

U.S. DEPARTMENT OF AGRICULTURE
Commodity Credit Corporation
Natural Resources Conservation Service

**Conservation Innovation Grants
Fiscal Year 2006 Announcement of Program Funding**

Catalog of Federal Domestic Assistance (CFDA) Number: 10.912

EXECUTIVE SUMMARY: NRCS requests applications for Conservation Innovation Grants (CIG) to stimulate the development and adoption of innovative conservation approaches and technologies. Applications are accepted from all 50 States, the Caribbean Area (Puerto Rico and the Virgin Islands), and the Pacific Basin Area (Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands). For FY 2006, up to \$20 million is available for the National CIG competition. Funds will be awarded through a nationwide competitive grants process. There are three CIG components available in FY 2006: Natural Resource Concerns Component, Technology Component, and the Chesapeake Bay Watershed Component. Applications are requested from eligible government or non-government organizations or individuals for competitive consideration of grant awards for projects between one and three years in duration. This notice identifies the objectives for CIG projects, the eligibility criteria for projects and associated instructions needed to apply to CIG.

PROPOSAL DUE DATE AND ADDRESSES: Proposals must be received in the NRCS National Headquarters by 5 p.m., Eastern Standard Time (EST) on March 20, 2006. The address for hand-delivered applications or applications submitted using express mail or overnight courier service is: Conservation Innovation Grants Program; c/o Grants and Agreements Team; Natural Resources Conservation Service; Management Services Division; 14th and Independence Ave., SW; Room 5222-S; Washington, DC 20050.

Applications sent via the U.S. Postal Service must be sent to the following address: Conservation Innovation Grants Program; Grants and Agreements Team; Natural Resources Conservation Service; Management Services Division; Room 5220-S, Post Office Box 2890, Washington, D.C. 20013-2890.

To submit your application electronically, visit www.grants.gov/apply and follow the instructions.

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I. FUNDING OPPORTUNITY DESCRIPTION

A. Legislative Authority

CIG was authorized as part of the Environmental Quality Incentives Program (EQIP) [16 U.S.C. 3839aa-8] under Section 1240H of the Food Security Act of 1985, as added by section 2301 of the Farm Security and Rural Investment Act of 2002 (Public Law 107-171). The Secretary of Agriculture delegated the authority for the administration of EQIP and CIG to the Chief of the Natural Resources Conservation Service (NRCS), who is vice president of the Commodity Credit Corporation (CCC). EQIP is administered by NRCS under the authorities of the CCC.

B. Overview

The purpose of CIG is to stimulate the development and adoption of innovative conservation approaches and technologies while leveraging Federal investment in environmental enhancement and protection, in conjunction with agricultural production. CIG projects are expected to lead to the transfer of conservation technologies, management systems, and innovative approaches (such as market-based systems) into NRCS technical manuals or guides, or to the private sector. CIG does not fund research projects. Instead, it is a vehicle to stimulate the development and adoption of conservation approaches or technologies that have been studied sufficiently to indicate a likelihood of success and to be candidates for eventual technology transfer. CIG funds projects targeting innovative on-the-ground conservation, including pilot projects and field demonstrations.

NRCS will accept applications for single- or multi-year projects, not to exceed three years, submitted to NRCS from eligible entities, including Federally-recognized Indian Tribes, State and local governments, and non-governmental organizations and individuals. Applications are accepted from all 50 States, the Caribbean Area (Puerto Rico and the Virgin Islands), and the Pacific Basin Area (Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands).

Proposal submissions to NRCS National Headquarters must be accompanied by a letter of review from the appropriate NRCS State Conservationist(s). Complete applications will be evaluated by a technical peer review panel and scored based on the Criteria for Proposal Evaluation identified in this document. Scored applications will be forwarded to a Grant Review Board. The Grant Review Board will make recommendations for project approval to the Chief. Final award selections will be made by the Chief.

