



# Activity Design Process for Acquisition and Assistance Mechanisms

Mandatory Reference for ADS Chapter 201

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## I. OVERVIEW

This Mandatory Reference to [Automated Directives System \(ADS\) Chapter 201.3.4.6](#) describes the typical process for designing an activity in which an Operating Unit (OU) of the U.S. Agency for International Development (USAID) will select the successful contractor/grantee competitively through a single-phase solicitation and evaluation process.

During this process, OUs complete six major interrelated results. The exact process will vary depending on the circumstances. As such, the intermediary results reflected in this table are not necessarily sequential or universal, and teams should adapt these guidelines as appropriate. In cases in which these results do not fully apply, design teams should use the Phase One: Activity Planning period (see [ADS 201.3.4.5](#)) to outline a customized process.

See [ADS 201.3.4.6\(b\)](#) regarding several other approaches to acquisition and assistance (A&A), including:

- Unsolicited proposals/concept papers/applications;
- Multi-phase solicitations, such as Broad Agency Announcements (BAAs), Annual Program Statements (APSs), or multi-step Requests for Proposals (RFPs), that support innovation and co-creation; and
- Field-Support mechanisms.

KEY RESULTS	KEY SUB-RESULTS
A. Analytic Design Process Conducted	<p>Country Development Cooperation Strategy (CDCS), Project Design Document (PDD) and other Agency policies reviewed, as applicable.</p> <p>Mandatory analyses (gender; environment; and climate risk, where applicable) conducted, reviewed, or planned.</p> <p>Other sources of evidence reviewed/analyzed.</p> <p>Solicitation approach identified.</p> <p>Market research conducted (as input to the Individual Acquisition Plan if</p>

	acquisition).
B. Activity Description Developed; Cost Estimate Constructed	Activity Description for solicitation developed.  Independent Government Cost-Estimate/Budget developed.
C. If Applicable, Senior Obligation Alignment Review (SOAR) Process Executed	If applicable, SOAR documents developed.  If applicable, Action Memorandum approved by Assistant Administrator (AA) or Administrator.
D. Activity Approval Memorandum (AAM) approved by Mission Director/AA/Designee/Other Authorized Official	AAM approved by authorized official.
E. Remaining Pre-Obligation Requirements Completed, as Applicable; Requisition Created in the Global Acquisition and Assistance System (GLAAS)	Other inputs for solicitation developed.  Remaining pre-obligation requirements addressed, as applicable.  Requisition created in GLAAS.
F. Activity Solicited and Awarded	Solicitation released.  Technical Evaluation/Selection Committee Memorandum developed.  Award with successful contractor/grantee signed.

**II. PROCESS OF DESIGNING ACTIVITIES**

**Milestone A: Analytic Design Process Conducted**

Generally, the first step in designing an A&A mechanism is to conduct an analytic design process based on the parameters identified for the design. As part of this process, teams should do the following:

**A.1. Review Relevant Agency Policy and the CDCS and PDD, if Applicable**

Design teams should first review Agency policy, including the following:

- [USAID’s Policy Framework](#), which describes the Agency’s overall vision for advancing the “Journey to Self-Reliance.”
- [USAID’s A&A Strategy](#), which describes a number of priority approaches for advancing self-reliance in the design of A&A agreements, including 1) targeting new and underutilized partners, especially the private sector and local and locally established partners; and 2) embracing greater collaboration, co-design, and co-financing during design and implementation.
- [USAID’s Policy on Protection from Sexual Exploitation and Abuse](#), which defines principles and mechanisms to uphold the Agency’s commitment to protect and promote the dignity of all people.
- Other applicable development policies, strategies, or vision papers, which often depend on the sector (see [USAID’s Policy Registry](#) for a full list).

In addition, design teams must review their CDCS and PDD, as applicable, and relevant analyses conducted during the processes of developing these plans. Taken together, these documents should provide overarching parameters for the activity-design process, as well as an analytical basis upon which the process can build.

## **A.2 Conduct or Review Mandatory Analyses**

Design teams should conduct or review mandatory analyses, as applicable, to inform or shape the activity. These analyses are the following:

- 1) Gender (see [ADS 205](#));
- 2) Environment (see [ADS 204](#)); and
- 3) Climate risk, where applicable ([ADS 201mal](#)).

See [ADS 201.3.4.5](#) for summary guidance on all three analyses.

