the project for which a voucher is submitted has not been assigned to a project officer and no other member of the Mission staff has personal knowledge of the project, or if the project has been assigned to a project officer only just before the voucher is submitted, the project officer or another Mission officer should approve the voucher with the following statement:

"I have reviewed the voucher, the related invoice(s) and supporting documentation attached thereto. I do not have and am unable to obtain promptly personal knowledge of the project, because (state reasons). I have no reason to believe that payment of the amounts claimed in this voucher should be withheld. Therefore, the voucher is administratively approved for payment subject to the financial review and certification by the paying office."

3.7 Contract Administration

The responsibility of the Contracting Agency and AID for the contract does not cease when the contract is signed. The Contracting Agency has the primary responsibility for ensuring that the contractor performs in accordance with the terms of the contract. AID may have certain approval responsibilities for contract administration actions (such as subcontracts, change orders, amendments, etc.) as set forth in the contract. Also, AID has certain responsibilities under the loan or grant which affect the contract, such as waiving nationality and source requirements, waiving marking requirements, etc. Both the Contracting Agency and AID must make certain certifications in order for the contractor to be paid (see 3.6.6).

The Contracting Agency should be aware of contractor performance at all times. Any problems or delays should be analyzed and appropriate action taken as soon as possible. Appropriate action might include noncontractual remedies (such as expediting commodities through customs) or contractual action (change order, invoking force majeure, or termination).

4.0 Contents of Documents

4.1 Prequalification

4.1.1 Notice for Commerce Business Daily

The Notice for the Commerce Business Daily announcing the availability of prequalification questionnaires should contain the following information:

1) A brief description of the project and the services involved;

2) The name of the Contracting Agency;

3) The address(es) at which interested firms may obtain prequalification questionnaires;

4) The deadline for receipt of prequalification information (see section 3.3.4) and a statement of how late prequalification information will be handled.

5) A statement regarding the eligible nationality of the contractor and the source of any incidental goods.

6) The address to which completed questionnaires are to be sent.

See Attachment IM for more detailed guidance in preparing Notices.

4.1.2 Prequalification Questionnaire

The prequalification questionnaire requests information from interested firms regarding their experience, job capacity, financial capacity, and the like. Attachment 1B is an adaptation of the U.S. Government's Standard Form 255 which requests appropriate information. The Contracting Agency may develop another questionnaire requesting the necessary prequalification information.

4.2. Contractor Selection

4.2.1 Request for Technical Proposals (RFTP)

The request for Technical Proposals includes the following, as appropriate (see also 3.4.1):

a) A detailed description of the project, including its location, work environment, size, technical problems, etc., and a statement of the services required. (See Attachment 1N for guidance in preparing a statement of work.);

b) The expected starting date of the services, completion dates for critical portions of the work, and the completion date for all services and reports;

c) A a request that the number and utilization of key persons proposed, and the approximate work-months of service each will perform be included in the proposal. The request will require the proposal to include biographic data on key persons named by the contractor. ("Key persons" are individuals whose services are deemed crucial to the success of the contractor's performance under the contract because such personnel are assigned the responsibility for a major aspect of the contract.);

d) The type of contract contemplated;

e) The required nationality, source, and origin of services and commodities;

f) Classes of services ineligible for subcontracting, if any, and the maximum amount of subcontracting that will be permitted, in terms of a percentage of the contract price or otherwise;

g) The currency in which the contractor will be paid;

h) A draft of the contract unless the timing makes this impractical;

i) The final date for submission of technical proposals and a statement of how late proposals will be handled;

j) The address to which proposals should be sent;

k) The criteria to be used in evaluating the proposal in order of importance. Attachment 1D lists some sample criteria;

* l) If prequalification has not been required, the Request shall require submission of the qualifications of the firm and business references to verify claims of previous performance.

m) A statement whether or not the selected contractor will be eligible for follow-on work (Sec. 2.4.1.2.).

n) A statement that requests for clarification of the RFTP and explanations of the award should be addressed to the Contracting Agency. *

4.2.2 Notice for Commerce Business Daily

If prequalification was not used, the Notice for the Commerce Business Daily announcing the availability of Requests for Technical Proposals should contain the following information:

a) A brief description of the project and the services involved;

b) The name of the Contracting Agency;

c) The address(es) at which interested firms may obtain Requests for Technical Proposals;

d) The deadline for receipt of technical proposals (see 3.4.1);

e) A statement regarding the eligible nationality of the contractor and the source of any incidental goods.

See Attachment 1M for more detailed guidance in preparing Notices.

* Revised

4.3 Contract Clauses

While the format and content of each contract will vary, every contract for professional or technical services (other than contracts with educational institutions or international research centers) shall be prepared taking into account the rules and guidance of this chapter, unless specified otherwise in the Project Agreement, Project Implementation Letters, or other documents. Contracts should also reflect local laws and customs to the extent that these do not conflict with U.S. laws and regulations. The contract provisions listed in 2.12 are mandatory. Some other clauses discussed in this Section 4.3, while not mandatory, are so essential to sound contracting that their omission will rarely be justified. A.I.D.'s review will take the foregoing principles into account.

This section discusses points to be covered in the contract in terms of the effect the clause should have. A sample contract is included in Section 5 of this chapter. Because the contract must reflect the requirements of the project and must be consistent with contracting principles of this chapter, collaboration between persons familiar with the project and those experienced in contracting matters is necessary. Some of the clauses in Section 5 must be incorporated into the contract verbatim. Others should be used as written or modified if necessary in the particular situation.

Either a one-part or a two-part contract may be used. In a "one-part" contract (such as the one appearing in the sample in Section 5) all clauses are numbered consecutively with the signatures of the parties appearing at the end of the completed document. A "two part" contract consists of a Schedule and General Provisions. The Schedule contains the highly variable clauses which must be tailored to fit the specific contract. The signatures appear at the end of the Schedule. The General Provisions are less variable, are numbered separately from the Schedule clauses, and are cited as a part of the contract in the Schedule.

Whether a one- or two-part contract is used, development of approved General Provisions to be used in a series of contracts will speed A.I.D. approvals considerably since the review could be limited to the variable clauses and such changes to the General Provisions as may have been negotiated for the particular contract. The General Provisions would incorporate those clauses which are expected to vary little, if at all, from one contract to another in a series, such as several contracts for one project, all contracts with one host country agency, or all contracts in the cooperating country.

Annexes may be used to incorporate supplementary contract requirements. Caution must be exercised to avoid contradiction between the contract clauses themselves and the provisions contained in the Annex. Such items as a contract budget or the payment procedure may be appropriate for inclusion as annexes. The A.I.D. Project Paper or Project Agreement with the cooperating country should <u>never</u> be annexes to the contract.

4.3.1 Introductory Clause (See 5.1)

This clause (a) identifies the parties to the contract, including their legal status, e.g., type of legal entity and place of organization; it also identifies the parties to the joint venture agreement, if any, (b) states the date and place of contracting, and (c) if a two-part contract or annexes are used, explains the relationship among the contract schedule, the General Provisions and Annexes, as appropriate, and states which element controls in case of conflict.

4.3.2 Definitions (See 5.2)

A definitions clause may be helpful to clarify recurring expressions, avoid repetition, or to introduce abbreviations used in the contract.

4.3.3 Language (See 5.3)

This clause specifies the governing version of the contract if it is prepared in more than one language. It also specifies which language is used in Notices prepared by either party. (See the rule 2.8.1)

4.3.4 Law to Govern (See 5.4)

This clause specifies which laws govern the interpretation of the contract.

4.3.5 Nature of the Project (See 5.5)

A clause may be included which describes for perspective the overall project of which the contractor's services will be a part. The clause, if used, should be merely for background; it should not describe the services to be rendered.

4.3.6 Statement of Work (See 5.6 and Attachments 1N, 1P and 1Q)

The statement of work specifies what the contractor will do, and, to a large extent, how. It is the standard against which the contractor's obligation to perform is determined. The statement of work might not be the same as the one included in the Request for Technical Proposals. The statement of work specifically defines the nature of the services, who is to receive them, in what form, when, and where. The statement must also state actions to be taken, e.g., personnel recruitment; home office and field staff levels; goods procured; etc. To the extent practicable, all actions needed to get the work done are specifically stated. Considerable attention must be given to timing; a work schedule should be included here or in an annex.

4.3.7 Key Personnel (See 5.7)

"Key personnel" are individuals whose services are deemed crucial to the success of the contractor's performance under the contract because such personnel are assigned the responsibility for a major aspect of the contract. The contract clause lists the individuals deemed to be key personnel and specifies that any change in key personnel must be approved by the Contracting Agency. The list of key personnel is usually limited to the contractor's project manager and other employees who meet the criterion in the definition. However, since the contractor was selected based, in part, on the personnel specified in the technical proposal, care must be exercised to ensure that those personnel (or others equally qualified) actually are employed under the contract.

4.3.8 Reports (See 5.8)

Written reports are generally essential in technical and professional work if the Borrower/Grantee is to fully utilize information, conclusions, and recommendations, create a history upon which future actions can be taken, and otherwise preserve the benefits of the work done.

This clause specifies the content and timing of reports, the number of copies of each, to whom they are submitted, and the language of all reports. Reports should be submitted in English and, if desired by the Contracting Agency, in the language commercially accepted in the host country.

4.3.9 Term of Contract (See 5.9)

This clause states the beginning and ending dates of the contract. In setting the dates, consideration must be given to the dates contained in the Project Agreement (particularly the terminal date), and the contract's relationship to overall project implementation. Intermediate completion dates or report submission dates should be included in the "Statement of Work" and "Reports" clauses, respectively. In cases when the beginning date or completion date cannot be determined at the time the contract is prepared, these dates may be expressed by reference to other events even though the contract becomes binding on the parties at the time of signature. For example, the beginning date of work under the contract may be stated as "the date of receipt by the contractor of a satisfactory Letter of Credit" or "the date of receipt of the Notice to Proceed." The terminal date could be stated as a fixed period (expressed in days, weeks, or months) after the completion of work by another contractor, or the completion of a training program of a specified length. Care must be taken, however, to establish the intent of the parties so that the contract cannot subsequently be construed as an open-ended commitment of either party.

When the Notice to Proceed is used to define the beginning date of the contract, the Contracting Agency must be certain that the Notice is not issued before the funds needed to finance the contract are available for disbursement. Thus all conditions precedent to disbursement listed in the Project Agreement with AID must have been met and local currency needed must be under the control of the Contracting Agency.

4.3.10 Relationship of Parties, General Responsibilities (See 5.10)

This clause specifies the responsibilities and relationship of the parties to the contract. It may include such items as: (a) the name of the officials of the Contracting Agency and contractor who have responsibility for the contract and the limits of such authority/responsibility, (b) the obligation of the Contracting Agency to provide certain data or access to certain areas in the country, or (c) if the contract is for supervisory engineering services, the scope of the contractor's authority to make determinations, give approvals , and exercise other responsibilities of the Contracting Agency.

4.3.11 Legal Effect of AID Approvals and Decisions (See 5.11)

In accordance with the rule in 2.12.1, the clause set forth in Section 5.11 must be included in every AID-financed contract verbatim.

4.3.12 Contract Amount and Payment (See 5.12)

The content of this clause depends upon two variables: (1) the type of contract (e.g., cost reimbursement, fixed price, or other), and (2) the method of payment (e.g., direct reimbursement, direct letter of commitment or bank letter of commitment with a letter of credit).

a. Contract Amount

The contract amount is the total cost of the contract in dollars and local currency. For fixed price contracts, the amount stated is paid to the contractor, regardless of the costs actually incurred, if the contractor completes the work satisfactorily. For cost reimbursement or time-rate contracts, an amount is stated which is the maximum amount payable in accordance with the budget, unless subsequently amended. If the contractor incurs less cost than the budgeted amount (or for time-rate contracts, works fewer days than the number budgeted), the contractor is paid only the amount actually earned.

b. Payment Methods

The methods of payment are discussed in Section 3.6. This clause sets forth the procedures and documentation requirements to be followed by the contractor in obtaining payment. As specified in 3.6.6.3 and 3.6.6.6, payments under any type of contract must be supported by the Contractor's Certificate and Agreement with AID (form AID 1440-3) and a certification of performance by the Contracting Agency.

c. Payment Schedule

The contract should set forth a schedule of payments to be made to the contractor. When payments are made periodically during the term of the contract, the contractor needs to use less of its own resources (cash or credit) to finance its performance under the contract, and the total contract cost would not include the cost of such resources. (See also 4.3.35)

For fixed price contracts, payment may be made either in one sum at completion of the contract or partial payments may be scheduled at specified time intervals or upon completion of specified portions of the work.

For time-rate contracts, payment should be invoiced and paid at specified intervals, but not more often than monthly.

For cost-reimbursement contracts, payments for reimbursable costs should be invoiced and paid at specified intervals, but not more often than monthly.

d. Fee Payments

In contracts providing for a fixed fee, the contract should include a schedule for paying the fee to the contractor. The schedule of payments should be negotiated. The fee schedule may be arranged in one of four ways.

(1) The fee, in its entirety, may be paid upon completion of the contract.

(2) The fee may be paid in parts, based upon completion of certain stages of work under the contract.

(3) The fee may be paid in parts based upon the amount of time the contractor has been working on the contract; e.g., 25% of the fee is payable every six months under a two year contract.

(4) The fee may be paid as a percentage of each billing under the contract. For example, in a contract of $107,000 including the fixed fee of $7,000, the contractor would add 7% of the costs billed to each voucher for its fee.

The four options listed above give the contractor declining incentives for performance under the contract. In option 1, the contractor does not receive any profit until all work is satisfactorily completed. Under Option 4, the contractor could collect substantial profit before performing very much work because the initial costs in a services contract (e.g., travel of personnel and their effects) are usually very high. However, in a long term contract, Options 3 or 4 may be more equitable to the contractor and result in a lower overall fee.

e. Retentions

Contracts may specify a schedule of retentions of a certain portion of each payment to the contractor. Retentions help to ensure that the contractor will complete work under the contract since the retained amount is included in the final payment and is not paid to the contractor until all work has been completed to the satisfaction of the Contracting Agency. In some cases, the Contracting Agency may require a performance bond in lieu of or in addition to retentions.

4.3.13 Advances (See 5.13)

Advance payments may be authorized for nonprofit or profit making contractors in accordance with 3.6.5 of this Chapter. If an advance is authorized, the contract should specify the amount of funds advanced, the use to which they will be put, the procedure for liquidating the advance and the guaranties for the advance. Such guaranties may take the form of bonds, bank guaranties, letters of credit, or similar security devices. In determining both the amount of the advance and the adequacy of security, consideration may be given to factors such as whether the contractor is a nonprofit or profit making organization, the net worth of the contractor, the size of the contractor's business, the length of time the contractor has been in business, the contractor's credit rating, and the size of the advance.

Local currency advances should be from Borrower/Grantee resources.

4.3.14 Final Payment (See 5.14)

This clause provides that the final payment to the contractor, including retentions, is withheld until it has met all its obligations under the contract, unless the Contracting Agency and the contractor agree otherwise. The obligations include completion of all services and acceptance of the work by the Contracting Agency, receipt of required certifications and warranties for incidental commodities and a release by the contractor of all claims against the Borrower/Grantee.

4.3.15 Local Currency (See 5.15)

This clause specifies that the local currency costs of the contract shall not be reimbursed or paid to the contractor in United States dollars, but shall be met in local currency whether financed by AID or otherwise. If it is necessary, for the purpose of the contract, for the contractor to convert U.S. dollars to local currency, the contract shall indicate where the contractor is to make such conversions (e.g., Mission Controller, central bank, etc.). The Mission Controller or U.S. Disbursing Officer should be consulted to determine the best place to make conversions.

4.3.16 Cost Provisions (See 5.16)

a. General

A standard must be set in every cost reimbursement contract against which expenditures may be compared in order to determine the propriety of reimbursable costs. Consequently, every cost-reimbursement contract must include a provision which sets forth clearly and specifically the elements of direct and indirect costs and the fee, if any. Chapter 4 of this Handbook provides guidance concerning the elements of such costs and fees. Cost limitations should be included in other types of contracts if provision is made for cost-reimbursement of specified portions of the contract. A budget may be set forth either in the body of the contract or in an annex. The degree of flexibility among the line items may vary depending upon the type of contractor and budget needs.

b. Direct Costs

The direct costs which may be specified in the budget include, but are not limited to the following:

-- Salaries of employees and consultants;

-- Benefits, such as holidays, sick leave, vacation leave, retirement, insurance, and other payroll costs unless reimbursed through indirect costs;

-- Travel costs of personnel;

-- Transportation costs of household effects, baggage, material, equipment, and supplies;

-- Allowances, such as subsistence, quarters, education; and

-- Equipment, materials, and supplies.

c. Indirect Costs

Provision must also be made for reimbursement of indirect costs or "overhead."

(1) Provisional Rates

If the contractor has an established accounting system, provisional overhead rates may be appropriate. Since it is difficult to prospectively determine precisely what portion of a contractor's general operating expenses are attributable to a given contract, a formula is derived based on previous experience for all contracts; e.g., "a 42% provisional rate applied to a base of direct salaries" for a stated period. If the contractor will be performing in a location where it is not headquartered, separate rates are usually utilized for home office and field operations. A final rate to be applied to the actual contract period must be determined after the fact, and an appropriate adjustment made in funds payable under the provisional rate. Current audited rates for use as provisional rates for many U.S. contractors are available from the Defense Contract Audit Agency, the Department of Health, Education and Welfare, or AID/Washington. Where possible, Contracting Agencies and contractors should be encouraged to use these rates because they are routinely audited by the respective U.S. Government audit agencies and negotiated with the contractor.

(2) Fixed Amount

In many instances, fixed amount overhead may be preferable in contracts with small or local firms, since such firms may have no auditable system of accounting. In such cases (or where the contract amount is small and post auditing is not worth the expense) a negotiated fixed amount in lieu of overhead, based on past experience, future sales, or other relevant factors, may be appropriate.

(3) Fixed Percentage Rates

AID will not approve a contract where the overhead is expressed as a fixed percentage rate which is not subject to adjustment based on audit. This is a form of cost-plus- percentage-of-cost contracting because overhead increases proportionately as salary costs increase.

4.3.17 Limitation of Costs (See 5.17)

Cost control considerations make it appropriate that cost-reimbursement contracts require the contractor to notify the Contracting Agency when it has expended a stated percentage of the maximum amount of funds payable under the contract. The contract may spell out options of the Contractor and/or Contracting Agency to increase the funds, terminate the contract, or let it expire.

4.3.18 Audit and Records (See 5.18)

This clause requires the Contractor to maintain adequate books and records concerning transactions under or in connection with the contract, and to make them available for inspection and audit by the Contracting Agency (or its authorized agents) during the contract term and for a period of 3 years after final payment to insure compliance with the requirements of the contract. Fixed-price (lump sum or unit-price) contracts are not subject to audit of costs except for any cost-reimbursable items. They are subject to audit for compliance with source and comparable requirements.

4.3.19 Assignment (See 5.19)

This clause limits the right of the contractor to assign its obligations under the contract except with the prior written consent of the Contracting Agency with AID concurrence. While assignment of the right to receive payments is usually a legitimate business practice, assignment could be a sign of financial problems of which the Contracting Agency should be aware. Consequently, the contract may require that the Contracting Agency must agree to such assignment.

4.3.20 Host Country Taxes (See 5.20)

In accordance with the rule 2.12.7, this clause indicates the extent to which the contractor and its employees are exempt from all taxes (including customs duties, registration fees, and the like) imposed by or in the host country. To the extent the Government does not provide such exemption, the contract should provide the extent to which all such taxes are to be shown as a local expense and reimbursed to the contractor or paid directly by the Borrower/Grantee. As specified in the Agreement, Project Implementation Letters, or other related documents, the contract should enumerate the taxes subject to this provision. Normally these will not include taxes (such as value added) included in other local costs and not readily identifiable.

4.3.21 Contracting Agency Furnished Property and Logistic Support (See 5.21)

If the Contracting Agency will provide any property or logistic support for the performance of the contract, a clear descriptive statement must be included which specifies the types of property or services to be made available, the dates by which they will be supplied, and any limitations on their use. The purpose of this clause is to define the responsibilities of the parties in this area and, if clearly written, minimizes disputes and delays in contract implementation. In addition, the contract should specify:

a. The rights of the parties if the property or services are not supplied as required;

b. In whom title to the property vests;

c. Responsibility for maintenance, protection, and custody of the property;

d. Who bears the risk of loss; and

e. Ultimate disposition of the property.

4.3.22 Nationality of Suppliers of Services (See 5.22)

This clause states the eligible nationality of any subcontractors for services. The eligible countries must match those stated in the Project Agreement, unless a waiver has been obtained (see 2.6.2.3). This is a mandatory contract clause. (See 2.12.2.)

4.3.23 Air Travel and Transportation (See Clause 5.23)

a. General

If performance under a cost reimbursement contract requires travel by contractor personnel, the contract should specify trips allowable, who may travel, what per diem rates will apply, etc.

b. Grant-Financed Contracts

A U.S. Government statute requires the use of United States flag carriers for all AID grant-financed international travel and transportation unless such service is not available, regardless of whether the contract is on a fixed price or cost-reimbursement basis. The language in the clause defining this requirement may not be changed. (See also 2.12.4.)

c. Loan-Financed Contracts

In accordance with the rule in 2.12.4, when Geographic Code 000 is authorized under a loan, the clause in 5.23 is used as discussed in paragraph b. above. If the authorized Code is 941, cooperating country, U.S., or other Geographic Code 941 flag air carriers are authorized. If the contractor certifies that authorized carriers are not available in accordance with the criteria in 5.23, any Code 899 flag air carrier may be used.

4.3.24 Subcontracts and Purchase Order (See 5.24)

a. Subcontracts for Services

Since the contractor has been selected based on its qualifications, this clause specifies what duties or what value of the contract (percentage or monetary) may be subcontracted and the extent to which A.I.D. and the Contracting Agency must approve subcontracts in writing in advance. To avoid unnecessary delays, subcontracts and purchase orders for small value or administrative purchases usually should not require approval. The Contracting Agency and A.I.D. should use discretion in establishing approval requirements. Subcontracts not approved by A.I.D. as required by the contract will not be financed by A.I.D.

Cost-plus-percentage-of-cost subcontracts are not eligible for A.I.D. financing if the prime contract is on a cost reimbursement basis.

This clause may also list any prime contract clauses that must be incorporated into subcontracts in order for A.I.D. (or Contracting Agency) approval to be granted.

b. Subcontracts for Equipment and Materials

(1) Under cost reimbursement prime contracts, the contractor is normally required to procure equipment and materials (i.e., commodities) in accordance with Chapter 3 of this Handbook 11, which is incorporated into the contract by reference. However, if the Mission Director waives the requirement to use Chapter 3 in its entirety, certain provisions included in that Chapter must be incorporated into the prime contract. They are:

Title	Chapter 3 Reference
Nationality and Source	2.13.2
Supplier's Certificate and Agreement with A.I.D. for Project Commodities/ Invoice and Contract Abstract (Form A.I.D. 1450-4)	2.13.4
Marking	2.13.5
Vesting of Title and Diversion Rights	2.13.9

In addition, any requirements for Contracting Agency or A.I.D. approval of subcontracts for commodities are set forth in this clause.

4.3.24

(2) Under fixed price prime contracts, the contractor procures commodities in accordance with its established procedures. However, the following requirements, as set forth in Chanter 3 of this Handbook 11, must be included in the prime contract. They are: Nationality and Source (see 2.13.2 of Chapter 3), Marking (see 2.13.5 of Chapter 3), and Vesting of Title and Diversion Rights (see 2.13.9 of Chapter 3).

c. Local Currency Procurement

This clause permits the contractor to procure certain commodities available locally. Such local currency procurements are not covered by Chapter 3 of Handbook 11. Consequently, when local cost financing has been authorized, the paragraph should be included whether or not Chapter 3 is incorporated by reference.

* The prescribed clause requires the insertion of a ceiling value which is based upon a per project limitation. Refer to the clause's accompanying footnote for instructions on application. *

4.3.25 Change Orders (See 5.25)

This clause allows the Contracting Agency to issue Change Orders providing for changes in the work required and for equitable adjustment in the contract price, if appropriate. The Change Order is used in situations requiring swift action and lays the basis for later contract amendment. Change Orders may only be issued to make changes within the scope of the contract. For example, Change Orders are appropriate to increase or decrease contracting agency-furnished property, extend interim completion dates, and the like.

4.3.26 Amendments (See 5.26)

This clause provides for modification of the contract by written amendment. Letter agreements and other such "informal" arrangements normaly should not be used. The contract should specify what kinds of amendments must be approved by A.I.D. As a minimum it is recommended that any amendments which increase the contract amount or extend the completion date be approved by A.I.D.

4.3.27 Disputes and Appeals (See 5.27)

This clause establishes how disputes will be resolved. The clause should also provide for creation of a written record of contentions and facts concerning any dispute. The clause should establish a procedure to be followed when a dispute arises under the contract or refer the parties to a judicial procedure in a named jurisdiction. Settlements neqotiated by the parties are preferable because formal arbitration is extremely time consuming and costly. To provide for situations where such negotiations are unsuccessful, the contract should establish an arbitration procedure. The arbitration rules for an organization such as the International Chamber of Commerce may be used.

* Revised

4.3.28 (Reserved)

4.3.29 Inspection (See 5.29)

The clause provides that the Contracting Agency and A.I.D. and their representatives have the right to inspect the work under the contract at any reasonable time.

4.3.30 Report of Delays (See 5.30)

This clause places responsibility upon the contractor to notify the Contracting Agency of known factors which may delay the work and possibly interfere with the contract schedule.

4.3.31 Force Majeure (See 5.31)

This clause provides for events beyond the control of the Contractor which, should they occur, would make further performance of the work, in whole or in part, impossible. The clause must also provide for an orderly modification or termination of the work and the contract in the event a force majeure continues to impede performance for a stated period of time.

4.3.32 Suspension of Work (See 5.32)

This clause provides that the Contracting Agency may order the Contractor to suspend all or part of the work under the contract for a specified period of time, and then either terminate the contract, extend the contract period, increase the contract amount, or otherwise amend the contract.

4.3.33 Termination by the Contracting Agency for Default (See 5.33)

This clause permits the Contracting Agency to terminate the contract for default if the contractor fails to perform under the contract. It is not possible to spell out all ramifications of termination but some direction should be given which facilitates an orderly withdrawal by the Contractor with a minimum of dispute. The clause defines the obligations of the Contractor upon receipt of a termination notice, and the extent of the Contractor's right to compensation in the event of termination for default.

4.3.34 Termination by the Contracting Agency for Convenience (See 5.34)

This clause permits the Contracting Agency to terminate the contract for convenience; i.e., when it is desirable to cancel the contract through no fault of the contractor. Conditions leading to termination for convenience might include cancellation of the project, a force majeure event, and the like. This clause defines the obligation of the Contractor upon receipt of a termination notice, and the Contractor's right to compensation in the event of termination for convenience.

4.3.35 Termination by the Contractor for Nonpayment (See 5.35)

This clause, giving the Contractor the right to terminate the contract if its invoices are not processed reasonably promptly, may be included in the contract. If the Contract provides that the Contractor will be paid unless a notice of nonperformance is prepared within a certain time period (see 3.6.5.5), do not use this clause.

4.3.36 Contractor Employees (See 5.36)

This clause provides for removal or replacement of any contractor employee upon written request of the Borrower/Grantee.

4.3.37 Physical Fitness of Employees and Dependents (See 5.37)

This clause, for inclusion in cost-reimbursement contracts with United States or other eligible country firms, states that the Contractor will provide medical examinations for its employees and their dependents and will not be paid for any additional costs (e.g., evacuation or travel and replacement) incurred because there was no medical examination of the employee (and dependents authorized to accompany such employee) or which might have been aniticipated as a result of a medical examination. This clause does not apply to employees hired in the host country and is not necessary in fixed-price contracts since the risk, by the nature of the contract, is on the contractor. In locations where special health hazards exist, AID, in order to guard against project delays due to illness of personnel (apart from financial considerations), may require inclusion of this clause or a similar clause in all types of contracts.

4.3.38 Employee Conduct (See 5.38)

This clause precludes Contractor employees from engaging in other business in the host country or receiving compensation from other sources for services performed under the contract.

4.3.39 Equal Employment Opportunity (See 5.39)

This clause requires that the Contractor will not discriminate in the recruitment or employment of personnel in the United States for the performance of the contract because of race, color, religion, sex, or national origin.

4.3.40 Labor Standards (See 5.40)

This clause specifies the extent to which labor standards (e.g., safety, sanitation, work hours) prescribed by local laws, regulations, customs, and practices apply to the Contractor. These should be identified as specifically as possible.

4.3.41 Worker's Compensation Insurance (See 5.41)

a. Every contract financed by AID must require worker's compensation coverage for contractor employees (see 2.12.5). All contracts financed by AID involving performance outside the United States (except contracts exclusively for furnishing of materials and supplies) must provide for such coverage as required by the Defense Base Act (42 USC 1651, et seq.), unless a waiver is obtained from the U.S. Department of Labor (See 4.3.41.c below.)

b. All Defense base Act insurance coverage under country contracts must be placed with the Insurance Company of North America (INA) in accordance with the blanket contract for guaranteed rates negotiated between A.I.D. and INA.* In order to obtain coverage, contractors should contact the INA Coordinator, Wright & Company, 1400 "I" Street, N.W., Washington, DC 20005. The telephone number in the Washington, D.C., area is (202) 289-0200. From outside the Washington area, the toll-free number is (800) 424-9801. Wright & Co. will require the following information:

Type of contract (i.e., construction or services),

Period of contract,

Number of nonwaived employees,

Country of performance,

Projected employee remuneration (defined as overseas salary, post differential, and any overseas recruitment incentive, but excluding per diem, housing allowances, travel expenses, temporary quarters allowance, education allowance and other miscellaneous post allowances).

Information concerning the INA contract and current rates can be obtained from the Planning and Evaluation Branch, M/SER/PPE, A.I.D./W.

c. Waivers may be obtained for third-country nationals and cooperating country nationals but can not be obtained under any circumstances for persons who are hired in the United States or who are citizens or residents of the United States. Waivers of the Defense Base Act insurance requirements are prepared by M/SER/PPE, A.I.D./W. Blanket waivers of the Defense Base Act insurance require-

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* The INA contract provides for the following exemptions to procuring coverage under the contract:

1. Contractors with a DBA self-insurance program approved by the Department of Labor.

2. Contractors with an approved retrospective rating plan for DBA.

3. Contractors that have entered into a long-term agreement for DBA coverage with a company or agent prior to January 1, 1982. However, if it would be economical to cancel the long-term coverage and pay short-term rates, contractors will be requested to do so.

* ments for third-country nationals and cooperating country nationals are in effect in the following countries:

Afghanistan
Antigua
Bahamas
Bangladesh
Barbados
Belize
Benin
Bolivia
Botswana
Brazil
Burkina Faso
Burundi
Cameroon
Cape Verde
Chad
Chile
Colombia
Costa Rica
Djibouti
Dominica
Dominican Republic
Ecuador
Egypt
El Salvador
Equatorial Guinea
Ethiopia
Fiji
Gambia
Ghana
Grenada
Guatemala
Guinea
Guinea Bissau
Guyana
Haiti
Honduras
India
Indonesia
Israel
Italy
Ivory Coast
Jamaica
Jordan
Kenya
Korea
Lebanon
Lesotho
Liberia
Madagascar
Malawi
Mali
Mauritania
Mauritius
Mexico
Morocco
Mozambique
Nepal
New Caledonia
Nicaragua
Niger
Nigeria
Oman
Pakistan
Panama
Papua New Guinea
Paraguay
Peru
Philippines
Portugal
Rwanda
St. Christopher and Nevis
St. Lucia
St. Vincent
Senegal
Seychelles
Sierra Leone
Sinai Support Mission
Somalia
South Africa
Sri Lanka
Sudan
Swaziland
Syria
Tanzania
Thailand
Togo
Tonga
Tunisia
Turkey
Uganda
Uruguay
Western Samoa
Yemen Arab Republic
Zaire
Zambia
Zimbabwe *

* Revised

4.3.41

A condition imposed by these blanket waivers is that the waived employee(s) must be provided worker's compensation coverage as required by local law or custom.

4.3.42 Insurance (See 5.42)

Each contract should specify the types of insurance which the Contractor and its employees must carry. The requirement will vary depending upon the contract. Marine insurance is not necessary when the Borrower/Grantee is able to replace from its own resources any equipment or materials furnished by AID which are lost, damaged, or destroyed in transit or storage.

4.3.43 Publications and Patents (See 5.43)

This clause states the rights of the parties to data developed under the contract and the rights of the parties to publish. The contract should include language which indemnifies and holds harmless the Borrower/Grantee for infringement of patents and copyright in the country of the contractor. If a process or invention which may be patended is involved in contract performance, the contract should also state what the responsibilities are if the Contractor becomes involved in a patent or copyright suit.

* 4.3.44 Participant Training (See 5.44)

When a contract provides for participant training, this clause is used to required the contractor to provide such training pursuant to the provisions of AID Handbook 10, Participant Training, as from time to time amended. *

4.3.45 Notices (See 5.45)

This clause states either by name or title persons designated by the parties to receive official notices under the contract., e.g., Notice to Proceed, Stop Work Orders, Notices of Termination, and the like.

4.3.46 Signature (See 5.46)

A clause must be included which contains the signatures of the authorized representatives of the parties to the contract. If the contract is signed by the parties before AID approval (in accordance with 2.2 above) is obtained, this clause also state that the contract will not be financed by AID unless and until AID approval has been obtained.

* Revised

HOST COUNTRY CONTRACTING - TYPICAL TIME REQUIRED FOR CONTRACTING

	Elapsed Time (Days)
A. Prequalification	
1. CBD Announcement - Transmission to AID/W by cable and publishing	10
2. Response time	45
3. Analysis of information received by contracting agency	15
4. AID review and approval of list of prequalified firms	15
5. Notifications of firms by contracting agency	15
TOTAL PREQUALIFICATION TIME.....	100
B. RFTP for Professional Services	
1. Preparation - Concurrently with prequalification	--
2. Review by AID - Concurrently with prequalification	--
3. Receipt of proposals (from issue of RFTP to prequalified firms)	60
4. Analysis of technical proposals	30
5. AID approval of selected firms	15
6. Negotiations with selected firm	30
7. AID approval of draft contract	15
8. Contract signature and AID approval of signed contract	15
TOTAL AWARD PROCESS	165
TOTAL CONTRACTING TIME FOR PROFESSIONAL SERVICES (A&B).....	265
C. IFB for Equipment and Materials	
1. Preparation - Concurrently with prequalification	--
2. Bidding period	60
3. Bid analysis by contracting agency	30
4. AID review of proposal award and draft contract if different from that included in IFB	15
5. Signature of contract (or Purchase Order)	5
6. Approval of contract	5
TOTAL BIDDING PROCESS	115
TOTAL CONTRACTING TIME FOR IFB EQUIPMENT & MATERIALS (A&C)..	215
D. IFB for Construction Services	
Same as C above; except for following items:	
Bidding Period - Add.....	45
Bid Analysis by Contract Agency - Add.....	30
TOTAL ADDITIONAL TIME	75
TOTAL IN C ABOVE	115
TOTAL BIDDING PROCESS	190
TOTAL CONTRACTING TIME FOR IFB FOR CONSTRUCTION SERVICES (A&D)...	290

COUNTRY CONTRACTING RULES
FOR TECHNICAL SERVICES (HB 11, Chapter 1)
(In Brief)

2.2 AID Approvals

- $100,000 or more -- must be approved by AID.

- Under $100,000 -- Depends on country circumstance and relationship (sometimes countries want AID approval involvement regardless of cost).

2.2 Contracting Method

- Technical Evaluation first
  then
  Negotiation of cost.

- Exceptions to this procedure may be approved only by Regional AA.

2.3 Debarment, Suspension, and Ineligibility

- No soliciting of or contract award to afirm on the Consolidated List of Debarred, Suspended,and Ineligible Awardees published regularly by GSA.

-Exceptions made only by M/AAA/SER.

2.4 Competition

- Necessary, except for PSC (2.4.1.1(a)), and if under $100,000, but this only waives formal competition based on CDB solicitation. Informal solicitations should be made. (2.4.1.1 (b))

2.4.1.2 Follow-on Work

- OK, if initial contract obtained competitively and all firms understood follow-on would be permitted.

2.4.2. Waiver -- Negotiation with a Single Source

- If only one firm responds, negotiations with that firm may proceed without a waiver.

- Waivers of competition authorities:

  1. Over $1,000,000 -- A/AID.

  2. Under $1,000,000 -- Regional AA (as appropriate, in consultation with M/AAA/SER) redelegable to MD

  3. Up to $1,000,000 -- as redelegated to AID principal officer with concurrence of Mission Non-Competitive Review Board, if delegated by his/her AA.

- Reasons (valid) for competition waiver:

  1. Emergency, unacceptable project delay (judgment).

  2. Special design or operational capability of one firm.

  3. Unique capability (of firm or individuals in the firm).

  4. Follow-on work of previous contractor when not specified to begin with. (This one is very difficult to justify).

  5. Adherence to competitive procedures would impair foreign assistance objectives, and would not be in the interests of the U.S.

- Amendment to a contract increasing scope of work or LOE must be justified by one or more of five criteria above.

2.5 Advertising

- Must be advertised in CBD, unless:

  (a) PSC. (Annex A)
  (b) Under 100,000. (2.4.1.1)
  (c) Follow-on contract. (2.4.1.2)
  (d) Competition has been waived. (2.4.2)

2.5.3 Waivers of Advertising in the CBD

- CBD advertising may be waived by Regional AA to avoid serious delay, but efforts should be made to secure proposals from several firms.

- Waiver authority up to $500,000 may be delegated to USAID directors.

2.6 Nationality and Source

- Geographic code governs.

- Nationality of firm certified by responsible firm officer.

2.6.2.3 Government-owned Organization

- Not eligible! Unless waiver established per 2.6.2.6.a(2) and 2.6.2.6.d.

2.6.2.4 Joint Ventures

- Each member must be eligible.

2.6.2.6 Waivers of Nationality and/or Source

Authorities:

- Up to $5 million: MDs, if Regional AA has delegated.
- Up to $5 million: AAs.
- Exceeding $5 million: A/AID.
- Waiver is not required for any individual transaction whose value does not exceed $5,000, exclusive of transportation costs.

Criteria

A. Privately-Owned Commercial Suppliers

- Emergency Requirement
- No suppliers in eligible geographic code countries able to provide needed services
- Persuasive political considerations
- locally available services (when HC not eligible) would best promote FAA objectives
- Such other circumstances deemed persuasive

B. Government-Owned Organizations

- Competition limited to host country firms
- Demonstrated through prequalification that no US firm interested
- Foreign policy interests of the US

(Note: Decisions on political grounds must be made by AA in consultation with GC and M/AAA/SER, and S&T/ENGR if engineering and construction services.)

2.6.3 Contractor and Subcontractor Employees

- Employees may be from any country in Geographic Code 935.

2.7 Factors Other Than Nationality Affecting Eligibility

- If firm has unfair competitive advantage (not because it worked on project earlier).

- Firm's judgment might be biased by situation (e.g., Host Country firm with family in government).

- No firm (nor its affiliates and subsidiaries) can perform engineering and design services and provide commodities and/or construction services on same project.

- Debarred, suspended lists available from GC-AID/W.

- U.S. firm must certify it complies with equal employment opportunities policy of EO 11246. (Can only be waived by A/AID.)

2.8 Language and Specifications

- English unless otherwise agreed in writing.

- U.S. standards for specs unless otherwise agreed by AID.

2.9 Prohibitions Against Certain Types of Contracts

NO-NO! Cost-plus-percentage of cost.

2.10 Documentation for Payment

- "Contractor's certificate and agreement with the Agency for International Development" (Form AID 1440-3) must be submitted by contractor.

- Other documentation will be specific to the contract and method of payment and financing chosen.

2.11 Submission of Contracts to AID

- Mission informs B/G agency of the number of copies to be submitted to AID.

2.12 Mandatory Contract Clauses (Specific language in Section 4, 5 or Annexes)

- Legal effect of AID approvals and decisions (5.11 - verbatim).
- Nationality (5.22 - can be modified)
- Contractor's certificate (AID Form 1440-3) (IL).
- Air Travel and Transportation

  (a) Grant-financed contracts (5.23 - verbatim).
  (b) Loan-financed contracts (5.23 - can be modified)

- Worker's compensation insurance (4.3.41 - can be modified)
- Host country taxes (4.3.20 and 5.20 - can be modified)

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INTRODUCTION TO NEGOTIATION

I. PRE-NEGOTIATION

A. Purpose - Win-Win is Objective

B. Do your Research
1. Determine your objectives in negotiation:
   a. What do you need to come away with?
   b. What is negotiable/non-negotiable?
   c. What is your bottom line (parameters of negotiation)?
   d. Know consequences of alternative positions?
2. Determine the interests of other party:
   a. What are they trying to achieve
   b. What are their parameters of negotiation?
3. Determine the differences between both party's interests:
   a. What issues will need to be negotiated?
4. What objective criteria exist to bring to negotiation?
   a. Salary scales
   b. Guidance on fee negotiations re: risk
   c. Technical considerations
5. Know rules and regulations guiding the process -- the other party will.

C. Assign one spokesperson -- negotiator
1. What are roles of other participants -- why are they there?
2. Who will handle which issues?

D. Role play the negotiation in advance
1. Opening remarks
2. Tone
3. Roles of each individual

II. DURING NEGOTIATIONS

A. Negotiate on interests not positions
1. Attempt to fulfill the interests of both parties
2. Remember negotiations are often a first encounter in a long-term working relationship -- don't destroy it up front.

B. Separate people from the problem
1. Negotiators are not adversaries
2. Very fact of negotiations attests to mutual goals
3. Deal with people as individuals -- deal with problems on their merits

C. Invent options to foster negotiation
1. Expand scope beyond defined problem -- find new variables to consider
2. Develop positions to allow both sides to "win" -- the real purpose of the negotiation

D. Refer to objective criteria for guide posts

E. Indicate acceptable aspects of and problems with proposals
Request similar critique of your position.

F. Don't bring ultimate authority; take a break to reconsider options with final authority.

HOST COUNTRY CONTRACTING
THREE-PART ROLE PLAY
DEVELOPMENT OF A NATIONAL NUTRITION SURVEILLANCE SYSTEM

I. INTRODUCTION

This material contains information needed to prepare for a role play focusing on host country contracting rules and procedures. The role play -- to be acted out in class on Friday -- concerns the preparation for, and initial negotiation session of, a host country contract.

To begin your preparation for the role play, first read the background statement in II below, which describes the project and the contract to be addressed in the role play. Next, carefully review III, which talks about the mechanics of the role play and how your group should prepare. Additional information will be provided for each group during the small group exercise.

II. BACKGROUND

A. The Project

One segment of the Kaos Health and Nutrition project calls for the design and implementation of a National Nutritional Surveillance System (NNSS) to monitor the nutritional status of Kaotians. The Ministry of Health felt that the most appropriate approach to dealing with the nutrition element of the project would be a host country contract with a major U.S. university to work with the National Institute of Health Research and Development (NIHRD) to design, pilot test, and implement a model NNSS. Activities will occur in two phases:

Phase I: **A Design Contract** - Up to $500,000 for a host country contract with a U.S. university to design a model for the NNSS in Kaos, in conjunction with the NIHRD. It is estimated that this contract will

take approximately one year and will require several U.S. university advisors, minimal equipment for the NIHRD laboratories (as determined by the advisors), and minimal training of MOH staff at the home university.

Phase II: Implementation Contract - If and when the Kaotian Government and AID approve the Phase I design, a separate host country contract will be awarded, subject to availability of funds, for up to $2.5 million. This contract will be to help the NIHRD pilot test the model in selected sites; install the NNSS nationwide; implement the surveillance activities and provide equipment for data processing and analysis, as well as to provide additional training of NIHRD personnel to build and strengthen the institution.

The authorized geographic code that governs the procurement of goods and services for the project is 941 and cooperating country.

B. Activities to Date

The Project Agreement (ProAG) indicated that the design and implementation of the NNSS were to be accomplished through two separate contracts. However, the Director of Health Research -- the counterpart to the AID project officer -- felt that it was highly unlikely that any institution would be willing to design a model system without assurance that the institution would be involved in implementating the system. The AID project officer agreed and even further, agreed that if one did, it was unlikely that another institution would implement the system without some time for review and possible redesign, which would waste effort and money. Nevertheless, AID funding was authorized only for the design and testing of the model NNSS, and no guarantee could be given the design contractor that there would be AID funds to proceed to the next stage; or if funds became available, that the contractor which did the design would be selected.

In preparation for the design procurement as well as future procurements, Ministry of Health personnel including NIHRD staff, were trained in AID host country contracting procedures by an 8(a) contractor. Host country

staff then used HB 11 prequalification procedures and short listed three universities to receive the Request for Technical Proposals (RFTP) for the design contract.

The RFTP was jointly prepared by AID and the host country and contained the following information:

- Period of performance - 1 year
- Level of effort - approximately 5 person years
- Type of contract - cost reimbursement
- Key personnel:
  - Principal Investigator - 40% time, half of which was to be on site in Kaos
  - Site Director
- Laboratory and research equipment - minimal amount
- Logistical support - housing, in-country transportation, office space, supplies, and secretarial support to be provided by host country
- Other - the design contractor would be eligible to compete for the NNSS implementation contract
- Evaluation criteria:

Understanding of the Problem	10
Technical Approach	35
Relevance of proposed design	
Technical feasibility	
Cost-effectiveness of design	
Quality of data collection plan	
Personnel	30
Experience of the Principal Investigator	
Experience of the Site Director	
Language	
Management, Logistics, Data Management	15
Organizational Experience	10
	100

The Government of Kaos sent the RFTP to the three prequalified universities and received proposals from Ivyland University and Cow State University. In the evaluation, Ivyland received higher ratings for organizational experience and personnel, since Ivyland had developed and conducted nutritional studies in tropical islands. (Cow State's experience had been limited to sub-tropical areas.) Ivyland's score for personnel was higher since they had proposed a principal investigator who was a leading nutrition expert. Ivyland also proposed as site director, a former Peace Corps Volunteer, who had served in Kaos, and who had just completed his PhD in nutritional science. Also since Ivyland's Nutrition Center was in the School of Public Health rather than the School of Agriculture, as was Cow State's, it was felt that the project would receive additional attention and support, particularly since the Ministry of Health was where the surveillance program would be placed. The NIHRD staff also believed it would be more prestigious to work with the School of Public Health.

C. Summary of Ivyland proposal

The Ivyland proposal provided that:

- The Principal Investigator, Dr. Fruiden Nutts, head of Ivyland's Nutrition Center, would direct the NNSS design work from the Ivyland campus and would visit Kaos periodically to ensure that things were proceeding on schedule. Dr. Nutts would also write several journal articles on Kaos during the contract. Dr. Nutts would serve 20% time.

- Co-principal investigator, Dr. Cal Ory, would serve 20% time, which when added to Dr. Nutts' 20% would meet the 40% requirement. Dr. Ory and two other key faculty of Ivyland would come to Kaos during summer and at semester breaks to check on the status of the field work. This would minimize the need for long-term personnel logistics support in Kaos.

- A Site Director who was a former Peace Corps volunteer in Kaos and seven American graduate students would work full time in Kaos to collect preliminary data necessary for the NNSS design. This use of personnel would be cost effective and require a minimal amount of logistical support.

- Ivyland would provide minimal equipment for the NIHRD during the design phase. Sophisticated analysis and computations would be done at Ivyland using its Nutrition Center facilities. These would be directly charged against the contract.

- Ivyland would require five vehicles (with gasoline and maintenance) for in-country travel of the project team and ministry counterparts. As stated in the proposal it was assumed that the ministry would provide them.

- Ivyland proposed an exchange visit of the Minister of Health, the Director of Health Research and selected NIHRD staff to Ivyland campus, to be paid for under the contract. They also proposed contract funding for an internship program for one NIHRD staff (now with BS degree) to work on a MS program which would begin in the first phase of the NNSS program, and short-term computer analysis training for another member of NIHRD.

D. The Selection Process

Ivyland was notified that its technical proposal was the highest ranked. Therefore, MOH asked Ivyland to prepare a preliminary budget, and come to Kaos for contract negotiations. Ivyland was also told that the evaluation committee had raised several questions about their proposal, including the proposed use of graduate students.

When informed that it was a runner-up, Cow State noted disappointment, but indicated willingness to negotiate if a satisfactory contract could not be worked out with Ivyland. As one of the leading nutritional research institutions in the U.S., Cow State indicated that it would await the advertisement of the RFTP for the second phase, when the time came for the second contract to implement the surveillance system.

Congressional interest in Cow State was also high. Both the Senators and Representatives from the State of Cow had had many linkages with AID's international development assistance efforts over the years. Several held key positions in passing legislation and had been instrumental in enacting the program to enhance involvement of land grant universities in developmental assistance.

III. THE ROLE PLAY

The role play -- occurring as three sessions -- will concern meetings involving the USAID, the MOH, and Ivyland University. As additional background, keep in mind that although the MOH officials recently were trained in host country contracting procedures, they are not experienced in host country contracting or in using HB 11. As for Ivyland University, although they have done international work, this would be their first contract with the GOK. USAID staff have a positive working relationship with MOH staff, have discussed the project components many times with MOH representatives and worked together with them to prepare the RFTP. Nevertheless, the USAID remains concerned regarding the MOH's capacity to administer HB 11 rules reliably. Finally, although the USAID and MOH know the amounts of funds planned for the design as well as the implementation, Ivyland does not have this information.

In addition, given congressional interest, AID/Washington sent the mission an immediate telegram asking about the basis for selecting Ivyland University over Cow State. AID/W also reminded USAID that only the first phase -- designing the model system -- was to be contracted for under the first contract, with no commitment (actual or implied) beyond that.

The role plays are intended to provide a forum where the parties involved can discuss the negotiation process in general and specific Handbook 11 issues in particular. The three role plays are as follows:

1. Role Play 1 - Meeting between USAID and Ministry of Health staff to review rules and procedures;
2. Role Play 2 - Meeting between USAID and Ivyland University staff to provide a general briefing to the Ivyland team, clarify the role of the Mission and answer any questions the Ivyland representatives may have;
3. Role Play 3 - First negotiation session between Ministry of Health and Ivyland representatives.

To prepare for and act out these role plays, the class will be divided into three groups. One group will represent the Ministry of Health; one will be the USAID; and one will be Ivyland University. Specific instructions for each will be given out in the small groups.

REVIEW OF HC CONTRACT FOR AID APPROVAL
SMALL GROUP EXERCISE
Task Sheet

The contract between the National Institute of Health Research and Development Ministry of Health, Republic of Kaos and Ivyland University is the final (initialed) draft negotiated by the two parties specified above. The GOK has presented it to your USAID with a request for USAID approval before it becomes effective with final signature by the two parties.

Task One

Review Section 3.5.5 of HB11 Chapter One in your materials (page C-34).

Task Two

(a) Individually read the contract to page 25 and Annexes (pp. 59-61) and make notes (marginally or separately) about questions you will want to discuss in your review group.

(b) Review pp. 26 through 58 for mandatory clauses (mandatory clauses and listed on pages C-18-20 in your manuals).

Task Three

Meet in your small groups and review the sections of the final draft contract. Discuss sections you and the members of your group feel are acceptable or are unacceptable. If unacceptable define the revisions that would be required before you would recommend AID approval.

Task Four

Prepare the position of the group on flip charts -- by contract Article -- for presentation to the full class. Your report to the plenary session should be in the form of a recommendation to the Mission Director and include one of the following:

1. Recommendation that the draft contract be approved as presented. If so, you will have to explain away discrepancies.

2. Recommendation that the draft contract be approved if specific revisions are made. Spell out, in your presentations, the specific changes in the contract text that need to be made before it can be approved by AID. In presenting these required changes, refer to the numbered sections and page number of the draft contract.

3. Recommendation that the draft contract be disapproved. If your group makes this recommendation, your group must explain why the contract should be disapproved, and why, with specific changes, it cannot be accepted.

Task Five

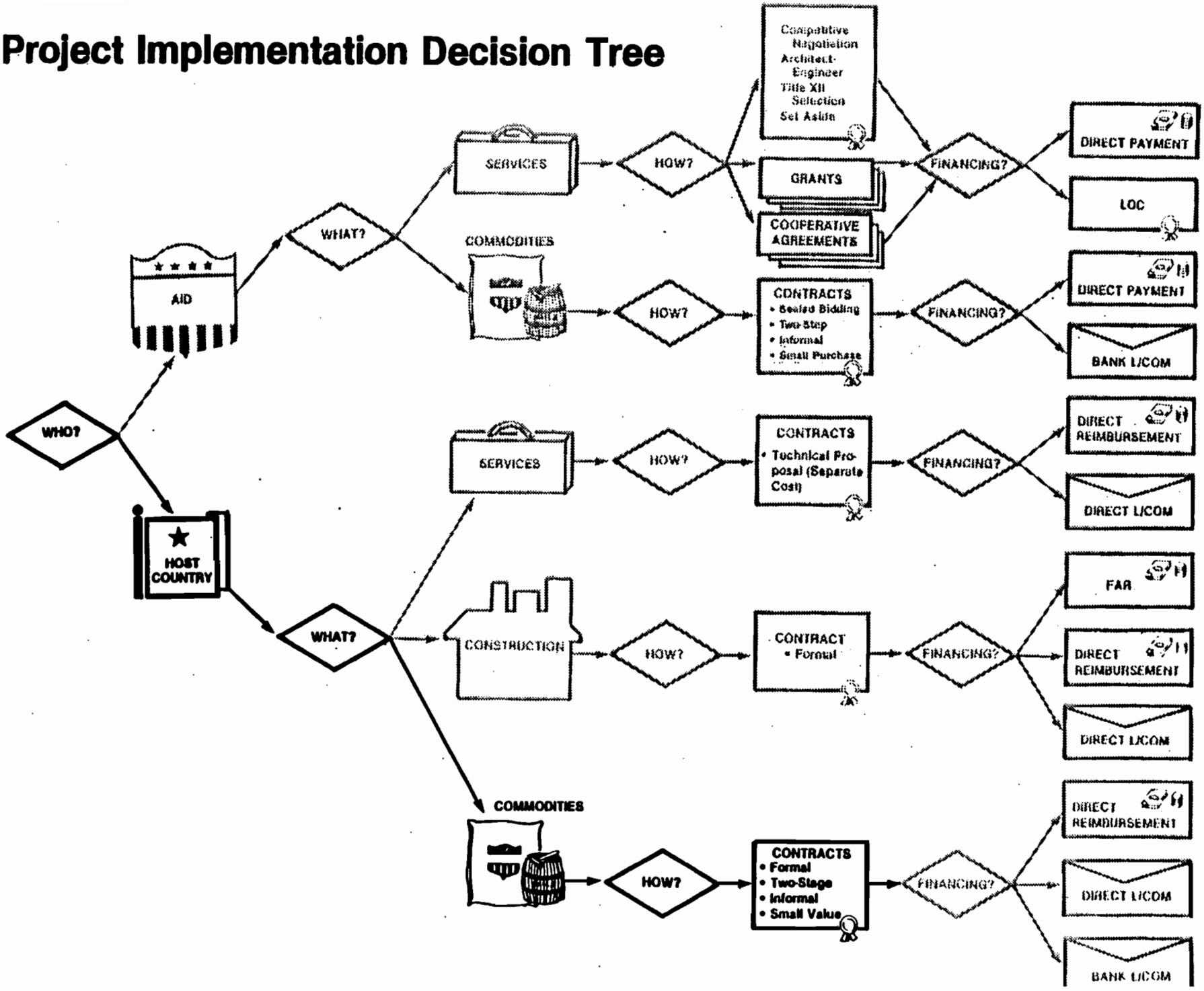
Report your group findings and recommendations to the whole class.

3342B/6.89

D. COMMODITY PROCUREMENT

— Host Country Process
— AID Direct Process

Project Implementation Decision Tree



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Who Procures?

(HB1, Supp. B, Ch. 3)

Options	Rules

• Implementing Agency
• Other HC Agencies
• Contractor of HC
  • Service
  • PSA (Procurement Agent)
	Host Country HB11, Chap. 3

• AID (Mission or Washington) U.S. Govt. Agency (other than AID) • Contractor of AID	Direct AIDAR/FAR

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GENERAL AID PROCUREMENT RULES
(Except where waived)

- Commodities must be eligible for AID financing by terms of loan and implementation letters.

- Commodities must be bought through competition among suppliers with U.S. suppliers given opportunity to participate. Advertisement for bids or offers must be made in a U.S. Government publication if over $25,000.

- Formal Competitive Bidding Procedures must normally be used to secure contracts for commodities estimated to exceed $100,000. Informal Competitive Procedures may be authorized by the Mission Director (a) if adequate specifications cannot be developed, (b) proprietary procurement has been authorized, or (c) if adherence to formal competitive procedure would impair project objectives.

- Small Value Procurement Procedures may be used in the purchase of commodities estimated to cost under $100,000.

- Commodities must be made in and shipped from a country authorized in grant/loan (authorized source/origin).
  - U.S. (Code 000) for grants except grants to Relatively Least Developed Countries (RLDC) the authorized source/origin is Code 941.
  - Selected Free World (Code 941) for loans and for grants to RLDCs.
  - Vehicles must be manufactured in U.S.

- Commodities cannot contain components from communist-bloc countries (excluded from Geographic Code 935).

- Commodities must be shipped to cooperating country on carriers (ships and aircraft) registered under Special Free World (Code 935) flag.
  - 50% of tonnage must be shipped on privately-owned U.S. commercial flag carrier.
  - 50% of freight revenues generated by dry cargo liners must be earned by U.S. carriers.
  - Charters must be approved in advance by AID.
  - Shipment cannot be made on vessel declared ineligible by AID.

- Cost of ocean and air freight can be financed by loan/grant if commodities are shipped to cooperating country on eligible vessels registered under flag of country authorized as eligible source under loan/grant.
  - U.S. (Code 000) for grants, generally.
  - Selected Free World (Code 941) for loans.

- Suppliers must be eligible under the terms of loan and implementation letters. An individual must be a citizen or legal resident of a country included in the authorized geographic code. A corporation must be organized under laws of an eligible source country.

- Suppliers must comply with AID marking requirements.

AID HANDBOOK 11	Trans. Memo. No. 11-3:3	Effective Date Mar. 21, 1988	Page No. 3A-1

ATTACHMENT 3A

RELEVANT A.I.D. GEOGRAPHIC CODES

000 UNITED STATES

899 FREE WORLD

* Any area or country in the Free World* excluding the cooperating country itself.

935 SPECIAL FREE WORLD

Any area or country in the Free World*, including the cooperating country itself.

941 SELECTED FREE WORLD

Any independent country in the Free World*, excluding the cooperating country itself and the following:

Europe		Other	
Andorra	Luxembourg	Angola	Mozambique
Austria	Malta	Australia	New Zealand
Belgium	Monaco	Bahamas	Qatar
Denmark	Netherlands	Bahrain	Saudi Arabia
Finland	Norway	Canada	Singapore
France	Portugal	China, Republic of (Taiwan)	South Africa
Germany, Federal Republic of (including West Berlin)	San Marino	Cyprus	United Arab Emirates *
Ireland	Spain	Gabon	
Italy	Sweden	Greece	
Iceland	Switzerland	Hong Kong	
Liechtenstein	United Kingdom	Iraq	
	Vatican City	Japan	
	Yugoslavia	Kuwait	

*"Free World" excludes the following areas or countries:

Afghanistan, Albania, Bulgaria, Cambodia, Cuba, Czechoslovakia, Estonia, German Democratic Republic, Hungary, Iran, Laos, Latvia, Libya, Lithuania, Mongolia, North Korea, People's Democratic Republic of Yemen (South Yemen or Aden), People's Republic of China, Poland, Romania, Syria, Union of Soviet Socialist Republics, Viet Nam.

