



USAID
FROM THE AMERICAN PEOPLE

ADS Chapter 308

Awards to Public International Organizations

Partial Revision: 07/21/2011
Responsible Office: M/OAA/P
File Name: 308_072111

Series 300 – Acquisition and Assistance
ADS 308 – Awards to Public International Organizations

Table of Contents

<u>308.1</u>	<u>OVERVIEW</u>	<u>4</u>
<u>308.2</u>	<u>PRIMARY RESPONSIBILITIES</u>	<u>4</u>
<u>308.3</u>	<u>POLICY DIRECTIVES AND REQUIRED PROCEDURES</u>	<u>5</u>
<u>308.3.1</u>	<u>Public International Organizations (PIOs)</u>	<u>5</u>
<u>308.3.1.1</u>	<u>Determining Whether an Organization Is a PIO</u>	<u>5</u>
<u>308.3.1.2</u>	<u>Categories of PIOs</u>	<u>6</u>
<u>308.3.2</u>	<u>Awards to PIOs</u>	<u>8</u>
<u>308.3.2.1</u>	<u>Pre-Award Determinations Generally</u>	<u>8</u>
<u>308.3.2.2</u>	<u>Responsibility Determinations</u>	<u>8</u>
<u>308.3.3</u>	<u>Competition</u>	<u>10</u>
<u>308.3.4</u>	<u>Case-Zablocki Reporting</u>	<u>10</u>
<u>308.3.5</u>	<u>USAID In-Kind Contributions</u>	<u>10</u>
<u>308.3.6</u>	<u>Trust Funds and GAO Audit Rights</u>	<u>10</u>
<u>308.3.7</u>	<u>Ineligible Countries and Persons</u>	<u>11</u>
<u>308.3.8</u>	<u>Payment Methods</u>	<u>11</u>
<u>308.3.9</u>	<u>Administrative Cost Recovery</u>	<u>11</u>
<u>308.3.10</u>	<u>Types of PIO Awards</u>	<u>12</u>
<u>308.3.10.1</u>	<u>Cost-Type Grant</u>	<u>13</u>
<u>308.3.10.2</u>	<u>Program Contribution</u>	<u>13</u>
<u>308.3.10.3</u>	<u>General Contribution</u>	<u>14</u>
<u>308.3.11</u>	<u>Application of USAID Policies and Procedures</u>	<u>15</u>
<u>308.3.12</u>	<u>Deviations</u>	<u>16</u>
<u>308.3.13</u>	<u>Clearances</u>	<u>18</u>
<u>308.3.14</u>	<u>Standard Provisions</u>	<u>18</u>

*An asterisk and yellow highlight indicates that the adjacent material is new or substantively revised. 2

<u>*308.4</u>	<u>MANDATORY REFERENCES</u>	<u>19</u>
<u>308.4.1</u>	<u>External Mandatory References</u>	<u>19</u>
<u>*308.4.2</u>	<u>Internal Mandatory References</u>	<u>19</u>
<u>308.5</u>	<u>ADDITIONAL HELP</u>	<u>20</u>
<u>308.6</u>	<u>DEFINITIONS</u>	<u>20</u>

*An asterisk and yellow highlight indicates that the adjacent material is new or substantively revised.

ADS 308 – Awards to Public International Organizations

308.1 OVERVIEW

Effective Date: 04/27/2011

This chapter sets forth USAID's mandatory policies and required procedures on awards to Public International Organizations (PIOs). Although USAID provides funding to PIOs under various types of arrangements, the single term "award" as used in this chapter is considered to include grants, cooperative agreements, contributions, and other types of assistance provided to PIOs.

308.2 PRIMARY RESPONSIBILITIES

Effective Date: 04/27/2011

The following Bureaus/Independent Offices (B/IOs) have primary responsibilities for specific policy directives and required procedures within this chapter.

a. The persons designated as **Agreement Officers** for the purpose of signing awards to PIOs are:

- (1) **Assistant Administrators (AAs)** for programs within their respective areas of responsibility under [ADS 103, Delegations of Authority](#);
- (2) The **Director, Bureau for Management, Office of Acquisition and Assistance (M/OAA)** under **ADS 103**;
- (3) **Deputy Assistant Administrators (DAAs)** and **Office Directors** in USAID/W who have been delegated this authority by **ADS 103**;
- (4) **Mission Directors**, to the extent that the authority has been delegated to them by AAs in **ADS 103**;
- (5) **Agreement Officers** under individual warrants; and
- (6) Other individuals with specific delegated authority.

