



Ministerie van Buitenlandse Zaken

Guide to model budget to the Soil Fertility Programme Grant

01-12-2022

Guide to model budget to the Soil Fertility Programme Grant

Table of Contents

- 1. Introduction 3
- 2. Model budget..... 3
- 3. Explanatory notes on individual cost types 4
 - 3.1. Direct costs..... 4
 - 3.1.1. Staff costs..... 4
 - 3.1.2. Other direct program costs..... 6
 - 3.2. Overheads / Indirect costs 8
 - 3.2.1. Allocation of direct/indirect costs..... 9
 - 3.2.2. Definitions of (allowed) indirect costs 9
 - 3.3. Non-eligible expenses 11
 - 3.4 Contingencies..... 11
- 4. Model budget within consortia 12
 - 4.1. Consortia including knowledge institutions working with integral staff costs 12

- Annex – Activity budget to be included in the grant application 15

1. Introduction

There are several advantages to have a standardized model budget. Project budgets often give rise to differences of opinion that need to be resolved, especially about the types of cost that qualify for funding by the Dutch Ministry of Foreign Affairs (MOFA). Furthermore, different activities carried out by the same organization cannot be easily compared if different formats and definitions of cost types are used.

The standard model budget addresses the above issues and so makes matters clearer for all concerned. **In the context of the Soil Fertility Programme Grant, the budget model as described in the following chapters must be used to draw up the program activity budget for phase 2 (!). Other layouts will not be accepted.**

2. Model budget

The model budget consists of various cost categories and subcategories presented in Table i. When drawing up the activity budget for the application, the annexe belonging to this model is completed and submitted along with the application.

Note. The model budget is intended to be used by implementing organisations to draw up:

- the annual budgets submitted during the MOFA funded project period;
- the annual financial report (to be audited) in the context of approved MOFA funding. In this financial report, a narrative explanation must be added for each cost category.

Table i – Model budget with fixed cost categories and subcategories

I.	Direct staff costs
	A.1 Staff costs for non-local personnel of knowledge institutions
	A.2 Staff costs for non-local personnel of all other consortium partners
	B.1 Staff costs for local personnel of knowledge institutions
	B.2 Staff costs for local personnel of all other consortium partners
	C. External: consultants and advisers
II.	Other direct programme costs
	A. Programme activity costs
	A.1. Consortium coordination costs
	B. Local NGOs and other third parties (non-consortium partners)
	C. Activity-related travel costs
	D. Project office costs
	E. Activity-related equipment and investment costs
	F. Monitoring, evaluation, learning and auditing
III.	Subtotal I+II (at least 85% of V)
IV.	Overheads / indirect costs
	A. Indirect cost rate (max. 15% of V)
V.	Subtotal of III+IV
VI.	Contingencies
	A. Optional percentage reserved for contingencies (maximum 4% of V)
VII.	Grand total = V+VI

3. Explanatory notes on individual cost types

An explanation of the various cost categories and the cost types in each category is provided below.

3.1. Direct costs

3.1.1. Staff costs

Direct staff costs are costs for hours worked that can clearly be attributed – either fully or in part – to the MOFA-funded activities. The staff costs are directly, clearly and demonstrably related to the MOFA-funded activities.

Direct staff costs allowed under this grant policy framework are elaborated below.

A. Staff costs in respect of non-local employees (including seconded staff)

This category includes all costs in respect of staff – both head office and seconded staff – that can be demonstrably attributed – either fully or in part – to a MOFA-funded activity. Staff costs are calculated on the basis of actual costs incurred using the formula $P \times Q$, as explained below.

1. Staff costs: $P \times Q$

In order to arrive at the (total) direct staff costs included in the activity budget, the number of planned hours (Q – see 3 below) is multiplied by the respective hourly rates (P – see 2 below) for all staff (of all consortium partners), fully or partly involved in the activities.

Note. Since most knowledge institutions work on the basis of integral staff costs, these costs (A.1.) have to be stated in the activity budget separately from the staff costs of the other consortium partners (A.2).

