

Part 526 – NRCS Grants

Subpart B – Conservation Innovation Grants

526.10 General Information

A. Purpose

Conservation Innovation Grants (CIG), including Classic CIG and the On-Farm Conservation Innovation Trials (OFT), is a component of the Environmental Quality Incentives Program (EQIP). CIG's purpose is to stimulate the development and widespread adoption of innovative approaches and technologies for private lands conservation.

B. Program Availability

CIG is available to eligible entities (as described in section 526.15 below) and individuals in all 50 States, the District of Columbia, the Caribbean Area (Puerto Rico and the U.S. Virgin Islands), and the Pacific Islands Area (Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands).

526.11 Source of Authority

A. Legislative Authority

CIG is authorized as part of EQIP under section 1240H of the Food Security Act of 1985 (16 U.S.C. 3839aa-8).

B. Delegation of Authority

- (1) The Secretary of Agriculture delegated the authority for the administration of EQIP, including CIG, to the Chief of NRCS. EQIP is administered by NRCS under the authority of the Commodity Credit Corporation.
- (2) The Chief of NRCS may delegate to each State conservationist the authority to implement a separate State-level CIG Classic competition.
- (3) The State conservationist may delegate authority to manage items for which they have responsibility unless specifically prohibited by this manual or other agency policy.
- (4) The Chief of NRCS delegated authority to develop CIG policy to the Deputy Chief for Programs. CIG policy is under the purview of the Director of the Financial Assistance Programs Division (FAPD).

C. Authority to Waive Administrative Procedures

The Deputy Chief for Programs may waive any administrative or procedural provision in this manual if the waiver is justified, supports the purposes of CIG, and is consistent with statute and regulation.

526.12 Purpose and Use of the CIG Manual

A. Purpose of this Manual

This subpart is also known as the CIG manual and contains NRCS policy, guidance, and operating procedures for implementing CIG (7 CFR Part 1466 Subpart C). This subpart further describes policy and procedures for both national and State components of CIG Classic and for OFT, which is only administered at the national level.

B. Knowledge by Employees

USDA personnel assigned CIG responsibility must have a working knowledge of this subpart and 7 CFR Part 1466 Subpart C.

C. Farm Production and Conservation Business Center Grants Policy

CIG administration requires close coordination with the Grants and Agreements Division (GAD) of the Farm Production and Conservation (FPAC) Business Center (FBC). Applicants and NRCS personnel must also comply with GAD policies and guidance for grants management. That information is not included in this subpart.

D. Supplements to this Subpart

State supplements to this CIG manual may be made by the State conservationist and supplements must be submitted to the Deputy Chief for Programs for review and approval. State supplements must not conflict with or be less restrictive than national policy and statutory or regulatory program provisions.

526.13 Program Objectives

A. Objectives

- (1) CIG supports the development and demonstration of innovative conservation approaches and technologies that are not yet widely adopted. CIG projects have a variety of aims, including—
 - (i) Development of a new technology or tool for use by agricultural producers or conservation professionals (e.g., software tools, smartphone applications, technical notes, field guides, and handbooks).
 - (ii) Testing of new or modified approaches to inform a modification or update of an existing NRCS conservation practice standard.
 - (iii) Development of environmental markets and conservation finance approaches to increase the total amount of funding available for private and working lands conservation.
 - (iv) More widespread adoption of innovative and effective conservation technologies and approaches.
- (2) CIG Classic funds early-stage pilot projects, field demonstrations, and on-farm research for approaches and technologies that have been studied sufficiently to indicate a likelihood of success and to be candidates for eventual technology transfer or institutionalization. CIG Classic projects are not required to be carried out on private lands (e.g., projects may be carried out under more controlled conditions on university or extension lands), and most CIG Classic projects do not provide funding directly to agricultural producers.

- (3) The intent of the CIG Classic State component is to provide flexibility to State conservationists to target funds to State conservation innovation priorities that are either not addressed by the national component or better addressed at the State level.
- (4) CIG OFT projects implement innovative approaches that are known to have a positive conservation impact but which, for any number of reasons, have not yet been widely adopted by producers. CIG OFT projects are carried out on private lands (or public lands controlled by a producer) and CIG OFT funding is designed to provide technical and financial assistance directly to producers to help compensate for any risks associated with implementation of new conservation practices, systems, and approaches.
- (5) The Soil Health Demonstration Trial (SHD) component of CIG OFT focuses exclusively on implementation of conservation practices and systems that improve soil health. Eligible entities receiving SHD awards agree to follow NRCS-established soil health assessment protocols to evaluate the impacts of practice and system implementation.
- (6) NRCS incorporates, as applicable, the results from successful CIG Classic projects into NRCS programmatic and technical manuals, guides, activities, and references. For some types of projects, particularly those funding environmental markets or conservation finance approaches, results and successes may be more useful to external entities and stakeholders implementing innovative conservation approaches than to NRCS activities. In such cases, the agency will make project results available through publication of final reports, communications products, webinars, etc.
- (7) NRCS uses the results of CIG OFT project evaluations and analyses to explore development of new, or modification of existing, NRCS business practices, guidance documents, technical tools, payment schedules, and conservation practice standards and enhancements.

B. Components and Categories

- (1) CIG Classic
 - (i) There are two components of CIG Classic: a national component and a State component.
 - (ii) The Chief establishes a new set of priorities (e.g., natural resource categories) for inclusion in the funding announcement for the national CIG Classic. The Chief may obtain input about priorities from external stakeholders, NRCS National Headquarters (NHQ) divisions, national centers, States, the Agricultural Research Service (ARS), the National Institute of Food and Agriculture (NIFA), and other Federal agencies.
 - (iii) The State conservationist of each State has the discretion to implement a State component of CIG Classic. Each State implementing a State component of CIG Classic will publish notices of funding availability, application, and submission information for State competitions that are separate from the national notice. State conservationists establish the funding priorities for State competitions and may choose to use the CIG Classic national priorities or select other priorities that better suit a State's

natural resource challenges. States may request input on CIG priorities from their State technical committees.

