# USAID IMPLEMENTING MECHANISM MATRIX

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# ACRONYMS

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| AIDAR | USAID Acquisition Regulation |
| ADS | Automated Directives System |
| AO | Agreement Officer |
| APS | Annual Program Statement |
| BAA | Broad Agency Announcement |
| BPA | Blanket Purchase Agreement |
| CO | Contracting Officer |
| CPAF | Cost-Plus-Award-Fee |
| CPFF | Cost-Plus-Fixed-Fee |
| CPIF | Cost-Plus-Incentive Fee |
| CR | Cost Reimbursement |
| FAA | Fixed Amount Award |
| FAR | Federal Acquisition Regulation |
| FARA | Fixed Amount Reimbursement Agreement |
| FFP | Firm-Fixed-Price |
| FGCAA | Federal Grant and Cooperative Agreement Act |
| GC | General Counsel |
| GDA | Global Development Alliance |
| ID | Indefinite Delivery |
| LH | Labor Hours |
| NOFO | Notice of Funding Opportunity |
| PD | Program Description |
| PIO | Public International Organization |
| PO | Purchase Order |
| PPP | Public-Private Partnership |
| RFP | Request for Proposal |
| RLO | Resident Legal Officer |
| T&M | Time and Materials |

# INTRODUCTION

USAID has the authority to enter into grants, contracts and a variety of other implementing mechanisms to advance its core mission and accomplish its development objectives. This Implementing Mechanism Matrix defines acquisition and assistance instruments, partner country agreement types and other types of mechanisms available to project and activity design teams.

Project and activity design teams must work closely with their Contracting Officer (CO) or Agreement Officer (AO) to select the most appropriate instrument. See Chapter 304 of the Automated Directives System (ADS), "Selecting the Appropriate Acquisition and Assistance (A&A) Instrument," for policy on selecting an instrument based on the "principle purpose" of the relationship.

For other types of mechanisms, project and activity design teams should consult their Resident Legal Officer (RLO) or General Counsel (GC), Program Office, CO or AO, as appropriate, to understand, analyze and apply requirements and considerations.

# ACQUISITION MECHANISMS

A "contract," as defined in Federal Acquisition Regulation (FAR) 2.101, means a mutually binding legal relationship obligating the seller to furnish the supplies or services (including construction as defined in FAR 2.101) and the buyer to pay for them. It includes all types of commitments that obligate the U.S. Government to an expenditure of appropriated funds and that, except as otherwise authorized, are in writing. Contracts are solicited and awarded in accordance with the FAR, the USAID Acquisition Regulation (AIDAR), and ADS 302, "USAID Direct Contracting." Contracts are used to acquire a wide variety of services and supplies (broadly defined to include goods, commodities, equipment and other forms of property other than land) for the direct use or benefit of USAID. See ADS 304 for more about selecting instruments and FAR 16.104 for information on the factors the CO must consider when selecting the contract type.

The matrix below presents the basic elements and considerations for each mechanism. Project and activity design teams should consult with their CO/AO (or other cognizant official) considering each situation.

| ACQUISITION MECHANISMS (CONTRACTS) | | | |
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| **Mechanism** | **Solicitation** | **Key Characteristics** | **Key Resources** |
| **Fixed-Price Contract** | • Request for quotations<br>• Invitation for bid<br>• Request for proposal (RFP)<br>• Broad Agency Announcement (BAA)<br>• Unsolicited Proposal | A fixed-price contract is suitable when you can easily define what you want and you have a strong expectation of what it will cost. This typically arises when buying goods, when market prices are published or closely estimable, the quantity desired is known and/or the functional characteristics/specifications of the goods/services are reasonably defined. Where possible, fixed-price contracts should be used instead of other types of contracts.<br><br>**Firm-fixed-price (FFP):** FFP contracts include a set price that is not adjusted for any reason, including how the contractor performed, with very limited and strict exceptions. The contractor carries the full risk and reward for profit or loss.<br><br>FFP encourages contractors to be efficient and control costs. It also allows USAID to have minimum administrative burden. Due the clarity of what the contractor is expected to accomplish (or provide), FFP contracts usually have a deliverable and payment schedule, and payments are based upon deliverables (i.e., the contractor gets paid only when USAID accepts the good or service ordered).<br><br>**Other than FFP:** There are additional types of fixed-price contracts that provide fee incentives to the contractor based upon quantitative or qualitative analysis or adjustments based on economic conditions. See FAR Part 16 for additional types. | • FAR Subpart 16.2 Fixed Price Contracts<br>• FAR 2.101 Definitions Supplies |