2. P-component

The following costs qualify as direct staff costs (^):

- Gross salary, including holiday allowance, pension and social insurance contributions, insurance and employer contributions that can be attributed to the activity.
Note: possible commercial consortium partners also have to work with actual costs. They are not allowed to use commercial hourly rates when drawing up their share of the activity budget.
- Costs relating to secondment such as a foreign posting allowance, rent allowances and relocation allowances. Costs relating to job-related allowances, market-related allowances and deputisation allowances are eligible only if they are based on a substantiated, written internal decision by the organisation.
- Education and training costs are reimbursed based on actual costs, in accordance with the applicable collective labour agreement, which is annexed to the model budget.
- Leave, sickness absence, overtime and similar matters cannot be included under staff costs unless explicitly authorised by BHOS/MOFA.
- Allowances for commuting are subject to the ceilings laid down in the collective labour agreement.

(^) If knowledge institutions participate in a consortium that works with agreements in the context of coordinated relationship management (CRM), this can have implications for the calculation of the indirect costs of the consortium as a whole. A more detailed explanation of this is included in section 4.

Calculation of productive days

The daily cost of a member of staff is calculated by dividing the total cost of a staff member by their productive days per year.

The number of productive hours is calculated as follows.

1. The number of working days in a week is 5. This number is multiplied by the number of weeks per year. As a rule, this produces approximately 261 workable days, depending on the year.
2. Subsequently, the number of hours per day, as laid down in the collective labour agreement, is determined. There are 7.2 hours per day in a 36-hour week, 7.6 hours per day in a 38-hour week, and 8 hours per day in a 40-hour week.
3. The number of workable days (1) is then multiplied by the number of workable hours per day (2) to produce the annual total of available hours.
4. Annual leave, average sickness absenteeism in hours and public holidays that fall on a working day are then deducted from this total (3) to produce the number of workable hours.
5. As a next step, also a percentage of indirect hours is deducted from the total (3). 10% of the total hours per working week is an acceptable deduction¹. These hours relate to meetings necessary to implement the activities, time to take courses, departmental activities, etc. This is work that must be performed to implement the activities financed by MOFA.
6. After allowing for these hours, the calculation produces the annual number of productive hours. As a rule, total workable hours per year exceed total direct productive hours by a factor of 1.11.

Table ii – Example of how to calculate productive hours based on a 36-hour week:

Nr.	Category	Calculation	Hours
i	Annual total of available hours	261 dagen x 7,2 uur	1879,2
ii	Hours of public holidays on a working day	6 dagen x 7,2 uur	43,2 -/-
iii	Subtotal	i – ii	1836
iv	Leave (hours)		167 -/-
v	Sickness absence (in hours) (5%)	5% x iii	92 -/-
vi	Number of workable hours (see A. below)	iii – iv – v	1577
vii	Indirect productive hours (10%)	10% x vi	158 -/-
viii	Number of direct productive hours (see B. below)	vi – vii	1419

There are two ways to calculate the hourly rate per staff member:

A. Hourly rate based on workable hours

If the organization bases the hourly rate on the number of workable hours, it will divide the staff member's gross salary by more hours than it would if it based the hourly rate on the number of productive hours. If the organization has used the number of workable hours to calculate its budgeted rates, the hourly rate can be multiplied by a factor of 1.11 in order to cover all costs incurred by the staff member. The application of the multiplication factor may not lead to the total costs charged to donors exceeding 100% of the costs.

B. Hourly rate based on productive hours

If the organization bases its hourly rate on the number of productive hours, the rate will generally be higher than a rate based on the number of workable hours, as the number of productive hours allows for training courses, travel during work time, etc. In that case, the hourly rate is an all-in rate and a multiplication factor is not applied to the staff costs as there is a risk of payment exceeding 100% of the actual costs or of unauthorized overtime being paid.

2. Q-component

A number of hours per staff member is planned for each (sub)activity in the activity budget to be drawn up later. During implementation, hours are monitored and accounted for on the basis of actual time worked and registered.

¹ 10% is also considered an acceptable standard for indirect hours in the entral Government Fees Guide 2019.

B. Staff costs for local employees

The salaries of local staff must be in line with the local context. Organizations are expected to have guidelines to setting them.

As in the case of direct staff costs of head office staff and expatriate seconded staff (category A above):

- the P x Q-calculation is generally used for local staff costs;
- staff costs of knowledge institutions have to be stated separately from the staff costs of the other consortium partners (category B.1 in Table i).

C. External: Consultants and advisers

The cost of external consultants and service providers (e.g. advisers) are charged on the basis of the contractually agreed hourly rate and number of hours, including office costs if applicable. Prior to the conclusion of a contract, bids must be assessed on the quoted hourly rates and number of hours. The maximum hourly rate for 2022 is €206 excluding VAT.² The rates of possible local consultants and advisers must be in line with local price levels.