- (2) On-Farm Conservation Innovation Trials (CIG OFT)
 - (i) CIG OFT is only offered at the National level.
 - (ii) The Chief establishes priorities (e.g., natural resource categories) for inclusion in the national funding announcement for CIG OFT and may consider input from external stakeholders, NHQ divisions, national centers, States, the ARS, the NIFA, and other Federal agencies. CIG OFT priorities must always include the SHD Trial.

526.14 Responsibilities

A. The Chief of NRCS

- (1) Determines the funding level for the national CIG Classic competition.
- (2) Selects national CIG Classic and OFT priorities for inclusion in the respective Notice of Funding Opportunities (NFOs).
- (3) Makes award selections.

B. Regional Conservationist

- (1) Serves on the national CIG Classic Grant Review Board.
- (2) Provides guidance and supervision to State conservationists for the State CIG Classic component and State roles in the national CIG Classic and OFT components.

C. Deputy Chief for Programs

- (1) NFO
 - (i) Solicits input from external stakeholders, NHQ divisions, national centers, States, and other Federal agencies about program priority recommendations.
 - (ii) Develops national CIG Classic and OFT NFOs.
 - (iii) Clears NFOs through the agency, mission area, and Department, as applicable.
 - (iv) Provides cleared NFOs to FBC for posting on Grants.gov.
- (2) Preselection Activities
 - (i) Responds to questions from potential CIG applicants in coordination with FBC.
 - (ii) Identifies CIG technical peer review panel members and facilitators.
 - (iii) Oversees technical peer review panel process, organizing, and providing support for the peer panel meeting.
 - (iv) Ensures confidentiality and non-conflict of interest policy is communicated effectively, that forms are signed by all individuals involved in the CIG review process, and that the forms are securely stored on internal servers for each review panel.
 - (v) Initiates and oversees the State conservationist review process for national proposals.
 - (vi) Distributes proposals and proposal evaluation guidance to technical peer reviewers.

- (vii) Screens project proposals for eligibility and compliance with NFO requirements.
 - (viii) Accepts eligible proposals, rejects ineligible and noncompliant proposals, and notifies applicants of the initial eligibility determination.
 - (ix) Following peer panel review, prepares briefing materials for Grant Review Board (CIG Classic only) and NRCS and USDA leadership for final award selections.
 - (x) Chairs the National CIG Classic Grants Review Board.
- (3) Post-selection Activities
- (i) Issues rejection or acceptance notices to applicants and informs State offices of award selections.
 - (ii) Collaborates with FBC to make national award announcements.
 - (iii) Works with NHQ division directors, national center directors, and State conservationists to designate technical contacts for selected national projects.
 - (iv) Ensures that projects always have a technical contact, assigning a new technical contact when the original contact is no longer able to serve in that capacity.
 - (v) Provides support to awardees and State office staff to ensure that appropriate environmental compliance activities (National Environmental Policy Act (NEPA), National Historic Preservation Act (NHPA), and the Endangered Species Act (ESA)) are completed and documented prior to initiation of projects.
 - (vi) Ensures prior to grant award that USDA-approved methods and assessments will be used to evaluate the conservation and economic impacts of systems and practices implemented through incentive payment structures of CIG OFT.
 - (vii) Provides proposal and application information to the FBC for grant agreement development and execution.
- (4) Program Maintenance and Project Management
- (i) Collaborates with the FBC and the Programs Deputy Area Financial Assistance Programs Division (FAPD) Implementation Branch to reserve EQIP funds for national CIG Classic and OFT competitions.
 - (ii) Holds periodic training sessions for technical contacts and incorporates guidance on environmental compliance requirements into training sessions.
 - (iii) Incorporates successful and relevant innovative technologies, practices, systems, and approaches as well as any environmental, financial, and (to the extent possible) social impacts of implementing innovative approaches within CIG projects into technical and program manuals, technical guides, activities, references, and standards through current governing NRCS policies.
 - (iv) Provides organizational and technical support for CIG-sponsored technology transfer events.
 - (v) Reviews semiannual project progress reports for assigned projects.
 - (vi) Coordinates with the FBC to approve valid advance and reimbursement requests.

- (vii) Implements policy for withholding payments from CIG grantees who violate reporting terms and conditions deadlines.
- (viii) Trains State staff on payment withholdings policy.
- (ix) Monitors matching funds expenditures on all CIG agreements and implements annual project audits for matching funds verification.
- (x) Responds to programmatic queries from applicants and grantees.
- (xi) Receives and approves grant agreement amendment requests, consulting with the appropriate technical contact for concurrence.
- (xii) Approves and processes grant agreement amendments and coordinates close out actions, collaborating with technical contacts and the FBC.
- (xiii) Provides annual oversight of the CIG State component, including collecting information on State CIG Classic competitions, priorities, funding announcements, awardee performance, and results from State projects.
- (xiv) Provides guidance to States on how to manage and administer a State CIG competition.
- (xv) Provides template funding announcements for States to use for their competition.
- (xvi) Provides States with guidance on how to develop and execute CIG grant agreements.
- (xvii) Provides regular training opportunities to States regarding CIG management and administration.
- (xviii) Ensures reporting terms and conditions outlined in National CIG grant agreements are followed, and provides consistent guidance and training to State CIG contacts on programmatic rules including ensuring State CIG staff are aware of remedies for reporting noncompliance, including ultimately withholding payments from grantees who violate the reporting terms and conditions.
- (xix) Drafts the biannual CIG congressional report.
- (xx) Facilitates evaluation of project deliverables and results in collaboration with technical contacts.
- (xxi) Facilitates incorporation of project results into NRCS manuals, technical guides, and handbooks.
- (xxii) Facilitates availability of project results to internal and external stakeholders.

