



STEG

**STRUCTURAL TRANSFORMATION
AND ECONOMIC GROWTH**

**INSTITUTIONAL PARTNER GRANT (IPG)
BUDGET AND REPORTING GUIDELINES**

2025 – 2027



**Growth Research
Platform**

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Introduction

This document summarises the STEG Budget Guidelines for Institutional Partner Grants ('the Guidelines'). The current version of the Guidelines is applicable to all open Institutional Partner Grants.

Applicants for Institutional Partner Grants are required to submit a detailed budget together with their project proposal. The Institutional Partner Grant budget template is available on the STEG website.

The STEG Selection Committee reviews the proposals as a whole. The budget included in the proposal is reviewed by the Selection Committee as part of its value for money consideration. However, once the proposal is recommended for funding, the final budget is subject to negotiation with the STEG Grants Coordination Team. During this process, the grantee may be required to make changes to the budget, to submit a more detailed overview of projected expenditures, and to remove items that are not considered eligible costs. The budgets will again be evaluated on the basis of value for money. Applicants are advised to be mindful when preparing their budget of how to demonstrate value for money. Some brief guidance on this issue is provided in Section 0.

The formal approval of the budget proposal by the STEG Grants Coordination Team is a prerequisite for the preparation and signature of the Funding Agreement between STEG and the Applicant.

General Rules

- Grant funds contribute towards the costs of the activities/research for which the funds were awarded and must be in accordance with the STEG Budget Guidelines for Institutional Partner Grants.
- Funds must be used effectively and economically and any expenses incurred must be essential for the activities/research for which the funds are awarded.
- Please ensure you only fill in those categories that are relevant to your proposed activities.
- The examples in the budget justification template are for guidance only. Item descriptions and justifications should be specifically tailored to your proposed activities and the examples given should be deleted from the final budget version.
- All expenditure should be listed in UK Pounds Sterling (£). When you submit your financial reports, you will be required to use the exchange rate of the day the cost was incurred, i.e. the date on your receipts. Alternatively, the exchange rate of the last day of the reporting period could be applied to the entire report. Grant recipients should be consistent in their choice of exchange rate method.
If an item requires a currency conversion, please apply the appropriate rate based on data obtainable from <https://www.oanda.com/currency/converter/>.
- The budget may include a contribution towards indirect costs (overheads). This contribution will be reimbursed at a maximum flat rate of 20% of the total eligible direct costs and should be included in the budget total. The grantee cannot charge overheads on any subcontracted services.
- All costs must be broken down (i.e. per day/month or per item). Details should be included in the 'Description of Item' section, as well as in the budget narrative section of the proposal.
- Transfers of funds between budget headings are permitted. For deviations up to 20% of the original funds allocated within a budget heading, no approval is needed. For deviations over 20% from the approved budget, a formal request must be submitted. This formal request must include a narrative description and justification for the proposed changes.
- Unless specified in the call you are applying for, budgets should not exceed £75,000.

- No additional funds will be made available to grantees to cover currency exchange losses over the course of the grant.
- When submitting financial reports, grantees will be required to submit supporting documents and receipts proving expenditure. Any costs found to be ineligible will be rejected.
- Applicants are advised to be mindful when preparing their budget of how to demonstrate value for money. Some brief guidance on this issue is provided in Section 5.
- The STEG Team reserve the right to request changes to or seek further clarification of the project budget after the grantee's proposal has been recommended for funding by the STEG Scientific Committee.

Definition of Costs

A STEG Institutional Partner Grant may cover up to 100% of the total eligible direct costs. Direct costs are those costs that can be directly attributed to the activities. The grantee must be able to justify these (with records and supporting evidence) by demonstrating any link to the activities.

A STEG Institutional Partner Grant may provide a contribution towards indirect costs (overheads). This contribution will be reimbursed at a maximum flat rate of 20% of the total eligible direct costs.

The costs that can be covered by a STEG grant are summarised below:

Direct eligible costs are those which support all aspects of the activities/research that are borne by the applicant during the grant duration. These include:

- Personnel (directly employed research staff such as post-docs);
- Travel, accommodation and subsistence costs in line with [UK Gov Subsistence rates](#);
- Data acquisition; and
- Dissemination activities (workshops, mini-conferences and publications).

Indirect eligible costs are those which cannot be identified as being directly attributable to the activities, but which are incurred in support of them. These will be included in the 20% maximum rate contribution. These include:

- Management and administration (i.e. salary costs of project support staff, meetings staff and office administration staff);
- Costs of office space, including rent, depreciation of buildings, equipment, electricity, water, gas, maintenance, insurance;
- Communication costs such as postage, and network connection charges; and
- Project/grant audit.

Subcontracting costs are those where a need has been identified to engage the services of an external party to carry out work necessary for the successful completion of one or more of the activities. As the Institutional Partner Grants are designed to support specific institutions, applicants are encouraged not to include subcontracted costs and should note that any subcontracted costs will be considered on a case-by-case basis with a strong justification required. Subcontracting costs may only cover the execution of a limited part of the activities and cannot exceed 30% of the total budget.

