



**USAID**  
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# **COST PROPOSAL GUIDELINES**

**ROUND VII**

Cooperative Agreement No: **AID-167-A-15-00001**

**ENGAGEMENT FOR EQUITY PROGRAM (E4E)**

**PRISTINA, KOSOVO**

## INTRODUCTION

The goal of these guidelines is to assist applicants in developing their cost proposals with the most accurate budget projections.

- The project budget must be submitted using the Excel Budget Form, Annex B. Please note that the cost proposal should be done in US dollars.
- Proposed project(s) must include 15% cost share - either in the form of cash or in-kind contribution(s).
- The budget must correspond with and match the proposed project activities. Each budget category or line item will indicate direct project expenses only.
- A clearly defined budget justification (budget narrative) should be included in Application Form, ANNEX A. The budget justification should explain the need for specific expenses and how the numbers were calculated for each budget category (e.g. market price, historical pricing, etc).

Grant funds requested from USAID/ATRC Grant: Engagement for Equity Program (E4E). After calculating the costs of your proposed project and subtracting the amounts available to the program from cost share (cash and in-kind contributions), please indicate in US Dollars the amount you are requesting from the E4E.

Requested expenditures may include (but are not limited to):

- Salaries and honoraria, training and consulting fees;
- Costs to purchase, print, and distribute informational and communications materials;
- Travel and related costs;
- Purchase and maintenance of equipment;
- Communications and other administrative costs;
- Other direct project-related costs.

Grant funds may be used only for expenses directly related to the project activities. Grant funds cannot be used to cover ongoing expenses of the organization (with a limited exception – see Budget Categories – Operating Costs, below), to construct or purchase new facilities, to substitute for funds that are available to support similar services, or to reduce ongoing deficit from pre-existing operations. No grant will be awarded to a proposal aimed solely at equipment purchase.

**Cost Share (cash and in-kind contribution).** E4E expects and requires that organizations contribute to the costs of implementing their project. Proposed projects must provide an additional 15% (minimum) cost share of allocated funds requested from E4E, either in the form of cash or in-kind contribution. This contribution can come from the applicant organization's funds, facilities use, time volunteered, or donations of resources or items from other sources that will assist in implementing the project. For all of these cash and in-kind contributions, the applicant should insert an approximate value on their worth and place this figure in the separate "Cost Share" column. Any funds partially or fully provided by U.S. Government under another grant or agreement cannot be included as cost share.

**Funds from other sources.** If you expect to receive or have secured financial support from other donors, businesses, or other sources external to your organization to pay for a portion of the

project, please fill out the column in the Budget Form as a part of cash contribution of cost share. Please provide a letter of commitment or grant agreement from donors who will support your program activities.

**In-kind contributions.** In-kind contributions such as office space, conference room, staff time, volunteer time, board members' time, etc, should be calculated in terms of actual cost equivalents and entered into the corresponding columns of the Budget Form.

## **REPORTING**

Grantees must meet E4E requirements for regular financial reporting. Organizations will be financially accountable for grant funds and therefore must demonstrate their ability to properly manage grant funds. Funds will be transferred/wired to the organization's bank account in monthly installments. 10% of the total grant value will be held as retention, which will be issued after the receipt and approval of the final narrative and financial reports.

## **TRAINING**

Grantees will receive grant and financial management training which the project manager and accountants are required to attend.

## **BUDGET CATEGORIES**

The following is a description of budget categories. The organization must provide details on how the figures for each listed budget category in the budget justification were calculated.

**Personnel/labor:** List each position by title and name of employee, if available. Show the annual salary rate and the percentage of time to be devoted to the project. Compensation paid for employees engaged in grant activities must be consistent with that paid for similar work within the applicant organization. Funding of salaries may cover only wages paid under labor contracts: Individuals who are and are not employees of the organization and who are working on the basis of subcontracts or civil contacts may be paid for services, such as consultations, monitoring, research, etc, including income tax and personal contributions according to current Kosovo legislation. Overtime costs will not be approved.

**Equipment:** Costs for the purchase or maintenance of any piece of equipment (e.g. recorders, headsets, computers, printers, photocopy machines, etc.) exceeding more than USD 100 will be allowed only in exceptional cases. The purchase of U.S. or Kosovo-made equipment is required.

**Supplies:** Supplies include office supplies (e.g. pens, pencils, fax and copying machine paper, etc.), low cost equipment (e.g. desk calculators), and consumable parts/supplies of equipment (e.g. cables, cartridges, etc). Generally, supplies include any materials that are expendable or consumed during the course of the project.

**Travel and transportation:** Includes all costs related to travel. An employee incurs travel costs when the need arises to work at locations distant from the home office of the organization. Trips of local personnel abroad will not be covered. Airfare, bus and train tickets, taxis, fuel, lodging and meals are the typical travel and transportation expenses to be included in this budget category. Itemize travel expenses of project personnel by purpose (e.g., staff to training, field interviews, advisory group meeting, etc.). Show the basis of computation (e.g., six people to 3-day training at \$X airfare, \$X lodging, \$X subsistence). In training projects, travel and meals for

trainees should be listed separately. Show the number of trainees and the unit costs involved. Identify the location of travel, policy for subsistence rates, etc.

**Communications:** List telephone, Internet, postal and cell phone expenses.

**Other direct costs:** Costs directly related to the program and that do not fit in the above categories should be included in this category. These costs should be clearly justified in the budget and may, for example, include: bank fees or the costs for bank transactions, including transfers and withdrawals.

**Program specific cost:** Additional budget line items that directly relate to planned activities, but do not match the previous budget categories, may be included here. Examples might include training materials, publications, conferences, workshops or other events, promotional materials, consultant fees and expenses, etc.

**Operating costs:** Budgets may include certain operating expenses, such as office rent and maintenance, utilities (heating, electricity, and water) and other general office support expenditures. However, the total amount cannot exceed 10% of the total project budget. Operating costs must be listed and explained thoroughly in the budget justification.

## **COST PROPOSAL INDICATORS**

When evaluating an applicant's cost proposal, the following criteria will be used:

- **Realistic Approach and Completeness** — Special attention will be paid to identifying possible over-estimates or under-estimates in the budget. Accuracy of all calculations and spreadsheet formulas will be checked. The budget justification must clearly explain how you have reached specific total figures such as number of staff employed by the program, percentage of their time devoted to the program, number of business trips, the need for purchasing equipment, fee rates of consultants and consultants' level of effort, etc.
- **Clear reflection of project activities** — The budget must reflect actual estimated expenses of the planned activities and each must be clearly explained in the budget justification.
- **Cost-effectiveness** — Program activities and their associated costs should be based on a practical, cost-effective approach. USAID/ATRC is interested in projects that produce high impact at a reasonable cost. When developing and justifying the budget, it must show that the proposed project the most effective solutions for achieving significant positive results.
- **Reasonable ratio between administrative and program costs** — E4E will give preference to those applications that include a low ratio between administrative and program costs.
- **Clearly defined plan for cost sharing** — Because cost sharing can indicate greater potential for sustained impact, preference will be given to projects with significant, realistic, documented cost sharing components.