



USAID
FROM THE AMERICAN PEOPLE

THE USAID MENTOR-PROTÉGÉ PROGRAM

A GUIDE FOR MENTORS AND PROTÉGÉS





USAID
FROM THE AMERICAN PEOPLE

CONTENTS

Chapter 1	4
Getting Started	4
Purpose	4
How This Guidebook Is Organized	4
Chapter 2	5
Overview of USAID	5
Introduction	5
Office of Small and Disadvantaged Business Utilization/Minority Resource Center (OSDBU/MRC)	6
Mission Statement	6
Vision Statement.....	6
Function Statement.....	6
Summary of Office Functions	6
Procurement Assistance Programs for Small Businesses	8
The Mentor-Protégé Program (MPP).....	9
Benefits of the Program.....	9
Mentor-Protégé Program Processes	9
Chapter 3	11
The Mentor	11
Eligibility Requirements	11
Benefits of the Program	11
MP Program Processes	12
Protégé Selection	13
Mentor-Protégé Program Package.....	13
Submission of Mentor-Protégé Program Package	14
Evaluation of Mentor-Protégé Package.....	15
Program Execution and Developmental Assistance.....	15
Meetings.....	16
Informal Contacts	16
Introduction to Resources.....	16
Independence.....	16
Developmental Assistance Plan	16
Milestone Realignment.....	17
Reporting Problems to OSDBU/MRC	17
Working Relationship	17

Incentives.....	17
Agreement Termination	18
Voluntary Termination	18
Termination for Cause	18
Annual Reporting and Reviews.....	18
Annual Reports	18
Post Agreement Reports	19
Chapter 4.....	20
The protégé.....	20
Eligibility Requirements.....	20
Benefits of the Program.....	20
Mentor-Protégé Program Processes.....	21
Developing Relationships with Mentors.....	22
Mentor-Protégé Package.....	22
Submission of Mentor-Protégé Package	23
Evaluation of Mentor-Protégé Package.....	23
Program Execution and Developmental Assistance.....	23
Strategic Business Plan.....	24
Meetings.....	24
Informal Contacts.....	24
Introduction to Resources.....	24
Independence.....	24
Milestone Realignment.....	24
Reporting Problems to OSDBU/MRC	25
Working Relationship	25
Agreement Termination	25
Voluntary Termination	25
Annual Reporting and Reviews.....	25
Annual Reports	25
Post Agreement Reports	26
Appendices.....	27
Appendix A - D	27
Appendix A: USAID Points of Contact.....	27
Appendix B: MPP Mentor-Protégé Agreement Package	27
Appendix C: MPP Annual Report Template	27
Appendix D: MPP Post-Agreement Report Template	27

CHAPTER 1

GETTING STARTED

PURPOSE

Thank you for considering the U.S. Agency for International Development (USAID) for your future business opportunities. USAID is proud of the emphasis we have placed on the inclusion and promotion of small businesses including Veteran-owned Small Business (VOSB), Service-disabled Veteran-owned Small Business (SDVOSB), Historically Underutilized Business Zones (HUBZones), and Women-owned Small Business (WOSB) in USAID sustainable development assistance programs and activities. We, at the Office of Small and Disadvantaged Business Utilization/Minority Resource Center (OSDBU/MCR), are committed to offering support to our business customers and providing quality services and products.

To that end, the OSDBU/MCR has developed this guidebook which is designed to assist you in your efforts related to the Mentor-Program Program (MPP). USAID has collected and assembled relevant information on our Program, points of contact, and background data to assist you in pursuing this opportunity with USAID.

HOW THIS GUIDEBOOK IS ORGANIZED

This guidebook is organized into chapters to make it easier for you to find the information you need. Each chapter deals with a different topic related to USAID's Mentor-Protégé Program.

- » Chapter 1 provides you with a description of the content documented in this guidebook so that you can find information quickly.
- » Chapter 2 presents the Program description and goals.
- » Chapter 3 offers a set of procedures to effectively execute the Program as a mentor.
- » Chapter 4 offers a set of procedures to effectively execute the Program as a protégé.
- » The Appendices contains USAID points of contract and templates that were drafted specifically for the USAID Mentor-Protégé Program.

CHAPTER 2

OVERVIEW OF USAID

INTRODUCTION

The United States has a long history of extending a helping hand to those people overseas struggling to make a better life, recover from a disaster or striving to live in a free and democratic country. It is this caring that stands as a hallmark of the United States around the world -- and shows the world our true character as a nation.

U.S. foreign assistance has always had the twofold purpose of furthering America's foreign policy interests in expanding democracy and free markets while improving the lives of the citizens of the developing world. Spending less than one-half of 1 percent of the federal budget, USAID works around the world to achieve these goals.

USAID's history goes back to the Marshall Plan reconstruction of Europe after the Second World War and the Truman Administration's Point Four Program. In 1961, the Foreign Assistance Act was signed into law and USAID was created by executive order.

Since that time, USAID has been the principal U.S. agency to extend assistance to countries recovering from disaster, trying to escape poverty, and engaging in democratic reforms.

USAID is an independent federal government agency that receives overall foreign policy guidance from the Secretary of State. Our work supports long-term and equitable economic growth and advances U.S. foreign policy objectives by supporting:

- » economic growth, agriculture and trade;
- » global health; and,
- » democracy, conflict prevention and humanitarian assistance.

We provide assistance in five regions of the world:

- » Sub-Saharan Africa;
- » Asia;
- » Latin America and the Caribbean;
- » Europe and Eurasia; and the
- » Middle East.

With headquarters in Washington, D.C., USAID's strength is its field offices around the world. We work in close partnership with private voluntary organizations, indigenous organizations, universities, American businesses, international agencies, other governments, and other U.S. government agencies. USAID has working relationships with more than 3,500 American companies and over 300 U.S.-based private voluntary organizations.

OFFICE OF SMALL AND DISADVANTAGED BUSINESS UTILIZATION/MINORITY RESOURCE CENTER (OSDBU/MRC)

MISSION STATEMENT

To increase utilization of U.S. small businesses (small, small disadvantaged, women-owned, HUBZone small, veteran-owned and service-disabled veteran-owned small business) (hereinafter referred to as U.S. small businesses) to successfully participate in USAID sustainable development assistance Programs and activities.

VISION STATEMENT

The OSDBU/MRC will be a center of expertise, information and ideas to promote U.S. small businesses as an integral part of the competitive business base from which USAID purchases goods and services to increase the overall competitiveness of U.S. businesses.

