



USAID
FROM THE AMERICAN PEOPLE



**ACQUISITION AND ASSISTANCE
STRATEGY**

LETTER FROM ADMINISTRATOR POWER



To deliver truly sustainable development results for our partners, we have to change not just how we work at USAID, but with whom. This new Acquisition and Assistance Strategy is a guide to forming new development partnerships—especially with diverse and small businesses, and organizations based in the countries in which we work—that will help us deliver impact far beyond the life of our programs.

The first step in developing new partnerships starts with addressing the staffing needs of the Agency's acquisition and assistance workforce. As the Agency's budgets and programs have grown, our A&A professional staffing levels have not kept up, leaving too few staff for the work that they bear. The workload of an individual Contracting Officer at USAID has increased by 38 percent since 2015, while at the same time, staffing for these positions has actually slightly decreased. To expand our partnerships—and

be better partners to the organizations we already work with—we have to staff up. We have started these efforts by hiring 35 A&A professionals to work here in Washington and at our Missions around the world in the last year alone. We still have progress to make, but with Congressional support, we will continue ramping up our hiring of A&A professionals in the years to come. We will also build the capacity of our existing A&A workforce through new training, mentoring, and streamlined resources to further USAID's mission.

We must also lower barriers for organizations and institutions of all types to join our mission—including small businesses, the private sector, faith-based and community groups, and, particularly, local partners. Working with a government agency the size of USAID can be difficult, especially for smaller and local organizations, so we are cutting the red tape by reducing the time and initial effort it takes to engage with us. The Strategy outlines specific steps we are taking to reduce bureaucratic burdens and make it easier to partner with us—steps like allowing prospective partners to fill out brief concept notes, rather than full blown submissions, or translating final applications from local languages into English.

Similarly, the Strategy outlines steps we at USAID can take to cut down our own internal bureaucracy. Already, we have revised our processes for awarding large contracts, saving our staff 200 hours and 10 business days per contract during the award process, and we will continue to explore what other cumbersome administrative work we can automate or eliminate altogether. Removing these burdens from our staff allows them to spend even more time with our partners.

While we have taken important steps, the Strategy will continue to drive our Agency toward the reforms we must embrace to work with the partners we need. I look forward to working with our workforce and our stakeholders to bring its recommendations to life.

Sincerely,

Administrator Samantha Power

NOTE FROM SENIOR PROCUREMENT EXECUTIVE – PATH FORWARD



Since the creation of USAID's 2018 Acquisition and Assistance (A&A) Strategy, the world and USAID have changed. The first global pandemic in decades resoundingly affected development goals. Within USAID, the Federal Government hiring freeze of 2017 continued to drive staffing levels down, even as A&A professionals awarded millions more in funding to organizations responding to the COVID-19 pandemic. Finally, the Agency saw the completion of a major reorganization that established new Bureaus and Independent Offices.

To update the 2018 A&A Strategy, we opened channels to hear directly from the USAID A&A professionals responsible for implementing the 2018 A&A Strategy. Through a comprehensive stocktaking review process, engaging more than 300 A&A professionals from Missions and Washington, the Management Bureau's Office of Acquisition and Assistance (M/OAA) heard what is working well, and where the Agency needs to adjust. We consulted key USAID stakeholders across the Agency, including those leading new locally led development efforts, and used recent analysis such as that conducted by the Bureau for Policy, Planning, and Learning (PPL) related to the Contracting and Agreement Officer Representative (COR/AOR) role. The A&A Strategy responds to the current context of USAID and its partners and outlines the shifts required to address the Administrator's vision for international development.

To achieve the Agency's mission of building a more free, more equitable, more humane world, the A&A function within USAID must be appropriately resourced and staffed. This A&A Strategy responds to the challenges in the A&A function and better positions the Agency to deliver impactful outcomes and progress beyond programs. The necessary and required training timelines before A&A professionals can receive warrants and be fully operational has created unsustainable workload demands for existing A&A professionals. By hiring and maintaining the requisite number of A&A professionals—and enabling, equipping, and empowering them—we will effectively operationalize the Agency's mission. This includes growing the roles of our experienced FSN/CCN A&A staff, piloting new ways of hiring staff, streamlining and increasing training, and other reforms. Through these efforts we will promote and sustain a diverse workforce and an inclusive culture. COR/AORs are also critical to effective award management, and we will work with our colleagues in the Bureau for Policy, Planning, and Learning COR/AOR Hub, which is responsible for providing capacity building, training and resources for effective award management. To further improve award making and management, we will increase A&A literacy among USAID staff.

To address the major challenges of our time—to stem the tide of corruption and authoritarianism while spurring democratic renewal, tackle the climate crisis while reorienting toward a net-zero future, control COVID-19 and emerging disease threats while strengthening global health security, respond to compounding humanitarian crises while building food-secure and resilient communities, and mitigate conflict, inequality, and other barriers to progress while revitalizing sustainable development systems—USAID must continue to streamline and modernize A&A processes and tools, reduce administrative burden, and minimize duplication of effort. We must continue to work smarter. We will look for ways to reduce and eliminate repetitive tasks for USAID and our partners through greater automation. With this Strategy we also recognize the need for A&A's strategic value to be embedded throughout USAID's work and not just considered during the activity design and award phase.

NOTE FROM SENIOR PROCUREMENT EXECUTIVE – PATH FORWARD

The Agency's A&A Strategy maintains our focus on increasing the diversity of USAID partners. While partnering in the Agency context refers to the broad ecosystem of those who collaborate with USAID to advance development outcomes—from local communities, to the private sector, to others in the donor community—the A&A Strategy focuses on the organizations that receive and seek USAID funding to advance shared goals. We know from experience that we must constantly monitor our business processes, risk posture, A&A tools, and policies, then adapt them to reduce barriers to new partners. This A&A Strategy focuses on increasing partnerships with local organizations, inclusive of government, private sector, and community organizations.