* Revised

The Procurement Process

- B/G Role
  - Implement Project
    - Issue RFQ/IFB
    - Receive/evaluate offers
    - Make awards/contracts
    - Establish funding documents
    - Monitor contractor
    - Clear/receive goods
    - Report status

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The Procurement Process

Project Officer's role:

- Ensure nature and magnitude of commodity requirements covered in Procurement Plan
- Prescribe best method(s) for task (plan)
- Convey AID rules to B/G (PIL)
- Monitor process (approvals/ reports)

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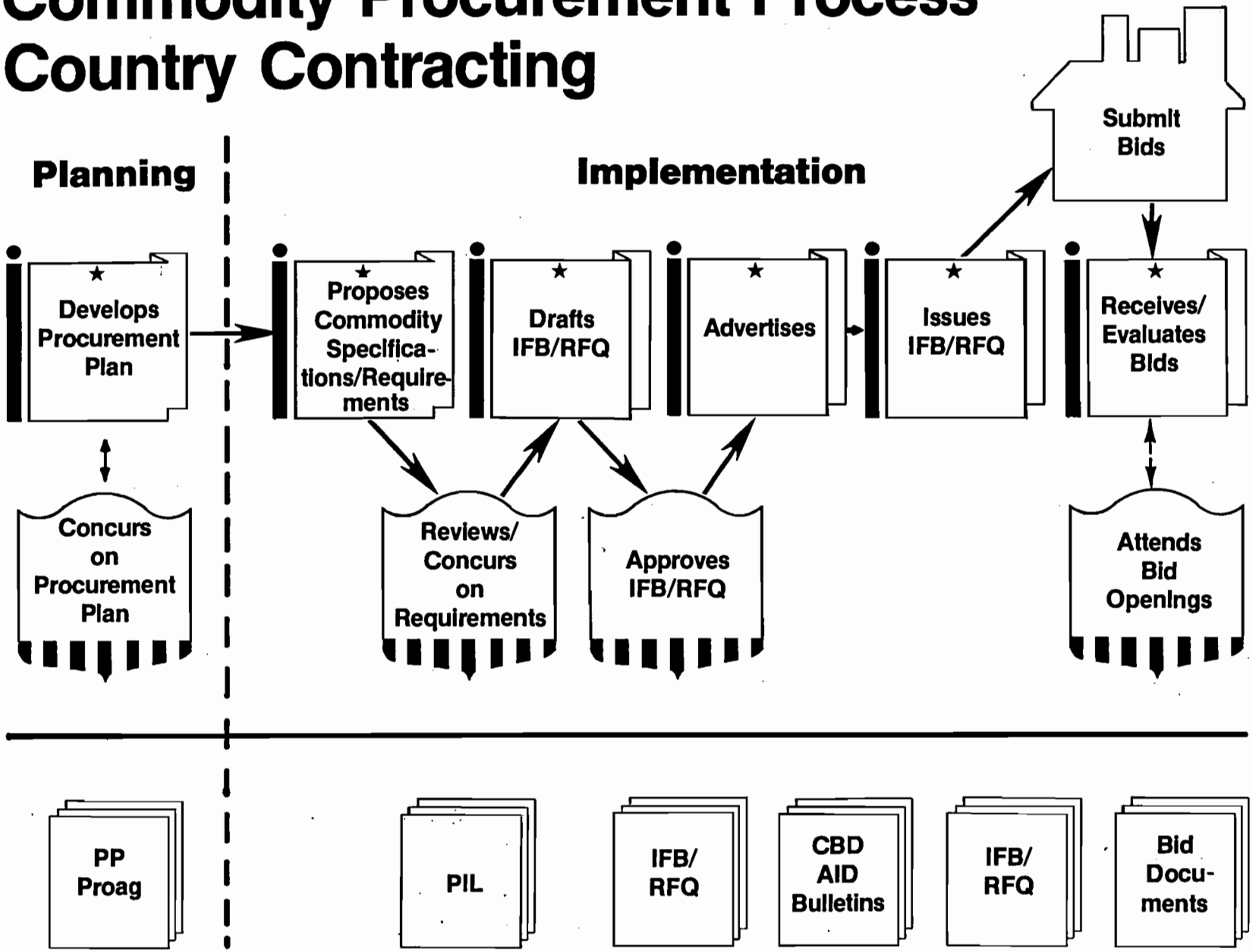
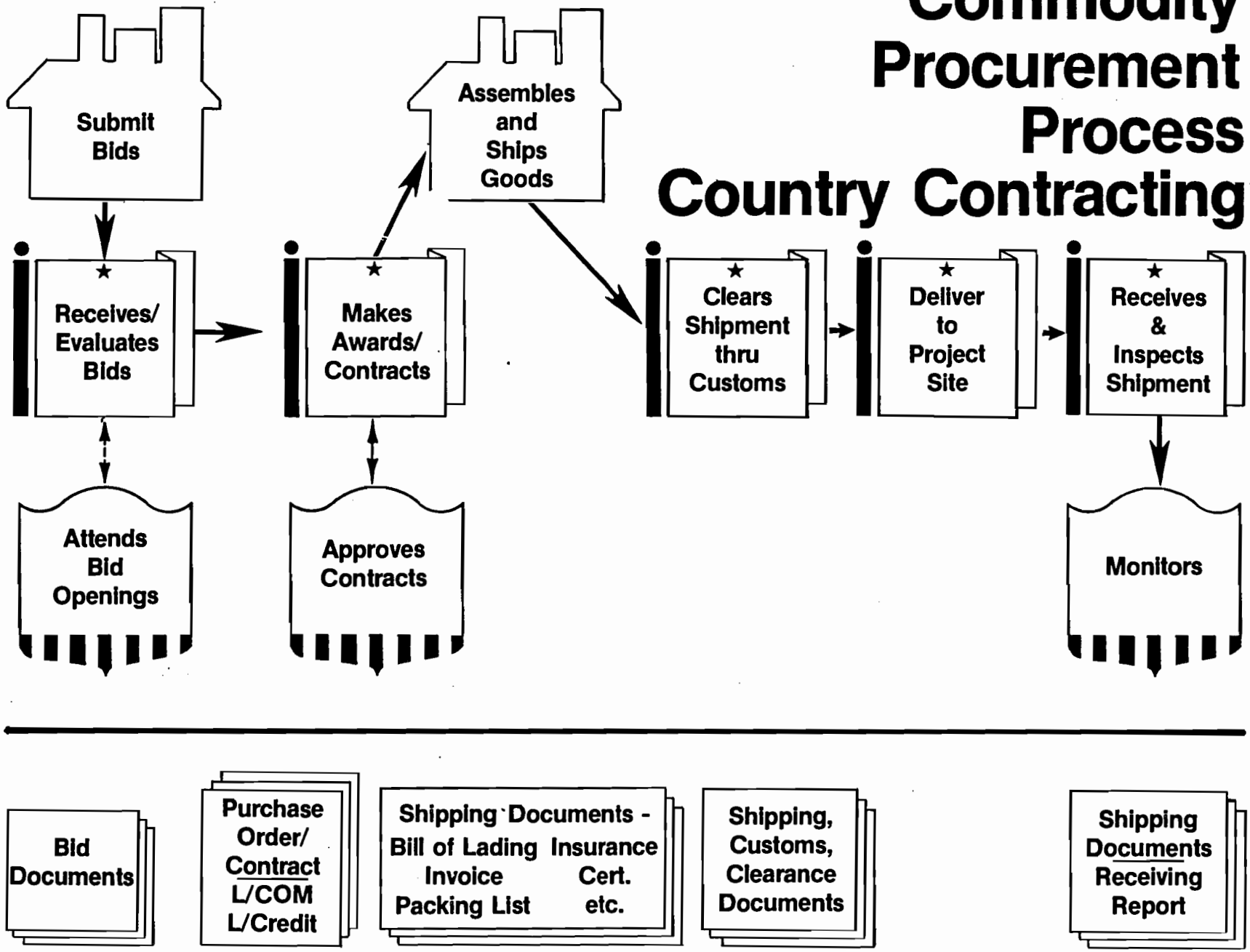
Commodity Procurement Process
Country Contracting



Commodity Procurement Process
Country Contracting



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Country Contracting:
Formal Procurement

When:
- Over $100,000 (unless waived by Mission Director)

What:
- Public advertising
- Invitation For Bid (IFB)
  - Precise specifications
  - All terms and conditions
- Sealed bids
- Public opening and reading
- Evaluate Bids
- Award to responsible bidder with lowest responsive bid
- IFB incorporated as element of contract

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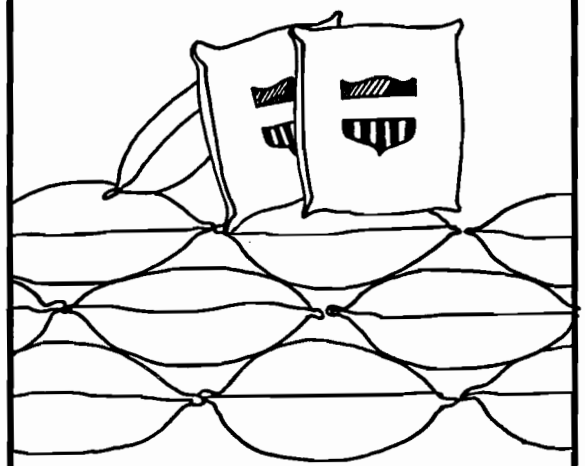
Formal Procurement

COMMODITY
(Precise Specs)
FERTILIZER

- Est. Cost: $4,000,000

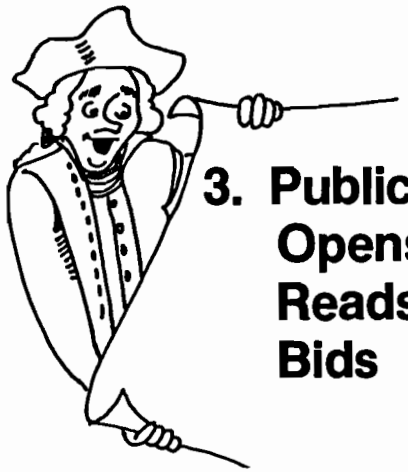


AID Specs

- 30,000 Tons Urea

BUYER

1. Advertises and issues an IFB



3. Publicly Opens & Reads Bids

4. Evaluates and awards to lowest responsive bidder

SELLER

2. Submits Sealed Bid

5.

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Country Contracting:
Two-Stage Procurement

When:
- Procurement of specialized equipment
- Requirements stated in performance - type specifications

What:
- Advertise
- RFQ
  - Notify that 2-stage will be used
- First stage
  - Technical proposals
  - No cost proposal
  - Technical discussions
- Second stage
  - Technically accepted, proposals only
  - Submit priced bids
  - Notify unacceptable
  - Sealed price bids opened publicly
  - award lowest responsive and responsible bidder

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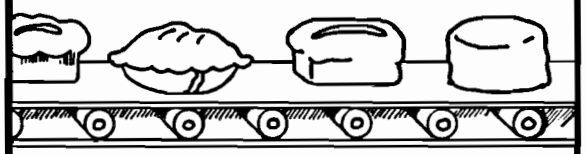
Two — Stage Procurement

COMMODITY

(Performance Specs)

BAKERY EQUIPMENT PROVIDED & INSTALLED IN EXISTING SINGLE-STORY PLANT



Specs
- 500 Loaves/Hr
- Two 8-Hr Shifts operating each 24 hours
- 200 ft. loading dock w/conveyors

1st STAGE

Technical Proposals

Hi-Lo Baking Equipment Co
Computer Controlled
1000 Loaves/Hr
Gravity Loading
From 2nd & 3rd Fls.

Brown Engr.
500/Hr
Roller Conveyors

Smith & Sons
300/Hr
3-6 Hr Shifts

Jones Mfg.
550/Hr
Belt Conveyors

Technical Discussions

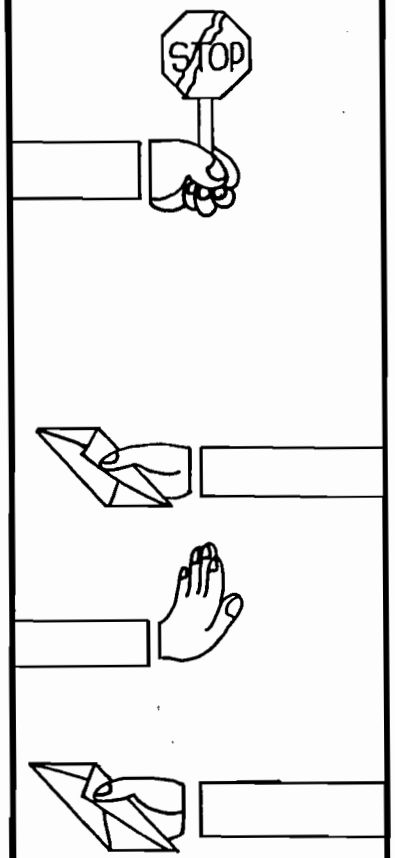
Not Adaptable to Plant
High-Tech Staff Not Available
—Not Acceptable

Acceptable

Production Low
—Not Acceptable

Acceptable

2nd STAGE



Award Made to the *Lowest* of Two Acceptable Technical Proposals

Country Contracting:
Informal Procurement (Competitive Negotiation)

When:

- Mission Director has authorized because:
  - Impossible to develop adequate specifications
  - Proprietary procurement
  - Formal procurement would impair project objectives

What:

- Request For Quotations (RFQ)
- Advertise availability of RFQ (when over $25,000)
- Issue RFQ
- Receive/evaluate offers
- Negotiate terms when appropriate
- Award to most advantageous offeror
  - price and other factors considered

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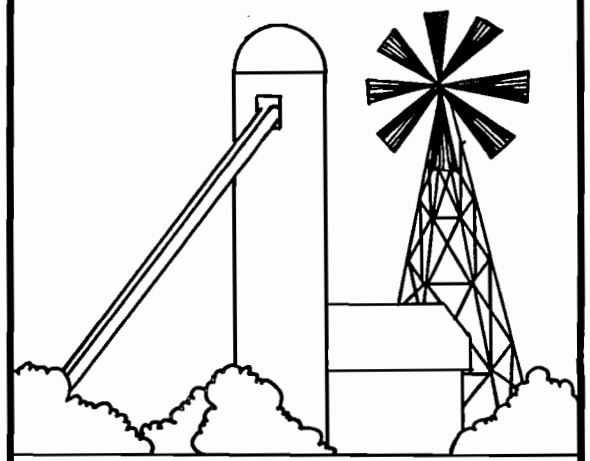
Informal Procurement (Competitive Negotiations)

COMMODITY

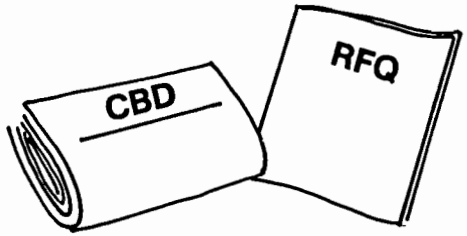
(Inadequate Specs)

RICE MILLS PROVIDED AND INSTALLED



Specs—
- 3 T/Hr
- Staff Training

BUYER

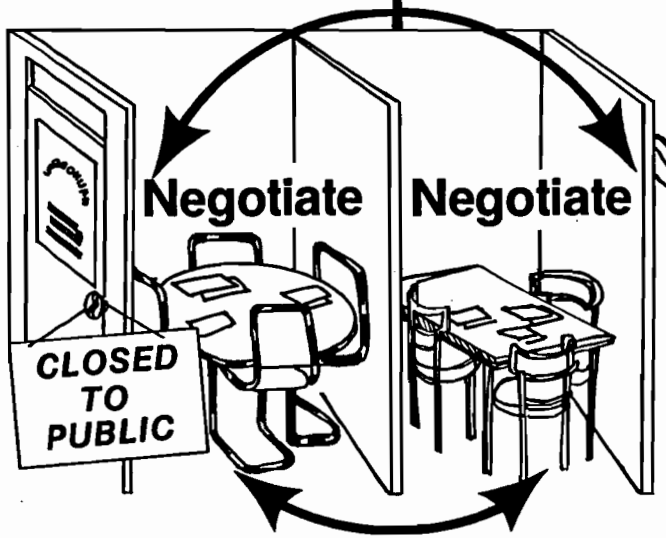


1. Advertises and issues an RFQ

SELLER

2. Submits Sealed Quote

3.



4. Award to most advantageous offer.

Country Contracting:
Small Value Procurement

When:
- Under $100,000

What:
- Advertise if over $25,000
- Often blanket advertising (when over $25,000)
- Solicit reasonable number of quotations
- Mail or cable request to firms
- Award to most advantageous offeror
  - Price and other factors considered
- Purchase Order

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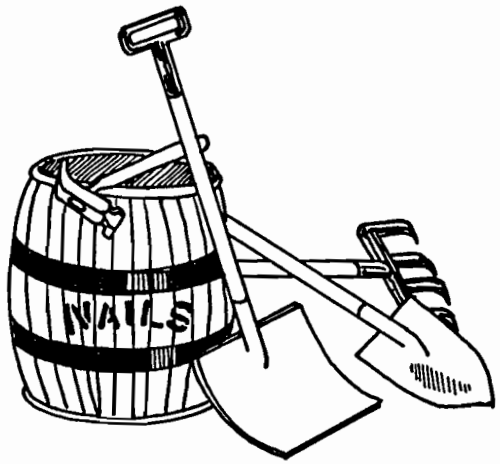
Small Value Procur ment

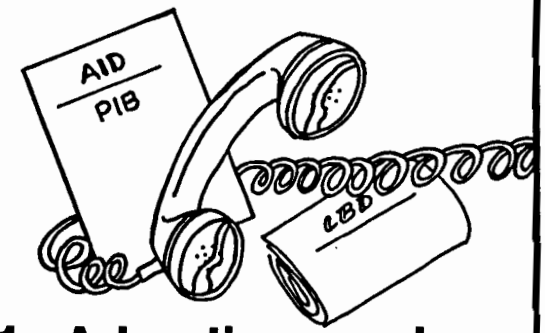
COMMODITIES
(Standard)
HARDWARE



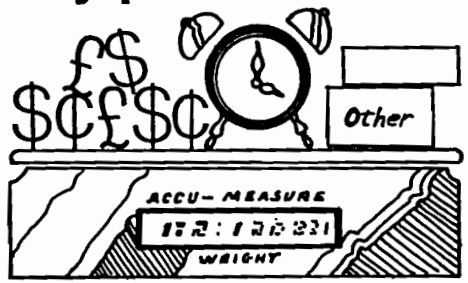
- Est. Cost: $75,000

Specs
- Brand name or equal

BUYER

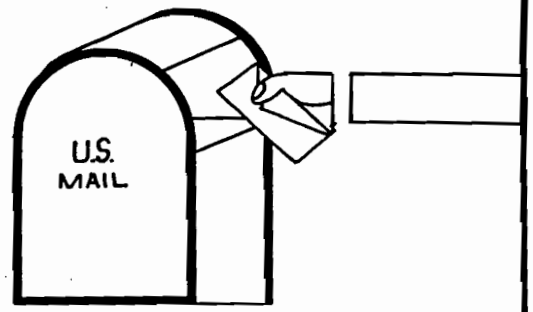


1. Advertises and solicits quotes by phone or mail

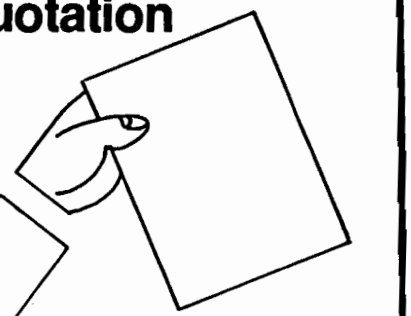


3. Evaluates and awards
most reasonable
$71,250 - 2 months
$69,000 - 12 months

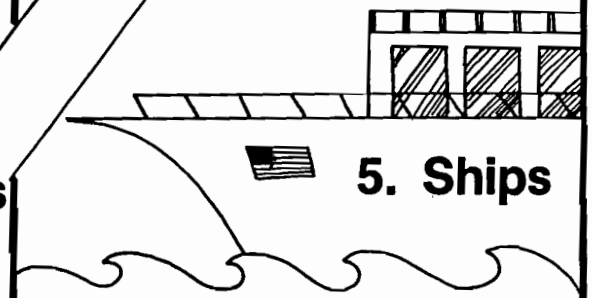
SELLER



2. Forwards quotation



4. Contract/PO



5. Ships

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NEGOTIATED PROCUREMENT OR FORMAL BID PROCEDURES

A tentative listing of cases where negotiation may be the preferable course.* Where:

- the prices of the commodities are quoted on a commodity exchange and are subject to frequent changes (tallow, edible oils, etc.);
- the commodities are used in an industrial process and where samples must be tested to determine their compatibility with the process or equipment used (plastic,raw materials, dyestuffs);
- the type, quality, etc., of raw materials used is a matter of subjective judgment and the end product is the result of skillful blending of materials of differing qualities (tobacco -- coking coal);
- several systems or approaches can accomplish the desired result but where one system may be preferred based on local conditions, skills or preferences;
- private or public sector importers purchase for resale and where particular brands or varieties are preferred by the buying public;
- flexibility in the specifications can be permitted and where minor deviations from the desired specification may result in significant cost savings;
- the quantity being purchased is small and is being purchased for research or testing purposes;
- professional equipment is being purchased for use by doctors, dentists, etc. and where the choice will be made on the basis of personal choice, professional judgment, etc.;
- there is limited competition and all likely offerors can be identified and contacted;
- specific items or brands have been tested and approved for specific uses;
- U.S. suppliers will be in competition with suppliers from other developed countries and flexibility is necessary to improve their competitive position;
- several makes or varieties are desired for testing or evaluation purposes;
- detailed non-restrictive specifications are difficult to develop and the offeror has wide latitude to offer a variety of options;
- negotiation is the custom of the trade.

*Not ranked by desirability or any other criteria.

Elements Of An IFB

- Instructions to bidders
  - Financed by AID
  - Applicable AID rules
  - Reasonable period for preparation of bids
  - Reasonable period for acceptance of bids
  - Bid bonds
  - Bid opening dates
- Bid/award/contract form
- Bid schedule
- Forms of bid and performance bond
- Conditions of contract
- Technical specifications

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ATTACHMENT 3H

SAMPLE

INSTRUCTIONS TO BIDDERS*

(CONTRACTING AGENCY)

1. Introduction

The (Contracting Agency) invites firms to submit bids for the supply of equipment, materials, and related services as part of the _____ project. The contract will be financed by AID under _____.

Firms invited by the Contracting Agency to submit bids are under no obligation to do so. At the same time bidders will not be reimbursed for any costs incurred in connection with the preparation and submission of their bids.

These Instructions to Bidders shall not form part of the bid or of the Contract. They are intended to aid bidders in the preparation of their bids.

For the purposes of interpretation of these Instructions to Bidders, the periods named herein shall be consecutive calendar days.

This Invitation for Bids consists of (1) these Instructions to Bidders, (2) the attached "Bid/Award/Contract Form," (3) the attached "Bid Schedule," (4) the attached "Forms of Bid and Performance Bonds," (5) the attached "Conditions of Contract," and (6) the Technical Specifications attached hereto or incorporated by reference herein.

Bidders should note that the "Supplier's Certificate and Agreement with AID for Project Commodities/Invoice and Contract Abstract," (Form AID 1450-4) is required to be submitted by the payment clause in the "Conditions of Contract." This form must be completed in order for the supplier to receive payment.

2. Bid Opening

The original and four completed copies of the bid must be delivered in person or sent by registered mail or other means to the following address:

(Contracting Agency's address, including room number)

*These Instructions to Bidders may be adapted for use in Requests for Quotations.

All documents must be enclosed in sealed packages marked on the outside with the words "IFB No. _____, BID DOCUMENTS: Do not open before _____" and must be delivered not later than 12 noon on _____, 19 _____. The bids will be opened at that time in the office of the Contracting Agency in the presence of the public. The Bidder's names, the bid prices, and whether a Bid Bond is included will be announced.

3. Preparation of Bids

(a) Bidders are expected to examine the specifications and all instructions contained in this Invitation for Bids. Failure to do so will be at the Bidder's risk.

(b) Bids shall be on a (insert shipping terms) basis.*

(c) The Contracting Agency reserves the right to increase or decrease the quantity of an item duly awarded in accordance with this IFB by 10 percent plus any fraction necessary to equal a whole number of the quantity bid, at the unit price offered. This option shall be exercised, if at all, at the time award is made.**

(d) All correspondence in connection with the bid and the Contract is to be in English.

4. Contents of Bids

Bidders are required to complete the following in an original and four copies:

(a) Bid/Award/Contract Form.

(b) The Bid Schedule.

Bidders shall fill in the unit price for each item in the Bid Schedule. Bidders may bid on any number of the items listed but must bid the full quantity of the item called for. For each item the quantity given in the "Quantity" column shall be multiplied by the unit price, and the result entered in the "Amount" column. In case of any discrepancy between a unit price and an amount, the unit price will be taken as correct and the amount adjusted accordingly. It will be assumed that the Bidder is not bidding on any item for which a unit price or amount is not shown.

*When c.&f. or c.i.f. terms are required, the instructions should indicate whether each cost element (commodity price, ocean freight, insurance) is to be shown as a separate item. When f.a.s. or f.o.b. terms are required, the instructions must call for naming the port of shipment. If more than one shipping basis is to be provided, the IFB states which one will be used in determining the low bid.

**Omit this paragraph if the quantity to be purchased is firm.

The Bidder shall complete the form in type or in indelible ink making no alterations to the form provided. The completed form shall have no interlineations or erasures except those necessary to correct errors made by the Bidder, in which case such corrections shall be initialed by the person or persons signing the bid.

One original copy of the completed bid is to be clearly marked "ORIGINAL BID" and the other completed copies are to be marked "COPY OF BID." In case of any discrepancy, the copy marked "ORIGINAL BID" shall govern.

(c) Bid Bond.

Bids must be accompanied by a bid bond in the amount of _____ percent of the bid price. No bid will be considered unless it is so secured.

The bond provided by unsuccessful bidders will not be repaid or discharged until the expiration of 150 days from the day of bid opening or until such earlier time as a bid shall have been accepted by the Contracting Agency and a Performance Bond shall have been duly provided by the Bidder whose bid is accepted.

The bond provided by the bidder whose bid is accepted shall be discharged when the Performance Bond has been duly entered into and executed.

(d) Manufacturer's Standard Warranty*

(e) Descriptive Literature

Descriptive literature for the items, including full technical specifications, must be submitted with each copy of the bid. This literature will be used to demonstrate compliance with the specifications of the bid and will not be considered to amend the bid in any way. Deviations from IFB requirements included in descriptive literature furnished must be fully explained. In case of any conflict between the specifications in the descriptive literature and specifications in the bid, the latter will control.

5. Bid Acceptance Period

Bids offering less than _____ days for acceptance by the Contracting Agency from the date set for opening will be considered nonresponsive and will be rejected.

6. Signature of Bid

The Bid must be signed by a person duly authorized to do so. A bid submitted by a corporation must bear the seal of the corporation.

*If a warranty clause is included in the Conditions of Contract which requires a warranty other than the Manufacturers's Standard Warranty, this requirement is omitted.

Associated companies or joint ventures shall jointly designate in one power-of-attorney persons authorized to obligate all the companies of the association or joint venture. A bid submitted by a joint venture must be accompanied by the document of formation of the joint venture, duly registered or authenticated, in which is defined precisely the conditions under which it will function, its period or duration, the persons authorized to represent and obligate it, the participation of the several firms forming the joint venture, the principal member of the joint venture and address for correspondence for the joint venture. Bidders are advised that the joint venture agreement must include a clause stating that the members of the joint venture are severally and jointly bound.

7. Late Bids

Bidders will be held responsible for ensuring that their bids are received in accordance with the instructions stated herein and a late bid will not be considered even though it became late as a result of circumstances beyond the Bidder's control. A late bid will be considered only if the sole cause of its becoming a late bid was attributable to the Contracting Agency, its employees or agents.

8. Modification of Bids

Any Bidder has the right to withdraw, modify, or correct its bid after it has been delivered to the Contracting Agency, provided the request for such a withdrawal, modification, or correction together with full details of such modification or correction is received by the Contracting Agency at the address given above by letter, telegram, or telex before the time set for opening bids. The original bid, as amended by such communication, will be considered as the Bidder's offer. The Contracting Agency may ask any Bidder for a clarification of its bid; nevertheless no Bidder will be permitted to alter its Bid Price or make any other material modification after bids have been opened. However, clarifications which do not change the Bid Price may be accepted. No Bidder may withdraw its bid after the time set for opening bids until and unless a period of _____ days has elapsed after the time set for opening bids except with the written permission of the Contracting Agency.

9. Prebid Conference

A Prebid conference will be held on _____, 19 ____, at (time) in the following location:

Bidders are not required to attend but are encouraged to do so. Modifications to the Invitation for Bids resulting from the conference will be provided to all Bidders by means of an addendum to the Invitation for Bids.

10. Addenda to the Invitation for Bids

If for any reason prior to bid opening it becomes necessary to modify the Bid Documents, an Addendum will be issued to and be binding on all Bidders. Receipt of all Addenda shall be acknowledged by Bidders.

Addenda will be numbered consecutively commencing with No. 1 and Bidders are required to insert the numbers of addenda received in paragraph 3 of the bid.

11. Should any Bidder have questions to ask or should it have any doubt about the meaning of the Bid Documents, it should refer them in writing to the Contracting Agency not later than _____ days before the date set for opening of bids.

12. Bid Evaluation and Contract Award

(a) Award will be made to the responsible and responsive Bidder whose bid has been determined to be the lowest evaluated bid in accordance with the following:

(Insert any explanation of how bids will be evaluated, for instance, if a c.&f. or c.i.f. bid is required to be broken down into its component elements, an explanation should be given as to how, if at all, this breakdown will affect the award. If a bulk commodity is being purchased, it may be appropriate to specify that award will be made on the basis of lowest price per unit. If procurement is on f.a.s. or f.o.b. terms with Bidders likely to offer shipment from a variety of ports, it may be appropriate to specify that award will be made on the basis of the lowest landed cost calculated by adding to the commodity price bid the published ocean freight rated from named ports of loading to the port of destination. If factors other than price (such as early delivery) are to be considered in evaluating bids, such factors must be set forth here with an indication of how these factors are to be evaluated.)

(b) A responsive bid is one which complies with all of the terms and conditions of the IFB without material modification. A material modification is one which affects the price, quantity, quality, delivery or installation date of equipment or materials, or which limits in any way any responsibilities, duties, or liabilities of the Bidder or any rights of the Contracting Agency or AID as any of the foregoing have been specified or defined in the IFB. The Contracting Agency may waive any minor informality in a bid which does not constitute a material modification.

(c) The Contracting Agency will reject any bid that is nonresponsive. The Contracting Agency reserves the right to waive any minor informalities in the bids received if it appears in the Contracting Agency's best interests to do so, to reject the bid of any firm if, in the Contracting Agency's judgment, the firm is not fully qualified to provide the goods and services as specified in the Contract, or to reject all bids.

(d) The Contracting Agency reserves the right to delete any item or group of items.

(e) Failure on the part of the successful Bidder to provide a Performance Bond in accordance with the Conditions of Contract shall be sufficient grounds for the annulment of the award and forfeiture of the Bid Bond. The award may then be made to another Bidder or the Contracting Agency may call for new bids.

(f) The Bid of any Bidder which does not conform to the foregoing instructions may be rejected.

ATTACHMENT 3I

SAMPLE

BID/AWARD/CONTRACT FORM

1. IFB No. _____

2. Bidder's Name and Address:

3. In response to Invitation for Bids No. _____, as modified by Addenda 1 through _____, the Bidder agrees to furnish the items listed in the attached Bid Schedule at the prices quoted therein in accordance with the Conditions of Contract and Technical Specifications. This bid is valid for a period of _____ calendar days after the bid opening date established in the IFB.

4. An executed Bid Bond or Guaranty, is also attached to this bid.*

5. Signature of person authorized to sign bid: _____

Date: _____

_____ The _____ (hereinafter called the "Contracting Agency") has accepted the bid of _____ (hereinafter called the "Supplier") for the supply of equipment, materials, and related services as set forth in this Contract.

This contract consists of the following documents:

1) This Bid/Award/Contract Form;
2) The Bid Schedule;
3) The Conditions of Contract;
4) The Technical Specifications; and
5) Manufacturer's Standard Warranty**

By: _____
(Contracting Agency)

*If the IFB calls for the Manufacturer's Standard Warranty, it should be attached to the bid.

**If the IFB calls for the Manufacturer's Standard Warranty it should be incorporated by reference into the contract.

ATTACHMENT 3J

SAMPLE BID SCHEDULE

No._____ IFB No. _____

Page _____of_____

Name of Bidder _____

ɔ.	Description	Quantity	Unit Price f.o.b.	Total Price c.i.f. (U.S.-flag)	Total Price (c.i.f. (U.S. flag

PROCUREMENT AGENT
(HB 15, Chapter 4)

- Performs procurement services for principal
- Must have contract
  - PIO/C is *not* a contract
  - model contract in HB 15
  - no cost plus percentage of cost
- Is selected using HB 11 Chapter 1 procedures
- Receives Direct L/Com to finance services
- Uses Bank L/Com to finance commodities from supplier

Printed JUNE 1989

QUIZ

COUNTRY CONTRACTING FOR COMMODITIES

1. Circle the letter adjacent to the items listed below which would normally be ineligible for AID financing in a project.

   a. Police Special Pistol

   b. Roulette tables

   c. Rice mills

   d. Fertilizer shipped on a Liberian flag vessel

   e. Farm tractors shipped on a Polish flag vessel

2. Circle the letter adjacent to statements below which you consider to be correct.

   a. A restricted commodity which is not normally eligible for AID financing may be made eligible if certain conditions are met. An example of such a case would be a pesticide to be used in a health project.

   b. A commodity which is otherwise eligible for AID financing will be made ineligible if shipped in an ineligible flag vessel.

   c. If 100% of the commodities for a project have been shipped on flag vessels authorized in the project agreement (Code 941), the B/G has complied with the "Cargo Preference" rule.

   d. If 000 is the authorized source under the loan but U.S. freight rates are substantially higher than rates for vessels of other Special Free World (935) countries, the B/G may ship commodities on a British flag vessel and finance freight costs under the loan.

   e. "Source" means the country from which a commodity was shipped and "origin" means the country where it was mined, grown, or produced.

   f. When the authorized source for commodities is the Selected Free World (Code 941), the Cooperating Country is an eligible source.

   g. A vehicle was manufactured in the U.S., and shipped to a free port. It was sold to a Cooperating Country and shipped from the free port to the Cooperating Country. A source waiver would be required.

   h. A vehicle was manufactured in the U.S. and shipped to a dealer in the Cooperating Country. The vehicle can be purchased under an AID project whose geographic Code includes the Cooperating Country without a waiver.

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3. Complete the following by inserting in the space/spaces provided the appropriate word/words or terms:

   a. The four principal methods used in country contracting for commodities are:

      (1) _____
      (2) _____
      (3) _____
      (4) _____

   b. Purchase transactions estimated to cost less than $100,000 are called _____ _____

   c. Ordering a commodity by a specific brand name or to specifications which would permit offers of only one manufacturers's product is called _____ _____

   d. Purchases estimated to exceed a cost of _____ must be advertised.

4. Circle the letter adjacent to statements which are correct in the following:

   Formal procurement procedures require:

   a. Advertising in Commerce Business Daily if over $100,000.

   b. Invitations for Bids (IFB).

   c. Submission of sealed bids.

   d. Award to the lowest bidder.

   e. Public opening and reading of bids.

   Informal competitive procedures of contracting:

   a. Require advertising of the availability of the RFQ if the transaction exceeds $25,000.

   b. May be utilized when proprietary procurement has been authorized.

   c. Will not permit negotiation with bidder.

   Cargo preference compliance (controlled by SER/OP):

   a. Requires B/G to ensure at least 50% of gross tonnage of commodities be shipped on commercial U.S. flag vessels.

   b. Must be passed on as a requirement by the B/G to contractors or agents who procure on B/G's behalf.

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5. Circle the letter adjacent to statements below which you consider to be correct.

   a. A Project Officer may determine if a U.S. flag vessel is not available and authorize use of another Code 935 carrier.

   b. A formal procurement procedure, once an IFB has been issued, must be followed to completion; e.g., award or rejection of all bids and cancellation of IFB.

   c. AID marking requirement can only be waived by AID/Washington.

   d. The B/G must secure AID's approval prior to issuing an IFB for commodities estimated to cost $100,000.

   e. Ocean and air charter agreements must be approved in advance by AID/Washington, Transportation Resource Division (SER/OP/TR).

   f. Contracts must be written in English in all instances.

6. Circle the letter adjacent to the following statements which you consider to be correct.

   a. If a proprietary procurement has been authorized, it is not necessary for the buyer to solicit offers from more than one supply source.

   b. If the authorized Code is 941 two waivers are required to procure a Japanese motor vehicle from Japan.

7. Abbreviations of several shipping terms are listed below. Write in the spaces provided what they mean.

   a. f.o.b. _____

   b. f.a.s. _____

   c. c.i.f. _____

   d. c. & f. _____

2891A

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CHAPTER 3

PROCUREMENT OF EQUIPMENT AND MATERIALS

1. Introduction

1.1 Applicability

Chapter 3 of Handbook 11 contains rules and guidance for country contracting for equipment and materials under project assistance (both loan and grant funded), as discussed below:

a. Procurement by Borrower/Grantees

(1) This Chapter 3 of Handbook 11 applies to AID-financed procurements of commodities, equipment, and materials imported specifically for the project, whether the contract is denominated in U.S. dollars or local currency. Procurements of commodities available within the host country, including indigenous goods and shelf item procurements, are not included within the scope of this Chapter.*

(2) Public sector entities making procurements under commodity import programs are required to follow the rules on contracting method and advertising in Sections 2.2 and 2.3 respectively.

** b. Procurement by Intermediate Credit Institutions

This Chapter 3 of Handbook 11 applies to procurements made by development banks or other intermediate credit institutions for their own account. Although the guidance may contain useful information, the rules do not apply to procurement made by or on behalf of the subborrowers of such banks or institutions unless made applicable by the Project Agreement or Project Implementation Letter. **

c. Procurements by Contractors

(1) This Chapter 3 of Handbook 11 does not apply to procurement by contractors when the cost of the equipment and materials is included within fixed price prime contracts. The requirements applicable to any equipment and materials are included in the terms of the prime contracts pursuant to the rules in other chapters of this Handbook 11.

(2) This Chapter 3 of Handbook 11 applies, except as provided in 1.1.c.(3) below, to procurement by procurement agents and other

*See AID Handbook 1, Supplement B for contracting policies concerning Local Cost Financing (Chapter 18), Intermediate Credit Institutions (Chapter 19), and Fixed Amount Reimbursement (Chapter 20).

** New Material

professional, technical or construction services contractors when the amount the Borrower/Grantee pays for the equipment and material is the actual cost of the items. The contractors, who are procuring on behalf of Borrower/Grantees, are required to comply with the rules in Section 2 of this Chapter, except that the Borrower/Grantee is responsible for providing shipping instructions that will assure compliance with 2.7, Cargo Preference.

(3) The rules in Section 2 of this Chapter are those that AID considers to be the minimum essential requirements for AID-financed commodity procurements and are designed to afford purchasers the widest possible latitude in using their existing procedures. Nevertheless, a USAID Director may waive the application of this Chapter in situations when the only procurement by a professional or technical services contractor will be incidental to the principal work under the contract and of relatively low total value.

d. Other Chapters in this Handbook are:

-- Chapter 1, Procurement of Professional and Technical Services

-- Chapter 2, Procurement of Construction Services

-- Chapter 4, Cost Principles for Borrower/Grantee Contracts

1.2 AID's Role in Country Contracting

The AID Mission is responsible for providing assistance to the Contracting Agency, to the extent necessary, in the application of the rules and guidance in this Handbook. The Mission may also have a useful role in explaining AID's procedures to the supplier. Prior approval of country contracts by AID, as discussed in 2.1 below, serves both as a vehicle for providing assistance and to safeguard effective contracting.

* 1.3 Rules

The rules to be followed in country contracting are set forth in Section 2 of this Chapter. They are either derived from U.S. Government statute or based on AID's experience in carrying out its responsibility for stewardship of U.S. Government funds. In certain cases, as discussed in Section 2, these rules may be waived by an authorized AID official based on a written justification. *

1.4 Guidance

The remainder of this Chapter contains guidance which may be modified based on the circumstances of the particular procurement. This guidance is based on sound procurement practice. Use of procedures other than those recommended in the Guidance Section of this Chapter (Section 3) does not

* Revised

require waivers of any kind. The procedures to be followed in selection of the supplier and contract preparation should be agreed upon with the Contracting Agency and set forth in a Project Implementation Letter. In reviewing and approving individual procurement actions, AID will take into account the Contracting Agency's conformance to the agreed procedures.

1.5 Definitions

Listed below are terms used throughout this Chapter. There are, in addition, a number of shipping terms, e.g., f.o.b., f.a.s., c.i.f., c.&f., etc. These shipping terms are defined in several internationally recognized documents. The contract normally states which set of definitions applies to the contract.

1.5.1 "AID Bulletin" means a publication prepared by AID's Office of Small and Disadvantaged Business Utilization/Minority Resource Center which includes information on AID-financed procurements. The AID-Financed Export Opportunities Bulletin contains notices of the availability of Invitations for Bids. The Procurement Information Bulletin contains notices of Requests for Quotations, availability of prequalification questionnaires, and other general information.

1.5.2 "AID Geographic Code _____" is used by AID to define eligible countries and means the countries specified in the AID Geographic Code Book in Handbook 18, Appendix D. Relevant codes are contained in Attachment 3A to this chapter.

1.5.3 "Borrower/Grantee" means the government of any cooperating country, or any agency, instrumentality or political subdivision thereof, or any private entity or regional or multi-national organization to which AID directly makes funds available by loan or grant.

1.5.4 "Commodity-Related Services" means delivery services and incidental services, as defined below.

1.5.5 "Contract" is an agreement between the buyer and seller concerning the purchase of commodities. It includes purchase orders and bids which have been accepted in writing by the Contracting Agency.

1.5.6 "Contracting Agency" is a unit or entity of the host country designated by the Borrower/Grantee as responsible for awarding contracts financed by an AID loan or grant. This includes, but is not limited to, ministries of the national government and their sub-units, authorities (such as port or regional), units of local government at any level and government-owned, private or mixed corporations and similar entities.

1.5.7 "Delivery Service" means any service customarily performed in a commercial export transaction which is necessary to effect a physical transfer of commodities to the cooperating country. Examples of such services are the

following: export packing, local drayage in the source country (including waiting time at the dock), ocean and other freight, loading, heavy lift, wharfage, tollage, switching, dumping and trimming, lighterage, insurance, commodity inspection services, and services of a freight forwarder. "Delivery Services" may also include work and materials necessary to meet AID marking requirements.

1.5.8 "Eligible Countries" are those countries specified by Geographic Code in the Project Agreement, Project Implementation Letters, and other related documents, as eligible countries for the supply of services and goods.

1.5.9 "Equipment and Materials" means any equipment, materials, supplies, or other goods and are often referred to as "commodities."

1.5.10 A "Firm" is any supplier, or potential supplier, within the scope of this chapter.

1.5.11 "Incidental Services" means the installation or erection of AID-financed equipment or the training of personnel in the maintenance, operation, and use of such equipment.

1.5.12 "Legal Resident" is a person classified by the immigration authorities as a legal resident, regardless of citizenship.

1.5.13 "Local," "Cooperating Country" or "Host Country" means the country of the Borrower/Grantee.

1.5.14 "Procurement Agent" means an individual or entity that undertakes procurement of commodities acting on behalf of and for the account of the Borrower/Grantee. A procurement agent does not provide commodities; rather it provides services that help the Borrower/Grantee secure the commodities from others. The services provided by a procurement agent may include such things as specification writing, preparation and issuance of Invitations for Bids or Requests for Quotations, review and evaluation of offers or bids, placing orders or issuing contracts, inspecting commodities, arranging transportation, arranging and collecting on insurance, etc. This term includes a contractor providing technical, professional, or construction services on a cost reimbursement basis who acts in this capacity.

1.5.15 "Regional Assistant Administrator" is the AID Assistant Administrator responsible for AID programs within a specific geographic area.

1.5.16 "Supplier" is the supplier of commodities and commodity-related services. Any reference to a firm or supplier also applies to an individual or a sole proprietorship unless indicated otherwise.

1.5.17 "United States" means the United States of America, any of its states, territories, or possessions, Puerto Rico, and the District of Columbia.

2.0 Rules

2.1 AID Approvals

2.1.1 Formal AID approval of the executed contract is required whenever AID financing is involved and the total contract amount is expected to exceed $100,000 or equivalent. Amendments to contracts approved by AID must also be approved by AID, unless otherwise provided in a Project Implementation Letter.

2.1.2 The Invitation for Bids (IFB) or Request for Quotations (RFQ) for AID-financed contracts estimated to exceed $100,000 or equivalent must be approved by AID before issuance. These documents describe the requirements of the Contracting Agency and contain the contract provisions and specifications. If the IFB or RFQ is deficient, the procurement process will be delayed, at best, or may need to be repeated. Addenda to the IFB or RFQ, if any, should likewise be approved. The mandatory approval of the final contract may then be based on the supplier selected and an analysis of any differences between the approved IFB or RFQ and the final contract.

2.1.3 Approval of contracts with a value of $100,000 or less and/or decisions made by the Contracting Agency during the procurement process may also be required. The approval requirements are set forth in a Project Implementation Letter. Factors to be considered in establishing additional approval requirements are discussed in Section 3.5.

2.2 Contracting Method

Country contracts for equipment and materials shall be awarded on a competitive basis to the maximum practical extent. Competition is sought through formal competitive bidding procedures, through informal competitive procedures under certain circumstances noted below, or * through solicitation of a reasonable number of potential suppliers when the estimated value of the contract is $100,000 or less, exclusive of transportation costs (small value procurement). *

2.2.1 Formal Competitive Bidding

Contracts for equipment and materials are normally awarded on the basis of formal competitive bids. Formal competitive bidding procedures include advertising the availability of an Invitation for Bids (IFB), issuance of the IFB, public opening of sealed bids, evaluation of bids, and award of the contracts to the lowest, responsive and responsible bidder (these terms are defined in 3.6.7). Once

* Revised

2.2.1

competitive bidding procedures have been initiated, they are followed to completion, i.e., contract award or rejection of all bids and cancellation of the IFB.

2.2.2 Two-Stage Bidding

In procurement of specialized equipment, where requirements are stated in performance-type specifications, it may be advantageous to provide for two-stage bidding, subject to the approval of the AID official who will approve the contract. This procedure is discussed in detail in 3.7.

2.2.3 Informal Competitive Procedures

a. If approved by the Mission Director, or his/her designee, an informal competitive procedure (sometimes known as competitive negotiation) may be used. Informal competitive procedures include advertising the availability of Requests for Quotations (RFQ), issuance of the RFQ, receipt and evaluation of offers, negotiation when appropriate and award of the contract to the offeror submitting the most advantageous offer, price and other factors considered. (See 3.8.) Informal competitive procedures may be authorized in the following circumstances:

(1) When it is impossible to develop adequate commodity or incidental services specifications for use in an IFB; or

(2) When price alone would not be an effective means of determining an award (i.e. when criteria such as time of delivery or service capability need to be evaluated); or

(3) When emergency procurement is justified by a demonstration that the time required for formal competitive bid procedures would result in an unacceptable delay in delivering the commodities; or

(4) When proprietary procurement is justified in accordance with Section 2.2.5; or

(5) When adherence to formal competitive procedures would impair program objectives.

The authorization must be supported by a written record of the reason for approving informal competitive procurement.

2.2.4 Small Value Procurement

When the estimated value of the contract does not exceed $100,000 or equivalent, the contract may be awarded by soliciting quotations from a reasonable number of sources taking into consideration:

a. The nature of the commodities to be purchased;

b. The number of sources which can supply the commodities;

c. The value of the procurement; and

d. The administrative costs of procuring the commodities.

2.2.3

b. When formal competitive bidding procedures have failed, all bids have been rejected, and further use of such procedures would clearly not be productive, the Mission Director may authorize use of informal competitive procedures. In this case, further advertising is not required. The Request for Quotations may be prepared as a new document or may incorporate appropriate provisions (by cross-reference or otherwise) of the Invitation for Bids.

2.2.4 Small Value Procurement

When the estimated value of the contract does not exceed * $100,000 or equivalent, exclusive of transportation costs, the contract may be awarded by soliciting quotations from a reasonable number of sources taking into consideration: *

a. The nature of the commodities to be purchased;

b. The number of sources which can supply the commodities;

c. The value of the procurement; and

d. The administrative costs of procuring the commodities.

The contract is awarded to the offeror with the most advantageous offer, price and other factors considered. (See 3.8.) The price must be reasonable in accordance with the criteria in paragraph 3 of the "Supplier's Certificate and Agreement with AID for Project Commodities" (form AID 1450-4) (Attachment 38).

All equipment, materials, and incidental services which would normally be grouped together shall not be broken down into smaller procurement merely for the purpose of avoiding the requirements of formal or informal competitive procedures.

2.2.5 Proprietary Procurement

a. Specifications of the equipment and materials to be purchased shall be stated in design or performance terms to the maximum extent practicable and shall not unduly restrict competition. When necessary, a brand or trade name may be used, provided bidders are allowed to offer an item "equal" to the named item whose salient characteristics are specified in the solicitation.

* Revised

2.2.5

b. In some cases, however, there may be a need for purchasing by brand or trade name or by a restrictive specification without allowing for offers of "equal" items (i.e., proprietary procurement). Proprietary procurement may be justified for reasons such as:

(1) Substantial benefits, such as economies in maintenance of spare parts inventories, stronger local dealer organization, better repair facilities, or greater familiarity by operating personnel, can be achieved through standardizing on a particular brand;

(2) Compatibility with equipment on hand is required; or

(3) Special design or operational characteristics are required.

c. If proprietary procurement is justified, the requirement may serve as the basis for authorizing the use of informal competitive procedures in accordance with 2.2.3 or negotiation with a single source in accordance with 2.2.6.

2.2.6 Waiver - Negotiation with a Single Source*

a. Circumstances

Competition in the procurement of commodities may be waived and negotiation with a single source authorized in accordance with paragraph c. below only under one of the following criteria. Waivers must be supported by a written record of the reason for negotiation with only the single source.

---

*When formal competitive procedures are used and only one responsive, responsible bid is received and the price is reasonable, award is made in accordance with the Invitation for Bids.

2.2.6a

1. When the Contracting Agency can demonstrate the existence of an emergency situation in which the requirement for competition would result in unacceptable project delay;

2. When proprietary procurement is justified (see 2.2.5) and the necessary equipment, materials, or spare parts are available from only one source, taking into account any special requirements such as the need for in-country service capability;

3. When adherence to competitive procedures would result in the impairment of the objectives of the United States foreign assistance program or would not be in the best interest of the United States.

b. Amendments

Approval of an amendment to an existing contract which increases the scope of work (i.e., a new procurement amendment) is also required. Negotiation with the single source to amend the contract must be justified under one of the criteria in a.1 through a.3 above, and approved by the official who has the authority under c. below for the estimated amount of the amendment.

c. Approval Authority

* 1. A single source negotiated contract may be authorized only by the Administrator if the estimated value of the procurement exceeds $1 million, exclusive of transportation costs.

2. Regional Assistant Administrators may authorize a single source negotiated contract in amounts not exceeding $1 million, exclusive of transportation costs. Such AID/W approved waivers shall indicate consultation with the Associate Assistant to the Administrator for Program and Management Services (M/AAA/SER).

3. Regional Assistant Administrators may redelegate authority to approve negotiation with a single source to the Missions in amounts not exceeding $1 million, exclusive of transportation costs. Such field authority may only be exercised based on the recommendation of a Mission Noncompetitive Review Board composed of the Mission Director, Mission or Regional Legal Advisor (or Deputy Mission Director if there is no Legal Advisor available), and a senior project officer not connected with the procurement under consideration. Whenever a noncompetitive procurement is approved in the field, the Mission Director shall promptly cable to the regional Assistant Administrator a summary of the waiver. The summary shall include the type of waiver *

* Revised

2.2.6c

(noncompetitive new contract or amendment), the identity of the project, the amount and nature of the commodities being procured, and the grounds for the waiver.

2.3 Advertising

2.3.1 Rule

* a. In furtherance of the rule in 2.2. above, solicitation of potential suppliers is effected through widely disseminated advertising in appropriate publications. For procurements estimated to exceed $25,000, notice of the availability of Invitations for Bids, Requests for Quotations, or if prequalification is used, prequalification questionnaires, is published by the AID Office of Small and Disadvantaged Business Utilization/Minority Resource Center in the appropriate AID Bulletin. The Contracting Agency may, in addition, advertise in appropriate local, regional, and international journals, newspapers, etc., and otherwise in accordance with local practice.

b. If the estimated value of the contract is more than $100,000 or equivalent, exclusive of transportation costs, the notice of availability of the Invitation for Bids, Request for Quotations, or, if prequalification is used, prequalification questionnaires, is also published in the Commerce Business Daily of the U.S. Department of Commerce. *

c. When adequate information about commodity requirements (i.e., quantities, types, and sizes) are identified early enough, the Contracting Agency may decide to issue a blanket or consolidated advertisement. Procurement covered by a blanket advertisement do not have to be readvertised individually unless (1) the blanket advertisement does not generate sufficient expression of interest, (2) the solicitation document is not issued within one year of the date of the advertisement, or (3) the requirements included in the advertisement change materially.

d. When negotiation with a single source has been authorized pursuant to 2.2.6 above or informal competitive procedures are authorized pursuant to 2.2.3.b above, advertising is not required.

2.3.2 Waiver

The requirement for advertising as set forth in 2.3.1.a. and b. above may be waived by the Regional Assistant Administrator to avoid serious delay in project implementation, provided that efforts shall in

* Revised

2.3.2

any event be made to secure bids or offers from a reasonable number of potential suppliers. The waiver authority may be redelegated to Mission Directors for contracts up to $500,000, exclusive of transportation costs, in estimated value. *

2.4 (RESERVED)

2.5 Eligibility of Commodities

2.5.1 General

As a rule, commodities necessary for implementation of the project are eligible for AID financing, except as discussed below.

2.5.2 Restricted Commodities

Some commodities may be financed by AID only if certain conditions are met. These "restricted commodities" include the following:

a. Agricultural commodities,

b. Motor vehicles,

c. Pharmaceuticals,

d. Pesticides,

e. Rubber compounding chemicals and plasticizers,

f. Used equipment, and

g. Fertilizer.

2.5.3 Prohibited Commodities

AID financing of certain other commodities is normally prohibited or limited to very special cases. These commodities are:

a. Military equipment,

b. Surveillance equipment,

c. Commodities for support of police and other law enforcement activities,

* Revised

2.5.3

d. Abortion equipment and services,

e. Luxury goods and gambling equipment, and

f. Weather modification equipment.

2.5.4 Eligibility of Commodities Determined by Ineligibility of Carrier and Marine Insurance

Commodities that are otherwise eligible may be made ineligible if they are not shipped in accordance with the rule in 2.6.4.4 or because of conflicts with AID's marine insurance policy (see 2.6.4.5.c.)

* 2.5.5 Waivers and Additional Information

Detailed information regarding commodity elegibility, restrictions, and waiver authorities and criteria are set forth in AID Handbook 1, Supplement B, Procurement Policies or may be obtained from the Office of Procurement (M/SER/OP), AID/W. *

2.6 Source of Commodities and Commodity-Related Services and Nationality of Suppliers

2.6.1 Source of Commodities

2.6.1.1 Rule

The Project Agreement or Project Implementation Letter specifies the authorized geographic code for source of commodities and commodity-related services. All commodities financed by AID must meet tests of "source," "orgin" and "componentry." (See 2.6.2 for a special source rule covering motor vehicles.) In addition, suppliers of commodities must meet the nationality rule in 2.6.3. below.

2.6.1.2 Definitions

a. Source

"Source" means the country from which a commodity is shipped to the cooperating country or the cooperating country itself if the commodity is located therein at the time of purchase. However, where a commodity is shipped from a free port or bonded warehouse in the form in which received therein, "source" means the country from which the commodity was shipped to the free port or bonded warehouse.

b. Origin

The "origin" of a commodity is the country or area in which a commodity is mined, grown, or produced. A commodity is produced when, through manufacturing, processing, or substantial and major assembling of components, a commercially recognized new commodity results that is substantially different in basic characteristics or in purpose or utility from its components.

c. Componentry

"Components" are the goods that go directly into production of a produced commodity. AID componentry rules for commodities produced in eligible source countries are as follows:

(1) If the commodity contains no imported component, it meets AID's componentry requirements.

*

(2) If the commodity contains components imported from countries included in Geographic Code 935 which are not included in the authorized geographic code for the procurement, the components are limited according to the following rules:

i) They are limited only if they are acquired by the producer in the form in which they were imported.

ii) The total cost of such components to the producer of the commodity (delivered at the point of production of the commodity) may not exceed 50 percent of the lowest price (excluding the cost of ocean transportation and marine insurance) at which the supplier makes the commodity available for export sale (whether or not financed by AID).

iii) AID may prescribe percentages other than 50 percent for specific commodities.

iv) Components from the cooperating country may be used in unlimited amounts whenever any geographic code other than Code 000 is authorized.

(3) Any component from a country non-Free World country makes the commodity ineligible for AID financing. *

2.6.1.3 Waivers

a. Criteria

Any waiver of (change in) the authorized list of eligible countries or geographic code must be based upon one of the following criteria:

(1) There is an emergency requirement for which non-AID funds are not available, and the requirement can be met in time only from suppliers in a country or area not included in the authorized geographic code.

(2) The commodity is not available from countries or areas included in the authorized geographic code.

(3) When Geographic Code 000 is authorized and the lowest available delivered price from the United States is reasonably estimated to be 50 percent or more higher than the delivered price from a country or area included in Geographic Code 941.

(4) Persuasive political considerations.

(5) Procurement in the cooperating country (where it is not already eligible) would best promote the objectives of the foreign assistance program.

* Revised

2.6.1.3a

(6) Such other circumstances as are determined to be critical to the success of project objectives.

b. Certification Supporting Waiver to Code 899 or Code 935

Waivers from Codes 000 or 941 to Codes 899 or 935, in addition to meeting one of the criteria in paragraph 2.6.1.3.a above, must be supported by the following certification: "Exclusion of procurement from Free World countries other than the cooperating country and countries included in Code 941 would seriously impede attainment of U.S. foreign policy objectives and objectives of the foreign assistance program."

c. Authority to Grant Waivers*

(1) Administrator - for individual transactions of more than $5 million (exclusive of transportation costs).

(2) Assistant Administrators - for individual transactions not exceeding $5 million (exclusive of transportation costs).

(3) Mission Directors - for individual transactions not exceeding $5 million (exclusive of transportation costs), if such authority has been redelegated by the Assistant Administrator.

* (4) A waiver is not required for any individual transaction whose value does not exceed $5,000, exclusive of transportation costs. *

d. Centralized Waiver Control

(1) AID/W-issued waivers

All commodity waivers issued in AID/W under the authority of AID Delegation of Authority 405 or any redelegations thereunder shall indicate consultation with GC and M/SER/OP and a copy of every AID/W-approved commodity waiver must be sent to M/AAA/SER.

*The authority to approve waivers is contained in AID Delegation of Authority 405.

* Revised

2.6.1.3d

(2) Mission-issued waivers

Copies of all Mission-issued commodity waivers under the authority of AID Delegation of Authority 405 or any redelegation thereunder must be sent to M/AAA/SER, even though AID/W clearance is not required. *In addition, the Mission Director shall promptly cable to the Regional Assistant Administrator a summary of each waiver he or she approves. The summary shall identify the project covered by the waiver, the type of waiver (source, origin, nationality), the grounds for the waiver, the amount (in U.S. dollars), and the commodities covered by the waiver.*

2.6.2 Special Source Requirement for Motor Vehicles

2.6.2.1 Rule

Motor vehicles must be manufactured in the United States to be eligible for AID financing, i.e., the source may be any eligible country, the origin must be the United States, and componentry must meet the criteria in 2.6.1.2 above. Vehicles which have been assembled in the United States but then subjected to minor disassembly to reduce shipping costs are considered U.S. manufactured vehicles. However, so-called "knocked-down" vehicles consisting of parts or subassemblies of vehicles shipped for final assembly elsewhere are not considered vehicles. Such parts or subassemblies are subject to the source rule in 2.6.1 above.

2.6.2.2 Definition

Motor vehicles are self-propelled vehicles with passenger carriage capacity such as highway trucks, passenger cars and buses, motorcycles, scooters, motorized bicycles, and utility vehicles. Excluded are industrial vehicles for materials handling and earth-moving such as lift trucks, tractors, graders, scrapers, and off-the-highway trucks.

2.6.2.3 Waivers

a. The Assistant Administrators who have program responsibility have been delegated authority to waive the requirement that motor vehicles be manufactured in the United States, when necessary to carry out the purposes of the Foreign Assistance Act. Among the

*The authority to approve waivers is contained in AID Delegation of Authority 405.

2.6.2.3a

circumstances which may merit waiving the requirements are: 1) inability of U.S. manufacturers to provide the necessary vehicles, e.g., light weight motorcycles, right-hand drive vehicles; 2) present or projected lack of adequate service facilities and supply of spare parts for U.S.-made vehicles; or 3) an emergency requirement for vehicles for which non-AID funds are not available and which can be met in time only by purchase of non-U.S. manufactured vehicles.

b. Under Delegation of Authority No. 405 Assistant Administrators may redelegate authority up to $50,000 to Mission Directors to waive the requirement that motor vehicles be manufactured in the United States.

