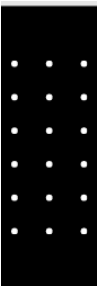


Guide on Allowable and Non-Allowable Expenses



ALLOWABLE & NON-ALLOWABLE EXPENSES

Description

This document shall be used as a guide on allowable & non-allowable expenses for any project submitted for funding. 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).

Costs Items

The MRIC allows certain cost items to be incurred by the company or its key collaborating institutions/companies for the research and innovation project to be included in the budget. All such expenses should be identified when submitting the application form and included in the proposed budget.

The guide also applies to approved projects where the financial reports are submitted to the MRIC at the end of each milestone.

If the MRIC determines that any payment is not justified by the evidence furnished to the MRIC or is 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 MRIC

A bank account must be dedicated specifically for the project and said bank account should be in the name of the applicant company/institution. Expenses should be made from the bank account in which the MRIC funding will be credited for the approved project. All invoices, receipts and delivery notes should be in the name of the applicant company/institution or collaborating companies/institutions listed in the application form.

Note: Applicants are advised to refrain from adding new budget items after the proposal has been approved. The modification can only be made in case it has been proposed by the reviewers/Panel members/Committee/Board.

Non-allowable expenses:

Note: Although the non-allowable items listed in this section will not be funded by the MRIC, the applicant company/institution may choose to incur such expenses from their contribution.

1. Advertising/Marketing – for personnel recruitment, purchase of goods or sale of materials are not eligible. Marketing, including promoting and selling products/services either through market research, advertising, or any other form(s), is not allowed.
2. Bank charges are not allowed.
3. Catering – Catering services including food items and beverages (alcoholic and non-alcoholic) are not allowed.
4. Documentation and Publication – Subscriptions to professional bodies and technical publications are not allowed.
5. Entertainment – Any cost related to social activities including tickets, meals, lodging and gratuities, are not allowed.
6. Equipment - Repair cost whether relating to new equipment or existing ones, as well as maintenance related to existing equipment are not allowed.
7. 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.
8. Expansion or renovation – Any costs related to the business expansion or renovation are not allowed.
9. Expenses for goods and services for personal use of employees – Expenses for goods and services for personal use of employees are not allowed.
10. Fines and Penalties – Costs resulting from late penalties, violations of laws and regulations are not allowed.
11. Indirect costs – General office supplies such as pens, paper, folder, ink cartridges, basic internet connection are not eligible.
12. Management costs – Costs related to management fees charged by the company or any of its collaborating institutions/company are not allowed.
13. Office equipment and furniture - Cost of purchasing general purpose office equipment and furniture are not allowed under the grant.
14. Overseas Travel – Costs for COVID-19 PCR tests and quarantine are not allowed.
15. Pre-Award Costs – Costs incurred prior to the start date of the project agreement are not allowed.
16. Proposal Costs – Expenses related to the preparation of the proposal, including typing, copying, printing and mailing costs, prior to the grant award are not allowed.
17. Purchase of land – The purchase of land for the purpose of the project is not allowed.
18. Salary for new employees – Expenses related to new recruits not catered for in the initial project proposal are not allowed, unless prior approval is sought from the MRIC.

19. Training of research personnel – Costs associated with professional development training, such as the use of administration-related software (e.g., accounting and human resources software) are not allowed. Costs associated with attending research administration-related conferences for professional development as well as training are not allowed.
20. VAT payment for VAT registered companies – VAT payment for VAT registered companies is not allowed.
21. Permits – Payment for permits is not allowed.
22. Registration of company - Payment for registration of company is not allowed.

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 *exceptionally*; however, this cost should be shared (Quantum to be determined on a case-to-case basis). 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, with regards to purchase of journal articles and books related to the project, are allowed. Purchase of e-publications is encouraged.
4. Equipment - The cost of purchasing equipment (new or second-hand), for the purpose of the research is allowed, provided that a proper justification for the need of purchasing such equipment is provided in the project proposal.
 - The budget for equipment may include maintenance costs for the duration of the project.
 - The cost of re-engineering an existing equipment for the purpose of the project is allowed.
 - Basic IT equipment (such as laptops, tablets, mobile phones, TV and displays) financed by MRIC will be recouped at project completion/termination.
 - The MRIC reserves the right to recoup any equipment that has been fully funded by the MRIC at project completion/termination.
 - 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 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 applicant should ensure that any commissioning cost, where critical for the good running of the equipment, is also 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.
- Cost must be provided for each individual equipment. Where the cost of any individual item of equipment exceeds Rs 250,000, the cost will be shared by the MRIC and the applicant. In addition, where an equipment cost exceeds Rs 1 million, the amount must be shared equally between the MRIC and the company.
- Applicants should ensure that any new equipment purchased has a warranty period as per the following:
 - (i) At least one year for equipment costing up to Rs 200,000.

(ii) At least 3 years for equipment costing greater than Rs 200,000.

- The applicant should ensure that it has followed a transparent procurement process and the relevant documents are available as and when requested for verification.
- If an equipment is partly funded by the MRIC, a lien may be placed on the equipment. Wherever the cost of an equipment exceeds Rs 200,000, a lien will be imposed with the MRIC. The cost of the lien varies with the equipment value and said cost is allowed.

5. Overseas Travel – Overseas travel for a specific purpose related to the proper implementation of the project is allowed. Cost of Air Fare, transportation to and from the airport, hotel 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.
- Accommodation and Subsistence costs should be within the per diem scales as used by the Council.
- In cases where overseas travels are too recurrent, the grantee is highly advised to explore other means of communication such as video-conferencing.
- Overseas travel costs will be capped at 10% of requested funding or Rs 400,000, whichever is the lowest, for the full duration of the project.

6. Rental costs – Cost to lease a building space or equipment if specifically related to the project and representing a new cost solely attributable to the project duration is allowed. If an existing building is being used, cost claimed should be in proportion to the work carried out.

7. 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. Auxiliary costs are not allowed.

8. Staff Costs - Expenses related to any individual employed by the Company or any of the collaborating institution/company could be included. Staff costs are capped to a maximum of 30% of the requested amount.

- Salaries for Project Leader, Research/Project Collaborator and Research/Project Assistant identified for the project are allowed.
- Salary of any new recruits may be catered for in the application.
- 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), Contribution Sociale Généralisée (CSG), 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:

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

- For any approved project, further to any submission of progress reports, a statement of salary in favour of the concerned employee/collaborator shall be submitted to the MRIC by the applicant.
 - The applicant company/institution should abide to The Workers' Rights Act 2019.
9. Subcontract charges – Applicants should have the operational capacity to complete the action to be supported. However, if staff does not have the 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 and it must be clearly specified 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.
10. 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.

This document has been prepared based on the guidelines for applicants 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.