

Annex I

Glossary of Terms and Acronyms

A

A-122—This U.S. Office of Management and Budget Circular, “Cost Principles for Non-Profit Organizations,” establishes principles for determining the cost of grants, contracts, and other agreements with non-profit organizations. By design, the principles provide that the USG bear its fair share of costs except where restricted or prohibited by law.

A-133—This U.S. Office of Management and Budget Circular, “Audits of States, Local Governments and Non-Profit Organizations,” sets forth standards for obtaining consistency and uniformity among USG agencies for the audit of states, local governments, and non-profit organizations expending USG funds. Currently, for U.S.-based organizations the threshold for an A-133 audit is \$500,000 per annum, and for non-U.S.-based organizations the threshold is \$300,000 per annum.

Accrual Accounting System—An accounting method that records financial events based on economic activity rather than financial activity. Under accrual accounting, revenue is recorded when it is earned and realized, regardless of when actual payment is received. See also **Cash-Basis Accounting System**.

Acquisition—A USG purchase or contract to obtain something for its own use. This includes products, commodities, or services. See also **Assistance**.

Action Plan—A specific series of steps describing what needs to be done, how, when, and by whom to accomplish one or more objectives. Written action plans can be used at the organization, project, or activity level.

ADS—The Automated Directives System (ADS— <http://www.usaid.gov/policy/ads/>) encompasses the totality of USAID’s regulatory body. Additionally, it includes suggested but not mandatory procedures and links to examples of best practices.

Allocable Cost—A cost incurred specifically to support or advance an award.

Allowable Cost—An incurred cost determined to be an acceptable charge.

AO—Agreement Officer, the USAID official with the authority to enter into, administer, terminate, and/or close out assistance agreements and make determinations and findings on behalf of USAID.

AOTR—Agreement Officer’s Technical Representative (formerly referred to as the Cognizant Technical Officer. Under a **contract**, this position is referred to as the Contracting Officer’s Technical Representative), the USAID official responsible for monitoring a grantee’s progress toward achieving the agreement’s purpose and for serving as technical liaison between the grantee and the Agreement Officer (AO). The AO will name and delegate authority for specific responsibilities to the AOTR named in a Cooperative Agreement.

APR—Annual Program Report, a report due upon completing implementation of an organization’s annual workplan. See also **SAPR**.

APS—Annual Program Statement, a funding solicitation that allows the USG to make multiple awards over a period of time.

Assistance—USG funding to an individual or an organization to achieve a public purpose. See also **Acquisition**.

Assistance Objective Team—The USAID group that makes a preliminary determination on the duration and type of funding instrument.

Audit—An independent review and examination of system records and activities.

Audit Package—A package of forms and information that includes the findings of an audit and a corrective action plan to address each finding in the auditor’s report.

Authorized Class of Service—Unless travel falls under certain exceptions, air travel purchased with USG funds requires the customary standard commercial airfare (economy class or equivalent).

Award Amount (or Award)—The total amount that is anticipated to be spent over the life of the project. See also **Total Estimated Cost**.

B

Baseline (or Baseline Assessment)—A snapshot of the community or targeted beneficiary group prior to the start of a project.

Beneficiary—The individual, group, or organization, whether targeted or not,

that benefits, directly or indirectly, from the development intervention.

Board of Directors—The group governing the overall direction and mission of an organization.

Brand—A visual representation of a product or service, such as a logo or graphic that is easily recognizable. It is a project's "signature."

Branding—The process of developing an identity for a product or service using images and words to evoke positive emotional responses in beneficiaries, which are influenced by their interactions with the implementation of the brand (promotion, customer service, other customers, etc.). See also **Marking**.

Burn Rate—The rate at which an organization spend its award funds on a periodic basis, typically monthly. See also **Pipeline**.

C

CAP—Capable Partners Program, a USAID-funded program that works to strengthen the organizational and technical capacities of non-governmental organizations, community-based organizations, faith-based organizations, intermediary support organizations, and NGO networks across technical sectors. CAP provides technical assistance, training, and grants management to USAID Missions and operating units to enhance their NGO programs.

Capacity Building—Strengthening the ability of an organization to manage itself and achieve its mission effectively.

