



Fixed Amount Awards to Non-Governmental Organizations

An Additional Help Document for ADS Chapter 303

Partial Revision Date: 10/01/2024

Responsible Office: M/OAA/P

File Name: 303saj_100124

I. PURPOSE

The purpose of this Additional Help document is to provide Activity Planners, Agreement Officers (AOs), and Agreement Officer's Representatives (AORs) with guidance on how to draft, award, and administer fixed amount awards. This document supplements policy on fixed amount awards found in [ADS 303, Grants and Cooperative Agreements to Non-Governmental Organizations](#). This guidance will help Agency staff:

- Understand the appropriate use of fixed amount awards,
- Solicit fixed amount awards based on applicable competition standards,
- Establish a fixed amount payment structure, and
- Effectively administer the fixed amount award.

II. USE OF FIXED AMOUNT AWARDS

Fixed amount awards are a type of grant or cooperative agreement that provides a specific level of **funding** without regard to actual costs incurred. This type of award is particularly suitable for activities using pay-for-results design approaches. Fixed amount awards reduce some of the administrative burden and record-keeping requirements for both the recipient and USAID. Unlike a traditional cost-reimbursement grant or cooperative agreement, **financial reporting is not required, so USAID does not have to verify the appropriateness of the recipient's accounting or financial reporting systems.** Narrative programmatic reports may or may not be required. Budgets for fixed amount awards are negotiated using **the cost principles in 2 CFR 200 Subpart E Cost Principles, or other pricing information, as a guide. All costs must comply with the cost principles as described in 2 CFR 200.101(b)(4)(ii).**

With a fixed amount award, accountability is based primarily on performance, with a focus on results, while limiting risks for both parties. At the design stage, a fixed amount award **budget is** intended to reflect a reasonable, **accurate** estimate of the actual costs of performance. As a result, additional diligence is required at the outset to set accurate milestone payments. Once awarded, fixed amount awards are typically easier for the government to administer. Instead of reviewing recipients' **actual incurred** costs (e.g., labor, travel, indirect) **through financial reporting,** the AO **only needs to** confirm achievement of **each** milestone **as described in the award.** By tying payments to achieving milestones, fixed amount awards offer a way for USAID to prioritize the achievement of results **rather than** the incurrence of costs. Fixed amount awards also offer a means of transferring performance **and financial** risk to recipients, potentially allowing for greater innovation and a more effective use of USAID resources.

Fixed amount awards are most appropriate when activities performed under an award

can be segregated into achievable milestones with an associated fixed-dollar amount that can be established within a reasonable degree of certainty. Activities that have measurable goals and objectives, as well as accurate cost, historical, or unit pricing data available to establish fixed payment amounts, may be suitable for a fixed amount award. Traditionally, fixed amount awards at USAID were most commonly associated with activities such as conferences, studies/surveys, workshops, and policy papers as these are easily defined milestones that are easy to verify. While these types of activities are still suitable for fixed amount awards, many other activities in areas such as disaster or humanitarian relief and assistance, health services delivery, and technical assistance that can be segregated into discrete tasks (e.g., milestones) may also be implemented through a fixed amount award.

In accordance with ADS 303.3.25, generally the duration of the fixed amount award must not exceed three years to ensure that the budget is based on a reasonable estimate of actual costs. However, if a longer award is required, then the fixed amount award must be structured, at the activity design phase and described in the notice of funding opportunity (NOFO), as a “renewal award” in accordance with the process described in ADS 303.3.24.a.

Fixed amount awards can be awarded to recipients with any level of experience in managing U.S. Government (USG) assistance (including no experience). They can represent a useful tool for institutional capacity building and local capacity development of new and underutilized partners, as they require less financial management capacity than a standard cost-reimbursement award. When coupled with capacity building activities, they provide a manageable vehicle to allow recipients the opportunity to strengthen and improve their internal procedures, systems, and policies. Although fixed amount awards are a useful capacity development tool, an organization with limited or no experience in receiving USG grants may need the assistance of USAID in developing realistic milestones.

