



# Project Administration Costs

## Preamble

Note No. 502.270.7/0005e-ADA-P&P/2004 dated 2 December 2004 sets out new regulations for calculating the *Projektbegleitentgelt* (project administration costs), which are to be applied to new projects supported by Development Cooperation funds from 2005 onwards. The *Projektbegleitentgelt* (PBE) shall not exceed 10 % of the project costs. The following sets out details for implementing this regulation.

## 1. Definitions

### Project budget for grants

The project budget for Development Cooperation grants basically distinguishes between direct and indirect project costs (see annex). In calculating the PBE only direct project costs are used.

### ***Projektbegleitentgelt* (indirect project costs)**

Those elements of the project budget that are paid as lump-sum remuneration for the beneficiary's administrative expenses incurred in the course of implementing the project are called *Projektbegleitentgelt* (PBE)<sup>1</sup>.

Thus the *Projektbegleitentgelt* can only be found in grant contracts.

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<sup>1</sup> In earlier documents the terms *Projektbegleitaufwand* (PBA) or *Projektdurchführungsentgelt* (PDE) were sometimes used.

## 2. Scope of this regulation

This regulation shall be applied to all Development Cooperation grant contracts no matter what the implementation instrument adopted by the ADA if no exceptions to these rules are explicitly mentioned in the specific guidelines.

## 3. Calculation of the *PBE*

The PBE must not exceed 10 % of the direct project costs financed by the Austrian Development Cooperation or the maximum amount of EUR 160,000.-. Thus, the Development Cooperation grant forms the basis for calculating the amount contributed by the Austrian Development Cooperation to the administration costs. Funds from third parties or own resources are not taken into account in calculating the PBE.

This method of calculating the PBE is only to be applied to grant contracts with a duration of at least one year or more.

The percentage of up to 10 % set out in the grant budget refers to actual project costs incurred and invoiced and not to the sum originally planned. Examination takes place in the context of the final financial report.

Upon presentation of an interim or a final report, PBE is due for the previous reporting or financial reporting period.

Categories mentioned in items 1 to 8 of the annex can be accepted as direct project costs if they are logically justified by the project design. The link between intervention logic (goals – results – activities) and budget must be plausible.

The *Projektbegleitentgelt* shall cover at least the following activities, which are not considered direct project costs:

<b>Project Supervision</b>	<b>Financial Project Management</b>
Drawing up contracts with partners	Payments to project partner(s)
Monitoring visits (project travels)	Bi-annual financial reports
Control mechanisms	Requests for budget revisions
TORs for internal and external audits	(External) audits
Preparation and post-implementation activities of evaluations (internal or external)	<b>Personnel Placement, Consultancies, etc.</b>
Organisation, networking and exchange of expertise	Staff selection and preparation
Day-to-day supervision of the organisation	Negotiating TORs with partners
<b>Reporting and Communication with the ADA</b>	Drawing up the placement contract
Preliminary Coordination with the ADA	(Annual) discussions between employers and employees
Planning in detail, drawing up a grant application	Supervision of staff during their assignment
Bi-annual reports	<b>Procurement</b>
Final report	Obtaining tenders; indirect procurement, transport and insurance costs

If administration of a project is to be implemented by the beneficiary partly in Austria and partly through a local structure, the *Projektbegleitentgelt* is to be seen as a lump-sum remuneration covering all these activities.

## 4. Special cases and regulations

In the following cases a different set of rules is applied:

### **Projects with a duration of less than 1 year**

The PBE is negotiated in each individual case between the applicant and the ADA.

For emergency relief projects the PBE may amount to 10 % of the direct project costs even if the project duration is less than 1 year (according to the respective Guidelines in the current version).

### **Special cases**

For NGO-Microprojects the PBE may not exceed 8 % of the direct project costs according to the respective Guidelines (in the current version).

Regulations for EU-Cofinancing projects comply with the relevant EU-Guidelines as far as the PBE does not exceed 10 % of the direct project costs.

For Personnel in development cooperation projects the regulations of the respective Guidelines (in the current version) are valid.

For Framework Programmes Item 3 of the PBE-Regulation is not valid. Framework Programmes comprise several self-contained projects with a maximum of 10 % PBE for each of the projects. The sum of the PBE of all individual projects adds up to the total sum of the PBE for the Framework Programme. Thus the maximum contribution of EUR 160.000,- may be exceeded.

## Annex

### Structure of a Project Budget for Grants

#### 1. Necessary funds

		Unit (day, month...)	Costs per Unit €	Quantity	Total costs €
<b>1. Personnel Costs <sup>*)</sup> (give details)</b>	International experts				-
	Local experts				-
	Short term consultants				-
	Travel costs				-
<b>2. Material and equipment (give details)</b>	Project materials incl. procurement, transport and insurance				-
	Building and construction costs				-
	.....				-
<b>3. Trainig</b>	of local staff and target groups				-
	Scholarships				-
<b>4. Other Costs <sup>**)</sup></b>	Operating costs				-
	local project office				-
	Electricity				-
	Communication				-
	Bank charges of local partner				-
	...				-
	...				-
<b>5. Capital funds</b>	Revolving funds				-
<b>6. Evaluation</b>					-
<b>7. Documentation, public awareness raising</b>					-
					-
<b>8. Reserve <sup>***)</sup></b>					-
<b>DIRECT PROJECT COSTS</b>					-
<b>9. PBE (indirect costs)</b>	= <b>XX%</b> of direct project costs				-
<b>TOTAL COSTS</b>					-

\*) Only such costs as may be directly attributed to local project implementation. These costs must be based on the project description. Excluded are personnel costs and travel costs for project monitoring of the Austrian organisation. These costs are covered by the indirect costs (PBE). When applying for travel costs, the respective Guidelines for Travel Expenditures ("Reisegebührenverordnung") must be applied (see [www.ada.gv.at](http://www.ada.gv.at)).

\*\*\*) Audit reports may be listed in this category if they include a systematic evaluation of processes and recommendations for the partner's organisational development. This must be justified in the project concept (logical framework) as a measure aimed at capacity building and reflected in the specific terms of reference. The costs for an audit of the project accounts must be covered by indirect costs.

\*\*\*) The reserve may not exceed 5 % of the direct project costs supported by the ADA and its use is only admissible if a budget reallocation has been approved.



## 2. To be financed by

	<b>EUR</b>	<b>%</b>
<b>ADA</b>		
<b>Applicant</b>		
<b>Development Country/Partner Country</b>		
<b>EU</b>		
<b>Third Parties</b>		
<b>TOTAL TO BE FINANCED</b>		