



**USAID**  
FROM THE AMERICAN PEOPLE

**This AAPD is archived.**

**AIDAR subpart 725.7 was revised to incorporate the current Source and Nationality requirements. Corresponding changes were made to AIDAR clause 752.225-70.**



**USAID**  
FROM THE AMERICAN PEOPLE

# Acquisition & Assistance Policy Directive (AAPD)

From the Director, Office of Acquisition & Assistance Issued: March. 16, 2012

## AAPD 12-03 (Revised)

### Revision to 22 CFR 228 Source and Nationality Policy

Subject Category: Acquisition Management, Assistance  
Type: POLICY

AAPDs provide information of significance to all agency personnel and partners involved in the Acquisition and Assistance process. Information includes (but is not limited to): advance notification of changes in acquisition or assistance regulations; reminders; procedures; and general information. Also, AAPDs may be used to implement new requirements on short-notice, pending formal amendment of acquisition or assistance regulations.

AAPDs are EFFECTIVE AS OF THE ISSUED DATE unless otherwise noted in the guidance below; the directives remain in effect until this office issues a notice of cancellation.

This AAPD:  Is New  Replaces/  Amends CIB/AAPD No: AAPD 12-03

<p>Applicable to:</p> <p><input checked="" type="checkbox"/> Existing awards; <input checked="" type="checkbox"/> Modification required</p> <p><input type="checkbox"/> No later than</p> <p><input checked="" type="checkbox"/> As noted in guidance below*</p> <p><input checked="" type="checkbox"/> RFPs/RFAs issued on or after the effective date of this AAPD; all other Pending Awards, i.e., 8(a), sole source, IQC</p> <p><input type="checkbox"/> Other</p>	<p>Precedes change to:</p> <p><input checked="" type="checkbox"/> AIDAR Part(s) 725.401 AIDAR 725.70 Source, Origin, and Nationality, 752.225-70 Source, Origin and Nationality Requirements, 752.225-71 Local Procurement</p> <p><input type="checkbox"/> USAID Automated Directives System (ADS) Chapter</p> <p><input type="checkbox"/> Code of Federal Regulations</p> <p><input type="checkbox"/> Other</p> <p><input type="checkbox"/> No change to regulations</p>
--	---

New Provision/Clause Provided Herein: If checked, scheduled update to GLAAS:

\_\_\_\_\_  
/s/  
Aman S. Djahanbani

**PURPOSE:** The purpose of this directive is to advise Contracting Officers (COs) of the revised AIDAR regulatory text conforming with the recent revision to 22 CFR 228 Rules on Procurement of Commodities and Services Financed by USAID Federal Program Funds.

**Required Action:** In accordance with the revised guidance below, COs must modify solicitations and existing awards to:

- (1) Incorporate the new default Geographic Code of 937 and revised AIDAR clause 752.225-70 Source, Origin and Nationality Requirements (Feb 2012); and
- (2) Remove AIDAR clause 752.225-71 Local Procurement.

This AAPD implements an approved class deviation that affects several sections of the AIDAR and makes the changes described in the guidance below.

REVISION (substantive changes to the original AAPD language are highlighted below):

a. This AAPD also provides guidance to AOs regarding amendment of assistance solicitations and existing awards to incorporate the relevant revised standard provisions in ADS 303 as issued by Agency Policy Notice on February 2, 2012.

a. Existing awards: In recognition of the high volume of awards to be modified/amended, OAA has developed the revised guidance below that provides an alternative to the issuance of BILATERAL modifications/amendments. COs and AOs now have the option to send a notification letter to advise current awardees of the new policy and regulation and to propose clause/provisions to be incorporated into the awards. COs/AOs may then process the resulting modifications/amendments UNILATERALLY at a later date.

