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## **Lebanon Civic Action Accelerator Program (LEB-CAAP)**

# **Budgeting for Proposals**

**May 2022**

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# Budgets from a Donor Perspective

- A Budget describes an amount of money that the organization plans to spend for a set purpose over a specific period of time.
- Organizations need to clearly articulate costs in line with proposed programmatic activities so the donor can assess cost reasonableness, allocability and allowability.
- Budgeting is important because:
  - ✓ It is a tool of planning for a new project.
  - ✓ It is a critical part of any negotiation with donors.
  - ✓ It is a tool to control the project.

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# Tips for preparing a Budget (1)

- Budgets are forecast of expenditures based on specific assumptions.
- Your organization needs to develop a cost justification to explain the assumption.
- **Even if you propose the same total cost the donor is providing, the consistency and transparency of your budget can have an influence as it proves:**
  - ✓ **Better planning for using funds.**
  - ✓ **Clear cost assumptions.**
  - ✓ **Understanding of the technical approach.**

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# Tips for preparing a Budget (2)

- Start preparing the budget early while technical people are preparing the proposal.
- Create a template if it is not available by the Donor. **For this solicitation we are providing a template.**
- Update and revise the budget several times.
- Communicate with the proposal team.

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# Common Budgeting Mistakes and Red Flags for Donors

- Not using the Donor Budget template if provided.
- Having calculation mistakes and not using and verifying formulas.
- Not providing a clear description of cost in the budget notes.
- Costs estimates are not based on the organization's experience or offers from vendors.
- Provided costs do not match the technical approach or work plan.

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# Budget Notes

- As explained previously, budgets are forecast of expenditures based on specific assumptions.
- You must keep track of each assumption as you are creating the budget (unit costs, # of days, # of months, percentages..).
- **A budget note is a description and explanation of the budget line calculation.**

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# Budget Categories

- Your first step should be reviewing the narrative proposal to list all costs necessary to implement the project proposed.
- Costs are divided into the below different categories:
  1. Salaries
  2. Consultancies
  3. Fringe Benefits
  4. Travel and Transportation
  5. Equipment
  6. Project Operation Expenses
  7. Other direct costs

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# Budget Category #1 - Salaries

- ✓ These are salaries associated with the level of effort of the organization's personnel to implement the proposed project activity.
- ✓ For each personnel, state name, position, monthly rate and level of effort. Ensure role is clearly linked to the proposed project activity.
- ✓ Proposed rate should be the same as their actual salary in line with their employment contract/payroll.
- ✓ In budget notes, provide a small job description of work to be performed, justification of LOE, and clarify how the rate is calculated.
- ✓ **If shortlisted, applicant will be required to provide supporting documentation (pay slips, receipts, employment contracts, etc.).**



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# Budget Category #2 – Fringe Benefits

- ✓ These are additional benefits provided to an organization's employees.
- ✓ Common fringe benefits include insurances, pension, allowances, and social security.
- ✓ Include local fringe benefits per your organization's established policies and procedures, and Lebanese laws.
- ✓ Make sure to detail and justify costs in the budget notes.
- ✓ **If shortlisted, applicants should provide relevant supporting documents for each budgeted line item.**

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# Budget Category #3 – Consultancies

- ✓ This category is for external service providers; mostly these are experts in the anticipated field.
- ✓ Consultants must be properly qualified, having the adequate degrees/certifications needed to perform the required tasks.
- ✓ For each consultant; state name, position, daily/hourly rate and level of effort.
- ✓ In budget notes, provide a small job description of work to be performed, justification of LOE, and clarify how the rate is calculated.
- ✓ **If shortlisted, the applicant will be asked to provide supporting documentation (pay slips, receipts, employment contracts, etc.).**

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## Budget Category #4 – Travel and Transportation

- ✓ This covers staff/consultants/beneficiary travel costs and per diem, gasoline for vehicles, etc.
- ✓ It should be broken down by traveler, number of trips and destination (from-to).
- ✓ Please explain each cost listed in detailed budget notes and **provide your organization's travel policy** including per diem policy if applicable.

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# Budget Category #5 – Equipment

- ✓ This covers equipment to be purchased specifically for the proposed grant activity.
- ✓ In the budget table, list the specific items that are being requested, necessary specifications, in addition to the number of units and price.
- ✓ **Applicants are encouraged to incorporate items related to improved accessibility for persons with disabilities.**
- ✓ In the budget notes, please provide an explanation of the need for all equipment listed.

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## **Budget Category #5 – Equipment (2)**

Three quotes and a selection matrix (included in Attachment II) must be submitted for each cost that exceeds 1,000 USD/unit.

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## Budget Category #6 – Project Operations Expenses

- ✓ These are expenses related to project operations and programmatic activities (meetings /sessions workshops, costs of venues and materials, collecting surveys, etc..)
- ✓ Please explain costs in detailed budget notes. Example: for workshops, please state number of participants, number of workshop days, cost per person, cost of stationery, printing and other utilities.
- ✓ **If shortlisted, applicants should provide relevant supporting documents for each budgeted line item.**

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# Budget Category #7 – Other Direct Costs

- ✓ This covers non-personnel-related costs allocated to implementation of the grant activity (e.g., office supplies and materials, communication, internet, office rent, etc.).
- ✓ Enter unit amount anticipated per month and number of months.
- ✓ Offerors must justify and explain these expenses in the budget notes.
- ✓ Remember to allocate these expenses in relation to other activities you may have. For example, if you have another funded activity, you should not include 100% office rent for this budget; you should include the proportional amount to implement this activity (% can be calculated by dividing the number of staff working on the activity by your total number of staff)
- ✓ **If shortlisted, applicants should provide relevant supporting documents for each budgeted line item.**

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# Budget Review Checklist

- ✓ Does the budget clearly state period of performance?
- ✓ Does the budget provide a useful summary?
- ✓ Are notes and explanations included?
- ✓ Is the budget linked to goals?
- ✓ Does the budget contain an appropriate level of detail?
- ✓ Is the budget accurate?
- ✓ Is the budget in the right currency?
- ✓ Can the budget serve as a reporting tool?
- ✓ Are all Excel formulas correct? Do the formulas capture the right cells?