

Grantee Guidelines on Cost Share Prepared as a Reference for NPI Grantees

Full descriptions of USG cost-share principles can be found in the ADS 303

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I. Introduction to Cost Share

Cost sharing, matching or cost-share contribution represents the portion of a funded project that the grantee must contribute in order to share the costs of meeting the objectives of the project outlined in the grant agreement (herein referred to as grant project). This contribution may be in cash, goods, or services. For instance, the cost share may be in the form of funds from other (non-US Government) donors; it may be the labor of grantee employees or volunteers; or it may be the use of a grantee's meeting room to hold a workshop for the grant project.

Backup documentation is used to verify the source and value of the cost-share contributions. The types of backup documentation required vary according to the type of cost share. Examples of backup documentation include:

- Donation letter from a donor for cash or in-kind contributions and copy of bank statement (for cash contributions only)
- Time sheets
- Rate calculations
- Valuation of donated goods and use of space
- Independent appraisals (for donated equipment, building or land)

Cost sharing offers the following advantages:

- Improves program sustainability by establishing secure funding mechanisms.
- Facilitates greater commitment by increasing partners' stake in program outcomes.
- Promotes accountability on the part of program sponsors and implementing organizations for delivering real project benefits.
- Helps build confidence in communities' abilities to help themselves.

Cost share can come from a variety of sources, as described below. We encourage grantees to explore different cost share possibilities within their organization as well as pursuing other potential donors that could contribute to project costs. AED/NPI staff are available to work with grantees to help identify possible sources of cost share. It is

critical that all forms of cost share are documented as described in Sections II and III throughout the duration of the grant.

II. Allowable and Unallowable Cost Share

All costs, whether reimbursable or contributions to cost share, must have the following three characteristics:

1. Costs must be reasonable, meaning they are generally recognized as ordinary and necessary and would be incurred by a prudent person in the conduct of normal business.
2. Costs must be allocable, meaning they are incurred specifically for the grant project.
3. Costs must be allowable, meaning that they must conform to any limitations in the Project's award from USAID.

Applicable regulations

Contributions, whether cash or in-kind, are acceptable as part of cost share if they meet ALL of the following criteria:

1. Cost-share contributions must be verifiable from the recipient's records.
2. Cost-share contributions may not be included as contributions for any other U.S. Government-assisted program.
3. Cost-share contributions must be necessary and reasonable for proper and efficient accomplishment of grant project objectives.
4. Cost-share contributions must be types of charges that would be allowable under the applicable Federal cost principles.
5. Cost-share contributions may not be paid by the U.S. Government under another grant or cooperative agreement.
6. Cost-share contributions must be provided for in the approved budget when required by USAID.
7. Cost-share contributions must conform to other provisions of USAID guidance.

The source, origin, 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 expenditures.

For further details on regulations, see Mandatory Standard Provisions for Non-US, Nongovernmental Recipients (continually updated):

<http://www.usaid.gov/policy/ads/300/303mab.pdf> See specifically the applicable standard provisions on Cost Sharing (Matching) (Standard Provision Number 21).

Examples of cost share and determining their value

A. Volunteer Services – Volunteer services may be provided by professional and technical personnel, consultants, and other skilled and unskilled labor. They may be counted as cost sharing if the service is an integral and necessary part of an approved

program. Volunteer services may include services provided by grant project volunteers or services provided through employee time donated by another organization.

Examples of specialized skills include: accounting, financial, educational, electrical, legal, medical, research, writing, evaluation, secretarial, etc..

Example: You recruit volunteer peer educators to carry out the program. You should do a review of how much an educator makes and use that to estimate a value of the services provided by the volunteer peer educators. Note: If a doctor volunteers to act as a facilitator for a workshop, the rate at which the doctor's time is valued is at a typical facilitator's rate, not at his/her rate as a doctor.

→ Calculating rates for volunteer services

Rates for volunteers should be consistent with those paid for similar work in the grantee's organization. If required skills are not found in grantee's organization, rates should be consistent with those paid for similar work in the labor market (you can use the FSN scale as a guide). In either case, paid fringe benefits that are reasonable, allowable, and allocable may be included in the valuation.

Services rendered at a reduced rate may also count towards cost share for the portion of the reduced rate only.

Note on donated employee time: When another organization provides the services of an employee, these services shall be valued at the employee's regular rate of pay (plus an amount of fringe benefits that is reasonable, allowable, and allocable, but exclusive of overhead costs), provided that these services are in the same skill for which the employee is normally paid. The employee's salary must not be covered under any other U.S. Government-funded project and not counted as cost share by any other organization.

B. Donated Supplies – Donated supplies may include items such as expendable equipment, office supplies, laboratory supplies, software, contributed utilities (electric, telephone, computer network, janitorial services), and workshop supplies. The value assigned to expendable personal property included in cost share must be reasonable and must not exceed the market value of the property at the time of the donation.

