



Focus on Africa: Implementation & Procurement Reform (IPR)

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The Africa Bureau has set up a small IPR unit with four new staff to coordinate IPR work in the region and to ensure the sharing of best practices and lessons learned among Bureau and Mission staff. Many of the Missions in Africa have been proactive in integrating IPR into their work, and in less than one year of implementing IPR, the region has made great progress. We have decided to focus this issue of the IPR newsletter on Africa so that we can share their successes with the rest of the Agency.

Objective 1

USAID/Rwanda: Analysis of Public Financial Institutions Leads to Working Directly with Ministry of Agriculture

USAID/Rwanda has launched its Feed the Future (FtF) Strategy and fully embraced USAID’s IPR initiative through the Program for Economic Progress & Productivity Enhancement in Rwanda (PEPPER).



A host-government managed award, PEPPER promotes a private sector-led approach to managing agricultural inputs and after-harvest surpluses and strives to increase land tenure security for private owner-operators. PEPPER disbursements will be made annually through the Government of Rwanda’s (GOR) financial management systems based on achievement of pre-agreed benchmarks, including development objective-level, policy and institutional results. By encouraging more detailed annual planning and budgeting, as well as strengthened M&E systems with harmonized reporting, USAID/Rwanda is helping to further develop the agriculture sector-wide approach.

The program was designed after USAID/Rwanda completed the Public Financial Management Risk Assessment Framework (PFMRAF) with the GOR. The PFMRAF provided an in-depth analysis of the GOR’s public financial systems and governance and helped identify priorities for complementary technical assistance to GOR institutions.

Focus on Africa



Ghana

“The [M/CFO Rapid Appraisal] Team’s experience was extremely valuable in helping the Ghana Mission better understand the risk and objectively gauge progress on the PFM system in Ghana.... Rather than begin at ground zero, [the RA teams] built on the Mission’s experience, offering recommendations suited to the USAID/Ghana environment. The systematic process of pro-actively identifying, planning, and managing risks will go a long way in helping Missions responsibly use a country’s PFM system. I only wish we had the PFMRAF model a year or so ago.” — Cheryl Anderson, Mission Director, USAID/Ghana

USAID/Rwanda’s planned simultaneous investment in a Human & Institutional Capacity Development Project will complement PEPPER by further strengthening the GOR’s key oversight bodies, such as the Supreme Audit Institution, Parliament, and civil society government watch groups. This investment will help to ensure the GOR stays on track with this and other publicly financed programs.

The PFMRAF process and USAID/Rwanda’s final determination to work through GOR public financial management systems has garnered broader recognition among other donors, a fact that could further donor coordination and minimize the transaction costs for other donors to make use of the GOR’s financial management systems for future projects.

USAID/Liberia: Strategic Engagement with the Government of Liberia’s Public Institutions through use of PFMRAF

USAID/Liberia was a pilot country for the PFMRAF in August 2010. The information gleaned from the PFMRAF Stage 2 has made it possible for USAID/Liberia to begin programming funds directly through government ministries following the national elections later this year.

The Mission was also able to use the PFMRAF process to expand collaboration with other bilateral donors as they also seek to engage the Government of Liberia (GOL) in its public financial management reform initiatives. These activities have included supporting the GOL in their current review of Public Financial Management (PFM) Law, PFM Strategy, and related GOL regulations. To support the GOL’s PFM strategy, the Mission plans to allocate \$1.5 million to a multi-donor trust fund that will be jointly administered by the Ministry of Finance and contributing donors. This fund was established for the purpose of improving the nation’s financial management information system, planning and public investment, budget coverage and preparation, and revenue management and administration.

Under an existing agreement, the Mission will work directly with GOL institutions to develop systems necessary to successfully manage USG and other donor funds. Specific assistance will include capacity building in financial management, procurement, and internal controls. Under the agreement, USAID/Liberia will work directly with those ministries and agencies selected to participate in these capacity building activities.

The Mission is also actively working with the Ministry of Health and Social Welfare (MOHSW). In FY 2010, \$3.36 million was directly obligated to the



Mothers and babies at a clinic. Photo Credit: USAID/Liberia

Focus on Africa



Tanzania

"I have never had a more stimulating and challenging work experience with the Agency [than working through the Public Financial Management Risk Assessment Framework coordination with M/CFO], and heard the same from other team members. The 4 newer DLI staff, in particular, were ecstatic about the experience and knowledge gained." — David Consigny, Mission Controller, USAID/Tanzania

Rwanda

"With G2G, USAID starts by assessing the host country fiduciary risk assessment that digs out the weaknesses and gaps in public financial management system[s]. The next stage is to build and implement a program for mitigation. [From] my point of view, this is a crucial investment in capacity building which is the foundation of today and tomorrow's sustainability of developing countries." — Bona Nkuriyumwami, Financial Analyst, USAID/Rwanda

MOHSW to fund health sector workers' salaries that could not be covered by the national budget because of the financial crisis, and contracted health specialist personnel. The health team is further working on a fixed amount reimbursement arrangement (FARA) mechanism with the MOHSW in which one of the key activities will be awarding performance based contracts to local NGOs for management of health facilities.

