



## **ANNEX 3 - BUDGETING PRINCIPLES**

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### **1. Basic Provisions**

Allocation of the funds for projects is based mainly on the provisions of Act of the National Council of the Slovak Republic No. 172/2005 Coll. on Organization of State Support for Research and Development and on the amendment of Act No. 575/2001 Coll. On Organization of Government Activities and the Organization of the Central State Administration, as amended (hereinafter referred to as Act No. 172/2005 Coll.), Act No. 523/2004 Coll. on the Financial Rules of the Public Administration and on Amendments to certain acts as amended (hereinafter referred to as Act No. 523/2004 Coll.), Act of the National Council of the Slovak Republic No. 131/2002 Coll. on Higher Education Institutions and on Amendments to Some Laws, as amended, Act of the National Council of the Slovak Republic No. 358/2015 Coll. on Regulation of Certain Relations in State Aid and de Minimis Aid and on the amendment of certain laws (hereinafter referred to as the State Aid Act), Act of the National Council of the Slovak Republic No. 18/1996 Coll. on Prices as amended, and Act of the National Council of the Slovak Republic No. 343/2015 Coll. on Public Procurement and on Amendments to Certain Acts.

The budgeting of the submitted project proposal shall be developed in accordance with the consolidated version of the public call VV MVP 2024, its annexes and generally binding legal regulations and other guidelines of the Slovak Research and Development Agency (hereinafter referred to as the "Agency" or "SRDA").

Provision of the state budget funds to support the project for legal entities and natural persons - entrepreneurs is considered to be a state aid under the state aid act.

When providing funds outside the public sector, i.e. to natural persons - entrepreneurs and legal entities, these funds **shall not lose their public fund status**. An applicant, who will be provided with public funds, is responsible for their management and while using them, is obliged to maintain the economy, efficiency, expediency and effectiveness in accordance with Act No. 523/2004 Coll.

The maximum amount provided by the Agency for solving one project is **EUR 250,000** for the whole project duration.

Under this call, the funds are provided **in the form of current expenditures under Act No. 523/2004 Coll.**

**Capital assets for the procurement of tangible and intangible assets are not covered by this call.**

### **2. Budgeting Principles Required to Solve the Agency Funds-Based Project**

#### **2.1 General Terms**

Based on § 17 sect. 6 of Act No. 172/2005 Coll. for the research and development project, eligible costs are relevant items of direct and indirect costs.

**Direct costs** of the project solving are, in accordance with § 17 of Act No. 172/2005 Coll., the costs spent on performing the demonstrable direct project - related activities. The direct cost items are set out in section 2.3 below.

**Indirect costs** of the project solving, in accordance with § 17 of Act No. 172/2005 Coll., are the costs of reimbursing the project-related activities that cannot be directly attributed to the project activities. Indirect costs are listed in Section 2.3.

**A cost item** is an item of estimated costs within the project's core budget structure.

**A sub-item of the cost item** is a specific type of cost within the estimated project costs item; for example, a cost item Material contains sub-items as chemicals, laboratory tools, expert literature, and information technology.

**Basic budget structure** consists of the following cost items:

- 01 Direct running costs
  - 02 Wage and other personnel costs
  - 03 Social and health insurance
  - 04 Travel costs
  - 05 Material
  - 06 Services
  - 07 Energy, water, communications
- 08 Indirect costs
- 09 Total running costs
- Total costs from SRDA
- Financing from other sources
  - State (outside sources SRDA)
  - Foreign
  - Private
- Total costs

## 2.2 Budget and Estimated Costs Breakdown

**The budget and the estimated costs breakdown should be concise and in line with the project intention and objectives following the declared timetable in each project year.** The Agency recommends the principal investigator taking a consultation with the applicant's economic department concerning the budgeting principles presented and respecting the internal guidelines, generally binding legislation and regulations related to the applicant's form of economy.

Amounts in the project budget and the estimated costs breakdown for each project year shall be reported **in whole EUR.**

**Costs of co-operating research organisations (later of the co-operating recipients)** for solution of a part of the project are not considered as costs of services directly related to the project solution provided by natural persons under an agreement for the performance of a work assignment, by natural persons - entrepreneurs and legal entities pursuant to § 17,

sect. 3 d) of Act no. 172/2005 Coll. In the case of granting the Agency's funds to the applicant, the applicant (later the recipient) may provide a part of the project funding to the co-operating recipients involved into the project solution, only based on a specific project contract and in accordance with the approved project budget.

**The estimated cost budget** (VV MVP-C) needs to be developed as follows:

- **specifically** for the applicant and for each co-financing organisation involved in the project, as proposed in the application;
- structured by the individual project years;
- structured by individual cost items and sub-items of the project budget in accordance with the project objectives declared in the application.

Breakdown of the estimated costs covered by the Agency should be developed so to justify their **direct relation to the project research activities**.

## 2.3 Project Cost Planning Principles

In the project budgeting, it is possible to plan the estimated cost items and sub-items related to the project solution in the structure and limits as below.

