

COST SHARING POLICY

OF

BREAKING THE SILENCE



ব্রেকিং দ্য সাইলেন্স

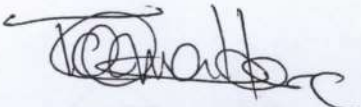
BREAKING THE SILENCE

Plot # 2/4, Lalmatia, Block-G, Mohammadpur, Dhaka-1207

Phone: +880-2-58157889, Hotline: +880-1778 249277

E-mail: info@breakingthesilencebd.org

Website: www.breakingthesilencebd.org


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10/14, Iqbal Road, Mohammadpur, Dhaka-1207

Cost Sharing Policy

1.0 Introduction

Breaking the Silence (BTS) is a child focused organization whose envisions a protective environment in the society and state for promoting child rights. BTS implements multiple projects at community level to national level in promoting child rights and has to operate multiple projects from same space/office with necessary cost shared. But there is no policy or guideline for sharing cost.

Cost sharing policy is the policy to share certain amount or percentage of cost of a project or program by other project or program in a prescribed policy or guideline. The policy implication depends on agreed settlement of sharing specific cost by BTS and concern donor or sponsor. The policy will help improving program sustainability by establishing secure funding mechanisms, promote accountability to program sponsors and implementing agents for delivering project benefits and increase the cost-benefit of program activities.

2.0 Rationale of Formulation of the policy

BTS implements several projects with support from number of donors and other agencies to implement projects and programs. Based on the nature of income and expenditure, it requires sharing of cost recovery with different projects and units to ensure better cost management and share the required level of resources allocation to utilize optimum use of such allocation. The resources include human resources, logistics, services, materials etc. Currently BTS organizes the cost sharing based on the available resources allocated in the donor supported projects up to the approved allocation in the respective project. The remaining required cost usually left with the BTS General account which ultimate creates liabilities to the general fund account. As BTS does not have wide access to revenue earning from its limited scope and income earning opportunities, the liability created due to undertake load of expenses from project and program interventions becomes a barrier for its sustainability and also smooth financial operation of the organization. The kind of cost-sharing being referred to cover a whole range of materials, technical expertise, management and financial resources. The levels of cost sharing should also accommodate provisions according to various projects' differing abilities to pay.

3.0 Objectives of the policy

The following objectives set up for cost sharing policy of BTS:

- Providing guidance to manage cost sharing procedure in terms of services, expenditures, assets etc.
- Improve program sustainability by establishing secure funding mechanisms.
- Promote accountability on the part of program sponsors and implementing agents for delivering real project benefits.
- Increase the cost-benefit of program activities.
- Establish procedures for monitoring cost shared commitments and expenditures.



4.0 Guiding Principles of the policy and areas of cost sharing

The Cost Sharing Policy of BTS will help strengthening the financial management towards a better credibility and sustainability of the organization. The policy will particularly address the following issues:

- I. Will provide a systematic guidance for planning and implementing financial management of each of the project and BTS's revenue earning units.
- II. Will provide a basis of calculation to share cost of the common financial requirement of each of project and revenue earning units.
- III. Will facilitate arrangement of sharing of cost with concerned projects and units with a uniformed strategy and calculation mechanism that will also provide appropriate rationale of distribution of cost.
- IV. Will provide a systematic guideline to prepare project and unit budget annually and periodically with appropriate assessment of cost and its proportionate distribution to all concerned projects and units.
- V. Will help all concerned program and financial managers along with the involved staff members to have access to information and budgetary management.
- VI. Will make a similar understanding with donors and auditors to an agreed rationale on cost sharing of all concerned projects and units.

4.1 Guiding principles

Cost sharing will be made to project and revenue units of BTS following the scope and opportunities available within the operation management framework of project and units. The sharing costs will be allocated to projects and units will the follow three criteria as below stated:

- **Purpose criterion:** it is met if the purpose of the common or joint activity includes two or more events or support services.
- **Audience criterion:** it is met if the target audience or beneficiaries includes two or more events or support services.
- **Content criterion:** it is met if the joint activity supports program or support services.

There will be considered the following three ways of allocation:

- **Physical unit method:** This method allocates costs based on the physical materials that make up the common costs.
- **Relative direct method:** This method allocates joint costs in relation to the direct costs of each the activities.
- **Stand-alone cost method:** This method allocates joint costs to each component of the joint activity on a ratio that estimates the costs that would have been incurred had the joint activity been performed separately.

Specific cost-sharing arrangements and mechanisms would be negotiated on a case by case basis taking into consideration the different abilities to pay. As BTS have no organizational earning sources; the guiding principles of the sharing policy will be reliant on project allocations.

- **Budget based allocation:** Costs will be allocated based on budget weight.
- **Staff Ration:** Costs will be shared considering number of staff in a project.
- **Equal allocation:** Each of the projects will be charged cost equally.



4.2 Areas of Cost Sharing

Sharing cost may be made on the following areas:

4.2.1 Human Resources

Human resources of project or unit or in any involvement depend on the need and requirement. Besides the fulltime involvement of human resources, there may be a need to share the human resources with other projects or units to reduce the cost and use optimum level of contribution by the staff. There are some activities which requires involvement of staff but don't consider to allocate percentage of staff cost on share basis in respective project. This need to be analyzed by the project team while development of the project and find out possibilities of cost sharing.