**BACKGROUND:**

As part of the Agency's Implementation and Procurement Reform (IPR) initiative, USAID has completed public rulemaking procedures to revise and simplify the regulation 22 CFR 228 that establishes USAID's source and nationality procurement requirements. The new regulation, which was published on January 10, 2012, in the Federal Register with an effective date of February 6, 2012, greatly simplifies and streamlines USAID's procurements by:

- 1) Authorizing procurements in the recipient and other developing countries along with the United States, as Congress directed in the Foreign Assistance Act, via a new default Geographic Code of 937;
- 2) Eliminating the requirement to determine the "origin" of a commodity -- a difficult task in today's globalized economy -- and simplifying and clarifying source and nationality requirements to restrict procurements from foreign government controlled vendors; and
- 3) Streamlining procedures, including those necessary to obtain a waiver in the event goods or services are needed from any other country or region.

As set forth in 22 CFR 228, Code 937 is defined as the United States, the cooperating/recipient country, and developing countries other than advanced developing countries, and excluding prohibited sources. USAID maintains a list of developing countries, advanced developing countries, and prohibited sources, which will be available in USAID's Automated Directives System (ADS) Chapter 310.

Corresponding changes to affected Automated Directives Chapters 310 and 312 were issued and effective February 6, 2012. Most notably, the concept of local procurement is now obsolete, and ADS 311 Local Procurement was deleted in its entirety. For this reason, AIDAR clause 752.225-71 Local Procurement will be removed from the AIDAR.

Accordingly, I have revised the associated AIDAR policy by approving a class deviation to the AIDAR. This AAPD provides the revised AIDAR regulatory text in Attachment 1 as well as guidance

to COs on modifying solicitations and awards.

**GUIDANCE:**

**ACQUISITION:**

In order to implement the significant changes in revised 22 CFR 228 in a timely manner to further the goals of IPR:

- a. Solicitations issued prior to March 1, 2012 to which 22 CFR 228 applies and for which either 000 or 941 is the authorized Geographic Code may be amended to:
  - i. reflect the new default Geographic Code of 937;
  - ii. include the revised AIDAR clause 752.225-70 *Source and Nationality Requirements (Feb 2012)*; and
  - iii. delete AIDAR clause 752.225-71 *Local Procurement*.

Such amendments will be at the CO's discretion; specifically, COs should consider on a case-by-case basis any solicitations with significant potential for sub-awards for goods and services, as well as requests from interested organizations for such an amendment. When issuing amendments, COs must allow adequate time for all potential or awardees to revise their applications accordingly.

All awards resulting from such solicitations not amended during the pre-award phase must reflect the new default Geographic Code of 937 and include the revised AIDAR clause 752.225-70 *Source and Nationality Requirements (Feb 2012)*,

- b. Solicitations issued on/after March 1, 2012 to which 22 CFR 228 applies must:
  - i. reflect the new default Geographic Code of 937 (unless another geographic code is authorized per 22 CFR 228; and
  - ii. include the revised AIDAR clause 752.225-70 *Source and Nationality Requirements (Feb 2012)*
- c. No later than March 31, 2012, COs must modify bilaterally all existing awards to which 22 CFR 228 applies, for which either 000 or 941 is the authorized Geographic Code, and with a remaining period of performance which exceeds four months to:
  - i. reflect the new default Geographic Code of 937;
  - ii. include the revised AIDAR clause 752.225-70 *Source and Nationality Requirements (Feb 2012)*; and
  - iii. delete AIDAR clause 752.225-71 *Local Procurement*

Alternatively, COs may issue the attached notification letter to Contractors (Attachment B) no later than March 31, 2012. The notification letter authorizes procurements under the revised regulation retroactively to February 6, 2012, consistent with the provision(s) attached to the letter and pending formal modification of any existing award(s) with the organization. If the CO does not receive any specific written objection to the letter within 30 calendar days of its issuance, the CO will consider this as acceptance of the authorization and concurrence with the proposed modification(s). Formal modification of awards is still mandatory, but COs may issue the modifications UNILATERALLY at a later date or combined with other regularly planned modifications (e.g., incremental funding as applicable) for administrative efficiency. In the latter case, COs must state in

the modification that only those revisions consistent with the regulatory and policy changes above are effective February 6, 2012.

