



**VLIR-UOS financial guide-
lines for Institutional Uni-
versity Cooperation pro-
grammes
(incl. post-IUC Networks)**

**Updated version of 5 March 2018, based on the set
of guidelines approved by DGD on 12 April 2017**

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SECTION 1: General provisions and standard financial rules and practices

General Provisions

Formal framework

The VLIR-UOS Financial Guidelines concerning the Institutional University Cooperation programmes (incl. post IUC NETWORKS), d.d. 12 April 2017, confirmed by DGD as applicable formal framework, governed by the Royal Decree on the Non-Governmental Cooperation of 11 September 2016.

The current document dates of 5 March 2018 and includes a number of technical corrections/clarifications to the original version.

Set-up of the guidelines document

This document has been subdivided in 2 main sections, complemented with a number of annex documents that are available on the VLIR-UOS website.

1. General provisions and standard financial rules and practices
2. The VLIR-UOS budget lines
3. Separate annexes available on the website which are integral part of the financial guidelines
 - Allowances and guidelines for scholarships facilitating a stay in Belgium are not included anymore in these VLIR-UOS financial guidelines, but are available as a separate document to be found on the VLIR-UOS website: https://www.vliruos.be/en/documents/guidelines_and_forms/131#general-guidelines-and-forms.
 - the **hotel and per diem allowances** change at least once a year and are therefore not included anymore as an annex in the VLIR-UOS financial guidelines. They can be found on the VLIR-UOS website: https://www.vliruos.be/en/documents/guidelines_and_forms/131#general-guidelines-and-forms.
 - **Local per diem guidelines per country (if existing) listed here:** https://www.vliruos.be/en/guidelines_and_forms/annex_overview_of_vlir-uos_partner_countries_with_local_per_diem_regulations
 - Guidelines for local scholarship amounts in the case of sandwich PhD's are also available in this document, but are subject to negotiation between the Flemish university and the partner institution, with the necessary approval by VLIR-UOS. In the case of Uganda local scholarship amounts are defined by VLIR-UOS: http://www.vliruos.be/media/3607311/local_allowances_uganda_per_diem_scholarships

Objective of these guidelines

These guidelines are relevant for all VLIR-UOS institutional programmes: Institutional University Cooperation (IUC) and post-IUC Network programmes (NETWORK).

The implementation of IUC/ NETWORK partner programmes is developed through different financial activity years which when talking about revised annual planning for years 2 and following of an IUC/NETWORK partner programme are referred to as Annual Programmes (AP).

These guidelines aim to present the financial rules and standard practices applying to all VLIR-UOS financed interventions and present the budget plan (budget lines A-E) for all interventions. These rules apply in addition to general and specific provisions described in the project agreements.

General principles

The grant is used in accordance with the principle of good financial management, meaning in accordance with the principles of (1) thrift, (2) efficiency and (3) effectiveness (art. 33 of Royal Decree).

Responsibilities

Responsibilities with respect to the execution of the IUC programme and constituent projects are defined by an agreement between VLIR-UOS, the Flemish higher education institution to which the Flemish IUC/NETWORK programme coordinator is affiliated and the local partner institution or institutions to which the local coordinator is affiliated (the tripartite agreement).

Reporting

Contents

Projects report per calendar year through Annual Reports (AR). These reports consist in a narrative (Annual Progress Report) and financial report (Annual Financial Report).

Formats and submission

The Annual Report consists in an Annual Progress Report (APR) and Annual Financial Report (AFR). For the formats we refer to the VLIR-UOS website: https://www.vliruos.be/en/documents/guidelines_and_forms/131#guidelines-and-forms-for-managing-an-ongoing-intervention-or-scholarship and IUC/NETWORK specific programme guidelines. The financial forms follow the budget plan A-E and are also available on the website.

Date of submission: as of the reporting of 2017, IUC Annual Reports are to be submitted by 31 March of the year 'X+1'.

Standard financial rules and practices

Accounting

The financial transactions for activities subsidised within the framework of university cooperation for development must be organised by the subsidised institution in a way that permits analytical accounting.

Use of the budget

Budget transfers between activity years

Within institutional programmes (IUC and NETWORK) budget transfers between activity years are not possible. The complexity of the different projects per programme and level of budgeting are such that only budget shifts between projects are possible but that each activity year the contracted programme level budget remains unchanged. This means that any unspent balance per activity year is lost.

Budget shifts within an activity year

The Royal Decree of 11 September 2016 on Non-Governmental Cooperation concerning the limits of budget shifts between budget lines and the VLIR-UOS Regulatory Framework concerning budget transfers and realignments approved by the Bureau UOS of 24 February 2017, with consent of DGD, imply that a revised budget plan has to be included in the Annual Progress Report (and in case of the last activity year before 30 June of that year) if:

- the shift in the total budget line for personnel costs or investment costs at programme level is higher than 10.000€ as compared to the initial budget line total (for the whole partner programme) and
- the shift amounts to more than 30% as compared to the initial budget line total (for the whole partner programme) foreseen for the budget line for personnel or investment costs.

A budget shift **exceeding** the limits detailed above needs to be **approved** by VLIR-UOS. The new budget will be the reference for reporting, apart from the initial budget which also needs to be referred to. However the payment of the financial instalments will not undergo any changes as these follow the original multi-annual planning and initial budget distribution over activity years. VLIR-UOS should be informed about budget shifts within the limits detailed above by means of the APR report (more details can be found in the contract).