USAID/Uganda's Fixed Amount Reimbursement Agreement with Uganda's Bureau of Statistics

USAID/Uganda has integrated IPR into the Mission's Country Development Cooperation Strategy (CDCS) approved in April 2011. With this new strategy, the Mission is in an intense phase of project design, concept paper review and decision-making about procurement mechanisms.



USAID/Uganda UBOS staff in field conducting household surveys. Photo Credit: USAID/Uganda

An example of the way that IPR is changing the way USAID/Uganda designs projects can be seen in a recent decision regarding this year's Demographic and Health Survey (DHS). As with many USAID Missions worldwide, the Ugandan DHS relies on the national statistics entity, Uganda's Bureau of Statistics (UBOS), for its successful implementation. For the first time this year, rather than contracting with a field support mechanism or private firm, USAID/Uganda signed a FARA with UBOS for \$1.6 million.



USAID/Uganda UBOS staff in field conducting household surveys. Photo Credit: USAID/Uganda

While the use of a government-to-government (G2G) mechanism appeared to require a steep learning curve, the Mission's technical, program, and legal offices quickly learned that the FARA was simple and quick to execute once they understood the main aspects. According to Regional Legal Advisor, Matthew Cohen, the

FARA agreement used with UBOS is serving as a model for a number of other missions in the Africa region that are interested in establishing their own FARAs.

Focus on Africa



USAID/South Africa: Capacity Development Workshop Delivered to NGO Partners

USAID/South Africa's Environment and Local Capacity Development Teams partnered with the Development Grants Program in July to deliver a week long capacity development course focused on USAID policies and procedures, program design and monitoring and evaluation to NGO partners from five countries across the region. The workshop will be followed up with targeted capacity development support from the technical and LCD Teams.



Recent LCD Training in Mozambique. Photo Credit: Ginny Barahona, USAID

Objective 2

USAID/Senegal to Engage Local Partner for Health Communications

In developing an all-new package of Health programs, USAID/Senegal is significantly increasing resources to a local institution, while expanding its partner base. The Mission is preparing to launch an \$11 million, five year procurement with a local communications organization.

The selected firm will implement a key messaging component of new USAID funded health programs to improve key health indicators. Along with focusing on increasing use of services and resources, the organization will also promote the adoption of preventive behaviors. The Senegalese firm will develop tailored communications activities aimed at influencing the social and behavior changes needed in the priority areas of reproductive health, maternal and child health, malaria, HIV/AIDS, tuberculosis, and other infectious diseases. The expertise of a Senegalese firm will maximize the use of relevant approaches, materials, tools and media products already developed and used successfully in Senegal. In addition, the local procurement will increase the capacity of the implementing private sector organization and reduce operational costs for USAID as compared to an international implementer.



Senegal will increase its partner base by procuring a \$11 million communications component of its health program locally. Photo Credit: USAID

IPR in Mozambique and Kenya

Representatives of the IPR Objective 2 Working Group from GC, M/OAA, DCHA and GH held Local Capacity Development (LCD) training workshops in Maputo, Mozambique and Nairobi, Kenya, with 72 participants from August 8-19. The Mozambique participants included staff members from Mozambique, Zambia, and Mali as well as several Africa Bureau Country Desk Officers. During the Nairobi workshop, the IPR training team used a Training of Trainers approach for the first time with participants from Missions in Rwanda, Ethiopia, Uganda, Tanzania, Kenya, Ghana, Malawi and South Sudan joining the East Africa Local Capacity Development Team. In both workshops, participants discussed details of USAID *FORWARD* and IPR in the context of their respective Missions. They also discussed various tools and approaches for working directly with local civil society and private sector entities, as well as how to use an organizational assessment tool.

Focus on Africa



Rwanda

“The argument that USAID cannot contract with national NGOs because they lack the capacity to effectively implement programs is self-defeating because unless deliberate efforts to invest in the operational capacity of those local NGOs are made, they will not be able to improve their expertise, absorption capacity, and effectiveness... [By] increasing grants to local partners, [the IPR Initiative] has the potential to break this vicious cycle and advance the desired outcome of creating conditions where aid is no longer necessary.” — Joseph Rurangwa, MCC Governance Specialist, USAID/Rwanda



USAID/Kenya: Local Capacity Development is spreading. Photo Credit: USAID/Kenya

Objective 3

USAID/Liberia Awards GEMS Program

USAID/Liberia recently awarded the Government and Economic Management Support (GEMS) program as a follow-on to the highly successful Governance and Economic Management Assistance Program (GEMAP). International Business Initiatives (IBI), a U.S. based small business, implemented for USAID between 2006 and 2010, a program featured in World Development Report 2011 as an example of successful post-conflict recovery. GEMS will build on the systematic and institutional advances achieved in fiscal and financial management under GEMAP by working with Government of Liberia institutions to build human and institutional capacity in financial, organizational, and performance management. Specifically, the program will work with key ministries, agencies, and state-owned enterprises of Liberia to build management capacity, implement a comprehensive civil servant training initiative, strengthen the government’s capacity to manage natural resource concessions, facilitate the implementation of the government’s national ICT policy, and enable the Central Bank of Liberia to operate a modern national payment system.