b. The **Office of the General Counsel (GC)** is responsible for determining whether an organization (other than an International Agricultural Research Center (IARC)) falls within the definition of a PIO. (See section **308.3.1.1**.)

c. The **Bureau for Food Security (BFS)** is responsible for designating qualifying IARCs as PIOs. (See section **308.3.1.1**.)

d. The **Delegated Cooperation Secretariat (DCS)**, which is coordinated and supported by the Bureau for Policy, Planning and Learning, Office of Donor Engagement (PPL/DE), and includes participation from the Office of Acquisition and Assistance (M/OAA), the Office of the General Counsel (GC), the Office of the Chief

*An asterisk and yellow highlight indicates that the adjacent material is new or substantively revised.

Financial Officer (M/CFO), the Office of Legislative and Public Affairs (LPA), and, as appropriate, the U.S. State Department's Bureau of International Organization Affairs (State/IO), is responsible for maintaining the [List of Public International Organizations](#). (See section **308.3.1.2**.)

e. The **Bureau for Management, Office of the Chief Financial Officer (M/CFO)** is responsible for determining whether a PIO's auditors are sufficient for purposes of the audit provisions under the [Standard Provisions for Cost-Type Awards to Public International Organizations](#).

308.3 POLICY DIRECTIVES AND REQUIRED PROCEDURES

Effective Date: 04/27/2011

308.3.1 Public International Organizations (PIOs)

Effective Date: 04/27/2011

After the Office of General Counsel (GC) or the Bureau for Food Security (BFS) determine whether an organization is a PIO for the purposes of this chapter, the Delegated Cooperation Secretariat (DCS) will include such organization in the [List of Public International Organizations](#) and designate the PIO into one of three categories as described in section **308.3.1.2**.

308.3.1.1 Determining Whether an Organization Is a PIO

Effective Date: 04/27/2011

A Public International Organization (PIO) is an international organization composed principally of countries, or any other organization that GC or BFS designates as a PIO.

If an Operating Unit wants to provide assistance to an international organization that is not on the [List of Public International Organizations](#), it must first contact the cognizant Assistant General Counsel (AGC) (for all organizations other than International Agricultural Research Centers (IARCs)) or the Assistant Administrator (AA) of BFS (for IARCs), for a determination as to whether the organization qualifies as a PIO. If the organization is deemed to qualify, the cognizant AGC or AA will then notify the DCS, which will add the organization to the list. The determination of the cognizant AGC or AA that an organization qualifies as a PIO does **not** constitute a responsibility determination.

The cognizant AGC should consider the following criteria when deciding whether an organization (other than an IARC) qualifies as a PIO, with no single factor being dispositive:

- a. Does the organization enjoy privileges and immunities provided by the International Organizations Immunities Act;

*An asterisk and yellow highlight indicates that the adjacent material is new or substantively revised.

- b.** Is the organization composed substantially, if not exclusively, of countries or PIOs, and are such countries/PIOs not dominated by non-countries/non-PIOs in terms of decision-making;
- c.** Was the organization formed pursuant to a multilateral act such as a treaty and, if so, does it derive its powers and personality from that act or treaty as opposed to domestic law;
- d.** Does the organization operate under a formal constitutive document;
- e.** Does the organization perform functions of a genuinely international character;
- f.** Is the organization accorded the status of an international organization within the United Nations or by the country in which it is headquartered;
- g.** Is the organization not dependent on or controlled by any particular country (is it impartial, neutral, and independent); and
- h.** Is the United States a member of or does it otherwise participate in the organization;

308.3.1.2 Categories of PIOs

Effective Date: 04/27/2011

- a.** The DCS assigns each PIO to one of three categories, based on the Agency's experience with the organization and a determination of the organization's level of responsibility, and collects information relevant to such assignments. The DCS may change PIO category designations when appropriate.

The three PIO categories are as follows:

Category One – PIOs for which an Agreement Officer (AO) is not required to make a responsibility determination for individual awards because such a determination is handled by the DCS ("Category 1 PIOs");

Category Two – PIOs for which an AO must address responsibility in accordance with section **308.3.2** ("Category 2 PIOs"); and

Category Three – PIOs subject to special restrictions or not currently eligible for USAID assistance, as determined by the DCS ("Category 3 PIOs").

Category 1 PIOs are generally major international PIOs and IARCs and certain regional PIOs. The decision to include a PIO in Category 1 is determined at the DCS's discretion.