**01 Direct running costs** are the costs spent of carrying out the demonstrable direct project-related activities.

### 02 Wage and other personal costs

Wage and other personal costs are dedicated **exclusively for the research team members (hereinafter referred to as RTM)** on the Slovak side, while based on VV MVP-A3 of the Project they are divided into:

- scientific staff and Ph.D. students, i.e. research team members - **the nominal**;
- technical and administrative staff, i.e. research team members - **the others**.

The wage costs for RTM (the nominal and the others) can be applied as follows:

1. wages of the employees admitted under the employment contract exclusively for the project solution (full, and/or part-time employment);
2. the relevant part of the wage corresponding to the personal capacity through which the employee is participating in the project solution in case of employees who do not work exclusively for the project solution;
3. costs under contract for the works performed outside the employment relationship, which were concluded in direct connection with the project solution in accordance with the Labour Code.

Any concurrent combination of points 1. to 3. for a single employee (i.e. RTM) is inadmissible. In a given project, one RTM can be assigned to only one organisation and within this organisation to one position only (the nominal or other), while any combination of modes of his/her remuneration as stated above is inadmissible.

The reasoning and breakdown of the required costs **need not to be specified** separately for individual RTM (persons). The estimated amount of funds and the estimated number of "the nominal" **and** other researchers (persons) in the breakdown according to the above-mentioned forms of funding (points 1.- 3.) are stated.

Costs on technical and administrative project staff shall be applied under the item Wage and costs in position "the other RTMs", they **cannot be included in "Services" item.**

Within the item Indirect costs shall be applied to wage and other personnel costs of the service staff (**not of the research team members**), including the cost of compulsory health and social insurance (e.g. for economic project management, administrative and accounting works, temporary staff, etc.).

In case those also full time Ph.D. students of the study program participate at the project, the possibility and manner of their remuneration must be governed by the generally binding legislation and internal regulations of the organisation, which has full responsibility for their maintenance.

### **03 Social and Health Insurance**

The costs of compulsory social and health insurance are covered under the legislation in force, following 02 Wage and other personal costs.

### **04 Travel costs**

They represent the costs spent on domestic and foreign business trips, made, which are demonstrably related directly to the project solution related **exclusively to the Slovak nominal RTMs** up to the amount as entitled under Act No. 283/2002 Coll. as follows:

- travel costs (travel tickets, air tickets, use of service vehicles, fuel and the necessary costs of transporting by taxi in justified cases);
- accommodation costs;
- subsistence costs;
- documented necessary extra costs (visa, conference fees, travel health insurance abroad, tolls/fees and parking fees demonstrably related to the business trip covered within the project solution).

Costs of **domestic and foreign scientific conferences** for the **Slovak RTMs** are conditioned by their **personal attendance** at a conference, including presentation of their contribution, which needs to be published an abstract at least in a publicly available place/portal/website.

Costs of popularization are only eligible for lectures at universities, colleges, secondary and elementary schools and for participation in scientific events which are demonstrably related directly to the publication/presentation of the project solution results for the public.

Costs of scientific conferences (domestic and foreign) for other RTMs **are not** an eligible.

**The pocket money** provided to Slovak researchers in their foreign business trips **is not an eligible cost.**

An estimate of the expected costs **may be in breakdowns on domestic and foreign business trips indicating the expected number of trips, participants and focus (e.g. domestic conferences, foreign conferences, expert seminars, working meetings).** Expected costs breakdown is given in the light of the information known at the time the application is prepared, and the breakdown **must show a direct relevance** to the project solution.

### **05 Material**

This item enables to plan the costs on material necessary in the project solution, i.e. **material directly related** to fulfilment of the identified project research objectives. This is mainly

the costs on operating machines (including propellants for their operation), instruments, equipment, technics and tools; special machines, instruments, equipment, technics and tools; information technology; purchase of software and licenses; general material (paper, toner, etc.); specific material (laboratory animals, feed, kits, chemicals, etc.); purchase of books and magazines, and others.

The breakdown of the cost item shall identify **the intended type of material, quantity, amount of the planned costs**, following the project research activities.

Item Material **may not include** costs on tangible and intangible **fixed assets**, i.e. capital expenditures.