Non-eligible costs are those which cannot be reimbursed by STEG:

- Any identifiable indirect taxes;
- Interest owed;
- Provisions for potential future losses;

- Exchange losses;
- Indirect costs incurred by external consultants' main institution;
- Excessive expenditure;
- Transaction fees;
- Recruitment costs, bonuses and fringe benefits;
- Equipment costs; or
- 20% indirect costs on the external consultant budget category.

Direct Costs

Research Staff

This category includes:

- Graduate student support:
- Partial funding of post-doctorate and research staff: Salary costs (e.g. salary 'buy out' or 'summer months') for lead researchers and collaborators on the activities. These amounts must not include the cost of offices or other 'estates' costs, which are covered by the indirect costs; and
- Research assistants (who provide scientific input to research produced as part of the activities).

Research Personnel are eligible costs under STEG to the extent that the research staff are directly involved in undertaking the activities of the grant. Budgets that include significant costs for research staff need to be able to justify these costs and demonstrate the research value.

The daily rate for researchers and staff will be reviewed by the STEG team and will need to be considered reasonable for the role and location of the researchers and staff. The daily rate for each employee should be entered for each category under "rate" and the total costs (rate x number of days) for each category should be entered under "Cost".

Only actual days worked by eligible personnel exclusively on the activities may be charged. If the person does not work exclusively on the activities, is working part-time or working only part of the year on the activities, a *pro rata* calculation must be made based on the days worked on the activities.

Research personnel costs should be recorded through timesheets for all employees working on the activities. Once declared, the personnel costs cannot be adjusted/changed due to a re-calculation of the daily rate. When submitting a financial report, grantees will be required to submit proof of expenditure for personnel costs in the form of payslips and payroll data.

Recruitment costs cannot be regarded as eligible direct personnel costs because the prospective institution is required to have the necessary human resources to implement the activities. If you need to recruit additional personnel during the activities duration, the related costs would be considered part of the activities' normal indirect costs, which are covered by the maximum rate of 20% of eligible direct costs.

Any additional compensation, such as bonuses and fringe benefits are not eligible costs and cannot be included in the budget.

All Research Personnel Costs will be evaluated for their value for money and may require further justification or amendment before being approved by the STEG Team. Some brief guidance on this issue is provided in Section 5.

Research Personnel Costs does not include:
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| <ul style="list-style-type: none"> • Fees paid to External Consultants • Expenses for Research Personnel (e.g. travel and meals) • Recruitment costs • Bonuses and fringe benefits |
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Data Collection, Acquisition and Harmonisation for Public Use

Costs incurred for the acquisition or collection of data as well as the handling and secure storage of data are considered eligible under STEG.

These may include costs of purchasing data, survey running costs (e.g. materials and communication tools), subscription costs for databases, and data entry or data analysis tools (e.g. software). Survey costs should be justified and the method of selecting the firm conducting the survey should be described in the ‘Description of Item.’ If possible, the firm conducting the survey should provide a cost per survey. The STEG Team reserves the right to request copies of any institutional policy on procurement of any such services.

The institution cannot charge indirect costs on any subcontracted work in the budget.

A detailed description of data acquisition and handling should be included in the proposal.

Data Acquisition does not include:

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| <ul style="list-style-type: none"> • Travel, accommodation, and subsistence costs even if the expenditure is incurred while collecting data. These items should instead be listed under the ‘Travel and Subsistence’ section. • Salaries for Research Staff should be listed under Personnel Costs. • Equipment costs (e.g. phones and laptops). |
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Events and Dissemination

Costs associated with the organisation of STEG-focused workshops and mini-conferences are considered eligible under STEG. These costs include expenses for the hiring of venues, catering, and speakers’ honoraria (where applicable). The total costs for a workshop should not exceed £20,000 per event. The total cost for STEG mini-conferences should not exceed £30,000 per event. In exceptional circumstances, amounts exceeding this threshold will be considered, however, strong justification will be required.

Costs related to workshops and conferences should be included in the “Events” section of the budget template.

Publication costs also fall under the dissemination category. These include the cost of printing workshop/conference materials (e.g. leaflets and invitations) as well as the costs of printing materials, such as paper copies of working papers or articles to disseminate to relevant policymakers.

For any research produced with STEG funding, the STEG programme will separately cover the cost of open access fees for journal publications. These should not be included in the application budget. Any other dissemination costs may be included under the row titled “Other”.

Travel, Accommodation, and Subsistence

This category should contain all items that relate to travel, accommodation, and meals that are incurred during the activities' duration and that are necessary to the activities, including visas. These can be linked to different parts of the activities and should be split accordingly (e.g. travel to the field research location, and travel to conferences and workshops). Applicants should actively seek value for money where it is practical and feasible, or if appropriate, the lowest price. All travel, accommodation, and subsistence claims must be supported by receipts and/or tickets.

Travel, accommodation, and subsistence costs should be listed as separate entries in the budget justification template and the total cost for each figure should be broken down, e.g. cost per night x number of nights.

