

Sample Budget Narrative for use by Prime NGO and Sub-Grantee

[Name of **Prime NGO** or **Sub-Grantee**]

[Name of **Country/Program**]

DETAILED BUDGET for **(X)** Month and Year (mm/dd/yyyy – mm/dd/yyyy)

Important Notes:

- *Applicants are strongly encouraged to use this budget narrative sample when applicable.*
- *The budget narrative shall provide a justification on the basis of each proposed cost in the budget and how it is calculated.*
- *The basis of your estimate can be based on the local market, quotations received from vendors, historical records, ongoing activities, NGO's (or sub-grantee) policies and procedures, etc. These must be explicitly stated in the budget narratives for a new application or if additional funds requested (via a cost extension/modification).*
- *If your organization utilizes the “Pooled Costs” budget approach, you’ll be required to submit the detailed information, including the methodology, policies and procedures, in advance of the application submission. Please find additional guidance on:*

http://transition.usaid.gov/our_work/humanitarian_assistance/disaster_assistance/re_sources/

- *Otherwise, all proposed costs shall be allocated and budgeted as days/hours (for labor) and amounts (for other direct costs [ODC]).*

Sample Narrative:

1. Salaries (Total \$X)

In order to achieve the program’s goals and objectives, it is anticipated that the following staffing will be needed:

(a) Expatriate Field Salaries (SX)

- Full-time Program Manager whose time is estimated to be evenly divided between Objective #1 (Health) and Objective #2 (WASH), at \$ **X** per month for total **X** days/months. This rate represents his/her current salary, which is consistent with the NGO personnel policies and the rate set for this position.

- Full-time Medical Officer whose time will be fully devoted to Objective #1 (Health), at \$ X per month for total X days/months. This rate represents his/her current salary, which is consistent with the NGO personnel policies and the rate set for this position.
- Full-time WASH Officer whose time will be fully devoted to Objective #2 (WASH). [Name of Prime (or sub) NGO] also operates a Country Office in [Name of Country], located in [Capital City], which will support the project. Specifically, it is estimated that the following individuals from the Country Office will expend the following time in support of the project:
 - Part-time Country Director who will devote the number of X days/months, at \$X p/day, for total \$X, which will be evenly divided between both objectives.
 - Part-time Country Financial Officer who will devote full 5 days per month for this project at \$X p/day, for total \$X, which will be evenly divided between both objectives.

All salaries are in accordance with [Name of Prime NGO (or sub)] regular practices and policies, which are consistently applied to all donors/programs. All salaries are based on current earnings, salary history, etc.

(b) Local Staff (\$X)

The following local staffing is anticipated:

- 1 full-time Deputy Program Manager whose time is estimated to be evenly divided between both objectives, at \$ X per month for total X months. This rate represents his/her current salary, which is consistent with the NGO (or sub-grantee) personnel policies and the rate set for this position.
- 5 full-time nurses whose time is fully devoted to Objective #1 (Health), at \$X per month for total X months. This rate represents his/her current salary, which is consistent with the NGO (or sub-grantee) personnel policies and the rate set for this position.
- 4 full-time WASH Engineers whose time is fully devoted to Objective #2 (WASH), at \$ X per month for total X months. This rate represents his/her current salary, which is consistent with the NGO (or sub-grantee) personnel policies and the rate set for this position.
- One part-time logistics specialist who will devote 10 days p/month at \$X p/day for total \$X. His time is estimated to be evenly divided between both objectives. This rate represents his current salary, which is consistent with the NGO (or sub-grantee) personnel policies and the rate set for this position.
- X number of part-time staff from the Ministry of Health (Objective #1 – Health) and X number of part-time staff from the Ministry of Environment (Objective #2 – WASH), at \$X per day for total X days per month each, for total \$X. These host government employees will be seconded to by the respective Ministries and paid by the project. Under USAID Policy, these are not considered salary supplements because they do not augment these host government employees’ base salary or premiums, overtime, extra payments, or incentive payments, for which they would qualify under host government rules or practice for performance of their regular duties or for work performed under regular hours. Compensation to these host government employees, if any, will be in accordance with each Ministry’s normal policies and practices; hence, no augmentation of compensation or salary supplementation. These Ministry staff will

provide their services during regular hours, but their work is not part of their regular duties at each Ministry.

(Clearly identify seconded staff in the budget and provide information on salary supplementation, if any, in the budget narrative. In other words, if host government staff will work on the project and the budget notes should reflect this fact. The budget notes should also indicate if the Recipient is payment salary of the government staff and if the payment will be over and above the government employee's normal salary)

Above salary rates are consistent with local norms, prevailing market rates paid under similar projects and positions (or based on current salary rates or salary history).

