

**FY2018 Business Forecast Quarter 2 Review Conference Call**  
**Thursday, March 29, 2018**  
**8:30-9:00 AM EST**

**Background**

USAID's Business Forecast is an informational resource on potential funding and partnership opportunities at USAID. It is an advanced look at grants, contracts, and cooperative agreements that USAID is in the process of developing and plans to issue in the coming year.

**USAID Participants**

1. Mark Walther, Acting-Director, M/OAA
2. Deb Broderick, Deputy Director, M/OAA
3. Mauricio Vera, Director, USAID's Office of Small and Disadvantaged Business Utilization (OSDBU)
4. Randy Tift, Senior Advisor, M/OAA and Senior Leader Champion of Effective Partnering and Procurement Reform
5. Matthew Johnson, M/OAA Communications Director

**Agenda**

- Mr. Johnson kicks off call, introduces individuals in the room, and provides instructions for the call.
- Mr. Tift provides introductory remarks.
- Mr. Walther provides introductory remarks.
- Mr. Vera provides introductory remarks
- Question and Answer session moderated by Mr. Johnson.
- Conclusion of the call.

## Conference Call Transcript

### **Mr. Johnson Welcome**

Hello everyone and welcome to USAID's fiscal year 2018, second quarter Business Forecast review call. My name is Matt Johnson. I am the Communications Director for the Office of Acquisition and Assistance. I want to thank you for taking the time to join us today. I also want to thank you everyone who submitted questions on our Business Forecast. We received about 160 plus questions which cover basically every mission and every operating unit. It's exciting to see such a broad interest across all of the work that we're doing.

I have a number of folks with me in the room today who I would like to introduce:

- Mark Walther, Acting Director of USAID's Office of Acquisition and Assistance
- Deb Broderick, Deputy Director in USAID's Office of Acquisition and Assistance
- Mauricio Vera, Director of the Office of Small and Disadvantaged Business Utilization
- Randy Tift, Senior Advisor in USAID's Office of Acquisition and Assistance and Senior Leader Champion for Effective Partnering and Procurement Reform

As we have done with previous calls, we will be covering a few general questions related to the Business Forecast. We will spend the majority of our time covering a number of Agency priorities. Since we get a chance to talk to folks once a quarter, it's a good chance to provide updates on a number of other matters.

We have the majority of your Business Forecast questions answered at this point and we will be posting all the responses later today on our Business Forecast web page. For questions we don't have answered yet, we'll be updating the document later on. We'll also be posting a recording of this call, so if you miss it, or any of your colleagues missed it, you can share the recording. We'll also be posting a transcript. Once everything has been posted, we will notify you through Twitter on our handle @USAIDBizOpps and our email distribution list. Be on the lookout for that later today.

I would like to now turn the call over to Randy Tift to give us an update on Effective Partnering and Procurement Reform.

### **Mr. Tift Intro Remarks**

USAID Administrator, Amb. Mark Green, has spoken publicly about a broad vision for more effective partnering by the Agency and its development partners: Greater collaboration with our US and host country partners in program planning. Greater use of co-creation / co-design as a method of solicitation and potentially even post-award implementation. And greater reliance on co-financing with our partners. This vision points us toward new ways of working: building or revitalizing good and promising practices for designing and implementing program partnerships; scaling emerging best practices in how USAID partners, and broadening our partner base.

We are very early in the process of reviewing core business models -- and still at an early stage of gathering input and feedback internally as well as externally with our partners. But we can share a few key insights that inform our thinking and a first cut at key areas of opportunity that frame the way we are seeking input toward recommendations on more effective partnering:

- USAID relies heavily upon the use of traditional solicitations; requests for applications (RFAs) and requests for proposals (RFPs), with the competitions resulting in traditional cost reimbursement cooperative agreements and contracts.
- Typically, USAID also defines the scope of the problem and the solution, and specifically defines a program implementation approach, rather than allowing the US or host country partner to generate and apply solutions based on a deeper understanding of local context.
- We are often challenged in trying to attract new development partners to our work. These new partners can play either a critical niche role in multi-sector or large scale programs, or play a lead role in designing and implementing programs -- either US and international partners or local partners. These potential development partners can't break through, often, because USAID procurement processes are too challenging.
- We want to address these issues by diversifying the partnering approaches we are using, including solicitation methods that rely on collaboration and co-creation, which will also have the effect of diversifying our partner base to a broader range of organizations. We also hope to prioritize partner-driven innovative solutions, leverage private development assistance, and move more countries toward sustainable transitions and ultimately greater self-reliance in meeting its own development challenges.
- By doing this, we will better focus on strengthening local organizations' capacity and commitment so that they are leading in addressing the development challenges of their country.
- We want to work on this agenda collaboratively with our current partners, identifying and developing new approaches hand in hand.