Objective 4

USAID/Uganda Staff Uses an Evolutionary Acquisition Approach to Improve Program Outcomes

IPR has encouraged USAID/Uganda to find better contracting mechanisms to increase value for money and lower risk. The Cost Plus Award Fee

Focus on Africa



Other Mission Advances in Africa

USAID/Namibia recently engaged six new local partners in capacity building and made awards to three of the organizations as a result. Two of the new awards made use of the newly amended Fixed Obligation Grant (FOG) mechanism.

USAID/Ghana is strongly integrating procurement reform principles in its new FtF project designs and across the mission portfolio. The Mission is aiming to deliver its program funds through local public and private entities (2% pooled funds, 44% government systems, 12% local organizations, 4% local private sector). The existing education portfolio extensively utilizes host country systems and will expand into local capacity development.

(CPAF) contract type provides incentives for contractor efficiency and performance, while requiring the Government of Uganda and the contractor to meet regularly and conduct frank discussions on performance, expectations and measurable goals.

USAID/Uganda awarded a CPAF for a three-year, \$34 million Indoor Residual Spraying (IRS) program. Spurred by this innovative contract structure, the Uganda IRS project piloted an intervention using bicycles instead of trucks for a more cost-effective method of transportation. Through a significant increase in efficiency, the overall effect of this innovation has been to save the project an estimated \$2.4 million and to increase the number of households that were sprayed to 99%, well beyond the contract requirements. According to Alternate COTR Joel Kisubi, “The award fee structure keeps the contractor on its toes in terms of looking for innovations that they can use to manage the project as efficiently as possible.”



A team of spray operators use bicycles to reach remote households in Uganda, an effective and cost-saving strategy. Photo Credit: USAID

Building on the success of the IRS project, USAID/Uganda is planning a Fixed Price Award Fee (FPAF) contract for the Community Connector nutrition and livelihoods project. As former USAID/Uganda Contracting Officer Bruce McFarland explained, “We are looking at making our instruments more agile – targeted for very specific outcomes, but with the ability to modify and redirect continuously based on the feedback we receive from the Collaborating, Learning and Adapting (CLA) process.” The FPAF will fix a baseline level of effort and incentivize contractor performance through the award fee structure. Program modules will be built around the award fee structure, requiring the contractor and USAID to meet regularly. The award fee structure also allows for adjustments in the contract based on independent third party evaluations. This model relies on USAID’s internal ability to manage for results. It is known as evolutionary contracting and operationalizes the CLA agenda into an already innovative contract.

Note: If done properly, an award fee-type contract gives a profit motive to the contractor to keep costs low, deliver a product on time, and make decisions that improve the quality of the product. However, these types of contracts require careful planning and significantly more management oversight and involvement by government personnel (the CO, the COTR, and possibly the RLA and the Controller) to properly monitor the

Focus on Africa



Other Mission Advances in Africa

USAID/South Sudan is making meaningful progress to support the development of public institutions in the world's newest country. The mission has specifically worked to build capacity in the Ministry of Finance, Central Bank, and the Ministry of Agriculture. The Mission is also working with other donors to support the GOSS on anti-corruption efforts and management of oil resources.



USAID Administrator Rajiv Shah listens as USAID/Sudan Economic Growth Deputy Team Leader Carmelita Maness describes local agriculture in southern Sudan. Photo credit: Angela Stephens, USAID

contractor's performance in order to determine the amount of award fee to pay the contractor. Missions considering using an award fee contract must ensure they have the resources needed to properly manage the process. COs should consult with M/OAA with any questions they may have on using this type of contract.

Objective 5

USAID/Rwanda: Public International Organization Grant with the World Bank for LWH in Rwanda

The Land Husbandry, Water Harvesting, and Hillside Irrigation (LWH) Project is a World Bank-managed multi-donor-funded effort to support the Ministry of Agriculture and Animal Resources (MINAGRI) in applying a modified watershed approach to introduce sustainable land husbandry measures for hillside agriculture on selected sites, as well as developing hillside irrigation for sub-sections of each site. The LWH Project was conceived by the Government of Rwanda (GOR) as a two-phased program to increase agricultural productivity in 101 watersheds covering 30,250 hectares of land, of which 12,000 will be irrigated, and is central to GOR climate change adaptation plans in the agriculture sector.

USAID will contribute a \$14 million grant that will be combined into a pooled fund with the World Bank's \$34 million credit, and the Canadian International Development Agency's (CIDA) CDN\$10 million contribution, and \$50 million from the World Bank-managed multi-donor-funded Global Agriculture and Food Security Program (GAFSP) trust fund. While not co-financing the Project, the Japanese International Cooperation Agency (JICA) has agreed to provide parallel financing in the amount of \$25 million, utilizing the same LWH methodology in selected sites. With the

GOR's \$30 million commitment to the effort, the Project is expected to be implemented in 14 sites, covering an estimated 14,500 hectares and benefiting about 15,000 households.