D. State Conservationist

- (1) Identifies a State office staff member to serve as the CIG State contact.
- (2) Determines the funding level for any CIG State competitions, not to exceed 5 percent of a State's EQIP allocation.
- (3) Notifies NHQ of the intent to participate in the State component of the CIG Classic.
- (4) Determines priorities for a State CIG competition.
- (5) Provides the NFO to the FBC to post for a State CIG competition based on a template provided by the FAPD Projects Branch.
- (6) Establishes a technical review process to evaluate and score applications.
- (7) Selects project proposals for funding.

- (8) Notifies applicants of selection status.
- (9) Offers proposal feedback for applicants not selected for an award.
- (10) Assigns an NRCS programmatic and technical contact to each project.
- (11) Reports State component information and results to Projects Branch staff annually.
- (12) Ensures State CIG projects are in compliance with NEPA, ESA, and NHPA.
- (13) Carries out relevant State competition pre- and post-selection program management and administration activities.
- (14) Carries out reviews of relevant national CIG proposals.
- (15) At Projects Branch request, designates NRCS State staff as technical contacts for national CIG projects.
- (16) Designates State environmental compliance contacts for national CIG projects in their State.
- (17) Serves on the National CIG Classic Grants Review Board, as requested (the Grants Review Board includes one State conservationist each year).

E. Deputy Chiefs for Science and Technology and Soil Science and Resource Assessment

- (1) NFO
Collaborates with the Deputy Chief for Programs to develop priority recommendations for national NFOs.
- (2) Preselection Assistance
 - (i) Helps identify staff to serve as CIG technical peer review panel members to serve in technical peer review panel meetings.
 - (ii) Serves on the National CIG Classic Grants Review Board.
- (3) Post-selection Assistance
 - (i) Identifies staff to serve as technical contacts for national projects.
 - (ii) Provides technical oversight for projects assigned, which includes reviewing routine reports for assigned CIG projects, maintaining communication with the project team, and staying informed on project progress.
 - (iii) Performs final project evaluations and makes tech transfer recommendations.
 - (iv) Helps disseminate CIG project results to internal and external stakeholders.
- (4) Program Maintenance
Reviews findings to determine programmatic changes to practice standards or other agency technical policy.

F. Chief Operating Officer of FBC

- (1) NFO
 - (i) Reviews draft NFOs for compliance with applicable grant requirements.
 - (ii) Posts NFO on <http://www.grants.gov/>.
- (2) Preselection Assistance
 - (i) Responds to administrative questions from potential CIG applicants.

- (ii) Participates in periodic training sessions for potential CIG applicants (webinar, teleconference, or workshop).
- (3) Selection Assistance
 - (i) Provides applications to Deputy Chief for Programs and States
 - (ii) Notifies congressional offices of national CIG project award selections.
 - (iii) Coordinates congressional inquiries of CIG applications and projects.
 - (iv) Develops and issues press releases to announce the availability of CIG NFOs and award selections.
 - (v) Collaborates with Projects Branch to highlight CIG accomplishments and success stories.
 - (vi) Coordinates press coverage and promotion of special events, such as technology transfer events sponsored by CIG, project visits, etc.
 - (vii) Posts updates to the CIG website.
- (4) Post-selection Assistance
 - (i) Develops and executes CIG grant agreements, collaborating with Projects Branch and awardees.
 - (ii) Provides copies of fully executed grant agreements to the Deputy Chief for Programs.
 - (iii) Coordinates any post-award negotiations of terms and conditions related to administrative provisions.
- (5) Program Maintenance and Project Management
 - (i) Participates in periodic training sessions for grantees (webinar, teleconference, or workshop).
 - (ii) Processes payment requests before approval by Projects Branch staff.
 - (iii) Ensures payments are processed and certified in a timely manner.
 - (iv) Receives and processes financial reports in coordination with the Deputy Chief for Programs.
 - (v) Ensures administrative compliance including performing annual matching funds verification audits for a sample of CIG projects.
 - (vi) Responds to administrative queries from grantees, State conservationists, national CIG Classic and OFT program manager (Projects Branch Chief), national technical support center contacts, and State technical contacts.
 - (vii) Receives and processes grant agreement amendments and provides copies to the grantee, Projects Branch staff, and technical contacts.
 - (viii) Processes closeout activities of CIG grant agreements.

526.15 Program Eligibility

A. Applicant Eligibility

- (1) CIG Classic
 - (i) Individuals and non-Federal entities are eligible to apply, provided they are based in any of the 50 States, the District of Columbia, the Caribbean Area (Puerto Rico and the U.S. Virgin Islands), or the Pacific Islands Area (Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands).

- (ii) Individuals and entities may submit more than one application and may receive more than one award as part of any single CIG Classic competition.
- (2) CIG OFT
 - (i) An entity, including an institution of higher education, may be eligible if it is a—
 - Private entity whose primary business is related to agriculture;
 - Nongovernmental organization (NGO) with experience working with agricultural producers; or
 - Non-Federal government agency.
 - (ii) Entities may submit more than one application and may receive more than one award as part of any single CIG OFT competition.