2.6.3 Nationality of Suppliers

2.6.3.1 Rule

a. A supplier, contractor, or subcontractor providing goods must fit one of the following categories to be eligible for AID financing (but see 2.6.4.1 regarding incidental services):

(1) An individual who is a citizen or, except as provided in 2.6.3.1.b, a legal resident of a country or area included in the authorized geographic code;

(2) A corporation or partnership organized under the laws of a country or area included in the authorized geographic code;

(3) A controlled foreign corporation, i.e., any foreign corporation of which more than 50 percent of the total combined voting power of all classes of stock is owned by United States shareholders within the meaning of Section 957 et seq. of the Internal Revenue Code, 26 U.S.C. 957; or

(4) A joint venture or unincorporated association consisting entirely of individuals, corporations, or partnerships which fit any of the foregoing categories.

b. Citizens or firms of any country not included in AID Geographic Code 935 are ineligible as suppliers, contractors, subcontractors, or agents in connection with AID-financed contracts for goods or services. However, non-U.S. citizens lawfully admitted for permanent residence in the United States are eligible regardless of their citizenship.

2.6.3.2 Waivers

Nationality requirements for commodity suppliers may be waived separately or may be included in and effective upon waiver of source, origin, and componentry authorized under 2.6.1.3

2.6.4 Eligibility of Commodity-Related Services

2.6.4.1 Incidental Services

The nationality rule in 2.6.3.1.a above does not apply to suppliers of incidental services (see 1.5.11) related to the procurement of equipment when these services are specified in the contract for the equipment. Citizens or firms of any country not included in AID Geographic Code 935 are ineligible to supply incidental services except that non-U.S. citizens lawfully admitted for permanent residence in the U.S. are eligible regardless of their citizenship.

2.6.4.2 Ocean Transportation

a. The eligibility of ocean transportation services is determined by the flag registry of the vessel.

b. AID will finance ocean transportation costs only when such costs meet the requirements of this paragraph b.

(1) When the authorized source for procurement is Code 000, AID will finance ocean transportation costs only on U.S. flag vessels.

(2) When the authorized source for procurement is Code 941, AID will finance ocean transportation on vessels under flag registry of the U.S., other countries in Code 941, and the host country.

(3) AID policies restrict the eligibility of certain commodities to U.S. source only. When such commodities are purchased under agreements which normally authorize Code 941 procurement of commodities, AID will finance the ocean transportation costs in accordance with (2) above.

(4) When shipment is made under a through bill of lading issued by an eligible flag carrier, AID will finance costs incurred on vessels under flag registry of any free world country if the costs are part of the total cost paid to the eligible flag carrier.

* (5) When necessary to assure adequate competition and competitive pricing for the shipment of bulk commodities, AID will authorize financing of ocean transportation on vessels under flag registry of countries included in Code 941 and the cooperating country or on vessels under flag registry of countries included in Code 935. Such expanded authorization would allow the financing of ocean transportation on Code 941 or Code 935 vessels, other than U.S.-flag vessels, only to the extent that U.S.-flag vessels are not available to carry the commodities for which transportation is solicited. The Office of Procurement (M/SER/OP) determines when it is necessary to authorize financing in accordance with this paragraph. *

c. In cases where the United States owns excess local currency, AID, to the maximum extent possible, shall use the excess local currency rather than U.S. dollars to finance freight on vessels under flag registry of the host country.

d. If not previously authorized under paragraph b. above, waiver to expand the flag eligibility requirements to allow use of vessels under flag registry of the host country, Code 941, Code 899, or Code 935 countries may be authorized when:

(1) It is necessary to assure adequate competition in the shipping market in order to obtain competitive pricing, particularly in the case of bulk cargoes and large cargoes carried by liners;

(2) Eligible vessels can provide liner service only by transshipment and vessels under flag registry of countries to be authorized by the waiver provide liner service without transshipment;

(3) Eligible vessels are not available, and cargo is ready and available for shipment, provided it is reasonably evident that delaying shipment would increase costs or significantly delay receipt of the cargo;

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* Revised

(4) Eligible vessels are found unsuitable for loading, carriage or unloading methods required, or for the available port handling facilities;

(5) Eligible vessels do not provide liner service from the shipment's source to the destination country;

(6) Eligible vessels do not provide liner service from the port of loading stated in the procurement's port of export delivery terms, provided the port is named in a manner consistent with normal trade practices; or

(7) Eligible vessels decline to accept an offered consignment.

✱ e. Certification Supporting Waiver to Code 899 or Code 935

Waivers from Codes 000 or 941 to Code 899 or Code 935, in addition to meeting one of the criteria in paragraph 2.6.4.2.d above, must be supported by the following certification: "The interests of the U.S. are best served by permitting financing of transportation services on ocean vessels under flag registry of free world countries other than the cooperating country and countries included in Code 941."

f. Authority to Grant Waivers

(1) Waivers may be granted by the Office of Procurement (M/SER/OP) acting in consultation with the concerned Geographic Bureau.

(2) Officials in the field who have authority under a redelegation pursuant to Delegation of Authority No. 405 to waive source requirements for commodities also have a limited amount of authority to waive flag eligibility requirements. They may waive only for shipment of commodities for which the official has approved a commodity source waiver (pursuant to 2.6.1.3) and for which the cost of shipment does not exceed 25% of the official's authority to waive commodity source requirements. A copy of each transportation waiver approved should be sent M/SER/OP. ✱

2.6.4.3 Air Travel and Transportation

a. The eligibility of air transportation is determined by the flag registry of the aircraft. The definition of "U.S. flag air carrier" is in Clause 11 of Attachment 3N.

✱ Revised

b. Grant-Financed Contracts

A U.S. Government statute requires the use of U.S. flag air carriers for all AID grant-financed international air travel and transportation (regardless of the authorized source of the commodity) unless such service is not available. Criteria for determining availability and the certification required for use of a non-U.S. flag air carrier are set out in Clause 11 of Attachment 3N. When U.S. flag air carriers are not available, any Code 935 flag air carrier may be used.

c. Loan-Financed Contracts

(1) There is no statutory requirement for use of U.S. flag air carriers under loan-financed transactions.

(2) When the authorized source for procurement of commodities under a loan is Code 000, AID's policy on financing air transportation is the same as under grant-financed transactions.

(3) When the authorized source for procurement of commodities under a loan is Code 941, AID policy requires use of U.S. flag air carriers, host country flag air carriers or Code 941 flag air carriers for international air travel and transportation to the extent they are available in accordance with the criteria in Clause 11 of Attachment 3N. If the supplier certifies that authorized carriers are unavailable, any Code 899 flag air carrier may be used.

2.6.4.4 General Transportation

Notwithstanding any of the provision in Section 2.6.4.2 or 2.6.4.3, unless otherwise authorized, AID will not finance any transportation costs:

a. For shipment beyond the point of entry in the host country except when intermodal transportation service covering the carriage of cargo from point of origin to destination is used and the point of destination is established in the carrier's tariff and stated in the "through bill of lading;"

b. On a transportation medium owned, operated or under the control of any country not included in Geographic Code 935;

c. On any vessel designated by AID as ineligible to carry AID-financed cargo; or

d. Under any ocean or air charter covering full or part cargo which has not received prior approval by AID/W, Office of Procurement.

2.6.4.5 Marine Insurance

a. The eligibility of marine insurance is determined by the country in which it is "placed." Insurance is "placed" in a country if payment of the insurance premium is made to, and the insurance policy is issued by, an insurance company office located in that country. Eligible countries for placement are governed by the authorized geographic code, except that if Code 941 is authorized, the Cooperating Country is eligible.

b. Section 604(d) of the Foreign Assistance Act requires that if a recipient country discriminates by statute, decree, rule or regulation with respect to AID-financed procurement against any marine insurance company authorized to do business in any State of the United States, then any AID-financed commodity shipped to that country shall be insured against marine risks and the insurance shall be placed in the United States with a company or companies authorized to do a marine insurance business in any State of the United States. The prima facie test of discrimination is that a cooperating country takes actions which hinder private importers in AID transactions from making c.i.f. or c. and i. contracts with U.S. commodity suppliers or which hinder importers in instructing such suppliers to place marine insurance with companies authorized to do business in the United States.

c. When AID has found that a cooperating country discriminates against any marine insurance company authorized to do business in any state of the United States, and the cooperating country, contrary to a request by AID, fails to insure all AID-financed commodities with U.S. insurance companies, then those commodities are ineligible for AID financing.

2.7 Cargo Preference

2.7.1 Rule

a. This rule is distinct from the rule in 2.6.4.2 regarding eligibility of ocean transportation for AID financing. The cargo preference rule applies to all ocean shipments of AID-financed commodities under a project whether or not AID finances the freight costs. When contractors or purchasing agents procure commodities on behalf of a Borrower/Grantee, the Borrower/Grantee shall issue shipping instructions to assure compliance with the rule.

b. The Borrower/Grantee shall insure that at least 50 percent of the gross tonnage of all equipment and materials financed by AID which may be transported to the host country on ocean vessels for use on, or incorporation in, the project, shall be transported on privately owned, U.S.-flag commercial vessels to the extent such vessels are available at fair and reasonable rates for U.S.-flag commercial vessels. This requirement is computed separately for dry-bulk carriers, dry-cargo liners, and tankers, and it is computed separately for shipments originating in the U.S. and outside the U.S. Additionally, at least 50 percent of gross freight revenues generated by dry-cargo liner services must be generated by U.S.-flag commercial vessels.

2.7.2 Determination of Non-Availability

The Office of Procurement (M/SER/OP), AID/W may make determinations, when circumstances warrent, that U.S.-flag commercial vessels are not available. Requests for determinations of nonavailability may be initiated by the Contracting Agency or its agent or the supplier. A determination of nonavailability shall be based on one or more of the following factors:

a. U.S.-flag liner vessels do not offer service from the shipment's geographic source to the destination country;

b. U.S.-flag liner service for commodities which cannot be containerized is only available by transshipment, and a foreign flag liner carrier provides the required service without transshipment;

* c. U.S.-flag vessels are not available when the cargo is ready and available for shipment and it has been established that delaying the shipment until a U.S. flag vessel will be available would subject either the supplier or cargo to additional costs or the importer to significant delay in receipt of the cargo; *

d. U.S.-flag vessels which are otherwise available are found unsuitable for loading, carriage, or unloading methods required or for the port handling facilities available;

e. U.S.-flag liner service is not available between the particular ports of loading/discharge stipulated in the delivery terms of the contract, provided that such ports are stipulated in a manner consistent with normal trade practices;

f. Rates for otherwise available U.S.-flag vessels are determined to be higher than fair and reasonable notes for such vessels.

* Revised

AID/W determines the availability of U.S.-flag vessels to carry quantitative units (cargo that may be carried in full shiploads) when the Contracting Agency or its agent submits, for AID's approval, information on vessels offered in response to a solicitation for freight offers for a quantitative unit. A determination of non-availability relieves the Borrower/Grantee of the requirement to use U.S.-flag vessels for the tonnage of commodities included in the determination.

2.8 Factors Other than Nationality Affecting the Eligibility of Firms to Compete for the Procurement

In addition to the source and nationality criteria in 2.6 above, firms may be ineligible for AID-financed procurement for any of the following reasons:

2.8.1 Unless specifically approved by the AID official authorized to approve the contract (for example, for turnkey jobs or other exceptional circumstances), no firm, including its affiliates and subsidiaries, may perform both both engineering services and provide commodities on the same project.

* 2.8.2. The Contracting Agency is required to refrain from soliciting bids from or considering making award to organizations and individuals that are suspended, debarred, or ineligible as indicated on the AID Consolidated List of Debarred, Suspended, and Ineligible Awardees under AID Regulation 8 (22 CFR Part 208) (AID List). Exception to the rule may only be made upon waiver of the prohibition by the AID Associate Assistant to the Administrator for Management.

Prior to soliciting bids from or considering an award to organizations or individuals that are listed on the Consolidated List of Debarred, Suspended, and Ineligible Contractors maintained by the U.S. General Services Administration (GSA List), but not on the AID List, the Contracting Agency is directed to request the AID Project Officer to consult the AID/W General Counsel in order to determine whether debarment or suspension action under Regulation 8 is warranted.

The AID and GSA Lists are regularly distributed to USAID Missions and are available for review. Questions concerning the listing of organizations and individuals on these lists should be directed to IG/LC in AID/W. *

2.9 Language and Specifications

2.9.1 Contracts and other documents submitted to AID shall be in English unless AID otherwise agrees in writing. Notices published in the United States in accordance with the rule in 2.3, shall be prepared in English.

2.9 2 The customary U.S. system of measurement or the metric system may be used. Specifications shall be based on U.S. standards except as otherwise agreed by the AID official authorized to approve the contract.

2.10 Prohibition Against Certain Types of Contracts

AID will not finance a cost-plus-percentage-of-cost contract, i.e., a contract in which the profit or fee (however described) increases without limitation as the cost of the contract increases. An example of a cost-plus-percentage-of-cost contract would be a contract for custom made equipment where the contract amount is the actual cost of making the equipment plus a percentage rate (without a maximum monetary value) as the fee. Cost-plus-percentage-of-cost subcontracts under fixed price prime contracts are not prohibited, since the cost of the prime contract does not increase as a result.

* Revised

2.11 Documentation for Payment

Each AID-financed contract must require that claims by suppliers for payment or reimbursement for goods and services be supported by appropriate and complete documentation (including the "Supplier's Certificate and Agreement with AID for Project Commodities" (see 2.14)), which is usually specified in the Project Implementation Letters or other related documents.

The documentation requirements under different methods of payment are discussed in Section 3.10.3.

2.12 Submission of Contracts to AID and Notification of Award

a. The Mission will inform the Contracting Agency how many copies of the final executed contract and amendments are to be submitted to AID/W. The Regional Bureau shall advise the Mission of AID/W distribution requirements.

* b. Whenever a contract is awarded under formal competitive procedure, regardless of amount, the Mission or procurement agent* (if used) promptly sends a telegram to the Office of Small and Disadvantaged Business Utilization/*Minority Resource Center* (OSDBU), AID/W, listing the IFB number, the name and address of the successful bidder, and the contract amount. If the Invitation for Bids is cancelled, OSDBU is advised of the fact. This information is published in the AID Procurement Information Bulletin to inform the public (including unsuccessful bidders) of the results of the bidding. *

2.13 Mandatory Contract Clauses

The mandatory clauses set forth in this section must be included in every AID-financed contract for equipment or materials in the circumstances discussed below. Section 4.1.6 contains guidance on the form in which these clauses can be incorporated into the contract.

2.13.1 Legal Effect of AID Approvals and Decisions

AID requires the reservation of certain approval rights with respect to the contract but must not incur legal liability by reason of the exercise of those rights. Clause 5 of Attachment 3N, which must be included verbatim in each contract, does not itself reserve approvals, it does recognize AID's role as the financing entity and protects AID against exposure to liability.

2.13.2 Nationality and Source

The contract must state the eligible nationality of suppliers and source of commodities. The eligible countries must match those stated in the Project Agreement unless a waiver for specific services or goods has been obtained (see 2.6.1.3 and 2.6.3.2). The nationality and source requirements arise from a number of U.S. Government statutes and regulations. While the language contained in Clause 10 of Attachment 3N is not required to be used verbatim, any changes should be carefully worked-out because this is a very complex subject.

* Revised

2.13.3 Supplier's Certificate and Agreement with AID for Project Commodities/Invoice and Contract Abstract (Form AID 1450-4)

The contract must require the supplier to submit a "Supplier's Certificate and Agreement with AID for Project Commodities/Invoice and Contract Abstract". (Form AID 1450-4), Attachment 3B, executed in accordance with instructions thereon, with each request for payment (see also 2.14).

*Including consulting engineers.

2.13.4 Air Carrier Travel and Transportation

The rule in 2.6.4.3 concerning eligible air carriers must be appropriately incorporated into the contract. The language defining "available" and "unavailable" carriers in Clause 11 of Attachment 3N must be used verbatim in country contracts. See 2.6.4.3 and 4.1.6.11 for further discussion.

2.13.5 Marking

This clause implements a Foreign Assistance Act requirement that commodities be identified to show that the project is financed by the United States Government. If compliance with marking requirements is considered to be impractical, the Regional Assistant Administrator or designee may, after consultation with the Office of *Procurement*, AID/W, waive the requirement. Mission Directors may waive the marking requirement on a finding that the appearance of emblems on commodities would produce adverse reactions in the host country. On the same basis, Mission Directors may authorize removal of emblems already affixed to equipment or materials should conditions justifying such action develop after receipt of the commodities.

2.13.6 Host Country Taxes

AID funds may not be used to pay identifiable taxes of the host government or its political subdivisions. The basic exemption from such taxes is generally set forth in the bilateral agreement between the U.S. and host government. The contract must contain a clause (see Clause 9 of Attachment 3N) applying the exemption to the particular contract.

2.13.7 Worker's Compensation Insurance

Whenever incidental services are provided under a contract for materials or equipment, the contract must provide for Worker's Compensation Insurance, often in the form of Defense Base Act coverage. See 4.1.6.22 for detailed discussion of the clause.

2.13.8 Equal Employment Opportunity

It is AID policy that every contract with a U.S. firm include a clause requiring the supplier to be in compliance with its equal employment opportunity obligations under Executive Order 11246, as amended, and regulations and orders issued thereunder. (See Clause 29 of Attachment 3N.)

2.13.9 Vesting of Title and Diversion Rights

The contract must include a clause allowing AID to take title to commodities and divert shipment, pursuant to the terms of the Project Agreement. (See Clause 30 of Attachment 3N.)

2.14 Supplier's Certificate and Agreement with AID for Project Commodities/Invoice and Contract Abstract (Form AID 1450-4)

a. This form (see Attachment 3B) must be submitted by the supplier with each request for payment.

b. By submitting the form in consideration for receiving payment, the supplier represents to AID that it has performed in accordance with the contract. The supplier also makes specific certifications with respect to such items as commodity source, price, payments, and commissions, and gives AID the right to audit its books and records. It also agrees to make appropriate refund to AID in the event of noncompliance with its representations.

c. The Form AID 1450-4 is required by AID only for individual transactions exceeding $2,500 in value.

d. Prospective suppliers must be made aware of this requirement in the Invitation for Bids, Request for Quotations, or other solicitation documents. It is recommended that the solicitation document explain the use of the form, and include a copy of the form, as an attachment, for information.

3.0 Guidance

The guidance in this Section 3 should be applied based on the circumstances of the procurement. Factors for consideration in establishing procedures for country contracting for equipment and materials include:

Procurement planning

Restrictions on Disclosure of Information

Role of procurement agent (if used)

Choice of type of contract

AID approvals

Formal competitive bidding procedures

Two-stage bidding

Informal competitive procedures

ATTACHMENT 3C

NOTICES FOR THE COMMERCE BUSINESS DAILY AND AID BULLETINS

FORMAT AND CONTENT

1.* Notices of proposed procurements should be sent in duplicate by mail, or if time does not permit, by telegram, to the Office of Small and Disadvantaged Business Utilization, Agency for International Development, Washington, D.C. 20523, at least 60 days prior to the closing date for receipt of bids, quotations, or prequalification questionnaires. The notice must be in the format described below. Sample formats are shown in paragraphs 2, 3, and 4 below. *

A. Spacing

Except as provided in paragraph C. below, lines in the text begin at the left margin and do not exceed 69 typewritten spaces in length. Double-spaced lines are used in the text. The Notice may not exceed 2 double-spaced pages.

B. Contracting Agency Name and Address

The name and address of the Contracting Agency begins at the margin and continues across the page and on the subsequent lines, if necessary. No abbreviations are to be used. The address may include an attention phrase directed to an official by name, title, or reference code.

C. Description of Procurements

The description of the procurement begins 5 spaces from the left margin. The description is in narrative form, double-spaced, with each succeeding line commencing at the left margin. The description shall be clear and concise. The notice shall state whether it is a request for prequalifcation data or announces the availability of an Invitation for Bids or Request for Quotations. Descriptions shall include, as appropriate, commonly used terminology for describing the commodities, citations of specification and drawing numbers if any, the delivery date(s), and other pertinent data. Only standard, commonly understood abbreviations may be used. Copies of the Commerce Business Daily will be helpful as a guide on preparing messages. Each notice should reflect the requirements of the specific project.

D. "Blanket" Advertisements

1. Applicability

If procurement under a single project will be administered by an experienced Contracting Agency and will involve a number of separate procurements, it may be efficient to use a "blanket" type or "consolidated" advertisement. This type of advertisement advises potential suppliers about the total list of procurements intended for the period covered (not more than one year). Such "blanket advertisements" are appropriate only if the Contracting Agency has demonstrated a capacity to provide IFB's or RFQ's to all prospective suppliers who request them on a timely and accurate basis, and procurement needs are sufficiently well defined so that the advertisement can give potential suppliers necessary information to determine their interest in bidding.

2. Procedure

a. * The text of the advertisement is forwarded to the Office of Small and Disadvantaged Business Utilization, AID/W, which checks it for completeness and arranges to have it published in the AID Bulletin or Commerce Business Daily, as appropriate. Blanket advertisements normally do not include procurements which are planned to be undertaken more than one year in advance. If a charge is to be made for the individual IFB's or RFQ's, the Contracting Agency should estimate the charges in the advertisement. *

b. The Contracting Agency compiles lists of all firms requesting a copy of the IFB or RFQ for each item advertised. When each IFB/RFQ is ready for issuance, the Contracting Agency mails a copy to the suppliers on the appropriate list. However, if a charge is made for the IFB/RFQ, the Contracting Agency first advises each supplier of the exact charge and requests payment before the IFB/RFQ is mailed.

c. Procurements originally covered by a blanket advertisement are readvertised if:

(1) The blanket advertisement does not generate sufficient expressions of supplier interest for particular items listed. In this case, the Contracting Agency should run individual advertisements for those items or use other solicitation techniques to stimulate supplier interest prior to issuance of the IFB/RFQ.

(2) The IFB/RFQ is not issued within one year of the date of the advertisement.

(3) The requirements included in the advertisement change materially enough so that other suppliers of an item might be interested.

2. Example of a Commerce Business Daily Notice Inviting Submission of Prequalification Data

Ministry of _____, Government of _____

Attention: _____

The Ministry of Utilities invites submission of prequalification data from interested U.S. and other eligible country firms who can qualify, through experience with providing equipment of similar types, to provide equipment for _____. The equipment required includes 650 km of new ductile iron water distribution pipelines ranging in diameter from 50 mm to 1100 mm together with necessary valves, fittings, joints, interconnections to an existing system and spare parts as part of an overall expansion of the water supply system. The source and origin of the equipment must be _____. The anticipated delivery date(s) are _____ to _____. Financing will be under AID Loan _____ and firms will be paid in U.S. dollars. A fixed-priced type contract is anticipated. Prequalification questionnaires and additional information may be obtained from _____. The deadline for submission of the questionnaires will be _____.

After receiving the qualifying information, a list will be established by the Ministry of Utilities consisting of those firms to whom Invitations for Bids will be issued.

3. Example of a Commerce Business Daily Notice Announcing the Availability of an Invitation for Bids

Ministry of _____
Government of _____
City, Country

Attention: _____

The (Contracting Agency) is soliciting bids from qualified firms in connection with the supply of equipment for a Rhizobium Inoculum production plant. Twenty separate items of varying quantities will be purchased including 4300 gal. fermenters, 50 roller tubes, 6 conveyors, etc. In addition, three person-months of installation services are required.

Delivery is scheduled to begin on _____ with an estimated completion date of _____.
Bids will be accepted from U.S. and other eligible firms, and joint ventures of such firms. The source and origin of the equipment must be _____.

Payment will be made in dollars financed under AID Loan _____. A _____ type contract is anticipated.

Interested firms may obtain a copy of the invitation for bids from (name and address) at a cost of $_____. Deadline for submitting bids is _____.

4. Example of a Notice in an AID Bulletin Requesting Quotations.

SEED PROCESSING AND RICE LABORATORY EQUIPMENT

The Ministry of _____, Government of _____ requests offers on the rice seed processing and research equipment listed below:

1. 1 each. Test tube rice miller, similar to unit developed by the International Rice Research Institute, Manila;

2. 4 each. Photographic enlarger capable of 10X enlargements of rice grains, 40 mm lens;

3. 5 each. Balance--precision weight micro torque with weighing pans and compensating weights (nonelectric).

Electric equipment shall be usable on 220 volt, 50 Hertz, A.C. Offers in duplicate should be sent to _____. They must be received there no later than ____(hour)____ local time on _____(date)_____, 19 ___. Offers must state applicable discounts, firm c. & f. prices and must be valid for _____ days. The offers must be accompanied by manufacturer's catalogs, completed technical information, and manufacturer's standard warranty.

Any transaction resulting from this announcement will be financed under AID Loan No._____. The eligible geographic code for nationality, source, and origin is AID Geographic Code 941. In addition, AID rules concerning marking and submission of the "Supplier's Certificate for Project Commodities/Invoice and Contract Abstract" (Form AID 1450-4) will apply. Additional information may be obtained from _____.

5. Example of the "Blanket" or Consolidated Advertisement Requesting Expressions of Interest

RURAL SANITATION EQUIPMENT

Ministry of _____, Government of _____,
Attention: _____

The (Contracting Agency) is soliciting expressions of interest from qualified U.S. and other eligible suppliers for supply of various equipment and materials for the (Regional Water Resources Development) project in _____.

The nationality of suppliers and the source and origin of the equipment, materials, transportation, and other commodity-related services must be AID Geographic Code _____. Payment will be made in U.S. dollars under AID Loan _____. Firms should send expressions of interest to (name, address, telex no.). The expression of interest should include the name and address of the offeror, and indicate the procurements listed below for which the supplier is interested in receiving the IFB or RFQ.

The Contracting Agency will establish lists of interested suppliers for each procurement listed below. The Contracting Agency will confirm to the prospective suppliers that it has received their expression of interest within 5 days of receipt of the expression of interest.

The appropriate IFB/RFQ will be issued to the firms on the list as soon as they become available. It is anticipated that there will be a charge in the range of $_____ to $_____ for each IFB/RFQ. Firms on the list will be notified of the exact charge and requested to submit payment when the IFB/RFQ is ready.

The Contracting Agency reserves the right to issue IFB's/RFQ's to firms in addition to those submitting expressions of interest. Any procurements for which the IFB/RFQ has not been issued within one year from the date of this advertisement will be readvertised.

LIST AND SCHEDULE OF INTENDED PROCUREMENTS--7/1/82 - 6/30/83

Est. Quantity	Commodity	Est. IFB/RFQ Issuance Date
10	Pickup trucks, 4X4, 1/2 ton, gasoline engines	7/31/82
100	Water pumps, portable, 300 gpm, gasoline powered	10/15/82
20	Crawler tractor, 100 HP, diesel engine	12/15/82

SHIPPING TERMS

The following glossary defines the shipping terms most frequently used in connection with AID import transactions.

1. F.O.B. vessel, named port of shipment (free on board vessel, named port of shipment). Seller must provide for placing the goods on board the vessel at the named port of shipment and pay for costs incurred, and provide a clean on-board bill of lading. Buyer pays all costs beyond that point; i.e., ocean freight, export documents and insurance, and must have arranged for the vessel of carriage.

2. F.A.S. vessel, named port of shipment (free along side vessel, named port of shipment). Under this term, seller arranges to deliver goods along side the overseas vessel at the loading port within the reach of the ship's loading tackle. He pays costs up to, and is responsible for loss or damage to, that point. The buyer arranges for vessel and must notify seller of name of vessel, loading berth, and sailing date.

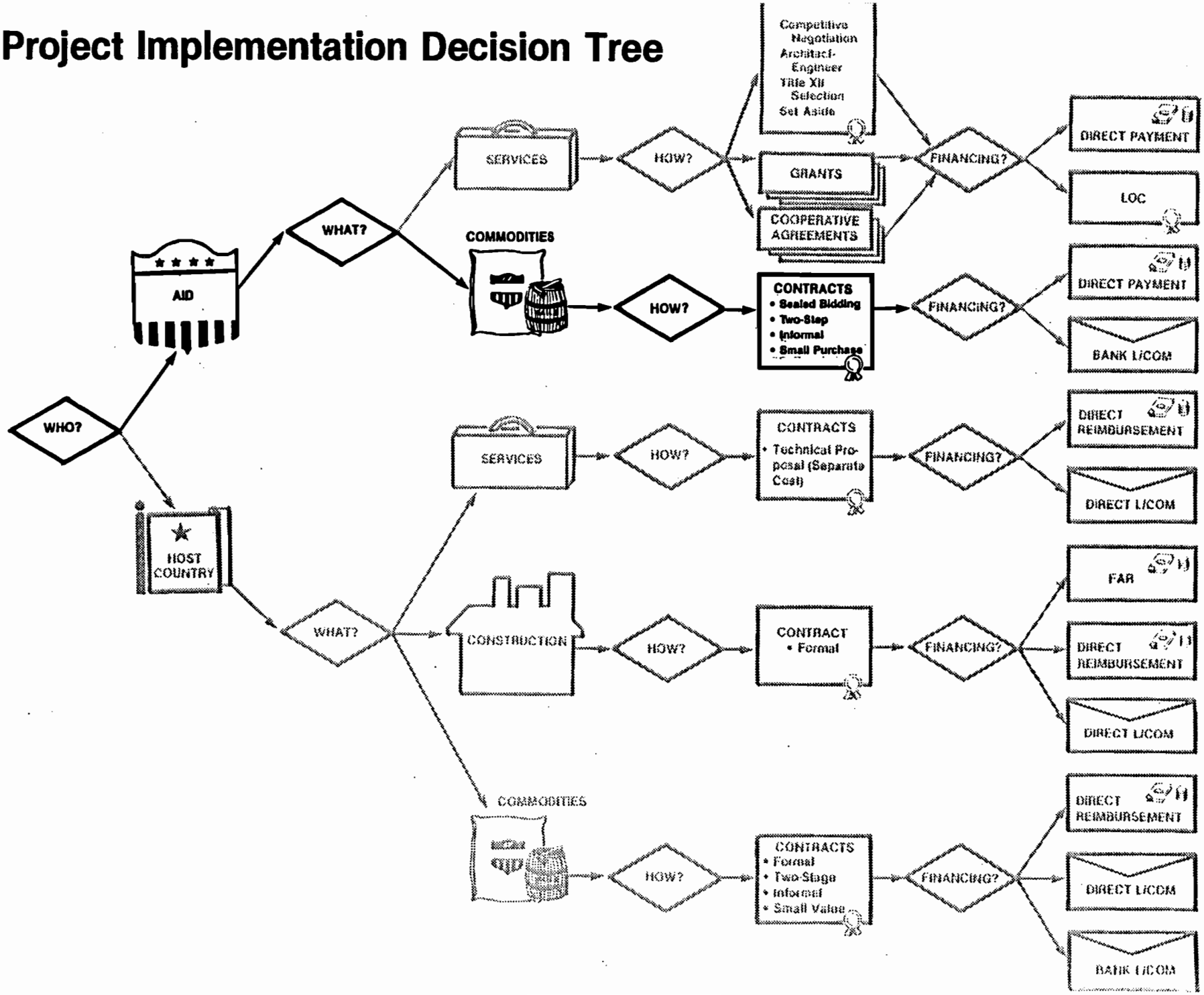
   Buyer pays for all costs incurred after goods are delivered along side vessel; such as storage, insurance, ocean freight to destination, export taxes, fees and documents.

3. C. & F. named point of destination (cost and freight to named point of destination). Seller arranges for shipment to destination and provides and pays for all costs to that point, except for warehouse to warehouse insurance, which is arranged for and paid by Buyer. Seller provides buyer with clean on-board rated bill of lading marked "paid" and with required export documents.

4. C.I.F. (cost, insurance and freight). Same as C. & F. terms, above, except seller secures insurance and provides buyer with insurance policy or negotiable insurance certificate. Where on-board bill of lading is required, seller is responsible for loss or damage until goods are delivered on board vessel. Buyer must accept documents and receive goods on arrival, handle and pay for subsequent movement of goods, pay all costs of landing at destination, and pay for import documents and in-transit costs, if any.

5. B/L (bill of lading). This is a document evidencing receipt of goods by carrier. The term "clean," when referring to a bill of lading, means the document bears no notation of defect in goods or packing. "On board" is a notation stating the goods have been loaded on board the carrier.

Project Implementation Decision Tree



Printed JUNE 1989

BEST AVAILABLE

HOST COUNTRY AND AID DIRECT COMMODITY PROCUREMENT

	HOST COUNTRY PROCUREMENT	AID DIRECT PROCUREMENT
METHODS	FORMAL 2-STAGE INFORMAL SMALL VALUE - UNDER $100,000	SEALED BIDDING 2-STEP COMPETITIVE PROPOSALS SMALL PURCHASE PROCEDURES (UNDER $25,000)
ADVERTISING REQUIREMENTS	OVER $25,000 - AID BULLETINS OVER $100,000 - CBD	OVER $25,000 - AID BULLETINS OVER $25,000 - CBD
AID APPROVAL OF BID DOCUMENTS OVER $100,000 & CONTRACTS	YES	—
NON-COMPETITIVE PROCUREMENT REQUIREMENTS	WITH WAIVER	GOVERNED BY FAR AND AIDAR
GOVERNING HANDBOOKS/ REGULATIONS	HB1, SUPP. B; 11, 15, (FOR COMMODITY ELIGIBILITY AND OTHER COMMON FACTORS)	HB 14 & FAR

Printed JUNE 1989

Agency for International Development

PIO/C

Instructs buyer

- **What, where, when**

Requires clear, complete and non-restrictive specifications

- **Cite standard specs (SAE, ASTM, ACS, etc.), if possible**
- **If brand name, add "or equal"**

Should indicate if proprietary procurement is authorized

Requires clear instructions on shipping, packing and documentation (AID 11-94)

Provides adequate funds to cover costs

Must allow adequate time for buyers and suppliers to perform tasks.

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PIO/C

AGENCY FOR INTERNATIONAL DEVELOPMENT

PROJECT IMPLEMENTATION ORDER/COMMODITIES

☐ Worksheet ☒ Issuance

PAGE 1 OF 6 PAGES

1. Cooperating Country: Egypt

2. PIO/C Number: 263-0029-5-20079

3. Project Number and Title: 263-0029 Family Planning Project

4. Appropriation Symbol: 72-1121037

5. Allotment Symbol and Charge: NESA-82-23263-KG18

6. Funds Alloted To: ☐ AID/W ☒ Mission

7. Obligation Status: ☐ Administrative Reservation ☒ By Agreement

8. ☒ Original OR Amendment Number _____

9. Authorized Agent: GSA/FSS/YGA, Rm. 724 CM Bldg 4., Washington, DC 20406

10. Method of Financing: A. ☒ U.S. Government B. ☐ Direct Letter of Commitment

11. Contracting Period (Mo., Day, Yr.) From: To:

12. Delivery Period (Mo., Day, Yr.) From: Issuance To: 01/31/84

13. Project Assistance Completion Date (Mo., Day, Yr.): 9/30/84

14. Area of Source: United States (000)

15. DOLLAR VALUE

A. Previous Total	B. Increase	C. Decrease	D. Total to Date
450,000			450,000

C. Vardas
COM/CPS/PS

K. Quasy
COM/CPS

pemPM

17. MISSION REFERENCES

16. Quantity, Description, Specifications, Instructions and Special Provisions

This authorization has been reviewed and approved in accordance with the President's Memorandum of September 16, 1966 concerning economy in procurement.

A. PROJECT COMMODITIES: See Specifications attached.

B. BASIS OF DELIVERY: CIF Alexandria port - Egypt.

C. MARINE INSURANCE: All items are to be insured with coverage including "all risk" and "war" at 115% of the commodity value of the shipment. Claims must be payable in U.S. dollars.

D. DELIVERY: As soon as possible is requested.

E. MARKING: AID (clasped hands) emblem marking requirements apply.

F. DOCUMENT DISTRIBUTION AND SHIPPPING INSTRUCTIONS: AID Form 11-94 attached.

18. MISSION CLEARANCES	DATE	MISSION CLEARANCES	DATE

19. Date of Original Issuance

20. Date of this Issuance: September 2, 1983

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

Signature _____ Date _____

Title _____

22. For the Agency for International Development

Signature: William C. Schmeisser Jr.

Date: For the Administrator

AID 1370-1 (10-79)

Printed JUNE 1989

PIO/C 263-0029-5-20079
Egypt

A. SPECIFICATIONS:

Specifications - Equipment and Accessories, summarized; Manufacturer Requirements:

Bidder will quote prices separately for each of A-1, 2 and 3 below.

1. Generator Set, 625 KVA, 380/220 volts, 3-phase, 4-wire, 50HZ, diesel powered. Quantity two units

2. Control Panel to provide emergency start-up and parallel synchronous operation. Quantity one

3. Spare Parts and Maintenance Items for 3000 hours operation; any special tools required.

The engine, generator and all major items of auxiliary equipment shall be manufactured by manufacturers currently engaged in the production of such equipment.

The engine shall be of a type and size already in general use in Egypt and already represented by an established factory authorized dealer in Egypt who already has in stock a normal supply of spare parts and service items and who already has locally available trained service technicians.

B. EQUIPMENT SPECIFICATIONS:

The equipment shall be essentially the standard product of the manufacturer, modified as necessary to suit the particular operating conditions, and none of the standard accessories are to be removed for the reason they are not cited in these specifications. The units shall be supplied with all parts, connections and other appendages necessary to make each unit complete and ready for use.

1. Generator, with 625 KVA capacity, continuous output capacity of 500 KW at 0.8 power factor, output voltage 380/220 3-phase, 4-wire, 50HZ, powered by diesel engine at 1500 RPM at rated output, 100 meters above sea level, 45°C, 60% relative humidity.

   a. Engine to be provided with

      (1) Tropical type radiator for 45°C ambient temperature.
      (2) Fuel tank of at least 8 (eight) hours operating capacity.
      (3) Automatic safety shut-down to stop the engine in the case of high water temperature, low oil pressure or over-speed.
      (4) Silencer, residential area type, with flexible exhaust connections.
      (5) Cooling water temperature indicator.
      (6) Oil pressure indicator.
      (7) Over-speed governor.
      (8) Suitable air, oil and fuel filters.
      (9) Electric starting system including batteries and cables. -(batteries are to be charged from mains).
      (10) Hour meter.

(11) Spring vibration isolators (or on frame with generator and frame on spring vibration isolators).

b. Alternator shall be directly driven by the diesel engine through a flexible coupling, the complete unit mounted on a heavy steel common welded channel frame mounted on spring vibration isolators recommended by the manufacturer.

2. Control Panel/Cabinet

Cabinet to be sheet steel, totally enclosing electrical connections, suitable for floor mounting having bottom cable entry, and containing all necessary control equipment and sensing relays to automatically start and operate the generator set when Cairo public power main supply is interupted for longer than 60 seconds and stop the generator set when main supply returns to normal.

The two units shall be controlled to operate in parallel automatically, i.e., at power failure one unit shall be started. When reaching full load the second unit can be started and operated in parallel and synchronized with the first unit.

The control panel will have:

a. Three single phase voltage sensing relays with time lag adjustable up to 60 (sixty) seconds. (Some interruptions are momentary, only a few seconds. The automatic equipment should have a time delay adjustment up to 60 seconds to minimize "false starts.")

b. Two fully interlocked 3-pole air break contractors - complete with air chamber, with suitable rating with protection against s.c. and over current and reverse power on contractor of the generating set.

c. One 3-phase overcurrent unit.

d. Meters showing public supply main voltage, and load.

e. One set of engine controls and timers for automatic start/stop operation, with manual operation at choice.

f. One transformer/rectifier battery trickle charger, operated from main supply to charge starting batteries, with starting switch/relays, appropriate charge and battery condition indicators.

g. For any circuits not protected by relays, A.C. and D.C. fuses for protection.

h. All necessary auxiliary relays, meters and accessories to verify the required function.

i. Cable/wire from connecting control panel sited up to 25 feet from generator/alternator connections. Cables/wires marked/numbered.

j. End connectors - full set of cable/wire end connectors that can be installed on generator/alternator end when necessary length at site is known.

k. Wiring diagrams - two sets.

3. Spare Parts and Maintenance Items for 3000 hours operation, estimated at 1000 hours each year for the next three years;* any special tools required for normal maintenance of engine and generator. Bidder shall itemize items proposed and cost. * Lubricating oil excepted.

Two operators manuals and two spare parts books are to be provided.

AID 11-84 (2-70)

DOCUMENT DISTRIBUTION AND SHIPPING INSTRUCTIONS

DEPARTMENT OF STATE
AGENCY FOR INTERNATIONAL DEVELOPMENT
UNITED STATES OF AMERICA

1. DATE: September 1, 1983

PAGE 5 OF 6 PAGES

2. U.S. AID ORDERING OFFICE

Office of Population
USAID/Cairo, Box 10
American Embassy F.O. P.N.Y. 09527

IMPORTANT: This form shall be completed by the U.S. AID Ordering Office and attached to all requests for commodities (PA's and PIO/C's) submitted for supply action. A separate form is required for each ultimate consignee receiving material.

3. U.S. AID PROCUREMENT REQUEST NO.: PIO/C 263-0029-4-20079

4. DOCUMENT CONTROL NO. (Leave Blank)

SHIPPING

5. CONSIGN SHIPMENT TO:

Government of Egypt-Ministry of Health
AID Family Planning Project 263-0029
For Al-Galaa Maternity Hospital

6. MARK FOR (Final Destination):

AID Family Planning Project
Project 263-0029
PIO/C 263-0029-4-20079

7. PARTIAL DELIVERY ACCEPTANCE

☐ a. YES ☒ b. NO

DOCUMENTATION

8. ADDRESS TO RECEIVE INFORMATION REGARDING STATUS OF PROCUREMENT REQUEST*

See Block 10 A

9. ADDRESS TO WHICH BILLING DOCUMENTS ARE TO BE SENT

Financial Management
USAID/Egypt
AmEmbassy, Box 10
FPO New York, N.Y. 09527
Billing Code 72MOHP

10. SHIPPING DATA (Insert complete address(es) below, items a through c, to receive shipping documents in the number of copies indicated.)

	ADDRESS	OCEAN BILL OF LADING NEGOTIABLE	OCEAN BILL OF LADING COPY	AIR FREIGHT B/L	PACKING LISTS	EXPORT INVOICE
a.	USAID Health Office Attn: F.T. Michael Box 10 American Embassy F.P.O. New York 09527	1	2		3	3
b.	Mr. C. Vardas COM/CPS/PS, Room 549, SA-14 Agency for International Developmenbt Washington, D.C. 20523		1		1	1
c.	Financial Management Division USAID, Box 10 American Embassy FPO New York 09527		1		1	1

11. SPECIAL DOCUMENTATION (Identify any special documents required, such as import licenses, certificates of origin, etc.)

Two certificates of origin are required with each shipment (one with each original set of shipping documents to USAID, Office of Health) See Block 10a.

* Supply documents furnished to the addressee will serve to inform the ordering office of the status of the procurement request during the export processing cycle.

OCEAN TRANSPORTATION SPECIAL PROVISIONS

(for USG Authorized Agent)

OCEAN TRANSPORATION

1. The costs of ocean transportation and of other delivery services for the authorized commodities are eligible for reimbursement. Delivery services refer to services customarily performed in an export transaction which are necessary to effect a physical transfer of commodities to the cooperating country. Examples of such services are the following: export packing, local drayage in the source country (including waiting time at the dock), ocean and other freight, loading, heavy lift, wharfage, tollage, switching, dumping and trimming, lighterage, commodity inspection services, and services of a freight forwarder. Delivery services may also include work and materials necessary to meet AID making requirements.

2. When the area of source authorized in block 14 is geographic code 000 the ocean transportation costs must be incurred on U.S. flag vessels to be eligible for AID financing. When the area of source authorized in block 14 is geographic code 941, the ocean transportation costs must be incurred on U.S. flag vessels or vessels under flag registry of (COOPERATIVE/COUNTRY) or countries included in geographic code 941 to be eligible for AID financing.

3. In the event a contracting officer of the authorized agent determines there are no eligible vessels as stipulated in paragraph 2 available to make timely delivery, the contracting officer may authorize shipments aboard any vessel under flag registry in a country included in AID Geographic Code 935. Such determinations must be substantiated and documented in the authorized agent's records of this procurement. The resulting costs of ocean transportation will be eligible for reimbursement.

APPENDIX 5A

INSTRUCTION ON USE AND PREPARATION OF THE PIO/C - FORM AID 1370-1 (PROJECT IMPLEMENTATION ORDER/COMMODITIES)

1. Introduction

a. The PIO/C (form AID 1370-1, Attachment A) is used for procurement of project commodities when the USAID or AID/W undertakes to implement a project commodity element, or to arrange for its implementation through a third party. Such a commodity procurement may include the procurement of commodity-related services, including incidental services. There is a limitation as to the value of incidental services which may be procured by a PIO/C (see 2b below).

b. The PIO/C serves several purposes. First, it contains a detailed description of what is to be procured, directly or indirectly, by AID; it is thus a purchase request. Secondly, when it is countersigned by the cooperating country, it constitutes an agreement on specific commodities and services AID undertakes to procure. Thirdly, it earmarks funds obligated by a Project Agreement, or when no bilateral Project Agreement is involved (as in centrally administered research projects), the PIO/C makes an "administrative reservation" of funds.

c. The PIO/C must designate an "authorized agent" to accomplish the procurement. The authorized agent may be:

(1) the concerned USAID;
(2) another USAID, with its concurrence;
(3) AID/W;
(4) another U.S. Government Agency; or
(5) a non-USG entity acting as procurement agent provided there is an underlying contractual agreement.

d. When the cooperating country is to implement a project commodity element, a Project Implementation Letter (PIL), rather than PIO/C, will be issued to the borrower/grantee to provide guidance, information and authorization to initiate procurement action, and to earmark funds. If the B/G enters into a contract with a non-governmental procurement agent, it may use a PIO/C form as a convenient way to inform the agent of specific commodity requirments for procurements under the contract. A PIO/C may not be sent to a non-governmental procurement agent unless there is an underlying contract. See Chapter 4 of this Handbook for more information on using procurement agents.

e. Except where specifically noted, the instructions in this Appendix apply to situations where AID implements or arranges implementation of a project commodity element through a third party.

2. Limitations and Restrictions

a. The PIO/C will not be used for the procurement of project commodities when:

(1) the commodities are included in a Project Implementation Order/Technical Services (PIO/T), form AID 1350-1;
(2) the items are books, pamphlets, or other materials available from the Superintendent of Documents, U.S. Government Printing Office; or
(3) the procurement is to be financed with U.S.-owned foreign currency. See Handbook 19 - Financial Management.

b. The price of any incidental services, as defined in Chapter 2 of this Handbook, must be stated separately on each PIO/C, and may not exceed 25 percent of the commodity price. A PIO/T, rather than a PIO/C, is used to authorize the purchase of incidental services if their cost is in excess of this limitation.

c. See Handbook 19 for AID's obligation concepts applicable to project assistance. Prior to the issuance of a PIO/C, there must be either:

(1) an executed bilateral project agreement (either grant or loan funded), obligating the project's funds; or
(2) a project authorization and allotment of funds for an AID/W project. PIO/C's for such projects may be issued with, or following such authorization and allotment.

3. Issuance of PIO/C's

a. USAID Issuance

(1) USAIDs are responsible for issuing PIO/C's which designate the USAID's assigned GSA Region, another USAID or the USAID itself as authorized agent. USAIDs are also responsible for initiating the "worksheet" PIO/C (form AID 1370-1) to be transmitted to M/SER/OP/COMS when the PIO/C is to be issued by AID/W.
(2) When justified on the grounds of urgency, a USAID may initiate a PIO/C by telegram for AID/W to complete the issuance. The telegram must provide the data called for in Blocks 2 through 7 and 13 of the form AID 1370-1, as well as indicate the consignee and any special documentation requirements for completing the form AID 11-94, Document Distribution and Shipping Instructions. When information furnished in Block 7 indicates that the funds are obligated by an agreement, the date that the agreement was executed should be provided. Failure to provide the requested information may delay issuance of the PIO/C. Telegram requests must be confirmed immediately by forwarding a "worksheet" PIO/C to M/SER/OP/COMS which references the telegram in Block 17.

b. AID/W Issuance

AID/W, M/SER/OP/COMS, issuance is required for all PIO/C's:

(1) for procurment by the GSA Central Office, Washington, D.C. (as distinct from a GSA Regional Office), or by other U.S. Government agencies;
(2) for procurement by an AID/W contractor;
(3) for procurement of agricultural commodities, such as seeds, pesticides and fertilizer;
(4) for procurement of contraceptives and related family planning commodities;
(5) for procurment of commodities from GSA for malaria eradication programs;
(6) for procurement of commodities from UNICEF.

c. AID/W Reissuance of USAID-Issued PIO/Cs

Circumstances may warrant reissuance of a USAID-issued PIO/C or amendment by M/SER/OP/COMS in AID/W. Changes deemed necessary by AID/W in a USAID-issued PIO/C will be made when feasible and approved over the signature of an authorized AID/W official. Copies of such reissuances will be distributed to the USAID and other offices in the same manner as for other AID/W-issued PIO/Cs.

4. Issuance of Amendments

a. Amendments to a PIO/C are generally initiated and issued pursuant to the same rules as the original PIO/C. However, USAIDs may issue an amendment to any PIO/C (whether issued by AID/W or the USAID) which decreases its authorized value. Such action is taken with the concurrence of the authorized agent upon determining that the value of the PIO/C exceeds the amount required to complete the procurement.

b. Amendments to a PIO/C increasing its authorization value in order to cover increased costs of commodities may be made so long as there are funds available within the project. An issued PIO/C should not be amended to add new items or to increase quantities of previously listed items after the authorized agent has finalized orders with specific suppliers for items originally authorized. Additional items and/or increased quantities should be authorized in a new PIO/C.

c. AID/W does not issue closing amendments.

5. Methods of Financing

a. Standard methods of reimbursement for transactions between U.S. Government agencies are applicable when the authorized agent named in a PIO/C is a U.S. Government agency.

b. If a PIO/C is used to provide commodity information to non-U.S. Government entities, AID's usual methods of financing commercial type transactions are used. The procedures should be specified in the contract.

6. When Separate PIO/C's are Required

The PIO/C may list one or more commodities or all of the commodities required for a project. However, PIO/Cs should avoid combining dissimilar commodity groupings such as industrial and agricultural commodities or vehicles and pharmaceuticals. The number of items in a single PIO/C should not be excessively large or completion within a reasonable time might be difficult. A separate PIO/C must be issued for:

a. each project;
b. each authorized agent designated;
c. contraceptives and contraceptive devices;
d. each allotment of funds.

7. Document Coding

a. Project Implementation Order numbers, whether for PIO/P's (form AID 1380-1), PIO/T's (form AID 1350-1), or PIO/C's (form AID 1370-1), consist of four segments, separated by hyphens, that identify the geographic code, the project serial number, type of document and issuing office, and the document serial number as follows:

Implementation Order Document Number

First Segment of Project No.	Second Segment of Project No.	First Segment of Doc. Code No.	Second Segment of Doc. Code No.
621	0122	5	50066
Geographic Code	Project Serial Number	Type of Document	Document Serial Number

(1) First Segment of Document Code No. - Type of Implementing Document

Implementing documents are coded by type in the following pattern:

Code	Type of Implementing Document
1	PIO/P: Participant Training
2	PIO/T: Participating Agency Service Agreement
3	PIO/T: Contract for Services
4	PIO/C: Commodities - Mission issuance for procurement as stated in paragraph 3a above
5	PIO/C: Commodities - AID/W, M/SER/OP issuance as stated in paragraph 3b above.

(2) Second Segment of Document Code No. - Document Serial Number

(a) This is a five-digit identification number assigned by the Mission Controller to PIO's for country projects. This number is recorded in the appropriate USAID accounts to identify the project.

(b) The first digit identifies the fiscal year in which the funds were obligated by an agreement or administratively reserved. For example, the digit 5 indicates fiscal action against FY 85.

(c) The last four digits are assigned in numerical sequence to PIO's as they are initiated or issued. Numbers run consecutively (not as a separate series under each field of activity or project). The series from 9001 through 9999 is reserved for use by AID/W.

b. For PIO's for AID-funded projects/activities; i.e., regional and interregional projects, including research, a seven-digit serial number is assigned by the AID/W allottee. (See Appendix D, Handbook 18.)

8. Format and Distribution

a. Format

(1) A properly prepared PIO/C consists of:

(a) Completed PIO/C, form AID 1370-1, Attachment A.
(b) Continuation Sheet(s) for PIO's, as required, form AID 1300-1, Attachment B. Plain white paper is acceptable for continuation sheets when form AID 1300-1 is not available.
(c) Completed form AID 11-94, Document Distribution and Shipping Instructions, Attachment C.
(d) Special provisions covering transportation, Attachments D and E, are applicable to U.S. government agencies.

b. Distribution

(1) USAID-issued PIO/Cs are distributed as follows:

(a) Ten sets to the AID/W Mail Room for distribution, showing the complete PIO/C number and project number on the outside of the envelope.
(b) Additional copies as required by the USAID and the B/G.
(c) Two sets to M/SER/OP/COMS with a cover memo requesting acknowledgement of receipt.
(d) Two sets to the designated authorized agent with a cover memo requesting acknowledge of receipt.

(2) USAID-issued "worksheet" PIO/Cs are distributed as follows:

(a) Ten sets to the AID/W Mail Room showing the complete PIO/C number and project number on the outside of the envelope
(b) Additional copies as required by the USAID and the B/G.
(c) Two sets to M/SER/OP/COMS for action with a cover memo requesting acknowledgement of receipt.

(3) AID/W-issued PIO/Cs (20 copies) are forwarded to the AID/W Mail Room for distribution to the appropriate USAID, AID/W offices and the authorized agent.

9. Preparation of the PIO/C (Form AID 1370-1, Face Sheet)

The following are instructions for preparing the PIO/C. For additional instruction on preparing a PIO/C when GSA is the authorized agent, see Chapter 5 of this Handbook.

Worksheet/Issuance Block - Insert an "X" in the appropriate box to indicate whether the PIO/C is a worksheet or an issuance.

Page Numbering - Form AID 1370-1 is always numbered page 1. Continuation sheets are numbered consecutively. The total number of pages in the collated set should be shown; e.g., page 1 of 10 pages, page 2 of 5 pages, etc.

a. Block 1 - Cooperating Country: Insert the name of the country, regional, or interregional program.

b. Block 2 - PIO/C Number: Insert the complete PIO/C number (three-digit geographic code; four-digit project serial number; one-digit type of document code; and five-digit or seven-digit document serial number, as appropriate.

c. Block 3 - Project Number and Title: Insert the complete project number and description title as shown on the related project description, and the project or loan agreement under which the PIO/C is funded. If the PIO/C is authorized by an AID/W project, a cost component code is inserted immediately following the four segment project number (see Handbook 19). If the PIO/C is loan-funded, insert the loan number and Disbursement Authorization No. immediately following the project and title.

d. Block 4 - Appropriation Symbol: Insert the appropriation number that appears in the related agreement. If the PIO/C is an administrative reservation, insert the appropriation to be charged, as authorized.

e. Block 5 - Allotment Symbol and Charge: Insert the allotment symbol used on the related Project Agreement or Activity Description or other obligating document.

f. Block 6 - Funds Allotted To: Insert an "X" in the appropriate box to show whether the funds are allotted to AID/W or to the *USAID*. On a worksheet PIO/C, where the project has not been approved, or is approved and funds are not yet available, this block should be left blank and footnoted appropriately. *USAIDs* should not submit a PIO/C for AID/W issuance until the project has been approved and the funds are available.

g. Block 7 - Obligation Status: Mark "Administrative Reservation" if the *procurement is* not funded by a Project Agreement, indicating that funds will require revalidation before implementing document is fully executed. Mark the box indicating "By Agreement" if the *procurement is* funded by a Project Agreement.

h. Block 8 - Original or Amendment Number: Check original or insert the number of the amendment, as appropriate. Amendments are numbered consecutively against each original PIO/C.

i. Block 9 - Authorized Agent: Insert the name of the agent designated to procure or to direct the purchase of the commodities. In *UASID*-initiated PIO/C's for AID/W issuance, the *USAID* should insert: "AID/W to designate ....." followed by the name of the agent which the *USAID* recommends for AID/W consideration.

j. Block 10 - Method of Financing: Insert an "X" in Box A when the authorized agent is a U.S. Government agency (including AID). *If the PIO/C is being used in conjunction with a contract for procurement services by a non-U.S. Government agency, leave Box B blank and indicate the financing method in Block 16.*

k. Block 11 - Contracting Period

From: This block is left blank when a U.S. Government agency is the authorized agent.

To: This block is left blank when a U.S. Government agency is the authorized agent, except to call attention in Administrative Reservation PIO/C's (Block 7) to the need to contract or place orders by September 30 of the fiscal year in which the PIO/C was issued. For Administrative Reservation PIO/C's, insert September 30 of the applicable fiscal year.

If the PIO/C is being used in conjunction with a contract with a non-U.S. Government agent, the contracting period should be a realistic time period within the effective dates of the underlying contract.

l. Block 12 - Delivery Period

From: This block is left blank when a U.S. Government agency is the authorized agent. *If used in conjunction with a Host Country contract, the date may not antedate the effective date of the contract.*

To: Insert the period of time, by dates (month, day, year), during which it is desired that commodities be delivered. Required delivery dates and/or schedules for delivery in country should be identified in Block 16. Delivery dates should be realistically related to leadtime and the procurement plan for project implementation.

m. Block 13 - The Project Assistance Completion Date (PACD) is the date shown in the project agreement as the estimated final date by which contribution of materials, supplies, or services may be delivered to a project.

n. Block 14 - Area of Source: Insert the AID Geographic Code for the source authorized by the Project Agreement.

o. Block 15 - Dollar Value: This block is used to show the estimated landed costs of the commodities. Inserts are made as follows:

(1) Original PIO/C's

(a) Increase (Block 15B) - Insert the estimated landed costs of commodities.

(b) Total to Date (Block 15D) - Insert the same figure listed in Block 15B.

(2) Amendments to PIO/C's

(a) Previous Total (Block 15A) - Insert the figure shown in Block 15D of the PIO/C.

(b) Increase (Block 15B) - Insert the estimated increase, if any, over the figure shown in Block 15D of the PIO/C which is being amended.

(c) Decrease (Block 15C) - If pertinent, insert the estimated decrease in the figure shown in Block 15D of the PIO/C which is being amended. Otherwise, leave blank.

(d) Total to Date (Block 15D) - Insert the revised estimate of landed costs (Block 15A, plus Block 15B or minus Block 15C). Where the amendment does not involve a change in the cost estimate, insert the figure listed in Block 15A.

p. Block 16 - Quantity, Description, Specifications, Instructions, and Special Provisions

(1) Space in this block is usually inadequate to include all of the necessary detail. It is often necessary to limit the entries in this block to an index of pages (continuation sheets) attached to the face sheet, which provide the needed details. One such index, which may be modified to meet individual USAID preference, is:

A. PROJECT COMMODITIES

B. BASIS OF DELIVERY

C. SHIPPING

D. DELIVERY

E. MARKING, INCLUDING REQUIREMENT FOR AID EMBLEM

F. DOCUMENT DISTRIBUTION AND SHIPPING INSTRUCTIONS

G. AUTHORIZATION FOR NEGOTIATED PROCUREMENT (WHEN APPROPRIATE)

H. PAYMENT

I. SOURCE WAIVERS, IF ANY

(2) In listing project commodities, assign a line item number to each item. State the quantity and unit of measure (each, pound, etc.) and name the commodity in commercial terminology. Insert detailed specifications for each item unless, under existing arrangements with AID, such specifications are to be developed by the authorized agent. In the latter case, insert a clause along the following lines: "Specifications are to be agreed upon between AID and the Authorized Agent." Each item is normally described by its technical nomenclature and specifications. When it is expedient to cite catalog references or brand names, the words "or equal" are added and the catalog identified by name of company and date it was issued. It is also desirable to use more than one brand name before the "or equal" if possible. Maximum participation by all qualified suppliers is desired and specifications should be made as broad as practicable. List separately the estimated cost of:

- Each commodity item

- Transportation, plus insurance, if applicable, for the total quantity of commodities

- The total procurement fee or surcharge

(3) Other Than Full and Open Competition - Whenever a PIO/C is issued to a U.S. Government agency covering an item or items for which other than full and open competition is requested, the requesting office must provide, and certify as accurate, all the necessary data to support the request. See Federal Acquisition Regulation Section 6.303.

(4) Special Provisions and Instructions - Insert, as appropriate such special provisions and instructions as are required for the PIO/C to serve as a complete authorization and instruction document for effecting the required procurement. This includes:

(a) Special instructions regarding consignee, delivery, routing, shipping, source, end-use, packing, marking, catalogs, operating manuals, repair tools, spare parts, documentation, services, including marine insurance, if desired, etc.

