Planning & Budgeting Guidelines for 2022 and 2022/23 (2078/79) Budgets

General Section to be followed

(A) UMN continues to design UMN programmatic work on a single cluster project model. If any multi-cluster project is required, prior approval is needed from PMC. Clusters are encouraged to design integrated projects or single theme projects with integrated approach. Projects should be connected with the following SWC approved themes:

(i) Education and Participation

(ii) Health & WASH

(iii) Community Development (all other UMN work, inclusive of peace & protection, cross-cutting, livelihoods, good governance)

(iv) DRR/epidemic Emergency

Each cluster has programme design flexibility to include one or more thematic components as outlined above based on contextual priorities and needs.

(B) **Avoid Duplication when designing projects**

(i) Each cluster should identify any overlap or duplication between the cluster programme/projects, and Local Government, as well as other development organisation in the cluster working areas. Each cluster should also identify any overlaps between projects happening in the same location and note how they will coordinate for integrated impact.

(ii) Government Targets/Plans & Priority: Each cluster should ensure in the projects including to contribute to government plans and priorities.

(iii) Each cluster should also identify any overlaps between projects happening in the same location and note how they will coordinate for integrated impact.

(C) **Cross-cutting Components** including Good Governance and Disasters: When developing projects each crosscutting component should be considered/mainstreamed in all projects

(D) Programme Review, training, workshop under TCB must only be conducted within the cluster district for the single cluster projects. For exceptional needs, clusters must take prior approval from the PPT Leader.

Programme Review, Workshops, Training, etc., designed under the CFPs must be conducted within the cluster district. For exceptional needs, the Project Manager must take prior approval from the Cluster Team Leader and PPT Leader.

(E) Please note that this year, the annual budget for each budget line must be divided into monthly expenditure (see example provided in the template). The total of the 12 months' expenditure must equal the annual budget. By doing this, monitoring of expenditure can become more accurate. Please distribute expenditure per the timing of the activity. Please DO NOT simply divide the total by 12 and put the same figure in each month unless the activity/expenditure itself is spread evenly over the year.

(F) Prepare CFP expenditure plan making less spending (max 15%) in quarter 4 of the project period so that PMs\POs can focus on the reporting. This will help to manage high pressure at the end. Do not budget any large hardware purchases for the final month.

(G) Detail Activity Plan/Detail Implementation Plan must be developed for all short- and long-term projects in clusters in active participation and engagement of partner.

(H) Budget holders are requested to process for "Budget change approval" if there are changes in LT approved budget using budget change approval form word and excel file.

(I) All Cluster to budget for Core cluster budget in excel separately, this budget will be used to determine the project wise contribution for core cluster costs and clusters will also use this excel budget to keep track\monitor of core expenditure. This budget will be inserted in MoneyWorks because core cluster budgets are budgeted as direct costs in project budgets proportionately. Finance Team will be circulating the budget and monitoring a template for this.

(J) Any kind visibility materials (T-shirt, Cap, Jacket, Bag etc.) in project CFPs need to be budgeted only after consulting with communication for standards maintenance and needs to be approved by PPT leader.

1.0 BUDGET TYPES

A) Detailed below are the different Budget sections:

1.1 Cluster Project Budgets

1.2 Programme Partner Team Budget (PPT)

1.3 Programme Support Team Budget (PST)

- 1.3.1 PST (Core)
- 1.3.2 Integral Development (MDT)
- 1.3.3 Grant Management Unit Budget (GMU)
- 1.3.4 Monitoring, Evaluation, Accountability and Learning Budget (MEAL-CC)
  - 1.3.4.1 MEAL
  - 1.3.4.2 Gender Mainstreaming (MDT)
  - 1.3.4.3 Conflict Sensitivity (MDT)
  - 1.3.4.4 Environment and Climate Change (MDT)
  - 1.3.4.5 Disability inclusion (MDT)

1.4 Corporate Budgets

- 1.4.1 Board
- 1.4.2 Communication
- 1.4.3 Executive Director's Office
- 1.4.4 Expatriate Support
- 1.4.5 Finance Team
- 1.4.6 Funding Management Team
- 1.4.7 HR
- 1.4.8 ITS Team
- 1.4.9 LOP
- 1.4.10 Expatriate Support
- 1.4.11 Site Support

2.0 BUDGET PERIOD

Many Project Budgets are based on Gregorian calendar and are already prepared and being implemented for 2022, hence ***cluster PM/PO and Finance Coordinators will need to re- work on 2022 budgets for the period from July to Dec 2022*** to reflect uplifted provisions of the guidelines which were restricted during COVID scenario.

