PREPARING BUDGETS FOR USAID ASSISTANCE AWARDS
“How to Work with USAID” Training Series

Visit WorkwithUSAID.org to learn more.
LEARNING OBJECTIVES

• Review how to effectively interpret USAID assistance solicitations.

• Learn how to evaluate criteria to identify a good funding fit.

• Determine the key elements needed to prepare accurate budgets in response to solicitations.

• Discover resources to help you successfully prepare proper cost proposals.
WHY USAID PARTNERS WITH ORGANIZATIONS

USAID Mission:

To lead the U.S. Government’s international development and disaster assistance efforts.

USAID offers this assistance on behalf of the American people through partnerships and investments that:

- Save lives;
- Reduce poverty;
- Strengthen democratic governance; and
- Help people emerge from humanitarian crises and progress beyond assistance.
USAID has two types of solicitations that may result in two types of awards: assistance and acquisition.

1. **ACQUISITION AWARDS: contracts**
   USAID purchases goods and services from a contractor for the government’s own use or to implement an activity. The Agency provides primary direction to the partner.

2. **ASSISTANCE AWARDS: grants and cooperative agreements**
   The Agency provides funds to accomplish a public purpose and will have limited involvement.

For details, see the “Understanding USAID Awards” module.
RULES AND REGULATIONS

Several sets of general regulations govern USAID awards.

U.S. GOVERNMENT REGULATIONS

● The **Code of Federal Regulations (CFR)** governs how USAID issues acquisition and assistance awards.

● **Federal Acquisition Regulations (FAR)** include primary rules that guide how U.S. Government agencies acquire supplies and services.

USAID INTERNAL POLICIES

● The **Automated Directives System (ADS)** outlines operational policies covering all Agency and partner activities. Assistance awards are governed by ADS Chapter 303: “Grants and Cooperative Agreements.”

● **USAID Acquisition Regulations (AIDAR)** govern how USAID administers public funds.
Two types of Notices of Funding Opportunity (NOFOs)
Request for Application (RFA) and an Annual Program Statement (APS)

Budget Line Items
Define deliverables or organize information about deliverables in your budget

Negotiated Indirect Cost Rate Agreement (NICRA)
Document that reflects an estimate of indirect cost rates negotiated between the U.S. Government and a U.S. organization (Partners without a NICRA may instead use a 10-percent de minimis rate.)

Financial review
Analysis of a USAID-funded organization’s financial policies, procedures, systems, and controls

Cost share
The resources a partner contributes to the total cost of an agreement

Agreement Officer’s Representative (AOR)
Your main point of contact with USAID for technical matters
Grants accomplish a public purpose where substantial involvement by USAID is not anticipated.

- They may be used for:
  - Conferences;
  - Surveys;
  - Policy papers; and
  - Some technical development assistance.

- They enable a partner to complete activities and build institutional capacity.
Cooperative agreements also accomplish a public purpose, but *with substantial involvement* by USAID.

- Involvement may include (but is not limited to):
  - Approval of implementation plans;
  - Approval of specified key personnel; and
  - Collaboration between USAID and the partner.

- Read the “substantial involvement” section of the solicitation or agreement to understand the role the Agency will play.

See the ADS, Chapter 303, for rules governing grants and cooperative agreements.
SOLICITATIONS
**IDENTIFY OPPORTUNITIES**

Find assistance funding opportunities on [Grants.gov](https://grants.gov).

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### Search Grants

**Basic Search Criteria:**
- **Keyword(s):**
- **Opportunity Number:**
- **CFDA:**

**Opportunity Status:**
- Forecasted (312)
- Posted (2,534)
- Closed (3,707)
- Archived (58,613)

**Funding Instrument Type:**
- All Funding Instruments
- Cooperative Agreement (1,094)
- Grant (1,939)
- Other (145)
- Procurement Contract (51)

**Eligibility:**
- All Eligibilities
- City or tribal governments (1,228)
- County governments (1,265)
- For-profit organizations other than small businesses (1,113)
- Grant recipients (229)

