

Implementation and Procurement Reform

Implementation and Procurement Reform is about making our foreign assistance more sustainable and cost effective. The way to achieve this is through building more local capacity at both the governmental level and within civil society, as well as by simplifying and streamlining our policies and procedures so that we can work with a broader range of partners.

Our first objective is to strengthen partner country systems and to increase their use for program implementation. Over the past year we have:

- Developed a multi-stage Rapid Appraisal and Assessment Tool to assess the public financial management and procurement systems of a partner country in order to identify the risks of using these systems for program implementation.
- Issued new policies and procedures to increase the use of reliable partner country financial management and procurement systems to implement direct assistance in USAID funded projects.
- Inaugurated three training courses for Partner Country Systems: (i) two one-week pilot training course on G2G Implementation held Accra, Ghana and Pretoria, South Africa; and (ii) a pilot training course entitled Building Partner Country Capacity for G2G Programing: Strengthening Public Financial Management and Accountability Systems held in Washington, DC.

Our second objective is to strengthen local civil society, both nonprofit organizations and the local private sector. In order to do this we have:

- Established Local Capacity Development Pilot Teams in Egypt, Kenya, South Africa, Peru and Philippines comprised of senior Foreign Service National (FSN) staff and Junior Officers under the Development Leadership Initiative and led by experienced US Direct Hire (USDH) Foreign Service Officers in order to support direct awards to local NGOs and private sector organizations and to build local capacity.
- Inaugurated a series of field-trainings on Local Capacity Development (LCD) at the USAID Missions in Senegal, Ghana, Haiti, Mozambique, Ukraine and Kenya and trained USDH and FSN staff from thirty-two USAID Missions.
- Established a Washington-based Technical Assistance and Field Support Working Group to respond to field requests for LCD support.
- Revised Agency policy on the use of Fixed Obligation Grants in order to provide field missions with a more flexible grant model to use with local civil society organizations.
- Issued a blanket waiver of source/origin/nationality requirements for procurement of locally available goods and services for up to \$5 million per award to provide interim relief from onerous individual waivers for

individual procurements while the Agency revises the regulation through the public rule-making process.

- Increased the delegation of authority to Mission Directors to settle certain uncollectible debts from \$5,000 to \$25,000.
- Issued a Class Determination and Findings authorizing operating units to limit acquisition competition to local entities as long as performance of the resulting contract will develop local capacity and market research indicates that at least three (3) local entities are capable of performing the work.
- Issued a revision to Assistance Exceptions to Competition Policy to reduce the documentation requirements for limited competition for assistance awards to local organizations, and to establish a new exception to competition for transition awards to local organizations that have been sub-recipients.

Our third and fourth objectives deal with increasing competition and broadening our partner base, as well as simplifying and streamlining our procedures to be more cost-effective. In order to achieve these objectives we have:

- Instituted a Board for Acquisition and Assistance Reform (BAAR), which has reviewed 29 of the Agency's largest planned awards in non CPC countries with a total estimated funding level of \$15.9 billion, splitting these awards into 38 separate awards. Given that some of the Indefinite Quantity Contracts (IQCs) had multiple prime awards, it was also possible to introduce 40 small business reserves.
- Established a new policy to require high-level approvals for non-competitive extensions or follow-on awards above \$5 million (or above \$20 million for awards in critical priority countries).
- Issued revised guidance on Leader with Associate (LWA) awards to increase competition in the Agency's programs and eliminate instances in which LWAs have been inappropriately used by specifying that LWA (i) award ceilings are limits that cannot be exceeded without further review and approval, (ii) performance periods cannot exceed five years without further review and approval, and (iii) field buy-in must be anticipated in the budget and scope at the time of award, and LWAs that have buy-ins above certain limits will require additional BAAR review and approval.
- Established a Washington-based blanket purchase agreement consultant mechanism to supplement agency internal capacity for short term support.

In order to simplify and streamline our internal processes, we have issued waivers, revised internal procedures and proposed a simplified regulation on the source, origin and nationality of goods and services purchased with foreign assistance funds. These changes will result in a major saving of time for USAID and implementers' staff. Some of these changes include:

- Proposed a major revision to the source, origin and nationality regulation to delete the concept of origin to reflect the global production of components of most goods.
- Issued a waiver for the purchase of non-US vehicles in right hand drive countries.
- Revised internal procedures and issued a waiver to allow the purchase of pharmaceuticals and contraceptives from worldwide sources to benefit from significant cost savings while respecting US intellectual property rights and standards of safety.
- Issued a waver authorize USAID-financed recipients to procure professional, technical or consultant services provided by partner country national and third country national individuals of all nationalities (except foreign policy restricted countries).

Our fifth objective is to strengthen our collaboration and partnership with multilateral organizations and other bilateral donors. In order to do this, we have:

- Revised our internal policy on working with public international organizations (PIOs) to broaden the range of organizations with which we can work, including regional organizations. The revised policy: (i) expands the definition of PIOs and categorizes them based on specific criteria, (ii) recognizes the use of PIO's operating procedures provided they meet with USG standards of performance and fiduciary accountability, and (iii) establishes the Delegated Cooperation Secretariat, which will maintain the list of PIOs and carry out responsibility determinations and categorizations of the PIOs as required.
- Revised policies and legal instruments to facilitate working with bilateral donors.
- Issued a waiver of source/origin/nationality regulations for public international organizations and bilateral donors.

Our sixth objective is to rebuild USAID's internal technical capacity and rebalance the workforce. To achieve this objective we have:

- Expanded the warrant system for USAID/Washington Contracting Officers and Foreign Service Contracting Officers to include six (6) different warrant levels ranging from \$1 million to unlimited, which is expected to provide the Agency more flexibility and improve performance of acquisition and assistance functions in the field and in Washington.
- Recruited 45 civil service positions to provide expertise in OAA, DG, EG, CFO, GC and OSDBU to support IPR throughout the Agency.
- Launched a pilot program for Foreign Service Nationals to obtain limited procurement warrants and Third Country Nationals and US Personal Service Contractors to obtain \$10 million acquisition and assistance warrants.