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| **Cost-Reimbursement (CR) Contract** | • RFP<br>• BAA<br>• Unsolicited proposal | CR contracts are used when you know what you want but cannot reasonably predict how much the project will cost. This is often the case when projects are multi-year services involving many variables. This means that, although the contractor must perform to the best of its abilities to achieve results, USAID must pay for everything the contractor buys (hence "cost reimbursement"), up to the contract ceiling price, of the contractor's allowable, allocable and reasonable incurred costs. This places more risk on USAID, because payments to the contractor are not tied to contract deliverables. CR contracts establish an estimate of total cost for the purpose of obligating funds, and establish a ceiling that the contractor may not exceed (except at its own risk) without the approval of the CO.<br><br>**Cost-plus-fixed-fee (CPFF):** CPFF is the most common type of CR contract USAID uses. In addition to the cost of implementation, CPFF contracts require USAID to pay the contractor a negotiated fee that is fixed at the inception of the contract. Because the fee is fixed, it does not vary based on how much the contractor actually spends on the contract. Because USAID must reimburse the contractor, CPFF contracts do not encourage the contractor to control costs. Furthermore, as stipulated by the FAR, once a contractor expends all funds under a CPFF contract, the contract is officially over.<br><br>CPFF contracts have two basic forms, completion or term. The difference is how the contractor earns the fixed fee:<br><br>1. The completion type requires the contractor to complete and deliver a specified end product (final deliverable) within the estimated cost to receive the entire fixed fee. Because of the differences in obligations assumed by the contractor, USAID prefers the completion type.<br><br>2. The term type requires the contractor to work for a set period and a set level of effort over that period at a satisfactory performance level to earn the full fee. A particular project result is not guaranteed, as the period of performance ends once the level of effort has been fully expended. Term contracts can also place a significant administrative burden on both USAID and the contractor.<br><br>There are other types of CR contracts that provide fee incentives to the contractor based upon quantitative or qualitative analysis, such as cost-plus-incentive fee (CPIF) and cost-plus-award-fee (CPAF). Though USAID has seldom used incentive contracts because of the high administrative effort for both contracting parties, they can be considered. See FAR Part 16 for additional types of CR contracts. | • FAR Subpart 16.3 Cost-Reimbursement Contracts |