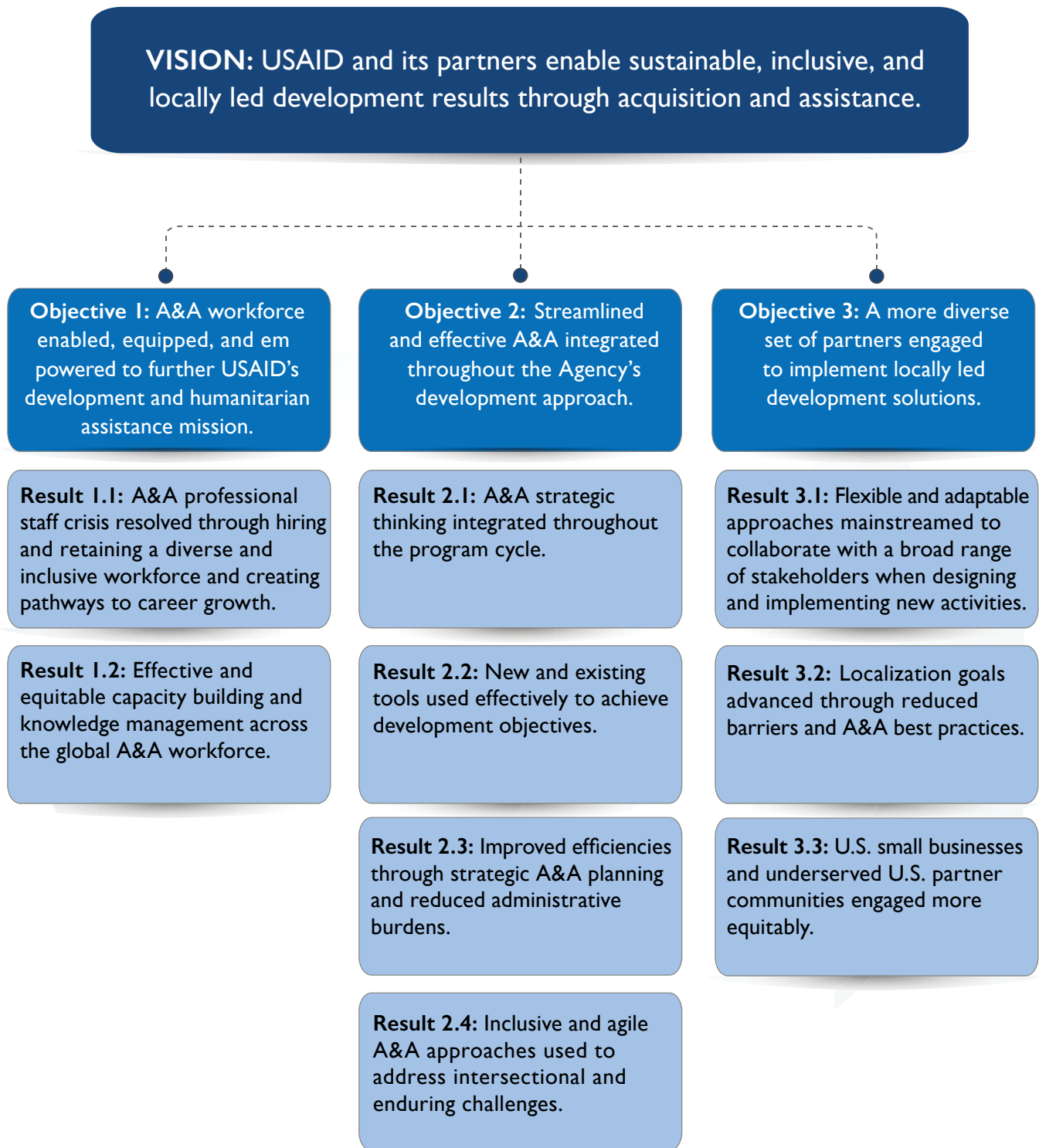
I am proud of what we have achieved under the 2018 A&A Strategy and look forward to continuing that momentum with the A&A Strategy. I also look forward to sharing our Implementation Plan for the A&A Strategy soon, which will outline the steps we will take as an Agency with the development community to achieve the objectives and vision in this Strategy.

Mark Walther

Senior Procurement Executive

A&A VISION AND RESULTS FRAMEWORK

The A&A vision is a positive, forward-leaning statement that continues our work to strengthen the workforce, operationalize inclusive development in collaboration with our partners, and optimize our processes. We will achieve our vision through the three objectives depicted below:



A&A STRATEGY: KEY DEFINITIONS

- **Acquisition and Assistance (A&A):** The Agency-wide process of awarding grants and contracts to implement USAID’s development and humanitarian projects and activities. In the A&A Strategy, we define the A&A process broadly to include actions throughout the A&A lifecycle, from activity design to implementation through closeout.
- **Partner:** USAID defines partner in the [Automated Directives System \(ADS\) Glossary](#) as “An organization or individual with which/whom the Agency collaborates to achieve mutually agreed-upon objectives and secure participation of ultimate customers. Partners can include host country governments, private voluntary organizations, host country and international nongovernmental organizations (NGOs), universities, other U.S. government (USG) agencies, United Nations and other multilateral organizations, professional and business associations, and private businesses and individuals.” For purposes of this Strategy, we will use Partner to mean those seeking a USAID funding opportunity or who have a current legally binding award or agreement, also referred to as Implementing Partner, unless otherwise stated.
- **A&A workforce:** USAID employees responsible for managing acquisition and assistance in USAID’s Washington headquarters and across Missions worldwide. The A&A workforce is a broad category that includes staff from M/OAA, Mission OAAs, technical teams, and other backstops involved in the A&A process. Key members of the A&A workforce include Contracting and Agreement Officers (CO/AOs), A&A Specialists, A&A Assistants, Auditors, Procurement Analysts, General Counsel, Finance, Accountants, Contracting Officer Representatives/Agreement Officer Representatives (COR/AORs), Activity Managers, activity design and implementation teams, and Executive Officers (EXOs). Simply put, any USAID staff member whose work touches any step in the A&A process, is part of the A&A workforce.
- **A&A professionals:** USAID employees working in USAID’s M/OAA Washington headquarters and Mission OAAs, including CO/AOs, A&A Specialists, and A&A Assistants. While all USAID staff may have a role to play as members of the A&A workforce, A&A professionals are the Agency experts on matters related to A&A.
- **Foreign Service National (FSN):** FSN refers to a local employee and is a term for when local staff are direct hire employees of the Agency. That hiring mechanism is no longer used for new staff.
- **Cooperating Country National Personal Service Contractor (CCN):** CCN refers to a local employee of a USAID Mission hired via a Personal Service contract (PSC). The A&A Strategy will use FSN/CCN to represent both groups.
- **Leadership:** The A&A Strategy refers to leadership in many sections. Unless otherwise stated, leadership refers to M/OAA leadership in Washington, D.C. (Senior Procurement Executive, Director, and Deputy Directors). Mission OAA Office Directors, Mission leadership, Management (M) Bureau leadership, and Agency leadership are also key to achieving many of the goals identified in the A&A Strategy, and the A&A Strategy will identify their roles clearly.
- **Management Bureau Office of Acquisition and Assistance (M/OAA):** M/OAA refers to the Washington Operating Unit.
- **Mission OAA:** Mission OAA refers to the A&A functions managed in each USAID Mission by a foreign service (FS) supervisory CO Office Director.