For those awards with a remaining period of performance of 4 months or less as of February 6, 2012, COs must notify the Contractor of the applicability of the new regulation no later than February 21, 2012, and, upon request by the implementer, modify the award as set forth in c.i-iii above.

## ASSISTANCE

ADS 303 *Grants and Cooperative Agreements to Non-Governmental Organizations* was revised effective February 6, 2012 to incorporate supplemental policy and revised provisions implementing the new 22 CFR 228 (See Agency Notice <http://notices.usaid.gov/notice/22411>). In order to implement the significant changes in revised 22 CFR 228:

- a. Solicitations issued prior to March 1, 2012 to which 22 CFR 228 applies and for which either 000 or 941 is the authorized Geographic Code may be amended to:
  - i. reflect the new default Geographic Code of 937;
  - ii. replace Standard Provisions *USAID Eligibility Rules FOR Goods and Services ( And Cost Sharing (Matching)* (as applicable) with the revised February 2012 versions in ADS 303; and
  - iii. Delete Standard Provision *Local Procurement* (April 1998).

Such amendments will be at the AO's discretion; specifically, AOs should consider on a case-by-case basis any solicitations with significant potential for procurement of goods or services, as well as requests from interested applicants for such an amendment. When issuing amendments, AOs must allow adequate time for all potential or interested applicants to revise their applications accordingly.

All awards resulting from such solicitations not amended during the solicitation phase must reflect the new default Geographic Code of 937 and include the revised standard provisions as described above.

- b. Solicitations issued on/after March 1, 2012, to which 22 CFR 228 applies must:
  - i. reflect the new default Geographic Code of 937 (unless another geographic code is authorized per 22 CFR 228; and
  - ii. include the updated ADS 303 Standard Provisions as revised February 6, 2012.
- c. No later than March 31, 2012, AOs must modify bilaterally all existing awards to which 22 CFR 228 applies, for which either 000 or 941 is the authorized Geographic Code, and with a remaining period of performance which exceeds four months to:
  - i. reflect the new default Geographic Code of 937;
  - ii. Replace Standard Provisions *USAID Eligibility Rules for Goods and Services and Cost Sharing (Matching)* (as applicable) with the revised February 2012 versions In ADS 303
  - iii. Delete Standard Provision *Local Procurement* (April 1998)

*Alternatively*, AOs must issue the attached notification letter to recipients (Attachment C) no later than March 31, 2012. The notification letter authorizes procurements under the

revised regulation retroactively to February 6, 2012, consistent with the provision(s) attached to the letter and pending formal amendment of any existing award(s) with the recipient. If the AO does not receive any specific written objection to the letter within 30 calendar days of its issuance, the AO will consider this as acceptance of the authorization and concurrence with the proposed amendment(s). Formal amendment of awards is still mandatory, but AOs may issue the amendments UNILATERALLY at a later date or combined with other regularly planned amendments (e.g., incremental funding as applicable) for administrative efficiency. In the latter case, AOs must state in the amendments that only those revisions consistent with the regulatory and policy changes above are effective February 6, 2012.

For those awards with a remaining period of performance of 4 months or less as of February 6, 2012, AOs must notify the Recipient of the applicability of the new regulation no later than February 21, 2012, and, upon request by the implementer, modify the award as set forth in c.i-iii above.

