**Appendix 3: The detailed estimated budget for project implementation and its instructions for use (required for projects shortlisted under the AMI for 2023 for local CSOs)**

**Introduction**

The budget table uses a blended approach by type of expense and by activity. The goal is to promote communication between the CSO and AFD about the project.

**a) General remarks**

The budget table is the single Excel-based document used to report on the detailed project budget. It includes five tabs:

* Expenditure
* Resources
* HR Breakdown
* Valuations
* Country Breakdown

The CSO uses this table to update DPA/OSC on project implementation at three different times:

* when submitting the NIONG → **estimated budget with the 5 tabs (Expenses, Resources, HR Breakdown, Valuations, Country Breakdown) (Methodology Guide)**
* when submitting the interim technical and financial report → **interim financial report with the 5 tabs (Expenses, Resources, HR Breakdown, Valuations, Country Breakdown) (Methodology Guide)**
* when submitting the final technical and financial report → **final detailed financial report with the 5 tabs (Expenses, Resources, HR Breakdown, Valuations, Country Breakdown) (Methodology Guide).**

The CSO must specify the duration of each phase (number of months) in the budget table.

The budget must always include all the data sent to and approved by DPA/OSC in the previous version (data from the initial financing agreement, any amendments and the no-objections approved by DPA/OSC). Project monitoring by the CSO should enable it to identify and predict as far as possible any variances in the main line items. The CSO must submit a no-objection request for any variances without waiting for the intermediate or final report to be finalized.

At each stage (NIONG, intermediate report and final report), the CSO must submit to DPA/OSC via the OSCar portal the Excel version of the signed budget table, indicating the approval date, name and position of the person authorized to approve it (name and position in full), the CSO’s logo and the project number (once assigned). If the person approved the budget table is not on the list of persons authorized to sign the financing agreement and/or disbursement requests, the CSO must attach the authorization decision for the new signatory, their original specimen signature and a copy of their identity document.

The columns in the Excel file are color coded as follows (please do not change):

* **yellow** for estimated expenditure/resources (financing agreement)
* **orange** for revised expenditure/resources
* **pink** for expenditure/resources incurred and spent
* **white** for variances.

The budget table includes formulas designed to help the CSO (autopopulated data is indicated in the column headings); however, CSOs should always check that the autopopulated cells are consistent and correct. Each project is unique and is likely to have specific situations that need to be explained. A table alone may not always be sufficient; it should therefore be accompanied by an explanatory note where necessary.

**1) Expenditure tab**

**General remarks**

* Expenditure totals must be checked to ensure that they match the corresponding resource totals to the nearest euro (refer to the formulas for control totals in the budget table).
* The figures must be whole numbers with no decimal places.
* The formulas and column headings provided must not be changed in any way, except for a budget revision.
* Do not enter a 0 if there is zero expenditure; leave the cell empty.
* Expenditure must be displayed in euros only. If any eligible project expenditure is incurred in a currency other than the euro, the CSO must convert the amount of the invoice into euros using a currency conversion rule of its own choosing, provided that it meets the following conditions:
* The accounting rule is documented and is standard practice for the CSO.
* This rule is applied consistently throughout the project.
* This rule is applied to all types of transactions and all sources of financing.

**Line items**

* The content in the “Type of Expenditure” column must match that of the overall budget attached to the financing agreement, except in the case of new expenditure lines that arise during implementation, which must then be added.
* A separate line is provided for both the “external evaluation” and “external audit” sub-line items, relating to specific predefined services required in certain cases by AFD.
* The “Calculation Method” column must be used to specify the information taken into account when calculating the cost (unit costs x number of units).
* The ***Miscellaneous and contingencies*** line is not a line item but an optional amount calculated as 5% of the sum of the seven previous line items. A no-objection is not automatically required to change expenses to this line. However, a no-objection is required if during the life of the project the amount on this line is allocated to another expenditure line item. In all cases, expenditure must be supported by receipts for actual costs incurred.
* ***Indirect costs* line**: A maximum of 14% of the total direct costs of the project. The CSO may include in direct costs the salary costs of staff at headquarters directly involved in project activities.
* **This rate and rule will vary and will be defined in each AMI.**

**Any variance greater than or equal to 20% of the initial planned total of a budget line item in the overall project financing plan requires the CSO to submit a no-objection request to DPA/OSC. This request must be submitted in advance before submitting the interim or final report.**

If the CSO could not predict the variance before finalizing the interim or final report, the CSO must submit the request with the report to DPA/OSC, who will decide whether to approve the change or whether it requires an amendment to the financing agreement.