As a starting point for this conversation, we have developed a framework -- you might call them "lenses" -- for pursuing better approaches. But we expect ideas and challenges will come up that fall outside these lenses.

The goal of Effective Partnering and Procurement Reform: Develop and implement a series of interconnected and interdependent reforms to our program design and procurement processes aimed at fostering self-reliance.

The workstreams are these four:

1. Collaborative and Diverse Partnering: Enable more effective co-creation, innovative financing, and partnerships with a diverse array of actors.
2. Supporting Local Partners: Catalyzing local public-, private-, and non-profit-sector to own their development objectives.
3. Strategic and Efficient Partnering: Simplify and streamline processes in order to allow USAID staff to focus more of their time on fostering self-reliance and achieving development results.
4. Adaptive Partnering: Create an agile and flexible Agency that can adapt to changes on the ground to improve the effectiveness of our assistance, including fragile states and non-permissive environments.

Our partners on the ground have the greatest knowledge of the local context and dynamics, and they need greater flexibility to pivot and adapt to changes as they occur on the ground. A big part of the adaptive management workstream is the need to identify partnering approaches that enable a high level of trust, open communication, and collaboration between USAID and our partners and that is necessary to become more flexible. The big questions are around the concrete "hows" of increasing flexibility -- but USAID is already making progress in using flexible mechanisms, which often involve USAID not over-prescribing an intervention up front, but building allowances for adaptation into awards.

We hope by the end summer 2018, we will deliver to the Administrator a package of partnering and procurement reform proposals. And we've already worked with a number of you partners to collect ideas and we look forward to doing more in the days ahead.

Now I have the great privilege of turning over to Mark Walther.

#### **Mr. Walther Intro Remarks**

Thanks Randy. Really appreciate the update and all the efforts you've been undertaking in regard to the external listening tours and the information you've been gathering from the partner community.

Internally, we're working in parallel. We have monthly themes in M/OAA and those themes are aligned with with the Partner Engagement and Procurement Reform effort. We're continuing to gather examples of best practices and lessons learned along the themes that Randy has mentioned.

Thank you everyone for participating in this quarter's call. We really enjoy the quarterly outreach. We appreciate all of the different questions that come in, not only on the Business Forecast itself, but on specific items and themes around acquisition and assistance.

One of the areas that is often highlighted is Selection of Instrument. As you are aware, we've been working on amplifying guidance around ADS 304, our selection of instrument policy chapter. We've done a number of rounds of engagement with the partner community where many of you have provided helpful feedback into the amplifying guidance. We've had several rounds of meetings over the past few months based on the more recent rounds of questions that have come in. I am hoping to see an initial draft by the end of this week based on responses to those inputs. We're anticipating sometime within the third quarter to finalize the amplifying guidance. We know how important this is, not only to the partner community, but internally to us at the Agency.

Second, I would like to highlight the two Agency Priority Goals related to procurement, that we will be reporting to the Office of Management and Budget (OMB) and through performance.gov. They are related to Category Management, and Deb Broderick had been spearheading that effort and will be noting later in our presentation. And the other is the Partner Engagement and Procurement Reform that Randy just highlighted. Historically, Procurement Action Lead Time has been a prior goal, and we continue to focus on PALT.

If you're not familiar with Category Management, it's a government-wide initiative to identify and replicate best-in-class procurement processes across agencies in order to increase efficiencies and reduce costs, especially around similar-type buys throughout the federal government. OMB set a government-wide target of 35 percent of available dollars to be allocated through best-in-class contracting mechanisms, while decreasing unmanaged spend (ad-hoc individual contracts) by 20 percent. This is why category management has been identified as one of our agency priority goals for this fiscal year.

Please note that, because our calls deal with both acquisition and assistance, category management specifically deals with the acquisition/contract side of the house.

Another priority goal is related to our current work on Effective Partnering and Procurement Reform. The goal is to advance collaboration and co-creation in USAID's partnering and procurement approaches. By September 2019, USAID will have increased the use of collaborative partnering methods and co-creation within new awards, measured by dollars and percentage of procurement actions that are utilizing techniques that foster collaboration. We'll be determining those baselines based on FY 2018. When we talk about co-creation and collaborative partnering methods, many people often think of Broad Agency Announcements. I know you've seen that highlighted in testimony and speeches by the Administrator and Agency leadership. But we fully understand that there are various ways of incorporating collaboration and co-creation approaching into existing mechanisms, such as Requests for Information and

utilizing draft statements of work, Statements of Objectives, concept papers, which allows engagement and response from our partners throughout the design, solicitation, and implementation process.