Cash-Basis Accounting System—A method of bookkeeping that records financial events based on cash flow and cash position. Income is recorded when cash is received, and expense is recognized when cash is paid out. In cash-basis accounting, revenues and expenses are also called cash receipts and cash payments. Cash-basis accounting does not recognize promises to pay or expectations to receive money or service in the future, such as payables, receivables, or pre-paid or accrued expenses. This system is simpler for individuals and organizations that do not have significant numbers of these transactions, or when the time lag between initiation of the transaction and the cash flow is very short. See also **Accrual Accounting System**.

CBO—Community-Based Organization.

CFR—Code of Federal Regulations, the codification of the general and permanent rules published in the Federal Register by the executive departments and agencies of the USG.

Close Out—The final phase of a project in which activities are finalized and administrative tasks completed.

Commodity—Any item that can be bought or sold, usually a product or raw material (lumber, wheat, coffee, metals, etc.).

Communication—The process of transmitting ideas and information about the nature of an organization and the issues with which it deals; an ongoing, core activity that is key to sustaining an organization. See also **Marketing**.

Contract—The mechanism the USG uses in awarding acquisitions.

Cooperative Agreement—One of two methods the USG uses to provide assistance. The USG uses this method when it wishes to retain substantial involvement in a project. See also **Grants**.

Cost Objective—The cost limit of an activity within budget limits. A project cannot exceed the cost objective that has been set for it.

Cost Share—The portion of project or program costs the USG does not cover. This may be in the form of cash or in-kind contributions. See also **In-Kind Contributions** and **Matching Funds**.

CTO—Cognizant Technical Officer (outdated term, replaced by either AOTR, Agreement Officer's Technical Representative, or COTR, Contract Officer's Technical Representative).

D

Debarment—An action taken by a an official to exclude a contractor from USG contracting and USG-approved subcontracting for a reasonable, specified period; a contractor so excluded is "debarred."

DEC—USAID's Development Experience Clearinghouse, the largest online resource of USAID-funded technical and program documentation.

Direct Costs—Goods and services specifically purchased for the exclusive benefit of one project that are charged to that project.

Disallowed Cost—An incurred cost questioned by the audit organization that USAID has agreed is not chargeable to the U.S. Government.

Due Diligence—The necessary assessment of the past performance, reputation, and future plans of a prospective partner or other entity, with regard to various business practices and principles. This normally involves, at a minimum, examining their social, environmental, and financial records.

DUNS Number—A unique nine-character number assigned to all businesses, which is required to do business with the U.S. Government for contracts or grants (see <http://fedgov.dnb.com/webform>).

E

EIN—Employer Identification Number (also known as a U.S. Federal identification number that identifies a business or nonprofit entity); USAID uses it to facilitate payment for an award.

Excluded Parties List—A database of individuals and organizations that are not eligible to receive funding from USAID or any USG agency. Recipients are responsible for using this online database to check vendors, consultants, and applicants prior to making any purchases or hiring decisions (<http://www.epls.gov>). Other online sources for verifying eligibility include the UN Consolidated List (<http://www.un.org/sc/committees/1267/consolist.shtml>) and the U.S. Department of Treasury's Designated Nationals List (<http://www.ustreas.gov/offices/enforcement/ofac/sdn/>).

External Relations—Refers to the efforts of an organization to enhance communications, foster relationships, and build public understanding and support for the organization and its work.

F

FAR—Federal Acquisition Regulations, the body of U.S. laws that govern the USG's procurement process.

FBO—Faith-Based Organization.

Federal—Pertaining to the U.S. Government.

Federal Audit Clearinghouse—An office within the USG in charge of receiving, processing, and distributing to USG agencies the Single Audit reporting packages of thousands of recipients of USG funding.

Federal Financial Report (FFR)—Also known as SF-425, a new USG financial reporting form that replaces, and consolidates into

a single form, the two most common USG financial reports—the Financial Status Report and the Federal Cash Transaction Report.

Finding—The answer to an audit objective that is supported by sufficient, competent, and relevant evidence.

