

JUSTIFICATION AND APPROVAL FOR OTHER THAN FULL AND OPEN COMPETITION
(J&A)

TO: Deborah Broderick, Agency Competition Advocate

THROUGH: Andre Guy Soh, Contracting Officer

FROM: Fernando A. De Villena, Project Management Specialist, USAID/Peru Office of Alternative Development

SUBJECT: JUSTIFICATION AND APPROVAL FOR OTHER THAN FULL AND OPEN COMPETITION (J&A) FOR A BUDGET INCREASE TO CONTRACT 72052719C00001

- 1. This document sets forth the facts and rationale justifying the use of other than full and open competition, in accordance with AIDAR 706.302.**

This document was prepared by the Office of Alternative Development (AD) of USAID/Peru in support of a budget increase to contract number 72052719C00001, awarded under Full and Open competition to Chemonics International for \$21,714,007 on October 25, 2018 for a five-year period.

- 2. The nature and/or description of the action being approved:**

This is a request to approve an increase of \$4,850,000 in the Total Estimated Cost (TEC) of award #72052719C00001 from the current TEC of \$21,714,007 to a revised TEC of \$26,564,007. The proposed modification does not include an extension to the period of performance of the contract, which ends on October 28, 2023. Under this action, Chemonics International will support the Comisión Nacional para el Desarrollo y la Vida Sin Drogas (DEVIDA, in Spanish), USAID/Peru's main counterpart in carrying out alternative development activities, to implement the Government of Peru's (GOP) recently approved Anti-Drug Policy. The TEC increase will enable Chemonics to deepen technical assistance to improve DEVIDA's administrative, logistical, and financial capacities to implement the Anti-Drug Policy.

This budget increase is necessary to avoid missing a window of opportunity to achieve a critical Mission objective related to counter-narcotics. The implementation of this Policy was not budgeted for in 2018 because when this contract was designed and the corresponding RFP was released in 2017, neither USAID nor DEVIDA could have anticipated that the National Anti-Drug Policy would be approved three years later. Strengthening DEVIDA's ability to implement the Anti-Drug Policy through this TEC increase presents a unique opportunity to support the GOP's counter-narcotics efforts and advance critical U.S. Government priorities.

3. Description of the supplies or services required, including an estimated value:

The Institutional Strengthening Partnership for DEVIDA (ISP) is USAID's main mechanism for supporting DEVIDA so that individuals in hundreds of communities where coca has been recently eradicated receive timely and effective support needed to transition to licit livelihoods.

This budget increase will:

- Facilitate the implementation of Perú's recently approved National Anti-Drug Policy. In order to implement the policy successfully, DEVIDA needs assistance with the following efforts in the short term: 1) Policy indicator development and intervention planning for the newly created special intervention zones; 2) Development of management planning instruments, especially knowledge management tools, a monitoring and evaluation system, and streamlined budgeting tools; and 3) Improving logistics capacity for the timely delivery of goods and services.
- Expand existing tools and methodologies to new geographical areas.
- Support better engagement with provincial municipalities and regional governments. Due to the design of the activity and DEVIDA's priorities, the current organizational structure of the assisted "lower-level" district municipalities does not allow for maximum synergies and integration with "upper-level" provincial municipalities. The TEC increase will allow the Contractor to adapt the current scenario to a more integrated and holistic approach to the municipalities. Furthermore, there is a need to expand existing technical assistance to ensure that a majority of the municipalities improve the provision of public services in post-eradication areas and improve their scores on the Municipal Institutional Capacity Index.

The proposed changes would require additional regional staff, short term consultancies, subcontracts, and potentially embedding additional public investment specialists in targeted regional governments to more aggressively attract public investment, in order to close key infrastructure gaps in AD communities.

The Estimated cost of this TEC increase is \$4,850,000.

4. Statutory authority permitting other than full and open competition:

Other than full and open competition in this case is justified per AIDAR 706.302-70 (b)(5), which is an award for the continued provision of highly specialized services when award to another resource would result in substantial additional costs to the Government or would result in unacceptable delays.

5. A demonstration that the proposed contractor's unique qualifications or the nature of the acquisition that requires use of the authority cited:

The contractor, Chemonics International, has continuously provided highly specialized services since 2018 and requiring full and open competition would result in substantial additional costs to the USG and would result in delays that would affect the sustained momentum of the activity.

This Budget Increase request comes at a time when Peru has begun to eradicate coca for the first time in its most complex coca-producing region. Moreover, as Peru enters into a year of national elections and government transition, it is vital that the Mission sustain its support to DEVIDA and former coca-producing communities. According to the White House's Office of National Drug Control Policy (ONDCP), Peru's 2019 coca production increased by 40% over 2018, reaching its highest level in 20 years. It is now feared that the pandemic's severe impact on the licit economies of coca growing regions supported by the Alternative Development Office will result in even higher coca production numbers in 2020. For the reasons described in this memorandum, full and open competition would result in substantial additional costs to the Government and would result in delays that would affect the sustained momentum of an activity that is critical to advancing one of U.S. Embassy Lima's top foreign policy priorities in Peru.

