

FY2019 Business Forecast Quarter 1 Review Conference Call
Thursday, November 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 of USAID's Office of Acquisition and Assistance
2. Randy Tift, Senior Advisor in USAID's Office of Acquisition and Assistance and Senior Leader Champion for Effective Partnering and Procurement Reform
3. Deb Broderick, Deputy Director of M/OAA
4. Mauricio Vera, Director of the Office of Small and Disadvantaged Business Utilization
5. Jeff Concors, M/OAA Communications Specialist

Agenda

- Welcome and introductions.
- Mr. Walther provides review of FY18 metrics and key policy revisions.
- Mr. Tift provides update on Effective Partnering and Procurement Reform efforts.
- Ms. Broderick provides update on category management Agency Priority Goal
- Mr. Vera provides update on small business goals and objectives
- Question and Answer session moderated by Mr. Concors.
- Conclusion of the call.

Conference Call Transcript

Mr. Concors Welcome

Hello from Washington, D.C. everyone. My name is Jeff Concors, I'm a communications specialist with the Office of Acquisitions and Assistance here at USAID. Thank you for joining us for the first Business Forecast call of fiscal year 2019.

And thank you as well for the more than 250 questions that you submitted. We truly appreciate your interest and active participation in working with USAID.

On the call today we have:

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

If you new to the Business Forecast call, you should be aware that we will highlighting just a few of the many questions we received here on the call today, but responses to all of the questions will be posted to the Business Forecast page. We will also be posting a recording and transcript of this call. Once everything is up later today, we will let you know through email and via Twitter at @USAIDBizOpps.

Please also know that, because we are anticipating more than 500 people on the call today, your phones will be on mute for the duration.

With that I will now turn it over to Mark Walther

Mr. Walther's Remarks

Thanks Jeff. I really appreciate it, and I want to echo Jeff's thanks to each and every one of you, both for participating in these quarterly calls, as well as the robust questions you always submit. We really do appreciate them and look forward to sharing responses further with you later today, as well as topline here on the call.

As you may know, USAID and M/OAA have been working over the last year to transform the way we do business, in order to realize the Administrator's vision for a more innovative, entrepreneurial approach to foreign assistance, and better assist our partner countries on their Journey to Self Reliance. These themes are a major part of our ongoing Effective Partnering and Procurement Reform (EPPR) efforts, that Randy Tift has been leading, along with Gloria Steele. They will clearly continue to shape what we will be doing in the coming year and beyond.

As you heard at a number of the calls last year, we have really focused our efforts to align with the major themes Randy has been leading in EPPR--creating additional opportunities to expand the partner base through collaborative approaches and lowering barriers to competition, introducing flexibilities into designs or being able to adapt by building in crises modifiers for shock responses, and ways to increase focus on results and impacts. These efforts will continue and in a few moments I'll let Randy provide some updates and highlights. We have a wonderful opportunity coming up early next year with a worldwide CO-Controller Conference being planned, which will clearly be a catalyst to also to further operationalize these efforts.

But before we get to some of the EPPR updates, I want to briefly provide some highlights from the previous year. Last fiscal year USAID obligated approximately \$17 billion through acquisition and assistance mechanisms worldwide. That correlated to about 23,000-plus transactions both in our field Missions and here in Washington. In regard to Missions compared to Washington, roughly \$6.6 billion was obligated in the Missions and \$10.4 billion was obligated in Washington. Looking also at those acquisition and assistance obligation numbers, of the \$17 billion, roughly \$5.1 billion was under acquisition instruments, approximately \$5.4 billion related to assistance under Public International Organizations (PIOs), around \$6.4 billion was under assistance to NGOs, and the rest under Inter-Agency Agreements (IAAs). Please be assured that we are working on further data elements to share in our year-end review, so we're diligently working on that as well.

