Sample Budget Narrative for Prime Awardees, Sub-Awardees, and Sub-Contractors

[Original Application or Revised Application dated mm/dd/yyyy]

[Organization Name]

[Program Name]

[Country]

Proposed Period of Performance [mm/dd/yyyy - mm/dd/yyyy]

Award number and modification number (Only applicable to modifications)

# **Notes** (Not to be included in budget narrative)

* The term *Organization* is used to represent an organization’s name in the sample text below.
* The budget narrative must provide a justification for each proposed cost and how it was calculated.
* Whenever applicable, line-item descriptions should contain the following details:
	+ Quantity
	+ Unit of measure (Days, months, trips, etc.)
	+ Unit amount/rate
	+ Total amount.
* Provide a breakdown of all proposed costs. If a budget line item is a lump sum, the budget narrative must break down the built-in costs. For Title II applications, clearly indicate each proposed cost as Section 202(e); Enhanced Section 202(e); or Internal Transport, Storage, and Handling (ITSH) based on [BHA Functional Policy 20-01](https://www.usaid.gov/documents/bha-functional-policy-20-01).
* Estimates can be based on a number of sources, including but not limited to the local market, quotations received from vendors, historical records, ongoing activities, non-governmental organizations (NGOs), or sub-grantee policies and procedures. The basis of estimates must be explicitly stated in the budget narratives for a new application or a cost extension or modification.
* The sequence of information in the budget narrative should follow that of the budget.
* List any budget assumptions, such as salary inflation or other expected cost increases.

### 1. Personnel

Provide an explanation for each staff member listed in the budget and the basis for allocating their salary to the grant award. This includes the rate, level of effort (LOE), and the number of months (or days) used to calculate the total salary amount. This section should include expatriate staff and their location, national/local staff and their location, and HQ staff as necessary. Explain the basis of determination for the staff member’s rate. Is this rate in line with your organization’s personnel policies?

**Examples**

*The program budget includes one expatriate Program Manager in Nairobi, Kenya at 100% LOE for 12 months at a rate of $3,500 per month. This staff member will coordinate between various program departments and ensure that program implementation follows Organization policies, USAID rules and regulations, and the approved program description. This staff member’s salary is based on their salary from the beginning of the program, and is in accordance with Organization personnel policies.*

*The budget also includes four local staff drivers in Nairobi, Kenya at 25% LOE for 12 months at a rate of $150 per month each based on the overall support needed for the program. The drivers will provide essential safe transport services for staff and goods in the areas of operation.*

### 2. Fringe Benefits

Explain your organization’s policy on fringe benefits and how it has been applied to this award or modification.

Explain the basis of the fringe benefits for international and national staff.

Provide a breakdown of the components of the fringe benefits for both international and national staff.

**Examples**

*Fringe benefits for headquarters staff are calculated at 25% of total salaries per Organization personnel policies. This includes 7.65% social security contributions, 4.35% pension benefits, 3% severance, 2% unemployment tax, 4% medical insurance, 2% dental insurance, and 2% other taxes.*

*Fringe benefits for local staff are calculated at 15% of total salaries per local labor laws, and include 4.33% Eid bonus, 3% housing allowance, 2.67% transportation allowance, 3% life and accident insurance, and 2% health benefits.*

Also provide details on the proposed overseas allowances your organization plans to provide under this award.

**Examples**

*Organization covers housing costs for all expatriate staff based in Nairobi, Kenya. Housing allowances are budgeted per individual at a percentage equivalent to each staff member’s LOE on the project. This allowance includes $1,000 per expatriate staff member, based on the cost for Organization to rent an apartment in Nairobi including utilities and security as necessary.*

*Organization provides Post-Differential pay for all expatriate staff and HQ staff while travelling to the field. This is budgeted at a rate of 20% of the individual’s salary for the time spent in the field and is in compliance with Organization personnel policies and the Department of State Standardized Regulations (DSSR) allowances for Nairobi. HQ staff will spend an estimated total of 5% of their allocated time to this project in the field.*

### 3. Travel and Transport

### This section can include airfare cost, per diem, transportation and other travel related costs.

### Examples

### *This program includes the following international and regional travel costs:*

### *The Program Manager will travel from their home of record in Washington, DC to Nairobi, Kenya to conduct general program monitoring and oversight for seven days. This cost includes one roundtrip flight estimated at $2,000 based on current rates and historic costs incurred by Organization and seven days of per diem expenses in Nairobi estimated at $339 ($89 for M&IE and $250 for lodging), per the DSSR allowances for Nairobi. It also includes ground transport valued at $20: two taxi fares valued at $10 for transportation to and from the airport as well as miscellaneous purposes estimated based on previous costs incurred for travel in Nairobi.*