OBJECTIVES OF THE A&A STRATEGY

Objective I: A&A workforce enabled, equipped, and empowered to further USAID's development and humanitarian assistance mission.

I.1 A&A professional staff crisis resolved through hiring and retaining a diverse and inclusive workforce and creating pathways to career growth.

I.2 Effective and equitable capacity building and knowledge management across the global A&A workforce.

SUMMARY OF OBJECTIVE I

USAID's A&A workforce includes A&A professionals, COR/AORs, and a broad range of staff based in USAID's Washington headquarters and more than 80 Missions around the world. USAID's A&A professionals include FSN/CCNs, FS COs, Civil Service Contract Specialists, and contracted staff. These A&A professionals work closely with the Agency's COR/AORs, 69 percent of whom are based in USAID Missions. Despite staffing and resource challenges during recent years, this crucial workforce has delivered and operationalized Agency priorities including responses to humanitarian crises. The A&A Strategy focuses on the A&A workforce as the foundation of USAID's development and humanitarian assistance mission. Like the President's Management Agenda, the A&A Strategy recognizes the importance of attracting and hiring the most qualified employees, who reflect the diversity of America and the countries in which we work. A strengthened and empowered workforce is the foundation for providing critical services and improving government business processes. Empowerment means stepping into the power that the A&A workforce has as development professionals and requires a whole-of-Agency effort to shift USAID's culture toward a more collaborative, innovative, and results-oriented approach to activity design and award-making.

Recognizing that USAID's staff has been depleted, the Administrator has pledged to work with the interagency and congressional partners to increase the Agency's direct hire and permanent staff. Along with this essential hiring surge, USAID must train, support, and recognize its A&A workforce and provide them with necessary technologies and tools while reducing administrative burdens. By focusing on A&A as the core operational function of the Agency, teams will be able to build program interventions with greater impact to address the Agency's priorities. This change also requires Agency leadership to integrate diversity, equity, inclusion, and accessibility (DEIA) and other workforce management initiatives proactively to make the workplace a healthy, collaborative, and growth-oriented environment for all members of the A&A workforce.

I.1 A&A professional staff crisis resolved through hiring and retaining a diverse and inclusive workforce and creating pathways to career growth.

Through a whole-of-organization review of all staff hiring mechanisms and associated workloads, USAID will prioritize hiring of new A&A professionals where and when most needed. FSN/CCNs are critical to USAID's success as the single largest group of both the Agency and A&A workforce, and M/OAA and OAA in Missions will work with the FSN/CCN OAA Management Council to develop hiring and retention approaches that meet the needs of FSN/CCN A&A staff.

By achieving and maintaining sufficient staffing, A&A professionals will be able to engage fully as development professionals and enjoy a healthier work-life balance. USAID recognizes that this significant staffing effort will take

OBJECTIVES OF THE A&A STRATEGY

time to operationalize and have an impact on the current A&A staffing crisis. It can take up to five years for newly hired A&A staff members to be fully trained on the wide breadth of A&A modalities that USAID uses. This underscores the importance of standardized and well designed on-the-job training so new members of the A&A staff progressively gain experience and meaningfully contribute to USAID's work even before they are fully trained.

Given that recovering from this crisis is a years-long endeavor, USAID will pursue efforts to alleviate the strain on and improve the work environment for current A&A professionals. The Agency will prioritize retention so that investments in our current staff are not lost, further exacerbating our personnel problems. To improve retention we will increase opportunities for professional development training, promotions, and travel while encouraging details to technical and program offices and high-profile initiatives in Washington and the field to enhance understanding of Agency roles and functions.

USAID will also prioritize workforce diversity as we rebuild our A&A workforce, as described in the [June 2021 Executive Order 14035 on Diversity, Equity, Inclusion and Accessibility in the Federal Workforce](#). This includes recruiting from minority-serving institutions (MSIs)², ensuring hiring and promotion processes are free of bias, and continuing and expanding efforts to provide DEIA training such as the Respectful, Inclusive, and Safe Environments (RISE) seminars to our workforce.

A&A PROFESSIONAL STAFF CRISIS

- In the last five years, on average a warranted CO/AO at USAID obligated \$77.6 million, while the average CO at the Department of Defense (DOD) obligated \$14.7 million. This means USAID CO/AOs are obligating more than **five times** the amount of their counterparts at DOD. In fiscal year (FY) 2022 alone, the workload for USAID CO/AOs averaged \$108 million per individual versus \$11.6 million per CO at DOD.
- The workload of an individual USAID warranted CO/AO (measured by the amount of money obligated) has increased by **38 percent** since 2015, due to surging natural disasters and other crises. **Staffing has decreased by 3 percent** during the same time period.
- New USAID policies and initiatives have increased the workload of A&A staff.
 - In FY 2022, co-creation was included in 35 percent of all new awards.
 - In FY 2022, USAID partnered with nearly 4,000 organizations. This represented an increase of 366 organizations from FY 2021, many of which were new to USAID. While these organizations bring new knowledge, innovation, and local insight to USAID, supporting new partners increases the workload for A&A professionals.
- FSN/CCN A&A professionals are an underutilized source of expertise at USAID. Currently, USAID has **only 36 warranted FSN/CCNs**, out of approximately 350 FSN/CCN A&A professionals. USAID can expand and incentivize use of this existing program, as well as other opportunities for FSN/CCNs to take on leadership roles, to better empower FSN/CCN A&A professionals and improve Mission A&A operations.

¹ USAID's OAA FSN/CCN Management Council was established in 2022 to create a direct communication channel between FSN/CCNs from Mission OAAs and Washington M/OAA leadership.

² Minority-serving institution means an accredited academic institution whose enrollment of a single minority or a combination of minorities exceeds 50 percent of the total enrollment, including graduate and undergraduate and full- and part-time students. This includes but is not limited to Historically Black Colleges and Universities, Hispanic-Serving Institutions, Tribal Colleges and Universities, and Asian American and Native American Pacific Islander Serving Institutions.

OBJECTIVES OF THE A&A STRATEGY

I.2 Effective and equitable capacity building and knowledge management across the global A&A workforce.

COR/AORs are key members of the A&A workforce – partners in effective award design and management. While the workload for COR/AOR varies greatly, on average a COR/AOR in the field manages 1.9 awards each, and in Washington, the average COR/AOR manages 4.5 awards. Reduced staff levels mean many COR/AORs in Washington and Missions oversee multiple award implementations in addition to their technical responsibilities. Therefore USAID will work to rightsize the number of COR/AORs and their level of certification and the distribution of award management workloads by region, sector, and operating unit.