B. Project Eligibility

- (1) Projects must involve producers who meet the EQIP eligibility requirements as listed in 7 CFR Section 1466.6(b)(1) through (3).
- (2) Partners must propose the development and field testing, on-farm research and demonstration, evaluation, or implementation of:
 - (i) Approaches to incentivizing conservation adoption, including market-based and conservation finance approaches; and/or
 - (ii) Conservation technologies, practices, and systems.
- (3) CIG grantees must ensure that projects—
 - (i) Comply with all applicable Federal, Tribal, State, and local laws and regulations throughout the duration of the award;
 - (ii) Use a technology or approach that was studied sufficiently to indicate a high probability for success;
 - (iii) Demonstrate, evaluate, and verify the effectiveness, utility, affordability, and usability of natural resource conservation technologies and approaches in the field; and,
 - (iv) Adapt and transfer conservation technologies, management, practices, systems, approaches, and incentive systems to improve performance and encourage adoption.
- (4) CIG OFT projects, in addition to the above, must include—
 - (i) Technologies and approaches that are known to provide conservation benefits but haven't been widely adopted;
 - (ii) Incentive payments that are—
 - Disbursed to agricultural producers on whose land a trial is being carried out;
 - Intended to compensate producers for adopting and evaluating new conservation approaches;
 - Comprised of foregone income, land rental, conservation implementation-related equipment, construction costs, evaluation costs, or other considerations necessary to facilitate effective execution of an on-farm trial; and

- Paid directly to agricultural producers from entities receiving CIG OFT awards (producers do not enter program contracts with NRCS for OFT); and
 - (iii) An evaluation framework that ensures the environmental, financial, and (to the extent possible) social impacts of implementing innovative approaches are captured and disseminated.
- (5) Technologies and approaches that are eligible for funding through EQIP in a project’s geographic area generally are not eligible for CIG funding. There may be exceptions where the use of those technologies and approaches demonstrates clear innovation. The burden falls on the applicant to describe sufficiently the innovative features of the proposed technology or approach.
- (6) For State competitions, projects must be carried out wholly within a single State.

C. Producer Eligibility for CIG Payments

- (1) Any producer receiving a direct payment from a CIG grantee through participation in a CIG project must meet EQIP eligibility requirements, including adjusted gross income restrictions, and highly erodible land compliance and wetland compliance provisions (see Title 440, Conservation Programs Manual (CPM), Part 530, Subpart R, Section 530.402, “EQIP Eligibility”).
- (2) Participating producers are not required to have an EQIP contract.
- (3) CIG funds, whether through a direct payment or indirect benefit to a producer, cannot be provided for a conservation practice or activity for which the producer has already received funds through any USDA conservation program (i.e., CIG cannot be used as a vehicle to duplicate payments provided by another USDA conservation program).
- (4) NRCS requires lead partners to work with local NRCS staff to ensure that all producers receiving a CIG OFT incentive payment are EQIP eligible.

526.16 CIG Funding

A. Introduction

All CIG funds are derived from the national EQIP apportionment.

B. National Component Funding

The Chief of NRCS sets the amount offered by the CIG Classic national competition annually. OFT annual funding is prescribed by statute to be \$25 million each fiscal year. 16 U.S.C. 3839aa-8.

C. State Component Funding

- (1) State conservationists may establish a CIG Classic State funding level not to exceed 5 percent of the State’s annual EQIP allocation. The CIG Classic State component has no maximum award amount.
- (2) Annually, NHQ will survey State conservationists on their intent to offer a State CIG competition.

526.17 Notices of Funding Opportunity

- A. NRCS uses the NFO to formally solicit project proposals. NFOs are available to the public through on the NRCS website and <http://www.grants.gov/>.
- B. At a minimum, the NFO must include the requirements included in the template developed annually by GAD.
- C. NHQ regularly provides guidance (i.e., documents, webinars) to the States on how to manage and administer a State CIG competition. Annually, Projects Branch staff provide a template NFO for States to use. Projects Branch staff also provide State office staff with guidance on how to develop and execute CIG grant agreements.
- D. States must submit draft NFOs to the Projects Branch for review. Following concurrence by the Projects Branch, States can submit their NFOs to the FBC for uploading to Grants.gov.
- E. Projects Branch staff provide oversight of the State component, including annual publication of national bulletins to establish quality assurance activities and to collect information on State CIG Classic competitions, priorities, funding announcements, awardee performance, and project results.

526.18 Program Elements

A. Matching Funds

- (1) CIG Classic awardees may receive grants of up to 50 percent of the total project cost. The recipient is required to match the CIG funds awarded at least 1:1 from non-Federal sources. The required match may consist of any combination of cash, services, materials, equipment, or third-party in-kind contributions.
- (2) Successful CIG OFT applicants must provide a minimum match of at least 25 percent of the amount of CIG funds requested for the project. The amount of matching funds may be considered under the OFT proposal evaluation criteria. CIG OFT matching funds may come from any allowable non-Federal source and may consist of any combination of cash, services, materials, equipment, or third-party in-kind contributions.
- (3) CIG awardees must maintain detailed, auditable records of matching funds expenditures. CIG projects may be subject to a matching funds verification audit. CIG matching funds verification audits are carried out in partnership with FBC, and generally follow the guidance below.
 - (i) For national CIG Classic and OFT projects, five percent of active projects will be audited each year based on an internal risk review. Staff will request matching funds documentation from the grantees. The full cycle of these audits will not take longer than a single fiscal year.
 - (ii) For the State component of CIG Classic, most States do not have enough active projects to be able to sample five percent of projects. Therefore, each year every State with active CIG projects must audit a single project, but not the same project more than once.

- If States award two or fewer projects per year for back-to-back competition years, or do not hold a competition in a year following award of two or less projects, they are permitted to select a single project for auditing once during those 2 years.
- The process for selecting the project to audit should be based on a risk review and relative ranking of existing projects using the questions in the annual NRCS national bulletin on this topic. If projects are ranked equally after risk review, one project should be randomly selected from a State's active projects.
- After the audit is completed, FBC staff will work with State CIG staff to transmit the results to the grantee and address any required remedial action. States must report on their matching funds audit activities as part of their annual CIG reporting cycle, which is initiated by an NRCS national bulletin at the end of each fiscal year with the audit reports being due as described in the bulletin.

