



# GUIDE TO BUDGET PREPARATION FOR CKU

Pooled Fund including the open ForB-window

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## 1. VALIDITY OF THE GUIDE

This guide is valid for:

- Preparation of budget for applications to the CKU Pooled Fund including the FoRB-window.

**Please note** that the guide will be continuously updated if the rules are changed, or if anything in the text turns out to be unclear. Your organisation is responsible for always using the latest version.

## 2. HOW TO USE THE GUIDE

This guide sets out the requirements regarding how to present the budget. Accordingly, its instructions should be followed when drawing up a budget in connection with applications to the CKU Pooled Fund.

Please note that the requirements for managing the budget are found in the Guide to the Management of Grants from the CKU Pooled Fund available on CKU's website, henceforth also referred to as the "Forvaltningsvejledning for selvforvaltende organisationer" (only in Danish) '.

## 3. GENERALLY ABOUT BUDGETS FOR PROJECTS AND ACTIVITIES

When applying for funding from the CKU Pooled Fund, a budget must be prepared according to the corresponding format available on CKU's website.

The budget must be drawn up in Danish kroner (DKK).

The budget should contain all project-related costs, which must be presented in a clear and transparent manner. It is important for the assessment of the application that the budget is easy to understand.

The assessment of the application will set store on the budget corresponding closely to the description of the project. It will also be considered important that the costs of the project are reasonable and well justified in view of the activities to be carried out and the results and/or changes expected to be achieved.

When writing the application, it should be ensured that all budget items are described and explained in the actual application text so that the application and budget easily can be linked. If your application includes outputs/outcomes, please refer to the same output/outcome numbers in the application text and in the budget format for easy reference. Large or unusual expenses have to be justified – both in the application and in the budget notes. Examples of points likely to invite to scrutiny are salaries of Danish personnel, major purchases or investments, as well as a relatively high proportion of the combined budget being composed of items such as salaries, local administration and travel.

### 3.2 FAIR, TRANSPARENT, AND REASONABLE COST ALLOCATION

For some types of costs, it is only relevant to apply for a part of the cost to be covered by the CKU Pooled Fund (i.e., a fair share). This could be where a cost is attributed to:

- The CKU Pooled Fund project and other projects
- The CKU Pooled Fund project and the organisation in general

- More than one budget line
- More than one partner

It is required that the cost allocation is ***fair, transparent and reasonable***. Cost allocation could be based on e.g., time registration-keys, full time equivalents, head counts, pro-rata, vehicle usage register etc.

Remember to specify in the budget notes in a clear manner how the cost is allocated as the CKU Pooled Fund's Assessment Committee is to evaluate if the cost is fair, transparent, and reasonable as part of the assessment of the project.

#### **Example 1:**

A Danish partner's project manager spends all her time on a CKU-project. Her time is spent on: a) activities & project monitoring and b) project support.

#### **Cost allocation could be:**

Budget line 6: The project manager's workhours (for a specific period) spent on a) divided by the project manager's total workhours (for the same period)

Budget line 7: The project manager's workhours (for a specific period) spent on b) divided by the project manager's total workhours (for the same period)

#### **Example 2**

A cost needs to be allocated among a CKU-project and a non-CKU project. This could be the Danish project manager's activity specific travel cost for a visit to two different projects, a CKU project and a non-CKU project.

#### **The project manager spends:**

5 days of 7 traveling days where she works equally with a CKU project and a non-CKU project.

2 days of 7 traveling days where she works only with a non-CKU project.

#### **Cost allocation could be:**

Fair share for CKU project:  $5/7 * 0,5 = 0.36$

Fair share for the non-CKU project:  $5/7 * 0,5 + 2/7 = 0.64$

In this way, the CKU project will pay 36 % of the Danish project manager's travel costs and the non-CKU project will pay 64 % of the travel costs.

#### **Example 3:**

A part of project support costs needs to be allocated to a CKU project. This could be office costs including rent, cleaning, utilities and supplies, telephone and internet costs, goods, materials, maintenance etc.

#### **Cost allocation could e.g., be:**

Based on 'head counts': 2 of the 3 employees in the organisation works on the CKU project i.e.,  $2/3 = 67\%$  of the cost is allocated to the CKU project.