FUNCTION STATEMENT

SUMMARY OF OFFICE FUNCTIONS

The OSDBU/MRC has primary responsibility for enhancing the use of U.S. small businesses in USAID-financed development assistance Programs and activities. To accomplish this, the office provides professional leadership within USAID and substantive advice to these businesses to ensure that Agency use is accomplished effectively and complies with the legislative provisions which underlie the various Programs.

The Director

- » Oversees the formulation, implementation, and administration of Agency Programs and activities relating to the participation and utilization of U.S. small businesses in USAID-financed development assistance activities and Programs, in accordance with governing legislation, particularly Section 602 of the Foreign Assistance Act of 1961, as amended; and the Small Business and Small Business Investment Act of 1958.
- » Serves as principal Agency advisor for the Programs of the office/center and in this capacity reports directly to the USAID Administrator as statutorily prescribed by the provisions of Public Law 95-507.
- » Advises the Administrator and the Executive Staff on all aspects of U.S. small businesses in USAID-financed development assistance activities and Programs.
- » Represents USAID before the media, the public and the Congress on matters regarding USAID's utilization of U.S. small businesses in USAID-financed development assistance activities and Programs; and, on matters in other areas, as appropriate.

The Office

- » Formulates USAID policies and develops systematic procedures designed to encourage effective participation of U.S. small businesses in USAID-financed development assistance activities and Programs within the guidelines of governing legislation and regulations, including USAID and Federal Acquisition Regulations.
- » Participates in the formulation of other USAID policies and procedures which may directly or indirectly affect opportunities for U.S. small businesses.

- » Advises and counsels U.S. small businesses on those areas related to establishing and/or expanding their participation in USAID-financed development assistance activities and Programs; as needed, facilitates the provision of guidance in areas such as the identification and interpretation of governing laws, regulations and procedures.
- » Establishes and maintains liaison with USAID Bureaus/Offices and overseas organizations in order to guide the Agency's approach to more effectively integrate U.S. small businesses into the Agency's Programming and procurement systems. In this regard, assists in the early identification of alternative methods of designing USAID projects which will help create increased opportunities for involvement of these businesses.
- » Reviews and approves all FedBizOpps notices before publishing.
- » Maintains liaison with the U.S. Department of Commerce, the U.S. Small Business Administration, other Federal agencies, U.S. Chambers of Commerce and private sector organizations.
- » Represents USAID at Congressionally-sponsored Federal procurement conferences, on interagency committees on procurement and at industry trade conferences.
- » Maintains liaison with the private sector including individual firms, trade and banking associations, groups and organizations with special emphasis on those enterprises within the concern of the office's responsibilities.
- » Administers Programs of the Minority Resource Center to:
 - establish, maintain and disseminate information to and otherwise serve as an information clearinghouse for U.S. small businesses regarding opportunities in USAID-financed development;
 - design formal and informal systems to encourage, promote and assist U.S. small businesses to secure direct contracts, host country contracts, indefinite quantity contracts, subcontracts, buy-in contracts and research and development contracts in order for such businesses to participate in USAID-financed development assistance Programs;
 - conduct market research, planning, economic and business analyses and feasibility studies to identify business opportunities in USAID-financed development assistance Programs;
 - enter into such contracts (to such extent or in such amounts as are provided in appropriations Acts);
 - oversee the administration of the Women's Business Program in accordance with E.O. 12138 and related initiatives either by direct-hire staff or by contracted resources; and
 - design and maintain automated statistical and other reporting systems in cooperation with the USAID Management Bureau.

PROCUREMENT ASSISTANCE PROGRAMS FOR SMALL BUSINESSES

Small businesses owned by socially and economically disadvantaged individuals can qualify for additional preferences in federal procurement. Government agencies are required by law to award a percentage of contracts to small businesses.

To qualify as a small disadvantaged business, a company must fit the definitions set out by the Small Business Administration (SBA). Companies can be certified in more than one category if the owner fits more than one definition (e.g., small disadvantaged and veteran-owned business). Please note that SBA does not certify a firm as a small business – though it does provide such certification for particular types of small business (e.g., HUBZone).

To be eligible for additional preferences, a firm must demonstrate that it is a “small business.” The Small Business Act states that a small business concern is “one that is independently owned and operated and which is not dominant in its field of operation.” The law also states that in determining what constitutes a small business, the definition will vary from industry to industry to reflect industry differences accurately. SBA's Small Business Size Regulations implement the Small Business Act's mandate to SBA. SBA has also established a table of size standards, matched to North American Industry Classification System (NAICS) industries.

When the U.S. Congress first established SBA, the fundamental question was just what numerical definition should SBA use to define small businesses, industry by industry, to determine what businesses were eligible for the various SBA programs. Over the years SBA has established and revised numerical definitions for all for-profit industries, and this numerical definition is called a “size standard.” It is almost always stated either as the number of employees or average annual receipts of a business concern.

In addition to establishing eligibility for SBA programs, all federal agencies must use SBA's size standards for its Federal Government contracts it identifies as a small business. Agencies must also use SBA's size standards for their other programs and regulations, unless they are authorized by Federal statute to use something else.

SBA's Office of Size Standards develops and recommends small business size standards to the Size Policy Board and to the Administrator of SBA. These include recommendations on small business definitions that other Federal agencies propose. Under the Small Business Act, Federal agencies must obtain the approval of the SBA Administrator before adopting a size standard different from SBA's size standard.

For further information, you may write or call the Office of Size Standards:

Office of Size Standards
U.S. Small Business Administration
409 3rd St., SW, Washington, DC 20416
Phone: (202) 205-6618
Fax: (202) 205-6390
e-mail: sizestandards@sba.gov

THE MENTOR-PROTÉGÉ PROGRAM (MPP)

The MPP is designed to motivate and encourage large business prime contractor firms to provide mutually beneficial developmental assistance to small business, veteran-owned small business, service-disabled veteran-owned small business, HUBZone small business, small disadvantaged business, and women-owned small business concerns.

This Program is a community-based effort involving leaders of major firms, financial and bonding institutions, contracting associations, purchasing contract compliance, small business enterprises, and support service organizations. It provides an opportunity for the small disadvantaged (protégé) firm to overcome barriers that typically inhibit or restrict the success of its business. It encourages major federal prime contractors (mentors) to enhance the management and technical capabilities of the protégé. The mentor may provide financial assistance in the form of equity investments and/or loans, subcontracts support, and assistance in performing prime contracts through agreements with protégé firms.

Overall, the Program is designed to produce a broad base of high quality, competitive and profitable companies through incremental improvement. It is expected that as a result of the Program, protégés will experience a greater than industry average success rate and realize the growth and profitability objectives of their business plans, as well as, long range stability.

