

FY2018 Business Forecast Quarter 1 Review Conference Call
Friday, December 15, 2017
9:00-9:30AM 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, USAID M/OAA Deputy Director of Washington Operations
2. Deb Broderick, USAID/MOAA Deputy Director of ACTS
3. Teneshia Alston, Senior Program Manager, USAID, Office of Small and Disadvantaged Business Utilization (OSDBU)
4. Randy Tift, USAID M/OAA Senior Advisor
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. Walther provides introductory remarks.
- Ms. Alston 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 FY18 Qtr 1 Business Forecast review call. My name is Matt Johnson. I am the Communications Director for the Management Bureau's 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. This quarter we received 54 pages worth of questions. We appreciate your continued interest and questions the Forecast.

I have a number of folks with me in the room today who I would like to briefly 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
- Teneshia Alston, Senior Program Manager in USAID's Office of Small and Disadvantaged Business Utilization (OSDBU)
- Randy Tift, Senior Advisor in USAID's Office of Acquisition and Assistance

Before we get started with the call, I would like to provide a few housekeeping items. We have muted on the call. During the call we will be going through questions that were submitted to us. We are recording this call and will post the recording, as well as the transcript of the call on our Business Forecast webpage. Additionally, after the call we will be posting the full list of responses to the questions you submitted to us. 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 Mark Walther to provide a few introductory remarks.

Mr. Walther Intro Remarks

I would like to echo my thanks to everyone for joining us on the call today and for submitting questions on the Business Forecast. We recognize that this quarterly engagement -- both the questions & responses and the call -- are important part of how we do business. We are committed to continuing these efforts throughout the upcoming year.

Before we go into the Q&A, I would like to briefly cover a few highlights from FY 2017.

Last Fiscal Year USAID obligated \$17.25 billion through acquisition and assistance mechanisms, through more roughly about 24,000 transactions. In terms of dollars and transactions, it was the largest to date. As comparison, in FY 2016, USAID awarded \$16.4 billion through 22,700 transactions.

To give you a further breakdown, approximately 31% of funding went into new awards, while the remaining amount was obligated through existing awards.

Following a similar pattern over the last few years, there was a fairly even split between contracts, grants, and cooperative agreements. Approximately 31% went to contracts, 38% in grants, and 30% in cooperative agreements.

I would like to highlight that we are working on our annual Progress Report that will have more details on the data from FY 2017. Please be on the lookout for that document in early next calendar year.

I would also like to highlight our Acquisition and Assistance (or A&A) Labs. As many of you know, we launched our A&A Labs in June 2016. The goal of our A&A Labs are to advance the Agency's mission through workforce development and the testing and scaling of innovations in acquisition and assistance. The Lab follow a hub-spoke model, with the hub in the M/OAA Director's Office and regional labs coordinating activities in the field.

During this past year, we launched an ASEAN+ regional Lab. We launched an A&A Mentoring Program. We also continued to build out our Business Managers Toolkit and coordinated regular community of practice calls with our contracting and agreement officers around the world. Our A&A Expert helpdesk has continued to provide support to staff around the world.

As many of you know, one of biggest successes in FY 2017 was the launch of our live feed Business Forecast. Moving away from quarter Forecasts has helped to improve the accuracy of information on the Forecast and the efficiency in which we are able to communicate with you. As updates our made in our internal A&A Planning system, they are automatically published on the live feed.

At the end of the fiscal year, we pulled metrics on the usage of the live feed Forecast. From January to September the Forecast had more than half a million web-page hits, which is quite astounding. Compare this to FY 2016, while not apple to apples, our quarterly Forecast was downloaded more than 67,000 times. We definitely appreciate the interest and use of the Forecast and we are always looking for ways to improve and enhance the Forecast.

