

## **Annex 7 - Administrative costs**

In connection to the grant, cost for administration is usually included. The partner should be able to justify the budgeted administrative costs.

If administrative cost are included, it is not possible to include an overhead.

### **Calculating the administrative costs**

In the budget phase, the administrative costs are calculated as part of the total budget. In the accounting phase, the administrative costs are calculated as part of the *actual/incurred expenditures*.

For *development* grants, the administrative costs are calculated as maximum 7 percent of direct costs of the activities, unless explicitly agreed in the DED. Administrative costs are not calculated on administration and audit.

### **Use of administrative costs**

Administrative costs should not be specified or documented by the organisation in the accounting phase.

The following costs for administration are typically considered to be covered by the administrative costs:

- The organisation's office and potential country offices' office expenses (rent, cleaning, office expenses, transport, water and electricity, support staff and other ordinary maintenance costs.
- Expenses for staff in both headquarter and country offices, carrying out ordinary case work, such as:
  - developing applications and other proposals,
  - expenses for travels, not part of the activity-specific monitoring etc.,
  - recruitment and screening of non-activity-specific staff,
  - meetings and contact with Danida/MFA,
  - reporting,
  - budget- and accounting tasks.
- Involvement or the organisation's leadership in the cooperation (by leadership is to be understood the general secretary/director and members of the board/executive committee.

Audit expenses are budgeted separately and covered outside the administration costs. Audit of the organization's total annual accounts is not covered by the grant.