

Preparing your Budget

For the purpose of your application, you are required to submit a budget for the co-creation phase, plus an indicative budget across each financial year¹, broken down to component level (the identified key cost drivers).

Your proposed budget should include all costs associated with the establishment of consortia, co-creation costs, management and programme costs.

To note, if your application is successful, DFID will work with you during the co-creation phase to complete a more detailed breakdown of expenditure at the activity level, reflecting the final agreed work plan and deliverables.

Currency and exchange rates

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

What to include

It is important that your budget is in line with your narrative proposal.

You should consider the following areas when submitting your budget request. However, this list is not exhaustive and will be dependent on your proposed intervention:

- Programme components
- Capital expenditure
- Indicative staff costs
- Administrative costs
- Monitoring, evaluation and lesson learning.

Below are some things to consider under each area. You should not feel constrained by the examples provided.

a. Programme components

The budget should consider the key cost drivers – the programme components that will be implemented to deliver the programme outcome. Do not include staff or administration costs associated with the component – these should be included under the headings below. If you are selected to receive funding, DFID will work with you during the co-creation phase to finalise your budget at activity level.

b. 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 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.

¹ DFID's financial year runs from April - March

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

c. Indicative staff costs

All staff direct staff costs, should be included here. You should also consider whether your staffing plan represents good value for money.

d. Administrative costs

All items of administrative expenditure which support the delivery of the programme should be included. This may include an appropriate proportion of indirect² staff costs, office running costs, for example, rent, utilities and insurance, that contribute to the delivery of the programme. All should be listed as separate line items.

e. Monitoring, evaluation and lesson learning

There should be provision for baseline and on-going data collection and an end of programme review. If you think there is a case for undertaking an independent mid-term review of the programme, or an independent evaluation, please include costs for this.

What not to include

There are a number of items which cannot be included in UK Aid Connect funded programmes:

- property purchase or construction costs where this is the main focus of the programme;
- purchase of land;
- core costs (both UK and overseas): These are costs which are not directly related to the implementation of the programme, eg costs for staff not involved with supporting or directly delivering the programme and office rent beyond what can be associated with the programme;
- contingencies: Unforeseen costs arising during programme implementation. These will be considered on a case by case basis;
- depreciation: This is a bookkeeping transaction rather than an actual cost and must not be included
- debt repayment
- marketing/promotional communications that do not directly contribute to programme objectives. Funds can be used to communicate results/learning to support programme advocacy objectives.

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

² This could include a proportion of support staff costs, for example, HR and Finance staff