USAID/Uganda Utilizes DANIDA Managed Agribusiness Trust to Further the GOU's Food Security Agenda and Strengthen the Private Sector

USAID/Uganda worked closely with the Government of Uganda (GOU) and other donors in designing its FtF strategy. During this phase, the USAID team discovered that the Danish International Development Agency (DANIDA) managed an existing multi-donor instrument called Agribusiness Trust (AbI Trust). This fund focuses on value chain improvements, including maize, beans and coffee. USAID/Uganda was able to assess the pooled funding mechanism and quickly begin to

Focus on Africa



Other Mission Advances in Africa

USAID/Tanzania and the Government of Tanzania's Zonal Irrigation Office in Morogoro have invited local firms to submit their credentials to pre-qualify contractors for irrigation and rural roads. USAID, the Zonal Irrigation Office, and CDM (a USAID contractor) will jointly assess the capacity of local firms in carrying out construction work for irrigation and rural roads supported by FtF.

program funds through the trust. Since the Abl Trust works by making competitive grants to the Ugandan private sector, the arrangement will further strengthen local development capacity. USAID/Uganda and DANIDA finalized the donor agreement and USAID/Uganda and the Danish Embassy leadership will sign it later this month.

Objective 6

USAID/Senegal Puts Local Experts Outside the Mission

To help improve internal technical capacity and rebalance its work force under IPR Objective 6, as well as Objective 1 to strengthen in-country capacity, USAID/Senegal is hiring eight additional foreign-service national (FSN) technical experts to be embedded in central ministries and local government offices. The in-the-field presence of these new staff analysts will enhance USAID's ability to plan and implement programs. It will further help the Mission hone its decision making and project modification processes, but also help the Government of Senegal (GOS) plan development activities and coordinate donor interventions. The new FSN staff will directly support USAID/Senegal's Feed the Future and Global Health Initiative activities. It will help decentralize mission activities by building the knowledge base in field offices, and strengthen GOS expertise at the ministry level. The eight FSN's include an economist, agriculturalists, and monitoring and evaluation specialists.



Embedding FSN's in GOS ministries and field offices will enhance Senegal's ability to plan and modify programs while building local capacity. Photo Credit: USAID

Point of Contact for Focus on Africa

Please contact the Africa Bureau's IPR Unit AFR.IPRMailList@usaid.gov for more information.

Progress in IPR Across the Agency



Administrator Shah lays out his vision at the August 17th IPR Town Hall. Satellite rooms in RRB, SA-44, 2PY, and 35 missions participated in real-time via AIDConnect. Photo Credit: USAID

Progress in Implementation of the Public Financial Management Risk Assessment Framework (PFMRAF)

16

Countries planning to conduct Stage 1 Rapid Appraisals.

10

Countries with completed Stage 1 Rapid Appraisals. Two of these countries have decided not proceed to Stage 2 at this time.

4

Countries currently conducting Stage 2 Risk Assessments.

2

Countries planning Stage 2 Risk Assessments.

Objective 1

Objective 1 New Guidance Issued

- ◆ [New ADS Chapter 220, Use of Reliable Partner Country Systems for Direct Management and Implementation of Assistance](#)

The Administrator issued a new ADS Chapter which outlines the policies and procedures for greater use of reliable partner country systems to implement direct assistance in USAID funded projects. The new ADS Chapter:

- > Establishes procedures and requirements for use of partner country systems to manage and implement directly (instead of through USAID funded contractors and grantees) USAID funded assistance, including use of the “Public Financial Management Risk Assessment Framework (PFMRAF);”
- > Empowers Mission Directors to authorize use of partner country systems through a written determination documenting adherence to Agency due diligence requirements;
- > Clarifies the legal and planning requirements and spells out the functional responsibilities of mission staff for greater use of reliable partner country systems;



A grant from USAID has allowed a local organization to provide the boys with a caregiver, give them school uniforms, and pay their school fees, all of which helps the boys to stay healthy and in school. Photo Credit: World Education, Inc.

