

Annex 2 - Guiding note to output-based budget

In output-based budgeting, the goal is to estimate the cost of the individual outputs of the engagement. In contrast to an input-based budget, where the structure of the budget is based on the type of input, the output-based budget will be structured from the two-four outputs of the engagement.

Input-based

The input-based budget presents the list of expenditures divided under overall categories such as activity cost and staff cost or administration. However, it is not possible to see from this presentation of the budget, what the expected cost will be to produce output one or two.

| | DKK |
|-----------------------------|---------------------|
| Activities | 500.000,00 |
| Activity 1 | 250.000,00 |
| Activity 2 | 150.000,00 |
| Activity 3 | 100.000,00 |
| Staff | 1.475.000,00 |
| <i>Int. Staff</i> | <i>1.000.000,00</i> |
| Program coordinator HQ | 100.000,00 |
| Posted staff 1 | 500.000,00 |
| Posted staff 2 | 400.000,00 |
| <i>Local staff</i> | <i>475.000,00</i> |
| Local staff 1 | 200.000,00 |
| Local staff 2 | 150.000,00 |
| Local staff 3 | 125.000,00 |
| Local administration | 182.000,00 |
| Rent local office | 50.000,00 |
| Phones | 12.000,00 |
| Computer | 40.000,00 |
| Fuel & maintenance | 80.000,00 |
| Monitoring | 830.000,00 |
| Travels int. | 400.000,00 |
| Travels local | 350.000,00 |
| Hotels | 80.000,00 |
| Audit | 25.000,00 |
| Direct costs | 3.012.000,00 |
| Indirect costs 7% | 210.840,00 |
| Total costs | 3.222.840,00 |

Output-based

The output-based budget presents a breakdown of the expenditures, where the main categories of the budget are related the outputs. This set-up makes it possible to evaluate the cost of obtaining the specific outputs and it serves as a useful tool to discuss the use of funds to obtain the different outputs.

| | Unit | Year 1 | | Year 2 | | Total |
|------------------------|------|--------|---------------------|--------|---------------------|---------------------|
| | | Units | Cost | Units | Cost | |
| Output 1 | | | | | | |
| Activity 1 | | 2 | 50.000,00 | 3 | 50.000,00 | 250.000,00 |
| Activity 2 | | 1 | 50.000,00 | 2 | 50.000,00 | 150.000,00 |
| Program coordinator HQ | 50% | 25 | 1.000,00 | 25 | 1.000,00 | 50.000,00 |
| Posted staff 1 | | 250 | 1.000,00 | 250 | 1.000,00 | 500.000,00 |
| Local staff 1 | | 250 | 400,00 | 250 | 400,00 | 200.000,00 |
| Local staff 2 | | 250 | 600,00 | 0 | 600,00 | 150.000,00 |
| Local rent | 60% | 1 | 15.000,00 | 1 | 15.000,00 | 30.000,00 |
| Phones | | 4 | 2.000,00 | 0 | 2.000,00 | 8.000,00 |
| Computer | | 2 | 10.000,00 | 0 | 10.000,00 | 20.000,00 |
| Fuel & maintenance | | 5 | 4.000,00 | 8 | 4.000,00 | 52.000,00 |
| Travels int. | | 8 | 25.000,00 | 4 | 25.000,00 | 300.000,00 |
| Travels local | | 15 | 5.000,00 | 30 | 5.000,00 | 225.000,00 |
| Hotels | | 60 | 400,00 | 80 | 400,00 | 56.000,00 |
| | | | 1.037.000,00 | | 954.000,00 | 1.991.000,00 |
| Output 2 | | | | | | |
| Activity 3 | | 0 | 100.000,00 | 1 | 100.000,00 | 100.000,00 |
| Program coordinator HQ | 50% | 25 | 1.000,00 | 25 | 1.000,00 | 50.000,00 |
| Posted staff 2 | | 250 | 800,00 | 250 | 800,00 | 400.000,00 |
| Local staff 3 | | 250 | 250,00 | 250 | 250,00 | 125.000,00 |
| Rent | 40% | 1 | 10.000,00 | 1 | 10.000,00 | 20.000,00 |
| Phones | | 2 | 2.000,00 | | | 4.000,00 |
| Computer | | 2 | 10.000,00 | | | 20.000,00 |
| Fuel & maintenance | | 3 | 4.000,00 | 4 | 4.000,00 | 28.000,00 |
| Travels int. | | 2 | 25.000,00 | 2 | 25.000,00 | 100.000,00 |
| Travels local | | 10 | 5.000,00 | 15 | 5.000,00 | 125.000,00 |
| Hotels | | 20 | 400,00 | 40 | 400,00 | 24.000,00 |
| | | | 441.500,00 | | 554.500,00 | 996.000,00 |
| Audit | | | 12.500,00 | | | 25.000,00 |
| Admin | | | 104.370,00 | | | 210.840,00 |
| Total | | | 1.595.370,00 | | 1.627.470,00 | 3.222.840,00 |

Breakdown of costs

When the same input goes into different outputs, it may be challenging to estimate the breakdown of the costs. Listed are ways to estimate the cost and allow a pro-rata method. One example is to allocate salary cost according to the use of hours spent on the specific output. Another example is to allocate the rent according to number of staff in a building, and which output they are working on.

