

GUIDING PRINCIPLES FOR BUDGET MAKING IN PHASE 2 WINDOW 2



Phase 1

For the purposes of a Phase 1 application, an estimate of the grant applied for is expected for an amount not exceeding 5 million DKK for an 18-36 months' project. Other funding sources and an estimated total project cost should be indicated.

Approximately the same level of researcher work time (in man months) on the project is expected between Danish researchers and researchers in the partner country. It is expected that research institutions partner countries will provide a monetary or in-kind contribution to the project (salaries, equipment or materials). The actual level of co-funding expected will be agreed during preparations for phase 2 applications. In a possible subsequent project after the pilot project, it would be expected that a substantial co-funding is provided from public or private partners. Co-funding from the Main Applicant is encouraged.

Overhead/administration fees are only covered for research institutions in Denmark and the partner country, and not for private sector partners, international organisations, or other sub-contractors.

Eligible Costs

It will be possible to apply for funding for the following budget items:

- Salaries and emoluments;
- Expenses for trips abroad and fieldwork;
- Project and research materials and equipment;
- Publication, dissemination and communication;
- Administration fees (overhead);
- Research stays in Denmark for researchers from partner institutions of up to six months' duration;
- Annual external audit and a final project audit.

In Phase 2 a detailed budget is required. The Phase 2 Call 2018 will be prepared before the prequalified applicants are invited for Phase 2. The below guiding principles have been taken from the Phase 2 Call of 2017 and there may be changes in the final text.

Phase 2 (from application round 2017)

Approximately the same level of researcher work time on the project is expected between Danish researchers and researchers in the partner country.

The budget (Appendix C) must contain a budget for each participating institution. The budget for each partner must be prepared so that expenses are covered by the executing part. For international research institutions, private sector partners, international organisations, or other sub-contractors, the budget can only include salaries and travel expenses covering their direct services to the project activities, and no administration fees can be covered. The budget of subcontractors can be included in the budget of one of the research partners as appropriate and clearly explained in the budget notes.

It is expected that the participating research institutions will provide a monetary or in-kind contribution to the project (salaries, equipment or materials). Additional co-funding of pilot projects is not a requirement, but in a possible subsequent research project, it would be expected that substantial co-funding is provided from public or private partners.

Eligible budget items

Salaries and emoluments

All issues concerning the budgeting and administration of salaries are the responsibility of the research institution in charge of the project. It is not accepted that staff is paid allowances on top of the salaries already received from the institution. Salaries are either compensation/replacement salary paid to the institution for the time the staff allocates to the project, or compensation payment for over-time, either hourly or performance based. The salaries must correspond with the effective work time.

By the signature of the Head of the Institution/Department, the responsible institution verifies that the basis of budgeting for salaries and fees during the project period is the current collective agreement between the state/government in question and research staff. The responsible institution must also ensure that the current tariffs for remuneration at all partner institutions are applied and that salaries in the budget are based on gross salaries, and do not include double payment or payments on consultancy terms.

The budget for salaries must take account of additional allowances, holiday allowances, labor market pension schemes, pension contributions, salary increases triggered by labor market agreements and seniority, etc. It is the responsibility of the institution to ensure this.

Tuition fees/ educational grants

Tuition Fees and educational grants can be covered for Master students from growth and transition countries. The educational grants must follow rules and regulations of the institution. The grant is placed at the disposal of the institution and is intended to cover expenses incurred in connection with the grant, i.e. supervision, courses, brief trips, study periods at other institutions. Such expenses can thus not be covered under other budget lines.

Expenses for trips and fieldwork

The responsible institution must ensure that expenses are budgeted in accordance with the current applicable tariff regulations for official travel, including daily allowances and hotel expenses, and that the national regulations in the partner countries are observed. The cheapest fare should be applied and bonus point earned on these flights cannot be used for private purposes. Budgeted travel must be justified and directly related to project activities. The table for planned travel, being part of the budget form, must correspond with the travel expenses.

If a researcher is not covered by a self-insurance or similar, an amount for health insurance per month for travel outside the home country may be included.

Travel grants (direct travel costs and accommodation expenses) for Master students from Denmark can be included in this budget line.

Research equipment and material

All purchases must be in accordance with international and national procurement regulations. The budget items for project and research equipment are to include the expenditure of acquiring necessary equipment, apparatus, literature, IT equipment, insurance, etc. A project vehicle can only be purchased for local transport in exceptional cases where there is a need for frequent field trips, and where it is obviously less expensive than other forms of transport. If purchase of a project vehicle is included, the budget notes must include a comparison of the costs for purchasing and using the car compared with other forms of transport.