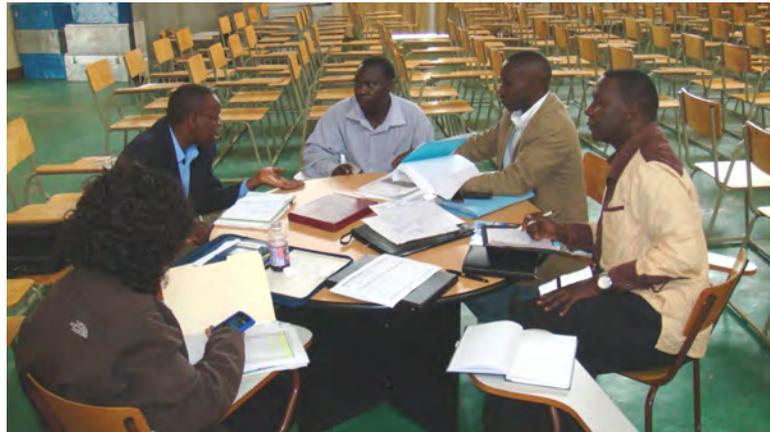
USAID/Philippines Uses New Approach to Procurement with Local Businesses

USAID/Philippines is utilizing an interesting procurement approach in working with local vendors to support its Investment Enabling Environment (INVEST) Project. Where this work has historically been performed almost universally by U.S. firms, USAID/Philippines has issued a solicitation open to local vendors only.

Proposals will be accepted from Philippine private, for-profit and non-profit organizations, NGOs including universities, research organizations, professional associations, and relevant special interest associations. Faith-based and community organizations are also eligible for award. In support of USAID's interest in expanding the number and sustainability of development partners, USAID is also encouraging proposals from potential new local partners.

- > Provides examples of bilateral funding mechanisms to support greater use of reliable partner country systems;
- > Establishes the Global Partner Country Systems Risk Management Team (GPCSRMT) in the Office of the CFO to assure quality control for all risk assessments conducted under the PFMRAF, review the due diligence conducted by the mission and ensure that USAID's training programs related to use of the PFMRAF and related policies are current and effective.

(Points of Contact: John Niemeyer, jniemeyer@usaid.gov and Tom Briggs, tbriggs@usaid.gov.)



Bonaventure Nkuriyumwami, USAID/Rwanda, and other members of the PFMRAF Stage 2 assessment team, speak with Rwandan district government officials about the procedures governing the management of decentralized expenditures for agriculture. Photo Credit: USAID

Training for Partner Country Systems

- ◆ The inaugural IPR Objective 1 pilot training course on G2G Implementation was completed in Accra, Ghana on June 20-24, 2011. The course was attended by 26 Mission staff from program, technical and financial management offices. The course was also monitored and reviewed by two highly experienced, retired Foreign Service Officers.
- ◆ A pilot IPR Objective 1 training workshop entitled Building Partner Country Capacity for G2G Programming: Strengthening Public Financial Management and Accountability Systems was held from August 29 - September 2, in Washington. EGAT and DCHA/DG jointly designed and conducted the workshop which included thirty participants from a variety of countries including controllers, program officers, contracting offices, DG and EG technical officers and others. The workshop highlighted technical assistance and capacity development strategies and programs aimed at strengthening partner

Successes with Local Organizations and Annual Grants Competition

“At first, I was concerned about how this new emphasis on working with local organizations would impact our annual grants competition. I am extremely mindful of establishing rules that need to work well for countries and programs as different as Colombia and Burundi. We also want to take into account the needs of regional and limited presence missions. The results are in and the response was phenomenal. We tripled the number of applications to the Global Program from 100 to over 300 with one-third of the increase coming from local organizations. Of the 17 grants selected, five are for direct grants with local organizations. This is what USAID FORWARD is all about and we plan to build on this success.” — Neil Levine, DCHA/CMM



USAID Burundi helps women living with HIV and AIDS become more self-reliant by developing skills so that they can earn their own livelihoods. Photo Credit: USAID/Burundi

country public financial management and public accountability systems. This training is expected to be held again early next year in an overseas location.

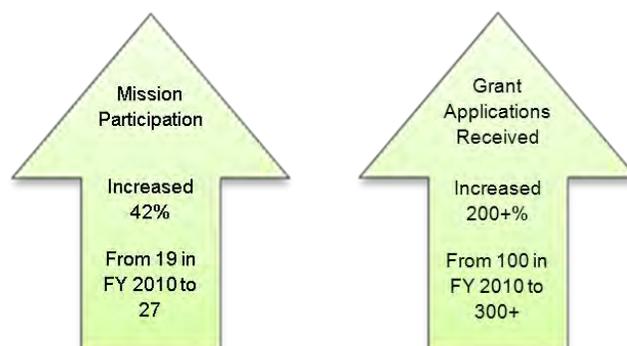
Objective 2

DCHA/Conflict Management & Mitigation (CMM) Uses Innovative Approach to Bidding

An opportunity was identified for DCHA/CMM to use the Reconciliation Funds (RF) program for USAID FORWARD efforts to increase USAID's use of direct grants to local organizations and support objective two under IPR.

- > New Focus on Supporting Local Applicants in conjunction with USAID FORWARD
 - A local organization applicant must be a local non-governmental organization (NGO) recognized under the laws of the country in which it is domiciled.
 - Applications in the amount of \$100,000 to \$500,000 were only considered from local organizations.
 - Applications under \$500,000 were reviewed and scored separately from large applications.
 - In addition, local organizations could also apply for a large grant (up to \$1,200,000). In this case, local organizations competed with other large, national and international organizations.