It is critical that the A&A workforce is equipped with the information they need to carry out their crucial role in USAID's Program Cycle. This includes having easy access to standardized and user-friendly resources such as templates, samples, and job aids and appropriate training. To avoid duplication of effort, we also need to make resources quickly and easily accessible to the entire A&A workforce. M/OAA will collaborate with PPL and regional and functional bureaus to create and promote useful, in-depth, and actionable training for COR/AORs and design teams. Knowledge sharing across the A&A workforce can include strengthening professional coaching and mentoring programs, promoting DEIA, and addressing gaps in current knowledge management practices. M/OAA and A&A professionals will work with Agency leadership to improve how professionals in every USAID discipline understand their role in the A&A process and have the skills required to implement those roles effectively.

AGENCY'S FIRST-EVER COR/AOR TOOLKIT

A new COR/AOR Toolkit launched in fall 2022 will address longtime calls from the COR/AOR community to establish centralized, user-friendly guidance and tools that can help staff in their day-to-day jobs. The Toolkit provides a brief overview of major COR/AOR topics, differentiated by award type, and links users to applicable policies and just-in-time resources. It will not create or substitute for federal regulations or Agency policy; however, it will help COR/AORs integrate such regulations and policies into their work. Several of the Agency's COR/AORs provided input to shape the toolkit's content.

To provide A&A professionals the knowledge they need to execute their important role in the Agency, we will support stronger collaboration and learning. By supporting peer learning and centralizing, disseminating, and adapting A&A resources in a timely manner, we will reduce the workload on our staff and make processes more efficient. Given the large number of databases, systems, regulations, and policies affecting A&A work, deconflicting and simplifying guidance is crucial. We will make guidance intuitive, straightforward, and automated as described in Objective 2. Also important is enabling all A&A professionals—regardless of their hiring mechanism—to access the information they need to do their job. We will work to increase knowledge and skills that support private sector engagement, localization, and other partnering priorities.

OBJECTIVES OF THE A&A STRATEGY

Objective 2: Streamlined and effective A&A integrated throughout the Agency’s development approach.

- 2.1 A&A strategic thinking integrated throughout the program cycle.
- 2.2 New and existing tools used effectively to achieve development objectives.
- 2.3 Improved efficiencies through strategic A&A planning and reduced administrative burdens.
- 2.4 Inclusive and agile A&A approaches used to address intersectional and enduring challenges.

SUMMARY OF OBJECTIVE 2

A&A at USAID is a critical component of the Agency’s business model. Early and frequent collaboration across backstops and at the highest levels of Agency leadership lead to alignment of project and activity design, A&A, implementation, risk management, and the Agency’s strategic direction. Accomplishing our A&A goals requires skills and expertise that span organizational and functional boundaries.

Achieving USAID’s bold, inclusive development vision is the job of everyone at USAID, with the A&A workforce playing a crucial operational and strategic role. A&A professionals and technical colleagues will build on existing strengths and find new solutions that place local communities in the lead.

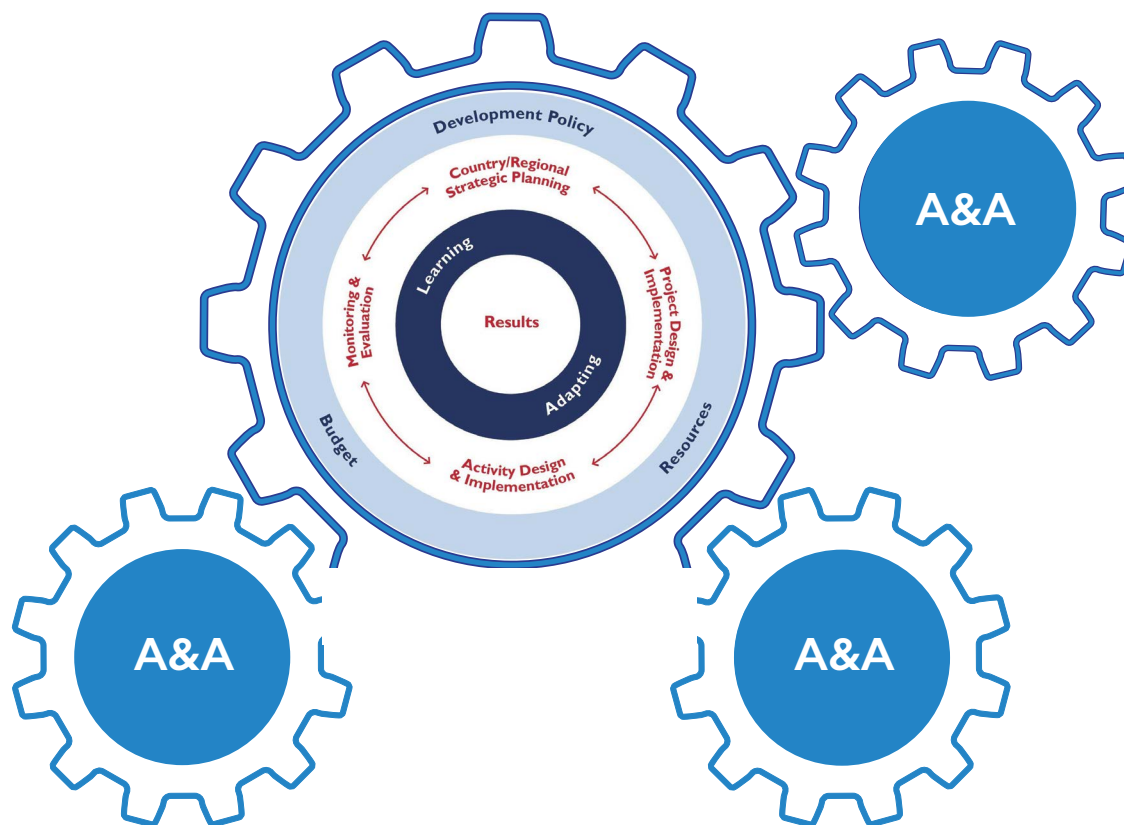
USAID, as the premier international development Agency, will achieve its mission through the use of innovative tools, strategic planning, and reduction of administrative burdens.

