



Overview

This guide assists faculty, department administrators, and staff to navigate the transition to the new NIH foreign subaward structure, ensuring compliance with [NOT-OD-25-155: New Application Structure for NIH-Funded International Collaborations](#) and maintaining the continuity of research projects involving foreign collaborations.

Understanding the New NIH Award Structure

Direct Relationships: NIH will enter into a direct relationship with foreign subrecipients, allowing for independent financial tracking.

Elimination of “Nested” Subawards: Foreign entities will no longer be subrecipients “under” the domestic parent award in the traditional sense.

Reporting Requirements: Despite the separate financial tracking, the Prime Recipient remains responsible for preparing and submitting consolidated scientific reporting through the annual RPPR.

Policy Supersession: This new policy supersedes all existing Notices of Funding Opportunities (NOFOs) that previously allowed foreign subawards under the old model.

Timeline and Applicability

Full Implementation: As of January 2026, grants requesting NIH funding for one or more foreign components, NIH will require that competing applications submit applications to a Notice of Funding Opportunity (NOFO) that supports the new PF5 Activity Code for grants, new UF5 Activity Code for cooperative agreements, or another complex mechanism activity code that supports the International Project component type..

Prospective Application: The policy applies to new, renewal, and non-competing continuation grants.

Existing Awards: Awards issued on or before May 1, 2025, may continue their active budget period, but will likely face negotiations or restructuring during their next non-competing continuation.

Instructions for Principal Investigators (PIs)

Consultation: PIs are strongly recommended to discuss foreign subaward concepts with their Program Officer (PO) before submission.

Justification: If a foreign component is permitted, the PI must provide a very strong justification explaining why a foreign entity was chosen over a domestic one.

Re-scoping: For proposals already submitted, PIs should prepare to re-scope the project to remove the foreign subaward or identify a domestic partner to perform the work.

Institutional Notification: If NIH requests a re-scoping of a pending award, PIs must notify Research and Sponsored Programs (RSP) Grants Specialist (GS) immediately.



Exceptions to the Policy

The following categories are not subject to the new subaward structure requirements:

- Foreign consultants.
- Direct foreign awards (where the foreign institution is the prime recipient).
- Purchase of unique equipment or supplies from foreign vendors.

Comparison of NIH Award Models

The following table outlines the structural shift from the traditional “nested” subaward model to the new direct relationship model.

Feature	Old Nested Model (Pre-May 2025)	New Direct Relationship Model (Full Implementation by September 30, 2025)
Relationship with NIH	Foreign subawards were “nested” under the domestic parent award.	NIH establishes a direct relationship with the foreign subrecipient. Domestic applications must use activity code PF5 for grants and UF5 for Cooperative Agreements.
Financial Tracking	Funds were managed through the domestic Prime Recipient’s award.	Separate financial tracking is enabled through an independent foreign “subaward/subproject” linked to the prime award.
Scientific Reporting	Handled by the Prime Recipient via the annual RPPR.	Remains consolidated; the Prime Recipient is still responsible for preparing and submitting the annual RPPR.
Award Structure	Single award to the domestic institution covering all sub-costs.	Prime award to the U.S. institution linked to a separate foreign sub-component.



Collaborative International Research Project (PF5)

To support international research collaborations, NIH will make domestic prime awards with independent foreign awards that are linked to the prime. Note: The project is submitted as one application that is reviewed as a whole. Prior to award, all international subprojects will be disaggregated and funded as separate RF2 grant awards in lieu of a foreign subaward. In order to manage compliance and track international funding, the RF2 will be awarded directly to the foreign organization. International subprojects should not be used for foreign consultants, purchasing unique equipment or supplies from foreign vendors, international collaborations that do not involve NIH funding or any foreign component that would not result in a foreign subaward.

More information may be found at this link: <https://grants.nih.gov/funding/activity-codes/PF5>

Frequently Asked Questions: Vendors vs. Subrecipients

Q: What constitutes a “unique” foreign vendor according to this policy?

Under the sources provided, a unique foreign vendor is an entity from which the University purchases unique equipment or supplies. These transactions are categorized as exceptions to the new policy, meaning the direct relationship and separate financial tracking requirements for foreign subawards do not apply to these purchases.

Q: How does a “subrecipient” differ from a “unique vendor”?

A subrecipient is a foreign entity engaged in a research partnership that, under the new model, will have an independent “subaward/subproject” linked to the parent grant. Unlike vendors who provide goods or equipment, subrecipients are involved in the scientific conduct of the project and are subject to the new NIH award structure. While vendors are exempt from these new oversight measures, subrecipients are the primary focus of the policy changes intended to enhance integrity, accountability, and national security.

Q: Are foreign consultants treated as subrecipients?

No. The sources explicitly state that foreign consultants are an exception to this policy. They are not subject to the new direct relationship structure or the specific financial tracking requirements applied to foreign subrecipients.

Q: What if I am unsure if my foreign partner is a vendor or a subrecipient?

If you are including foreign components in a proposal, it is strongly recommended that you discuss the concept with your Program Officer (PO). If a foreign subrecipient is permitted, you must provide a very strong justification as to why that specific foreign entity was chosen over a domestic partner.