Costing Strategy

A broad sheet statement will be prepared indicating annual salary and benefit of all staff members of all staff members irrespective of project and general staff. The statement will indicate annual salary including all service benefit following BTS recruitment and personnel policy. The statement will indicate break down of share percentage of salary by project, unit or BTS General Account. The accounts department of BTS in collaboration with respective project or unit manager will be responsible for the development and analysis of proportionate share of all staff members by percentage. In case of new project without assigning the project manager, will be consulted with designated staff for project development. The final statement will be shared and agreed with respective donor and subsequently approved by competent authority.

| Sl. | Name of Staff | Designation | Annual Salary | Distribution by project and unit | | | | |
|-----|---------------|-------------|---------------|----------------------------------|---|---|---|---|
| | | | | A | B | C | D | E |
| | | | | | | | | |

4.2.2 Infrastructure resources

Since BTS is operating most of the operation from its head office and use the infrastructure facilities, the respective project should consider the involved infrastructure facilities that are/will be used by the project or unit. The regular use of infrastructure like use of office space, common area, dinning, meeting space, communication etc. should be considered and will try to accommodate financial allocation in project budget. This should be based on the prevailing opportunities and option of the project donor. In case of no option in the donor's policy, the assessment should be made and will try to allocate in project overhead cost. If not eligible to cover in the overhead cost, the involved cost should be shown in the budget as contribution of BTS.

Costing Strategy

A similar broad sheet will be developed by BTS accounts department for cost analysis of infrastructure resources indicating specific areas of use of such resources. There should be an agreed rate of unit of each of the areas of cost sharing. The cost analysis should be made annually with a provision of revision once a year. The suggested rate of cost for share needs to share with respective donor and will be executed after approval of the competent authority.



| Sl. | Cost component | Total estimated cost | Rate per unit | Distribution by project and unit | | | | |
|-----|----------------|----------------------|---------------|----------------------------------|---|---|---|---|
| | | | | A | B | C | D | E |
| | | | | | | | | |

4.2.3 Logistic and Common Services

As like as sharing infrastructure, common services are used for all projects or units established in the central office as well field/project office, which include electricity, generator, water supply, cleaning, gas, telephone, internet, website, IT support, stationary support, washing and cleaning, security, gardening, repairing, etc. BTS provides support in these regard to all offices and activities of which in some cases BTS accommodated financial allocation in projects and units. The concerned project will try to accommodate financial allocation in project budget. This should be based on the prevailing opportunities and option of the project donor. In case of no option in the donor's policy, the assessment should be made and will try to allocate in project overhead cost. If not eligible to cover in the overhead cost, the involved cost should be shown in the budget as contribution of BTS.

Costing Strategy

A similar broad sheet will be developed by BTS accounts department for cost analysis of logistic and common services indicating specific areas of such services. There should be an agreed rate of unit of each of the areas of cost sharing. The cost analysis should be made annually with a provision of revision once a year. The suggested rate of cost for share needs to share with respective donor and will be executed after approval of the competent authority.

| Sl. | Cost component | Total estimated cost | Rate per unit | Distribution by project and unit | | | | |
|-----|----------------|----------------------|---------------|----------------------------------|---|---|---|---|
| | | | | A | B | C | D | E |
| | | | | | | | | |

4.2.4 Material resources

As national resource center, BTS uses different technology aid such as computer, laptop, printer, Scanner, photocopier, projector, camera etc. These equipments and aids are kept and managed from central management and in frequent use by most of the project and units. Besides that BTS develops various IEC materials like manuals, booklets, flipcharts, poster, flash cards, photographs, souvenir item, annual calendar, audio and video materials. These are commonly used by all projects and units frequently.

In such some of the projects can not include the cost of these materials in project budget but considering the need and resource availability at BTS, these materials are frequently used by the project with no cost basis. All the projects will try to explore options for charge out the cost if the materials are chargeable by rules and guiding policy of the sponsoring agency.

Costing Strategy

The accounts department of BTS will prepare a cost analysis for material development and dissemination, use of technology aids and IEC materials indicating specific areas of such services. There should be an agreed rate of unit of each of the areas of cost sharing. The cost analysis should be made



annually with a provision of revision once a year. The suggested rate of cost for share needs to be shared with respective donor and will be executed after approval of the competent authority.

| Sl. | Cost component | Total estimated cost | Rate per unit | Distribution by project and unit | | | | |
|-----|----------------|----------------------|---------------|----------------------------------|---|---|---|---|
| | | | | A | B | C | D | E |
| | | | | | | | | |

4.2.5 Staff development

As a development organization, BTS always give priority to the holistic development and capacity building of BTS staff members. This in turn helps BTS to reach its ultimate goal of contributing towards an inclusive society. These includes Organizational management, program development and management, good governance, development knowledge, update of approach, planning and conduction multifarious training etc. Development of technical skills is essential for capacity building of BTS being a development organization providing technical assistance to different actors and players in development sectors. The assessments of needs for such staff development are being made on a regular basis following a participatory approach which is irrespective of all project staff. In such case, priority is given to the respond to the needs rather considering involvement with project or not.

Costing Strategy

The accounts department of BTS will prepare a cost analysis for capacity development of staff. There should be an agreed rate of unit of each of the areas of cost sharing. The cost analysis should be made annually with a provision of revision once a year. The suggested rate of cost for share needs to be shared with respective donor and will be executed after approval of the competent authority.

| Sl. | Cost component | Total estimated cost | Rate per unit | Distribution by project and unit | | | | |
|-----|----------------|----------------------|---------------|----------------------------------|---|---|---|---|
| | | | | A | B | C | D | E |
| | | | | | | | | |



APPENDIX A:

The following is a list of common direct and indirect costs. BTS recognize that there are categories of cost that can be considered either direct or indirect depending on donor requirement and the nature of the cost relative to the project purpose. It is the responsibility of organization to submit proposal materials that allow it to understand the link between project outcomes and direct costs.

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