Based on 'full time equivalents': 2 of the 3 employees in the HQ works on the CKU project. One of the employees works part time on the CKU project (32 hours/week with 37 hours/week being full time i.e., equivalent of 0,86 fulltime) and the other employee works full time on the CKU project. The third employee works full time on another project. Therefore, 1,86 of in all 2,86 full times positions is



spent on the CKU project = 65 % of the costs is allocated to the project.  
Based on time registration-key (i.e., hours): 2.892 workhours of in all 4.520 workhours have been spent on the project i.e.,  $2.892/4.520 = 64$  % of the costs is allocated to the project.

**Fairness:**

Please note that the three cost allocations in example 3 all are considered fair as they all allocate a rather similar percentage of the cost to the project (67 %, 65 % and 64 % respectively). If an allocation mechanism results in an unfair allocation (e.g., a significant higher share) it cannot be applied.

#### 4. BUDGET FOR CKU POOLED FUND INTERVENTIONS

The same budget format is used for both the CKU Pooled Fund and the FoRB-window, and the same format is used when applying for projects (A and B), Activities (C, TC, D, TD and E, TE) and Secondment of Staff (G and H – only applicable for CKU member organisations). It is available on [CKU's website](#). This is an Excel file containing five spreadsheets.

- **Spreadsheet 1** (Budget), **Spreadsheet 2** (Budget notes & calculations) and **Spreadsheet 4** (Financing plan) must be filled in by all applicants.
- **Spreadsheet 3** (DK workhours) must be completed if the budget contains salaries of staff or volunteers from Denmark taking on relevant professional tasks.
- **Spreadsheet 5** (Budget summary) automatically generates an overview of the main lines in the budget.

The five spreadsheets will be presented in the following sections.

##### 4.1. SPREADSHEET 1: BUDGET

All budget items in the project are entered into spreadsheet 1.

It is important that you only type in the white cells of the budget format, since all the coloured cells contain formulas. In other words, you should not type directly in the column "Total budget, DKK".

This is how each column should be filled out:

- **Line reference:** Each line in the budget worksheet must be given a **sequential** reference as per the sub-titles.
- **Description (activity, item etc.):** Each budget line must have a **description** of the activity and item included. If your application includes outputs/outcomes, please refer to their numbers in the description for easy reference.
- **Project funding:** The project funding covers the sources of funding for the project. This amount must be equal to the total budget.
- **From the CKU Fund, DKK:** Amounts applied for to the CKU Pooled Fund are entered into the column "From CKU Pooled Fund, DKK".
- **From other financial sources, DKK:** If there are other financial contributions to the project, they should be written in the column "From other financial sources, DKK" (read more about this in section 7).

*Example of how spreadsheet 1. Budget could be filled out:*

[illegible]

#### 4.1.1. MAIN BUDGET LINES

The budget consists of 14 main budget lines. The title of each budget line defines whether it is relevant for the local partner or the Danish partner.

### Budget line 1: Local partner activities

All expenses directly related to the implementation of activities and paid by the local partner must be budgeted under budget line 1. 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.)

Activities must be structured in accordance with the objectives defined for the project. In the case of activities aimed at pursuing several objectives at the same time, the activity costs should be divided between the various objectives. This presentation will help reveal where the emphasis of the project has been placed financially. However, if the number of activities is very high, it may be helpful, for the sake of clarity, to gather related activities under a single budget line, and then elaborate on the various expenses making up the total amount in a budget note (spreadsheet 2). Read more about budget notes in section 4.2.

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

Example of how objectives can be broken down into outputs and activities can be found above.

## On Professional Consultancies

Professional support must be budgeted under the relevant project objective or activity. 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 in the budget notes. As far as possible consultants from within the country or a neighbouring country should be employed.

Professional Consultancy from the Danish Partner should be budgeted under Budget Line 6 (see more below!)

### **Budget line 2: Local partner investments**

All purchases of material in support of activities and paid by local partners are entered here. Investments include major procurements that are not just consumed as inputs to the realisation of activities. For example, seeds and teaching materials will be budgeted as activity expenses, whereas vehicles and IT equipment will be seen as investments. The purchase of land and real estate cannot be supported.

### **Budget line 3: Local partner staff and volunteers**

Salaries for local staff and volunteers related to project activities and managing hereof that are paid by the local partner can be applied for. In principle, salary of permanent staff (e.g., project coordinator, accountant) must be entered here.

