Budgeting and funding for research projects

Deborah Alibu (Mrs.)

Senior Accountant, UVRI

EACCR3 is part of the EDCTP2 programme supported by European Union under grant agreement CSA 2020NOE-3102
Training objectives

By end of this training you will be able to:-

1. Understand what is meant by a budget

2. Prepare participants with the knowledge on how to effectively budget research projects;

3. Know the cost items/activities to budget for in a grant and the pand;

4. be aware of the underlying principles of budgeting
Layout

• Definition

• Levels of Budgeting

• Composition

• Methods

• What funders look out for

• Getting started
Budget

• Budget

• What is a budget ??

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Definition-1

• A budget is a **financial plan** for a specified period

• It is an estimate of **expenses** a research project will incur, usually broken out by category, for the purpose of providing a roadmap that the party should follow *(True Tamplin)*

• A financial document used to project future income and expenses.

• A budget plans future spending on planned activities for a research project
Definition -2

The project budget is the engine that drives your project’s funding.

It communicates to stakeholders how much money is needed and when it’s needed.
The other part of the importance of a project budget is that it’s an instrument to control project costs.

The budget, which is part of your project plan, acts as a baseline to measure your performance as you collect the actual costs once the project has been started.
Levels of budgeting

• At Individual level — a budget can be as easy as maintaining a daily tally of income and expenses.

• At Organizational level: estimation of the cost of completing a research activity in a given period

• The maximum budget is usually communicated during the grant call process
Budget composition

• The project budget will include such things as labor/HR costs, material procurement costs and operating costs. But it’s not a static document.

For research projects, a budget will have
• Personnel costs
• Direct research costs
• Indirect costs/Over heads

• Your project budget will be reviewed and revived throughout the project, hopefully with the help of project budgeting software.

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Budgeting methods

Popular Budgeting Methods

- Incremental Budgeting
- Activity-Based Budgeting
- Zero-Based Budgeting
Methods

• Incremental budgeting

• Activity Based Budgeting

• Zero Based Budgeting
What funders look out for ??-Validation

• Funders will look out for credible Justification of costing of items

• Lay out of tasks and the clear definition of tasks

• Ensure that project scope and budget match

• Timelines and milestones and determine the actual resources and costs required to complete these! Budgets should be realistic!

• Determine the eligible expense categories and maximum amount allowed by the sponsor.

• Categorize these costs (e.g., salaries, supplies, equipment…) per year, in some cases by quarter.
Working with templates

• Some funding agencies have templates

• Templates will have sections with in-built formulas e.g. personnel costs, Travel (International & Inland); Goods & services) etc

• This makes budgeting even easier
Working with templates-2

- It is the role of the PI/Co-Pi to get the itemisation at proposal stage right since the final amounts stated in the proposal and award letter may not change

Always good to work with the grants/finance officers to help you check your budgets before submission process

But justification should be written to capture the mind of the funding agency
Budgets- Getting started

Many components are necessary to build a budget including:

1. Direct and indirect costs,
2. Fixed and variable costs,
3. Labor and materials,
4. Travel (inland & international),
5. Equipment (depreciation) and space,
6. Licenses/Insurance and whatever else may impact your project expenses.

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Creating and managing your project budget

• 5 steps

1. Use Historical Data
To accomplish a specific objective or goal. Looking back at similar projects budgets is a great way to get a headstart on building your budget.

2. Reference Lessons Learned
Learning from the successes and mistakes of previous grants provides a clear path to more accurate estimates
Getting started -2

3. Leverage Your Experts

to tap on experience and knowledge—be they mentors, other project managers or experts in the field can help you stay on track and avoid unnecessary pitfalls.

4. Confirm Accuracy

Once you have draft budget, you’re not done. You want to look at it and make sure your figures are accurate. Seek help of experts and other members of the project team to check the budget and make sure it’s right.
5. Baseline and Re-Baseline the Budget

Your project budget is the baseline by which you’ll measure your project’s progress once it has started. You may want to re-baseline as changes occur in your project. Once the change control board approves any change you need to re-baseline (make changes).
Thank you for listening
Group work

• Working in our groups for the grant calls.

1. List the budget items that are going to be considered for this project

2. Can we come up with a budget for the research project proposed