C. Innovative Conservation Projects or Activities

For the purposes of CIG, the proposed innovative project or activity must encompass the development and field testing, evaluation, and implementation of:

- Conservation adoption incentive systems, including market-based systems; or,
- Promising conservation technologies, practices, systems, procedures, and approaches.

To be given priority consideration, the innovative project or activity:

- Will have been studied sufficiently to indicate a good probability for success;

- Demonstrates, tests, evaluates, or verifies environmental (soil, water, air, plants, and animal) effectiveness, utility, affordability, and usability in the field;
- Adapts conservation technologies, practices, systems, procedures, approaches, and incentive systems to improve performance, and encourage adoption;
- Introduces conservation systems, approaches, and procedures from another geographic area or agricultural sector; and,
- Adapts conservation technology, management, or incentive systems to improve performance.

D. CIG Components

For Fiscal Year 2006, three components of CIG will be offered. Applicants may apply for multiple components but will not receive more than one award.

1. Natural Resource Concerns Component

Applications must demonstrate the use of innovative technologies or approaches, or both, to address a natural resource concern or concerns. The four natural resource concerns for possible funding through Conservation Innovation Grants for fiscal year 2006 are:

Water Resources

The objective of this natural resource concern is to implement new technologies and/or approaches to maintain, restore, or enhance water quality and/or quantity in watersheds with predominantly agricultural land uses while sustaining productivity. Subtopics include:

1. Nutrient, pesticide, and pathogen transport to surface water and groundwater;
2. Sediment transport to surface water;
3. Irrigation management for water conservation;
4. Aquifer recharge/maintenance of groundwater supplies; and,
5. Increased water supplies/availability through alternative treatment or reuse strategies.

Soil Resources

The objective of this conservation concern is to implement new technologies and/or approaches to maintain, restore, or enhance soil resources associated with agricultural and forest land uses while sustaining productivity. Subtopics include:

1. Erosion reduction;
2. Accumulation of harmful levels of constituents in soils, including nutrients, metals, salts; and,
3. Overall soil quality and productivity.

Atmospheric Resources

The objective of this conservation concern is to implement new technologies and/or approaches to maintain, restore, or enhance air quality and atmospheric resources through agricultural and forest practices while sustaining productivity. Subtopics include:

1. Agricultural emissions of particulates, odors, volatile organic compounds, and greenhouse gases;
2. Carbon sequestration in soil and through other mechanisms; and,
3. Bio-based energy opportunities.

Grazing Land and Forest Health

The objective of this conservation concern is to implement new technologies and/or approaches to maintain, restore, or enhance grazing land and forest health while sustaining productivity. Subtopics include:

1. Invasive species management on grazing and forest land;
2. Effects of pests, diseases, and fragmentation on forest and grazing land quality/health; and,
3. Systems or practices to minimize overgrazing and restore lands suffering effects of overgrazing.

Note: States participating in the CIG State component may choose to add a “Wildlife Habitat” natural resource concern, at the discretion of the State Conservationist or Area Director.

2. Chesapeake Bay Watershed Component

Proposals must demonstrate the use of innovative technologies or approaches, or both, to address one or more of the above-listed natural resource concerns within the Chesapeake Bay watershed.

3. Technology Component

Proposals must address one or more of the following specific technology categories identified by NRCS:

1. **Improved on-farm energy efficiency.** Possible subtopics include:
 - a. Renewable energy sources such as wind or solar;
 - b. Methane recovery; and,
 - c. Other innovative farm management or production technologies.
2. **Market-based approaches.** Possible subtopics include:
 - a. Development and application of technical tools that measure environmental services in order to document credits for trading;
 - b. Greenhouse gas accounting tools; and,
 - c. Water quality improvement accounting tools.
3. **Development and adoption of on-farm energy audits.** Possible subtopics include:
 - a. Automated self energy audit technology;
 - b. Energy audit worksheets; and,
 - c. Compilation of on-farm energy auditors and audit processes.
4. **Application of improved forage production.** Possible subtopics include:
 - a. Low-input approaches to increasing forage production;
 - b. Alternative grasses or forages for livestock; and,
 - c. Systems or practices that integrate trees-forage-livestock i.e., silvopasture and its effects on forage and forest resources.
5. **Drainage water management.** Possible subtopics include:
 - a. Achieving multiple benefits (e.g., economic, wildlife habitat, soil quality, wetlands and water quality) through area-wide or regional application;

