

Budget Narrative

This document is illustrative and contains examples of the information Applicants should provide in their Budget Narrative. Throughout this appendix text that is italicized indicates guidance; text that is not italicized is illustrative and represents areas where the applicant should insert the relevant information and amounts for their proposed budget.

Program: Food for Peace

Target Country: *[Insert country]*

Organization: *[Insert applicant organization]*

Point of Contact: *[Insert name and email]*

SECTION 1: GENERAL EXPLANATORY COMMENTS (2-3 pages)

[Applicant] will implement a 1-year Food for Peace project in *[target country]*. The total Federal award amount is \$30,000,000. This includes Commodity (\$15,000,000), Freight (\$5,000,000), and the project operating budget (\$10,500,000). The project operating budget includes \$500,000 in cost share. The following budget narrative describes the project operating budget and does not describe the Commodity and Freight portions of Federal funding.

Total Federal Funding: \$30,000,000

Total Project Operating Budget (excluding Cost Share): \$10,000,000

Total Cost Share: \$500,000

Summary of Project Operating Budget (Including Cost Share)	
Administration	\$3,150,000
Activities	\$3,675,000
Internal Transportation, Storage and Handling (ITSH)	\$2,100,000
ICR on Administration	\$555,884
ICR on Activities	\$648,528
ICR on ITSH	\$370,588
Total Project Operating Budget	\$10,500,000

This section should also include the following:

A summary of how the Applicant's financial systems support the detection and prevention of fraud, waste, and abuse. This should include specific details on key internal controls and any unique management challenges in the proposed country. The applicant should also identify specific personnel that will be responsible for oversight.

A summary of the methodology used for estimating costs. This should include an explanation of any relevant financial policies such as travel rates or compensation scales. A summary of how the proposed budget is cost-effective and demonstrates responsible use of U.S. Government funds. This can include descriptions of how cost share will be leveraged and how unconventional costs contribute directly to project impact.

A summary of any cost escalations expected during the anticipated life of project, the basis for the escalation rate, and how the escalations are accounted for in the proposed budget. Costs should not be escalated more than annually.

A summary of the total program income that the proposed project may earn¹. If no program income is expected, this should be explained.

A summary of the indirect rates applied to the proposed budget and the base of application across Administration, Activity, and ITSH expenses.

A summary of the Monitoring and Evaluation (M&E) budget. Applicants should consider all costs associated with collecting, managing and sharing data throughout the project's life cycle that will help demonstrate accountability and achievement of desired results. Examples of M&E costs may include but are not limited to: costs associated with implementer-managed third-party monitors, technology that supports timely and accurate data collection, data management systems, or equipment that supports documentation of project activities and results. These costs should be reflected throughout the budget in the relevant cost categories.

Summary of Monitoring and Evaluation Budget	
M&E Item	Cost (\$)
Total	\$350,000

SECTION 2: ADMINISTRATION (2-3 pages)

Applicants should include costs that contribute to primarily administrative functions, such as costs related to the general operation of the project including salaries for finance and administrative support staff, monitoring, and overall program management, etc. Generally, costs that are allocable to most or all activities are administrative.

Total Administration Costs: \$3,705,884 (\$3,705,884 in USDA/FAS funds, \$0 in cost share)

Direct Costs: \$3,150,000 (\$3,150,000 in USDA/FAS funds, and \$0 in cost share).

Indirect Costs: \$555,884

2.1. **Salaries/Personnel** – Subtotal \$XX²

Applicants should indicate whether proposed positions are designated as United States Nationals (USN), Third Country Nationals (TCN), who are nationals of neither the U.S. nor the target country, or Cooperating Country Nationals (CCN), who are nationals of the target country. Applicants should provide a description of the basis of salary rates and why positions are allocated to administration. Rates, calculations and cost escalations should be presented in the Detailed Budget.

Applicants should provide a brief description of staff positions in the Organizational Capacity and Staffing section of their application, not in the Budget Narrative.

Home Office (HO): HO salary rates are based on current annual salaries of staff. There are three HO positions allocated to the project including a Project Manager, M&E Officer, and Director of Operations. Each staff member is allocated to administration based on the amount of anticipated time spent on administrative functions including monitoring, financial management, and operations.

