



HIGHER EDUCATION COMMISSION

H-9, Islamabad, Pakistan

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Dr. Zain ul Abdin,
Director General (R&D)

No: DG/R&D/HEC/344

Dated: August 25, 2020

Subject: **Financial Rules Governing HEC Competitive Research Grants**

Dear Sir/ Madam,

I am pleased to inform that that HEC has approved the Financial Rules for Competitive Research Grants attached as **Annexure-A** for your kind information please.

With profound regards.

Yours Sincerely,

Dr. Zain-ul-Abdin

- i. The Vice Chancellors/Heads of all the public and private sector Universities/DAIs
- ii. The Directors of the University based Research Centres
- iii. The Director ORICS of all the public and private sector Universities/DAIs

CC. to:

- i. E.S. to the Chairman, HEC
- ii. E.S. to the ED, HEC
- iii. DG (Finance), HEC
- iv. In charge Audit, HEC

Financial Rules Governing Competitive Research Grants

1. HEC allow the grantees to budget for four categories of expenses in competitive research grants (i.e., NRPU, GCF, LCF, TTTF, ICRG and RRII), namely personnel costs (internal as well as external), travel costs, costs of equipment, consumables, and services, and overhead costs. The following financial provisions set out the detailed rules regarding the limits on the nature and amount of expenses that can be claimed under each of the four specified budgetary heads.

I. Personnel Costs

2. *General Conditions:* The following general conditions apply to the provision of personnel costs:
- The role of each person in the project must be stated clearly and justified. The justification should include the time commitment (as per cent of full time) and the unit cost (i.e., gross salary per month).
 - For faculty members, the budget request should include their name, designation, department/institute, and university. Future changes would be subject to approval of the HEC.
 - The university should affirm in writing that the time commitment of the university personnel engaged in a project (to the extent of their time committed) does not conflict with the time commitment for other projects.
 - Only the remuneration of technical staff can be billed under the project. Administrative or secretarial staff, including the project coordinator, should be covered under the university overheads.
 - Affidavits will be required from university authorities as well as faculty members that the total honorarium to be paid to faculty members for all research projects does not exceed 25 per cent of their gross salary.
 - In case a faculty member wishes to allocate more time (i.e., more than 25 per cent) to research projects, the head of the HEI has to provide an affidavit that the faculty member will be relieved of other responsibilities, and that their non-project salary will be reduced proportionately.
 - Any false statement in these matters will result in automatic cancellation of the project, recovery of advance payments, and black listing of the faculty member as well as the institution for 2 years.

Nature of Personnel	Unit Costs/ Expenditures Allowed	Limits
1. Faculty Members	Time cost of faculty members calculated on the basis of their gross salary (i.e., basic pay, admissible allowances), multiplied by the time committed to the project. For example, if a faculty member contributes 2 months to a project, and she/ he has a gross salary of Rs. 200,000 per month, the project will be able	Faculty members may allocate a maximum of 25% of their time to research projects. Personnel costs billed against a faculty member's time may be paid to them as project honorarium, provided that the total honorarium received in any year is no more than 25% of their gross salary. If a faculty member wishes to allocate more than 25% of their time to research projects,

