

# Implementation Tips for USAID Partners

Sharing Resources and Knowledge Among the Global CSO Community

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## Definitions

**Cost Share**—The portion of project costs not covered by the USG. This may be cash or in-kind contributions.

**In-Kind Contribution**—Non-cash resources contributed to a project. This may include volunteer services, equipment or property.

## References

[OMB Circular A-110](#)—Uniform Administrative Requirements for Grants with Institutions of Higher Education, Hospitals and Other Non-Profit Organizations

[U.S. Code of Federal Regulation—2 CFR 200.306 Cost Sharing or Matching](#)

## Cost Share vs Matching Funds

The term “matching funds” is used when program recipients are required to provide a certain amount of non-USG funds to a project in order to be eligible to receive USG funds.

“Cost share” refers to all other cases where non-USG contributions are committed to a program.

**Tip:** Certain procurement restrictions that apply to the use of USG funds may not apply to the use of non-USG cost-sharing resources. For example, the source, nationality and restricted goods requirements do not apply to cost share expenditure.

## Cost Share

**Q.** What is cost share? What counts toward cost share, and how do I report it?

**A.** Cost share is the non-U.S. Government (USG) portion of the costs of your project. Cost share may either be cash or in-kind contributions. Once you commit to providing cost share and it is included in your agreement’s approved budget, you are required to provide documentation showing that this obligation has been met successfully.

If you committed to providing cost share but are unable to meet your obligation as planned, you are still responsible for it.

Example: Your agreement has an approved budget of US\$1.1 million, which is comprised of US\$1 million in USG funds and US\$100,000 in cost share. If you document and report cost-share contributions of only US\$75,000, you are responsible for the remaining US\$25,000. If you do not provide acceptable documentation and report the remaining balance before the end of the project’s period of performance, the Agreement Officer may:

1. Reduce your final obligation of USG funds by US\$25,000;
2. Require the organization refund USAID \$25,000 when the award expires or is terminated; or
3. Reduce the cost share required under the award.

### What Counts Toward Cost Share?

Cash and in-kind contributions from a non-USG source may be eligible to count toward your cost-share commitment. To be counted, a cost-share contribution must meet all of the following criteria:

- Must be verifiable in your organization’s records;
- Is not included as a contribution for any other USG-assisted program;
- Is necessary and reasonable for proper and efficient accomplishment of project objectives;
- Is allowable under subpart E - Cost Principles (including reasonableness of the cost or value of the donated goods or services); and
- Is not paid for by the USG under another agreement (unless the grant or agreement is authorized to be used as cost share); and

## In Your Agreement

USAID Partners: If applicable, your cost-share commitment typically is listed in the following sections:

- The end of your award letter in section A. General Item 5—“Cost Sharing Amount (Non-Federal)”
- Attachment A to your award in the Schedule section
- Part 4—“Cooperative Agreement Budget”
- Part 9—“Cost Sharing”

## For More Information

For this or other issues of *Implementation Tips*, please visit [www.NGOConnect.net](http://www.NGOConnect.net). The Web site is a dynamic and interactive portal dedicated to connecting and strengthening CSOs, networks and CSO support organizations worldwide.

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- Is included in your approved budget.

## Reporting Cost Share

In order to demonstrate that you are meeting your cost-share obligation, you must record the amount (or equivalent amount in the case of in-kind contributions) in your quarterly Federal Financial Report using the Standard Form-425 (SF-425). These amounts must be verifiable in your organization’s records and are subject to being audited.

## Tips for Documenting and Reporting In-Kind Contributions

- Volunteer services may count toward your cost-share obligation, but they must be documented and, to the extent feasible, supported by the same methods you use with your employees (such as timesheets). Rates recorded for volunteers (to calculate a financial equivalent for their time) should be consistent with those paid for similar work by your organization or rates paid for similar work in the local labor market.
- Donated supplies may include expendable equipment, office supplies, laboratory supplies or workshop and training materials.
- The value claimed for expendable personal property, donated or loaned equipment, donated land or buildings or donated space must be reasonable and may not exceed its market value at the time of the donation.
- The value of donated land and buildings or office space must be established by an independent appraiser (e.g., certified real property appraiser) and certified by a responsible official in your organization.
- The value of office space must be determined by adequate market research.
- You must document the basis you used for determining the value for any personal services, material, equipment, buildings or land that you report as an in-kind contribution. There is no mandatory way to do this, but it must be fair and clearly documented.

With the authorization of the Agreement Officer, you may capture cost-share contributions from your subrecipients on the project (if any) in meeting your obligation. Please note that the same documentation and reporting considerations apply to subrecipients.

