

# **BUDGET GUIDELINES APPLICATIONS FOR THE CKU FoRB Window**

January 2021

## Content

1. Generally Concerning Applications for the FoRB Window.....	2
2. Budget for Projects (A and B).....	3
3. Budget for Activities (C, D and E) .....	8
4. Urgent Interventions (F).....	10
5. Financial Accounts .....	12
6. Overview of Funding Opportunities.....	12

## 1. Generally Concerning Applications for the FoRB Window

These guidelines are applicable for all applications for the FoRB window.

The budget guidelines are continuously updated. It is the responsibility of the member organisations to ensure that they always use the most recent version. The most recent version is publicized on [www.cku.dk/projektstoette/torf-vindue/torf-skemaer-og-formater/](http://www.cku.dk/projektstoette/torf-vindue/torf-skemaer-og-formater/)

The budget must clearly identify the currency being used, and the amounts must always be converted to Danish Kroner (DKK).

The budget is a key document in the assessment of the full proposal. Special consideration will be given to the extent

- the expenses are reasonable relative to the expected results
- the expenditures are realistic for the potential continuation of the activity without external support
- the budget is presented clearly
- there is a clear and obvious relationship between budget lines and activities
- expenses relating to local salaries, wages for Danish staff, major procurement, investments, administration, and travel costs represent a major part of the budget, and if so, whether they are justified.

During the assessment of the application it will be considered whether

- the budget clearly links to the description and strategy of the project / activity
- all budget items are described and justified in the proposal narrative
- all expenses are reasonable and justified in relation to activities and expected results.

### Self- and Co-Financing

It must be clearly visible in the budget if the proposed amount is supplemented by either self- financing or co-financing.

Self-financing and co-financing must be in the form of cash contributions, and must be labelled "contributions from other sources" in the budget.

If the self- or co-financing is non-financial (e.g. volunteer work or in-kind contributions) it should only be described in the narrative.

## **2. Budget for Projects (A and B)**

Grants up to 3.000.000 DKK can be awarded for A-projects, and up to 500.000 for B-projects.

The application for project support must include the following budget information:

- Budget summary and Financing Plan (section B of the application)
- A detailed budget (Annex A to the application). The budget must be sufficiently detailed to allow an assessment of whether costs are reasonable. Additional detailed budgets can be added as budget notes or annexes for more complex budget items.

### **BUDGET**

#### **Budget line 1: Activities**

All expenses directly related to the implementation of activities must be budgeted on this line. For example, the budget for a seminar can include expenses for rent of location, transport, food, accommodation, trainers' fees, and teaching materials. (If project staff is teaching at a seminar, or is otherwise directly implementing an activity, a reasonable part of their costs can be included under the activity.)

The various activities should as far as possible be specified on separate lines, and the activity budget line should be structured around the stated project objectives and outputs in Annex E LFA.

Cross cutting activities must be budgeted separately in relation to the project outputs and objectives to show where the financial bulk has been placed.

#### **Professional Consultancies and Advisors**

Professional support must be budgeted under the relevant project objective or activity. This applies both to expertise from local resource persons and expertise from Denmark. If professional expertise is required for more than one project or activity objectives, the costs must be divided between all the relevant activities corresponding to the expected scope. Professional consultancies must

- add a specific value to the project
- be described and justified in the application
- be linked to specific activities
- connect to specific outputs.

It is important to indicate the expected number of hours and hourly fee for each contribution. As far as possible consultants from within the country or a neighbouring country should be employed.

Read more about the use of Danish man-hours on page six.

#### **Budget line 2: Investment**

All investments in support of activities must be listed here. Investments include major procurements that are not direct inputs in activities but are necessary for the completion of the project. Seeds and educational materials, for example, must be budgeted under activities, while procurement of vehicles and IT equipment are seen as investments. The purchase of land and real estate cannot be supported by the CKU fund. The purchase of cars is not usually supported by the fund.

### **Budget line 3: Local Staff**

You can apply for salaries for local staff to the extent it is necessary to complete the project. In principle remuneration for permanent staff must be budgeted under this line.

Specify for each position:

- Position, man-months and monthly salary
- Other staff costs.

Indicate the percentage of the employee's salary that will be covered by the Danish grant.

Be aware of local labour laws and regulations for recruitment, salaries, termination, required health insurance contributions, 13th month salary, etc. The budget for local staff should be developed with your local partner who knows the local laws.