Invoices related to an Annual Programme

All invoices need to relate to an activity year (Annual Programme (AP)) which in the framework of the new regulatory framework is the same as a calendar year. All invoices are to be dated in the calendar year the activity was implemented. Only in case of purchase procedures related to investments and other purchases where Belgian or Local Public Procurement Acts apply and when the invoice cannot be delivered in time, the order needs to have taken place in the correct calendar year (=activity year), being before 31/12 of year 'X' for purchases related to year 'X'. The actual invoice needs to be reported before 15 March of the year 'X+1' and correctly reported with the necessary supporting documents in the related annual reports. Also for the final year of the Five Year Programme this will be applied.

In the case of airline tickets to be purchased for the following activity year, a reasonable delay for purchase of 2 1/2 months before the trip is applied, meaning that purchases of tickets before 31/12 of Year 'X' can take place ultimately 15 March of the year 'X+1' as such considering the same deadline as for the above mentioned purchases.

Eligible and ineligible costs

Eligible costs

In order to be eligible, a cost must meet several cumulative conditions:

1. It is documented by a supporting document and the cost can be identified and checked
2. It is necessary to reach the outcome of the programme/project and is used according to the approved budget of the programme/project and during its period of execution
3. It respects the provisions concerning the fiscal, social and public procurement legislation as also the internal rules of the subsidised organisation.
4. It is not submitted to another donor
5. It is submitted in accordance with a signed contract

Ineligible costs

Annex 4 of the Royal Decree of September 11, 2016 concerning the non-governmental cooperation defines the following costs not eligible as subsidized cost:

1. all accounting transactions not involving payments, unless they originate from a legal obligation borne by the intervention;
2. provisions for risks and charges, losses, liabilities or potential future liabilities;
3. debt or debit interest unless such interest are the direct consequence of a delay in payment of a debt under the terms of Article 32 of the Royal Decree, which exceeds two months;
4. impaired debt-claims, including real or estimated losses, caused by non-recoverable funds and other receivables, included the legal costs to recover those funds or receivables;
5. exchange losses;
6. loans to third parties;
7. guarantees and sureties;
8. expenses already covered by another subsidy;
9. invoices from other organizations for goods and services already subsidized;
10. contracts for subcontracting or consultancy for key tasks in the program, project, synergy project or partnership project of the governmental cooperation, which belong to the "core business" of the subsidized organization;
11. outsourcing through service or consultancy contracts to employees or members of the board and general Meeting of the subsidized organization;
12. sublease of all kinds to itself;
13. the purchase of land and property, unless those purchases are indispensable for the achievement of the objectives of the intervention, and on condition that the ownership at the end of the programme is transferred to a partner.
14. expenses resulting from compensation in response to a claim arising from civil liability of the organization;
15. severance pay for not worked notice period;
16. expenses related to expatriation (relocation, installation bonus, tickets for the spouse and dependents) for contracts less than twelve months;
17. the purchase of alcoholic beverages, tobacco and derivative products.

Procurement and purchase procedures

Quotations

- Goods or services (including transport) purchased as part of university cooperation for development must meet the highest value for money standards.
- For purchases of goods or services (and so also service contracts, consultancy fees etc) in Belgium, the Public Procurements Act applies. The choice of any given proposal must be justified.
- For major purchases (more than 5.500 EUR excluding VAT) of goods or services (and so also service contracts, consultancy fees etc) outside of Belgium, at least three quotations must be requested based on the same document to permit comparison. The choice of any given proposal must be justified. All things being equal, the best value for money proposal will be selected.

Import duties

- Import duties are payable by the partner institution or institutions. The Flemish higher education institutions will ask their partner institutions to take the appropriate steps vis-à-vis local governments to ensure the success of the activities. This mainly relates to activities with regard to exemption from import duties, customs clearances, installation, maintenance and insurance of the imported goods and equipment. Exceptions are possible, subject to prior approval and provided extensive arguments are submitted.

VAT

- Value added tax should not be charged on purchases made in Belgium intended for export to the partner country. The actors involved in the execution of the project must take the appropriate structural steps with regard to exemption from VAT on all purchases in the stated project, based on the VAT exemption number of the Flemish higher education institution.
- VAT may however be charged to the project budget for minor purchases of no more than 125 EUR. The rationale behind this distinction in financial guidelines is that it stressed rationality and efficiency, specifically the efforts of the Flemish promoter and the supplier to obtain exemption from VAT is disproportionate to the VAT amount actually charged on expenditure less than 125 EUR.

Supporting documents

1. Original invoices or supporting documents for all expenditure must be submitted to the registered office of the subsidised Flemish higher education institution. Copies of invoices and supporting documents for expenditure abroad are acceptable if local laws prohibit original accounting documents from being taken out of the country.
2. VLIR-UOS, DGD and the Auditor's Office are entitled to inspect these documents at all times within the framework of their auditing remit. The Flemish higher education institutions must accordingly have access to these documents at all times.
3. The beneficiary must maintain accounting records and supporting documentation to show all costs incurred under this grant for a period of four years after the end of *the five-year programme 2017-2021*. The accounting records and supporting documents must comply with accounting principles generally accepted in Belgium and the cooperation country.

Exchange rate

Refer to annex and method at the end of the document

Dedicated account

Local financial transactions for activities abroad must go through a dedicated account in the name of the partner institution or institutions that have co-signed the tripartite agreement. Only accounts at recognised banking institutions can be accepted.

These accounts must not be linked to other accounts (no subsidiary accounts) except if multiple VLIR-UOS projects exist at one partner institution and the university faces limitations in opening accounts per donor. In that case it is mandatory that transactions per VLIR-UOS project can be distinguished in the local accountancy system by analytical coding.