The following website provides an indication of local price levels: <https://www.numbeo.com/cost-of-living/>

Note. All staff costs that cannot be allocated to the activity are classified as indirect staff costs, which are part of the overheads/indirect costs (see chapter 3.2 for an explanation).

3.1.2. Other direct program costs

Other direct program costs are costs for, among other things, equipment that can easily be allocated – either fully or in part - to the activities funded by MOFA. The other direct programme costs are directly, clearly and demonstrably related to the MOFA-funded activities.

A. Program activity costs

Costs that are incurred for the purpose of achieving the agreed objectives of the activity. Examples include specific training and capacity-building educational programmes for the ultimate beneficiaries of the funding.

A1. Coordination costs consortium

The costs incurred by an organisation, acting in the capacity of lead party, to coordinate the activities of a consortium also fall under this category. They are presented as a separate item in the activity budget, namely cost category II.A.1 (see Table i in section 2). Coordination costs are actual costs stemming from the implementation of the activity and can therefore be characterised as direct costs.

B. Local NGOs and other third parties (non-consortium members)

Costs incurred by third parties (other than consortium partners) such as local NGO's and third party implementing organizations necessary to achieve the objectives of the grant funding by MOFA.

C. Activity-related travel costs

Travel costs that may be claimed are determined by the applicant's (and consortium partners') travel expense policy. Expenses are reimbursed on the basis of actual costs or, if there is a travel policy, on the basis of agreements on fixed allowances for daily expenses with the exception of accommodation, which is reimbursed on

² <https://www.topinkomens.nl>

the basis of actual costs. Daily Subsistence Allowance Rates may be used for activity-related travel costs as well. As a rule, Costs of air travel are reimbursed on the basis of economy class tickets.

D. Project office costs

Project office costs are costs incurred by a local country office, indispensable to execute the MOFA-funded activities. The following costs are allowable:

- *rent;*
- *maintenance costs and office supplies to carry out the project in full or in part;*
- *IT equipment specifically for the project office.*

All the costs concerned are charged to the activity on the basis of actual cost. If the project office carries out various activities, including non-MOFA activities, the costs are charged proportionately to the activities concerned.

E. Activity-related equipment and investments costs

The cost of equipment related directly to the implementation of the project activities, such as:

- *movable property, e.g. inventory;*
- *cars purchased, rented or leased for the project;*
- *supplies;*
- *IT equipment.*

The purchase of movable property, supplies and IT equipment must be in accordance with the activity plan relating to the application. IT equipment may be purchased only on the basis of the outcome of a contract award procedure. Purchases must be made in accordance with the applicant's purchasing policy, which is annexed to the model budget. Only actual equipment and investment costs will be reimbursed. Depreciation and/or residual values are not allowable. The amount of the reimbursement for project-related equipment and investment costs depends on whether equipment is purchased, rented or leased and the reasons for an investment decision.

F. Monitoring, evaluation and auditing

The costs of external monitoring and project audits are charged to the activity as direct costs and are reimbursed on the basis of actual costs under the following conditions:

- Terms of Reference (ToR) have been drawn up.
- At least one quotation has been requested.
- The regularity and accuracy of expenditure and receipts have been determined by a project audit.
- An evaluation assesses the extent to which results budgeted before the start of the activity have been achieved.
- Special investigations of an activity can be reimbursed only with the prior approval of the responsible MOFA/BHOS budget holder. Special investigations include fraud and corruption investigations and investigations of the assumptions made in the programme's Theory of Change (ToC).
- A learning component is included. The increasing inclusion of a learning component is reflected in the change in terminology from monitoring and evaluation (M&E) to monitoring, evaluation and learning (MEL).

NB: When preparing the budget, one should take account of the requirement to draw up a report of factual findings as part of the audit.³ This requirement stems from the new 2022 audit protocol and entails higher costs than an audit without a report of factual findings.

³ <https://www.nba.nl/globalassets/themas/thema-controleprotocollen/ministeries/ministerie-van-buitenlandse-zaken/copro20044a4-buzamodelprotocol-activiteit-04022022-engels.docx>

Please be aware that by early April 2022, the dedicated audit protocol for consortia –derived from the general protocol- is still under construction and may differ slightly from the general protocol. As a result for some grant schemes the protocol for consortia will only be available at the time of the grant decision.