BENEFITS OF THE PROGRAM

By implementing this Program as a component of our small business enterprise, USAID will provide a community benefit by strengthening emerging businesses and providing them with previously denied opportunities for growth, expansion and increased participation in USAID's economic development. The MPP enables USAID to build effective working relationships between leaders of mature established companies and emerging small business enterprises in order for the latter to benefit from the knowledge and experience of the established mentor firms. Furthermore, the Program:

- » Fosters the establishment of long-term, mutually beneficial business relationships between USAID and the private-sector.
- » Facilitates the ability to acquire an expanded base of qualified small businesses who can successfully participate in USAID arena.
- » Strengthens subcontracting opportunities.
- » Provides greater assurance that a protégé subcontractor will be able to perform under a contract than a similarly situated non-protégé subcontractor.
- » Enhances USAID's overall business and economic environments.
- » Mitigates the effects of necessary and justified contract bundling.

MENTOR-PROTÉGÉ PROGRAM PROCESSES

USAID's OSDBU/MRC has a particular set of responsibilities to ensure that the Program is executed in accordance with 719.273 USAID Acquisition Regulations (AIDAR) including:

- » Formulating MPP policies and procedures.
- » Advertising and promoting the Program.
- » Organizing related business events.
- » Approving potential mentors for participation in the Program.

- » Informing and reminding mentors and protégés of their roles and responsibilities.
- » Attending mentor-protégé meetings to promote effective cooperation and participation.
- » Reviewing meeting and progress status reports.
- » Conducting annual performance reviews under the approved MP Agreements.
- » Maintaining Program records.
- » Attracting the support of larger corporate sponsors.

Figure 1 visually depicts the OSDBU/MRC responsibilities based on AIDAR 719.273 including conducting program administration and annual performance reviews of the progress and accomplishments realized under approved Mentor-Protégé Agreements.

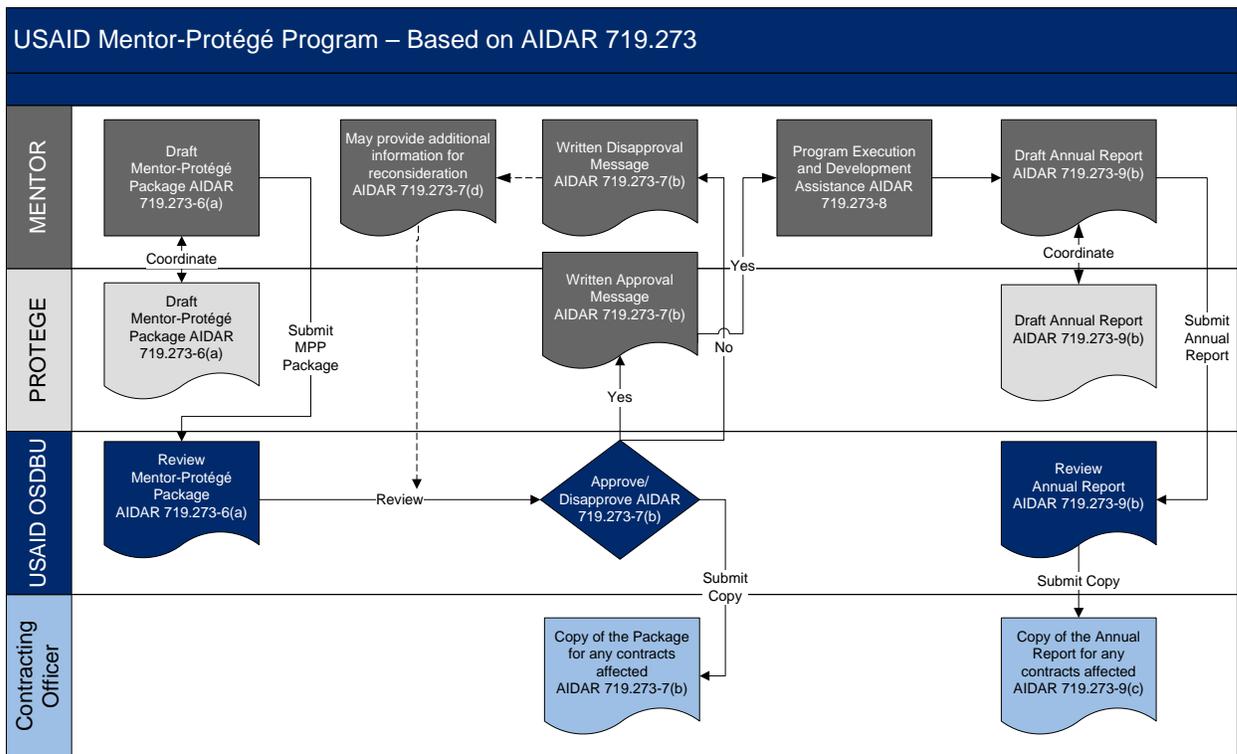


Figure 1: USAID Mentor-Protégé Program Overview

CHAPTER 3

THE MENTOR

ELIGIBILITY REQUIREMENTS

As a potential mentor, you must meet the established eligibility requirements to participate in the Program. A mentor can be a business that has graduated from the 8(a) Program, a firm in the transitional stage of the Program, or a small or large business. Regardless of size, you must have the capability to assist the protégé firm and be able to make a commitment for at least one year. The eligibility requirements are provided in 719.273 AIDAR and summarized below:

- » The potential mentor may be either a large or small business entity;
- » The potential mentor must be eligible for award of Government contracts;
- » The potential mentor must be able to provide developmental assistance that will enhance the ability of protégés to perform as prime contractors or subcontractors; and
- » The potential mentor will be encouraged to enter into arrangements with entities with which it has established business relationships.
- » The potential mentor shall not appear on the Federal list of debarred or suspended contractor as described in the FAR Subpart 9.4, Debarment, Suspension, and Ineligibility.

A mentor may have several USAID mentor-protégé relationships. However, it is encouraged to enter into arrangements with entities with which you have previously established a business relationship. In that case, separate Mentor-Protégé Packages must be submitted for each mentor-protégé relationship. Assistance may be obtained by your firm for the protégé firm from one or more of the following:

- » Small Business Development Centers (SBDC) established pursuant to section 21 of the Small Business Act (15 U.S.C. 648)
- » Entities providing procurement technical assistance pursuant to chapter 142 of Title 10 U.S.C. (Procurement Technical Assistance Centers)

BENEFITS OF THE PROGRAM

For acquisitions that contain the requirement for a subcontracting plan, mentors are eligible to receive credit in the source selection and evaluation criteria process for mentor-protégé participation. Additionally, a post-award incentive for subcontracting plan credit is available by recognizing allowable costs incurred by a mentor firm in providing assistance to a protégé firm and using this credit for purposes of determining whether the mentor firm attains a subcontracting plan participation goal applicable to the mentor firm under a USAID contract.