2.1 A&A strategic thinking integrated throughout the program cycle.

The Program Cycle, codified in the [ADS 201](#), is USAID’s operational model for planning, delivering, assessing, and adapting development programming in a given region or country to achieve more effective and sustainable results that advance U.S. foreign policy. The Program Cycle captures USAID’s development business model from strategic planning to project design, from activity design and implementation to monitoring and evaluation, and ultimately learning and adapting programs. When all elements of the program cycle are aligned and draw on the expertise of members of USAID’s workforce, the Agency is positioned to succeed in delivering lifesaving humanitarian and development aid.

OBJECTIVES OF THE A&A STRATEGY

Integrating A&A process, thinking, and workforce throughout USAID's business process will enable the Agency to achieve its bold, inclusive development vision.



Collaboration between A&A professionals and technical experts is crucial at every stage of the Program Cycle. When A&A professionals are involved early in the activity design stage, they can offer business advice and design an A&A approach that will best meet the objectives of the activity. A&A professionals can also help make sure that the activity and award design support USAID partnering priorities, such as enabling innovation in implementation. Missions can institutionalize this cooperation through Mission Orders that include A&A professionals in the activity design process and throughout implementation at key learning and performance monitoring points. A&A professionals should also be key collaborators in learning and adapting to improve development outcomes. For example, A&A and technical teams can propose or design adaptive contracts and grants that focus on outcomes to allow for changes in implementation without a need for multiple modifications, and they can jointly review the results of assessments to adapt existing awards as needed and incorporate lessons learned into the design of new awards.

M/OAA will work with Agency leadership on policy to articulate how professionals in every USAID discipline should understand their role in the A&A process as central to their responsibilities. For example, the selected A&A approach influences activity design, the results identified in an award, and our partner's overall success in achieving results. M Bureau and PPL will collaborate to make sure the cross-cutting and mutually reinforcing nature of policy and operations is reflected in the ADS, USAID's operational policy. Improved integration of A&A and the Program Cycle will better position USAID to achieve its ambitious localization, private sector engagement, and broader partnering goals by better articulating the role that A&A plays in our overall achievement of development results.

OBJECTIVES OF THE A&A STRATEGY

2.2 New and existing tools used effectively to achieve development outcomes.

Standardized business processes and user-friendly digital tools will benefit USAID, allowing for more efficient and consistent collaboration and communication from the activity design through the implementation phase, and ultimately improving our partnerships. Our next steps are to create new resources and tools to support Agency priorities such as localization.

As an important part of equipping the A&A workforce, we will develop digital tools to shift time and resources from repetitive and unnecessary tasks to work focused on development outcomes. In alignment with USAID's [Artificial Intelligence \(AI\) Action Plan](#), we are actively exploring digital tools to support key internal processes, especially regarding procurement, knowledge management, and project management. These digital tools include exciting innovations that will equip our staff for the future of work at USAID. A key feature of USAID's investment into digital tools will allow the Agency to more easily capture and use data about the quality of our partnerships, which is vital in measuring our progress toward localization goals and other progress beyond program goals.

DIGITAL TOOLS

- **Robotics Process Automation:** Programmable software can be deployed to help staff quickly complete any repetitive, rules-based tasks, such as the generation of negotiation memos.
- **Artificial Intelligence:** USAID is currently working with the Department of Homeland Security to test AI where appropriate within the universe of A&A processes.
- **eSign/Electronic Routing and Approval:** The Agency's eSign Portal and Digital Signature Program for internal document routing and approval can reduce workload through automatic filing to the Agency Secure Image and Storage Tracking System (ASIST) while also achieving a paperless process, as targeted in the Agency Climate Readiness Plan.
- **A&A Plan/Business Forecast:** Continued advancements with our A&A Plan (now integrated into Development Information Solution) to further enhance our [Business Forecast](#).
- **Negotiated Indirect Cost Rate Agreement (NICRA) automation:** M/OAA is exploring automating the NICRA process to free up time for A&A staff and make the process more efficient for our partners.

2.3 Improved efficiencies through strategic A&A planning and reduced administrative burdens.

More strategic A&A planning will allow USAID to better communicate with our partners about upcoming funding opportunities, leverage the strengths of the USAID partner base for different programmatic needs, and save time in the design-to-award process.

This begins with iterative improvements to our A&A Plan and Business Forecast to make it the most helpful and complete tool for Missions, Operating Units, and our partners. This is especially important from a DEIA perspective so that local partners and U.S. small businesses are able to prepare for funding opportunities well in advance.

OBJECTIVES OF THE A&A STRATEGY

USAID will promote deliberate sourcing choices, tapping the expertise of COs/AOs to determine the most appropriate instrument and the required level of competition for each activity. At the Agency level, we will continue our support for Category Management and U.S. small business contracting. Category Management is the USG term for buying at scale. By buying common goods and services through contracts and pricing already negotiated for the entire USG, USAID gets better value and reduces duplication of efforts, resulting in savings to the U.S. taxpayer. A&A professionals and design teams based in Washington, D.C. will continue to make every effort to pursue Category Management in a way that allows small businesses to compete for funding opportunities. One way to do this is through the [OASIS small business](#) set aside, which aligns USAID's A&A decisions with the imperative to support socioeconomically disadvantaged groups in the United States, embedded in Objective 3 below.

In addition to strategic sourcing decisions, USAID is committed to eliminating low-value, time-consuming, outdated, and unproductive processes that do not directly contribute to our development and humanitarian assistance mission. This is especially crucial throughout the A&A process, where administrative burdens can prevent A&A professionals from fulfilling their intended role as business advisors. Our approach to finding efficiencies is multipronged: reducing policies and processes that do not add value; clarifying guidance to be intuitive and straightforward; providing standards to guide staff and partners in how they manage awards; and improving technological systems to save time. Reducing administrative burdens also requires a culture change to minimize approval requirements that are not codified in regulations or policies, but have long been accepted in the A&A process out of institutional habit. Some examples of streamlining administrative processes include reducing the number of post-award approvals, Third Country National waivers for consultants, and subaward approval requests. To confirm that removing these approvals does not increase the risk on A&A professionals, M/OAA will work with Missions to document and disseminate smart risk-management strategies to help A&A professionals incorporate risk mitigation within opportunities for efficiency, innovation, and local adaptation.

2.4 Inclusive and agile A&A approaches used to address intersectional and enduring challenges.

USAID's new Policy Framework highlights the Agency's commitment to tackling longstanding and cross-sector development and humanitarian challenges that require operational excellence, nimble A&A approaches, and greater adaptability from USAID. We will address these challenges by enhancing the use of adaptive management to further empower COR/AORs and minimize the frequency of modifications. We will also increase the use of quicker A&A processes to respond to humanitarian emergencies. Cross-cutting considerations such as environmental impact, gender (in)equality, the needs of marginalized groups and underserved communities, and operational challenges in closing civil space must be addressed comprehensively throughout the A&A process, not siloed as the work of a single technical sector.

