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**ACTION MEMO FOR THE DIRECTOR OF THE  
OFFICE OF ACQUISITION AND ASSISTANCE**

FROM: M/OAA/DCHA, Sallie H. McElrath, Contracting Officer

*S.H. McElrath*

SUBJECT: Single Award Indefinite Quantity Contract (IQC) with a maximum ceiling of \$200 million for Famine Early Warning System Network support for the Office of Food for Peace

**Recommendation**

That you determine that the task orders expected under the contract are so integrally related that only a single source can reasonably perform the work.

Approve *Sallie H. McElrath* Disapprove \_\_\_\_\_

*5/19/2010*

**Background**

In accordance with Federal Acquisition Regulation (FAR) 16.504(c)(1)(ii)(D)(1), no task or delivery order contract in an amount estimated to exceed \$100 million (including all options) may be awarded to a single source unless the head of the agency determines in writing that one of several possibilities applies to the Government's requirement. Pursuant to the delegations in ADS 103.3.10.5, the Director of M/OAA is the Head of the Agency for the purpose of this FAR requirement. Under the Famine Early Warning System Network (FEWS NET) activity, a single award IQC is required as the task orders are expected to be so integrally related that only a single source can reasonably perform the work.

Since 1985, under FEWS NET, USAID has engaged a single contractor to manage, monitor, and technically assess, in consistent and comparable terms, countries that are food insecure, or vulnerable to it. In the follow-on competition of these services for FY 2011-2015, DCHA/FFP estimates that a ceiling of \$200 million is required to meet likely anticipated needs over the next five years. As these needs now exceed \$100 million for the first time, the written determination by the head of the agency is required to undertake the proposed single award IQC.

Attachment:

Tab 1: Essential Factors

## Tab 1 **ESSENTIAL FACTORS**

Since 1985, USAID's Famine Early Warning System has provided information about the location, severity, numbers of people affected, and type of response needed for food insecurity and vulnerability in Africa. In recent years, the Agency has expanded the geographic coverage of its successor activity, FEWS NET, to a more global coverage of drought and famine, prioritizing:

- 1) comparable food security monitoring and assessments of countries of FEWS NET coverage, all threatened by a variety of local and global drivers of food insecurity;
- 2) provision of rolling 6-month forecasts of priorities for food and non-food aid programming to USAID's Bureau of Democracy Conflict and Humanitarian Assistance; and
- 3) assistance to improve the human and institutional capabilities of national and regional partners in identifying and appropriately responding to food insecurity and vulnerability.

In each of five contractual phases of FEWS NET, USAID has engaged a single contractor to manage, monitor, and technically assess, in consistent and comparable terms, countries that are food insecure, or vulnerable to it. With the increasing impacts of pervasive global drivers of food insecurity, the number of countries covered by FEWS NET may increase from the 20 that currently have an in-country FEWS NET presence, to a maximum of 50 countries.

The coverage of a potential additional 30 countries will be based upon an innovative "remote" form of partnership-based, collaborative early warning monitoring, without a FEWS NET country presence. With this expansion, the need for comparable monitoring and assessment, in order to reveal the greatest threats and priorities for external donor response, will only increase.

While the current FEWS NET IQC ceiling is \$100 million, a ceiling of \$200 is prudent for this follow-on IQC. Core services alone are estimated at \$119 million. Additional capacity of \$81 million is included: 1) to provide missions and bureaus with the ability to acquire needed services to respond to the new all-of-government (USG) prioritization of food security beginning in 2011, and, 2) to provide the potential to increase the number of countries/regions monitored for famine and to ensure the quality of constantly increasing amounts of famine early warning information collected from new technologies and sources.

### **An Indefinite Quantity Contract is the appropriate vehicle**

Under the current single award IQC, 43 Mission and Bureau-funded task order activities totaling more than \$13.3 million were implemented under 9 FEWS NET Task Orders between 2005-2010. Given the experience of the last 5 years, it is appropriate that USAID expect, and plan for a larger number of "buy-ins" to the FEWS NET IQC, and a growth in their aggregate value. Because USAID cannot easily predetermine the precise quantities of additional early warning and vulnerability information services that will be required between FY2011-FY2015, the

Contracting Officer, in conjunction with the Office of Food for Peace (FFP), have determined that an IQC is needed for the follow-on FEWS NET activity.