Please note that STEG will only reimburse economy-class flights and second-class train travel. STEG requests that participants electing to travel by train must take advantage of early booking fares where this is cheaper than purchasing tickets near to departure. Where travel by public transport is impossible or impractical, applicants may request funding for travelling by car. Note that funding is limited to renting costs of the vehicle, and expenses for fuel and parking.

Expenses should be recorded including the start and end points of the journey (addresses or landmarks) and the number of miles travelled. Miles can be reimbursed at 45p per mile up to 10,000 miles. Above 10,000 miles are reimbursed at 25p a mile. More information on mileage allowance can be found [here](#).

When overnight accommodation is required, it is expected that applicants will obtain accommodation at the most economical rate available. Applicants may claim the cost of meals when it is necessary for them to stay in overnight accommodation provided they are of a reasonable cost.

Please note that the prices entered for accommodation and subsistence should not exceed reasonable values. The [UK Government Subsistence Rates](#) is a guide on what such reasonable values are in each country.

External Consultants

Consultants are physical persons who may be either self-employed or working for a third party. Due to this, indirect costs cannot be claimed on the amount budgeted in this category. The consultants must be used during the duration of the project and their work must be necessary and linked to the project. The use of consultants must be restricted to work that cannot ordinarily be carried out by the grantee's organisation or if it is the organisation's normal practice and/or standard policy to engage them (for which evidence must be provided).

The daily rate for external consultants should be recorded under "rate". The total cost (rate x number of days) should be recorded under "Cost". Consultants should not be remunerated at a significantly different rate from personnel performing similar tasks.

The remuneration must be based on days worked, rather than on delivering specific outputs/products. This implies that the applicant must keep records of the hours worked for the action, e.g. through timesheets.

The consultant must report to the grantee. It must be the applicant who decides on, designs and supervises all work.

The applicant must appoint an external consultant ensuring the best value for money and avoiding any conflicts of interest.

Other

Costs which do not fit into any of the above categories may be included in the “Other” section. They must be clearly defined and described.

Only five lines have been provided as most costs relevant to the project should fit into the above-mentioned categories.

All direct expenses must be justified and explained in more detail in the budget narrative section of the proposal template. All direct expenses during or at the end of the project will also require appropriate verification.

It is expected that researchers and institutions will provide their own IT equipment such as tablets, mobile phones, laptops and computers for the duration of the project. In exceptional circumstances, these can be included in the budget, but strong justification will be required. Laptop and tablet costs are limited to £500. Should this be exceeded a justification will be required in the budget.

Other does not include:
<ul style="list-style-type: none"> • Indirect costs (e.g. overheads and institutional fees) • Contingency costs

Indirect Costs

Indirect costs are those eligible costs which cannot be directly attributed to the project, but which are incurred under the project. **Indirect costs will be automatically calculated as a 20% maximum flat rate of the total eligible direct costs.**

These costs include building costs, electricity/gas/water, maintenance, insurance, office equipment, communication costs and postage as well as costs of general management and administration of the grants and project audit.

The portion of funds requested should be proportionate to the value of the project in relation to the partners’ other income.

Subcontracting Costs

As noted above, Subcontracting Costs are those where a need has been identified to engage the services of an external party to carry out work necessary for the successful completion of one or more of the activities. As the Institutional Partner Grants are designed to support specific institutions, applicants are encouraged not to include subcontracted costs and should note that any subcontracted costs will be considered on a case-by-case basis with a strong justification required. Subcontracting costs may only cover the execution of a limited part of the activities and cannot exceed 30% of the total budget.

Value for Money

Value for money (VFM) means that we maximise the impact of each pound spent to improve people's lives. VFM does not simply mean minimising the cost of the project but also involves making judgements about the results we expect to achieve. In this regard, the 3Es framework may be helpful:

- **Economy:** Does the proposal plan to buy inputs of the appropriate quality at the right price? (i.e. cost-minimisation)
- **Efficiency:** How well does the proposal plan to convert inputs into outputs? (i.e. is the value of the final research output or activity high relative to the cost)
- **Effectiveness:** How well are the outputs achieving the desired policy outcome and, ultimately, poverty reduction? (i.e. is the value of the final outcome high relative to the cost)

The VFM of proposals will be assessed on these three criteria. It's important to note that while the research output or activity is substantially under the control of the research team, it is recognised that the policy outcome and its ultimate impact on poverty reduction are subject to many other factors. Nevertheless, the evaluators will assess the quality and credibility of the policy impact plan to judge whether the project is likely to be effective in the sense of achieving policy change.

Conflict of Interest

Applicants (as well as subcontractors and partner organisations) must take all measures to prevent any situation where the impartial and objective implementation of the project or activity is compromised for reasons involving economic interest, political or national affinity, family or emotional ties, or any other shared interest ('conflict of interests').

A 'conflict of interest' exists if shared interests:

- influenced the consultants/subcontractor's selection/award procedure;
- influenced the consultants/subcontractor's price and this does not correspond to the market price; or
- affected the project's performance, as measured by the appropriate quality standards.

If there is a (risk of) a conflict of interests, the applicant must immediately inform The STEG Team so that steps can be taken to resolve or avoid it.

If you have any questions, please contact the STEG team at steg@cepr.org.