



# The Role of the DOAG and IL in Funding G2G Activities

An Additional Help for ADS Chapter 220

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## **DOAG Obligations and G2G ILs**

Funds for G2G activities in the form of the agreement types above can be obligated directly to a partner country government using any bilateral assistance agreement pursuant to ADS 350, but it is most common for funds to initially be obligated bilaterally through a Development Objective Agreement (DOAG), and then confirmed and approved (“sub-obligated”) for specific activities to a partner government implementing entity via implementation letter (IL). In all cases, adequate technical and financial planning requirements must be fulfilled prior to obligation in a BAA as required by Section 611(a) of the Foreign Assistance Act (see ADS 201). Note that program assistance must be obligated directly into a Program Assistance Agreement (see ADS 350), and not obligated initially into a broader DOAG that includes project assistance.

When G2G activities will be carried out with funds obligated in a DOAG, the DOAG itself must describe the actual or illustrative activities that are intended to achieve the defined development objective as described in ADS 201. Final approval of G2G implementing activities and funding instruments will then be made by IL upon completion of the project/activity design process. The budget may be further modified as needed (most easily in conjunction with incremental obligations) to reflect actual funding decisions, negotiations, unanticipated requirements, and other changes that the partner government and USAID agree upon. When G2G activities or projects are revised or refined after the DOAG is signed, the DOAG itself may need to be amended, particularly when the DOAG describes actual activities rather than illustrative activities.

## **General Guidance on IL Content**

An IL can be used as a G2G implementing document that confirms and approves actions for activities for which funds have been obligated via DOAG or other form of BAA. An IL is not itself an obligating document, but can be used to confirm and approve the G2G activity, the budget for the activity, and an initial amount of financing for all or a portion of the activity being funded. An IL (or a series of ILs) can be used to establish and modify arrangements for a G2G activity, including:

- (i) Establishing and changing the Description of the Activity, including detailed descriptions of project activities, required reporting, an evaluation plan, an audit plan, etc.;
- (ii) Including risk mitigation measure terms to mitigate any major weaknesses identified by the Risk Assessment, such as procurement approvals, records review/audit, or additional reporting requirements;
- (iii) For G2G assistance projects in which the implementing partner government entity (e.g., technical or line ministry, sub-ministry service, district or municipality)

will be different from the BAA signatory entity (e.g., Ministry of Planning, Finance or Central Bank), designating an Additional Authorized Representative for specific purposes. The Mission Director will also inform the partner government implementing entity of the name of the person serving as Project Manager for the G2G project or activity.

While major terms and conditions, as well as standard provisions, applicable to the partner government's implementation of project assistance under the BAA are normally in the relevant DOAG or other type of BAA (e.g., audit, evaluation, government counterpart financing, delegations of authority, source/nationality, etc.), some terms may require amplification, reference, or modification, if the latter is expressly provided in the BAA. Such amplification, reference, or modification would be accomplished via IL (modification is permitted via IL if the BAA expressly permits this through language such as "except as USAID or the parties may otherwise agree in writing..."). An IL may also make the following changes or amplifications of the DOAG/BAA:

- (i) Amend Annex 1 of the DOAG/BAA
- (ii) Amplify or explain how DOAG/BAA provisions and working arrangements established in the DOAG/BAA or a prior IL apply to a G2G activity. ILs must include provisions explaining how DOAG requirements apply to the specific financing mechanism (e.g. cost reimbursement, FAR, etc.) and how the project financing mechanism operates.
- (iii) Approve exceptions or changes to DOAG/BAA requirements where permitted in the DOAG/BAA (e.g., requirements that state "except as USAID or the parties may otherwise agree in writing"); and
- (iv) Sub Obligate funds for G2G project activities. Funding for specific G2G activities can be sub-obligated in an IL for activities obligated in a DOAG or other form of BAA. Every IL that sub-obligates funds must be approved and signed by the Mission Director/Principal Officer or as delegated. Depending on the nature and scope of the activity and the funding available in the DOAG/BAA, an IL may sub obligate funds for an entire activity or it may sub-obligate funds for an identified period or a lesser amount of funding. Additional, incremental funding for an activity would be sub obligated in a subsequent IL. An IL may not amend the DOAG/BAA's purpose or the total amount of funding obligated by the DOAG/BAA, nor may it otherwise amend its provisions except as noted above.

See the ADS 220 additional help documents for templates with common IL terms by implementing mechanism and funding type.

### **Process for Drafting and Negotiating ILs**

Drafting of ILs: It is the responsibility of Mission management to outline how it will use ILs for project management, including responsibilities, content, delegations of authority, etc. The project manager, assisted by the DO Team, will initiate an IL when necessary to effect or approve a project action. The DO Team Leader will assign primary responsibility for drafting the IL and the Mission clearances required, except as otherwise provided in Mission Orders or other written policy. Each IL must be titled, describe the action it takes, and reference the BAA and the activity. The Project Manager, Program Officer/Project Development Officer, and RLO are responsible for ensuring that the initial IL, and the BAA under which it is issued, is properly drafted and prepared. The Mission Director/Principal Officer is ultimately responsible for the content of the IL.

Consultation, Negotiation and Clearances: Once the initial IL is drafted, USAID may submit it to the partner government in draft form for review. The IL may be subject to clarifications and negotiations at the request of the partner government. After any negotiations, the IL will be revised to incorporate any changes, and the negotiations and changes may be recorded in a separate memorandum prepared by the designated Mission Officer. The Mission should then internally clear the IL and present it to the partner government for its signature. Since ILs form the written record of G2G project activity or project implementation, there must be a record of formal clearances for each IL. Missions should direct how the clearance process is managed and what offices must clear specified actions via a Mission Order or other protocol.

Partner Government Concurrence: Partner government signature of ILs is required where specified by the agreement, for instance to amend Annex 1 or where the agreement states “except as the parties otherwise agree in writing.” However, obtaining partner government signature on ILs, even where not required, is helpful to facilitate partner government officials’ understanding and acceptance of the projects, USAID requirements, and partner government commitments. There may be other ILs where partner government signature is not necessary, such as ILs communicating a waiver or time extension, unless required by the agreement.