- b. Achieving nutrient reduction benefits (nitrogen and phosphorus) in downstream receiving waters;
- c. Improving water/nutrient accounting/budgeting; and,
- d. Assessing microbial/organic effects (including earthworm activity).

II. FUNDING AVAILABILITY

A. National Component

Effective on the publication date of this notice, the CCC announces the availability of up to \$20 million for CIG. The funding breakdown for each component of CIG is:

Natural Resource Concerns component: Up to \$10 million
Technology component: Up to \$5 million
Chesapeake Bay Watershed component: Up to \$5 million

Funds will be awarded through a nationwide competitive grants process. Funds not used in one component may be shifted to another. Individual projects funded through CIG in fiscal year 2006 may not receive more than \$1 million from NRCS. CIG will fund single- and multi-year projects, not to exceed three years.

The available funding for the three national components is anticipated to fund approximately 50 awards. The anticipated start date for awarded projects is August 1, 2006. Awards will be made using grant agreements with NRCS National Headquarters.

B. State Component

The CIG final rule describes the potential for implementing a State component of CIG. The intent of the State component is to provide flexibility to NRCS State Conservationists to target CIG funds to individual producers and smaller organizations that may possess promising innovations, but may not compete well on the larger scale of the national grants competition. For FY 2006, the State component of CIG will be available in select States. Participating States are listed on the CIG website at: www.nrcs.usda.gov/programs/cig. Funding availability and application and submission information for State competitions will be announced through public notices (and on State NRCS websites) separately from this national notice. State Conservationists will determine the funding level for State competitions, with individual grants not to exceed \$75,000.

III. ELIGIBILITY INFORMATION

CIG applicants must be a Federally-recognized Indian Tribe; State or local unit of government; non-governmental organization; private business; or individual.

A. Matching Funds

Selected applicants may receive grants of up to 50 percent of the total project cost. Applicants must provide non-Federal funding for at least 50 percent of the project cost. Up to 50 percent (25 percent of the total project cost) of the applicant's match may be from in-kind contributions. The remainder must be cash.

B. Beginning and Limited Resource Farmers and Ranchers, and Indian Tribes

For the FY 2006 grant award process, up to 10 percent of the total funds available for CIG may be set-aside for applications from Beginning and Limited Resource Farmers and Ranchers, Indian Tribes, or community-based organizations comprised of or representing these entities. To compete for these set-aside funds, the applicant must make a declaration in the application as described in paragraph IV.B.6. of this notice. Applications that are unsuccessful in the set-aside competition will be placed automatically in the general application pool for consideration. Funds not used in the set-aside pool will revert back into the general funding pool.

In addition, an exception regarding matching funds is made for projects funded out of the set-aside. Seventy-five (75) percent of the required matching funds for such projects may derive from in-kind contributions. This exception is intended to help Beginning and Limited Resource Farmers or Ranchers and Indian Tribes meet the statutory requirements for receiving a Conservation Innovation Grant.

C. EQIP Payment Limitation

Section 1240G of the Food Security Act of 1985 (as amended by the Farm Security and Rural Investment Act of 2002), 16 U.S.C. 3839aa-7, imposes a \$450,000 limitation for all cost-share or incentive payments disbursed to individuals or entities under an EQIP contract between 2002 and 2007. The limitation applies to CIG in the following manner:

- a. CIG funds are awarded through grant agreements; these grant agreements are not EQIP contracts. Thus, CIG awards are not limited by the payment limitation.
- b. Direct or indirect payments made to an individual or entity using funds from a CIG award to carry out structural, vegetative, or management practices count toward each individual's or entity's EQIP payment limitation. Through project progress reports, CIG grantees are responsible for certifying that producers involved in CIG projects do not exceed the payment limitation. Further, all direct and indirect payments made to producers using CIG funds must be reported to NRCS.