### 4. Equipment at or above $5,000

### Provide details about any equipment your organization plans to purchase. Include the following details at the very minimum:

### Type of equipment, with enough technical specification to enable USAID to conduct independent cost reasonableness analysis

### Quantity

### Unit cost (at or above $5,000 each)

### Total

### Use of proposed equipment

### Examples

### *Project staff will require four 4x4 vehicles to access remote project sites on difficult roads. These have an estimated unit cost of $30,000 for a total of $120,000. For the reasons described in the “Restricted Goods” section of the proposal, non-U.S. vehicles may be required. Competition will be used in purchasing the vehicles per Organization procurement policies.*

### *The field office will require a generator as a back-up electricity source due to common and intermittent power outages. One 7.5 KVA diesel generator at an estimated cost of $5,500 will provide the necessary back-up power.*

### 5. Program Supplies, Materials, and Equipment less than $5,000

Provide supporting narrative for proposed activity supplies cost and breakdown where applicable. If a budget line item is a lump sum, the budget narrative needs to break down the built-in costs.

**Examples**

*This line item includes costs for four rounds of cash transfers for 10,000 food insecure households. Each transfer has a value of $20, costing a total of $800,000. The program will benefit Internally Displaced Persons (IDP) households affected by the recent conflicts who have not yet received food assistance. The first distribution round will occur in July 2020 with the remaining rounds following in one-month intervals.*

*This line item includes a \_\_% cash transfer fee for intermediary transfer services applied to the total value of the cash transfers to be distributed under this program for a total of $16,000. This rate is based on actual transfer fees incurred by prior programming in Ethiopia.* [Provide details of the financial infrastructure within the country and explain that the intermediary transfer services will be provided by banks or vendors. If the services are provided by vendors, explain the details of the relationship between the prime recipient and each vendor and how the fees are determined to be reasonable.]

Also provide details of all planned commodity procurement, including the specific commodity, source and origin, tonnage amount, and price per metric ton as well as details on transportation and warehousing of the commodity. These details should also be provided in the annex tables required in the Food Assistance and Nutrition sections of Annex A in the [BHA Emergency Application Guidelines](https://www.usaid.gov/humanitarian-assistance/partner-with-us/bha-emergency-guidelines).

**Examples**

*To provide 1,000 refugee households with 6 months of food and agriculture support, the following will be procured and distributed:*

* *500 units of seeds at $45 per unit for a total of $22,500. The following is included in each unit of seeds:* [Include details for seeds such as type of seed, unit, unit cost, etc.]
* *500 farming tool kits at $55 per unit for a total cost of $27,500. The following is included in each tool kit:* [include details for kits such as type of item, unit, unit cost, etc.]
* *1,000 metric ton (MT) of regionally procured bulk sorghum at $250 per MT for a total of $250,000*

*Transportation for the distribution of commodities will occur over six months with two rounds per month. Vehicles from Organization’s existing fleet will be used at a cost of $1.25 per km with an average estimated distance of 415 km per round. The total cost will be $75,000. Local transportation for distribution of farming tool kits and seeds is also expected, with an estimated total average distance of 2,000 km at a cost of $1.25 km for a total cost of $30,000.*

*A warehouse will be rented in Nairobi for distribution for 6 months at a rate of $5,500 per month for a total of $9,000. This cost is based on current warehouse rental rates for warehouse space in Nairobi.*

### 6. Sub-Awards and Contractual

Provide a description of the proposed sub-awardee(s)/sub-contract(s) and the interventions they will be implementing.

Include a summary table of each of the sub-grant/subcontract budgets.

Note that every sub-grant/sub-contract requires a separate detailed budget and budget narrative that follows the format of the prime recipient.

**Examples**

*Organization plans to issue sub-awards to sub-awardee to implement food security activities in Kenya including transporting commodities from the origin to the distribution points and overseeing distribution activities. A breakdown of subaward costs can be found below.*

*Sub-awards and contracts (Total $390,000)*

*Prime will provide sub-grants to a local NGO sub-partner for beneficiary training. Detailed budget notes are provided by the local NGO.*

*Local organization: $390,000*

*The local organization provides technical leadership on health and nutrition activities and research related to health and nutrition at an individual, household, and system level. The details of the budget and budget narratives have been provided separately.*

Provide a description of all proposed contractual and consultancy costs under this award.