As you are aware in fiscal 2018 we had a major revision to ADS 300 relating to senior leadership reviews of A&A actions. The process that was previously known as an AARAD review is now a Senior Obligation Alignment Review, or SOAR. The SOAR process incorporates many of ideas that are part of the Administrator's vision, including expanding opportunities for competition, enhancing collaboration in the designs, and helping our partner countries on their development journeys from recipient to donor. Some of the changes of note in the SOAR process are that the Administrator reviews A&A-related activities pre-solicitation at \$40 million and above. Assistant administrators review at \$20 million to under \$40 million. And separately we have reviews public international organizations (PIOs). They're being reviewed at \$5 million and above by the Administrator, and below \$5 million with the assistant administrators.

Randy and I along with other key advisors in the Global Development Lab and the Bureau for Policy, Planning and Learning (PPL) provide critical suggestions to fulfill the Administrator's vision noted above. On the M/OAA front, we want to better ensure that operating units are building in engagements with the community through RFIs, pre-solicitation conferences, or other collaborative techniques. We also promote the use of concept papers, Statement of Objectives (SOO) or two-step approaches. We seek to advance efforts to build local capacity, be it through sub-awards, transition awards or direct awards.

Moving into fiscal year 2019, USAID will continue to make progress and improvements in a wide range of areas. In addition to Randy's efforts to lead EPPR, one of our Agency Priority Objectives is Co-Design/Collaboration. And Part of EPPR is also our A&A Strategy. So I'm

going to hand it over not to Randy to highlight anything you'd like in any of those areas to update the community. Thanks Randy.

Mr. Tift's Remarks

Thank you Mark and great to have this opportunity for a brief update on reform plans and engagement with our partners.

I want to thank many of you for providing input on the draft USAID Acquisition and Assistance Strategy over the past two weeks or so. There was much good input that was received and applied. We hope to have opportunities in the near future to highlight key points of the Strategy. For now I would just note that we are hoping to finalize and release the strategy in the very near future.

In addition, I would like to highlight that USAID Administrator Mark Green is speaking at the Professional Services Council this coming week, December 4. He will be joined by Mark Walther, myself, and a number of us to present recent developments in USAID Washington and around the world. It will be a fireside chat with our partner community. And later on, we will have similar engagement opportunities with other parts of the partner community in the very near future.

Finally, I also want to thank many of you for your interest over the past year as we finalized our Agency Priority Goal for expanding the use of collaboration and co-creation. We have established key definitions, baselines and new targets over the past year for increasing the use of collaborative engagement techniques and co-creation in FY19, and doing this over a wider range of solicitation approaches and instruments. Please be on the lookout for the posting of the APG update on the OMB website soon.

With that, I'd like to hand it over to my colleague Deb Broderick.

Ms. Broderick's Remarks:

Thank you Randy. In terms of acquisitions, one of the main areas of focus last year was on category management. For those of you who may not know, category management is a government-wide federal procurement initiative designed to increase efficiency in the procurement process and deliver more cost savings in 10 areas of acquisition. In fiscal year 2018 USAID was successful in achieving its category management goals which were set by the Office of Management and Budget.

To achieve these goals, M/OAA used a multi-phased process that focused systematically on increasing category management solution adoption by increasing category management awareness, providing education and training, managing advocacy, increasing stakeholder engagement, developing and applying spend under management principles, and tracking

results. Another Key to USAID's success in category management was to engage the A&A staff as early as possible in the planning process, including at the selection of instrument stage.

For FY18, as I mentioned, we not only achieved our goals, but we exceeded our goals slightly in both Best-in-Class (BIC) and Spend Under Management (SUM). Our BIC spend through the end of Q4 was \$134.2 million, and total SUM was \$3.5 billion. In FY 2018 we achieved basically 36 percent and 74 percent for BIC and SUM, respectively. This means surpassed the targets of 35 percent-- so by 1 percent for BIC-- and 70 percent, so by 4 percent for SUM.

To ease the conflict between our category management and EPPR goals, USAID successfully coordinated with OMB to re-categorize awards made at Mission and Regional-Bureau levels from Tier 0 (unmanaged) to Tier 1 (managed) acquisition.

There will be more of this to come this year. Obviously, this is an ongoing thing, so stay tuned and we will be posting more information about this shortly.

