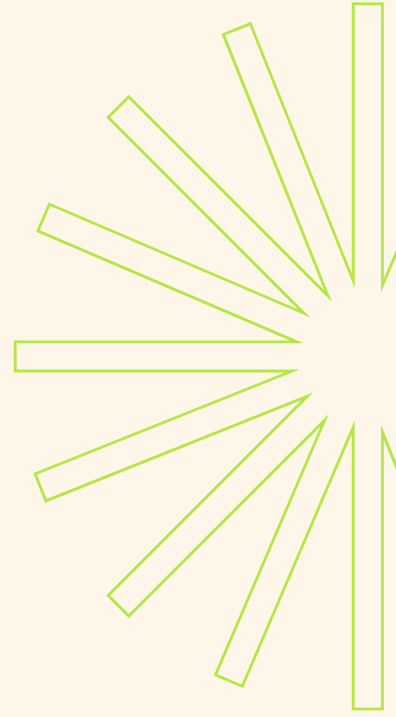


The Ethereum Foundation



**ecosystem
support
program**



Academic Grants Round: Indirect Costs Guide

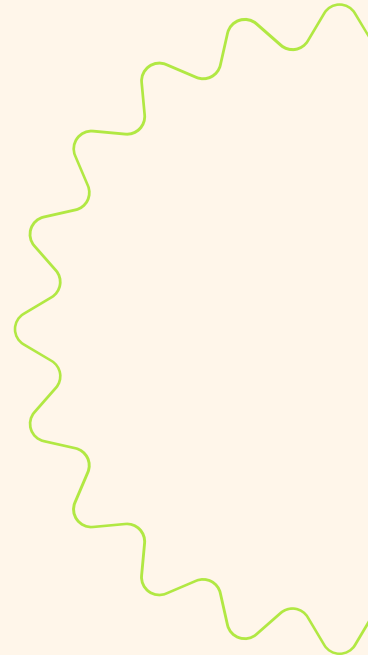
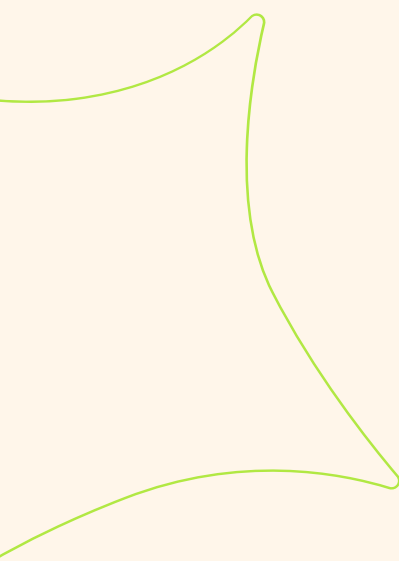
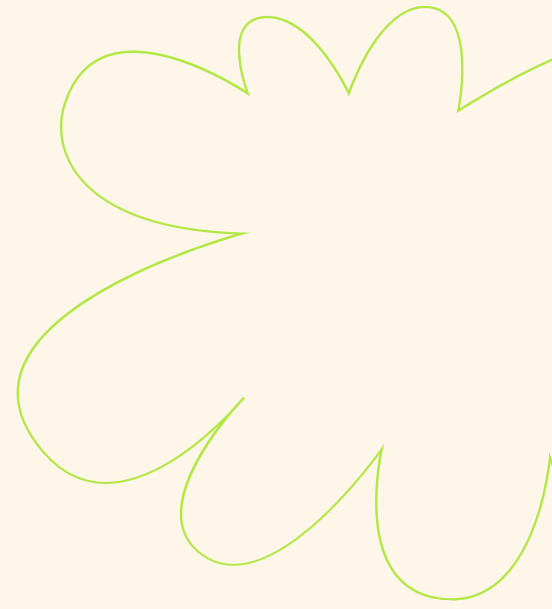
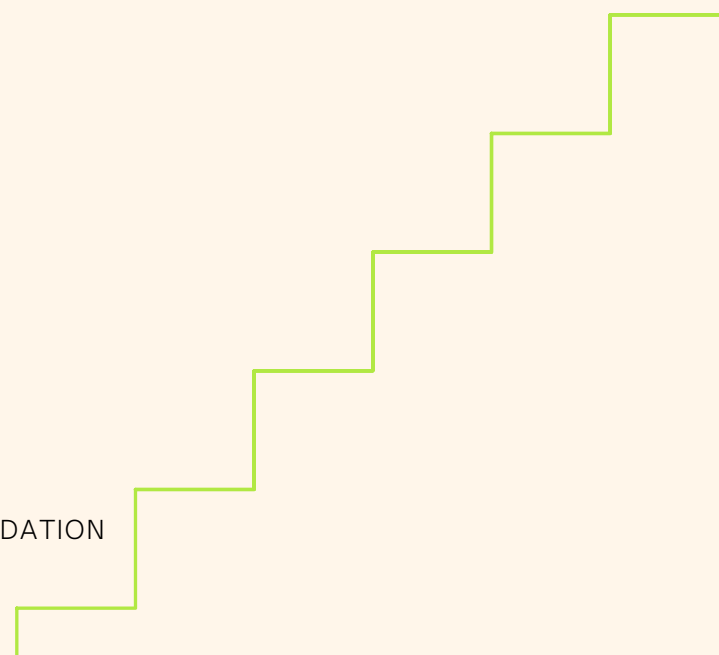