III. COMPETITION AND SOLICITATION REQUIREMENTS

Fixed amount awards must be awarded through competitive procedures outlined in ADS 303, unless eligibility has been restricted in accordance with the procedures outlined in ADS 303.3.6.5. When soliciting for fixed amount awards through a NOFO, AOs may use any notice type, such as an annual program statement or a request for applications. If a fixed amount award type is contemplated, the AO should include a statement in the NOFO to the effect that the resultant award may include a cooperative agreement or grant that is a fixed amount award, with the final award type determination at the discretion of the AO. This provides transparency to all potential applicants, and the AO retains the ability to judge whether or not proposed activities and costs are suited to a fixed amount award. Additionally, an applicant may propose a fixed amount award, though the ultimate decision is with the AO. In either instance, AOs must ensure that the proposed program is suitable for a fixed amount award payment structure. AOs should pay special consideration to the following points when issuing NOFOs that include the possibility of fixed amount awards:

- **Identification of Assistance Type.** A fixed amount award can be either a

grant or cooperative agreement. In the case of a cooperative agreement, substantial involvement must be identified in the NOFO and be tailored to not affect the achievement of milestones.

- **Technical Application Delineated by Milestone.** The NOFO should instruct applicants to organize their project activities by milestones that correlate to a product, task, deliverable, or goal of the proposed activity to the extent the milestone structure is envisioned at the outset. For an award to be suitable for a fixed amount award, milestone activities proposed by the applicant must be broken down into goals and objectives that are measurable and verifiable. Requesting that applicants delineate activities by milestone will assist in the development and negotiation of the payment milestones.
- **Budget Details to Establish Milestones.** The NOFO should instruct the applicant to provide a budget and narrative describing the accurate cost, historical, or unit pricing data necessary to establish realistic milestones.
- **Information to Assess the Potential Recipient's Eligibility.** NOFOs must request information necessary to assess the applicant's ability to meet the milestones, consistent with the procedures in [ADS 303.3.25](#) and [ADS 303mak, Fixed Amount Award Entity Eligibility Checklist](#).

IV. STRUCTURING PAYMENTS UNDER FIXED AMOUNT AWARDS

Payments under fixed amount awards are based on meeting measurable goals and can be designed in a variety of ways (see [ADS 303.3.25](#) and [2 CFR 200.201\(b\)\(1\)](#)). Milestones are the most common way to structure payments under fixed amount awards. The award amount is negotiated using [2 CFR 200 Subpart E, Cost Principles](#) (or other pricing information) as a guide, the recipient's proposal, and available pricing data. Individual milestone payments and the combined total of milestone payments are not required to reflect actual costs incurred.

Once the milestones and respective amounts to be paid per milestone are established, the recipient's actual expenditures per milestone are not monitored or required to receive payment. As such, it is critical that the award total is thoroughly reviewed and determined to be reasonable. When fixed amount awards are made to entities with limited experience receiving Federal assistance awards, it may be necessary for the AO and Planner to provide additional guidance to the organization concerning the development of milestones.

Milestones may be based on the completion of a task, deliverable, or other goal (such as an output and/or an outcome) of the proposed activity. Completion of a milestone triggers payment of the established fixed amount to the recipient. Milestone completion should be objectively verifiable. AOs and Planners may consider structuring milestones to allow for partial payments if full milestone completion cannot be achieved. Generally, milestones will contain the following:

- 1. Milestone.** Description of the task, deliverable, or goal to be accomplished.
- 2. Verification Documentation, Reports or Deliverables.** Description of how the recipient will demonstrate the completion of the milestone. Verification may include an on-site visit or analysis of written documents (e.g., reports, vouchers, training sign-up sheets), photos, videos, or any other means designed to ensure that activities are satisfactorily completed.
- 3. Fixed Amount.** Dollar amount that USAID will pay the recipient for completion of the milestone. Note that awards to non-U.S. entities may be paid in the local currency.
- 4. Completion Date.** Expected completion date for each milestone, as suitable for the nature of the activity. Specifics of milestone timing and allowable flexibility should be detailed in the Award Schedule.

An example of structuring payments follows:

Milestone	Verification Documentation, Reports or Deliverables	Fixed Amount	Anticipated Completion Date
1. 5 surveys completed in X province	Survey Report	1,000	August 15, 2024
2. 10 training sessions completed in X province	Training materials and attendance sheets	1,000	September 15, 2024
3. Increase of 10% in test scores of the target beneficiary group	Test results from the target beneficiary group (as compared to the baseline test results documentation)	1,000	October 15, 2024

The award may be structured to establish milestones on a regular basis, which can ensure adequate cash flow for the recipient. Milestones may also be established as a lump sum at completion or in other frequencies as negotiated.

