

Guidance for preparing a budget during the UK Aid Match application process

1. When do I have to submit a budget?

You should provide a fully completed budget template at the full proposal stage.

2. Is there a template to help me prepare my budget?

All proposal budgets must be prepared using the UK Aid Match budget template. This template serves as a budget at application stage, and as a future reporting template should your application be successful. As such, only some of the columns are visible. Please only populate the visible columns. The hidden columns should only be completed if the project is successful and will not be considered as part of your application.

3. Guidance on the budget template

Please follow the instructions included in the template itself and using the following general guidance:

- The summary sheet is where you should enter the general data about the project in the text fields. Please note that the budget figures will **auto populate** based on your entries in the country and regional sheets.
- A country sheet should be populated for each country the project will be implemented in. UK Aid Match funded projects can work in up to 3 countries.
- The regional sheet should be populated with any costs incurred in the UK, in regional offices, or spend that runs across the whole project rather than relating to one specific country.
- Use the notes sheet to explain what is included in budget lines and how/why they are necessary for delivering the project. It will affect the outcome of the appraisal if there are budget items or estimates that are not explained in sufficient detail.
- You may add or delete rows as needed. Please ensure the formulas include these new rows.
- all budgets must be legible when printed on A3;
- please do not use additional shading or colour in your budget as this can make budgets difficult to read.

4. Currency and exchange rates

Your budget must be in GBP Sterling (£). You must state the source and value of any exchange rates you have used to calculate your budget.

5. Inflation

You can apply either the local or UK projected inflation rates to each budget line, but not both at the same time. E.g. For UK expenditure captured in the regional sheet you may wish to apply a UK rate, and for lines included in a country sheet, you may wish to apply the projected inflation rate in that country. Where inflation is likely to change unit costs over each year of implementation, you can use an average cost across the project years and explain this in the notes.

If using a UK rate, this should not exceed the UK Treasury Rates of inflation for each financial year (01 April – 31 March). These rates, referred to as '[GDP deflators](#)' can be found on [GOV.UK](#). For financial years in the future where the Treasury has not yet set the predicted rates, please use the last available rate.

6. What should I include in my budget? It is important that your budget is in line with your narrative proposal. The budget should clearly include provision for all the project activities you are proposing to undertake. The template allows space to include both the DFID contribution and any additional funds from other sources; You must clearly show the proportion of the budget you are requesting from DFID, and where any other funds are coming from. It is important that you include as much detail as possible.

You must break down your budget to provide sufficient detail to justify the budget estimates.

The template has five budget sub-headings:

- Capital Expenditure
- Project Activities
- All Staff Costs
- Other Administration Costs
- Monitoring, Evaluation and Lesson Learning

There is no percentage, weighting or ceiling applied to any of the sub-headings, however as part of the assessment process the assessor will consider whether the budget is appropriate for the proposed project and whether it offers value for money (e.g. costs per beneficiary, % of costs of project activities compared to administration/project support costs, likely impact of the resources requested).

Below are some things to consider under each sub-heading. This is in no way exhaustive and you should not feel constrained by the examples provided.

a. Capital Expenditure

You must explain clearly in the budget notes, supported by the project proposal, why the capital item is required to deliver the project. Where existing vehicles and capital items can be used to deliver a DFID project, we accept a a running

and maintenance cost for the use of these to be included in the budget, in place of expenditure on new vehicles. If new items are required, you should include the cost in the year in which the purchase is planned; do not spread the cost of a new purchase over the lifetime of the project. Please use the budget notes to provide details of the individual items, e.g. if the item is a vehicle, include the make and model in the budget notes. Ownership of new capital items bought using DFID funds is retained by DFID throughout the lifetime of the project, and the future use of the item is discussed and agreed on project completion.