MP PROGRAM PROCESSES

As an entity seeking to participate as a mentor, you must apply to the USAID Headquarters OSDBU/MRC detailing your qualifications. Once approved, you will provide the appropriate developmental assistance as specified in your MP Package. Figure 2 visually depicts the USAID MPP based on AIDAR 719.273.

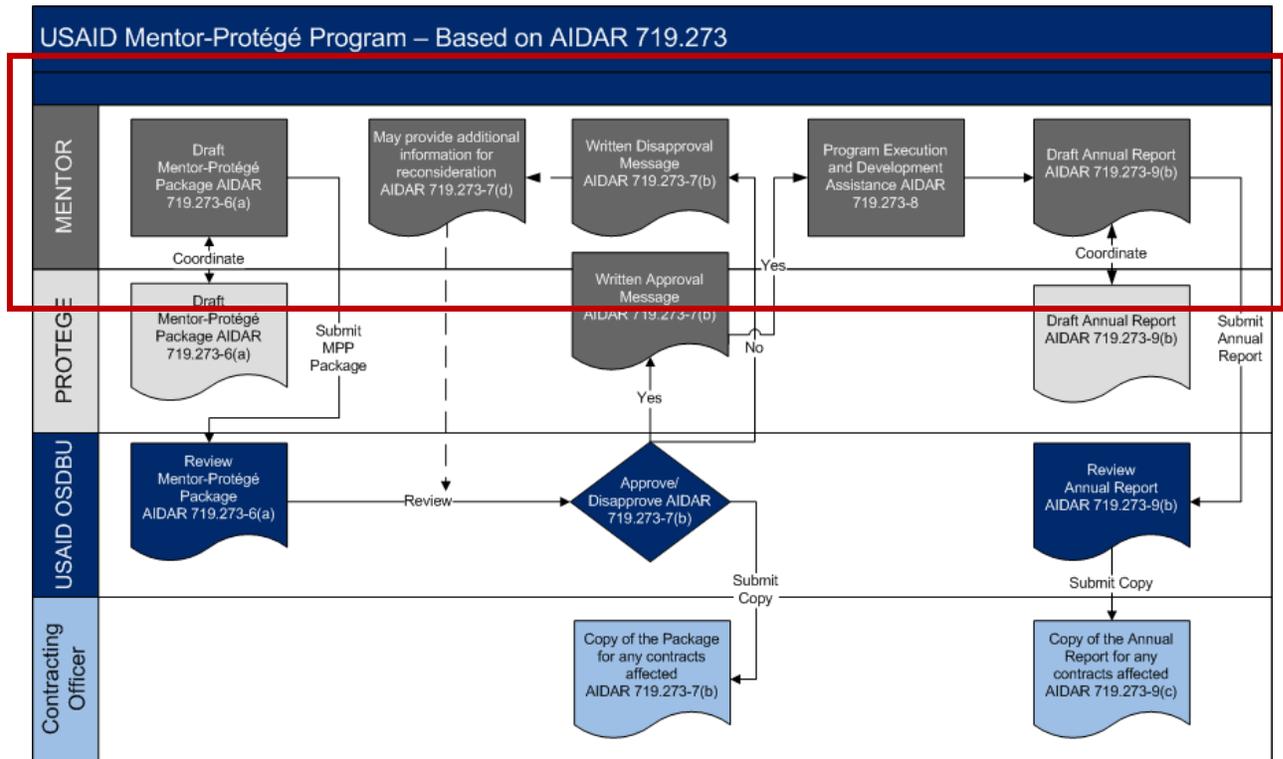


Figure 2: USAID Mentor-Protégé Program Overview

PROTÉGÉ SELECTION

As the mentor, you are solely responsible for selecting a protégé with whom you believe you can develop a successful business relationship. Be aware that a previously, established association is highly recommended between you and the protégé. It is your responsibility to ensure that potential protégés have not participated in the USAID MPP previously and that they are not currently receiving developmental assistance under an active USAID MP Agreement. Consider the following when selecting a protégé:

- » The protégé's geographic proximity to you;
- » The protégé's strategic vision and how the developmental assistance will align;
- » The protégé's attitude regarding being mentored;
- » The protégé's commitment to the relationship;
- » The protégé's capabilities and how they may interface with your business;
- » The protégé's financial status and the overall stability of their management;
- » The protégé's past performance including the results of any contract or subcontract work between you and the protégé; and
- » The protégé's subcontracting expectations.

MENTOR-PROTÉGÉ PROGRAM PACKAGE

Once your firm has identified an eligible entity to participate as the protégé, you should perform a needs assessment prior to completing the Mentor-Protégé Package. The template for this application can be found in Appendix B. The needs assessment will help you determine the difference between current and desired states. Furthermore, it will help your firm discover the needs expressed by management and/or other employees and establish realistic developmental needs for the protégé firm.

The mentor should also discuss the potential relationship with the Contracting Officer for any existing USAID prime contracts or an Indefinite Quantity Contracts (IQC's) which could be modified to include the provisions of the Agreement.

As the mentor, you are responsible working with the protégé to develop the proposed Mentor-Protégé Agreement for each Mentor-Protégé relationship. The package must contain a signed Mentor-Protégé Agreement that includes the following information:

- » Names, addresses, phone numbers, and e-mail addresses of the mentor and protégé firms and point of contacts for both the mentor and protégé;
- » A description of the developmental assistance that will be provided by the mentor to the protégé, including a description of the work or product contracted for (if any), a schedule for providing assistance, and criteria for evaluation of the protégé's developmental success.
- » A listing of the number and types of subcontracts to be awarded to the protégé;
- » Duration of the Agreement, including rights and responsibilities of both parties (mentor and protégé);
- » Termination procedures, including procedures for the parties' voluntary withdrawal from the Program. The Agreement shall require the mentor or the protégé to notify the other

firm in writing at least 30 days in advance of its intent to voluntarily terminate the Agreement;

- » Procedures requiring the parties to notify OSDBU/MRC immediately upon receipt of termination notice from the other party;
- » A plan for accomplishing the work or product contracted for should the Agreement be terminated; and
- » Other terms and conditions, as appropriate.

SUBMISSION OF MENTOR-PROTÉGÉ PROGRAM PACKAGE

As the mentor, you are responsible for submitting the signed proposed Mentor-Protégé Package for each Mentor-Protégé relationship to USAID for approval.