B. Funding Restrictions

- (1) CIG Classic or OFT funds may not be used on to maintain or improve Federal lands or buildings, or to augment Federal budgets (i.e., CIG funds cannot be used to cover personnel costs for Federal employees). CIG funds may be used on Federal lands to support activities that are incidental in nature and directly related to accomplishing the goals of the CIG project.
- (2) CIG Classic funds may not be used to pay for any costs:
 - (i) Above the amount of funds authorized for the project;
 - (ii) Incurred prior to the effective date of the grant (if a grantee would like to begin charging against a grant after being selected, but prior to execution of a grant agreement, they must request prior approval of pre-award costs and have it approved by the FBC);
 - (iii) That lie outside the scope of the approved project and any amendments thereto;
 - (iv) Of entertainment, regardless of their apparent relationship to project objectives;
 - (v) Of compensation for injuries to persons or damage to property arising out of project activities;
 - (vi) Of agency-approved consulting services performed by a Federal employee during official duty hours when such consulting services result in the payment of additional compensation to the employee;
 - (vii) Of renovation, refurbishment, or the purchase or installation of fixed equipment in research or related spaces; or
 - (viii) For the planning, repair, rehabilitation, acquisition, or construction of buildings or facilities.
- (3) OFT funds may not be used to pay for indirect costs of the lead partner. Direct administrative expenses required for completion of an OFT project (e.g., filling out required reports, organizing partner meetings, etc.) are allowable costs in accordance with 2 CFR Subpart E, "Cost Principles."

Administrative expenses may be paid for a contractor or third party carrying out conservation implementation activities (e.g., conservation planning, practice design, etc.).

C. Projects Benefitting Historically Undeserved (HU) Producers

- (1) CIG provides additional consideration to projects substantially involving or benefitting HU producers or groups of producers. For the national CIG Classic component, up to 10 percent of the total funds available for CIG Classic may be set aside for applications from:
 - (i) An HU producer;
 - (ii) A community-based organization comprised of, representing, or exclusively working with HU producers on a CIG project;
 - (iii) An entity developing an innovative conservation approach or technology specifically targeting HU producers' unique needs and limitations; or
 - (iv) An 1890 or 1994 land grant institution (7 U.S.C. 3222 et seq.), Hispanic-serving institution (20 U.S.C. 1101a), or other minority-serving institution, such as an historically Black college or university (20 U.S.C. 1061), a Tribally controlled college or university (25 U.S.C. 1801), or Asian American and Pacific Islander-serving institution (20 U.S.C. 1059g).
- (2) To compete for these set-aside funds, the applicant must make a declaration in writing of their status as an individual or entity as described above in section (1)(i)–(iv) above.
- (3) CIG regulation provides the Chief with authority to reduce the matching funds requirement for CIG Classic for individuals or entities applying as part of the HU set-aside. The NFO will identify whether an applicant may apply for a reduction in the match requirement under this authority.
- (4) For the national OFT component, applications that substantively include HU producers or community-based organizations composed of or representing these entities are given priority consideration in the peer review process as part of the evaluation criteria listed in the NFO.
- (5) The State conservationist in each State administering a State CIG competition determines if and how to provide special consideration to individuals and entities as described in section (1)(i)–(iv) above.

D. OFT Evaluations

OFT projects consist of two major elements—on-farm implementation of innovative conservation approaches and science-based evaluations of the impacts. Both environmental and financial evaluations are required, while social evaluations are recommended but carried out at the discretion of the awardee. Awardees must work closely with participating producers to ensure that sufficient data are collected to analyze these impacts and must also ensure that producer privacy is maintained throughout the project and through dissemination of project results.

E. Soil Health Demonstration Trial

- (1) The SHD is a component of CIG OFT. As such, SHD projects must include a robust evaluation of the environmental, financial, and social impacts of implementing soil health management systems and practices.
- (2) SHD grantees must use common evaluation protocols and methods for assessing soil carbon changes and other soil health outcomes. To facilitate compliance, NRCS will work to ensure eligible entities—
 - (i) Use NRCS standards (available on the CIG website) in field and laboratory methods for soil carbon and other soil health indicator measurements (this does not preclude inclusion of additional measurements);
 - (ii) Collaborate with NRCS soil health experts to ensure consistency in field and laboratory methods;
 - (iii) Collect current and historic management information from participating producers (tillage, crop rotation, nutrient and other input applications);
 - (iv) Collect environmental and financial outcome data to include profitability (cost of production, current yield and historic yield where available) and other data as available (such as impacts of systems on infiltration rates, ground water recharge, plant available water, runoff, water quality, flooding, pest resilience, weather resilience, air quality, etc.);
 - (v) Develop summary information on social outcomes and profiles of participating producers with information about why management changes were adopted, and challenges and benefits of the changes; and
 - (vi) Describe the impact on producer communities through on-farm field days and other activities to facilitate broader adoption.
- (3) In addition, eligible entities must provide their evaluations to NRCS as part of an SHD study.

F. NRCS Technical Assistance (TA)

- (1) CIG Classic grantees are responsible for providing all TA required to successfully implement and complete the project. TA refers to all activities required to implement innovative conservation approaches on farm or ranch land. TA activities include conservation planning, design, and engineering, and quality assurance and verification.
- (2) For CIG Classic projects, NRCS staff are prohibited from providing anything beyond technical project oversight, which is generally carried out through technical contacts assigned to each project, plus national and State CIG staff.
- (3) NRCS may provide TA activities for OFT projects. However, OFT applicants that propose to wholly supply the TA for their projects, either on their own or through working with technical service providers or other qualified entities and individuals, are given preference in the competition.