Fiscal Year—Sometimes called a financial year or budget year, a period used for calculating annual (“yearly”) financial statements (http://en.wikipedia.org/wiki/Financial_statement) in businesses and other organizations. It may or may not correspond to the calendar year, which is January 1 through December 31. The USG fiscal year covers a 12-month period that begins October 1 and ends the following September 30.

Fly America Act—A regulation that applies to all USG-funded travel and requires the use of U.S. flag air carriers, with a few exceptions.

FM (or FMO)—USAID's Financial Management Office.

Foreign Tax Report—The report that all USG recipients must fill out annually to report the Value-Added Tax (VAT) that was paid to the host government. The reports are used to ensure that U.S. foreign assistance is not being taxed.

Fundraising—The process of soliciting and gathering contributions (money or other resources), by requesting donations from individuals, businesses, charitable foundations, or governmental agencies.

G

Generally Accepted Accounting Procedures (GAAP)—A standard framework of guidelines for accounting and financial reporting. It includes the standards, conventions, and rules accountants follow in recording and summarizing transactions and in preparing financial statements. Many countries use the International Financial Reporting Standards (IFRS, http://en.wikipedia.org/wiki/International_Financial_Reporting_Standards), established and maintained by the International Accounting Standards Board (http://en.wikipedia.org/wiki/International_Accounting_Standards_Board), which also provides a framework of accounting standards and financial reporting.

Geographic Code—The code that USAID assigns to grantees to designate the specific countries from which they are authorized to purchase goods and services.

Gift—Any gratuity, favor, discount, entertainment, hospitality, loan, forbearance, or other item having monetary value. It includes services as well, such as gifts of training, transportation, local travel, lodging, and meals, whether provided in-kind, by purchase of a ticket, payment in advance, or reimbursement after the expense has been incurred.

Governance—The process of providing overall vision, direction, purpose, and oversight to an organization through a structure—a **Board of Directors**—separate from the day-to-day management of the organization.

Grants—A method the USG uses to provide assistance. Under grants, the USG retains less control over the program, compared to **Cooperative Agreements**.

H

HIV/AIDS—HIV—Human Immunodeficiency Virus, a virus that can infect people and destroy their immune system, the body's mechanism for fighting infection. **AIDS**—Acquired Immune Deficiency Syndrome, the illness that results in the body's inability to fight infection.

Horizon—The amount of time an organization will look into the future when preparing a strategic plan.

HR Policies—A set of rules, values, or guiding principles that define how an organization addresses human resources-related matters. **Human resources** policies should reflect sound practice, be written down, be communicated across the organization, and be reviewed and modified periodically to reflect changing circumstances.

Human Resources—Refers to how employees are managed by organizations, or to the personnel department charged with that role.

I

Impact—The identifiable, measurable results of project activities.

Incidental Expenses—Expenses incurred during travel, such as gratuities and tips for services, laundry, toiletries, etc.

Indicator—A specific data point an organization tracks to monitor program progress. See also **Target**.

Indirect Costs—Costs that are required to carry out a project but are not attributable to a specific project, such as electricity or administrative support staff. See also **NICRA**.

In-Kind Contribution—Noncash resources contributed to a project, which may include volunteer services, equipment, or property. They may also count as any cost-share obligation.

International Travel—Any travel between two countries.

K

Key Personnel—Refers to project positions and to the individuals who fill the particular slots. Typically, positions identified in a **Cooperative Agreement** as Key Personnel are those leadership slots considered essential to the successful implementation of the overall project.

M

M&E—Monitoring and Evaluation, the process of collecting and analyzing data and information for the purpose of identifying and measuring a project's impact.

M&IE—Meals and Incidental Expenses, costs incurred during travel, such as breakfast, lunch, dinner, gratuities and tips for services, laundry, toiletries, etc.

Management—The day-to-day operation of the organization. See also **Governance**.

Management Decision—The evaluation of a recommendation by management and a decision on an appropriate course of action.

Mandatory Standard Provisions—The set of rules and regulations that must be followed by recipients of USAID funds. (For more information, go to <http://www.usaid.gov/policy/ads/300/303mab.pdf>.)

Marketing—The processes and activities that contribute to an organization's public image that, when developed effectively—and reinforced by the good work of staff—help earn the trust and confidence of beneficiaries, local leaders, and donors. See also **Communication**.