## 06 Services

**They represent costs directly related to the project solution provided by:**

- natural persons (not research team members) under Agreement for the Performance of a Work Assignment;
- natural persons (entrepreneurs) and legal persons

The service costs may be mainly as follows:

- rental costs and repairs of the instrumentation used for the project solution;
- transportation and courier services;
- rental cost of the premises used to solve the project;
- the cost of subscriptions to magazines, licenses, rental of bottles, rental of equipment, access to databases, etc.;
- costs associated with publishing the project findings **exclusively to the expert public** (e.g. publication of an article in a professional journal, preparing and printing the poster, a fee favoured by the conference organiser solely for the purpose of publishing the findings in a conference publication without personal attendance);
- costs related to preparation of the scientific publication, monograph, etc. (page break, graphic editing, language proof readings, reviews, etc.) for their publishing and printing in a maximum of 101 pieces, while restricted for commercial purposes;
- costs of patent protection of the project findings and utility models;
- popularisation costs **demonstrably** related to the publication/presentation of the results of the project to the general public are eligible only in case of publication of articles in printed and electronic media;
- popularization costs demonstrably related to the rental of premises and audio-visual equipment for the purpose of providing lectures at universities, colleges, secondary and elementary schools and scientific events;
- the cost of analyses, searches, consultations and special measurements costs related to the project's activities;
- the cost of organising conferences (including publishing including publishing and printing a conference volume for the conference participants + maximum of 20 pcs), seminars and other working meetings, while no promotion, popularization and advertising costs are eligible (such as gift vouchers or meal vouchers);
- online conference participation fees (refund of fees for **domestic and international online scientific conferences** for the **nominal RTMs** are subject to their **active in-person participation**, *i.e. incl. presentation*, which will be published in conference proceedings);
- bank charges related to management of the account to which the funds have been allocated by the Agency under the terms and conditions, and the fees related to the payments for the direct project activities.

The service costs breakdown **specifies the type and amount of the estimated service costs**, specification of which **gives a direct relation** to the research activities of the project in solution.

### **07 Energy, water, communications**

The cost of energy, water, sewage represents the **quantifiable** direct project costs (quantifiable for example by measuring, and/or based on instrument documentation). Otherwise, they comprise the indirect costs.

Communication costs represent the estimated **postal and communication services directly related to the project research activities**.

### **08 Indirect costs**

The indirect costs associated with the project solution covered by the Agency's funds **shall not exceed 20 %** of the total costs spent on the project solution provided by the Agency **in each financial year**.

Indirect costs are of current costs character, and they are the costs to reimbursing the project-related activities that cannot be directly attributed to the project R&D activities.

Indirect costs shall be summarised, **the breakdown is not required**.

**09 Total running costs** - are the sum of direct and indirect current project costs.

## **3. Financing from other sources**

Co-financing costs represent a financial contribution to the total project costs out of the resources requested from the Agency. From the source point of view, co-financing is divided into state, private or foreign, which needs to be specified in the draft budget. Applicants from all sectors, including public, state and non-profit, can participate in project co-financing. **The obligatory project co-financing** is considered financing the applicant from business sector and financing the co-operating researcher from the business sector if the applicant is from the business sector, and under the valid terms of the SRDA state aid scheme.

## **4. Ineligible project costs**

Ineligible costs are all the costs that go beyond the conditions set out in **chapter 2** of this document. Also all costs contrary to the relevant provisions of Act No. 172/2005 Coll. are considered ineligible costs, for example:

- value added tax costs of VAT payers;
- various membership fees in domestic and foreign organisations (the fee can only be accepted if connected to admission fees of libraries, and/or with a discount for the purchase of literature and magazines necessary for the project solution);
- fees for usual trainings, courses and seminars (e.g. language, statistical, computer courses, courses in personal development, etc.);
- costs of activities irrelevant to the project research activities;
- costs of popularisation and promotion other than set out in the Chapter 2 (04 Travel Costs) and in the Chapter 2 (06 Service) that do not demonstrate the publication/presentation of the results of the project solution to the public;
- costs of meals vouchers/gift vouchers for survey respondents;

- costs of gifts and advertising items, etc.;
- costs of printing monographs, book publications, textbooks, course literature, etc. for commercial purposes;
- cost of the project's website;
- costs of ethics commission;
- publishing of professional journals;
- costs of a business trip which was not made, in case no relevant reason for not making this business trip is proven;
- costs incurred before and/or after completion of the project solution;
- insurance of vehicles and other property;
- tolls/fees for common use by the organisation;
- accreditation fees;
- waste removal and disposal fees (except for the specific one related to the project solution);
- costs of promotion, marketing, advertising, sale and distribution of products, etc.;
- interests on debt and other financial commitments irrelevant to the project solution;
- costs of procurement and/or reconstruction of premises;
- costs of procurement and/or renewing the office furniture; and of equipping the work areas;
- public procurement costs;
- consultancy costs (e.g. legal), general consultations (e.g. intellectual property protection), etc.;
- costs of repair, maintenance and depreciation of passenger vehicles normally used by the organisation;
- the Social fund contributions;
- contributions over the compulsory insurance (social, health, supplemental, pension);
- bank charges other than related to management of the account for which the funds have been allocated by the Agency under the terms and conditions, and non-specified bank charges not related to the fulfilment of the project objectives.

## **5. Basic Principles of Using the SRDA Funds**

The costs listed in the project must relate to the activities of the project under solution and must comply with these principles. The costs must be defined briefly, clearly and unambiguously, and must relate to the project-related activities, actions, procurement. The project-related costs must be applied exclusively within project implementation period set forth in the SRDA conditions.