



**Private Enterprise Development
in Low-Income Countries**

The logo for the research initiative features a stylized bar chart with three green bars of increasing height, set against a blue circular background with a white swoosh.

A CEPR / DFID Research Initiative

Budget Guidelines for Major Grants

Applicants for Major Grants are required to submit a detailed budget together with their project proposal. CEPR may request further explanation of the budget, or, in some cases, an amendment of the budget.

Applicants are required to complete the Major Grants budget template that is provided. Separate supplementary budgets must be provided for all partner organisations who may be included in the Major Grant project proposal. These supplementary budgets will be linked to the overall budget summary as presented in the budget template. The Lead Institution will be responsible for ensuring the satisfactory completion of the overview budget template. The Major Grant budget template is available on the PEDL website here: http://pedl.cepr.org/sites/default/files/PEDL_Major_Grants_Budget_Template.xls.

Applicants are advised to be mindful when preparing their budget of how to demonstrate value for money. Some brief guidance on this issue is provided below.

Definition of Costs

1. Direct Costs

Direct costs are those costs that can be directly attributed to the project. These include research personnel costs, travel and subsistence, data acquisition, meetings and publications, and audit costs.

A PEDL Major Grant can cover up to 100% of the total eligible direct costs of the research as well as a contribution towards indirect costs (overheads). This contribution towards indirect costs shall be reimbursed at a flat rate of 20% of the total eligible direct costs. The costs that can be covered by a PEDL grant are summarised in the box below.

<p><i>Direct eligible costs</i> are those which support all aspects of the research, training and dissemination activities of the project. These include:</p> <ul style="list-style-type: none"> • Research personnel (directly employed research staff and external consultants) • Travel and subsistence • Data acquisition • Dissemination activities (meetings and publications)
<p><i>Indirect eligible costs</i> are those which cannot be identified as being directly attributable to the project, but which are incurred under the project and which will be included in the 20% flat rate contribution. These include:</p> <ul style="list-style-type: none"> • Management and administration (i.e., salary costs of project support staff, meetings staff and office administration staff) • Costs of office space, including rent, depreciation of buildings, equipment, electricity, water, gas, maintenance, insurance • Communication costs such as postage, and network connection charges • Project audit
<p><i>Non eligible costs</i> are those which cannot be reimbursed by PEDL:</p> <ul style="list-style-type: none"> • Any identifiable indirect taxes • Interest owed • Provisions for potential future losses • Exchange losses • Excessive expenditure

Research Personnel Costs

- a. Time of PIs/Senior Experts
Salary costs (e.g. salary 'buy out' or 'summer months' etc) for lead researchers and collaborators on the project. (These amounts must not include the cost of offices or other 'estates' costs, which are covered by the indirect costs.)
- b. Other experienced research staff
- c. Research assistants (who provide scientific input to the project)

Research Personnel are eligible costs under PEDL to the extent that the research staff are directly involved in providing services to the project.

Only actual hours/days worked may be charged. Research personnel costs should be recorded through timesheets for all employees working on the project.

The daily rate for each employee should be entered for each category under "rate". Where research personnel in the same category receive different salaries, an average salary should be used in the calculation of the daily rate.

The daily rate for Research Personnel should be calculated by using the actual gross annual salary cost divided by the number of annual working days.

The total costs for each category should be entered under "Cost".

External Consultants

Consultants are natural (physical) persons who may be either self-employed or working for a third party.

The daily/hourly rate for external consultants should be recorded under "rate". The total cost (rate x number of days/hours) should be recorded under "Cost".

Travel and Subsistence

Only travel and related subsistence costs directly incurred for the project are eligible.

Travel costs may be incurred for visits between partners, field research, and travel to participate at events organised for the project, or events where the project results are presented.

Please note that CEPR will only reimburse economy class flights and second class train travel. In addition, where travel by public transport is impossible or impractical, applicants may request funding for travelling by car. In this case, expenses should be identified as cost per kilometre travelled. Note that funding is limited to expenses for fuel and parking.