Visibility

Any external communication concerning the project or programme should always mention the support of VLIR-UOS and contain the VLIR-UOS logo and DGD logo. The logos can be downloaded on the website https://www.vliruos.be/en/documents/guidelines_and_forms/131#general-guidelines-and-forms .

Labelling of goods

All goods purchased as part of the project must be labelled with VLIR-UOS stickers so that goods purchased with VLIR-UOS and DGD funding are clearly recognisable. These stickers are available from the VLIR-UOS secretariat.

SECTION 2: Budget lines for institutional programmes

The budget of an institutional programme (Institutional University Cooperation (IUC), post-IUC Network (NETWORK)) must comprise the following budget lines:

A. Investment costs

- A.1. Infrastructure
- A.2. Equipment
- A.3. Vehicles

- A.4. Office furniture
- A.5. Others

B. Operational costs

- B1. Shipment costs
- B.2. Maintenance of equipment
- B.3. Consumer goods
- B.4. Communication
- B.5. Representation costs
- B.6. Travel costs in Belgium and locally
- B.7. Congress registrations
- B.8. Local per diem
- B.9. International travel costs
- B.10. International overnight expenses
- B.11. Time and management compensation unit Flemish Coordinator and FI. project leaders
- B.12. Others

C. Personnel costs

- C.1. Service contracts
- C.2. Employment contracts
 - C.2.1. Local employees

D. Scholarship costs

- D.1. Short term allowances in Belgium
- D.2. Study scholarships in Belgium

- D.3. PhD scholarships in Belgium
- D.4. Study scholarships in partner country
- D.5. PhD scholarships in partner country

E. Coordination costs

- E.1. Coordination costs in Belgium (lump sum of 3% on the total budget A-E (fixed amount/activity year))
- E.2. Coordination costs in the partner country (lump sum of 5% on the total budget A-E (fixed amount/activity year)) (local coordination costs)

A detailed project budget must be drawn up on the basis of this budget template. The subitems are not needed in the reporting, in which only the main budget lines (A till D) are needed.

A. Investment costs

Definition

Investment costs are defined as costs incurred to acquire durable goods with a long life that can be depreciated in the accounts over several years.

All investment goods purchased for the project must be included in an inventory. All investment goods purchased for the programme should be transferred to the local partner institution at the end of the project by means of a transfer agreement.

Annotated budget line

A.1. Infrastructure

Major investments (such as buildings, canals, roads, public utilities) are normally not permitted as part of university cooperation for development. This applies to new physical infrastructure as well as to renovation of existing physical infrastructure. Minor infrastructure facilities (such as air-conditioning or other essential small infrastructure for a laboratory facility) are permitted.

Remark: the renovation of a coordination office is permitted during the pre-partner programme phase.

A.2. Equipment

Equipment – e.g. desktop and notebook computers, printers, mobile phones, cameras, beamers, durable laboratory material – must be wholly intended for the partner institution in the developing country. Investment goods purchased for use by the Flemish institution cannot be paid from this budget line. Investment goods for use in Belgium must be paid for from the lump sum Flemish coordination costs or from the bench fee or research allowance received by the receiving entity of a scholarship student.

A.3. Vehicles

The purchase of a vehicle must be stated in the initial project proposal or requested from VLIR-UOS through a specific written request. VLIR-UOS will consult DGD on this matter. VLIR-UOS requires all vehicles purchased as part of a project to be managed using a logbook in order to make a distinction between travel for the project and all other travel.

In the context of an IUC/NETWORK programme a vehicle should serve the programme (multiple projects). The advised option to manage the programme car is to work with a mileage fund so that all projects that make use of the programme car tap into this system paying mileage to a specific fund managed at level of the Programme Support Unit (PSU). In this case all expenditure related to this vehicle should be covered by the fund (driver, insurance, spare parts car, fuel, ..) and no recurrent costs of the vehicle can be budgeted under B. Operating costs. Any income generated by using the vehicle for non-programme related ends (e.g. based on a price per kilometre) should also lead to the payment of mileage.

A.4. Office furniture

No special guidelines have been drawn up.

A.5. Other

No special guidelines have been drawn up.

B. Operational costs

Definition

Operational costs are defined as “project-related” costs incurred for the purchase and/or operational use of goods or services that are not depreciated in the accounts and costs directly related to a specific project activity.

The costs charged to the operation of the project must be incurred in the partner institution or the partner country. An exception may be made if the activity cannot be performed in the partner country (e.g. specialised laboratory studies) and this is stated in the project proposal. In these cases, it is recommended that the possibilities in neighbouring countries are explored. The most efficient solution should always be sought (based on value for money and criteria like delivery time, warranty and after-sales service).

Operational costs in Belgium can be charged if a specific project activity takes place in Belgium, e.g. a workshop or conference. This must be requested in advance, either in the project proposal or by formal letter. Reasons must be provided for staging the activity in Belgium rather than in the partner country. This may occur only in exceptional circumstances. The rule is that the activities should take place in the partner country, as the purpose of a VLIR-UOS project is to fund development relevant activities through university cooperation for development and build capacity in the partner countries.

Recurrent operating costs in Belgium can never be charged to an IUC/Network project/programme. *However, travel expenses in Belgium as part of the project activities (e.g. Steering committee meetings) can be charged to the project.*

Annotated budget line

B.1. Shipment costs

All costs of shipping materials and equipment, including packaging, transport and insurance, are reimbursed. Local costs (storage, customs clearance, handling costs, local transport and so on) may be reimbursed. Import taxes are payable by the partner institution or institutions.