**POINT OF CONTACT:**

Name: Carol Ketrick  
Phone: 202-567-4676  
Email: cketrick@usaid.gov

**ATTACHMENTS:**

- A - Acquisition Regulation (AIDAR) Revisions
- B - Notification Letter to Current Awardees - Acquisition
- C - Notification Letter to Current Awardees - Assistance

**Attachment A**  
**U.S. Agency for International Development**  
**Acquisition Regulation (AIDAR) Revisions**  
**Pursuant to Class Deviation OAA-DEV-12-01c**

**725.70 – Source and Nationality**  
(Class Deviation OAA-DEV-12-01c)

**725.701** General.

USAID's source and nationality requirements for program-funded contracts and subcontracts are set forth in 22 CFR 228 Rules on Procurement of Commodities and Services Financed by USAID Federal Program Funds. 22 CFR 228 is supplemented by the policies and procedures in ADS Chapters 310 and 312.

**725.702** Designation of authorized geographic code.

(a) The authorized geographic code or codes for a contract shall be specified in the Schedule of each contract and shown on its cover page. Unless another geographic code is specified in the Schedule in accordance with 22 CFR Part 228, the authorized code for all Agency contracts is Geographic Code 937, which is the U.S, the cooperating/recipient country, and developing countries other than advanced developing countries, and excluding prohibited sources.

(b) The list of developing countries is available in ADS 310.

**725.703** Source and nationality requirements - Contract clause.

Insert the clause at **752.225-70** Source and Nationality Requirements in all USAID program-funded solicitations and contracts under which the contractor may procure goods or services, unless source and nationality requirements do not apply as set forth at 22 CFR 228.02.

**725.704** Geographic Code waivers.

(a) Authority to approve waivers of source, nationality, and transportation services requirements, pursuant to 22 CFR 228 Subpart D, is set forth in Chapters 103 and 310 of the ADS.

(b) The contracting officer shall insert the authorized geographic code based on an approved waiver in the Schedule of the contract as provided for in 725.702. In addition, the contracting officer shall place a copy of any approved geographic code waiver in the official contract file.

**752.225-70 Source and Nationality Requirements**

As prescribed in 725.704, insert the following clause:

**Source and Nationality Requirements (FEB 2012)**

(Class Deviation No. OAA-DEV-12-01c)

(a) Except as may be specifically approved by the Contracting Officer, the Contractor must procure all commodities (e.g., equipment, materials, vehicles, supplies) and services (including commodity transportation services) in accordance with the requirements at 22 CFR Part 228 "Rules on Procurement of Commodities and Services Financed by USAID Federal Program Funds." The authorized source for procurement is Geographic Code 937 unless otherwise specified in the schedule of this contract. Guidance on eligibility of specific goods or services may be obtained from the Contracting Officer.

(b) Ineligible goods and services. The Contractor must not procure any of the following goods or services under this contract:

- (1) Military equipment
- (2) Surveillance equipment
- (3) Commodities and services for support of police and other law enforcement activities
- (4) Abortion equipment and services
- (5) Luxury goods and gambling equipment, or
- (6) Weather modification equipment.

(c) Restricted goods. The Contractor must obtain prior written approval of the Contracting Officer or comply with required procedures under an applicable waiver as provided by the Contracting Officer when procuring any of the following goods or services:

- (1) Agricultural commodities,
- (2) Motor vehicles,
- (3) Pharmaceuticals and contraceptive items
- (4) Pesticides,
- (5) Fertilizer,
- (6) Used equipment, or
- (7) U.S. government-owned excess property.

If USAID determines that the Contractor has procured any of these specific restricted goods under this contract without the prior written authorization of the Contracting Officer or fails to comply with required procedures under an applicable waiver as provided by the Contracting Officer, and has received payment for such purposes, the Contracting Officer may require the contractor to refund the entire amount of the purchase.



