



Proposal development: Budgeting

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Introduction & Experiences

- ❖ Have you ever calculated a project on your own?
 - ❖ What have been are your experiences in preparing budgets for proposals?
 - ❖ What lessons have you learned so far in terms of project calculations?
 - ❖ What worked and what did not work?
- ❖ What's usually your role in the proposal preparation phase?



Aims of the session

- ❖ To learn more about different project calculations requirements
- ❖ To exchange tips on how to best calculate a project
- ❖ To exercise the budgeting of a project task



Project - calculation

- ❖ **Differentiate** between **proposals & grants** (real costs!) and **tenders** (prize!)
- ❖ **Mainly 3 types of costs**: Staff costs, travel and accommodation costs and service costs (subcontracting) - **Attention!** Check financial guidelines of the programme!
- ❖ **Often based on daily staff costs** per category (research, administration, etc.) and partner
- ❖ Calculations should be based on **real costs** and be **as precise as possible** (grants and proposals)
- ❖ Total budget, Grant budget, co-funding rates
- ❖ Overheads (often 7%)



General criteria for eligibility of costs in EU grants

- ❖ All costs incurred by the beneficiary during the **duration of the project**;
- ❖ All costs indicated in the **estimated overall budget** of the action (attached to the grant agreement);
- ❖ All costs necessary for the **implementation of the action** (which is the subject of the grant);
- ❖ All costs **identifiable** and **verifiable**, in particular being recorded in the accounting records of the beneficiary;
- ❖ All costs must comply with the **requirements of applicable tax and social legislation**;
- ❖ All costs must be **reasonable**; they must be **justified** and must **comply** with the **principle of sound financial management**, in particular regarding economy and efficiency.



Project – staff cost calculation

- ❖ **Relevant for proposals & grants** (real costs!)
- ❖ Calculations should be based on **real costs** and must be **as precise as possible**
- ❖ **Future salary increases should be considered (inflation, etc.)!**
- ❖ Indicative daily rate for staff is usually determined as follows:
Gross actual salaries + social security charges + statutory costs

Total workable days

Example for determination of total workable days = days/year 365 days

- Less 52 weekends 104 days

- Less annual holidays 25 days

- Less statutory holidays 11 days

Total workable days = 225 days

- ❖ **Do not invent new rules!**
- ❖ Determination should be made respecting usual salaries, standard working time either under national laws, collective agreements or under the organization's standard accounting practice.



Project – direct vs indirect costs

- ❖ **Direct costs** = staff costs, travel (travel, accommodation and DSA=daily subsistence allowance), service costs/subcontracting (translation, purchase of equipment, evaluation, interpretation, external expertise)
versus
- ❖ **Indirect costs (overhead costs)** = usually flat-rate of x % of the total eligible direct costs
- ❖ Check the **ToR** (=Terms of Reference) for the correct percentage (0 % - 25 %)
- ❖ Examples for indirect costs: maintenance, stationery, photocopying, mailing postage, telephone, internet and fax costs, heating, electricity or other forms of energy, water, office furniture, insurance and any other expenditure necessary for the successful completion of the project.
- ❖ Indirect costs do not need to be supported by accounting documents.
- ❖ **Attention! Subcontracting:** overheads may not be accepted, not allowed for core tasks, best price-quality ratio (proved by 3 offers)



TASK CALCULATION -

Imagine you are task leader in the proposal „EEPOW“
for peer reviews

- ❖ Build 4 groups
- ❖ Read the instructions in the hand out
- ❖ Prepare a budget for Task “Peer reviews” (30 minutes)
- ❖ Presentation, discussion and peer review of the task budget



Tips I

- ❖ The **project idea and the budget is of equal importance**: thus please check at the very beginning if the funding allows to implement the project idea
- ❖ Ensure / check **co-financing possibilities** before you start working on the proposal
- ❖ Centralized vs. decentralized budgeting
- ❖ Read the call and ToR carefully before you start working
- ❖ Check your **internal institutional guidelines**
- ❖ Get all **relevant colleagues** on board (research / finance department)
- ❖ Green/red ample colour, “Go”/”Stop” during the different phases of the proposal writing



Tips II

- ❖ Make sure that **enough resources** are available during the proposal phase (check with colleagues, partners, external consultants, national contact points)
- ❖ **Adopt the structure** of the budget from the call
- ❖ Let colleagues **review your proposal**
- ❖ Don't submit the proposal **on the last day**
- ❖ Don't underestimate the **administrative work**
- ❖ Check **administrative details at an early stage of the proposal** (documents, letter of intent, declarations, confirmation from authorities are often needed and require time!)
- ❖ Check if the proposal's contributions are **balanced** (staff categories; partners; countries; etc.)



Thank you !

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