(b) *Ocean Transportation*

1. All PIO/C's must include a special provision on ocean transportation. Attachment D provides standard language for this purpose.

2. Occasionally a B/G may elect not to use the loan/grant funds to finance the ocean freight. This may occur when B/G wishes to have AID-financed commodities shipped aboard vessels of flag registry where the freight would be ineligible for AID financing. The B/G in such cases must furnish to AID, prior to issuance of the PIO/C, means acceptable to AID to finance the ocean freight from other than loan/grant funds. This may be authorization which AID may pass to the authorized agent to ship freight collect aboard ships of a specified ocean carrier. It may be a freight financing commitment from other funds. This authorization and its own administrative particulars will be incorporated in the PIO/C in lieu of Attachment D. When B/G finances the feight, a free world flag vessel must be used.

3. In providing guidance on ocean transportation, consideration should be given to cargo preference requirements. In some cases, it may be desirable to instruct the authorized agent to ship only on U.S. flag vessels. When the PIO/C covers a large portion of commodity procurement under a project, it may be desirable to provide more detailed instructions on cargo preference.

(c) Air Transportation - Where air *transportation* is required to meet urgent project needs, or where such mode of shipment is demonstrably more advantageous than ocean transportation, the PIO/C may authorize the use of air transportation in lieu of ocean transportation. The PIO/C may also authorize partial shipment by air and *the rest* by ocean, as dictated by project delivery requirements. In those instances where only air transportation will be used, Attachment D will not be included in the PIO/C. See Handbook 1B, Chapter 7C, for U.S. flag requirement on grant-funded PIO/C's. *Attachment E covers air transportation.*

(d) Terminal Date for Disbursements - When the PIO/C funds are from a Project Agreement, include the following:

> "In accordance with Project Agreement Number _____, except as AID may otherwise agree in writing, no disbursement shall be made against documentation received by AID after (insert date 9 months after PACD in Agreement)."

(e) *Marking Requirements - The PIO/C should indicate that the commodities and shipping cartons must be marked with the AID hand clasp emblem.*

q. Block 17 - Mission References: This block is used to cite references significant to the PIO/C, as appropriate. For example, the project agreement number and the date the agreement was executed are inserted in this block. Communication references regarding source waivers, proprietary procurement authorization, etc., are also cited.

r. Block 18 - Mission Clearances: Insert Mission clearances' signatures (always including that of the Mission Controller) and the date cleared by each.

s. Block 19 - Date of Original Issuance: Insert the date on which the PIO/C is approved for issuance.

t. Block 20 - Date of this Issuance: Insert the date on which the PIO/C or PIO/C amendment is approved for issuance. If the document is an original PIO/C issuance, this same date will also be shown in Block 19.

u. Block 21 - For the Cooperating Country: *Whenever a PIO/C is issued under a bilateral Project Agreement, an authorized representative of the B/G must sign in this Block to indicate an agreement on the specific commodities to be procured.*

v. Block 22 - Signature Block for the Agency for International Development:

(1) *USAID*-initiated or issued PIO/C - The signature in this Block must be that of the Director of the *USAID*, or his/her authorized designee, as prescribed by a written delegation of authority.

(2) AID/W-issued PIO/C - The signature must be that of the AID/W official authorized to sign the PIO/C, as prescribed by a written delegation of authority.

NOTE: The signature in Block 22 of the PIO/C evidences certification to the fact that (a) a current agreement covers the activity described and that the PIO/C is in conformity with the provisions of the agreement with respect to value, scope, and technical content or (b) that the funds have been administratively reserved for commodity procurement under an approved activity.

10. Preparation of the Continuation Sheet for PIO's, Form AID 1300-1

The Continuation Sheet, form AID 1300-1, is not used when ordering from GSA. In other instances, form AID 1300-1 (Attachment B) is prepared as follows:

a. Worksheet-Issuance Block: Insert an "X" in the appropriate box to indicate whether the Continuation Sheet is being initiated or issued.

b. Block 1 - Cooperating Country: Insert the name of the country, regional, or interregional program as shown on the face sheet.

c. Block 2 - PIO Number and Original or Amendment

(1) Block 2.a. - PIO Number: Insert the complete PIO/C number as shown in Block 2 of the face sheet.

(2) Block 2.b. - Original or Amendment: Check original or insert amendment number, as shown in Block 8 of the face sheet.

d. Block 3 - Project Number and Title: Insert the complete Project Number and Title as shown in Block 3 of the face sheet.

e. Narrative Block: Use this portion of the form to complete the information required in any block of the face sheet of the PIO/C, form AID 1370-1. Insert in the left margin, opposite each entry, the block number to which the entry is related; e.g., Block 16, etc.

11. Preparation of Amendments

PIO/C's may be amended by:

a. Preparing a complete revision with the new text and/or numbers underlined, or,

b. Preparing a partial revision showing only the changes as follows:

REVISE: "(State the text of the revision)"

ADD: "(State the additions)"

DELETE: "(State the deletions in brief form, identifying by title, paragraph, or block within which the deletions occur)"

NOTE: The second method (i.e., Revise, Add and/or Delete) should be used only where the changes are minimal in number and complexity and their significance is readly apparent; otherwise, the first method, complete revision is preferred.

12. Instructions for Preparing Form AID 11-94, Document Distribution and Shipping Instructions

This form (see Attachment C of this Appendix) is designed to systematize the requirement of overseas countries for certain kinds and quantities of export documents. It is required on all AID-initiated commodity purchases for overseas delivery in order to expedite arrival accounting and customs clearance. It also helps freight forwarders and others who may be unfamiliar with AID requirements for export documentation to furnish and distribute specific kinds and quantities of forms and documents.

a. Obtaining forms: The form may be obtained from AID/W *Distribution Branch, M/SER/MO/PM* or may be reproduced locally.

b. Preparation

(1) Block 1 - Date: Insert the date on which the form AID 11-94 is issued.

(2) Block 2 - USAID Procurement Request Number: Insert the identification number contained in the commodity order.

(3) Block 4 - Document Control Number. Leave blank. This number will be filled in by the supplier or purchase agent.

(4) Block 5 - Consign Shipment To: Identify in plain language the addressee(s) at the foreign port of entry or the point of discharge to which the shipment is to be consigned.

(5) Block 6 - Mark for (Final Destination): Identify the name and address of the ultimate consignee. This will be the address marked on all shipping containers.

(6) Block 7 - Partial Delivery Acceptance: Indicate if partial shipments are acceptable. Partial shipments may be made unless specifically prohibited in this block.

(7) Block 8 - Address to Receive Information Regarding Status of Procurement Request: Insert title(s) and address(es) of persons or officials designated to receive information on procurement status.

(8) Block 9 - Address to Which Billing Documents are to be Sent: Insert the mailing address of the Controller's Office to which invoices for payment and other billing and supporting documents should be sent. Prior clearance from AID's Office of Financial Management is required when payment by that office is desired.

(9) Block 10, a, b, c. - Shipping Data: Insert the complete address of the persons or offices designated to receive export shipping documents. Insert in each appropriate block the minimum required quantity for each form. If more than one address is given, indicate if separate mailings are required or if all documents can be mailed to address (a) for local distribution or forwarding.

(10) Block 11 - Special Documentation: Insert any special instructions related to documents, packing, marking, etc. *USAID* located in land-locked countries should furnish complete information on ports of entry and subsequent routing. *Specify if overseas courier delivery of shipping or other documentation is required. Include the name of the office and street and room address to which courier delivery is to be made.*

APPENDIX G4

SPECIFICATIONS GUIDE

This Specifications Guide may be used to help ordering offices in preparing requisitions for commodities to be purchased by GSA on the open market. Procedures and specifications for the purchase of vehicles, appliances, furniture, office equipment, etc. for use by USAID's are contained in Handbook 23. When identifying commodities with National Stock Numbers (NSN's) that are available from the GSA Supply Catalog a complete item description is not required. However, when catalog descriptions provide a choice of color, design, or specific features, requisitions must include the additional data to provide positive identification of the item desired.

1. Brand Name Requirement. Unless proprietary purchase is specified and justified on the requisition, all references to brand name are considered to be the brand cited or equal. To assure purchase to meet your requirement it is necessary to cite features required of the specified brand. Include the following information if applicable on the requistion:

   a. Manufacturer
   b. Brand
   c. Model
   d. Dimensions
   e. Design
   f. Finish
   g. Grade
   h. Type
   i. Style
   j. Special characteristics

2. Chemicals and Drugs. The following information is required:

   a. Generic identification
   b. Strength (concentration)
   c. Grade-USP, CP, technical, etc.
   d. Form: capsule, tablet, granule, or solution, etc.
   e. Method of application
   f. Packaging

3. Electrical Appliances and Equipment. To purchase electrical appliances, equipment and parts, the following information is required:

   a. General

      (1) Phase and type of winding
      (2) Voltage(s)
      (3) Frequency
      (4) Current -- alternating or direct
      (5) Accessories -- convertors, plugs, adapters, pigtails
      (6) KVA, KW, and power factor, or horsepower
      (7) National Electrical Manufacturers Association (NEMA) rating
      (8) Manufacturer, brand, model
      (9) Federal specifications -- complete information
      (10) Dimensions/size/capacity
      (11) Type of drive -- automatic, belt, chain, flexcoupled
      (12) Special treatment -- anticorrosion, fungus
      (13) Other data as required

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b. Engine Generator Sets

In addition to information in 3a above, include:

(1) Portable/stationary
(2) Couplings
(3) Engine accessories
(4) Control panel features
(5) Switch gear
(6) Starter
(7) Gasoline/diesel
(8) Housing/weatherproofing
(9) Shielding
(10) Type of cooling
(11) Special treatment -- anticorrosion or fungus
(12) Other data as required

4. Equipment. Include the following:

a. General

(1) Federal specification -- complete information
(2) Manufacturer, brand
(3) Type
(4) Model
(5) Type of drive
(6) Electrical -- see para. 3, Electrical appliances and equipment
(7) Dimensions/size
(8) Performance characteristics

b. Water Heaters

(1) Type of lining
(2) Voltage, wattage
(3) Element, single/double
(4) Capacity in gallons
(5) Operation -- gas, electric, kerosene

5. Federal Specifications. Whenever possible, description should reference applicable Federal Specifications, Military Specification, or recognized U.S. Industry Specifications; i.e., SAE, ASTM, ACS, etc. The following information is required:

a. Specification
b. Type
c. Style
d. Dimensions
e. Class
f. Grade
g. Figure or drawing
h. Data as required

6. National Stock Number. The requisition should include the applicable National Stock Number for each item.

7. Furniture. The following information is required:

a. Federal or Military Specification -- complete information

b. Composition -- wood/metal/plastic, etc.

c. Color/finish

d. Upholstery or cover materials
   (1) Design
   (2) Grade
   (3) Color

e. Lamps and shades
   (1) Federal Specification -- complete information
   (2) Furnish picture identified with applicable Fed Specs

f. Dimensions/size

g. Shelving
   (1) Dimensions -- height, width, depth, overall
   (2) Open/closed construction -- backs/sides/crossbraces
   (3) Number of shelves, including top and bottom
   (4) Holders/base fronts
   (5) Federal Specification -- complete information
   (6) Manufacturer, brand, model
   (7) Special treatment -- anticorrosion, fungus, etc.

8. Proprietary requirement. Requisitions for proprietary requirements should include proprietary justification plus statement shown in Appendix D7, 9p(3)(a) [page D7(12)], and must contain the following:

   a. Manufacturer
   b. Model
   c. Additional details to permit accurate identification

9. Publications. Complete information is required for all publications including periodicals, pamphlets, magazines, and manuals.

   a. Publisher's name
   b. Author
   c. Title
   d. Type of cover
   e. Date subscription to begin

10. Repair Parts. To purchase spare or repair parts, it is necessary to have complete information not only of the part, but also the complete information on the identification plate "end" item. The following information, if known, should be included:

   a. Manufacturer

   b. Manufacturer part number

   c. Serial or service number of part

   d. Manufacturer and part number of next higher assembly

e. End item information
   (1) Manufacturer
   (2) Type
   (3) Year
   (4) Model number
   (5) Series
   (6) Serial number

f. Military Technical Order reference
   (1) Figure number
   (2) Page number
   (3) Index number

g. Federal or Military Specification -- complete information

h. Size/dimension

i. Special treatment -- anticorrosion or fungus

j. Other data as required

11. Miscellaneous information desired. Though the following items are not a necessity, they would be helpful.

a. Suggested source of supply
b. Previous GSA purchase order number
c. FSS contract information
d. Acceptable alternate or substitute
e. U.S. -- American -- measurements and models
f. End use of item ordered
g. Complete catalog reference-- catalog number, data of issue

PROCUREMENT PLAN CHECKLIST

I. Designation of Procurement Responsibility

A. Choice of who will procure (HB 1, Supp. B, Chapter 3)
(Specify organization or official that has authority to approve procurement activities)
- Host country government agency
- Services contractor
- Procurement services agent
- U.S. government agency
- AID

II. Descriptive List of Equipment and Materials

A. Specifications - color, quantity, unit size, special provisions
Include source of information, e.g., catalog name and number, manufacturer's list (HB 15, App. G4)

B. Price, exclusive of freight, insurance fees

III. Procurement Budget

A. Equipment and materials cost - delivery to port of export, include inland transportation, export packing
B. Freight and insurance
C. Compare costs on basis of FAS, FOB, and C&F, CIF
D. Contingency
E. Inflation
F. Projected costs over life of project by fiscal year

IV. Probable Source of Commodities

A. Code 000, United States, or Code 941, Selected Free World
(HB 1, Supp. B, Ch. 5; and HB 15, Ch. 2)

B. Local Procurement
- Indigenous goods
- Shelf items

(HB 1, Supp. B, Ch. 18; and HB 15, Ch. 13)

V. Eligibility of Commodities

A. Prior approval requirements
B. Special source requirements
C. Special provisions
D. Identify any necessary waivers
(HB 1, Supp. B, Ch. 4; and HB 15, Ch. 2 and App. B)

VI. Method of Procurement

A. Excess property - (HB 16)
B. Country contracting - (AID HB 11)
   Formal competitive bidding
   Informal competitive procedures
   Small value procurement
   Noncompetitive procurement
C. U.S. government contracting (including AID) (HB 14)
   Sealed Bids
   Competitive Proposals
   Small Purchase Procedures
   Other Than Full and Open Competition

VII. Method of Financing

A. Direct reimbursement
B. Direct L/COM to supplier
C. Bank L/COM and letters of credit
D. Disbursements for local procurement (HB 15, Ch. 9; & HB 1, Supp. B, Ch. 15)

VIII. Shipping

A. Preparation for shipment
   Packing - HB 15, App. G5; Marking - HB 15, App. G 2
B. Consolidation of cargoes for shipment
C. Transportation flag eligibility requirements (HB 1, B, Ch.7 & HB 15, Ch. 2)
D. Cargo Preference (HB 1, B, Ch. 10; and HB 15, Ch. 7)
E. Marine insurance (HB 1, B, Ch. 11; and HB 15, Ch. 8)
F. Identify any necessary waivers

IX. Delivery

A. Required delivery schedule
B. Arrival and disposition (HB 15, Ch. 12) - Customs clearance
C. Delivery to project site

X. Procurement Schedule

A. PILs or PIOs prepared - date
B. IFBs or other solicitation documents prepared and advertised - date
C. Bids or offers received - date
D. Award or contract finalized - date
E. Required delivery time - date

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DEVELOPING A COMMODITY PROCUREMENT PLAN
SMALL GROUP EXERCISE

Though the T/TA contractor has not yet developed specifications, you must still develop an operational plan for the procurement actions at the outset of the project in order to have a full schedule for your project. To accomplish this you must develop a procurement plan considering who, how, when and where commodities will be purchased.

Task 1: READ the Background Situation.

Task 2: Using the preliminary list of equipment to be procured (attached), DETERMINE the nature of the required acquisition actions (i.e., which commodities might logically be purchased together, which need separate transactions.)

Task 3: Group the commodities that can or should be purchased together and LIST them across the top of the matrix (i.e., vehicles, medical supplies, etc.)

Task 4: COMPLETE the 10 elements of the procurement plan for each required procurement group in the matrix format. (In this exercise, you are not expected to be familiar with No. 7, Financing Methods, which is dealt with later in the course.)

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DEVELOPING A DETAILED COMMODITY PROCUREMENT PLAN

BACKGROUND SITUATION

The purpose of the third element of the Kaos Health and Nutrition project is to expand and equip the Primary Health Care System of the Ministry of Health. The 6 new provincial facilities and the 20 renovated/expanded rural centers will need a substantial amount of equipment. A preliminary list of supplies and equipment for these facilities was included in the acquisition plan of the PP (attached). The exact requirements for equipment and supplies will be analyzed by the T/TA in order to develop specifications for the commodities to be provided to the PHCS facilities, under the project.

The acquisition plan in the PP for the procurement of the medical equipment and supplies was extremely general and vague. In making the procurement plan operational you will need to consider all the ten elements of the Commodity Procurement Plan checklist (in your materials). When developing your commodity procurement plan you should consider that:

- You want standard "packages" of supplies and equipment to be procured, packaged and shipped to the 20 rural centers and to the 6 provincial facilities.
- Generators should be procured with training of operators and maintenance services.
- Deliveries should be coordinated with the completion date of the facilities and centers.
- There is a local supplier of the U.S. manufactured Sedan vehicles for the provincial facilities.
- The MOH and PHCS have received training in host country contracting (HB 11) though they have little experience with offshore procurement. PCHS has a $500,000 per transaction contracting authority.
- The MPW has had experience purchasing vehicles offshore. MPW procurement staff have unlimited procurement authority.
- U.S. manufactured medical supplies are 30% more costly than European suppliers. Transportation from U.S. is 60% more expensive than from Europe, and 100% more expensive than from Japan.
- USAID/Kaos does not have a Contracting Officer in the Mission, though it is served by a Regional Contracting Officer and a Regional Legal Advisor.

PRELIMINARY LIST OF COMMODITIES TO BE PROCURED

ITEM		EST.NUMBER	UNIT COST	EST.TOTAL
FURNISHINGS				
Desks		70	$225	$15,750
Chairs		140	25	3,500
				19,250
HEALTH CENTER EQUIPMENT AND SUPPLIES				
Beds:	Prov. Centers	60	125	7,500
	Rural Centers	60	125	7,500
Examination Tables:	PCs	30	225	6,750
	RCs	40	225	9,000
Stretchers:	PCs	30	75	2,250
	RCs	40	75	3,000
Wheel Chairs:	PCs	30	225	6,750
	RCs	20	225	4,500
Scales:	PCs	12	175	2,100
	RCs	20	175	3,500
Refrigerators:	PCs	12	425	5,100
	RCs	20	425	8,500
Sterilizers:	PCs	12	275	3,300
	RCs	20	275	5,500
Blood Pressure Monitors:	PCs	30	45	1,350
	RCs	40	45	1,800
Stethescopes:	PCs	30	75	2,250
	RCs	40	75	3,000
Eye/Ear Exam Instrument:	PCs	12	80	960
	RCs	20	80	1,600
Bed Pans:	PCs	30	15	450
	RCs	60	15	900
Drug Cabinets:	PCs	12	115	1,380
	RCs	20	115	2,300
X-Ray Units:	PCs	6	55,885	335,310
				426,550

GENERATORS				
Generators:	Rural Centers	20	45,000	900,000
	Prov. Centers	6	55,357	532,202
				1,232,202
VEHICLES				
Field Vehicles (4-Wheel Drive)		20	15,000	300,000
Sedans (Prov. Centers)		6	12,000	72,000
				372,000
TRANSPORTATION				
For all Commodities Procured		-	-	450,000
	GRAND TOTAL			$2,500,002
		(Rounded)	-	$2,500,000)

PROCUREMENT PLAN MATRIX

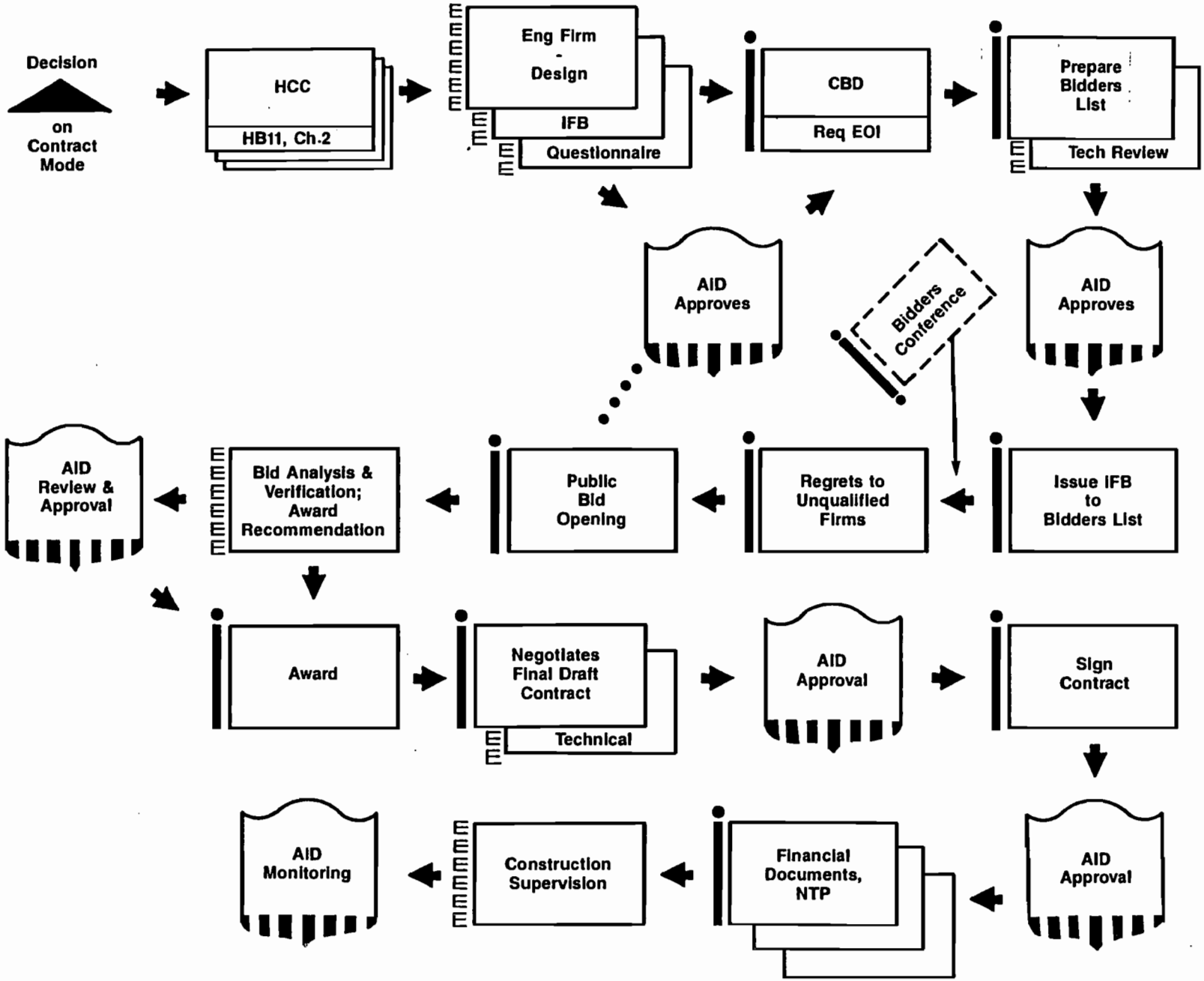
Procurement Plan Element	Commodity Group 1	Commodity Group 2	Commodity Group 3	Commodity Group 4
1. Responsibility				
2. Descriptive List				
3. Procurement Budget				
a. Commodities				
b. Transportation				
4. Source/origin				
5. Eligibility (waivers)				
6. Method of Procurement				
7. Method of Financing				
8. Shipping				
9. Delivery				
10. Schedule				

Acquisition Options

What	Who		Type of Contract	Financing Method	
	AID Direct	Host Country		AID Direct	Host Country
	How	How			
SERVICES (or service-related product)	Competitive Negotiation (RFP) Title XII-General (RFTP) Title XII-Collab. Asst. (REI) Architect and Engineering Set Aside (RFP)	Host Country Contracting For Services (RFTP)	Cost Reimbursable Fixed Price Indefinite Quantity Contract		
COMMODITIES	Sealed Bidding (IFB) Two Step (RFQ) Compet. Neg. (RFQ) Small Purchase (Under $25,000)	Formal (IFB) Two Stage (RFQ) Informal (RFQ) Small Value (RFQ) (Under $100,000)	Fixed Price		

E. CONTRACTING FOR CONSTRUCTION SERVICES

HOST COUNTRY CONTRACTING FOR CONSTRUCTION



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HOST COUNTRY CONSTRUCTION CONTRACTING RULES

2.1 Use of Country Contracting

AID prefers the country contracting mode, and that the Host government use supervisory architect/engineer contractor ("Engineer") to assist HG Contracting Agency in:

(a) final design work;
(b) developing technical specifications;
(c) preparing the IFB document package;
(d) developing bidder qualification criteria and questionnaire;
(e) preparation of the qualified bidder's list;
(f) verification, analysis and evaluation of bids (award recommendation);
(g) technical support in contract negotiations;
(h) supervision of construction;
(i) review of contractor running bills for payment by the owner.

2.2 AID Approvals

-- Formal if over $100,000 (including L/C portion);
-- Amendments must also have AID approval;
-- IFBs estimated for services over $100,000 (including addenda) must be approved by AID;
-- If below $100,000, approval may be required if AID insists, and may include:

(a) Advertising (Notices in CBD) and/or other advertising;
(b) List of prequalified firms, prior to IFB issuance;
(c) IFB before issuance;
(d) Selected contractor after evaluation of bids (AID must check eligibility);
(e) Rejection of all bids;
(f) Contract, prior to signature;
(g) Signed contract documents;
(h) Contract administration (e.g., subcontracts, assignments of right to receive payments, change orders, etc., as permitted in the contract.)

-- These required approvals should be set forth in a PIL.

2.3 Contracting Method-Competition

2.3.1 Rule: Construction contracts are awarded on the basis of formal competitive bids, including those under $100,000 in value.

2.3.2 Competitive Negotiation

-- If formal procedure not successful, competitive negotiation procedure may be used (i.e., conduct negotiations with two or more offerors to determine the most acceptable proposal in terms of price and other factors, e.g., quality, delivery time, construction methods, etc.)

-- Regional AA must approve use of competitive negotiation, including procedure to be followed, before competitive negotiations are initiated.

Outline of Acceptable Procedures for Competitive Negotiations

(a) All IFB bids must be formally rejected.
(b) Analyze reason for non-successful formal procedure -- if cause of nonsuccess can be fixed with change in IFB, new IFB may be best course.

-- If modification of IFB not likely to result in more responsive bids, competitive negotiation may be appropriate.

(c) Contracting agency must decide with whom to negotiate, e.g., all prequalified firms, only firms that submitted bids, two or more of firms who submitted lowest bids? Selected firms should be asked to submit proposals as basis for negotiation.

-- All firms selected should be informed at the same time and be given same information, plus time to prepare proposals.

-- Any changes in scope of work or terms during negotiation must be shown to all offerors in writing.

-- Must not give one offeror's technical methods to another offeror.

-- No price discussion -- no pitting one offeror against another.

-- All offerers invited to submit best and final offers, based on negotiations, by a specific date.

-- Contracting agency evaluates best and finals based on predetermined criteria communicated to all offerers.

-- Detailed records of all negotiations must be kept by contracting agency and be available to AID.

2.3.3 Waiver - Single Source

-- Up to $1,000,000 may be waived by Regional AA (can be redelegated to MD).

-- Above $1,000,000 only by Administrator.

Criteria for Waiver

(a) Contractor still mobilized and HG wants to use for additional work outside scope of original contract, or contractor is so closely related to project that to use another contractor would create substantial increases in money and time.

(b) Use of competitive procedures would impair program or not be in best interests of U.S.

2.4 Advertising

2.4.1 Rule

-- If estimated contract value is under $500,000, publication in the CBD is not mandatory but may be used.

-- If CBD not used, HG (contracting agency) must advertise in appropriate local, regional, or international journals, newspapers, etc.

2.4.2 Waivers of Advertising

-- Regional AA may waive CBD advertising:

-- to avoid serious delay in project implementation

-- provided that in any event efforts made to secure bids from a reasonable number of potential contractors.

2.5 Nationality and Source

-- The authorized geographic code governs choice of nationality of eligible service contractors and source for commodities.

-- Services - All U.S. citizens and permanent U.S. residents always eligible.

-- Definitions and criteria for establishment of nationality for non-U.S. suppliers of services are covered in HB 11, Chapter 2, Section 2.5.2.1. (individuals, corporations, partnerships, joint ventures).

-- Commodities - Individual commodity suppliers who are U.S. citizens and legal residents of U.S. always eligible suppliers. Individual suppliers who are citizens or legal residents of countries authorized in approved geographic codes. Corporations, partnerships, joint ventures registered in authorized geographic code countries.

-- See 2.5.2.2.

2.5.2.4 Waivers of Nationality and Source

No waiver required individual transactions (exclusive of transportation) of $5,000 or less.

Criteria: (1) Genuine emergency; (2) no suppliers of specified services or commodities in authorized geographic code countries; (3) costs of services or commodities procured from geographic-eligible countries would exceed those from countries not within authorized geographic codes by 50% or more; (4) impelling political consideration; (5) other circumstances determined critical to achievements of project objectives.

-- See specific wording to be used in waiver request in 2.5.2.4.b. and c.

Authority: A/AID - $5 million or more per transaction, AA - up to $5 million;

Mission Directors - up to $5 million, if redelegated by regional AA.

2.5.3 Nationality of Employees Under Contracts and Subcontracts for Services

(a) Nationality of employees of contractors and subcontractors may be nationals of any country included in geographic Code 935, or non-U.S. citizens lawfully admitted as permanent residents of the U.S.

(b) If U.S. firm awarded the contract, at least half of the supervisors and other key personnel at project site must be U.S. citizens or permanent legal residents of the U.S. -- unless exception authorized by the Mission Director.

(c) To accomplish (b), above, solicitation documents and subsequent contracts must specify what categories of positions are subject to condition stated in (b), above. ((b) and (c) are new requirements effective August, 1986).

2.5.4 Commodity Sources

Commodities and equipment (except that equipment owned by the contractor prior to bid opening) procured by a contractor or subcontractor for use in an AID-financed contract must meet the nationality, source, origin and componentry rules.

(See definitions at 2.5.4.1)

2.5.5 Special Rule for Motor Vehicles

Motor vehicles (self-propelled vehicles with passenger carriage capacity) must be manufactured in the U.S.(origin), the source may be any eligible country.

Vehicles assembed in the U.S., but subjected to minor disassembly to reduce shipping costs are considered U.S. manufacture.

So-called "knock-down" vehicles (parts and sub-assemblies) are not motor vehicles.

2.5.6 Commodity-Related Services Eligibility

(a) Ocean Transportation

1. Normally, AID will pay transportation costs on U.S., cooperating country, and vessels registered in code 941 countries. If U.S., cooperating country and code 941

country vessels not available, M/AAM must authorize, in advance, use of vessels of other than Code 941 countries.

2. 50/50 shipping rule applies.

3. Shortage on 50/50 shipping apportionment rule (if waiver not approved) will be taken out of contract price (cost of shipping and commodities).

4. Unless prior M/AAM approval acquired for ocean or air charter, no transportation costs for same will be financed by AID.

(b) Marine Insurance

1. Code 941 and Cooperating Country marine insurance companies are eligible sources for marine insurance coverage.

2. No discrimination against U.S. insurance companies must be made by cooperating country. If discrimination exists, AID will force HC to use U.S. company.

2.6 Other Eligibility Factors

2.6.1 Unless a "turnkey" process has been approved by proper AID authority, no firm, including its affilitates and subsidiaries, may perform both A&E and provide commodities or construction services on the same project.

2.6.2 A firm should not be awarded a contract if, in AID's judgment, the firm has an unfair competitive advantage.

2.6.3 A firm is ineligible for an AID financed contract unless it certifies with its bid that it is not on any AID list of suspended, debarred or ineligible bidders.

2.6.4 A U.S. firm is eligible only if it certifies in its bid that it complies with Exec. Order 11246 on Equal Opportunity Employment practices.

2.7 Language and Specifications

2.7.1 Documents must be in English, unless AID has agreed otherwise. Texts may be in two languages, but English text governs, unless the latter is contrary to the laws of the cooperating country.

2.7.2 U.S. or metric measures may be used, but specifications must be based on U.S. standards, unless otherwise agreed by appropriate authority in AID.

2.8 Prohibition on Certain Contract Types

A cost-plus-percentage-of-cost contract will not be financed by AID.

2.9 Documentation for Payment

The PIL (or other related documents) should specify the form and supporting documentation, number of copies and addresses for receipt of payment documents, including AID Form 1440-3 (see 2.11.3, below).

2.10 Submission of Contracts to AID

Misson specifies (usually in PIL) to the Contracting Agency the number of copies of executed contracts AID requires. AID/W (Regional Bureau) advises mission what distribution is required for AID/Washington.

In all cases, one copy of final contract must be sent by the Mission to M/AAM promptly after signature.

2.11 Mandatory Clauses

The following subjects must be included in all Country Contracts AID finances:

2.11.1 Legal Effect of AID Approvals and Decisions (Verbatim)

2.11.2 Nationality, Source, and Cargo Preference (Text given, but can be changed upon authority)

2.11.3 Contractor's Certificate and Agreement with AID...(see Attactment 2G).

2.11.4 U.S.Flag Air Carrier Travel and Transportation (Grant-Financed Contracts only) (Attachment 25, Clause 76 must be used)

2.11.5 Workmen's Compensation Insurance (Sample language given)

2.11.6 Marking (Sample clause given; but may be waived by Mission Director if justified)

2.11.7 Host Country Taxes (Suggested clause given to apply tax immunity to specific contract)

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FIXED AMOUNT REIMBURSEMENT METHOD
(Ref: HB-3, Chapter 3, Appendix 3J)

Policy: Most preferred method where project or subproject appropriate

- Appropriate for low cost, short term (2 years or less), or where total project divisible into small, self-contained segments.

Criteria or Characteristics

1. Subprojects or elements should be able to be completed in no more than 9 to 12 months from initiation of work.

2. Subprojects or elements should be self-sustaining units, useful and desirable in themselves, regardless of whether other elements are completed (e.g., small school buildings, health clinics, textbooks, etc.)

3. FAR not applicable to identifiable goods or services, such as budget or administrative reform (non-measurable outputs)

4. Mission Director (MD) must determine that recipient organization has sufficient qualified staff and experience to implement the activity.

5. Mission must have on its staff or by contrast qualified staff to inspect and certify that project, subproject or element to be reimbursed is completed in accordance with agreed upon plans and specifications.

6. HG must be fully apprised of the risk involved, i.e., if work fails to meet agreed specs and plans, AID reimbursement must be refused.

7. FAR assumes that HG has sufficient financial resources to provide working capital to complete activity before reimbursement from AID; therefore, AID must thoroughly analyze financial standing and resources of recipient prior to recommending use of FAR method.

8. Use of FAR method should be discussed in the Project Paper with explanation of how local currency resources will be secured and employed by recipient organization.

Implementation Steps (Pure FAR)

1. Review B/G procurement policies and procedures to satisfy Mission Director of their soundness.

2. Determine project costs (acceptable specs, construction designs, final outputs) and the amount of AID contribution.

3. FAR agreement negotiated and signed.

4. B/G undertakes work to accomplish outputs.

5. AID monitors/inspect work in progress, and consults with B/G on findings (e.g., work is in accordance with agreement, not up to standards agreed to, etc.)

6. Project/Subproject completed by B/G and B/G requests reimbursement.

7. AID makes final inspection and, if all is well, reimburses B/G agreed amounts.

Alternative Procedures:

1. Advance of AID Funds

   - Advance may be appropriate when HG has capability to perform work but not financial capability to provide working capital.

   - Advance will be liquidated in some agreed system during life of project or subproject so that it will be totally worked off with final reimbursement.

   - All other criteria and procedures described above will apply.

2. FAR With Escalation Negotiated Periodically

   - When inflation is a problem, AID may consider periodic increases in fixed amount contributions.

   - Most applicable where AID is contributing to the financing of many small sub-projects over a number of years; e.g., construction of 150 schools over a period of 2 to 3 years.

   - AID would agree on fixed amount for say 50 schools to be completed during first year, then renegotiate fixed amount to be contributed during succeeding years -- thus allowing more realistic costs, and avoid including substantial escalation in fixed amount contributions.

   - All other criteria and procedures described above will apply.

3. Percentage of Actual Cost Reimbursement

   - When project may include diverse activities, e.g., feeder roads, bridges, small irrigation systems, community agricultural storage facilities, etc., where subprojects are scattered geographically, and design specifications and cost estimates can be accomplished not up front but during the life of the project.

   - Up front the design criteria and construction procedures are identified to be used and upon which cost estimates will be based.

- In these circumstances, AID could agree to reimburse a fixed percentage of actual costs of completed subprojects.

- AID will require, in this case, full documentation and evidence to verify actual costs expended by the HG and certification by the HG that subproject has been completed in accordance with agreed on design specifications and other criteria.

- AID must inspect facilities during construction and do a final inspection and acceptance of completed activity.

- AID contribution to the total project or subproject is fixed, and if actual costs increase for a given activity, the HG would increase its financing percentage or the number of subprojects financed by AID will have to be reduced.

- All other criteria and procedures will apply.

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Acquisition Options

What	Who		Type of Contract	Financing Method	
	AID Direct	Host Country		AID Direct	Host Country
	How	How			
SERVICES (or service-related product)	Competitive Negotiation (RFP) Title XII-General (RFTP) Title XII-Collab. Asst. (REI) Architect and Engineering Set Aside (RFP)	Host Country Contracting For Services (RFTP)	Cost Reimbursement Fixed Price Indefinite Quantity Contract		
COMMODITIES	Sealed Bidding (IFB) Two Step (RFQ) Compet. Neg. (RFQ) Small Purchase (Under $25,000)	Formal (IFB) Two Stage (RFQ) Informal (RFQ) Small Value (Under $100,000)	Fixed Price		
CONSTRUCTION	Formal (IFB)	Formal (IFB)	Fixed Price		

F. ASSISTANCE INSTRUMENTS

GRANTS AND COOPERATIVE AGREEMENTS*

CHAPTER III

PART A

1. INTRODUCTION

A. Grants Not Covered by This Guidebook

The following types of grants are outside the scope of this Guidebook:

(1) Grant-Financed Bilateral Projects. These are government-to-government grants covered by bilateral project agreements between AID and cooperating 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.

(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 and Cooperative Agreements Covered by This Guidebook

The policies, procedures, and regulations governing the categories of non-governmental grants and cooperative agreements to which this Guidebook applies are set forth in detail in Handbook 1B, Chapter 16; Handbook 3, Chapter 4; and Handbook 13.

C. Nomenclature Note

Grants and cooperative agreements are both categories of assistance instruments, as defined in Chapter I.3.B. of this Guidebook. The term "recipient" is used to refer to an individual or organization that has received either of these categories of assistance instruments, while "grantee" refers specifically to the recipient of a grant. The terms

(TM 3S:10)

* From 1986 Edition of Project Officer's Guidebook on Management of Direct AID Contracts, Grants, and Cooperative Agreements

"Grant Officer" and "Project Officer" are used to refer to the AID officials who administer both of these categories of assistance instruments. Handbook 13, Chapter 1F, defines these and other assistance instrument related terms.

CATEGORIES OF GRANTS AND COOPERATIVE AGREEMENTS

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(9).

2. SPECIFIC SUPPORT GRANTS

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

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

The program 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. The program 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 of the program as well as its implementation plan.

Handbook 13, Chapters 1B2 and 4C, explains the selection criteria and procedures used in awarding a specific support grant. 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 restrictions on the procurement commodities and services. (See Handbook 1B, Chapter 16B1b, and the Standard Provisions in Appendices 4C and 4D of Handbook 13, Chapter 4.)

AID makes grant funds and subventions (PL 480 commodities and ocean freight reimbursement funds) 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 4, Appendix 4C.)

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, 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. PVO registration is mandatory for the grantee in order to receive this type of grant.

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. PVO registration is mandatory for the grantee in order to receive this type of grant.

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. Other Specific Support Grants

Other specific support grants are made to PVOs and other recipients (e.g., 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 latter instruments would most often be utilized to support an individual doing research.

D. 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 is eligible for a matching grant of less than $100,000 per year during the first five years of a program, 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 subject to renewal 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 projects 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 thereof.

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 and Handbook 13, Chapter 6.)

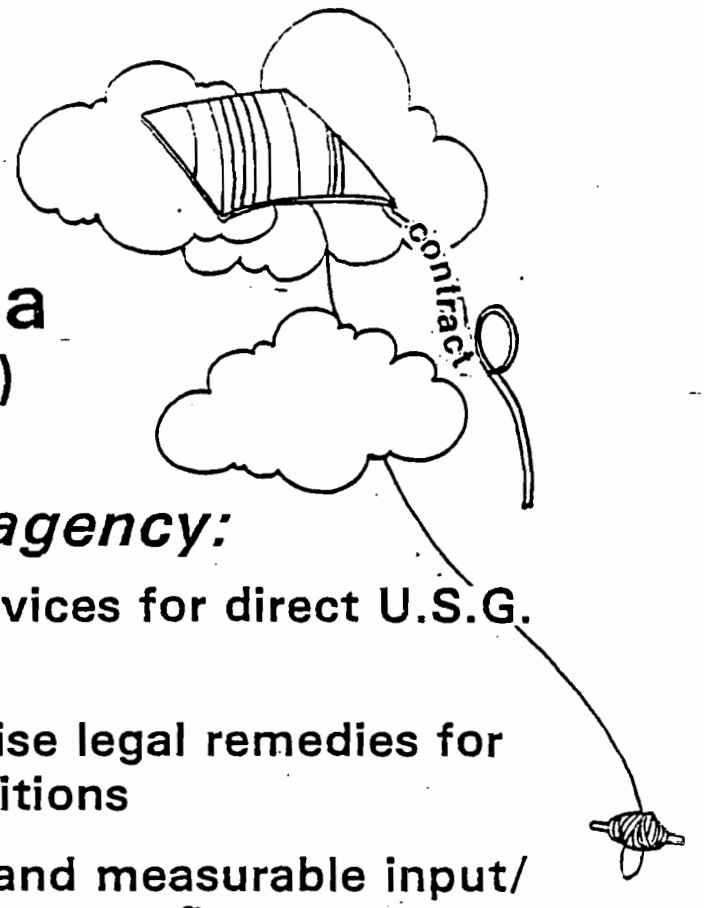
The cooperative agreement is a form of assistance that is distinguished from a grant by virtue of substantial AID involvement in the performance of the recipient's program. In determining whether to use a grant or a cooperative agreement to fund a program, the Grant Officer must first decide whether or not AID expects to become substantially involved in that program. If substantial involvement is anticipated, then a cooperative agreement is in order. Otherwise a grant is appropriate. 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/her 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 documents.

AID Direct Contracts/Grants



Selection Criteria
(HB1, SUP B, CH.25)

Use contract when agency:

- Acquires goods or services for direct U.S.G. use/benefit
- Retains right to exercise legal remedies for breach of terms/conditions
- Specifies identifiable and measurable input/output objectives

Use grant when:

- Transfer of dollars, goods, services to recipient to accomplish public purpose
- Grantee has FREEDOM to pursue ITS stated program or purpose
- Agency involvement is minimal

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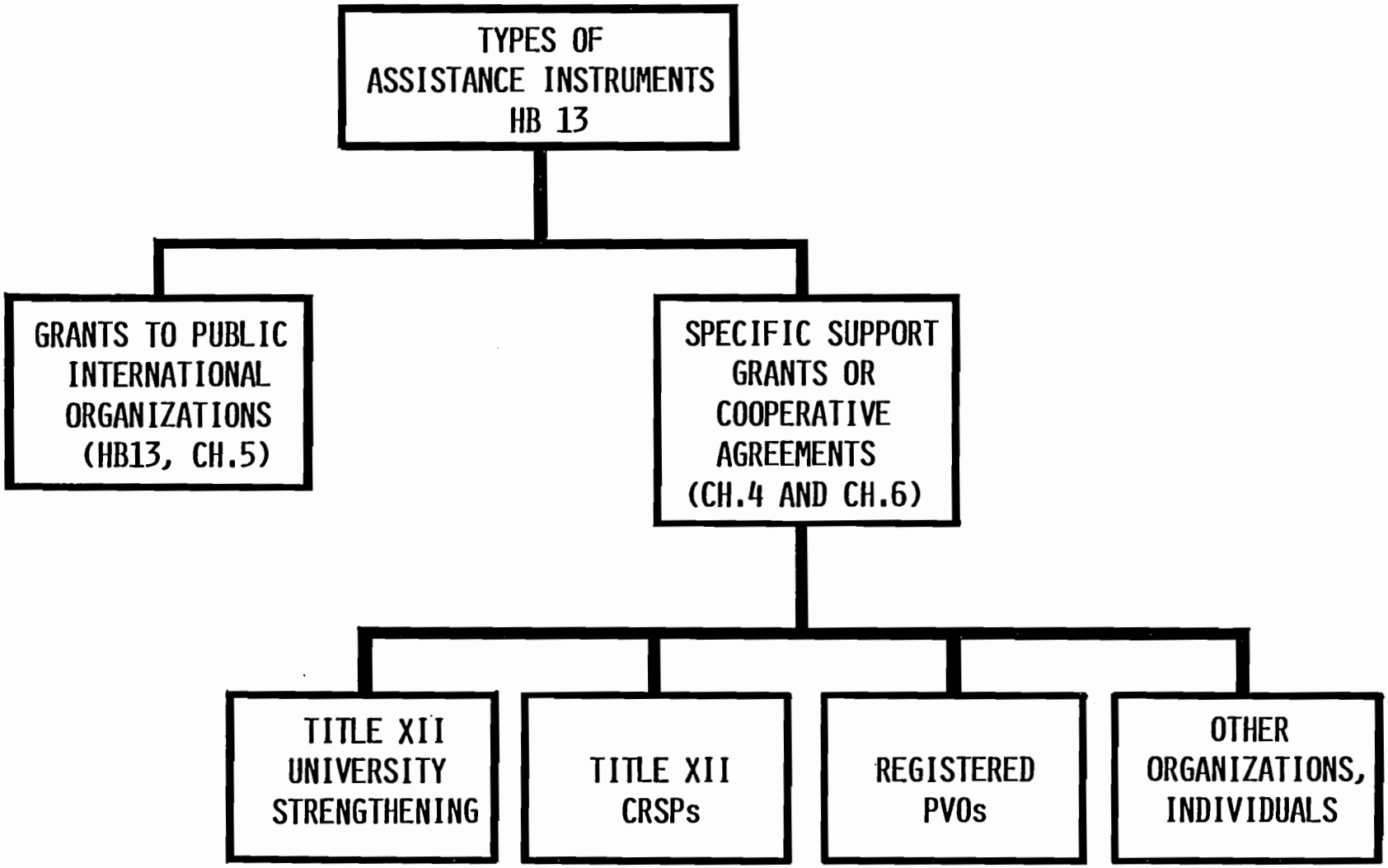
GRANTS AND COOPERATIVE AGREEMENTS



Grants Necessitate Limited Control but Prudent Management

- Ensure that prospective grantees understand grant procedures
- Ascertain technical and managerial competence and financial responsibility
- Document purpose of grant understandings between AID and grantee
- Maintain contact & liaison with grantee
  — site visits
  — periodic technical reports
- Provide for adequate recordkeeping & financial reporting
- Evaluate program effectiveness

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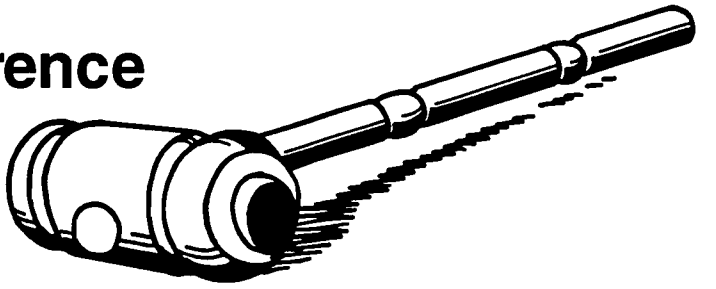
GRANTS ARE SUBJECT TO LEGAL CONSTRAINTS



- U.S. flag carrier preference
- Equal opportunity
- Source-origin requirements for procurement
- Restriction against assistance to certain countries
- Compliance with applicable standards for determining reimbursability of costs
- Maintaining objective standards in the selection of contractors and subgrantees

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BACKGROUND

UNSOLICITED GRANT PROPOSAL - SAVE THE CHILDREN

In July, 1989, the Save The Children voluntary organization submitted an unsolicited proposal to the Mission in support of the Kaos Health and Nutrition project. The proposal requested a grant of $300,000 over a two-year period (to begin in September/October, 1989) to provide rural preventive health and nutrition services working out of the existing rural health facilities during the interim period until the AID/MOH project can get the rural facilities renovated and enlarged, and staff them with trained MOH/PHCS personnel.

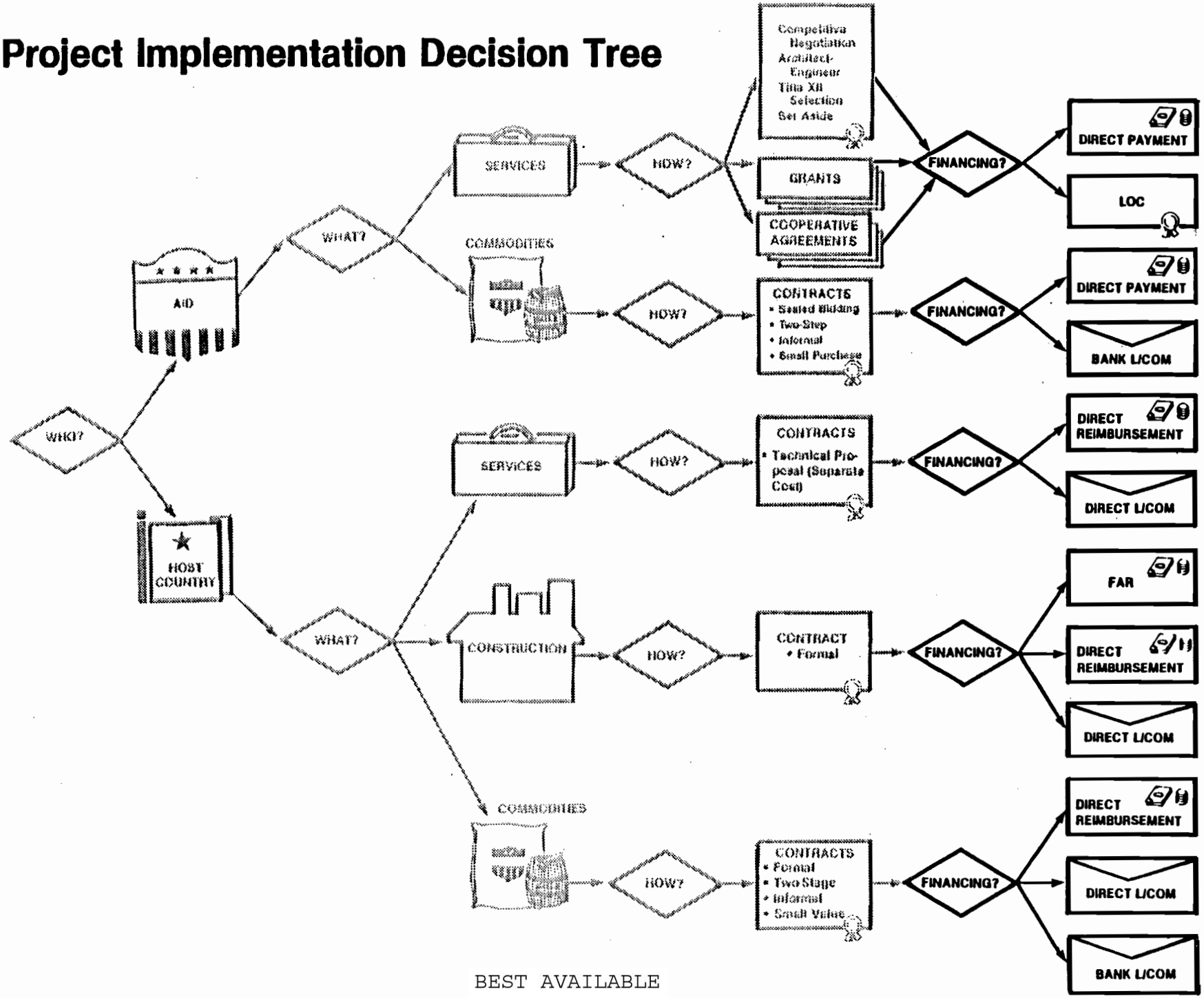
The Save The Children organization has been doing health projects in Kaos for several years. Its employees are well connected with the MOH and other parts of the GOK as well as with other non-governmental organizations in Kaos. Save the Children is aware of what is happening in the USAID-supported MOH Health and Nutrition project. It knows that the project is at least six months behind schedule (and believes it is really further behind) in the training of Kaotian paramedics. It knows that the construction has not begun on the six provincial centers, nor on the renovation of the 20 rural facilities, nor has the equipment for the facilities been ordered.

Its proposal, in effect, is a good one in the sense that it will provide interim health and nutrition services in rural areas while awaiting the completion of training of PHCS personnel and construction and equipping of the rural centers. Therefore, services would be gotten out to rural areas now instead of one to two years hence.

Save The Children has done similar programs in other countries under AID grants and has a good reputation within AID generally for its performance in other AID programs.

G. FINANCIAL MANAGEMENT

Project Implementation Decision Tree



BEST AVAILABLE

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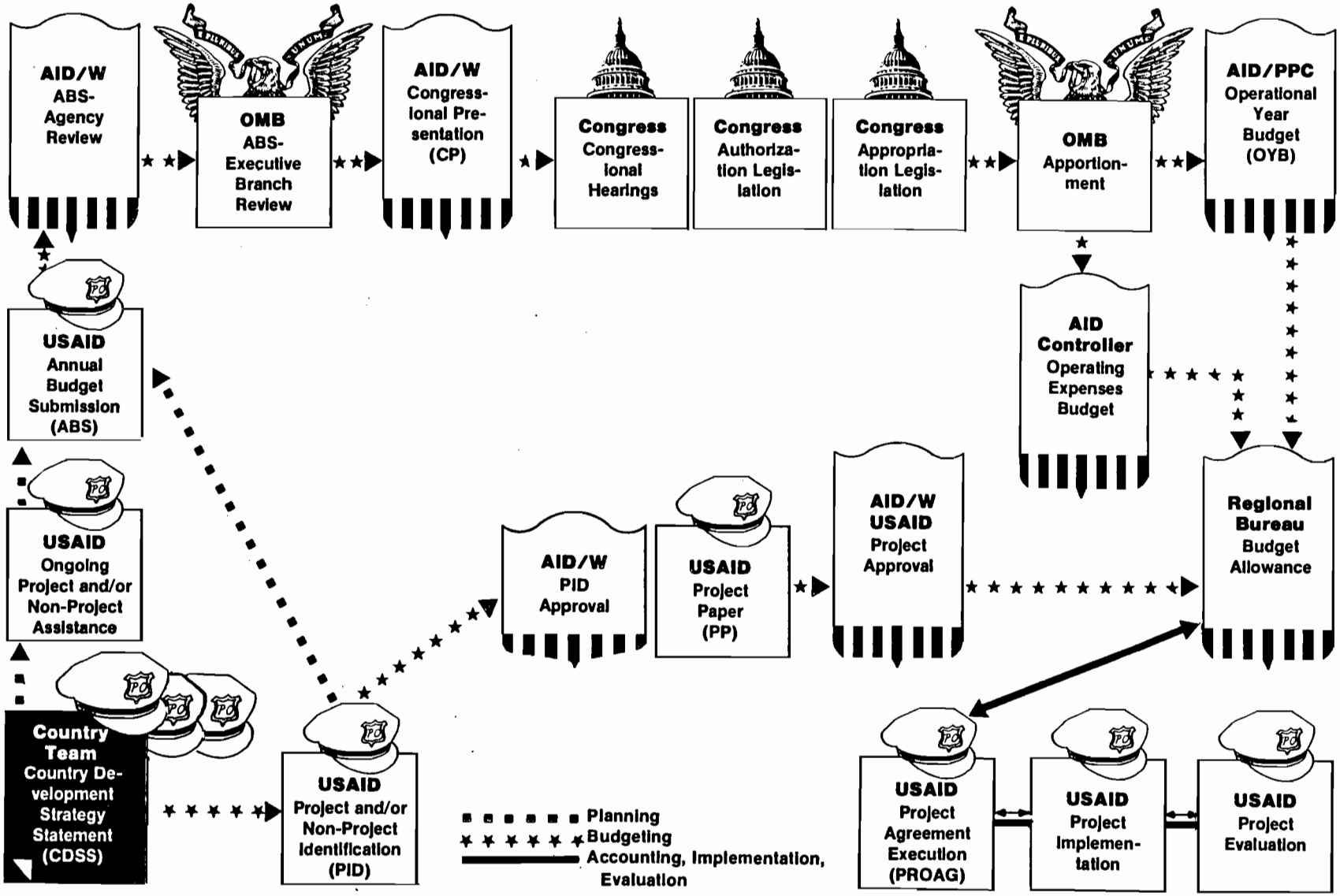
Planning, Budgeting and Implementation Cycle



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The Annual Budget $ubmi$$ion (ABS)

- A tabular presentation of budget data
- Includes:
  - An implementation action plan (strategy and objectives, management steps, achievement benchmarks);
  - Brief narratives on new projects, OE, PL-480, automation systems
  - Budget requirements for ongoing new projects,
    - Obligation and pipeline data;
  - Priority ranking of budget year projects;
  - Evaluations planned for operational and budget years;
  - Proposed adjustments in work year levels (personnel);
  - Long-range plan (current year plus five).
  - Special information required by parent AID/W bureau.
- Annual instructions may alter ABS content.

Printed JUNE 1989

FINANCIAL MANAGEMENT:

A DEFINITION OF TERMS

Budget Allowance: A funding authorization by the head of an agency or other authorized official to a responsible officer of a designated organizational unit making funds available for obligation.

Reservation: A set aside of funds to cover a PROAG, Grant Agreement or other potential obligating document in the draft or clearance stage.

Obligation: Legal commitment of budget authority. This commitment consists of a signed agreement between the U.S. Government and the Host Government, a contractor or (with a grant) to an organization.

Earmark Reservation: A set aside of funds to cover a draft PIO, PIL or other document authorizing the procurement of specific goods or services.

Earmark: An executed PIO, PIL or other document authorizing the procurement of specific goods or services.

Commitment Reservation: A set aside of funds to cover a contract, purchase order or other commitment document in the draft or clearance stage.

Commitment: An executed contract, purchase order or other commitment document that orders goods or services.

Advance: Provision of funding to a Host Government, contractor, or grantee before work is undertaken.

Accrual: An estimate of the value of goods and services received, but for which no payment has yet been made.

Disbursement: Actual payment of a voucher or payroll.

Accrued Expenditure: Items received, services rendered, expenses incurred, assets acquired, construction performed, and grants made during a given period, regardless of whether payment has been made or invoices received. (Disbursements plus accruals equal accrued expenditures.)

