

Cost-based funding

Calculation of the cost and financing plan



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1. General information on the cost and financing plan

For the calculation of the cost and financing plan, please refer to the current **DBU Funding Guidelines** and the **Procedural Provisions** contained therein as well as the **Notes on the application process**.

Cost plan: A detailed, transparent cost plan itemised by cost type must be submitted together with the project application.

Financing plan: The financing plan must outline the overall financing of the project. It should provide information on how the own contribution, which will not be funded by the DBU, will be financed (own recourses, third-party funding, sponsorship, income from conferences or, if applicable, volunteer work).

In the case of collaborative projects with several project partners (= funding recipient and cooperating partners), the funding recipient in their function as project coordinator is responsible to the DBU for the financial processing of the project. The funding recipient and the project partners need to draw up and submit **separate cost and financing plans**.

Own contribution: As a rule, the funding recipient and, if applicable, the project partners shall reasonably contribute to the overall costs of the project.

Funding amount: The level of the grant is determined based on the project and the funding recipient. For collaborative projects, each project partner is considered individually in terms of the type and amount of funding. For the amount of funding for companies, the respective applicable regulations on state funding laid out by the European Commission serve as the upper limits.

More information: A template and a calculation tool for cost-based funding is available on the DBU website at www.dbu.de/en/funding.

2. Eligible costs

When creating a cost and financing plan, *all* reasonable project-related expenses or costs incurred as a direct result of the project are to be calculated for the planned project duration.

These costs must be directly allocated to the project. Proof of use shall be provided in the form of receipts as part of the financial reports. These **overall costs** include both the **own contribution** and the **funding sum** and must be individually allocated to the respective cost types in detail.

In the case of **cost-based funding**, the cost plan shall be divided into the following **cost types** as a rule:

- Gross salary
- Overhead costs
- Material costs
- Third-party services
- Travel expenses

Only costs that are incurred **during the project duration** may be considered project-related costs. The project duration is defined in the approval letter and generally starts with the date of the approval. The project may not begin before this date.

Costs that are purely for calculation purposes, profit margins, etc., will not be included in the calculations.

In an additional step, the overall costs must be split into own contribution and funding. The funding amount is provided by the DBU; the own contribution is borne by the parties involved in the project or financed by other means.

3. Calculation of the total costs by cost type

1. Gross salary

- The gross salary must be calculated separately for each individual person working on the project.
- If individuals work on the project full-time, the regularly paid monthly **gross employee salary** (e.g. **base salary**, hourly wages, etc.) applies **without** employer contributions to social security, bonuses, supplemental pay, service charges, premiums, occupational pensions, Christmas/holiday bonuses, contributions to capital formation, company cars, etc., as specified in the employee's payslip.
- The number of hours individuals not working full-time on the project but only on a part-time or hourly basis must be planned for the entire duration of the project. The planned working hours must be multiplied by the employee's personal hourly rate. The hours worked on the project must be documented on every effective working day in the form of a time sheet. These documents will then be used for later proof of use.
- To calculate an individual's personal hourly rate, the monthly gross pay (see above) is divided by the regular monthly working hours (without holidays or absences). For a full-time position, 160 hours/month and 240 working days/year may be used as a rule of thumb. If the payslip specifies a fixed hourly rate, this rate is to be applied.
- Hourly rates are generally only accepted up to € 50/hour.

2. Indirect costs

- Indirect costs are calculated as a **supplemental allowance in the form of a lump-sum percentage** (indirect personnel and material costs) – without itemised documentation of individual costs – based on the calculated total of all gross salaries. The amount of this lump sum must be justified in the project application.
- The maximum percentage is generally 45 % for indirect personnel costs and 10 % for indirect material costs. In justified cases, for example when higher

indirect material costs are incurred as the result of a project, a percentage of up to 75 % of the gross salary costs may be approved for indirect material costs. These costs must be justified or demonstrated in the form of a proper calculation in the project application. For companies, a maximum indirect cost percentage of 120 % may be approved for all indirect personnel and material costs.

- This lump-sum percentage covers all incidental personnel costs (employer contributions to social security, sick pay, bonuses, contributions to capital formation employers' liability insurance payments, office costs incl. IT costs and building management costs, etc.) and indirect material costs (phone and copier costs; office supplies and incidentals; general literature; general management, storage, transport, logistics and equipment costs, etc.) that are not included in the gross salaries.
- These costs may not be claimed separately.

3. Other work, if applicable (without payslips, e.g. entrepreneurs, freelancers, etc.)

- This cost type applies to **other work** performed for which costs cannot be documented with a payslip, because there is no employer-employee relationship, as opposed to gross salary recipients.
- Work performed by third parties are not included in this cost type, because these are considered third-party services (see below).
- Work performed without a payslip can be claimed in the amount of the individual hourly rate that was agreed upon as part of the application.
- A time sheet must be kept for each applicable person. The corresponding person must sign their time sheet to confirm the accuracy of the information contained therein.

4. Volunteer work (if applicable)

- **Volunteer work** (e.g. in clubs) are considered to be non-cash services that the project can use as an own contribution. No indirect costs will be covered for these services.

- The following benchmarks apply for **hourly rates** that can be used for the cost calculation for volunteer work for projects carried out within Germany:

- ✓ Up to EUR 50/hour for project employees who are qualified as university lecturers or persons with comparable qualifications
- ✓ EUR 25–30/hour for project research scientists
- ✓ EUR 15–20/hour for trained project employees (e.g. employees with a vocational qualification)
- ✓ Up to EUR 10/hour for other project employees (e.g. university or high school students, temporary workers)

5. Material costs

- Project-relevant **direct material costs** that are solely required in order to carry out the project as planned must be listed under this cost type.
- Funding recipients who are eligible for **pre-tax deduction** can only claim the demonstrated net costs (e.g. without VAT).
- If, in accordance with the terms of payment, **discounts** can be deducted, only the discounted invoice amount is to be used.
- The linear amortisation that occurs during the duration of the project can be claimed for larger investments (e.g. equipment, etc.) procured for the project and which continue to be used after the project has been completed. The asset depreciation range of the capital good must be realistically estimated. If the capital good is not solely used for the project during the duration of the project, only a percentage of the amortisation may be claimed.

6. External/third-party services

- This type includes costs for services conducted by third parties, e.g. service or fee-based contracts.
- In addition to the calculation, the corresponding service contracts or offers together with the scope of services and cost calculation shall be submitted to the DBU as part of the application process.

- The rules specified under Section 5 apply.

7. Travel expenses

- For project-related trips, the intended number of trips and the anticipated costs per trip must be specified. For costs that are eligible for pre-tax deduction, only the net amounts may be claimed.
- Travel expenses include accommodation costs, travel costs, etc. Only the actually incurred expenses may be claimed, whereby the permissible fiscal rates form the upper limit.
- Trips made by car can be calculated with a maximum rate of EUR 0.30/km travelled.
- Per diems/daily allowances may only be claimed provided that the person traveling actually pays for these expenses.
- The cost of BahnCard rail passes is only eligible for funding if it can be demonstrated that the pass amortises in the course of the project.

4. Overview of financing of the own contribution

The financing plan should include information on how the costs not covered by DBU funding (own contributions) will be financed and by whom (own resources, third-party funding, sponsorships, income from conferences, etc.).

Non-cash services are generally considered to be own contributions.