

FINANCIAL GUIDELINES 2023

Subject: Financial Guideline for development cooperation projects of the Slovak Republic financed by the Slovak Agency for International Development Cooperation (SAIDC)

Designed for: Applicants and Beneficiaries of Grants under development aid projects of the Slovak Republic financed by the Slovak Agency for Development Cooperation

Issued by: Slovak Agency for International Development Cooperation

Purpose: Establishing the rules and procedures for submitting applications and usage of Grants, including determination of the method applied for financial reporting pursuant to applicable legal regulations of the Slovak Republic

Date of issue: 23/01/2023

Date of coming into effect: 23/01/2023

Approved by:

Director of SAIDC

Definitions

Grant	Financial support provided pursuant to Section 8 (a) of Act No. 523/2004 on Budget Rules of Public Administration and on changes and amendments to some other acts and pursuant to special regulation No. 392/2015 on Development Aid and on changes and amendments to some other acts ("the Act").
Applicant	The subject applying for a Grant.
Beneficiary	The subject for whom the Grant was approved by a decision of the Minister of Foreign and European Affairs of the Slovak Republic (contractual partner of SAIDC).
Contractual Project Partner	The Beneficiary's partner defined in the grant agreements (hereinafter referred to as CPP).
SAIDC	Slovak Agency for International Development Cooperation
Donor	The subject providing the Grant. For the purposes of this guideline, this subject is SAIDC.
Project budget	This consists of the provided Grant and the contribution by the Applicant/Beneficiary (co-financing pursuant to Section 7 (5) of the Act).
ODA budget	The approved Grant amount provided for the project pursuant to the Grant Agreement.
Project implementation period	The project implementation period includes only the period of implementing project activities.
Total project implementation period	The total project implementation period includes the period of implementing project activities and administrative completion of the project. This period exceeds the actual project implementation period by one month. It is identical to the term of the Agreement.

TABLE OF CONTENTS

1. FUNDING PRINCIPLES	6
1.1 Budget	6
1.2 Basic budget structure	7
1.3 Bank account	8
1.4 Provision of the Grant	8
2. PROJECT COSTS	9
2.1 Eligible costs – direct	9
2.1.1 Personnel costs, for professional and expert personnel and project management	10
2.1.2 Travel expenses and meal allowance for professional and expert personnel, travel expenses and meal allowance for the project management	12
2.1.3 Other costs – external services (outsourcing)	15
2.1.4 Current expenses	16
2.1.5 Capital expenses	16
<u>Table No. 3: Example of incorrect inclusion of capital expenses in the project budget:</u>	19
2.1.5.3 The explanation of terms to computer technology	19
2.1.5.4 Purchase of used equipment	20
2.1.5.5 Purchase of properties	20
2.1.5.6 Purchase of buildings and procurement of construction works	20
2.1.6 Financial expenses and fees	21
2.1.7 Value added tax and other taxes	21
2.1.8 Start-up/Initialisation expenses	22
2.2 Eligible expenses – indirect – overhead expenses	22
2.3 General principles of eligibility of expenses	24
2.4 Limits of personnel costs (expenses)	25
2.5 Limits at the project level	33
2.6 Limits on technical equipment in the project	33
3. PRINCIPLES OF CONTRACTING	33
Types of contract:	34

Direct contracting:	34
Awarding contracts based on market price research	34
4. COFUNDING	35
5. INTERIM AND FINAL REPORT	36
6. PAYMENT REQUEST PROCEDURES AND GRANT FINANCIAL REPORTING	36
6.1 Payment request procedures	36
6.2 Procedures and principles of financial reporting of Grant	37
6.3. Final financial report, final payment	41
6.3.1 Project accounting	41
6.3.2 Eligible expenses – general conditions	42
6.4 Supporting documentation for eligible expenses by categories	43
6.4.1 Personnel expenses	43
6.4.2 Travel costs	45
6.4.3 Other expenses – External services (outsourcing).....	46
6.4.4 Purchase of tangible and intangible assets (excluding real estates).....	46
6.4.5 Purchase of land.....	47
6.4.6 Purchase of buildings and procurement of construction works	47
6.4.7 Purchase of used equipment	48
6.4.8 Overhead expenses.....	48
6.4.9 Financial expenses and fees.....	49
6.5 Archiving of supporting documents	49
6.6 Expenses in foreign currency	49
7. CHANGES IN THE PROJECT	50
7.1. Changes in the budget	50
7.3. Personnel changes.....	53
7.4. Changes in project activities and in schedule	54
7.5. Changes requiring addendum to agreement	54
8. VISIBILITY	55
9. LEGISLATION	56

10 ANNEXES 56

1. FUNDING PRINCIPLES

The Beneficiary is obliged to implement the project in compliance with the concluded Grant Agreement. This agreement precisely specifies activities, objectives and the amounts of grant and project co-financing.