When developing and negotiating milestones, additional considerations include:

- 1. Procurement of Equipment or Supplies.** The recipient may need to procure equipment or supplies (excluding real property) to accomplish project goals. In accordance with the fixed amount award standard provision entitled "USAID Eligibility Rules for Procurement of Commodities and Services," it is only when the purchase of equipment or supplies is listed as or in the milestone that the recipient must comply with USAID source and nationality rules (see [22 CFR 228](#), [ADS 310](#), [Source and Nationality Requirements for Procurement of Commodities and Services Financed by USAID](#), and [ADS 312, Eligibility of Commodities](#)). Equipment listed as or in the milestone

means the milestone description or the description of the verification documentation specifically reference the equipment or supplies. For example, if it is critical to the program that the recipient purchases a vehicle, financed under the award, and the AO determines this should be included as or in the milestone, the milestone structure could look like the below example. In this case, the AO will include the standard provision “USAID Eligibility Rules for Procurement of Commodities and Services,” and the recipient must seek AO approval prior to purchasing the vehicle. Further, if the recipient is unable to find a vehicle within the authorized geographic code, the recipient may need to seek a waiver from source and nationality rules.

Otherwise, purchases that are incidental to the recipient’s completion of a milestone are not deemed “financed” by the fixed amount award, notwithstanding that their costs were included in the estimate upon which the total amount of the fixed amount award was negotiated (see Section VI.g, Audits, for additional information).

Note: Prohibition on certain telecommunication and video surveillance equipment or services. If the recipient needs to procure or obtain prohibited telecommunications and video surveillance equipment or services, regardless of whether such equipment or services are identifiable in the milestone, unit price, or payment at completion, then the recipient must comply with the mandatory standard provision entitled “Prohibition on Certain Telecommunication and Video Surveillance Equipment or Services.” Because 2 CFR 200 Subpart E Cost Principles are used as a guide in reviewing and negotiating budgets under a fixed amount award, the AO should ensure budgeted costs are in compliance with 2 CFR 200.471.

2. **Upfront Funding.** It may be critical to provide the recipient with upfront funds to start or continue activities. This may be especially necessary when working with newer organizations with limited cash flow. Providing upfront funds can be achieved using an **initial milestone** and liquidity can be built into **subsequent milestones** if needed. If providing liquidity through milestones is not sufficient, advances can be used where appropriate as discussed in [ADS 303.3.25](#) and [ADS 303mak, Fixed Amount Award Entity Eligibility Checklist](#).
 - a. **Initial Milestones.** An initial milestone may be necessary to provide the recipient with upfront funds to begin activities and may be a rather straightforward task. The initial milestone should be established early in the award period (e.g., 14 days after the award start date, but no later than 30 days). Examples of initial milestones include:

Milestone	Verification Documentation, Reports or Deliverables	Fixed Amount	Anticipated Completion Date
Implementation plan	Implementation Plan approved by the AOR.	2,000	Within 15 days of award start date
Setting up office	Confirmation of office set up signed by AOR following office visit or a signed certification by the recipient.	4,000	Within 20 days of award start date
Recruiting and training of key staff	Resumes, training sign-in sheets, and copies of training materials.	5,000	Within 30 days of award start date

- b. Funding Flexibility Through Other Milestones.** Milestones may be structured to ensure the recipient has adequate cash flow to achieve subsequent milestones. Milestones should provide an incentive for the recipient to complete activities through the award end date and provide a final narrative programmatic report if required.

V. RISK ASSESSMENT

Prior to making a fixed amount award, the AO must conduct a risk assessment using the [Fixed Amount Award Entity Eligibility Checklist](#). If, after conducting a risk assessment the AO is unable to make a positive risk determination or identifies weaknesses or deficiencies in the recipient's capacity to complete the proposed activity, the AO may reject the Planner's recommendation to make a fixed amount award or issue the award with "specific conditions."