Our objective throughout this year is to define what we mean by collaboration and co-creation. We have updated our internal planning systems to begin to track the broad usage of collaborative methods to get the baseline data to move forward in FY 2019 on these efforts.

We have Mauricio Vera here to highlight small business matters, and the goals and accomplishments of our Agency. Thank you Mauricio.

### **Mr. Vera Intro Remarks**

Thank you Mark. Really appreciate the opportunity to be here and engage in these quarterly calls.

As many of you know, over the past couple of years in the small business office, we've been focusing on expanding our goaling program overseas, and making sure that there are additional opportunities for small businesses that are overseas. Many of you may have attended the first outreach event that we did in late 2016 in South Africa. Since then we've been focusing on expanding our training program. So far we've been to about 30 missions.

One exciting development for this year is that we have started setting targets for the individual missions. We piloted a program called the Mission Small Business Goaling Program at 16 missions this year. We've been asked numerous times about which missions are actually participating in the pilot, so I'll go over the list, so you can have it in the transcript.

Those missions are spread out in all of the regions around the world. The countries specifically are:

- Ghana
- Liberia
- Tanzania
- Uganda
- Zambia
- Bangladesh
- Philippines
- Vietnam
- Pakistan
- Ukraine
- Bosnia and Herzegovina
- Peru
- Guatemala
- Honduras
- Jordan
- Morocco.

We plan to expand the program to another 15 next year, and by FY 2020 we plan to have it with all the missions. That is about 60 of them around the world that have acquisition obligations over \$5 million. We're confident that this program will serve as an opportunity to showcase the expertise of entrepreneurs, and enhance the capacity of our country partners as well.

I mentioned the training program. I just go back personally from a training tour of Pakistan and Jordan. It was very successful. We tend to communicate with the missions all the time. We have staff that works with the missions in going over their acquisition plans, and we have a lot of calls, emails and other interaction. But there's nothing really like going there and talking to folks face to face. From this recent trip, we came back with a couple of significant opportunities. One of which, from the Pakistan mission, was posted as a Sources Sought notice a couple of weeks ago for capacity development work in Pakistan.

The other one, which is also very exciting is an opportunity out of the Jordan mission, which is in the monitoring and evaluation space. This is a total small business set-aside. We've been working with the mission in organizing a pre-solicitation conference that will take place on April 13 at the National Press Club. We put a notice on FedBizOpps about it, so if you're interested I would highly encourage you to participate. We're having some colleagues from the Jordan mission come out here to talk about the opportunity. Then the plan is to go back to Jordan and do a pre-proposal conference. So we're very excited about that.

Maintaining our level of excellence in partnering with U.S. small businesses is going to require us to continue our commitment both in Washington and the field. Randy Tift provided you an overview of the Effective Partnership and Procurement Reform initiative. My team and I are involved in the Procurement Reform workgroups, and we also to continue to incorporate aspects of Procurement Reform into how we engage with the small business community. I can guarantee you that small businesses are part of the expansion of the partner base.

Many of you attend our small business conference. We have a tentative date of July 11 for this year's conference. More to come about the details of that. The registration process will probably open a few weeks from now and we certainly encourage you to contact us about that.

Lastly I just want to say that, with the procurement reform effort, this exemplifies collaboration at various levels, and we are all engaged in ensuring that we continue to build a diverse cadre of capable small business partners.

Thanks again Mark and Matt for inviting us, and I'll turn it back over to Matt.

**Mr. Johnson**

Thank you Mauricio. We've got five questions that were submitted for the Q&A that we want to go over now.

## **Business Forecast Q&A**

1. **Solicitation Release Dates:** We have seen quite a few changes to anticipated solicitation release dates, moving the dates back. Is there a systemic issue that is causing these delays?

**USAID Response:** The forecast provides anticipated dates and not necessarily actual dates which may change for various reasons. I do not believe that there is one single issue causing the delay. Looking at the data for FY 2018, we have seen a similar number of transactions at this point in the fiscal year compared to FY 2017. However, we are about \$1 billion less at this point in the fiscal year on obligations. Now that there has been a budget passed for FY 2018, I anticipate that the obligation amounts associated with new and ongoing transactions will be picking-up.