Specify for each position (e.g., in a budget note (spreadsheet 2)):

- Position, percentage of full-time position, number of hours and wage.
- Other employment costs

It must be stated what percentage of the salaries of the staff involved will be covered by the Danish fund, and for instance whether it is a part-time job, or whether the employee's combined wage is covered by several sources of income.

Attention must be paid to local labour rules, including hiring, salaries, notice of termination, compulsory healthcare contributions, payment for a 13th month, etc. This ought to be raised with the local partner who knows the local rules. In the case of projects lasting several years, it will also be a good idea to consider possible salary rises and adjustments during the project period.

Salaries must be in accordance with salary levels prevailing in the local labour market. The Danish embassy or other NGOs might be able to help with information on the salary levels.

B-projects for Organisational Development cannot include local staff salaries due to the nature of the intervention. However, a fee can be included for consultants or permanent employees, who for a limited period and for a specific task contribute to facilitating the processes.

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

This heading enables funding of local partners' administrative costs incurred due to activities covered by the application (e.g. rent, insurance, phone, internet, etc.).

These costs are included by the use and documented 'fair share' of the local partner's administrative and operational costs. By 'fair share' is understood a transparent and reasonable cost allocation mechanism e.g. through pro rata, time registration-key, full time equivalents, head count or similar.

Budget line 4 must also cover **auditing expenses** paid by the partner in the partner country.

All A, TA and B, TB projects are required to have an audit performed in the partner country. For grants lasting more than two years, an audit is required to be carried out in the partner country *every year*.

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.

Read more about auditing requirements in the CKU Pooled Fund's "Forvaltningsvejledning for selvforvaltende organisationer" (only in Danish) available at CKU's website.

#### **Budget line 5: External evaluation**

This budget line includes costs related to the external evaluation which are paid by the Danish partner.

Salaries for resource persons from the Danish partner is budgeted on budget line 7.

If any expenses related to the external evaluation are paid by the local partner, e.g., salaries for resource persons, these expenses must be budgeted on budget line 3.

It is possible to apply for coverage of the salary or fee of an external consultant and the same types of expenses as in the case of Danish project monitoring (budget line 6).

CKU recommends that external evaluations are included either as mid-term or final evaluations in A, TA and B, TB 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 pre-requisite for an application for a potential new project phase.

Evaluations must comply with the following standards:

- Be independent: The evaluation must be conducted by an external, independent person. Thus, support cannot be given for evaluations where the organisations' employees, members or others involved in the activities conduct the evaluation.
- Contain considerations relating to the DAC's evaluation criteria: Relevance of the objective; efficiency of resources in relation to results; effectiveness in relation to meeting goals; direct and indirect impact; and sustainability of the activities. Although not all the criteria will be relevant in all cases, it is important that the organisation makes it clear why certain criteria have been included while others have not.
- Be published on the Danish organisation's website. Moreover, the organisation must submit the evaluation report to CKU, and notify CKU when it is made available on the website.

Please note that when the Danish partner and the local partner carry out an **internal review** or **evaluation** of the project, the costs must be entered under

- **Budget line 6. DK partner activities & project monitoring:** Costs related to Danish participation and paid by the Danish partner.
- **Budget line 1. Local partner activities** or **3. Local partner staff and volunteers:** Costs related to local partner participation and paid by the local partner.



### **Budget line 6: DK partner activities & project monitoring**

Budget line 6 refers to *direct costs* paid by the Danish partner that can be directly linked to the activities of the project.

These costs may be in relation to:

- Project activities including activity specific capacity building, advocacy, policy work, strategic service delivery etc.
- Project specific investments i.e., purchase of physical assets for project specific activities (e.g. IT equipment).
- Project management and ongoing supervision of implementation and progress in cooperation with the local partner, including project specific:
  - Professional advice, support and capacity building of local partners and other relevant actors
  - Professional support for partners' administration and accounting.
  - Technical assistance, monitoring and compliance.
  - Monitoring of ongoing projects, including monitoring visits and reporting.
  - Support for volunteers' involvement in monitoring and reporting.
  - Reviews of ongoing activities.

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. 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.

