

OFFICE OF INSPECTOR GENERAL



January 14, 2004

MEMORANDUM

TO: Acting/AA/ANE, Gordon West
M/OP, Timothy T. Beans

FROM: AIG/A, Bruce N. Crandlemire /s/

SUBJECT: USAID's Compliance with Federal Regulations in Awarding
the Agriculture Reconstruction and Development Program
for Iraq Contract (AIG/A Memorandum 04-002)

SUMMARY

The Office of Inspector General (OIG) has completed a review to determine compliance with federal regulations in awarding a contract for the Agriculture Reconstruction and Development Program for Iraq to Development Alternatives, Incorporated (DAI).

The OIG determined that the U.S. Agency for International Development (USAID), in making its award to DAI, complied with applicable federal regulations.

BACKGROUND

USAID is awarding 10 or more awards for reconstruction activities in Iraq. As of the date of this memorandum, USAID has made 10 awards estimated to cost a total of \$1.5 billion for economic governance, personnel support, seaport administration, local governance, education, infrastructure reconstruction, monitoring and evaluation, health, airport administration and agriculture. In addition to these ten awards, USAID has also awarded grants, cooperative agreements, and interagency agreements.

On January 16, 2003, the Office of the USAID Administrator authorized expedited acquisition and assistance procedures for activities and programs in response to the crisis in the Near East. This approval allowed USAID to award contracts using

other than full and open competition requirements as is authorized under 40 USC 474 and most of the contracts for assistance in Iraq were awarded using this statutory authority. However, this award to DAI was competitively awarded using full and open competition.

On June 4, 2003, USAID published a Request for Proposal (RFP) on the Federal Business Opportunities website for the Agriculture Reconstruction and Development Program for Iraq. A pre-proposal conference was held on June 17, 2003 to answer questions regarding the RFP. The firms were given until June 27, 2003 to respond. A subsequent RFP amendment changed the closing date from June 27, 2003 to July 7, 2003. Eight firms submitted proposals by the closing date.

A technical evaluation panel reviewed all eight proposals and determined that three proposals were in the competitive range. These three remaining firms submitted answers to USAID's technical questions and submitted revised cost proposals. The final revised proposals were received on September 28, 2003.

On October 15, 2003, USAID awarded DAI a cost-plus-fixed-fee term contract for approximately \$36.9 million. In addition to this base year amount, the contract also provides for two option years bringing the total to approximately \$106.7 million.

REVIEW RESULTS

The OIG reviewed USAID documentation and interviewed USAID and offerors' representatives to determine the events that took place and decisions made supporting the award of the contract. In our opinion, USAID complied with applicable federal regulations in making the award.

We appreciate the courtesies extended to the OIG staff on this review, and we are continuing to examine other Iraq contracts.

cc: AA/LPA, E. Fox
AA/M, J. Marshall
GC, J. Gardner
M/OP/E, K. Triplett
ANE/SPO, L. Brady