



Foreign Grant Agreements and International collaborations

Agenda

- Working with Foreign Grant Sponsors
 - Foreign Currency Exchange: 101
 - Indirect Cost Rate considerations for foreign entities
 - Additional Disclosures and Compliance
- Working with Foreign Subawardees
 - LMICs and Working Capital Advances
 - Wire Transfers, Audit Costs, Insurance

Working with Foreign Grant Sponsors

Foreign Sponsors

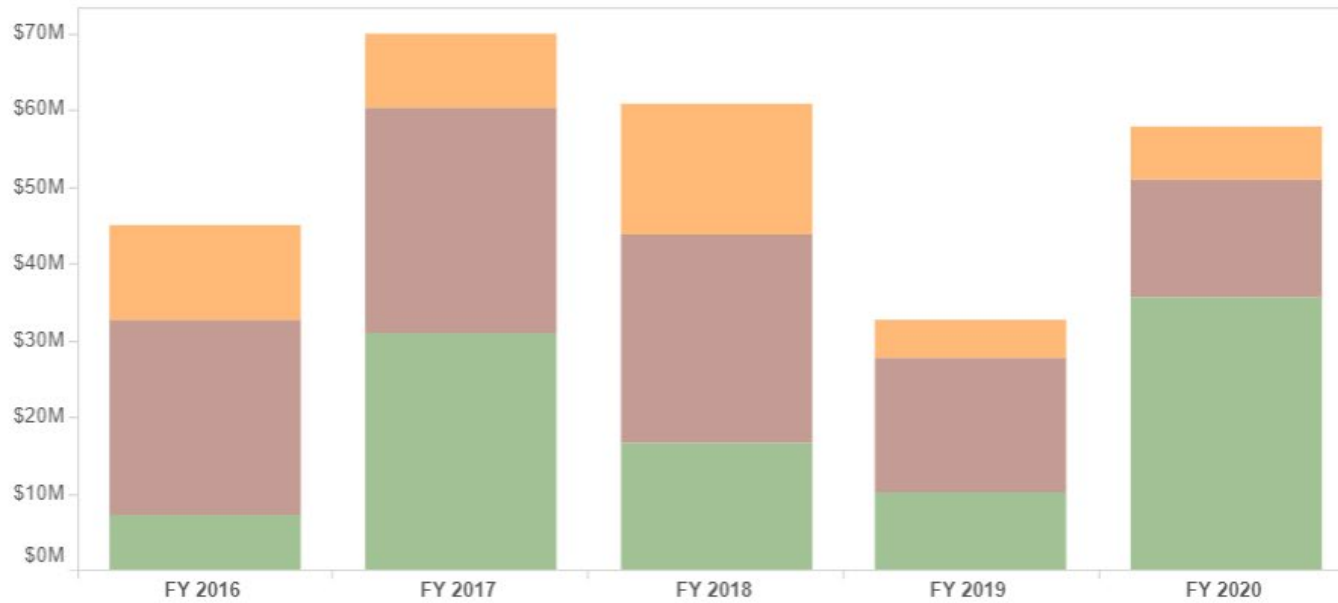
- Working with an international organization adds complexity to both the pre-award and post-award phases of a sponsored research project.
- Increased risks (financial and otherwise) for both parties of the grant agreement
- Limited domestic interest in studying certain topics or regions of the world

Foreign Sponsors, examples

- United Nations
- World Health Organization
- European Union / European Commission (the “Marie-Curie fellowships”)
- United States – Israel Binational Science Foundation (BSF)
- Individual foreign governments, non-profits, or foundations

Foreign-Sponsored Awards at UCB, Fiscal Year

Funding by Sponsor



- Budget
 - Project
- Sponsor Class**
- Non Federal Governmental
 - Industry
 - Not for Profit
- Sponsor Type**
- DHHS Other
 - DHHS-CDC
 - DOE
 - DOED
 - DOT
 - EPA
 - Foreign Foundations & Charities
 - Foreign Govt Agencies
 - Foreign Industry
 - Foreign Inst of Higher Ed
 - Foreign Research Institutes
 - Foreign Trade Associations
 - UN

Foreign Currency Exchange 101

The organization that is able to establish the agreement in their own country's currency has the “advantage” in being protected from currency fluctuation risks

When an award is made in a foreign currency, the authorized budget for the project (in USD) may be based on the exchange rate of the date the agreement is signed

- If a foreign currency “weakens” relative to the dollar, they can buy fewer dollars with the same amount of foreign currency.
- If a foreign currency “strengthens” relative to the dollar, they can buy more dollars with the same amount of foreign currency.