G. Criteria for Proposal Evaluation

Proposal evaluation criteria must be published in the relevant NFO. Technical peer review panels use only the published criteria to evaluate proposals.

H. Selection Notification

- (1) NRCS must notify all successful and unsuccessful applicants by email. Unsuccessful applicants must be offered peer panel feedback on their proposal.
- (2) When awardees are notified of their selection, NRCS must alert awardees not to begin work for which they intend to be reimbursed with CIG funding until they are in possession of a fully executed grant agreement.

I. Environmental Review Requirements

- (1) Under NEPA (as implemented through 7 CFR Part 650), every funded CIG project that involves ground-disturbance activities is subject to an environmental evaluation (EE). NRCS must complete an EE of each awarded project prior to project commencement. Applicants may be required to prepare and pay for preparation of an environmental assessment (EA) or environmental impact statement (EIS), should NRCS determine through the EE find that an EA or EIS is required.
- (2) In addition, an NHPA Section 106 review and consultation by NRCS State or area office with consulting parties (such as the pertinent State historic preservation officer and federally recognized Indian Tribes) may be required prior to the implementation of project activities that have the potential to impact cultural resources. NHPA Section 106, its implementing regulations (36 CFR Part 800), and other related authorities, require Federal agencies to determine if a project has the potential to cause an effect to historic properties and, if so, if they are adverse and how the effects may be addressed. The NHPA review and compliance in accordance with section 106 of NHPA and implementing regulations at 36 CFR Part 800 must be completed by NRCS, and applicants may be required to pay for any cultural resource surveys needed for NRCS to assess CIG project effects. More information on the applicant's role in NHPA Section 106 process can be found on the Advisory Council on Historic Preservation website at <https://www.achp.gov/digital-library-section-106-landing/section-106-applicant-toolkit>.
- (3) Once a proposal is selected for an award, Projects Branch staff, the project technical contact, and State office staff in the lead State will coordinate with the selected applicant concerning documentation for compliance with NEPA and other environmental requirements.
- (4) State conservationists are responsible for ensuring that NEPA, NHPA, and ESA requirements are satisfied for State awards.
- (5) Grant funding may not be approved until the environmental review requirements under NEPA, ESA, NHPA, and other applicable requirements for the protection of the environment are met.

J. Patents and Inventions

Allocation of rights and use of patents and inventions must be in accordance with 2 CFR Part 315 and 2 CFR Section 200.448.

K. Software Development

- (1) Software tools that are developed as part of a CIG project will be evaluated by the technical contact. All software must be developed and maintained by the grantee.
- (2) NRCS information technology specialists may be consulted during the proposal review process to ensure that any software tools developed with CIG funding are technically supported by USDA and NRCS.
- (3) For all software developed with CIG funding, USDA receives a royalty-free license for Federal Government use, reserves the right to require the patentee to license others in certain circumstances, and requires that anyone exclusively licensed to sell the software in the United States must normally manufacture it domestically.

526.19 Proposal Evaluation and Selection Process

A. National Component

(1) Initial Screening

Projects Branch staff screens all proposals for completeness and compliance with the provisions of the NFO. Incomplete proposals and those that do not meet the eligibility provisions of the NFO are eliminated from competition, and notification of elimination is emailed to the applicant.

(2) Technical Peer Review

(i) Technical peer review panels evaluate proposals that pass the initial screening. Federal and non-Federal technical specialists may serve as CIG peer review panelists. Panelists evaluate proposals using evaluation criteria posted in the NFO. Proposals that benefit HU producers may receive a complementary evaluation to ensure that experts with such proposals can provide additional feedback.

(ii) Non-Federal peer reviewers must comply with the Confidentiality and Non-Conflict of Interest policies. All individuals involved in the peer review process must sign a statement of these policies as part of each year's competition. All signed forms must be securely stored on internal servers.

(3) State Conservationist Review

State conservationists may provide an abbreviated review of proposals under the national component of CIG Classic that are proposed in their State. In addition to addressing potential duplication of effort, ethical concerns, and consistency with overall EQIP objectives, the State conservationists provide general comments and an overall recommendation. The State conservationist review does not supersede or take the place of the technical peer review. State conservationist reviews, however, provide important additional information that may not be uncovered during the technical peer review. Such information is shared with NRCS leadership during the award selection process.

(4) Grant Review Board (National CIG Classic only)

The Grant Review Board reviews and certifies peer panel evaluations and recommendations and ensures that the proposal evaluations are consistent with program objectives. The Grant Review Board consists of the Deputy Chief for Programs, Deputy Chief for Soil Science and Resource Assessment, the Deputy Chief for Science and Technology, one regional conservationist, one State conservationist, and the director of Outreach and Advocacy. The Deputy Chief for Programs chairs the Grant Review Board. The Grant Review Board may consider factors such as geographic and partner diversity in making funding recommendations to the Chief for final award selection.

(5) Award Selection

- (i) Based on the recommendations from the CIG Classic Grant Review Board, or from the CIG OFT peer panel recommendations, the Chief makes the final award decisions. The rankings and recommendations of the Grant Review Board and Peer Review Panel are only advisory. The agency is not bound to make the award to the applicant with the highest ranking.
- (ii) The Chief may choose to make an award for an amount that is less than what an entity requested in its proposal. In such cases, prior to finalizing the award selection, Projects Branch staff will negotiate the final award amount with the entity. If the entity accepts the lesser amount, it may proportionately reduce its matching funds from the initial amount in its proposal.

B. State Component

(1) Initial Screening

Prior to the technical review, each application is screened for completeness to determine if the application complies with the NFO's eligibility provisions. Incomplete proposals and those that do not meet the eligibility provisions of the NFO will be eliminated from competition, and Projects Branch staff emails a notification of elimination to the applicant.

