



# CEPI Cost Guidance

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## Principles and Examples

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This document sets out CEPI's guidance regarding eligible direct and indirect costs, non-eligible costs, and valuing in-kind contributions; the principles are set out below, and examples are included in Appendix A. Applicants for and recipients of CEPI funding are welcome to contact CEPI if they have questions about the Cost Guidance. CEPI funding is provided in USD.

## 1. Direct costs

Direct costs are the expenses required to execute a project.

For direct costs to be eligible they must be:

- traceable to a project
- essential for the project
- reasonable
- incurred during the agreed project duration and not otherwise accrued, estimated, budgeted or imputed
- for approved projects, within the approved budget
- verifiable with supporting documents that should be kept for five years after the end of the project, or longer if required under applicable law
- determined according to the usual accounting practices of the organisation and generally accepted accounting principles

Direct costs include personnel, travel, consultants, equipment and other direct costs (e.g. materials, consumables). Examples of direct costs for each of these cost categories are set out in Appendix A.

## 2. Indirect costs

Indirect costs are general overhead and administration expenses that support the entire operation of an organisation and are expenses that would typically be incurred even if the project did not take place. Examples of indirect costs include executive oversight, existing facilities costs, depreciation, administration, accounting, grants management, legal expenses (excluding the costs of contracting with CEPI), utilities, insurance and technology support.

CEPI funds up to a maximum indirect cost rate of 15% of total project budget direct costs (being the sum of the following cost categories: personnel, travel, consultants, equipment and other direct costs). The 15% maximum rate applies to all primary awardees and sub-awardees under a grant structure (see section 3) that are funded by CEPI. An organisation with an actual indirect cost rate below 15% may not increase its funding request to the maximum permitted rate. However, CEPI reserves the right to adjust the calculation methodology if the application of the rate to certain cost categories results in a disproportionate allocation of indirect cost (e.g., when there are significant equipment costs). Furthermore, CEPI reserves the right to request substantiation of any awardee's indirect cost rate.

A separate rate may be applied to sub-awardees' budgeted costs to capture any indirect costs related to the management of sub-awardees (i.e. both sub-grantees and sub-contractors; please see section 3 for definitions). The maximum indirect cost rate for managing sub-awardees is set at 15%, but the rate used should be proportionate to the actual cost of managing the sub-awardee. If a large proportion of CEPI's funding to the awardee is forwarded to sub-awardees, CEPI expects the indirect cost rate to be reduced commensurately.

### 3. Definition of relevant third parties for cost guidance

CEPI’s Cost Guidance applies to third parties who are:

- (i) its funding recipients, generally called awardees; or
- (ii) consultants (third parties which contract with CEPI’s awardees); or
- (iii) anyone the awardee either grants funds to (sub-grantees) or procures goods and services from (sub-contractors), and both sub-grantees and sub-contractors are classified as sub-awardees in CEPI’s agreements and project budgets.

#### Sub-awardees who are sub-grantees

Sub-awardees are normally expected to work under the same grant structure as the primary awardee, so that they become a grant recipient from the primary awardee. This means that funding is based on actual costs incurred in line with an approved budget, and there is no profit included.

#### Sub-awardees who are sub-contractors

In certain circumstances CEPI may allow a sub-awardee to work under a contract structure in which funding is based on approved fees which may include a modest profit element (as a “sub-contractor”). In these cases, the selection of suppliers must be based on a competitive tender process in line with CEPI’s procurement requirements.<sup>1</sup> Sub-contractor arrangements are likely to apply to only a small number of organisations, such as service providers.

**Table 1 below sets out more information about differences between sub-awardees who are sub-grantees and sub-awardees who are sub-contractors.**

Table 1

	Sub-grantee	Sub-contractor
<b>Status</b>	Award project participant (typically taking part in the JMAG or other joint steering committee that includes CEPI)	Supplier, work for hire
<b>Selection</b>	Based on specific technical, scientific and intellectual knowledge, knowhow or abilities (usually as part of a grant application process)	Through a competitive tender process (in line with CEPI’s procurement requirements)
<b>Remuneration</b>	Actual incurred costs (including <=15% IDC on direct costs and managing of sub-sub-awardees), following CEPI’s Cost Guidance and financial reporting structure	Invoiced
<b>Profit element</b>	Not allowed for the CEPI-funded project work	May be negotiated with CEPI within modest limits
<b>Contracting arrangement</b>	Funding agreement (or equivalent)	Service contract (or equivalent)

<sup>1</sup> See [CEPI’s Third Party Code of Conduct](#)

<b>CEPI terms &amp; policies</b>	Third Party Code of Conduct applies (i.e. must be incorporated in the contract with the sub-grantee)	Third Party Code of Conduct applies (i.e. must be incorporated in the contract with the sub-contractor)
<b>Typical characteristics</b>	<ul style="list-style-type: none"> <li>• Provides substantial technical, scientific or intellectual activities that contribute to the specific project objectives</li> <li>• Performs, contributes to or leads the design of activities to achieve the project deliverables (usually described in work packages)</li> <li>• Scope can be broad</li> </ul>	<ul style="list-style-type: none"> <li>• Provides its normal goods and services as it does to other customers in a competitive environment</li> <li>• Performs specific and pre-defined activities of standard, routine or replicable nature</li> <li>• Scope is usually limited</li> <li>• Retains no ownership of project IP, know-how, materials, or similar</li> </ul>
<b>Indirect costs</b>	<ul style="list-style-type: none"> <li>• Main awardee may claim indirect cost reimbursement on the value of the sub-grantee's budget; rates are subject to CEPI's discretion but may not exceed 15%</li> </ul>	<ul style="list-style-type: none"> <li>• Main awardee may claim indirect cost reimbursement on the value of the sub-contractor's budget; rates are subject to CEPI's discretion but may not exceed 15%</li> </ul>

