



United States
Department of
Agriculture

Farm and Foreign
Agricultural
Services

Foreign
Agricultural
Services

1400
Independence Ave., SW
Stop 1042
Washington, DC
20250-1042

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SUBJECT: Contracting Standards and Procedures

TO: All FMD Cooperators

ISSUE: In conjunction with the publication of the Foreign Market Development Cooperator Program (FMD) regulations on September 30, 1999, FAS is providing additional guidance regarding contracting standards and procedures.

BACKGROUND: 7 CFR 1550.35(d)(5) of the FMD regulations provides that "a Cooperator shall perform some form of price or cost analysis such as a comparison of price quotations to market prices or other price indicia, to determine the reasonableness of the offered prices."

POLICY: At a minimum, Cooperators must adhere to the requirements set forth in 7 CFR 1550.35. Cooperators should also consider the following guidance when entering into contracts for services or products that are reimbursed in any part with FMD resources.

For contracts valued at \$25,000 or more per annum, Cooperators should:

1. obtain at least 3 competitive bids (where possible) to assure adequate competition, and
2. rebid all contracts at least every 3 years.

For contracts valued at less than \$25,000 per annum, Cooperators should ensure that the costs constitute an economical and effective use of FMD resources.

Although not specifically required by regulations, FAS encourages Cooperators to extend this policy to third party contracts.

KENT D. SISSON
Director
Marketing Operations Staff