Exercise Back-of-the-Envelope Budget Calculation

1. Project Scope

- **Objective**: To provide clean drinking water to a rural community.
- **Duration**: 6 months

2. Major Cost Categories

- **Personnel Costs**:
  - Project Manager (100% LOE): $2,000/month
  - Field Workers (3) (100% LOE each): $1,200/month
  - Finance Director (25% LOE): $1,500/month
  - 25% fringe benefits
- **Direct Costs**:
  - Travel Costs: PM makes one trip to the field as follows:
    - 1 plane ticket from Nairobi to Kisumu: $100
    - 5 hotel nights: $50/night
    - 6 days per diem: $40/day
  - 2 Training Workshops: $1,000/workshop
  - 4 Water Purification Systems: $2,500/system
  - Installation and Maintenance: $5,000
- **Indirect Costs**: 15% of Total Direct Costs

Question

How much is the total budget for this project? Please use the template to make your calculations.

A few comments:

- To give you a head start, I have already included the Project Manager in the budget.
- You may not need all expense categories in this budget.