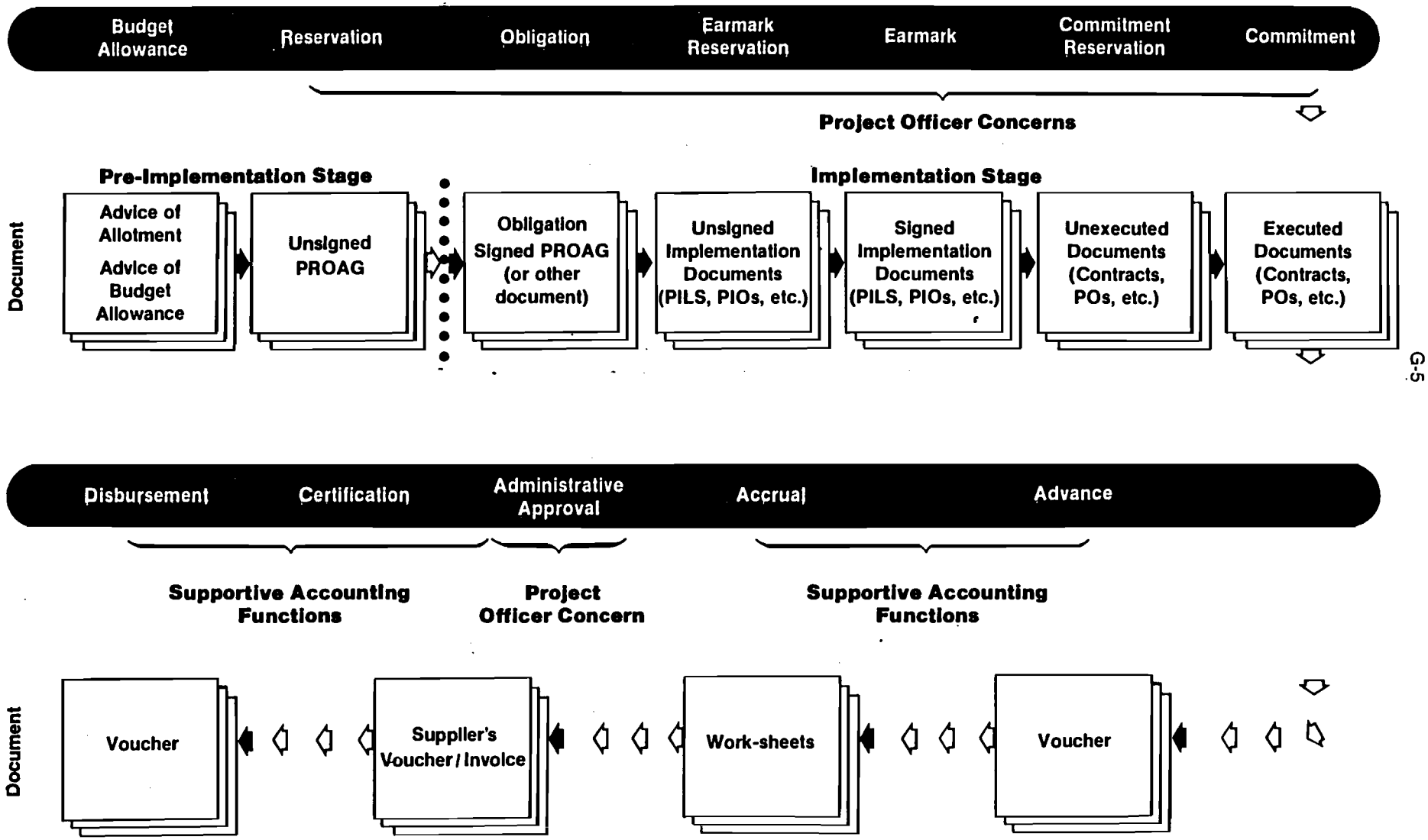
Administrative Approval of Vouchers: The initial approval of an invoice or voucher received for payment (except for vouchers exempted from the administrative approval requirement). The approval is necessary before the invoice or voucher is certified for payment by the Authorized Certifying Officer.

Authorized Certifying Officer: An employee authorized in writing by the head of an agency, or his/her designee, to certify vouchers for payment from the agency's appropriation. Certification attests to the correctness of the facts stated in vouchers, the existence of supporting documents, the legality of proposed payments, and the accuracy of the computations.

Pipeline: The difference between obligations and expenditures.

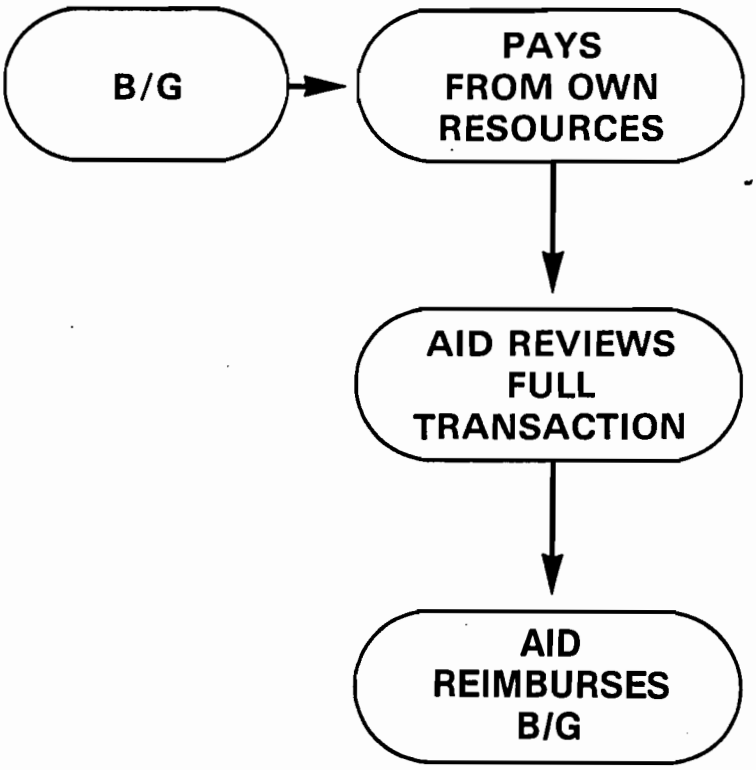
4325A

Financial Management Transactions, Terms and Related Documents



Printed JUNE 1989

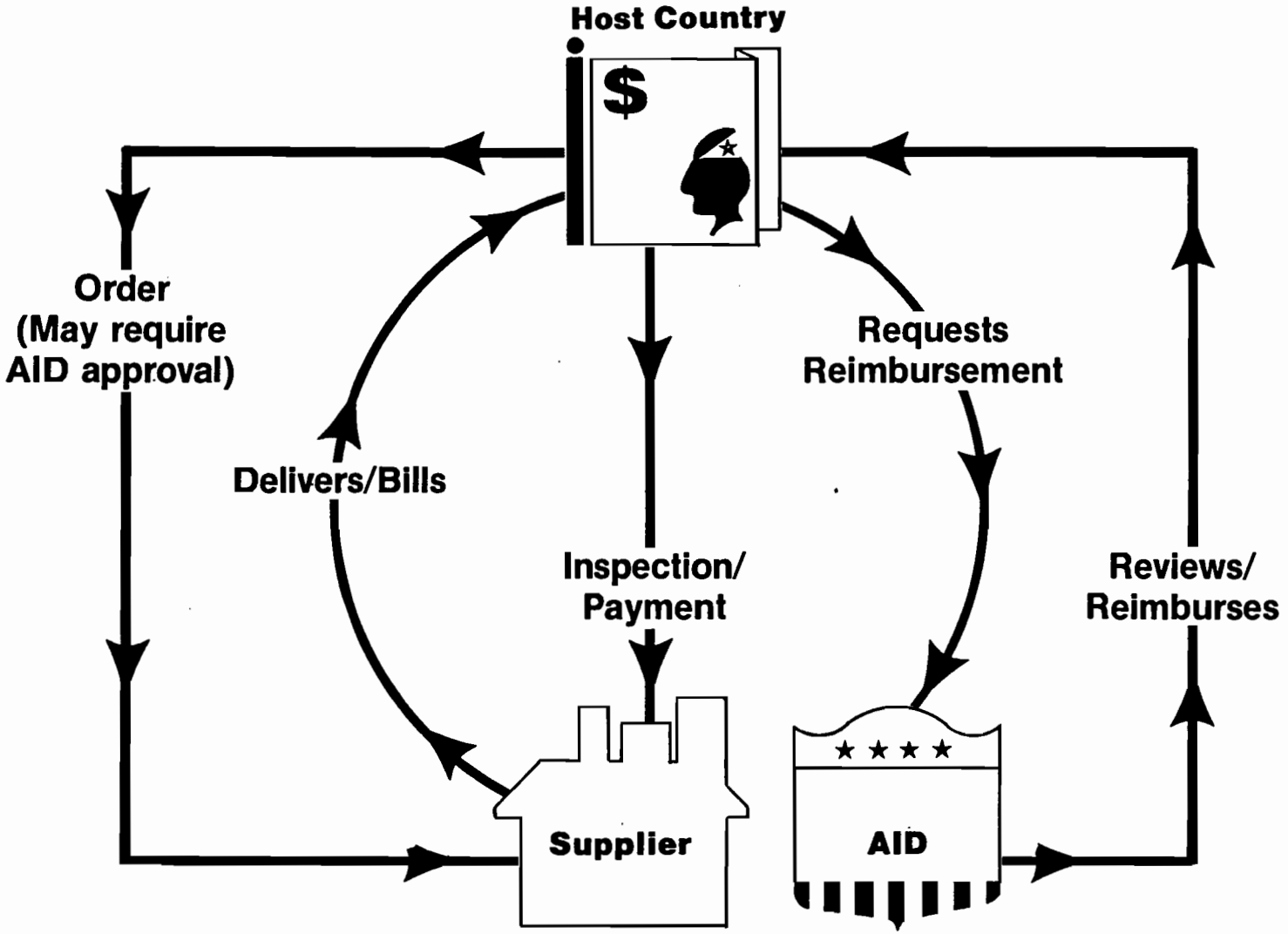
Direct Reimbursement



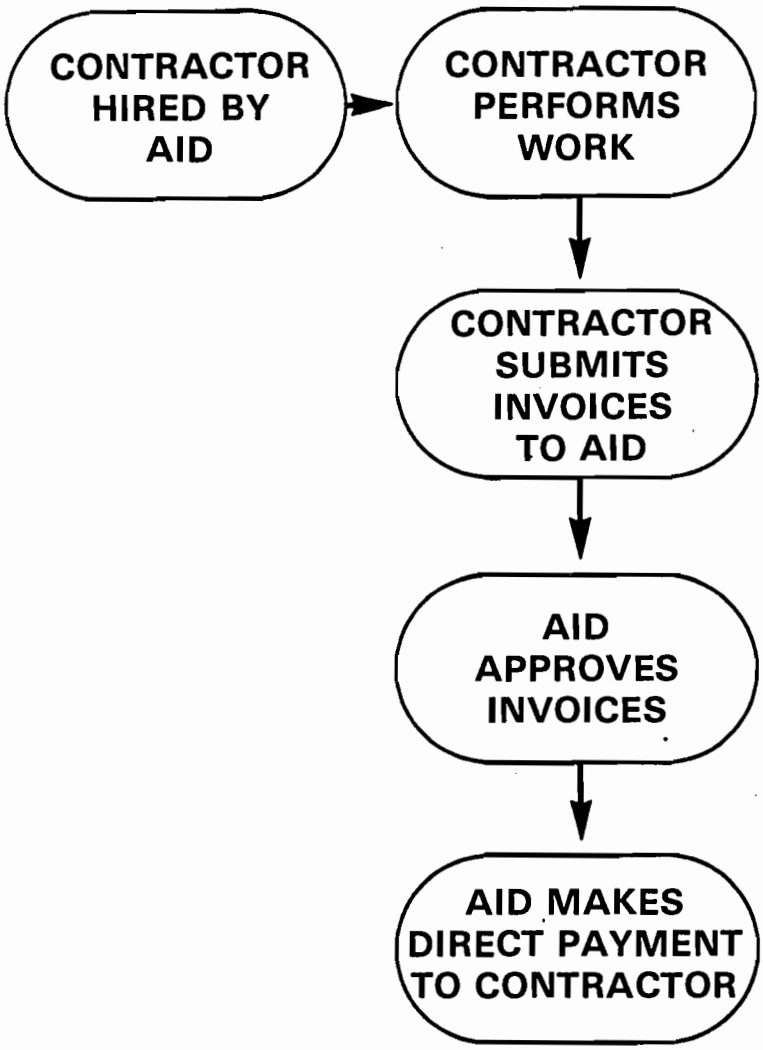
- B/G must have $ and technical resources
- AID reviews transaction before reimbursing B/G
- Excellent for cash management
- Preferred method of financing for all except multiple unit construction activities

Printed JUNE 1989

Direct Reimbursement



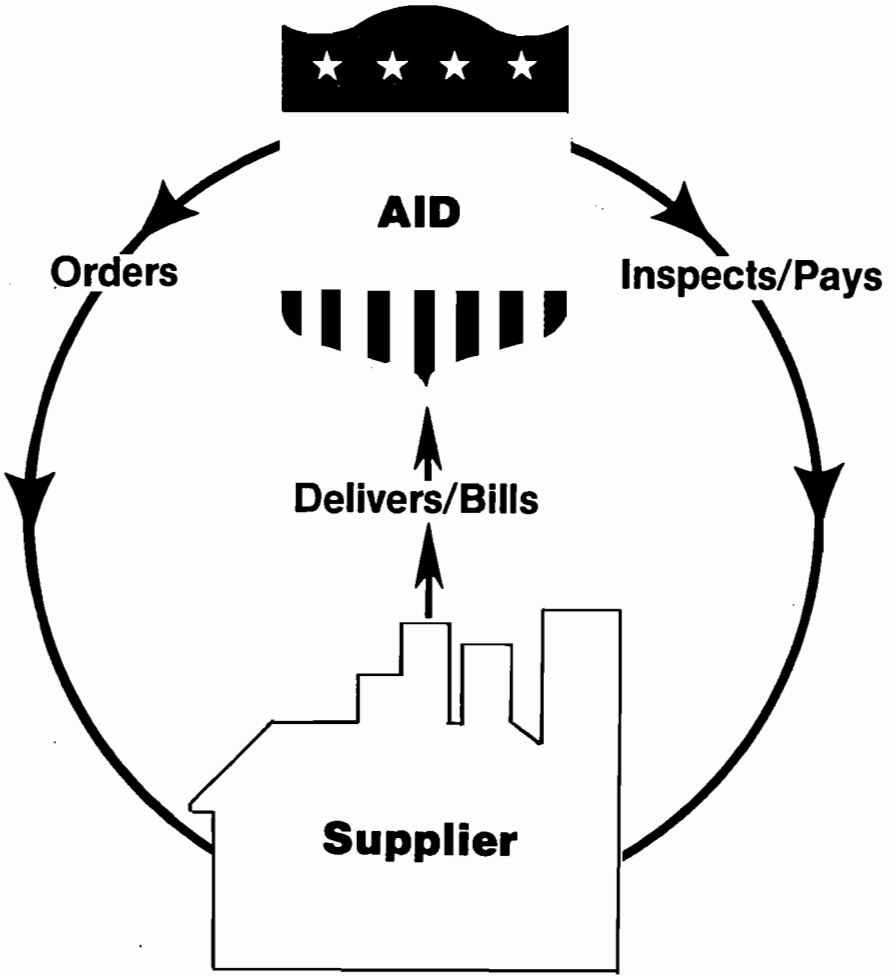
Direct Payments



- Useful when Host Country contracting and reimbursement method not feasible
- Requires more USG involvement

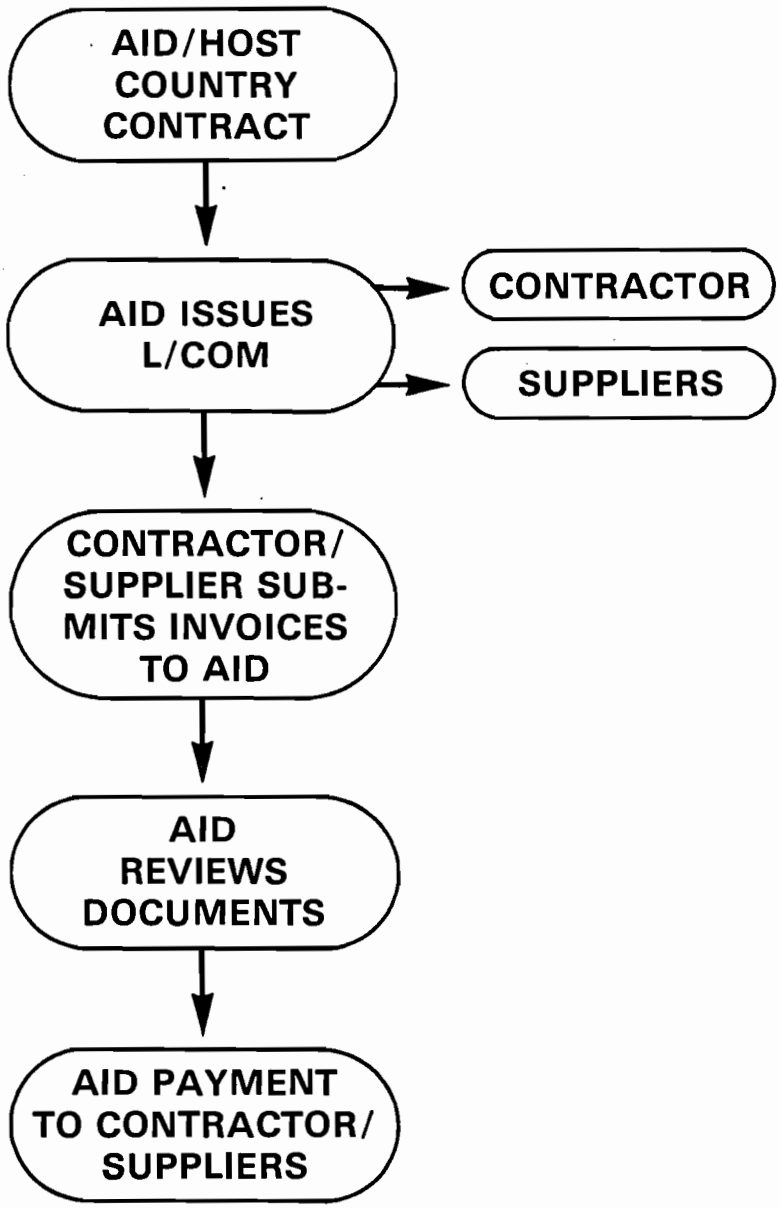
Printed JUNE 1989

Direct Payment



Printed JUNE 1989

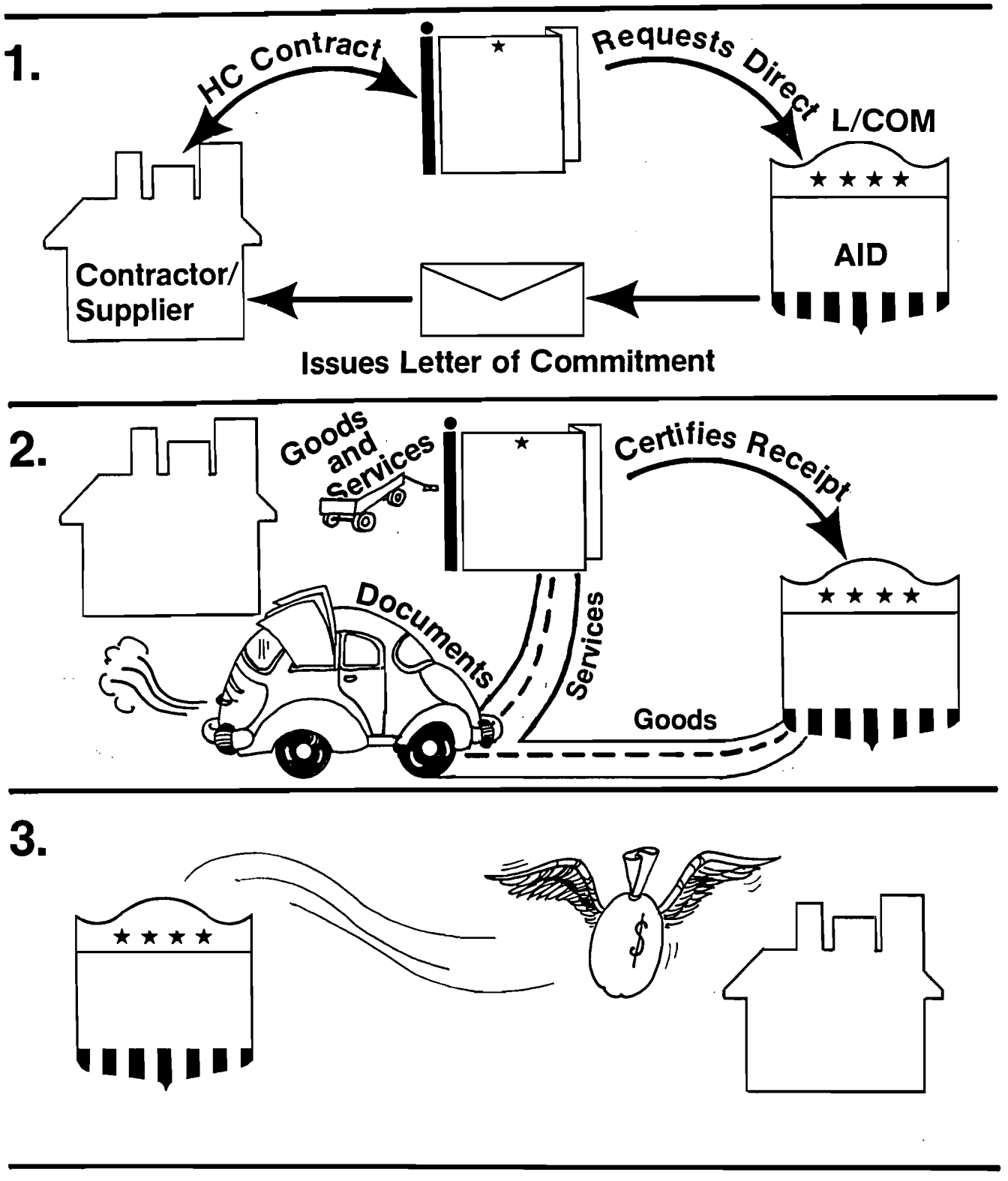
Direct Letter Of Commitment (Direct L/COM)



- Avoids bank charges
- Permits AID to review documents before payment
- Issued to contractors and suppliers
- Appropriate for service contractors and large bulk shipments

Printed JUNE 1989

DIRECT L/COM



Printed JUNE 1989

DIRECT LETTER OF COMMITMENT

Maison International Ltd.
40 Oak Street
Norwood, NJ 07648

Re: Letter of Commitment No. 655-0005-02
Project No. 655-0005, Contract No. SAL-4850-E-100
Value: $392,917.00

Gentlemen:

1. At the request of the Government of the Republic of Cape Verde, the Administrator of the Agency for International Development (hereinafter "A.I.D."), acting for the United States of America, subject to compliance with the conditions prescribed in the above references which are hereby made part of this letter of commitment, hereby undertakes to make payment to you in amounts not to exceed $392,917.00 to cover the U.S. dollar costs of the commodities and commodity-related services listed in Contract No. SAL 4850-E-100 signed by the Government of the Republic of Cape Verde on July 16, 1981 and by Maison International Ltd. on July 31, 1981. A.I.D. will make every effort to effect payment to you within five (5) work days after receipt of the documents required for payment as hereinafter set forth.

2. The provisions of A.I.D. Regulation 1, 22 C.F.R., Part 201, as in effect at the date hereof, are incorporated into this letter of commitment and shall govern the relationship between A.I.D. and your firm as if fully set forth herein. The issuance of this letter of commitment and any payment does not in any way relieve you of the obligations that you assume in executing the Supplier's Certificate and Invoice and Contract Abstract hereinafter called for in this letter of commitment.

3. Authorized Area of Source: A.I.D. Geographic Code 941.

4. Delivery Terms: F.A.S. designated warehouse at seaport, New Bedford, Massachusetts.

5. Penalty Clause for Late Delivery: A penalty of two (2) percent of the contract value will be assessed per month (or fraction thereof per day) up to a maximum of ten (10) percent of the contract value for late delivery of the Cummins Diesel Engines, except when caused by Force Majeure. This Penalty, if invoked, will not be cause for drawdown against the performance bond. The penalty will be paid by deducting the penalty due from the invoice amount due when the documents are submitted for payment.

6. Required Documents: Claims for payment hereunder with respect to commodities and commodity-related services shall be supported by the following documents (for detailed instructions as to the execution of these documents see Section 201.52 of A.I.D. Regulation 1, as amended) each of which must cite the letter of commitment number.

   A. A.I.D. Voucher: A.I.D. Voucher (SF 1034) with three (3) copies prepared by the addressee of the commitment or by the bank as assignee or agent for the addressee of the commitment.

   B. Warehouse Receipt: One original and one copy of the signed warehouse receipt, showing that the commodity has been consigned directly to the purchaser's shipping agent.

   C. Supplier's Invoice: The original and one copy of the Supplier's detailed invoice showing the following:

      (1) The name and address of the Purchaser, and the RFP (Contract) number.

      (2) The commodity shipped described in sufficient detail for ready identification.

      (3) The total gross sales price.

      (4) The total net sales price, determined by deducting from the total gross sales price the amounts required to be deducted under Section 201.65 (g) of Regulation 1, as amended.

      (5) The delivery Terms.

      (6) The dollar amount of any incidental services which are not included in the price of the commodity for which payment is claimed.

      (7) To the extent that the commodity includes other commodity-related services, a description of such services and the dollar amounts attributable to such services.

   D. Supplier's Certificate: The original and one copy of the Supplier's Certificate (Form A.I.D. 282) executed by the supplier of the commodity covering the cost of the commodity and any commodity-related services furnished by the supplier. The original of each Supplier's Certificate (form 282) shall be signed by hand and shall bind the person or organization in whose behalf execution is made.

7. No payment shall be made against this letter of commitment until A.I.D. receives notice from the Government of the Republic of Cape Verde that a performance bond in the amount of 10 (ten) percent of the contract price acceptable to the Government of the Republic of Cape Verde and A.I.D. has been received, as required by the contract.

8. Clearance Documentation: Your signed certification to the effect that you have airmailed documents as follows:

   (a) Accompanying the shipment to the designated warehouse for presentation to the Purchaser's shipping agent shall be one original and two copies of each of the following documents:

   Packing list, Invoice, and Certificate of origin.

   (b) The USAID/Cape Verde/Guinea Bissau shall receive one copy warehouse receipt, one copy packing list, one copy invoice, and one copy inspection certificate.

   TO: (1) USAID Program Office
   American Embassy, Praia, Cape Verde
   c/o Agency for International Development
   Washington, DC 20520

   TO: (2) USAID Country Development Office
   Bissau, Guinea-Bissau
   c/o Agency for International Development
   Washington, DC 20520

9. Terminal Shipping and Expiration Dates: Documents submitted for payment hereunder must evidence shipment to warehouse not later than January 15, 1982 and must be presented to A.I.D. at the address specified in Paragraph 13A not later than March 31, 1983.

10. Amendments: Payment hereunder is contingent upon written approval by A.I.D. of any amendment of the contract being financed hereunder negotiated after the effective date of the contract, and as a condition for receiving payment hereunder the supplier agrees to undertake the obtaining of such A.I.D. Approval. Approval by A.I.D. will be indicated by the issuance of an amendment to this letter of commitment.

11. Assignment: Funds due or to become due from A.I.D. under this letter of commitment may be assigned only in accordance with the provisions of the Assignment of Claims Act of 1940 (31 U.S.C. s205, 41 U.S.C. s15).

12. Pursuant to authority granted to A.I.D. under Section 640A(b) of the Foreign Assistance Act of 1961, as amended by Section 302(f) of the Foreign Assistance Act of 1968 (22 U.S.C. Section 2399(b)), A.I.D. may deduct from and set off against payment specified in Paragraph 1, above any amounts owed by you to A.I.D. and covered by A.I.D. Bills for Collection.

13. Communications with A.I.D.:

   A. The documents required for payment hereunder as specified in Paragraph 6 above shall be forwarded directly to:

   Office of Commodity Management (COM/SE)
   Agency for International Development
   Washington, DC 20523

   Attention: Mr. Eugene Clarke, Room 820F, SA-18

B. All other communications regarding this letter of commitment shall be addressed to:

Chief, Banking and Finance Division
Office of Financial Management
Agency for International Development
Washington, DC 20523

Acceptance: This letter of commitment shall become effective upon your acceptance of the terms and conditions set forth above, which acceptance shall be indicated by your signing and returning the enclosed copy hereof to the address indicated in Paragraph 13B above.

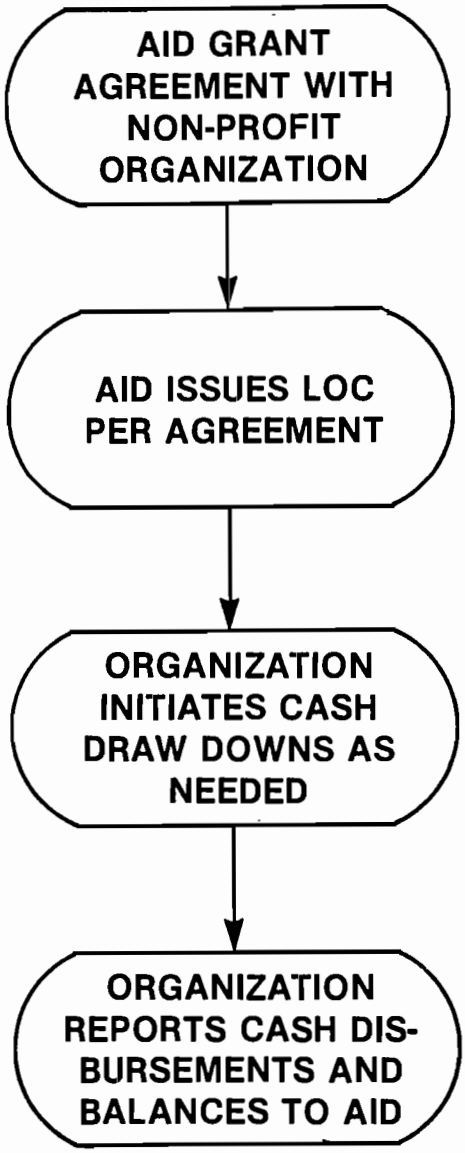
Sincerely yours,

Administrator
Agency for International Development
under Foreign Assistance Act of 1961,
as amended

By_____
(Authorized Representative)

Name of Supplier	Acceptance	Date

Letter Of Credit— Treasury Financial Communications System (LOC-TFCS)



- Must involve annual aggregate payments of at least $120,000
- Only for grant financing — not loan agreements
- Use formula for mixed dollar and local currency financing

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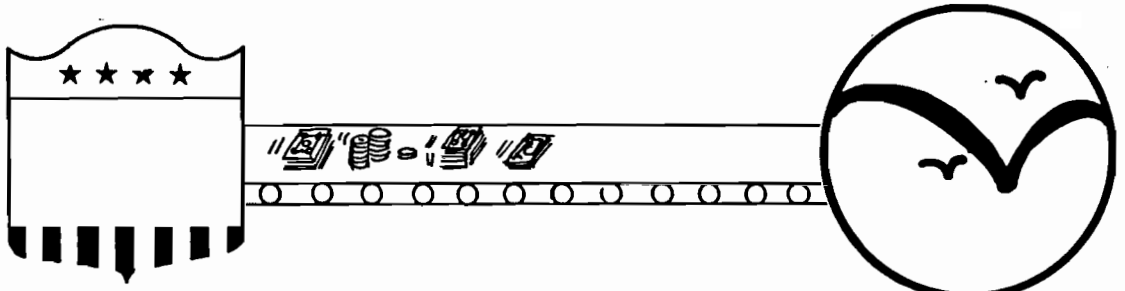
Letters of Credit

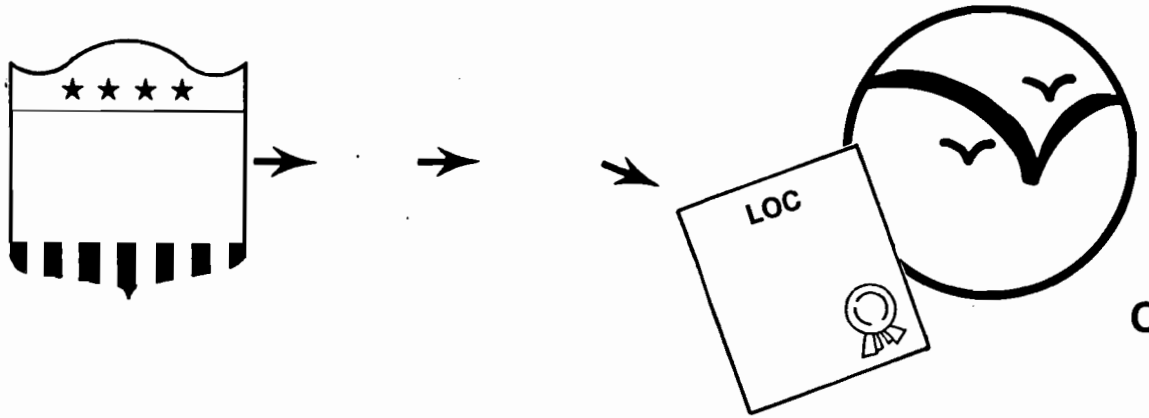
1.



USAID Grants (or Contracts)
$120,000 Per Year

Non-Profit
Organization

2.

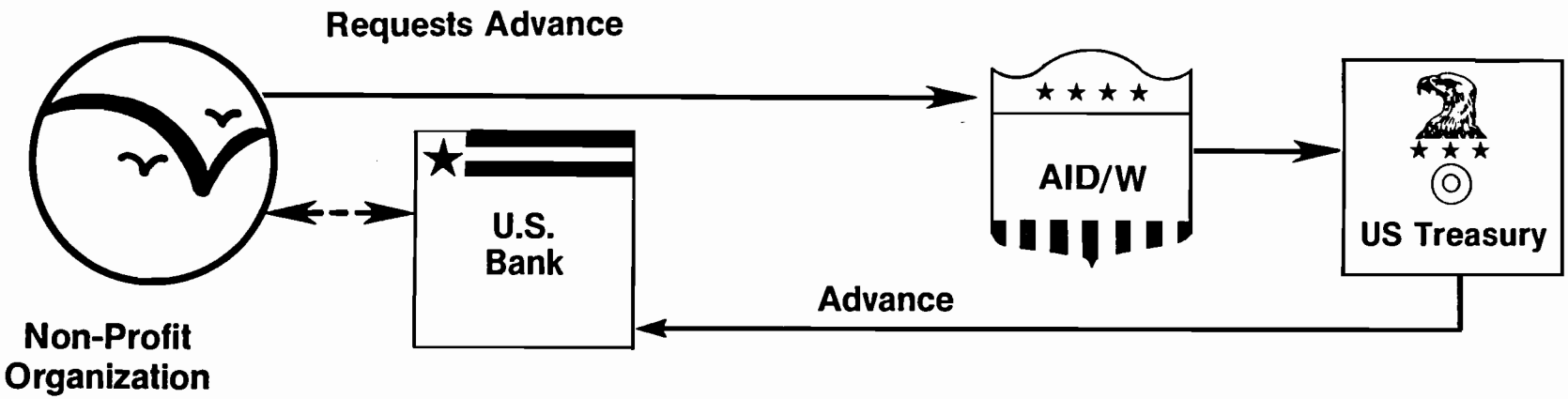


Non-Profit
Organization

Printed JUNE 1989

Letters of Credit

3.



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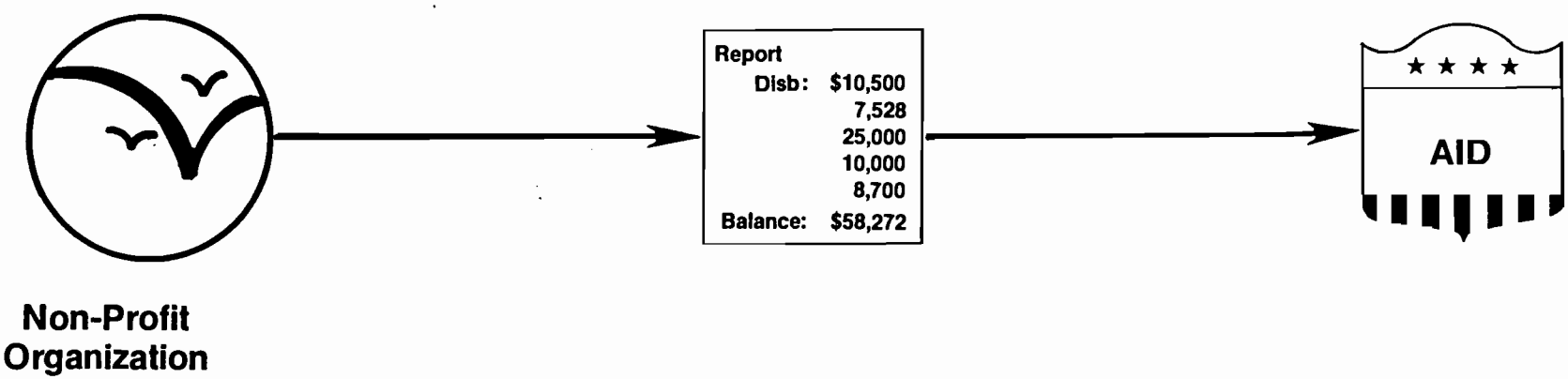


ISSUING AGENCY	LETTER OF CREDIT	LETTER-OF-CREDIT NUMBER
AID	Auth: Treasury Department Circular No. 1075, Revised	72-00-1191
		AMENDMENT NUMBER 6
AGENCY STATION SYMBOL	(FOR AGENCY USE)	EFFECTIVE DATE
72-00-9701	AID/DSAN/XII-C-0127 (A-4)	September 30, 1982
TO: Treasury Disbursing Center or Regional Office	Address:	

In accordance with the authorization of the Fiscal Assistant Secretary, Department of the Treasury, there is hereby authorized for the account and responsibility of the issuing agency a letter of credit:

IN FAVOR OF:	TREASURY CHECKS TO BE MADE PAYABLE TO:
University of Nebraska-Lincoln Lincoln, NE 68588	Acct # (080457) First National Bank 13th & M Street Lincoln, NE

AMOUNT AUTHORIZED	TIME DESIGNATION	PRIOR AUTHORIZATION	THIS CHANGE
$ 11,442,570.00	☐ EACH FISCAL YEAR ☒ WITHOUT TIME LIMIT	$ 11,342,570.00	Increase $ 100,000 Decrease $

Time Designation: Each Fiscal Year

☐ The unpaid balance of this letter of credit is revoked at the end of each fiscal year and the full amount authorized is reestablished at the beginning of each fiscal year unless you are advised in writing that this letter has been revoked.*

OR

☐ The unpaid balance of this letter of credit is carried forward at the end of each fiscal year and will remain available during the following fiscal year and, in addition, the full amount authorized is reestablished at the beginning of each fiscal year unless you are advised in writing that this letter has been revoked.*

Time Designation: Without Time Limit

☒ The unpaid balance of this letter of credit will remain available until you are advised in writing that this letter has been revoked.*

The amount of this letter of credit is hereby certified to be drawn against, upon presentation to you of Standard Form 183, Request for Payment on Letter of Credit and Status of Funds Report, by the official(s) of the recipient organization whose signature(s) appear(s) on the Standard Form 1194, Authorized Signature Card for Payment Vouchers on Letter of Credit, attached hereto or previously or subsequently furnished you.

The amount of each Request for Payment paid by the Department of the Treasury to the recipient organization at a designated commercial bank shall constitute payment to the recipient organization by the United States.

I certify to the Department of the Treasury that the payments authorized herein are correct and proper for payment from the appropriations or funds legally committed and available for the purpose, when paid in accordance with the terms and conditions cited above.

*This letter of credit is irrevocable to the extent the recipient organization has obligated funds in good faith thereunder in executing the authorized Federal program in accordance with the grant, contract, or other agreement.

CC: M. Darvin

DATE CERTIFIED _____

_____
AUTHORIZED CERTIFYING OFFICER

George L. Smith, Chief, CMA
TYPED NAME AND TITLE

1193-201

ORIGINAL - Federal Program Agency will forward this copy to Treasury Disbursing Office.

STANDARD FORM 1193A
October 1976
PRESCRIBED BY DEPT. OF TREASURY
I TFRM 6-2000

Printed JUNE 1989

FEDERAL CASH TRANSACTIONS REPORT

(See instructions on the back. If report is for more than one grant or assistance agreement, attach completed Standard Form 272-A.)

Approved by Office of Management and Budget, No. 80-R0182

1. Federal sponsoring agency and organizational element to which this report is submitted: Agency for International Development SER,FM PAD, Rm 601, SA-12, Wash. DC 20523

2. RECIPIENT ORGANIZATION

Name : American University of Beirut

Number and Street : 380 Madison Avenue

City, State and ZIP Code: New York, New York 10017

3. FEDERAL EMPLOYER IDENTIFICATION NO. ▶

4. Federal grant or other identification number:

5. Recipient's account number or identifying number:

6. Letter of credit number: 72-00-1034

7. Last payment voucher number: 39

Give total number for this period

8. Payment Vouchers credited to your account: 2

9. Treasury checks received (*whether or not deposited*): none

10. PERIOD COVERED BY THIS REPORT

FROM (*month, day, year*): April 1, 1982

TO (*month, day year*): June 30, 1982

11. STATUS OF FEDERAL CASH (*See specific instructions on the back*)	
a. Cash on hand beginning of reporting period	$ (483,130.59
b. Letter of credit withdrawals	591,432.72
c. Treasury check payments	
d. Total receipts (*Sum of lines b and c*)	591,432.72
e. Total cash available (*Sum of lines a and d*)	108,302.13
f. Gross disbursements	108,302.22
g. Federal share of program income	
h. Net disbursements (*Line f minus line g*)	108,302.22
i. Adjustments of prior periods	
j. Cash on hand end of period	$ (.09)

12. THE AMOUNT SHOWN ON LINE 11J, ABOVE, REPRESENTS CASH REQUIREMENTS FOR THE ENSUING *Days*

13. OTHER INFORMATION	
a. Interest income	$
b. Advances to subgrantees or subcontractors	$

14. REMARKS (*Attach additional sheets of plain paper, if more space is required*)

15. CERTIFICATION

I certify to the best of my knowledge and belief that this report is true in all respects and that all disbursements have been made for the purpose and conditions of the grant or agreement

AUTHORIZED CERTIFYING OFFICIAL

SIGNATURE: William F. Rice

DATE REPORT SUBMITTED: 7/29/82

TYPED OR PRINTED NAME AND TITLE: William F. Rice, Vice President

TELEPHONE (*Area Code, Number, Extension*): (212) 490-8730

THIS SPACE FOR AGENCY USE

FORMULA FOR MIXED DOLLAR AND LOCAL CURRENCY FINANCING TO NON-PROFIT ORGANIZATIONS

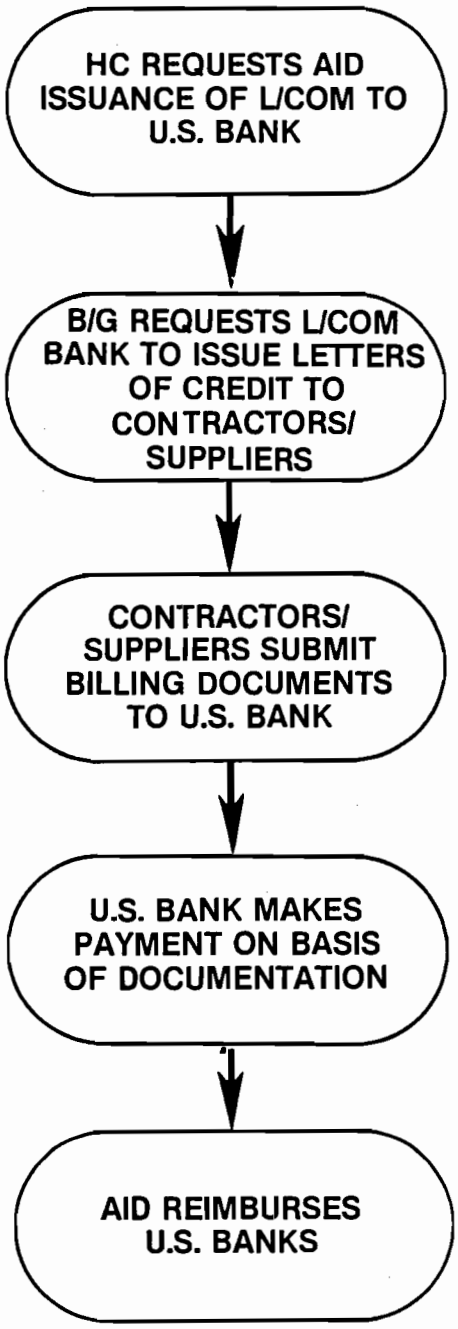
General Rule: When a mixed dollar and local currency advance is involved under an individual contract or grant agreement with a non-profit organization, only one instrument (either a LOC or an advance by treasury check) will be used and only one payment office will provide the advance; and:

If the foreign currency portion of the contract or grant agreement is:	And the number of foreign currency countries involved is:	The advance shall be made by:
• Less than 50%	--	LOC
• More than 50%	More than one	LOC
• More than 50%	One	Treasury Check

FEDERAL RESERVE BANKS

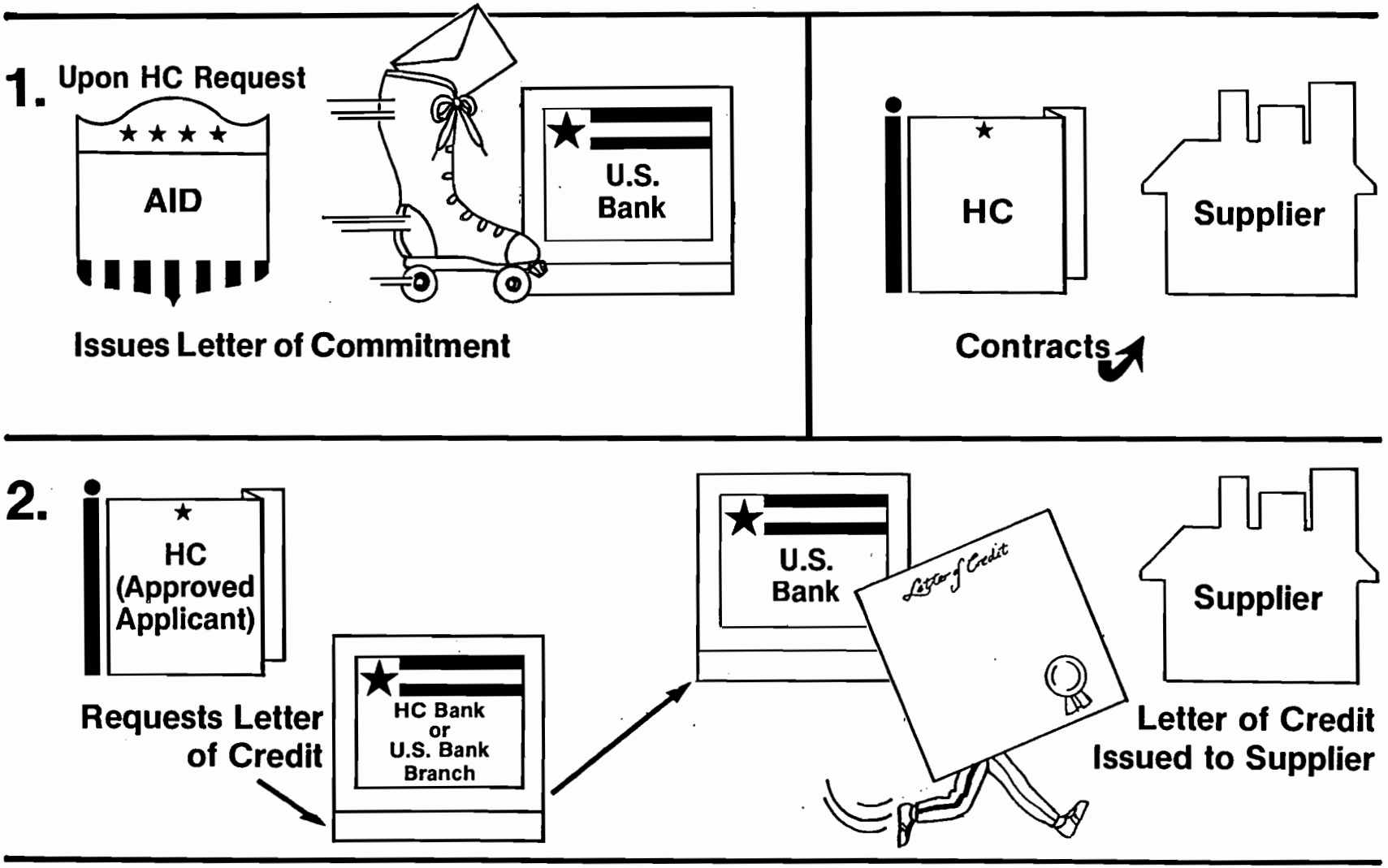
District	Location	Branches
First (A)	Boston, Massachusetts	--
Second (B)	New York, New York	Buffalo
Third (C)	Philadelphia, Pennsylvania	--
Fourth (D)	Cleveland, Ohio	Cincinnati - Pittsburgh
Fifth (E)	Richmond, Virginia	Baltimore - Charlotte
Sixth (F)	Atlanta, Georgia	Birmingham - Jacksonville Nashville - New Orleans
Seventh (G)	Chicago, Illinois	Detroit
Eighth (H)	St. Louis, Missouri	Little Rock - Louisville - Memphis
Ninth (I)	Minneapolis, Minnesota	Helena
Tenth (J)	Kansas City, Missouri	Denver - Oklahoma City - Omaha
Eleventh (K)	Dallas, Texas	El Paso - Houston - San Antonio
Twelfth (L)	San Francisco, California	Los Angeles - Portland Salt Lake City - Seattle

Letter Of Commitment To Banks (L/COM)



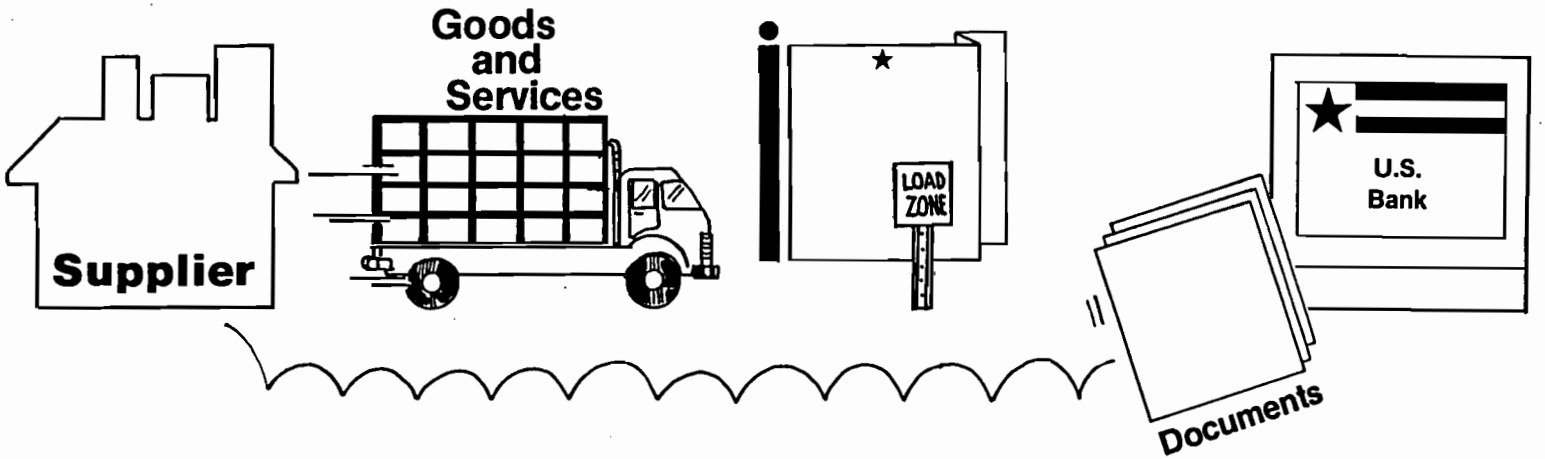
- Increases cost to B/G for project (bank service charge)
- Payment made through regular banking channels
- Main method for financing commodity import program
- Generally discouraged by AID
- Preferred for numerous small transactions and commodities ordered by Procurement Agent

Bank Letters of Commitment



Bank Letters of Commitment

3.



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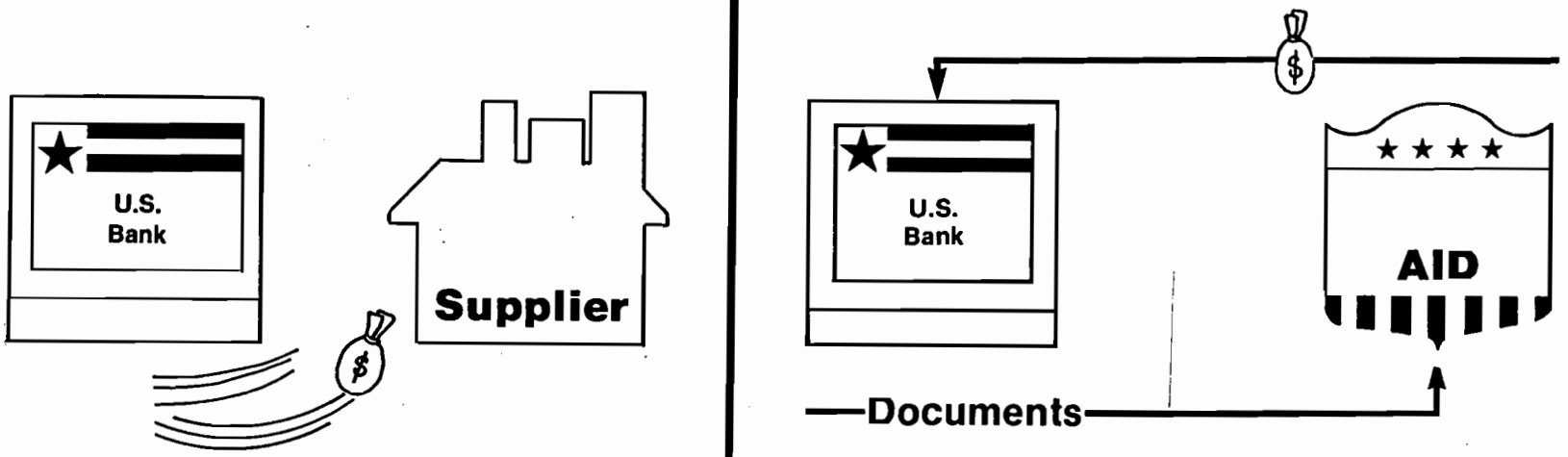


U.S. INTERNATIONAL DEVELOPMENT COOPERATION AGENCY

AGENCY FOR INTERNATIONAL DEVELOPMENT

WASHINGTON, D.C. 20523

BANK LETTER OF COMMITMENT

1. TO Lloyds Bank International Ltd. 95 Wall Street, P.O. Box 38 New York, N.Y. 10005	4. NUMBER 522-T-03305 5. DATE June 30, 1981
2. BORROWER/GRANTEE Government of Honduras	6. AMOUNT $279,096.20 7. SOURCE COUNTRY AID Geographic Code 941
3. APPROVED APPLICANT Empresa Nacional De Energia Electrica, P.O. Box 99 Tegucigalpa, D.C. Honduras, C.A.	8. EXPIRATION DATE April 1, 1982

9. FR NO.	10. APPROPRIATION	11. ALLOTMENT
	72-11X4103	

Gentlemen:

In accordance with provisions of the Foreign Assistance Act of 1961, as amended, the Administrator of the Agency for International Development has approved a program of the borrower/grantee named in block 2 above; and this letter of commitment is delivered to you at the request of said borrower/grantee or its authorized agent. The Administrator has agreed to reimburse the approved applicant as named in block 3 above (upon the authorities and signatures of which as designated and identified to you by the Administrator, or known by you from your own records, you may fully rely in any action taken by you hereunder) for monies expended by or for the account of such approved applicant in accordance with the special provisions cited below.

In consideration of your advising, issuing, or confirming at your option of one or more commercial letters of credit or making at your option payments to suppliers or to the approved applicant and/or the borrower/grantee (no such letter of credit to have a maturity and no such payment to be made, later than the date cited in block 8 above) in accordance with application or request therefor by the approved applicant, the Administrator agrees with, and guarantees to you that, in accordance with the said Act, he will make reimbursement (without addition of interest or of your commissions, expenses, or other charges) to the approved applicant, in the manner and subject to the terms and provisions set forth in subparts F and H of A.I.D. Regulation 1, as in effect on the date hereof, of all amounts paid by you at sight under any such commercial letter of credit for the account of the approved applicant and the amount of all payments made by you at sight to or for the account of the approved applicant and/or the borrower/grantee and bank charges to the extent authorized for reimbursement under the special provisions of this letter of commitment, up to but not exceeding the respective dollar amounts for the procurement of commodities or services indicated in the following special provisions.

SPECIAL PROVISIONS:

ATTACHMENTS: 1, 2, 3, 6 and 8.

ATTACHMENTS: 4, 5 and 7 are not applicable and are not attached.

FINANCIAL MANAGEMENT
INTERNATIONAL DEVELOPMENT
Office of the Controller
By KET
Date 7/30/81

Noted

FM/LMD

You are hereby approved as an assignee of the monies due and to become due under this letter of commitment.

The making of reimbursement hereunder shall be governed solely by the terms and provisions set forth in subparts F and H of A.I.D. Regulation 1, as in effect at the date hereof and incorporated herein by reference, and shall not be affected by any rights that the Administrator or the United States Government may have against the borrower/grantee, the approved applicant, or third parties.

If this letter of commitment is satisfactory to you, please sign and return the enclosed copy hereof promptly.

Yours very truly,

Administrator, Agency for International Development
under Foreign Assistance Act of 1961, as amended

By _____
AUTHORIZED REPRESENTATIVE

ACCEPTED

JEC: dsp

BANK | BY | DATE

AID 7-27 (9-79)

BEST AVAILABLE

LETTER OF COMMITMENT-CONTINUATION SHEET	Page 2 of 3
	NUMBER 522-T-0330

SPECIAL PROVISIONS:

A. This letter of commitment is available for financing the U.S. dollar costs of the following:

Transformers, lightning arrestors, fuses, cutouts and luminaires: Code 653,1700.

Suppliers	Amounts
Westinghouse Electric Corp. 2040 Ardmore Blvd. Pittsburgh, PA 15221	$161,940.00
McGraw Edison Co. P.O. Box 285 Pittsburgh, PA 15230	$ 35,658.40
Koontz Wagner Electric Co. 3801 Voorde Drive South Bend, IN 46628	$ 24,497.80
International Trading Corp. 402 Laughford Building 121 S.E. First Street Miami, FL 33131	$ 54,000.00

2. Banking charges of Lloyds Bank Int'l. Ltd. not to exceed $3,000.00.

3. "If Contractor designates bank different from Lloyds Bank Int'l., Lloyds may open or confirm letter of credit in favor of contractor through his designated bank."

   In such case, Contractor's designated bank will process documentation on his behalf, but negotiating responsibility will rest with Lloyds Bank Int'l., Ltd. However, if Contractor uses bank different from Lloyds, Contractor must pay banking charges incurred by his designated bank."

4. Ocean Transportation (including air freight) supplied by AID Geographic Code 941 flag carriers.

5. Marine insurance (including war risk) procurred from insurance companies within AID Geographic Code 941.

B. All letters of credit issued, advised or confirmed must apprise the Supplier of the authorized area of source, which is the Selected Free World, AID Geographic Code 941.

C. Documentation required for reimbursement hereunder shall be as set forth in Attachment No. 6 hereto.

D. When submitting documents for reimbursement, the Bureau Voucher SF 1034 should cite the transaction to Appropriation Symbol No. 72-11x4103.

BANK OF AMERICA G-28

Place: WORLD BANKING DIVISION SERVICE CENTER #661
PO BOX 37020, SAN FRANCISCO, CA 94137

Cable Address: BankAmerica

Date: MAR 20 1982

7

IRREVOCABLE LETTER OF CREDIT	All drafts must be marked: AID L/COMMT 492-U-04214 L/C 621553	Advising bank reference no.
Advising bank	PHILIPPINE NATIONAL BANK ESCOLTA STREET MANILA, PHILIPPINES	
To beneficiary DEREK ST INC. 19 EAST 41 ST ST NEW YORK, N.Y. 10017	Amount US$12,553.00 (TWELVE THOUSAND FIVE HUNDRED FIFTY THREE CENTS 00/100) Expiration date 6-30-82	

Gentlemen:

At the request of Philippines National Bank, as agent of the Government of the Republic of the Philippines Local Water Utilities Administration, Manila, we hereby establish our Irrevocable Letter of Credit in your favor for account of Local Water Utilities Administration, Katipunan road, Balara Diliman Quezon city Philippines, up to the aggregate amount of $12,553.00 available by your drafts drawn at sight on Bank of America NT & SA and accompanied by document specified below covering 100% CIF invoice value of merchandise to be described in invoice as:
Waukesha Diesel Engine model VRD 330 code G1 Turbo charged 90 BHP at 1760 RPM, 6 CYL, 4 stroke as per proforma invoice.