Marking—Applying graphic identities or logos to program materials or project signage to visibly acknowledge contributors; identifies organizations supporting the work.

Matching Funds—A percentage or fixed amount of non-USG resources that USAID sometimes requires recipients to provide for a project to be eligible to receive funds. See also **Cost Share**.

Micro-Purchase Threshold—The amount your organization sets under which your procurement process may be simplified. For example, if your micro-purchase threshold is \$1,000, you may be required to secure a minimum of three bids on items above that amount, but not on items equal to or below that amount.

Mission—The USAID representative body in a country receiving USAID assistance.

Modification—Changes requested over the life of an award, such as additional obligations, program alterations, and changes in **Key Personnel**, which require approval.

MOU—Memorandum of Understanding, a document that may be used as a confirmation of agreed-upon terms when an oral agreement has not been captured in a formal contract. It may also set forth the basic principles and guidelines under which parties will work together to accomplish their goals. This should not be used if a transfer of funds is involved.

N

NGO—Non-Governmental Organization.

NICRA—Negotiated Indirect Cost Rate Agreement, a rate negotiated individually between an organization and USAID to cover indirect cost. (For more information on **indirect costs** and **NICRA**, see USAID's *Best Practices Guide for Indirect Costing* at <http://www.usaid.gov/business/regulations/BestPractices.pdf>.)

No-Cost Extension (also called a Non-Funded Extension)—When the recipient requests and is given additional time beyond the award end date to use unspent funds from the original award to complete activities.

O

Obligated Amount or Obligation—The amount USAID has committed to the program. There is no guarantee that USAID will reimburse the recipient for any spending above the obligated amount. See also **Award Amount**.

Origin—Where an item was originally grown or manufactured. See also **Source**.

OVC—Orphans and other Vulnerable Children.

P

Per Diem—The maximum amount of money that the USG allows an individual to be reimbursed for per day to cover lodging and meals and incidental expenses when traveling on behalf of a project.

Pipeline—The amount of funds obligated but not yet spent, which is calculated by adding all funds spent to date and subtracting that amount from the total obligation to date. See also **Burn Rate**.

Pre-Award Survey—A review of an organization's financial system to determine whether the system meets USAID's minimum requirements before funding is awarded.

Prime (Recipient)—The recipient of USG funding that directly receives the funds and is ultimately responsible for accurate completion of each reporting cycle and program targets.

Prior Approval—Written authorization from the USAID Agreement Officer prior to a procurement or other action.

Procurement—Acquiring goods and services in a fair, transparent way in accordance with applicable rules and regulations.

Program Income—Funds earned by the program for the benefit of the program itself. For example, program income comes from charging fees for services or from the sale of commodities. It is also earned by selling equipment purchased with program funds that is no longer needed. **Note:** Program income is different from income-generating activities in which the program's beneficiaries keep any income earned.

Prohibited Items—Goods or services that cannot be purchased with USG funds under any circumstances. See also **Restricted Items**.

Prohibited Source—Any person seeking official action by the USG employee's agency, or who does business or seeks to do business with the employee's agency.

Promotion—Any type of tactic other than advertising (for example, special events, posters, T-shirts, fliers) used by a marketer (for example, an NGO) to increase the awareness of a product, service, or idea among specific target audiences.

Q

QPR—Quarterly Performance Report.

R

Reasonable Cost—A cost that is generally recognized as ordinary and necessary and that a prudent person would incur in the conduct of normal business.

Recipient—An organization receiving direct financial assistance (a **grant** or **Cooperative Agreement**) to carry out an activity or program. See also **Subrecipient**.

Restricted Items (or Restricted Commodities)—Goods or services that may not be purchased without specific written permission in advance. See also **Prohibited Items**.

RFA—Request for Applications, a mechanism for **grants** or **Cooperative Agreements**, which means that USAID anticipates funding activities with limited oversight. RFAs are the most common means of soliciting applications from NGOs.

RFP—Request for Proposals, a mechanism for contracts. Contracts may be awarded to any type of organization, though they are used frequently for for-profits.

