

Budget Guidelines 2018-2022

Formats and guidelines required for your application can be downloaded at www.uniontounion.org

Budgets for year 1-3, resp 4, 5

Total budgets are the sum of *Union to Union* allocation and own contribution (level 2 and 3)/other contribution (all levels).

A detailed budget per project/program shall be outlined for year 1-3 and a more tentative budget for year 4 and 5 shall be submitted in the application. Budgets for year 4 and 5 shall be revised during the third year of the agreement period together with the Midterm report.

The budget should be filled in on the Budget Application form.

Budget for Project Applications

The budget should, as far as possible, be made in local currency for each budget level. The budget forms can be downloaded at www.uniontounion.org

Budget for Programme Applications

This implies that the organisation applying for a programme should convert items at each budget level to a single currency. Since a programme budget probably will not be very detailed, a more detailed budget must be submitted to allow assessment of the budget's relevance.

The budget forms can also be used for detailed budgets. You may use your organisation's own forms for the detailed budgets. The following information must be given:

- Relationship between the detailed budgets and the programme budget
- Type of activity
- Budgeted and requested amount
- Own contribution with specification
- Currency used

Exchange rates

To obtain an equal situation for all applicants, the following exchange rates for 2018 have been fixed:

1 EUR = 9,8 SEK

1 USD = 9,1 SEK

1 CHF = 9,1 SEK

For other currencies use the average rate against SEK between January 1 and April 30, 2017 to calculate the preliminary rate.

Please verify the history of the local currency concerned for the above period. This can be made at: www.oanda.com

Should any exchange rate deviate considerably during the period, revised budgets could be considered.

Wage costs

If wage-costs are allocated to the program or project, the principles applied shall be accounted for and allow reviewing and auditing. Rough estimates are not sufficient. The costs should be charged on a regular basis and authorized by the appropriate person. National accounting and tax rules must be complied with. Voluntary work do not qualify as a project/program cost or as a part of an organization's co-financing or own contribution.

Key figures

Sida requires us to present certain key figures regarding our total project portfolio, in order to be able to follow up our results and cost effectiveness and how the funds are distributed. Sida's focus is that as much funds as possible should either be transferred to, or at least directly support local partners.

The relevant key figures are:

- the proportion of the total budget paid by contractual relationship (agreements) with Swedish partners, international partners and local partners.
- the proportion of the total budget that consists of expenses directly supporting local partners, including the justification for these costs and connection to the selected forms of cooperation.

The following key words have been identified in the budget form: Administration, Audit, PME, Resource person, Project costs. The keywords includes for example;

- Administration: Office costs, fin staff
- Audit: Audit costs at all levels
- PME: Planning, Monitoring and Evaluation
- Resource person: Does not do PME
- Project costs: project coordinator

Own contribution

For all projects the own contribution percentage is 10 % for 2018-2022, unless the government decides otherwise, signifying that Sida/*Union to Union* contributes with 90 % of

the total project budget after deduction of the own contribution from the field and other donors.

Swedish implementing organisations in bilateral projects/programmes may submit an application to have exception from the 10% own contribution.

The own contribution must not be 10 % in each specific project, but amount to at least 10 % for the project portfolio.

Global Unions' project related costs covered by the Swedish unions' membership dues may be budgeted as own contribution, provided these costs do not exceed the membership dues.

Own contribution is only calculated for levels 2 and 3. All contributions on level 4 and 5 is stated as other income in the budget form.

Other income/third party contributions are for example financial contributions from other donors, organizational or logistical support from member unions, etc.

Transfers vs costs

Transfer of funds must be made via the international banking system and there must be a corresponding agreement on each level.

If funds cannot be transferred using the banking system, the contracting party may request, in writing, to *Union to Union* for the funds to be transferred in an alternative, secure, way. The following must be considered:

- Verify that the banking system cannot be used and document this:
- Document the routine instead used for transfer of funds
- Get approval from Union to Union for alternative arrangements
- Enter into a supplementary agreement on alternative arrangements
- Before supplementary agreement signed, no funds paid to the partner
- Report around risk management arrangements and measures to ensure both the co-working partners' security but also the control of funds

If Union to Union considers that a safe transfer of funds can be secured, the parties shall enter into a special agreement, in which the routines and conditions for the transfer of funds are clearly stipulated. *Union to Union* has to receive the approval from Sida and make agreements about these issues.

In the case that costs occur that directly supports another level in the project make sure that they are budgeted on the correct level and comment in the explanatory notes:

Costs shall be budgeted and reported where they are audited.

Audit

Audit costs for the projects must be included in the budget.

The implementing organisation is committed to ensure that annual reports are audited by an authorised chartered accountant according to International Standards on Auditing (ISA 800/805) for each level in the project chain.

The Swedish/ Global Union's own contribution must be audited.

Financial control

The financial control in the organisation must be properly documented

The organisation must strive to minimise the handling of cash and in cases where cash is required take precautions to control and document the handling.

Anti-corruption

In the case the organisation does not have an Anti-corruption policy or guideline they may adopt the *Union to Union* policy.

Budget Analysis

The Budget Application form may show summarized budget lines but the underlying budgets must be specific and be presented at request. The reasoning behind the separate lines shall be stated in the Budget Analysis.

The underlying budget must be detailed and show the real costs.

An activity such as for example Leadership training must be specified to the level of training material, rent, trainers' salaries, food and drink, participants' travel costs, etc. One general sum may indicate that costs have been calculated by chance and are not realistic.

General budgets may indicate low capacity of the organisation to analyse and plan its activities in a cost effective way. It may lead to large balances (both negative and positive) and influence the success of the project. A well planned and clear budget will support the organisation in the implementation and supports the funding organisation in analyses of cost effectiveness and capacity.

Questions to help make the Budget Analysis:

1. Are budget posts specified enough that costs can be assessed, or is it just lump sums?
2. Are the costs motivated?
3. Are salaries and other price assessments adequate to the cost levels in the countries?
4. If material etc shall be bought, is procurement needed?

5. If travel is included in the budget, is it necessary and adequate?
6. Salaries must be presented to show how much of the staff costs are covered:
 - a. Is it a full time or part time post?
 - b. Is the salary covered partly by other project donors?
 - c. Is the salary adequate compared to how much of his/her work is directed at project activities?
7. If there is a budget line for unexpected costs, “contingency fund” it should not exceed 10% of the total project budget and should be explained.
8. If the project is co-founded by other donors, this must be explicitly included in the budget and clearly show which parts of the budget will be funded by which donor.

When assessing the budget, it is easy to concentrate on seemingly unnecessarily high costs. It is just as important to look for low costs to minimize the risk of not achieving the expected results.

The budget is an important tool to:

- Make financial information accessible for everyone in the organisation when they need it. Every trade union member and trade union staff should be able to access the budget and know how much money the organisation spends on its activities.
- Make planning for activities realistic and adequate to available resources. Staff will know how much their work will cost and where limits are.
- Clarify where there are deficits and where more financial mobilizing of resources is needed
- Relate costs/receipts/bills to budgeted activities. This makes work more transparent and assures that resources are not used for non-budgeted activities.
- Make it possible for project responsible staff and members to follow up on costs throughout the year and guarantee a balanced budget. Budget monitoring should be done on a monthly basis towards the established budget posts.
- Makes it easier to report to any donors since costs are budget related.
- Enhances cost effectiveness. If every post is well calculated, it is easier to see how money is spent and assess if costs are necessary.