B.2. Maintenance of equipment

No special guidelines have been drawn up.

B.3. Consumer goods

These may include non-durable laboratory equipment, chemicals, documentation, books, minor materials, spare parts, project related office supplies, fuel, copies etc.

Regarding fuel costs, reference is made to A.3. as in the context of an IUC a mileage fund is the advised option. Only in case no programme vehicle has been purchased and institutional vehicles of the partner institution (e.g. in this case alignment with institution's rules for kilometre allowances is advisable) or private cars are occasionally used, fuel costs can be reported and reimbursed.

B.4. Communication

These may include phone, internet and fax costs.

B.5. Representation costs

Representation costs may be reimbursed at programme level only.

These are representation costs incurred in the partner country by the Flemish/local coordinator of an IUC/NETWORK or representation costs incurred in Belgium by the Flemish institution as part of the programme. In addition to meal and reception costs, small gifts purchased as representation gifts for project partners in the partner country are also acceptable. The list of ineligible costs as indicated in the standard rules and financial practices of this document is to be taken into account. As such, no alcohol, tobacco or derived products can be purchased.

The maximum acceptable representation costs (sum of the representation costs incurred in Belgium and in the developing country) is 500 EUR per year.

Representation costs are reimbursed subject to the submission of supporting documents. These costs must always be supported by invoices.

B.6. Belgium and local travel costs

Travel expenses are all costs incurred for journeys by both Belgian and local employees as part of the execution of a project. During missions, travel expenses within the city of duty (e.g. taxi costs) should be covered with the per diem allowance, and cannot be charged separately to the project budget.

Journeys within Belgium

The following allowances are granted for journeys within Belgium, subject to submission of supporting documents:

- The Flemish higher education institutions may employ their own system of kilometre allowances for project-related journeys by car, provided the institution coordinator for development cooperation (ICOS) submits an annual report to VLIR-UOS of his/her institution's rules for kilometre allowances for journeys by private car.
- Journeys by car not covered by the Flemish higher education institution's own system of kilometre allowances attract a kilometre allowance as granted to federal civil servants. This kilometre allowance is regularly adjusted for inflation. Reference is made to the latest adapted allowances on the VLIR-UOS website : https://www.vliruos.be/en/documents/guidelines_and_forms/131#general-guidelines-and-forms
- DGD will notify VLIR-UOS of any such adjustment and VLIR-UOS will in turn notify the involved higher education institutions.
- Train journeys: the price of the ticket.
- Bus, tram or metro journeys: the price of the ticket.
- Taxi journeys: the price of the journey as shown by a receipt (only in case no other means of transport could be considered) .
- Rented vehicle journeys (group transport only): the cost incurred.

When choosing the means of transport practicability and overall value for money must be taken into account. Good reasons must be provided for the choice of a rented vehicle or taxi. Taxis are acceptable when there is no public transportation or when heavy or multiple items need to be transported. The charging of taxi costs must always be justified.

Local journeys

These are all travel costs in the partner country. The following allowances are granted, subject to submission of supporting documents:

- For journeys by car a daily allowance or kilometre allowance can be paid. A supporting document or a declaration justifying the price is requested if a project car cannot be used. This price may never be higher than the kilometre allowance granted for journeys within Belgium.
- Journeys by train, boat, bus, metro or other means of transport: the price of the ticket.
- Local journeys by plane: a ticket in economy, plus any airport taxes and booking fees charged by the airline or travel agency. In choosing the itinerary, the elements of safety, efficiency and cost price must be taken into consideration.

As indicated at the start of this section, during missions, travel expenses within the city of duty (local transport costs) should be covered with the per diem allowance.

B.7. Congress registrations

Registration costs of participation in congresses relevant to the project may be funded from the project budget, provided the participant actively participates by making a presentation (poster, paper etc).

B.8. Local per diem

People that travel to another place (outside their city of duty) to perform duties as part of the project may receive a local per diem for expenses (transport, meals etc).

Local allowances are to be defined taking into account local scales. For certain countries, a VLIR-UOS local per diem amount is fixed and included in annex of these financial guidelines and is valid as a maximum for all interventions in a given country.

If no VLIR-UOS national per diem amount is available, this lump sum (fixed) per diem should be in accordance with the national legislation (partner country) and the local institutional scales (partner institution) up to an amount of max. 25 EUR per day. The payment for a hotel stay is not included in the above mentioned per diem amount. The price of the hotel may be added, provided invoices are submitted.

The local institution will be asked to submit its local legislation validated by the competent authorities together with the IUC/NETWORK programme proposal and should these local scales exceed 25 EUR per day, and in case the local institution prefers to pay this higher per diem, the difference needs to be paid from the institutional budget or from the coordination costs. Every adaptation to these scales will need to be included in the programme management manual validated by the IUC/NETWORK Joint Steering Committee submitted timely to VLIR-UOS for implementation.

B.9. International travel costs

International travel costs comprise all costs incurred for door to door journeys on official project business by programme team members (Flemish and local project teams) and other experts (specific one-time expertise) involved in the programme activities in view of envisaged results, as also the IUC coordination staff or other local personnel required to travel within the programme.

The allowance for international air journeys must be no more than the price of an economy ticket together with airport tax and any booking fee charged by the airline or travel agency.