Chemonics is uniquely qualified to succeed in providing the services to be funded with this TEC increase. The contract started in 2018 and will end in 2023. Chemonics has spent the last two years developing strong working relationships with DEVIDA's staff. After a challenging start, DEVIDA has finally embraced the technical assistance provided by Chemonics to modernize its administrative processes, empower community organizations, and strengthen the capacity of 25 municipalities in post eradication areas. In anticipation of the approval of the National AntiDrug Policy, DEVIDA asked USAID for support implementing the Policy.

Also, the contractor has developed unique tools and methodologies in conjunction with DEVIDA that this GOP agency has fully embraced after seeing their successful implementation in the field. Furthermore, DEVIDA has repeatedly requested the expansion of consultancies, technical assistance packages and tools provided by the contractor to the municipalities. This expansion includes bringing the assistance to new geographical areas and targeting additional administrative, logistical, and/or financial areas for improvement. A direct award to a local contractor was not considered because it would result in delays that would affect the sustained momentum of an activity that is critical to advancing one of U.S. Embassy Lima's top foreign policy priorities in Peru.

6. Description of the efforts made to ensure that offers are solicited from as many potential sources as practicable, including whether a notice was publicized as required by Federal Acquisition Regulation (FAR) 5.2 [AIDAR 705.2].

On March 1, 2021, USAID/Peru posted a synopsis on beta.SAM.gov in which it expressed its intent to modify the existing award to add the services described in section 3 of this memorandum. Pursuant to FAR 5.203(a), the synopsis was publicized for fifteen days. No inquiries were received during the fifteen-day period from the business community.

7. A determination by the Contracting Officer that the anticipated cost to the Government will be fair and reasonable:

Prior to the proposed contract modification, cost or price information shall be obtained from the contractor and a price/cost analysis will be performed and documented to determine that the cost to the Government of the proposed acquisition will be fair and reasonable.

8. Description of the market research conducted, and the results or a statement of the reasons market research was not conducted:

Due to the Contracting Officer's awareness of the marketplace, understanding of the activity and its history, along with the fact that the proposed modification does not substantially change the nature or scope of the original competition, no new market research was conducted outside of the synopsis posted on beta.SAM.gov (summarized in Section 6 above).

9. Other facts supporting the use of other than full and open competition:

Early in 2020, DEVIDA approached USAID for additional support to expand the provision of technical assistance to additional municipalities in the Valley of the Mantaro, Ene, and Apurimac rivers (VRAEM). This request was in anticipation of the approval of the National Anti-Drug Policy, which occurred in December 2020. USAID could have not anticipated technical assistance to these VRAEM municipalities at the time of the original design.

DEVIDA is USAID/Peru's main GOP counterpart in our quest to achieve our Development Objective 1: *Peru expands economic and social development in post-eradication regions to sustain coca reductions*. Postponing this request would not only delay the implementation of the Policy in 2021 and 2022, but it could also potentially hurt our relationship with DEVIDA. A reallocation of the current budget could impair the attainment of existing project targets, since related technical assistance tasks are already budgeted for.

A full and open competition to complete the work would cause delays to the Institutional Strengthening contract and pose a risk to the Government, given the sensitive nature of assistance to families in areas where coca was recently eradicated. On the one hand, helping families that have relied on the production of illegal coca is not comparable to any other agricultural or rural development projects. Due to the illicit nature of the cocaine business, farmers are reluctant to change their ways and need sustained interventions to give up coca and embrace a licit livelihood. Likewise, it is crucial to preserve the strong relationship that has been established between DEVIDA and USAID, especially considering the importance of counter-narcotics in the bilateral relationship between the USG and the GOP. DEVIDA is responsible for coordinating all of the GOP's counter narcotics efforts (including interdiction, eradication, alternative development, and managing drug abuse). Inadequate support to DEVIDA to implement the National Anti-Drug Policy now could negatively affect the GOP's relationship with other USG agencies that collaborate on counter narcotics issues.

10. Sources, if any, that expressed an interest, in writing, in the acquisition:

As mentioned in Section 6 above, USAID/Peru posted a synopsis on beta.SAM.gov. A fifteen-day period ended on March 16, 2021 with no inquiries from the business community. No other expressions of interest were received.

11. The actions the Agency may take to remove or overcome any barriers to competition before any subsequent acquisition for the supplies or services required:

Under the Mission's new 2020-2025 CDCS, the AD Office plans to develop a series of new activities. The Mission intends to compete future requirements through full and open competition and potentially set aside for small businesses. The Government will continue to conduct thorough market research to gauge the marketplace capabilities for future requirements.

12. Technical or requirement personnel certification:

In accordance with FAR 6.303-1(c), I hereby certify that the technical statements contained herein, which form a basis for the justification, are complete and accurate.

Mark Gizzi

Mark Gizzi
Deputy Office Director
Office of Alternative Development
USAID/Peru

March 25, 2021

Date

13. Contracting Officer Certification:

I hereby certify that the justification is accurate and complete to the best of my knowledge and belief.

Andre-Guy Soh Digitally signed by Andre-Guy Soh
Date: 2021.03.29 15:59:47 -05'00'

Andre Guy Soh, Contracting Officer
USAID/Peru

Date

14. Approved:

Jennifer L
Norling (affiliate) Digitally signed by
Jennifer L Norling (affiliate)
Date: 2021.04.02 09:53:59
-04'00'

Jennifer Norling
Agency Competition Advocate (acting)

Date