It is possible to apply for funding of salaries or fees for participation in project monitoring by the Danish partner's employees or volunteers. More detailed guidance and requirements are set out in section 4.3 Danish workhours.

#### For projects managed by CKU:

Member organisations can apply for up to 25.000 DKK for participation in monitoring visits connected to larger projects (A, TA) and 15.000 DKK for smaller projects (B, TB). 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.

Member organisations whose projects are managed by CKU can also apply for funding of salaries or honorarium but only for project specific professional consultancy. More detailed guidance and requirements are set out in section 4.3 Danish workhours.

### **Travel expenses**

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 workhours" 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.

Bonus points earned on travel as part of the project may not be used privately of employees but is to be included in the discounting of other travels as part of the project.

#### **Budget line 7: DK partner project support**

Budget line 7 refers to *Allocated Programme-Support Cost* paid by the Danish organisation. Allocated Programme-Support Costs are costs that *cannot* be directly linked to the activities of the project. Such allocated project support costs will typically cover the following areas:

- Management of project staff.
- Coordination and support of volunteers' involvement in activities.
- Planning (such as a new phase of ongoing projects), coordination of activities and preparation of documentation.
- IT equipment for project supporting functions.
- Recruitment of project specific staff.
- Project specific studies, reporting, finance and procurement tasks.
- Project specific advisory and support to local partners (i.e. supporting local operational capacity and localisation).
- Fair share of necessary personnel related costs (for essential project supporting staff and functions e.g. social security, HR, security and finance) through time registration or transparent reallocation keys.
- Fair share of project supporting cost functions at HQ as well as local or regional country office, through reallocation keys (e.g. warehouse and office costs including rent, cleaning, utilities and supplies, telephone and internet costs, goods, materials, maintenance, payroll, procurement).
- Involvement of human resources in connection with external evaluations, though not to conduct the evaluations as such.

#### **Budget line 9: Budget margin**

The budget should contain a margin amounting to a minimum of 6 % and a maximum of 10 % of budget line 8 "Total project costs". The budget margin may be used to cover unforeseen expenses on some of the other budget lines, such as increases in prices, wages, exchange rates and interest costs in Denmark.

In the budget format, there is a control field that shows the minimum and maximum amounts you must budget with.

See the CKU Pooled Fund's "Forvaltningsvejledning for selvforvaltende organisationer" (only in Danish) for the requirements regarding spending of the budget margin, including when it is necessary to request prior approval.

#### **Budget line 10: Auditing Danish Organization (only applicable for self-managing organizations)**

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 of the rest of the organisation's yearly general accounts can be financed through budget line 14: Administration in Denmark. Auditing costs in the partner country must be charged under budget line 4: Local partner administration.

The final accounts regarding grants above DKK 200,000 must be audited by a chartered or state-authorised auditor who should be appointed by the Danish partner.

The audit guidelines are detailed in "Forvaltningsvejledningen for selvforvaltende organisationer" (only in Danish).

### **Budget line 12: Administration DK partner**

7 % of total costs (budget line 11) may be set aside for administration in Denmark. The administration fee should cover the Danish organisation's general additional administrative costs in connection with the approved project, when these do not pertain to any of the other budget items. Such costs may include:

- Administration and accounting of the organisation itself (i.e. not related to project activities).
- Visits and monitoring visits that does not form part of activity-specific monitoring.
- Recruitment and selection of personnel unrelated to any specific intervention.
- Contact/dialogue with CKU (other than participation in coordination of activities financed under the project grant).
- Fund raising.
- Planning of applications and negotiating proposals.
- General compliance and administrative and legislative reporting tasks in relation to the organisation (e.g. VAT, audit).
- General budgeting and accounting tasks.
- The organisational leadership's involvement in the development cooperation (leadership refers to members of the various governing bodies).

In the budget format, there is a control field that shows the maximum amount you can budget with.

See the CKU Pooled Fund's "Forvaltningsvejledning for selvforvaltende organisationer" (only in Danish) for more on the requirements regarding spending of the item 'Administration in Denmark'.

### **Disability compensation**

For all projects it is possible to budget for additional expenses associated with activities directed at people with disabilities, such as sign-language interpreting, Braille printing, extra transport costs, and comparatively more expensive training facilities to ensure accessibility. Likewise, additional expenses may be associated with sending out Danish personnel with disabilities, e.g. to cover the cost of helpers.

