

RELEASE IN FULL

**From:** H <hrod17@clintonemail.com>  
**Sent:** Tuesday, January 10, 2012 12:17 PM  
**To:** 'Russov@state.gov'  
**Subject:** Fw: NEWSFLASH: IMPLEMENTATION AND PROCUREMENT REFORM - NEW REG ON SOURCE AND NATIONALITY

Pls print.

**From:** Mills, Cheryl D [mailto:MillsCD@state.gov]  
**Sent:** Tuesday, January 10, 2012 11:46 AM  
**To:** H  
**Subject:** FW: NEWSFLASH: IMPLEMENTATION AND PROCUREMENT REFORM - NEW REG ON SOURCE AND NATIONALITY

FYI

**From:** Shah, Rajiv (AID/A) [mailto:rshah@usaid.gov]  
**Sent:** Tuesday, January 10, 2012 11:26 AM  
**To:** Mills, Cheryl D  
**Subject:** FW: NEWSFLASH: IMPLEMENTATION AND PROCUREMENT REFORM - NEW REG ON SOURCE AND NATIONALITY

This is huge. We have effectively "untied aid." We cannot beat drums about it because we do not want a negative congressional reaction but its one of the things S could be proud of having done when we were told we could never make it work. ☺ Raj

**From:** Gomer, Lisa (GC)  
**Sent:** Tuesday, January 10, 2012 11:13 AM  
**To:** USAID Senior Management Meeting Mail List (USAID); USAID Mission Directors Worldwide Mail List (USAID)  
**Subject:** NEWSFLASH: IMPLEMENTATION AND PROCUREMENT REFORM - NEW REG ON SOURCE AND NATIONALITY

I am pleased to announce that on January 10, 2012 USAID published in the Federal Register (77 FR 1396) a revised, final regulation concerning source and nationality requirements for procurements. The revised regulation is a further, and far reaching, step toward simplification of USAID's procurement procedures and toward achieving Agency Implementation and Procurement Reform Objectives 1 and 2, Strengthening Partner Country and Local Civil Society and Private Sector Capacity, and Objective 4, Use USG resources more efficiently and effectively. You can access the new rule by clicking on

<http://www.gpo.gov/fdsys/search/pagedetails.action?browsePath=2012%2F01%2F01-10%5C%2F3%2FAgency+for+International+Development&granuleId=2011-33240&packageId=FR-2012-01-10&fromBrowse=true>

#### The new regulation

-Establishes a new, default geographic source code which tracks USAID's statutory authority by permitting procurements, without preference, from the United States, recipient country, or developing countries. This new code will permit for the first time procurement from the recipient country and other developing countries on equal footing with procurements from the United States, thereby facilitating USAID's efforts to make the foreign assistance dollar go further and do more in a time of budget constraints.

-Preserves existing geographic source codes (110, 935) which reflect additional statutory authority to procure under the Development Fund for Africa and for the New Independent States

-Deletes the concept of "origin" from the rule (no more "systems determinations"! ) and clarifies and simplifies the source and nationality requirements

-Streamlines waiver procedures, to reduce costly and inefficient bureaucratic processes

Because of the significant changes in the new regulation and at the urging of several commenters in the public rulemaking process, the new regulation will not become effective until February 6, 2012. This "lead time" will enable USAID to revise and issue related and supporting guidance (please look for future Agency notices about issuance of a revised ADS 310 on Source, Nationality and also Office of Acquisition and Assistance guidance concerning administration of existing and future contract and grant awards under the new regulation). USAID will issue a further, updated Agency Notice concerning the effective date of the new regulation in the first week of February, 2012, and before the effective date of February 6th, 2012.

For further information, please contact

--John Niemeyer, (202) 712-5053; [jniemeyer@usaid.gov](mailto:jniemeyer@usaid.gov)

Best regards.

Lisa Gomer  
General Counsel,  
United States Agency for International Development  
tel: 202-712-0900

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