In closing, I would also like to highlight one final item -- Procurement Executive Bulletin (or PEB) 2017-02 on Exemptions and Allowability of Host Country Taxes. The PEB provides information, considerations, and best practices to support Contracting and Agreement Officers in analyzing and resolving issues related to allowability of the cost of host-country taxes. This PEB was released in November and is a great example of working together with you, our partners, to identify challenges and solutions. And we really appreciate when you bring these types of issues to us. We work with our controllers, GC, and COs around the world. While each country has its unique perspective on taxes, we did want to make sure we had parameters and guideposts out there for our staff in this area, when partners are doing their due diligence but still having problems. So thank you

Ms. Alston Intro Remarks

On behalf of Mauricio Vera, Director, OSDDBU, we would like to thank Mark Walther and the M/OAA team for providing us with an opportunity to give an update today.

USAID's fiscal year (FY) 2017 worldwide small business goal was 11.5 percent. Preliminary data retrieved from the Federal Procurement Data System (FPDS) system indicates the Agency has awarded approximately 13 percent worldwide which equates to more than \$620M to U.S. small businesses worldwide. To date, this represents the highest obligation to small businesses. We attribute this continued upward trajectory to a number of Agency-wide actions. For example, we have increased outreach activities to educate our partners and we have increased training to educate our technical and contracting officials.

In FY 2017 the OSDDBU hosted training sessions in Washington, DC and at the Thailand, India, Philippines, South Africa, Colombia, Peru, Dominican Republic, Uganda, Tanzania, and West Bank Gaza Missions. During the training sessions we explain the U.S. small business program and the benefits of using it; highlight success stories of small business partners within the Agency; and provide instruction on conducting market research, developing subcontracting plans and a myriad of other small business related topics.

Business Forecast Q&A

1. **Timing of Solicitations:** There are a number of solicitations that are expected to be released in mid-December. Similar to previous years, can USAID issue a notice to Contracting and Agreement Officers to be mindful of the holiday schedule?

USAID Response: We realize this is a busy time of year. While we cannot mandate the prohibition of solicitation releases in case of emergency or other urgent requirements, we have sent a note to our staff encouraging them to take the holidays into account and to avoid scheduling solicitation closings during this time period, if possible.

2. **Items Removed from Forecast:** What is the exact timeframe that USAID decides to archive its forecast entries? Is there any type of standard that missions and bureaus are following?

USAID Response: We encourage staff to retain opportunities on the forecast for one quarter after they are cancelled. We also ask staff to keep items on the Forecast while they are open for responses. We will continue to message this to staff when providing guidance on the Business Forecast.

3. **Limited Competition Activities on the Forecast:** We have noticed several opportunities appear on the Forecast as general opportunities that were then released under existing LWAs or IDIQs, and therefore not open to the competitive bidding process. Can USAID

provide clear indications on the forecast whether opportunities will have limited competition or not?

[Mark] USAID Response: We will continue to encourage planners to include as much information as early in the planning process as possible, and to update opportunities as information changes. In the event an opportunity will be satisfied under an existing LWA or IDIQ, we instruct planners to identify the specific LWA or IDIQ mechanism that will be used in the “Award Description” field.

4. **Origin Date:** Can USAID add the origination date for opportunities to the forecast to know for certain when they first appeared and if they are new opportunities not previously forecasted?

USAID Response: We will explore the possibility of adding a field to future Business Forecast updates. We will continue to encourage planners to use the “Forecast Status Change” field to identify “New Opportunity Not Previously Forecasted” for appropriate actions and to update the status as an action moves through the pre-award phase. Business Forecast users can also sort opportunities by “Updated Date” to see which entries have recently been modified.

General Q&A:

1. **Small Business Goals for FY 2018:** Can you share any information on OSDBU’s plans and goals for FY 2018?

USAID Response: The Agency U.S. small business goal for FY 2018 is 12%.

At the beginning of this fiscal year the Agency initiated a Mission Small Business Goaling Program Pilot (Pilot). The purpose of the Pilot is to expand the Agency’s U.S. small business goaling program to 15 individual Missions. Previously, the small business goals were applied to the field on a regional basis. During the Pilot program the Agency will establish Mission-level small business goals by reviewing and analyzing: 1) historical small business accomplishment data; and 2) acquisition and assistance plans respective to each Mission. Ultimately, the goal is to fully implement the program to include all USAID Missions.