3.2. Overheads / Indirect costs

Indirect costs are not directly linked to the activity, for example indirect staff costs (such as secretarial costs), phone charges and heating costs.

An organisation funded by MOFA may receive money from several other donors and run a number of different activities in parallel. Indirect costs can be allocated proportionately to the various donors and activities on a pro rata basis or by means of allocation formulas.

The following principles apply to this cost category:

- a. In all cases, the funds must to the greatest extent possible be used to achieve the intended changes that will benefit the target group. Indirect costs as defined in this document should therefore be kept to a minimum. Indirect costs are subject to a maximum of 15% of the sum of direct and indirect costs (see row V of Table i in section 2). This is referred to as the '15% rule' in this document. Knowledge institutions using full costing for staff costs form a possible exception to this rule. How to deal with this is explained in section 4.
- b. The 15% rule applies to the entire duration of the MOFA-funded activities and is no longer an annual limit. This approach offers greater flexibility and meets the practical needs of implementing organisations if the indirect cost rate exceeds the 15% threshold due to unforeseen circumstances (such as coronavirus) or is lower than originally calculated. The text box below explains the practical application of this rule.

What happens if indirect costs are higher than budgeted?

As a rule, all substantial budget variances (both positive and negative) must be reported and explained to MOFA every year. This is especially true if indirect costs exceed the 15% threshold. This may occur occasionally, although MOFA may always request an explanation of such an increase and indirect costs must not in any case exceed 15% of the sum of direct and indirect costs at the end of the project.

The following (fictitious) example illustrates the foregoing. Suppose the mapping process (see section 6) calculates an indirect cost rate of 14%, but indirect costs have risen to 14.8% by the end of the activity. In this scenario the policy department has to decide whether to permit this increase. The additional 0.8% can be deducted from direct costs (in other words at the expense of the project results) OR the organisation itself can pay the difference from its own (non-MOFA) funds, such that direct costs remain unchanged. If an audit is warranted due to the financial scale of the activity, it will also examine indirect costs. If no annual audit is to be performed, no additional examination of indirect costs will take place.

But what is the total indirect costs amount to 15.2% at the end of the project? It is again up to the policy department to decide whether to permit the increase in indirect costs and whether it will be reimbursed by MOFA or must be paid by the organisation from its own funds. Under no circumstances, however, will the 0.2% above the 15% threshold be reimbursed by MOFA.

- c. Indirect costs are based on the total actual indirect costs incurred by the organization.

3.2.1. Designating direct/indirect costs

To designate costs to either direct or indirect cost categories, a so-called mapping process will be applied, based on the organization's ledger accounts. To this end, the total amount of the indirect costs in the general ledger accounts is related to the total of the costs in the general ledger accounts. For this purpose, the definitions in section 3.2.2 are to be used.

Concerning indirect costs, the following is important:

- The mapping process results in a fixed percentage for the indirect costs, calculated in relation to the total amount of direct and indirect costs. This percentage is used when drawing up the budget for the costs under category IV (see Table i in section 2).
- The indirect costs need no further specification during submission of the application and activity budget.
- However, the percentage used for the indirect costs is expressly subject to the audit that takes place with regard to the annual financial statement of the subsidy.

An example on how to determine the indirect cost percentage is provided in the table below.

Table iii – Fictitious calculation of the indirect costs percentage

A certain organization wishes to submit a grant proposal at MOFA and makes use of the model budget at hand. The 'mapping' of all general ledger accounts according to the definitions in section 3.2.2. is used to appropriately allocate direct and indirect costs. The mapping process shows that of the total of the general ledger accounts of €100 million, €88 million can be allocated as direct costs in the general ledger accounts and €12 million as indirect costs. The indirect cost percentage therefore amounts 12% ($=€12 \text{ mln}/€100 \text{ mln}$). Since this meets the 15%-rule, the 12% can be used when drawing the activity budget.

If a general ledger account comprises both direct and indirect costs, a best estimate should be made of their pro rata allocation. In this example, €80 million can be posted as 100% direct costs, €12 million as 50% direct costs and €8 million as indirect costs. Direct costs therefore amount to €86 million ($=€80 \text{ mln} + 50\% * €12 \text{ mln}$) and indirect costs €14 million ($=€8 \text{ mln} + 50\% * €12 \text{ mln}$). In this case the indirect cost percentage is calculated at 14% ($€14 \text{ mln}/€100 \text{ mln}$).

