

## Acceptable costs in TBM projects (COST MODEL)

### 1. Introduction

#### 1.1. Purpose of the cost model

This document contains important guidelines for:

- the preparation of a project budget (in the project application);
- possible budget shifts during the lifetime of the project;
- the preparation of the final settlement (financial report).

#### 1.2. Generally applicable principles

- The project budget is prepared using a (mandatory) cost template. The template is used to provide the minimum information required for evaluation purposes. A template for preparing the project budget is available as an Excel file on the FWO e-portal.
- Budget and financial reports are prepared for each applicant/contractant<sup>1</sup> at the level of the legal entity.
- If FWO finds that the submitted budget or financial report contains manifest inaccuracies, it may cut the project funding to zero euro and claim back any advances already paid, in accordance with the articles in the TBM regulations (see FWO website).
- For TBM projects, maximum 20% of the budget may be allocated to a non-Flemish contractant. Moreover, for TBM, the cumulated share of Flemish hospitals or ITM (as a contractant) must amount to at least 10% of the total project budget.
- Both during the project evaluation and the settlement, FWO may require additional information to be provided on the reported amounts. FWO may also conduct on-site audits performed by an external auditor.
- The cost model uses real costs. For the final settlement, only the costs actually incurred (for provision of the services) will be accepted by FWO. These costs must be assignable to the project. For the financial reporting, the host institution will annually receive another template from FWO (via [boekhouding@fwo.be](mailto:boekhouding@fwo.be)).

### 2. Description of the different cost components

The **project budget** is divided into a number of main categories:

- personnel costs
- consumables (incl. costs for large subcontracts (if any))
- equipment

#### 2.1. Personnel costs

Within this category budget for personnel costs for tasks that are directly linked to the purpose of the project can be applied for.

The real staff cost is used when the name of the person to be employed on the project is already known.

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<sup>1</sup> During the evaluation phase of the project proposals, the term *applicant* is used, whereas the term *contractant* is used during the phase of the project execution and during the utilisation phase.

When the name is not yet known, the personnel costs that are incorporated into the project budget are the most realistic estimate possible of the total annual staff cost for PhD students, postdoctoral researchers, technicians, engineers, etc. An estimation of the person-months to be deployed on the project are to be included within the project budget.

The realistic nature of the requested personnel costs will be verified during the evaluation of the project proposal.

The initially intended project staffing may vary over the course of the project. The final settlement will be based on the actually incurred costs. More information can be found on [Regulations for Research Projects](#).

In consultation with the research coordination departments of the Flemish universities, the following indicative pay ranges have been established for staff appointed to FWO projects:

- Predoctoral researcher with stipend (bursary): €50,000 – €55,000;
- Predoctoral researcher with salary, 0 years of seniority: €75,000 – €85,000;
- Postdoctoral researcher, 4 years of seniority: €105,000 – €115,000;
- Technical staff, 6 years of seniority: €65,000 – €75,000.

The acceptable personnel costs are calculated for all personnel directly involved in the execution of the project. The employer is obliged to ensure that the government does not finance these persons twice for the same work. Consequently, appointed personnel (such as ZAP (co-)supervisors, medical specialists,...), which are charged to the general operating resources of the research institutions, hospitals and governments, cannot be allowed any remuneration or cumulation with their remuneration from the project resources. Likewise, a grant cannot be used to pay civil servant's salaries, unless they are exempted from their usual duties [with (temporary) suspension of salary] to carry out the work in the context of the project proposal.

## **2.2. Consumables**

Consumable costs must be related to the project.

Typical examples are:

- costs for consumables and raw materials, for resources, for the consumption of tools, etc.;
- IT costs including user licences for project specific applications;
- specialist training and literature, registration costs for seminars and the like;
- travel costs (including costs for a CO2 contribution linked to research-related air travel, to the extent that such travel is in line with the awarded research project) and accommodation costs;
- project specific subcontracts less than €8,500 (excl. VAT);
- small equipment of less than €20,000 per unit, required for the project.

The realistic nature of the requested consumables will be verified during the evaluation of the project proposal. This will be done primarily on the basis of the project description. If there is insufficient proof that the requested consumables are needed for the proper execution of the project, the FWO may ask for additional information to be provided during the evaluation process. Applicants are required to include already in their project proposal a limited justification of the major cost items.

For the final settlement, one has to complete the template for the financial report. The FWO may ask for supporting documents of the costs incurred to be submitted for auditing purposes.

Large subcontracts (maximum 50% of the total budget) are also included in the consumables section. The cost of a large subcontract must amount to at least €8,500 (VAT excluded).

Third parties (companies, knowledge centres and research institutions) entrusted as (large) subcontractor with a task under the project on behalf of the applicant, must invoice at market price in accordance with the European legislation. If no market price is available, the organisation must provide its services at a price that covers the full costs plus a reasonable margin. Research institutions acting as subcontractors should preferably invoice on the basis of unit costs (e.g., per test, sample, run).

Any large subcontract must be substantiated in the project application by means of a quotation, an invoice of a similar contract, or a substantiated cost estimate. The cost of the subcontracting must be specified in terms of person-months or any other available cost driver, and must be apparent from the work programme (i.e. be substantively justified). FWO may request access to the subcontracting agreement.

### **2.3. Equipment**

Costs for depreciation of research equipment (depreciated in accordance with the accounting legislation). The eligible costs are the depreciation costs over the project duration and commensurate with their deployment on the project. The depreciation regime corresponds to the applicant's own accounting practice.

Only equipment that is needed for the project and that is specified in the application, can be charged to this category. The maximum amount for this category is limited to €150,000 for the entire project (calculated as depreciation costs). In the case of purchases that are not related exclusively to the project, a reasonable allocation key must be used.

## **3. Overhead**

Research overhead are costs borne by the research organisation that supports the research activities. Overhead costs cannot easily be attributed to a specific research project, but they are necessary for conducting of research. These include the following (non-exhaustive list):

- Provision of space and maintenance.
- Use and maintenance of general equipment.
- Proportionate share of other costs, such as insurance and legal services.
- Services provided by the research organisation's support staff, e.g., Office and accounting Services, Research coordination offices, Technology Transfer Offices, Human Resources, Purchasing Services, Facilities Management, Library.

The overhead percentage is calculated as a percentage of the total costs (this is the sum of personnel cost; consumables (incl. large subcontractors) and equipment). Overhead costs should not to be included in the project budget submitted to FWO. FWO settles the administration and payment of the overhead directly with the competent services of the research organisation concerned.

## **4. Cumulation with other government support**

For the calculation of the acceptable support, possible parallel subsidy flows from other services of the Flemish or other governments are taken into account, as well as any other non-governmental support (sponsorship, patronage, ...) in so far it covers the same costs.

## **5. Cost shifts during the implementation**

### **5.1. Shifts within the budget of a contractant**

In practice, the course of a project may vary from the initially planned course. To achieve the project objectives, each contractant has the freedom to optimally deploy their resources. Within the contractant's own budget, shifts between personnel costs, consumables, equipment and (large) subcontracts are possible. Approval by the FWO takes place at the time of the final settlement, based on the financial report. The maximum admissible project budget per contractant may not be exceeded without prior approval from the FWO.

### **5.2. Shifts between contractants**

All shifts between budgets of contractants must be requested in advance and substantiated by actual figures (old versus new situation). All parties involved must sign the request. After approval by the FWO, an addendum to the contract containing the adapted budget will be drawn up. The payment schedule will be adjusted accordingly. The total accepted project budget may not be exceeded.