*An asterisk and yellow highlight indicates that the adjacent material is new or substantively revised.

In order to affirmatively establish an organization as a Category 1 PIO, the DCS will make best efforts to consider the following as deemed necessary and appropriate:

- Documentation and information that has come to the attention of the DCS;
- The quality of the PIO's past performance on USG and other donor-funded projects, including compliance with the terms and conditions of the funding agreements;
- Copies of the PIO's most recent audited financial statements as prepared in accordance with the PIO's charter or governance structure; and
- Copies of applicable policies and procedures (for example, financial management, procurement, property management, audits, and human resources).

The DCS will make ongoing responsibility determinations for Category 1 PIOs in conjunction with the Government Accountability Office (GAO), USAID's Office of the Inspector General (OIG), and State/IO to determine whether there are any outstanding adverse audit findings or other reasons to move a PIO to Category 3.

Category 2 PIOs are all organizations that GC or BFS has determined to be PIOs but which the DCS has not included in either Category 1 or Category 3. Category 2 PIOs are generally smaller, regional PIOs, and international organizations that are not frequent recipients of USAID assistance.

The DCS is not responsible for regularly reviewing audit and financial information for Category 2 PIOs. However, the DCS will maintain information on responsibility determinations of each Category 2 PIO for Agreement Officers to reference in the event they wish to enter into an award with that particular Category 2 PIO.

The DCS may move a PIO from Category 1 to Category 2 and vice-versa in consideration of the volume and frequency of USAID assistance to such organization or for other reasons as it considers appropriate.

Category 3 PIOs are those which the DCS has determined are subject to special restrictions or are not currently eligible for USAID funding based on their financial or management performance or for any other reason the DCS deems appropriate.

At its discretion, the DCS may

- Prohibit USAID assistance to a given Category 3 PIO;
- Require the inclusion of special audit, financial, or other provisions in an agreement with such PIO; or

*An asterisk and yellow highlight indicates that the adjacent material is new or substantively revised.

- Require review and approval by the DCS of any agreement with such PIO.

The [List of Public International Organizations](#) indicates the types of restrictions for particular Category 3 PIOs where the DCS requires special restrictions. Any decision by the DCS to add or remove a PIO to/from Category 3 and any decision to subject a Category 3 PIO to special restrictions will be made in consultation with the Assistant Administrators or their designees from PPL, M, and LPA, GC, and CFO. The DCS will also consult with State/IO as appropriate.

308.3.2 Awards to PIOs

Effective Date: 04/27/2011

The AO and the Operating Unit are responsible for carrying out pre-award determinations, which include responsibility determinations for Category 2 and 3 PIOs.

308.3.2.1 Pre-Award Determinations Generally

Effective Date: 04/27/2011

The Operating Unit must include in any implementation request to the AO a memo addressing the following points:

- a. That support for the PIO's general operations, program, or activity (either a substantial expansion of its current program or the initiation of a significant new program or activity) is considered to be an effective and efficient way to achieve a particular programmatic objective;
- b. That the PIO's program and objectives are compatible with those of USAID;
- c. That the proposed type of award is an effective and efficient way of achieving the purpose of the grant and USAID's programmatic objectives (see section **308.3.10**); and
- d. That there is no reason to consider the PIO not responsible.

Some of these points may be addressed by attachment of an Activity Approval Document (see [ADS 201, Planning](#)). Based on the Operating Unit's memo, the AO must make the determination that the proposed type of award is the appropriate one and that there is no reason to consider the PIO not responsible.

308.3.2.2 Responsibility Determinations

Effective Date: 04/27/2011

Prior to award, the AO must make written responsibility determinations via a file memorandum in conjunction with the requiring office and in accordance with the following:

*An asterisk and yellow highlight indicates that the adjacent material is new or substantively revised.

Category 1 PIOs. The memo must show that the proposed recipient is currently a Category 1 PIO by including the relevant portion of the current [List of Public International Organizations](#) as an annex.

Category 2 PIOs. The memo must document the reasonable steps that the Operating Unit took to verify that, to the best of its knowledge, there are no outstanding adverse audit findings or other reasons to conclude that the PIO is not sufficiently responsible to receive USAID funding. In this determination, the AO will consider the following:

- Documentation and information provided by the DCS;
- The quality of the PIO's past performance on USG and other donor-funded projects, including compliance with the terms and conditions of the funding agreements;
- Copies of the PIO's most recent audited financial statements as prepared in accordance with the PIO's charter or governance structure;
- Copies of applicable policies and procedures (for example, financial management, procurement, property management, audits, and human resources);
- Projected budget, cash flow, and organization charts as relevant to the award under consideration; and
- Other information that may be necessary to fully assess whether the organization has the necessary management competence to plan and carry out the intended activity.