The relevant expenses should be registered under budget item A-E in the budget format.

**1. Please note that expenses for disability compensation will be supplementary to the grand total amount applied for. In this way, the sum of the grand total and the expenses for disability compensation can exceed the usual maximum amount for the modality.**

## 4.2. SPREADSHEET 2: BUDGET NOTES & CALCULATIONS

Budget notes help ensure that the budget can be understood by those who are going to use it. Moreover, they are important to enable an assessment of the cost level of the project, which is a factor in the decision of whether to approve or reject the application.

Accordingly, items calling for further explanation must be described in the budget notes. These can be, for example, what a unit is to be used for or what it covers. Importantly, significant costs indicated in the budget need to be specified in the notes in terms of a calculation of unit costs, number of units, number of times (frequency) and total amount.

The terminology used in the budget notes is explained here:

- **Unit type** is the basis for calculating the cost of the budget line. It helps to think about how this will be charged (by person, by item, by day/month).
- **The number of units** describes how many of the items described in the unit type column are needed.
- **The number of times (frequency)** describes the number of times the units will be used. The default frequency is set to 1 (one).
- **Unit cost** is the price of one unit of the unit type.
- **Total budget** is calculated by multiplying the numbers in the three previous columns together (no. units x frequency x unit price).
- **Notes and assumptions** must explain where the costs or quantities came from or what assumptions were made. The notes are very useful to help the reader understand the budget.

*Example of how spreadsheet 2. Budget notes & calculations could be filled out:*

Line ref.	Notes and assumptions	Unit Type	No. of units	No. of times (Frequency)	Unit cost, DKK	Total budget, DKK
<b>1.1</b>	<b>Activity 1.1.1. Customize Civil Society Strengthening tool kit.</b>					<b>18.250</b>
	Technical fees for CSSN for the development of CSS tool kit (2 consultants)	Consultancy fee	2	1	9.125	18.250
<b>1.2.</b>	<b>Activity 1.1.2. Facilitate physical Civil Society Strengthening Academy (16 CSOs x 3 participants x 21 days)</b>					<b>255.413</b>
	Stationary materials (48 persons)	Stationary	48	1	38	1.800
	Accommodation for CSO representatives (48 persons x 21 days)	Persons	48	21	113	113.400
	Meals and refreshments (48 persons x 21 days)	Persons	48	21	94	94.500
	Travel refund - Kampala CSOs (24 persons x 3 trips)	Persons	24	3	94	6.750
	Travel refund - Arua CSOs (24 persons x 3 trips)	Persons	24	3	275	19.800
	Technical fees-CSSN	Days	1	21	913	19.163

#### 4.3. SPREADSHEET 3: DK WORKHOURS

CKU does not specify an exact ceiling for the proportion of a grant that may be spent on remunerating Danish personnel. However, the Danish workhours will be assessed paying attention to the following aspects:

- The need for Danish labour should be justified by the needs of the local partner or target group.
- There must be reasons not to hire local people to carry out the task.
- The Danish input funded by the project should not give rise to dependency on 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.

All Danish workhours must be budgeted on either budget line 6 or 7. (see details in the relevant sections above). The spreadsheet 'Danish workhours' must be filled out if the budget covers salaries or fees for permanent employees, temporary employees or volunteers of the Danish partner. If the project is implemented together with another Danish organisation, this organisation can also fill out 'Danish workhours'.

Remember to complete the cells under 'activity' and 'description of assignment' in spreadsheet 3, thus declaring what each person will contribute with.

	A	B	C	D	E	F	G	H	I	J
1		<b>Danish partner work hours</b>								
2										
3		This section must be filled out if the budget includes salaries or allowances for personnel or volunteers from the Danish partner(s).								
4										
5		<b>6. DK partner activities &amp; project monitoring</b>								
6		Salaries (DK HQ and local, documented by time registration or similar)								
7										
8		Activity (specify budget item)	Name of employee / volunteer	Descriptions of Tasks	Title	Hourly fee, DKK	Number of hours			Total Fee
9							Hours - abroad	Hours in Denmark	Hours total	
10										-
11										-
12										-
13										-
14										-
15										-

Please note that if salaries or fees for Danish personnel / volunteers are included in the budget, it is incumbent on the organisation to be tax-registered and declare its accounts to the Danish tax authorities in keeping with current rules.