| ACQUISITION MECHANISMS (CONTRACTS) | | | |
|---|---|---|---|
| **Mechanism** | **Solicitation** | **Key Characteristics** | **Key Resources** |
| | | **Cost contracts** are CR contracts under which the contractor does not receive a fee. A cost contract may be appropriate for research and development work, particularly with nonprofit educational institutions or other nonprofit organizations. | |
| **Time and Materials (T&M)**<br><br>**Labor Hour (LH) Contracts** | • RFP<br>• BAA | T&M and LH contracts may be used only when it is not possible to accurately estimate the extent or duration of the work, or to anticipate costs with a reasonable degree of confidence.<br><br>T&M contracts allow COs to buy labor services at specified fixed hourly rates that are "fully loaded" (i.e., inclusive of wages, overhead, profit and general and administrative expenses). If materials (e.g., other direct costs) are required, then they are reimbursed at actual costs. A T&M contract has characteristics of both CR and fixed-price contracts. Hourly labor rates and material rates are agreed to upfront (the "fixed" part), but the amount of time and materials are subject to the needs of the job or the buyer. An LH contract is a variation of a T&M contract, different in that the contractor does not supply materials.<br><br>Despite their flexibility, T&M and LH contracts are considered the highest-risk contracts for the Government. Contractors have no incentive to be efficient or control costs. Though CR contracts limit the fee, each labor hour under a T&M contract includes profit, meaning the more labor hours used, the higher the profit. T&M and LH contracts can be used only if the CO prepares a determination and findings that no other type is suitable. | • FAR Subpart 16.6 Time-And-Materials, Labor-Hour, and Letter Contracts |
| **Indefinite Delivery (ID) Contracts** | • RFP<br>• BAA | An ID contract is an umbrella contract that defines a broad scope of work but not specific tasks. The specific tasks are called task orders, and are separate contracts under the umbrella ID contract.<br><br>ID contracts are suitable when the Government knows it will have recurring demand for services or supplies but cannot identify when, where or how much will be needed over a period of time. ID contracts allow USAID to select one contractor (single award) or several qualified contractors (multiple award) at once before specific tasks are defined. The ID contract awardee(s) are the "ID contract holders." For multiple-award IDs, USAID then asks only the contract holders to compete against one another for each task. This structure gives the Government a competitive price for each task without initiating a new full and open competition for each order. | • FAR Subpart 16.5 Indefinite Delivery Contracts<br>• ADS 300<br>• ADS 302 |

| ACQUISITION MECHANISMS (CONTRACTS) | | | |
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| **Mechanism** | **Solicitation** | **Key Characteristics** | **Key Resources** |
| | | ID contracts generally:<br>• Avoid delays and unnecessary administrative costs associated with the negotiation of individual purchase orders (POs) or contracts<br>• Can be fixed-price or CR<br>• Are usually awarded to multiple contractors to compete for task orders. However, they can also be awarded to only one contractor, though this requires additional levels of approval and can be used only when using multiple vendors is not appropriate or possible. As stated in Procurement Executive Bulletin (PEB) 2014-01, the single-award IDIQ is an adaptable award type that "will enable shorter, more iterative planning cycles while avoiding the time and expense of competing and awarding a series of successive, stand-alone contracts." See Procurement Executive Bulletin No. 2014 - 01, "Adaptable and Flexible Procurement Types," for more information.<br>There are three types of ID contracts.<br>1. **Indefinite quantity:** This provides for an indefinite quantity of a product or service, with stated limits, during a fixed period. It requires the Government to order (and the contractor to furnish) at least a stated minimum quantity of supplies or services. The CO decides a reasonable maximum quantity for the total contract.<br>2. **Requirements:** This obligates the Government to fill all of its actual requirements for supplies or services specified in the contract, during the contract period, by purchases from the contract awardee.<br>3. **Definite quantity:** This provides for the delivery of a definite quantity of specific supplies and services for a fixed period. Deliveries or performance are to be scheduled at designated locations upon order. | |