Foreign Currency Exchanges

Risk mitigation:

- “Informed Consent”
- Budgeting contingencies on the proposal
- Negotiation of payment terms
 - Fixed price agreements vs. cost-reimbursable agreements

Indirect Cost Considerations

Most foreign sponsors will be unable or unwilling to fund UCB's full indirect cost rates:

- Foreign Non-Profits/Foundations: should have a published IDC rate limit
- Foreign governments: regardless of published IDC limit, *requires Vital Interest Waiver*

Additional Disclosures and Compliance

- Disclosures for Pls and their federal funders
- Export Controls
- Sanctioned countries

Foreign Influence Disclosures

PIs and Investigators who receive foreign-sourced support are expected to disclose these sources to most US federal grant sponsors. Different agencies have different requirements:

- NIH: Other Support / RPPR
- NSF: Current and Pending
- DOD: Current and Pending
- DOE: Foreign Government Country of Risk Talent Recruitment Programs

(More detail on RAC website: links at the end!)

Export Controls

Regardless of who's funding the project: federal regulations may restrict exchanges of certain goods, equipment, information/data, software code to a foreign organization or individual:

- “Fundamental research exclusion”

(Links at the end!)

Sanctioned Countries

Belarus

Burundi

Central African Republic

Cuba

Democratic Republic of the
Congo

Iran

Iraq

Lebanon

Libya

Myanmar (formerly Burma)

North Korea

Somalia

South Sudan

Sudan

Syria

Ukraine (Crimea Region)

Venezuela

Western Balkans (Bosnia,
Herzegovina, Kosovo,
Macedonia)

Yemen

Zimbabwe

Working with Foreign Subawardees

International Subcontractors

- UCB as a pass-through entity, subcontracting to international organizations or universities
- Comes with its own set of risk considerations:
 - Wire transfers, foreign currency exchanges
 - LMICs / Working Capital Advances
 - Financial Audit Costs
 - Insurance Requirements: UCOP Policy BUS-63

Payments to a Foreign Subawardee

The inverse of when UCB is receiving a foreign-currency grant: if we issue a subcontract to a foreign organization that is established based on US dollars, their organization bears risks with currency valuation fluctuations

Payments to a Foreign Subawardee

- USD value of agreement determined on date the subaward is fully executed
- Actual domestic currency received by subcontractor will vary depending on forex date of the date of wire transfers
- International wire transfer fees
- Informed Consent from the PI: PIs who wish to send additional funds to cover forex/wire transfer shortfalls do so at risk of their own discretionary sources, or their departments'

Working Capital Advances

Organizations based out of low/middle income countries (LMICs) do not always have enough financial capital to begin performing work on a subaward:

- May require a “working capital advance”
- Should be indicated in the Subrecipient Commitment Form, or on the Subaward Request Form
- Paying out a tranche in advance creates risks for UCB. May not be able to recover funds after they’ve been sent out

Financial Audit Requirements

Foreign subcontractors need to demonstrate an acceptable level of fiscal responsibility and meet audit requirements in order for the subcontract agreement to be established:

- Single Audit Requirement (UG §200.50)
- Mini-Audit Questionnaire

Insurance Requirements

Under UCOP Policy BUS-63: all suppliers to the university (including subcontractors) are required to carry minimum levels of liability insurance for the performed work

- For foreign organizations in LMICs: not always financially feasible, or even available
- Foreign subcontracts should try to budget for these expenses
- Risk Insurance waiver process

Closing Remarks / Links

Useful Links

- “UC International Research Community”: UCOP listserv, maintained by Research Policy Analysis and Coordination: INTERNATIONALRESEARCH-L@listserv.ucop.edu
- Foreign Influence disclosures: https://rac.berkeley.edu/foreign_influence.html
- Export Controls:
 - <https://spo.berkeley.edu/policy/exportcontrol.html>
 - <https://vcresearch.berkeley.edu/export-controls/export-controls-dos-and-donts>
- Subaward working capital advances:
 - https://spo.berkeley.edu/guide/subaward_guide.html#advance