In cases where another Operating Unit and AO have recently conducted a responsibility determination of a Category 2 PIO, the AO may rely upon this prior determination and merely supplement it with more recent and award-specific information. However, if the AO deems it necessary, the Operating Unit and AO may conduct a new responsibility determination.

If the AO has reason to question the PIO's responsibility, the AO may either deny the Operating Unit's recommendation and not make the award, or make the award with "special award conditions." It is the AO's responsibility to minimize the risk to USAID.

When the AO makes an award, the following additional conditions may be considered:

- Special award conditions, such as more detailed or more frequent reporting, including, but not limited to, financial reporting, and

*An asterisk and yellow highlight indicates that the adjacent material is new or substantively revised.

- Periodic reviews or validations of the recipient's records, including, but not limited to, financial records.

For informational purposes, an Operating Unit must provide the DCS with a copy of its responsibility review for a Category 2 PIO.

Category 3 PIOs. As Category 3 PIOs are PIOs that the DCS has determined are subject to special restrictions or are not currently eligible for USAID funding, based on their financial or management performance or for any other reason deemed appropriate, Operating Units must coordinate closely with the DCS and comply with all restrictions included on the [List of Public International Organizations](#).

308.3.3 Competition

Effective Date: 02/03/1997

Competition is not required for grants to PIOs.

308.3.4 Case-Zablocki Reporting

Effective Date: 04/27/2011

Awards to international organizations in excess of \$25 million are subject to the requirements of the Case-Zablocki Act (see [1 U.S.C. 112b](#)) as set forth in [ADS 349, International Agreements, section 349.3.3](#).

308.3.5 USAID In-Kind Contributions

Effective Date: 04/27/2011

USAID may provide part or all of its support in kind (goods, commodities, or services rather than money). If USAID chooses to procure goods and services directly, it must follow USAID's procurement policies. Operating Units planning an in-kind grant of commodities to a PIO should consult in advance with GC or the cognizant Regional Legal Advisor (RLA) for guidance on the appropriate agreement format. (For a sample in-kind grant award format, see [Template for In-Kind Grant](#).)

308.3.6 Trust Funds and GAO Audit Rights

Effective Date: 04/27/2011

If a PIO establishes a fund consisting entirely of the USAID contribution (that is, where USAID is the sole contributor) **and** where the USAID contribution is a "trust", Section 301(d) of the FAA requires that the Government Accountability Office (GAO) have audit rights under the agreement.

A "trust" (or "trust fund", or "fund in trust") is different from a grant in that the PIO serves as a trustee, and title in the funds remains in USAID. On the other hand, in a grant, title to the funds passes to the PIO as the Recipient. Accordingly, USAID cannot execute an agreement for a "trust", a "trust fund" or a "fund in trust" as defined above where USAID is the sole contributor and the PIO elects not to allow the GAO access to its

*An asterisk and yellow highlight indicates that the adjacent material is new or substantively revised.

records. (Note that the United Nations and its special agencies do not permit access to their books, and thus USAID may not execute an agreement with the United Nations or any of its special agencies for a “trust” to which USAID is the sole contributor.)

Outside of these limited circumstances, that is, where USAID is not the sole contributor to a “trust”, or where the agreement is for a grant, then USAID will generally rely on the PIO’s audit policies and procedures. See [Standard Provisions for Cost-Type Awards to Public International Organizations](#).

308.3.7 Ineligible Countries and Persons

Effective Date: 04/27/2011

In some cases, USAID is prohibited from providing assistance to or in a country, or to particular persons or entities, by the FAA, the applicable appropriations act, regulations of the Office of Foreign Assets Control of the U.S. Department of Treasury (see [ADS 313, Eligibility of Suppliers, Contractors, and Recipients, section 313.3.1](#)), or other applicable law or regulation. If a proposed award is for a program that may include assistance in or to such a country, or to such a person or entity, or involve such a country, person, or entity as a co-sponsor/funder, GC or the cognizant RLA must be consulted about the assistance and any proposed language to be included in the award.