2. Payment Limitation Examples - Following are two examples of how the \$450,000 EQIP payment limitation applies to CIG projects:

- a. A \$500,000 CIG grant is awarded to a State environmental agency to demonstrate an innovative, market-based, water quality trading program. The money is used to finance the development of a market infrastructure, and none of the funds are used to implement structural, vegetative, or management practices. Producers in the

trading market demonstration area may indirectly benefit from their eventual participation in the market, but there is no direct or indirect payment of CIG dollars. If, on the other hand, part of the CIG award were used to make payments to producers who implement a conservation practice on their land as part of a trading program, those payments would count towards each producer's \$450,000 EQIP payment limitation.

b. A \$1,000,000 CIG grant is awarded to a Conservation District to pilot a community-based animal waste treatment technology innovation. EQIP-eligible producers in the area transport their animal waste to a central treatment location. Because producers are not directly or indirectly receiving CIG funds, the payment limitation does not apply. If, however, the producers were paid for their waste, or for transporting their waste to the central treatment location, using CIG funds, the payments would be subject to each producer's EQIP payment limitation.

D. Project Eligibility

To be eligible, projects must involve landowners who meet the EQIP eligibility requirements of 16 U.S.C. 3839aa-1. Refer to <http://www.nrcs.usda.gov/programs/eqip/> for more information on EQIP and eligibility requirements. Further, all agricultural producers receiving direct or indirect payments through participation in a CIG project must meet the EQIP eligibility requirements. Participating producers are not required to have an EQIP contract. Applications must describe the extent of participation of EQIP eligible producers.

Technologies and approaches that are eligible for funding in a project's geographic area through EQIP are ineligible for CIG funding except where the use of those technologies and approaches demonstrates clear innovation. The burden falls on the applicant to sufficiently describe the innovative features of the proposed technology or approach (applicants should reference the appropriate State's EQIP Eligible Practices List by contacting the NRCS State office, or by visiting the EQIP web site: http://www.nrcs.usda.gov/programs/eqip/EQIP_signup/2004_EQIP/2004_EQIP.html).

The grantee is responsible for providing the technical assistance required to successfully implement and complete the project. NRCS will designate a Federal Grant Representative and a Technical Contact to provide technical oversight for each project receiving an award.

IV. APPLICATION AND SUBMISSION INFORMATION

A. How to Obtain Application Materials

All OMB standard forms necessary for CIG submission are posted on the following OMB website: http://www.whitehouse.gov/omb/grants/grants_forms.html. An application checklist is available on the CIG website: www.nrcs.usda.gov/programs/cig.

B. Proposal Content and Format

Proposals must contain the information set forth below in order to receive consideration for a grant. Applicants should not assume prior knowledge on the part of NRCS or others

as to the relative merits of the project described in the application. Applications must be submitted in the following format:

Proposals are to be typewritten on 8½” x 11” white paper, double spaced, and on one side only. The text of the proposal must be typewritten in a font no smaller than 12-point, with one-inch margins. If submitting proposals for more than one project, submit a separate, complete application package for each project.

Proposals must include all required forms and narrative sections described below; incomplete applications will not be considered.

1. Cover Sheet: Applications must use Standard Form 424 as the cover sheet for each project proposal. Standard Form 424 can be downloaded from <http://www.whitehouse.gov/omb/grants/sf424.pdf>, or obtained from a NRCS State Office (a list of NRCS State Offices is provided in the appendix of this announcement). Note that all applicants must provide a DUNS number in block 5. See section 9 below for information on acquiring a DUNS number. Also note that in block 15 of the SF-424, the funding amounts listed must reflect the amounts requested and contributed for the entire duration of the project.