### **Budget line 4: Local monitoring**

You can apply for funding for monitoring of project activities, outputs, and indicators. It will mainly include expenses related to collection of data from the target group and project stakeholders, as well as follow up of project implementation. The budget line can also cover costs related to monitoring meetings such as project progress status meetings, learning workshops or risk assessments.

### **Budget line 5: Local administration**

This budget line enables funding of local partners' administrative costs incurred due to activities covered by the application, including audit expenses. If the project duration is more than 24 months, the financial accounts must be audited annually by a local auditor. The costs for this must be budgeted on this budget line.

Only direct costs can be covered. That is, local administration cannot be covered by a certain percentage of the total budget.

Support from the partner's accounts department and head office can be included based on the time spent on the project. The budget for communication can either be based on direct expenses or as a part of the total communication expense. All administrative costs must be documented in the financial accounts with relevant receipts.

Please note that it is required for grants above 200.000 DKK that the audit is performed by a local auditor who follows international auditing standards.

### **Budget line 6: Danish project monitoring visit**

For projects managed by the Danish member organisation, you can apply for one monitoring visit during the project period. Project monitoring visits are the Danish organisation's supervision of the project implementation and progress together with the local partner. It includes specific monitoring and supervision, but not capacity building or technical support, which must be budgeted under activities. Project monitoring visits can be carried out by staff and members of the Danish

organisation who are professionally qualified and well acquainted with the project in question.

A Term of Reference must be developed before the visit as well as a report after the visit.

Costs for monitoring visits must be budgeted as cheaply as possible. Hourly and daily rates as well as mileage cannot exceed the lowest rate of the Danish Agency for Public Finance and Management – Ministry of Finance. A maximum of eight hours a day can be registered. The visit can potentially be extended if technical support or review has been included in the proposal. Further instructions and guidelines can be found under the heading “Danish man-hours” on page six. Airfares must be priced at no more than the equivalent of economy class, and accommodation should not cost more than a normal tourist-class hotel.

For projects managed by CKU, member organisations can apply for up to 25.000 DKK for monitoring visits connected to larger projects (A) and 15.000 DKK for smaller projects (B). The purpose can be a learning opportunity for the member organisation, mutual capacity building, information activities in Denmark, etc. The application must explain the purpose of the visit, who will travel, and the expected outcome of the visit. Support cannot be given for the routine partner visits that many member organisations regularly conduct, even though these trips might include visits to projects supported by CKU.

#### **Budget line 7: Reviews and evaluation**

CKU recommends that external evaluations are included either as mid-term or final evaluations in A and B projects above 200.000 DKK. An evaluation must in this case be described in the application, and the expenses for evaluations are expected to be relative to the size of the project. An external evaluation is a prerequisite for an application for a potential new project phase.

It is possible to apply for the costs of salary, transport, and accommodation for an external consultant, as well as any activities related to the evaluation. Any air travel should not exceed the price of economy class tickets, and accommodation cannot exceed the price for a normal tourist-class hotel.

If reviews and evaluations are undertaken by consultants who are not based in the project country or a neighbouring country, this must be justified in the application. Remember that the Terms of Reference for the consultant must be approved by CKU!

#### **Budget line 8: Budget reserve**

A budget reserve should be included for a maximum of 10% and a minimum of 6% of the total costs listed under lines 1 to 7 in the budget format.

The budget reserve is intended to be used to cover losses related to currency exchanges, as well as other conditions that make purchases or other payments related to the activities more expensive than expected at the time of budgeting. CKU can towards the end of a project approve that any potential remaining budget reserve may be used if the extra expenses can be justified in relation to the project objectives.

### **Budget line 9: Audit in Denmark**

Member organisations that manage the grant themselves must use their own auditor and include the cost of this in the budget. If the intervention runs over more than one financial year, it is necessary to make a project specific annual account as a part of the organisation's annual account. The audit shall thus cover both the final accounts as well as the annual accounts. The total expenses for audits in Denmark and the project country should be kept below 3% of the total budget for smaller projects. For larger projects / interventions above 500.000 DKK, 3% audit costs will often be assessed as too high.

The audit guidelines are detailed in "Forvaltningsvejledningen" (only in Danish). The audit of annual accounts of the member organisation is not covered by the grant.

CKU is responsible for the audit in Denmark for projects managed by CKU.

### **Budget line 10: Administration in Denmark**

Member organisations that manage the grant themselves can include 7% in administration fee. The document "Forvaltningsvejledningen" (only in Danish) outlines which costs can be covered by the administration fee.

## **The Danish Organisation's use of Man-Hours in Denmark**

The detailed budget should state clearly whether salary and fees for staff or volunteers in the Danish organisation is included.