(2) Proposal Evaluation

States administering a State competition must establish a credible review process and describe it in the NFO, including all proposal evaluation criteria. Panelists evaluate proposals using evaluation criteria posted in the NFO.

All individuals involved in the peer review process must sign standard Confidentiality and Non-Conflict of Interest statements as part of each year's competition. These statements must be signed and submitted prior to review of any proposal material. All signed forms must be securely stored and maintained on internal servers.

(3) Project Selection

The State conservationist makes the final award decisions. The State conservationist may choose to make an award for an amount that is less than what an entity requested in its proposal. In such cases, prior to finalizing the award selection, State staff negotiates the final award amount with the entity.

If the entity accepts the lesser amount, it may proportionately reduce its matching funds from the initial amount in its proposal.

526.20 Award Information

A. Award Announcement

- (1) National CIG Classic and OFT award announcements are coordinated through the External Affairs Division of the FBC.
- (2) State conservationists announce State CIG Classic awards. States must submit their proposed slate of awardees to the Projects Branch for concurrence prior to announcing awards.
- (3) NRCS notifies the designated contact person for selected proposals by email. The award notification email must indicate the need to work with the administrative contact to develop and execute a grant agreement prior to starting work on the project. NRCS provides awardees with a CIG Grantee Guide at the time of award notification.
- (4) NRCS notifies applicants who are not selected for an award by email.

B. Grant Agreement

NRCS uses grant agreements to document grantees' participation in CIG. FBC GAD develops administrative policies and guidance to structure CIG grant agreements.

C. Technical Contacts

- (1) Every CIG project must have a technical contact. Technical contacts are NRCS employees who have important roles and responsibilities to ensure that project deliverables are completed and technical oversight is provided to the grantee. Technical contacts are assigned to projects after awards are announced.
- (2) For national CIG projects, State conservationists and the directors of the Pacific Islands and Caribbean Areas have the option of designating a State staff member as the technical contact for national CIG projects that are implemented wholly within a single State.
- (3) For projects without an assigned State staff member, Projects Branch staff consults with the Deputy Chief for Science and Technology and the Deputy Chief for Soil Science and Resource Assessment to identify and designate NRCS staff to serve as technical contacts.
- (4) State conservationists are responsible for assigning technical contacts to State CIG projects.
- (5) The roles and responsibilities of CIG technical contacts include—
 - (i) Ensuring project team meets the deliverables agreed to in the grant agreement;
 - (ii) Coordinating with State environmental liaisons to assist grant applicants with environmental compliance documentation and assessments;
 - (iii) Providing input on financial reimbursement or advance requests;
 - (iv) Notifying CIG staff of any project issues or problems;
 - (v) Working with CIG staff and the partner to resolve technical issues;

- (vi) Providing approval for any technical changes;
 - (vii) Serving as grantees' technical liaison to other NRCS technical resources;
and
 - (viii) At the conclusion of a project, completing a project evaluation and making recommendations for any future actions.
- (6) When a technical contact is no longer able to serve in that role, Projects Branch or the State conservationist is responsible for ensuring that a new technical contact is assigned. CIG projects must always have an assigned technical contact.

D. Reporting Requirements

- (1) CIG grant agreements establish the frequency and timing of reports and the contact information for agreement contacts (e.g., program contact, technical contact). Grantees must send copies of the required reports in accordance with instructions included in the award. Grantees must follow all reporting terms and conditions outlined in CIG grant agreements.
- (2) CIG staff at both the national and State levels are required to track grantee performance, including the timely submission of programmatic and financial reports. All reports are due 30 days after the end of the reporting period. Payments are automatically withheld by ezFedGrants (and manually withheld for legacy agreements) for grantees whose reporting is past due. Potential remedies for habitual late reporting include requesting more frequent reporting, project audits, and, ultimately, the withholding of advances or reimbursements until the grantee submits any late reports.
- (i) Financial Reporting
- Grantees must regularly submit Standard Forms (SF)-425, "Federal Financial Report," as directed in their grant agreement. National CIG projects require annual SF-425 submissions. States may choose to require more frequent submissions (quarterly is the most frequently allowable requirement).
 - Grantees that received a new award during or after fiscal year 2018 must submit their SF-425s through ezFedGrants.
- (ii) Technical Progress Reporting
- Grantees submit a written project progress report to CIG staff (national or State) twice annually. Each progress report must cover work performed during the previous 6-month period, including a comparison of actual accomplishments to project goals and a statement of work projected to be completed in the next 6-month period. NRCS provides grantees with a template progress report (available on the national CIG website). States should use (and amend as necessary) the national progress report template.
 - CIG semiannual progress reports should also include any preliminary results related to practice standard revisions, completed or promising products, press releases for interim successes, and news articles highlighting the project. Semiannual reports must include a list of EQIP-eligible producers (names only) involved in the project.

- To satisfy the requirements of EQIP (7 CFR Part 1466) eligibility, grantees are required to submit the following as part of their semiannual progress reports:
 - A list of all EQIP-eligible producers or entities involved in the project;
 - The dollar amount of direct and indirect payment (if any) made to each individual producer or entity; and
 - Self-certification indicating that each individual or entity receiving a direct or indirect payment through the project is in compliance with the EQIP eligibility requirements, including adjusted gross income restrictions and highly erodible land compliance and wetland compliance provisions.

Note: Reporting is tracked in EzFedGrants for projects commencing in and after fiscal year 2018 and in a manually maintained database for pre-2018 projects.