2. **Agency Redesign:** Can you share any insight into the Redesign process and what it is covering?

USAID Response: Administrator Green has shared that he believes that the purpose of foreign assistance should be ending the need for it to exist. Each of our programs should look forward to the day when it can end, and around the world, we should measure our work by how far each investment moves us closer to that day. This means empowering

countries to lead their own development through programs that incentivise reform, strengthen in-county capacity, and mobilize domestic resources.

As you may be aware, there are currently two reform processes underway. A joint reform process with the State Department and USAID. And USAID's internal reform review.

With regards to the joint State/USAID Redesign, we are waiting for a green light from OMB, which we expect to hear from by March 2018. We are not able to go into details about the joint Redesign, but I can tell you a bit about our internal reform efforts.

These reforms are designed to advance Administrator Green's vision for the Agency and focus on five key outcomes:

1. First is the journey of our partner countries towards self-reliance, leading in their own development. This includes initiatives such as setting country transition metrics and legacy programs.
2. Strengthen core capabilities of USAID to support our partner countries. This includes elevating Humanitarian Assistance; strengthening the link between policy and budget;
3. Aligning with national security we want to strengthen interagency coordination. This includes continued improves to civ-mil cooperation;
4. Empowering people to lead covers continued HR reform and workforce planning;
5. Respecting taxpayers investments includes items such as reducing audit backlogs and effective partnering and procurement reform.

We are taking a thoughtful and deliberative approach that engages across the Agency and with our partners in these reform efforts. Importantly, a key underlier to these reform efforts is building on the successes of the previous administrations to implement Ambassador Green's vision.

- 3. Procurement Reform:** We have heard that "procurement reform" is a part of the Redesign effort. Can you provide any additional details about what procurement reform will entail?

USAID Response: If you have had the opportunity to hear Administrator Green speak, you've likely heard him talk about the changing landscape of development -- with technology, private financial investments in development, and the changing models of collaboration between the private and public sector.

Keeping with this shift, we want USAID's procurement processes to embrace creativity and entrepreneurship. We want to expand how we partner -- embracing a model of development that increases opportunities for collaboration, co-design, and co-financing approaches that promote more partner engagement and opportunities for innovation.

We want to prioritize excellence in program design and procurement approaches that enable opportunities for collaboration along with other efforts such as locally-led development, flexibility, innovation, and expanding the partner base.

With this in mind, we are exploring how we can enhance our program design methods, and our use of solicitations, to include practices that invite the partner community to engage and collaborate. I know that you are aware, one mechanism that has been highlighted is the Broad Agency Announcement (BAA). However there are other areas of enhanced engagement and approaches can also be fostered through concept papers and statement of objectives.

We are also looking at expanding the use of award approaches that are more outcome/results focused, align budgets and outcomes more effectively, and build in some flexibilities to adjust or adapt to social, economic, and security challenges in our awards.

As I know you all are aware and realize, we do try to avoid situations where we pull items from the Business Forecast. However, there are some circumstances that we feel that we are compelled to reconsider how we are approaching work and trying to adapt these new approaches that I've just gone over within our solicitation.

A current example is our DCHA Bureau's Active Communities, Effective States (ACES) program. It is one that is being pulled back from the Business Forecast at this time. The scope and work of an activity like ACES is vital to the mission of USAID, but we want to make sure that more effective approaches, engagements and flexibilities are being built into the solicitation and award.

With regards to the broader procurement reform initiative, we all recognize that there has already been a lot of work in this area. As Randy noted, we want to build on the successes and lessons learned over the last few years. Many of you, our partners have contributed greatly to these efforts. We will continue to look to you and new partners in the months ahead.