The funds provided by the Slovak Agency for International Development Cooperation (SAIDC) are **solely to finance activities related to project implementation**. The Grant may not be applied to other purposes or projects, even for a temporary period.

Grants are provided from the state budget, and **the Beneficiary is therefore obliged to comply with applicable legal regulations of the Slovak Republic**, in particular, the Act on Budgetary Rules, Act on Accounting, Act on Reimbursement of Travel Expenses, Act on Financial Controlling and Audit, Act on Public Procurement¹, Labour Code, Civil Code, Commercial Code and the like.

1.1 Budget

A project budget with a detailed comments section is a mandatory annex to the Grant Application.

A **Committee** of the Ministry of Foreign and European Affairs of the Slovak Republic (“MFEA SR”) **will assess the prudence of budgeting in terms of effectiveness and efficiency criteria**. The Assessment Committee may **recommend the application for approval or recommend rejection**. For applications, which need to be revised, the Assessment Committee may **decide about the suspension of the Committee session**. If the Committee session on the application is suspended, SAIDC will be negotiated with the Applicant about the necessary modification of the Grant Application (e.g. checking the eligibility effectiveness of the budget). Not later than two weeks after these negotiations, the Applicant is obliged to make changes reflecting the comments of the Committee into the Grant Application. Then, the Grant Application will be recommended again to Committee for *per rollam* voting. The **Minister of MFEA SR decides about applications recommended for approval**. After the decision on application approval is issued, SAIDC will send the Applicant a written proposal to conclude an agreement **no later than within 10 working days**. The Applicant is obliged to conclude an agreement with SAIDC within 3 months after the approval of the Minister of MFEA SR, **unless otherwise specified in the invitation**. The decision of the Minister of MFEA SR is valid for 3 months. In case, that the approved Applicant will not conclude an agreement for Grant with SAIDC, before the expiration of the minister’s decision on grant approval², SAIDC will consider the Applicant and its application as a withdrawal from the Grant approval.

The total Grant amount may not exceed the maximum amount approved in the original project budget, even in case the total real expenditures exceed the total approved ODA budget. Should the eligible expenses after project completion be less than the total approved ODA budget, the Grant is limited to the amount of real eligible expenditures approved by SAIDC.

¹ See Chapter 3 Principles of Contracting

² Unless otherwise specified in the call.

1.2 Basic budget structure

For the purposes of these guidelines, costs, as well as expenses, are defined as a decrease in the volume of finances (or their equivalent) on the Beneficiary/partner's account with an intention of reimbursement of funds for a performed eligible activity/project activity or procurement of eligible services, goods or construction works.

The approved budget, which is part of the agreement, consists of two main types of costs: **direct** and **indirect**.

The budget contains individual expense categories (cost groups), items and sub-items. The individual budget levels must be clearly named and sufficiently specified so that each cost presented in the financial report can be clearly assigned to a cost group, item and budget sub-item.

The first level of cost designation is called **category** (i.e. for example 2). Item is the second level of cost designation (i.e. for example 2.1.) and sub-item is the third level of cost designation (i.e. for example 2.1.1.).

The expense categories are binding for the Beneficiary and may not be changed, amended or renamed during the project implementation period.

Table 1 - List of individual categories of project budget items

PROJECT BUDGET
DIRECT COSTS
Category 1 – Personal costs of professional and expert personnel
Includes eligible professional and expert positions in line with the requirements from Table 4.
Category 2 – Travel expenses reimbursement and subsistence allowance of the professional and expert personnel
Flight tickets/fuel/local travel expenses
Accommodation
Meal allowance
Other travel expenses (e.g. visa, insurance, vaccination)
Category 3 – Other services
Standard services (e.g. rental of spaces and venues, rental of technical equipment, catering)
Analyses, methodologies, studies
Accreditations and certifications
Other personnel indispensable for implementation of direct activities under the project (e.g. security services, drivers)
Category 4 – Current expenses
Non-depreciable fixed assets, non-current assets, and materials
Category 5 – Capital expenses
Depreciable fixed assets (for example lands and buildings, tangible and intangible assets)

