

HEI ICI Higher Education Institutions Institutional Cooperation Instrument

Addition to the Programme Document, version 3 dated 25 October, 2010.

This additional guideline regarding salaries and fees replaces the instructions given in the Programme Document, version 3 dated 25 October, 2010, on pp. 20-21.

This guideline is valid from the date of its publication on 12 November, 2010, and hence is applied to the call for proposals in November-December, 2010 (open from 1 November – 22 December, 2010). *Please note that the end date of the call has been changed!*

The Ministry for Foreign Affairs of Finland has received much feedback and reviewed the guidelines regarding fees, salaries and allowances paid to HEIs participating in the HEI ICI programme. The Ministry considers it important to streamline the principles on which fees, salaries and allowances are paid to participating HEIs. From the date of publication of this guideline, the budgeting principles for HEI ICI projects shall be similar to Finnish and developing country HEIs when it comes to compensation of work input in HEI ICI projects.

In the HEI ICI projects, a minimum of 70% of the MFA funding must derive from capacity development costs, including personnel costs, other costs related to personnel and travel. Of these personnel and personnel related costs a maximum of 50% may be channeled to developing country partner HEIs. This means that the personnel costs may be equally divided between the participating HEIs in Finland and developing countries. It should be noted that all personnel and related costs must be based on the official salary tables of the HEI in question or normal partner country rates. The division of personnel costs, as all other costs, must be clearly specified in the Project Document.

With reference to pp. 20-21 of the Programme Document, the following change has been made:

Allowances and fees for partner country experts

The partner HEIs may charge the HEI ICI project for labour costs, salaries and fees of experts working on the project. They have to appoint staff and allocate enough time to carry out the capacity development in the project. The assignment fee comprises the real gross pay of the project member multiplied by a possible overhead expenses rate. The overhead costs must be transparently shown and broken down to components. The assignment fee does not include profit/margin, but it covers the administrative costs of the participating HEIs and salaries of participating personnel. Only costs directly related to the execution of the project activities may be included.

Personnel level salaries, per diem and other funding related issues are considered against the criteria and conditions listed below. Further specifications may be included in the call for proposals of each round.

All fees and allowances are charged at cost by the HEI(s).

- The level of salaries must be based on the set salary costs for a similar position of the participating HEIs, and based on normal country rates. The official salary and fee rates of the partner country HEIs or general country rates must be applied.
- The level of travel costs shall follow the state travel regulations (valtion matkustussääntö).

The overhead expenses rate is derived from the official management accounts of the participating HEIs. The HEIs provide adequate information on the pay of the project member and the basis of the overhead expenses rate (e.g. what items of expenditure it includes).

In principle, the management and coordination costs incurred during the implementation of the project are covered in the overhead expense rate of the participating HEIs. There may, however, be need for allocating a small number of working days for activities that are not directly capacity development in the partner HEI, such as preparation of study visits. All days budgeted for management and coordination tasks need to be justified in the project document.

Grants to post-graduate students may be included in the plans if the student is enlisted in a post-graduate programme in a developing country HEI, the person receiving the grant is in a position equivalent to staff, and inclusion of the programme is directly part of the HEI ICI project. Hence the inclusion of the grant must be justified as part of the capacity building of the institution in a developing country. Capacity development of an individual as such (eg. grant for a separate research project) is not possible in the HEI ICI programme. The work of the grant receiver must be shown to directly benefit the HEI ICI project. Grants are discretionary, dealt with on a case-to-case basis, and cannot be the focus of a project. All the

payments of allowances or stipends must be transparent and duly allocated to de jure merited staff or students.

General guidelines regarding fees, salaries and allowances

Personnel information of Finnish and partner country HEIs must be shown separately in the Project Document. This should include their duties, duration/amount of work and salaries with statutory salary-related costs. All HEIs' salaries should be based on HEI's official salary rate, or if a developing country partner HEI doesn't have such a rate the average rate in the partner country in question should be applied. In Finland statutory salary-related costs include retirement pension insurance costs, social security costs and other social insurance costs.

Personnel keep / record of working hours. Both Finnish and developing country partner HEIs' personnel report work-time on a monthly basis, and the reports are approved by the project manager in Finland and in developing country partner HEI respectively. Finnish HEIs can expense their salary compensation for partner HEIs only against a verified follow-up report of working time. The project should maintain a complete record of advances and it is reconciled regularly by the Project Board.

If part of the *bookkeeping* is organized in a developing partner country, the coordinating Finnish HEI is responsible for ensuring that partner HEIs follow sound accounting procedures.

The projects are required to keep books for *fixed assets* (fixed-assets register) and procured assets are tagged to the project. When the project is completed, fixed assets are handed over to developing country partner HEIs. All fixed assets procurements must be documented.

In cases where developing partner country HEIs' salaries are compensated, it is the responsibility of the coordinating Finnish HEI to investigate whether an *employer relationship* is created. If such a relationship is created, the coordinating Finnish HEI must ensure that employer responsibilities and possible costs resulting from such a relationship are taken care of.