### **A single award is required**

In accordance with FAR 16.504(c)(ii)(B)(4), the Contracting Officer, in conjunction with FFP, have determined that a multiple award approach is not appropriate because:

1. Projected orders are so integrally related that only a single contractor can reasonably perform the work.

The primary objective of this IQC will be to produce objective and comparable monitoring and assessment of food insecurity and vulnerability across all countries and continents so that urgent food aid can continue to be delivered where the need is greatest. Task orders will be issued for different regions as funds and specific food insecurity needs develop, but all orders will be for the delivery of the same early warning and vulnerability information services. The data collection and monitoring inherent in this work must be performed the same way, and using exactly the same “measuring stick” across every Mission, and across all continents, to ensure that needs for food and other humanitarian assistance are measured and prioritized objectively. A single contractor IQC is the only way this comprehensive, perfectly comparable, and real time early warning and vulnerability information can reliably be delivered in the timeframes required. Use of a multiple award IQC would require a triangulation process to compare monitoring processes, and to evaluate data collected by different contractors, hindering the US Government’s ability to allocate and deliver food aid to the most urgent needs. A single source IQC provides an inherently comparable and objective prioritization of which crises, among many, should receive USAID's limited food assistance. Only a single FEWS NET contractor will be able to apply an identical, seamless, analytic process of comparison to all countries (and more cost-effectively), than if performance of core FEWS NET tasks were split between multiple contractors. The use of a single standard of measurement and analysis for all countries is integral to the rationale of why USAID created an information tool like FEWS NET. The essence of the FEWS NET IQC is to explicitly deliver integrally-related related tasks that produce perfectly comparable products. Only a single contractor can reasonably deliver this product.

In sum, it would simply not be consistent with USAID's need to receive perfectly comparable assessments from its own global early warning and food security assessment system, nor in the best interests of the Government, to select a contracting mechanism that puts the achievement of consistent and comparable results in doubt. Under a single award IQC, the benefits of a cross-over of skills, experiences, and approaches will be realized, and the risk of non-comparability of assessments will be minimized.

2. Multiple awards would not be in the best interests of the Government.

The Government would not reap benefits of reduced cost to fair opportunity competition given the amount of duplicative infrastructure that would be required to achieve comparable country-

level monitoring and assessment in the field. Each FEWS NET Contractor would need a Washington D.C. based office, project management, and dedicated personnel with specializations in areas such as Markets/Trade, Livelihoods, Web Communications. Significant effort would be needed to coordinate methods and analysis among contractors. As the essence of this IQC is to expand perfectly comparable FEWS NET coverage to additional countries newly threatened by food insecurity, it is not in the best interests of the Government to compete task orders as doing so would reduce comparability, increase costs and reduce the resources available to expand the network. In sum, it is not in the USG's interests to make multiple awards under the FEWS NET IQC.

### **Procurement history**

Four different firms have held FEWS NET IQC contracts over the past twenty-five years; each contract was awarded on a 5-year basis. As adequate competition occurred during each award, and because different contractors were selected for award of the FEWS NET IQC, this procurement cannot be characterized as a "sole source" procurement despite the use of a single-award IQC.

### **Market Research and the Competitive Environment**

Several large, reputable firms, all with relevant experience, have expressed formal interest in the procurement. FFP has had discussions with at least eight of these potential offerors during the past year for the purpose of market research to help determine and define the government's requirements. Most of the eight firms have engaged knowledgeable, qualified people with direct experience in previously working with, and/or managing FEWS NET activities in the field and in Washington DC. Within these firms, and even in the public arena, there is a vast amount of information about FEWS NET's monitoring and assessment practices, activities and products. In addition, the market research leads FFP and OAA to anticipate a robust competition due to the increased focus on, and funding available from the current Administration for food security, and are working together to develop solicitation terms and conditions that will facilitate the broadest participation by all interested firms in this procurement.

### **Conclusions**

FEWS NET early warning and food security assessments and products must be implemented consistently at all sites so that USAID and its partners have objective information for prioritizing and allocating emergency aid among competing needs. A single award IQC eliminates the problems and associated costs of inconsistency of approach, execution and data comparisons among integrally-related FEWS NET task orders.

A multiple-award IQC would set up more than one Washington-office contractor team to cover the same number of countries that can be covered by one contractor. This could lead to duplication of FEWS NET field offices which would decrease the resources available for overall

field coverage. As expanded field-based presence is needed to respond to expanded threats of global food insecurity, multiple awards would not be in the best interest of the Government;

In sum, a single-award IQC is necessary because the projected FEWSNET task orders are so integrally related that only a single contractor can reasonably perform the work and deliver comparable results. Additionally, the costs of reconciling information from multiple contractors to ensure perfectly comparable information would significantly reduce funds available for needed expansion of field coverage and this is not in the best interest of the Government.