Proposal development: Budgeting

Judith Schreiber, Anette Scoppetta
Introduction & Experiences

- Have you ever calculated a project on your own?
  - What have been 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:

  \[
  \text{Total workable days} = \frac{\text{Gross actual salaries} + \text{social security charges} + \text{statutory costs}}{\text{Total workable days}}
  \]

  *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
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!

European Centre for Social Welfare Policy and Research
Berggasse 17, 1090 Vienna, Austria
www.euro.centre.org