

GUIDING PRINCIPLES FOR BUDGET MAKING IN PHASE 2 WINDOW 1



Phase 1

For the purposes of a Phase 1 application, an estimate of the grant applied for is expected for an amount not exceeding 12 million DKK for a five-year period. Other funding sources and an estimated total project cost should be indicated.

The percentage of the budget to Danish and South-based research institutions must reflect the importance given to the research capacity strengthening of the South-based partners, e.g. by providing around 60% of the budget to South-based research institutions and 40% of the budget to Danish partners.

For international research institutions and partners in countries outside the Danida partner country, as well as private sector partners and national authorities, the budget can only include salaries and travel expenses covering their direct input to the project activities, and no administration fees can be covered.

Eligible Costs

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

- Salaries and emoluments;
- Tuition Fees and educational grants to PhD students from the priority countries
- Expenses for trips abroad and fieldwork;
- Project and research materials and equipment;
- Publication, dissemination and communication;
- Administration fees (overhead);
- Study stays in Denmark of PhD students from partner countries;
- External audit.

In Phase 2 a detailed budget is required. The Phase 2 guidelines will be prepared before the prequalified applicants are invited for Phase 2. The below guiding principles have been taken from the Phase 2 guidelines of 2018 and there may be changes in the final text for 2019.

Phase 2 (from application round 2018)

The budget must ensure that all costs are covered and that sufficient resources are allocated to the implementation of the project. Budget margins are not accepted. It is not possible to apply for supplementary funds within the project period, and funding cannot be granted to cover costs already incurred.

The budget (Appendix C) must contain a budget for each participating institution. The budget forms must be filled in with the amounts applied for (not including co-funding). The budget for international research institutions and partners in countries outside the Danida priority countries, as well as private sector partners, can only include salaries and travel expenses covering direct contributions 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, if applicable, and should be clearly explained in the budget notes.

Contributions of additional resources are encouraged for all project partners but no fixed percentage has been set. Co-funding may be provided in the form of monetary contributions or as payment ‘in kind’, i.e. by making equipment, staff, etc. available, in which case this should be detailed in the budget notes.

When planning the project and setting up the budget, you may consult the current General Conditions for on-going FFU projects at link <http://dfcentre.com/research/general-conditions-and-forms-for-research-projects-2/>. The approved budgets and projects must be in accordance with and follow these conditions.

Eligible budget items

Eligible budget items:

Salaries and emoluments

Salaries for staff and PhD stipends must follow the appropriate tariffs applying to the local institution in question. 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. In the case of over-time payment, a written agreement must be entered between the institution and the researcher. Double salaries and payment of consultancy fees will not be accepted.

With the signature of the Head of Institution/Department, the responsible institution verifies that the budgeted project salaries and fees comply with applicable collective labour agreements. The responsible institution must also ensure that current tariffs for remuneration at all partner institutions are applied and that salaries in the budget are based on gross salaries.

It is the responsibility of the applicant institution to ensure that the budget for salaries includes any additional allowances, holiday allowances, labor market pension schemes, pension contributions, salary increases triggered by labor market agreements and seniority, etc.

Tuition fees/ educational grants

Tuition fees and educational grants can be covered for PhD students from priority countries. The educational grants must follow the rules and regulations of the institution in question. 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.

If PhD students from partner countries follow a ‘sandwich’ model with study stays in Denmark, the tuition fees must be shared according to the periods of stay at each university. Payment of full tuition fees at a Danish university for PhD students from a partner institution enrolled in their own country will not be accepted.

Expenses for trips and fieldwork

Project staff can only receive per diem and other reimbursable costs according to their institution’s rules, regulations and cost-norms. However, should local per diem rules exceed the applicable rates according to Danish rules then the Danish rules must be applied. The cheapest fare should be applied and frequent flyer points 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 personal 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 Masters 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 cover 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 cost of purchasing and using the car compared with other forms of transport.

Project expenses must not include VAT, in case it is possible for the South/Danish institution to receive VAT refund.

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

Publication, dissemination and outreach

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

- 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 and the costs should be included in the budget.