**Category:**
- All Categories
- Affordable Care Act (15)
- Agriculture (116)

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### Opportunity Listing

<table>
<thead>
<tr>
<th>Opportunity Number</th>
<th>Opportunity Title</th>
<th>Agency</th>
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<th>Posted Date</th>
<th>Close Date</th>
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<td>SCAKAS-21-CA-002-SCA-0332021</td>
<td>Management of the U.S. Public Diplomacy Program Alumni Network</td>
<td>DOS-AFG</td>
<td>Posted</td>
<td>04/02/2021</td>
<td>06/03/2021</td>
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<td>RFA-DA-22-002</td>
<td>Limited Competition Coordinating Center for the HIV/AIDS and Substance Use Cohorts Program (UBR - Clinical Trial Not Allowed)</td>
<td>HHS-NIH11</td>
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<td>08/09/2021</td>
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<td>2ICG21</td>
<td>Developing Coaching Assessment for Evidence Based Practices</td>
<td>USDHSH78</td>
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<td>05/01/2021</td>
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<td>Strategic Inmate Management Initiative</td>
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<td>06/18/2021</td>
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<td>Annual Program Statement for Public Affairs Cultural and Educational Programs (Public Diplomacy Grants Program), U.S. Embassy - Bishkek</td>
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<td>U.S. Embassy-Bishkek Democracy Commission Small Grants Program</td>
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<td>White-Nose Syndrome Grants to States and Tribes</td>
<td>DOI-FWS</td>
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<td>RFA-TR-21-015</td>
<td>Intramural - Extramural Collaboration for Drug Screening with Bioinformatics 3-D Disease Tissue Models (UHSD/UNN Clinical Trial Not Allowed)</td>
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<td>06/28/2021</td>
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</tbody>
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**SORT BY:**
- Posted Date (Descending) | Update Sort

**DATE RANGE:**
- All Available

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**Search Tips | Export Detailed Data** | **Save Search**
To help you evaluate an assistance solicitation:

1. Determine the main parameters of the award’s requirements.

2. Review the specifications and requirements of the RFA or APS.

3. Read the instructions several times. They tell you how to prepare your technical and cost proposal.

4. Closely examine the evaluation criteria.

Follow upcoming funding opportunities on the USAID Business Forecast.
This RFA includes:

- Timeline
- Award amount
- Type of award
- Important deadlines
- General overview of activity goals

DETERMINE PARAMETERS
Notice:

- Eligible organizations
- Involvement of local expertise and institutions
- Applicable regulations

Pursuant to the authority granted with the Foreign Assistance Act of 1961, as amended, the United States Government, represented by the Agency for International Development (USAID) Mission to the West Bank and Gaza is seeking applications from qualified U.S. Non-Governmental Organizations (NGOs), U.S. Private Voluntary Organizations (PVOs), Public International Organizations (PIOs), and U.S. for profit firms (provided they forgo profit) to implement a program entitled “School Improvement Program.” Applicants are encouraged to utilize local expertise and local institutions whenever possible in implementing the program.

Pursuant to 22 CFR 226.81, it is USAID policy not to award profit under assistance instruments. However, all reasonable, allocable and allowable expenses, both direct and indirect, which are related to the agreement program and are in accordance with applicable cost standards (22 CFR 226, OMB Circular A-122 for non-profit organizations, OMB Circular A-21 for universities, and the Federal Acquisition Regulation (FAR) Part 31 for profit organizations), may be paid under the anticipated award.

Issuance of this RFA does not constitute an offer or commitment on the part of the Government, nor does it commit the Government to pay for costs incurred in the preparation and/or submission of an application. Applicant who come under consideration for an award that have never received USAID funding will be subject to a pre-award audit to determine fiscal responsibility, ensure adequacy of financial controls, and establish an indirect cost rate (if applicable).

Subject to the availability of funds, USAID West Bank and Gaza intends to provide approximately $20 Million in total USAID funding for this activity to be allocated over a four-year period.
As you read the description, assess whether the goals fit your organization’s strengths and expertise.

USAID usually provides the following for an activity:

• Goals, objectives, anticipated results;
• Suggested interventions; and
• Innovative solutions to the problem or results envisioned.
Carefully read the instructions to ensure that you understand:

- Submission details;
- Required forms and formats;
- Cost and budget category details; and
- References to regulations.
USAID will evaluate your cost proposal and level of effort on three points.

1. **Reasonable:** Costs are generally recognized as ordinary and necessary.

2. **Allocable:** Costs are incurred specifically for the award.

3. **Allowable:** Costs are not disallowed by the terms of the award.
SUMMARY

• Determine whether an opportunity is a good fit by reviewing all the details.

• USAID funding is awarded on a competitive basis.

• Is your organization ready?
COST PROPOSAL REQUIREMENTS
Review the cost principles (rules) that govern your type of organization.