In all cases, the no-objection request must be detailed and explain the reasons for the variances.

The revised budget must be prepared as accurately as possible. This is because, after DPA/OSC approves the interim report, the proposed revised budget becomes the new contractual baseline budget against which the CSO will report at the end of the project.

**Expenditure columns**

* ***“Estimated expenditure” (yellow columns):***
* NIONG: The columns must be filled in at project appraisal time for the two estimated disbursements (phases 1 and 2).
* Reports: The estimated budget must strictly follow the overall budget attached to the financing agreement signed with AFD or to any amendments or no-objections, where applicable.
* ***“Revised expenditure” (orange columns):***
* Reports: The CSO uses these columns at the start of phase 2 to update its estimated budget, taking into account:
  + The achievement rate for the previous phase;
  + Additional resources acquired, or conversely, resources expected and not acquired during project implementation;
  + Amendments or no-objections approved by DPA/OSC.

The CSO must explain any changes at the time it submits the reports.

* ***“Expenditure incurred” (pink columns):***
* Reports: The CSO uses these columns to indicate the expenditure actually incurred at the end of each implementation phase (the CSO should fill them in as project implementation progresses).
* The CSO may request the second disbursement when 70% of the total estimated expenditure in the budget for phase 1 has been incurred. The remaining 30% of expenditure not incurred in phase 1 must be carried over to the revised expenditure table for phase 2.

The CSO must fill in the revised expenditure column only at the start of phase 2, even if the estimated amounts for phase 2 have not been revised and are still in line with the amounts indicated in the initial overall budget attached to the financing agreement (in this case, the CSO simply needs to copy and paste the estimated amounts for phase 2 into the revised expenditure column for phase 2).

* The ***“Variances” columns (white)*** show the percentage difference between actual expenditure and initial estimated expenditure (for phase 1) and the percentage differences between actual expenditure and revised expenditure (for phase 2). Any variance of +/-10% in a budget line item during the implementation of a phase automatically displays in red. The CSO must explain these variances in a document attached to the reports, but they do not require a no-objection.

**Details of eligible expenditure line items**

Expenditure is categorized under 7 line items. Only variances greater than or equal to 20% of the total of each of the line items below require the CSO to submit a no-objection request to DPA/OSC.

For each line item, the costs may be incurred by either the CSO or its partners.

Important: If there is any doubt about which line item to allocate an expense to in the budget table, the CSO should refer to the accounting allocation it uses internally for this type of expenditure.

**The following line items cover the project’s direct costs and the costs related to partner capacity building and structuring**

**Line item 1: Real estate, technical equipment and furnishings (purchase or leasing)[[1]](#footnote-1)**, including:

* Real estate, premises, land, infrastructure:
  + all construction/refurbishment of buildings, offices, schools, hospitals, warehouses, etc.;
  + land for project implementation;
  + all economic infrastructure: tracks, roads, bridges, hydro-agricultural facilities, etc.;
  + built premises.
* Technical equipment and vehicles, only if 100% for the project (or pro rata use for the project)
  + equipment: computers, printers, software, video projectors, cameras, etc.;
  + agricultural equipment: agricultural tools, harvesting equipment, cultivators, tractors, etc.;
  + industrial equipment: various machines including public works equipment;
  + equipment for technical education institutions, radio and television centers, etc.;
  + medical and surgical equipment, small equipment necessary for medicine;
  + tools for craftsmen, SMEs;
  + vehicles: city cars, specialized cars, two-wheeled vehicles;
  + other transport equipment: boats, fishing boats, dugout canoes, etc.;
  + other equipment directly related to the project;
  + screening software (following the new screening guidelines of the French government).
* Furnishings: furniture, refrigerators, air conditioners, office furniture, etc.; only if 100% for the project (or pro rata use for the project).