## **A.3 Assess the Context/Underlying Development Problem, and Identify a Design or Solicitation Approach to Advance the Activity’s Purpose**

Design teams should assess the underlying development problem to better understand its root causes or drivers. To incorporate a self-reliance lens, teams should place particular emphasis on understanding the role of key local actors (*i.e.*, organizations or individuals in the government, private sector, or civil society) as they relate to the development problem and their capacity and commitment to advancing change. Teams should also identify key risks or opportunities in the broader development context that could affect, positively or negatively, the likelihood of advancing such change.

This analytic process should draw upon a combination of evidence or information, including that gathered while developing the CDCS and PDD as applicable, as well as additional evidence commissioned or identified during this process. By using multiple sources of evidence, teams can corroborate or triangulate findings, with each building off of the others, to facilitate deeper understanding of the development problem. See [ADS 201.3.4.5](#) regarding potential sources of evidence.

Based on the problem/context assessment, teams should then identify a design or solicitation approach to address the development problem and advance the activity's purpose. If the activity is a part of a larger project (see [ADS 201sam, Project Design and Implementation](#)), teams should also ensure that the activity's design supports the project's design as defined in the PDD, while recognizing they can update the PDD in response to decisions made during the activity-design process.

The degree of specificity with which teams define an activity's design at this juncture in the overall design and implementation process will vary depending on the nature of the development problem and the availability of evidence. For example:

- In scenarios where the context is stable and causal dynamics are known, teams may opt to define specific interventions and an evidence-based theory of change that describes how and why such interventions are expected to achieve the activity's purpose.
- In scenarios in which a variety of possible approaches could achieve the activity's results or in which evidence is weak or contradictory, teams instead should emphasize overall objectives so that offerors/applicants can propose or refine interventions and a theory of change based on the innovative ideas that they bring and their assessment of the evidence. For acquisition, teams can achieve this through a type of Activity Description called a Statement of Objectives (see **Milestone B**). The Agency encourages this approach as often as possible.
- In scenarios in which the context is changing rapidly or evidence is highly incomplete or can only be determined in retrospect, teams should choose to emphasize a systematic approach for adaptive management (or defining the challenge such that offerors/applicants can propose this approach).

These scenarios are not mutually exclusive because all contexts in which USAID operates have aspects of complexity within them, and all theories of changes are based on certain assumptions. Therefore, teams should build adaptive-management approaches into all types of designs to support an ongoing process of collecting and assessing evidence to develop and/or refine the theory of change over time. However, certain contexts are particularly complex, and all teams should be especially thoughtful about building a systematic approach to adaptive management into the design that

supports real-time course corrections as needed to achieve the activity's results most effectively.

#### **A.4 Explore a Range of A&A Mechanisms and Approaches for Advancing the Design**

Design teams should also explore a diverse range of mechanisms and approaches to advance the design of the activity in view of the solicitation approach identified (see **Milestone A.3** above). USAID has a broad spectrum of A&A mechanisms and other types of legal agreements that address different types of development challenges. See [ADS 304, Selecting the Appropriate Acquisition and Assistance Instrument](#), for additional guidance. Also see [USAID's Implementing Mechanism Matrix](#) for an overview of the Agency's most-frequently used mechanisms.

Design teams should explore these options in close collaboration with their Contracting Officers and Agreement Officers (COs/AOs), who are responsible for making the final determination on the selection of instrument. COs/AOs typically finalize this determination after the completion of market research (see **Milestone A.5**) and the development of the Activity Description (see **Milestone B**).

#### **A.5 Conduct Market Research on the Capabilities of Prospective Non-Profit or For-Profit Entities in the Market to Advance the Design**

Design teams should conduct market research on the capabilities of targeted for-profit and/or non-profit organizations in the market to advance the design of the activity. This often includes information on what local capacity is available and the potential participation of small businesses. For potential acquisition awards, teams must conduct research in accordance with [Part 7](#) of the [Federal Acquisition Regulation \(FAR\)](#) and [ADS 300](#). Such research can include a Sources Sought Notice in [Federal Business Opportunities](#) and/or consultation with USAID's Office of Small and Disadvantaged Business Utilization (OSDBU) on strategies for promoting the participation of small business. Design teams also may reach out to potential applicants and/or use [Grants.gov](#) to collect comments and feedback on specific proposed activities, if agreed to by the CO/AO.

