

Developing A Detailed Project Budget

Grant Application and
Project Implementation Guidance

Resource

Introduction of personas

To provide real-life examples to the sometimes-abstract-sounding concepts in this training, there are two personas that will serve as guides. Adam is a Grant Applicant from Sri Lanka who is interested in applying for Foundation funding for a specific project. Mariam is a Monitoring, Evaluation, and Learning (MEL) Expert that represents the Foundation.



Adam

Grant Applicant from Sri Lanka



Mariam

ISOC Foundation MEL Expert

Goals of a project budget



Adam: What is the point of a detailed project budget?



Mariam: Glad you asked! The budget has two goals:

- To help your organization plan your project and ensure that you have funds to cover all the required components to ensure your project is successful.
- To provide the Internet Society Foundation (Foundation) information on how you plan to implement your project and generally what such a project will cost.



Adam: What should I include in my budget?



Mariam: Everything you need in order to implement a successful project! An easy way to ensure that all the components of the project are accounted for in the budget is to break out what would be required for each of the activities to be successfully implemented.

Questions to ask yourself to start your budget could include:

- Who will lead the project?
- Do we have the equipment we'll need?
- Does our team have the correct knowledge base?
- How will participants get to this event?
- How will we measure the impact of this project?

Budgeting impact measurement

Measuring the impact of your project is key to ensuring that your work is having the effect that you intended, but these activities (commonly referred to as Monitoring, Evaluation and Learning or MEL) are often overlooked in the budget. As you develop your budget, be sure you are including adequate costs to cover staff time, software licenses, obtaining attendee feedback, and any other activities required to successfully measure impact.



Mariam: Once you've gone through the activities, it's important to consider the day-to-day implementation of your project and management of your grant. Examples of day-to-day implementation could include:

- If your team is working in an office, have you accounted for office rent and paper for the printer? What about WiFi costs and electricity?
- Who is managing your grant, have you accounted for the salary of a project manager or accountant?
- What tools do you use in implementing your project, do you require a computer or software license to effectively manage this grant?
- If your team is new to this area of work, do they require professional development that cannot be achieved for free?
- If your project is located far away from your city, how will you travel there, can you get local sponsorship for this expense?
- How will you track the impact of your project, do you plan to survey event participants and if so, do you require any software license to do so?

Including different funding streams



Adam: I have several sponsors for my project, do I need to include their funding in the budget?



Mariam: No, not in the budget because the Foundation is not accountable for other project partners funding. However, you should include that information – which is crucial for a comprehensive understanding of your project – in the application form.



Adam: Ok, now that I know what I want to include in my budget, where should I enter these costs?



Mariam: Now that you have a list of what items should be included in your budget, these should be reflected in the appropriate Foundation budget template. Each template has overall “cost categories” or high-level types of costs that the budget has been broken down into, such as Equipment, Personnel, or Other Direct Costs. These cost categories are static and should not be changed.

The Foundation has created a budget template that is meant as an example for you to follow when developing your own budget. You will note that under each “cost category” there are multiple lines that you should adjust to your specific needs.



Adam: I know that the Foundation has different Programme Areas where you can receive funding. How do I know what should be included under each “cost category” for the different Programme Areas?



Mariam: You are right, it does depend on the type of grant for which you are applying as there are different components required for each of the Foundation's funding Programme Areas.

Please be sure to use the one that corresponds with the Programme Area to which you are applying for funding.



Mariam: Below are the detailed instructions for each of the different funding streams:

For The BtN Small Budget Template

Include your specific budget items as follows:

Contractual

This should include any outside support that you will hire to support your project. For instance, you might need to hire an external expert/consultant to run a workshop, create tools to measure the project impact or help you implement a community network. This could also include a website designer or a lawyer who provides legal support.

Publicity Costs

This should include any costs associated with publicizing your project, either before an activity occurs or sharing the results at the end. This could include newspaper ads, online ads, banners, or radio spots.