**Line item 2: Services, purchases and rentals**, including:

* Inputs, raw materials, goods and other supplies:
  + Industrial inputs: all supplies for VSE, PMI or craft processes, construction or services that are not listed elsewhere.
  + Agricultural inputs: fertilizers, plant protection products, seeds, animal vaccines and medicines, etc.
  + Spare parts and repairs for vehicles and machinery needed for the project.
  + Medicines and medical consumables for use in medicine: all medicines, vaccines, etc.
* Supplies and consumables (excluding supplies and consumables for the CSO leading the project and not related to the project):
  + Fluids and energy: water, energy, fuel, etc.
  + Office supplies (paper, pencils, ink, etc.).
  + Supplies for activities.
* Rentals (excluding leasing)1 and (excluding offices of the CSO leading the project):
  + Offices, training rooms, vehicles.
* Documentation, publication and distribution costs: books, scientific documentation, audiovisual documents, films, exhibitions, etc.
* Other purchases and external services: postage, internet service, phone service, website hosting, insurance, membership fees, etc. (excluding external purchases and services for the CSO leading the project and not related to the project).

**All costs allocated under this line item must be specific to the project and not related to the headquarters of the CSO leading the project.**

**Line item 3: Studies, consultancy and external services (including evaluation, audit)**, including:

* Project-specific service costs:
  + Catering, security, servicing, maintenance, etc.
  + Writing, graphic design, printing, distribution;
  + Communication agency fees;
  + Press relations.
* External services specific to the project: fee-based experts, subcontracting, technical studies, etc.:
  + Fees and expenses charged by consulting firms, other CSOs or external consultants to the CSO leading the project and to its local partners for subcontracted services (implementation of planned activities), technical studies, analysis, advice or support services (legal, accounting, support for drafting TORs, etc.), services related to capitalization and knowledge sharing of the project’s achievements.
* External evaluation:
  + Fees and expenses charged by consulting firms, other CSOs or consultants external to the CSO leading the project and to its local partners for performing the external project evaluation.
* External audit (mandatory for all projects):
  + Fees and expenses charged by the CSO’s selected auditor.

Expenditure listed under this line item relate to services provided by external international or local staff (external to the CSO leading the project and to its partners) who will charge fees and/or travel expenses for international travel and local travel and/or accommodation expenses and/or per diems. Internal staff costs incurred by the CSO leading the project must not be included in this expenditure.

**Line item 4: Project-related travel and mission expenses**

* + International travel (plane tickets, visas, etc.).
  + Local travel (cab, train, plane, etc.).
  + Mission expenses (meals, lodging, per diems) related to the project, for field trips, steering committee expenses, monitoring costs, etc.

Expenditure listed under this line item relates only to project-related mission expenses paid by the CSO and/or its partners. Mission or travel expenses charged by external service providers or subcontractors must be listed under line item 3.

**Line item 5: Non-allocable activities (excluding HR costs and fees)**

Expenditure listed under this Non-Allocable Activities line item relates to costs incurred by the CSO and/or its partners that are difficult to allocate to any of the other line items. They must therefore be kept to a minimum and must be fully justified.

The calculation method must detail the costs allocated for each expenditure line under this line item.

Expenditure related to line item 1 *Real estate, technical equipment and furnishings (purchase or leasing)*, line item 3 *Studies, consultancy and external services (including evaluation, audit)* and line item 6 *Human Resources* must not be allocated to this line item (with some exceptions).

**Line item 6: Human Resources**

The 7 subtotals are to be completed. The detailed HR breakdown is to be presented in the “HR Breakdown” tab which will be to be updated when submitting the interim and final execution reports.

HR costs are broken down into:

**for single-country projects:**

Salaried staff at headquarters

Salaried staff of partners in the country

**for multi-country projects:**

Salaried staff at headquarters

Salaried staff of partners by country

**The following are approved HR costs:**

* Salaried expatriate staff if working on the project: salaries, allowances, social security contributions and other remuneration elements associated with the employment contracts of expatriate staff employed by the CSO or its project partners.
* Project partners’ salaried staff directly involved in the project activities: salaries, allowances, social contributions and other remuneration elements associated with the employment contracts of partners’ staff.
* Salaried staff providing project support on an ad hoc basis: share of salaries, allowances, social security contributions and other remuneration elements associated with the employment contracts of salaried staff working on the project on an ad hoc basis.
* Headquarters staff dedicated to the project, employed by the CSO leading the project and directly involved in project activities: share of salaries, allowances, social security contributions and other elements of remuneration associated with the employment contracts of the CSO’s salaried staff.