Please note that the prices entered for accommodation and subsistence should not exceed reasonable values. This document is a guide on what such reasonable values are in each country: www.hmrc.gov.uk/employers/wwsr-bench.pdf.

Data Acquisition

Costs incurred for the acquisition or collection of data as well as the handling and secure storage of data are considered eligible under PEDL.

These may include costs of purchasing data, costs of conducting surveys, or subscription costs for databases. Survey costs should be justified and the method of selecting the firm conducting the survey should be described in the 'budget justification.'

A detailed description of data acquisition and handling should be included in the project proposal.

Dissemination

Costs associated with the organisation of workshops and conferences are considered eligible under PEDL. These costs include expenses for the hiring of venues, catering, speakers' honoraria (where applicable), travel and accommodation of participants (when absolutely necessary)

Costs related to workshops and conferences should be included in the "Events" section of the budget template.

Publication costs also fall under the dissemination category. These include the cost of printing workshop/conference materials (leaflets, invitations, etc) as well as the costs related to the publication of the research results (working papers, articles, etc.). These costs should be classified under the "publications" section.

Any other dissemination costs may be included under "other".

Other

Costs which do not fit into any of the above categories may be included in the "Other" section.

Other costs must be clearly defined and described.

Only five lines have been provided as most costs relevant to the project should fit into the abovementioned categories.

All direct expenses must be justified and explained in more detail in the budget narrative section of the proposal template. All direct expenses during or at the end of the project will also require appropriate verification.

Indirect Costs

Indirect costs are those eligible costs which cannot be directly attributed to the project, but which are incurred under the project.

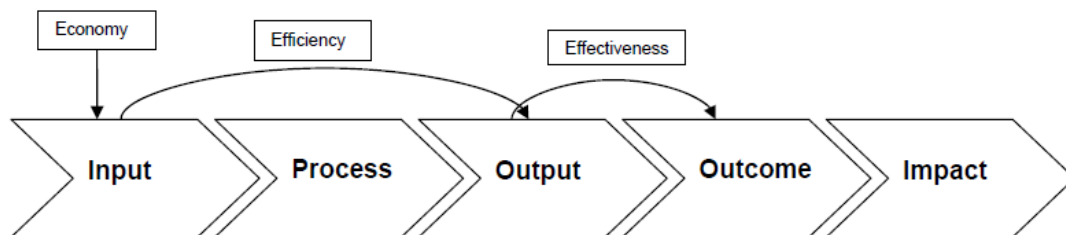
These costs include building costs, electricity/gas/water, maintenance, insurance, office equipments, communication costs, postage, etc. as well as costs of general administration of the grants.

The portion of funds requested should be proportionate to the value of the project in relation to the partners' other income.

Indirect costs must not exceed 20% of the total project budget (based on the percentage that is automatically calculated by the budget).

Value for Money

Value for money in this programme means that we maximise the impact of each pound spent to improve poor people's lives. VFM does not simply mean minimising the cost of the project but also involves making judgements about the results we expect to achieve. In this regard, the 3Es framework may be helpful:



- **Economy** Does the proposal plan to buy inputs of the appropriate quality at the right price? (i.e. cost-minimisation)
- **Efficiency:** How well does the proposal plan to convert inputs into outputs? (i.e. is the value of the final research output high relative to the cost)
- **Effectiveness:** How well are the outputs from an intervention achieving the desired policy outcome and, ultimately, poverty reduction? (i.e. is the value of the final outcome high relative to the cost)

The VFM of proposals will be assessed on these three criteria. It's important to note that while the research output is substantially under the control of the research team, it is recognised that the policy outcome and its ultimate impact on poverty reduction are subject to many other factors. Nevertheless, evaluators will assess the quality and credibility of the policy impact plan to judge whether the project is likely to be effective in the sense of achieving policy change.