| ACQUISITION MECHANISMS (CONTRACTS) | | | |
|---|---|---|---|
| **Mechanism** | **Solicitation** | **Key Characteristics** | **Key Resources** |
| **General Services Administration (GSA) Schedule** | • RFP<br>• Request for quotations | General Services Administration (GSA) multiple award schedule contracts are fixed-price or CR ID contracts available for use by federal agencies worldwide. GSA awards and administers the contracts, while Government agencies, including USAID, can place orders directly with the multiple award schedule contract holder. USAID has access to millions of commercial supplies and services at volume discount pricing. GSA schedule contracts contain pre-negotiated pricing, terms and conditions that streamline the Government sales process and, therefore, may lead to reduced procurement action lead times (PALT).<br><br>Government agencies can also use multiple award schedule contracts to establish blanket purchase agreements (BPAs) to fill repetitive needs for supplies or services. | • FAR Subpart 8.4 Federal Supply Schedules |
| **Simplified Acquisition Procedures** | • Request for quotation<br>• BAA<br>• Unsolicited proposal<br>• Invitation for bid | **Purchase orders** (POs) are used to buy supplies or services that do not exceed the simplified acquisition threshold, currently $150,000. The threshold increases to $7 million when buying commercial items. POs usually use a fixed-price mechanism, and such purchases are usually for simple, clearly defined supplies and services. This allows for a more streamlined procurement process.<br><br>**Blanket purchase agreement (BPA):** BPAs are general ordering agreements, not contracts. They are a streamlined method of filling anticipated repetitive needs for supplies or services by establishing "charge accounts" with qualified sources of supply. BPAs are usually used for health supplies, technical assistance, monitoring and evaluation, capacity building services and audits, but should not be used in construction. Purchases in a BPA are usually fixed-priced purchases under the simplified acquisition threshold.<br><br>POs placed against a BPA can take two forms:<br>1. **Fixed-price PO:** Except as provided under the unpriced PO method (see FAR 13.302-2), BPA POs are generally issued on a fixed-price basis.<br>2. **Unpriced PO:** An unpriced PO is an order for supplies or services. The price is not established at the time the order. | • FAR 13.302 Purchase Orders<br>• FAR 13.303 Blanket Purchase Agreements<br>• FAR Subpart 13.5 Simplified Procedures for Certain Commercial Items<br>• FAR 2.101 Definitions Simplified Acquisition Threshold<br>• FAR Subpart 16.7 Agreements<br>• FAR 8.405 Ordering Procedures for Federal Supply Schedules |

# ASSISTANCE MECHANISMS

Assistance is appropriate when USAID's objective is to provide federal financial assistance to a recipient to carry out an activity in a designated program area. Pursuant to the Federal Grant and Cooperative Agreement Act (FGCAA), a grant or cooperative agreement is the appropriate legal instrument to transfer money, property, services or anything of value to a recipient to carry out a public purpose of support or stimulation authorized by a U.S. law. See ADS 304 for more information on selection of acquisition and assistance instruments.

| ASSISTANCE MECHANISMS | | | |
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| **Mechanism** | **Solicitation** | **Key Characteristics** | **Key Resources** |
| **Grant** | • Notice of funding opportunity (NOFO)<br>• BAA<br>• Annual Program Statement (APS)<br>• Unsolicited application | A grant is a legal instrument of financial assistance between USAID and a recipient that:<br>1. Is used to enter into a relationship, the principal purpose of which is to transfer anything of value from USAID to the recipient to carry out a public purpose authorized by a U.S. law. It is not used to acquire property or services for USAID's direct benefit or use<br>2. Differs from a cooperative agreement in that there is no substantial involvement by USAID.<br>The principle purpose of a grant is to "assist" the recipient to provide its services to others through a transfer of federal financial assistance (by USAID) to carry out a public purpose of support or support or stimulation authorized by law.<br>The NOFO program description (PD) tells potential applicants the areas in which funding may be provided and USAID's funding priorities, or the technical or focus areas in which the federal awarding agency intends to provide assistance.<br>**Simplified Grant:** Simplified grants are an option when the total grant amount does not exceed the simplified acquisition threshold. They are authorized only when all costs under the award are direct costs and the recipient will not purchase any single item that has a useful life more than one year and a cost of $5,000 or more. Simplified grants are not authorized for awards that include indirect costs. | • 2 CFR 200<br>• 2 CFR 700<br>• ADS 303 |

