



# Civic Engagement Programme

**GUIDELINES FOR DEVELOPING THE PROJECT BUDGET**

## Annex 3b

1<sup>st</sup> window projects – large grants  
**2025**

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# Budget

The project budget is a forecast of the costs associated with the activities necessary to achieve the project's objectives. It should be filled in during the development of the Full Proposal. A well-prepared budget requires a thorough understanding of the project and its activities to ensure accuracy and realism, preventing under-budgeting or over-budgeting.

If the budget is not properly prepared, the following issues may arise:

## **budget deficit**

indicating an incorrect budget where allocated funds are insufficient to carry out activities effectively

## **overestimated budget**

suggesting that the budget was inaccurately drafted and that funds could have been allocated more efficiently in other areas

### **Key functions of the budget within the project:**

- **financial compliance tool** – the budgeted amounts represent spending limits;
- **planning and control tool** – it helps manage expenses and track implementation progress during financial reporting;
- **accurate reflection of costs** – the budget must precisely detail all anticipated expenses based on the funded activities;
- **financial reporting alignment tool** – the actual expenses incurred to achieve the project's activities must be presented in the financial reports and compared with the initial budget estimates.

### **Budgeting recommendations:**

- consult the **Guidelines for Applicants** and the recommendations in this document on eligibility and types of costs;
- the budget should be drafted **after the project is planned in detail** and together with the person who developed the Concept Note and the Full Proposal and the person who is designated as project coordinator;
- avoid having the **same person** simultaneously holding the roles of **financial manager and project coordinator**;
- ensure **clarity and traceability**;
- human resources budgeting should be aligned to the **responsibilities of each team member**, maintaining proportionality;
- **do not omit bank fees and local transport costs**, which are often overlooked;
- budgeted costs must include **VAT**.

# General principles for eligible project expenses

Eligible project expenses are those costs actually incurred by the Applicant and/or its Partner/s, that meet the **criteria mentioned in [Guidelines for Applicants](#) in section 2.3.**

The principles for eligible project expenses will apply *mutatis mutandis* to all eligible expenses incurred by the Applicant and/or Partner/s.

## Direct costs

The direct costs of a project are those costs identified by the Applicant and/or their Partner/s in accordance with generally accepted accounting principles and standard internal policies and procedures, as being specific expenses directly related to the implementation of the project. Therefore, these expenses can be recorded directly in the project's analytical accounting or cost center.



An expense may be considered a direct cost if the termination of the project would result in its elimination. Direct costs are eligible only if all eligibility criteria are met.

## Chapter 1. Project team

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In this chapter may be budgeted the expenses related to **project-assigned employees**, including net salaries, applicable payroll contributions (including employer contributions), and other relevant salary costs, provided that these are in line with the usual remuneration policy of the Applicant and/or the Partner/s.

For the efficient implementation of projects, it is recommended to include the positions of Project Manager, Financial Officer and Procurement Officer in the budget. **The Project Manager** must be employed under an individual employment contract signed for a relevant period or for the project implementation period.

The following aspects should also be taken into account for the costs included in this chapter:

the existence of an individual employment contract/an addendum, or an appointment decision that includes a clear reference to the project to avoid ambiguities;

for estimating salary costs, the unit hourly rates for identical or equivalent roles must be taken into account, in accordance with the usual remuneration policy of the Applicant and/or the Partner/s.

Any additional benefits (e.g., monthly transport costs) must be:

- directly related to salary payments;

- contracted and paid in accordance with the employment contract or relevant national legislation;
- proportional and necessary for project implementation.



Indirect costs, daily allowances, and any other travel-related expenses **CANNOT** be included in this chapter.

**The financial contribution, or in-kind contribution in the form of voluntary work** (if applicable) must **not** be included in the project budget.

## Chapter 2. Travel

Within this chapter, the following types of costs may be budgeted:

### 2.1. Accommodation, travel, and daily allowance for employees

Travel and subsistence costs for project-employed staff, in compliance with the usual travel cost policies of the Applicant and the Partner/s:

- accommodation costs;
- travel costs;
- daily allowance;
- other travel-related costs (airport fees, bridge tolls, parking fees, road tolls, etc.).

### 2.2. Accommodation and travel expenses for participants

Travel and accommodation costs for participants attending training sessions or events should be budgeted under this chapter (if not subcontracted).

