**Guidance Note: Appeal Budget preparation**

Purpose

This document provides guidance to ACT Members and ACT Secretariat Humanitarian Program Officers to prepare the humanitarian project budget at the application phase. The guideline is a checklist highlighting what must be considered when preparing a budget for an RRF and Appeal. It helps members ensure all planned activities can be implemented by identifying all resources needed by project/activity/sector and estimating the costs for such resources.

An RRF proposal requires the same Microsoft Excel budget format as an Appeal proposal.

Currency

The budget should be presented in both local currency and in USD. The budget should be first prepared in local currency, then ensure that a budget column (parallel to the local currency budget) is provided where all financial information is in USD prior to submission.

This guideline should be read alongside the Microsoft Excel budget template.

Budget Description Categories

Appeal budgets are based on standard categories based on the following definitions:

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| **Category** | **Definition** |
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| Project Staff | Includes all staffing costs required and directly involved in the humanitarian project implementation. Sample Project Staff positions include Project Manager, Logistics Officer, etc.  |
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| Public Health | Activities focused on protecting and improving affected population health during crises through health and care services, and disease prevention. |
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| Community Engagement | Activities involve collaborating with affected populations to share information, understand their needs, and involve them in decision-making for effective crisis response and recovery. |
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| Preparedness and Prevention | Involves activities related to anticipatory action, planning, risk assessment, and implementing measures to reduce disaster impacts, ensuring readiness and minimizing harm before hazards occur. |
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| WASH | Water, sanitation, and hygiene promotion activities ensure access to clean water, safe sanitation, and hygiene practices to prevent disease and improve public health. |
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| Livelihood | Activities supporting affected individuals' ability to secure income, and cover basic needs, helping them recover and sustain themselves during and after crises. |
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| Education | Activities for continuous learning opportunities for children, youth, and adults, providing stability, protection, and essential skills during crises. |
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| Shelter and Household Items | Activities providing safe, temporary housing and essential supplies to protect affected populations, ensuring dignity, security, and basic living conditions during crises. |
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| Food Security | Activities promoting access to sufficient, safe, and nutritious food for affected populations, preventing hunger or malnutrition, and supporting recovery during crises. |
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| MHPSS and Community Psycho-social | Activities for Mental Health and Psychosocial Support focusing on emotional well-being and community resilience in emergencies, addressing psychological needs through support services, awareness, and community engagement. |
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| Gender | Activities which explore individual needs and impact differently based on gender, addressing vulnerabilities, promoting equity, and ensuring inclusive responses to meet diverse needs and rights. |
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| Engagement with Faith Leaders | Activities involving collaborating with religious figures to promote community resilience, disseminate information, provide support, and foster trust during crises. |
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| Advocacy | Activities include negotiating access, securing aid, and promoting rights, ensuring vulnerable populations receive necessary support and protection during crises. |
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| Quality and Accountability | Activities involving needs assessments and analysis, beneficiary complaints and response mechanisms, safeguarding, communication and visibility, monitoring and evaluation, and audit. |
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| Logistics | Activities include vehicle rental, fuel, warehouse rental, transportation and supply chain management. |
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| Assets and Equipment | Activities include computers and accessories, printers, office furniture, communications equipment. |
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| Indirect costs – staff salaries | Costs that are not directly related to assistance for affected communities but are essential for overall implementation and accountability such as salaries for technical and support staff. |
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| Indirect costs – office operations | Costs that are not directly related to assistance for affected communities but are essential for overall implementation and accountability such as office rent, utilities, stationery, building insurance, phone and internet, and bank charges. |
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Excel Budget Template Tabs

The budget template has five tabs that the requesting member must complete.

1. Tab Consolidated Budget: Requesting members to complete Rows 3-Column C, Rows 6-Column C. Implementation Period, and Exchange rate for local currency. The remaining sections are left blank on this Tab.
2. Tab Contacts: Requesting members to complete the focal persons’ information for both Finance and the program.
3. Tab Analysis: All sections are left blank on this Tab.
4. Tab Appeal Income: All sections are left blank on this Tab.
5. Tab Member 1: Requesting member to complete all information on this Tab, including Row 3-Column C, followed by Rows 11 and below. Use the information on the table below to complete the information.