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Introduction

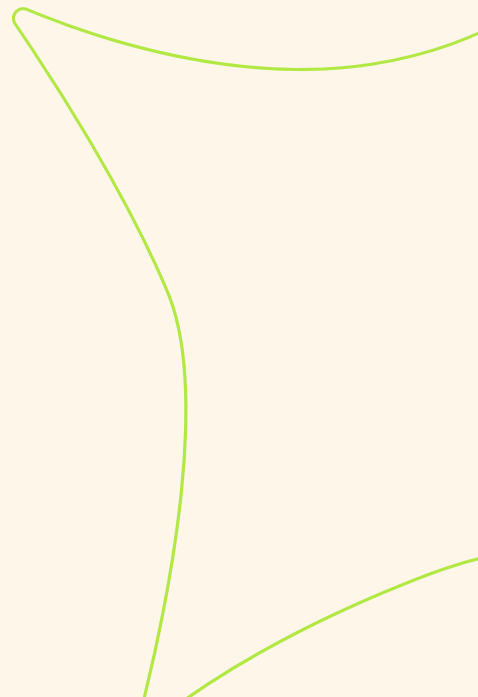


Hi there,

If you are reading this guide, it means that you are considering submitting an application to the Academic Grants Round of the Ethereum Foundation (EF). We appreciate your contribution to the ecosystem and commitment to creating knowledge and building on our shared future. One way of fostering the ecosystem is to support Academic research. Therefore, the EF supports individuals, builders, developers, universities, and others who contribute to the ecosystem and develop open-source projects that strengthen the Ethereum protocol.

We have put this guide together to give you some clarity when developing your project proposal.

We hope you find it helpful! If you have questions, please send a note to academic-grants@ethereum.org



How do we define direct and indirect costs?

Direct Costs

Direct costs are the expenses required to execute a grant and are directly attributable and reasonably allocated to the project. Project staff salaries, materials, travel expenses (if relevant), and consultants, Ph.D. students, and other staff required to execute the grant are examples. Costs that would not be incurred if the grant did not exist are often indicative of direct costs.

Indirect Costs

Indirect costs are sometimes referred to as “overhead costs” or “facilities and administrative costs,” and they support the entire operations of a grantee, and may be shared across different projects. Examples include facilities’ expenses, e.g. rent, utilities, equipment for the grantee’s headquarters, and associated information systems and support and administrative staff such as HR, general finance, accounting, IT, and legal. These expenses that would be incurred regardless of whether the grant is funded are often indicative of indirect costs. While these costs may not be directly attributable to a project, we understand that they are real and necessary to operate as an organization. While the definition of indirect costs is subject to some interpretation, the Ethereum Foundation has listed certain indirect costs (this is not an exhaustive list). These are listed in the table at the end.

We review budget assumptions and cost categorizations on a grant-by-grant basis, and the treatment of specific costs in one grant should not be considered precedent-setting for other grants.

Maximum applicable indirect cost rates

The indirect cost rate is the maximum percentage of direct costs (Fiat/ETH/DAI) the EF can support for your project.

Indirect costs have the following cap:

- up to 10% of direct costs for governmental agencies, other private foundations, and for-profit organizations
- up to 10% of direct costs for universities and other research institutions
- up to 15% of direct costs for all other non-governmental organizations (NGOs), and international organizations
- Individual applicants: discussed on a case-by-case basis.

These rates are the maximum rates we consider supporting. Your rate should be applied if you have an indirect cost rate lower than the maximum provided above. The intent is to sufficiently fund your actual costs and not to generate surpluses.

Example: A NGO grantee has an organizational actual indirect cost rate of 8%, i.e., for every \$1,000 in direct costs, it has \$80 in indirect costs. Rather than defaulting to the maximum rate of 15% in the grant proposal, 8% should be proposed in the project budget.

To whom applies this indirect costs guide?



This indirect costs guide applies to collective entities. In the case of individual applicants, indirect costs will be discussed on a case-by-case basis after the applicant's project submission.