Event Costs

This should include any costs that are directly associated with organizing an event. This could include event space rental, catering, handouts, or WiFi costs.

Research

This should include any costs directly associated with undertaking a research project. This could include journal or database licenses, printing costs, travel to an archive, or telephone costs to call sources. Don't forget to measure the impact of your project and consider devoting resources to help achieve that.

Other Direct Costs

This should include any costs that don't fall into the previous categories, including bank fees.

For The BtN Large Budget Template

You should include your specific budget items as follows:

Personnel

This should include your Chapters' members who will be paid for their work managing or implementing this project. For instance, you might want to ensure that someone spends a small amount of time managing the budget tracking, reporting and deliverables. Also keep in mind the time needed to develop and implement data collection and reflection for monitoring, evaluation and learning (MEL).

Contractual

This should include any outside support that you will hire to support your project. For instance, you might need to hire an external expert/consultant to run a workshop, create tools to measure the projects impact or help you implement a community network. This could also include a website designer or a lawyer who provides legal support.

Equipment

This should include any equipment you need to implement your project and can include computers, printers, routers, Raspberry Pi, office furniture, etc. These are often specific, higher cost items that will remain useful beyond the life of the project.

Travel

This should include any travel required to implement the project, publicize the project or ensure learning required for the project. This could include a visit to a project site or costs to cover the visit of an international expert to support project implementation.

Other Direct Costs

This should include any costs that don't fall into the previous categories. This could include any rentals, catering, bank fees associated with receiving the funding or costs associated with undertaking project evaluation (such as survey licenses), or similar.

For The Strengthening Communities / Improving Lives and Livelihoods (SCILLS) Budget Template

You should include your specific budget items as follows:

Personnel

This should include your organizations' staff who will be paid for their work managing or implementing this project. For instance, you might want to ensure you have a Project Manager that manages the budget tracking, reporting and deliverables. Also keep in mind the time needed to develop and implement data collection and reflection for monitoring, evaluation and learning (MEL).

Contractual

This should include any outside support that you will hire to support your project. For instance, you might need to hire an external expert/consultant to run a workshop or help you implement a local training. This could also include a website designer, a translator or a lawyer who provides legal support.

Equipment

This should include any equipment you need to implement your project and can include computers, printers, routers, office or school furniture, filing cabinets, etc. These are often specific, higher cost items that will remain useful beyond the life of the project.

Travel

This should include any travel required to implement the project, publicize the project or ensure learning required for the project. This could include a visit to a project site or costs to cover the visit of an international expert to support project implementation.

Other Direct Costs

This should include any costs that don't fall into the previous categories. This could include any rentals, catering, bank fees associated with receiving the funding or costs associated with undertaking project evaluation (such as survey licenses), or similar.

Indirect Rate (See guidance below)



Adam: I understand the cost categories, but what are the units, quantity, level of effort (LOE) and rate?



Mariam: In addition to listing out what items you'll need to implement your project, it is also helpful to indicate how many are required and what those items generally cost. This ensures that the Foundation team understands where funds are being spent, but also that sufficient funds are budgeted for the projected activities.

Break down each budgeted item according to the following:

Unit

This is how you are measuring each item and the unit used will depend on the item that you are budgeting. Generally, units are measured in:

Days, weeks, months

Normally this is how you measure personnel time or a consultant's time, often this rate is reflected in your agreement with that individual.

Days, nights, trips

This is normally how you measure travel or events. Hotels and stipends are generally paid by the day, while rental fees can either be daily or for a set period (the entire event).

Fixed

Sometimes contracts will be charged on a "fixed" rate, as opposed to per item or day.

Unit

This is often how equipment costs will be measured, as often equipment is purchased in a low number of units.

Quantity

This is how many of each unit you are budgeting and is only expressed as a number.

Rate

This is how much each individual unit costs.

LOE (level of effort)

This is only used for people (Personnel or Contractual) and is expressed as a percentage. This percentage demonstrates how much of an individual's time will be spent on the project activity for which they are responsible in the period (this will be the "unit" – see explanation above) indicated.