Use these sections of the Code of Federal Regulations to determine the cost principles that you must follow:

• For-profit entities: Title 48, Part 7 (as well as FAR Part 31 and AIDAR Part 731)
• Nonprofits: Title 2, Part 230
• Educational institutions: Title 2, Part 220
• Overall guidance on administrative, cost, and audit rules: Title 2, Part 700

Solicitations typically provide guidance about the budget format and the templates to use.

Find links to these regulations in the “Resources” section.
BUDGET CATEGORIES

CONTRACTORS AND SUBCONTRACTORS (ACQUISITION)
AWARDEES AND SUBAWARDEES (ASSISTANCE)
GRANTEES AND SUBGRANTEEES (ASSISTANCE)

INDIRECT COSTS
Apply your organization’s preapproved Negotiated Indirect Cost Rate Agreement (NICRA).

OTHER DIRECT COSTS
Provide proper estimates for both operational and programmatic costs.

CONSULTANTS
Clearly define labor costs and follow daily rates for consultants.

U.S. GOVERNMENT CODE OF FEDERAL REGULATIONS AND FEDERAL REGULATIONS

SALARIES AND WAGES
List the key personnel on your project. Note the requirements, salary limits, and cost thresholds.

FRINGE BENEFITS AND ALLOWANCES
Present fringe benefits as direct costs. Break down allowances by specific type.

TRAVEL AND TRANSPORTATION
Separate domestic and international travel. Provide the number of trips and cost per trip.

EQUIPMENT AND SUPPLIES
Break down and explain pricing for equipment and supplies.

BUDGET NARRATIVE
Explain all budget categories with sufficient details about how funds will be spent.
Every solicitation asks for a list of key personnel and staff required for your project.

Your budget proposal should include the following for each key individual:

- Position;
- Name;
- Nationality;
- Daily rate;
- Number of proposed workdays; and
- Total costs.

You must follow the requirements and salary limits provided.
In addition to salaries and wages, an organization may provide:

- **Fringe benefits** such as vacation days, health insurance, and retirement benefits. These may be presented as direct costs or as a percentage per authorized NICRA.
  - Fringe benefits vary by country, so make sure you are compliant with local labor laws.

- **Benefit allowances** for costs such as housing, storage, and education. Allowances must be broken down by specific type—such as danger pay or housing—and by person.

Find more guidance on allowances at the U.S. Department of State Office of Allowances.
Clearly separate domestic and international travel costs.

Provide the number of trips you anticipate and the estimated cost per trip, including airfare and per diem. Describe the basis of your calculations.

International travel must:

• Be approved in advance.
• Comply with the Fly America Act whenever possible.

Find more guidance on per diem rates at the U.S. Department of State Office of Allowances.
Federal and USAID rules require you to break down and explain pricing and to justify all equipment and supplies.

- **Equipment**—non-expendable personal property—is defined as tangible property with a useful life of more than two years and a unit cost of more than $500.

- **Supplies** include all other items that cost less than $500 and consumable supplies such as pens, pencils, and paper.
A subgrantee or subawardee is a sub-partner contracted by a lead, or “prime,” partner to help meet activity objectives.

- A sub-partner helps make programming decisions, and its performance is measured against activity goals.

- Submit detailed budgets for each sub-partner in separate worksheets or tabs of your Excel file.

- The format of a sub-partner’s budget should be the same as that of the prime’s budget.
Partners may also work with consultants to help with activity implementation.

A **consultant** is a technical expert or specialist who is not your regular employee. A consultant is also a subcontractor.

- Include consultant labor costs in this section of the budget.
- These costs can also be presented as a separate section of your cost proposal.
OTHER DIRECT COSTS

This section generally includes two types of costs:

- **Field office operations costs**
- **Programmatic costs**

Sometimes, the line between these two categories is difficult to determine. Do your best to assign direct costs to either the operations or programmatic function.
Indirect costs include expenses that cannot be attributed to one activity, such as costs in the head office for implementing multiple activities.

Rates for indirect costs may be submitted in two ways:

- **Established partners** typically apply preapproved rates from a Negotiated Indirect Cost Rate Agreement (NICRA) with the Agency.
- **New partners without a NICRA** may opt to budget costs as “direct costs” or they may propose a rate, such as the 10-percent de minimis rate.

Learn more about using the **10-percent de minimis** rate.
A budget narrative includes:

- Explanations of budget categories;
- Descriptions and justifications of each line item; and
- Sufficient detail to allow USAID to assess proposed costs and see precisely how its money will be spent.

To make it easier for reviewers to understand, ensure that your budget narrative follows the exact format of your detailed budget.