	to charge Rs. 400,000 for their time.	the university will have to certify in writing that their teaching duties have been reduced proportionately, and that the corresponding amount has been deducted from their salary.
2. Students	<p>University students may be engaged as Research Assistants at the following scales:</p> <ul style="list-style-type: none"> • PhD students: @Rs. 80,000 per month, full time equivalent (FTE), times the time committed to the project. • MS/ MPhil Students: @Rs. 80,000 FTE per month, subject to maximum time cap of 20% (i.e., an average of one day per week). • Undergraduate students @ Rs. 60,000 FTE per month, subject to maximum time cap of 20%. 	<p>Subject to approval of their supervisors, and based on their course load, PhD students at the thesis stage will be allowed to allocate between up to 80% of their time to research projects; those who have to take courses may allocate up to 20%. MS/ MPhil/ BS students may allocate only up to 20%. However, PhD students with course loads may, with the consent of their supervisors, allocate up to 40%, provided they reduce their course load by a quarter, thereby extending the duration of the degree programs. Only the university's own students can be included under this heading. The university, in its discretion, may provide a tuition waiver to students engaged as research assistants.</p>
3. Other Project Personnel	<p>Regardless of the actual amounts paid to project staff, the billed amount would be based on normal university salaries, e.g.:</p> <ul style="list-style-type: none"> • Research Assistants: (BS/ MS/MPhil) equivalent to lecturer. • Research Associate: (fresh PhD), equivalent to Asstt. Prof. • Research Fellow: (PhD with 9 years' experience) equivalent to Assoc. Prof. • Senior Fellow (PhD with 15 years' experience) equivalent to Professor. 	<p>The billed amount would be the multiple of the permitted gross salary, multiplied by the time allocated for the project (as per cent of FTE).</p> <p>Each person appointed to project should receive a formal contract, specifying all the terms of employment, including salary, benefits, and the duration of engagement. Project employment should not create an entitlement or expectation of full-time regular employment.</p>
4. Short-term Consultants	<p>These may be foreign nationals (including those of Pakistani origin), dual nationals, or Pakistani nationals.</p> <p>The respective remuneration rates would be based on market conditions, typically be on a per day basis, subject to the conditions of the grant, as well as maximum limits for various categories established by HEC from time to time.</p>	<p>Total remuneration for all short-term consultants should not exceed 10% of the total direct HR cost of the project.</p> <p>Funding for short-term consultants will be allowed in accordance with the provisions of the grant.</p>
5. Short-term Project Personnel	<p>Projects may engage staff on daily wages (e.g. enumerators, data collectors, etc.) at a maximum</p>	<p>Project employment should not create an entitlement or expectation of full-time employment.</p>

rate of Rs. 1,000 per day, or Rs.
25,000 per month.

II. Equipment, Consumables, and Service Costs

3. *General Conditions:* The following general conditions apply to the provision of equipment, consumables and services costs:
- a. Equipment and Consumables should be itemized separately. However, the total cost under these heads may not be greater than **30 per cent** of the direct cost of the project
 - b. For each item under **Equipment**, and each item under **Consumables**, provide the name, description of equipment, specifications, unit cost, quantity, and purpose.
 - c. For Equipment, Consumables and Services, the university needs to certify in writing that it does not have access to the said equipment, consumables and service otherwise.
 - d. **10%** additional amount against approved equipment budget for imported items may be admissible to account for any currency rate fluctuation, subject to provision of justification, and the approval of HEC.
 - e. LC opening for purchase of permanent equipment is allowed

#	Item	Details
1.	Equipment	<p>A few examples are provided here. These, and similar items could be billed to the project if otherwise justified:</p> <ul style="list-style-type: none"> • <i>Scientific lab Equipment:</i> tools and equipment used in laboratories for research work relevant to the project. Some examples are DNA sequencers, electrometers, or <u>spectrometers</u>. • <i>IT equipment:</i> some examples are servers, network equipment, routers, or communication equipment. • <i>Office Equipment:</i> some examples are laptops, desktops, scanners, printers. • <i>Specialized Software/ IT Applications:</i> e.g., LabView, AutoCAD, MATLAB.
2.	Consumables	<p>A few examples are provided here. These, and similar items could be billed to the project if otherwise justified:</p> <ul style="list-style-type: none"> • <i>Lab Chemicals:</i> e.g., chlorates, persulfates, peroxides, oxidizing acids, methanol, ethanol, or reagents. • <i>Glassware:</i> e.g., beakers, flasks, or test tubes. • <i>Plastic wares:</i> e.g., pipettes. • <i>Expendable supplies:</i> e.g., preserving and cleaning material, fuel, medicines, personal protective equipment, i.e., gloves, masks, or surgical caps. • <i>Accessories:</i> small tools and accessories used routinely in labs, e.g., kits, PCR plates, ladders, sealers, magnetic stands.
3.	Services	<ul style="list-style-type: none"> • <i>Access to scientific equipment:</i> cost of access to sophisticated lab or research equipment not available in host institution. • <i>Service contract for repair/ maintenance of purchased scientific equipment:</i> The service cost should not exceed 25% of the cost of current price of the same/similar model • <i>Subscription to open access journals or publications:</i> provided these are not already covered under HEC's agreement with the HEI.

