



Grand Challenges Canada®
Grands Défis Canada

Eligible & Ineligible Expenses Directive for Grand Challenges Canada (GCC) applicable to all projects excluding Humanitarian

1. Eligible Cost Elements

The following costs directly related to the implementation by the GCC funding recipient (the “**Funding Recipient**”) of its GCC project (the “**Project**”) are eligible costs that may be included in the Project budget with GCC’s approval, and that may be charged to the Project if properly justified:

1.1 Remuneration – Funding Recipient's Employees

1.1.1 Daily rates actually paid to employees for time actually worked on the implementation of the Project, based on a work day of seven and one-half (7.5) hours with a maximum of five (5) days per week. A timesheet system must be in use. Timesheets must be signed by the employee and the employee’s supervisor. Timesheets shall also indicate the Project, the name of the employee, the date, location, nature of the work, number of hours worked per day, as well as the total number of hours worked per week on the Project. Rates can include the following costs: direct salaries (excluding overtime pay and bonuses) and benefits in accordance with internal policies.

1.1.2 The salaries paid by the Funding Recipient to its employees may be increased in accordance Global Affairs Canada’s Policy on Annual Fee and Salary Increases under Multi-Year Service Contracts and Contribution Agreements for the Delivery of International Development Assistance, found at <http://www.international.gc.ca/development-developpement/partners-partenaires/bt-oa/ar-ra.aspx?lang=eng>. The Funding Recipient shall notify GCC of expected salary increases, if any, in writing. GCC shall approve in writing any salary increase prior to their reimbursement.

1.2 Fees - Subcontractors with an Arm’s Length Relationship with the Funding Recipient

1.2.1 The actual and justifiable cost of subcontractors’ fees under a sub-contract concluded with the Funding Recipient and where the Funding Recipient and the subcontractor have an arm’s length relationship. Individual rates or amounts negotiated shall not exceed the fair market value that applies to the specific type of service in the regular place of work of the subcontractor or for similar work



being performed under the Funding Agreement and shall exclude any increased rate for overtime. The fees shall be paid for each day spent directly on the performance of the services based on a workday of seven and one-half (7.5) hours with a maximum of five (5) days per week.

- 1.2.2 The total subcontracting shall not exceed twenty percent (20%) of the GCC Project budget.

1.3 Reimbursable Travel Costs

- 1.3.1 Travel days may be reimbursed by GCC on the basis of the daily remuneration/fee established in accordance with section 1.1 or 1.2 above.

- 1.3.2 When the point of origin or destination is Canada, the maximum number of travel days and overnight stopovers eligible for travelling one-way is determined as follows:

- Africa: two (2) days, one (1) night stopover.
- Asia: two (2) days, one (1) night stopover.
- Caribbean: one (1) day, no night stopover. A one (1) night stopover may be approved when, through no fault of the Funding Recipient, connecting flights are not available to complete the trip in one day.
- Central and Eastern Europe: two (2) days, one (1) night stopover.
- Central and South America: two (2) days, one (1) night stopover.
- Pacific Islands: two (2) days, one (1) night stopover. If the fare quote indicates that connecting flights are such that two (2) nights stopover are necessary, the allowance will be adjusted accordingly.

- 1.3.3 The maximum number of travel days and overnight stopovers eligible for traveling one-way between countries other than Canada shall be determined based on the total time of continuous air travel flying the most direct route available, as outlined below:

- 0 – 10 hours: one (1) day, no night stopover.
- 10+ hours: two (2) days, one (1) night stopover.

- 1.3.4 The following actual and reasonable travel costs directly related to the implementation of the Project incurred by the Funding Recipient in accordance with the provisions of the National Joint Council Travel Directive (the “**Directive**”), found at <http://www.njc-cnm.gc.ca/directive/travel-voyage/index-eng.php>, and the Special Travel Authorities of the Treasury Board of Canada Secretariat (the “**Special Travel Authorities**”), found at www.tbs-sct.gc.ca/psm-fpfm/pay-remuneration/travel-deplacements/sta-asv-eng.asp, in force at the time of the travel. The Special Travel Authorities take precedence over the Directive:

- a) The cost of commercial transportation based on the lowest available fares, using the most direct routing. The Funding Recipient shall endeavour to obtain the lowest possible airfare, such as by booking the reservation as early as possible. The standard for air travel is economy class, including APEX, charters and other reduced or discounted fares. GCC will reimburse the Funding Recipient the lowest airfare available at the time of reservation, but never more than the maximum of a full-fare economy airfare. GCC will limit the reimbursement of plane tickets to the lowest fare available at the time of reservation even when the Funding Recipient chooses not to use this fare. The Funding Recipient must be able to demonstrate with proper supporting documentation deemed satisfactory to GCC, the lowest fare available at the time of reservation, including proper supporting documentation of at least three (3) airfare quotations at the time of reservation. The cost of necessary changes or cancellations to flights is considered a legitimate reimbursable expense of the Project and the circumstances surrounding these changes shall be documented in the Funding Recipient's Project file;
- b) The cost of meals, incidentals and private vehicle usage, in accordance with the meal, incidental, and private vehicle allowances specified in Appendices B, C and D of the Directive;
- c) The cost of registration, photographs, and courier services related to obtaining a visa;
- d) The actual and reasonable cost of a single room in commercial accommodation or, when private non-commercial accommodation is used, the rate for such accommodation, in accordance with the provisions of clause 7.8 of the Special Travel Authorities and Appendix D of the Directive. A guide to the actual and reasonable cost of accommodation can be found at the following Internet address: <http://rehelv-acrd.tpsgc-pwgsc.gc.ca/ACRDS/rechercher-search-eng.aspx>.

1.4 Reimbursable Equipment, Goods, and Supplies

- 1.4.1 The actual and reasonable costs arising from the purchase, rental, maintenance, transportation, and installation of equipment, goods, and supplies (excluding office supplies) directly related to the Project, such as publications and promotional materials (i.e. business cards for Project personnel, posters and signage), provided that such costs do not exceed the fair market value that applies to the specific type of equipment, goods, and supplies.

1.5 Reimbursable Project Administration Costs

- 1.5.1 The following actual and reasonable administrative costs directly related to implementation of the Project:

- a) Long distance communication, by means of telecommunications (internet, fax, cellular), mail and courier costs;
- b) Translation and word processing costs, printing and production costs associated with Project reporting and production of reading material;
- c) Meeting, workshops, conference costs;
- d) Legal costs directly related to drafting, negotiating, and updating sub- agreements, and legal issues arising from the implementation of these sub-agreements;
- e) Bank transfer fees;

1.6 Sub-grants

1.6.1 Sub-grants are grants made by the Funding Recipient to an external organization to undertake activities for the completion of the project. These sub-grants are subject to the same eligible and ineligible costs (under Sections 1 and 2) as the Funding Recipient.

1.7 Intellectual Property Rights

1.7.1 Fees related to the application for intellectual property rights and the bringing into force of those rights, but only in eligible low- and middle-income countries and subject to GCC prior written approval on a case-by-case basis.

1.8 Other Reimbursable Project Costs

1.8.1 Any other actual and reasonable direct Project costs required to implement the Project, which are not included in the above categories, and which have received GCC's prior written approval.

1.9 Exclusion of Funding Recipient's Profit

1.9.1 The Funding Recipient shall not include profit, directly or indirectly, in the calculation of remuneration or fees or in any other of the costs detailed in the Project budget.

1.10 Applicable Taxes

1.10.1 The Funding Recipient shall ensure that all costs for the implementation of the Project include, where applicable, all taxes that the Funding Recipient shall pay on all goods and services, less any credits or reimbursements to which the Funding Recipient is entitled.

2. Ineligible Cost Elements

Costs that are considered as ineligible under the Funding Recipient's Project include, but are not limited to the following:

- a) Indirect Project costs or overhead costs (*Applicable only to Projects funded under MNCH and AGHI*)
- b) Entertainment expenses;
- c) Costs incurred before and after the effective date of the funding agreement for the Project;
- d) Gifts;
- e) Travel insurance (health, cancellation, baggage, etc.);
- f) Carrying charges;
- g) All fees related to the application for and bringing into force of intellectual property rights other than in eligible low- and middle-income countries;
- h) Immunizations and medications;
- i) Costs related to obtaining passports;
- j) Interest expenses;
- k) Costs related to non-authorized accompanying family members;
- l) Membership fees;
- m) All legal costs other than those identified in Article 1.5 d) above;
- n) Bonus payments, remuneration or fees that include profits as defined in Article 1.8 above;
- o) All other costs that GCC considers ineligible cost elements.

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