There is no distinction in principle between the workhours of permanent, temporary, and voluntary personnel dedicated to the implementation of a project. In all cases, the rates must adhere to the following:

- All Danish salaries must be presented in the budget with reference to individual activities and must subsequently be documented in accounts and reporting on the activity concerned.
- The hourly rate for permanent, temporary or voluntary staff may not exceed:
  - Their current salary level i.e., actual salary cost as well as related expenditures e.g., pension and social security.
  - The publicly recognized salary level for salaries paid with public funds as presented by Ministry of Finance ('Den fællesakademiske lønskala' via Moderniseringsstyrelsen, [www.modst.dk](http://www.modst.dk)).



- The salaries of local staff at field offices cannot exceed the average level for equivalent organisations in the same country.

#### 4.4. SPREADSHEET 4: FINANCING PLAN

In the budget format's spreadsheet 4, a financing plan should be filled in. The financing plan must show when and in what instalments you expect to request disbursements of the grant. If, during implementation, the need arises to change the financing plan, a new version must be submitted to CKU. See requirements regarding disbursement requests and financing plan in CKU Pooled Fund's "Forvaltningsvejledning for selvforvaltende organisationer" (only in Danish) .

#### 4.5. SPREADSHEET 5: BUDGET SUMMARY

After spreadsheet 1 in the budget format has been filled out, a Budget Summary is automatically generated in spreadsheet 5, which provides an overview of the main budget lines.

### 5. SELF-FINANCING AND OTHER SOURCES OF FUNDING

Under the CKU Pooled Fund, full financing can be applied for to cover all types of projects, though it is also possible to supplement the grant with other resources to increase the overall budget of the project. This may be in the form of **self-financing** (the Danish organisation's and/or its local partner's own financial contribution to the project) or **other external financial contributions** towards the project that top up the amount applied for to the CKU Pooled Fund. Please note that own contributions must be transferred directly to the partner from the Danish Organisation.

Such other sources of finance should only be set out in the application and its budget if they contribute towards covering the costs of activities specified in the budget. If other financing is allocated to the project, it must be briefly set out in the application, budget, and reporting. The application must also spell out whether this additional financing has been secured at the time of submitting the application. If this is not the case, it must be explained why it is considered to be realistic to raise the funds.

If the other source of funding is a prerequisite for implementation of activities, CKU can only give final approval of the application when the applicant certifies that the other funding has been secured.

The budget should only include financial resources (*cash contributions*):

- 1) whose availability has already been secured or is considered realistic to obtain,
- 2) which can be entered into the project accounts, and
- 3) which will appear in the final audited project accounts.

Wages or lost earnings that are not actually entered into the accounts, as well as the value of voluntary work and other in-kind donations, cannot be written into the budget. Nevertheless, information about such added resources is relevant, and can be provided in a budget note or at the end of the application's section on strategy.

Other financial contributions or self-financing that might be obtained but have yet to be secured at the time of application can also be described in the section on strategy and subsequently in the final narrative report.

## Budgeting

Other financial contributions and self-financing are budgeted in the column "From other financial sources, DKK".

	Total budget, DKK	Project funding	
		From the CKU Pooled Fund, DKK	From other financial sources, DKK
1. Description	-	-	-
1.1	-		

There are two ways to enter other financial contributions and self-financing into the budget:

1) *As a certain percentage of all the various budget items.*

In the example below, the amount financed by other sources is spread equally across all budget items, i.e. making up a fixed contribution of 10%.

	Total budget, DKK	Project funding	
		From the CKU Pooled Fund, DKK	From other financial sources, DKK
1. Local partner activities	207,500	186,750	20,750
2. Local partner investments	37,800	30,240	3,780
3. Local partner staff and volunteers	108,000	97,200	10,800
4. Local partner administration	74,000	59,200	7,400

2) *As coverage of particular expenses* (investments, specific salaries or the like)

In the example below, the amount financed by other sources is earmarked for investments.

	Total budget, DKK	Project funding	
		From the CKU Pooled Fund, DKK	From other financial sources, DKK
1. Local partner activities	207,500	207,500	-
2. Local partner investments	37,800	-	37,800
3. Local partner staff and volunteers	108,000	108,000	-
4. Local partner administration	74,000	74,000	-

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 the homepage.

