Budgeting and Funding for Research
What funders look out for

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Training objectives

1. Understand what is meant by a budget

2. Know how to effectively budget for research projects;

3. Know the cost items/activities to budget for in a research grant, and

4. Be aware of the underlying principles of budgeting

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Budgeting

What is a budget ??

Definitions

- 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

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Uses of Budgets

- The research 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 research 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 research project has started

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Levels of budgeting

- **At journal level** –a budget can be as easy as maintaining a daily tally of income and expenses.

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At Organizational level

- Estimation of the cost of completing a research activity in a given period

- The maximum budget allowable is usually communicated during the grant call process

Budget composition

For EDCTP research projects, a budget is part of the agreement
 (Annex2) and it will have these categories:

- Personnel costs

- Direct research costs

- Indirect costs/Over heads

- Total

How to Budget:

- Popular budgeting methods Include:

- Activity Based Budgeting

- Incremental Budgeting

- Zero Based Budgeting

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Methods Cont:

- **Activity Based Budgeting**
- A method of budgeting where activities that incur costs are recorded, analyzed and researched Every activity in a research proposal that may incurs a cost is scrutinized for potential ways to create efficiencies. Budgets are then developed based on these results.

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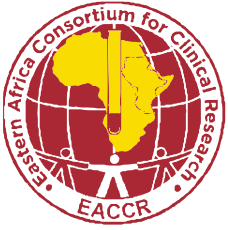THE GLOBAL HEALTH NETWORK

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Methods Cont:

- **Incremental budgeting**

- Incremental budgeting begins with the current budget and adds or subtracts increments from those amounts to create new spending figures. It is often considered the most conservative approach among all budgeting methods.

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Methods Cont:

- **Zero Based Budgeting**

- A technique where managers must start from scratch (zero) when preparing their budgets. This allows budgeters to remove any unnecessary budget lines that may no longer be applicable or relevant after the end of the budget period eg a fiscal year.

Validating budgets

Funders will look out for :

- **Compliance** to the maximum amount as allowed by the funder.

- **Eligible** Costs Categories (e.g., salaries, supplies, equipment…) per year, in some cases by quarter.

- **Credible** Justification of costing of items

- **Clarity** in the definition of tasks and logical lay out of tasks

- **The match** between the research project scope and the budget

- **Realistic Budgets** that show that the timelines and milestones determine the actual resources and costs required to complete these!

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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)

Other Direct Costs

Indirect Costs 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

- However, budget justification should be written to capture the mind of the funding agency

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Generating a budget

Collect the components 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

- 7. whatever else may impact your project expenses.

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5 steps to follow:

1. Use Historical Data

To accomplish a specific objective or goal. Looking back at similar projects budgets is a great way to get a head start 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

3. Leverage Your Experts

Tap into the available 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
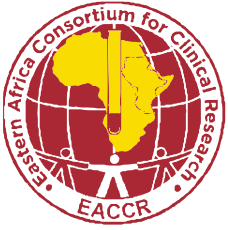
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5. Baseline and Re-Baseline the Budget

Your project budget is the baseline by which you'll measure the research project's progress once it has started. You may want to re-baseline as changes occur in your research project. Once such project changes are approved you will need to re-baseline (make changes) and seek the approval of the new budget to effect.

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Group work

- Working in our groups :

1. List

2. Categorise;

3. Cost the budget items to be included in a research project titled:

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Thank you

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