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**Program Budget Planning Tips**

A budget communicates to a funder a lot about the potential for success of a program. Careful, timely, accurate, and detailed budgets communicate the capacity of your program to meet its goals. Budgets inform program managers about the amount of resources they have and the timing for strategic execution of program initiatives. Here are some budget planning tips to consider:

* Review the financial requirements of the funder to ensure a clear understanding of budget size, requirements, timeline, and template.
* Establish a clear program timeline to ensure the budget aligns with the rest of the program development.
* If the donor or funder has a budget template, use it, and fill it out accurately and completely. If there is no template, use a spreadsheet such as Microsoft Excel or Google Sheets. These platforms allow the user to build formulas that avoid calculation errors.
* If there is no template, create an activity budget first and then only move into a line-by-line budget, if that is the funder's preferred template.
  + Activity budgets separate the program into smaller groups of activities. They are linear and logical, which decreases the likelihood of missing something, because programs are visualized. It can be an effective tool to provide evidence for the budget request, while demonstrating value for money. The risk is this format can become complicated if there are too many activities. If activities are not well planned, or informed, it could lead to unexpected costs.
  + Line-by-line budgets place all the same type of expenses under the same line item (administration costs, capacity development, human resources). The benefit is that the overall picture of program costs can quickly be seen and understood. It can take more time to produce because it is less linear and can feel illogical and hard to visualize. The risk is that items can be missed or duplicated, and it requires someone with a strong understanding of the program activities to review.
* Age, Disability and Gender-sensitive or responsive budgets should be considered as a way to demonstrate to funders that you are aware of their needs.
* If the funder’s currency and the program’s accounting currency are different, make sure exchange rates are accounted for.
* If conversion rates are needed, use the same website or app each time and record the date and rate of the conversion.
* Avoid applying an overall percentage to the final budget for incidentals. It is an inaccurate way of calculating such contingencies and donors do not like to see a percentage of the budget that cannot be monitored or justified. If needed, calculate contingencies for separate line items or activities.
* Avoid “best guess” when determining the cost of each line item or activity. Take time to thoroughly research costs and provide accurate numbers. This helps avoid budget discrepancies and overspending later in the program.
* If there are no specific requirements, consider if the ratio of support costs (overall operational costs, not directly related to one program) to project costs are reasonable. (i.e. fine if <10%, check if between 10% and 20%, and question if >20%).

*Use the budget template to support your work as needed*