The following indirect travel costs are reimbursed for international travels to Belgium or another country (no more than three weeks):

- Ticket, including airport tax (no more than the price in economy class)

- Compulsory vaccinations and anti-malaria drugs (consultation fees are not accepted; aspirins, immodium, mosquito spray, touristil and other household drugs are not acceptable)
- Visa costs
- Passport costs
- Passport or visa photo costs
- Costs of obtaining the appropriate certificates
- Costs of travel and cancellation insurance
- Transfers to and from the airport

B.10. International overnight expenses

Per diem

An international per diem is a fixed daily allowance paid during a stay as part of the execution of a project in a country other than the country of residence. The amount is dependent on the country of destination and is intended to compensate the costs of meals, transport within the city or place of stay and personal expenses. The amounts stated are granted regardless of the academic degree of the person involved. A per diem may be settled per overnight stay. There is no per diem for travel days.

The per diem allowances¹ (list of Federal Public Service Foreign Affairs) change at least once a year and are therefore not included anymore as an annex in the VLIR-UOS financial guidelines. They can be found on the VLIR-UOS website: https://www.vliruos.be/en/documents/guidelines_and_forms/131#general-guidelines-and-forms. If the per diem amount in the list is lower than 37 EUR, 37 EUR per diem will be paid.

The per diem is granted proportionate to the number of nights spent in the foreign country, with a maximum of 21 nights.

Hotel costs

Hotel costs are only the costs incurred for nights in a hotel. Costs of meals, mini-bars, phone bills, internet etc. incurred in the hotel are covered by the per diem.

The hotel allowances change at least once a year and are therefore not included anymore as an annex in the VLIR-UOS financial guidelines. They can be found on the VLIR-UOS website: https://www.vliruos.be/en/documents/guidelines_and_forms/131#general-guidelines-and-forms.

The amounts in the table for hotel allowances available on the VLIR-UOS website are indicative. Hotel costs must always be settled, subject to the submission of invoices. Please use the amounts in the table when drawing up the budget for hotel costs.

A maximum of 21 nights stay in a hotel may be reimbursed as part of this arrangement.

¹ The per diem amounts are linked to amounts established and revised annually by the Federal Public Service Foreign Affairs in Belgium. DGD must formally notify VLIR-UOS of any revisions without delay. The date on which these revisions become effective is established by Ministerial Decree. The new amounts apply to VLIR-UOS projects from the first day of the month two months after their date of publication in Moniteur belge/Belgisch Staatsblad. VLIR-UOS informs all stakeholders of any revisions and the date they become effective.

B.11. Time and management input compensation for Flemish project leaders and coordinators *(This category is not relevant for project budgeting and only at level of the PSU - operational costing)*

B.11.1. Flemish project leaders and coordinators

Project related operational costs in the North can in principle not be imputed on the project budgets. However, a compensation for the time and management input of both the Flemish project leaders and the Flemish coordinator is foreseen. This is not an individual but a unit compensation, paid to their academic departments. This is budgeted/reported as a lump sum operational cost as part of the PSU budget (see detailed explanation in Annex 3). If requested by an auditor proof of payment to the unit is to be provided.

Flemish coordinators that in exceptional cases combine this position with a position of project leader are entitled to both lump sums. This is limited to max. one project leadership compensation and can also be waived in case the coordinator compensation already covers the expenditure as listed below.

The unit compensation for Flemish project leaders is among other meant to cover:

- The time input of the Flemish project leader and his/her support staff
- Costs related to project management such as reprography, communication
- Representation costs
- Other project management related costs

B.11.2. Local project leaders and coordinators

The E2 budget is meant to also cover the time input of both the local project leaders and the local coordinator. In view of the lump sum nature of the E2 budget line, the partner university is expected to guarantee its own appropriate incentive system. If required by an auditor, supporting documents should be available locally.

B.12. Other

Only to be used for operational costs not fitting under B.1. to B.11. and with detail regarding the nature of foreseen expenditure. No further special guidelines have been drawn up.

C. Personnel costs

Definition

All costs connected to the deployment of persons (service contracts, employment contracts with local employees etc.) during the project implementation as indicated in the contract must be budgeted under budget line C Personnel costs. This budget is to be used as efficiently as possible and as a general principle kept to a minimum.

*In institutional programmes (IUC, NETWORK), the general principle is that the **academic staff** that bears responsibility for the implementation of (parts of) the partner programme **is made available by both the Flemish university and the partner institution. Their wages are not included in the programme budget, not even partially.***

This means that personnel related costs are mainly linked to technical and research support activities and destined to non-academic employment (e.g. field workers, nurses, ..) in the partner country (in the South). The approach to personnel costs and the way the personnel budget is divided over the different projects is to be negotiated within the IUC Management framework (Steering Committees, Coordinating team, project leaders South/North) and outlined in the IUC management manual. It goes without saying that the allocation of these costs will support the needs of the IUC partner programme and the overall goal of the IUC programme.

Specific for the IUC/NETWORK programme model is that it foresees in a Programme manager who coordinates a Programme Support Unit. This staff position is supported via a contract of employment with the partner university and the wage can be fully included in the budget of the Programme Support Unit project (see annex 3). Programme managers primarily have management support and facilitation tasks, exceptionally they are also executed by academic staff which are then liberated from their duties and fully available to support the IUC programme.

Annotated budget line

C.1. Service contracts

If external experts (i.e. experts that are not contracted to a Flemish or partner institution) are used to execute certain aspects of the project, the associated costs may be charged to the project budget within the foreseen project duration. The allocation must occur on the basis of a service contract. Typical local rates must be paid to local employees employed on the basis of a service contract. A service contract is limited in time and usually strongly activity related.

Visiting lecturers of the North and/or other units of the IUC partner universities do not receive any fee. Only their incurred travelling expenses and board and lodging costs are reimbursed. Visiting lecturers of other universities in the country of the partner, may receive a fee -by means of a service contract- as per the salary rates of the IUC partner university.