Application for and enrollment into the Program are free and open to the public. The deadlines for submission to the Deputy Director of the OSDBU/MRC are:

- » January 30th
- » June 30th

Any proposed Mentor-Protégé Package that is submitted outside of the dates mentioned above will be held for evaluation in the next cycle.

EXCEPTION: Mentor-Protégé Agreement Packages submitted in response to a current RFP will be reviewed as a part of the procurement process.

EVALUATION OF MENTOR-PROTÉGÉ PACKAGE

Proposed Mentor-Protégé Packages will be evaluated by OSDBU/MRC Deputy Director. The OSDBU/MRC Deputy Director will review the information to ensure that the mentor and protégé meet the eligibility requirements and will ensure that the appropriate information is included. If the Agreement relates to a specific contract, then the OSDBU/MRC will consult with the responsible Contracting Officer on the adequacy of the proposed Agreement. The OSDBU/MRC will complete its review no later than 30 calendar days after the program enrollment cutoff date. All proposed packages will be **evaluated on the following criteria in descending order of importance:**

- » Merit of the developmental assistance to the protégé firm;
- » Perceived benefit and value of the agreement to USAID;
- » Subcontracting opportunities available to the protégé; and

Notification of the endorsement or rejection will be sent to the mentor and protégé with an explanation. Unsuccessful agreements may be revised and resubmitted in the next submission cycle. The supplemental information must be provided within 15 days of the notification. OSDBU/MRC will complete its review of the materials no later than 30 days after its receipt.

PROGRAM EXECUTION AND DEVELOPMENTAL ASSISTANCE

As a mentor, it is essential that you devote the necessary time, staff and other resources to fulfill your responsibilities as a mentor and to provide a stronger, more capable small business. You may provide guidance in the following areas:

- » Financial Management such as identifying processes and procedure for timesheets, billing and invoicing, accounts receivable and accounts payable, as well as interfacing with auditors.
- » Organizational Management such as identifying a hierarchical structure for effective management of the firm.
- » Business Management such as assisting with strategic planning, business planning, legal issues, and risk management.
- » Business Development such as market research, product forecasting and web-based marketing techniques, and proposal management.
- » Technical Assistance such as ISO 9000 and SEI/CMM Certifications.
- » Award of subcontracts under USAID contracts or other contracts on a non-competitive basis.
- » Administer advance payments under subcontracts in accordance with FAR Subpart 32.4.
- » Investment(s) in the protégé firm in exchange for an ownership interest in the firm, not to exceed ten percent of the total ownership interest. Investments may include but are not limited to cash, stock, contributions in kind, etc.

MEETINGS

As the approved mentor, USAID encourages you to conduct regular face-to-face coaching sessions. During these meetings, you must work together to develop the protégé's strategic business plan and to discuss problems, strategies, and objectives that are critical to achieve the plan and to obtain results. You are encouraged to establish an agenda consisting of items relevant to the protégé's previously identified problem areas and the firm's changing needs, as well as the current experiences in your business relationship. Furthermore, inquire on the protégé's efforts to establish and implement their business plan and discuss any actions suggested at the previous coaching session(s). Both parties should establish target dates for any further improvements or enhancements.

INFORMAL CONTACTS

USAID encourages the mentor to routinely communicate with the protégé and attempt to correspond on a routine basis to discuss daily problems and situations encountered by the protégé and to provide periodic review.

INTRODUCTION TO RESOURCES

We also encourage you to introduce the protégé to a variety of business resources in which he/she consults, including representatives in the banking, bonding, management, and business industries as means of providing access and breaking down previously existing barriers which may have hindered the firm in the past.

INDEPENDENCE

Be aware that as a mentor, you must not assume managerial or administrative control of the protégé during or following the membership period.

DEVELOPMENTAL ASSISTANCE PLAN

Through your needs assessment, you should determine what stage of development the protégé (i.e., start-up, growth, expansion, and mature) is in. The criteria to be considered shall include but not necessarily be limited to the following:

- » Net Worth – Does the protégé firm have a positive net worth?
- » Cash flow or Bank Credit or banking line of credit?
- » Bonding Capacity – Does the protégé firm have bonding? If so, to what capacity?
- » Necessary Equipment – Does the protégé firm have the ability to rent/lease equipment as necessary to compete for work?
- » Administrative Capacity – Does the protégé firm have the resources to solicit and hire the employees necessary to prepare reports and forms, and the resources to provide leadership for the organization?
- » Technical Capacity – Does the protégé firm have adequate resources to direct the project's management and operational requirements of their items of work?
- » Estimating Capacity – Does the protégé firm have the ability to project and determine the pertinent cost factors associated with the performance of an item of work?
- » Accounting Capacity – Does the protégé firm have the ability to document projected cost associated with the performance project cost associated with the performance of items of work?
- » Supervisory Staff – Does the protégé firm have an appropriate number of technically trained and experienced staff for their volume of work?

- » Experience – Does the protégé firm have a sufficient number of trained staff and level of completed work, to provide a minimum level of operational expertise in their area of work?

Once, identified, the Plan should be drafted and used to develop the necessary skills required by the firm. The plan should be structured to recognize the firms' current business capacity and future goals. It should also set the parameters of assistance for monitoring purposes and clearly describe the limits of assistance that are allowable in each phase of development.

MILESTONE REALIGNMENT

As you begin your developmental assistance with the protégé firm you may find that efforts may fall behind schedule or you may find it necessary to add new milestones. USAID encourages you to submit a formal request to the OSDDBU/MRC Deputy Director to realign or add milestones to the plan. To do so, the mentor must include a letter signed by both the mentor and protégé requesting the realignment or addition of milestones with a justification explaining why it is necessary. The letter must include:

- » Milestones accomplished;
- » Milestones not accomplished with explanation;
- » Any new milestones proposed; and
- » Formal modification or an addendum to the agreement signed by both parties (include updates to developmental assistance, milestones, and metrics).

As the mentor, you are responsible for submitting the request to the OSDDBU/MRC Deputy Director for review and approval.

REPORTING PROBLEMS TO OSDDBU/MRC

USAID encourages you to discuss progress issues or problems encountered with the business arrangement with OSDDBU/MRC Deputy Director as soon as possible.

WORKING RELATIONSHIP

Be aware that the relationship may develop slowly and the process may be frustrating, time consuming, and expensive. As a mentor, you must be motivated by a desire to give something back and to help nurture a small business in your community. You should also know that there is nothing in the regulations that prohibits you and the protégé from working together on other projects or in contractor-subcontractor arrangements provided that control of the protégé firm remains with the protégé itself.