| ASSISTANCE MECHANISMS | | | |
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| **Mechanism** | **Solicitation** | **Key Characteristics** | **Key Resources** |
| **Cooperative Agreement (CA)** | • NOFO<br>• BAA<br>• APS<br>• Unsolicited application | A cooperative agreement is a legal instrument reflecting an agreement between USAID and a recipient. Consistent with the Federal Grant and Cooperative Agreement Act, it:<br>1. Is used to enter into a relationship, the principal purpose of which is to transfer anything of value from USAID to the recipient to carry out a public purpose authorized by a U.S. law, and not to acquire property or services for USAID's direct benefit or use.<br>2. Differs from a grant in that it provides for substantial involvement between USAID and the recipient in carrying out the activity contemplated by the federal award.<br>The principle purpose of the relationship is to "assist" the recipient of a cooperative agreement (with substantial involvement) to provide its services to others through a transfer of federal financial assistance to the recipient to carry out a public purpose of support or support or stimulation authorized by U.S. law.<br>To determine if an award requires substantial involvement, the AO must not consider a single factor or proposed involvement. Instead, the AO must evaluate the type of overall relationship expected between USAID and the recipient. Substantial involvement includes (unless USAID authorizes a deviation in accordance with ADS 303.3.4) approval of the recipient's implementation plans; approval of specified key personnel; Agency and recipient collaboration or joint participation; and Agency authority to immediately halt a construction activity. | • 2 CFR 200<br>• 2 CFR 700<br>• ADS 303 |
| **Fixed Amount Award (FAA)** | • NOFO<br>• BAA<br>• APS<br>• Unsolicited application | An FAA (formerly known as a fixed obligation grant (FOG)) is a grant under which USAID provides a specific level of support and payment is not based upon the actual costs the recipient incurs, but rather on achievement of milestones. If a milestone is not achieved, then the payment is not made.<br>An FAA has two advantages:<br>1. The administrative burden and recordkeeping requirements on the partner are reduced, which can be an important success factor for small non-governmental organizations.<br>2. The financial risk to USAID is reduced. USAID must still monitor the grantee's progress toward its goals. | • 2 CFR 200<br>• 2 CFR 200.201<br>• ADS 303.3.25<br>• ADS 303saj Fixed Amount Awards to NGOs<br>• ADS 303mak, Fixed Amount Award Entity Eligibility Checklist |

| ASSISTANCE MECHANISMS | | | |
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| **Mechanism** | **Solicitation** | **Key Characteristics** | **Key Resources** |
| | | The prospective recipient, technical office and AO must be able to identify and quantify programmatic accomplishments or results in establishing grant milestones. It is essential that the program scope is specific, and that adequate cost, historical or pricing data is available to establish a fixed amount award, with assurance that the recipient will realize no increment above the actual cost. An FAA is appropriate for supporting activities with very specific and defined elements, when the AO is confident that a reasonable estimate of the actual cost of the overall effort can be established, and USAID can define accomplishment of the purpose of the grant through defined milestones.<br><br>The Operating Unit must not use an FAA if there is an unacceptably high risk of failure or substantial changes in the milestones are expected as the recipient implements its program. Additionally, because FAAs are grants, USAID is not substantially involved. | |
| **Leader with Associates (LWA)** | • NOFO<br>• Request for application | A Leader with Associates Award (LWA) is conceptually like an ID contract (see the Acquisition Mechanisms matrix) except that it also implements a program or activity. It involves the award of an umbrella Leader Award agreement to a single recipient that covers a specified worldwide, regional and sectoral activity. It also includes language that allows USAID Operating Units to issue separate Associate Awards to the Leader Award recipient when such proposed awards fall within the scope of the Leader Award without additional competition. The Associate Award can be a grant or cooperative agreement. The NOFO includes a background statement; a brief program description outlining the area of activity; host country involvement; funding; any period limitation; and a description of why the activity falls under the Leader Award.<br><br>This mechanism may also be good for adaptability because missions may issue different associate awards related to changing circumstances. | ADS 303.3.26 |

# PARTNER COUNTRY-IMPLEMENTED MECHANISMS

Program Cycle principles (see ADS 201.3.1.2) include promoting sustainability through local ownership and utilizing a range of approaches to achieve results, including Government to Government (G2G) and other mechanisms. The Aid Effectiveness Agenda, first ratified in the Paris Declaration in 2005 and reaffirmed in global compacts adopted in Accra, Ghana, in 2008, and Busan, South Korea, in 2011, supports the central idea that external aid investments are most likely to catalyze sustained development when they reinforce a country's internally determined development priorities (country ownership) and arrangements (country systems), including civil society, the private sector, universities and individual citizens.

