

## 16.405-2 Cost-plus-award-fee contracts.

A cost-plus-award-fee contract is a cost-reimbursement contract that provides for a fee consisting of (1) a base amount fixed at inception of the contract, if applicable and at the discretion of the *contracting officer*, and (2) an award amount that the contractor *may* earn in whole or in part during performance and that is sufficient to provide motivation for excellence in the areas of cost, schedule, and technical performance. See [16.401\(e\)](#) for the requirements relative to utilizing this contract type.

**Parent topic:** [16.405 Cost-reimbursement incentive contracts.](#)