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| **#** | **Description Title** | **Eligible costs linked to description details** |
| 1.0 | Project Staff | Payroll, benefits, phone, training |
| 2.1 | Public Health | Medical and first aid, vaccines, drugs, medical equipment, training, printing, communication |
| 2.2 | Community Engagement | Travel, training, printing, print and social media |
| 2.3 | Preparedness and Prevention | Training, equipment |
| 2.4 | WASH | Water trucking, fuel for water trucks, borehole construction/rehabilitation, water tanks, pumps, tubes, tools, sanitation vector control, spraying, dislodging, cleaning, septic tanks, water purification tablets, water testing equipment, latrines and dislodging service, jerrycans and bucket, hygiene material |
| 2.5 | Livelihood | Livestock, animal feed, equipment |
| 2.6 | Education | Books, teaching material, equipment |
| 2.7 | Shelter and Household items | Tents, tarpaulins, tool kit, plastic sheeting, iron sheets, transitional and permanent housing, cash disbursement, education facilities, health facilities, community facilities, construction material, clothing, blankets, sheets, mattress, mosquito nets, utensils and tools, kitchen sets |
| 2.8 | Food Security | Cereal, vegetable, high energy biscuit, meals ready to eat, food parcels, seeds, plants, fertilizer |
| 2.9 | MHPSS and Community Psycho-social | Training, equipment, printing, print and social media |
| 2.10 | Gender | Protection, general, and social inclusion services |
| 2.11 | Engagement with Faith Leaders | Meeting, travel, printing |
| 2.12 | Advocacy | Meeting, printing, print and social media |
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| 3.0 | Quality and Accountability | Assessments, complaints and response mechanisms, safeguarding, communication and visibility, monitoring & evaluation, and audit |
| 4.0 | Logistics | Vehicles, warehouse and storage, distribution and monitoring, air freight, shipping and customs, transportation |
| 5.0 | Assets and Equipment | Computer and Telecom, office equipment and generator |
|  | Indirect costs – staff salaries | Program and support staff salary and insurance. |
|  | Indirect costs – office operations | Office rent, office utilities, office stationery, office insurance, phone and internet charges, bank fees - bank transfer charges  |
|  | ACT Secretariat Management, Monitoring Coordination Cost (SMC) | Check with the Humanitarian Program Officer the % before adding the cost |

The description of items must be sufficiently detailed, and all items broken down into their main components. The number of units and the unit value must be specified for each item depending on the description provided. The budget in this tab must be able to be read without additional documentation for clarification.

Budgets should not be unnecessarily too detailed, especially when it comes to line items where the amount is not significant. Requesting members may provide budget notes to explain any implicit costs for easy understanding of the budget. When preparing the budget, requesting members should consult with the organization’s finance department to ensure they are able to provide financial reports based on the line items in the budget as all financial and audit reports should always follow the approved budget format.

Eligible Costs

* Incurred during the implementation of the action: costs relating to services and works shall relate to activities performed during the implementation period.
* Indicated in the estimated overall budget for the action.
* Necessary for the implementation of the action.
* Identifiable and verifiable, particularly recorded in the beneficiaries' accounting records and determined according to the accounting standards and the usual cost accounting practices applicable to them.
* Compliant with Accounting Standards.
* Comply with requirements of applicable tax and social legislation.
* Reasonable, justified, and compliant with sound financial management requirements, particularly regarding economy and efficiency.

Non-eligible Costs

* Actual/real costs incurred by the beneficiaries or affiliated entity.
* Provisions for losses, debts, or potential future liabilities.
* Debts and debt service charges (interest).
* Non-budgeted Cost.
* Costs declared and financed by another action.
* Cost reported as question cost by the auditor.
* Currency exchange losses.
* Credits to third parties.
* Fine and delay charges.
* Supporting documentation does not adequately support the costs.
* Gifts.

Specific Budgeting Notes

* The appeal budget must allocate 70-75% to project costs, with a maximum of 15% for project staff costs and a maximum of 15% for indirect costs.
* Project costs include Project activities, Quality & Accountability, Logistics, and Assets.
* Indirect Costs are those not related directly to assistance provided to affected communities. These expenses relate to the indirect support service essential to the effective running of the program and include (a) staff costs related to the director, accountant, admin, and secretarial staff and (b) office costs such as rent, utilities, stationery, telephone etc. In this respect, expenses are shared among several projects.
* Audit: Appeals with a budget of USD 50,000 and above must include audit costs. The audit fee estimate can be discussed with the requesting member’s own auditor or can be taken from historical expenses.
* Monitoring and Evaluation: Budget lines may include travel costs related to field or monitoring visits. For Appeals above USD 5 million, evaluation is external, and for Appeals between USD 2-5 million, evaluations can be internal or external. External evaluation costs are managed directly by the ACT Secretariat and not incorporated into the requesting member budget.

Roles and Responsibilities

The budget is completed by the requesting member with support from the Forum Coordinator and submits it to the ACT Secretariat Humanitarian Program Officer for review. The following information provides specific responsibilities for each party.

Requesting member

* Using the planned project activities, transfer activities and their planned costs into the Microsoft Excel template. Ensure all activities in the project proposal are reflected in the budget.
* Using the budget guidelines document, ensure all information is added into the correct sections, and all costs are calculated.

Secretariat Humanitarian Program Officer/ Humanitarian Finance Coordinator

* Maintain contact with the requesting member during the budget development process
* Assist the requesting member by responding to queries related to developing the budget.
* Use ACT Humanitarian Policy and Operations Manual to guide the requesting member to complete the budget template.
* Following the budget submission, review the budget activities to ensure they are matched to the proposal activities, and that costs are appropriate.
* Following Finance Coordinator review of the budget, submit the project proposal and budget to the Humanitarian Operations Manager.