

Fixed-Obligation Grant (FOG)

Frequently Asked Questions + Help Guide – June 18, 2012

What Is It, and Which Office Approves One?

A Fixed-Obligation Grant (FOG) provides support to a non-governmental partner to achieve specific results for a fixed amount of money. Unlike other types of grants or cooperative agreements, FOGs provide funding upon completion of agreed-upon milestones, which indicate significant progress towards sought results. As a grant, the Office of Acquisition and Assistance (OAA) Agreement Officer is the key approver and obligates the funding.

Why use it?

A FOG focuses on outputs and results. They can be designed specifically to achieve specific results empowering local actors more aware of local needs, negating excessive international overhead costs, opening the door for reporting in the local language, and potentially enabling orientation towards local regulation – rather than requiring double-compliance with local *and* USG regs. Furthermore, a FOG allows for grants to “higher-risk” recipients with little or no experience in receiving and implementing USG grants whom USAID can assist in building institutional capacity. Given these advantages, FOGs are key to Agency reform goals in implementation and procurement reform (IPR), especially USAID Forward’s aims in local capacity development (LCD). Also, audit clauses for FOGs are less stringent.

What is the USAID Senegal Experience with FOGs?

- The Democracy/Governance negotiated, drafted, and cleared approval of a FOG in only 3 weeks to provide timely elections assistance through a local partner. This support greatly enhanced the credibility and efficacy of this type of programming, as it empowered a local NGO to monitor the Senegalese presidential election rather than involving an international NGO.
- The Health team developed a FOG to support a local partner for a research activity that required on-the-ground presence and expertise, and that could not support the costs of an international organization. Similar activities in the past with international partners added excessive layers of complexity and cost. Also, with a FOG, the health team was able to engage directly with local applicants, making sure they understood what was required to apply for the grant.

What are Some Key Findings to Consider When Developing a FOG?

- Milestones require special attention to ensure they are clear and appropriate for the specific needs of the various offices at USAID, including OFM for the payment scheme and OAA to ensure milestones are verifiable, as well as to ensure they are understood by the partner.
- A great deal of extra work can be avoided by discussing the FOG, and appropriate milestones, with requisite support offices and POCs *before* drafting/clearing approval documents.
- Use the latest approved PD for a FOG as a template.
- Consider including templates in the solicitations (IE – “Fill in this form”) as well as bidders conferences to make sure that potential bidders understand what USAID requires.

What are Some Best Practices for FOGs?

- Start early in discussing the appropriateness of FOGs with support offices.
- Read [ADS Chapter 303](#) and work with support offices to identify needed justifications and discuss which are the most appropriate to use, *before* drafting justifications.
- Circulate text amongst Mission POCs that need to clear the FOG *before* seeking clearance.
- Identify offices in DC and POCs that need to clear justifications to alert them one is coming.
- Ensure the Controller agrees about the payment scheme of milestones, banking information, assessments required, timeframe, and if financial capacity development is needed.
- **To Develop Milestones:** a) see [the ADS 303 help chapter](#), b) review recently approved FOGs for templates, c) discuss with OAA and OFM, d) build-in capacity building for the partner, to handle more complex agreements, e) provide liquidity in first milestone and f) include flexibility.

FOG Help Guide

ACTION	RESPONSIBLE OFFICE	SUPPORT
Meet with Front Office, RLA, OFM, PRM, & OAA to clarify FOG as optimal mechanism / get buy-in, agreement, and consensus on action	Technical Office	
If new project, Hold Mission Review of Concept Paper*	Project Development Officer	
<i>Analyses & Authorization:</i> 1) Perform/Contract Needed Analyses Documented in Issues Paper 2) Discuss Milestones w/ OAA (content) and OFM (payment scheme/content) 3) Ensure Activity has been notified to Congress, is covered in an Activity Checklist, and is covered by an IEE 4) Contact OFM for pre-award assessment and OCA, if needed (as soon as feasible)	Technical Office	Program Office, OAA, and OFM
Hold Mission Review of PAD,* Get Authorization	Project Development Officer	
Advertisement and Source Selection	OAA	Tech. Team
Finalize milestones proposed by selected partner, and negotiate cost and content of each milestone	OAA with Tech. Team	Design Team, including Program Office/OFM
Signing Ceremony & Post-Award Meeting	Tech. Team with OAA	DOC

* **Projects >\$10,000,000 require:** concept paper + review; PAD + review; and project authorization;
\$1 - \$10 Million requires: concept paper, abbreviated PAD, and authorization;
<\$1 million requires only: 1-page concept paper, abbreviated PAD, and project authorization.