INCENTIVES

Under the Small Business Act, 15 U.S.C. 637(d)(4)(E), USAID is authorized to provide appropriate incentives to encourage subcontracting opportunities for small business consistent with the efficient and economical performance of the contract. This authority is limited to negotiated procurements. FAR 19.202-1 provides additional guidance.

Costs incurred by a mentor to provide developmental assistance, as described in 719.273-8 to fulfill the terms of their agreement(s) with a protégé firm(s), are not reimbursable as a direct cost under a USAID contract. If USAID is the mentor's responsible audit agency under FAR 42.703-1, USAID will consider these costs in determining indirect cost rates. If USAID is not the responsible audit agency, mentors are encouraged to enter into an advance agreement with their responsible audit agency on the treatment of such costs when determining indirect cost rates.

In addition, Contracting Officers are permitted mentors evaluation credit under FAR 15.101-1 considerations for subcontracts awarded pursuant to their Mentor-Protégé Agreements and their subcontracting plans. Therefore:

- » Contracting officers may evaluate subcontracting plans containing Mentor-Protégé arrangements more favorably than subcontracting plans without Mentor-Protégé Agreements.
- » Contracting officers may assess the prime contractor's compliance with the subcontracting plans submitted in previous contracts as a factor in evaluating past performance under FAR 15.305(a)(2)(v) and determining contractor responsibility 19.705-5(a)(1).

The OSDBU/MRC will also present an annual non-monetary Mentoring Award to the mentoring firm providing the most effective developmental support of a protégé. Each year a mentor firm will be invited to present Program progress.

AGREEMENT TERMINATION

If for any reason, the mentor decides to terminate the Agreement prior to the scheduled completion date, a formal notification must be submitted to the OSDBU/MRC Deputy Director.

VOLUNTARY TERMINATION

You may voluntarily withdraw from the Program. To do so, you should notify the protégé firm in writing at least 30 days in advance of the your firm's intent to voluntarily withdraw its participation in the Program. **Mentor firms may only voluntarily terminate its Mentor-Protégé Agreement(s) if it no longer wants to be a participant in the Program as a mentor. However, in no event shall the mentor withdrawal impact the contractual requirements under any prime contract.**

TERMINATION FOR CAUSE

The mentor must furnish the protégé a written and signed notice of the proposed termination, stating the specific reasons for such action, at least 30 days in advance of the effective date of such proposed termination.

- » The protégé will have 30 days to respond to the notice of proposed termination, and may rebut any issues and offer a proposed plan of remediation.
- » Upon prompt consideration of the protégé's response, the mentor must either withdraw the notice of proposed termination and continue their Mentor-Protégé Agreement, or issue the notice of termination to the OSDBU/MRC Deputy Director.
- » The decision of the mentor regarding termination for cause will be final and is not reviewable by the OSDBU/MRC Deputy Director.

ANNUAL REPORTING AND REVIEWS

Annual performance reviews will be conducted by the OSDBU/MRC Deputy Director. These performance reviews will focus on the progress and accomplishment realized under approved Mentor-Protégé Agreements. The Mentor-Protégé Package should include a statement upon submission that both the mentor and the protégé will fully comply with all the reporting requirements of the USAID MPP.

ANNUAL REPORTS

As the mentor, you are required to report on the progress made under each of your active Mentor-Protégé Agreements annually throughout the term of the agreement. Each report is due 30 days after the

end of each twelve-month period commencing with the start of the agreement. A template for the Annual Report can be found in Appendix C.

The protégé will also be required to submit an individually developed annual report using the same form. Their report must document the progress made during by the prior twelve months in employment, revenues and participation in USAID contracts. The protégé report may be submitted as part of the mentor report or submitted separately, and is due at the same time as the mentor report.

Be aware that the OSDBU/MRC Deputy Director places extra emphasis on the required annual reports since these reports will be used to determine if the agreement is meeting its milestones outlined in the original agreement package, and the effect of the mentoring on the protégé.

POST AGREEMENT REPORTS

The protégé is also required to submit data on employment and revenue for each of the two years following the end of their agreement. These reports are due one month after the end of the first and second year after the end of the agreement. A template for the Post Agreement Report can be found in Appendix D.

CHAPTER 4

THE PROTÉGÉ

ELIGIBILITY REQUIREMENTS

As a potential protégé, you must meet the established eligibility requirements to participate in the Program. A protégé must be in good standing in the 8(a) Program and must be current with all reporting requirements. The eligibility requirements are provided in 719.273 AIDAR and summarized below:

- » The prospective protégé must be a small business, veteran-owned small business, service-disabled veteran-owned small business, HUBZone, small socially and economically disadvantaged business, or women-owned small business;
- » The prospective protégé must meet the size standard corresponding to the NAICS code that the mentor prime contractor believes best describes the product or service being acquired by the subcontract;
- » The prospective protégé must be eligible for award of government contracts; and
- » The prospective protégé must not appear on the Federal list of debarred or suspended contractor as described in the FAR Subpart 9.4, Debarment, Suspension, and Ineligibility.

Generally, a protégé will not have more than one mentor at a time. However, protégés participating in additional Mentor-Protégé Programs should maintain a system for preparing separate reports of mentoring activity so that the results of the USAID Program can be reported separately from other agency programs.

BENEFITS OF THE PROGRAM

The Program is intended to enhance the capability of the small businesses so that they may compete more successfully for Federal Government contracts.

The Program encourages private-sector relationships and expands SBA's efforts to identify and respond to the developmental needs of the participants. The MPP arrangements enable protégés to receive technical, managerial or any other mutually agreed upon benefits from mentors including work that flows from a government or commercial contract through subcontracting or teaming arrangements. Mentors may also provide financial assistance in the form of equity or loans to help it raise capital.

Successful protégés capitalize on available business development resources, educate themselves on government buying needs, and market themselves based on skills and ability to meet such needs. Further, protégé firms gain opportunities to seek and perform government and commercial contracts through the guidance and support of mentor firms that may not have been available to them without the MPP.

MENTOR-PROTÉGÉ PROGRAM PROCESSES

As an entity seeking to participate as a protégé, you must establish a business relationship with a mentor and apply to the USAID Headquarters OSDBU/MRC detailing your qualifications. Once approved, the mentor will provide the appropriate developmental assistance as specified in your agreement package. Figure 3 visually depicts the USAID MPP based on AIDAR 719.273.