Budget holders need to work in detail for those Project Budgets which are based on Nepali calendar including Thapathali teams for 2022/23.

Each Thapathali Team will produce a budget with finance team providing some budget information, such as staff salary, travel etc., then a single consolidated administration budget will be prepared by Finance team. The template will be provided by the Finance Team.

3.0 PROCESS FOR BUDGETING

3.1 Funding Management team to send skeleton budget for project budgets: The Skeleton Budget is a guesstimate prepared by the Funding Management Team and will include the following:

(i) Salaries (FMT responsibility)

(ii) Contribution Costs: Corporate, Core Programme, Programme Support, GMU, MEAL (FMT responsibility)

(iii) Weightage % of core cluster for each project.

FMT to send the donor approved\skeleton budget to cluster with a copy to relevant member of PST and PPT Leader

3.2 Budget Holders (CTL, PM & POs, Thapathali TLs, Advisor, Officer) to develop budgets

Budget holders are to develop budget as per Section 4 for the budget lines which are relevant.

4. BUDGET HEADINGS AND ITS DESCRIPTION

4.1 COMMUNITY FOCUSED PROGRAMME (CFP)

The CFP budget should be developed in CFP template (attached the template). The criteria for CFP budget development includes the following:

a) CFP should be developed in accordance with the Donor Agreement and donor long-term or short-term proposal and other relevant documents.
b) Needs of the community by focusing to community partners.
c) Capacity of partner – consider how much each partner is capable of handling the annual budgets. Some may receive more than others. This can best be assessed from past performance by CTL and TLs/PMs.

As in previous practices, minimum 75% of the total funds contributed by UMN must be allocated to programme activities and a maximum 20% of the budget may be used to cover programme salaries and 5% overhead expenses (rent, stationeries, communication, etc.). For the projects which do not allow direct 5% overhead, budget for actual admin cost limiting within 5% should be budgeted. No additional funds will be available for other overhead costs. **For exceptional cases**

prior written approval from the PBRC is required, the request should come through PPTL. there is donor requirement, local contribution (cash and in-kind) should be calculated.

Detailed Implementation Plans are required. In the DIP, each activity must have both cost element and time element i.e. DIP should include cost plan and activity Gantt chart.

Project Monitoring Plan must be developed for each project including the specific calendar for the upcoming year. MEAL Unit could support technically.

Project Monitoring Plan must be developed for each project and MEAL Unit could support technically.

4.2 TECHNICAL CAPACITY BUILDING (TCB)

As much as possible let us not to plan activity and budget in TCB. As much as possible project budget need to be planned in CFP. But for some activities like Cluster and Partner annual leaning sharing review workshop, financial workshop, social audit, DPAC, joint monitoring visit by DPAC members, or some specific training or workshop can be budgeted in TCB, and it should be completed by both PM, POs in coordination with TLs and CTLs. Budget planning for these events should be plan in all cluster projects according to the ratio of annual budgets and previous practices as per the context and need of each cluster.

4.3 MAJOR CAPITAL

All laptops, computers & monitors are shared assets which are not budgeted in individual team budgets. Rather, majority of the programmes will contribute a proportionate cost towards Computer Replacement Fund (CRF). Approximate fund needed in CRF for meeting annual organizational needs will be determined by the ICT Team and cost will be proportionately allocated to each team budget by the Funding Team. However, in the projects where contribution is not possible, budget for laptops\computers needs to be budgeted in consultation and agreement with ITS and FMT.

All other equipment's such as printers, multi-media projector, camera, photocopy machine and other IT related items need to be budgeted in project\Thapathali budget only obtaining prior agreement and consultation with FMT Leader (for all teams), ITS Lead and PPT Leader for cluster and PPT /PST Leader for PST (for programme and clusters).

4.4 STAFF SALARIES AND BENEFITS

New and vacant posts need to be signed off by the relevant Team Leader initially and, if he/she approves, the Funding Management Team Leader (Programme only) ***before*** being included in the budget and again ***before*** recruitment starts. For new position Job Evaluation Form (PMF Template 1.3.1) need to fill up and submitted by the relevant line manager and approve by PM Forum.

As far as possible, recruitment adverts should be coordinated to reduce costs.

4.5 TRAINING AND DEVELOPMENT

The team's training and development budgets should be calculated by multiplying the number of staffs in the team by NPR 10,000 each. This amount applies to ALL staff (changed from previous years where there were different amounts between Programme Team and Corporate Teams).

All Programme Team training budgets will be held centrally in relevant team budgets.

For Corporate teams: NPR 10,000 will be held centrally under the HR budget.