C.2. Employment contracts

C.2.1. Local employees

The employment or subsidising of (temporary) employees may be paid through the project budget within the project duration. Such employees may be local administrative employees and manual workers (field or survey workers, laboratory technician). Local pay scales and social insurance arrangements must be observed with respect to local employees on an employment contract.

C.2.2. Local Programme Manager

A programme manager has a full time employment contract with the IUC partner university. His/her entitlements are determined by the partner university salary scales and/or packages that are nationally sufficiently competitive to attract the require profile.

How to enter personnel budgets in the programme budget?

By way of illustration, a diagrammatic representation is given below of how personnel related costs have to be entered in the budget:

<i>Nature of the duties</i>	<i>Budget</i>	<i>Budget line</i>	<i>Manner of deployment of personnel</i>
<i>Management at the local partner university</i>			
Programme coordination duties		E2: Covered by the lump sum local coordination costs	To be determined by the local partner university
Project leadership duties		E2: Covered by the lump sum local coordination costs	To be determined by the local partner university
Programme Management	PSU	C.2.2.: Personnel (Programme manager)	Local employment contract
<i>Research support</i>			
Long term support services (field assistant/workers, farmers etc.)	Project budget	C.2.1.: Personnel	Local employment contract
Technical or non-technical ad-hoc support services (enumeration, , lab analysis, secretarial, etc.)	Project budget	C.1.: Personnel	Service contract
<i>Management support</i>			
Administrative and accounting services		E2: Covered by the lump sum local co-ordination costs	To be determined by the local partner university

Technical ad-hoc support services (website, PR materials, workshop organisation, temporary extra bookkeeping support etc.)	PSU	C.1.: Personnel	Service contract
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D. Scholarship costs

Definition

Costs relating to scholarship students are recognised under D. Scholarship costs.

Scholarships may be granted as part of an IUC Programme only if the scholarship contributes to capacity building at the local partner institution. The persons who are granted a scholarship as part of the IUC Programme must therefore be a member of staff of the local institution or the local institution must commit to employing the scholarship student after graduation.

All payments to scholars must be grouped under D. Scholarship costs. A detailed calculation has to be included in the scholarship costs budget, based on the VLIR-UOS scholarship cost scales for scholarships in Flanders or based on other scales for local scholarships. The scholarship type and the number of scholarship months must also be stated.

Remark: an IUC programme can decide to include a 'travel grant' for master level students from Flanders on the project budget. These students will receive a scholarship allowance of € 1.000. A supporting document for the scholarships needs to be available and it is also advisable to keep the proof of the airline ticket as supporting document in case this would be asked during an audit. These travel grants need to be approved within the PP or AP. Max. 5 travel scholars per activity year can be foreseen. The idea is that the focus of the project remains capacity building in the South and that the inclusion of these 'travel scholars' from the North needs to have an added value of intercultural exchange, learning and eventually be instrumental for the success of the project.

Guidelines and allowances

Scholarships in Belgium

Allowances and guidelines for scholarships facilitating a stay in Belgium are not included anymore in these VLIR-UOS financial guidelines, but are available as a separate document to be found on the VLIR-UOS website: https://www.vliruos.be/en/documents/guidelines_and_forms/131#general-guidelines-and-forms

Local scholarships

Local scholarship allowances –to be understood primarily as scholarships at other institutions in the country/region- are sometimes financed within the framework of the programme on the basis of policies and procedures laid down in a management manual, agreed upon by the Joint Steering Committee Meeting and VLIR-UOS).

Considering that persons who are granted a scholarship as part of the IUC programme are, in principle, member of staff of the local institution, local scholarship allowances are only exceptionally funded by the IUC programme on the basis of policies laid down in a management manual. In any case, the amounts are to be in line with university and if possible national guidelines and need to be endorsed in the IUC management manual.

In case local scholarships are awarded these are expected to comprise the following aspects:

Allowance (the amount to be paid to the scholarship student)

This includes what is necessary for subsistence (housing, food, local transport, etc.). A distinction must be made according to the origin of the scholarship student (same region, another region of the same country, another country). If a system of local scholarships already exists (funded locally or by other donors), it must be used as a basis for calculation. In the absence of such a system, the amount of the scholarship must be based on a realistic estimate of the local cost of living. The amount of the allowance may never exceed the amount of the scholarship granted in Belgium.

Enrolment fees/training costs

Enrolment fees and/or related training costs for studies supported as part of an IUC programme/project should be minimised and in the exceptional case the local scholarship is at the partner institution, or in the context of a NETWORK, at a participating institution, these costs are to be waived by the partner institution. The programme management manual should state this.

Insurance

Local regulations are to be checked, but in general insurance must cover costs of illness, accident or death, including medical treatment, hospitalisation and any repatriation of students from the region.

Extension of scholarship period beyond the partner programme lifetime

In view of the implementation cycle, the partner programmes terminate on 31 December of year 'X' while courses in the Northern hemisphere tend to finish in September. Scholarships need to be allocated under the correct budget year.

For the above reason and also because of reasons of unforeseen changes in scholarship planning and follow-up, IUCs foresee the possibility that in the Phase Out Year 11, **PhD scholarships** are finalised. In some cases, and if within a Five Year Programme, PhD scholarship budgets can be shuffled –on specific request- between year 10 and 11, in order to make possible a smooth round-up of all PhD scholarship activity by the end of an IUC programme.