This line item may include the working hours of headquarters staff directly involved in project activities: project coordination at the team or operational management level, training, technical expertise assignments.

All support functions at headquarters that are not working exclusively on the project (IT, communications, fundraising, administration and accounting and financial management, HR management, etc.) must not be included in this line (line item 6) but instead in indirect costs.

Expenditure included under this line item relates exclusively to salaries paid, social security contributions, allowances attributable to the work being done (for example, allowances for volunteers and/or interns are also included) and other elements of remuneration stipulated in expatriates’ employment contracts (bonuses, etc.).

The status and working hours of each staff member taking part in the project must be specified (employee, volunteer, etc.); the monthly percentage of working hours given over to the project must be specified; the CSO must be able to justify these working hours accurately during the audit **(time sheets must be used if no time-tracking software is used).**

**Line item 7: Redistributive funds (paid to other non-profit groups)**

* Redistributive funds include: Funds for calls for projects: funds to finance local projects when planned as a project activity.
* Emergency funds: funds for legal assistance or shelter (e.g. human rights defenders).
* Other funds: cash transfers, micro-credit set-ups, guarantees, capital shareholdings, etc.

If the CSO provides credit, guarantees or equity to the project, its AML/CFT system must comply with the requirements of the Appendix on Microfinance Projects.

Where funds are a reallocation to the CSO’s project partners:

*A reallocation is a transfer of funds by which the lead CSO forwards a proportion of the project funds to the identified partners (always legal entities and never natural persons) for carrying out part of the project’s activities. This reallocation must be formalized in an agreement between the CSO leading the project and its beneficiary partners.*

These reallocation amounts must not be included under this line item, but must be detailed by type of expenditure under the other line items.

**Miscellaneous and contingencies (optional)**

This line in the budget table is not a typical line item. Instead, it provides an option to include an amount (to a maximum of 5% of the sum of the 7 direct cost line items) that may be used to cover the following expenses: inflation, exchange rate fluctuations, bank charges not included elsewhere, any type of contingency for unexpected expenses, etc. Expenditure incurred must be justified based on actual cost.

**Indirect costs**

A flat rate of 14% maximum of the total direct costs related to the project has been approved.  **This rate is subject to change and will be defined in each AMI. Please refer to the AMI.**

Indirect costs are related to headquarters and are not specific to the project. As this is a flat rate audit, indirect costs will not be subject to an expense audit.

These indirect costs may include:

* Office purchase, rental and servicing, maintenance and other security costs, insurance, etc.
* Furniture, computers, photocopiers, supplies.
* Water, gas, electricity, internet, fuel.
* Statutory audits, research, recruitment costs, fundraising costs, salaries and contributions for indirect support functions not included in the direct costs of the project (HR management, IT department, CFO, communications, fundraising, etc.).
* Salaries of permanent staff at headquarters only.

**2) Resources tab**

**General remarks**

Resource totals must be checked to ensure that they match the corresponding expenditure totals to the nearest euro (refer to the formulas for control totals in the budget table).

The figures must be whole numbers with no decimal places.

The formulas and column headings provided must not be changed in any way, except for a budget revision.

Donors must be identified clearly and separately, and any abbreviations must be spelled out. It is important to add private and public donors to the correct section. The line “Funds provided by the CSO” must only include funding that the CSO is able to commit from its own funds. Resources being sought must be reported elsewhere.

**Resources columns**

**“Source of resources” column**

* NIONG: The donors specified in the NIONG must be those specified in the initial overall budget attached to the financing agreement; however, if donors are added, removed and/or replaced during the appraisal phase, an updated resource budget may be taken into account when drawing up the financing agreement, if the CSO informs DPA/OSC in advance.
* Reports: If there are new donors during project execution, they must be added. For donors included in the initial overall budget attached to the financing agreement but who ultimately did not contribute to the project, it is advisable to retain the reference to them (refer to the section on no-objections).