4.6 PUBLICITY/PUBLIC RELATION/NETWORKING
Budget for calendars, pocket planner etc. which are used for public relationship building.

UMN external visitors to the clusters are normally expected to cover their own costs e.g. lodging and travel.
Please consider the selection of training venues and seek to minimize costs (value for money) while ensuring that the venue is suitable for the event.

For Thapathali Office the cost of tea and coffee will be consolidated and centrally managed. For corporate teams, it will be held centrally at Site management budget. For PST, GMU and MEAL, it will be held centrally at MEAL\LPS budget and for PPT and FMT, it will be held centrally at PPS budget.

UMN will not pay for any gifts for staff members' e.g. maternity gift, farewell gift, birthday etc.

4.7 TRAVEL & VEHICLE TAXES
Travel budgets should be prepared in line with the travel and vehicles policy. Please ensure that there are sufficient travel budgets to enable ALL staff to carry out their duties – this includes internal travel for expatriate staff.

Follow UMN PMF section 6.1 for the revised overnight allowance rate for the financial year 22-23. HR will inform once it is updated in PMF.

Please ensure the budget is included for the tax for all vehicles if applicable. The Thapathali based Support Service team will give guidance on an appropriate amount to include in your budget.

A Detailed Travel Budget (template in Budget sheet) is required this should be by per person (NAME) per visit per cluster. It should also include an indicative time period when the travel is planned.

Project Managers will budget travel cost in their project Travel Head for Thapathali based staff like PST members, ITS travel too incoordination and communication with relevant personnel in Thapathali as per the requirement for cluster support and capacity building.

CTL need to visit Kathmandu for PMC, PPT and TF meetings at least 4 times a year. Therefore, his/her travel and overnight allowance cost need to budget in their cluster respective projects.

Family visit for this year is in freeze as this provision will be reviewed.

4.8 LEARNING REVIEWS & UMN STAFF BHETGHAT
There will be one learning review (3-5 days) held in October/November or as agreed with Programme Team.

The learning review will be followed by a 1-day UMN Staff Bhetghat for all UMN staff members.

Please budget for all cluster staffs excluding or including level 1,2 and 3 to attend both learning reviews and the UMN Staff Bhetghat (1 trip to Kathmandu as applicable – staying for one week each time).

Please budget for all 1,2 and 3 level cluster staff to attend the UMN Staff Bhetghat (1 trip to Kathmandu for a 2 day stay).

4.9 BOOKS & SUBSCRIPTIONS

In Thapathali there will be no team newspapers: reception will have 2 English versions and 2 Nepali versions of different national dailies. There will be no budgets for books and subscriptions in individual corporate team's budgets.

In clusters, please budget and subscribe to no more than 2 local newspapers, 1 Nepali national and 1 English national newspaper if it is necessary and available.

In Hilly Clusters the cluster team leader can determine what an appropriate level of newspapers and magazines are. More may be needed than in other clusters, due to the remoteness of these clusters and the lack of other available sources of information.

Include following subscription per annum:
Microsoft renew: 5,800 per user
MoneyWorks: 20,000 per cluster.
Antivirus: 1,000 per user
Rigo: 1,300 per staff

4.10 MINOR CAPITAL, REPAIRS & MAINTENANCE & SUPPLIES

All budget holders need to read and follow UMN Hardware & Software Policy and Guidelines before planning.

For corporate teams, minor capital, repair & maintenance, and supplies budgets will be held centrally in Site management budget. For PST, GMU and MEAL-CC, these will be held in their respective budgets and for PPT and FMT, these will be held together in PPS budget.

ITS will hold a central pot for IT items for above-mentioned team Individual corporate teams should not have minor capital, repairs & maintenance and supplies budgets.

Supplies for staff frequently visiting communities / field in cluster (bag-pack and sleeping bag) should be budgeted in **Supplies line item not in Minor Capital.** Sleeping bag is allowed once during UMN employment (up to NPR 10,000). Bag-pack (up to NPR 5,000) can be replaced after two years (if needed) with approval from the line manager.

4.11 RECHARGE CARDS FOR COMMUNICATION

In Communication line NPR 500 for Cluster Team Leaders and PPTL/PSTL and for the rest of the staff NPR 500 per staff per month to be budgeted for all programme staff. For Office Helper and Driver 250 per month.

Budget for NPR 250 for Thapathali staff who need to use mobile phone frequently during off office hours. This can be only budgeted if their line managers approve.

4.12 SOCIAL EVENT\STAFF BHETGHAT

UMN will contribute NPR 2,000 in total per staff member per year for team retreat\social events. This should be included in every cluster/team's budget.