Category 6 – Project management - Personnel costs of project management
Eligible project positions in compliance with the requirements in Table 4 (including other requirements as indicated in the foot-note on personnel costs of professional personnel)
Category 7 – Project management - Travel expenses and meal allowance for project management
Eligible costs of travel and meal allowance of project management personnel necessary for monitoring trips
INDIRECT COSTS
Category – Project overhead costs
Standard overheads (Beneficiary)
Standard overheads (CPP or partner)

1.3 Bank account

The following information must be provided regarding bank accounts:

- bank name
- bank address
- name of Beneficiary’s account
- currency in which the account is kept (the Beneficiary is obliged to have an account in EUR),
- account number in IBAN format,
- SWIFT/BIC code.

Before the signing of the agreement, the Beneficiary is obliged to provide a copy of the bank account contract and the bank’s confirmation of the zero balance or the minimum amount needed for having the account open.

1.4 Provision of the Grant

Payments made for the project must be made from **a separate bank account** (the project account). This account is to be established by the Beneficiary no later than the day the Agreement is signed while informing the bank that funds are provided from a state budget within a grant framework for the specific project. The bank’s statement confirming the opening of the project account or a copy of the contract with the bank (with the original accessible for inspection) for opening the project account must be submitted to SAIDC no later than the day the Agreement is signed and is part of project documentation. This separate bank/project account must have a balance of EUR 0 (“zero”) as of the day the Agreement is signed, or the minimum account balance required for account management, as proven by the Beneficiary by submitting an account statement. Should the Beneficiary already have an established account that has been used as a project account in a previously-completed project, this account may be used as the project account.

This separate bank account (project account) is to be used **only for making payments related to Grant** and project activities. Should the Beneficiary be required to **pay VAT**, the payments are to be made exclusive of VAT. The Beneficiary will use a different account for VAT payment or will reimburse the amount equivalent to VAT to the project account.

Salaries, social and health insurance payments, etc are made similarly. The Beneficiary will pay for these items from their regular account, to which it will subsequently refund only eligible expenses pertaining to the project from the separate account (project account). The Beneficiary may only refund eligible expenses.

For every interim and final cost accounting and recording submitted by the Beneficiary will submit all project bank account statements, from the receipt of the first Grant payment until project completion. The Beneficiary will also submit bank account statements showing payments made from other accounts, should they be used to pay out eligible project expenses.

SAIDC will transfer payments to the project account of the Beneficiary as stated in the Grant Agreement.

2. PROJECT COSTS

When taking on project costs/expenses including overhead costs, the Beneficiary/partner is obliged to comply with obligations arising from specific regulations when using public funds, in particular, Act No. 431/2002 on Accounting as amended, Act No. 523/2004 on Budgetary Rules of Public Administration and on changes and amendments to some other acts etc.

Legislative and legal frameworks of the Slovak Republic defining the individual areas of costs eligibility apply within reason to the relevant areas of costs arising in the legislative and legal frameworks of third countries and must in particular take into consideration regulations applicable in the territory where the cost arises while complying with the conditions of transparency and prudence, efficiency, effectiveness, and expediency in expending public funds.

2.1 Eligible costs – direct

Expenses in the following expense categories are deemed eligible project expenses:

1. **personnel costs**, for professional and expert personnel and project management
2. **travel expenses** and meal allowance for professional and expert personnel, travel expenses and meal allowance for the project management
 - a. flight tickets, fuel, local travel expenses
 - b. accommodation
 - c. meal allowance
 - d. other travel expenses (e.g. visa, insurance, medical examination, protective equipment, and disinfection necessary for travel within the project, testing and vaccination³)
3. **other services - external services** (outsourcing),
 - a. current services (e.g. Rental of spaces and venues, rental of technology, catering)
 - b. analyses, methodologies, studies
 - c. accreditation and certifications

³ Testing and vaccination during a global pandemic declared by the WHO, including COVID-19

- d. other personnel indispensable for implementation of direct activities under the project (e.g. security services, drivers)
- e. other expenses
- 4. **current expenses** (non-depreciable fixed assets, non-current assets and intangible assets)
- 5. **capital expenses**
 - a. purchase of property
 - b. purchase of tangible and intangible assets
 - c. purchase of used equipment
- 6. **financial expenses and fees**
- 7. **Value Added Tax in case the Beneficiary is not a VAT payer** and other⁴ taxes.