Mr. Walther

Thanks Deb. I really appreciate it. I know that for all of you that know Deb Broderick, she really has been phenomenal in leading the category management effort, and this remains ongoing. And all the efforts Randy has been providing on the EPPR front have been critical as well. I'd also like to assure you that amongst all of these different initiatives, U.S. small business opportunities continue to be at the forefront, and we always work closely with Mauricio Vera. He presented to our senior staff a couple of weeks ago to give us an update here internally. We always work hand-in-hand with him on notices in our newsletters to the field and so forth. So now I'd like to turn it over to Mauricio.

Mr. Vera's Remarks

Thank you so much. Good morning everyone. I really do appreciate the collaboration with M/OAA. We really value that relationship and we look forward to another successful year in fiscal year 2019.

This morning I just wanted to talk about a couple quick things. One is to report on how we finished out fiscal year 2018 in terms of small business utilization. As many of you may know, this was our best year ever in terms of two key measurements. One is percentage of our total worldwide contract obligations that went to small businesses, and the dollars that went to small businesses. We accomplished 14 percent, which is the first time we have ever, as an agency, gone over the 14 percent mark. The past couple of years we have been stuck at around 13 percent. We went up a full percentage point worldwide. In terms of dollars we awarded about \$685 million, which was a significant increase from fiscal year 17. We went over by about \$50 million with about the same total base, which was close to \$5 billion.

In terms of meeting our socio-economic targets, we comfortably met our overall small business goal which was 12 percent. We met our small disadvantaged goal. We went over 7 percent on

that, with a 5 percent goal. We got close in the woman-owned category. We were close to 5 percent. We were at about 4.5. We had increases in the other socio-economic categories, especially HUBZone which has been a challenge for us. We went up to almost half of 1 percent, which is better than we've done in the past. The only category where we struggled a little bit was in disabled veteran-owned small business, so we're trying to do a little bit better in that this year.

In terms of other initiatives that we've been focusing on... as many of you know, we've been trying to focus on expanding the use of small businesses at our Missions. That's an area where we started to focus a little bit more last fiscal year and we're continuing that this year with our Mission small business goaling program. Last year we did a pilot with 16 Missions and we're doubling the number of Missions we're working with this year.

Another couple of key updates and then we will get to your questions. One thing that some of you may be familiar with but I wanted to make sure it stays on the front burner is a tool that we developed this past year for you to input your information. We call it the Small Business Market Analysis Research Tool or SB-MART. We want you to register. If you are interested in doing business with our agency, we want you to register your information onto the site. You can upload capabilities information, you can upload past performance information, expertise, skill sets, NAICS codes, the regions of the world where you've worked. All of that information will be available to our contracting officers and our technical folks for them to do market research. We really want you to have your information available. This is a tool that is becoming accessible to our staff, so we really want to encourage you to input your information.

One thing that I wanted to mention. Deb talked about category management. We know that it's a key goal for the Agency. I just want to assure you, because we hear from small businesses that category management is a concern to them, and that category management goals sometimes conflict with our small business goals. I want to reassure you that we work very closely with Mark and Deb and the M/OAA team in ensuring that our category management goals do not negatively impact our small business goals. And as a matter of fact I will remind everyone that, under the President's Management Agenda, the expectation is that agencies will improve their acquisition of common goods and services using category management principles, *and* continue to meet their small business goals. Under the PMA they are equally important, so we want to make sure that everyone continues to be aware of that. We think that we can absolutely make both goals, as we did last year. We made the category management and the small business goal, so we want to continue to do that.

I know we have some questions coming up, so I want to thank our colleagues for allowing us the opportunity to be here and we look forward to your questions.

Mr. Concors

Thank you Mauricio With the time we have left, we are going to answer a few of the general questions that came in.

Business Forecast Q&A

- 1. Small Business:** In their recent USAID Small Business Partner Update for SBAIC partners, OSDDBU indicated that USAID intends to expand its Small Business Goal Program to an additional 15 missions in FY 2019. Can USAID name those 15 missions once they have been confirmed and let implementers know where this information will be posted?

USAID Response (MAURICIO): Yes, USAID will expand its Mission Small Business Goaling (MSBG) Program to include an additional 15 Missions in Fiscal Year (FY) 2019. Currently, the Office of Small and Disadvantaged Business Utilization staff is working closely with senior officials at the Regional Bureaus and Missions to identify FY 2019 participants. The Missions will be shared with USAID partners as soon as the information is finalized.

