

Social Innovation and Research Grant Scheme (SIRGS)

Guide on Allowable and Non-Allowable Expenses

ALLOWABLE & NON-ALLOWABLE EXPENSES

Description

This document shall be used as a guide on Allowable and Non-Allowable expenses for any project submitted for funding consideration under the Social Innovation and Research Grant Scheme (SIRGS). The list of items in this guide is not exhaustive. Any new item identified by a potential applicant can be discussed with staff of the Mauritius Research and Innovation Council (MRIC).

Cost Items

The MRIC allows certain cost items to be incurred by the enterprise/company/institution or its key collaborating partners for the research and innovation project to be included in the budget. All such expenses should be identified at the time of submitting the application form and should be included in the proposed budget. This guide shall also apply to projects that have been approved and for which, financial reports are submitted to the Council at the end of each milestone.

If the MRIC determines that any payment was not justified by the evidence furnished to the Council or was made for an ineligible expenditure, the MRIC may, at its discretion, require the grantee to:

- Provide the additional evidence/documentation
- Refund the equivalent amount to the Council

ALLOWABLE EXPENSES

1. **Consultant services** - Payment for consultancy services to an individual or firm hired to perform professional services directly related to a proportion of the project is allowed; however, this cost should be shared between the MRIC and the enterprise/company/institution, with a minimum contribution of 25% of the cost brought by the applicant and/or collaborating partners. The number of hours and the hourly rate charged by the consultant should be clearly indicated.
2. **Consumables** – The costs for consumables are eligible, provided that they are identifiable, necessary to produce the outputs related to the activities listed within the project and used exclusively for the purpose of the project.
3. **Documentation and Publication** – Costs relating to purchase of journal articles and books related to the project, are allowed under Documentation/Publication in the Project Scheduling and Cost Breakdown of the application form (Form 1020 – Project Scheduling and Cost Breakdown). However, subscriptions (new or renewals) to professional and technical publications are not allowed.

4. Equipment - The cost of purchasing equipment (new or second-hand), for the purpose of the research under SIRGS is eligible, provided that a proper justification for the need of purchasing such equipment is provided in the project proposal.

- The budget may include maintenance costs for the equipment being purchased, for the duration of the project.
- Use of an existing equipment claimed as an in-kind contribution must reflect the cost of using the equipment for the project. The hourly cost and the number of hours that the equipment will be used for the project should be clearly indicated in the project proposal. Below is the proposed formula for calculating the hourly cost:

$$\text{Hourly cost} = \frac{\text{Net Book Value of Equipment}}{\text{Depreciation years} \times 52 \text{ weeks} \times 40 \text{ hours}}$$

- Where equipment will be purchased from an overseas supplier, the freight costs and custom duty/clearance should be included in the total equipment cost.
- The cost of installation and commissioning of any new equipment, purchased for the purpose of the project and catered for within the proposal, should be included in the equipment costs.
- Where the total equipment cost for a project exceeds 20% of the amount being requested from the MRIC, the enterprise/company/institution must contribute at least 25% of the excess amount being requested from the MRC.

5. IT Equipment - The purchase of IT equipment, such as high performance computers and printers, is allowable if specifically related to the project. This should be catered for under Equipment Costs of the Budget.

6. Overseas Travel – Overseas travel for a specific purpose related to the proper implementation of the project is allowable, provided that a proper justification for the need of such travel is provided in the project proposal. Cost of air tickets, transportation to and from the airport and place of business can be included in the Overseas Travel costs.

- Economy class fares will be used as the benchmark for analysing air travel costs or any other mode of transportation.
- In cases where overseas travels are too frequent, the grantee is highly advised to explore other modes of communication, such as online conferencing.

7. Rental costs – Costs to lease an existing building or equipment if specifically related to the project and representing a new cost solely attributable to the project duration, are allowable under the SIRGS. If an existing building is being used, the costs claimed should be in proportion to the work carried out.