U.S. Nationals (USN): The Chief of Party (COP) is budgeted for as a USN over the life of the project. The COP has a demonstrated track record of USG funds management and a robust in-country network to advance project implementation. Their salary rate is based on a median salary for individuals with commensurate experience in similar humanitarian projects being implemented in [target country]. The COP's salary is allocated between Administration and Activities based on their relative level of effort.

Cooperating Country Nationals (CCN): CCN salary rates are based on median salaries for the relevant position in [Applicant's] current pay scale in [target country]. There are four full-time CCN staff budgeted to Administration including the Director of Finance, M&E Director, Staff Accountant, and Operations Specialist. Eight additional staff are allocated between Administration and Activities based on their relative level of effort.

2.2. **Fringe Benefits & Allowances** – Subtotal \$XX³

Applicants should include fringe benefits and allowances costs for all staff allocated to administration.

HO, USN, and TCN Staff (\$XX): [Applicant] charges actual fringe benefit costs. The current average fringe benefit rate is 40.2% for HO, USN, and TCN staff. This includes:

Medical Insurance: 6% of annual income

Social Security: 6.2% of annual income

Income Tax: 20% of annual income

Severance: 5% of annual income

Bonus Payments: 3% of annual income (based on a merit review of performance)

Total HQ, USN, and TCN Fringe = \$XX

Cooperating Country Nationals Employees (\$XX): Fringe benefits for Cooperating Country Nationals are budgeted at 43.72% of their total salary and are based on [Applicant's] current practice in-country and applicable local laws. This includes:

Medical Insurance: 6% of annual income

Social Security: 8% of annual income

Severance: 9.72% of annual income

Income Tax: 15% of annual income

Unemployment Tax: 2% of annual income

Bonus Payments: 3% of annual income (based on a merit review of performance)

2.3. **Travel** – Subtotal \$XX⁴

Applicants should include all travel related to administration (oversight, monitoring, etc.). Do not include subrecipient, contractor, or consultant travel here. Applicants should focus on the purpose of travel and the basis of rates. Rates, calculations and cost escalations should be presented in the Detailed Budget.

International Travel (\$XX)

[Applicant's] HO staff will make four international trips during the period of performance. The purpose of the trips will be to monitor, train local staff, and provide operational guidance. The Chief of Party (COP) will make two international trips to Headquarters in Washington, DC to attend training events. The total international travel cost estimate is \$XX. This includes flights, per diem, lodging, ground transport, and visas. Flight costs are based on current quotes for economy airfare. Per diem and lodging rates are based on current U.S. State Department rates for [target country] and General Services Administration rates for Washington, DC.

Local Travel (\$XX)

[Applicant] estimates quarterly local travel by staff throughout the period of performance. These trips will be for project and field office monitoring. The estimate includes per diem, lodging, and ground transport costs. The total local travel cost is estimated to be \$XX. Rates are based on [Applicant's] internal travel policy and represent a reasonable local rate in [target country].

Vehicle Rentals (\$XX)

[Applicant] plans to procure vehicle rentals for 10 days/month to be used for local travel related to monitoring. Monthly rates are inclusive of driver and fuel costs and are based on [Applicant's] experience in [target country]. Over the life project, periodic rentals will be more cost effective than procuring an additional vehicle. Vehicle rentals are estimated at \$XX over the period of performance.

Vehicle Fuel (\$XX)

[Applicant] has an existing fleet of vehicles in [target country] that will be used to supplement vehicle rentals over the period of performance. [Applicant] plans for vehicle fuel for monitoring

and administrative travel for 10 days/month. Daily estimates are based on an average of 200 miles traveled per day and an average cost of \$00.15 per mile traveled.

2.4. Professional Services/Contractual – Subtotal \$XX⁵

Applicants should include professional services and contractual costs related to administrative functions. Applicants should ensure that all proposed contracts are cost-efficient and clearly enhance project implementation. Contracts should be reasonable and clearly within the project's scope.

Support Services (\$XX)

[Applicant] plans for the following expenses related to support services over the period of performance. All rates are based on [Applicant's] experience in [target country] and with projects of similar scope.