**Examples**

*Monitoring and Evaluation Consultant: ($13,125)*

*This consultant will support the monitoring and evaluation of the overall award to ensure that operations are in line with program targets and intended outcomes. The consultant will also evaluate the overall impact of the program. The consultant will work for an estimated 25 days throughout the project at a daily rate of $525 based on historical experience.*

### 7. Construction

Provide details on any construction costs included in the award along with a detailed bill of quantities (BOQ) as required by the [BHA Emergency Application Guidelines](https://www.usaid.gov/humanitarian-assistance/partner-with-us/bha-emergency-guidelines). Confirm with the BHA program manager/technical team that any such costs classify as construction and are allowable under this award.

### 8. Other Direct Costs (ODCs)

Any allowable cost per 2 CFR 200, Subpart E-Cost Principles (General Provisions for Selected Items of Cost) that does not fall under other cost categories of the budget can fall under ODC. However, you must provide a valid explanation for their inclusion. All line items under ODC must be necessary for the implementation and operation of the program. Here are some examples of valid ODCs:

* Office rent
* Office supplies
* Office utilities
* Communications
* Security
* Computers
* Vehicle fuel
* Vehicle Maintenance
* Vehicle Insurance
* Recruiting costs
* Publication and printing costs
* Participant support cost
* Maintenance and repair costs
* Insurance and indemnification
* Legal fees
* Bank charges

**Examples**

*Office Rent: $4,800 – Estimated rent for the main project office will be in Nairobi is $1,000 per month. The project will occupy the office for 12 months and rent will be paid monthly at 40% LOE. The estimate is based on the market survey done for the district where the office will be established.*

*Office Supplies: $384 - This budget includes a total of $384 for office supplies such as stationery, printing toner, files, and any other necessary items for the office. The unit cost is $80 per month for 12 months at an LOE of 40%, based on current market prices.*

*Office Utilities: $576 – This budget includes a total of $576 for office utilities such as water, electricity, and gas. The unit cost is $120 per month for 12 months at an LOE of 40%, based on current market prices.*

*Security: $1,200 – Management will engage professional security companies for office security. The estimated unit cost is $250 per month for 12 months paid monthly. This estimate is based on historical costs with the current service provider.*

*Vehicle Fuel: $4,862 - This budget includes a total of $4,862 for vehicle fuel, using vehicles from Organization's current fleet. The estimate of $.60 cents per liter for 2,701 liters for 3 vehicles is based on historical usage.*

Also include information on the proposed audit costs as described in 2 CFR 200 Subpart F (or RCA) Audits if not recovered under approved Negotiated Indirect Cost Agreement (NICRA).

**Examples**

*According to Organization NICRA dated August 31, 2019 Organization has allocated 15% of total program expenditures less capital expenditures, donated goods and services, in-kind contributions, and sub-awards in excess of $25,000 toward overall audit costs.*

*Since the A-133 single audit requirement costs are not included in Organization’s NICRA, this budget includes $25,000 to cover the annual audit based on estimates obtained by eligible independent auditing firms and in alignment with previous audit costs incurred by Organization for programs in Kenya.*

### 9. Indirect Costs

Provide an explanation of the indirect cost calculation applied to the budget, including the base of application with any exclusions used in the calculation of indirect costs.

**Examples**

*According to Organization NICRA dated August 31, 2019 Organization has allocated 13.32% of total program expenditures less capital expenditures, donated goods and services, in-kind contributions, and sub-awards in excess of $25,000 as indirect costs.*

*As Organization does not now nor has it ever held a NICRA, it has applied the de minimis rate of 10% to the modified total direct costs, which excludes all rentals (office, vehicle, warehouse, etc.), the portion of each sub-award in excess of $25,000, and equipment. The budget includes a basis of application.*

**10.** **Cost Share (if applicable)**

Include an explanation of your organization’s cost share budget approach. Provide a detailed explanation of its methodology and your organization’s policy and procedures about cost share. List the budget categories where your organization applied cost share.

**11. Program Income (if applicable)**

Include an explanation of your organization’s expected program income if the cognizant BHA contact has approved its use under this program.