The following categories of costs may be budgeted:

- accommodation costs;
- travel costs;
- other travel-related costs (airport fees, bridge tolls, parking fees, road tolls, etc.).

### 2.3. Accommodation, travel, and meal for volunteers

Travel and accommodation costs for volunteers participating in training sessions or events should be budgeted under this chapter (if not subcontracted). Volunteers must have volunteer agreements signed with the Applicant and/or Partner/s for a relevant period during the project's implementation.

The following categories of costs may be budgeted:

- accommodation costs;
- travel costs;
- meal costs;
- other travel-related costs (airport fees, bridge tolls, parking fees, road tolls etc.).

### General principle for travel and subsistence expenses:

The travel must have a clear connection to the project, and the person traveling must be an employee of the entity, a participant in events, or a volunteer.

For individuals involved in the project under a contract legally classified as an independent activity, no costs should be budgeted under this chapter, because these are already included in the contract value.

## Chapter 3. Equipment and goods

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Within this chapter, the following types of costs may be budgeted:

### 3.1. Equipment and goods

The acquisition of new or second-hand equipment, provided that they are purchased in accordance with the applicable procurement rules and recorded in the accounting records of the Applicant and/or Partner/s according to generally accepted accounting principles.

### 3.2. Computers and peripherals

The purchase of computers and peripherals (e.g., printers, multifunctional devices, projectors, including projection screens, whether new or second-hand), provided that they are purchased in accordance with the Programme's procurement rules and recorded in the accounting records of the Applicant and/or Partner/s according to generally accepted accounting principles.

### 3.3. Licenses and software

- licenses and software required for the operation of acquired equipment;
- software and/or software licenses strictly necessary for project implementation.



Legislative and accounting software licenses and other similar products are not considered direct project costs. However, part of their acquisition value may be budgeted under the Indirect costs chapter.

## Chapter 4. Extension and renovation works

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Within this chapter, the following types of costs may be budgeted:

### 4.1. In-house works

Costs for materials, machinery, equipment (including protective equipment), human resources, etc., necessary for the construction/renovation/extension works of the building.

### 4.2. Subcontracted works

- Costs related to execution contracts for construction/renovation/extension works.
- Costs for services related to feasibility studies, technical design, assistance during the works, site management, etc.



In the case of subcontracted works, construction companies usually provide a total project cost, but it is important to have clearly stated in the contract what is included and what is not, in order to avoid hidden costs.

### 4.3. Building acquisition

Costs related to the acquisition of real estate.

### 4.4. Other costs (permits/authorizations/insurance, etc.)

- Costs related to the documentation required to carry out extension and renovation works of the acquired/extended/renovated premises within the project.
- Other costs associated with property acquisition (e.g., notary and cadastral fees).

## Chapter 5. Subcontracting

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Within this chapter, the following types of costs may be budgeted:

### 5.1. Experts' fees

- Costs related to experts contracted for the implementation of project activities, who carry out their work based on service contracts, legally considered as independent activities (contracts which do NOT involve an employment relationship, as in the case of individual employment contracts, but rather one-off collaborations, where the expert offers his/her services autonomously, such as: copyright contracts, legal assistance contracts, etc.).
- The total cost of a service contract with an expert includes their transportation and accommodation costs, if necessary. These costs cannot be budgeted separately and are not eligible if they are included in the budget under Chapter 2. Travel.

### 5.2. Audit

Costs related to project audit services.

The budgeting of these costs will take into account the duration of the project/number of audit reports to be submitted to the Programme Operator, both for the Applicant and the Partner/s.

### 5.3. Other subcontracted services

- Costs for publications, studies, and research.
- Costs for visibility actions, advertising and/or promotional campaigns.
- Costs related to transport services.
- Costs for services such as rental of venue/equipment, catering, etc.



**The expenses incurred by a Partner CANNOT be considered as subcontracted.**

Outsourcing services (subcontracting) does not include partnerships/ collaborations between Partners.

## Chapter 6. Other direct costs

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Within this chapter, the following types of expenses may be budgeted:

### 6.1. Costs for premises exclusively dedicated to the project

- Costs for internet, telephone, etc.;
- Costs for rent and utilities of the premises.



Only costs related to premises used 100% for project activities can be included under this chapter (e.g., whether to purchase/own or rent premises exclusively for the project).

Invoices for these costs must be issued separately in the name of the Applicant and/or the Partner/s by the utility providers.