E. Coordination costs

Definition

The coordination costs in Belgium plus the local coordination costs can never exceed 10% of the initially planned budget. These costs are considered a lump sum amount in the budgeting and reporting, whereby the latter implies that, in principle, these expenses do not need to be accounted for by detailed supporting documents for individual expenses, since proof has been given by VLIR and accepted by DGD that the amount charged to DGD (max. 10%) is in any case lower than real expenses at the level of the Flemish higher education institution.

The Flemish higher education institutions are accountable for these amounts and, if required during an external audit or control by DGD, supporting documents need to be available at the level of the Flemish higher education institutions in order to justify this type of costs.

As approved by DGD, supporting documents for this type of costs are:

- A description of the overhead regulation at the level of all Flemish universities provided by VLIR;
- The project agreement between the institution, the project promoter and VLIR;
- An acknowledgement of receipt, signed by the representative of the institution.

In case of the local coordination costs, the local institutions can also be required during an external audit to provide the necessary supporting documents. •

In the framework of the implementation of a partner programme, a fixed coordination budget is allocated to the university of the Flemish coordinator and the local partner university.

Annual Programme Year	E1: Fixed coordination budget for the university of the Flemish coordinator	E2: Fixed coordination budget for the local partner university
Normal AP	3% of total budget ²	5% of total budget
Pré-partner programme	Depending on the number of months and total budget but in general E1 and E2 are each 5% of total budget	
Phase out programme	10.000 EUR	10.000 EUR

As such, the fixed amounts which are considered as lump sums at level of the budget/reporting towards VLIR-UOS) will be different depending on the total amount foreseen for an IUC Programme (budget differences depending on the number of thematic projects) and of the duration of an annual programme (in principle a duration of 12 months).

² Reason that the E1 is 3% as opposed to E2 with 5% is related to the fact that at the Flemish level a compensation of the unit of the Flemish coordinator is foreseen under budget 'C' of the PSU.

Annotated budget line

E.1. Coordination costs in Belgium (fixed amount, included in the budget as a lump sum)

These consist of the costs directly ensuing from the implementation of the programme pursuant to the use of the premises, infrastructure and/or services of the Flemish higher education institutions and connected with the administration and coordination of programme execution.

All costs incurred in Belgium connected with the general administrative management and coordination of project execution are covered here, which means that they cannot be charged separately (e.g. costs of sending documents, phone costs, costs of copying reports etc).

E.2. Local coordination costs (coordination costs in the partner country) (fixed amount, included in the budget as a lump sum)

This fixed amount is foreseen in the budget and reporting as a lump sum. However, if so required justification needs to be given by means of supporting documents. This budget is allocated to cover administration and coordination costs as well as non-attributable institutional costs related to the institutional management of the programme.

The local coordination costs are allocated to cover costs which are related to the administration and coordination of the local implementation of the programme. These costs may consist, among other things, of personnel costs, cost of small materials (among other things, computer requisites), communication, consumables and overall operating costs as well as local travelling expenses that cannot be attributed to a particular project. Furthermore, the local coordination costs are meant to enable the coordination office to provide basic services necessary for the programme against agreed upon unit costs based on a cost recovery calculation. An exception here is the mileage and photocopy fund which is managed by the PSU, but where the projects pay unity costs for mileage and photocopies in order to maintain the cars and equipment.

Annex 1: Exchange rate calculation

Method

- Year 1: per money transfer
 - **Gross** what was debited from the Belgian account in EUR (a)
 - **Net** what was credited to the local account in local currency (b)
 - So, bank charges relating to the transfers have already been processed in the exchange rate calculation
 - Weighted average exchange rate: $(\Sigma a) / (\Sigma b)$
 - Reconciliation
- Year 2 and beyond
 - Same as year of operation 1
 - But also value balance in local currency on the local account at previous year's weighted average exchange rate
 - From this balance the balance of the local coordination cost (the amount unspent of E2)
 - Reconciliation

Example

- Year 1:
 - Transfer 1: 10,000 EUR (10,056 EUR from Belgian account), 12,800 USD net on local account
 - Transfer 2: 15,000 EUR (15,064 EUR from Belgian account), 18,050 USD net on local account
 - After year 1 the local account contains 5,075.00 USD, from this amount 1,000.00 USD of the E2 received in year 1 was not spent.
- Year 2:
 - Transfer 3: 12,000 EUR (12,030 EUR from Belgian account), 14,333 USD net on local account
- Exchange rate calculation:

<i>Year 1</i>	EUR	USD
Transfer 1	10,056.00	12,800.00
Transfer 2	15,064.00	18,050.00
Total	25,120.00	30,850.00
Year 1 exchange rate	0.8143	
<i>Year 2</i>	EUR	USD
Balance on local account	3,318.27	5,075.00 – 1,000.00
Transfer 3	12,030.00	14,333.00
Total	15,348.27	18,408.00
Year 2 exchange rate	0.83378	

Annex 2: Allowances

We refer to the VLIR-UOS website for guidelines regarding the different type of allowances:

- the hotel and per diem allowances change at least once a year and are therefore not included anymore as an annex in the VLIR-UOS financial guidelines. They can be found on the VLIR-UOS website: https://www.vliruos.be/en/documents/guidelines_and_forms/131#general-guidelines-and-forms.
- Allowances and guidelines for scholarships facilitating a stay in Belgium are not included anymore in these VLIR-UOS financial guidelines, but are available as a separate document to be found on the VLIR-UOS website: https://www.vliruos.be/en/documents/guidelines_and_forms/131#general-guidelines-and-forms.
- Local per diems guidelines per country (if existing) listed here: https://www.vliruos.be/en/guidelines_and_forms/annex_overview_of_vlir-uos_partner_countries_with_local_per_diem_regulations
- Guidelines for local scholarship amounts in the case of sandwich PhD's will be made available progressively in this document, but are subject to negotiation between the Flemish university and the partner institution, with the necessary approval by VLIR-UOS. In the case of Uganda local scholarship amounts are defined by VLIR-UOS: http://www.vliruos.be/media/3607311/local_allowances_uganda_per_diem_scholarships