2. Project Abstract: Each proposal must contain a summary of not more than two pages that list the following:

- a. CIG component(s) to which proposal is submitted (e.g., Natural Resource Concerns, Technology, Chesapeake Bay Watershed);
- b. Project title;
- c. Project duration (beginning and ending dates);
- d. Name, address, telephone, e-mail, and other contact information for the project director (please provide a mailing address, not a P.O. box);
- e. Names and affiliations of project collaborators;
- f. Estimated number of EQIP-eligible producers involved in the project;
- g. Natural resource concern(s)/technology to be addressed, taken directly from sections above;
- h. List of deliverables/products of project activities;
- i. Summary of the work to be performed;
- j. Total project cost; and,
- k. Total Federal funds requested.

3. Project Description: Each project must be completely and accurately described in no more than 10 typewritten, double-spaced pages, which must include the following:

- a. Project background: Describe the history of, and need for, the proposed innovation. Provide evidence that the proposed innovation has been studied sufficiently to indicate a good probability for success of the project;
- b. Project objectives: Be specific, using qualitative and quantitative measures, if possible, to describe the project’s purpose and goals. Describe how, based on the description of innovative conservation projects and activities provided in section I.C., the project is innovative;
- c. Project methods: Describe clearly the methodology of the project and the tools or processes that will be used to implement the project;

- d. Location and size of project or project area: Describe the location of the project and the relative size and scope (e.g., acres, farm types and demographics, etc.) of the project area. Provide a map, if possible;
- e. Producer participation: Estimate the number of producers involved in the project, and describe the extent of their involvement;
- f. Project action plan and timeline: Provide a table listing project actions, timeframes, and associated milestones through project completion;
- g. Project management: Give a detailed description of how the project will be organized and managed. Include a list of key project personnel, their relevant education or experience, and their anticipated contributions to the project. Explain the level of participation required in the project by government and non-government entities. Identify who will participate in monitoring and evaluating the project;
- h. Benefits or results expected and transferability: Identify the results and benefits to be derived from the proposed project activities. Identify project beneficiaries—for example, agricultural producers by type or region or sector; rural communities; municipalities. Explain how these entities will benefit. In addition, describe how results will be communicated to others via outreach activities;
- i. Project evaluation: Describe the methodology or procedures to be followed to evaluate the project, determine technical feasibility, and quantify the results of the project for the final report. Grant recipients will be required to provide a biannual report of progress, quarterly financial reports, and a final project report to NRCS. Instructions for submitting reports will be detailed in the grant agreement; and,
- j. Environmental impacts: Describe the anticipated environmental effects of the proposed project. This description will be used to determine whether an Environmental Assessment (EA) or Environmental Impact Statement (EIS) is needed for any given project, prior to the awarding of grant funds. The applicant is responsible for the cost of an EA or EIS, should one be required. This cost may be counted as part of the grantee's in-kind contribution.

4. Budget Information: Use Standard Form 424A to document budget needs. Standard Form 424A can be found at <http://www.whitehouse.gov/omb/grants/sf424a.pdf>, or obtained from a NRCS State Office. In addition, provide a detailed narrative in support of the budget for the project, broken down by each project year. Itemize the costs necessary for successful completion of the proposed project. Indicate the total amount (both cash and in-kind) of non-Federal matching support that will be provided to the proposed project. Identify and provide documentation of the source(s), the amount, and the nature (cash or in-kind) of the matching funds. An indirect cost-rate agreement must be included if the applicant is claiming indirect costs. In-kind costs of equipment or project personnel cannot exceed 50 percent of the applicant's match (except in the case of projects carried out by either a Beginning or Limited Resource Farmer or Rancher, or Indian Tribe, or a community-based organization comprised of or representing these entities. The remainder of the match must be provided in cash.

5. Declaration of EQIP Eligibility: Applicants must make a declaration in writing that they, or parties involved in the project, are eligible for EQIP.

