

Annex 2

Eligible Expenditures.

Budget Heading	Eligible Expenditures
Human Resources (Project Implementation Unit)	<p>The amounts budgeted under this budget heading may be used for payment of salaries and fees for staff contracted by the Grant Beneficiary and for partners' staff directly involved in the project management and implementation, i.e. the Project Implementation Unit (PIU). In line with the MCC Procurement Policy Amendment dated 27 September 2010 staff involved in grant activities may be allowed remuneration or honorarium from the grant funds. Salaries of new staff that have to be employed additionally specifically for the implementation of the project can also be supported by a grant and the applying training institution must indicate the sources of salary to be paid to new staff after the grant funding has ceased.</p> <p>Salaries and fees may include but not limited to Project Manager, Project Coordinator, Project Accountant, Procurement Expert, TVET related activities experts, etc., as long as related deliverables are not procured. All cost of project staff, experts and office running cost must be tied to project deliverables as per quarters in the project activity timeline, such as mobilization of PIU staff and experts, production of an inception report with updated indicators of achievements and detailed implementation plan, setting up of project office, development of SEP, GRM, OHSS, quarterly reports, etc.</p> <p>The cost of staff assigned must include actual salaries plus social security charges and other remuneration-related costs. Salaries and costs must not exceed those normally borne by the Grant Beneficiary or its partners.</p> <p><u>Sub-contracted services cannot be claimed under this budget heading.</u></p>
Travel	<p>From the local transportation sub-heading, intercity transport expenditures within Georgia may be covered.</p> <p>From the international travel sub-heading, transport expenditure of experts who travel from Georgia and/or to Georgia for the needs of the project may be covered. All or relevant % of these have to be included in the cost of respective deliverable as per Section 12.5.2. of FAP, all international travel follow U.S. State Department rates for lodging and meals and incidentals.</p> <p>Per diems are allowed only for staff assigned to the project as long as they are envisaged in the project budget. Per diems cover all meal, hotel expenses and short distance travel (e.g. within the city).</p> <p>Per diems are calculated on overnight basis according to decree of the Ministry of Finance. The expenses made in the scope of per diems need to</p>

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	be documented with invoices or similar financial proof of payment.
Works, Goods and non-consulting services	The cost of works are eligible provided they are included in the budget and bill of quantities and correspond to market rates. For procurement, estimated at less than \$25,000, the Grant Beneficiary is authorized to procure directly to obtain value for money and to use the tendering procedures described in Annex IV of the Special Conditions. For bidding procedures, please see the relevant procurement section and associated bid package. The purchase cost of equipment and other goods are eligible provided they are included in the budget and correspond to market rates. For bidding procedures, please, see the relevant procurement guidelines.
Local Office / Project Costs	Project office running costs for the PIU premises have to be calculated in the budget and count as grantee own contribution. These costs <u>cannot be used</u> for covering costs related to main offices of the Grant Beneficiary (and partners). These costs are eligible only if <u>a new office</u> /training facility is opened for the needs of the implementation of project activities or a represent a % commensurate of the running cost of the beneficiaries training premises.
Other Costs, Services	Amounts budgeted under heading 5 may be used to cover costs for the items specified in the budget and fully sub-contracted services: Publications, translation, workshops, events, etc. It is not appropriate to pay the project personnel from this budget heading.
Contingency Reserve	No contingency reserve cost are eligible under the CPIG contracts.