This new approach yielded the following positive results:



Each Mission submitted its best two local NGO proposals and best two US NGO proposals to the CMM group in Washington and then the best proposals were selected. The outcome was that 17 proposals were recommended for award with 5 of them going to local NGOs.



A warehouse in Zanzibar, Tanzania.
Photo Credit: USAID/Deliver Project

Working with Bilateral Development Partners

On June 27, 2011, the Kingdom of Denmark, acting through Embassy of Denmark and the Danish International Development Agency, signed a letter agreeing to provide up to USD \$600,000 to co-finance with USAID/Tanzania the renovation of a Zanzibar Government structure which will be transformed into a modern warehouse for the storage of medicines and other medical supplies in Zanzibar. Through this arrangement, USAID/Tanzania will also contribute up to USD \$600,000, act as the lead partner, and will oversee all aspects of the warehouse renovation.

DCHA/CMM Outbound and USAID FORWARD

DCHA/CMM will be conducting an analysis of the grant applications received to identify where the concentration was the highest, as some missions received over 40 applications, many of those from local organizations. Best practices of these Missions will be evaluated to identify where extensive mission outreach may have made a significant difference in the number of local applications received. Analysis will also be made of the number of applications received by women’s organizations to identify what percentage was recommended for funding.

Progress Made by the USAID/Egypt Local Capacity Development (LCD) Team

USAID/Egypt established a local capacity development (LCD) team following an LCD training/workshop in the Fall of 2010. Following the political upheaval in the Spring, the LCD Team organized information sessions and workshops for over 320 organizations working in the Economic Growth sector and 1133 organizations working in the Democracy and Governance area. The Mission awarded 22 grants to local civil society and private sector organizations (16 under the DG APS and 6 under the EG APS), including ten fixed obligation grants. The experience awarding fixed obligation grants under the revised guidance has been “extremely favorable”, according to the leader of the team.

Development Assistance Fund (DAF) Established

USAID/Peru established the Development Assistance Fund (DAF) in January of this year. Its objective is to facilitate the Mission's ability to support quickly and effectively small-scale development activities, up to \$50,000, addressing basic needs, producing immediate impact at the community level, and advancing U.S. Government (USG) development assistance objectives. DAF creates a direct link between USAID/Peru and lower-income or marginalized groups while supporting the USG outreach strategy by promoting goodwill and strengthening the relationship between the USG and Peruvian communities. It cuts across all USAID/Peru program areas and seeks responses that advance local economic growth and local capacity, promote human health and education, foster stronger democratic practices and community level organizations, pursue licit livelihoods in former coca-growing regions, or conserve the environment.



Lorenza López and Regional President of San Martín César Villanueva, hand in hand building licit livelihoods through cacao.
Photo Credit: USAID/Peru

Working with Bilateral Development Partners

On May 20, 2011, USAID/Tanzania entered into a Memorandum of Understanding (MOU) with the Government of Australia, acting through the Australian Agency for International Development, to coordinate programming in Tanzania. Under the MOU, USAID will receive AUS \$5,170,00 to purchase family planning commodities and contribute to WHO/AFR's 2011 measles campaign in Tanzania. Working under extremely tight deadlines with support from GC and the East Africa Regional Legal Office, the Mission was able to complete the agreement before the end of the Government of Australia's fiscal year. It is expected that this MOU, which was based on a template designed and approved by several Northern European governments, will provide an important gateway to further collaboration between USAID/Tanzania, the Government of Australia, and several other bilateral donors.



A youth leader recognized for her work to raise HIV/AIDS awareness. Photo Credit: USAID

To make DAF more accessible to small organizations with limited resources, applications can be submitted in Spanish. Prior to award, for applications of technical merit, USAID conducts a pre-award review process that includes the applicant, thus providing opportunities for improving and developing the small organizations' capacity related to grant writing, results articulation and budget presentation. For award and implementation, the Fixed Obligation Grant (FOG) mechanism has proven extremely effective, as it not only simplifies contractual and reporting requirements, but it facilitates the business management of the relationship through clear development-focused milestones.

Since publishing the DAF Annual Program Statement in January 2011, USAID/Peru has received 25 applications and has made 3 awards totaling \$110,000. These first awards will build nearly 500 cook stoves, increase teachers' awareness of democratic principles, and promote Afro-Peruvian and Indigenous heritage. In the coming months, USAID/Peru anticipates making five more awards under the program.

Capacity Development and Local Universities in Peru

Strengthening what local universities are doing in the field of capacity development holds particular potential in Peru. Some of the most well respected universities in Peru have degrees in how to run a NGO or small business, and those courses could easily be offered to representatives from local organizations to build their capacity. Those universities frequently offer consulting services as well, which local organizations could use to accompany them in their capacity building efforts. Many organizations express a desire for such courses and consulting services, but lack funding to acquire them at this early stage of their development. By providing grantees with resources to access them, USAID/Peru predicts that the services will become self-sustaining as growing organizations seek capacity building resources more and more and the universities respond to the market demand by offering more and better services.