In assessing the use of Danish man-hours in relation to the size of the grant, the following will be taken into consideration:

- The extent to which need for consultancy in relation to activities is based on needs expressed by the partner or the target group
- Whether local consultants are available who could have done the job instead
- The risk that Danish input in the grant creates dependency upon the Danish partner.

In other words, when budgeting for Danish consultancies, the budget planning must consider the cost effectiveness and relevance for the local partner and target group.

The following activities can be included under Danish man hours:

- Technical input for project specific activities
- The development of project specific policies, strategies, and guidelines.

Attention should be paid to the following:



- All project-specific spending pertaining to Danish salaries must be included in the budget/application for the specific activities, and must subsequently be documented in the accounts and reporting of the activity.
- Organisations with permanent staff (whose contract is not connected to the timespan of a specific project) may include additional overheads up to 80% above documented salary costs (Up to the limit of the Ministry of Foreign Affairs of Denmark for fees concerning activity specific consultancy support as described in Danish in [Administrative Retningslinjer for Puljer og Netværk](#)).
- To include overheads, a time registration system must be kept so that the use of man hours can be charged to –and booked in - the activity accounts. No permanent, temporary or volunteer staff can use an hourly rate (excluding any overhead) that exceeds the employee's actual hourly remuneration.
- The salaries of local staff at field or country offices cannot exceed the average level for equivalent organisations in the same country.
- The application must state, e.g. by means of a task description, what, how, and for what purposes the organisation's staff/volunteers are to contribute, and their professional qualifications for doing so must be described.
- The main part of the professional support must take place in the recipient country.

If the budget includes salaries or fees for Danish staff, it is the responsibility of the member organisation to ensure applicable registrations with the Danish tax authorities. See also page 3: Professional Consultancies.

### **3. Budget for Activities (C, D and E)**

#### **Feasibility Study (C), Partnership Activities (D), Capacity Building and Network (E)**

A grant of up to 100.000 DKK can be awarded for feasibility studies (C) and partnership activities (D). For partnership activities the member organisation must contribute at least 10%. Grants up to 75.000 DKK can be awarded for capacity building and network activities (E).

In case a CKU staff member participates as facilitator or with professional expertise, the staff member must be compensated according to current guidelines for staff at the secretariat, and costs for their participation must be covered by the project.

#### **Budget line 1: Activity costs, local consultants and other expenses**

This budget line can include for example the cost of an interpreter, local consultant, or CKU consultant if your partner doesn't possess the necessary expertise in-house. The use of external assistance must be specifically justified in the application. Salary costs for participants from the member organisation or partner cannot be included. Note that at least 20.000 DKK must be earmarked for activities (e.g. studies, workshops and external expertise).

#### **Budget line 2: International travel costs**

Flights cannot exceed the price of economy class. Normally coverage is limited to the travel expenses for up to four people, including visa expenses. For feasibility studies, only up to two persons can be covered.

#### **Budget line 3: Vaccination and insurance**

Travel insurance for the travellers including costs for any required vaccinations and malaria prophylaxis.

#### **Budget line 4: Food and accommodation**

The budget cannot exceed the cost of a standard tourist-class hotel. Any per diems cannot exceed the rates of the Danish Agency for Public Finance and Management for the relevant country.

In order to prioritise community living and meal fellowship, no per diems can be charged for partnership activities, where only actual food and accommodation costs can be included.

Feasibility studies: Maximum two weeks. Partnership activities: Maximum one week including transport.

#### **Budget line 5: Local transport**

It is possible to apply for support for local transport. (For example, from the capital city to the project area / residence).

#### **Budget line 6: Other costs**



Audit expenses must be budgeted on this line. (All activities with a budget above 50.000 DKK must be audited by an authorized auditor in Denmark or the partner country).

Additional expenses that do not fall under any of the above budget lines must be specified under this budget line.

**Budget line 7: Budget margin**

The budget margin must be minimum 6% and maximum 10% of the sum of budget lines 1 to 6 in the budget.

## **4. Urgent Interventions (F)**

Up to 200.000 DKK can be awarded for urgent interventions.

### **Budget line 1: Activities**

All expenses directly related to the implementation of activities must be budgeted on this line. For example, the budget for a seminar can include expenses for rent of location, transport, food, accommodation, trainers' fees, and teaching materials. (If project staff is teaching at a seminar, or is otherwise directly implementing an activity, a reasonable part of their costs can be included under the activity.)