The following Missions participated in the MSBG Program Pilot in FY 2018: Ghana, Liberia, Tanzania, Uganda, Zambia, Bangladesh, Philippines, Vietnam, Pakistan, Ukraine, Bosnia and Herzegovina, Peru, Guatemala, Honduras, Jordan and Morocco. All Missions with acquisition obligations over \$5 million will be added to the MSBG Program by FY 2020.

- 2. Category Management:** Will or has USAID received Best-In-Class (BIC) and Spend Under Management (SUM) goals for FY19, if so will the agency share their percentage/targets with implementers?

USAID Response (DEB): The FY19 target is a 5% growth off of FY18 target. We have not factored in FY18 actuals with growth from there as the data is not final. Using the data that is available it shows the SUM FY19 target as \$3.705B (FY18 actuals is \$3.24B). Therefore, USAID needs to report \$462M in contracts moving to SUM (all Tiers) The BIC FY19 target is \$84.7M (FY18 Actuals \$73M). Therefore, \$11.7m in spend moving to BIC. These will be challenging goals, so we've already started looking for opportunities. Where we have contracts with NAICS and PSC codes that match to either a GSA schedule or to a BIC contract, we will be focusing on those and seeing if there is something we can do to move those. We don't want to hurt our small business goals or our reform efforts, so it's a matter of "threading the needle."

- 3. Selection of Instrument:** Several recent cooperative agreement solicitations have involved core + buy-in funding but are not referenced as LWAs. Is USAID still using the LWA mechanism?

USAID Response (MARK): LWAs, or Leader with Associates are still being used at USAID. Historically, LWAs have been more limited in number compared to the other

award types that we use. Core and buy-in, also known as field support, comes up in both acquisition and assistance. How to best provide in-country field support is an ongoing area of consideration at the Agency.

- 4. Co-Creation:** What criteria is used to determine if a procurement process will include co-design/co-creation as a precursor to development of the full proposal? Should we expect to see more co-design for future programming, with a concept note phase preceding the full proposal? Is there a way to tell from the business forecast if there will be a call for concept notes before the full proposal?

USAID Response (MARK): We do want to find ways throughout the design to implementation spectrum to enhance collaboration including the use of co-design/co-creation. I believe you will witness greater use of tools such as concept paper and statement of objectives. At this time, those types of details would be indicated in the solicitation and/or the POC for the particular activity. We do appreciate the question and we will check into further on opportunities to indicate more clearly in postings on the forecast.

- 5. Journey to Self-Reliance:** How will USAID's initiative, the Journey to Self-Reliance, influence USAID's country strategies? Will the individual Country Roadmaps and Self-Reliance Metrics be used to guide country programming?

USAID Response (MARK): I believe they would likely have some influence on country programming. One could envision that where a particular country stands on their Journey to Self-Reliance would naturally influence different types of possible approaches whether technical assistance, government to government, public-private partnerships, etc. So I believe there would be a correlation, but I think it would depend on the specific country and the specific sector. There are a host of different attributes that one would consider in delivery approaches, but we appreciate that questions.

Mr. Concors

With that We are just about out of time. As I mentioned before, we are working to complete the responses to the 250 or so questions we received, and will be posting the answers later today at [usaid.gov/business-forecast](https://www.usaid.gov/business-forecast). Mark do you have any final remarks?

Mr. Walther

Thank you again to everyone for joining us. It is a heavy lift every quarter to go out and update the Business Forecast, getting the questions from the partners, and making the needed updates. But we know how valued this is to the partner community and the public, so we really do appreciate all your ongoing efforts to flag different issues and raise different questions on our Business Forecast. I greatly appreciate the efforts that Randy has been leading on the EPPR front and that Deb has been spearheading on category management. I always enjoy when Mauricio and I meet on a bi-weekly basis on small business related- activities. We really are

looking forward to continued efforts to improve and enhance Agency capabilities, further impacts, and we look forward to further engagement throughout FY19 and the new year. Thank you everyone for joining the call.