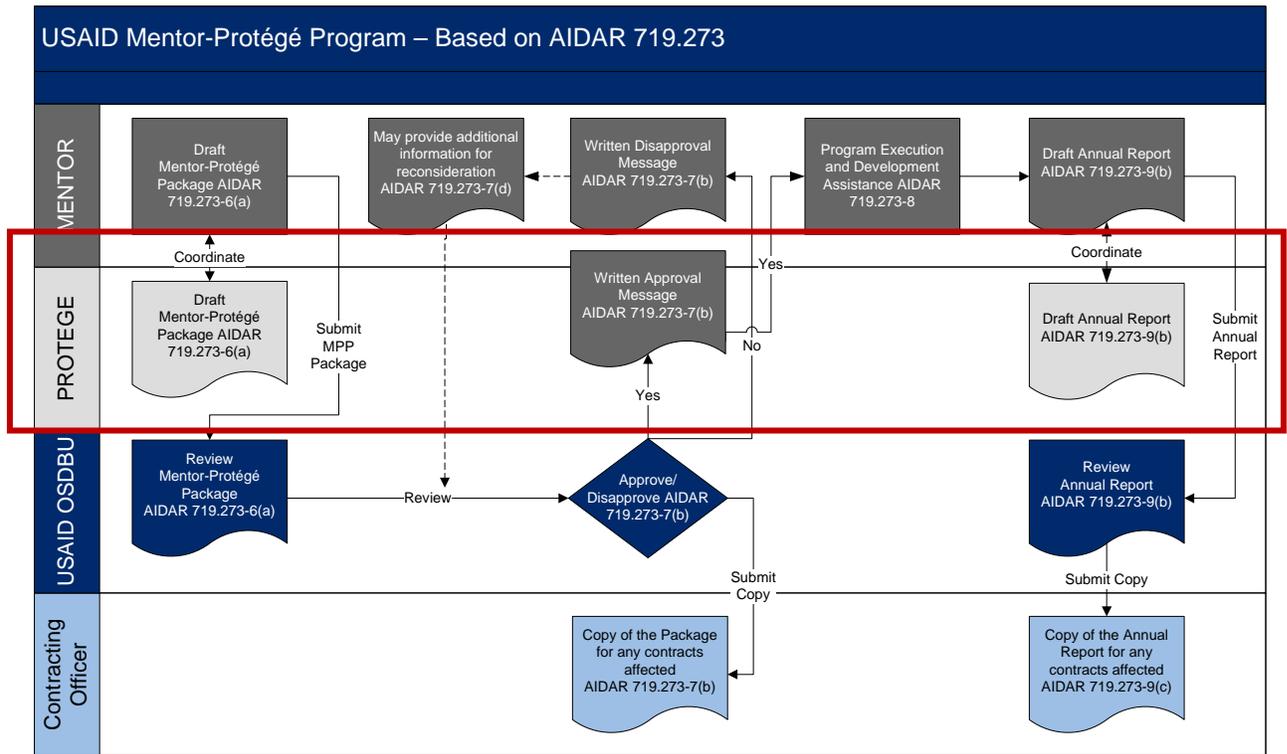


Figure 3: USAID Mentor-Protégé Program Overview

DEVELOPING RELATIONSHIPS WITH MENTORS

As a small disadvantaged business, you are aware of the challenges you face to have a successful business. Learning new disciplines alone can be frustrating, time consuming, and expensive.

Effective mentor-protégé relationships are frequently slow to develop, and need to be nurtured in order to become beneficial. But the results are worth the commitment and investment to make effective mentoring happen and to enable you to learn new disciplines quickly and efficiently.

Accomplished mentor firms are busy with their own businesses and have already capitalized on their entrepreneurial endeavors. They generally are motivated by a desire to give something back and to help nurture a small business in their community.

As the protégé it is important to solicit and listen to counsel and advice on the full spectrum of experiences of the mentor. As the protégé you should not tune out information in areas where you think no help is needed, when in fact help in these areas may be more critical to your business than you perceive. A small business seldom if ever graduates from the need for mentoring. As business activities grow and become more complex, there are always mentors with experiences and insights who can provide key assists in helping the business ascend to the next level. So, nurture and develop a beneficial relationship with your mentor.

MENTOR-PROTÉGÉ PACKAGE

Prior to drafting the Mentor-Protégé Package, the mentor must ensure your firm is eligible to participate as a protégé. Once you have entered into arrangements with a mentor firm, you must work collectively to complete the Mentor-Protégé Package. A template for the Mentor-Protégé Package can be found in Appendix B.

As the protégé, you are responsible for working with the mentor to develop the proposed Mentor-Protégé Package. The package should identify the difference between current and desired states. The package must contain a signed Mentor-Protégé Agreement that includes the following information:

- » Names, addresses, phone numbers, and e-mail addresses of the protégé firm and a point of contact;
- » A description of the developmental assistance that will be provided by the mentor to the protégé, including a description of the work or product contracted for (if any), a schedule for providing assistance, and criteria for evaluation of the protégé's developmental success.
- » A listing of the number and types of subcontracts to be awarded (if any) to the protégé;
- » Duration of the Agreement, including rights and responsibilities of both parties (mentor and protégé);
- » Termination procedures, including procedures for the parties' voluntary withdrawal from the Program. The Agreement shall require the mentor or the protégé to notify the other firm in writing at least 30 days in advance of its intent to voluntarily terminate the Agreement;
- » Procedures requiring the parties to notify OSDBU/MRC immediately upon receipt of termination notice from the other party;
- » A plan for accomplishing the work or product contracted for should the Agreement be terminated; and

- » Other terms and conditions, as appropriate.

SUBMISSION OF MENTOR-PROTÉGÉ PACKAGE

The mentor firm is responsible for submitting the signed proposed Mentor-Protégé Package USAID for approval.

Application for and enrollment into the Program are free and open to the public. The deadlines for submission to the Deputy Director of the OSDDBU/MRC are:

- » January 30th
- » June 30th

Any proposed Mentor-Protégé Package that is submitted outside of the dates mentioned above will be held for evaluation in the next cycle.

NOTE: However, you are currently permitted to submit your MPP Mentor-Protégé Agreement Package with a proposal package.

EVALUATION OF MENTOR-PROTÉGÉ PACKAGE

The proposed Mentor-Protégé Package will be evaluated by OSDDBU/MRC Deputy Director. The OSDDBU/MRC will review the information to ensure that the mentor and protégé meet the eligibility requirements and to ensure that the appropriate information is included. If the application relates to a specific contract, then the OSDDBU/MRC will consult with the responsible Contracting Officer on the adequacy of the proposed Agreement. The OSDDBU/MRC will complete its review no later than 30 calendar days after receipt of the package. All proposed packages will be **evaluated on the following criteria in descending order of importance:**

- » Merit of the developmental assistance to the protégé firm;
- » Perceived benefit and value of the agreement to USAID; and
- » Subcontracting opportunities available to the protégé.

