IV. FINANCIAL RESOURCE DEFINITIONS AND PROCEDURES

SPENDING
ASTI requests survey respondents to provide actual expenditure figures, not budgeted or projected expenditures. Spending data is recorded in thousands in the current local currency in the reporting year.

If the financial year does not match the calendar year, expenditures are reported in the calendar year that covers most of the financial year. For example, if the 2009/10 financial year starts April 1, all costs incurred in 2009 are to be reported under 2009. If the 2009/10 financial years starts July 1, all costs incurred in 2009 are to be reported under 2010.

COST CATEGORIES
ASTI collects three categories of detailed cost data from government and nonprofit agencies:

- **Salaries.** All staff remuneration expenditures are reported here such as wages, pension plan contributions, insurance premiums, child education and housing allowances. This category also includes the labor cost of temporary staff like day laborers and long-term consultants, which is often mistakenly included under operating expenditures.

- **Operating and program expenditures.** Items such as gasoline, electricity, stationery, books, agricultural inputs, staff training, travel, and per diem expenses are included here. Running costs and maintenance of buildings, cars and equipment are reported here as well.

- **Capital expenditures.** All expenditures related to the purchase or rental of items that last longer than a year are reported in this category. Examples are research equipment, furniture, computers, cars and vehicles, land and buildings. Depreciation costs (and interest charges) for past capital investments are also included here.
FUNDING SOURCES

All funds actually received within a (fiscal) year are to be reported, not budgeted or projected funds. Sources of funding are indicated for all salary, operational, and capital expenditures. Funding source categories are as follows:

- **Government core allocations.** This category is made up of direct institutional funding derived from a central budget, such as funds provided by a supervisory ministry for day-to-day operations and salaries.
- **Other government allocations.** This category is for reporting government funding that complements annual appropriations from national budgets, for example, in the form of competitive funds and science and technology funds.
- **Loans from multilateral donors.** Loans, for example, from the World Bank, are reported here.
- **Grants from multilateral and bilateral donors.** This category is for reporting grants from multilateral donors, such as the World Bank (excluding its loans), the African Development Bank, FAO, and the European Union, and from bilateral donors, such as USAID, JICA, GTZ, and the Government of France. Grant providers may also be regional or international organizations and entities, such as CGIAR centers, FARA, ASARECA, CORAF/WECARD, and SADC.\(^1\) Or grants may be awarded by private foundations such as the Bill & Melinda Gates Foundation.
- **Commodity levies and producer organizations.** Funding provided through commodity taxes levied on agricultural production and exports are reported here.
- **Sale of goods and services.** Income to be reported in this category includes earnings from contract research for public and private enterprises.
- **Other.** Funds from sources other than the above categories should be reported here.

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\(^1\) FAO is the Food and Agriculture Organization of the United Nations, USAID is the United States Agency for International Development, JICA is the Japan International Cooperation Agency, GTZ is the German Agency for International Cooperation, FARA is the Forum for Agricultural Research in Africa, ASARECA is the Association for Strengthening Agricultural Research in Eastern and Central Africa, CORAF is the Central African Council for Agricultural Research and Development, and SADC is the Southern African Development Community.
**CHALLENGE: Mismatching cost and funding categories**
Agencies’ financial reporting systems do not always match the classifications used by ASTI. This can make it difficult to extract data according to the definitions outlined above. If necessary, follow-up queries should be submitted to clarify the details underlying the financial data provided. Footnotes can be used if the definition of a data category differs from ASTI’s usual practice.

Expenses incurred and funding received may not match in a given year, as funding for multi-year projects may reach institutions at the start of a project and budgeted costs may not yet be realized at year’s end. Occasionally large discrepancies are found between funding and spending data. Often, these are due to agencies having forgotten to report the source of salary outlays (in many cases, salaries are funded from a different government source than operating and capital expenditures). In many other cases, discrepancies are more difficult to explain and require additional delving into the financial records of the agency.

**CHALLENGE: Funding for research within institutions of higher education**
Research expenditure data has been difficult to compile for the higher education sector. The data obtained in the past were often limited to spending explicitly earmarked as research—such as the operational costs associated with university research or project funds received from an external source. For ASTI’s purposes, a more comprehensive accounting is needed of R&D costs including salaries, rent, and utilities appropriately prorated to reflect the share of total faculty time spent on research. ASTI estimates expenditures for higher education R&D using the average expenditure per researcher for government agencies and nonprofit institutions and scaling that figure by the total number of research FTEs employed by the higher education institutions in the sample.

**CHALLENGE: Loans and grants from donors**
National governments often finance various agencies with money borrowed from development banks such as the World Bank to fund agricultural research. Given that ASTI conducts surveys at the agency level, it can sometimes be difficult for an agency to differentiate between government funding and funding from donors and development banks.