Selection of any of the mechanisms presented in the matrix below is approached as an equal partnership in which activities are co-created and co-designed to leverage the commitment, resources, expertise and ownership of the partner country governments or private sector partners. When selecting and negotiating the most appropriate mechanism, USAID must consider the capacities of its partners as well as risks associated with the implementation of activities.

The Public Financial Management Risk Assessment Framework (PFMRAF) process defined in ADS 220 and other related analysis assist project design teams in determining when and where such mechanisms would be appropriate. This list is not exhaustive; there may be additions or variations to these instruments. Therefore, missions should work with their Resident Legal Officer (RLO) on the specific agreement types.

| PARTNER COUNTRY-IMPLEMENTED MECHANISMS | | | |
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| **Mechanism** | **Solicitation** | **Key Characteristics** | **Key Resources** |
| **Fixed Amount Reimbursement Agreement (FARA)** | Competition is not required. | With FARAs, USAID and the partner government agree to a predetermined fixed amount for each output or associated milestone. This instrument is appropriate when USAID and the partner country government can agree on a very specific and defined set of milestones, and USAID can verify achievement of results and disburses funds upon verified completion of milestones.<br><br>FARAs require that the partner country government have sufficient technical, financial and other required capacity to implement the agreed-upon projects or activities. The purpose of this stipulation is to avoid the host government's financial risk of achieving the outputs/milestones in case of cost overrun or partial completion of milestones. USAID shares risk when it provides advance funding, although advances for FARAs should be rare.<br><br>This mechanism may be combined with a CR agreement to create a hybrid financing structure in a single agreement. | • ADS 220<br>• ADS 220.3.5.2<br>• FOAA Section 7031<br>• Discussion of FARA Use of FARA<br>• FAR Implementation Letter Template |

| PARTNER COUNTRY-IMPLEMENTED MECHANISMS | | | |
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| **Mechanism** | **Solicitation** | **Key Characteristics** | **Key Resources** |
| **Cost Reimbursement (CR) Agreement** | Competition is not required. | Under a CR agreement, USAID reimburses the partner government entity for the actual costs and expenditures it incurs in carrying out the project or activities. Budgets must provide sufficient detail to justify the level of financing approved by the Mission.<br>This instrument also requires the partner country government to have sufficient technical and financial management capacity and the ability to track USAID funds throughout implementation of the project or activities (i.e., from startup to closeout).<br>A CR may be combined with a FARA to create a hybrid financing structure in a single agreement. | • Use of CR<br>• CR Implementation Letter Template (non-health)<br>• CR Implementation Letter Template (Health) |
| **General budget and balance of payments support (cash transfer)** | Competition is not required. | USAID provides generalized resource transfers to support balance of payments or budget gap. The resource transfers may include policy benchmarks and are frequently provided in response to foreign policy considerations using the Economic Support Fund (ESF).<br>General budget and balance of payments support may include generation and programming of host country owned foreign currency. | • ADS 220<br>• Procedures for Implementing Cash transfers<br>• Base of the Pyramid & General Budget Support Agreement Templates<br>• ADS 624 |
| **Sector Program Assistance** | Competition is not required. | USAID provides assistance, “in cash” or “in kind,” on the condition that the partner government executes a development plan in a defined sector. Disbursement is based on achievement of specified policy reforms; the disbursed amount is justified by the cost of accomplishing the reforms or the value of program impact. Costs must be at least equal to the amount of the disbursement. Thus, the disbursement is based on negotiation and implementation of a menu of policy-related conditionality.<br>In sector program assistance, the development purpose is accomplished by the partner government’s fulfillment of benchmark reforms. It may include generation and programming of host country owned foreign currency. For this reason, dollar and local currency tracking may be required.<br>Since 2004, Sec. 7026 of the Foreign Assistance Act, as amended, requires special Congressional notification for all sector program assistance. | • ADS 220<br>• Program Assistance Policy Paper<br>• ADS 624<br>• Guidance is under review. Missions should contact Bureau for Policy, Planning and Learning, Office of Strategic Program Planning for more information. |