OBJECTIVES OF THE A&A STRATEGY

HOW WILL USAID AND OUR A&A WORK ADDRESS INTERSECTIONAL AND ENDURING CHALLENGES?

- **Corruption and authoritarianism:** Corruption fundamentally undermines democracy and threatens the aim of sustainable, inclusive, and locally led development. As such, USAID collaborates with the interagency to implement the U.S. Strategy for Countering Corruption by strengthening anti-corruption efforts and safeguards in foreign assistance and integrating anti-corruption approaches across sectoral programming. The A&A workforce helps to institutionalize anti-corruption considerations across the planning, budgeting, and design processes. By being more nimble and responsive, the A&A function will position the Agency to rapidly mobilize support to combat authoritarianism by bolstering reformers and nonviolent mass movements.
- **The climate crisis:** The USAID Climate Strategy (2022-2030) calls on us to target climate mitigation and adaptation efforts to the highest-priority communities. The USG is supporting countries and communities around the world in their efforts to adapt to and manage the impacts of climate change through the President's Emergency Plan for Adaptation and Resilience, under which USAID has set concrete targets. We are also doing our part within USAID to reduce our own carbon emissions, adapt to climate change, and advance climate justice, and we will encourage our implementing partners to do the same through our contracts and grants.
- **COVID-19 and emerging disease threats:** The USAID Implementation Plan for the U.S. COVID-19 Global Response and Recovery Framework and forthcoming USAID Implementation Plan for the U.S. National Biodefense Strategy call on us to leverage our national and community-level health programming to equitably get "shots in arms," while making sure partner countries have access to oxygen and other critical therapeutics. Using adaptive A&A approaches, including crisis modifiers and refinement periods during the initial phase of award implementation, allows USAID to pivot more quickly to respond to COVID-19 and future disease threats. At the same time, we will use our assistance, technical expertise, and advocacy to strengthen systems.
- **Compounding humanitarian crises:** The forthcoming USAID Humanitarian Action Policy calls on us to deliver impartial, lifesaving, needs-based humanitarian aid to those most in need and to leverage our role and resources as the largest humanitarian donor to strengthen the international humanitarian system. Adaptable and timely A&A actions will allow USAID to deliver on this priority.
- **Conflict, inequality, and wider barriers to progress:** One example of this challenge is gender inequality. In March 2022, Administrator Power joined Secretary Blinken and Office of Management and Budget (OMB) Director Young in making a commitment to double USAID's gender work by 2024. A&A professionals are critical in helping to fulfill the Agency's legal obligations for gender integration and advancing the development impacts supported through this work.

OBJECTIVES OF THE A&A STRATEGY

Objective 3: A more diverse set of partners engaged to implement locally led development solutions.

3.1 Flexible and adaptable approaches mainstreamed to collaborate with a broad range of stakeholders when designing and implementing new activities.

3.2 Localization goals advanced through reduced barriers and A&A best practices.

3.3 U.S. small businesses and underserved U.S. partner communities engaged more equitably.

SUMMARY OF OBJECTIVE 3

Engaging with a diverse group of partners is key to USAID's success in addressing persistent and cross-cutting development and humanitarian challenges. By institutionalizing flexible and collaborative approaches to partnering, lowering barriers to partners, proactively engaging the private sector, and expanding our partnerships with local organizations in the countries we serve as well as underserved communities in the United States, USAID will become more responsive, accountable, and effective in our assistance efforts.

3.1 Flexible and adaptable approaches mainstreamed to collaborate with a broad range of stakeholders when designing and implementing new activities.

The broad range of stakeholders advancing USAID's programming includes new, nontraditional, local, minority-serving institutions, small business, private sector, and faith-based partners, as well as many others. It also includes program participants, community members, and private sector partners who do not seek a funding opportunity or have a legally binding award or agreement with USAID, but are key players in achieving development goals. Collaboration with these stakeholders helps USAID identify challenges and opportunities on our path to locally led development.

In 2020, USAID established an Industry Liaison team in M/OAA to serve as a front door to the Agency. The team routinely engages with partners in a variety of ways, including hosting bimonthly "Work with USAID" webinars; conducting one-on-one sessions with organizations who have specific questions about partnering processes; and sharing funding opportunities and resources on the dedicated Work with USAID social media channels: [Twitter](#), [LinkedIn](#), [Facebook](#), and [YouTube](#). With the launch of the [WorkwithUSAID platform](#), the Agency now has a nimble tool to educate and prepare partners for USAID's A&A requirements. USAID will continue to expand the resources on the platform, including offering information in additional languages.

USAID will continue to encourage A&A staff to communicate with potential partners. By doing so, USAID can promote equitable partnering approaches by providing all prospective partners with access to the knowledge and resources needed to understand how to compete for USAID funding and partner with USAID in different ways.

In addition to communicating with our partners proactively, it is critical for USAID to engage our partners as equals in activity design and throughout implementation. Within a Mission, the A&A workforce should proactively seek diverse prospective partners, consider the benefits of making awards to new and local partners, and work to lower barriers through flexible A&A approaches. This generates creative solutions to development challenges that USAID would not have identified through a more prescriptive approach. USAID must also include

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special considerations when designing and implementing activities in collaboration with marginalized groups³ and underserved communities⁴. In addition to the required analyses, found in the design to procurement and implementation checklists, this can include use of complementary analyses (e.g., landscape, political economy, inclusive development), co-creation, or stakeholder consultations in activity design to make sure marginalized and underrepresented groups are included in design processes, interventions, and feedback opportunities and their specific needs and priorities are met.

Further, USAID needs to scale best practices of numerous Mission OAAs that are currently responding to development challenges with nimble, adaptable award mechanisms and a hands-on approach to award management. The A&A workforce should embrace new and creative uses of existing mechanisms and be risk aware, not risk averse. For instance, many lessons are being learned from USAID's Centroamerica Local initiative, launched to engage, strengthen, and fund local organizations to implement development programs that address local development priorities aligned with USG priorities to target the root causes of irregular migration. For example, USAID/El Salvador issued a \$517 million, five-year Annual Program Statement (APS) to promote partnerships with local and nontraditional partners, including the private sector. USAID/Guatemala is launching the Agency's first dedicated website in English and Spanish to increase access to information about new and existing opportunities for local organizations to work with USAID programs. USAID/Honduras will make awards directly to local organizations under a \$49.5 million Expanding Partnerships and Advancing Localization APS.