Projects administered by a government institution should apply the rules of state self-insurance and, outside Denmark, secure the insurance of equipment otherwise.

Publication, dissemination and outreach

Under this budget item, expenditure for ongoing, current or subsequent dissemination and publication of the findings of the research project may be entered, for instance to:

- Publishing of reports, etc.
- Minor publications for local dissemination
- Production of materials for dissemination through a website and other electronic media
- Participation in conferences if the applicant delivers a poster or paper presentation
- Holding of workshops and seminars (local expenses)
- Alternative forms of dissemination

Publication of research results in open access journals is encouraged.

Travel expenses and salaries in connection with workshops and conferences must be placed under their respective budget lines.

Overhead/administration fees

Grants administered by Danish government institutions and other institutions subject to the rules regarding grant-funded research activities in the Danish Ministry of Finance's Budget Guidelines are to include an overhead contribution of the direct expenditure as per table below. Direct expenditure is defined as expenses directly attributable to the project.

For certain types of institutions, the grant may be used to cover overheads, that is, costs not directly incurred from the research activity. Overheads are calculated as a fixed percentage of direct costs, cf. the rates given below. Direct costs means costs incurred as a direct result of the research activity.

| Institution/company type | Overheads |
|---|------------------|
| Danish institutions (including universities and government research institutes) which are subject to the rules regarding grant-funded research activities in the Danish Ministry of Finance's budget guidelines, and which are authorised to carry out grant-funded research activities | 44 % |
| Danish Authorised Technological Service Institutes (GTS-institutter) | 20 % |
| Danish institutions meeting all the following criteria: - Receive and are expected to continue receiving a fixed state subsidy of minimum 25 % (measured in relation to the total annual turnover) to cover operating costs - Are non-profit institutions which do not seek to generate profit, and where any profit may not be distributed among the owners - Carry out research as a central purpose | 20 % |
| Public Danish hospitals | 3,1 % |
| Danish state-recognised museums (cf. The Danish Museum Act) | 3,1 % |
| All other Danish institutions and companies | 0 % |
| Research institutions based in growth and transition countries and other south institutions (non-profit institutions and depending on local conditions) | Max. 20 % |

For international research institutions and research institutions in countries outside Denmark and outside the partner countries, the budget can only include salaries and travel expenses covering their direct services to the project activities, and no administration fees can be covered.

The following general administration costs should be covered within the overhead contribution:

- Management involvement in the co-operation and coordination of the project
- Recurrent office expenses (lease of premises, cleaning, stationery, transport, electricity and water, administrative staff and other general recurrent expenses)
- Expenses related to staff that are carrying out general administrative tasks as budget and accounting tasks.

No additional funds can be allocated to the financial administration of the project apart from the overhead contribution. This applies for the administration both in Denmark and at the partner institutions.

A calculated rate per working hour (costs + overheads) must be used for companies, including private research institutions. Alternatively, a fixed hourly rate may be used. The budget item 'administration fees' must therefore not be used for companies.

Research stays in Denmark for researchers from partner institutions of up to six months' duration
DFC's administrative services for stays in Denmark for **senior researchers** are optional. The rates are as follows:

- Accommodation at the DFC hostel – DKK 300 per night
- Discount for periods of more than 30 days: DKK 225 per night
- Allowances – DKK 1,650 per week.
- Air ticket – budget figure of DKK 9,000 per trip, the actual expenses will be invoiced.
- Residence permit (over 90 days stay) – DKK 3,440 for senior researchers and DKK 2,315 for PhD students (for each renewal – also for extensions)
- DFC's administration – In addition to the above budget figures, DFC charges an administration fee of DKK 6,000 (incl. VAT) per arrival.

Allow for an annual increase of app. 2.5% on all the budget figures above.

The expenses incurred by DFC are not subject to the 44% overhead.

Audit

The annual accounts (Danish and Partners') must be audited by an external auditor. If the Danish institution is audited by the National Audit Office of Denmark a management endorsement to this effect can substitute an annual audit. A statement certifying that the partners' accounts are audited without any qualifications must be enclosed the annual accounts.

The final accounts must be externally audited, and the audit is to include the entire set of project accounts, including all project partners' accounts. The total amount to be included for the audit is maximum DKK 30,000 per year + 50,000 DKK for the final audit. Additional expenses will not be accepted, but must be borne by the institution's overhead. The audit is not subject to OH.