



Grand Challenges Canada®
Grands Défis Canada

Eligible & Ineligible Expenses Directive for Grand Challenges Canada (GCC) Humanitarian Projects (USAID and DFID-HM)

1. Eligible Direct 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.

Direct costs are activities and costs directly incurred in the delivery and implementation of the Project, and are directly linked to specific project outcomes and results.

1.1. Remuneration – Funding Recipient's Employees

- 1.1.1. Remuneration entails 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 or in accordance with internal policies 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.

1.2. 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.
- 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:
- a) Africa: two (2) days, one (1) night stopover.
 - b) Asia: two (2) days, one (1) night stopover.
 - c) 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.
 - d) Central and Eastern Europe: two (2) days, one (1) night stopover.
 - e) Central and South America: two (2) days, one (1) night stopover.
 - f) 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 travel in 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:
- a) 0 – 10 hours: one (1) day, no night stopover.
 - b) 10+ hours: two (2) days, one (1) night stopover.
- 1.3.4. Actual and reasonable travel costs directly related to the implementation of the Project incurred by the Funding Recipient are to be 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/payremuneration/travel-deplacements/sta-asv-eng.asp in force at the time of the travel.
- 1.3.5. For projects funded under USAID, travel must be in accordance with the “Fly America Act” <https://www.gsa.gov/policy-regulations/policy/travel-management-policy/fly-america-act>. 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 U.S. General Service Administration <https://www.gsa.gov/travel-resources>

1.4. Reimbursable 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 Equipment Costs

- 1.5.1. “Equipment” is defined as a good with a useful life of more than one year and costs more than \$1,000 CAD. Costs may include the basic purchase price, freight, and installation of the equipment.

1.6. Reimbursable Project Administration Costs

- 1.6.1. 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;
 - f) Patent costs

1.7. Sub-grants

- 1.7.1. 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 1 and 2) as the Funding Recipient.

1.8. Indirect Project costs

- 1.8.1. Funding Recipients are entitled to the Modified Total Direct Cost (MTDC) at 10% of all direct salaries and wages, applicable fringe benefits, materials and supplies, services, travel, and sub-awards and subcontracts up to the first \$30,000 CAD of each sub-award or subcontract. MTDC excludes equipment, capital expenditures, charges for

patient care, rental costs, tuition remission, scholarships and fellowships, participant support costs and the portion of each sub-award and subcontract in excess of \$30,000 CAD.

1.9. Intellectual Property Rights

- 1.9.1. Fees related to the application for intellectual property rights and the bringing into force of those rights

1.10. Exclusion of Funding Recipient's Profit

- 1.10.1. 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

1.11. Applicable Taxes

- 1.11.1. 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

- a) Entertainment expenses;
- b) Alcohol;
- 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) Costs related to obtaining passports;
- g) Interest payments or service charge payments for finance leases;
- h) Costs related to non-authorized accompanying family members;
- i) Bonus payments, remuneration or fees that include profits;
- j) Statutory fines, criminal fines or penalties;
- k) Depreciation;
- l) Bad debts to related parties;
- m) Payments for unfair dismissal or other compensation;
- n) To replace or refund any funds lost to fraud, corruption, bribery, theft, terrorist financing or other misuse of funds;
- o) All other costs that GCC considers ineligible cost elements.



Additional Information

Project costs funded under United States Agency for International Development (“USAID”) are in accordance with the U.S. Code of Federal Regulations, Title 2 – Grants and Agreement, Subpart E, Part 200. <https://www.gpo.gov/fdsys/pkg/CFR-2014-title2-vol1/xml/CFR-2014-title2-vol1-part200-subpartE.xml>

Project costs funded under the Department for International Development (“DFID”) are to be in compliance with DFID’s Smart Rules: <https://www.gov.uk/government/publications/dfid-smart-rules-better-programme-delivery>.

Additional cost eligibility guidance can be found online:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/652367/Cost-Eligibility-Guidance.pdf