Legal services (\$XX): [Applicant] will procure local legal services to provide support on topics including labor law, contract negotiation, and commodity distribution.

Security services (\$XX): [Applicant] will procure security services for its field office in [target country] to ensure staff and participant safety. The contract will include guard services, rental of camera equipment, and annual security surveys.

IT services (\$XX): [Applicant] will procure local IT services to support staff connectivity and field-based monitoring. This includes support and repairs for IT equipment and troubleshooting services.

Translation Services (\$XX): [Applicant] will procure translation services to support with the translation of project documents and interpretation of project meetings between [target country national language] and English.

Short-term Technical Assistance (\$XX)

Start-up Consultant (\$XX): [Applicant] will engage a start-up consultant for the first 30 days of the project to ensure a rapid start to project implementation. This individual will establish field office policies, train onboarding staff, and engage with local partners.

2.5. Equipment – Subtotal \$XX⁶

Applicants should seek the most cost-efficient solution to their equipment needs. Using existing equipment, borrowing from partners, and leasing should all be considered. Any proposed equipment should be reasonable and clearly enhance project implementation.

[Applicant] does not intend to procure equipment under this project. As indicated under the Travel section, [Applicant] will use existing fleet vehicles and rentals to support monitoring and administrative activities.

2.6. Supplies – Subtotal \$XX⁷

Applicants should include supply costs related to administrative functions. Any supply costs related to technical implementation should be listed under the relevant Activity.

Appliances (\$XX): [Applicant] plans to purchase the following supplies for its field office: 2 servers, 12 laptops, 12 computer workstations, 12 headsets, 12 laptop chargers. [Applicant] will use existing printers, scanners, cell phones, and office furniture retained from a previous U.S. government project. Estimated costs: \$XX.

M&E Supplies (\$XX): [Applicant] will purchase 20 tablets for field use by M&E enumerators. [Applicant] will also purchase a subscription and licenses for Eval U-PLUS+, a highly effective M&E software system. All necessary M&E staff will have access to this system.

General Supplies (\$XX): [Applicant] estimates monthly supply costs of \$300 per month. The costs cover all necessary consumable office supplies such as notebooks, pens, file clips, registers, photocopy paper, flip chart paper, markers, transparency paper, flip chart boards, printing, postage, shipping, etc. [Applicant's] estimates are based on market rates and experience implementing programs of similar size in [target country].

2.7. Office Costs – Subtotal \$XX

Applicants should include any office costs here including rent, utilities, bank charges, etc. Applicants should seek cost-efficiency and prioritize use of existing office space or coworking with project partners. USDA/FAS will only consider office costs directly related to the performance of the proposed project. Office costs should be allocated 100% to administration.

[Applicant] anticipates sharing office space with our project partner in [target country]. Costs will be prorated based on the share benefiting [Applicant] and the proposed project. [Applicant] estimates office costs to be \$XX, which include: rent, office safety upgrades, utilities, generator fuel, cleaning and maintenance, bank charges, branding and marking, recruitment, staff development, internet, landline phone service, cell phone services, printing, postage, shipping, tax, and software licenses. Estimated rates are based on [Applicant's] in-country experience and median market rates.

2.8. Other Direct Costs – Subtotal \$XX

Applicants should provide details on any other costs related to administration including subrecipient agreements.

Maintenance (\$XX)

[Applicant] estimates vehicle maintenance to be \$XX for the life of the project based on current costs for [Applicant's] fleet in [target country]. This represents a prorated amount based on expected vehicle use by the proposed project.

Insurance (\$XX)

[Applicant] estimates vehicle insurance to be \$XX for the life of the project based on current costs for [Applicant's] fleet in [target country]. This represents a prorated amount based on expected vehicle use by the proposed project.

Training (\$XX)

[Applicant] plans to conduct onboarding training for new project staff for a total of \$XX. Training topics will include U.S. Government funding requirements, financial management, and local office policies in [target country]. Expenses include printing of training materials and facilitator fees.

2.9. Cost Share – Subtotal \$XX⁸

Applicants should provide information related to administrative cost share. Cost share related to activities or ITSH should be detailed in those sections of the Budget Narrative. All cost share should be clearly explained and related to the scope of the project. Applicants should explain the source of the cost share, how cost share is valued, and any monitoring or enforcement procedures.