308.3.8 Payment Methods

Effective Date: 04/27/2011

The [Standard Provisions for Cost-Type Awards to Public International Organizations](#) for payment cover periodic advances, reimbursement, and advance payment by letter of credit. For general contributions, program contributions, and awards made in response to requests for contributions to relief programs funded by the Bureau for Democracy, Conflict and Humanitarian Assistance, Office of U.S. Foreign Disaster Assistance (DCHA/OFDA) (see [ADS 636, Program Funded Advances, section 636.5.3a](#)), USAID may provide the entire amount of the award, by check or funds transfer, at the time the award is issued. If the method being considered to pay a PIO substantially deviates from the procedures set forth in this ADS section, the paying office must clear the deviation request required in section **308.3.12** before the award is issued.

308.3.9 Administrative Cost Recovery

Effective Date: 04/27/2011

PIOs may incur administrative expenses that, while necessary for program execution, are not directly chargeable to the grant. USAID may compensate the PIO for some of these expenses, if requested, so long as the additional compensation does not augment an appropriation of U.S. funds for general expenses (see **308.3.10.2**). If USAID does agree to pay some administrative costs, payment is subject to the following conditions:

- a. With respect to Category 1 PIOs that apply a standard administrative cost rate to all grants, the DCS must ensure that the rate is fair and reasonable

*An asterisk and yellow highlight indicates that the adjacent material is new or substantively revised.

and coordinate with State/IO to resolve any issues arising out of inappropriate PIO administrative cost policies. Unless specifically indicated otherwise in the [List of Public International Organizations](#), the AO must accept the standard administrative cost rate of a Category 1 PIO, even in cases where negotiations between the DCS and the PIO are under way to revise the existing rate.

- b. With respect to Category 2 and Category 3 PIOs, and to Category 1 PIOs when specifically indicated in the [List of Public International Organizations](#), the AO must negotiate a fair and reasonable amount for the administrative payment. The AO must also determine that the costs that serve as the basis for the administrative payment have not been recovered under another component of the agreement.

308.3.10 Types of PIO Awards

Effective Date: 04/27/2011

There are basically three types of PIO awards. Operating Units should consult with GC or the cognizant RLA to help determine the appropriateness of a particular type of award. In selecting a type of award, the Operating Unit must record in a memorandum for the file the following:

- a. A detailed description of project or program activities, components, funding and disbursement mechanisms;
- b. An explanation of the purpose(s) of the assistance and how such purpose is justified under the authorizing statute. For program contributions purposes may include, but not be limited to:
 - (1) Fulfillment of Congressional and Presidential directives to make use of donor coordination and other advantages inherent in PIO-implemented projects;
 - (2) Support for and strengthening of the PIO's capacity;
 - (3) Participation in multi-donor efforts administered or implemented by the PIO; and
 - (4) Strengthening the capacity of a host country government via the PIO, or recognition of the PIO's special status and what positive development impact the assistance will support or effect in the host country; and
- c. An explanation of how the activities, including the proposed disbursement mechanisms, will accomplish a significant purpose of the grant, and what positive development impact the assistance will support or effect.

*An asterisk and yellow highlight indicates that the adjacent material is new or substantively revised.

308.3.10.1 Cost-Type Grant

Effective Date: 04/27/2011

a. Use. Under a cost-type PIO award, USAID's payment is based on reimbursement of, or advance of funds for, specific or categories of costs of goods and services to achieve the grant purpose.

b. Budgets and Pre-award Audits

- **Budget.** This type of grant has a line item budget.
- **Pre-award Audit or Survey.** A pre-award audit or pre-award survey by USAID or a USAID approved audit agency is required except for grants to Category 1 PIOs. The audit opinion must include a statement asserting the auditor's opinion as to whether the PIO's internal auditors are sufficiently independent to be relied upon for future audits related to the use of USAID donated funds.

c. Refunds. Refunds are required under certain circumstances as specified in [Standard Provisions for Cost-Type Grants to Public International Organizations](#).

d. Format. A cost-type grant to a PIO should have the following format: Cover Letter, Schedule (see [Sample Cover Letter and Schedule for Cost-Type Grants to Public International Organizations](#)); Program Description; and Standard Provisions (see [Standard Provisions for Cost-Type Grants to Public International Organizations](#)).