The A&A workforce must also make better use of the different variations and features of grants and cooperative agreements, including simplified grants, fixed amount awards, and renewal awards. This also involves being more creative and open to assistance awards through Global Development Alliances and collaborative approaches, including co-creation, and use of concept notes prior to an application. Going a step further, we should consider hybrid approaches within a single assistance award (e.g., designing some payments under a cooperative agreement as fixed amounts and designing some payments as cost-reimbursement) and build into an assistance award the opportunities to pivot using crisis modifiers if a shift on the ground occurs. For these more flexible A&A approaches to be successful, the A&A professional staff in collaboration with technical and program staff must build with USAID partners a shared understanding of roles, responsibilities, and goals.

Private sector engagement is another important way to achieve development results. This can be done using a variety of A&A tools and mechanisms, including direct awards to private sector entities, and incorporating market-based approaches in our activity designs. In these partnering arrangements it is critical that the A&A workforce understands the complexities in financing and private sector interests, as well as how to keep the avenues of communication open. This requires training and a cadre of experts who can share best practices.

³ People who are typically denied full access to legal protection or social and economic participation and programs (such as police protection; political participation; access to health care, education, employment, etc.), whether in practice or in principle, for either historical, cultural, political, or other contextual reasons. Such groups may include but are not limited to: women and girls, persons with disabilities, LGBTQI+ people, displaced persons, economic migrants, Indigenous Peoples, children in adversity and their families, youth, older persons, religious minorities, ethnic and racial groups, people in lower castes, persons with unmet mental health needs, and people of diverse economic class and political opinions. These groups often suffer from discrimination in the application of laws and policy and/or access to resources, services, and social protection and may be subject to persecution, harassment, and/or violence. They may also be described as "underrepresented," "at-risk," or "vulnerable."

⁴ Populations sharing a particular characteristic such as women, youth, persons with disabilities, persons with unmet mental health needs, as well as geographic communities, that have been systematically denied a full opportunity to participate in aspects of economic, social, and civic life. In the international context, the term "marginalized populations" is often used.

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PRIVATE SECTOR ENGAGEMENT

As USAID looks to the future, private sector engagement and market-based approaches are essential to our mission. At USAID, we proactively engage the private sector in support of shared values and sustainable development across all aspects of our work. We also enable and catalyze responsible private sector engagement from our implementing partners, other donors, and governments. We recognize that by collaborating with and leveraging the unique expertise, resources, assets, and skill sets of our private sector partners, we can tackle problems together that neither party could effectively address alone. Administrator Power noted that our work with the private sector “tends to be one-offs,” rather than being taken to scale globally. The Agency must become more nimble and strategic in partnering with businesses around the world and include private sector engagement in all aspects of our portfolios. To support this effort, one exciting initiative underway is a Private Sector Engagement Consultation Desk that will be open to all members of the A&A workforce overseas and in Washington, D.C., to ask questions related to designing, procuring, and implementing development activities with private sector partners.

3.2 Localization goals advanced through reduced barriers and A&A best practices.

USAID'S LOCALIZATION GOALS

- **25 percent direct funding to local partners by 2025:** This metric is measured in dollars obligated directly to local entities in the FY of reporting.
- **Local leadership in 50 percent of all USAID programming by 2030:** This metric will track the use of a variety of good practices to put local partners in the lead in USAID activities. These practices will encompass not only local entities as lead implementers of USAID activities, but also approaches to co-design in the program cycle, co-creation, implementation, and evaluation driven by the whole community of local actors whom the project will affect. This metric counts activities in which these good practices are used, not dollars; it complements the 25 percent direct local funding metric by tracking important nonfinancial aspects of how USAID and our implementing partners work to empower local development actors.

To achieve both of these goals, it will be critical for members of the A&A workforce across both procurement and technical backstops to work closely together to prioritize local leadership throughout all stages of program and procurement planning, design, management, and evaluation.

USAID is redoubling our commitment to shift more leadership and decision-making in priority setting, project design, implementation, and measuring results to the local people and institutions who possess the capability, connectedness, and credibility to drive change in their own communities. This is the Agency localization agenda. As part of this commitment, USAID must lower the barriers that prevent local partners from working with USAID. Achieving locally led development does not mean that USAID will shift to 100 percent local awards; we will continue to convene and catalyze action from U.S. and multilateral organizations and government actors, as well as local partners.

Agency leadership is working to address the structural challenges that make it difficult for USAID Missions, Operating Units, and staff to work with local partners, and promising examples already exist that can be scaled up.

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USAID's Centroamerica Local initiative makes available 15 percent of appropriated funds for operating expenses, enabling Northern Triangle Missions to invest in more staff time, training, and temporary duty assignment (TDY) support to manage the time-consuming processes needed to support local partners, providing an innovative model for future localization efforts. USAID is also working with Congress to attain longer-term funding and earmark relief for localization, giving Missions and local partners much needed flexibility.

Aside from these structural barriers, challenges persist for partners. One significant barrier for many local partners is the regulatory requirement found at 2 CFR 200.111 English language that applications must be submitted in English. The Agency is piloting the use of courtesy translations of solicitation materials and exploring other means to increase use of local languages in the award-making process. USAID will apply lessons learned from the field and other USG agencies to increase collaboration and communication with prospective local partners in more equitable ways.

Challenges for local partners include award reporting requirements that often necessitate sophisticated financial management and reporting systems. We will review USAID policies that limit the participation of local partners and remove identified burdens to the greatest extent possible. Examples include seeking blanket statutory authority to limit competition to local partners without a financial cap, allowing local partners to use international accounting standards for reporting, and exploring ways to help more local partners better recover administrative and indirect costs.

Despite efforts to reduce barriers, strong financial management will remain an important requirement for organizations that seek to work directly with USAID under cost-reimbursable types of awards. USAID will use a variety of approaches that draw on the expertise of our partner base as well as the A&A workforce to enhance the capacity of new, smaller, nontraditional partners as needed. Our traditional partners can support local subrecipients to develop their organizational and financial management capacity and achieve self-identified goals. USAID will explore options to encourage our prime partners to embody principles of effective locally led development and local capacity strengthening for their subrecipients. In addition, the local entity can determine its own needs and outsource organizational management and/or finance capabilities. Expanding the number of capable local actors will help to achieve USAID's goal of lasting inclusive development results and stronger local systems.