3.2.2. Definitions of (allowed) indirect costs

A. Costs of support staff and indirect staff costs

Costs of support staff and indirect staff are part of overheads / indirect costs and cannot be attributed directly to the activities funded by MOFA. This category mainly concerns:

- salary costs of management, finance, HR, IT, administration and other support staff;
- travel expenses if, unlike those described in section 3.1.C, they cannot be attributed to the activities being funded by MOFA. In that case they may be charged as indirect costs in accordance with the organisation's applicable policy.

B. Administrative costs not related to the activity

Insurance

All types of insurance required for the applicant's normal business operations that cannot be attributed to specific (MOFA-funded) activities, such as:

- directors' liability insurance;
- liability insurance;
- buildings insurance (if applicable);
- legally required insurance for vehicles;

- insurance relating to the employer's statutory obligations to employees;
- travel insurance;
- measures to mitigate financial risks such as foreign exchange risks – in this case policy and procedures must be in place to prevent speculative transactions.

Accountant and notary costs

All accountant and notary costs, related to the applicant's normal operations, that cannot be attributed to specific activities.

Consultancy and legal costs and other general costs

All consultancy and legal costs, related to the organisation's normal operations, that cannot be attributed to specific activities.

One-off legal costs (relating for example to a reorganisation or legal proceedings due to the dismissal of a staff member) are not considered indirect costs and are not therefore eligible for reimbursement.

Subscriptions, contributions and membership fees

Subscriptions, contributions and membership fees are only considered indirect costs if they relate to the organisation's normal development cooperation operations.

C. Other non-activity related costs

Office costs

All costs necessary to provide a good, clean and safe working environment consistent with the standards an employer should reasonably satisfy.

These costs include (in so far as they are not already covered under direct costs – see section 5.2 (D)):

- rent;
- general costs and in-house emergency personnel costs;
- utilities;
- maintenance of the premises;
- cleaning and security;
- communication/telecom costs;
- office supplies;
- other organisational costs.

IT licences and systems

The cost of regular maintenance of the ERP system such as SAP or Oracle (accounting system) and systems needed for the conduct of normal operations, that cannot be attributed to specific activities.

Translation costs

Translation costs that can be attributed to the organisation's normal operations. The costs of large one-off translation projects, in the context of a reorganisation for example, are not considered indirect costs and are not eligible for reimbursement.

Depreciation

Depreciation costs reflect decreases in the value of:

- premises;
- ICT equipment and systems;
- other fixed assets.

Depreciation can be included in the calculation of indirect costs if the depreciated assets:

- are used not only for the MOFA-funded activities, but also for the conduct of normal operations; and/or

- are only used for a certain period while the activities are being carried out and still have a residual value thereafter.

The depreciation periods may vary according to the asset type.

If depreciation costs are charged, the organisation must adopt a consistent approach. This will be examined as part of the annual audit of the annual accounts.

Integrity policy and implementation

Any organisation that receives MOFA funding to carry out activities is required to have procedures and a policy relating to integrity, including the appointment of at least one confidential adviser, rules protecting whistleblowers and the option of engaging internal or external investigative capacity in response to a report of a breach of professional ethics or inappropriate behaviour. The cost of setting up and implementing this system is considered to be an indirect cost.

3.3. Non-allowable expenses

General costs for items that are not linked to the activities carried out for MOFA are NOT eligible for reimbursement and cannot therefore be included in the model budget. They include:

- costs associated with developing or submitting a funding application and other costs that are incurred before receipt of a grant award decision;
- VAT (and income tax) that can be offset by the applicant, lead party or co-applicant;
- costs due to inflation and exchange rate fluctuations which are greater than 5% of the total eligible costs;
- investment costs and depreciation that are not directly related to the activities for which MOFA/BHOS grants have been awarded;
- profit margins on expenditure such as salaries;
- PR and marketing;
- Research & Development;
- costs of registering and maintaining intellectual property rights;
- that part of total indirect costs that exceeds the permitted maximum of 15% of the sum of direct and indirect costs. In the case of 20% total indirect costs, for example, 5% are considered ineligible.