- 4. SBAR:** Early in 2018, USAID will be launching a new program that embraces many of these key principles outlined by the Administrator that will specifically target small businesses through through the Small Business Applied Research (SBAR) Initiative. Can you please share a little more about the initiative?

USAID Response: Early in 2018, USAID will be issuing a Broad Agency Announcement called the Small Business Applied Research (SBAR) Initiative. The small business graduates from the Small Business Innovation Research (SBIR) set-aside program, along with all other small businesses, will be invited to participate in this activity. The initiative makes it easier to connect our development work with emerging cutting edge technologies and solutions at a fraction of the typical research and development cost.

The initiative will be run by our A&A Labs in Frankfurt and South Africa, which support the Middle East and Europe & Eurasia Region, and Africa. The Labs will assist the missions in developing their problem statements and will issue a BAA targeting small businesses. We anticipate a two step solicitation process (concept paper/full proposal) that will allow USAID to work with these Small Business' to co-create and co-design solutions to the problem statements. The current pilot is projected to include 4 areas: agriculture, energy, mobile communications technology, and water projects.

Stay tuned in early 2018 for more information.

- 5. Category Management:** An initiative coming out of OMB's Office of Federal Procurement Policy is Category Management. Can you provide additional information on Category Management and its impact on USAID?

USAID Response: Category Management is an approach the Federal Government is applying to buy smarter and more like a single enterprise. It is being lead by OMB and GSA. Category Management enables the government to eliminate redundancies, increase efficiency, and deliver more value and savings from the government's acquisition programs. It involves: Identifying core areas of spend; Collectively developing heightened levels of expertise; Leveraging shared best practices; and Providing acquisition, supply and demand management solutions. There is more information on the GSA Acquisition Gateway website. I would like to provide more information on how it will impact USAID.

When CM is assessed, the awards are tracked and categorized by what is reported via Federal Procurement Data System – Next Generation (FPDS-NG). Based on the type of award they are assigned a pre-determined type or "tier". The highest tier is the "Best In Class" or BIC. The BIC contracts are open and can serve all of the federal agencies. Tier 2 awards can be used by multiple agencies for a particular common area of spend. Tier 1 awards are specific to an Agency and can be used across the entire Agency. Tier 0 contracts are classified an "un-managed" per OMB guidance. These contracts are specific to a single award within the Agency and typically service a specific, single purpose.

In FY 2018 OMB has established two government-wide targets: 1) increase Best in Class to 35% of available spend and 2) decrease unmanaged spend by 20%.

To meet these FY18 goals, we are encouraging our staff to consider BIC contracts first, before making any new awards and to consider switching to a BIC contract at option year renewals. So far, most of the awards made by USAID to BIC contracts fall under the OASIS and Schedule 70. I would advise all of our implementing partners to monitor the contracts that are given BIC status as every Agency is being told that we must award to BIC unless the Agency can demonstrate that an exception is required.

Again, you find this information the GSA Gateway webpage.

- 6. Selection of Instrument:** Can you provide any update on the latest Selection of Instrument amplifying guidance?

USAID Response: M/OAA has updated the amplifying guidance document based on the input our partners provided. Yesterday morning, our Acting Assistant Administrator Angelique Crumbly sent an updated draft to each of the Partner Associations for their final comments. We are seeking final input from our partners by January 8, 2018.

Closing Remarks from Mr. Walther:

Based on those comments we will be working collectively here, along with and in coordination with our Redesign, procurement reform, and partner engagement efforts. We will continue to be reaching out to you our partners on these areas and looking at other improvements as well. As we continue our outreach, please always know that we welcome and appreciate particular areas of improvement -- processes that we would benefit from and taking deeper drives into these areas. Just as we had with the Allowability of Host Country Taxes. We've also continued to work through consultant/subcontractor questions that we are trying to provide further engagement on.

We welcome these opportunities both to enhance Administrator Green's vision and the Redesign efforts and the efforts of co-design, collaboration, etc., as well as our traditional areas of engagement in our A&A processes.