2. **Broad Agency Announcements:** Recently, we have seen a large increase in the number of Operating Units utilizing the Broad Agency Announcement (BAA) mechanism for procurement. Could USAID please confirm that the BAA process can result in either a cooperative agreement or a contract, and that the eventual programmatic delivery is not limited to a specific mechanism.

**USAID Response:** The Broad Agency Announcement process can result in a contract, grant, cooperative agreement, memorandum of understanding, fixed amount award, or other type of agreement. Once an activity has made it through the different phases of a Broad Agency Announcement, the selection of instrument is made in accordance with ADS 304 based on the principal purpose of the award. We continue highlight internally and externally that the BAA is just one tool in which we can implement collaboration and co-creation processes.

3. **Broad Agency Announcements:** What has USAID learned from its growing use of the BAA mechanism? Does USAID intend to continue or increase its use of BAAs in future?

**USAID Response:** USAID continues to consult with Missions and operating units as they use the BAA process to identify lessons learned, challenges, and best practices. We use this information to inform the need for co-creation workshops and other internal training through M/OAA's Acquisition and Assistance Labs. USAID will continue to use the BAA process when it is appropriate as one of many tools that help us build effective partnerships.



More broadly, noted earlier, USAID hopes to increase the opportunities to collaborate, co-create, and co-design with our partners beyond BAAs in order to empower partners, improve stakeholder engagement, and advance innovative approaches.

4. **Small Business Targets:** Given USAID's focus to meet or exceed small business targets for Bureau and Mission-based procurements, would USAID consider implementing 13 C.F.R. § 125.6 in the AIDAR, since a final rule has not yet been promulgated by the FAR Council and the SBA rule has been final for almost two years? Other agencies have done so in their own acquisition regulations, and the GAO has affirmed individual agencies' right to do so.

**USAID Response:**

To summarize, 13 CFR 125.6, is referred often to as "limitation on subcontracting". It precludes the prime, small business from paying more than 50 percent of the dollars awarded under a single Federal contract (*refer to the Federal Acquisition Regulation, Subpart 2.101 for definition of a contract*) to another small business that is not similarly situated. For example, a woman owned small business (WOSB), cannot award more than 50 percent of the total contract dollars to another WOSB.

We do not have any plans to implement 13 C.F.R. § 125.6 in the AIDAR as it was not included on the Agency's Unified Agenda. Any new rules need to comply with the new regulatory requirements, which are very stringent. The FAR rule is currently with the Civilian Agency Acquisition Council (CAAC) Legal office. They are working to resolve comments on the regulatory cost analysis required by EO 13771. Once approved, it will be submitted to the Office of Federal Procurement Policy (OFPP). The rule is currently written as interim final, so is is best for us to wait until the FAR rule is published.

5. **Category Management:** The government-wide initiative on Category Management creates challenges for U.S. small businesses to work with USAID. Do you have any advice or input for small businesses with regards to Category Management?

**USAID Response:** While we agree that it is challenging for small businesses to participate on the Multiple Award Schedule, there are two Multiple Award Schedule IDIQs where USAID typical award to small businesses. OASIS is a Best-in-Class IDIQ that we make many awards under., and the Professional Services Schedule (PSS), although not a Best In Class vehicle, it is considered Spend Under Management (SUM) and the Agency often awards to small businesses under this vehicle. Awards under either of

these vehicles will further the Agency's Category Management goals. For more information go to the [GSA Acquisition Gateway](#).

The Agency is working internally and on an interagency level, including with the Small Business Administration and the Office of Federal Procurement Policy to make sure that government-wide category management requirements consider small business goals.

**Mr. Vera**

Many of you may have seen the President's Management Agenda that was released recently. One of the cross-agency priority goals (CAP Goal 7) is on category management and says "...establish annual goals to leverage common contract solutions, while meeting small business and other statutory socio-economic goals."

**Mr. Johnson**

Thank you Mauricio and Deb. Mark, do you have any closing comments?

**Closing Remarks from Mark Walther**

I just want to thank everyone again for the robust questions that you submit each quarter. I want to remind everyone that the Business Forecast is a live feed. You don't have to wait for quarterly calls to raise particular questions or issues. We welcome them throughout the entire year, at any time.

I greatly appreciate the work of the communications team, as well as that of Randy, Mauricio, Deb, and others, both on the Foreign Service side and on the Washington side. It takes a lot of outreach to answer these questions. We appreciate all the work that goes into them, and hope that the community finds them useful and helpful.

Thank you.