Major capital expenditure (e.g. construction or purchase of buildings, purchase of vehicles, etc.) **cannot be supported if these items are the primary focus of the proposed initiative**, e.g. if the purpose of the initiative is solely to build a school. Any aspect of capital expenditure that you include (e.g. project related equipment and vehicles) must be fully justified as contributing to the sustainable outcome of the project.

b. Project Activities

The budget should break down expenditure by activities, which may or may not divide neatly under each output. Please list each activity and related costs separately, for example if the project involves training different groups of stakeholders (e.g. farmers, paravets, community mobilisers) list each training activity separately. Do not include staff or administration costs associated with the activity – these should be shown under the relevant sub-headings (see below).

c. Staff Costs

All staff costs, including those associated with activities, and costs of consultants should be included here. For each staff member, please include their organisation, job title, location, and percentage of time spent on the project, expressed as a full time equivalent (FTE). We would not accept a budget line which said simply: “Local Staff Costs - £100,000”

These costs should be broken down, for example:

- Project Manager (0.8 Full Time Equivalent (FTE)) £20,000
- Project Officers (3 FTE) £45,000
- Project Assistants (5 FTE) £35,000

The table below illustrates how the full time equivalent can be applied to staff members with different work patterns or schedules. This is a guide only and does not try to cover every situation.

| STAFF SITUATION | FTE |
|---|------------|
| A full time member of staff working on the project 100% of their time | 1.0 |
| A full time member of staff working on the project 3 days out of 5 | 0.6 |

| | |
|--|------|
| A part-time member of staff (50% of full time hours) working on the project 100% of their time | 0.5 |
| A part-time member of staff (50% of full time hours) working on the project 50% of their time | 0.25 |

In order to assess whether your staffing plan represents good value for money we need to understand what each member of staff will deliver in relation to the project. Explain clearly whether the staff are involved in supporting the delivery of the project and what they will do (e.g. financial management, project monitoring, providing technical advice, logistical arrangements) or whether they are involved in directly delivering the project activities, and what they will do. For staff involved in delivering project activities, include which activities they will deliver in the budget notes.

d. Other Administrative Costs

All items of administrative expenditure must be shown as separate lines under this sub-heading. This can only include costs which support the delivery of the project. This may include an appropriate proportion of office costs directly associated with delivering the project. Please indicate which partner the cost is associated with (if appropriate) and the location of where the cost is incurred.

e. Monitoring, Evaluation and Lesson Learning

Please ensure there is provision for baseline and on-going data collection and an end of project review. If you think there is a case for undertaking an independent mid-term review of the project, or a final independent evaluation (eg. if the project is testing a new approach, or working in a particularly difficult or sensitive context, or is high value), please include costs for this in your budget. There is no specific ceiling for M&E costs but the assessor will consider if the allocation is appropriate for the proposed project. The budget notes should explain what is covered e.g. visits by the UK office of the organisation, an independent evaluation by consultants, and costs should clearly link to the M&E plan as set out in the narrative proposal.

7. What cannot be included in a UK Aid Match budget?

There are a number of items which cannot be included in UK Aid Match funded projects:

- Property purchase or construction costs where this is the main focus of the project (see note on major capital expenditure above).
- Purchase of land
- Inflation must not be included as a stand-alone, separate budget line
- Core costs (both UK and overseas): These are costs which are not directly related to the implementation of the project, e.g. costs for staff and office rent beyond what can be associated with the project.
- Contingencies: Unforeseen costs arising during the project implementation will be considered on a case by case basis and must not be included as a separate item in the budget
- Depreciation: This is a bookkeeping transaction rather than an actual cost and must not be included

- Debt Repayment
- Pre-project implementation costs i.e. any costs which you have incurred in preparing the proposal e.g. design costs, baseline surveys etc.
- Marketing/promotional communications that do not directly contribute to project objectives. Funds can be used to communicate results/learning to support project advocacy objectives.

NB: This list is not exhaustive. There will be other budget lines that we cannot accept. If you are unsure about any item please send your query to UKaidmatch@dfid.gov.uk

If we agree to support your proposal but have queries about the budget we will contact you for clarification.

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