Objective 3

OSDBU Intranet Site Launched

The Office of Small and Disadvantaged Business Utilization (OSDBU) launched a new intranet site (<http://inside.usaid.gov/osdbu/Pages/Home.aspx>) to provide information on the use of the small business programs to advance its USAID's mission. Users will find information on the benefits of using small business set-asides, training and other tools that should make the use of small business as USAID partners an easier and more transparent process. Examples of tools on the website include:

USAID/Honduras Launches New Decentralization Project Using USAID FORWARD Approach

As part of USAID's strategy to increase civil society participation and strengthen democratic institutions in the wake of Honduras's 2009 coup d'état, USAID/Honduras launched its new Decentralization Enabling Environment project on June 30th.

The Honduran Federation of Non-Governmental Organizations will implement the \$2.4 million cooperative agreement which includes \$400,000 of cost sharing. Activities will work with civil society and 50 municipalities to promote laws and procedures that enable local governments to manage public services that respond to community needs.



Waterfall in Colon, Atlantida. USAID interventions in Environmental Resource Management focus on achieving its strategic objective of: "Economic Freedom: Open, Diversified, Expanding Economies." Photo Credit: USAID/Honduras

- > Searchable directory of small business IQC holders. Most IQCs have an Exception to Fair Opportunity for Small Business allowing users to directly access the small business without the need for further competition.
- > Guidance on how to use limited competition programs such as the 8(a) program.
- > Links to various key external websites including the Small Business Association for International Contractors (SBAIC), www.sbaic.org, a membership organization comprised of over 25 small business contractors working as USAID partners in every development sector and in virtually every assistance-receiving country.
- > Examples of successful USAID/small business partnerships.



USAID's FSP program helps people with great business ideas to access funds and professional guidance. Photo Credit: USAID/South Africa

Work in Progress

OSDBU plans to continue its efforts in advancing USAID/small business partnerships through:

- > Expansion of its intranet website to include more tools to enable acquisition personnel to broaden USAID's partner base with small businesses and to include information on using Minority Serving Institutions (MSIs) as USAID partners.
- > Approval of revised ADS Chapter 321, Small Business Programs, Disadvantaged Enterprises and Minority Serving Institutions, and creation of a new ADS Chapter to address the use of MSIs.
- > Analysis of USAID's use of General Services Administration (GSA) federal supply schedules (FSS) and how USAID can better use this vehicle for partnering with small business. Information on how to search for small businesses in the various socioeconomic categories that hold FSS contracts will be posted to the OSDBU intranet page.
- > Implementation of an enhanced subcontracting review program in order to better track compliance by prime contractors. This will give acquisition personnel additional information to use in ensuring that prime contractors make a good faith effort to meet the established subcontracting goals.



USAID/Kenya nurtures small-scale entrepreneurs by helping them get the capital they need, training them in production and marketing, and supporting policies that encourage small business. Photo Credit: USAID

Did You Hear About DCA?

Development Credit Authority (DCA) financing guarantees contribute toward Objective 2: Local Civil and Private Sector Capacity Building! Missions commonly use DCA guarantees to improve access to credit and foster economic growth by working with local capital providers to reduce the risk of lending money to local businesses and non-profits. The IPR committee now counts those risk-sharing guarantees among the Agency's preferred ways to strengthen local civil institutions and businesses, including local banks.

DCA is now working to develop a specific working capital line of credit for businesses and organizations that are awarded USAID contracts or grants. The DCA team hopes to make this new product available later this year. Stay tuned!

- > Expansion of the Mentor Protégé Program in order obtain additional developmental assistance for small businesses, service disabled veteran owned small business, veteran owned small business, woman owned small businesses, small disadvantaged businesses, and small businesses located in historically underutilized business zones that have the potential to serve as prime contractors or subcontractors on USAID procurements.
- > Development and implementation of training classes for USAID personnel on federal small business programs. This course will be geared toward contracting officers, contracting officer technical representatives, and program managers. This class will focus on the requirement to give small business maximum practicable opportunities to serve as prime contractor and subcontractors on USAID contract requirements.

Objective 4

Work in Progress

New Instrument Allows Quick and Lower Cost Access

USAID will soon have a new approach for hiring short-term consultants at significantly lower cost and with greater efficiency/expediency. M/OAA, in consultation with the pillar Bureaus, developed a new Blanket Purchase Agreement (BPA) solicitation which was issued on July 27, 2011, to facilitate the use of fixed-price consultancies and create an increased pool for direct access to development expertise. Under this new initiative, overhead costs can be significantly reduced and payroll service/administrative support charges can be kept low. Agency COTRs will be able to issue scopes of work with specific fixed-price deliverables for specific consultants selected under the BPA mechanism rather than use a purchase order, which can take a significant amount of time.