# OTHER MECHANISMS

Operating Units in Washington, D.C., and missions may use other types of implementing mechanisms to contribute to project or strategic results. These mechanisms aim to leverage resources and technical expertise from other donors or private sector entities in achieving the project or activity results. The matrix below highlights the most common types of these mechanisms; it is not an exhaustive list.

| OTHER MECHANISMS | | | |
|---|---|---|---|
| **Mechanism** | **Solicitation** | **Key Characteristics** | **Key Resources** |
| **Development Finance Corporation (DFC) Tools** | Competition is not required. | When the Agency seeks to mobilize private capital to address a specific development challenge, it has historically done so using guarantees, loans, investment and enterprise funds, grants, and technical assistance.<br>With the migration of DCA's loan guaranty authority from USAID to the new U.S. Development Finance Corporation (DFC) due to the BUILD Act of 2018, and the introduction of new equity authority at the DFC, USAID will now need to reach into the DFC to access these authorities and financing tools. USAID Missions have access to all product types offered through the Mission Transaction Unit. The DFC suite of products include:<br>1. Direct Loans<br>2. Credit Guaranties.<br>3. Political Risk Insurance.<br>4. Equity.<br>*For more information on the suite of DFC products and the procedures with the DFC see the DFC Field Manual.* | • ADS 249<br>• ADS 623<br>• DFC Field Manual |
| **Public international organization (PIO) agreement** | Competition is not required for agreements to PIOs although depending | A PIO is an international organization composed principally of countries, or any other organization that GC or the Bureau for Food Security (for international agricultural research centers) designates as a PIO. USAID provides funding to PIOs under different types of arrangements, including cost-type contributions, project contributions and general contributions. | • ADS 308 |

| OTHER MECHANISMS | | | |
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| **Mechanism** | **Solicitation** | **Key Characteristics** | **Key Resources** |
| | upon the language in a NOFO/APS, PIOs may apply for competitive awards. | PIOs are divided into three categories, based on USAID's experience with the organization and a determination of the organization's level of responsibility. There are five† types of PIO awards:<br>1. **Cost-type:** The payment is based on reimbursement of, or advance of funds for, specific or categories of costs of goods and services to achieve the purpose of the agreement.<br>2. **Project contribution:** This is a contribution to a program, project or activity. Often used in multi-donor-funded operations, project contributions are appropriate where disbursements accomplish the significant purpose of the contribution.<br>3. **General contribution:** This is a mechanism based on an express statutory authority through which USAID provides contributions to a PIO for its overall operation and support.<br>4. **Fixed amount award (FAA):** This is an agreement where USAID pays the recipient a set, pre-negotiated fixed amount (usually as partial payments) upon verification that the recipient has reached milestones set forth in the agreement.<br>5. **Simplified grants:** This instrument facilitates the provision of quick funding for relatively simple activities.<br>† This list does not include the sixth type of PIO in ADS 308, the Regional Development Objective Agreement (DOAG), because it is not an implementing mechanism. | |
| **Public-Private Partnership (PPP)** (including Global Development Alliances) | • NOFO<br>• BAA<br>• APS<br>• Unsolicited application | PPPs† leverage financial resources and unique capabilities and expertise that improve USAID's ability to achieve better results in mutual areas of interest with a private sector partner. They enhance the Agency's ability to reach more people with its activities, and partnerships with local stakeholders enhance ownership and sustainability after a project or activity ends. Furthermore, PPPs facilitate relationships and investments between partner countries and foreign private sector actors for long-lasting business and economic development. PPPs may be implemented through acquisition or assistance mechanisms.<br>**Global Development Alliance (GDA):** A partnership is considered a GDA when it meets the following criteria:<br>1. At least 1:1 leverage (cash and in-kind) of USAID resources<br>2. Common goals defined for all partners<br>3. Jointly defined solution to a social or economic development problem | • GDA Tools and Resources<br>• Introduction to USAID Partnership and the GDA Model<br>• Memorandum of Understanding Template |