Annex 3: IUC Specific guidelines regarding the cost structure of the Programme Support Unit and the Pre-Partner Programme

General principles and budget lines applicable

A programme support unit (PSU) is a support unit for the implementation of an IUC partner programme. It is technically established as a project with as core result focus the effective and efficient implementation of the partner programme. Activities and related costs are all related to the overall coordination and implementation of the programme, aiming at creating the interlinkage and the programme philosophy between and behind the individual projects.

One of the key principles applicable to PSU is that the PSU budget is to be kept as small as possible in order to guarantee as much budget as possible for content related project activity. However, the PSU is crucial for a good functioning of the programme so a set of minimal guidelines are to be followed.

The table underneath aims at clarifying when -in which phase- a PSU (and other projects) are active and which budget lines are applicable:

Programme/project level	Budgetline	Pre-partner programme (PPP) (Year '0')	Partner Programme (PP)	Phase Out (Year 11/12)
Programme Support Unit (PSU) project	Budget line scholarships (E) not applicable. Budget line investments (B) limited to vehicles and limited investments for PSU office	No PSU as separate project: PSU installation is part of envisaged results of this programme phase	PSU is included as a separate project responsible for follow-up of programme management	No PSU as separate project: PSU activities are part of envisaged results of this programme phase. PSU costs are to be reduced and to be foreseen by E1
Regular IUC projects	All budget lines	Not applicable: projects are formulated to start during the PP	IUC projects	Not applicable: no project activities except for closing and end evaluation
Lump sum based amount for budgeting (reporting of expenditure under a				Closing event € 40.000 (normally in Y11)

'budget line' closing event, not a lumpsum at reporting)				
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In the framework of a PSU project, the budget lines should be applied as follows:

Investment costs

The purchase of vehicles under certain conditions. Preferably to be procured during the pre-partner programme or year 1 of the programme activities. Programme cars (purchase only and mileage allowances for the use of the cars for coordination purposes)

A certain number of PSU specific investment related costs (computers, etc.) can be imputed on the PSU budget. During the pre-partner programme certain costs related to the physical putting in place of the PSU office can be included here. Investments costs in other AP years are to be very much limited and clearly agreed upon with VLIR-UOS.

Operational costs

Various operational costs (such as costs related to the organisation of the Joint Steering Committee Meetings (JSCM))

Compensation of input by the Flemish coordinator (to be budgeted under B in the 'Programme Support Unit (PSU)'). The Flemish coordinator receives a lump sum compensation for his/her time input of 15.000 EUR/year. This is budgeted under B in the PSU budget.

Compensation of input by the Flemish project leaders (to be budgeted under B in the 'Programme Support Unit (PSU)'). Amounts are depending on the number of projects. The total amount available for these compensation equals 3% of the IUC overall total budget, to be divided over the number of projects. (Example: an IUC of 350.000 EUR, then 10.500 EUR to be divided over X projects)? This is budgeted under B in the PSU budget.

A certain number of PSU specific support related costs can be imputed on the PSU budget. This should be clearly agreed upon with VLIR-UOS as in principle the operational and investment costs at level of the PSU are to be limited as much as possible.

International travel costs linked to the missions of the people (N/S) involved in the coordination of the programme (programme coordinator, programme manager, ICOS, Rector, ...)

Residential costs linked to the missions of the people (N/S) involved in the coordination of the programme (programme coordinator, programme manager, ICOS, Rector, ...)

Personnel costs

Salary of the local programme manager

Service contracts (only if for ad hoc services for the programme support (e.g. website development of the IUC Programme))

Scholarship costs

Not applicable.

Coordination costs

Belgian coordination costs (E1)

The university of the Flemish coordinator receives an amount for coordination cost which stands at 3% of A-E (total amount budget).

Local coordination costs (E2)

The IUC partner university receives an amount for coordination cost which stands at 5% of A-E (total amount budget).

In fact in a programme budget of an IUC, the budget lines E are only included at level of the PSU project.

	Budgetlines	E1	E2	Total
Project 1 to X	A to D	Not applicable	Not applicable	
PSU	A, B, C	E1	E2	

Note: in a PSU budget, scholarship costs are not possible (D).

Explanatory note on the pre-partner programme

Prior to the implementation of a partner programme, the IUC programme cycle foresees in a formulation and preparation stage. This is the so-called 'year 0' or 'Phase In' which is contracted under the status of a pre-partner programme. The Phase In aims at phasing in the new IUC programme and this can have a duration of 10 to max. 24 months depending on the organisation of the identification, matchmaking and formulation process and the available budgets at level of VLIR-UOS for the support of this kind of activities. While generally the same principles are applied, the applicable budgetary amounts per IUC pre-partner programme will be defined by VLIR-UOS per specific preparatory cycle.

Among others, the 'year 0' budget is meant to cover the following activities:

- Programme office set-up including coordination facilities (ICT and/or communication facilities, transport etc.)
- Programme manager
- Workshop and PCM training related expenses
- Missions (matchmaking and formulation)
- Travel (coordinators)
- Other preparatory activities (language etc.)