There are two possibilities in which the expenditure budget may be presented for funding: one in which the budget is expressed in both the local and US dollar (US$) currencies and the other where only the US$ is used.

In a situation where purchases and all payments are made in the local currency only, the requesting member must prepare and present a budget in both currencies. The member would then have to find the rate of exchange of the local currency to 1 US$ that is in place at the time of the budget preparation; where the organization has a policy on exchange rate in place, this will be the rate that is used by the organization at that time. Should the organization not have an exchange rate policy in place, then the rate may either be taken from the internet or from the member’s own bank. The exchange rate used should be clearly given in the line provided for this; the reader of the budget will not have to guess what rate was used.

Using the local currency will make it easier for members to monitor expenses against approved budget and availability of funds. It will also assist both the member and the ACT secretariat to isolate the exchange rate effect in the US dollar figures.

In some cases, members are able to do local purchases and all payments in the US$ currency. In those cases only, the budget should be prepared and presented in the US$ currency only.

The budget should match the planned activities as expressed in the narrative side of the proposal, that is, expense budget headings should be in line with the activity lines indicated in the narrative.

**Specific to RRFs**

Indirect support costs: The budget can provide for indirect support cost. These are costs which are not related directly to assistance that is being provided to affected communities. These expenses relate to the indirect support service essential to the effective running of the program. In this respect, expenses are shared among several projects. Indirect support cost should be specified in detail and should be restricted to a maximum of 5% of the budget.

**Specific to Appeals**

Indirect support costs: The budget can provide for indirect support cost. These are costs which are not related directly to program assistance that is being provided to affected communities. These expenses relate to the indirect support service essential for the effective running of the program. In this respect, expenses are shared among several projects. Indirect support cost should be specified in detail and should be restricted to a maximum of 15% of the total budget.