6. Declaration of Beginning Farmer or Rancher or Limited Resource Farmer or Rancher, or Indian Tribe: If an applicant wishes to compete in the 10 percent set-aside funding pool (see section III.B. that describes the provision of a set-aside pool of funding for Beginning and Limited Resource Farmers or Ranchers, and Indian Tribes) and avail themselves of the in-kind contribution exception, applicants must make a declaration in writing of their status as a Beginning Farmer or Rancher or Limited Resource Farmer or Rancher, or Indian Tribe, or a community-based organization comprised of or representing these entities.

7. State Conservationist Letter of Review: All CIG applications must include a letter of review from the appropriate NRCS State Conservationist. Multi-State applications must include letters from each State covered by the geographic area of the project. State Conservationists will review the proposed project for potential duplication of efforts, ethics concerns, and consistency with NRCS needs and overall EQIP objectives. A list of NRCS State Office addresses and phone numbers is included at the end of this notice. Applicants are encouraged to consult with the appropriate State Conservationist(s) during proposal development to discuss the letter of review. *In addition, applicants should allow sufficient time to secure letters of review in order to meet the application deadline. Applicants should allow State Conservationists at least one week to review an application and provide a letter of review.*

8. Certifications: All applications must include a signed Standard Form (SF) 424B - Assurances, Non-construction Programs. SF 424B may be found at:

<http://www.whitehouse.gov/omb/grants/sf424b.pdf>, or contact a State NRCS office;

Applicants, by signing and submitting an application, assure and certify that they are in compliance with the following from 7 Code of Federal Register (CFR):

a. Part 3017, Governmentwide Debarment and Suspension (Nonprocurement) (http://www.access.gpo.gov/nara/cfr/waisidx_04/7cfr3017_04.html);

b. Part 3018, New Restrictions on Lobbying (http://www.access.gpo.gov/nara/cfr/waisidx_04/7cfr3018_04.html); and,

c. Part 3021, Governmentwide Requirements for Drug-Free Workplace (Financial Assistance) http://www.access.gpo.gov/nara/cfr/waisidx_04/7cfr3021_04.html).

9. DUNS Number: A Dun and Bradstreet (D&B) Data Universal Numbering System (DUNS) number is a unique nine-digit sequence recognized as the universal standard for identifying and keeping track of over 70 million businesses worldwide. A federal Register notice of final policy issuance (68 FR 38402) requires a DUNS number in every application (i.e., hard copy and electronic) for a grant or cooperative agreement (except applications from in application from individuals) submitted on or after October 1, 2003. Therefore, potential applicants should verify that they have a DUNS number or take the steps needed to obtain one. For information about how to obtain a DUNS number go to <http://www.grants.gov/RequestaDUNS> or call 1-866-705-5711. Please note that the registration may take up to 14 business days to complete.

10. Required CCR Registration: The Central Contractor Registry (CCR) is a database that serves as the primary Government repository for contractor information required for the conduct of business with the Government. This database will also be used as a central location for maintaining organizational information for organizations seeking and receiving grants from the Government. CIG applicants must register with the CCR. To

register, visit <http://www.ccr.gov>. Allow a minimum of 5 days to complete the CCR registration.

C. How to Submit a Written Proposal

Applicants must submit one signed original and six complete copies of each project application. Each copy of the proposal must be stapled securely in the upper left-hand corner. Hard copies must be accompanied by an electronic copy on a 3½-inch diskette or compact disc (CD). Electronic files must be either Microsoft Word or Acrobat (pdf) files. Applications submitted via facsimile or e-mail will not be accepted.

Submit written proposals to:
Grants and Agreements Team Leader
Natural Resources Conservation Service
14th and Independence Ave., S.W.
Room 5222-S
Washington, D.C. 20250

D. How to Submit a Proposal Electronically:

Applicants may submit proposals electronically through Grants.gov, the Federal government's e-grants portal. Applications submitted through Grants.gov must contain all of the elements of a complete application outlined above. Instructions for electronically submitting the required standard forms, abstract, narrative, and declarations are included in the CIG Grants.gov notice. The State Conservationist letter of review may be submitted electronically (scanned in) or mailed to NRCS separately. Applications submitted electronically are date and time stamped by Grants.gov and must be received by the identified closing date. **Note that NRCS is not responsible for any technical malfunctions or website problems related to Grants.gov submissions.** Applicants should begin the Grants.gov process well before the submission deadline to avoid problems.