3.4 Contingencies

Unexpected circumstances like extreme weather events can result in additional costs for MOFA-funded activities that are not covered by the activity budget.

The item 'contingencies' is intended to cover these costs.

A percentage of costs to cover contingencies can be included in the activity budget. The percentage will of course depend on the expected uncertainty stemming from the nature of the policy area and the organisation's operational context. A maximum of 4% of the sum of direct and indirect costs is applied in the MOFA model budget.

An exception applies to knowledge institutions that use full costing or rates agreed with the national government. Percentages for contingencies may not be included in the budget if all-in rates of this kind are used (see section 4).

The item 'contingencies' cannot be used while the activities are being carried out without the prior approval of the MOFA budget holder.

4. Model budget within consortia

Consortia are partnerships involving two or more parties where a legal relationship is established with one of the partners, which acts as the lead partner. The lead partner is the formal recipient of the grant.

Each consortium member drafts its own budget and submits this to the lead partner, preferably using the template of this model budget. The lead partner combines all input received on the basis of the standard template of the model budget included in this guide. The end product is one total budget of all partners combined for the activity for which MOFA is requested to finance. Knowledge institutions are excepted from this rule (see section 4.1).

For consortia submitting a grant application, agreements may already have been made in the context of Coordinated Relationship Management (CRM), for example:

- the lead partner (grant recipient) has a CRM-agreement with MOFA;
- one or more consortium partners has/have a CRM-agreement with MOFA.

In both situations, the following applies:

- The organization(s) having a CRM-agreement with MOFA use(s) the arrangements made for their own organization(s), including the percentage for indirect costs agreed upon.
- Those partners not having CRM-agreements with MOFA, also use the model budget associated with this grant policy framework. For the calculation of their individual indirect costs, these organizations make their own calculation based on the principles of section 3.2. They use this percentage in their individual budget.

This implies that:

- all partners work on the basis of the principles of this guide;
- the lead partner, having a CRM-agreement with MOFA, is not allowed to apply its percentage for indirect costs to the budgets of the consortium partners;
- every consortium partner calculates its individual indirect costs percentage and submits this to the lead partner;
- as a result, the overall percentage of indirect costs in the total consortium budget is a weighted average of the percentage of all individual indirect costs;
- preferably the lead partner includes the underlying PxQ-calculations of all consortium partners to underpin the drawing up of the activity budget.

4.1. Consortia including knowledge institutions working with integral staff costs

'Knowledge institution' is an umbrella term for all universities, institutions of higher professional education, research institutions and university hospitals that carry out activities (often on a non-profit basis) with a view to the advancement of general scientific and technical knowledge

Specifically for knowledge institutions participating as consortium member in MOFA funded activities the following applies.

In case the institute works on the basis of an integrated cost system or on rates agreed with the national government, these rates may be included in this model budget. In accordance with the Dutch Standards for Remuneration Act (WNT), the hourly rates calculated in this way are subsequently capped. Furthermore, the rates concern integral staff costs (or all-in-rates) that, in addition to direct staff costs, consist of a surcharge for indirect (non-project-specific) costs. Therefore no additional indirect costs can be charged to the rates calculated in this way. As a result, the integral staff costs of knowledge institutions should not be included in the calculation of the total indirect costs of the consortium.

The above is illustrated with two fictitious examples:

Example 1 – Consortium with a knowledge institution NOT working with integrated cost system:

When designating direct/indirect costs, the knowledge institution’s share does not need to be treated separately. The consortium’s indirect cost rate is a weighted average (including the knowledge institution) amounting to 13% of the sum of direct and indirect costs. This is calculated as follows:

- 1) as a first step contingencies (fictitious) are set at 2%
- 2) subsequently they are deducted from the total available amount
- 3) the remaining 98% is then divided among the indirect costs (13% of 98%) and....
- 4) among the direct costs $((100\%-13\%)*98\%)$

Table iv – Cost division of a consortium with a knowledge institution NOT working with integrated cost system

	Direct costs	Indirect costs	Sub total (direct+indirect)	Contingencies	Grand total (direct+indirect+ contingencies)
I	II	III	IV	V	VI
Share of the total grant amount requested~	85.3% ⁴ $(=(100\%-13\%)*98\%)$	12.7% ³ $(=13\%*98\%)$	98% ² $(=85.3\% + 12.7\%)$	2% ¹	100%

The numbers in the table relate to the text above explaining how the table was drawn up.