- *Management Cost for organizing national level conferences, workshops, or seminars:* in cases, where such dissemination of research results are outsourced to external professional bodies.
- *Limited commercialization and development costs:* these will be allowed only for research grants (e.g., TTSF and RTTG) that explicitly include product development and commercialization goals. The admissible expenses are:
 - Patent filing Fee
 - Consultancy Services for product development (limited 10% of the direct cost of the project)
 - Legal and Financial Services: related to intellectual property rights, research commercialization, or licensing agreements.
 - *Marketing Services:* for marketing of prototype or proposed product to appropriate investors or stakeholders

III. Travel Costs

4. *General Conditions:* Travel Cost covers expenses of project team (faculty and students) related to field work, participation in project meetings, attending national or international conferences or workshops to present research results from the project.

- a. Prior authorization must be obtained for each project-related travel.
- b. Travel budget must be justified by providing purpose of visit, the city, the country, the number of travelers, and estimated costs per visit.
- c. In contrast to the HEC Travel Grants Policy, which covers 75% of the costs of attending conferences, the full costs of all project travel are covered.
- d. Except for paragraph (c) above, all other provisions of the HEC Travel Grant Policy will apply.
[\(https://www.hec.gov.pk/english/services/faculty/HEC%20Research%20Travel%20Grant/Pages/HEC-Research-Travel-Grant.aspx\)](https://www.hec.gov.pk/english/services/faculty/HEC%20Research%20Travel%20Grant/Pages/HEC-Research-Travel-Grant.aspx)

IV. University Overheads

5. *General Conditions:* There are three purposes for allowing payment of overhead costs to sponsoring HEIs: first, to compensate HEIs for expenses needed to provide research support in the form of campus facilities, secretarial or administrative services, tuition waivers to research assistants, or project development expenses; second, to enable HEIs to build up a professional research support system in order to enable their faculty members to attract research funding from other sources as well, including, e.g., capacity building activities; and third, to ensure that universities exercise proper quality control over research products.

6. The overhead amount should go directly into the research management budget of universities, which may allocate it for various purposes according to the needs of each project as well as the overall demands of professional research management. In case of multi-institutional projects, the overhead costs are expected to be shared on the basis of the percentage of funds allocated for each institution.

7. HEC allows three tiers of University overheads or institutional costs, as a percent of the total direct cost of the project: 5%, 10%, and 15%.

- a. *Basic (5% Overheads):* this covers projects that do not require allocation of dedicated office space or dedicated secretarial or support staff. It covers the basic research support services, i.e., accounts management, project reporting,

auditing, office supplies (e.g., pens, staplers, or stationery), and monitoring and evaluation. Researchers are expected to use their own offices and regular university facilities.

- b. Extra (10% Overheads): In addition to the services listed in paragraph (a) above, the HEI also provide the following additional facilities: support staff (daily wage clerical or manual labor, secretariat staff), campus expenses (e.g., use of dedicated office, unit, or building), utility costs, cost of access to digital resources (e.g., Digital Library, PERN), maintenance of scientific equipment, and/or access to laboratories.
 - c. Performance (15% Overheads): In addition to the services listed in paragraph (b), the HEI may demonstrate superior performance on behalf of the ORICs or other research management institutions.
8. The provision of overheads means that HEIs will not be allowed to include normal administrative expenses (e.g., administrative salaries, TA/DA, honorariums, bonuses, or stipends).