If an additional line is added to the table for a new donor, the CSO must take care to copy the automatic calculation formulas included on existing lines. The donors already entered on these existing lines are examples; the CSO may replace these donors with others if it wishes or remove any redundant donors.

**“Estimated resources” (yellow columns):**

* NIONG: The columns must be filled in at project appraisal time for the two disbursements (phases 1 and 2).
* Reports: The estimated budget must strictly follow the initial overall budget attached to the financing agreement or to any amendments or no-objections, where applicable. The resources stated as “acquired” in the NIONG must appear as resources actually mobilized in the reports. However, resources contributed by the CSO and stated as “acquired” in the NIONG may be replaced by other resources for an equivalent amount.

The **“Resources spent” columns (pink)** indicate the resources actually spent at the end of each implementation phase (the CSO should fill them in as project implementation progresses). Unspent Resources not used must be entered in the “Revised resources Phase 2” column.

**“Revised resources” (orange column)**

* Reports: The CSO uses this column to update its estimated budget, taking into account:
  + the resource spending rate in phase 1;
  + additional resources acquired, or conversely, resources expected and not acquired during project implementation;
  + amendments or no-objections approved by DPA/OSC.

The CSO must explain any changes at the time it submits the reports.

The CSO must fill in the revised resources column only at the start of phase 2, even if the estimated amounts for phase 2 have not been revised and are still in line with the amounts indicated in the initial overall budget attached to the financing agreement.

The **white “Variances” columns** show the percentage difference between actual resources spent and initial estimated resources (for phase 1) and the percentage differences between actual resources spent and revised resources (for phase 2).

The **“Resource status” column** (acquired/requested/to be requested) must be filled in and updated each time the budget is submitted to DPA/OSC.

**AFD balance calculation**

* This table must be filled in only at the time the CSO submits its reports.
* The AFD grant amount actually received in phase 1 must be entered manually.
* The AFD grant balance to be used in phase 2 is calculated automatically (AFD grant amount received in phase 1 less AFD grant amount used in phase 1). The balance is automatically transferred to the revised resources column for phase 2.
* The AFD grant amount received in phase 2 must be entered manually.
* The AFD grant amount to be repaid at the end of the project if the budget is underspent is automatically displayed.
* It should be noted that part of the AFD grant may also be repaid if the AFD co-financing rate stipulated in the financing agreement is exceeded (e.g. other resources not used or underspent).

Subject to a no-objection request duly justified by the CSO and submitted to DPA/OSC as early as possible during project implementation, DPA/OSC may accept a variance in the final AFD co-financing rate of up to five percentage points provided that the maximum AFD co-financing rate is not exceeded.

If DPA/OSC does not approve this variance, the CSO must make a pro rata repayment to AFD.

**Valuations tab for Field and General Interest projects**

A voluntary in-kind contribution is any act by which an individual or organization provides labor, goods, or services **free of charge** to the CSO. These in-kind contributions do not generate any financial flows or expenses for the CSO.

**Only voluntary in-kind contributions made by partners who are not financed by the project are considered to be valuations, as they are made for no consideration and do not involve any financial flows for the CSO.** Contributions made by partners who are financed by the project should be entered as co-financing.

Valuations may not appear in the contributions from AFD and French ministries. They may only appear under “Other resources mobilized” and are, in all circumstances, limited to a **maximum of 25%** of the total project budget (private and public valuations combined). **They must be explicitly planned as expenses and resources in the initial project budget.** Total resources must always be equal to total expenses.

These valuations may relate to human or material contributions or services.

* The CSO must complete the relevant table in the Valuations tab, detailing the content of each valuation and indicating how they were calculated (market value of the goods or services, number of hours, and hourly cost), and the position and status of the people involved. Where individuals are not yet known, the CSO must provide information on the skills it plans to mobilize.

This table must be updated each time the detailed estimated budget is sent to DPA/OSC.

**I – Material contributions in goods or other services (excluding skills sponsorship)**

Contributions in goods relate to movable assets (goods, supplies, foodstuffs, etc.) or real estate (premises, houses, etc.) donated free of charge for the purpose of carrying out actions or projects.

Contributions in services relate to the free provision of non-human services: free provision of premises, equipment, transport, telephones, photocopying services, etc.

