USAID e-Payments Procurement Overview
Q&A Log (Online Participants)

Who is required to use e-payments?

Q: Will the new regulation apply to payments to vendors as well as sub-recipients, beneficiaries and contractors?
A: Yes.

Q: Does the new regulation flow down to a Prime's sub-recipients?
A: No. You can tell whether a clause/provision flows down because it will state in the clause/provision “Recipients must include this clause/provision in all sub-contracts and sub-grants” or words to that effect.

Q: As part of the mandate of flowing down to subs, do we also need to monitor that they implement this provision?
A: There is no mandate to flow down to subs, but yes, irrespective of e-payments, on cost reimbursable instruments you always have to monitor all their costs for allowability, allowability and reasonableness. You are required to audit these subs.

Q: For the avoidance of doubt, could USAID update the clause to specifically state it does not flow down to sub-recipients?
A: No. Clauses/provisions specifically state when they flow down.

Q: Is it the intent of this requirement to apply to local consultants as well?
A: A local consultant is on contract, so yes.

What is considered “cash”?

Q: I believe most forms of mobile money are considered cash payments under the clause, as they involve an agent paying the recipient in cash ultimately. Can this be clarified?
A: The recipient is choosing to convert their payment to cash. Unless the agent is your agent, you have made the payment electronically.

Q: He is not mentioning checks, are checks considered okay?
A: Checks are not electronic payments, and therefore are not considered okay.

Are the costs of e-payments allowable?

Q: Can USAID please confirm that the cost of transitioning to an e-payment system is an allowable cost to USAID awards?
A: Yes. By requiring you to use e-payments this automatically makes all associated costs allowable.
Q: Since allowable, do they need prior approval?
A: Generally no. But please read the terms and conditions of your contract/agreement. It specifies in the agreement what costs require prior approval.

Q: Will costs incurred by subrecipient/vendors also be allowable?
A: First, costs are only examined for allowability on cost reimbursable instruments. So vendors would not normally have these sorts of contracts. For reimbursable instruments, such as grants that are not fixed amount agreements, then it depends on the nature of the costs, how overheads have been set up and the nature of the environment. The clause/provision does not automatically flow to sub-grantees, so any cost allowability issues will be based on standard allowability rules (which clearly do not discourage electronic payments, and would bring into question risky cash payment systems).

Where and when does it apply?

Q: How is USAID ensuring that AOs/COs are sufficiently equipped to be able to determine whether e-payments are not reasonably available?
A: Under the current clause/provision, the CO/AO does not determine if e-payments are reasonably available. They determine whether the implementing partner has sufficiently justified using cash payments.

Q: How to determine “reasonably available”?
A: We use the standard legal definition. Essentially, what would a reasonable person conclude, given the information that was available at the time. This is the same principle is used for all your expenses (“reasonable, allocable, allowable”), so nothing new here.

Q: If over $4,000 and not reasonable – what is the protocol?
A: If it is a regular or recurring payment, you have to seek an exception from your contracting officer for not using electronic payments.

Q: What is the effective date of this regulation?
A: August 2014. However, the super circular became effective on December 26, 2014. However, for partners it is effective when it is included in their contract, grant or cooperative agreement. If it is not in the instrument, it is not effective.

Q: Can USAID please clarify when the new regulation comes into effect? The PEB says August 2014 but ChildFund has received awards post August 2014 and this regulation isn’t in our Agreements. Will USAID amend our Agreement and include the new regulation?
A: Yes. Any new agreement that was issued after the effective date; it’s an advantage to have it included even if you have an older agreement where it wasn't required. The clause/provision does not come into effect for you until the date it is included in your instrument.
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Q: Is it effective if not included in the individual awards?
A: No.

Q: If the effective date of the new regulation is 06, August 2014, will AO/COs amend awards issued after August 2014 to reflect the new regulation?
A: It should have already been in the award. Like all other provisions/clauses that are required but overlooked for some reason, the CO/AO should take corrective action.

How do the exceptions work?

Q: In regard to exceptions: if all payments are less than 3,000, is it sufficient to document the exception or do we have to submit it to the AO for approval?
A: Follow the guidance in the clause/provision.

Q: Has USAID surveyed all of its program countries and determined that all are ready for e-payments? ChildFund’s research suggests that implementing the regulation will be problematic in Ethiopia, a major USAID Program Country.
A: Please visit the NetHope Payment Innovations site: http://solutionscenter.nethope.org/communities/payment-innovation. We would expect that implementing in any developing country will have its issues.

Q: Will USAID be issuing exclusions for certain countries where e-payments is not a viable option? This way time is not wasted seeking AO approval for obvious cases...?
A: No. USAID would like to enable organizations to make a judgment on the ground based on their particular position. Where it’s not a viable option today it may very well be soon. Also payments under many project are not made solely through one country’s payment systems.

Q: Can USAID clarify what documentation is needed to explain our judgment?
A: Yes, sufficient information to demonstrate that cash payments are better than electronic payments in a particular situation. It is not documentation, it is justification.

Q: In regard to exceptions: if all payments are less than 3,000, is it sufficient to document the exception or do we have to submit it to the AO for approval?
A: Please read the clause/provision. No approval is necessary if you meet an automatic exception set forth in the PEB.

Q: When is it necessary to get AO exception?
A: Whenever the automatic exceptions don’t apply.
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Q: If you've asked for an exception and you don't hear back in 30 days could you assume that it's approved?
A: No. However, USAID will consider the idea or perhaps a similar approach. But until you see something written in your specific clause/provision, it does not apply to you.

Why is USAID pushing e-payments – development examples and reasons?

Q: How do e-payments lead to development? Is there supporting data to support this notion?
A: Please visit the NetHope Payment Innovations page to explore resources (blogs, case stories) documenting the impact of e-payments:
http://solutionscenter.nethope.org/communities/payment-innovation

Q: How are you expecting the e-payments tools will fit with NGOs financial requirements? Most of them are still paper-based?
A: This will help them migrate to electronic based systems. NGOs using paper-based systems are at high risk already, irrespective of the electronic payments issue.

Q: Is there a final version of the document called "FINANCIAL DOCUMENTATION IN THE USE OF ELECTRONIC PAYMENTS REFERENCE TOOL?" Seems a very helpful document for those working to develop an internal policy on e-payments.
A: A final version of the document was never prepared and it remains a non-binding draft document. The latest draft is the version referenced in the NetHope e-Payments toolkit, and can be found here: http://nethope.org/assets/uploads/Mobile_Money_Financial_Documentation.pdf

Q: How successful has the integration of e-payments been with development areas, especially looking at e-health?
A: You can find some case studies of e-payment use in health programs in this report:

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GENERAL RESPONSE: Many of these questions indicate a fundamental confusion about how Federal Contracting and Federal Assistance work. There are many commercially available courses available, as well as information from excellent professional associations such as Inside NGO, who participated in this webinar. If you are uncomfortable or unclear about doing business with the U.S. Government, then take advantage of these resources.