The various activities should as far as possible be specified on separate lines, and the activity budget line should be structured around the stated project objectives and outputs.

Cross cutting activities must be budgeted separately in relation to the project outputs and objectives to show where the financial bulk has been placed.

### **Budget line 2: Local Staff**

You can apply for salaries for local staff to the extent it is necessary to complete the urgent intervention. In principle remuneration for permanent staff must be budgeted under this line.

Specify for each position:

- Position, man-months and monthly salary
- Other staff costs.

Indicate the percentage of the employee's salary that will be covered by the Danish grant.

Be aware of local labour laws and regulations for recruitment, salaries, termination, required health insurance contributions, 13th month salary, etc. The budget for local staff should be developed with your local partner who knows the local laws.

### **Budget line 3: Local monitoring**

You can apply for funding for monitoring of project activities, outputs, and indicators. It will mainly include expenses related to collection of data from the target group and project stakeholders, as well as follow up of project implementation. The budget line can also cover costs related to monitoring meetings such as project progress status meetings, learning workshops or risk assessments.

### **Budget line 4: Local administration**

This budget line enables funding of local partners' administrative costs incurred due to activities covered by the application, including audit expenses.

Only direct costs can be covered. That is, local administration cannot be covered by a certain percentage of the total budget.

Support from the partner's accounts department and head office can be included based on the time spent on the project. The budget for communication can either be based on direct expenses or as a part of the total communication expense. All

administrative costs must be supported in the financial accounts with relevant documentation.

#### **Budget line 5: Reviews and evaluation**

It can be a good idea to include an external evaluation as a final evaluation of the urgent intervention. In this case the evaluation must be justified in the application and the size of the expense of the evaluation must be proportionate to the size of the intervention.

It is possible to apply for the costs of salary, transport and accommodation for an external consultant, as well as any activities related to the evaluation. Any air travel should not exceed the price of economy class tickets, and accommodation cannot exceed the price for a normal tourist-class hotel.

If reviews and evaluations are undertaken by consultants who are not based in the project country or a neighbouring country, this must be justified in the application. Remember that the Terms of Reference for the consultant must be approved by CKU!

#### **Budget line 6: Budget reserve**

A budget reserve should be included for a maximum of 10% and minimum of 6% of the total costs listed under lines 1 to 7 in the budget format.

The budget reserve is intended to be used to cover losses related to currency exchanges, as well as other conditions that make purchases or other payments related to the activities more expensive than expected at the time of budgeting. CKU can towards the end of a project approve that any potential remaining budget reserve may be used if the extra expenses can be justified in relation to the project objectives.

#### **Budgetlinje 7: Audit in Denmark**

Member organisations that manage the grant themselves must use their own auditor and include the cost of this in the budget. The total expenses for audits in Denmark and the project country should be kept below 3% of the total budget.

The audit guidelines are detailed in “Forvaltningsvejledningen” (only in Danish).

CKU is responsible for the audit in Denmark for projects managed by CKU.

#### **Budget line 8: Administration in Denmark**

Member organisations that manage the grant themselves can include 7% in administration fee. The document “Forvaltningsvejledningen” (only in Danish) outlines which costs can be covered by the administration fee.

## 5. Financial Accounts

The submitted budget and the budget lines must be the starting point for drawing up the final accounts. Templates for this can be found in on CKU's homepage at [www.cku.dk/projektstoette/torf-vindue/torf-skemaer-og-formater/](http://www.cku.dk/projektstoette/torf-vindue/torf-skemaer-og-formater/)

The deadlines for submitting the final financial accounts are

- For A and B projects: 3 months after project completion
- For C, D, E, F and I: 2 months after project completion

Guidelines for final financial accounts and audit instructions can be found on the homepage at

[www.cku.dk/projektstoette/torf-vindue/torf-skemaer-og-formater/](http://www.cku.dk/projektstoette/torf-vindue/torf-skemaer-og-formater/)

## 6. Overview of Funding Opportunities

Project type	Budget (DKK)	Co-financing requirement	Financial Reporting Requirements
<b>Projects</b>			
A-Projects	500.000-3.000.000	None	Quarterly reports
B-Projects	<500.000	None	Quarterly reports
<b>Activities</b>			
C-Feasibility studies	<100.000	None	Final report
D – Partnership Activities	<100.000	10%	Final report
E-Network and Capacity Building	<75.000	None	Final report
<b>Urgent Interventions</b>			
F – Urgent Interventions	<200.000	None	Final report
<b>Information activities</b>			
I – Information activities in Denmark	<50.000	None	Final report