The valuation of these voluntary in-kind contributions reflects the market value of these goods or services. The same applies to second-hand goods. They are justified by any means over the same period and the same geographical area.

In the case of platforms/collectives (“general interest” projects), CSOs may value the material contributions of member associations.

Volunteer expenses that are not reimbursed and that are waived by the beneficiary, by way of a written and signed document, may be considered as in-kind contributions of goods and are valued at the actual amount of the waived expenses.

Contributions of goods cannot be valued in the following three cases (for “field” and “general interest” projects) where:

* the goods received free of charge are used directly by the CSO for its own needs;
* the goods were acquired under a previous project financed by AFD or any other donor;
* the goods belong to the CSO implementing the project.

**II – Human contributions**

**II.1 Skills sponsorship**

Specific services (engineers, architects, experts, etc.) provided free of charge to the CSO for implementing the project. Their value is equivalent to the actual service fees and must be supported by a statement from the sponsoring company.

**II.2 Valuing volunteer and civic engagement**

CSOs are encouraged to put a value on volunteering and civic actions related to a project submitted for AFD co-financing. This may involve, for example, valuing ECSI actions (based on the content of the project) carried out by volunteers or any other project-related actions that lead to or promote volunteer and civic engagement by the non-profit group’s members.

In addition to the budget, this aspect must be consistent with the project description in section 5.4 “Project content”. Volunteer actions not specific to the project are of course not eligible for this valuation.

* The CSO may value its volunteer staff.
* In the case of platforms/collectives (“general interest” projects), CSOs may value the human contributions of member associations.
* The source of valuations relating to staff must be specified: volunteers (indicate their current situation: retired, students, employees), skills sponsorship (private sector actors), secondment (public or private sector employees).
* ECSI actions, carried out by volunteers, related to the implementation of the project can be valued in this section.

Time spent outside work by employees of the CSO or its partners when they are already financed by the project cannot be considered as volunteer time. If the budgeted time is exceeded, CSOs should contact AFD to update the budget as necessary.

**CSO board members**

* No value can be placed on the participation of board members in the CSO’s decision-making bodies.
* However, a value can be placed on the participation of members of these bodies who contribute individually to the project and are essential to its implementation.
* Similarly, if the bodies and their members are an integral part of the project, particularly in platforms or networks, the time they spend on this can be valued as volunteer work.
* **Rules applicable to all projects:** Valuation at the headquarters level: a single flat rate of €300 maximum per day per human resource being valued (private- or public-sector stakeholder or volunteer – headquarters mission or field mission) up to a maximum of 10 days per month. Beyond that, the calculation is based on a fixed monthly rate of €3,000 maximum per person seconded.
* **Local valuations**: The flat rate is determined based on the average salary level in the country concerned or on the CSO’s pay scale if it has one.

**II.3 Verification/formalization of valuations**

The CSO must use the most appropriate documents for its needs (time sheets, time planners or attendance records signed by a manager and the volunteer, signing-in sheets/sworn statements/volunteer work or skills sponsorship agreements/statements from employers/statement from the sponsoring organization of the cost price or fees for the service provided free of charge/donor’s statement/quotation or pro forma invoice for similar goods/rental value/second-hand market value, etc.); in all cases, the CSO will have to provide evidence to justify how it calculated each valuation as part of the financial audit for the project/program.

**HR Breakdown tab**

This tab is used to detail the HR costs by indicating the unit cost x % time spent or number of months spent per position (one position per line), to describe what the position entails and how it is directly involved in the project.

The HR Breakdown tab must be submitted to DPA/OSC with the NIONG and must be updated when submitting the interim and final implementation reports.

**Country Breakdown tab**

In the case of a project involving several countries, the CSO must provide a breakdown of expenditure by country (estimated and actual). Expenses broken down by country are not limited to financial reallocations or other expenses paid in-country; they must include all project expenses that benefit the country.

Expenses broken down by country added to cross-cutting expenses, miscellaneous and contingencies, and indirect costs must be equal to the total amount presented in the budget (estimated and actual).

1. Leasing: The lease-purchase of goods, which provides an option to purchase the goods at the end of a specified period. [↑](#footnote-ref-1)