Payment will be made as follows:
90% CIF Invoice value: available upon shipment.
10% CIF Invoice value: available upon receipt of certificate from accountee authorizing payment after receipt and inspection of goods at destination.
Documents for payment of 10% CIF invoice value must be presented to us on or before expiration date of this credit but within 60 days after goods have been inspected and found acceptable by LWUA.
COMMERCIAL DOCUMENTS REQUIRED
90% CIF INVOICE VALUE:
1. Commercial invoices in 6 copies.
2. Insurance Policy or certificate in transferable form
3. Full set of (at least 2/2) clean on board "Ocean Bills of Lading" in negotiable and transferable forms marked "Freight prepaid" consigned to the order Cotabato Water District C/O Local Water Utilities Administration Attn: Project Procurement Division Katipunan road Balara QC notify same plus one non-negotiable copy for Philippine Customs purposes.
4. Certificate of source and origin signed manually.
5. Packing list in quintuplicate.
6. Advance copies of the commercial invoice, Bill of Lading and packing list should be airmailed to LWUA and certification to the effect is required.
10% CIF INVOICE VALUE:
1. Three copies of commercial invoices.
2. Certificate authorizing payment received from accountee.

PROVISIONS APPLICABLE TO THIS CREDIT: This credit is subject to the Uniform Customs and Practice for Documentary Credits (1974 Revision) International Chamber of Commerce, Publication No. 290.

Please examine this instrument carefully. If you are unable to comply with the terms or conditions, please communicate with your buyer to arrange for an amendment. This procedure will facilitate prompt handling when documents are presented.

FX-251 (5-78) Bank of America NT&SA

BEST AVAILABLE

PAGE 2

L/C NO. 621580

SPECIAL CONDITIONS:

No payment shall be made under this Letter of Credit until Bank of America received written notice from James M. Montgomery, Consulating Engineers Inc., who is acting on behalf of the Government of the Philippines Local Water Utilities Administration stating that the order has been reviewed, that all provisions for packing and shipping contained in the contract documents have been complied with the supplier, and that payment for the merchandise included in the shipment has been authorized. Mr. John R. Fee, Executive Vice President or Mr. Lee A. Francisco, Senior Vice President, of JMM are authorized to sign the certificate approving payment. The supplier shall contact James M. Montgomery, Consulting Engineers Inc., 555 E Walnut St. Pasadena, Ca Telephone (213) 7969141 Attention: Mr. Lee A. Francis, two weeks prior to export packing so that the merchandise can be examined or descriptive documentation of the order as approved by the supplier can be reviewed at the discretion of James M. Montgomery, Consulting Engineers, Inc., on behalf of the owner. The certificate signed by Mr. John R. Fee or Mr. Lee A. Francis authorizing payment must include the following additional clause: "This certification authorizing payment shall in no way relieve the supplier of his obligation to fulfill the proforma invoice under its terms and condition nor does it relieve contractor of his responsibility for error and ommissions contained in the proforma invoice." Shipping dates should conform strictly to the conditions stated in the proforma invoice.
The amount and date of each negotiation must be endorsed on the back hereof by the negotiating bank.

We hereby agree with bona fide holders that all drafts drawn under and in compliance with the terms of this credit shall meet with due honor upon presentation and delivery of documents as specified to the drawee if drawn and presented for negotiation on or before 6-30-82.

The instruction No. 1, 2 and 3 with the Special Provision shown in the annex attached plus the AID documentary requirements, from an integral part of this credit.

All documents must indicate A.I.D. Letter of Commitment 492-U-04214 A.I.D. Loan 492-U-042 and our reference L/C 621580.

Freight charges on vessels other than included in Geographic Code 941 are not reimbursable, and will be handled on collection basis.

Invoice must certify merchandise according to PROFORMA INVOICE

CC: AID, WASHINGTON, D.C. 20523

CC: BANK OF AMERICA BR 6550
NEW YORK, N.Y.

ATTN: J. ACKERMANN
L/C DEPT

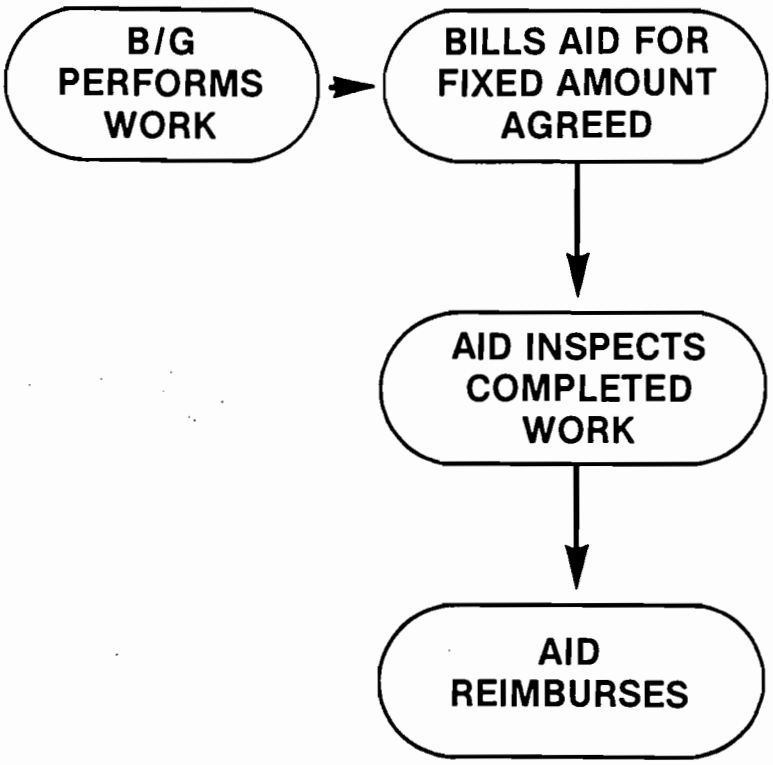
Authorized counter signature Authorized signature

PROVISION APPLICABLE TO THIS CREDIT: "This credit is subject to the Uniform Customs and Practice for Documentary Credits (1974 Revision) International Chamber of Commerce, Publication No. 290."

Please examine this document carefully if you are unable to comply with the terms or conditions, please communicate with your buyer to arrange for an amendment. This procedure will facilitate prompt handling when documents are presented.

BEST AVAILABLE

Fixed Amount Reimbursement

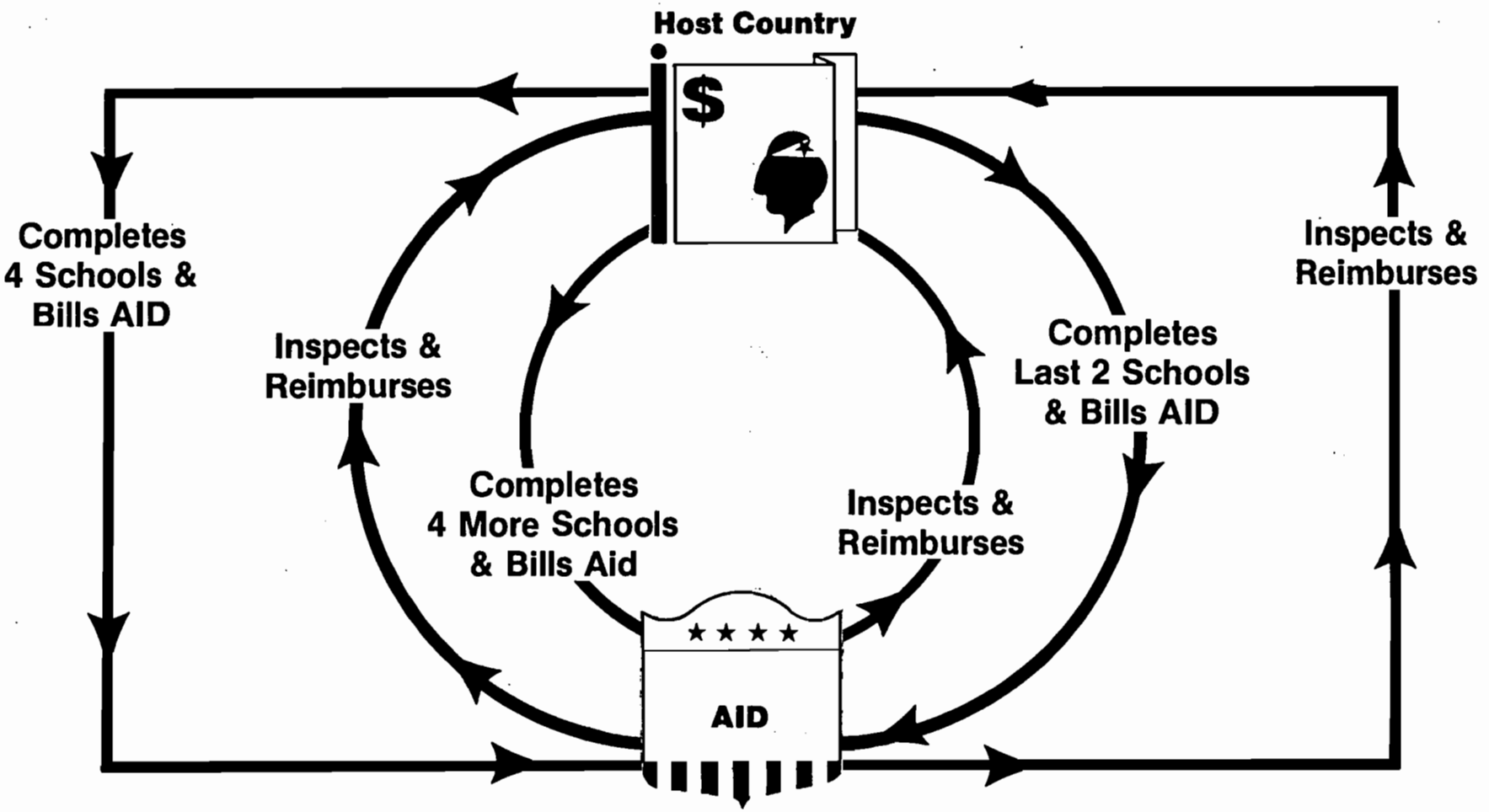


- Excludes AID from contract process
- B/G must have financial and technical resources
- USAID must have staff to inspect
- B/G reimbursed a fixed amount
- Preferred method for multiple unit construction

Printed JUNE 1989

Fixed Amount Reimbursement

Agreement: Build 10 Schools (Design & Cost)
With Reimbursement After Completion of 4,
4 and 2



Printed JUNE 1989

CHAPTER 20

FIXED AMOUNT REIMBURSEMENT (FAR)

20A. Policy

1. General

a. This chapter applies only to project assistance.

b. This chapter covers the policies applicable to the procurement of goods and services under fixed amount reimbursement (FAR) projects and subprojects. FAR is a form of project assistance under which the amount of reimbursement is fixed in advance based upon cost estimates reviewed and approved by AID. Reimbursement is made upon the physical completion of a project, subproject, or quantifiable element within a project. The emphasis is upon reimbursement based on outputs rather than inputs or costs.

c. Before undertaking financing under a FAR project or subproject, the Mission Director should review the procurement policies and procedures of the agency of the cooperating country responsible for implementation and satisfy himself/herself as to the soundness of those policies and procedures.

2. Procurement of Goods

Goods procured for FAR projects or subprojects may be divided into three categories:

a. Indigenous Goods

Indigenous goods, which are defined in Chapter 18, may be financed by AID without limitation.

b. Imported Shelf Items

(1) Imported shelf items, which are also defined in Chapter 18, of this Supplement, may be financed irrespective of orgin, subject only to the limitation that estimated imported shelf item procurment shall not constitute more than 25 percent of the estimated total cost for the commodity element of the FAR project or subproject, unless a higher percentage is justified and approved at the PP stage.

(2) Based on the assumption that FAR projects are relatively small, include a large service element, and that no FAR project or subproject is made up exclusively or largely of commodities, it has

been determined that the statutory requirements (see Source of Policy section) applicable to commodities are satisfied for imported shelf items located in the cooperating country at the time of purchase.

c. Goods Imported Specifically for the Project or Subproject

These goods are subject to the relevant policies for dollar financed procurement described elsewhere in this compilation. *Please refer to* Chapter 4, Chapter 5B, Chapter 7, Chapter 10, Chapter 11, Chapter 17, Chapter 22, and Chapter 23 *of this Supplement.*

3. Procurement of Services

The customary procurement practices of the implementing agency of the cooperating government, subject to the Mission Director's review referred to above, will be applicable for contracting. AID policies on cooperating country contracts and nationality (*Chapters 12C and 5 of this Supplement, respectively*) need not be followed for procurement under FAR-type projects and subprojects.

20B. Source of Policy

This policy is based upon an AID administrative decision to obtain the most effective utilization of FAR financing for program implementation, consistent with statutory requirements and sound management principles. See also Memorandum of Law from GC dated August 6, 1975.

20C. Implementation of Policy

Handbook 3, Appendix 3J.

20D. Waivers

1. Policies that pertain to 20A2b *of this Chapter* are subject to waiver by the Geographic Assistant Administrator, acting in consultation with GC.

2. For waiver authority respecting policies cited in 20A2c *of this Chapter*, see the individual chapters as indicated in that paragraph.

CHART ON METHODS OF FINANCING

METHOD	HOW IMPLEMENTED	WHEN APPROPRIATE	ADVANTAGES TO USG	METHODS OF PAYMENT	SPECIAL CONSIDERATIONS
DIRECT REIMBURSEMENT	B/G makes both dollar and local currency payments directly from own resources, reimbursed later by AID.	All types of assistance when B/G has sufficient resources and necessary administrative and technical capabilities.	AID has opportunity for full review of transaction prior to making payment. Excellent method from cash management view.	Generally thru Regional Administrative Management Center in dollar and local currency.	Preferred method for all types of assistance except FAR multiple unit construction.
FIXED AMOUNT REIMBURSEMENT (FAR)	B/G is reimbursed a fixed amount or a % of project costs upon completion of project units or sub-project elements.	Ideal for multiple unit construction. USAID must have staff to inspect prior to reimbursement.	Minimum of USG involvement. B/G has incentive to efficiently perform all phases of project. Generally should result in lower costs.	Generally thru Regional Administrative Management Center in dollar and local currency. Checks can be delivered to appropriate agency in Host Country.	Pref.method where B/G has adequate technical, administrative and financial resources. B/G must be able to absorb shortfall if costs exceed original estimates.
DIRECT PAYMENTS	Agreement includes language which provides for direct payment by AID in both dollars and local currency against invoices and specified documents.	Direct AID Contracts.	The method of effecting payment where host country contracting and reimbursement methods are not feasible.	Generally thru Regional Administrative Management Center in dollar and local currency. Dollar reimbursements can be made thru FM/BFD upon telegraphic instruction.	Requires more USG involvement than reimbursement methods.
AID DIRECT LETTERS OF COMMITMENT TO SUPPLIERS OR CONTRACTORS (DIRECT L/COM)	Pursuant to B/G request, AID issues direct letters of commitment to suppliers or contractors and makes payment on receipt of invoices and supporting documentation.	Most appropriate for B/G contracts for services from U.S. firms or large bulk shipments where AID wishes to review docum. prior to payment.	Method serves same purposes as bank L/COM, but avoids the expense of bank charges. Provides better financial management over project.	Generally thru Regional Administrative Management Center in dollar and local currency. Dollar reimbursements can be made thru FM/BFD upon telegraphic instruction.	Rapid payment possible with electronic fund transfer.
AID LETTERS OF COMMITMENT TO BANKS (L/COM)	Pursuant to B/G request, AID issues L/COM to U.S. bank, authorizing bank to make payments to contractors and suppliers. B/G arranges for letters of credit to contractors and suppliers under L/COM.	Normal method of financing under commodity import program and Procurement Agent purchases. Preferred when B/G issues numerous contracts for small value transactions.	Reduces AID staffing requirement where there are numerous small transactions.	Payment is made thru commercial banking channels in U.S. FM/BFD instructs U.S. Treasury to reimburse banks.	Increases costs to B/G for project and consequently increases grant or loan requirements, or reduces funding available for other project purposes.
LETTERS OF CREDIT (LOC - TFCS or FRLC)	AID issues LOC pursuant to clause in grant agreement or contract with non-profit organization.	Most appropriate under a grant to a non-profit organization. Relationship with AID must be for at least one year, and annual payments must aggregate $120,000 or more. The organization must demonstrate an acceptable financial management system and agree to draw down only for immediate disbursing needs.	Places responsibility on non-profit institution to efficiently draw down cash requirements.	Through non-profit institution's bank when bank has agreement with Treasury Department; otherwise thru Federal Reserve Bank.	Not used under loan agreements. See formula for appropriateness when local currency is involved.

Printed JUNE 1989

DEVELOPMENT ASSOCIATES, INC.

CASH MANAGEMENT PROCEDURES
EXCERPTS FROM STATE 273219
DATED OCTOBER 19, 1979

These excerpts provide summaries and selections from relevant sections of the Cable on Cash Management. THE CABLE IS THE OFFICIAL PROCEDURAL INSTRUCTIONS TO MISSIONS ON CASH MANAGEMENT.

1. Sections I and II.A, B, and C introduce the procedures, set forth very general guidelines for billing, collection, making deposits, timely disbursements and taking cash discounts. Project officers are not usually involved in these areas.

2. Section II. D. Cash Advances is more pertinent to the functions of project officers and is repeated below verbatum for your information and guidance:

"II.D. Cash Advances.

(1) General -- Treasury regulations state that "it is the responsibility of agencies to monitor the cash management practices of their recipient organizations to ensure that federal cash is not maintained by them in excess of immediate disbursing needs." AID policy favors payment to AID-financed recipients on the basis of goods delivered for services performed or to cover costs already incurred by the recipient. An exception to this policy is made for non-profit organizations and host country governmental institutions, which are normally funded on an advance of funds basis. Treasury regulations specify that "agencies will establish such systems and procedures as may be necessary to assure that balances are maintained commensurate with immediate disbursing needs, excess balances are promptly returned to the treasury, and, except where contrary to law, interest earned on federal funds by recipient organizations is promptly paid over to the treasury." Treasury has agreed that certain "mobilization advances" may be made to Host Country contractors without regard to the "immediate disbursing needs" concept when certain conditions prevail. AID procedures concerning advances are described below.

(2) Definitions of "Advances" and "Immediate Disbursing Needs." Advances may be generally defined as payments made before delivery of goods and services. Progress payments made upon completion of work are not advances unless made in anticipation of future costs to be incurred by the recipient. If there is doubt in specific cases whether payments envisaged in IFBs or, in negotiated contracting, in a contractor's proposal are to be viewed as advances or progress payments, the office of financial management in AID/W should be consulted.

AID has been advised that the term "immediate disbursing needs" ... may be assumed to be cash requirements for as much as 30 days from the date the recipient receives the advance until it is expended. When successive advances are made, it may be necessary to provide an initial advance of somewhat more than 30 days to permit timely processing and disbursement of successive monthly payments. The period of the issuance may extend for as long as 90 days in unusual instances when the AID mission or

office has established that project implementation will be interrupted or impeded by applying the 30 day guideline. AID expects that judgment will be applied by USAID controllers, contracting officers and others in determining the immediate disbursing needs of specific recipients.

(3) Advances to Non-profit Organizations. Treasury regulations require that when AID has, or expects to have, a continuing relationship with a recipient organization for at least one year, involving annual payments aggregating at least 120,000 dollars, the agency shall use the Federal Reserve Letter of Credit (FRLC) method.*

The use of FRLC*/ must be covered by a clause in the grant, contract or other financing agreement whereby the recipient organization commits itself to (a) initiating cash drawdowns only when actually needed for its disbursements, (b) timely reporting of cash disbursements and balances as required by AID and (c) the imposition of the same standards of timing and amount upon any secondary recipient organizations. AID typically utilizes the FRLC*/ procedure for payments to grant financed, non-profit organizations, but may also use the procedure for payments to profit-making organizations when all of the advance payment limitation requirements have been met as described in this message. AID does not repeat not use the FRLC*/ procedure under loan agreements.

Treasury has informed AID that the FRLC*/ method of payment should not be used for local cost financing.** Therefore, FRLCs*/ will be used only for the U.S. dollar costs of projects and progams, and only the dollar portion of project and program costs should be used in determining whether grantees and contractors qualify for and are issued FRLCs.*/ Local cost financing should be provided by direct, periodic local currency disbursements. Local currency advances should be limited to the minimum amount needed and timed to meet the immediate cash disbursement requirements of the recipient in carrying out the purposes of the approved project or program. AID does not favor concurrent use of FRLCs*/ and direct periodic local currency disbursements when individual grants entail mixed (dollar/local currency) financing. When such financing is provided. AID's preference is to make direct disbursements in dollars and local currency.

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* Subsequent to the issuance of this guidance in 1979, the Department of the Treasury established an additional mechanism for making advances to non-profit organizations. The Letter of Credit - Treasury Financial Communications System (LOC-TFCS) is similar to the Federal Letter of Credit in that it provides for relatively automatic advances to non-profit grantees or contractors through the banking system. The same basic criteria or conditions are attached to the LOC-TFCS as the FRLC. Chapter 15 of Handbook 1, Supplement B, states that the use of the LOC-TFCS is preferred to the FRLC. The FRLC is only authorized for use if the recipient's bank has not entered into an agreement with the Treasury on the use of the LOC-TFCS. COnsequently, FRLCs have largely been phased out and replaced by LOC-TFCS.

** Explanatory Notes: See FORMULA FOR MIXED DOLLAR AND LOCAL CURRENCY FINANCING TO NON-PROFIT ORGANIZATIONS in this manual.

Advances may be made in accordance with plans submitted to AID by the recipient organization. Such plans should demonstrate to AID's satisfaction that funds transferred to the organization will be promptly disbursed for approved project or program costs. The plans should be subject to periodic review and modification, and the organization should report regularly on the timeliness and propriety of fund utilization. Treasury approval of the direct periodic disbursement method for dollar costs of contracts and grants which include financing of dollar and local costs will be requested when AID's cash management procedures are submitted to treasury for review and comment.

Because of the diversity of AID programs and projects, it is not possible to anticipate all requirements for advance payments to non-profit and international organizations and to describe appropriate variations in providing advances. FM will provide additional guidance for projects and programs which appear to require advance payment procedures substantially different than those described in this message.

Advances to governments, assistance provided through special program grants to recipient governments may occasionally require advances for purposes other than "immediate disbursement needs"; e.g., programs for budget support. When the purpose of such a program is tied to and met by the advance disbursement of funds, a determination may be made that the program purpose precludes identification of immediate disbursement needs. Program planning documents should clearly establish the justification for providing such advances.

Advances for purposes other than immediate disbursing needs may also be made to governments under the modified Fixed Amount Reimbursement procedure when it has been determined that such advances provide an essential incentive to achieve acceptance of the procedure. Mission controllers, project officers and others should exercise prudent judgment in determining the amount, frequency and duration of FAR advances.

(4) Advances to Profit-making Organizations.

(a) AID direct contracts. AID policy, as set out in Chapter 15, H.B. 1 Supplement B, states that with respect to direct AID contracts, "advance payments to profit-making organizations should be authorized only if no other means of adequate financing is available to the contractor." AID expects that profit-making organizations will finance direct AID contracts with their own resources, or arrange to obtain appropriate financing through commercial channels.

AID recognizes that it is occasionally necessary to provide mobilization and other advances in order to avoid restricting competition especially on contracts with small business concerns. Advances under direct AID contracts to profit-making organizations must be authorized by M/AAA/SER.

(b) Host Country contracts. AID policy has been somewhat less restrictive with respect to Host Country (borrower/grantee) contracts. Again, citing H.B. 1, Sup. B, the policy has been that "advance or progress payments may be agreed upon under Host Country

contracts when such payments are necessary for delivery or performance. The necessity for advance or progress payments most often arises under large contracts for custom-made, specially fabricated equipment, and large construction contracts (mobilization costs) where the supplier or contractor is required to make large cash outlays (perhaps exceeding available cash) for equipment, materials, or personnel in advance of performance or delivery." AID currently provides major mobilization advances to U.S. and Code 941 Host Country contractors. Such mobilization advances are based on commercial practice. AID considers that such mobilization advances are advantageous in that they (1) avoid restricting competition and (2) reduce contract costs. AID normally prefers to provide mobilization advances in single, lump sum payments as opposed to incremental payments because (1) contractors need an inducement to compensate for the risks of entering into agreements with the governments of less developed countries, (2) small business competitors are gravely concerned about the risk of payment delays, and (3) incremental payments may constitute a departure from commercial practice. The treasury department has agreed that although incremental advances are desirable for purposes of cash management, lump sum mobilization advances may be provided to so long as (1) there is true competition in the bidding process and (2) the U.S. government (AID) obtains the advantage of reduced contract costs as a consequence of providing the advance. AID officials who approve Host Country IFBs and contracts must consider the reasonableness of proposed mobilization advances and determine that (1) a mobilization advance in the amount proposed is necessary to avoid restricting competition and (2) it may be reasonably assumed that a compensating financial benefit will accrue to AID and the host government as a consequence of providing the advance.

(5) Contractual Arrangements. In accordance with Section 8030.20, all direct contractual arrangements with advance payment recipient organizations will provide that advance payments will be made only at times and in amounts necessary to meet immediate disbursing needs. In order to qualify for advances, organizations must submit plans for the use and timing of advances. Recipient organizations will be required to report regularly on the use of advances and will demonstrate through such reporting that balances of advances are maintained in amounts commensurate with immediate disbursing needs, that excess balances are promptly returned to AID and that interest earned on advances of AID funds has been remitted to AID.

Section II.E. Describes section 8050 of Treasury regulations and is not germain to project officers.

Section II.F. Foreign Currency: This section of the cable makes cash management policies equally applicable to dollar and foreign currency disbursements as follows:

Section 8070 of the TFRM is generally self-explanatory. Note that the same cash management policies applicable to dollar disbursements are also applicable to foreign currency disbursements.

In accordance with Section 8070.80, every effort will be made to include in contracts a requirement that obligations will be made payable in foreign currency of excess and near-excess currency countries to the extent that the contractor may be expected to require such currency for necessary expenses in the country involved. In applying this requirement, AID will consider requests for omission of certain categories of local costs from the requirements of this section when contractors justify payment of such costs in excess currencies as administratively impractical, or when AID determines at the time a project is approved that use of excess or near-excess currencies is not consistent with the objectives to be achieved.

Section II.G. Contract Amendments reads:

Section 8080.20 of the TFRM requires that "provisions of existing contracts and other formal agreements not in compliance with the regulations on the date of release, which contracts are subject to renegotiation and amendment, will be amended upon the next renegotiation of such arrangements." Accordingly, contracting officers and others who approve contracts and other agreements will consider and when practical introduce these cash management provisions when existing contracts and agreements are next amended.

Section II.H. Reporting states that separate instructions to controllers cover reporting requirements.

Section II.I. Audit makes the AID Inspector General responsible for testing AID systems and procedures and assessing compliance with Treasury regulations.

Section III. Applicability reads:

Cash management. AID policy guidelines and the procedures described in this message are applicable to U.S. dollars and foreign currencies available to or held by or for the credit of AID to finance programs, operations and activities, regardless of how implemented, except where precluded by law or waived by the Administrator, the Deputy Administrator or the AID Controller.

4172D/3.88

HIGHLIGHTS OF

AID PROMPT PAYMENT IMPLEMENTATION POLICY AND PROCEDURES

(OMB Circular A-125)

1. Background - The Prompt Payment Act (Public Law 97-177) requires federal agencies to pay their bills on time, to pay interest penalties when payments are made late, and to take discounts only when payments are made within the discount period. AID's instructions on implementing this law became effective in October 1, 1982.

2. Policy - AID's policy is to make payment under all types of contracts as close as possible to, but not later than, the due date or the discount date. When payments are made later than the due date or when discounts are taken after the discount period has expired, interest penalties will be paid automatically without the business concern having to request them.

3. Exceptions - Interest penalties are not required when (1) payments are made solely for financing purposes (e.g. under direct letters of commitment issued pursuant to host country contracts, AID grants and cooperative agreements); (2) payments are made in advance (e.g. cash or mobilization advances); or (3) payments are witheld temporarily in accordance with contract terms. Although the Prompt Payment Act does not apply to payments under host country contracts, the prompt payment standards hereof shall apply to such payments made under direct letters of commitment.

4. Definitions

   a. Applicable Interest Rate - An interest rate established by the Secretary of the Treasury on a quarterly basis and disseminated by AID/W to all AID paying stations.

   b. Business Concern - (1) any person or organization engaged in a profession, trade, or business; and (2) not-for-profit entities (including state and local governments but excluding federal entities) who operate as contractors.

c. Contract - any enforceable award, including rental and lease agreements and purchase orders, between AID and a business concern for the acquisition of property of services.

d. Designated Payment Office - the place named in the contract for forwarding of invoices for payment or, in certain instances, for approval.

e. Due Date - when the designated paying office is in the U.S. or at a foreign location, 30 calendar days after receipt of a proper invoice in the designated payment office or 30 calendar days after a designated AID official or authorized representative accepted the property or services, whichever is later; (separate periods apply to meat and meat food products and perishable agricultural commodities).

f. Discount Date - the date by which, if payment is made, the contractor specifies a discount can be taken.

g. Payment Date - the date placed on the payment check at time of issuance by the disbusing office, or the date on which an electronic transfer is made.

h. Invoice - a bill or written request from a business concern requesting payment for property delivered or services rendered.

i. Receipt of Invoice - the later of (1) the date a proper invoice is received in the designated payment office; or (2) the dte on which a desginated AID official or authorized official accepts the property or services.

j. Receiving Report - written evidence of acceptance of property or services by a designated AID official or authorized representative.

5. Acceptance of Property and Services

a. Inspection of property or services must be accomplished within the inspection period stipulated in the contract. If the inspection can not be completed before the inspection period expires, the business concern should be notified well in advance of the expiration date. In the absence of notification to the business concern of an extended inspection period, the property or services will be deemed to have been accepted on the last day of the inspection period.

b. Acceptance of property or services is indicated to the designated payment office by the execution of a receiving/acceptance report. The receiving/acceptance report must be forwarded to the payment office not later than the 5th business day after acceptance.

c. Presentation of an Ocean Bill of Lading may be considered as receipt of goods when the following are provided: (1) an executed Form AID 282 - Supplier's Certificate and Agreement with AID; (2) Form AID 1450-4 - Supplier's Certificate and Agreement with AID for project commodities; and (3) as appropriate, a freight forwarder's letter of undertaking to AID.

6. Payment of Interest Penalty

a. Interest Penalty Requirement - an interest penalty must be paid automatically when (1) there is an AID-direct contract with a business concern; and (2) AID acceptance of property or services has occurred and there is no disagreement over quantity, quality, or other contract provisions; and (3) a proper invoice has been received (except where no invoice is required, e.g., some periodic lease payments); and (4) payment is made to the business concern after the due date.

b. An interest penalty also will be paid when AID takes a discount after the discount period has expired and fails to correct the underpayment within 10 days after the discount period has expried (shorter periods apply for meat and meat food products and perishable agricultural commodities).

c. When a designated payment office fails to make notification of an improper invoice within 7 days, the number of days allowed for payment of the corrected, proper invoice will be reduced by the number of days between the 7th day and the day notification was transmitted to the business concern. Any calculation of interest penalties will be based on the adjusted due date. For example, a business concern is notified 29 days after receipt that its invoice is not proper (29 - 7 = 22 days late). AID's time for payment, without incurring an interest penalty, becomes 8 days for U.S. payment offices (30 days due date minus 22 days late notification).

d. Interest penalty payments are charged to the same obligation(s) as that of the transaction for which the interest penalty is incurred (i.e., the project budget must cover any penalty payments).

7. Project Officer's Responsibility - the project officer's responsible for acceptance of services rendered under contracts and the administrative approval of contractor's invoices. The acceptance report and/or administrative approval of the invoice must be received by the designated payment office not later than the 5th business day after acceptance or receipt of the invoice by the project officer. If the invoice is not proper, the reasons therefore should be so stated in the acceptance report which should be forwarded immediately to the designated payment office. Delay in forwarding a qualified acceptance report regarding an improper invoice could result in notification of such improper invoice to the contractor later than the allowable 7 days after invoice receipt.

APPENDIX 3A

CRITERIA OF PROJECT OFFICER'S ADMINISTRATIVE APPROVAL

1. Project Officer The Project Officer, as the title is used in this Appendix, is the member of the USAID or AID/W Office staff who is charged with the monitoring of a project. Monitoring of projects including different elements (e.g. advisory services, training and construction of physical facilities) may be divided among several officers having different technical backgrounds. Only one of them, however, is charged with the overall monitoring of project implementation and is designated as Project Officer. For the purpose of approving vouchers the Project Officer may rely on other officers having partial responsibilities for project monitoring for information and advice. (Note: USAIDs which use the term Project Manager to designate the USAID officer responsible for project implementation should substitute that term for Project Officer in this Appendix.)

2. Project Monitoring In monitoring projects, Project Officers use periodical reports prepared by contractors/grantees, host country reports, site visits and conferences with the host country's implementing agency or agencies and contractors as sources of information on the status of projects and on implementation problems and as a basis for their efforts to assist in the resolution of such problems. In carrying out those monitoring tasks, they become familiar with at least the key members of the staff or, where small contractor/grantee teams are involved, with all team members, and with the work being performed by the contractor/grantee. The work may include only advisory services, or in addition, the provision of commodities needed for the project, on-the-job training or other services; it may also consist of studies, construction supervision or management, of other engineering services, of construction services (usually including the provision of construction materials), of installation services or a combination of two or more of such services. The work may also consist of the supply of equipment or materials needed for a project, either exclusively or combined with incidental services, such as erection supervision. Depending on the type of work to be performed under a contract/grant/cooperative agreement and on the size of the project, a Project Officer may have a fairly detailed knowledge of the services being rendered or the goods supplied or progress of the program. In other cases, particularly where numerous contracts/grants/cooperative agreements are needed to implement a project, the Project Officer may devote his/her monitoring time primarily to problem areas and pay less attention to contracts/grants/cooperative agreements that are being carried out routinely and without causing noticeable problems.

3. Principles Governing Administrative Approval of Vouchers The establishment of a requirement for the administrative approval of vouchers is predicated on the fact that a Project Officer is the one more familiar with the projects assigned to him/her, and with the work being performed by contractors/grantees in the implementation of such

projects. It is intended to use their general familiarity with the projects to prevent significant errors in making payments to contractors/grantees without, at the same time, imposing on Project Officers a substantial additional workload or creating a new component of a Project Officer's scope of work. These concepts are reflected in the reference to "My personal knowledge of the project" in the Project Officer's approval statement. An elaboration of these principles is contained in the following paragraphs.

4. Vouchers Exempted from Requirement of Administrative Approval In addition to vouchers submitted for payment under bank letters of commitment, which are exempted from the the requirement of administrative approval, certain vouchers submitted under direct letters of commitment are also exempted, viz. vouchers relating to the supply of goods, i.e. project commodities supplied by service contractors, if the contracts under which such goods are supplied provide for payment against invoices and shipping documents, and equipment and materials purchased by host country agencies for the implementation of projects. The exemption is made because the field Project Officer has no independent knowledge of the contractor's performance in shipping the invoiced commodities and therefore could not base his/her administrative approval of the voucher on "personal knowledge of the project"; however, the shipping documents, together with the contractor's certification, document the fact that the contractor has performed in accordance with the contract. (Shortages, breakage, non-compliance with specifications and any other shortcomings in carrying out the terms of the contract are handled in the usual manner by claims against the contractor or insurer; such shortcomings could not be discovered by a Project Officer at the time payment is due but only after arrival of the goods at the site and inspection).

5. Basis for Project Officer's Administrative Approval

The principles underlying the requirement for administrative approval are set forth in paragraph 3 above; for the purpose of clarifying those principles, a number of specific types of contracts are discussed below.

(a) Services Under Cost Reimbursement Contracts

(1) Costs of Field Services The major costs under this heading are salaries and other compensation paid to the contractor's employees in the field. The Project Officer is expected to review only the number and classification of the employees for whom salaries are billed and to confirm that the billing is consistent with the facts as he knows them from personal observation or from reports. No special effort need be made to verify the accuracy of the billing by inspecting the contractor's time records or making other inquiries. Nor is it expected that the Project Officer check the billing for consistency with the contract or for arithmetical accuracy. A review of other items of field costs billed, such as travel, communications, office expenses and similar miscellaneous costs, do not require a

detailed review by the Project Officer since, in most instances, he/she will not have any personal knowledge of the justification of such charges. Any obvious discrepancies between the billing and facts known to the Project Officer should, however, be noted. (See paragraph 8 below on Disallowances.)

(2) Home Office Costs The Project Officer will, in most cases, be unable to judge the justification of charges for home office costs since his/her monitoring covers principally field activities. The PO is therefore not expected to attempt a detailed verification of such charges. The PO is expected to note only such discrepancies as he/she is able to discover based on knowledge acquired in the course of normal project monitoring, e.g. costs of printing a report which he/she knows has not yet been completed or a field trip by a home office executive which he/she knows has not taken place.

(b) Goods Supplied Under Cost Reimbursement Contracts Goods for which payment is due upon shipment from a point defined in the contract (FOB Factory, FOB Port of Export or C & F, with payment upon shipment), are not subject to the Project Officer's administrative approval as explained under paragraph 4 above. When charges for such goods are billed on the same invoice as services, which are subject to such approval, the Project Officer's certification shall be deemed to cover only the service items received by him/her pursuant to subparagraph (a) above. In the rare cases where payment for goods is due only after receipt at the site, the Project Officer is not expected to verify the quantities of the items shipped, or their conformance to specifications. He/she is to note, however, if he knows that the goods had not been received during the period covered by the billing, either from personal observations or from reports. (See paragraph 8 below.)

(c) Goods and Services Supplied Under Fixed Price Contracts

(1) Lump Sum Contracts A major category of contracts of this type are contracts covering the supply of materials and equipment for which payment is to be made upon shipment. Vouchers submitted under such contracts are not subject to the administrative approval of the Project Officer because, as explained under paragraph 4 above, the Project Officer has no independent knowledge of the shipment and payment must be made by AID on the basis of the contractor's certification and shipping documents. Payment for services provided under a fixed lump sum contract are normally made upon completion of the contract. Contracts of short duration and of relatively small value, such as contracts for studies of limited scope or short-term, well-defined services (e.g. review of a report), are examples of such contracts. In such cases, the Project Officer's approval of a voucher is based on his/her knowledge that the services have been rendered or a required report has been submitted.

BEST AVAILABLE

In the exceptional cases where lump-sum, fixed-price contracts provide for progress payments, such payments are contractually stipulated either at certain fixed times or upon the occurrence of specified events. When payment is to be made at fixed times, the Project Officer's approval of progress payment may be routinely provided unless the Project Officer has personal knowledge that the contractor has failed to comply with performance provisions of the contract on which the scheduled payments are predicated. When approving the voucher for the scheduled payment, the Project Officer is expected to know whetner the work has been completed. If progress payments are due upon the occurrence of a specified event (e.g. the completion of the foundation of a building or the submission by the contractor of an interim report), the Project Officer may approve a voucher unless he/she has personal knowledge, from reports or other sources that the specified event has not occurred.

(2) Unit Price Contracts Unit price contracts are normally used only for major construction projects. Such contracts normally provide for progress payments, usually monthly, based on actual work performed. Billings show the quantities of various categories of work performed and the contractually fixed unit prices, together with the amount calculated by multiplying the quantities by the unit prices. The quantities billed are, in the first instance, ascertained by the contractor, they are then certified by the contracting agency of his/her consulting engineers before being submitted to the Project Officer for review. The Project Officer is not expected to verify by an independent investigation, such as the examination of construction records, whether the quantities billed are correct; he/she may rely on the certification of the contracting agency or the consulting engineer acting on its behalf. Neither is he/she expected to compare unit prices used in the billing with contract prices or to check the billing for arithmetic accuracy. The PO's approval of the voucher shall mean only that he/she has no knowledge of any facts which would have an inquiry into the accuracy of the billing advisable either before or after AID pays to the contractor the amount claimed.

(d) Other Forms of Contract In the rare instances where other forms of contract are used (e.g. time-rate contracts) the foregoing guidance should be used, consistent with the principles outlined in paragraph 3 and the detailed discussion in the foregoing subparagraphs, as applicable.

(e) Grants and Cooperative Agreements The Project Officer is expected to review the periodic fiscal reports submitted by the grantees. The PO's administrative approval signifies that, to the PO's best knowledge, the fiscal report reflects the approximate progress made under the grant/cooperative agreement.

6. Unusual Circumstances

(a) If contrary to normal practice, the project for which a voucher is submitted has not been assigned to a Project Officer and no

other member of the AID staff has personal knowledge of the project, or if the project has been assigned to a Project Officer only just before the voucher is submitted, the Project Officer or another AID Officer should approve the voucher with the following statement: "I have reviewed the voucher, the related invoice(s) and supporting documentation attached thereto. I do not have and am unable to obtain promptly personal knowledge of the project, (e.g. "I arrived at post six days ago and have not yet visited the project site located 500 miles from the capital. Also, a USAID technician who recently visited the project has been medically evacuated"). I have no reason to believe that payment of the amounts claimed in this voucher should be withheld. Therefore, the voucher is administratively approved for payment subject to the financial review and certification by the paying office."

(b) Qualified Approvals as set forth above should obviously be used only on rare occasions since the circumstances necessitating these should not continue for any extended period. Should the ACO note repeated instances of qualified approvals of vouchers relating to the same project, he/she should inform the USAID Director and the Regional Bureau in Washington.

7. Certification by Authorized Certifying Officer (ACO) The ACO is responsible for checking vouchers for consistency with the contract, grant, or cooperative agreement including the budget, and arithmetic accuracy, as the ACO considers necessary, before making payment. Included in such review will be all billing items not encompassed in the review of the Project Officer, such as home office costs, travel and transportation charges, communication costs and miscellaneous personnel costs, such as housing and education allowances.

8. Disallowances

(a) Deficiencies in Form If the Project Officer discovers during the review of a voucher formal deficiencies (e.g. lack of signature, lack of or inconsistency between supporting documents), the PO should note such deficiencies in his/her approval statement. It is the responsibility of the ACO to decide what action to take.

(b) Substantive Discrepancies If the Project Officer discovers during the review of a host country contract voucher that charges for one or more items included in the voucher are inconsistent with the facts as the PO knows them and in his/her opinion, should not have been billed, he/she should inform the USAID Director or AID/W Office Head of the facts in the case. A decision on the action to be taken shall be made only by the USAID Director or AID/W Office Head, or a person designated by him/her for this purpose. The following courses of action should be considered:

(1) If the discrepancy is on a host country contract voucher, to inform the appropriate host government agency that AID cannot make any, or only partial, payment to the contractor, stating the basis for that finding; or

(2) To include in, or attach to, the approval statement, a report on the facts which prevent the Project Officer from signing an unqualified approval statement; a decision on the action to take will then be made by the ACO.

The first course should be taken if the discrepancies discovered by the Project Officer are of such magnitude that it appears that the only proper remedy is to request by the host government agency require the contractor submit a corrected voucher. The second course should be chosen when the ACO could make payment subject to action by the contractor (e.g. an adjustment on a subsequent billing), suspend payment until the discrepancy is explained satisfactorily or take any other action short of refusing to pay the amounts claimed.

If the ACO decides to disallow any part of the amount claimed on a host country voucher he/she should promptly inform the USAID Director so that he/she can apprise the host government of the dispute. In no event should the USAID Director or any other USAID officer advise a contractor that AID has disallowed, or will disallow, any part of the amount billed before the host government agency concerned has been informed of the facts as determined by the Project Officer and has been asked to request the contractor to take whatever remedial action is required. If the host government agency does not agree with AID's findings and believes no remedial action by the contractor is required, and if the USAID Director is unable to reach agreement with such agency, the matter should be referred to the Assistant Administrator of the Regional Bureau to whom the USAID reports.

Project Officer Checklist for Administrative Approval of Vouchers

(Please check as many as are applicable)

1. I have made ___ field visits to the project site(s) in the last three months and have personally observed project implementation. _____

2. I have visited the main office of the implementing agency(ies) ___ times in the last three months and discussed project Implementation. _____

3. I met with my counterpart(s) ___ time(s) in the last three months and discussed contractor level of performance and/or commodities delivered. _____

4. I have visited the project site(s) as part of my Project Officer responsibilities and have sufficient information to enable me to provide an administrative approval. _____

5. None of the above. My administrative approval is based on the following: (Please be concise, i.e., two or three sentences.) _____

_____
Project Officer Name

_____
Project Number

QUIZ ON ADMINISTRATIVE APPROVAL OF VOUCHERS

PART A:

Indicate if the following statements are true or false.

1. In administratively approving vouchers, the Project Officer may rely on the opinions of other AID officers who are concerned with specific technical aspects of the project, contractor reports, host country reports, site visits, and conferences.

2. To perform his/her monitoring respnsibilities, the Project Officer is expected to know every detail of all aspects of a project and to be familiar with all contractor staff working on the project.

3. After a contractor or supplier has been paid, the Project Officer has a responsibility to issue claims for shortages or non-conforming merchandise.

4. A Project Officer should administratively approve a voucher for construction services, even though the USAID engineer states that a heavy workload has prevented his or her review of the voucher.

5. Where no Authorized Certifying Officer (ACO) is in the USAID, the Project Officer should certify the voucher, or sign for the ACO, to prevent a critical situation whereby the contractor is forced to discontinue performance because of a lack of operating funds.

6. Deficiencies in form (such as lack of a signature or inconsistency between supporting documents) are noted by a Project Officer when reviewing a voucher. Such deficiencies should be noted in the Project Officer's approval statement, and the voucher should be forwarded to the ACO for appropriate action.

7. Where there appears to be fraud or collusion in a transaction, the Project Officer should investigate before administratively approving the voucher.

8. Regardless of the type of contract, and where a voucher includes charges for goods shipped (where the contract provides for payment FOB factory) along with other charges for services, the Project Officer's administrative approval is deemed to cover the entire voucher.

9. Where payment is due only after goods have been received at the project site, the Project Officer must verify that the billing is consistent with the goods actually received and that the goods conform to the specifications.

10. Some lump-sum fixed price contracts provide for progress payments upon the occurrance of specified events or at fixed intervals. The Project Officer's administrative approval of such progress payments may be routinely applied unless the Project Officer has personal knowledge that the contractor failed to meet the performance requirements established in the contract.

11. To be knowledgeable about the status of and problems with a project, name four regular sources of information the Project Officer has at hand:

    1. _____
    2. _____
    3. _____
    4. _____

PART B:

For the following multiple choice statements, place an X in the blank that precedes the correct answer.

1. The Project Officer is deemed to be the most knowledgeable person in AID with respect to a given project. If, after a voucher has been paid, it is determined that a contractor materially falsified vouchers and that the Project Officer was imprudent in administratively approving the voucher, the officer who may be held personally liable for such an overpayment is:

   _____the Project Officer
   _____the ACO
   _____the Project Officer's Supervisor

2. The USAID officer who is responsible for checking vouchers for consistency with the contract (including budget provisions and arithmetical accuracy) and the review of home office expenses, overhead, travel and transportation charges, and miscellaneous personnel costs such as housing and education allowances is:

   _____the Project Officer.
   _____the ACO.
   _____The Contract Officer in conjunction with the Executive Officer.

3. Where a Project Officer has not been designated for an ongoing project or where the Project Officer is absent from post or is incapacitated, it is appropriate:

   _____for another USAID officer to be designated and provide a qualified administrative approval of a voucher.
   _____to note the circumstances preventing administrative approval by a project officer and forward the voucher to the ACO for payment.
   _____to place the voucher in suspense until the project officer returns to duty or until a project officer is designated.

4. Which of the following are essential elements of a qualified approval?

   _____a statement of the reasons for the qualification.
   _____a statement that the approving officer has no reasons to believe that payment of the amount claimed in the voucher should be witheld and, therefore, the voucher is administratively approved for payment, subject to the financial review and certification of the paying office.
   _____a statement that the voucher and related invoice have been reviewed.
   _____all of the above.

PROJECT ACCOUNTING EXERCISE

Task Sheet

HOMEWORK

TASK 1:

After reading the Instructions and the Kaos Health and Nutrition Project Summary on the following pages, review and post the first eight numbered transactions beginning on p. G-60. They should be entered on the appropriate Element Status Record sheets (Upgrade and Improve PHCS, Design and Install NNSS, Expand and Equip PHCs Facilities and Evaluate Project Progress). When the first eight transactions have been posted, transfer the totals to the Project Status Record Summary and combine them into totals for the project.

The remainder of the Kaos exercise will be completed in class tomorrow.

A. INSTRUCTIONS

NOTE: Refer to the Definition of Terms earlier in this section.

1. Post all transactions to the appropriate Project Element Status Record. Project Agreements define the elements of the project. Since the financial transactions of each element are recorded separately, a separate Project Element Status Record is maintained for each project element.

2. The Project Status Record (Summary) is used to post totals from the Element Status Records. If the records are posted manually, then the totals from the Element Status Records are posted to the Project Status Record (Summary) whenever one desires to know the financial status of the project. If using a computerized system it can automatically provide a project summary at any time.

3. Components of the signed Project Agreement are posted to the Amount Obligated column (column 3) of the relevant Element Status Record.

4. Draft PIOs and PILs are posted to the Earmark Reservation column (column 4).

5. Signed PIOs and PILs are posted to the Amount Earmarked column (column 5).

6. Entries in the Earmark Reservation column (column 4) are reversed (cancelled) when PIOs and PILs are signed. For example, an Earmark Reservation of $35,450 was posted on 1/29/82 based on a draft PIO/P. When the PIO/P is signed, the posting would be as follows:

   A. (35,450) to the Earmark Reservation Column (column 4).
   B. 35,450 to the Amount Earmarked column (column 5).

7. If the dollar value of the signed PIO or PIL is higher or lower than the amount reserved for that transaction, the amount reserved would be reversed per 6.a. above, and the higher or lower amount posted to the Amount Earmarked column. For example, $35,450 was posted as an Earmark Reservation, but the signed document reflects a total of $32,000. The posting would be as follows:

   A. (35,450) to the Earmark Reservation column (column 4).
   B. 32,000 to the Amount Earmarked column (column 5).

8. When the funding USAID is doing the procurement, Project Officers initiate many of the draft ordering documents and would clear ordering documents drafted by others. Those draft contracts, purchase orders, or other ordering documents are posted to the Commitment Reservation column (column 7).

9. When an entity other than the funding USAID is authorized to procure goods and/or services, i.e. AID/W, another USAID or the Host Country, Project Officers do not see the draft documents, i.e. draft contracts, draft purchase orders or draft confirmation cables for PIO/Ps, that normally would support an entry to the Commitment Reservation column (column 7). Therefore, under these circumstances, it is necessary to post signed PIO/Ps and signed PILs, PIO/Cs and PIO/Ts to both the Amount Earmarked column and to the Commitment Reservation column of the appropriate Element Status Record.

10. Signed contracts, purchase orders, or other ordering documents, including confirmation cables for final costs of participant training, are posted to the Amount Committed column (column 8).

11. Commitment Reservations are reversed when the contract, purchase order, etc. is signed in the same manner as set forth for Earmark Reservations in paragraphs 6. and 7. above.

12. For some actions taken by Host Country Agencies under the authority of PILs, Project Officers do not see and do not desire to see the ordering documents, such as for a small workshop, local purchase of supplies, etc. In this exercise the PIL number for these types of actions will be suffixed with "(C)" to indicate that a posting should be made to the Amount Committed column at the same time and in the same amount as the posting to the Amount Earmarked column when the signed PIL(C) is issued to the Host Government.

13. FAR Agreements are posted in the same manner as are PILs with the (C) suffix per paragraph 12. above.

14. The Unearmarked Balance (column 6) is a running balance and is affected by entries to the Amount Obligated column (column 3). If entries to column 3 are positive amounts they will increase the Unearmarked balance. The Unearmarked Balance (column 6) also is affected by entries to the Amount Earmarked column (column 5). If entries to column 5 are positive amounts they will decrease the Unearmarked Balance (column 6).

15. The Uncommitted Balance (column 9) is a running balance also, and is affected by entries to the Amount Earmarked column (column 5). If entries in column 5 are positive amounts, they will increase the Uncommitted Balance. The Uncommitted Balance (column 9) also is affected by entries to the Amount Committed column (column 8). If entries to column 8 are positive amounts, they will decrease the Uncommitted Balance (column 9).

16. Unearmarked Balances (column 6) and Uncommitted Balances (column 9) on Element Status Records are available to cover increased costs of another element only after Earmark Reservations (column 4) and Commitment Reservations (column 7), respectively, have been deducted from those balances.

17. To determine if funds are available to cover increased costs (using a manual system) post the totals of the Element Status Records to the Project Status Record (Summary). The amount of funds available for reprogramming, column 10 of the Project Status Record (Summary), is determined by adding the difference between Unearmarked Balance (column 6) and the Earmark Reservations (column 4) to the difference between Uncommitted Balance (column 9) and the Commitment Reservations (column 7) (i.e. 6-4 & 9-7).

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B. PROJECT ACCOUNTING EXERCISE

Kaos Health and Nutrition Project Summary

1. Project Purpose

As you are aware, the project consists of four elements:

I. Upgrade and improve the primary health care system (PHCS);

II. Design and install a National Nutritional Surveillance System;

III. Expand and equip the PHCS facilities; and

IV. Evaluate project progress.

The project will increase the capacity of the Ministry of Health's (MOH) primary health care system to serve the rural poor by expanding facilities and equipment and increasing trained staff. It will also develop and implement a National Nutritional Surveillance System (NNSS) to assess, monitor and improve the nutritional status of Kaotians, particularly of the rural poor. Additionally, the project will finance and contract for the training of MOH staff in HB 11 contracting procedures in order for them to contract for the design and implementation of the surveillance system.

2. Description

(A) AID will contract for training of the MOH staff in AID host country contracting procedures, for training and technical assistance to the MOH to improve the primary health care system, and for an evaluation of the project.

(B) The MOH will contract for the design of the NNSS and, under a separate contract, for the implementation of the system.

(C) The Ministry of Public Works (MPW), using AID host country contracting procedures, will contract for A & E services, for the construction of six provincial facilities, and manage, under a Fixed Amount Reimbursement (FAR) agreement, the expansion and renovation of 20 rural health care centers.

3. Project Budget

The budget for the project elements is as follows:

(A) Upgrade and Improve the MOH Primary Health Care System	
(1) Contract for training and technical assistance	$3,500,000
(B) Design and Implement a National Nutritional Surveillance System:	
(1) Contract for training in HB 11 contracting procedures	50,000
(2) Contract for design of the NNSS	500,000
(3) Contract for implementation of the NNSS	2,500,000
(4) Financing NIHRD implementation of NNSS model workshop	5,000
(C) Expand and Equip the PHCS Facilities:	
(1) Contract for construction of six provincial medical facilities	660,000
(2) Renovation/expansion of 20 rural health care facilities (FAR method)	800,000
(3) Contracts for procurement of equipment and supplies for provincial facilities and rural centers	2,500,000
(4) Contract for A & E services - design and supervision	600,000
(D) Evaluation of Project Progress	
(1) AID direct contract - IQC Work Order	65,000

The funds for this project will be made available in increments. The initial funding will be provided in FY 1986; the balance will be made available in FY 1988 in a ProAg amendment.

TRANSACTIONS TO BE POSTED

1. On March 20, 1986 the initial Project Agreement, Kaos-123, was signed by the USAID/Kaos Director and the Minister of National Planning. This ProAg only obligated funds for the following project elements:

   A. Upgrade and Improve the Ministry of Health (MOH) Primary Health Care System (Training and Technical Assistance) as follows:

      (1) Contractual training and technical assistance services to the MOH's primary health care system to strengthen its capacity to deliver health services and to expand its service delivery to cover a greater geographical area. — 1,500,000

   B. Design and Implement a National Nutritional Surveillance System (NNSS) as follows:

      (1) Contractual services to train MOH personnel in AID's host country contracting procedures. — 50,000

      (2) Host country contract for design of the NNSS model. — 500,000

   C. Expand and Equip the PHCS Facilities as follows:

      (1) Host country A & E services contract for the design and supervision of constructing six provincial medical facilities and renovating and expanding twenty rural health centers. — 600,000

2. On July 31, 1986, draft PIO/T 60987 is initiated authorizing AID/W to negotiate a contract for development and presentation of a one week, in-country training activity in AID Handbook 11 procedures. To expedite the training the contract will be awarded under 8(a) procedures. — 50,000

3. On August 8, 1986, draft PIL No. 3 is initiated authorizing the Ministry of Public Works (MPW) to contract for A & E services for design and supervision as specified in the ProAg. — 600,000

4. On August 18, 1986, draft PIO/T 60994 is initiated authorizing USAID/Kaos to negotiate a contract for four-plus years of training/technical assistance to the MOH. Although the total budgeted cost for this contract is $3,500,000, the initial incremental funding of the contract under this PIO/T is:	1,500,000
5. On August 22, 1986, PIO/T 60987 is signed by the USAID/Kaos Director and Minister of Health, with no change in the draft.	50,000
6. On September 4, 1986, PIL #3 is signed by the USAID Director with no change in the draft.	600,000
7. On September 25, 1986, PIO/T 60994 is signed by the USAID/Kaos Director and the Minister of Health, and issued with no change in the draft.	1,500,000
8. On December 18, 1986, USAUD/Kaos is advised by AID/W that an 8(a) contract has been signed under the authority of PIO/T 60987 for training MOH staff in AID Handbook 11 procedures in the amount of:	50,000

* *

9. On April 6, 1987, draft PIL #4 is initiated authorizing the MOH to contract for the design of the NNSS.	500,000
10. On May 8, 1987, PIL #4 is signed by the USAID Director with no change in the the draft.	500,000
11. On May 29, 1987, the USAID approves a signed contract between Honcho and Hardhat and the Ministry of Public Works, under authority of PIL #3 for design and supervisory A & E services.	597,000
12. On July 29, 1987, draft contract #USAID/Kaos 87-15 is initiated with Dewhurst, Trainer and Ward for the T/TA services specified in PIO/T 60994. The total cost is set at $3,500,000 but the initial contract will provide for only partial funding of:	1,500,000
13. On August 26, 1987, contract #USAID/Kaos 87-15 is signed with no change in the draft.	1,500,000

14. On January 11, 1988, Amendment No. 1 to ProAg Kaos-123 is signed by the USAID Director and the Minister of National Planning to accomplish the following:

    A. To complete the funding of contract #USAID/Kaos 87-15 with Dewhurst, Trainer and Ward, increase Element I, Upgrade and improve the PHCS, by: 2,000,000

    B. Add funding to project element II Design and Implement NNSS as follows:

        (1) Fund the implementation aspect (Phase II) of the NNSS element in the amount of: 2,500,000

        (2) Provide funds to the MOH (NIHRD) for an NNSS model workshop. 5,000

    C. Provide funds for the following aspects of project Element III, Expand and Equip PHCS Facilities:

        (1) Procurement contract(s) for equipment and supplies. 2,500,000

        (2) Construction contracts for the six provincial facilities. 660,000

        (3) Renovation and expansion of twenty rural health centers using the Fixed Amount Reimbursement method of implementation and financing. 800,000

    D. Fund the evaluation element of the project. 65,000

15. On January 20, 1988, draft PIL #5 is initiated authorizing the MPW to contract for the construction of six provincial medical facilities at a total cost of: 660,000

16. On January 29, 1988, the USAID approves a signed contract between the Ministry of Health and the University of Ivyland, under the authority of PIL #4, for design of the NNSS. The contract amount is: 472,000

17. On February 17, 1988, PIL #5 is signed with no chance in the draft. 660,000

18. On April 15, 1988, a draft Fixed Amount Reimbursement (FAR) Agreement is circulated in the mission for clearance. The FAR agreement authorizes the MPW to renovate and expand twenty 800,000

rural health centers, through construction contracts, with the AID total contribution fixed at:

19.	On May 11, 1988, the FAR Agreement is signed. The only change to the draft is the inclusion of a stipulation that AID agrees to an initial advance of $125,000 to the MPW. The MPW would not agree to use the FAR method of implementation without an initial advance.	800,000
20.	On August 9, 1988, draft PIL #7 is initiated authorizing the MOH to negotiate a follow-on contract with the University of Ivyland for the implementation phase of the NNSS element.	2,500,000
21.	On August 29, 1988, draft PIL #8 is initiated authorizing procurement of equipment and supplies, following lists and specifications developed by Dewhurst, Trainer and Ward (T/TA contractor). For the purpose of this exercise, this single illustrative transaction is included to reflect the status of commodity procurement. (The procurement plan, however, would probably consist of several transactions, requiring draft PIO/Ss and/or PIls, which could be posted in lieu of this illustrative transaction. However, we suggest you use this single transaction to save time.) Commodities transactions plus transporation should not exceed a total of :	2,500,000
22.	On September 7, 1988, PIL #7 is signed with no change in the draft.	2,500,000
23.	On September 27, 1988, PIL #10(C) is initiated authorizing the MOH to conduct a two-day workshop to introduce the MOH, NIHRD and provincial directors to the NNSS, at a cost of:	5,000
24.	On October 3, 1988, PIL #8 is signed with no change in the draft>	2,500,000
25.	On October 4, 1988, PIL #10(C) is signed with no change in the draft.	5,000
26.	On November 3, 1988, the USAID approves a signed contract between the MPW and the Jong Mah Construction Company, under the authority of PIL #5 for the construction of six provincial health centers at a cost of:	648,000

27.	On May 26, 1989, the USAID approves a signed follow-on contract between MOH and the Ivyland University, under the authority of PIl #7, for implementation of the NNSS at a cost of:	2,500,000
28.	On June 21, 1989, contracts are awarded for equipment and supplies in the amount of:	2,500,000
29.	On July 5, 1989, draft Amendment No. 1 to PIO/T 60994 is initiated authorizing USAID/Kaos to increase the funding of Contract #USAID 87-15 by:	2,000,000
30.	On August 4, 1989, Amendment No. 1 to PIO/T 60994 is signed with no change in the draft.	2,000,000
31.	On August 7, 1989, draft Amendment No. 1 to Contract #USAID/Kaos 87-15 is initiated in the amount of:	2,000,000
32.	On August 18, 1989, Amendment No.1 to Contract #USAID/Kaos 87-15 is signed in the amount of:	2,000,000
33.	On August 28, 1989, draft PIO/T 80045 is initiated authorizing AID/W to issue a work order under an existing IQC for an evaluation of the project. The estimated cost of the evaluation is:	65,000
34.	On September 25, 1989, PIO/T is signed with no change in the draft.	65,000

PROBLEM: On October 30, 1989, the USAID is advised by AID/W that the work order for the evaluation will cost $94,500.