Example: An organization (non-US Government-funded) donates office supplies so that the grantee may use them to complete grant project tasks. The grantee should get a letter from the donating organization stating that the donation has been made. If a bill, invoice or voucher is not available, the grantee should get quotes to determine the fair market value of the donated office supplies. The quotes could come from a magazine, printed catalogue, or online. If the quotes are verbal, please include all information such as date, company called, and person talked to, and sign the page. Other examples include donated condoms, a donated computer for grant project work, and donated brochures or other education materials needed to carry out the project.

→ Calculating rates for donated supplies:

Value given to donated supplies must be reasonable and must not exceed the fair market value of the supplies at the time of the donation. Bills, invoices, and vouchers are sufficient proofs of valuation. The donated supplies must be necessary and reasonable for accomplishment of grant project objectives.

C. Cash Contributions - Cash contributions may include funding from other non-U.S. Government donors (public international organizations, foreign governments and institutions, private organizations or individuals) able and willing to fund a portion of the grant project or from partners that have fundraising activities and contribute funds raised to the accomplishment of the grant project.

Example from Ghana: A foreign government or private company gives the grantee 18,000,000 Ghanaian cedis . The cash contribution will allow the grantee to conduct additional research to further the goals of the grant project. The grantee should get a letter from the donor clearly stating how much cash/funding was donated.

→ Based on cash value. See table for list of necessary backup documentation.

D. Donated Equipment, Buildings and Land (or use of) – May include donated or discounted buildings, land, or use of other space (rent), donated or loaned equipment or temporary use of donated space or facilities.

Example: A non-US Government funded organization donates space for a workshop to be held with FSW peer educators. The grantee should get a letter from the donor clearly stated what has been donated. The grantee should then value the donation. Another example: A grantee receives a donated car from a private company, which is used for grant project site visits. As above, the grantee should get a letter from the donor clearly stated what has been donated and should then calculate the value of the donation.

→ Calculating rates for Donated Equipment, Buildings or Land

Land and buildings: The value of donated land and buildings shall not exceed its fair market value, at the time of donation to the recipient, as established by an independent appraiser and certified by a responsible official of the recipient.

Equipment: The value of donated equipment shall not exceed the fair market value of equipment of the same age and condition at the time of donation.

Use of space: The value of donated space shall not exceed the fair rental value of comparable space, as established by an independent appraisal of comparable space and facilities in a privately owned building in the same locality.

Loaned equipment: The value of loaned equipment shall not exceed its fair rental value.

E. Project Co-Funding – Grantee organizations usually carry out related activities funded by other donors. These donors may contribute to the grant project the same types of cost share as the ones described in this section.

Example: If your activities are complemented by funding from another source such as the Government, the Global Fund, or a private foundation.

→ Calculating rates for Project Co-Funding

Based on actual cost incurred by other donor. See table for list of necessary backup documentation.

F. Grantee Contributions – Contributions to the grant project made directly by the grantee. This might include donating space, a computer, staff time, office and workshop supplies, etc.

List of Required Backup Documentation by Type of Cost Share

Type of cost share contribution	Valuation	Backup documentation
Volunteer services	Rates for volunteer services must be consistent with those paid for similar work	<ul style="list-style-type: none"> ▪ Signed time sheet showing the hours worked, and ▪ A rate calculation of how the time should be valued
Donated employee time	Employee’s regular rate of pay	<ul style="list-style-type: none"> ▪ Signed time sheet showing the hours worked, and ▪ A rate calculation of how the time should be valued (e.g. pay stub)
Donated supplies	Fair market value of the supplies at the time of the donation	<ul style="list-style-type: none"> ▪ Letter of donation being made, and ▪ Valuation of the donated supplies from catalogue or internet prices, bills/invoices, or quotes for same supplies
Cash contributions	Cash value	<ul style="list-style-type: none"> ▪ Letter from the donor documenting the amount of cash donated and the name of the project supported, and ▪ A bank statement showing the date and the amount received by the grantee
Donated equipment, building or land	Fair market or rental value at the time of	<ul style="list-style-type: none"> ▪ Letter stating what was donated,

	the donation as established by an independent appraisal	and <ul style="list-style-type: none"> ▪ Comparable catalogue or market survey prices, or ▪ Independent appraisal of the value
Project co-funding	Actual cost incurred	<ul style="list-style-type: none"> ▪ Letter from donor stating what was donated, or copy of agreement or contract, and ▪ Copy of invoice paid by the other donor.

III. Reporting Cost Share

All contributions to cost share must be reported to USAID within financial reports.

- Grantees need to maintain records and backup documentations for all cost-share. The backup documentation is used to verify the source and valuation of the cost share. Please see table above on required backup documentation for each type of cost share.
- Once submitted, USAID will review grantee cost share contributions and may request further information if some is missing or not sufficient.

IV. USG information on Cost Share and Cost Sharing

The regulations covering cost-sharing on USAID supported projects are covered in 22 CFR 226.23 which can be found at the following link:

http://a257.g.akamaitech.net/7/257/2422/14mar20010800/edocket.access.gpo.gov/cfr_2002/aprqr/pdf/22cfr226.23.pdf