For example

If you have a Project Manager who is paid on a monthly basis and spend about one quarter of their working hours on the project, then their LOE would be 25%.

Or, if you have an accountant who reconciles the projects financials for half a day every month and the project lasts 12 months, then this would be a 50% LOE (half a day).

Example of Beyond the Net Large Budget Template, Year 1

DESCRIPTION		Year 1			
Category	Unit	Qty	Level of Effort (LOE)	Rate	Total (Year 1)
Personnel					
Staff 1	month	0	0%	0	0
Staff 2	day	0	0%	0	0
Total Personnel					0

Indirect rate



Adam: And what is an indirect rate?



Mariam: For some of the Foundation grants, we provide our grantees the option of receiving an indirect rate. Grantees can decline the indirect rate if they want and instead opt to list all costs as direct costs.

To understand indirect costs, it is helpful to first understand what a direct cost is:

- **Direct costs**

Any costs that can be attributed directly to the project and are only used for this specific project. These costs are listed in the different cost categories of the budget (for instance personnel, travel, other direct costs).

- **Indirect costs**

Indirect costs represent the expenses of doing business or running the organization as a whole but can't be readily identified with a particular grant or activity. Some costs can be very difficult (or even impossible) to charge directly to one project, such as heat, light, and security (or some personnel functions like accounting). Therefore, indirect cost rates are used to cover those "overhead" costs.

Different organizations may consider the same cost (for instance, accounting personnel) in two different ways. One may consider it a direct cost, while another may consider it an indirect cost. This is not necessarily a problem, however what is crucial is that an organization always accounts for that cost in the same way, across all projects and budgets.

If the funding programme to which you are applying does allow for your organization to use an indirect cost rate, you can elect an indirect rate of up to 20%. If you have any questions about this, you should reach out to the Programme Officer for that specific funding programme.

Reasonable, allowable, and allocable



Adam: Is there anything I can't include in my budget?



Mariam: There are some items that you shouldn't include in your budget, either because the Foundation won't fund them or can't fund them. For the former, you should check the webpage for the specific funding programme to which you are applying, if there's anything the Foundation will not cover (specific types of events, travel costs, etc.) those will be listed on that page. You should also not include costs that are unrelated or unnecessary to your project.

In terms of costs that the Foundation cannot cover, this would include illegal activities, terrorism, lobbying activities, bribery, or any similar activities.

If you are unsure about whether you can include a specific cost in your budget, reach out to the Foundation team, we will be happy to help.



Adam: Anything else I should be thinking about?



Mariam: Overall, the Foundation staff will be reviewing your budget to ensure that is Reasonable, Allowable, and Allocable.

What Reasonable, Allowable, and Allocable means is:

Reasonable

The Foundation wants to ensure that the costs you have budgeted are reasonable for the specific project, the local environment, and to achieve the impact planned. If you plan to train 35 university students and have budgeted the purchase of 35 computers to do so, that will not seem reasonable. We also want to ensure that you're able to measure the impact you have planned, so it is reasonable to include costs associated with monitoring, evaluation, and learning activities.

Allowable

As discussed in the previous section, there are certain costs that will not be allowed by the Foundation and it is important to be aware of these so as not to include unallowable costs in your budget.

Allocable

Is it also important to ensure that all the budgeted costs are allocated to this one, specific project. The same costs should not be allocated to more than one project and must be used to support the goals of this specific project.

It's important to be honest and accurate in your budgeting. We request that you do not overbudget costs, but equally that you do not underbudget costs either. If the project you want to implement costs more than the amount the Foundation will cover, do not underbudget what your project will cost in order to meet the Foundation's threshold. You should instead revise your activities in order to limit the work that you will do with your grant.

Of course, we want to fund impressive projects, but we especially want to fund realistic and impactful projects. To do this, we must see the actual cost of that project and we expect our grantees to accurately reflect what their work costs.



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