308.3.10.2 Program Contribution

Effective Date: 04/27/2011

a. Use. A program contribution is a contribution to a PIO's general operations, program, project or activity, including for multi-donor pooled funding arrangements. The contribution does not finance specific goods or services. Program contributions allow USAID to participate more readily in certain arrangements without the typical requirements that apply under cost-type PIO grants, as the lump sum disbursements under the award themselves accomplish a significant purpose of the grant. (See section **308.3.11**.) The Operating Unit must articulate in the memorandum to file described above in section **308.3.10** how the disbursements accomplish a significant purpose of the award.

Under the "augmentation" rule, a USAID award may not fund the general operating budget of a PIO if funding for that general operating budget is available from other U.S. Government appropriations, such as voluntary contributions from the Department of State under its "international organizations" budget or U.S. assessed contributions or dues. However, this does not prohibit USAID contributions to a PIO's general operating budget if supported by express statutory authority (such as an appropriation to USAID for a general contribution). (See section **308.3.10.3**.)

*An asterisk and yellow highlight indicates that the adjacent material is new or substantively revised.

b. Budgets and Pre-award Audits

(1) **Budgets.** For program contributions, USAID does not make payments based on a line item cost budget. USAID disburses funds upon obligation of the award. USAID and the PIO may use cost information, such as a line item budget, in negotiating the amount of USAID's contribution. If the award has a line item budget that is intended as binding on the PIO, a cost-type grant under section **308.3.10.1** would be more appropriate.

(2) **Pre-award Audits and Surveys.** A pre-award audit or pre-award survey is required except for awards to Category 1 PIOs.

c. **Refunds.** Refund provisions contained in [Standard Provisions for Cost-Type Grants to Public International Organizations](#) do not apply to funds that have been disbursed in accomplishment of a significant purpose of the award.

d. **Format.** The format of program contributions can vary. For instance, USAID may wish to participate in a pooled funding arrangement managed by a lead PIO as an administrator or trustee (of a fund other than a "trust", a "trust fund", or a "fund in trust" as defined in **308.3.6**). Because of the particular rules prescribed by the pooled fund partners, USAID as a donor may be expected to abide by the same rules that govern other donors to the pool. In that case, USAID may decide to use a different agreement format provided by the pooled fund. For a sample USAID format, see [Template for Program Contribution](#).

308.3.10.3 General Contribution

Effective Date: 04/27/2011

a. **Use.** A general contribution is a mechanism based on an express statutory authority through which USAID provides contributions to a PIO for its overall operation and support (for example, annual appropriations for USAID/W contributions to the Global Fund to Fight AIDS, Tuberculosis and Malaria). The purpose is not to finance specific goods, services, or activities. Nevertheless, USAID may document in the general contribution document or elsewhere its understanding that the PIO has decided to use the funds for a particular purpose.

b. Budgets and Pre-award Audits

(1) **Budgets.** For general contributions, USAID does not make payments based on a line item cost budget. USAID disburses funds upon obligation of the grant. USAID and the PIO may use cost information, such as a line item budget, in negotiating the amount of USAID's contribution. If the award has a line item budget that is intended as binding on the PIO, a cost-type grant under section **308.3.10.1** would be more appropriate.

*An asterisk and yellow highlight indicates that the adjacent material is new or substantively revised.

(2) Pre-award Audits and Surveys. A pre-award audit under [ADS 591, Financial Audits of USAID Contractors, Recipients, and Host Government Entities, section 591.3.3.1](#) or pre-award survey is not required.

c. Refunds. Not applicable.

d. Format. For a sample format, see [Template for General Contribution](#).

308.3.11 Application of USAID Policies and Procedures

Effective Date: 04/27/2011

a. General Rule. Barring a policy or legal determination otherwise, USAID policies and procedures, including procurement and non-procurement policies and procedures whether or not derived from statute, are applicable to funds that USAID extends to PIO recipients, whether on a reimbursement basis or by advance. This includes the rule that interest earned on advances must be returned to USAID (see [Standard Provisions for Cost-Type Grants to Public International Organizations](#)). However, once funds have been disbursed in accomplishment of a significant purpose of an award, the funds are no longer considered USAID's, and the Agency's policies and procedures, including return of interest, no longer apply. That funds are being disbursed in accomplishment of a significant purpose of a grant must be recorded in the relevant agreement and supporting documentation, which must detail the purpose and significance of such disbursement.

