

February 24, 2003

Senator Chuck Hagel
United States Senate
Committee On Foreign Relations
Subcommittee Chairman
International Economic Policy,
Export and Trade Promotion
Washington, D.C. 20510-6225

Dear Senator Hagel:

Good afternoon and thank you for inviting me to discuss issues related to USAID contracting policies and operations. As a former Senior Procurement Executive for USAID I believe, I have some relevant knowledge of the Agency's inter-workings and I hope I can contribute input that will help generate improvements.

First and foremost I would like to state that I fully support the procurement professional staff both in Washington, DC and in the overseas missions. I worked with them for 21 years up until July of 2001. These people are unsung heroes in USAID accomplishments. They are often overworked and under-staffed, yet they do their best to deliver. It was my experience that their ethics are beyond reproach. I believe when it concerns USAID that any rumors about contracts being "steered" are just that, with no substance. In my entire career with USAID spanning both Republican and Democratic administrations I was never once directed nor was it suggested that I sign a contract I was not comfortable with in terms of that the award would otherwise have been improper.

The preceding being stated, I do have concerns about the present state of affairs and about USAID's ability to effectively award, administer and monitor contracts of the magnitude associated with Iraq and Afghanistan, in addition to the "normal" annual workload. What concerns me is again, the lack of adequate staff as well as the lack of expertise in construction type contracting. Capital development/construction type contracts have not been the forte of USAID contracting professionals for a number of years and the staff hired from the 1990's to present, to

the best of my knowledge, do not have those skill sets. When one combines a staff shortage with that of lacking skills, it points towards vulnerability. Again, the procurement professionals will do their best to deliver but when one is overworked and lacking the necessary skills, it sets the groundwork for potential mistakes. Had I been the Procurement Executive at the time the Office of Procurement was tasked with negotiating and entering these contracts, I seriously believe I may very well have advised the Agency senior management that perhaps DOD would have been a better alternative given their staffing and infrastructure in this area. I remain in contact with many USAID staff members as well as with the contractor community and the aforementioned comments are reflective of some of the feedback I have received.

The USAID procurement system has been studied and reviewed numerous times for the last 20 years and the findings are redundant. The agency is understaffed in terms of contracting officers and specialists, there is a serious lack of procurement planning, training for cognizant technical officers is not sufficient and budget allocation and distribution is extremely slow in channeling funds to operating units.

In the 1990s we did a comparison of the average workload of a USAID contract specialist versus their peers at agencies like DOE, Department of Agriculture, HHS and others and we discovered that the USAID specialist had 2 to 4 times the workload of those at the other agencies. I would expect the situation is worse now than it was then.

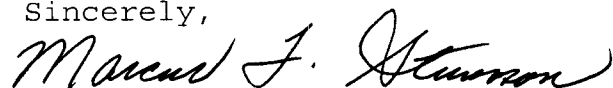
In the late 1980's, there was a comprehensive review of USAID led by OMB and the resultant report was known as the "OMB Swat Team Report". During the 1990's that report was used as a guide in addressing a number of enhancements and reforms. This included a decision to hire approximately 45 additional contract specialists that brought the Office of Procurement to its highest strength ever, of approximately 175 personnel. Additionally, during this same period, actions, statements and attitudes of the Agency senior management made it clear agency-wide that: (1) the procurement life cycle encompasses all offices of the agency; (2) that successful procurement requires highly qualified and well trained Contracting Officers (COs), Cognizant Technical Officers (CTOs), and Heads of Contract Activities (HCAs); and (3) that successful procurement

systems and practices are critical to achieving the results of the Agency. This powerful combination of relatively simple fixes caused morale in the Office of Procurement to reach a peak. Supervisors had sufficient staff to get the job done and support functions such as evaluations of operating units overseas and the audit function were operating efficiently and had the support of Agency senior management and buy-in from the technical offices on the importance of understanding their role in the procurement function.

Unfortunately, in my opinion, the situation since then has seriously eroded. The current permanent staffing level in the Office of Procurement is only approximately 120 personnel yet with the addition of contracting for Iraq and Afghanistan along with special programs like the AIDS Initiative, the workload has increased dramatically. Again, these type situations create the potential for vulnerabilities, not to mention stress and overworked procurement professionals. I do not believe it to be sustainable.

In looking at the future I think a decision should be made to "staff up" the Agency's procurement function across the Agency - but most immediately within the Office of Procurement--at a level that allows efficiency and accuracy. By "staff up" I mean recruit and employ bonafide and qualified GS and FS contract specialists for the long term and not utilize a patchwork of personal service contractors and temporary use of overseas foreign service nationals on a continual ad-hoc basis. The procurement function is vital to USAID, perhaps more so than many within the Agency realize. If USAID achieves a reasonably staffed and trained procurement function and sustains it, they will be in a better position to deal with "surges" like those they currently face and they will have professionals who are better trained for the type contracts they are being asked to put in place. Also, support functions like policy, evaluation and audit would be in a position to better support the operations staff.

Sincerely,



Marcus L. Stevenson