For most acquisition awards, design teams must document their market research in the Individual Acquisition Plan (IAP) that the team must complete prior to submitting a requisition into GLAAS (see **Milestone E**).

### **Milestone B: Activity Description Developed; Cost-Estimate Constructed**

After completing the analytical process, design teams should do the following:

#### **B.1 Develop an Activity Description**

Design teams should develop an Activity Description based on the identified design and the type of mechanism contemplated (see **Milestones A.3** and **A.4**). The Activity Description ultimately is part of the solicitation, and, for most contracts, the agreement as well. There are several different types of Activity Descriptions, including, but not limited to: Statements of Work (SOWs), Statements of Objectives (SOOs), and Performance-Based Work Statements (PWSs) for acquisition; and Program Descriptions for assistance (see [Additional Help: Common Types of A&A Activity Descriptions](#) for additional guidance).

Note: There are other types of Activity Descriptions that result from different processes than the process described herein. These include Concept Papers/Notes that result from multi-step or co-creative solicitation approaches, such as under a BAA or an APS, or an unsolicited proposal/application (see [ADS 201.3.4.6](#) for additional guidance on these types of A&A mechanisms).

In addition to the overall activity approach, teams should consider including, as applicable, the following:

- A simple logic model to provide a visual illustration of the if-then sequence of results that the activity aims to advance in support of its purpose (and/or a requirement that the offeror/applicant prepare or refine a logic model as part of its proposal/application);
- Information about key learning priorities or knowledge gaps to fill during implementation (and/or a request that the offeror/applicant identify or refine key learning priorities as part of its proposal/application);
- Information about the activity's approach to adaptive management (and/or a request that the offeror/applicant propose or refine an adaptive-management approach as part of its proposal/application);
- Information about any complementary activities in the broader project context with which the Agency will expect the implementing partner to collaborate;
- Information about any planned evaluations, including the timeline and the scope of the implementing partner's expected engagement; and/or
- Other background to ensure that prospective implementing partners have as much information as possible to develop a response that meets the OU's needs and enables the team to assess its technical capability.

## **B.2 Develop a Cost-Estimate**

Design teams must also develop an “Independent Government Cost-Estimate (IGCE)” (term for acquisition) or a “budget” (term for assistance) that estimates the costs that a contractor or grantee might incur during implementation. Design teams should develop the IGCE/budget in collaboration with the OU's budget team with a view to ensure they scope the Activity Description appropriately, given the availability of funds and staff. The IGCE/budget serves as a basis for reserving funds, in addition to serving as a basis for comparing costs or prices proposed by multiple offerors/applicants or determining price reasonableness in cases in which one offeror/applicant responds to a solicitation.

For assistance awards, teams should also set a realistic goal and supporting analysis for a cost-share from the recipient, if the award contemplates requiring one. Cost-shares can be an important consideration because they can increase the resources available to achieve the activity's objectives, support self-reliance, and (eventually) end the need for foreign assistance (see [ADS 303.10.1](#) and [Cost Share in the Program Cycle](#) for additional guidance on cost-shares).

For additional help, see [IGCE Guide and Template](#) and [IGCE Guide and Template for Excel](#).

### **Milestone C: If Applicable, SOAR Process Executed**

According to [ADS 300.3.4](#), if a prospective activity meets applicable criteria, design teams must engage senior leadership in Washington in reviewing the activity through the SOAR process. For proposed A&A mechanisms, design teams must participate in the SOAR process if the planned solicitation has a Total Estimated Cost/Amount at or above \$20 million. For proposed awards that are at or above \$20 million and less than \$40 million, the responsible AA in Washington provides final approval. For proposed awards that are at or above \$40 million, the Administrator provides final approval. (In addition, for proposed awards with Public International Organizations (PIOs), the design team must participate in a SOAR process regardless of the dollar value. For proposed Inter-Agency Agreements, the threshold is \$20 million or more (see [ADS 201.3.4.7](#) for additional guidance on PIOs and interagency agreements).)

The primary purpose of the SOAR process is to ensure that the Agency's proposed high-value investments are designed from the outset to advance USAID's corporate priorities, such as co-creation; private-sector engagement; the use of new and underutilized partners, adaptive management, and performance-based instruments; the deployment of evidence; and other approaches to the Journey to Self-Reliance. This review is also intended to contribute to more-rigorous activity designs and establish greater linkages between Washington and field activities. Therefore, if the design team anticipates the need to complete a SOAR process, it must become familiar with the SOAR guidance early in the design process and systematically and intentionally incorporate the Agency's policy priorities throughout the process.