(c) Headquarters Staff (\$X)

The following headquarters staff will support the project in the estimated amounts set forth below:

- One Project Coordinator whose time is estimated to be for total 2 months (1 month for each objective). One month (0.50 months for each objective) will be expended in headquarters, and 1 month (0.50 months for each objective) will be spent in the field. The Project Coordinator will coordinate between headquarters and the field. \$X per day/month, for total \$X.
- One Protection Specialist or Security Specialist whose time is estimated to be 1 month – all expended in the field (0.50 months for each objective). The specialist will assist in the development of a plan for protecting the program beneficiaries or a detailed security plan (given the insecure environment). \$X per day/month, for total \$X.
- One Monitoring and Evaluation (M&E) Specialist whose time is estimated to be 0.50 months (0.25 months for each objective), all expended in the field. The M&E Specialist is responsible for assisting in the development of the Performance Monitoring Plan, and, to the extent required, the collection of baseline performance data. \$X per day/month/year, for total \$X.

All salaries are in accordance with [Name of Prime (or sub)] NGO's regular practices and policies which are consistently applied to all donors/programs. All salaries are based on current earnings, salary history, etc.

Direct expatriate salaries exclude paid absence time, the costs of which are recovered under "Fringe Benefits," below, etc.

(d) The following supplemental (non-employee) local labor will also be required:

- 2 Doctors for 3 months each, all in the field, whose time will be dedicated to Objective #1 (Health). These are volunteers who will not be compensated, but the value of their time \$X/month) will be considered an in-kind contribution in accordance with the relevant regulations governing cost-sharing.
- 1 Hydrologist for 2 months, at \$X per month, all in the field, whose time will be dedicated to Objective #2 (WASH).
- 200 Laborers under a Cash-for-Work (CFW) program for Objective #2 (WASH), at the rate of

\$10/day, for 30 days each, for total \$X. The laborers will prepare the sites and construct/rehabilitate/renovate boreholes and latrines.

2. Fringe Benefits (Total \$X)

(Provide detailed breakdown of percentage and/or amounts for fringe benefits and allowances and the cost elements included)

(a) Expatriate Staff (\$X)

Fringe Benefits equivalent to X% of Expatriate (Field and Headquarters) salaries are based on the following:

Benefit (X%) of Salary

For example: Social Security (Employer Contribution) 7.65 Workers' Compensation, 3.35 Health Insurance, 10.00 Life Insurance, 1.00 Retirement, 3.00 Paid Absence, etc. Total X% * \$X = \$X

The paid absence factor is based on vacation and sick leave of 26 days/year, in accordance with [Name of Prime NGO or sub-grantee]'s policies and practices, which are consistently applied to all programs/donors. It is calculated by dividing 26 paid absence days by a standard 260-day work-year.

(b) Local Staff (\$X)

Fringe benefits for Local Staff equivalent to X% of salaries are required by local labor laws and customs as follows:

For example: X% Social Security (Employer Contribution), X% Health Insurance, X% Life Insurance, X% Retirement, X% Paid Absence, etc. Total X% * \$X = \$X

3. Travel and Transport (Total \$X)

(a) International Air Travel (\$X)

The following international air travel is "identified" (as defined in the standard provision entitled "International Air Travel and Transportation") as being necessary and needed in support of the project implementation:

<u>Objective</u>	<u>No. of Trips</u>	<u>Travelers</u>	<u>Trip Destination</u>	<u>Position and Purpose</u>
Health	2	2	DC/Juba/DC	HQ Project Coordinator-field visit
Ag	3	3	Kenya/Juba/Kenya	X Consultants for X assignments

M&E Specialist: Estimated at \$X per r-trip air ticket. Estimated purposed amount is based on quote received from our X travel agent.

Total \$X for Objective X and total \$X for Objective X.

(b) International Per Diem (Days) (\$X)

(If meals are provided, the proposed per diem rate should be adjusted accordingly and be clearly specified in this budget narrative)

In conjunction with each international round-trip, it is estimated that X days of per-diem will be required for: X number of expatriates, HQ, consultants, etc., for total X days per X trips.

Applying this to the international round-trips identified above yields the following number of per diem days: An average per diem rate of \$X per day has been used for estimating and budgeting purposes based on previously used rates or paid under similar projects (or current per diem rate for Juba). $\$X * X \text{ days} = \X .