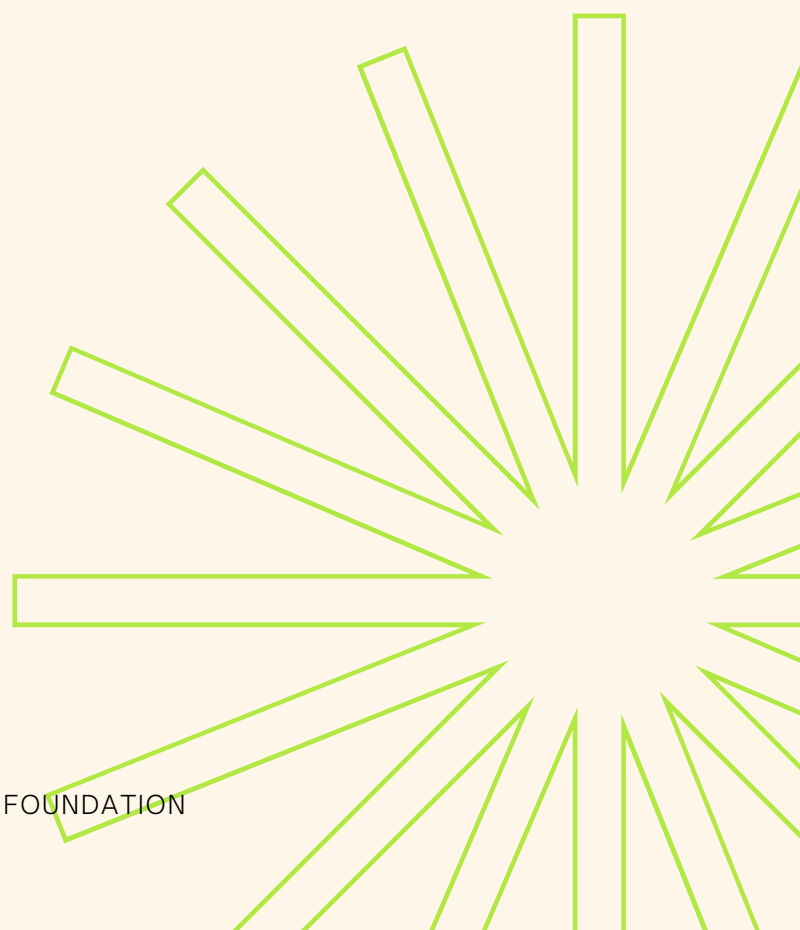
We review and discuss every budget proposal on a case-by-case basis, and we hope this guide gives you some guidance. It does not exclude requests for clarifications or negotiations from both parties.

This guide applies to all means of financial support, whether in the form of grants, gifts, or service agreements awarded by the EF.

Examples of direct and indirect costs

The following is a non-exhaustive list of standard direct and indirect costs. While the definition of indirect costs is subject to some interpretation, we listed certain indirect costs in the hopes that it provides some clarity.

We understand that projects and accounting practices vary greatly, so please use this list as a guide. When submitting your budget proposal, it would help us immensely if you could provide further details on your request so that we can understand the link between project outcomes and direct costs.



Examples of direct and indirect costs

	Eligible direct costs: The following may be included as direct costs if <i>directly attributable</i> and <i>reasonably allocable</i> to and specifically required to execute the project.	Indirect costs: The following may be included as indirect costs if <i>reasonably allocable</i> to the project and not included as a direct cost.
Personnel	<ul style="list-style-type: none"> Salaries and wages of employees working directly on the project. Fringe benefits of employees. Legal operations, should these be directly related to the project scope. <p><i>These costs should be substantiated by time keeping and/or an allocation methodology (pro rata).</i></p>	Personnel cost of general management and administrative support personnel, such as executive management or central operational functions (Accounting, HR, IT, Legal, etc.).
Consultants	Contracted staff working directly on the project. These could include research assistants and others contracted explicitly to support the project.	Contracted staff for general administrative functions, such as accounting or audits.
Equipment	Costs for equipment directly used by the project (can include purchase/replacement, operation, maintenance; to be pro-rated in case of partial use). These can also include the software necessary to implement the project.	Costs for equipment or depreciation on equipment incurred by central operational functions.
Other Indirect Costs	<ul style="list-style-type: none"> Allocable facilities, utilities, and communications expenses that are required to execute the project, such as lab experiments. Project-specific supplies Hardware and software 	Costs for facilities, utilities and communications associated with central operational functions such as university headquarters and offices.
Sub-awards	Grants or contracts with other organizations that directly contribute to the project outcomes.	Outsourced general operating activities, such as accounting, audits, IT support.