REQUIRED ACTIONS:

1. Total the Element Status Records.

2. Post the Element Status Record totals to the Project Status Record summary.

3. Determine funds available for reprogramming (column 10 of the Project Status Record Summary in accordance with instruction number 16.

QUESTION: What other actions are required to reprogram the funds available in column 10?

PROJECT STATUS RECORD SUMMARY

1 DATE	2 DESCRIPTION	3 AMOUNT OBLIGATED	4 EARMARK RESERVATION	5 AMOUNT EARMARKED	6 UNEARMARKED BALANCE (3-5)	7 COMMITMENT RESERVATION	8 AMOUNT COMMITTED	9 UNCOMMITTED BALANCE (5-8)	10 AVAIL FOR PROGRAMMING (6-4)+(9-7)

Printed JUNE 1989

UPGRADE AND IMPROVE PHCS

1 DATE	2 DESCRIPTION	3 AMOUNT OBLIGATED	4 EARMARK RESERVATION	5 AMOUNT EARMARKED	6 UNEARMARKED BALANCE (3-5)	7 COMMITMENT RESERVATION	8 AMOUNT COMMITTED	9 UNCOMMITTED BALANCE (5-8)

UPGRADE AND IMPROVE PHCS

1 DATE	2 DESCRIPTION	3 AMOUNT OBLIGATED	4 EARMARK RESERVATION	5 AMOUNT EARMARKED	6 UNEARMARKED BALANCE (3-5)	7 COMMITMENT RESERVATION	8 AMOUNT COMMITTED	9 UNCOMMITTED BALANCE (5-8)

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DESIGN AND INSTALL NNSS

1 DATE	2 DESCRIPTION	3 AMOUNT OBLIGATED	4 EARMARK RESERVATION	5 AMOUNT EARMARKED	6 UNEARMARKED BALANCE (3-5)	7 COMMITMENT RESERVATION	8 AMOUNT COMMITTED	9 UNCOMMITTED BALANCE (5-8)

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DESIGN AND INSTALL NNSS

1 DATE	2 DESCRIPTION	3 AMOUNT OBLIGATED	4 EARMARK RESERVATION	5 AMOUNT EARMARKED	6 UNEARMARKED BALANCE (3-5)	7 COMMITMENT RESERVATION	8 AMOUNT COMMITTED	9 UNCOMMITTED BALANCE (5-8)

Previous Page Blank

EXPAND AND EQUIP PHCS FACILITIES

1 DATE	2 DESCRIPTION	3 AMOUNT OBLIGATED	4 EARMARK RESERVATION	5 AMOUNT EARMARKED	6 UNEARMARKED BALANCE (3-5)	7 COMMITMENT RESERVATION	8 AMOUNT COMMITTED	9 UNCOMMITTED BALANCE (5-8)

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EXPAND AND EQUIP PHCS FACILITIES

1 DATE	2 DESCRIPTION	3 AMOUNT OBLIGATED	4 EARMARK RESERVATION	5 AMOUNT EARMARKED	6 UNEARMARKED BALANCE (3-5)	7 COMMITMENT RESERVATION	8 AMOUNT COMMITTED	9 UNCOMMITTED BALANCE (5-8)

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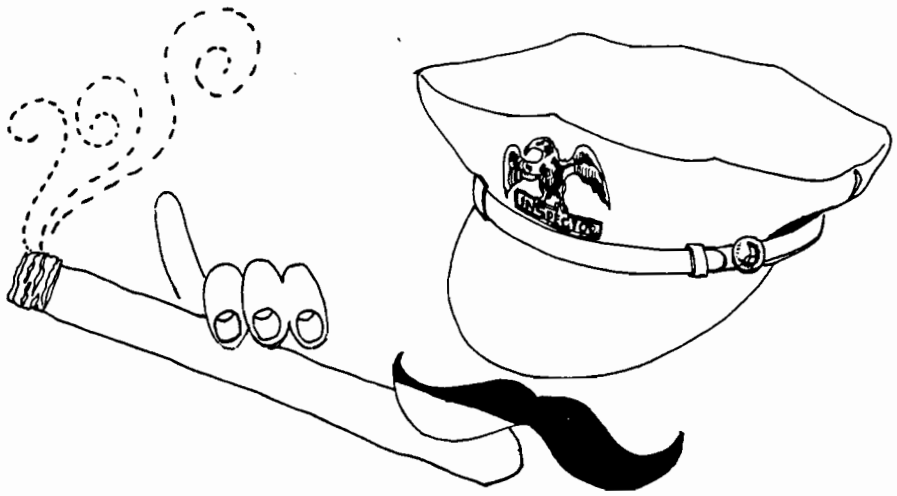
EVALUATE PROJECT PROGRESS

1 DATE	2 DESCRIPTION	3 AMOUNT OBLIGATED	4 EARMARK RESERVATION	5 AMOUNT EARMARKED	6 UNEARMARKED BALANCE (3-5)	7 COMMITMENT RESERVATION	8 AMOUNT COMMITTED	9 UNCOMMITTED BALANCE (5-8)

HOW TO MINIMIZE NEGATIVE AUDITS



- Identify project deficiencies
- Inform supervisors and Mission Director of deficiencies on timely basis
- Institute corrective actions where possible and document files

Previous Page Blank

WHAT TO DO WHEN YOUR PROJECT IS BEING AUDITED

- Ideally, the controller will have established "ground rules" for cooperation with the auditors, the Mission should be unified in its responses to audit inquiries and findings.
- Be as knowledgeable as possible with respect to every aspect of your project, particularly with respect to problems and/or deficiencies.
- Help facilitate the audit by directing the auditors to appropriate contractor or personnel and/or host country officials--cooperate.
- Answer all audit inquiries truthfully and completely without attempting to mislead the auditors.
- Do not attempt to run the audit; let the auditors do their job and limit yourself to responding to inquiries.
- Provide the auditors with all requested information that you have or can reasonably obtain, however, you are not expected to perform tasks or work to provide data which you would not reasonably need to monitor the project, but which is more in the nature of auditing.
- Where an audit inquiry is outside of your scope of responsibility, refer the auditors to the proper authority.
- Keep your supervisor, the controller and Mission Director informed of audit exceptions or potential deficiencies on a timely basis.
- Should the auditors arrive at negative findings based on incomplete or inaccurate source information, make sure that the auditors have complete data prior to their completion of field work.
- Where possible, institute corrective action on a proposed recommendation prior to the completion of the field audit work and so inform the auditors.

Acquisition Options

What	Who		Type of Contract	Financing Method	
	AID Direct	Host Country		AID Direct	Host Country
	How	How			
SERVICES (or service-related product)	Competitive Negotiation (RFP) Title XII-General (RFTP) Title XII-Collab. Asst. (REI) Architect and Engineering Set Aside (RFP)	Host Country Contracting For Services (RFTP)	Cost Reimbursable Fixed Price Indefinite Quantity Contract	Direct Payment LOC	Direct Reimbursement Direct L/COM
COMMODITIES	Sealed Bidding (IFB) Two Step (RFQ) Compet. Neg. (RFQ) Small Purchase (Under $25,000)	Formal (IFB) Two Stage (RFQ) Informal (RFQ) Small Value (Under $100,000)	Fixed Price	Direct Payment Bank L/COM	Direct Reimbursement Direct L/COM Bank L/COM
CONSTRUCTION	Formal (IFB)	Formal (IFB)	Fixed Price	Direct Payment	Direct Reimbursement Direct L/COM

H. PARTICIPANT TRAINING

PD - 8
July 13, 1983

PARTICIPANT TRAINING

I. Introduction and Background

For more than three decades, A.I.D. has emphasized the training of developing country scientists, technicians, administrators and managers as well as the improvement of specialized training capacities in developing countries. Such training is an essential component of A.I.D.'s development strategies in all sectors, complementing other forms of assistance and continuing to have an impact long after other investments of capital, commodities or technical assistance have been expended.

"Participant training", as used here, refers to A.I.D.-sponsored training of selected individuals in the U.S. or in other (third) countries. The more generic term "development training" includes both external participant training and training in local institutions. Where training is an "input" to a project in the logframe sense, the term "project-related training" applies.

Participant training is a major, but not the only, means of assisting the development of high-level skills and institutional leadership. Other methods include:

technical or capital assistance for the development of local training capacities, ranging from specialized short course training to universities and technical institutes;

technical assistance to help countries establish local scholarship programs and their own administrative and funding mechanisms for external training;

technical assistance to strengthen institutional capacities for assessing manpower demand and to improve personnel policies and management practices affecting the utilization of trained personnel; and

encouragement of professional organizations, informal networks, technical publications and information systems to keep trained personnel current with developments in their field and to facilitate career advancement and mobility.

Purposes of Participant Training

A.I.D. policy encourages participant training for three purposes:

(1) staff development for A.I.D.-assisted projects;

PD - 8
July 13, 1983

(2) strengthening of key development institutions; and

(3) establishment of local training capacities.

Project-related Training: A.I.D. will support short-term and long-term training as needed to ensure the effective implementation and institutionalization of A.I.D.-supported projects. The types and levels of training as well as the number of trainees to be supported should be as determined by project design, provided that:

a) the project is otherwise consistent with A.I.D. policy, CDSS and sector strategy papers;

b) all costs of training are considered in assessing the cost-effectiveness of the project; and

c) the training is coordinated and integrated with other essential project inputs.

Where trainees are expected to replace or to function as counterparts to technical assistance personnel (whether sponsored by A.I.D. or other donors), project design must ensure that training is phased appropriately and coordinated with the schedule for arrival and departure of such technical assistance personnel.

Institutional Strengthening: A.I.D. will support training as needed to strengthen key private and public institutions [see Institution Development Policy Paper]. The institutional priorities for training are determined by CDSS and sector strategy analyses. Training may be provided under a general participant training program, under a training program focused on a specific sector or as a component of a project supporting a specific institution or set of institutions.

A broad range of training may be justified for specific institutions, provided that the training contributes to specific strengthening objectives for those institutions (e.g. improved management, research and development capacity, logistic delivery). Those programs which are general or sectoral should focus more selectively on the types and levels of training most widely needed in key sectors. Institutional needs may be identified by:

a) institutional profiles identifying key technical or managerial constraints to institutional functions;

b) assessments of manpower supply, demand and utilization;

c) assessments of the existing local training capacities.

Training of Trainers: A.I.D. will support training as needed to establish or strengthen local training capacities which are strategic to institutional strengthening and sectoral strategy implementation. Priority should be given to teaching faculty, though other personnel (administrators, researchers and planners, curriculum and media technicians) may also be required. Faculty development should concentrate on those areas (sectors, regions, professional or technical fields) in which there is a continuing need for additional trained personnel and a lack of local training capacity of sufficient quality.

While A.I.D. will support training as needed in response to the above purposes, A.I.D. Policy does not encourage:

general participant training which is not linked to specific development objectives identified in CDSS and sector strategy documents. Policy on training priorities is flexible, recognizing that needs will differ greatly among countries and over time. However, the intention is to discourage the use of participant training programs as general scholarship funds.

training of teaching faculty in technical fields or disciplines not judged by CDSS or sector strategy to be of developmental priority. The range of fields in which training for teaching faculty may be justified will be substantially broader than the project portfolio of the country program. However, advanced training for teaching faculty should be concentrated on fields which strengthen local training capacities of development importance.

training which could otherwise be accomplished cost-effectively in local institutions. Where training capacity exists in a local university or technical institute, there will be a presumption that the training should be accomplished locally. Further, where there is a substantial need for training in any field in which local capacity is not judged to be adequate, the presumption is that the first priority for external training should be the development or strengthening of local training capacity through faculty training and other means.

PD - 8
July 13, 1983

General Policy Guidance

The appropriate balance to be struck among the three purposes for participant training must be determined in the development of the CDSS. The country program as a whole, of which participant training is but one part, is expected to support private as well as public sector activities and institutions as well as such macro objectives as policy dialogue, reinforcement of market-oriented development and the exposure of key leaders to U.S. institutions and practices. It is A.I.D. policy to measure the consistency of the participant training programs with these objectives in terms of their strategic relationship to the approved CDSS, rather than by counting the number of private sector individuals or acknowledged leaders included in the training programs.

A.I.D. policy is to use participant training to address specific human resources constraints to development, e.g., leadership for key institutions, teaching faculty in priority development fields, key project staff. Long-term external training is not in most cases a cost-effective response to general shortages of high-level manpower or the need for on-going staff development and in-service training. Therefore, A.I.D. policy is to discourage the use of participant training programs as general scholarship funds and to encourage the provision of participant training to meet specific needs as identified in CDSS analyses, sector assessments, institutional profiles and project design exercises.

Fields of study will be determined primarily by mission assessments of needs as reflected in CDSS and project documentation. Project Papers in all sectors should identify human resources requirements and implications as specifically as possible, whether or not the purpose of the project is human resources development. Where training is required to ensure the availability of key staff or counterpart personnel, the project paper should specify how the training will be provided and should include the costs of training in economic analysis of the project, whether provided as project-related training or under an identified general participant training program.

PD - 8
July 13, 1983

All participant training programs are expected to provide opportunities for women. While A.I.D.'s policy does not require any specific percentage or formula for measuring female participation, it does affirm that all training programs are expected to give attention to means of ensuring substantial participation of women. Where few women are expected to participate, there should be additional justification and explanation of why alternatives providing greater female participation are not recommended.

Due to the rapidly rising costs of training, all participant training programs are expected to be supported by thorough needs assessments and economic analysis. Particular attention should be given to cost-effectiveness issues, including: alternative modalities for training and personnel development; incentives affecting the recruitment and retention of trained personnel; and, provisions for recurrent salary costs.

All feasible steps should be taken to ensure that A.I.D.-sponsored trainees return to work (1) in their home countries and (2) in positions where their training is utilized effectively. The timely return of trainees and their continued employment in fields relevant to development (not necessarily specific institutions or institutional roles) will be major criteria for evaluations of training programs.

Where patterns of unsatisfactory return rates or subsequent employment are identified, particular attention should be given to whether the needs assessment and trainee selection processes are appropriate and to whether project design and institutional assessments have adequately considered the professional incentives and support systems needed to attract, retain and utilize key staff effectively.

PD - 8
July 13, 1983

Specific Policy Guidance

Participant training supported under functional accounts other than Section 105 (EHR) is expected to increase, through both training components of projects and sector-specific staff development projects. Where the training relates mainly or exclusively to development in a specific sector, the project should be funded from the respective sector account.

The purpose of the general participant training programs is institution development not otherwise supported by current sector projects. All A.I.D.-assisted countries are expected to have access to a general participant training program either as part of the bilateral country program or under a regional or sub-regional program.

External training funded under the Section 105 account should be limited to general participant training programs and to training as needed for EHR project implementation. Priority within this account should be for training public and private sector administrators and managers, social scientists, education administrators and other education or training specialists, teaching faculty for local training institutions, and training under the labor development programs.

Project-related training should be sufficient to ensure the availability of personnel needed to ensure effective implementation of the project. Where institutionalization of a technical capacity (e.g., research, training, analytic or planning capacity) is a primary purpose of the project, it may be appropriate to train more than the minimum number of specialists to establish a "critical mass" and ensure a self-sustaining team. Where projects include training for personnel additional to those expected to be employed directly in the assisted project or more than one candidate for a position, the project paper should specify the purposes for the additional training and should include the social and economic impact of this training in the economic and social analysis of the project.

Training in the U.S. should be limited to fields in which training is not available locally, for which U.S. training is cost-effective, or which support other strategic considerations such as the exposure of key leaders to U.S. institutions and practices. A.I.D. has no implicit preference for one form of training over another, but it does expect that the option of training more cost-effectively in local or third-country institutions be explored before relatively expensive training in U.S. institutions is recommended.

PD - 8
July 13, 1983

Long-term academic training in U.S. institutions should be concentrated on graduate training. Most long-term training for non-teaching managers and technicians should be at the Master's level. Ph.D. training should be limited to teaching faculty, researchers and scientists, and key administrators of programs or institutions which employ scientists and researchers. In some specialized technical fields a baccalaureate, associate degree or certificate program may be appropriate. However, non-specialized undergraduate training in U.S. institutions is not encouraged and should be supported only as a limited and interim response for countries which have not yet developed local training capacity at this level.

With few exceptions, A.I.D. support for academic training in U.S. institutions will be limited to three calendar years. Where it is anticipated that individuals may need training for periods longer than three years, for example to provide time for language preparation, alternatives should be considered (e.g., providing language training and preliminary coursework in the home country or a third country, non-thesis master's training, or completion of thesis/dissertation work in the home country). Where no alternatives appear feasible or cost-effective, exceptions should be justified in the original PIO/P and may be approved on a case-by-case basis. The main basis for exception is to provide a fourth year for completion and defense of a Ph.D. dissertation. However, where training in the U.S. for longer than three years is justified, a return trip to the home country should be provided in the third year.

Continuation training involving more than one consecutive degree should be anticipated in the original PIO/P. The main justification for such training is where the first degree is incidental to enrollment in the second degree program. Continuation funding for unanticipated additional degrees either privately, by the host government or by the participating university should be firmly discouraged.

Local and external short-term training is encouraged, both as a means of moderating the costs of training and as one of the most pedagogically effective ways of providing training relevant to specific needs. Short-term training may include periods of internship and observation of relevant institutions and enterprises as well as formal courses and workshops. Such training may be particularly appropriate for individuals (key managers, entrepreneurs, women) who cannot easily arrange time for extended study abroad. Where there is a large or recurrent demand for short-course training in specific fields, either in a single country or in a region or sub-region, establishment of local capacity to provide such training on an on-going basis should be considered.

PD - 8
July 13, 1983

Post-training followup and professional support should be anticipated, either as a component of participant training projects or as a separate activity. Examples of such followup include support for professional networks, alumni associations or professional journals and information systems.

Technical assistance to establish local scholarship programs is encouraged, either as a component of participant training projects or as a separate activity, for example to assist countries with training needs assessment and planning, or with the development of capacities for the external placement and support of their own students on a continuing basis.

Supplementary Guidance on Private Sector Training Needs

Reimbursable training programs, now managed as part of A.I.D.'s Office of International Training, will be encouraged both for the middle income countries and as a means of facilitating training sponsored by the private sector.

Private sector views should be sought and included in the assessments of needs and the establishment of priorities. Where the trainees are expected to be privately employed, the employers should play a role in trainee selection;

Privately sponsored training should be encouraged in those countries with a significant private sector. A.I.D. support is appropriate as needed to assist private sector training initiatives with logistic arrangements, external placement, planning and assessment. However, the direct costs of local and external training should be met by employers, the business community or the individual to the maximum extent possible.

Privately-employed individuals and local employers of professional personnel should have access to any local training programs, training support services and follow-up professional services (e.g. professional organizations, publications and information services) supported by A.I.D.

Private sector employment of A.I.D.-financed trainees is consistent with A.I.D. development policy, provided that employment is in the country-of-origin and in a field for which the training was originally justified.

Where A.I.D. programs facilitate privately-sponsored training or include privately-employed individuals in general participant training programs the same guidance as for publicly

PD - 8
July 13, 1983

sponsored or employed trainees applies with respect to ensuring that privately-sponsored or employed trainees return to their home country and to positions in which their skills are employed effectively. Further, the training priorities for privately-employed participants in A.I.D.-sponsored programs are expected to be similar to the priorities for the country program as a whole.

Conclusion

It is A.I.D. policy to encourage the use of participant training to improve national training capacities, ensure the availability of key project staff and professional counterparts, and contribute to the ongoing process of improving the technical, managerial and policy leadership of private and public sector development institutions.

It is expected that participant training will expand, particularly those types of training related to specific sectoral and institutional objectives. While this policy guidance affords considerable flexibility to missions in determining priorities for fields of study, types and levels of training, the guidance requires greater attention to the analysis of human resources constraints in all sectors and to the development of cost-effective training strategies.

Assisting countries to develop the managerial, technical and policy leadership required to decide and implement their own development plans is an essential component of A.I.D.'s development strategy. To be fully effective as a strategic investment for A.I.D., it is also essential that the participant training programs be related as directly as possible to the local processes of policy dialogue, technology transfer and institutional development.

M. Peter McPherson
Administrator

13 JUL 1983

Date

CHAPTER 2

TRAINING FACTORS IN PROJECT DEVELOPMENT

2A. POLICY

1. It is AID policy that training, as a component of development projects, is to be designed to overcome identified human resource constraints to successful project implementation.

2. It is also AID policy that AID missions in their sector-specific training develop a "critical mass" of skilled persons who will be able to initiate and implement specific development activities and prepare others to perform necessary development activities in the future.

2B. REQUIREMENTS

1. AID missions and bureaus are to train a sufficient number of participants in the United States and/or third countries to ensure the effective implementation and institutionalization of AID-sponsored projects.

2. Training needs assessments (see Chapter 4 -- Training Needs Assessments And Participant Selection), are to be conducted collaboratively with the host country prior to or during project design in order to establish the number of participants to be trained, the type, level and location of their training as well as the availability and general qualifications of the participant candidates (see Handbook 3, Project Development). The Office of International Training (OIT) has prepared a Training Needs Assessment Guide (TNAG), which can be used by AID missions and host countries with professional assistance in the conduct of training needs assessments at the national, sector and specific level of the proposed project. The TNAG is available from the OIT.

3. Training cost analysis (see Chapter 4 -- Training Cost Analysis), is to be employed by AID throughout the life of the project to account for training expenditures.

4. Participant training, whether grant or loan funded, managed by OIT or by one of several contractor options, is to be coordinated and integrated with other essential project elements, especially where training is not the primary focus of the project. A training implementation plan and schedule is to be developed and agreed to by all parties implementing the project to ensure that training begins and ends on schedule.

2B

5. The costs of participant training are to be contained and training programs and training components of projects are to be developed and managed (by OIT or a contractor) to assure both quality and cost-effectiveness.

6. When technical assistance personnel (e.g., Agency contractor staff) are expected to replace or function as host country counterparts while the counterparts are in training, the arrivals and departures of the individuals concerned must be planned during project development to ensure coverage.

2C. PROCEDURES

In the conceptual stages of project design and the preparation of the Project Identification Document (PID) and the Project Paper (PP), the AID mission (bureau in cases where there is no mission) and the host country must consider several key training factors that will affect project development. These training factors are:

1. Host Country Personnel and Assessed Training Needs

The nature and scope of the project will indicate the types and number of host country personnel required at varying levels of competence and at different stages of implementation. A training needs assessment, however, will establish the availability of existing skilled personnel to implement and then maintain the completed project. The difference between available skilled host country personnel of the types, levels and numbers of personnel needed determines the participant training components of the planned project.

If the technology required to implement the project is well established, accepted standards of performance competency may be readily available. For new or unusual technologies, however, it may be necessary for a specialist to conduct research in order to set a realistic standard of performance and the type of required training. The availability of training programs must also be established because, in some fields of industrial and commercial activity, processes and technologies may be closely held by U.S. firms or are proprietary in nature, thus limiting the prospects of AID obtaining the desired training for its participants.

2. Categories of Training

a. Academic Training

Academic training is defined as a program in an accredited institution of higher education leading to a degree. Degree programs are normally at the graduate level, but associate and bachelor degree

2C2a

programs are appropriate when required. AID in Policy Determination #8, Participant Training, (Supplement 1A of Chapter 1) limits a participant's academic program to three years unless a longer period is justified by the mission director. The completion of training and the prompt return of the participant to the job in the host country are required. Experience has shown that prolonged absence from the home country lessens many participants' readiness to contribute to the AID project for which training is undertaken. AID also requires that a participant training program have a single degree as an objective, unless a successive degree is justified in accordance with the following criteria:

(1) the original program objective has changed and a successive degree is necessary for the successful implementation of the AID development project;

(2) the second degree is requested and justified by the host country project personnel and the AID Project Officer and approved by the mission director as appropriate to the project;

(3) the participant has completed the initial degree without significant delay and the required successive degree can be obtained in a period of time not prejudicial to the success of the AID project; and

(4) the participant is from a country with no significant history of non-returned participants.

Authority to approve a successive degree rests with the mission director. Where a known training program objective is actually the Ph.D degree and obtaining a Master's degree is a precondition for acceptance into the doctoral program, then the higher degree should clearly be identified as the final program objective when the initial PIO/P is prepared and the dual degree objective approved by the host country and AID mission director. Program documentation should then also approve a training period beyond the AID prescribed three-year limit. In such instances, further funding for the Ph.D should be based on the participant's academic standing and timeliness in completing the Master's degree.

Only the mission director can approve a successive degree in accordance with the preceding four criteria. A new PIO/P funding the Ph.D should clearly state the justification. Bureaus and missions are responsible for assuring contractor compliance with the preceding.

b. Technical Training

All training not classified as academic is considered to be technical. Technical training may be in the form of observation visits,

2C2b

on-the-job training (OJT), special seminars or programs, and training in an academic institution not leading to a degree. In the latter case, such training is usually supplemented with observation or OJT programs.

(1) Observation Training is defined as scheduled visits to facilities, frequently in several locations, to learn a process, method, or system through observation and discussion. Observation training should emphasize the acquisition of development ideas, attitudes and values.

Such training is often appropriate for middle and high-level officials and others with substantial professional experience who need to be updated or exposed to new ideas and technologies, but who cannot be away from their jobs for extended periods of time.

Participant teams from a single country or multi-country teams with homogeneous interests and levels of responsibilities are often suited for observation training.

(2) On-The-Job Training is defined as learning by doing a specific task on the job through personal side-by-side instruction and interaction.

On-the-job training is often combined with other types of training to provide practical experience. If an OJT element is desired as a part of academic training, it must be clearly stated in the PIO/P or training documentation. Sufficient time and funding must be included to provide for this cooperative educational experience.

(3) Special Seminars or Programs are defined as those created to meet special, clearly defined needs of participants in a development project. These frequently are tailored programs and can be costly, sometimes extremely so, but highly effective when focused on a specific development need. Due to the specialized nature of these programs, significant development time is frequently required to prepare for the training program.

Special programs may be provided by academic institutions, private industry, vocational trainers, government agencies and others, but should be evaluated to ensure they clearly meet the needs of the project.

3. Location of Training

The purpose and objectives of the planned training as well as its quality and cost must be considered when making decisions on training facilities and locations. The estimated costs to AID and the host

2C3

country for using such facilities and locations must be carefully weighed during project design. Essentially, there are three location choices: U.S. training, third country training and in-country training.

a. U.S. Training

U.S. training offers a number of advantages. Foremost among these is the large array of schools, colleges, institutions and training institutions that offer a broad selection of technical subjects and are willing to accept AID participants. In the area of science and technology, and particularly where advanced degree study is for persons who may have major impact on their country's development problems, American pre-eminence in technological training and education argues for programming in the United States. The positive long-range political benefits of a participant's exposure to U.S. culture, concepts, institutions and products is also a decided benefit.

U.S. training need not be costly and the value of an appropriate training program combined with exposure to the U.S. must be weighed against possible savings in the use of an institution in a third country.

b. Third Country Training

Appropriate training may be available from an education or training institution located in a third country. Some of these institutions are international in character and some are regional. A number were created and are supported by the United States. Such institutions can provide high quality instruction at generally less cost to AID, particularly where savings may be made in airfares. While third country training is usually less costly than training in the U.S., it is almost always more costly than training in the home country. Possible sites for third country training must be evaluated as to whether a more appropriate level of technology and experience can be obtained there than in the U.S. Training in a third country may be more "appropriate" than U.S. training when there are similar conditions in the host country and third country; technology acquired in a third country may be more easily adapted to the host country; and language, customs and the implementation of solutions to problems are very similar.

However, the very similarities between a third country and the host country may reduce the chance of the participant's obtaining innovative solutions to development situations, and most certainly an exposure to U.S. attitudes and U.S. way of life will be lost. There also may be communication and cultural difficulties associated with the third country and the participant which diminish the effectiveness of such training. Training program management may also be burdensome if there

2C3b

is no AID mission or a contractor representative in the country of training to provide support to the participant during the program. Based on the above criteria, third country training is not to compete with training in the United States (see Chapter 8 -- Third Country Training).

c. In-Country Training

When appropriate educational and training institutions exist in the host country, all or part of the training component of a project can take place in-country. Such training is especially appropriate for short-term programs in vocational or technical fields; for persons who are unable to leave the host country; and for persons who are not qualified in English or the language of a third country.

It should be noted that in-country training is not bound by the procedures in Handbook 10, Participant Training, since by definition persons training at home are not "participants."

d. Varied Training Locations

AID projects have often made effective use of two or three of the preceding sources of training in project implementation. During project design, the AID mission and host country should consider how in-country, third country and U.S. training may be combined to reinforce each other. For example, in-country training may precede participant training, provide continuing education, augment overseas training or substitute for overseas training. Third country training may provide observational or field experiences to supplement U.S. or, in some instances, in-country programs, and may also be a substitute for more extended U.S. study when there is an accredited educational or training institution in the third country.

4. The Project Training Plan

The implementation and timing of any project involving participant training must be fully and carefully planned by the host country and the AID mission. A project training plan and an implementation schedule should be collaboratively prepared so the project's training is coordinated and integrated with all other essential project elements. Even when participant training is the sole component of a project, a carefully prepared and realistic training plan must be developed by the AID mission and host country. The number of participant training programs required, the sources of training, the categories of training as well as the time required to prepare persons for participant training and then reintegrate them into the project on return home can affect the

2C4

length of the planned project. The following aspects, in addition to the factors already noted, should be considered when devising a project training plan:

a. Availability of Participant Candidates

Candidate availability should be explored via training needs assessment. Guarantees that qualified persons will be available to undertake the required training are absolutely necessary. Too often in some countries and some projects, the actual availability of participant candidates is not realized. The timely departure and return of participants can be the most critical element in determining the viability of a project. In some development fields, taking a few skilled people away from their jobs to receive needed participant training can create hardship in the host country organization, or there may prove to be no suitable candidates available during implementation.

When the availability of participant candidates is found to be a constraint, it may be necessary to structure the project into phases; replace persons sent overseas for training with expatriate technical personnel; or consider a separate project to prepare a significant number of persons to be trained in the needed fields in advance of the planned project.

b. Leadtime for Selection and Preparation of Participants and Their Programs

Project design and implementation must take into account the leadtimes needed to select and prepare participants for overseas training as well as the time required to arrange their individual training programs. The selection of participants from among available candidates can be a time consuming process for both mission and host country officials (see Chapter 4 -- Training Needs Assessment and Selection of Participants). Many participants require in-country training to improve their English language proficiency skills or to help them to overcome other skills deficiencies before they are ready to begin their training programs (see Chapter 12 -- English Language Training and Testing). In addition to these time factors in the host country, persons responsible for the planning and managing of the program in the U.S. or third country must have sufficient leadtime to develop the training program (see Chapter 5 -- Project Implementation Order/Participants (PIO/P) and Supplemental Documentation).

2C4

c. Reintegration and Follow-Up

The training implementation schedule for a project should allow for sufficient time after participant training and prior to the Project Assistance Completion Date (PACD) to enable the participants to return home and resume their positions. This practice is necessary because experience has shown participants who return close to, or after, the PACD of the sponsoring project frequently experience significant reintegration problems, including misunderstanding of project goals, exclusion from the host country team on the project and/or the actual loss of jobs. Only by allowing participants to return during the life of the project can the adaptation of their knowledge, skills and attitudes as well as team-building be effectively accomplished. All participant training should be completed no later than six months prior to the end of a development project in order to allow for adequate reintegration into the project. On completion of the specific development project, the mission is to continue to support some participant follow-up activities for each participant who trained for three months or longer (see Chapter 35 -- Follow-Up).

The effectiveness of participants (and their reintegration on return) can be increased if they fully understand the goals and objectives of the AID project that sponsors their training. Special effort should be made by project personnel during overseas training to keep participants advised of project activities.

Participants sponsored under general training projects and recipients of scholarships or fellowships generally require greater assistance on return than participants returning to more structured technical development projects. Many persons who are sent for undergraduate degrees are supported by regional or mission general training projects. These participants frequently depart for training without an existing position to assume on return, without civil service or professional standing and without significant prior work experience. They potentially face the greatest risk of reintegration trauma and the AID project and host country or cooperating entity should carefully plan in advance to provide counseling and guidance on return and assist to the extent possible in securing an adequate position.

5. Management of the Participant Training Program

All AID projects are to be designed with a concern for project cost and appropriate method by which the project is to be managed. The Project Officer, in collaboration with mission training personnel, other technical officers and host country counterparts must decide what management mechanism will be most effective and what elements in the

2C5

participant training process (whether or not participant training is the sole component of the project) will be handled by the AID mission, the host country, OIT's contractor/RSSA and/or an organization contracted for the mission or host country. While contractors now implement nearly all AID development activities, it is not always necessary that the participant training component be implemented by the technical contractor. Handbook 10, Participant Training, requirements must be met and must be considered when selecting the means and extent of management required.

A determination of how to implement the planned project and what is entailed can be made by using the worksheets contained in the Training Cost Analysis (TCA) (see Chapter 5 -- Training Cost Analysis). The TCA was developed for exactly this purpose. The TCA will help missions determine whether there is a need for contractor services, what kind and to what extent, and the cost of the participant training.

It is important that mission and host country personnel responsible for project design and implementation understand that AID is responsible for all participants, whether their programs are to be managed by a) OIT; b) contractors of the mission, host country or AID Washington; c) host country entities; or d) organizations with cooperative agreements or AID grants (see Chapter 3 -- AID Mission and Project Officer Responsibility for Participant Training). Participants are not to be programmed in the United States without an organization in the U.S. assuming responsibility for their training and well-being and to complete the reporting to OIT required by AID.

To make the distinction between OIT-managed and contractor-managed training, the following terms are used:

a. Direct training -- which is initiated by the mission, dealing with the host country and assigned to OIT for implementation in the United States. Funds for direct training are obligated by the Project Implementation Order/Participants (PIO/P.) OIT is the sole office in AID Washington responsible for authorizing expenditures against a funded PIO/P. OIT's contractor/RSSA develop and manage the U.S. training program on behalf of the mission and host country;

b. Contract training -- which is managed through a contractor to AID or to the mission or host country under AID funding. In all contracts, grants and other instruments, the mission is responsible for assuring that the participant is made fully aware of AID sponsorship and that the following clause is included and the contractor made familiar with the responsibilities incurred:

2C5b

"Participant training elements of this project will be accomplished in accordance with the policies, procedures, allowances, guidance, reporting requirements and other requirements of AID Handbook 10 -- Participant Training."

c. Host country managed -- which is managed by a host country's entity, the host country's embassy in the United States or country(ies) of training and/or a contractor responsible for placement and monitoring of the participants. All requirements of Handbook 10 apply in such instances and whether or not there is in fact a contractor, the requirements normally handled by a contractor must be assumed by the host country.

The project officer and mission (or bureau) are responsible for ensuring that Handbook 10 is adhered to during project implementation regardless of the type of contractor who manages the participant training.

6. Assistance With Project Design

For projects which are solely participant training or which have a significant training element, the development of the training component and project training plan may require outside professional assistance. If this is necessary, assistance may be requested from the Office of International Training.

CHAPTER 3

AID MISSION AND PROJECT OFFICER RESPONSIBILITY FOR PARTICIPANT TRAINING

3A. POLICY

1. It is AID policy that an officer be designated in each AID mission to oversee management of the participant training portfolio and the preparation and maintenance of the Country Training Plan. This officer may be supported by a participant training specialist(s); and when warranted by the level of the participant workload, a training office may be established.

2. It is AID policy that all mission and bureau project officers with a participant training component in their projects be responsible for the appropriate and effective management of the participant training in accordance with Handbook 10, Participant Training.

3. It is AID policy that all AID-sponsored participants, no matter how funded or how their training is managed, are to be documented in accordance with the requirements of this Handbook, its supplements and the Participant Training Notices, and are to be promptly reported to OIT.

3B. DEFINITIONS

1. Participant Training Specialist (PTS) -- a Foreign Service National (FSN), third country national or personal services contractor of an AID mission who has responsibility for the management and implementation of participant training, also known as the training officer.

2. Participant Training Management System (PTMS) -- a comprehensive microcomputer system developed by OIT and SER/IRM for use by missions in the planning and management of their training portfolio and individual participant programs.

3. Country Training Plan (CTP) -- a comprehensive AID-host country plan that provides information about training needs, resources and constraints with a five-year projection of training activities (Supplement 3A).

3C. REQUIREMENTS

1. AID mission directors are to ensure that all mission personnel and their host country counterparts understand that AID is responsible for the participant training programs for all participants sent from the host country and that training for these individuals is to be in accordance with this Handbook, however the participants are financed.

3C

2. AID mission directors have the authority which may not be redelegated:

a. to waive part or all of the requirement that the host country pay the international travel of participants;

b. to authorize consecutive academic degrees and programs of longer than three years when such are justified;

c. to establish third country maintenance rates for participants sent by other missions to study in the host country; and

d. designate a primary and alternative position (both U.S. citizens) to be responsible for the control, preparation and signature of IAP66A Certificate of Eligibility for Exchange Visitor Program (see Chapter 14 -- Visa Requirements).

Further, mission directors are personally responsible for the appropriate conduct of follow-up for returned participants and the annual reporting of these activities to OIT (see Chapter 35 -- Follow-up).

3. AID mission directors are responsible for designating an officer in the mission to oversee the management of its participant training portfolio. This officer is to ensure that every participant training program is conducted in accordance with this Handbook.

4. A mission officer is responsible for the participant training program in countries where the administration of the participant training program has been transferred to the host government or to a local institution accredited by the government. The mission officer is to maintain liaison with the host country entity and ensure all AID participant training requirements, documentation and reporting needs as set forth in Handbook 10, Participant Training, are met.

3D. PROCEDURES

1. Mission Structure for Participant Training

a. Each AID mission is to designate an officer to oversee the management and implementation of the participant training program as set forth in the Country Training Plan (CTP) (Supplement 3A). Although this individual may be a Human Resources Development Officer, Development Training Officer or Education Officer (all AID Backstop 60), more likely the individual will be drawn from another administrative or technical area. It is important that the designated officer understand that, just as participant training can be a component in any technical development

3D1a

project in any sector, his/her responsibility is cross-sectoral and multi-project in scope. Participant training policies, responsibilities, procedures and reporting requirements apply to every AID-sponsored participant no matter how funded or how their programs are managed. The officer designated as responsible must be prepared to devote substantial time and effort to the implementation of this key element in AID development assistance.

b. It may be advisable to establish a training office when a mission's participant training portfolio, which consists of all AID-sponsored participants (bilateral, regional and centrally funded), exceeds a level that can be effectively managed by staff whose duties are not exclusively focused on participant training. A training office may be established in a major line or staff office, or because it will have line and staff functions, may report immediately to the director or deputy.

c. A training office is the focal point in an AID mission for the administration of its participant training portfolio, liaison with host country officials involved with overseas training programs, the processing of participant training documentation, pre-program English language testing, pre-departure orientation, program monitoring, evaluation and follow-up. The training office is also the primary repository of the mission's records of past and current participants.

Specifically, a training office will be responsible for or assist project officers and the host country to do, the following project and participant activities:

(1) Develop and maintain a Country Training Plan

(2) Project design

(3) Training needs analysis

(4) Training implementation plans and schedules

(5) Training location selection

(6) Training cost analysis

(7) Selection of participants

(8) English language testing and training

(9) Document preparation

(10) Pre-departure orientation

3D1c

(11) Travel arrangements, clearances (including medical) and maintenance advances

(12) Program monitoring

(13) In-country research program arrangements

(14) Return notification

(15) Evaluation (including project evaluation)

(16) Follow-up activities

(17) Record-keeping

(18) Administration of third-country participant training in the host country.

d. Training offices are predominantly, but not exclusively, staffed by FSN employees whose positions are contained in the Participant Training Specialist series (Handbook 26, Position Classification, Pay and Allowances). The requirements of the positions, the minimum qualifications for candidates, and preferences for prior work experience, educational background, English competence and other skills (particularly excellent interpersonal skills), should be taken into consideration when recruiting candidates from FSNs, third country nationals or personal services contractors who will staff the training office.

e. The Participant Training Management System (PTMS) is a microcomputer system developed for missions by OIT and SER/IRM. The PTMS is normally installed on equipment in the training office or easily available to the training office's support staff. A mission using the PTMS is able to plan its participant programs through life-of-project; track training program implementation (pending, in-training and returned); and produce follow-up reports and returned participant directories. The software for the PTMS is available to missions from OIT and SER/IRM.

f. OIT can, on request and generally at mission expense, arrange for professional assistance to AID missions in establishing, expanding or upgrading training offices and training staff. In addition, each year OIT in coordination with the bureaus conducts a Participant Training Workshop in the field or in the United States. Missions wishing to nominate a candidate to attend a workshop or to request technical assistance in the field should contact OIT.

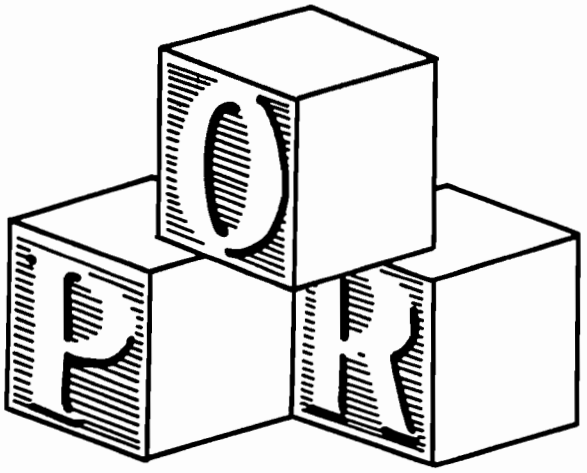
3D

2. Mission and AID/W Project Officer Responsibilities

All AID project officers are responsible for ensuring that the participant training sponsored by their project(s) is appropriate, cost-effective and in conformance with the policies, requirements and procedures of this Handbook. For all contracts which include participant training, the project officer is responsible for assuring that the contractor and host country counterparts are aware of Handbook 10 requirements and implement the participant training in an appropriate manner.

IMPLEMENTING PARTICIPANT TRAINING

PROJECT OFFICER'S ROLE



* Participate in or monitor selection process
* Collaborate in defining training requirements
* Collaborate in preparation of PIO/P
* Participate in review/approval of training plan
* Participate in pre-departure orientation
* Ensure that pre-departure administrative arrangements are complete, e.g. maintenance advance, etc.
* Monitor training thru fiscal, academic and other reports
* Prepare for reintegration of participant into the project or sponsoring organization
* Collaborate in post-training activities and evaluations

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PARTICIPANT TRAINING OPTIONS

Funding Mechanism

- Directly Funded
- AID Direct Contract
- Host Country Contract
- Independently Funded

Type Of Training

- Academic
- Technical

Location

- In Country
  (not participant training)
- Third Country
- U.S.

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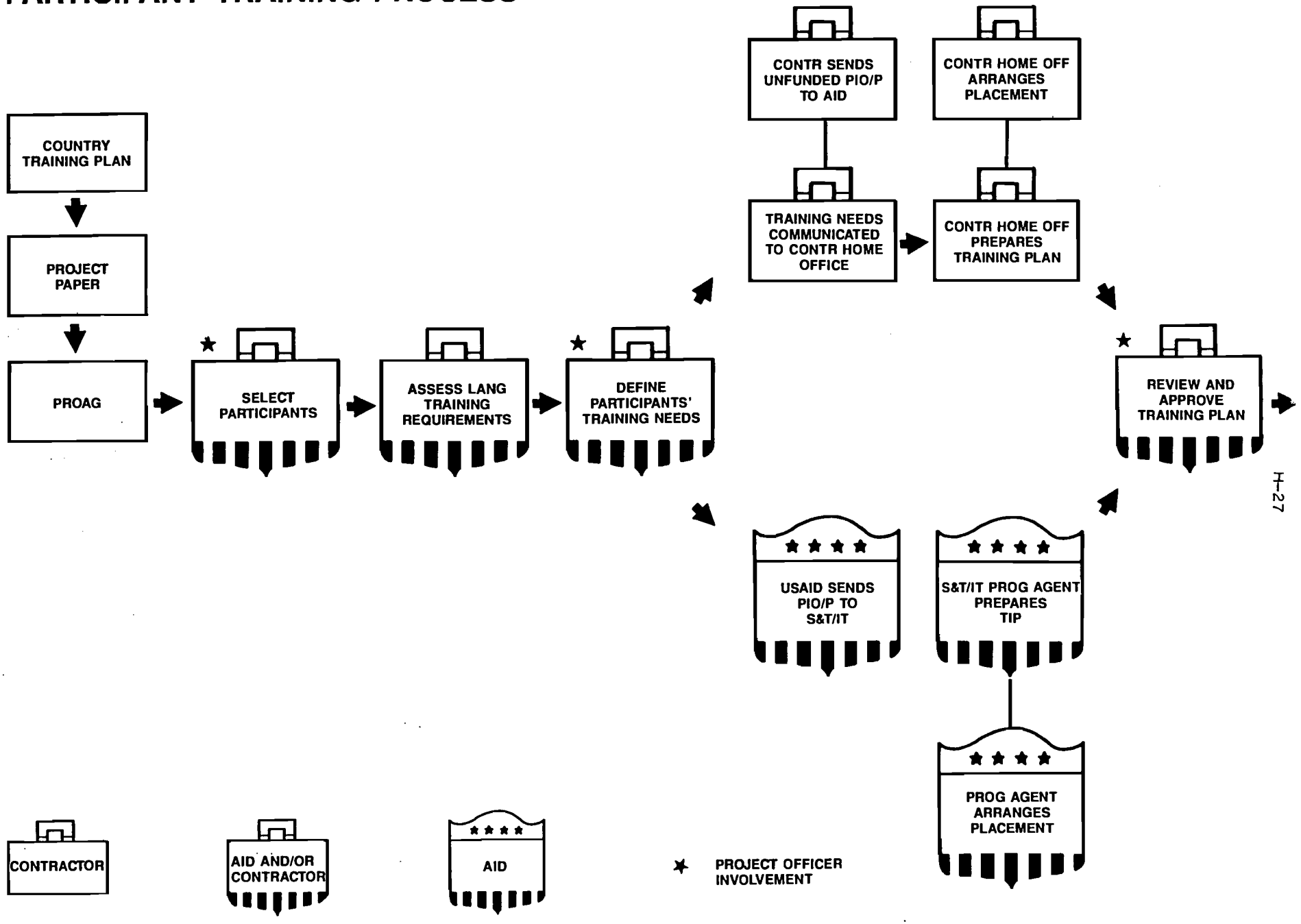
PARTICIPANT TRAINING PROCESS



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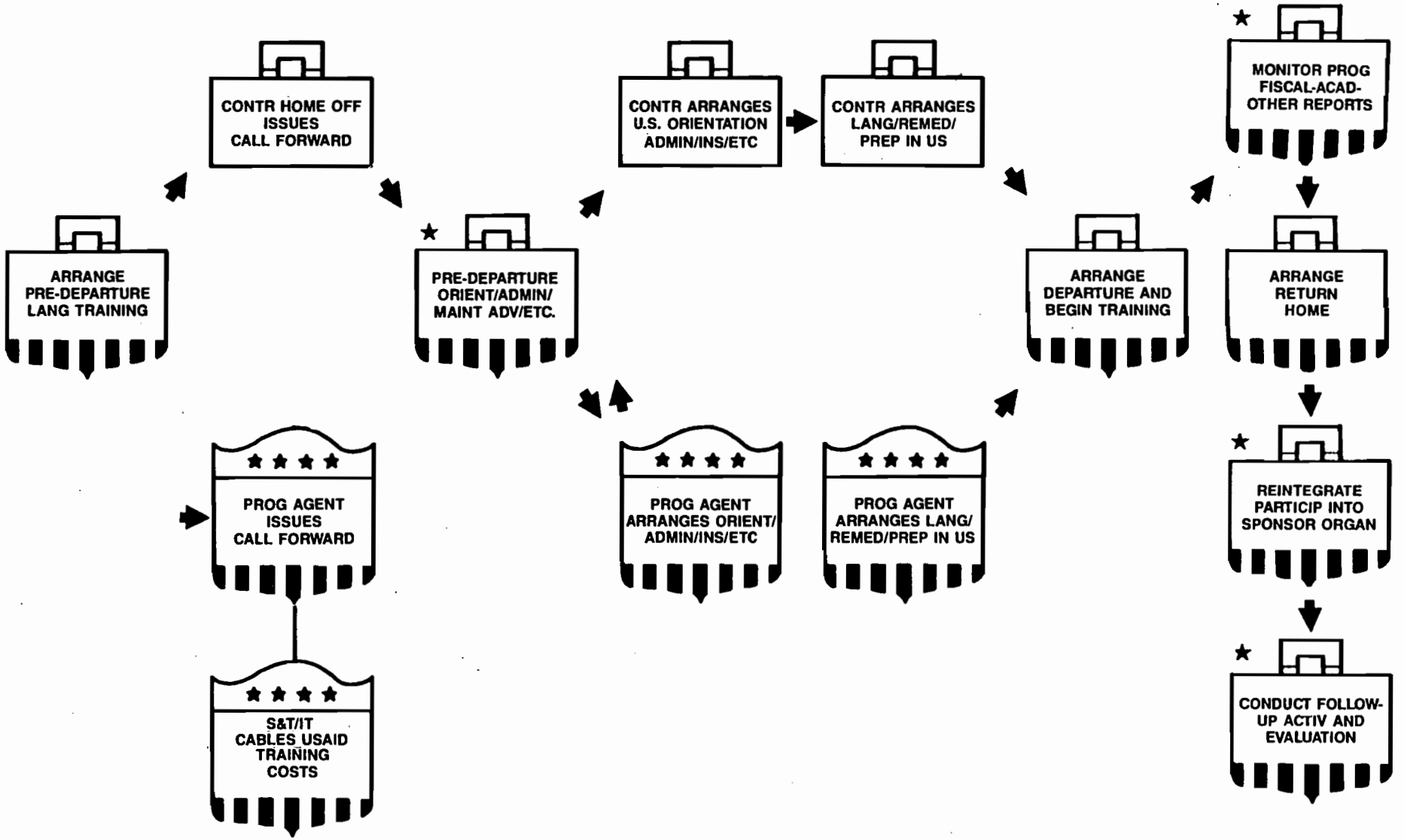
PARTICIPANT TRAINING PROCESS



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Agency for International Development

PIO/P

Training Request

- Parallels scope of work

A. *Description of training requested*

- Provide background on project
- Describe future roles of trainees
- Attach sections of PP, if helpful

B. *Academic training only*

- Define degree program and field of study

C. *Related information*

- Describe other specific skills required or deficiencies that exist in host country

D. *Particular emphasis desired*

- Be specific
- Indicate primary emphasis of training

E. *Suggested training facilities*

- Include BIO-DATA and two pictures

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AGENCY FOR INTERNATIONAL DEVELOPMENT

PROJECT IMPLEMENTATION ORDER/ PARTICIPANTS (PIO/P)

PAGE 1 OF ____

1. COOPERATING COUNTRY	2. PIO/P NUMBER
3. PROJECT ACTIVITY NUMBER & TITLE	
4. APPROPRIATION	5. ALLOTMENT
6. DATE ORIGINAL ISSUE	7. DATE THIS ISSUANCE

8. PROJECT COMPLETION DATE	9. DESIRED START DATE	10. TERMINAL START DATE	11. NUMBER OF PARTICIPANTS

12. ☐ ORIGINAL
☐ AMENDMENT NUMBER _____

13. LOCATION/DURATION OF TRAINING
☐ U.S. ____ P/M ☐ Third Country ____ P/M ☐ In Country ____ P/M

14. FINANCING

AGENT	TYPE OF EXPENSE	A. PREVIOUS TOTAL	B. INCREASE	C. DECREASE	D. NEW TOTAL
AID	(a)				
MISSION	(b) Int. Travel				
	(c) Maint. Advance				
AID/W	(d)				
	(e)				
THIRD COUNTRY	(f)				
	(g)				
	(h)				
	(i)				
15. COOPERATING COUNTRY FINANCING					

16. U.S. TRUST ACCOUNT	A. TRUST ACCOUNT NUMBER	C. AUTHORIZED	D. CURRENCY UNIT	E. AMOUNT
	B. ALLOTMENT SYMBOL			

17. SPECIAL PROVISIONS

A. REF: PIL NUMBER _____ GRANT _____ LOAN _____

B. SUPPLEMENTARY INFORMATION

C. NAME(S) OF PARTICIPANTS

18. MISSION CLEARANCES

SIGNATURE	DATE	SIGNATURE	DATE

19. HOST COUNTRY/BORROWER/GRANTEE		20. AGENCY FOR INTERNATIONAL DEVELOPMENT
SIGNATURE		
TITLE	DATE	

AID 1380-1 (12-79)

Printed JUNE 1989

AGENCY FOR INTERNATIONAL DEVELOPMENT **PROJECT IMPLEMENTATION ORDER/ PARTICIPANTS TRAINING REQUEST FORM** PAGE 2 OF_____	1. COOPERATING COUNTRY	2. PIO/P NUMBER
	3. ☐ ORIGINAL ☐ AMENDMENT NO._____	4. DATE

5. TRAINING REQUEST

A. DESCRIPTION OF TRAINING REQUESTED. *(Describe clearly the training desired; summarize the project input, output, and purpose to which the training will be applied)*

B. ACADEMIC TRAINING ONLY: DEGREE OBJECTIVE

MAJOR FIELD OF STUDY

C. RELATED INFORMATION

D. PARTICULAR EMPHASIS DESIRED

E. SUGGESTED TRAINING FACILITIES *(If known)*

6. PARTICIPANT'S FUTURE EMPLOYMENT

A. CHECK APPROPRIATE BOX (847)			B. OCCUPATIONAL CATEGORY CODE (848-49)
☐ GOVERNMENT	☐ PRIVATE	☐ JOINT	

AID 1380-1 (12-79)

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KEYPUNCH COPY FOR AID/W USE ONLY

BATCH NUMBER _____ (CC1-2)

PARTICIPANT NUMBER _____ (CC3-8)

REGIONAL NUMBER _____ (CC9-11)

AGENCY FOR INTERNATIONAL DEVELOPMENT
PARTICIPANT'S BIOGRAPHICAL DATA

PAGE 3 OF ____

1. COOPERATING COUNTRY

2. PIO/P NUMBER

3. NAME (MR., MRS., OR MISS) CAPITALIZE OR UNDERLINE LEGAL SURNAME (B12-46)

4. HOME/MAILING ADDRESS STREET (T12-38)

CITY OR TOWN (T43-66)

5. ATTACHMENTS
- ☐ TRANSCRIPTS
- ☐ PHOTOS
- ☐ DEPENDENT CERTIFICATION
- ☐ OTHER (Specify) _____

6. BIRTHDATE (MO/DAY/YR) (B56-67)

7. PLACE OF BIRTH

8. EMERGENCY CONTACT (COUNTRY OF TRAINING)

9. SEX/MARITAL STATUS

	MALE	FEMALE
	☐ SINGLE	☐ SINGLE
	☐ MARRIED	☐ MARRIED

10. LANGUAGE PROFICIENCY

A. ENGLISH LANGUAGE PROFICIENCY STATUS *(Check appropriate box)*

☐ TEST GIVEN ☐ TEST WAIVED ☐ FURTHER TRAINING NECESSARY ☐ RETEST NECESSARY

B. APPROXIMATE DATE SCORES OR RATING TO BE REPORTED ▶

C. TEST SCORES/RATINGS *(Check and complete appropriate boxes)*

☐ TOEFL
TOTAL SCORE _____

☐ ALIGU
DATE GIVEN _____

	USAGE	ORAL	VOCAB/READ	LISTENING
SCORE				
FORM				

D. PROFICIENCY IN OTHER LANGUAGES

LANGUAGES	SPEAKING			READING			WRITING		
	Excellent	GOOD	FAIR	Excellent	GOOD	FAIR	Excellent	GOOD	FAIR

E. FURTHER TRAINING NECESSARY ☐ HOME COUNTRY ☐ RECEIVING COUNTRY

11. IF YOU HAVE LIVED, STUDIED, OR TRAVELLED ABROAD, COMPLETE THE FOLLOWING

COUNTRY	DATES (MO. & YR.) FROM	TO	PURPOSE *(e.g., Travel, Training, Conference. If Training, indicate type of program & sponsor)*

12. EDUCATION

A. TOTAL YEARS COMPLETED (12-13)

B. HIGHEST DEGREE OBTAINED *(Check one)* (M14)
- ☐ BACH OF ARTS
- ☐ BACH OF SCIENCE
- ☐ MASTER OF ARTS
- ☐ MASTER OF SCIENCE
- ☐ MD
- ☐ DVM
- ☐ PHD
- ☐ ITGER
- ☐ NONE

C. COUNTRY WHERE DEGREE OBTAINED

D. COUNTRY CODE (M15-17)

E. LIST BELOW IN CHRONOLOGICAL ORDER, ALL SCHOOLS ATTENDED. INCLUDE PRIMARY, MIDDLE OR SECONDARY SCHOOLS, UNIVERSITIES, VOCATIONAL OR TRADE SCHOOLS. *(Use continuation sheet if necessary)*

NAME OF INSTITUTION	MAJOR FIELD OF STUDY	LANGUAGE OF INSTRUCTION	DATES ATTENDED FROM	TO	TITLE OF DEGREE, DIPLOMA, OR CERTIFICATE	RECEIVED

13. EMPLOYMENT

A. BRIEF TITLE OF PRESENT POSITION/OCCUPATION (M18-43)

B. DATES OF EMPLOYMENT FROM _____ TO PRESENT

C. TOTAL YEARS (M44-45)

D. PRESENT EMPLOYER *(Name & Address)* (Q38-63)

E. NUMBER OF EMPLOYEES SUPERVISED

F. SIZE *(Approx. No. of Employees)*

G. BRIEF DESCRIPTION OF WORK ☐ GOVERNMENT ☐ PRIVATE ☐ JOINT ☐ STUDENT

AID 1380-1 (12-79)

Printed JUNE 1989

INSTRUCTIONS FOR COMPLETION OF THE PROJECT IMPLEMENTATION ORDER/PARTICIPANTS (PIO/P)

Following are the instructions for completing the PIO/P, form AID 1380-1 (12/79).

FACE SHEET

(Page 1)

Block 1 - Cooperating Country:

Insert the name of the cooperating host country.

Block 2 - PIO/P Number:

Insert the PIO/P number in accordance with instructions in Section ii of Appendix D, Handbook 18. NOTE: For non-funded PIO/P numbering, see Attachment 6C -- The PIO/P Number for Funded and Non-funded Documents.

Block 3 - Project/Activity No. and Title:

Insert the project/activity number and project title. For contract participants, also indicate the name of the contractor and the Contract Number. When applicable, enter the loan number.

Block 4 - Appropriation Symbol:

Enter the appropriation symbol and indicate source of financing; e.g., contract, loan, grant, cooperative agreement, etc.

Block 5 - Budget Plan Code (BPC):

Enter the BPC number to be charged unless the PIO/P is a non-funded document, in which case enter the word "unfunded."

Block 6 - Date Original Issue:

Insert month, day and year PIO/P is being issued.

Block 7 - Date This Issuance:

To be used when issuing an amendment.

Block 8 - Project Completion Date:

Insert the month, day, and year on which project activities are to be completed.

Block 9 - Desired Start Date:

Enter the month and year the mission wishes training to commence, bearing in mind seasonal aspects of certain training programs, leadtimes, language refresher training and other elements affecting programming.