Total \$X for Objective X and total \$X for Objective X.

(c) Regional Travel (\$X)

Since regional air travel is international air travel, the following regional air travel is “identified” (as described in the standard provision entitled “International Air Travel and Transportation”):

An average RT airfare of \$X has been used for estimating and budgeting purposes based on quoted airfares. Estimated number of trips is X for X number of consultants/employees * \$X = \$X.

(d) Regional Per Diem (Days) (\$X)

In conjunction with each regional round-trip, it is estimated that there will be 3 days of consultations with [Name of Prime NGO]’s regional office in [name of location]. Applying this to the regional round-trips identified above yields the following number of per diem days:

Obj #1 (Health): Program Manager 4 x 1.50 days = 6.00 days. Medical Officer 4 x 3.00 days =12 days. Total 18 days X \$X per day = \$X.

Obj #2 (WASH): Program Manager 4 x 1.50 days = 6.00 days. Country Director 4 x 2.50 days=10 day. Total 16 days X \$X = \$X. An average per diem rate of \$50 has been used for estimating and budgeting purposed based on rates paid under previous similar projects, established policy, etc., which is consistently applied to all projects/donors.

(e) Transport of Goods (\$X)

It is anticipated that 30 days of truck rental will be required for each objective to transport people and program supplies. An average rate of \$X/day has been used for estimating and budgeting purposes based on past experience or ongoing similar projects.

Obj #1 (Health) \$X . Obj #2 (WASH) \$X. Total Truck Rental (60 Days) = \$X

Truck Fuel (Liters): (30 days x 100 km/day = 3000km ÷ 6 km/liter) = X. An average rate of 60¢ p/liter has been used for estimating and budgeting purposes based on current gasoline price.

4. Overseas Allowances (Total \$X)

(a) Housing (\$X)

Housing costs of \$X per month are budgeted for X long-term expatriate personnel overseas. This amount is based on existing leased properties.

(b) Danger Pay (\$X)

Danger pay is budgeted at 15% of expatriate field salaries, and is in accordance with [Name of Prime NGO or sub-grantee] established organizational policy, which is consistently applied to all donors/programs.

Danger pay applied to the value of the two doctors' donated services is classified as cost-sharing.

5. Program Supplies (Total \$X)

(a) Pharmaceuticals (Objective #1 – Health) (\$X)

See separate pharmaceutical list elsewhere in the proposal. ABC Pharmaceuticals, Inc., will donate an additional \$50,000 of medicines as an in-kind contribution.

(b) Medical Supplies (Objective #1 – Health) (\$X): Based on previous expenditures incurred under similar project, the recurring costs of expendable medical supplies are estimated at \$500 per month, as follows:

Bandages: 20 boxes @ \$5/box = \$100 Gloves: 20 Boxes @ \$10/box = 200 Syringes: 10 Boxes @ \$10/box = 100 Antiseptics: 10 Liters @ \$10/liter = 100 Total \$500

(c) Medical Equipment (Objective #1 – Health) (\$X): Based on prior experience, the recurring costs of expendable medical equipment are estimated at \$300 per month, as follows:

X-Ray Film: 10 boxes @ \$15 = \$150 Sutures/Forceps, Etc.: 6 boxes @ 25 = 150 Total \$300

(d) Construction Materials (Objective #2 – WASH) (\$X): Based on prior experience, the costs of site preparation and construction/rehabilitation/ renovation of latrines and boreholes are estimated as follows:

Stone/Sand: 20 latrines @ \$1,000 = \$20,000. 4 boreholes @ \$1,250 = 3,000. Lumber: 20 latrines @ 500 = 10,000. 4 boreholes @ \$500 = 2,000 Cement: 20 latrines @ \$500 = 10,000. 4 boreholes @ \$500 = 2,000 Plumbing: 4 boreholes @ \$1,000 = 3,000Total \$50,000

(e) Water Purification Supplies (Objective #2 – WASH) (\$X): Based on prior experience, the recurring costs of expendable water purification supplies are estimated at \$200 per month, as follows:

Filters: 4 boreholes x 12 mo x 1 box filters/mo x \$2/box = \$ 96
Chemicals: 4 boreholes x 1 liter x 12 mo x \$26/l = 104 Total \$200

6. Other Direct Costs (ODCs) (Total \$X)

Based on actual expenditures incurred under similar projects in this region, quotes received, historical records, etc., and the goals and objectives of the program, it is anticipated that the following ODCs (not otherwise recovered under the NGO's approved NICRA) will be needed, allocated equally to each objective:

(a) Office Rent (12 months @ \$1,000 p/month) = \$12,000

(b) Office Supplies (12 months @ \$200p/m) = \$2,400

(c) Office Utilities (12 month @ \$300p/m) = \$3,600

(d) Communications (12 month @ \$500p/m) = \$6,000

(e) Warehouse Rent (12 month @ \$200p/m) = \$2,400

(f) Security (12 month @ \$250p/m) = \$3,000

(g) Vehicles Fuel (3 x 1,500 km/month x 12 months) = 54,000 km ÷ 10 km/liter = 5,400l x 60¢/l = \$3,240. 1 Vehicle purchased with private funds and owned by [Name of Prime NGO] will be dedicated to Objective #1 (Health). All costs associated with this vehicle are provided as an in-kind cost-sharing contribution. This vehicle will be dedicated to Objective #1 (Health). One each of the other two vehicles (see paragraph 12 below) will be dedicated to each objective.

(h) Vehicle Depreciation = 10,000 Depreciation costs for the cost-shared vehicle under Objective #1 (Health) will be charged as a cost-sharing contribution in accordance with OMB Circular A-122, pursuant to which, the annual amount of depreciation that may be charged is calculated by dividing the purchase price by the estimated useful life. The vehicle was purchased by [Name of Prime NGO] one year ago at a price of \$30,000, and the estimated useful life of vehicles under [Name of Prime NGO] established accounting practices is 3 years. Thus, depreciation is calculated as follows:

(i) Vehicle Maintenance & Spares 3 x 200p/m x 12 months = 7,200 Maintenance and spares for 1 Vehicle will be cost-shared under Objective #1 (Health)

(j) Vehicle Insurance 3 x 300p/m x 12 months = 10,800 Insurance for 1 Vehicle will be cost-shared under Objective #1 (Health)

7. Training (\$X)

It is anticipated that the following local personnel will need training, as follows:

5 Nurses – Community Therapeutic Care (CTC) Training of Trainers (Objective #1 – Health). Training is estimated at \$X based on prior similar trainings, actual costs paid under similar projects, quotes received, etc.

Total – Personnel Training \$X

8. USAID Branding and Marking Costs (\$X)

- There are 2 project sites, each with 1 gate. A sign will be erected at each gate to acknowledge USAID's assistance. Each sign is expected to cost \$100 based on previous experience. These costs will be evenly allocated between both objectives.
- There will be 2 USAID-funded project vehicles (1 for each objective). A large label will be affixed to each vehicle. Each large label is anticipated to cost \$50 based on supplier quotes.
- There will be one project office, to which a sign will be affixed. The sign is expected to cost \$100 based on previous experience, and the costs will be evenly allocated between both objectives.
- There are anticipated to be 20 pieces of office equipment, to each of which a small label will be affixed. Each label is expected to cost 50¢ based on supplier quotes. The costs will be allocated equally between both objectives.
- There will be 1 warehouse, in front of which a sign will be erected. The sign is expected to cost \$100 based on previous experience, and the cost will be allocated equally between both objectives.
- There are expected to be 100 boxes of pharmaceuticals (USAID-funded only), to which a small label will be affixed. Each label is expected to cost 50¢ based on supplier quotes, and the costs will be allocated to Objective #1 (Health).
- There are expected to be 60 boxes of medical supplies, to which a small label will be affixed. Each label is expected to cost 50¢ based on supplier quotes, and the costs will be allocated to Objective #1 (Health).
- There are expected to be 16 boxes of medical equipment, to which a small label will be affixed. Each label is expected to cost 50¢ based on supplier quotes, and the costs will be allocated to Objective #1 (Health).
- A Presumptive Exception has been requested for marking each individual latrine because USAID marking requirements would offend local cultural or social norms and be considered inappropriate. However, 1 sign will be erected at the site of the latrines, at an estimated cost of \$100 based on previous experience. The costs will be allocated to Objective #2 (WASH).
- There are expected to be 96 containers of water purification chemicals, to which a small label will be affixed. Each label is expected to cost 50¢ based on supplier quotes, and the costs will be allocated to Objective #2 (WASH).

- 1 sign will be erected at the borehole site at an estimated cost of \$100 based on previous experience. The costs will be allocated to Objective #2 (WASH).

Total Branding cost is \$X.

