



مجلس التعليم العالي
Higher Education Council

Guidance to Universities for Expenses Allowable Under the Mandatory “3% Rule” For Scientific Research

Kingdom of Bahrain

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Background

Private higher education institutions in Bahrain, which are under the supervision of the Higher Education Council of Bahrain, are required by Article Nine of HEC Resolution Number 3 of the Year 2007 to “set aside...at least 3% of the institution’s net annual revenue...for scientific research.” This guidance document refers hereinafter to this requirement as the “3% Rule.”

This document provides guidance to such higher education institutions on the types of expenses that are acceptable to HEC as contributions toward meeting the HEC 3% Rule. It also provides guidance on how institutions are to take into account the timing of such expenditures, as well as on how they shall manage and report on such expenditures.

Definition of Scientific Research

“Scientific Research” is defined in Article 1 of the Higher Education Law – 3 of the year 2005 as:

“Any scientific activity on the development of science and human knowledge with the aim of discussing ways of application, dissemination and utilization in improving the lives of the individual and the community and to contribute in advancing the overall national development efforts.”

Categories of institutional expenditures that can be paid for from the funds set aside for scientific research are described later in these guidelines.

Definition of Net Revenue

For purposes of implementation of the 3% Rule, the net revenue of a private higher education institution in any fiscal year is defined as the gross receipts of that institution from all sources for that year, less all operating expenses for that year and less a reasonable, auditable allowance for the annualized costs of previous capital investments made by that institution.

Definition of Scientific Research Fund

Each institution subject to the 3% Rule shall establish a Scientific Research Fund (SRF) to be made up of the funds required to be set aside under the Rule, as well any additional funds the institution may voluntarily contribute to such Fund. The SRF shall be maintained and managed by the institution that establishes it.

Chief Research Officer

Each institution subject to the 3% Rule shall appoint a senior, experienced member of its faculty or academic administration to serve as its Chief Research Officer (CRO). The CRO shall be empowered to administer all aspects of institutional compliance with, and implementation of, the 3% Rule. The person appointed as CRO need not serve in that position on a full-time basis. Each institution shall inform the HEC of the name and contact information for its CRO and shall keep the HEC informed of any change in the CRO or contact information.

Determination of the Amount to be Set Aside Each Year Under the 3% Rule

No later than the last day of the third month of each fiscal year, each institution shall determine the amount of money it must set aside for support of scientific research in that year. The amount of each fiscal year's set aside shall be computed as 3% of the average of the net revenues to that institution over the three most recent institutional fiscal years. The university shall transfer the 3% set aside into its SRF. The institution shall exert its best efforts to spend the required 3% of net revenues on scientific research in the year for which the funds are set aside. Any balance remaining in the institution's SRF at the end of the fiscal year shall be carried over into the following fiscal year and shall remain a part of the SRF but shall not be used to offset any part of the required new set-aside amount calculated for the following year.

An institution may augment the required 3% set aside amount in its SRF using funds from any source. All such additional funds shall be managed in the same manner as the required set aside funds and shall be subject to the same reporting requirements, detailed below. In its annual report, also detailed below, the institution shall report the total amount of these additional, non-set-aside funds added to its SRF in the reporting year.

Internal Institutional Allocation of Set-Aside Scientific Research Funds

Each institution shall adopt a formal process for allocating funds in its SRF to its faculty, staff and students. This process shall be open, transparent and competitive. Procedures for making internal applications for such funds and for deciding which projects shall receive how much and for what purposes shall be documented and be made available to all members of the institution's faculty. The institution's CRO shall manage this allocation process and make decisions about the allocation of funds with the advice of other faculty members and administrators.

Allowable Expenditures for Scientific Research

Each institution may spend the funds in its SRF for any or all of the purposes listed below. Each expenditure must be associated with an identified scientific research project being carried out in the current fiscal year or planned to be carried out within the ensuing two years by the faculty, staff or students of the institution.

- Purchase of equipment, including specialized computing devices or software, needed to conduct the project
- Purchase of raw materials needed to fabricate an experimental device for the project
- Research materials for the project
- Purchase of specialized books or scientific journals needed in support of a specific project; such books or journals to become part of the collection of the general library of the institution
- Purchase of or payment for access to research data bases that are needed for the project
- Purchase of specialized tests or rental of specialized equipment needed to conduct part or all of a specific research project
- Contracts with commercial vendors for the maintenance or repair of research equipment
- Modification of existing facilities for the express purpose of accommodating a specific research project or cluster of projects such as a biosafety laboratory, a low-vibration room, or a research animal care facility
- Travel expenses for a faculty member or research student who must visit a distant location for the purpose of conducting a specific research project, such as collecting data or using specialized equipment only available elsewhere
- Expenses (“page charges”) associated with publication of the results of a research project by faculty and/or research students in a refereed scientific journal or conference proceedings
- Other identified expenditures in direct support of a specific research project that are of a similar nature to those listed above. Any such expenditure must be approved in advance by the institution’s CRO and is subject to audit and rejection by the HEC.

Additional provision for consideration: No part of the SRF shall be used to pay any part of the salaries or wages of institutional employees or students,

Equipment or facilities paid for with funds from the institution's SRF may be used in support of instruction or of external consulting by the institution so long as such uses are incidental to the primary purpose of such purchases, which shall be the conduct of scientific research.

Reporting of Expenditures

As part of its required annual report to the HEC, each institution shall submit a written report to the HEC describing the amounts expended on scientific research in the reporting fiscal year, as well as the balances held in the SRF of that institution on the first and last days of the reporting fiscal year. The report to the HEC shall include a summary of each project supported by the institution's SRF, the amounts expended on each project, and the purposes of those expenditures. Each expense paid for by SRF funds that is in an amount in excess of 1 % of the total amount required to be set aside for that year shall be reported as a separate expenditure to the HEC. Expenditures that are smaller than 1% of the total set aside amount may be reported within aggregated totals in reasonable categories.

HEC Review of Expenditures

The HEC will review the annual reports of expenditures from each institution's SRF and will accept or reject the listed expenditures, individually or as a group. Expenditures rejected as not allowable under these guidelines must be reimbursed to the institution's SRF from other institutional sources. These reimbursed funds will be made available by the institution to pay for other, allowable expenditures. The HEC will act in its sole discretion in making such determinations but shall err on the side of accepting expenditures as allowable when there are reasonable grounds for disagreement.



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General Secretariat of the Higher Education Council