[Applicant] will not provide any cost share under Administration.

2.10. Indirect Costs – Administration – Subtotal \$XX⁹

In accordance with [Applicant's] most recently approved NICRA, indirect costs are estimated at \$XX for Administration. This is based on a rate of XX% applied to a base of \$XX.

SECTION 3: ACTIVITIES (2-3 pages)

Applicants should provide information for each activity listed in the Budget Summary. Each activity section should mimic the cost category structure shown under Administration (e.g., Salaries, Fringe, Travel, etc.).

Total Activity Costs: \$4,323,528 (\$3,823,528 in USDA/FAS funds and \$500,000 in cost share)

Direct Costs: \$3,675,000 (\$3,175,000 in USDA/FAS funds and \$500,000 in cost share)

Indirect Costs: \$648,528

Activity 1: Emergency Food Distribution – Subtotal \$XX (\$XX in USDA/FAS Funds and \$500,000 in cost share)

3.1.1. Salaries/Personnel – Subtotal \$XX

Applicants should mimic the structure of the Administrative Salary section and include information on any salary costs related to the performance of Activity 1. If costs are shared between other budget categories, explain how they are prorated.

3.1.2. Fringe Benefits – Subtotal \$XX

Applicants should mimic the structure of the Administrative Fringe Benefits section and include information on any fringe costs related to the performance of Activity 1. If costs are shared between activities, explain how they are prorated.

3.1.3. Travel – Subtotal \$XX

Applicants should mimic the structure of the Administrative Travel section and include information on any travel costs related to the performance of Activity 1. If costs are shared between activities, explain how they are prorated.

3.1.4. Professional Services/Contractual – Subtotal \$XX

Applicants should mimic the structure of the Administrative Professional Services/Contractual section and include information on any contract costs related to the performance of Activity

1. If costs are shared between activities, explain how they are prorated.

3.1.5. Equipment – Subtotal \$XX

Applicants should mimic the structure of the Administrative Equipment section and include information on any contract costs related to the performance of Activity 1. If costs are shared between activities, explain how they are prorated.

3.1.6. Supplies – Subtotal \$XX

Applicants should mimic the structure of the Administrative Supplies section and include information on any supply costs related to the performance of Activity 1. If costs are shared between activities, explain how they are prorated.

3.1.7. Office Costs – Subtotal \$0

Applicants should not include Office costs under Activities. This should be listed as \$0.

3.1.8. Other – Subtotal \$XX

Applicants should mimic the structure of the Administrative Other section and include information on any other costs related to the performance of Activity 1. If costs are shared between activities, explain how they are prorated.

3.1.9. Cost Share – Subtotal \$500,000

Applicants should mimic the structure of the Administrative Cost Share section and include information on any cost share related to the performance of Activity 1.

[Applicant] expects a total cost share commitment of \$500,000 from private sector and nonprofit partners including [Applicant should name anticipated partners]. Cost share will be achieved through a mix of donated expertise time and in-kind equipment use. Personnel time will be valued based on individuals' current rates and the level of effort devoted to the project. No personnel rates will be valued higher than the equivalent of a GS15 Step10. In-kind equipment use will be valued based on a fair share valuation of operating costs and the relative use devoted to the project. [Applicant] has an established cost share policy and will monitor all commitments and report as required.

3.1.10. Indirect Costs – Subtotal \$XX

Applicants should mimic the structure of the Administrative Indirect Costs section.

Activity 2: [Insert activity description] – Subtotal \$XX (\$XX in USDA/FAS Funds and \$500,000 in cost share)

For each activity listed in the Budget Summary, the applicant should mimic the above structure. In this template, only one activity is shown in detail.

SECTION 4: INTERNAL TRANSPORTATION, STORAGE AND HANDLING – ITSH (2-3 pages) *The ITSH section follows a different cost category pattern than the Administration and Activity sections. Please follow the below structure.*

Total ITSH Costs: \$2,470,588 (\$2,470,588 in USDA/FAS funds and \$0 in cost share)

Direct Costs: \$2,100,000 (\$2,100,000 in USDA/FAS funds and \$0 in cost share)

Indirect Costs: \$370,588

4.1. Salaries/Personnel – Subtotal \$XX

Applicants should mimic the structure of the Administrative Salary section and include information on any salary costs related to the performance of ITSH. If costs are shared between ITSH and other budget categories, explain how they are prorated.

