

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.

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 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 (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 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 contribution to 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.

It is expected that the participating research institutions will provide additional resources to the project (. 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. Additional co-funding of pilot projects is not a requirement, but in a possible subsequent research project, substantial co-funding would be expected from public or private partners.

Eligible budget items:

Salaries and emoluments

Salaries for staff and 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 the 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 and do not include double payment or payments on consultancy terms.

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 Masters students from growth and transition 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.

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 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 %
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).

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.

Research stays in Denmark of up to six months' duration for researchers from partner institutions

DFC's administrative services for stays in Denmark for senior researchers are optional. The budget figures for 2018 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 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 subject to audit 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 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.