Improving Our Quality Assurance Steps—Contract Review Board

M/OAA established permanent positions for two Chairs of the Contract Review Board (CRB) to ensure consistency and a smoother process for all reviews over \$25 million. M/OAA also completed its comprehensive review of CRB operating procedures to determine where improvements or efficiencies can be found for this important quality assurance step. Guidance, which will soon circulate to Missions for comment, includes: updating solicitation and source selection templates and placing them in GLAAS; and using the CRB reviews to inform training programs as well as CO warrant levels.

Working with Bilateral Development Partners

On June 23, 2011, the Government of United Kingdom of Great Britain and Northern Island, acting through the Department for International Development, signed an MOU with USAID/Tanzania to provide USAID GBP £8,000,000 over the next four years in order to support USAID/Tanzania's existing family planning outreach program with Marie Stopes Tanzania. Among other things, the funds will help support 12 mobile outreach teams and their efforts to increase access to quality family planning services for underserved women. These teams, comprised of a surgeon, three nurses and a driver, travel to rural clinics in an equipped four-wheel drive vehicle and provide voluntary, free mobile surgeries in local government health facilities. The program will also fund over 40 trainings for service providers, as well as extensive community outreach and education programs.



A child health nurse consults with a mother at a maternal Child Health Clinic in Iringa, Tanzania. Photo Credit: USAID

Indefinite Quantity Contract (IQC) Guidance

Revised guidance for how and when to use IQCs is now complete, following extensive discussions between the pillar bureaus, GC, and M/OAA. The new guidance:

- > clarifies when it is appropriate to use the IQC mechanism rather than stand-alone contract awards;
- > institutes additional approval requirements for single-award IQCs and larger task orders;
- > provides more detailed guidance on using small businesses in IQCs; and
- > specifies the maximum allowed length of an IQC without the need to obtain additional approval.

The proposed guidance has been circulated to USAID Missions for feedback.

Objective 5

Work in Progress

New ADS Chapter on Donor-to-Donor Assistance

The Objective 5 Working Group is drafting a new ADS Chapter on donor-to-donor assistance to facilitate the Agency's cooperation with other bilateral donors, including especially members of the Nordic Plus Group of donors, which includes Denmark, Finland, Ireland, The Netherlands, Norway, Sweden and the United Kingdom. A draft of a new agreement format based on the Nordic Plus Group template has already been used by USAID/Uganda.

Objective 6

FSN/TCN/USPSC Warrant Program

In order to use our most valuable resources, our USAID staff, more effectively and align workforce to workload, M/OAA launched a two-year pilot program for Foreign Service Nationals (FSNs) to obtain limited procurement warrants and Third Country Nationals (TCNs) and United States Personal Service Contractors (USPSCs) to obtain \$10 million acquisition and assistance warrants. Senior-level and experienced FSNs may now serve as Administrative Contracting and Agreement Officers (COs/AOs) and TCNs/USPSCs may now serve as CO/AOs. The first round of formal expressions of interest for the new FSN/TCN/USPSC pilot warrant program yielded 11 interested Missions. The next round of Expressions of Interest will be due October 1, 2011, and thereafter requests will be considered on a rolling basis. The FSN/TCN/USPSC pilot

Revision to Proposed Rule on Source, Origin, and Nationality

A revised proposed regulation on source origin nationality was published in the Federal Register on August 19, 2011. The public will have the opportunity to comment on the proposed regulation until October 3, 2011. We hope to get the final regulation approved by the end of October 2011. The proposed revision to our source origin nationality rule will more closely track the statute which allows for the procurement of goods and services from the United States, cooperating country and developing countries. The aim is to provide more flexibility for our Missions and our implementing partners and to reduce the complexity of our compliance requirements.

Points of Contact

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warrant program, which Administrator Shah approved on July 5, 2011, emerged from USAID *FORWARD* in order to improve the procurement process within Missions and more strategically align our workforce needs with available resources.

For more information on the pilot program, visit <http://inside.usaid.gov/M/OAA/>.

Cross-Cutting Activities

New Guidance Issued

◆ [Source, Origin, and Nationality Waiver for Vehicles](#)

On August 08, 2011, the Deputy Administrator approved a source, origin, and nationality waiver to authorize procurement of certain right-hand drive (RHD) and lightweight and medium weight two-wheel and three-wheel motor vehicles not manufactured in the United States. A blanket source, origin, and nationality waiver to Geographic Code 935 authorizing procurement and long-term lease of the following motor vehicles:

- > Right-hand drive (RHD) motor vehicles, in circumstances where a U.S. manufactured RHD vehicle (currently, Jeep Cherokee or Wrangler) would not suit project needs or be locally serviceable, and
- > Lightweight and medium weight (below 600 cubic centimeters (cc)) two-wheel and three-wheel motor vehicles, in circumstances where a U.S. manufactured lightweight or medium weight two-or three-wheel motor vehicle (currently, Rokon motorcycles) would not suit project needs or be locally serviceable;
- > Where local serviceability is determined by the availability of adequate service facilities and supply of spare parts for such vehicles in the country or region within a country where the vehicle will be used.

"Thank you! You have just saved the Agency hundreds of hours of wasted work." - Carol Horning, Mission Director USAID/ Guyana