b. Application to Types of PIO Awards. In the case of general contributions, the transfer of funds to the PIO clearly constitutes a disbursement that fulfills the primary purpose of the grant—to provide funds to the PIO. As such, USAID's policies and procedures no longer apply to the funds post-disbursement and the Agency cannot claim interest on such funds. Similarly, in the case of program contributions, for which the memorandum to the file required by section **308.3.10** explains and documents how the disbursements accomplish a significant purpose of the grant, the Agency's policies and procedures no longer apply post-disbursement and the Agency can no longer claim interest on such funds. For cost-type grants, the USAID policies and procedures in the mandatory and "as applicable" standard provisions described in this chapter apply.

c. Application of USAID Environmental Regulations. For the reasons outlined in section **308.3.11.b** and because of the nature of the awards, program contributions not for the purpose of carrying out a specifically identifiable project or projects, as well as all general contributions, will normally be categorically excluded from environmental analysis under [22 CFR 216.2\(c\)\(2\)\(vi\)](#). In awarding cost-type grants to PIOs with their own environmental policies, for activities that are not exempt or categorically excluded from environmental analysis under 22 CFR 216, USAID should strive to rely upon the PIO's application of its own environmental policies to the activity proposed and include appropriate language in the PIO agreement. Any environmental conditions proposed to ensure adequate environmental review of the activity proposed should have due regard to both the independence and sovereignty of the PIO and the purpose and intent of the

*An asterisk and yellow highlight indicates that the adjacent material is new or substantively revised.

environmental impact assessment requirements of USAID. (See [ADS 204, Environmental Procedures](#) and [22 CFR 216](#).)

d. Source, Origin, and Nationality and Restricted Commodities. For the reasons outlined in section **308.3.11.b**, source, origin, and nationality and restricted commodity requirements ([ADS 312, Eligibility of Commodities](#)) do not apply under general or program contributions. Under cost-type grants, USAID's source, origin, and nationality and restricted commodity policies would generally apply to the same extent in PIO grants as in grants to non-U.S. non-governmental organizations (see [ADS 303, Grants and Cooperative Agreements to Non-Governmental Organizations, section 303.5.15](#)). However, a blanket waiver exists to permit PIOs receiving grants under this chapter to procure goods and services under Geographic Code 935, except for restricted commodities under [ADS 312](#). A waiver must be obtained in accordance with ADS 312 prior to the purchase of restricted commodities.

308.3.12 Deviations

Effective Date: 04/27/2011

When it is necessary to achieve program objectives under an award or when special circumstances make it in the best interest of the U.S. Government, USAID may grant a deviation from

- The policy directives and required procedures of this chapter, or
- The [Standard Provisions for Cost-Type Grants to Public International Organizations](#).

a. Approving Officials

The following are the Approving Officials who may authorize a deviation:

- For any PIO award, the Director of M/OAA, in consultation with GC;
- For an award to be executed by an Assistant Administrator, the cognizant Assistant General Counsel (AGC), in consultation with the Bureau for Management, Office of Acquisition and Assistance, Policy Division (M/OAA/P), as appropriate; and
- For an award issued overseas, the cognizant RLA, in consultation with M/OAA/P, as appropriate.

b. Procedure

- (1) The AO must initiate a deviation request via an action memorandum to the appropriate Approving Official noted in **308.3.12.a**.

*An asterisk and yellow highlight indicates that the adjacent material is new or substantively revised.

- (2) In instances where the Director of M/OAA serves as the Approving Official, the cognizant AGC or RLA must clear the action memorandum before submission to the approving authority.
- (3) Before submitting the action memorandum, the AO must also obtain written comments from M/OAA's Policy Division (M/OAA/P) regarding the information provided to meet the requirements of **paragraph c** of this section. M/OAA/P should respond within ten working days. If more time is needed, M/OAA/P must alert the requestor and provide an estimate of when comments will be provided. The AO must maintain a copy of the comments submitted by M/OAA/P as part of the award file and include a copy of M/OAA/P's comments as an attachment to the action memorandum.
- (4) If the deviation request involves the cost principles or the PIO's standard administrative cost rate, the AO must also obtain written comments from M/OAA's Contract Audit and Support Division (CAS), Overhead/Special Costs and Closeout Branch, before submitting the request to the Approving Official. M/OAA/CAS has ten working days in which to respond. If more time is needed, M/OAA/CAS must alert the AO and provide an estimate of when it will provide comments. If M/OAA/CAS does not provide comments within 10 working days or within the requested extension period, the AO may treat the non-response as concurrence.
- (5) If the Approving Official does not approve the deviation request, the Approving Official must provide a written explanation for the non-approval to the AO. If the AO can revise the request to address the Approving Official's objections, the AO may resubmit the request. The Approving Official's denial of a deviation request cannot be appealed.
- (6) The AO must provide a copy of each approved deviation record to M/OAA/P and GC's Section for Acquisition and Assistance (GC/A&A). The AO must retain the approved deviation in the award file.

c. Content of a Deviation Request

Each deviation request must

- (1) List the name of the recipient and identify the grants or cooperative agreements affected. Include the dollar value of each award;
- (2) Identify the provision, policy, or procedure from which a deviation is necessary;

*An asterisk and yellow highlight indicates that the adjacent material is new or substantively revised.