9. Contractual/Sub-Awards (\$X)

- There will be one subcontract with a local firm to drill 4 boreholes at a fixed price estimated to be \$10,000/borehole based on obtained quote(s), prior actual amount paid, experience, etc. The subcontract will be awarded competitively. The costs will be allocated to Objective #2 (WASH). The detailed costs are detailed in Annex X, as follows, or on another cost sheet, etc.
- There will be a sub-grant amendment with [Local NGO Sub-Partner Name], [Name of Prime NGO] incumbent partner, to provide training to the project beneficiaries. See attached detailed sub-grantee budget and budget narrative. The costs are equal for each objective.
- A pool of funds in the amount of \$10,000 is proposed to be allocated to support small community projects under Objective #1 (Health). Small sub-grants (estimated to be 20 small sub-grants @ \$500) will be awarded to local community groups to support health improvement. The community groups will be selected competitively after award, making it impossible to provide any budgetary detail at this time. As required by the terms of the award, OFDA's concurrence with these small sub-grants will be obtained.

10. Indirect Costs (\$X)

In accordance with [Name of Prime NGO or sub-grantee]'s current approved NICRA dated X, 200X, indirect costs are budgeted at X.00% of Total Direct Costs excluding equipment and that portion of subcontracts/subgrants in excess of \$25,000 each. Total indirect costs: X% * \$X (ODCs – subs)= \$X.

If no approved NICRA, and the applicant proposes indirect costs rate, the applicant must demonstrate the rationale for proposing such rate. i.e., CPA recommended as the attached audit financial statement, rate used under similar Federal awards, etc. Else, the applicant shall consider applying all costs as direct.

11. Equipment (\$X)

(Provide itemized costs, specifications, quantity, unit, unit cost, and basis for cost estimate (actual cost or price quotation))

OFDA is requested to fund the purchase of 2 vehicles at an estimated unit cost of \$30,000. For the reasons described in the "Restricted Goods" section of the proposal, it is anticipated that non-US vehicles may be required. Competition will be used in purchasing the vehicles.

12. OMB Circular A-133 Audits (\$X)

(In the event that costs to conduct the A-133 (Single Audit) or the Recipient Contracted Audit (RCA) are not included in the NGO's approved NICRA (if only audited financial statements costs are covered by the NICRA, please indicate this fact), AND if the NGO anticipates expended at least \$300,000 in NGO's fiscal year (for Non-US NGOs) or \$500,000 in NGO's fiscal year (for US

NGOs), a specific line item should show the anticipated costs of performing these required audits based on prior year's actuals or good faith estimates for NGO's having these audits performed for the first time). For example:

A-133 audit cost is not recovered indirectly by (name of prime NGO)'s approved NICRA. Accordingly, \$X is budgeted to cover the cost for A-133 (or RCA) annual audit based on prior year's actual amount paid (or estimates obtained from CPA firms.)

13. Pipeline Analysis (if cost extension modification) (\$X)

A pipeline analysis has been included. It consists of unexpended USAID funds at the end of the current period, plus a cost-sharing shortfall (which, in accordance with the standard provision entitled "Cost-Sharing [Matching]," serves to reduce future OFDA funding), both of which have been applied to the budget in order to reduce the amount of new OFDA funds required.

14. Program Income (\$X)

[Name of Prime NGO or sub-grantee] expects to charge patient fees (cost recovery) under Objective #1 (Health), which will be treated as additive program income and used for project purposes. The fees will vary by each patient's ability to pay and, therefore, is impossible to pre-estimate with any precision. The budget includes \$X an estimated based on past experience.

15. Unallowable Host Country Taxes

Under OMB Circular A-122, host country taxes are only allowable if an organization is not exempt from host country taxation. Under the terms of USG/host government agreements, [Name of Prime NGO or sub-grantee] is eligible for exemption. However, the process for actually obtaining an exemption is quite burdensome and is not believed to be worthwhile or cost-effective. Thus, [Prime NGO name or sub-grantee] will absorb these host country taxes. In the budget, they are reflected "below the line" because, under the definition of "cost-sharing," unallowable costs are not eligible for satisfying cost-sharing requirements.

Budget Narrative for Cost Increase Modifications

- 1) **The above sample** - shall also be used when submitting a proposal for funded extension.
- 2) **Pipeline Analysis** – must be submitted with proposed modifications (including ones for completion date extension/unfunded mod). Pipeline analysis shall include complete information including total obligated amount to date, costs incurred/expenditures to date, outstanding commitments, total projected expenditures, the unexpended balance, and the additional funding required.
- 3) **Justification** – recipients shall indicate the percentage increase in cost and provide justification for the increase in each budget line item, i.e. expanded program description or time extension would be one such justification.