LOCAL CAPACITY STRENGTHENING POLICY

USAID's Local Capacity Strengthening Policy establishes an Agency-wide vision for local capacity strengthening based on a shared commitment to principles that will guide all relevant USAID humanitarian assistance and development programming. USAID investments in local capacity strengthening focus on supporting local actors to perform roles that enable them to achieve their own goals for positive and sustainable change, not simply capacity strengthening to be able to manage USAID funding effectively and with proper compliance. Local and nontraditional partners often cite their lack of capacity to compete for and manage awards at the level USAID expects, as a constraint to the Agency's ability to develop new partnerships. Partners with little previous experience working with USAID are naturally less familiar with the Agency's and USG regulatory requirements. USAID or implementing partners funded by USAID may choose to provide capacity strengthening support to local actors to enable them to comply with and manage USAID processes. However, this type of capacity strengthening support should be in line with the actor's goals and priorities. Approaching capacity strengthening from a preconceived notion of what a "good" partner looks like can undermine both the process of engagement and programming effectiveness. While USAID is required to conduct necessary fiduciary risk assessments prior to funding a local partner directly, assessing fiduciary risk to USAID and assessing and developing local capacity are not the same thing.

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An important design approach that can facilitate partnering with organizations that have little to no experience with USAID is a “pay-for-results” model (e.g., fixed amount awards for assistance, fixed price contracts for acquisition), though a pay-for-results model can also be used with larger and more experienced organizations as well. This model involves paying upon the achievement of outputs and results tied to outcomes (as opposed to only reimbursing costs for inputs), limits fiduciary risk for USAID, and generally requires less sophisticated financial and management capacity of the partner. The A&A workforce will provide training and resources to all USAID staff about when a “pay-for-results” model is appropriate and how to create flexible and appropriate milestones. Pay-for-results models are just one of many tools in the A&A toolbox and are not as appropriate in cases when there is a significant degree of instability in the agreed-upon milestones and costs associated with implementation of those milestones. Additional approaches that may support local prime partners or subrecipients include, but are not limited to, grand challenges and challenges for prize competitions as well as specific mechanisms such as grants under contracts (under acquisition) and fixed amount subawards (under assistance).

Finally, achieving USAID’s localization goals requires us to embrace a new mindset when it comes to risk. A risk-averse approach concentrates fiduciary risks on CO/AOs, creating an environment that disincentivizes them to be flexible or innovative in their partnering practices. As part of our new mandate to respond to organizational risks and shape the USAID of tomorrow, we will focus on exercising sound business judgment, solving problems, seeking opportunities to co-create solutions and co-design activities that address threats to progress, and encouraging creative local solutions to development challenges.

ENTERPRISE RISK MANAGEMENT

As part of operationalizing Enterprise Risk Management within the Agency, the Agency’s Risk Appetite Statement (RAS) provides broad-based guidance on the level and type of risk the Agency is willing to accept—based on an assessment of opportunities and threats—to achieve the Agency’s mission and objectives. The A&A Strategy aligns with the RAS as a key foundational document that, alongside USAID’s seven-step risk-management approach and risk management policies, systems, and tools, helps our programming and operations operate from a risk-aware posture. Agency leadership is committed to supporting A&A development professionals in their work issuing and managing risks associated with awards to local organizations, given the significant benefit to the Agency and the communities we serve in expanding partnerships with local civil society.

3.3 U.S. small businesses and underserved U.S. partner communities engaged more equitably.

USAID recognizes that underserved communities, institutions, and businesses in the United States have not always had equal access to USAID funding opportunities. USAID will seek to address this historical inequity through our work with [MSIs](#) and minority-owned businesses. This includes promoting existing tools on the [WorkwithUSAID](#) platform and identifying new ways to help these organizations better access USAID.

Additionally, USAID currently encourages diversity within partner workforces with a specific focus on our institutional support contracts, recognizing the important role we can play in catalyzing change not only in USAID, but also contribute to the inclusive development principles by ensuring that all vital voices are heard and considered throughout award implementation.

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USAID responded to [Executive Order 13985](#), Racial Equity and Support for Underserved Communities through the Federal Government, by adapting our partnership practices, programmatic approaches, and engagement with program participants, to center DEIA. Key actions to advance DEIA in the A&A process include the development of the [WorkwithUSAID platform](#) to empower all prospective partners on how to navigate USAID. We are also reducing cost-share requirements where feasible and restricting eligibility to MSIs when there is a programmatic rationale for doing so to help expand and diversify the Agency's partner base. Finally, USAID will reduce administrative burdens in the A&A process. Using phased acquisition, oral presentations, and streamlined evaluation criteria will make partnering more accessible to small organizations that were previously excluded because of the high cost of preparing competitive applications.

SMALL BUSINESS GOALS:

The Federal Government is statutorily required to obligate 23 percent of its federal procurement dollars to U.S. Small Businesses. USAID is required to negotiate an agency goal with the Small Business Administration to contribute to the achievement of the government-wide goal. USAID is committed to meeting and exceeding those negotiated goals in support of statutory requirements and Administration initiatives aimed at supporting U.S. small businesses. U.S. small businesses remain valuable partners with a long and successful history as USAID implementing partners at the prime and subcontract levels worldwide. As President Biden said, *"We celebrate America's small businesses and their enormous contributions to American life and prosperity."*

Small Disadvantaged Business Goals: 15 percent by FY 2025.

The USG spends approximately \$650 billion in federal procurement annually. In FY 2021, federal procurements to U.S. small businesses was \$1.54 billion. As addressed in the aforementioned Executive Order 13985, the Biden-Harris Administration is seeking to increase the portion of this funding going to U.S. small businesses with a specific focus on minority-owned businesses and other members of underserved communities identified as Small Disadvantaged Businesses (SDBs).

Working closely with the Agency's Office of Small and Disadvantaged Business Utilization (OSDBU), the A&A workforce will promote the inclusion of U.S. SDBs in USAID's Washington and Mission-based procurements and seek to meet and exceed [USAID's prime small business goals](#) as we have in past years. The A&A workforce will include OSDBU early in the planning process at the procurement level and holistically to identify procurements together that can be set aside for U.S. small business participation at the prime and subcontracting level. The A&A workforce will also focus on addressing the socioeconomic categories, including those that the Agency has historically struggled to achieve. OMB Memorandum M-22-03 on Advancing Equity in Procurement, which operationalizes Executive Order 13985, places a specific focus on the SDB category as a means to address inclusion of underserved and minority communities, including increasing the statutory goal from 5 to 15 percent by FY 2025. Using this socioeconomic category allows sole-source set-asides at higher award thresholds than in previous years, paving the way for increased awards to SDBs. We also aim to expand the use of other expedited procedures for awarding directly to small businesses as a means to decrease the time to award.