(iii) Final Reports

- Grantees must submit a final technical report within 90 days following the period of performance end date, detailing project activities, results, transferability, and completion of the project deliverables listed in the grant agreement. The final report will be reviewed by the identified contacts for compliance with the grant agreement requirements and to determine the potential for technology transfer. Final payments should be withheld until final reports and all related deliverables have been submitted. When grantees fail to submit a final report, that failure should be considered as part of the project management evaluation for any future CIG proposal submissions.
- National CIG Classic grantees are required to participate in a technology transfer event. This requirement can be satisfied through a presentation at a conference, participation in a webinar, etc. States should include this requirement in their grant agreements.

E. Modifications or Revisions

- (1) Grant agreements may be revised at any time with the mutual consent of all parties, providing the proposed revision is within the scope and intent of the grant. Revisions of national CIG Classic and OFT grant agreements must be approved by the Projects Branch Chief and a signatory official or designee. Revisions to State component CIG Classic grant agreements must be approved by the State conservationist. Approval must be received by the grantee, in writing and signed by the authorized representative on the forms provided on the NRCS website, before any revisions are implemented. Prior to NRCS approving modifications, grantees may be required to prepare and submit a supplemental NEPA review for any modifications that could result in changes to environmental impacts.
- (2) Examples of Modifications Include—
 - (i) No-Cost Extensions.—Grantees may request a no-cost extension to allow for additional time beyond the established award period of performance

end date. NRCS may provide extensions to ensure completion of the approved project deliverables. Time extensions under the paragraph do not include additional funding. No-cost extensions cannot be approved simply to ensure that grantees have additional time to expend remaining funds. Twelve months is the maximum length of a time extension, and NRCS will only consider more than one exception in exceptional cases. NRCS cannot grant an extension after the award period of performance date.

- (ii) Budget Revisions.—In general, CIG grantees have some latitude to re-budget within and between major budget categories. For awards under \$250k, prior approval for budget changes is not required. For awards larger than \$250k, awardees may make a budget revision without prior approval if it impacts less than 10 percent of the total project funding (NRCS + matching funds). Awardees are asked to submit the budget revision information to NRCS as a courtesy. For budget revisions that impact more than 10 percent of project funds, prior approval must be obtained from CIG staff and ultimately processed by GAD.
- (iii) Revisions to Scope of Work.—Awardees must get prior approval from NRCS (technical contact and CIG staff) for any material change to a project's scope of work.
- (iv) Change in Project Director/Key Personnel.—A change in key project personnel requires prior approval approved by CIG staff and processed by GAD.

526.21 Payments

A. Payment of CIG Funds

- (1) Grantees submit payment requests on a reimbursable basis. Grantees may request payments on an advance basis, which must be consistent with 2 CFR Part 200 and require approval of CIG staff. Grantees must provide evidence of liquidation of advanced funds as soon as possible after the end of the advance period. When NRCS provides an advance, grantees must provide documentation of liquidation of the advanced funds prior to requesting additional payments.
- (2) The following process and timelines apply to national and State CIG payment requests submitted both for legacy awards and those submitted through ezFedGrants:
 - (i) Upon receipt of a payment request, a GAD grants management specialist will review the request within 5 business days before sending it to a national or State CIG staff member.
 - (ii) CIG staff will review and approve or return to the grantee for additional information all payment requests within 5 business days.
 - (iii) CIG staff submits the approved package to the FBC Financial Management Division (FMD) within 3 business days.
 - (iv) FMD will process payments to the grantees' account within 5 business days.

- (v) Under all circumstances, Projects Branch and FBC staff collaborate to ensure payments are made within 30 days of a complete payment request submission. CIG payments are not subject to the Prompt Payment Act, 31 U.S.C. Sections 3901 to 3907. Participants typically receive payment within 5 business days after USDA approves the payment in FMFI.

B. EQIP Payment Limitation

- (1) Section 1240G of the Food Security Act of 1985 (16 U.S.C. Section 3839aa-7) imposes a \$450,000 limitation for payments made, directly or indirectly, to a person or legal entity under an EQIP contract entered into between FY 2019 through FY 2023.
- (2) CIG funds are awarded through grant agreements, which are not EQIP contracts. Therefore, the EQIP payment limitation does not apply to any payments made to producers under a CIG grant.

526.22 Project Evaluation and Technology Transfer

A. Project Evaluation

- (1) CIG Classic and OFT National Components

At the conclusion of a national project, the technical contact develops a project evaluation based on the final report and discussion with the lead partner project evaluation based on the final report and discussion with the lead partner. The project evaluation assesses the success of the project and makes recommendations for any technology transfer actions that the agency may consider based on project results.

- (2) CIG Classic State Component

State offices should develop a project evaluation approach similar to the national component. State staff must add CIG project evaluation information annually to the State results database housed on the national CIG SharePoint in response to an annual request from Projects Branch staff. The national CIG team will review the State results database for possible benefits at the national level and work with States on success stories to showcase State project results.

B. Technology Transfer

- (1) Projects Branch staff will work with relevant national discipline leaders and State staff on tech transfer activities. In addition, Projects Branch staff share results from all appropriate CIG projects biannually with the National Technology Integration Subcommittee (NTIS) (part of the National Technical Guide Committee). NTIS membership includes NRCS NHQ and national technical support center specialists. The NTIS will make recommendations to for additional action to the National Technical Guide Committee.
- (2) To facilitate dissemination of CIG national project results to other levels within NRCS, Projects Branch provides an annual summary of recent project results to NRCS leadership, national discipline leads, national technical support centers and State offices. Internal and external customers may

participate in quarterly webinars highlighting successful projects. Projects Branch staff regularly disseminates project results to national technology support center staff, State resource conservationists, and other State specialists through recurring teleconferences and webinars.

526.23 Equitable Relief

If NRCS determines that the grantee is not in compliance with the programmatic requirements, NRCS may grant equitable relief to a CIG grantee if NRCS determines the grantee is not in compliance with the requirements, terms and conditions of CIG, but meets the criteria for equitable relief as set forth in 7 CFR Part 635.