### 6.2. Bank fees

Costs related to bank fees for accounts exclusively dedicated to the project.

### 6.3. Other direct costs

- Costs for materials, consumables, and office supplies necessary for the implementation of the project activities.
- Protocol costs (e.g. hospitality services for meetings with Partner/s, authorities, stakeholders etc.);
- Postal costs, courier services, etc.

## Chapter 7. Capacity Building

Within this chapter, costs exclusively allocated for the implementation of Capacity Building (CB) activities may be budgeted, **up to a maximum of 10% of the total project budget.**



**The total amount allocated to this budget chapter CANNOT be increased or decreased during the implementation period!**

Within this chapter, the following types of costs may be budgeted:

### 7.1. Employees (for CB activities)

Costs may be foreseen for employees who are **NOT** part of the project implementation team and are not budgeted under Chapter 1. Project Team, but who are allocated exclusively for the CB activities within the project:

- costs related to net salaries, applicable payroll contributions (including employer contributions), and other relevant salary costs.

### 7.2. Travel/accommodation/daily allowance for employees (for CB activities)

Travel and subsistence costs may be foreseen for employees who are not involved in the project implementation team and are not budgeted under Chapter 1. Project Team, but who are exclusively allocated for the CB activities within the project:

- travel costs;
- accommodation costs;
- daily allowance;
- other travel costs (airport fees, bridge tolls, parking fees, road tolls, etc.).

### 7.3. Travel/accommodation for participants and volunteers (for CB activities)

Travel and accommodation costs may be foreseen for participants and volunteers who are exclusively allocated for the CB activities within the project (if not subcontracted).

Volunteers involved will have volunteer contracts with the Applicant and/or Partner/s, signed for a relevant period during the project implementation/CB activities period:

- accommodation costs for participants and volunteers;
- travel costs for participants and volunteers;
- meals for volunteers;
- other travel costs (airport fees, bridge tolls, parking fees, road tolls, etc.).

### 7.4. Experts' fees for CB activities

Costs may be foreseen for experts contracted specifically for CB activities, who carry out their work based on service contracts for independent activities.

Travel costs, if necessary, will be included in the expert's fee.



### 7.5. Equipment for CB (other than Chapter 3, up to 20% of the Chapter 7 budget)

Costs may be foreseen for new or second-hand equipment, specific to CB activities, which are not included in Chapter 3 and which can be budgeted up to a maximum of 20% of the total amount of Chapter 7.

### 7.6. Other Capacity Building costs

Under this line may be foreseen other necessary costs for carrying out CB activities and which are not covered by other lines in this chapter (other than those budgeted under Line 6.3 Other direct costs), e.g.: activities for strengthening the internal capacity of the NGO, training, strategic planning, digitalization, and improving work processes, etc.

## Chapter 8. Indirect costs

- Indirect costs are those eligible costs that cannot be directly attributed to the project by the Applicant and/or Partner/s, but can be identified and justified through their accounting system.
- The project's indirect costs will represent a fair allocation of the general costs of the Applicant and/or Partner/s.



This category of costs **CANNOT** include eligible direct costs.

The Applicant and Partner/s may apply a flat rate of **up to 10% of the total direct costs of the project** to cover these costs:

- indirect costs **cannot be allocated to the project at a rate of 100% of the value of each supporting document** (invoices, receipts, fiscal receipts, salary costs for administrative staff, etc.);
- human resources costs foreseen as direct costs cannot be partially included as indirect costs within the same organization.

**For the allocation of indirect costs, the following (but not limited to) formulas can be applied:**

- space used by project staff/total space used by the entire department or organization;
- number of people involved in the project/total number of people within the department or organization
- number of hours worked on the project/total number of hours worked in the department or organization.

If there are indirect costs that cannot be allocated using one of the formulas mentioned above, the Applicant and/or Partner/s may use the most appropriate formula for the correct allocation of each type of indirect cost.



### **Examples of administrative/indirect costs:**

utilities; phone and internet services; postal services; online meeting platforms; qualified electronic signature; salaries and social contributions for the administrative team (accountant, secretariat, human resources manager); rent and office maintenance (cleaning); maintenance of IT equipment (laptops, printers, servers); office supplies and consumables (paper, toner, folders); software and licenses (accounting, project management); administrative taxes and fees (e.g., registration, permits, certifications); insurance policies for the office, employees etc.

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