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

Overhead/administration fees

For project grants administered by a government institution or a self-governing institution registered as having an account on the Appropriations Act, the Ministry of Finance's rules governing grant-financed research activity included in the Ministry of Finance's budget guidelines are to be followed. This implies that project support granted through a process of competition, the overhead as a maximum follow the rates below.

Overheads are calculated as a fixed percentage of direct costs, cf. the rates given below. Direct costs are costs incurred as a direct result of research activities. No overhead can be charged by the Danish institution for funds transferred to their partners.

Institution/enterprise type	Overhead
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 authorized to carry out grant-funded research activities	44 %
Danish Authorized Technological Service Institutes (GTS-institutter)	20 %
Danish institutions meeting all the following criteria: <ul style="list-style-type: none"> • Receive and are expected to continue receiving a fixed state subsidy of minimum 25 % (measured in relation to total annual turnover) to cover operating costs; • Are non-profit institutions which do not seek to generate profit, and where any profit may not 	20 %

be distributed among the owners; • Carry out research as a central purpose.	
Public Danish hospitals	3.1 %
Danish state-recognised museums (cf. The Danish Museum Act)	3.1 %
All other Danish institutions and companies	0 %
South-based research institutions (non-profit institutions depending on local conditions)	Max. 20 %

The following general administration costs are considered to be covered by the overhead:

- Management involvement in the co-operation and coordination of the project
- Recurrent office and office set-up expenses (office furniture, rent, cleaning, stationery, transport, electricity and water, support staff, and other general recurrent expenses)
- operating expenses);
- Expenses related to staff carrying out general administrative tasks, such as budget and accounting tasks.

Additional funds cannot be allocated to these types of expenses over and above the overhead.

Administration fees cannot be included for international partner institutions and institutions outside the Danida priority/partner countries; as such institutions can only be supported for their direct services to the project activities (salaries and travel expenses). In addition, no overhead can be included of expenses relating to stays of PhD students in Denmark.

A calculated rate per working hour (costs plus 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.

Stays in Denmark administered by DFC

The stay in Denmark for PhD students from the South must be supported and administered according to the terms of the Danida Fellowships. This includes an allowance, but not a PhD salary paid in Denmark. The allowance only covers the stays in Denmark, while in the home country a local PhD salary can be paid instead. The current guidelines for Research Fellows are to be applied for study periods in Denmark for PhD students from the South. This also includes the use of Danida Fellowship Centre's administrative services in arranging the practical details of the stay, see <http://dfcentre.com/research/how-dfc-administers-research-projects/research-fellows/>.

The budget figures for 2018 covering administration of **PhD stays** in Denmark are as follows:

- Accommodation at the DFC hostel – DKK 1,300 per week.
- Allowance – DKK 1,650 per week
- Air ticket – budget figure of DKK 9,000 per trip, the actual expenses will be invoiced.
- Residence permit (for stays over 90 days) – DKK 2,110 (for each renewal – also for extensions)
- DFC's administration (incl. insurance, visa, counselling, social and cultural activities, etc.) – NIL

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
- Allowance – DKK 1,650 per week.
- Air ticket – budget figure of DKK 9,000 per trip, the actual expenses will be invoiced.

- Residence permit (for stays over 90 days) – DKK 2,110 for PhD and Masters students (for each renewal – also for extensions)
- DFC's administration – In addition to the above, DFC charges an administration fee of DKK 6,000 (incl. VAT) per arrival.

Allow for an annual increase of app. 2.5% on all budget figures above. The expenses incurred by DFC are not subject to the 44% overhead.

Midterm review

Prior to submission of the midterm report, the progress and results of the project must be assessed by an external reviewer/expert within the field. 50,000 DKK should be set aside in the budget for this activity.

Audit

The annual accounts (Danish and South Partners') must be audited by an external auditor. If the Danish institution is subject to audit by the National Audit Office of Denmark, a management endorsement to this effect can substitute an annual audit. For projects managed by a Danish institution, a statement certifying that the South partners' accounts are audited without any qualifications must be included in 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 maximum amount to be used for audits is DKK 30,000 per year and 50,000 DKK for the final audit. The funds for audit are earmarked. Additional expenses will not be accepted, but must be borne by the institution's overhead. The audit is not subject to OH.