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 in relation 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.

## 6. SPECIFICALLY FOR BUDGET FOR ACTIVITIES (C, TC, D, TD AND E, TD)

A grant of up to 100.000 DKK can be awarded for feasibility studies (C and TC) and partnership activities (D and TD). 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 and TE). In case a CKU staff member participates as facilitator or with professional expertise, all cost of the CKU staff member's participation is covered outside of the budget for the activity.

### Budget line 1: Local Partner Activities

This budget line can include for example the cost of an interpreter, local consultant, 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.

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 4: Local Partner Administration

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). These activities with a budget less than 100.000 will only need **either** and audit in the partner country **or** an audit in Denmark.

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

### Budget line 6: DK partner activities & project monitoring

International Flights: Airfares 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.

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

Food and accommodation for DK partner participation: 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. Food and accommodation during an event is supposed to be budgeted under Budget Line 1.

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

In connection to workshops and trainings it is not possible to include sitting allowances, transport for other meetings and events in Denmark (if an activity takes place in Denmark), nor expenses related to telephone and internet.

## **7. SPECIFICALLY FOR SECONDMENT OF PERSONNEL (G AND H)**

### **Short term consultants and advisors (G) – Only applicable for CKU-members**

Up to 200.000 DKK can be awarded for secondment of short-term consultants.  
The budget may include:

#### **Budget line 1: Local Partner Activities**

This budget line can be used for activities to be carried out by the local partner in connection to the secondment of a short term consultant or advisor.

#### **Budget line 6: DK partner activities & project monitoring**

Salary: Fees for the professional consultant in relation to lost earnings. Please use the Sheet 3. DK Workhours for calculating the salary.

International Flights: Airfares cannot exceed the price of economy class.

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

Food and accommodation for consultant or advisor: 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.

Local transport: You can apply for support both for domestic travel (from the capital to the project area) and for local travel connected to the visit in the project area.

#### **Budget line 9: Budget reserve**

The budget reserve must minimum be 6% and maximum 10% of the sum of budget lines 1 to 7.

**Budget line 10: Auditing DK partner (only applicable for self-managing organizations)**

If the Danish Partner is self-managing an audit needs to be budgeted for here.

**Development workers (H) – Only applicable for CKU-members**

Support for a development worker is preconditioned on a contribution from the member organisation for at least 10% of the allocated amount.

The applying member organisation can be supported with up to 750.000 DKK for secondment of a development worker for a two-year contract period.

The applying member organisation can be supported with up to 400.000 DKK for secondment of a development worker for a one-year contract period.

As a starting point the conditions of employment for seconded staff of the member organisation must be followed. In case of differences between the terms of the member organisation and the guidelines of CKU, the refunded amount cannot exceed the guidelines of CKU.

Members can apply for support for the following expenses:

**Before travelling**

- Appointment with a psychologist
- Medical examination
- Prescription drugs
- Recommended vaccinations
- Travel costs for the development worker and accompanying spouse and children.

**During secondment**

- Expatriate insurance including personal-, movable property-, liability-, legal assistance-, assault-, and accident insurance
- Salary costs
- Employer's pension contribution
- Initial expenses (reasonable expenses to cover costs for moving in)
- Acquisition of relevant work equipment at the beginning of the secondment
- House rent
- Prescription drugs
- Security expenses such as night guard
- Travel costs to and from Denmark in connection with child birth
- Contribution to Danish unemployment fund and early retirement fund.
- International / local driver's license.

**After secondment**

- Return travel costs at contract end for the development worker and accompanying spouse and children
- Transition subsidy
- Appointment with a psychologist
- Medical examination.



In addition to the support from CKU the member organisation can also separately apply for partial reimbursement of school fees. See the current guidelines on the CKU homepage.

#### **Budget line 10: Auditing DK partner (only applicable for self-managing organizations)**

The final financial accounts must be audited by an authorized auditor in Denmark or the partner country. If the Danish Partner is self-managing the audit cost is to be budgeted for here.

### **8. SPECIFICALLY FOR INFORMATION ACTIVITIES IN DENMARK (I/TI)**

It is possible for Danish organisations to apply for up to 50.000 DKK for information activities. Larger amounts can be granted if more than one organisation is applying together.