E. Proposal Due Date

Proposals must be received in the NRCS National Headquarters by 5 p.m., Eastern Standard Time (EST) on March 20, 2006. A proposal's postmark date is not a factor in whether an application is received on time. The applicant assumes the risk of any delays in proposal delivery. Applicants are strongly encouraged to submit completed applications via overnight mail or delivery service to ensure timely receipt by NRCS.

F. Acknowledgement of Submission

Proposals received by the due date will be acknowledged with an official letter. If an applicant has not received an acknowledgment within 60 days of the submission, the applicant must contact the administrative contact (see "Agency Contacts" below) immediately. Failure to do so may result in the application not being considered for funding by the peer review panel.

G. Funding Restrictions

The indirect costs (F&A) for CIG awards may not exceed 15 percent of the total Federal funds provided under each award. Awardees may not use unrecovered indirect costs as part of their matching funds.

CIG funds may not be used to pay any of the following costs unless otherwise permitted by law, or approved in writing by the Authorized Departmental Officer in advance of incurring such costs:

- a. Costs above the amount of funds authorized for the project;
- b. Costs incurred prior to the effective date of the grant;
- c. Costs which lie outside the scope of the approved project and any amendments thereto;
- d. Entertainment costs, regardless of their apparent relationship to project objectives;
- e. Compensation for injuries to persons, or damage to property arising out of project activities;
- f. 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; and,
- g. Renovation or refurbishment of research or related spaces; the purchase or installation of fixed equipment in such spaces; and the planning, repair, rehabilitation, acquisition, or construction of buildings or facilities.

This list is not exhaustive. Questions regarding the allowances of particular items of cost should be directed to the administrative contact person listed below.

H. Patents and Inventions

Allocation of rights to patents and inventions shall be in accordance with USDA regulation 7 CFR 3019.36. This regulation provides that small businesses normally may retain the principal worldwide patent rights to any invention developed with USDA support. In accordance with 7 CFR 3019.2, this provision will also apply to commercial organizations for the purposes of CIG. 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 invention in the United States must normally manufacture it domestically.

V. APPLICATION REVIEW

A. Proposal Review and Selection Process

Prior to technical review, each application will be screened for completeness and compliance with the provisions of this notice. Incomplete applications and those that do not meet the provisions of this notice will be eliminated from competition, and notification of elimination will be mailed to the applicant.

Applications meeting the provisions of this notice will be scored by a Peer Review Panel against the Criteria for Proposal Evaluation listed above. Scored applications will be forwarded to a Grant Review Board, which will certify the rankings from the peer review panels, and ensure that the proposal evaluations are consistent with program objectives. The CIG Grant Review Board consists of five members of NRCS leadership, specifically the Deputy Chief for Soil Survey and Resource Assessment, the Deputy Chief for Science and Technology, the Deputy Chief for Programs, one Regional Assistant Chief, and one State Conservationist. The Grant Review Board will make recommendations to the Chief for final selection and funding decisions.

B. Criteria for Proposal Evaluation

Peer review panels will use the following criteria to evaluate project proposals. Each of the four criterion carries an equal weight of 25 percent.