To initiate this process, the design team must first develop a SOAR document based on the template provided in [ADS 300man](#). In addition, the team must develop an Action Memorandum addressed to either the AA or the Administrator based on the template provided on the [Executive Secretariat's internal webpage](#). The design team should consult the relevant Washington Bureau's SOAR liaison early in this process to ensure that content addresses SOAR priorities and conforms with SOAR style guidelines. The design team then clears the SOAR package (SOAR document and Action Memorandum) through the Mission Director (if a Mission) or Office Director (if in Washington). After the Mission Director/Office Director provides clearance, the SOAR Liaison coordinates a multi-step process of review and clearance in Washington within time limits described in [ADS 300](#).

### **Milestone D: AAM Approved by an Authorizing Official**

After completing the Activity Description, design teams must prepare an AAM for approval by the Mission Director (if in a Mission) or the AA or Independent Office Director (if in Washington). Mission Directors and AAs are also encouraged to delegate their authority to the extent appropriate (e.g., to an Office Director or Project Manager for AAMs below a certain threshold).

The AAM has several functions:

- 1) The AAM authorizes the OU to proceed with releasing a solicitation.
- 2) The AAM provides a mechanism for senior management to review and approve the Activity Description.
- 3) For Missions, the AAM documents how the activity will advance results set forth in a PDD and/or CDCS, as applicable.
- 4) The AAM confirms that the OU has satisfied, or will satisfy, core pre-obligation requirements described in [ADS 201mai](#) before making an obligation. These requirements reflect general provisions based in statute, regulation, or other type of legal authority.<sup>1</sup>

In cases in which teams are concurrently designing multiple complementary activities (e.g., in support of a project), OUs may opt to approve these activities in a single AAM. The Agency encourages concurrent design, wherever feasible, to minimize lead times and ensure OUs design activities to complement one another.

See [ADS 201mai, Activity Approval Memorandum \(AAM\)](#) for additional guidance.

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<sup>1</sup> According to Milestone E, OUs may document compliance with other pre-obligation requirements through a simple checklist separate from the AAM (see [Additional Help: List of Pre-Obligation Requirements for New Activities](#)).

## Milestone E: Remaining Requirements Completed as Applicable; Requisition Created in GLAAS

In the final step before solicitation, design teams must address any remaining pre-obligation requirements, as applicable. A “pre-obligation requirement” is an umbrella term that refers to a range of legal, Agency, Congressional, instrument-specific, sector-specific, and region/country-specific requirements that OUs must satisfy prior to the obligation of funds. Design teams should address as many pre-obligation requirements as possible prior to solicitation. These include a number of additional inputs for the solicitation, in addition to other requirements as applicable.

After teams complete applicable pre-obligation requirements, they must create a requisition in [GLAAS](#) to initiate the Procurement Action Lead Time (PALT). To avoid double-filing, teams should upload all final planning and pre-solicitation documents, including for pre-obligation requirements, to the GLAAS requisition. GLAAS has an interface that will automatically export these documents into the Agency's official electronic filing system for A&A awards: the Agency Secure Image and Tracking System ([ASIST](#)). For additional guidance on ASIST filing standards, see the [ASIST & File Standardization Guide](#).

### E.1 Inputs for the CO/AO to Reflect in the Solicitation

According to [ADS 300](#), [ADS 302](#) and [ADS 303](#), design teams should provide the CO/AO with the following inputs, as applicable, in addition to the Activity Description approved as part of the AAM (see **Milestone D**):

- *Solicitation Language for the “Instructions to Offerors/Applicants” Section (Section L in a Request for Proposals [RFP]):* This section discusses how the offeror/applicant should prepare and submit a proposal/application, including how to organize the proposal/application. Typical categories include Technical Approach; Staffing Plan, Key Personnel (if acquisition), and/or Management Plan; Institutional Capacity; Past Performance; and sometimes Plan for Activity Monitoring Evaluation, and Learning (MEL). For acquisition solicitations, the design team should consider the need to provide special instructions on preparing the cost proposal (e.g., inclusion of a line item for monitoring, evaluation, and learning).
- *Solicitation Language for the “Evaluation/Merit Review Criteria” Section (Section M in an RFP):* This section describes the selection criteria by which the Technical Evaluation Committee/Selection Committee will score the proposal/application. These criteria should mirror the organization outlined in the Instructions to Offerors/Applicants (see [ADS 303.3.6.2](#) for further guidance on Merit Review Criteria for assistance solicitations).

