



Annex B: Budget Guidelines

Please complete ***Annex A - Budget Template and provide Budget Notes.***

The guidelines below will provide you with description of what costs are to be included in each of the line items, and the details required. All budget expenditure should be shown in USD. If requested, applicant should be able to provide supporting documents to justify the costs.

a. **Staff Gross Salaries** - Includes direct costs for the services provided by employees with gross salaries working on the implementation of the project funded by USAIDs Civic Engagement Project (CEP). Calculations of these expenditures shall be based on employment contracts concluded between the organization/employment agency and the employee. The budget should show the names and titles of the proposed staff and indicate whether salaries are full or partial. If partial, the percentage of work time covered from the salary should be indicated. This line item should not include consultants' fees, honoraria, temporary personnel services and all other types of services.

Please note that the rate of 100% per month means that the proposed staff will allocate 8h/per day to the project funded by CEP. 50% engagement means that the staff member will allocate 4h/per day to the CEP Project. Please consider the staff member's current gross salary when allocating the required percentage for the CEP funded project. It is strongly advisable to keep within the range of **40%** from the total budget regarding salaries.

Budget Notes: In the budget notes justify the rate and engagement of the proposed staff and provide a brief job description. Include the name of the staff member where applicable.

b. **Rent and utilities** - Includes rental of office space as well as associated utilities payments and the amount to be covered under CEP. Utilities include electricity, heat, and water. Amounts for rent and utilities should be shown separately.

Budget Notes: Please indicate the basis of cost allocation. It could be the number of employees working on the CEP funded project or the space used by the employees working on the project. Use the following allocation formula for a proportional/equitable distribution of costs between projects: cost for rent *(number of people engaged in this project/ total number of staff members in the organization) = cost that can be charged to CEP.

*Example (for rent) = \$800 full rent amount * 3 people engaged in this project / 8 staff members in the organization = \$300 (cost that can be charged to CEP)*

c. **Supplies** - Includes purchases of office supplies, such as paper, pens, folders, printer and photocopier cartridges, flash drives, and other office consumables for use during the project funded by CEP.

Budget Notes: Please provide justification of costs incurred under this budget category.

d. **Equipment** - Includes purchases of equipment to be used during the implementation of the project funded by CEP. Each piece of equipment should be listed separately and the price per unit indicated.

Budget Notes: Please provide justification of costs by providing market research information and a description of the products to be used under CEP.

e. **Communications and postage** - Communications include telephone, fax, e-mail, and Internet expenses. Postage includes postage stamps, express mail services, and courier services.

Budget Notes: Please provide calculation for cost allocation and justification of costs incurred under this budget category.

f. **Travel and per diem** - Includes transportation costs for local travel, and per diem to cover accommodations, meals and incidental expenses incurred for travel on official business related to the project funded by CEP.

Budget Notes: Provide travel details, purpose of the trip, destination, number of trips and costs per trip. Prices should be justified either by market rate, local regulations or your organization's travel policies. Prices for per diem and lodging should be listed separately. Indicate if the Per Diem amount is based on the organization's policy or Macedonian law.

g. **Contractual services** - Includes services provided on a contract basis, such as: consultant fees, honoraria, temporary personnel services, translation services, rented or leased equipment, audit fees, legal fees, accounting, and audit services (if performed by an outside contractor rather than in-house). Travel expenses for consultants should NOT be included under this item.

Budget Notes: Please provide rate justification for each budget line item under this category. Fees for each line item should be based either on organizations' experience or market rate. Applicant must comply with its internal procurement policies and conduct market research/bidding process, as applicable, to justify rates.

h. **Other Direct Costs** - Includes any direct costs other than the ones mentioned under the above cost items. Items such as printing costs, training seminars, meetings, and conference expenses (room rental, equipment rental, coffee breaks and meals, materials, etc.), reference materials related to the project, capacity development plan activities (up to 2%) and bank fees (up to 1%). Note: line items labeled "Miscellaneous" or "Contingency" will not be accepted. Applicant must provide cost breakdown for each line item. All proposed costs should be specified.

Capacity Development Plan Activities: Includes any direct costs needed to organize capacity development plan activities, such as board meetings etc. Depending on the results of OACA and Net Mapping this budget item may be modified to directly address the OACA and Net Mapping findings.

Budget Notes: Please provide justification for each line item under this category. Applicant must comply with its internal policies or conduct market research to justify the rates. In case of lunch, dinner, and coffee break, approximate number of participants should be provided. Price should be justified either by organization's historic payments or market rate.

Unallowable Costs – The following expense categories are **unallowable** under CEP and should not be included in the proposed budget:

- **Entertainment** – Banquets, awards ceremonies, and meals for persons not in a travel status, tickets to shows or sporting events, and alcoholic beverages are not allowable.
- **Capital improvements** – The use of CEP’s funds for renovations or improvements to buildings, land, or equipment is prohibited.
- **Other** – Any expense that is not directly related to the program or project is unallowable. Costs such as kitchen help hired to prepare or serve refreshments for an event are unallowable, because these services are not directly related to the project plan. Gifts, gratuities, commissions, donations, fines, and penalties are not allowable expenses under CEP.
- **“Miscellaneous” and “Contingency”** – These types of costs are not allowed. All costs must be detailed in the budget in order to be allowable.
- **Ineligible Commodities and Services** – The following types of costs are not allowed under any circumstances: (i) Agricultural commodities (ii) Motor vehicles (iii) Pharmaceuticals (iv) Pesticide (v) Used equipment (vi) U.S. Government-owned excess property (vii) Fertilizer.

-Sub-awards - transfer a portion of the programmatic work under a CEP grantees prime award to another institution or organization, a sub-recipient. This is not related to engagement of third parties under contract (experts, NGOs etc), but is concerning sub-granting schemes, subsidies and any other sub-award as part of the programmatic work under the grant application.