1. Purpose and goals:
 - a. The purpose and goals of the project are clearly stated;
 - b. The project adheres to the natural resource conservation concerns for FY 2006 stated in this notice; and,
 - c. There is clear and significant potential for a positive and measurable outcome.
2. Soundness of approach or design:
 - a. The project adheres to the description of innovative projects or activities found in section I.C. of this notice;
 - b. Technical design and implementation strategy is based on sound science;
 - c. There is a good likelihood of project success;
 - d. The project substantively involves EQIP eligible producers; and,
 - e. The project promotes environmental enhancement and protection in conjunction with agricultural production.
3. Project management:
 - a. The proposal has clear milestones and timelines, designated staff, and demonstrates collaboration;
 - b. The project staff has the technical expertise needed to do the work; and
 - c. The budget is reasonable and adequately justified.
4. Transferability:
 - a. There is great potential to transfer the approach or technology to others and/or to other geographical areas; and,
 - b. The project will result in the development of technical or related materials (e.g., technical standards, technical notes, manuals, handbooks, software) that will help foster adoption of the innovative technology or approach by other producers, and in other geographic areas.

C. Anticipated Announcement and Award Dates

CIG awards are anticipated to be announced on June 15th, 2006.

VI. AWARD INFORMATION

A. Award Notification

Applicants who have been selected will be notified by the appropriate State Conservationist, and by official notice from National Headquarters. The official notice signed by the authorizing official indicates that awardees may proceed with their projects.

Applicants whose proposals have not been selected will be notified by official letter.

B. Grant Agreement

The CCC, through NRCS, will use a grant agreement with selected applicants to document participation in the CIG component of EQIP. The grant agreement will include:

- project purpose;
- project objectives and deliverables;
- project progress and budget reporting requirements;
- award amount and budget information;
- information regarding requests for advance of funds or reimbursement;
- other requirements and terms deemed necessary by the CCC to protect the interests of the United States.

Neither the approval of any application nor the award of any grant agreement commits or obligates the United States to provide further support of a project or any portion thereof or implies any endorsement.

C. Reporting Requirements

Grantees receiving Federal funds of more than \$25,000 are required to submit a SF-272 (Report of Federal Cash Transactions), and when necessary, the continuation sheet, SF-272-A, no later than 15 days following the end of each quarter or 90 days after project completion. These reports are used to monitor cash advanced to recipients and to obtain disbursement and outlay information for each award.

Grantees must submit a Financial Status Report (SF 269) no later than 30 days after the end of each quarter and 90 days after completion of project.

In addition, every six months the grantee must submit a written performance progress report to NRCS National Headquarters. This report is distinct from the quarterly financial report described above. Each progress report shall cover work performed during the previous 6-month period, including any funded or unfunded time extensions, a comparison of actual accomplishments to project goals, and a statement of work projected to be completed in the next 6-month period. A progress report template will be provided to grantees by NRCS

To satisfy the requirements of EQIP (7 CFR 1466) compliance measures, the grantee is required to submit as a component of the biannual progress report:

- a. A list of producers, identified by name and social security number, of all EQIP-eligible producers or entities involved in the project.
- b. The dollar amount of direct and indirect payment made to each individual producer or entity for any structural, vegetative, or management practices. Both quarterly and cumulative payment amounts must be submitted.
- c. A self-certification indicating that each individual or entity receiving a direct or indirect payment through this grant is in compliance with the EQIP Payment Limitation, AGI, HEL, and Wetlands Conservation Compliance Farm Bill provisions.

NRCS will designate a Federal Grant Representative (FGR) and a Technical Contact for the project. These individuals will have technical oversight responsibility for the project. The grantee must send copies of each biannual progress report to the FGR and technical contact, and comply with any requests for information from these individuals. NRCS recommends that the grantee work closely with these subject matter experts throughout the course of the project.

Upon passage of the completion date of the project, a final report must be submitted within 90 days detailing project activities, funding received and expended, results, and potential for transferability of results.

VII. CIG CONTACTS

For programmatic questions (e.g., natural resource concerns), please contact:

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For administrative questions (e.g., indirect costs, contracts), please contact:

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Additional information about CIG, including fact sheets and FAQs, is available on the CIG webpage:

www.nrcs.usda.gov/programs/cig

Signed in Washington, D.C. on January 4, 2006.

BRUCE I. KNIGHT
Vice President
Commodity Credit Corporation
Chief
Natural Resources Conservation Service

VIII. OTHER INFORMATION

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