- *Solicitation Language to Designate Required Indicators (for inclusion in Section F in an RFP):* This language designates any indicators the Agency will require the implementing partner to collect and report. These indicators should include relevant indicators in the OU’s Performance-Management Plan, as applicable.
- *For Acquisition, Solicitation Language on the Branding Strategy:* This section notes whether the activity will have to follow USAID’s standards for branding and marking, or whether the OU will use other standards based on exceptions, waivers, or the Administrator’s determinations (see [ADS 320.3.1.2](#) for further guidance).
- *For Acquisition, Solicitation Language on Key Personnel (Section F in an RFP):* This section describes a list of required positions, including those designated as “key personnel.” The number of designated key personnel must not be more than five individuals or five percent of the contractor’s employees who are working under the contract, whichever is greater (see [ADS 302.3.5.4](#) for additional guidance).
- *For Assistance, Solicitation Language on Substantial Involvement:* For assistance solicitations, the design team must define the level of substantial involvement between the OU and recipient in implementing the activity based on the programmatic requirements of the award. See [ADS 303.3.11\(e\)](#) for examples of potential areas of substantial involvement.

According to [ADS 303](#), “substantial involvement” means involvement that goes beyond normal award administration. If the award will include sub-awards, design teams must notify their Agreement Officer(s) to ensure the addition of the standard award-administration requirements regarding sub-awards into the final solicitation(s). This includes requirements that funding recipients obtain prior approval for all subawards and that they upload data on their subawards into the [Federal Funding Accountability and Transparency Act Subaward Reporting System](#) as soon as possible, unless otherwise exempted (see [Parts 200.308](#) and [170.320 of Title 2 of the Code of Federal Regulations \(CFR\)](#)).

In addition, the design team should consider providing inputs to the following sections:

- *Reporting/Deliverables (Section F in an RFP):* This section discusses overall parameters that govern reporting deliverables during implementation, including the work plan; the quarterly report; the annual report; the Activity MEL Plan; and instructions on other documented deliverables. The design team must work closely with the OU’s Specialist in Monitoring and Evaluation in developing this section (as well as other sections that discuss MEL). For assistance solicitations, the design team only may mandate deliverables authorized in [Part 200.328 of Title 2 of the Code of Federal Regulations](#).

- *Attachments (Section J in an RFP)*: This section provides any annexes to the solicitation, including additional background, analyses, or clarifying details. For example, the team may consider attaching a redacted version of its PDD, if applicable, any key analyses that informed the design, illustrative indicators that could change during implementation, or templates for the Activity MEL Plan or work plan, among other examples.

## **E.2 Satisfy Other Pre-Obligation Requirements**

Teams must also ensure they satisfy any other pre-obligation requirements—beyond the core requirements addressed in the AAM (see **Milestone D**)—prior to publishing a solicitation, as applicable and appropriate. See [Additional Help: List of Pre-Obligation Requirements for New Activities](#), which provides a general list of requirements, many of which are contingent on the sector or type of instrument, among other scenarios. This list is not universal or complete, as there are other pre-obligation requirements that are specific to certain sectors, regions, and countries, or that change year-to-year based on the annual Appropriations Act. Teams should consult their OU's guidance and their Regional Legal Officer/the Office of the General Counsel, Program Office, and Office of Acquisition and Assistance along with this list to ensure compliance with all applicable requirements.

## **Milestone F: Activity Solicited and Awarded**

After creating the requisition in GLAAS (see **Milestone E**), the design team—particularly, the primary Planner—must work closely with the CO/AO to finalize the solicitation and conduct other pre-award responsibilities, including the technical evaluation of acquisition proposals or the merit review of assistance applications that result in a memorandum from a Technical Evaluation Committee or Selection Committee (see [ADS 300](#), [ADS 302](#), and [ADS 303](#) for additional guidance).

Once the OU has completed all requirements and made an award, the signed award marks the beginning of the next phase, the implementation of the activity.

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