



Implementing options and budget

Based on the foregoing analyses, it should be possible to define the most suitable aid implementing modality already in the Annual Action Plan (see [INTPA Companion chapter 5](#) ) The EU promotes the use of budget support as that most aligned with partner countries and aid effectiveness principles, but many options and combination can be adopted.

Operational Managers should also map possible implementing partners (e.g. government, international organisations, Member State agencies, international financing institutions, civil society organisations). This mapping is based on their capacity, experience on the ground and risk assessment. For joint programming, the programming phase might already define the division of labour between partners. All relevant knowledge related to implementing partners collected during the design phase is summarised in the Action Document Annex F5 [Assessment/rationale for the proposed implementation partner](#) . Definition of the response strategy and the financial estimate are closely related. The design phase should also lead to a determination of the anticipated financial allocation. Budgeting consists of defining the total cost of the intervention, the EU contribution and, where applicable, contributions from other partners.

Budgeting is closely linked to the results chain, and to the indicative list of activities to be implemented and their cost. Unless the intervention activities' costs are estimated, it is not possible to decide on their financing, including by whom and how. Cost estimation involves translating plans into a financial reality check. Without proper budgeting, there is a risk that an intervention may be overly ambitious, and implementation crippled by a lack of sufficient financial resources. If there is no budget for necessary expenditure items, e.g. gender analysis, a missing baseline study or supporting measures such as capacity development, the intervention will not be approved as missing the necessary quality criteria.

Activity-based costing (ABC) can be a useful methodology to define an indicative budget. This costing method entails defining the list of activities, the types of inputs required (expertise, equipment/material, travel costs, per diem, supplies, etc.) and their related costs (in terms of quantities and units). Estimates can be drawn from similar interventions by referencing local market conditions and recent tenders. This work feeds into negotiations with implementing partners and into the design of the tendering procedure.

Methodological fiche(s):

[Activity-based costing](#)