~Total grant amount requested = direct cost + indirect costs + contingencies (II+III+V)

Example 2 – Consortium with a knowledge institution that does work with the integrated cost system:

When designating direct/indirect costs for a consortium including a knowledge institution that does use full costing, the knowledge institution’s share must be presented separately in the standard model budget. In this example:

- a) The institute’s share in the total activity budget requested at MOFA amounts 10%
- b) As in example 1 above, the percentage of indirect costs of the consortium members (excluding the knowledge institute) is calculated at 13% of the sum of the direct and indirect costs.

The fictitious calculation below is drawn up as follows:

1. The institute’s share is set at 10% of the total activity budget. Because of the all-in rates of the knowledge institute neither indirect costs (column III), nor contingencies (column V) can be claimed.
2. The other consortium members have 90% left for the total of direct costs, indirect costs and contingencies.
3. Of this 90%, the partners claim 2% for contingencies.
4. This 2% is deducted from the 90%. As a result 88% remains for direct and indirect costs.
5. The 88% is then divided among the indirect costs (13% of 88%) and....
6. among the direct costs $((100\%-13\%)*88\%)$.

Table v – Cost division of a consortium with a knowledge institution that does work with integrated cost system

Consortium partner	Direct costs	Indirect costs	Sub total (direct+indirect)	Contingencies	Grand total (direct+indirect+contingencies)
I	II	III	IV	V	VI
The knowledge institute's share of the total amount requested~	10% ¹	0%	10%	0%	10%
The other partners' share of the total amount requested~	76.56% ⁶ (=(100-13%) X 88%)	11.44% ⁵ (=13% x 88%)	88% ⁴	2% ³	90% ²
Total	86.56%	11.44%	98%	2%	100%

The numbers in the table relate to the text above explaining how the table was drawn up.

~Total grant amount requested = direct cost + indirect costs + contingencies (II+III+V)

Annexe – Activity budget to be included in the grant application

The activity budget to be included in the grant application should be based on the standardized model budget (section 2 of this guide), the theory of change and the activity plan. The activity plan defines the type and duration of the activities and necessary interventions in relation to the intended results and required resources.

The activity budget consists of three overviews (see tables on the following pages):

1. budget by year
2. budget by result area
3. budget by country

Key points!

- In line with The Ministry of Foreign Affairs Grant Decree⁴, a narrative explanation must be added to the budget by year (Table 1), giving insight in how all figures of Table 1 were developed. Preferably, the applicant/lead partner also submits all underlying PxQ-calculations (of all consortium partners) of Table 1.
- Also, the budget by year (Table 1) –apart from the expenses- has to give insight in the income related to the MOFA funded activities. At the bottom of Table 1, various income sources are included, which the applicant may choose from. In case that the MOFA funded activities generate income, please:
 - Fill in the amount per source per year in the correct rows/columns in Table 1;
 - Add an explanation on the sources and amount of income to the narrative explanation belonging to Table 1. The explanation e.g. describes the origin and identity of the source, assurance of income, etc.

Article 27, Ministry of Foreign Affairs Grant Decree: “The budget gives insight in income, including contributions of third parties, and expenses related to the intended activities for the next twelve months of the period for which the grant is requested. The budget includes an explanation per budget item.”.

- In case MOFA needs clarification on the (financial) information submitted with the application, further explanation can be requested from the applicant at any time during the assessment process, be it with due regard for article 7, third paragraph of the MOFA Grant Decree.⁵
- Apart from the budget by year (Table 1) and budget by result area (Table 2) for ODA-activities also a cost division by country should be provided (Table 3). It goes without saying that Table 2 and 3 are also based on the activity plan (and the ToC).
- The indirect cost percentage is explained in section 3.2.
- In multiyear budgets inflation and annual salary increases should be incorporated as laid down in the collective labour agreement.
- Applications by consortia are submitted by one of the consortium members, i.e. the lead partner. Individual budgets from consortium partners are combined by the lead partner into one total budget. The use of a standardized model budget by consortium partners is explained in section 4.
- In the light of the activities’ progress and new circumstances, annually adjustments within budgets may be made. Provided MOFA’s explicit permission has been obtained. The proposal to adjust the budget must be compatible with the ministry’s intended results and acceptable in the light of the activity’s circumstances.