Notification of the endorsement or rejection will be sent to the mentor and protégé with an explanation. Unsuccessful agreements may be revised and resubmitted in the next submission cycle. The supplemental information must be provided within 15 days of the notification. OSDDBU/MRC will complete its review of the materials no later than 30 days after its receipt.

PROGRAM EXECUTION AND DEVELOPMENTAL ASSISTANCE

As a prospective protégé, you must be actively conducting business and be considered ready for expansion and must agree to participate fully in the MPP. It is essential that you devote the necessary time, staff and other resources to fulfill your responsibilities as a protégé and to become stronger, more capable small businesses. Mentors may provide guidance in the following areas:

- » Financial Management such as identifying processes and procedure for timesheets, billing and invoicing, accounts receivable and accounts payable, as well as interfacing with auditors.
- » Organizational Management such as identifying a hierarchical structure for effective management of the firm.

- » Business Management such as assisting with strategic planning, business planning, legal issues, and risk management.
- » Business Development such as market research, product forecasting and web-based marketing techniques and proposal management.
- » Technical Assistance such as ISO 9000 and SEI/CMM Certifications.
- » Award of subcontracts under USAID contracts or other contracts on a non-competitive basis.
- » Administer advance payments under subcontracts in accordance with FAR Subpart 32.4.
- » Investment(s) in the protégé firm in exchange for an ownership interest in the firm, not to exceed ten percent of the total ownership interest. Investments may include but are not limited to cash, stock, contributions in kind, etc.

STRATEGIC BUSINESS PLAN

The protégé should work with the mentor to prepare and strive to achieve goals outlined in a strategic business plan. The business plan shall serve as a guideline and benchmark for evaluating your firm's progress in the Program.

MEETINGS

As the protégé, you must make yourself available for regular face-to-face coaching sessions with the mentor. During these meetings you should be prepared to review progress made in achieving the desired outcome outlined in your strategic business plan. In addition, you should make the mentor aware of all problems affecting the timely and efficient completion of projects and effective management of your firm. USAID encourages the establishment of an agenda consisting of items relevant to the previously identified problem areas and your firm's changing needs, as well as, the current experiences in your business relationship. The mentor may require you to provide reports on your efforts in implementing your business plan or any other actions suggested at the previous coaching session(s). Both parties should establish target dates for any further improvements or enhancements.

INFORMAL CONTACTS

USAID encourages the protégé to routinely communicate with the mentor and attempt to correspond on a routine basis to discuss daily problems and situations encountered and to obtain periodic counseling and guidance as needed.

INTRODUCTION TO RESOURCES

We also encourage the mentor to introduce you to a variety of business resources in which he/she consults, including representatives in the banking, bonding, management, and business industries as means of providing access and breaking down previously existing barriers which may have hindered your firm in the past.

INDEPENDENCE

Be aware that the mentor must not assume managerial or administrative control of your firm during the agreement period.

MILESTONE REALIGNMENT

As you begin your developmental assistance with the mentor firm you may find that efforts may fall behind schedule or you may find it necessary to add new milestones. USAID encourages the mentor to submit a formal request to the OSD/BU/MRC Deputy Director to realign or add milestones to the plan. To do so, the mentor must include a letter signed by both entities requesting the realignment or addition of milestones with a justification explaining why it is necessary. The letter must include:

- » Milestones accomplished;
- » Milestones not accomplished with explanation;
- » Any new milestones proposed; and
- » Formal modification/addendum to the agreement signed by both parties (includes updates to developmental assistance, milestones, metrics, and cost proposal, if applicable).
- » The mentor is responsible for submitting the request to the OSDBU/MRC Deputy Director for review and approval.

REPORTING PROBLEMS TO OSDBU/MRC

USAID encourages you to discuss progress issues or problems encountered with the business arrangement with OSDBU/MRC Deputy Director as soon as possible.

WORKING RELATIONSHIP

Be aware that there is nothing in the regulations that prohibits the mentor and the protégé from working together on other projects or in contractor-subcontractor arrangements provided that control of the protégé firm remains with the protégé itself. You may be used to meet subcontractor requirements on which the mentor bids.

AGREEMENT TERMINATION

If you and the mentor decide to terminate the Agreement prior to the scheduled completion date, a formal notification must be submitted to the OSDBU/MRC Deputy Director.

VOLUNTARY TERMINATION

You may voluntarily withdraw from the Program. To do so, you should notify the mentor firm in writing at least 30 days in advance of your firm's intent to voluntarily withdraw its participation in the Program.

ANNUAL REPORTING AND REVIEWS

Annual performance reviews will be conducted by the OSDBU/MRC Deputy Director. These performance reviews will focus on the progress and accomplishment realized under approved Mentor-Protégé Package. The Mentor-Protégé Agreements should include a statement upon submission that both the mentor and the protégé will fully comply with all the reporting requirements of the USAID MPP.

ANNUAL REPORTS

The mentor is required to report on the progress annually throughout the term of the Agreement. Each report is due 30 days after the end of each twelve-month period commencing with the start of the agreement. A template for the Annual Report can be found in Appendix C.

As the protégé, you will also be required to submit your own individually developed annual report using the same form. You must describe the progress made during the prior twelve months in employment, revenues and participation in USAID contracts. Your report may be submitted as part of the mentor report or submitted separately, and is due at the same time as the mentor report.

Be aware that the OSDBU/MRC Deputy Director places extra emphasis on the required annual reports since these reports will be used to determine if the agreement is meeting its milestones outlined in the original agreement package, and the effect of the mentoring on the protégé.

POST AGREEMENT REPORTS

As protégé, you are also required to submit data on employment and revenue for each of the two years following the end of your agreement. These reports are due one month after the end of the first and second year after the end of the agreement. A template for the Post Agreement report can be found in Appendix D.

APPENDICES

APPENDIX A - D

APPENDIX A: USAID POINTS OF CONTACT

Individuals interested in participating in the program are encouraged to contact the OSDBU Deputy Director at Mentor-Protégé@usaid.gov for more information.

APPENDIX B: MPP MENTOR-PROTÉGÉ AGREEMENT PACKAGE

See attachment.

APPENDIX C: MPP ANNUAL REPORT TEMPLATE

See attachment.

APPENDIX D: MPP POST-AGREEMENT REPORT TEMPLATE

See attachment.

**United States Agency for International Development
Office of Small and Disadvantaged Business Utilization**

Ronald Reagan Building
1300 Pennsylvania Ave, NW
Washington, DC 20523

Sma