

Annex L Direct and indirect costs definitions

The following definitions of direct and indirect costs have been developed by the Gates Foundation to assist grant application as the “definition of direct and indirect costs is subject to some interpretation”.

Indirect costs are overhead expenses incurred by the applicant organisation as a result of the project but that are not easily identified with the specific project. Generally, indirect costs are defined as administrative or other expenses that are not directly allocable to a particular activity or project; rather they are related to overall general operations and are shared among projects and/ or functions. Examples include executive oversight, accounting, grants management, legal expenses, utilities, technology support, and facility maintenance. The foundation's position is that, whenever possible, specifically allocable costs of an applicant organization's project should be requested and justified in the proposal as direct costs, including those for dedicated on-going project management, facilities, and support (Bill and Melinda Gates Foundation, 2010).

Table 26: Gates Foundation clarification on direct and indirect costs

<i>Direct Costs</i>	<i>Indirect Costs</i>
<ol style="list-style-type: none"> 1) Salaries of employees directly attributable to the execution of the project <ol style="list-style-type: none"> i) Includes Project Management ii) Includes administrative support solely dedicated to the project 2) Fringe benefits of employees directly attributable to the execution of the project <ol style="list-style-type: none"> i) Includes Project Management ii) Includes administrative support solely dedicated to the project 3) Travel for employees directly attributable to the execution of the project 4) Consultants whose work is directly attributable to the execution of the project 5) Supplies directly attributable to the execution of the project 6) Sub-awards directly attributable to the execution of the project 7) Sub-contracts directly attributable to the execution of the project 8) Equipment acquired for and directly attributable to the execution of the project 9) Facilities newly acquired and specifically used for the grant project (excludes existing facilities). Examples include: <ol style="list-style-type: none"> i) A new field clinic ii) New testing laboratories iii) Project implementation unit office 10) Utilities for facilities acquired for and directly attributable to the execution of the project 11) Information technology acquired for and directly attributable to the execution of the project 12) Internal legal and or accounting staff and/or external legal counsel or accountants directly attributable to the project 	<ol style="list-style-type: none"> 1) Facilities not acquired specifically and exclusively for the project (e.g. Foundation, Institute, or University headquarters) 2) Utilities for facilities not acquired for and not directly attributable to the project 3) Information technology equipment and support not directly attributable to the project 4) General administrative support not directly attributable to the project. Examples are as follows: <ol style="list-style-type: none"> i) Executive administrators ii) General ledger accounting iii) Grants accounting iv) General financial management v) Internal audit function vi) IT support personnel vii) Facilities support personnel viii) Scientific support functions (not attributable to the project) ix) Environment health and safety personnel x) Human resources xi) Library & information support xii) Shared procurement resources xiii) General logistics support xiv) Materiel management xv) Executive management (CEO, COO, CFO, etc.) xvi) Other shared resources not directly attributable to the project xvii) Institutional legal support xviii) Research management costs 5) Depreciation on equipment 6) Insurance not directly attributable to a given project