⁴ <https://wetten.overheid.nl/BWBR0018039/2013-07-01>

⁵ If Article 4:5 of the General Administrative Law Act has been applied, application of the first and second paragraph implies that the date receipt of the grant application shall be the date the grant application was supplemented.

Table 1 – Budget by year

EXPENSES	Year 1	Year 2	Year 3	Year X	Total
I. Direct staff costs					
A.1 Staff costs for non-local personnel of knowledge institutions					
A.2 Staff costs for non-local personnel of all other consortium partners					-
B.1 Staff costs for local personnel of knowledge institutions					
B.2 Staff costs for local personnel of all other consortium partners					-
C. External: consultants and advisers					
	Year 1	Year 2	Year 3	Year X	Total
II. Other direct programme costs					
A. Programme activity costs					
A.1 Coordination consortium costs					-
B. Local NGOs and other third parties (non-consortium members)					
C. Activity-related travel costs					-
D. Project office costs					
E. Activity-related equipment and investment costs					-
F. Monitoring, evaluation and auditing					
III. Subtotal of I and II	-	-	-	-	-
	Year 1	Year 2	Year 3	Year X	Total
IV. Overheads / indirect costs					
A. (fixed) Indirect costs rate (=max. 15% of V)					-
V. Subtotal of III and IV	-	-	-	-	-
	Year 1	Year 2	Year 3	Year X	Total
VI. Contingencies (max. 4% van V)					
A. Optional percentage reserved for contingencies (Max. 4% of V)					-
VII. Grand total (V + VI)					
Income (source and amount per year)	Year 1	Year 2	Year 3	Year X	Total
Dutch Government					
International Government(s)					
International Organisation(s)					
Financial Sector (loan, guarantee,					
Business contributions					
Private donors (including private persons)					
Income generated by the activities (services) funded by MOFA					
Knowledge institutes					
Other (sources of) income.....					
Total Income					

Table 2 – Budget by result area

EXPENSES	Result 1	Result 2	Result 3	Result X	Total
I. Direct staff costs					
A.1 Staff costs for non-local personnel of knowledge institutions					
A.2 Staff costs for non-local personnel of all other consortium partners					-
B.1 Staff costs for local personnel of knowledge institutions					
B.2 Staff costs for local personnel of all other consortium partners					-
C. External: consultants and advisers					
	Result 1	Result 2	Result 3	Result X	Total
II. Other direct programme costs					
A. Programme activity costs					
A.1 Coordination consortium costs					-
B. Local NGOs and other third parties (non-consortium members)					
C. Activity-related travel costs					-
D. Project office costs					
E. Activity-related equipment and investment costs					-
F. Monitoring, evaluation and auditing					
III. Subtotal of I and II	-	-	-	-	-
	Result 1	Result 2	Result 3	Result X	Total
IV. Overheads / indirect costs					
A. (fixed) Indirect costs rate (=max. 15% of V)					-
V. Subtotal of III and IV	-	-	-	-	-
	Result 1	Result 2	Result 3	Result X	Total
VI. Contingencies (max. 4% van V)					
A. Optional percentage reserved for contingencies (Max. 4% of V)					-
VII. Grand total (V + VI)					

EXPENSES	Country 1	Country 2	Country 3	Country X	Total
I. Direct staff costs					
A.1 Staff costs for non-local personnel of knowledge institutions					
A.2 Staff costs for non-local personnel of all other consortium partners					-
B.1 Staff costs for local personnel of knowledge institutions					
B.2 Staff costs for local personnel of all other consortium partners					-
C. External: consultants and advisers					
	Country 1	Country 2	Country 3	Country X	Total
II. Other direct programme costs					
A. Programme activity costs					
A.1 Coordination consortium costs					-
B. Local NGOs and other third parties (non-consortium members)					
C. Activity-related travel costs					-
D. Project office costs					
E. Activity-related equipment and investment costs					-
F. Monitoring, evaluation and auditing					
III. Subtotal of I and II	-	-	-	-	-
	Country 1	Country 2	Country 3	Country X	Total
IV. Overheads / indirect costs					
A. (fixed) Indirect costs rate (=max. 15% of V)					-
V. Subtotal of III and IV	-	-	-	-	-
	Country 1	Country 2	Country 3	Country X	Total
VI. Contingencies (max. 4% van V)					
A. Optional percentage reserved for contingencies (Max. 4% of V)					-
VII. Grand total (V + VI)					