- 8. Software** - The cost of purchasing of software licenses/subscriptions is allowed. A justification must be provided in the project proposal and the cost must be in proportion to the duration of its use during the project.
- 9. Staff Costs** - Expenses related to any individual employed by the enterprise/company/institution or any of the collaborating partners could be included in the "Staff Costs" under Form (1020) of the Application Form.
- Salaries for Project Leader, Research/Project Collaborator and Research/Project Assistant identified for the project are allowed but should not be more than 30% of the total requested amount.
 - Staff costs may also include any other person directly involved in the project.
 - For each of the identified person, indicate the amount to be paid as salary/stipend/allowance, whether full-time or part-time, and the number of days/hours to be dedicated for the project and the monthly/hourly rate to be paid.
 - Where salary is being paid for a full time employee, the staff cost for the employee should be the basic salary and the cost of travelling (by bus) from work to home and vice versa.
 - Contribution for National Saving Fund (NSF), National Pension Fund (NPF), Fringe Benefits and HR Levy are not to be included in the staff cost/salary.
 - Cost of salary compensation is allowed.
 - The hourly rate for the payment of salaries/stipend/allowance should be calculated as follows:

$$\text{Hourly rate} = \frac{\text{Gross salary per month} \times 12 \text{ months}}{52 \text{ weeks} \times 40 \text{ hours}}$$

- 10. Subcontract charges** – Applicants should have the operational capacity to complete the action to be supported. However, if staff does not have the specific skills required, when justified and necessary, parts of the project may be subcontracted to another person or organisation. In this case, an agreement should be annexed to proposal clearly specifying which tasks will be subcontracted and why this subcontracting is necessary. The costs of subcontracting or provision of services by an external party in connection with the implementation of the action (such as external evaluation or construction) are eligible.
- 11. Utilities** – Costs related to electricity supply, telephone and overseas postal services, if directly related to the project, are allowed. However, the cost should be in proportion to its use for the project.

NON-ALLOWABLE EXPENSES

- 1. Advertising/Marketing** – for personnel recruitment, purchase of goods or sale of materials are not eligible under the SIRGS. Marketing, including promoting and selling products/services through either market research, advertising or any other form, is not allowed.

2. **Catering** – Catering services including food items and beverages (alcoholic and non-alcoholic) are not allowed under SIRGS.
3. **Entertainment** – Any cost related to social activities including tickets, meals, lodging and gratuities, are not allowable.
4. **Events** – Specific costs related to events (**such as conferences, seminars, receptions, cocktail parties**) organised as part of the implementation of activities related to the project are not allowed.
5. **Expansion or renovation** – Any costs related to the business expansion or renovation is not allowed. Costs associated with the ongoing maintenance of existing equipment being used for the purpose of the project are not allowed.
6. **Expenses for goods and services for personal use of employees** – Expenses for goods and services for personal use of employees are not allowable.
7. **Fines and Penalties** – Costs resulting from late penalties, violations of laws and regulations are not allowable.
8. **Indirect costs** – General office supplies such as pens, paper, folder, ink cartridges, basic internet connection are not eligible for the purpose of SIRGS.
9. **Management costs** – Costs related to management fees charged by the enterprise/company/institution or any of its collaborating partners are not allowed.
10. **Office equipment and furniture** - Cost of purchasing general purpose office equipment and furniture are not allowed under the SIRGS.
11. **Pre-Award Costs** – Costs incurred prior to the start date of the project agreement as indicated in the contract are not allowable.
12. **Proposal Costs** – Expenses related to the preparation of the proposal, including typing, copying, printing and mailing costs, prior to the grant award are not allowable.
13. **Purchase of land** – The purchase of land for the purpose of the project proposal is not allowable.
14. **Salary for new employees** – Expenses related to new recruits not catered for in the initial project proposal are not allowed.
15. **Training of research personnel** – Costs associated with professional development training, such as the use of software (e.g., accounting and human resources software) are ineligible. Costs associated with attending research administration-related conferences for professional development as well as training are ineligible.
16. **VAT payment for VAT registered companies** – VAT payment for VAT registered companies is not allowable.

This document has been prepared based on the SIRGS guidelines and the rules applied during financial analysis of progress reports. While care has been taken to ensure that most items are included, the list of cost items is not exhaustive.