4.2. Fringe Benefits – Subtotal \$XX

Applicants should mimic the structure of the Administrative Fringe Benefits section and include information on any fringe benefit costs related to the performance of ITSH. If costs are shared between ITSH and other budget categories, explain how they are prorated.

4.3. Travel – Subtotal \$XX

Applicants should mimic the structure of the Administrative Travel section and include information on any travel costs related to the performance of ITSH. If costs are shared between ITSH and other budget categories, explain how they are prorated.

4.4. Internal Transportation – Subtotal \$XX

Applicants should include any costs related to the transportation of commodities from designated ports or points of entry to storage and distribution sites.

In-Country Commodity Dispatch (\$XX): [Applicant] expects a rate of \$120/MT to transport 6,390 MT over the period of performance.

In-Country Commodity Retrieval (\$XX): [Applicant] expects a rate of \$120/MT to transport 256 MT over the period of performance.

4.5. Professional Services/Contractual – Subtotal \$XX

Applicants should mimic the structure of the Administrative Professional Services/Contractual section and include information on any contract costs related to the performance of ITSH. If costs are shared between ITSH and other budget categories, explain how they are prorated.

Loading and offloading (\$XX): Loading services for commodities at port and the offloading at the warehouse is estimated at \$6/MT for 6,646 MT over the period of performance.

Test and inspection of commodities (\$XX): Laboratory testing for unfit food estimated at \$500 per shipment for 5 shipments over the period of performance.

Fumigation (\$XX): Fumigation for the warehouse is estimated at \$12,800 twice per year over the period of performance.

Security (\$XX): Contract with security services to guard two warehouses at \$10,000 per year over the period of performance.

Security system (\$XX): Cost of security camera system in two warehouses at \$1,000 per year over the period of performance.

Call Forward Fees (\$XX): Cost of call forward fees at \$25,000 per call forward for a total of \$100,000 over the period of performance.

4.6. Warehouse – Subtotal \$XX

Applicants should include costs related to the storage and warehousing of U.S. Commodities.

Warehouse rent (\$XX): Rent for two warehouses, located in the capital city and a secondary city, at \$2,200 per month over the period of performance.

Replacement pallets (\$XX): Replacements for pallets to store commodities in two warehouses at \$5,000 per warehouse over the period of performance.

Fire extinguisher and refilling (\$XX): Cost of fire extinguishers and refilling for two warehouses at \$800 for each warehouse over the period of performance.

Cleaning supplies (\$XX): Disinfectant, brooms, and rodent traps is estimated at \$500 for each warehouse over the period of performance.

Repackaging (\$XX): Reconditioning bags and fees are estimated at \$20 per bag for 500 bags over the period of performance.

Projective clothing for warehouse staff (\$XX): Protective clothing including hard hats, boots, weight belts, gloves, and respirators for staff at the two warehouses (\$750 per person) over the period of performance.

Warehouse supplies (\$XX): flashlights, batteries, scales, a table and chair, stockcars, and waybills for two warehouses, at an estimated \$2,250 per warehouse over the period of performance.

4.7. Supplies – Subtotal \$XX

Applicants should mimic the structure of the Administrative Supplies section and include information on any supply costs related to the performance of ITSH (not already included in the Warehouse section). If costs are shared between ITSH and other budget categories, explain how they are prorated.

4.8. Other – Subtotal \$XX

Applicants should mimic the structure of the Administrative Other section and include information on any other costs related to the performance of ITSH. If costs are shared between ITSH and other budget categories, explain how they are prorated.

4.9. Cost Share – Subtotal \$XX

Applicants should mimic the structure of the Administrative Cost Share section and include information on any cost share related to the performance of ITSH.

4.10. Indirect Costs – ITSH – Subtotal \$XX

Applicants should mimic the structure of the Administrative Indirect Costs section.