- (3) Provide a full description of the deviation, and the circumstances in which it will be used;
- (4) Detail the reasons supporting the request, including any background information that contributes to a fuller understanding of the sought deviation;
- (5) Describe the intended effect of the deviation; and
- (6) State whether a previous deviation from the same requirement had been requested and, if so, the circumstances of the request and whether the Approving Official approved or disapproved the request.

For an example, see [Sample Action Memorandum for a Deviation](#).

308.3.13 Clearances

Effective Date: 02/03/1997

GC or the cognizant RLA must clear any proposed PIO award to determine applicable authority under the FAA, appropriateness of type of award selected, appropriate clauses, notification requirements, etc., before the Operating Unit submits it to the AO for signature.

308.3.14 Standard Provisions

Effective Date: 04/27/2011

Standard provisions for cost-type awards are contained in [Standard Provisions for Cost-Type Awards to Public International Organizations](#). Templates for general and program contributions are provided as Additional Help documents for this chapter, as referenced in sections **308.3.10.2.d** and **308.3.10.3.d**.

If you need additional provisions because of the nature of the program, you may use the appropriate provisions found in [Standard Provisions for Non-U.S., Nongovernmental Recipients](#) (USAID eligibility rules for goods and services, local procurement, title to and use of property, etc.). In the case of general and program contributions, you may also refer to [Standard Provisions for Cost-Type Awards to Public International Organizations](#). You may consult with GC or the cognizant RLA regarding any proposed special provisions not included in the standard provisions.

If it is necessary to negotiate with the PIO on the actual language to be included in awards, USAID does not consider it a deviation as long as the intent of the clause is substantially unchanged. No deviation is required for non-inclusion of standard provisions not applicable to or required for a particular award.

*An asterisk and yellow highlight indicates that the adjacent material is new or substantively revised.

***308.4 MANDATORY REFERENCES**

Effective Date: 07/21/2011

308.4.1 External Mandatory References

Effective Date: 04/27/2011

- a. [FAA Sections 103-107; 209; 301; 491; 621; 635](#)
- b. [1 U.S.C. 112b, United States International Agreements; Transmission to Congress](#)
- c. [22 CFR 216](#)

***308.4.2 Internal Mandatory References**

Effective Date: 07/21/2011

- a. [ADS 103, Delegations of Authority](#)
- b. [ADS 206, Prohibition of Assistance to Drug Traffickers](#)
- c. [ADS 303, Grants and Cooperative Agreements to Non-Governmental Organizations](#)
- d. [ADS 313, Eligibility of Suppliers and Contractors](#)
- e. [ADS 349, International Agreements](#)
- f. [ADS 350, Grants to Foreign Governments](#)
- g. [ADS 636, Program Funded Advances](#)
- h. [CIB 95-24, Uniform Numbering System for USAID-Direct Procurement Documents](#)
- i. [Guidance on Funding Foreign Government Delegations to International Conferences](#)
- *j.** [List of Public International Organizations](#)
- k. [Series 300 Interim Update 02-05, Updated Guidance for Modified Acquisition & Assistance Request Document \(MAARD\) Usage](#)
- l. [Standard Provisions for Cost-Type Awards to Public International Organizations](#)
- m. [Standard Provisions for Non-U.S. Nongovernmental Recipients](#)

*An asterisk and yellow highlight indicates that the adjacent material is new or substantively revised.

308.5 **ADDITIONAL HELP**
Effective Date: 04/27/2011

- a. [Template for In-Kind Grant](#)
- b. [Sample Cover Letter and Schedule for Cost-Type Grants to Public International Organizations](#)
- c. [Template for Program Contribution](#)
- d. [Template for General Contribution](#)
- e. [Sample Action Memorandum for a Deviation](#)

308.6 **DEFINITIONS**
Effective Date: 04/27/2011

Public International Organization (PIO)

An international organization composed principally of countries or such other organization as designated pursuant to section **308.2**.

308_072111