**Attachment B**  
**Notification Letter to Current Awardees**  
**Acquisition**

Contractor Name  
Address

Subject: USAID Regulatory and Policy Changes in Source/Nationality Procurement Requirements

Dear Sir/Madam:

As part of the Agency's Implementation and Procurement Reform (IPR) initiative, USAID has completed public rulemaking procedures to revise and simplify the regulation 22 CFR 228 *Procurement of Commodities and Services Financed by USAID Federal Program Funds* that establishes USAID's source and nationality procurement requirements. The revised regulation, which was published on January 10, 2012 in the Federal Register with an effective date of February 6, 2012, greatly simplifies and streamlines USAID's procurements by:

- 1) Authorizing procurements in the recipient and other developing countries along with the United States, as Congress directed in the Foreign Assistance Act, via a new default Geographic Code of 937;
- 2) Eliminating the requirement to determine the "origin" of a commodity -- a difficult task in today's globalized economy -- and simplifying and clarifying source and nationality requirements to restrict procurements from foreign government controlled vendors; and
- 3) Streamlining procedures, including those necessary to obtain a waiver in the event goods or services are needed from any other country or region.

As set forth in 22 CFR 228, Geographic Code 937 is defined as the United States, the cooperating/recipient country, and developing countries other than advanced developing countries, and excluding prohibited sources. USAID maintains a list of developing countries, advanced developing countries, and prohibited sources that is available in USAID's Automated Directives System (ADS) Chapter 310. The concept of local procurement is now obsolete, and ADS 311 Local Procurement has been deleted in its entirety.

In light of the above regulatory and policy changes, I am hereby authorizing you to conduct procurements under the revised regulation retroactively to February 6, 2012, consistent with the clause in Attachment 1 and pending formal modification of any existing award(s) with your organization. We will modify your award(s) at the earliest practicable opportunity to incorporate AIDAR clause 752-225-70 Source and Nationality Requirements and delete AIDAR Clause 752.225-71 Local Procurement. We will also modify the Schedule of any awards that currently designate the geographic code of 000 or 941 to reflect the new default code of 937. I will not modify awards which are due to end within four (4) months from February 6, 2012, unless you specifically request that they be modified.

Please note that we will consider your organization as having accepted this authorization and concur with the proposed modifications(s) if we do not receive any specific written objection to this letter within 30 calendar days of its issuance. The associated modifications may then be issued unilaterally with an effective date of February 6, 2012. To the greatest extent possible, we will combine these revisions with other regularly planned modifications (e.g., incremental funding as applicable) for administrative efficiency; however, only those revisions in the modification consistent with the regulatory and policy changes above will be made effective February 6, 2012.

Frequently Asked Questions (FAQs) will be posted to the Agency website at <http://www.usaid.gov/business/ombudsman.html>. If there are any other questions in the interim, please feel free to contact me at \_\_\_\_\_.

Sincerely,

Cognizant CO Name

Attachment 1: Acquisition Regulation (AIDAR) Clause 752.225-70

ATTACHMENT 1

**752.225-70 Source and Nationality Requirements (FEB 2012)**

(Class Deviation No. OAA-DEV-12-01c)

(a) Except as may be specifically approved by the Contracting Officer, the Contractor must procure all commodities (e.g., equipment, materials, vehicles, supplies) and services (including commodity transportation services) in accordance with the requirements at 22 CFR Part 228 "Rules on Procurement of Commodities and Services Financed by USAID Federal Program Funds." The authorized source for procurement is Geographic Code 937 unless otherwise specified in the schedule of this contract. Guidance on eligibility of specific goods or services may be obtained from the Contracting Officer.

(b) Ineligible goods and services. The Contractor must not procure any of the following goods or services under this contract:

- (1) Military equipment
- (2) Surveillance equipment
- (3) Commodities and services for support of police and other law enforcement activities
- (4) Abortion equipment and services
- (5) Luxury goods and gambling equipment, or
- (6) Weather modification equipment.

(c) Restricted goods. The Contractor must obtain prior written approval of the Contracting Officer or comply with required procedures under an applicable waiver as provided by the Contracting Officer when procuring any of the following goods or services:

- (1) Agricultural commodities,
- (2) Motor vehicles,
- (3) Pharmaceuticals and contraceptive items
- (4) Pesticides,
- (5) Fertilizer,
- (6) Used equipment, or
- (7) U.S. government-owned excess property.