Block 10 - Terminal Start Date:

This block establishes the latest month and year a participant may begin training, which has been determined to be the estimated duration of the training program plus six months to settle into the position for which the participant is to be trained prior to completion of project activities. If the participant does not begin training by the end of the month specified, the PIO/P should be canceled.

Block 11 - Number of Participants:

Enter the total number of participants covered by this document. Do NOT include alternates in this figure.

Block 12 - Original or Amendment:

Check "Original" if the document is the first issue for the current funding year and specific training action. If a succeeding issuance involving no "new year" funding, enter the number of the amendment to the original document.

Block 13 - Location and Duration of Training:

Enter the total duration of training in participant months (P/M) to take place in the United States, third country(ies), or a combination of these. Participant months are normally of four weeks each and such a month begins with the start of the participant's program rather than the start of a calendar month unless these coincide.

Block 14 - Financing Grid:

This space is to show the amounts and types of funds authorized. Where the PIO/P is not a funding document, the document amounts are to be enclosed in parentheses; e.g., ($950.00) Leave blank for independently financed extensions of participants who are completing their program beyond AID-sponsored funding.

COLUMNS

Column A - Previous Total:	Use these columns
Column B - Increase:	only for amendments
Column C - Decrease:	and show change(s) against appropriate Authorized Agent.
Column D - New Total:	If the document is an original issuance, enter the total amount obligated or sub-obligated. If the document is an amendment, enter the sum of the changes.

LINES

Line A (Authorized Agent - AID) - Insert estimated total cost of the training to be financed from funds allotted to the mission or AID/W.

Line B (Authorized Agent - Mission) - On the first line, enter the cost of international travel, if any, funded by the mission from United States dollar funds. On the second line, show the maintenance advance appropriate to the location of training (see Chapter 11 -- Allowances.)

Line D (Authorized Agent - AID/W) - Enter estimated amounts (exclusive of international travel) for that portion of the training, if any, to be obtained in the United States and Puerto Rico. NOTE: When training costs are to be incurred for United States and third country, appropriate amounts are to be shown on Lines D and F.

Line E (Authorized Agent - AID/W) - Leave blank. May be used by AID/W when a Participating Agency (e.g., the United States Department of Agriculture) is requested to help arrange the training program.

Lines F-I (Third Country) - Enter estimated amounts (exclusive of international travel) for that portion of the training, if any, to be obtained in a third country. (NOTE: When training costs are to be incurred by AID for United States and third country training, appropriate insertion is to be made on line (d) or (f) as appropriate).

If training is to take place in more than one third country, specify countries of training in the additional spaces, e.g., (g), (h) and (i).

Block 15 - Cooperating Country Financing:

All direct, identifiable costs borne by the cooperating (host) country other than those paid from United States Trust Accounts are to be shown here. If counterpart funds or United States-owned local currencies are involved, they are to be identified separately. Enter amounts in dollar equivalents and, when indicated, show the dollar/local currency conversion rate used.

Block 16 - U.S. Trust Account:

This block is to be completed when a United States Trust Account is used to effect payment for any part of the training costs that are financed by the cooperating (host) country. Enter (a) the trust account number, (b) the corresponding allotment symbol, (c) the name of the agent authorized to make payment against the trust account, (d) the currency unit, and (e) the amount (in units of foreign currency). Usually the authorized agent will be the mission requesting the training. Items payable from trust funds may include cost of domestic travel, international travel, participant salaries continued during the participant's training period, hiring of substitutes for participants who are on training leave, and for publishing reports.

Block 17 - Special Provisions:

17A PIL Number: Insert the relevant Project Implementation Letter (PIL) number, if applicable, to which the PIO/P relates and check whether Loan or Grant.

17B Supplementary Information: This space is for the mission to justify specific actions such as authorizing interpreter and/or escort services or for issuing a PIO/P without names and certification that names will be forthcoming no later than six (6) months from date of issuance. A statement in all cases is to indicate the estimated total administrative fee charged (or apportioned) by the contractor to the participant(s) for managing this training program.

17C Names(s) of Participant(s): List the names of participants covered by this document. Include and specify alternates. The names must agree in spelling and format with the names given on Page 3, Biographic Data. The number of participants, exclusive of alternates, must agree with that in Block 9. This space should also be used to refer to previous cables and other correspondence with AID/W or the contractor on this training request. Specifically show the OIT I.D. Number if prior advice and information has been received from AID/W. This will assist in matching the PIO/P with any file already started in AID/W. In addition, when a participant's program lasts for several years but funding is incremental, each new PIO/P issued must provide in this block the numbers of any previous PIO/Ps funding the training program.

If the document is for an independently financed extension to a program, please include the following statements in this space:

(1) Funds for all future program costs, including return international travel and domestic travel, are available.

(2) If, for any reason, the participant is unable to meet any of his/her financial obligations, incurred legally or illegally, the government of the cooperating (host) country through its embassy in the United States will assume responsibility for liabilities incurred by the participant.

Block 18 - Mission Clearance:

Mission or AID/W clearances are to be entered in this space.

Block 19 - Host Country/Borrower/Grantee:

An appropriate cooperating (host) country signature is to appear in this space unless there is a separate letter or request for the cooperating country on file in the mission. If so, this should be indicated here.

Block 20 - Agency for International Development:

For mission director, his/her designee or AID/W certification.

TRAINING REQUEST
(Page 2)

Blocks 1 thru 3 - Cooperating Country, PIO/P Number, Original or Amendment Document:

Same for facesheet.

Block 4 - Date:

Insert the date of this document, which is normally the date of original issuance (Block #6) shown on the Face Sheet PIO/P.

Block 5 - Training Request:

A. Description of Training Requested: The type and level of training desired is to be clearly described in order to provide the country of training with sufficient information to plan and arrange a program that will provide maximum benefit to the participant and the cooperating country. The training should be described in relation to its intended use on return home and, when known, the position for which the participant(s) is being trained should be given. Also, list any supplemental training requested, e.g., English language training, orientation, Mid-Winter seminar, etc.

B. Academic Training Only: Self-explanatory.

C. Related Information: Add here information that might be helpful to the program planner, e.g., problems or deficiencies existing in the cooperating host country that this training could alleviate. A continuation sheet, form AID 1300-1 (6/68) may be attached if necessary; or if unavailable, a bond paper page may be used if it clearly indicates the PIO/P number and participant(s) names.

D. Particular Emphasis Desired: Explain here any special aspect of the training program that should be emphasized over other phases.

E. Suggested Training Facilities (if known):

Self-explanatory. If no particular facility is preferred this may be so indicated.

Block 6 - Participant's Future Employment:

A. Check appropriate box.

B. Occupational Category Code Enter the appropriate two digit code from Handbook 10, Chapter 11, Allowances, Attachment 11A. This code describes the occupation for which the participant is being trained.

BIOGRAPHIC DATA
(Page 3))

Blocks 1 & 2 - Cooperating Country & PIO/P Number:

Self-explanatory.

Block 3 - Name:

Indicate whether Mr., Mrs., or Miss. Print the entire name, underlining or capitalizing the surname by which the participant wishes to be called. If there are alternate ways of spelling the name, enclose the second spelling in parentheses following the preferred spelling. Example:

(Dr.) (Miss) RODRIGUEZ Garcia, Maria

(Mr.) SOEBROTO (SUBROTO) Johannes

Block 4 - Home or Mailing Address:

Insert the complete home or mailing address in home country. Common abbreviations may be used.

Block 5 - Attachments:

Indicate which, if any, attachments are included with this document.

Block 6 - Date of birth:

Self-explanatory.

Block 7 - Birthplace:

Insert city, province and country of birth.

Block 8 - Emergency Contact (Country of Training):

Enter name, relationship, and telephone number of person in the country of training to be contacted in case of emergency.

Block 9 - Sex/Marital Status:

Self-explantory.

Block 10 - Language Proficiency

A. Indicate status by checking appropriate box.

B. If a retest is necessary, indicate approximate date the scores will be available.

C. Indicate the type of test by checking appropriate box. If Test of English as a Foreign language (TOEFL), enter score. If American language Institute, Georgetown University (ALI/GU), enter the date of the test, scores, and forms used.

D. Enter other language proficiency(ies) and ratings.

E. Enter approximate length of training time necessary in months then in training location in home country or in country of training (receiving country).

Block 11 - Travel:

List all travel outside the home country. If training or education was the purpose of the travel, name the program and sponsor.

Block 12 - Education:

A. Enter total years of education.

B. Indicate, by checking appropriate block, the highest degree received. (NOTE: The error "ITGER" in this block should read "Other." This error will be corrected in a future revision to the biographic data sheet.)

C. Indicate country where last degree awarded.

D. Insert Country Code for "C" above.

E. List all schools attended, the major field of study, language of instruction, dates attended, certificate or diploma received, and year received. If the AID training is to include study in a college or university, a certified record of attendance at named schools must be attached to this document by providing certified copies of record of courses completed, grades earned, and statement of award of degrees, certificates, or diplomas. English translations should be provided for those certificates written in languages other than English.

Block 13 - Present Employment:

A. Give title of present position.

B. Give dates of employment.

C. Total years - enter total number of years employed in present position.

D. Name and address of present employer.

E. Total number of people supervised by participant nominee.

F. Enter appropriate number of employees in the organization.

G. Give brief description of work - check appropriate box and write a brief, but specific, description of the type of work performed. (NOTE: This information can be helpful in determining whether the training program is job-related and necessary to the performance of that job or should be classified as a "scholarship" or "fellowship.")

BUDGETED TRAINING COSTS

- Instructional Costs--planned academic or non-academic direct training costs including an inflation factor, can vary significantly depending on institution and type of training.

- Maintenance Allowance --actual amount currently allowed for various training cities throughout country, budget includes appropriate travel per diem and domestic travel costs.

- Miscellaneous Training Costs --escort or interpreter services, book allowances, training equipment, typing and research allowances, and shipment of materials.

- RSSA/Contractor Cost --actual anticipated charges for monitoring and administration of program when not performed directly by S&T/IT.

- AID/W Administered Services --includes mandatory health insurance, factor for complimentary programs managed by S&T/IT including arrival services and Washington International Center (WIC) orientation, mid-winter community seminar, and special language training.

- Notes --international travel costs normally funded by Host Country, however if AID financed, this item is separately shown on PIO/P.

  --maintenance advances must be paid at Mission, they are AOC'd to master disbursing account.

I. WAIVERS

WAIVERS IN A NUTSHELL

Of all the operational documents which we prepare in AID, none is more simple to do properly than a waiver. But in practice waivers seem to cause more problems, more rewrites and more frustration than practically any other document. I can assure you, however, that waivers you draft will sail through the bureaucracy if you'll follow just a few simple rules.

1. Tell the addressee what rule he or she is being asked to waive and describe the transaction in question. For example," under the Project Agreement covering the Teacher Education project, authorized source for the procurement of commodities is 000, the United States. You are being asked to waive source/origin requirements to permit the purchase of $40,000 dollars worth of Arabic text books which are not available in the United States."

2. Cite the handbook provision or delegation of authority under which the official in question is empowered to grant the waiver. For example, "You are authorized to waive source and origin for the procurement of commodities pursuant to Handbook 1 Supplement B Section 5b4d(2) for individual transactions up to $250,000." If you have difficulty finding your way through delegations of authority or handbooks on these subjects, GC or your regional legal advisor will help.

3. Tell the addressee which of the criteria for waivers you are relying on in making your request and quote the relevant language. The handbooks indicate, in each case, several criteria which may justify a waiver. You may use more than one but tell the addressee which criteria you are relying on and even better quote the language from the handbook or delegation. For example, "You are authorized to waive geographic eligibility if the commodity is not available from countries included in the authorized geographic code." Placing this language before the responsible official will be a great help to him or her. Unfortunately, however, this is where about 50% of the waivers stop. There is one more vital step.

4. Explain how your factual situation fits within the criterion you have selected. You cannot simply say, for example, that a particular waiver is "critical to the success of project objectives." You have to say why! What will happen in the implementation of the project if the requested waiver is not granted? Be detailed and specific. For example, "Because funding under the existing contract has been exhausted, failure to grant this waiver will require the contractor presently on the job to demobilize with a resulting six month delay in project implementation." If the waiver is requested because of "impelling political considerations" describe those political considerations. A backup cable from the Mission or a memorandum from the State desk should be attached if possible. If you want a waiver of source, origin or nationality on the grounds that the item is not available from the authorized geographic code, don'tjust say that it is not available, explain what you have done to reach that conclusion; e.g., despite advertising, no U.S. suppliers have offered eligible items or review of this request with SER/COM indicates that this problem has arisen in many previous cases and that widgets are not manufactured in the United States.

Remember, no matter how much confidence the addressee of your waiver request may have in your judgment or thoroughness, he or she needs an adequate record in your memorandum to defend their decision. Cover the four items listed above and they'll have it.

AID WAIVER AUTHORITIES

WAIVER	HANDBOOK 1B	HANDBOOK 11	HANDBOOK 15
ABORTION EQUIPMENT & SERVICES Waiver of policies governing procurement of abortion equipment/commodities and direct support/promotion of abortion.	Section 4D4d [P & N] Waiver only by President under FAA Section. 614(a)		
AGRICULTURAL COMMODITIES-PRIOR APPROVAL Waiver of prior approval in AID/W for procurement of specific agricultural commodities: wheat, rice, corn, soybeans, sorghums, flour, meal, beans, peas, tobacco, hides, cotton, vegetable oils, animal oils, and fats.	Section 4C1d(1) Project Assistance: AA w/program responsibility in consultation w/FFP & GC. Non-project Assistant.: SER/COM in consultation w/FFP and GC.		
AGRICULTURAL COMMODITIES-PRIOR APPROVAL RE PARITY Waiver of prior approval in AID/W w/respect to parity of agricultural commodity to be procured.	Section 4C1d(2) Waiver only by President under FAA Section 614(a).		
AID REGULATION 1 Waiver of AID Reg. 1, in whole or part, for Commodity Import Program.	Section 8D2 Justified in PAAD and approved by Administrator.		
ADVANCES Waiver to conditions authorizing advance and progress payments	Section 15D4 Host Country: Geographic AA. Direct: M/DAA/SER --except waiver of Treasury Circ. No. 1075.		
AIR CHARTERS Waiver of prior approval (and retroactive approval in appropriate cases) of charter requirements.	Section 7E4 [P & N] Waiver by M/SER/COM.		
AIR TRANSPORTATION Code 941 authorized source but financing limited to U.S. and Cooperating Country air carriers: waiver of limit to authorize use of air carriers in any Code 941 country.	Section 7C4 [P & N] Refers back to Section 7C1 Determination of unavailability		
AIR TRANSPORTATION Code 941 authorized source but financing limited to U.S. and Cooperating Country air carriers: waiver of limit to authorize use of Code 899 air carriers when U.S. Cooperating Country & Code 941 air carriers not available.	Section 7C4 Refers back to Section 7B4(a)(b)		

AID WAIVER AUTHORITIES

WAIVER	HANDBOOK 1B	HANDBOOK 11	HANDBOOK 15
AIR TRANSPORTATION Code 000 authorized source for goods and services. Waiver to authorize procurement in: 1. Cooperating Country, when U.S. carriers available, or 2. Any Code 941 country, or 3. Any Code 899 country	Section 7C4 Refers back to Section 7C1 Authorization, not waiver		
AMERICAN SCHOOLS & HOSPITALS ABROAD Waiver provisions of HB 1B apply to procurement under ASHA grants.	Section 16A4 Waivers calling for AA approval go to AA/FVA		
CARRIERS Eligibility of Commodity Determined By Ineligibility of Carrier Waiver of rule prohibiting financing of commodities because of carrier on which commodity shipped; (except for Section 4E1(c), which may only be waived by President under FAA Section 614(a).	Section 4E4(a) Project Assistance: Waiver by AA w/program responsibility in consultation w/GC. Section 4E4(b) Non-Project Assistance: Waiver by M/SER/COM in consultation w/GC.		
CHARTERS-OCEAN Waiver of prior approval (and retro-active approval in appropriate cases) of ocean charter requirements.	Section 7E4 [P&N] Waiver by M/SER/COM		
COMMINGLING Waiver of commingling rules.	Section 9D [P&N] AA in consultation w/GC to determine if AID projects assist "bloc projects." Administrator to determine if assisting "bloc projects" contrary to best interests of United States.	Chapter 1, Section 2.6.2.6.c. (Prof. Services): Administrator on recommendation of AID Mission and American Embassy. Chapter 2, Section 2.5 (Const.) Administrator on recommendation of AID Mission and American Embassy.	
COMMODITY ELIGIBILITY LISTING Waiver for commodities which cannot be explicitly related under one of the following categories: abortion equipment & services, agricultural commodities, commodities ineligible because of carrier or marine insurance policy, gambling equipment, law enforcement support commodities & services, luxury goods, motor vehicles, pesticides, pharmaceuticals, rubber compounding chemicals & plasticizers, used equipment, U.S. Gov't-owned excess property, and weather modification equipment. For these commodities, see specific waiver policy listed in this chart.	Section 4A4 [P&N] AA w/program responsibility.		

AID WAIVER AUTHORITIES

WAIVER	HANDBOOK 1B	HANDBOOK 11	HANDBOOK 15
COMMODITY IMPORT PROGRAMS Non-Project Assistance, Negotiation Waiver of competition to permit negotiation.	Section 13A4a [N] M/SER/COM in consultation w/ Geographic Bureau and GC. Mission Directors in certain instances.		
SOURCE, ORIGIN & NATIONALITY Individual Waivers.	Section 5B4d(2) & Section 5C4a Administrator, $5,000,000 and up. AA, up to $5,000,000. Mission Director, up to $5,000,000 if AA redelegates	For Nationality of Commodity Suppliers: Chapter 1, Section 2.6.2.6(c) and Chapter 2, Section 2.5.2.4.(d) Administrator, $5,000,000 and up. AA, up to $5,000,000. Mission Director, up to $5,000,000 if authority redelegated	For Geographic Codes: Section 2A9b Administrator, $5,000,000 and up. AA, up to $5,000,000. Mission Director, up to $5,000,000 if authority redelegated.
SUPPLIER'S AND CONTRACTOR'S CERTIFICATES Waiver of requirement for supplier's of contractor's certificate.	Section 8D AA/M with concurrence of GC.		
USED EQUIPMENT Waiver of special conditions applicable to procurement of used equipment.	Section 4C6d(2) [P&N] AA in consultation with M/SER/COM.		
VOLUNTARY AGENCIES-TRANSPORTATION COSTS Waiver of requirements governing financing of transportation costs.	Section 7D4a AA/FVA in consultation with M/SER/COM.		
WEATHER MODIFICATION EQUIPMENT Waiver of policy against providing assistance for weather modification.	Section 4D6d [P&N] Administrator.		
POST PROCUREMENT POLICIES-REEXPORT COMM.	Section 24A4 [P&N] Geographic Bureaus in consultation with AA/M		
RUBBER COMPOUNDING CHEMICALS AND PLASTICIZERS Waiver of policies, against financing.	Section 4C5d [P&N] Mission Director		
SAHEL PROGRAM Waiver of AID procurement policies.	Section 21E4 AA/AFR with GC		
SOURCE, ORIGIN & NATIONALITY Blanket Waiver from Codes 000 or 941 to other Codes.	Section 5B4C(1)(a) Administrator, if over $5,000,000. AA, up to $5,000,000.		For Geographic Codes: Section 2A9a Administrator, over $5,000,000. AA, up to $5,000,000.

AID WAIVER AUTHORITIES

WAIVER	HANDBOOK 1B	HANDBOOK 11	HANDBOOK 15
SOURCE, ORIGIN & NATIONALITY Blanket Waiver from Codes 000 or 941 to Cooperating Country.	Section 5B4c(1)(b) and Section 5B4c(2) AA and MD's if redelegated		For Geographic Codes: Section 2A9a AA and MD's, if redelegated
PESTICIDES Waiver of interim regulations against procurement of pesticides after EPA notice of intent to suspend pesticide use.	Section 4C4d Administrator		
PHARMACEUTICALS-NON/US SOURCE PROCUREM'T	Section 4C3d [P&N] Waiver permitted under Section 5B4 authority after consultation with Office of Commodity Management.		
PHARMACEUTICALS-PROCUREMENT FROM CODE 941 COUNTRY	Section 4C3d(2) M/SER/COM		
POLICE AND OTHER LAW ENFORCEMENT ACTIVITIES	Section 4D3d [N&P] Presidential Waiver only under FAA Section 614(a).		
POSTPROCUREMENT POLICIES-CLAIMS AGAINST BORROWER/GRANTEE AND REFUNDS Waiver of claims against borrower/grantee.	Section 24C4(b) [P&N] Administrator, with advice of GC.		
NATIONALITY OF SUPPLIERS OF SERVICES Blanket Waiver from Codes 000 or 941 to Cooperating Country.	Section 5C4c Over $5 million - A/AID Up to $5 million - AA Up to $5 million - MD, if deleg.		
NATIONALITY OF SUPPLIERS OF SERVICES Individual Waivers.	Section 5D10 Administrator, $5,000,000 and up. AA, up to $5,000,000. Mission Directors, up to $5,000,000 if AA redelegates.	Chapter 1, Section 2.6.2.6.c. & d. Administrator $5,000,000 and up. AA, in consultation w/GC and M/AAA/SER, up to $5,000,000. Mission Directors, up to $5 million if AA redelegates	
OCEAN TRANSPORTATION Code 941 authorized source but financing limited to U.S. and Cooperating Country. Waiver of limit to authorize use of flag vessels of any Code 941 country.	Section 7B4a(1) [P&N] M/SER/COM		

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AID WAIVER AUTHORITIES

WAIVER	HANDBOOK 1B	HANDBOOK 11	HANDBOOK 15
OCEAN TRANSPORTATION Code 941 authorized source but financing limited to U.S. and Cooperating Country. Waiver of limit to authorize use of Code 899 vessels when U.S., Cooperating Country and Code 941 vessels not available.	Section 7B4a M/SER/COM		
OCEAN TRANSPORTATION Code 000 authorized source for goods and services. Waiver to authorize procurement in: 1. Cooperating Country, U.S. carrier not available, or 2. Any Code 941 country, or 3. Any Code 899 country.	Section 7B4b M/SER/COM MD in special circumstances		
MARKING-COMMODITIES: UNDESIRABLE REACTION IN RECIPIENT COUNTRY Waiver of marking requirements on grounds of antagonistic/derisive reaction in recipient country.	Section 22D2 Mission Directors		Section 2I9b Mission Directors
MARKING-TECHNICAL SUPPORT COMMODITIES Waiver of marking requirements for technical support commodities when title and use remains with Mission.	Section 22D3 Mission Directors when title to and use of such commodities stays within Mission.		Section 2I9c Mission Directors when title to and use of such commodities stays within Mission.
MOTOR VEHICLES Waiver of requirements that motor vehicles eligible for AID financing be manufactured in U.S.	Section 4C2d AA with program responsibility in consultation with GC and M/SER/COM.		
NATIONALITY OF SUPPLIERS OF COMMODITIES See "Source, Origin, and Nationality," this chart.			
NATIONALITY OF SUPPLIERS OF SERVICES Blanket Waiver from Codes 000 or 941 to Other Codes: Waiver of nationality requirements for suppliers of services.	Section 5C4c Administrator over $5,000,000. AA, up to $5,000,000. MD, if delegated, up to $5 million.		
LOCAL COST FINANCING Waiver of policies applicable and peculiar to local cost financing.	Section 18D [P] AA, in consultation with GC.		

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AID WAIVER AUTHORITIES

WAIVER	HANDBOOK 1B	HANDBOOK 11	HANDBOOK 15
LUXURY GOODS Waiver of classification of goods as luxury goods on Commodity Eligibility List.	Section 4D5d For Non-Project Assistance: Geographic AA in consultation with M/SER/COM. For Project Assistance: Geographic AA.		
MARINE INSURANCE-PROJECT ASSISTANCE Waiver of marine insurance policies.	Section 11A4a(P) Geographic AA in consultation with GC.		
MARINE INSURANCE-NON-PROJECT ASSISTANCE Waiver of marine insurance policies.	Section 11A4b(N) M/SER/COM in consultation with GC.		
MARKING-COMMODITIES: IMPRACTICALITY Waiver of marking requirements on grounds of impracticality.	Section 22D1 Regional AA or designee in consultation with M/SER/COM.	Chapter 2, Section 2.11.6 Construction/Services Regional AA or delegate	Section 219Ia SER/CM/SB.
GRANTS-SPECIFIC SUPPORT GRANTS: PROCUREMENT POLICIES Waiver of source (Code 935 of commodities and services) or other waivers, see specific waiver policies indicated in this chart.	Section 16B4		
HOUSING GUARANTY Waiver of AID policies governing direct AID administrative procurement of commodities and services.	Section 21F4 [P]		
INCIDENTAL SERVICES Waiver of eligibility of incidental services.	Section 13B4 [N] Director, M/SER/COM.		
INTERMEDIATE CREDIT INSTITUTIONS Waiver of policies applicable and peculiar to intermediate credit institutions.	Section 19D [P] Geographic AA.		

AID WAIVER AUTHORITIES

WAIVER	HANDBOOK 1B	HANDBOOK 11	HANDBOOK 15
EXCESS PROPERTY Waiver of policy banning acquisition of excess property for use in U.S.	Section 4C7d Chief of M/SER/COM/GPR		
FIXED AMOUNT REIMBURSEMENT Waiver of rules governing procurement of imported shelf items under FAR projects and subprojects.	Section 20.D.1 [P] Geographic AA in consultation with GC.		
GAMBLING EQUIPMENT No waiver.	Section 4.D.5.d No waiver.		
GEOGRAPHIC CODES See "Source, Origin, and Nationality," this chart.			
COOPERATING COUNTRY CONTRACTS Noncompetitive Negotiation with Single Source. Waiver of competition to permit negotiation with single source.	Section 12C4 Appropriate AA in consultation with M/AAA/SER up to $1,000,000 Administrator, over $1,000,000 MD up to $1,000,000, if delegated.	Chapter 1, Section 2.4.2 and Chapter 2, Section 2.3.3 Appropriate AA in consultation with M/DAA/SER up to $1,000,000 MD up to $1,000,000, if delegated.	
DEAD FREIGHT Waiver of rule prohibiting financing of transportation costs attributable to dead freight.	Section 7G4 [P&N] M/SER/COM in consultation with GC.		
DELIVERY SERVICES-DESPATCH & DEMURRAGE Waiver of rule against financing demurrage.	Section 7H4 Geographic AA's in consultation with M/SER/COM.		
DELIVERY SERVICES-INLAND TRANSPORTATION Waiver or rule prohibiting financing delivery costs beyond point of entry.	Section 7I4 Delegated to Geographic AA's in consultation with M/SER/COM.		
COMMODITY IMPORT PROGRAMS Non-Project Assistance, Noncompetitive Procurement from Sole Source of Supply. Waiver of competition for procurement from sole source of supply.	Section 13A4b [N] M/SER/COM.		

AID WAIVER AUTHORITIES

WAIVER	HANDBOOK 1B	HANDBOOK 11	HANDBOOK 15
COMMODITY IMPORT PROGRAMS Non-Project Assistance, Noncompetitive Procurement, Other than Sole Source. Waiver to permit noncompetitive procurement, other than sole source.	Section 13A4c [N] SER/COM in consultation with Geographic Bureau and GC up to $500,000. AA/ M in consultation with Geographic Bureau and GC up to $1.0 million. Administrator, if more than $1.0 million.		
CONTRACTOR'S CERTIFICATE Waiver of requirement for contractor's certificate.	Section 8D1 [P&N] AA/M with concurrence of GC.		
COOPERATING COUNTRY CONTRACTS Advertising of IFB's and RFP's Waiver of notice of publication of IFP or RFP in Commerce Business Daily.	Section 12C4b Regional AA, qualified waiver. USAID Directors for contracts less than $500,000 estimated value, if authority redelegated.	Chapter 1, Section 2.5.3 Regional AA. USAID Directors for contracts less than $500,000 estimated value, if authority redelegated. Chapter 2, Section 2.4.2 Regional AA.	
COOPERATING COUNTRY CONTRACTS Competitive Negotiation for Construction Contracts. Waiver of competitive bid procedures to allow competitive negotiation for construction contracts.	Section 12C3a(2) Regional AA.	Section 2.3.2 Regional AA.	

Annex K

DRAFT MEMORANDUM FOR THE ASSISTANT ADMINSTRATOR FOR AFRICA

FROM: John W. Koehring, AFR/DR

SUBJECT: Vehicle Procurement Waiver for the Agricultural Production Support Project

Problem: The implementation of the subject project requires the procurement of 32 vehicles (two and four-wheel drive light trucks and sedans) of non-U.S. manufacture. In order to allow such procurement, you are requested to grant:

(1) a source/origin waiver from Geographic Code 000 (U.S. only) to Code 935 (Special Free World); and

(2) a waiver of provisions of section 636(i) of the FAA.

Facts:

(a) Cooperating Entity: Government of Niger.

(b) Authorizing Document: Grant No. 683-0000.

(c) Project: Agricultural Production Support Project.

(d) Nature of Funding: Grant.

(e) Description of Goods: 8 two-wheel drive sedans; 24 four-wheel drive light trucks.

(f) Approximate Value: $480,000.

(g) Probable Source: Niger.

(h) Probable Origin: EEC or Japan.

Discussion:

A. Source/Origin Waiver:

In accordance with AID Handbook 1B, procurement of commodities from Code 935 source requires a waiver. Handbook 1, Supp. B, Chapter 5B 4a(7) states a waiver may be granted if there are "such other circumstances as are determined to be critical to the success of project." The success of the Niger Cereals Research Project is dependent upon the provision of adequate transportation. In the past, the Mission imported approximately 100 International Scout vehicles for various projects. These vehicles are no longer being manufactured, and there is no longer even the limited dealer support that was available previously. American Motors recently attempted to establish a dealership in Niamey but was unsuccessful. No U.S. manufactured vehicles are represented by a dealer and, therefore, there are no available spare parts, service facilities or trained mechanics familiar with U.S. vehicles.

USAID would welcome the opportunity to show the American flag and U.S. engineering skill by using U.S.-manufactured vehicles in the AID/GON development projects. However, to do so without a viable local dealer for essential service and parts support is not only detrimental to the achievement of the project's objectives but is contrary to the best interests of the United States.

B. Waiver of Section 636 (i)

In addition to the general source/origin limitations on the procurement of commodities, Section 636 (i) of the FAA prohibits the procurement of vehicles of non-U.S. manufacture. However, the provisions of Section 636 (i) may be waived when special circumstances permit it. Under Handbook 1, Supp. B, Chapter 4C2d (1) (b), special circumstances are deemed to exist if there is "present or projected lack of adequate service facilities and supply of parts for U.S.-manufactured vehicles."

Since there is an inability to provide service and parts for U.S.-manufactured vehicles and this capability now exists only for vehicles of Code 935 origin, the special circumstances criterion set forth above is satisfied.

Recommendation:

For the above reasons, it is recommended that you:

(1) Conclude that special circumstances exist which merit a waiver of the provisions of 636 (i) of the Foreign Assistance Act of 1961, as amended;

(2) Approve a vehicle procurement source/origin waiver from the Geographic Code 000 to Code 935; and

(3) Certify that exclusion of procurement from free world countries other than the cooperating country and countries included in Code 941 would seriously impede the attainment of U.S. foreign policy objectives and the objectives of the foreign assistance program.

APPROVED: _____

DISAPPROVED: _____

DATE: _____

drafted: PDE

clear: PMSU _____
CONT _____
PRM _____
A/DIR _____

J. AID ACRONYMS & GLOSSARY

AID ACRONYMS

A

AA	Assistant Administrator
AAC	Administrator's Advisory Council
AAPC	Afro-American Procurement Center
ABS	Annual Budget Submission
ACO	Area Contracting Officer, Authorized Certifying Officer
ACVFA	Advisory Committee on Voluntary Foreign Aid
ADB	Asian Development Bank
ADO	Area Development Office(r)
ADP	Automated Data Processing
A&E	Architectural & Engineering
AFDB	African Development Bank
AFR	Africa Bureau
AFGE	American Federation of Government Employees
AFSA	American Foreign Service Association
A/AID	Administrator of the Agency for International Development
AID	Agency for International Development
AIDMIS	AID Management Information System
AIDAR	Agency for International Development Acquisition Regulation
AID/W	Agency for International Development/Washington, D.C.
AL	Annual Leave
ALIGU	American language Institute of Georgetown University
ANE	Bureau for Asia/NEAR EAST
AOSC	Agency Occupational Specialty Code
APO	Army Post Office
AS	Administrative Services
ASAP	As Soon as Possible

B

BERR	Business Enterprise Rate of Return
B/G	Borrower/Grantee
BIFAD	Board for International Food and Agricultural Development
BOPS	Beginning of Project Status

C

CAMO	Central Administrative Management Organization
CAP	Capital Assistance (loan) Paper
CAR	Capital Assistance Request
C&R	Communications and Records
CBD	Commerce Business Daily
CBI	Caribbean Basin Initiative
CD	Community Development
CDO	Country Development Office(r); Community Development Office(r)
CDSS	Country Development Strategy Statement
CIA	Central Intelligence Agency
CICA	Competition in Contracting Act
CM	Contract Management (Office of)

CO	Contracting Officer
COAR	Completion of Assignment Report
COB	Close of Business
COM	Commidity Management (Office of)
COMP	Complement
CP	Condition Precedent
CPDB	Country Program Data Bank
CPFF	Cost Plus Fixed Fee
CPI	Critical Performance Indicator
CPM	Critical Path Method
CY	Calendar Year

D

DA/AID	Deputy Administrator of AID
DAC	Development Assistance Committee of the OECD
DAP	Development Assistance Plan
DCM	Deputy Chief of Mission
DEOB	Deobligation
DIA	Defense Intelligence Agency
DIS	Development Information System
DIU	Development Information Utilization Service
DLC	Development Loan Committee
DLSC	Development Loan Staff Committee
DOD	Department of Defense
DP	Development Planning
DPG	Development Program
DSP	Development Studies Program

E

EAC	East African Community
EAORA	East African Office of Regional Activities
EDR	Employee Data Record
EEOC	Equal Employment Opportunity Commission
E&E	Emergency and Evacuation
EMRB	Executive Manpower Resource Boards
EOD	Entry on Duty
EOPS	End of Project Status
ESCAP	Economic and Social Commission for Asia and the Pacific
ETA	Estimated Time of Arrival
ETD	Estimated Time of Departure
ESDB	Economic and Social Data Bank
EVT	Emergency Visitation Travel
EXIMBANK	Export-Import Bank of the United States

F

FAA	Foreign Assistance Act of 1961, as amended
FAO	Food and Agriculture Organization of U.N.
FAR	Fixed Amount Reimbursement; Federal Acquisition Regulation
FBS	Field Budget Submission
FDRC	Foreign Disaster Relief Coordinator
FEGLI	Federal Employee Group Life Insurance

FEHB	Federal Employee Health Benefits Program
FERP	Far East Refugee Program
FFP	Food For Peace
FICA	Federal Insurance Contribution Act (Social Security)
FIS	Financial Information System
FMIS	Financial Management Information System
FOA	Foreign Operations Administration
FOB	Free On Board
FOC	Field of Concentration
FOIA	Freedom of Information Act
FPR	Federal Procurement Regulations
FS	Foreign Service
FSI	Foreign Service Institute
FSN	Foreign Service National
FSO	Foreign Service Officer
FSR	Foreign Service Reserve
FSRDS	Foreign Service Retirement and Disability System
FSRL	Foreign Service Reserve Limited
FSS	Foreign Service Staff
FTS	Federal Telecommunications System
FVA	Bureau for Food for Peace and Voluntary Assistance
FY	Fiscal Year

G

GAO	General Accounting Office
GBL	Government Bill of Lading
GC	General Counsel
GNP	Gross National Product
GO__	Government of _____
GPO	Government Printing Office
GPOI	Goal, Purpose, Outputs, Inputs
GS	General Schedule
GSA	General Services Administration
GSO	General Service Office(r)
GTR	Government Transportation Request

H

HC	Host Country
HCA	Head of Contracting Activity
HHE	Household Effects
HIG	Housing Investment Guarantee
HL	Home Leave

I

IBRD	International Bank for Reconstruction and Development (World Bank)
ICA	International Communication Agency
ICRC	International Committee of the Red Cross
IDA	International Development Association
IDB	Inter-American Development Bank

IDCA	International Development Cooperation Agency
IDI	International Development Intern
IFB	Invitation For Bids
IFC	International Finance Corporation
IG	Inspector General
IGA	Inspector General of Foreign Assistance
IIA	Intragovernmental and International Affairs Bureau
IIS	Inspection and Investigation Office
ILO	International Labor Organization
IMF	International Monetary Fund
IPA	Intergovernmental Personnel Act
IQC	Indefinite Quantity Contract
IRM	Information Resources Management
IRR	Intensive Review Request; Internal Rate of Return
ISC	Interagency Staff Committee
IVS	International Voluntary Service

J

JAO	Joint Administrative Operation
JAS	Joint Administrative Services
JCAD	Joint Committee on Agricultural Development

K

L

LAC	Bureau for Latin America and the Caribbean
L/COMM	Letter of Commitment
LDC	Less Devloped Country
LN	Local National
LOB	Line of Balance
LOC-TFCS	Letter of Credit-Treasury Financial Communications System
LOGFRAME	Logical Framework
LWOP	Leave Without Pay

M

MAAG	Military Assistance Advisory Group
MAP	Military Assistance Program
M/FM	Office of Financial Management
MINAG	Ministry of Agriculture
MinPlan	Ministry for Planning
MIS	Management Information System
MLAT	Modern Language Aptitude Test
MO	Management Operations
MOE	Ministry of Education
MOH	Ministry of Health
M/PM	Office of Personnel Management
MS	Marital Status

N

NE	Bureau for Near East
NLT	Not Later Than
NNRR	Net National Rate of Return
NOA	New Obligational Authority
NPRB	Non-competitive Procurement Review Board
NPV	Net Present Value
NTE	Not to Exceed
NXP	Non-Expendable Property

O

OAS	Organization of American States; Operations Appraisal Staff
OAU	Organization of African Unity
OECD	Organization for Economic Cooperation and Development
OFPP	Office of Federal Procurement Policy
OMB	Office of Management and Budget
OJT	On-the-Job Training
OLAB	Office of Labor Affairs
OPA	Office of Public Affairs
OPEC	Organization of Petroleum Exporting Countries
OPG	Operations Program Grant
OPIC	Overseas Private Investment Corporation
OPM	Office of Personnel Management
O/S	Overseas
OSARAC	Office of Southern Africa Regional Activities Coordination
OSDBU	Office of Small & Disadvantaged Business Utilization
OT	Overtime
OYB	Operational Year Budget

P

PAAD	Project Assistance Approval Document
PACD	Project Assistance Completion Date
PAF	Project Authorization and Request for Allotment of Funds
PAHO	Pan American Health Organization
PAIS	Project Accounting Information System
PAR	Project Appraisal Report
PARIS	Project Analysis and Reporting Information System
PASA	Participating Agency Service Agreement
PBS	Program Budget Submission
PCV	Peace Corps Volunteer
PD	Program Determination
PD&E	Program Design and Evaluation
PDM	Program Design and Management
PD&S	Program Development and Support
PEC	Program Evaluation Committee
PER	Personnel Evaluation Report
PERT	Program Evaluation Review Technique
PES	Program Evaluation System
PHS	Public Health Service
PID	Project Identification Document

PIL	Project Implementation Letter
PIO	Project Implementation Order
PIO/C	Project Implementation Order/Commodity
PIO/P	Project Implementation Order/Participant
PIO/T	Project Implementation Order/Technical Services
PL	Public Law (i.e., PL-480)
PM	Office of Personnel Management (AID)
PM/TD	Personnel Management/Training Division
PO	Purchase Order
POV	Privately Owned Vehicle
PP	Project Paper
PPC	Bureau for Program and Policy Coordination
PRE	Bureau for Private Enterprise
ProAg	Project Agreement
PROG	Program; Programming Information System
PSC	Personal Services Contract
PVO	Private Voluntary Organization
PX	Post Exchange

Q

R

RAC	Research Advisory Committee
R&D	Research and Development
R&R	Rest and Recuperation
RAMPS	Revised Automated Manpower and Personnel System
RCA	Request for Contract Action
RD	Rural Development
RDO	Rural Development Office(r); Regional Development Office(r)
RDOEA	Regional Development Office for East Asia
REDSO	Regional Economic Development Services Office
REDSO/EA	REDSO/East Africa (Kenya)
REDSO/WA	REDSO/West Africa (Ivory Coast)
REI	Request for Expressions of Interest
REOB	Reobligation
RFP	Request for Proposal
RFQ	Request for Quotation
RFTP	Request for Technical Proposal
RIF	Reduction in Force
RIG	Regional Inspector General
RLA	Regional Legal Advisor
RLDC	Relatively Least Developed Country
ROCAP	Regional Office for Central American Program
RP	Rosslyn Plaza
RPE	Rosslyn Plaza East
RSSA	Resources Support Services Agreement
RTD	Return to Duty

S

SA	Supporting Assistance; Special Assistant; State Annex
SAS	Shared Administrative Support
SBA	Small Business Administration
SCD	Service Computation Date
SEL	Statement of Earnings and Leave
SER	Program and Management Services Bureau
SER/CM	Office of Contract Management
SER/COM	Office of Commodity Management
SER/DM	Office of Data Management
SER/MO	Office of Management Operations
SER/MP	Office of Management Planning
SF	Standard Form (i.e., SF-171)
SFS	Senior Foreign Service
SMA	Separate Maintenance Allowance
SPAR	Staffing Pattern Action Request
S&T	Bureau for Science and Technology

T

TA	Travel Authorization; Technical Assistance
T&A	Time and Attendance
TCN	Third Country National
TDD	Terminal Disbursement Date
TDP	Trade and Development Program
TDY	Temporary Duty
TGIF	"Thank God It's Friday!"
Title XII	New section of the Foreign Assistance Act which places heavy emphasis on utilization of land grant universities and other institutions in fostering development in food and agriculture
TOEFL	Test of English as a Foreign Language
TSM	Technical Support to Mission Contract
TTLA	Termination Time Limited Appointment

U

UN	United Nations
UNDP	United Nations Development Programme
UNESCO	United Nations Educational, Scientific, and Cultural Organization
UNFPA	United Nations Fund for Population Activity
UNHCR	United Nations High Commissioner for Refugees
UNICEF	United Nations International Children's Fund
USAID	Country Mission of the Agency for International Development
USC	United States Code
USDA	United States Department of Agriculture
USG	United States Government
USOAS	U.S. Representative to Organization of American States
USRP	United States Refugee Program
USUN	United States Mission to the United Nations

V

VOA	Voice of America
VOLAG	Voluntary Agencies

W

WAO	Women's Action Organization
WHO	World Health Organization
WID	Women in Development

X - Y - Z

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Glossary[1]

Accrual: Services or shipment performed against an obligation, but voucher not received.

Accrued Expenditure: Items received, services rendered, expenses incurred, assets acquired, and construction performed during a given period, regardless of whether payment has been made on invoices received.

Advice of Charge: An AID accounting document used to transfer expenditures or credits between accounting offices.

Allottment: A portion of an appropriation for which accountability has been delegated for specific purposes.

Anti-Deficiency Act: Refers to 31 U.S.C. 665 which requires federal agencies and/or officials thereof not to obligate or expend U.S. Government funds in excess of the amount of an apportionment of OMB.

Appropriation: An act of Congress permitting Federal agencies to incur obligations for specified purposes; e.g., Foreign Assistance and Related Programs Appropriation Act, 1980.

Appropriation Accounts: The separate accounts for which specific dollar amounts are authorized and appropriated.

Apportionment: A distribution made by the OMB of amounts of money available for obligation or expenditure in an appropriation account.

Approved Applicant: The person or organization designated by the Borrower/Grantee to establish credits with banks in favor of suppliers or to instruct banks to make payments to suppliers including any agent acting on behalf of such approved applicant.

Audit: The systematic examination of records and documents and the securing of other evidence by confirmation, physical inspection, or comparison.

Authorization: Substantive legislation which establishes legal operation of a Federal program, either indefinitely or for a specific period and sanctions particular program funding levels; e.g., the Foreign Assistance Act of 1961, as amended (FAA).

Authorized Certifying Officer: An employee authorized in writing by the head of an agency, or his designee, to certify vouchers for payment from the agency's appropriation. Certification attests to the correctness of the facts stated in the vouchers, the existence of supporting documents, the legality of the proposed payments, and the correctness of the computations.

[1]Definitions herein are written to conform to general AID usage, as presented in the integrated statement of procurement policy. More specific definitions are contained in the applicable AID Regulations and Handbooks.

Bid Bond or Guaranty: A bond or guaranty that accompanies a bid, when invitations for bids require it, to assure that the bidder will, if his/her bid is accepted, execute the contract. Invitations for bids generally require the posting of a bid bond or guaranty.

Bilateral Assistance: Economic assistance provided directly by a country to a country or intended to benefit one or more countries indirectly. (AID Development Assistance, Economic Support Fund and most P.L. 480 food aid are among the U.S. bilateral programs. Others include Peace Corps and International Narcotics Control.)

Borrower/Grantee: The government of any cooperating country, or any agency, instrumentally or political subdivision thereof, or any private entity to which AID directly makes funds available by loan or grant.

Budget: Financial plan for use of a fund or funds.

Budget Allowance: A funding authorization by the head of an agency or other authorized official to a responsible officer of a designated organizational unit making funds available for obligation.

Cash Transfer: A form of nonproject assistance, usually for budget support, in which funds are transferred to a coroporating country without a requirement for documentation evidencing the actual use of the funds by the cooperating country.

Cargo Preference: The requirement to use U.S. flag carriers in accordance with the provisions of section 901(b) of the Merchant Marine Act of 1936, as amended.

Chart of Accounts: A complete listing of account symbols, titles and descriptions used in recording accounting transactions.

Collaborative Assistance: A method of providing long-term technical assistance involving the professional collaboration of an educational institution or international research center and a cooperating country institution for problem solving-type activities to develop a new institutional forms and capabilities, to devise operating systems and policies, and to conduct joint research and development, including training.

Commission: Any payment or allowance by a supplier to any person for the countribution which that person has made to securing the sale for the supplier or which that person makes to securing on a continuing basis similar sales for the supplier.

Commitment: An executed contract, purchase order or other commitment document.

Commitment Reservation: A set aside of funds to cover a contract, purchase order or other commitment document.

Commodity Import Program (CIP): A form of nonproject assistance by which AID makes dollars available to a cooperating country to finance the importation of categories of commodities under a loan or grant agreement.

Commodity Related Service: Delivery services and incidental services.

Contract: See: Cost Plus Fixed Fee Contract; Fixed Fee Contract; Fixed Price Type Contracts Containing Fixed Rate Payment Provisions.

Cooperating Country: The country receiving AID assistance.

Cost Plus Fixed Fee Contract: A contract in which the contractor undertakes to provide specified goods or services in return for reimbursement of all costs incurred -- direct, administrative, overhead, etc. -- plus a fee (profit) in an amount fixed at the execution of the contract.

Country Development Strategy Statement (CDSS): Prepared annually by the USAID mission, this document summarizes (in about 50 pages) the Host Country's social and economic development status; progress and constraints to development; the Host Country's development plan and resources; and the USAID Mission's overall and sectorial assistance strategy, within the framework of current AID/Washington policy and guidelines.

Debarment of Supplier and Contractors: A determination by AID that certain persons will be excluded from eligibility for AID-financed contracts for the supply of commodities or services for a fixed period of time. Such determinations are made for the causes and in accordance with the procedures prescribed in AID Regulation 8 and AIDPR 7-1.6.

Delivery Service: Any service customarily performed in a commercial export transaction which is necessary to effect a physical transfer of commodities to the cooperating country. Examples of such services are: export packing, loading, wharfage, lighterage, insurance, commodity inspection services, services of freight forwarder, and ocean and other freight.

Deobligations: Unexpended funds obligated for a specific activity which are subsequently withdrawn, following a determination that they are not required for that activity.

Direct Reimbursement: A method of financing under which AID reimburses the borrower/grantee for eligible transactions which the borrower/grantee has already paid for its own exchange or local currency resources.

Disallowance: An item claimed that is not certified for payment.

Disbursement: Actual payment of a voucher or payroll.

Discount: Any allowance or payment to or for the benefit of a buyer.

Earmark: An executed PIO, PIL or other document authorizing the procurement of specific goods or services.

Earmark Reservation: A set aside of funds to cover a draft PIO, PIL or other document that authorizes the procurement of specific goods or services.

Excess Property: U.S. Government-owned personal property which has been determined to be excess to the needs of the owning Federal agency.

Fiscal Year: The financial year of the U.S. Government which covers the 12 calendar months from October 1 of a given year through September 30 of the following year. The fiscal year is designated by the calendar year in wnich it ends.

Fixed Amount Reimbursement (FAR): A technique used in project assistance under which the amount of reimbursement is fixed in advance based upon cost estimates reviewed and approved by AID. Reimbursement is made upon the physical completion of a project, subproject, or a quantifiable element within the project. The emphasis is upon reimbursement based on planned outputs rather than inputs or costs.

Fixed Price Contract: A contract in which the contractor undertakes to provide specified goods or services in return for a single payment amount fixed at the execution of the contract.

Fixed Price Type Contracts Containing Fixed Rate Payment Provisions (also known as Fixed Price Time Rate Contract: A contract in which the contractor undertakes to provide specified services of uncertain quantity and duration in return for payment at a time-unit rate (daily, monthly, etc.) fixed for each type of skill at the execution of the contract, such rate to include the contractor's costs and profit.

Food for Peace: Public Law (PL)480, also known as the Food for Peace program, was enacted in 1954 as an agricultural surplus disposal measure. Since then, legislation has been substantially rewritten to emphasize the "use of the abundant agricultural productivity of the U.S. to combat hunger and malnutrition and to encourage economic development in the developing countries."

Foreign Affairs Administrative Support: An agreement to provide, on a reimbursable basis, needed administrative type services to U.S. Government agencies located overseas. Agencies participating in the agreement share the costs of the services provided in proportion to the amount and costs of the services each agency receives.

Foreign Assistance Act: of 1961 (FAA) as amended.

Formal Advertised Procurement: See Formal Competitive Bidding.

Formal Competitive Bidding: A system of procurement under which sealed bids are solicited through adequate advertising of a full statement of well-defined requirements and specifications and all the conditions to be considered in the selection of the successful bidder together with the date for the submission of bids. Bids submitted before the closing date are evaluated in terms of the advertised conditions and the award is made to the lowest price responsive and responsible bidder.

Gantt Chart: A bar chart -- a widely used management technique for displaying schedule of activities.

Geographic Code: A three-digit code used by AID to designate countries or geograhic areas for the purpose of defining eligible sources or nationalities under AID programs and projects. See handbook 18, Appendix D, Section III, Attachment C, the AID Geographic Code Book. The more commonly used geographic codes are:

Code 000 - The United States; Code 899 - The "Free World;" Code 935 - "Special Free World," that is Code 899 plus the cooperating country itself; Code 941 - "Selected Free World," the United States and a large group of less developed countries -- the category of countries which are currently eligible sources for loan-financed procurement.

Grants: A conditional gift. (A support instrument for programs of an institution or organizations; e.g., International Planned Parenthood Federation (IPPF) or an international agricultural research center.)

Importer: Any person or organization, public or private, in the cooperating country authorized by the Borrower/Grantee to use AID funds for the procurement of commodities, including any Borrower/Grantee who undertakes such procurement.

Indefinite Quantity Contract (IQC): A contract that provides for the purchase of an indefinite quantity, within state limits, of specified supplies or services during the period of the contract, with deliveries scheduled by placement of delivery orders. The contract must specify a guaranteed minimum order and cumulative maximum amount.

Institutional Grants: Grants to educational and research institutions in the United States under the authority of Section 211 of the FAA to strengthen their capacity to develop and carry out programs concerned with economic and social development of less developed countries.

International Organizations: Any international or regional development-related organization created by international agreement having membership consisting primarily of national governments or public agencies thereof.

Invitation for Bids (IFBs): A solicitation of offers from potential suppliers of specified commodities and/or services under formal competitive bidding procedures.

Least Developed Countries (LDC): Refers to a list established by the U.N. General Assembly in 1971 of those developing countries without significant economic growth, with very low per capita incomes, and with low literacy rates. This list, plus a later U.N. list of countries most seriously affected by the oil price increases of 1973-74, comprise the Fourth World.

Letter of Commitment --Bank (Bank L/COM): An agreement between AID and U.S. bank under which the bank is authorized to make payments to contractors and suppliers for eligible commodities and services. The bank is reimbursed by AID for payments made in accordance with the letter of commitment.

Letter of Commitment -- Direct (Direct L/COM): A guarantee by AID to pay suppliers for eligible commodities and services provided under AID or Host Country contracts.

Letter of Credit: An instrument of credit extended by a bank to a supplier guaranteeing payment to the supplier upon compliance with the terms and satisfaction of the conditions established by the Letter of Credit.

Letter of Credit--Treasury Financial Communications System (LOC-TFCS): A financing instrument used in connection with grants or contracts with state and local governments in the United States, with educational and nonprofit institutions, and with grants to international organizations. It permits frequent small advances as needed while avoiding premature withdrawals from the Treasury.

Loans: Assistance which must be repaid. Repayment terms for development loans under Development Assistance and Economic Support Fund are established by AID in accordance with the Foreign Assistance Act of 1961, as amended (FAA), and the current Foreign Assistance and Related Programs Appropriations Act.

Local Cost Procurement: The procurement of goods and services in a cooperating country with the currency of that country where the local currency has been obtained with AID appropriated dollars.

Local Currency: The currency of the country in which a USAID is located, or any other non-U.S. currency or currencies commonly used in that country.

Logframe: Logical framework is a summary worksheet for presenting the development hypothesis and analyzing a project design. The logframe is divided into four horizontal rows (goal, purpose, outputs and inputs) and four columns (narrative, objectively verifiable indicators, means of verification and important assumptions).

Multilateral Assistance: Economic assistance which the United States provides to LDCs through multilateral development banks and the United Nations agencies, and other international organizations with development purposes.

Nationality: The citizenship or place of residence of an individual or place of incorporation or establishment of a firm.

Nonproject Assistance: The transfer of resources, under AID financing, for the purpose of promoting economic development and/or political stabilization by means of short-term relief from budgetary or balance of payments constraints on the economy of a cooperating country.

Object Classification: The classification of obligations and expenditures according to types of services, articles, or other items involved such as personal services, supplies and materials, equipment, etc.

Obligation: Legal commitment of budget authority. This commitment consists of a signed agreement betweenthe U.S. Government and the Host Government, a contractor or (with a grant) to an organization.

Operating Expenses: Includes all costs associated with AID's direct efforts in direct-hire personnel and their related expenses such as "Travel and Transportation" -- the costs of "doing business."

Operational Year Budget: Financial plans for the current fiscal year.

Origin: The country in which a commodity is mined, grown, or produced.

Participating Agency Support Agreement (PASA): A contract with another federal agency for specialists to perform services overseas.

Pipeline: The difference between obligations and expenditures.

Prequalification: The act of determining those firms which have the interest and resources -- technical, managerial, and financial -- to provide the goods or services to be produced.

Private Voluntary Organizatin (PVO): A non-profit tax-exempt and non-governmental organization established and governed by a group of private citizens whose purpose is to engage in voluntary, charitable and development assistance operations overseas.

Program: A coordinated set of AID-financed activities directed toward specific goals. For example: maternal child health, nutrition education and family planning projects designed to promote the spacing of children may comprise a program to reduce infant deaths.

Project: A single activity designed to generate specific results. For example, a maternal child health project may be designed to extend basic health services to 60 percent of children under five years of age in a poor, rural district of the recipient country. A project is AID's basic unit of management.

Project Agreement (PROAG): Prepared by the USAID mission in negotiation with Host Country counterparts, after approval of the PP by the AID/Washington Regional Bureau. This document summarizes the essential elements of the objective and rationale for the PP, the amount and type of funding, and the responsibilities of the U.S. and the Host Country implementing the project. An updated implementation plan is also prepared and made a part of the PROAG. The PROAG is signed jointly by representatives of the USAID Mission and the Host Country.

Project Assistance: AID assistance through the financing of projects.

Project Authorization and Request for Budget Allowance (PAF): The document used by AID/W to approve a specific project and its budget described in the PP, specify the terms and set forth major covenants and conditions, authorize funding for the project, and (normally) request allotment of funds.

Project Elements: A term used to describe the resources necessary to achieve the desired outputs of a particular project.

Project Evaluation Summary (PES): Prepared by the USAID Mission Evaluation Officer and USAID Project Officer in collaboration with the Host Country Counterpart Project Officer during the life of a project. This document summarizes progress, highlights, problems, action decisions and unresolved issues.

Project Identification Document (PID): Prepared by the USAID Mission in collaboration with Host Country counterparts at any time the need becomes evident. This document outlines (in about 15 pages) the description, rationale, and estimated cost for a new project.

Project Implementation Letter (PIL or IMP Letter): Prepared by the USAID Mission at any time during project implementation when the USAID Project Officer considers it appropriate. The PIL provides administrative, financial and/or technical guidance or clarification to the counterpart Host Country Project Manager.

Project Implementation Orders (PIO): Prepared by the USAID Project Officer during project implementation, the PIO is the principal means for allocating or subobligating project funds. There are three types of PIO's:

PIO/T -- To procure specialized technical services;
PIO/C -- To procure project commodities; equipment and supplies; and
PIO/P -- To provide for training of participants in the U.S. or third countries.

Project Paper: Prepared by the USAID Mission in collaboration with Host Country counterparts after approval of the PID by the AID/Washington Regional Bureau. This document presents the rationale, a thorough analysis, plan, schedule, cost estimate, and recommendation for a new project, complete with supporting documents, tables, schedules, and special studies.

Proprietary Procurement: The procurement of goods by reference to a trade name, special design requirements, or specifications that can be met by the product of only one producer.

Public Law 480 (P.L. 480): The Agricultural Trade Development and Assistance Act of 1954, as amended, which governs administration of the U.S. Food for Peace program. (Term is often used to describe the food aid.)

Public Sector: The sector of the economy of a cooperating country managed, directed, or otherwise controlled by the governmental or quasi-governmental entities, national, regional, or local.

Purchase Order: An executed document authorizing a vendor to deliver materials or equipment or to perform services. Upon acceptance, the document constitutes the purchase contract.

Reobligation: Obligation of an amount which had been obligated and deobligated in prior transactions.

Request for Proposal (RFP): A solicitation of offers from potential suppliers of described services for a negotiated contract.

Requirements Contract: A contract that provides for the purchase of all actual needs for specified supplies or services for a specified period. Deliveries are scheduled by placement of delivery orders. The contract specifies the maximum level of goods or services which may be ordered.

Reservations: A setaside of funds to cover a ProAg, Grant Agreement or other potential obligating document in the draft or clearance stage.

Resource Services Support Agreement (RSSA): A contract with another federal agency to perform a function for AID, usually domestically.

Section 1311: This section of the Supplemental Appropriations Act, 1955 provides that no amount shall be recorded as an obligation unless it is supported by documentary evidence showing that: (a) a valid and binding agreement in writing has been executed; (b) the obligation is for a purpose authorized by law; and (c) the obligation was incurred before the expiration of fund availability.

Sole Source Procurement: A procurement plan in which goods or services can be obtained from only one person or firm.

Source: The country from which a commodity is shipped to the cooperating country, or the cooperating country if the commodity is located therein at the time of purchase. Where, however, a commodity is shipped from a free port or bonded warehouse in the form in which received therein, "source" means the country from which the commodity was shipped to the free port or bonded warehouse.

Special Letter of Credit: An irrevocable letter of credit issued by a U.S. bank, at AID's request, the beneficiary of which is designated by the cooperating country. (The beneficiary is usually the central bank of the cooperating country.) The foreign exchange made available to the Borrower/Grantee by the Special Letter of Credit is used by the cooperating agency to finance imports.

Supplier: Any person or organization, governmental or otherwise, who furnishes commodities and/or commodity-related services financed by AID.

Suspension of Suppliers and Contractors: A determination by AID that certain persons will be excluded from eligibility for AID-financed contracts for the supply of commodities or services for a period of time pending a determination by AID whether to proceed with debarment action. Such determinations are made in accordance with the rules prescribed in AID Regulation 8 and AIDPR 7-1.6.

Unit Price Contract: A contract in which the contractor undertakes to provide specified goods and services at a quantity-unit rate fixed at the execution of the contract for each item as delineated in the contract. (Total contract payment will be the sum of the numbers of each item of goods furnished, or work items accomplished, multipled by the relevant unit rate.)

Voluntary Agency: Any U.S. voluntary nonprofit agency registered with, and approved by the Advisory Committee on Voluntary Foreign Aid of the Agency for International Development or any unregistered voluntary nonprofit agency which receives operational program grants from AID.