

U.S. DEPARTMENT OF STATE



MIDDLE EAST PARTNERSHIP INITIATIVE LOCAL GRANTS PROGRAM

Budget Narrative Instructions

The Budget Narrative provides detail about both the Federal request and cost share. A sample template can be found in Appendix 3. The Budget Narrative is used to determine if the costs in a MEPI application are reasonable and permissible. All of the proposed costs listed, whether supported by grant funds or match funds, must be reasonable, necessary to achieve project objectives, permissible in accordance with applicable Federal cost principles, auditable, and incurred during the project period.

When completing the sample template, applicants should ensure the following:

- Presented in U.S. dollars, rounded to the nearest dollar;
- Include an estimate of the cost of tasks and activities projected based on budget category identified on the Budget Information Form (SF 424a);
- Provide details of calculations including estimation methods, quantities, unit costs, and other similar quantitative detail sufficient for the calculation to be duplicated;
- Funding should not duplicate on-going activities;
- Budget categories should be clearly labeled and identified;
- The use of "miscellaneous expenses" or any similar term as a budget item is unacceptable;
- Cost-sharing (salaries, rent, utilities, equipment, and other organizational costs.) is strongly encouraged. Applicants should document cost-sharing arrangements in their budget narrative description. Cost sharing must meet the three tests in determining the permissibility of costs outlined under the header "Allowable Project Costs" below.

Allowable Project Costs

The cost principles below address three tests in determining the permissibility of costs. These three tests apply regardless of whether the particular category of costs is one specified in the cost principles or one governed by other terms and conditions of an award. These tests also apply regardless of treatment as a direct cost or an indirect cost. The fact that a proposed cost is awarded as requested by an applicant does not indicate a determination of permissibility.

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1. **Reasonable:** A cost is reasonable if, in its nature or amount, it does not exceed that which would be practical under the circumstances prevailing at the time the decision was made to incur the cost.
2. **Allocable:** A cost is allocable to a specific grant if it is incurred solely in order to advance work under the grant; benefits both the grant and other work of the organization, including other grant-supported projects or programs; or it is necessary to the overall operation of the organization and is deemed to be allowable to charge to the grant.
3. **Consistent:** A cost must be consistently charged based on regulations, policies, and procedures of the recipient that apply uniformly to both Federally supported and other activities of the organization. Recipients must be consistent in assigning costs across programs. They must be treated consistently for all work of the organization under similar circumstances, regardless of the source of funding, so as to avoid duplicate charges.

Cost Category Guidelines

Use the checklist information below to ensure that your budget provides all the necessary information.

1. Personnel

- Is each position identified by title or responsibility?
 - **Program Director:** The individual who will provide daily oversight of the grant, including fiscal and personnel management, community relations, and project implementation and evaluation during the project period.
 - **Project Coordinator:** The individual who will coordinate coalition services and MEPI project activities, including training, coalition communication, data collection, and information dissemination.
 - **Financial or Business Official:** The person who handles the financial components of the grant.
 - **Key Personnel:** MEPI grant key personnel include a Program Director and or Project Coordinator. Key personnel are defined as individuals who contribute to the programmatic development or execution of the project in a substantive, measurable way, whether or not they receive salaries or other compensation under the grant.

2. Fringe Benefits

- Is each type of benefit indicated?

3. Travel

- Is the travel necessary for the purpose of the program?
- Are travel costs separately identifiable and reasonable (transportation, hotel, meals, and mileage)?
- Are calculations provided for each cost?

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4. Supplies

- Are supplies listed separately?
- Are costs per unit identified and detailed?
- Is the basis for the cost reasonable?

5. Contractual

- Is the type of service to be rendered described?
- Did you name the consultant or contractor, if known?
- Did you provide a separate budget for sub-recipients or contracts (if applicable)?

8. Other

- Are items grouped by type (space rental, printing, phone, maintenance, and other program/organizational costs.)?
- Are all costs justified and allowable?

Budget Definitions:

Consultant: An individual or organization who gives professional advice and provides services for a fee and is not a direct hire employee of a grantee's organization. Typically a consultant performs a one-time activity.

Contract: A contract under a grant may be awarded for two purposes: 1) goods or services needed to support the grantee's performance of the project or program or 2) an award to a third party for performance of substantive programmatic work.

Direct Costs: Costs used for salaries, travel, equipment, supplies, contractual arrangements, and tangible goods or services associated with this project.

Project Costs: The total allowable costs incurred by a recipient and charged to the award during a budget period. These costs may include those costs supported by Federal funds, costs contributed by the recipient to meet a matching requirement, and the value of any third-party in-kind contributions counted toward the recipient's matching requirement.

Sub-Recipient or Sub-Awardee or Sub-Grantee: A third-party individual or organization who receives an award for the performance of certain programmatic work. All sub-recipients require prior approval from MEPI.