#### 4. Non-eligible costs

Non-eligible costs are specifically excluded from funding. These include but are not limited to:

- Loan repayments
- Interest
- Foreign exchange losses arising out of foreign currency transactions
  - NB: Foreign exchange losses arising out of currency movements that affect the overall level of project funding used are managed within the project budget
- Marketing costs
- Penalties and fines
- Fundraising expenses
- Costs already reimbursed by other funders
- Access to existing intellectual property rights (IPR) (unless approved in advance by CEPI)
- Registration and maintenance costs for new IPR

If awardees intend to request that CEPI fund import duties, VAT and/or other purchase taxes, these costs should be discussed and agreed with CEPI as part of the application process. CEPI considers these requests on a case-by-case basis.

#### 5. In-kind contributions

CEPI gratefully acknowledges contributions to CEPI initiatives through provision of monetary and in-kind contributions which are taken into account when assessing benefit-sharing arrangements. Such contributions in support of the project will be made based on:

- *shared risk, shared benefit* principles as set out in relevant CEPI policy documents
- agreed-upon valuation of the in-kind contribution either at the start of an award, or at the time of actual contribution
- the precise nature of the in-kind contribution depending upon the actual work being undertaken and agreed on a case-by-case basis between CEPI and the awardee(s)

Given CEPI's focus, it is envisaged that in-kind contributions may take the form of:

- licensed, background IP and know-how, specifically related to the development or manufacturing of vaccine candidates as prioritised by and within the scope of CEPI
- provision of expertise and/or training in relation to immunology, clinical development, clinical trial design and management, fill-finish, pilot manufacturing
- provision of consumables
- access to and use of facilities
- access to and purchase of equipment
- technology transfer, and
- costs in relation to regulatory filings, sharing of data, results and publication of research (including in peer-reviewed journals and scientific meetings)

## Appendix A: Examples of Eligible Costs

While costs specified in this appendix will generally be considered eligible for funding, **CEPI reserves the right to fund specific project costs at its sole discretion**, depending on the nature of the activities and the type of organisation receiving funding.

### Personnel

- Personnel costs of all staff, full-time or part-time, who work directly on the project, including any employer's contributions and locally recognised allowances (not including bonuses)
- Personnel costs are only considered direct eligible costs for staff that provide a necessary and quantifiable contribution to the project; staff whose positions include general strategic oversight of projects, particularly very senior management, and administrative staff (including finance and legal) should only be classified as indirect costs
- Visa costs for personnel, plus essential associated costs

### Travel

- Travel expenses (including essential subsistence) for trips directly needed to deliver the project incurred in accordance with [CEPI's Travel Policy](#), including collaborative visits, trips to collect samples, attendance at JMAGs, etc.
- Visa costs, plus essential associated costs
- Costs for travel to a limited number of conferences, only if directly relevant to the CEPI funded project and funded to a maximum of \$10,000 per year for the whole consortium.

### Consultants

- Specialist consultant fees to the extent that the specialist contribution cannot be provided by the awardee's own personnel

### Equipment

- Any equipment purchased with CEPI funds must be owned by the Awardee. Sub-awardees which receive grants to purchase equipment must also own such equipment.
- Upon early termination of a project, depending on the situation CEPI may require that equipment owned by the Awardee or Sub-awardee must be sold and the proceeds returned to CEPI.
- The equipment cost category includes capital expenditure with a value of more than USD 5,000 and useful life more than one year, for the purchase or lease of new equipment for dedicated use on the CEPI-funded project. Such purchases must follow the CEPI procurement rules for third parties (see above).
- Delivery, installation, training and maintenance costs related to new, project-specific equipment
- Retrofit existing facilities specifically for the purpose of the CEPI project
- Purchase/hire/running costs of project-dedicated vehicles
- Software, software licences and other recurrent costs of computing dedicated to the project
- Equipment upgrades for dedicated use on the CEPI project
- If equipment is expected to have a useful life beyond the end of the CEPI project, CEPI may require a return of value by the awardee at such time (e.g. sale or donation of equipment, return of funding to reflect the residual value of the equipment, etc) but this will depend on the circumstances

### Other Direct Costs

- Laboratory consumables
- Computer consumables
- Key project personnel recruitment costs
- Documented access charges for shared equipment or facilities to the extent that use of the equipment/facilities is not already accounted for in the indirect cost rate

- Establishment and ongoing maintenance of a project-related website and escrow storage for data, materials and documents
- Stockpile stability testing, including testing occurring after the main project has been completed
- Clinical material maintenance
- Manufacturing, packaging, shipping, delivery and freight unless otherwise provided in the agreement
- Purchase and transportation of animals
- Food and maintenance charges for animals
- Specific and relevant training and environmental enrichment costs in accordance with NC3R and other standards
- Animal facility costs
- Bank charges triggered on receipt of CEPI funds
- Subjects/volunteers – legitimate pre-approved participatory fees and travel for subjects and volunteers and interviewee expenses
- Clinical research costs, including the costs of trial registration and clinical trial insurance
- Regulatory fees
- Technology transfer costs unless otherwise provided in the agreement
- Open access and data sharing costs