| OTHER MECHANISMS | | | |
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| **Mechanism** | **Solicitation** | **Key Characteristics** | **Key Resources** |
| | | 4. Non-traditional resource partners (e.g., companies and foundations)<br>5. Shared resources, risks and results<br>6. Innovative, sustainable approaches to development<br><br>GDAs are co-designed, co-funded and co-managed by all partners involved, meaning the risks, responsibilities and rewards of partnership are shared. A GDA may be appropriate when private sector business interests intersect with USAID's strategic development objectives. As with all PPPs, GDAs combine the assets and experiences of the private sector—corporations, foundations, NGOs, universities, local businesses and Diaspora groups—leveraging its capital and investments, creativity and access to markets to solve complex problems facing governments, businesses and communities.<br><br>† As used here, PPP does not refer to a private sector entity entering into an agreement with a public authority to supply goods and services for the benefit of the public. In that situation, which occurs most frequently in infrastructure projects, the private entity usually invests its own financial resources, assumes substantial risk in developing the project and earns profit by charging fees to users to generate revenue. | |
| **Multi-Donor Trust Fund** | Competition is not required. | Pooled funding from multiple donors may be used to support the host country's priorities. Multi-donor trust funds are most frequently structured where funding is administered by a PIO or another development partner. USAID contributions to a multi-donor trust fund usually manifest themselves as "project contributions" under ADS 308 or 351. | • ADS 308<br>• ADS 351 |
| **Interagency Agreements (IAA)** | Competition is not required. | An IAA is a request and acceptance for goods or services between USAID and another federal agency. USAID can pay to use ("buy") the services and facilities of federal agencies, be paid to make available ("sell") its services and facilities to the agencies and use other arrangements, such as to detail employees to or receive details from Federal agencies. A variety of laws authorizes interagency agreements, but USAID will generally use section 632(b) or 632(a) of the Foreign Assistance Act, or the Economy Act, 31 U.S.C. 1535, of the FAR. Inter-agency agreements include participating agency service agreements (PASA) and participating agency program agreements (PAPA).<br><br>As the standard forms for all interagency agreements, the Office of Management and Budget and the Department of the Treasury recommend forms FMS 7600A ("General Terms and Conditions") and FMS 7600B ("Order Requirements and Funding Information"). Parties must work together in developing the terms and conditions that will govern their relationship, and ensure their stakeholders understand how the agreement will be managed. | • ADS 306 |

| OTHER MECHANISMS | | | |
|---|---|---|---|
| **Mechanism** | **Solicitation** | **Key Characteristics** | **Key Resources** |
| **Bilateral Donor Agreements** | Competition is not required. | There are two forms of agreements with bilateral donors:<br>1. **Outgoing contributions:** USAID provides funds to a bilateral donor to fulfill Agency objectives. Such agreements may be any legally sufficient document cleared by GC or RLO. Agreements with bilateral donors will usually constitute one of the following:<br>a. A cost-type agreement based on reimbursement of, or advance of funds for, the costs of goods and services (whether such costs are itemized or categorized)<br>b. A project contribution<br>The "Outward Grant Agreement" and "Delegated Cooperation Arrangement" templates are suggested for outgoing contributions.<br>2. **Inbound gifts to the agency from bilateral donors:** USAID relies upon its statutory gift authority to receive contributions from a bilateral donor to implement an activity. Such gifts may be accepted under the form of any legally sufficient instrument to which USAID and the donating bilateral donor agree. | • ADS 351<br>• Template for Outward Grant Agreement<br>• Template for Delegated Cooperation Arrangement |