S

SAPR—Semi-Annual Performance Report (sometimes pronounced “Sapper”), a report due six months into the implementation of an organization’s annual **workplan** that updates the USG on the project’s progression. See also **APR**.

SF-270—Standard Form-270, Request for Advance, used to request funds for a **grant** or **Cooperative Agreement**.

SF-424—Standard Form-424, Assurance of Compliance, used by organizations to assure USAID that they will comply with the necessary regulations and requirements and are able to complete their programs successfully.

SF-425—Standard Form-425, Federal Financial Report, used to prepare financial reports for a **grant** or **Cooperative Agreement**.

SF-1034—Standard Form-1034, Public Voucher for Purchases and Services Other Than Personal, used to request funds and liquidate advances for a **grant** or **Cooperative Agreement**.

SF-1408—Standard Form-1408, Pre-award Survey of Prospective Contractor Accounting System, used to assess the adequacy of an organization’s accounting system.

SF-1420—Standard Form-1420, Contractor Employee Biographical Data Sheet, used during the hiring process to gather relevant information, including salary history.

Shared Costs—Goods and services benefiting multiple projects and for which a vendor cannot invoice each project separately; therefore, the costs are charged to each benefiting project based on a pre-determined formula.

Significant Rebudgeting—Moving funds between budget categories above a certain threshold set by USAID.

Source—Where one procures an item or a service, regardless of its origin (where it was originally grown or manufactured). This is generally the physical location of the vendor. See also **Origin**.

SOW—Scope (or Statement) of Work, also called **Terms of Reference (TOR)**.

Standard Budget Categories—Standard categories the USG suggests all awardees use, including Personnel, Fringe Benefits, Consultants, Travel/Transportation, Equipment, Supplies, Contractual Services (subcontractors), Program Costs (sometimes replaced with “construction costs”), Other Expenses, and Indirect Costs.

Strategic Planning—An organization’s process of determining its direction or strategy and making decisions related to pursuing it. According to an adaptation from the *Field Guide to Nonprofit Strategic Planning and Facilitation*, “Simply put, strategic planning determines where an organization is going over the next year or more, how it’s going to get there and how it will know if it got there or not.”

Subaward—Funding issued to an organization through an intermediary that manages the funds for the original funder.

Subrecipient (or Sub)—An organization receiving financial assistance to carry out an activity or program through a primary recipient (or other subrecipient). See also **Recipient**.

Substantial Involvement—The right that the USG retains to provide input into an assistance project funded through a **Cooperative Agreement**. This right usually includes the ability to approve work-

plans, budgets, Key Personnel, monitoring and evaluation plans, and subrecipients. The Cooperative Agreement specifies the areas of substantial involvement.

SWOT—Strengths, Weaknesses, Opportunities, and Threats, a strategic planning tool that helps an organization examine itself and the external and future environment in which the organization operates.

T

TA—Technical Assistance.

Target—An estimated number of beneficiaries a program expects to reach for a particular indicator within a defined period.

Terms of Reference—Provisions that describe the purpose and structure of a project, usually created during the early stages of project management. See also **Scope of Work**.

Total Estimated Cost—The total projected cost of a project included in an organization's Cooperative Agreement.

U

Unallowable Costs—Costs that cannot be reimbursed either because of regulations or because they are not reasonable or appropriate.

Unit Cost—The actual cost of a program divided by the actual number of targets reached. For example, a \$100,000 prevention program that reaches 1,000 people has a unit cost of \$100 per person reached.

USAID—United States Agency for International Development, an independent USG agency that supports long-term and equitable economic growth and advances U.S. foreign policy objectives.

USG—United States Government.

V

VAT—Value-Added Tax, levied on the purchase of goods and services, similar to U.S. sales tax.

Vehicle—“[S]elf-propelled vehicles with passenger carriage capacity, such as highway trucks, passenger cars and buses, motorcycles, scooters, motorized bicycles and utility vehicles” (22 Code of Federal Regulations 228.13 [b]).

W

Waiver—The written permission required to eliminate the requirements of a specific policy. Authorized individuals, such as Agreement Officers, may grant waivers to meet specific project needs.

Workplan—A document that lays out a program's planned activities, associated resources, and targets.