The information activity needs to take place in Denmark, and the activities have to be connected to an ongoing or recently finalized project under the CKU Pooled Fund. The purpose is information about the development cooperation and knowledge about the situation in the Global South and the target group needs to go beyond the membership base of the Danish Organisation.

#### These expenses **can** be covered:

- Development, production and planning of information material and – activities.
- Direct costs for events, exhibitions, public meetings etc.
- Travel and upkeep for visitors from the Global South as part of a lecturing tour or other public events,
- Honorarium for graphic designers, artists or lecturers outside the Danish organisations own circles.

#### These expenses **cannot** be covered:

- Fundraising or activities primarily targeting fundraising
- Ordinary communication activities with the membership base of the Danish organization – for instance newsletters and homepage.
- Honorarium for members, active, volunteers and employed persons in the Danish Organisation
- Activities with the sole character of cultural exchange, intercultural connections or integration.

If there are many budget lines and a corresponding number of receipts is expected, an audit of the financial accounts (approximately 3%) needs to be budgeted.

As all costs are categorized as A5 Information, the budget does not need to follow the standard format Annex A

### **9. CONVERSION TABLE FROM PREVIOUS TO NEW BUDGET FORMAT**

When converting the budget from CKU's previous budget format to CKU's new budget format, the table below may help you in the process.

For the main budget lines **3., 5., 8., 9., 10. 11. 12. and 13** you can move all budget items under the main budget line to the corresponding main budget line in the new format.

**Example:** All expenses under budget line 3. Local staff must be moved to budget line 3. Local partner staff and volunteers in the new budget format.

For some of the main budget lines, however, you cannot move all budget items under a main budget line in the previous format to a corresponding main budget

line in the new format. For the main budget lines **1., 2., 4., 6. and 7.** you must consider each of the budget items under the main budget line and allocate the budget item in accordance with the rules in the Budget Guide of the Civil Society Fund.

**Example:** On budget line 1. Activities, you have budgeted with an "inception workshop". You must consider whether this workshop must be budgeted on budget line 1. Local partner activities, or budget line 6. DK partner activities & project monitoring, or budget line 7. DK partner project support. The budget guide specifies that "all expenses directly related to the implementation of activities and paid by the local partner must be budgeted under budget line 1." If the expense for the inception workshop is paid by the Danish partner, it must be budgeted under budget line 6. And all support costs that are paid by the Danish partner and that are related to the inception workshop must be budgeted under budget line 7. That could be coordination and support of volunteers' involvement in the inception workshop.

Previous format main budget items	New format main budget items
1. Activities	1. Local partner activities 6. DK partner activities & project monitoring 7. DK Partner project Support
2. Investments	2. Local partner investments 7. DK partner project support
3. Local staff	3. Local partner staff and volunteers
4. Local monitoring	1. Local partner activities 3. Local partner staff and volunteers 6. DK partner activities & project monitoring 7. DK partner project support
5. Local administration	4. Local partner administration
6. Danish Project Monitoring Visit	6. DK partner activities & project monitoring 7. DK partner project support
7. Reviews and Evaluation	5. External evaluation 7. DK partner project support
8. Budget Reserve	9. Budget margin
9. Project expenses in total	8. Total Project Cost
10. Auditing in Denmark	10. Auditing DK partner
11. Subtotal	11. Total costs
12. Administration in Denmark	12. Administration DK partner if applicable
13. Total	13. Grand total

## 10. OVERVIEW OF FUNDING OPPORTUNITIES

Project type	Budget (DKK)	Co-financing requirements	Financial reporting requirements
<b>Projects</b>			
A-projects	500.000-1.000.000	None	Periodic reports
TA-projects	500.000- 3.000.000	None	Periodic reports
B and TB -projects	<500.000	None	Periodic reports
<b>Activities</b>			
C and TC- feasibility studies	<100.000	None	Final report
D and TD – partnership activities	<100.000	10%	Final report
E and TE – Network and capacity building	<75.000	None	Final report
<b>Secondment (only for member organisations)</b>			
G-short term consultants	<200.000	None	Periodic reports
H – development workers	<750.000	10%	Periodic reports
<b>Information (only for Danish Organisations)</b>			
I and TI – information activities in Denmark	<50.000	None	Final report