WHAT IS A CONTRACT?

A legal instrument by which a non-Federal entity purchases property or services needed to carry out the project or program under a Federal award.

The term as used in this part does not include a legal instrument, even if the non-Federal entity considers it a contract, when the substance of the transaction meets the definition of a Federal award or subaward.

Source: 2 CFR 200.22

WHAT IS A SUBAWARD?

Subaward means an award provided by a pass-through entity to a subrecipient for the subrecipient to carry out part of a Federal award received by the pass-through entity. It does not include payments to a contractor or payments to an individual that is a beneficiary of a Federal program award or subaward.

Source: 2 CFR 200.92
<table>
<thead>
<tr>
<th><strong>U.S. NGO</strong></th>
<th><strong>Non-U.S. NGO</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Is USAID approval required?</strong></td>
<td>Yes, USAID AO approval is needed either during the negotiation/award process or through separate approval during the award implementation phase.</td>
</tr>
<tr>
<td><em>This does not apply to the purchase of supplies, material, equipment</em>, or general support services.</td>
<td><em>This does not apply to the acquisition of supplies, material, equipment</em> or general support services.</td>
</tr>
<tr>
<td><strong>What is the source of the approval requirement?</strong></td>
<td>2 CFR 200.308 Revision of budget and program plans.</td>
</tr>
<tr>
<td><strong>What standards apply?</strong></td>
<td>Must adhere to Procurement Standards in 2 CFR 200.317-326 including use of competition (2 CFR 200.319) and required methods of procurement (2 CFR 200.320). Per 2 CFR 200.324, USAID may review recipient procurement specifications to ensure item being procured is accurately described. Per 2 CFR 200.326, USAID may review recipient procurement documents (e.g., solicitations, awards) under certain conditions.</td>
</tr>
</tbody>
</table>

*equipment (non-expendable items with a useful life of 1 year or more and a unit cost at purchase of $5k or more) requires approval under the cost principles – not to be confused with subaward/contracting approvals.

**USAID does not need to see detailed procurement documentation unless the AO has a reason to believe that the recipient is NOT adhering to the applicable procurement standards or such review is required as part of "specific award conditions."**
Where Can I Learn More?

**U.S. NGO**

2 CFR 200.308 Revision of budget and program plans
2 CFR 200.317-326 Procurement Standards

**Non-U.S. NGO**

Non-U.S. NGO Mandatory Standard Provision M2. ACCOUNTING, AUDITS AND RECORDS (December 2012)

Non-U.S. NGO Mandatory Standard Provision M3. AMENDMENT OF AWARD AND REVISION OF BUDGET (AUGUST 2013)

Non-U.S. NGO Mandatory Standard Provision M.5. PROCUREMENT POLICIES (JUNE 2012)