If making a fixed amount award with specific conditions, the AO and Planner should document the weaknesses and deficiencies and describe the mitigation measures taken to reduce or eliminate the risk to the recipient and USAID. For further information on specific conditions, see [ADS 303.3.9.2](#) and [2 CFR 200.208](#).

VI. ADMINISTRATION OF FIXED AMOUNT AWARDS

- a. Post-award orientation meeting.** The AO and AOR are encouraged to conduct a post-award orientation meeting with the recipient. The post-award orientation meeting is an essential tool to help USAID and the recipient achieve a clear and mutual understanding of the fixed amount award's requirements. In particular, the orientation meeting can help a recipient with limited or no USAID experience with administering the award and reduce performance risks. It is an opportunity to review, discuss, and clarify key aspects of the award and its administration, help the recipient meet the intended goals and outputs of the award, and contribute to building the recipient's institutional capacity. In this meeting, the AO and AOR should discuss the authority of USAID personnel who administer the award, the specific terms and conditions of the award, any areas of substantial involvement, USAID's monitoring and evaluation plans,

milestones, requests for payment, voucher approval, and payment procedures.

- b. Monitoring and Site Visits.** Because payment to the recipient is based exclusively on the achievement of milestones, it is important that the AOR conducts appropriate monitoring and oversight of the recipient. To mitigate risks, the AOR is encouraged to conduct site visits to ensure that satisfactory progress is being made and the award's goals and objectives are being met.
- c. Amending the Payment Structure.** With a fixed amount award, payment is not based on actual costs, and the fixed amount is not subject to adjustment. However, the AO may amend the award's payment structure under limited circumstances (see [ADS 303.3.25.c](#)).
- d. Payment.** The award must state that the recipient's requests for payment for completed milestones must correspond to the award's payment structure specified in the fixed amount award. Prior to authorizing payment, the AOR must independently verify and document that the milestone is complete. The AOR may rely on verification by a third-party verifier. The AOR should conduct verification of milestone completion in a timely manner to allow the recipient to receive payment as soon as possible. The AOR should develop an internal verification/monitoring plan that is consistent with the terms of the award and details the type of documentation or other support that is acceptable for verification purposes. Verification may include physical confirmation, or an on-site visit either by USAID or a third party, for every activity under a milestone. Verification may also include analysis of written documents (vouchers, training sign-up sheets), photos, videos, or other means designed to ensure activities are satisfactorily completed. The AOR must sufficiently document the verification for payment purposes and include this in the AOR file **in ASIST**. If authorized by the milestone payment schedule, AORs may make partial payments if only partial results are met, *e.g.*, if the recipient meets 50% of the target, the recipient will receive 50% of the payment.

Since fixed amount award payments are structured as milestones, USAID should not attempt to verify that the recipient incurred the costs as estimated in making the award. Any actual differences between the estimated costs used to set the payments and the recipient's incurred costs cannot be used to adjust the agreed-upon fixed payment amount.

- e. Local capacity development of NGOs with limited or no previous direct experience with USAID or the USG.** Fixed amount awards are **often** suitable to build the capacity of recipients that have limited or no previous experience managing USG awards. If one purpose of the fixed amount award is to build an organization's capacity, USAID may need to first assess the organization's accounting, management, and established policies and procedures to build the recipient's capacity. When assessing the organization's capacity, staff are reminded to not verify actual expenses to adjust milestone payments, but for purposes of assisting the organization in improving **internal controls and procedures** to build the capacity of the recipient.

- f. **Termination.** In the case of termination before completion of the fixed amount award, USAID may review the actual costs incurred by the recipient in performance of the award. In that event, the AO should determine the extent to which costs incurred by the recipient for partially completed milestones may be reimbursed.

- g. **Audits.** Fixed amount awards are subject to the [2 CFR 200, Subpart F, Audit Requirements](#), which implements the Single Audit Act. Although there is no expected routine monitoring of the actual costs incurred by the recipient under a fixed amount award, this does not absolve the recipient from the record retention requirements; nor does it absolve the recipient of the responsibilities of making records available for review during an audit.

As noted earlier in this document, payment under a fixed amount award is based on completion of milestones and is not based on actual costs incurred. However, in the event of an audit, an auditor may look at costs incurred under a fixed amount award to determine if funds were spent in accordance with the terms of the award.