Do not describe mathematical transactions; rather, explain the rationale for the proposed costs.
Build this out to the length of time listed in the solicitation; for example, five years.
# Detailed Budget Example

## 3. Travel

### 3.1 International Travel

#### 3.1.1 Long-term Technical Assistance (LTTA) Flights

<table>
<thead>
<tr>
<th>Type</th>
<th>From/To</th>
<th>One Way</th>
<th>Distance</th>
<th>Cost</th>
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<td>Mobilization/Demobilization - One Way</td>
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#### 3.1.2 Short-term Technical Assistance (STTA) - HQ

<table>
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<th>I/RT</th>
<th>Cost</th>
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<td>Almaty</td>
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<td>$7,500</td>
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#### 3.1.3 Short-term Technical Assistance (STTA) - Consultants

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<th>I/RT</th>
<th>Cost</th>
<th>Notes</th>
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<td>Almaty</td>
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<td>$4,500</td>
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#### 3.1.4 Per Diem (Lodging and M&E) & Ground Transport

<table>
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<th>I/days</th>
<th>Cost</th>
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<td>Ground Transport</td>
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### 3.2 Regional Travel

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<td>Lodging and M&amp;E - Per Diem Dushanbe</td>
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### 3.3 Local Travel

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<td>Local Transportation</td>
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**Sub-total Travel** | | | | | **$103,232**
3.1.3 Short-term Technical Assistance (STTA) Expatriate/Consultants Flights

The budget includes 15 round-trip airfares at $1,500 on average per airfare from U.S. city to Almaty for consultants’ travel to post. Airfare costs are based on current Fly America-compliant, refundable economy-class airfare quotes from our in-house travel agent from U.S. city to Almaty Kazakhstan. Three trips per year are budgeted for each program year.

3.1.4 Per Diem (Lodging and M&IE) and Ground Transport

Per diem is budgeted based on the rates provided in the Department of State Standardized Regulations (DSSR), Chapter 925. The following assumptions have been budgeted per diem:

a) International Travel Per Diem: Lodging and M&IE is budgeted at $316/day per the DSSR for international HQ, STTA, and consultants traveling to Kazakhstan. Each trip is budgeted for 14 days inclusive of travel days. We calculated per diem days based on the LOE budgeted under personnel for HQ, STTA, and international consultants.

b) Ground Transport: $150 per trip is budgeted for ground transport for HQ, STTA, and consultant travel to Kazakhstan.
## SAMPLE BUDGET SUMMARY

### Program Name:

### Program Dates:

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TEAM COORDINATION

As you prepare the budget proposal, coordinate with different teams across your organization.

- With your **technical team**, ensure that proposed costs match the program design.
- With your **human resources team**, confirm that labor costs are in line with negotiated costs and your policies.
- With your **in-country field office**, ensure that travel and other costs are reasonable and appropriate.

Be sure to include time for a final review of the proposal by colleagues who would administer any award agreement.
To successfully prepare a budget for a USAID assistance solicitation, you should:

- Evaluate a solicitation’s main parameters and the description, specifications, or statement of work.
- Review all aspects of the solicitation’s instructions.
- Include details and sources for your cost proposal.
- Coordinate with relevant team members.
- Develop a budget narrative that clearly explains costs for different line items.
RESOURCES

- ADS Chapter 303: “Grants and Cooperative Agreements”
- Code of Federal Regulations (CFR): for-profits use Title 48, Part 7 (as well as FAR Part 31 and AIDAR Part 731); nonprofits use Title 2, Part 230; educational institutions use Title 2, Part 220; find overall guidance at Title 2, Part 700
- USAID’s “Acronym Soup” and “Glossary of ADS Terms”
- USAID funding opportunities: Business Forecast and Grants.gov
- Standard Form 424 for Assistance Opportunities
- Types of Assistance Instruments
- When to Use the 10% De Minimis Rate infographic
- U.S. Department of State’s allowance rates and per diem rates
- Fly America Act/Open Skies Agreement
- USAID training modules at WorkwithUSAID.org:
  - “Effectively Responding to USAID Award Solicitations”
  - “Preparing Budgets for USAID Acquisition Awards”
  - “Building Strong Sub-Partnerships”
Thank You
This module was produced by the United States Agency for International Development. The presentation team includes staff from both USAID and the Partnerships Incubator.

USAID thanks all of the individuals who contributed their time and ideas toward the development of this training module.

Email questions and feedback: IndustryLiaison@usaid.gov
The power of partnership starts here.

Visit WorkwithUSAID.org to learn more.