If USAID determines that the Contractor has procured any of these specific restricted goods under this contract without the prior written authorization of the Contracting Officer or fails to comply with required procedures under an applicable waiver as provided by the Contracting Officer, and has received payment for such purposes, the Contracting Officer may require the contractor to refund the entire amount of the purchase.

**Attachment C**  
**Notification Letter to Current Awardees**  
**Assistance**

Recipient Name  
Address

Subject: USAID Regulatory and Policy Changes in Source/Nationality Procurement Requirements

Dear Sir/Madam:

As part of the Agency's Implementation and Procurement Reform (IPR) initiative, USAID has completed public rulemaking procedures to revise and simplify the regulation 22 CFR 228, *Procurement of Commodities and Services Financed by USAID Federal Program Funds*. This regulation establishes USAID's source and nationality procurement requirements. The revised regulation, which was published on January 10, 2012 in the *Federal Register* with an effective date of February 6, 2012, greatly simplifies and streamlines USAID's procurements by:

- 1) Authorizing procurements in the recipient and other developing countries (but not advanced developing countries) along with the United States, as Congress directed in the Foreign Assistance Act, via a new default Geographic Code of 937;
- 2) Eliminating the requirement to determine the "origin" of a commodity -- a difficult task in today's globalized economy -- and simplifying and clarifying source and nationality requirements to restrict procurements from foreign government controlled vendors; and
- 3) Streamlining procedures, including those necessary to obtain a waiver in the event goods or services are needed from any other country or region.

As set forth in 22 CFR 228, Geographic Code 937 is defined as the United States, the cooperating/recipient country, and developing countries other than advanced developing countries, and excluding prohibited sources. USAID maintains a list of developing countries, advanced developing countries, and prohibited sources that is available in USAID's Automated Directives System (ADS) Chapter 310. The concept of local procurement is now obsolete, and ADS 311 Local Procurement has been deleted in its entirety. USAID also revised ADS Chapter 303 and the Standard Provisions referenced in the chapter that refer to 22 CFR 228.

In light of these regulatory and policy changes, I am hereby authorizing you to conduct procurements under the revised regulation retroactively to February 6, 2012, consistent with the provision(s) in Attachment 1 and pending formal amendment of any existing award(s) with your organization. We will amend your award(s) at the earliest practicable opportunity to incorporate the attached revised Standard Provision "USAID Eligibility Rules for Goods and Services (Feb 2012)" and delete the Standard Provision "Local Procurement (April 1998)." If cost share (matching) is applicable to your awards, the amendment will include the attached revised Standard Provision "Cost Share (Matching) (Feb 2012)." We will also amend the Schedule of any awards that currently designate the geographic code of 000 or 941 to reflect the new default

code of 937. I will not amend awards ending within four (4) months from February 6, 2012, unless you specifically request that they be amended.

Please note that we will consider your organization as having accepted this authorization and concur with the proposed amendment(s) if we do not receive any specific written objection to this letter within 30 calendar days of its issuance. We will then issue the associated amendments unilaterally with an effective date of February 6, 2012. To the greatest extent possible, we will combine this revision with other regularly planned amendments (e.g., incremental funding as applicable) for administrative efficiency; however, only those revisions in the amendment consistent with the regulatory and policy changes above will be made effective February 6, 2012.

Frequently Asked Questions (FAQs) will be posted to the Agency website at <http://www.usaid.gov/business/ombudsman.html>. If there are any other questions in the interim, please feel free to contact me at \_\_\_\_\_.