Budget for Christmas Celebration, UMN birthday celebration in HR team for Thapathali and in projects in sharing basis for clusters.

Budget NPR 2,000 per staff for all staff for the annual staff Bhetghat under “Celebration” budget sheet in budget template.

4.13 INSURANCE

Budget for all equipment insurance i.e. Camera, Laptops, Printer etc. in all project budgets as per the procurement. Insurance for IT equipment of corporate teams will be under ITS budget. For PST, GMU and MEAL, it will be held centrally at MEAL\ budget and for PPT and FMT, these will be held centrally at PPS budget.

4.14 VEHICLE OPERATING COST

Budget for vehicle operating cost such as fuel, repair & maintenance, and insurance etc. for Thapathali in Site Management Team. Cluster to follow the vehicle operating guidelines and charge the cost accordingly.

4.15 GAS, WATER and ELECTRICITY

Budget for Gas, water and electricity in projects budget in sharing basis for clusters and for Thapathali all the costs will be budgeted under Site Management Team.

5. VARIATION – CHANGE MANAGEMENT PROCESS

Variation approval is required when there is +/- 10% and amount more than Rs 10,000. Any deficit or surplus variance in budget, PM/PO and CTL need to coordinate, communicate and consult FMT.

Variations will be reviewed on a quarterly basis at each Cluster and Thapathali Quarterly Budget Review Meeting. Cluster must invite relevant staff from PST, FMT, Finance and Programme from Thapathali in cluster QBRC meetings.

6. EXTERNAL CONSULTANCY or Resource Person

Please consider how to minimize the use of external consultants and plan to use them only when necessary. Tax should be considered when calculating fees of consultant. For selecting and hiring the consultant or resource person in Thapathali or cluster need to follow UMN Procurement Policy for goods and service purchase. Also, need to consult with Finance for representing during quotation open, discussion and decision process.

7. CONTACTS

Please contact Shrina Maharjan, Bishnu Sapkota Bibhu Singh, Bishal Shrestha, Bal Kumari Gurung and Katherine Parker if you have any questions about these guidelines

8. TIMETABLE

Please refer to annex 1 below for the Planning and Budgeting schedule. It is important that each deadline is met so that the next stage may begin on time.

Annex 1: Time Schedule for Planning and Budgeting

Sn	Task	Deadline	Responsible Person\Team
1	Prepare Budget and Summary Plans	25 March	Corporate Team Leaders & Finance
2	Send the corporate budget to the Finance Team Leader for review before the Planning and Budget Review Committee (PBRC).	27-Mar	Corporate Team Leaders
3	Send donor approved budget\Draft budget to Finance Team for 2022-23	25-Mar	Funding Management Team
4	Send summary budget to PBRC	28-Mar	Finance Team Leader
5	Review summary budget	1st April	Planning Budgeting Review Committee
6	Circulate budgets to LT-C	2nd April	Finance Team Leader
7	Present the summary budget to LT-C	6th April	Finance Team Leader
8	Report to Board	May	Finance Team Leader

Key Timeline for July to July Project Budget

Sn	Task	Deadline	Responsible Person\Team
1	Send donor approved or skeleton budget to clusters	10 June	Funding Management Team
2	Prepare core cluster budget in the template provided by Finance for core cluster budget specific purpose	10 June	Cluster Team Leader & Finance Coordinators
3	Revise **all other non-July to July** projects budget according to these budget guidelines and submit them to Finance.	17 June	Cluster Team Leaders
4	Cluster to send the final budget to Finance for projects and core clusters	17 June	Cluster Team Leaders
5	Consolidate the budget	22 June	Finance Team
6	Send summary budget to PBRC	22 June	Finance Team Leader
7	Review summary budget	24 June	Planning Budgeting Review Committee
8	Circulate budgets to LT-C	25 June	Finance Team Leader
9	Present the summary budget to LT-C	29-30 June	Finance Team Leader

Key Timeline for Jan-Dec Project Budget

Sn	Task	Deadline	Responsible Person\Team
1	Donor approved or skeleton budget by Funding Team	18 Nov	Funding Management Team
2	Cluster to send the final budget to Finance	25 Nov	Cluster Team Leaders
3	Consolidate the budget	28 Nov	Finance Team
4	Send summary budget to PBRC	28 Nov	Finance Team Leader
5	Review summary budget	02 Dec	Planning Budgeting Review Committee
6	Circulate budgets to LT-C	04 Dec	Finance Team Leader
7	Present the summary budget to LT-C	8-9 Dec	Finance Team Leader