Sincerely,

Cognizant AO Name

Attachment: Source Nationality Standard Provisions (ADS 303)

## Source Nationality Standard Provisions (ADS 303)

### USAID ELIGIBILITY RULES FOR GOODS AND SERVICES (FEBRUARY 2012)

(This provision is not applicable to goods or services which the recipient provides with private funds as part of a cost-sharing requirement, or with Program Income generated under the award.)

Guidance on the eligibility of specific goods or services may be obtained from the Agreement Officer. USAID policies and definitions on source and nationality are contained in [22 CFR Part 228, Rules on Procurement of Commodities and Services Financed by USAID Federal Program Funds](#) which is incorporated into this Award in its entirety. **22 CFR 228** is supplemented by the policies and procedures in ADS Chapters [310](#) and [312](#).

**a. Ineligible and Restricted Goods and Services:**

(1) Ineligible Goods and Services. The recipient must not, under any circumstances, procure any of the following under this award:

- (i) Military equipment,
- (ii) Surveillance equipment,
- (iii) Commodities and services for support of police or other law enforcement activities,
- (iv) Abortion equipment and services,
- (v) Luxury goods and gambling equipment, or
- (vi) Weather modification equipment.

(2) Ineligible Suppliers. Funds provided under this award must not be used to procure any goods or services furnished by any firms or individuals whose name appears on the "Lists of Parties Excluded from Federal Procurement and Nonprocurement Programs" (See <https://www.epls.gov/>). USAID will provide the recipient with a copy of these lists upon request.

(3) Restricted Goods. The recipient must obtain prior written approval of the Agreement Officer or comply with required procedures under an applicable waiver as provided by the Agreement Officer when procuring any of the following goods or services:

- (i) Agricultural commodities,
- (ii) Motor vehicles,
- (iii) Pharmaceuticals,
- (iv) Pesticides,

- (v) Used equipment,
- (vi) U.S. Government-owned excess property, or
- (vii) Fertilizer.

b. Source and Nationality:

The eligibility rules for goods and services based on source and nationality are divided into two categories: One applies when the total procurement element during the life of the award is \$250,000 or less, and the other applies when the total procurement element during the life of the award is over \$250,000. The total procurement element includes procurement of all goods (for example, equipment, materials, supplies) and services. Guidance on the eligibility of specific goods or services may be obtained from the Agreement Officer.

1) When the total procurement element during the life of this award is valued at \$250,000 or less, the authorized source for procurement of all goods and services to be reimbursed under the award is USAID Geographic Code 935, "Special Free World." Such goods and services must meet the source and nationality requirements set forth in 22 CFR 228.

2) When the total procurement element exceeds \$250,000, the following applies: Except as may be specifically approved or directed in advance by the Agreement Officer, all goods and services financed with U.S. dollars which will be reimbursed under this award must meet the source and nationality requirements set forth in 22 CFR 228 for the authorized geographic code specified in the schedule of this award. If none is specified, the authorized source is Code 937.

c. If USAID determines that the recipient has procured any of these goods or services under this award contrary to the requirements of this provision, and has received payment for such purposes, the Agreement Officer may require the recipient to refund the entire amount of the purchase.

This provision must be included in all subagreements which include procurement of goods or services.

[END OF PROVISION]

**COST SHARING (MATCHING) (FEBRUARY 2012)**

**APPLICABILITY:** *This provision, along with 22 CFR 226, is applicable when the recipient has agreed or is required to cost share or provide a matching share.*

**COST SHARING (MATCHING) (February 2012)**

- a. If at the end of any funding period, the recipient has expended an amount of non-Federal funds less than the agreed upon amount or percentage of total

expenditures, the Agreement Officer may apply the difference to reduce the amount of USAID incremental funding in the following funding period. If the award has expired or has been terminated, the Agreement Officer may require the recipient to refund the difference to USAID.

- b. The source and nationality requirements and the restricted goods provision established in the Standard Provision entitled "USAID Eligibility Rules for Goods and Services" do not apply to cost sharing (matching) expenditures.

[END OF PROVISION]