2.1.1 Personnel costs, for professional and expert personnel and project management

Personnel is defined as a natural person (employment, contract for mandate, an agreement on work activity, an agreement on performed work) and/or a similar legal relationship but not as a legal entity. The Beneficiary must conclude **agreements** with all external personnel (including volunteers). The subject of such agreements must specify the given activities precisely. **Personnel costs** must be **related to eligible project activities**, which must be expended beyond the framework of existing work activities resulting from employment contracts of employees/project members, if any were concluded with the Beneficiary before the Agreement for Grant Provision was signed. The approved unit of measure for personnel costs in the budget is a man-day, man-hour or man-month, though using “project” as a unit of measurement is not allowed. Other units of measure are not allowed.

Employees/workers of the Applicant/Beneficiary must provide evidence of their involvement in the project through a **work contract**. The activities and volume of work in the work sheet must correspond to the volume of work actually performed during the reporting period. Costs are substantiated through a copy of a work agreement with specification of the scope of the job (full/part time) and scope of work per individual projects within the eligible period, payroll check copies and copies of bank account statements proving the payment of wages and payroll deductions. The unit of measure is man-month, while the remuneration will be paid out for the actual amount of work during the previous month. The work contract must explicitly indicate the scope of work (in % of full-time employment) on the given project. Regarding employing persons for project implementation purposes, we distinguish between two alternatives.

- a) An employee working on the project **full-time**⁵ (i.e. designated working hours): Throughout his/her working hours (or the hours of work), the employee performs work related solely to project activities and no other activities outside the project scope. In such case the eligible expenses represent the total cost of labour; however, the total cost of the work may not exceed the rates approved in the project budget.
- b) An employee/worker working on the project only for a **specified time**: The employee’s total working time is divided into project activities co-funded from ODA and other activities. In this case, eligible expenses represent the total cost of labour proportional to the real time spent on work related to the project. Compensation for annual leave pertains to the period the given employee worked on the project, i.e. eligible

⁴ E.g. the customs value of the goods which enter the taxable amount

⁵ The term “full-time” as a type of employment applies to contractual employment, agreements (Slovak: dohody) outside standard employment, employment by the state etc.

compensation for annual leave is reduced for employees who worked on the project for only part of their working hours. The annual leave actually drawn during the project implementation period is eligible (i.e. including annual leave transferred from the previous year, should the entitlement to annual leave arise in relation to work performed on the project).

The total maximum amount of eligible personnel costs is calculated based on actual man-months worked (project related), and on approved rates. The rate includes the total cost, i.e. in case of an employee/worker the total cost of labour (gross wage of an employee/worker for the relevant period, and compensations and payroll deductions on salary paid as applicable under the legal regulations of the Slovak Republic).

The personnel costs must not exceed the amount typical for a given field of expertise, time and place, and must be **appropriate** to the tasks and responsibilities of the persons involved in the project implementation

The Beneficiary must demonstrate the **relevant qualification and expertise** of an employee whose salary expenses/payroll expenditures are funded from ODA.

If the worker signed the contract of employment or a work activity with the Beneficiary, he/she shall prove his/her involvement in the project by means of a copy of the contract, including copies of pay slips for the period and bank statements. The unit of measure is man-day and the total maximum amount of eligible personal expenses is calculated based the actual man-days worked and approved rates.

In the case of a **self-employed person/employee of an external body**, the involvement in the project is proven by means of time sheets for the period in question. A copy of the purchase order/agreement/contract for mandate, a copy of the invoice and a copy of the bank statement proving the payment of the fee to the contracted party must also be provided. The unit of measure is man-day and the total maximum amount of eligible personal expenses is calculated based on actual man-days worked and approved rates.

Expenses where Act No. 311/2001 **Labour Code as amended** ("Labour Code") is circumvented are regarded as ineligible expenses in cases where a chain of labour relations contracts is concluded with a single person, e.g. first an agreement on performed work (Slovak: *dohoda o vykonaní práce*) and then after the stipulated number of working hours (350 hours) another contractual labour relation is signed, e.g. a contract for mandate (*příkazná zmluva*) or agreement on work activity (*dohoda o pracovnej činnosti*) etc, in order to avoid permanent employment contracts although the activity performed shows signs of continuous work.

Bonuses⁶ (as well as incentives or other variable components such as those linked to Applicant/Beneficiary economic results) are not an eligible expense.

Expenses related to performing are limited to a **maximum extent of work of 12 hours per day** for all cumulative labour and employment agreements of an individual, i.e. for all contractual employment, agreements (Slovak: *dohoda*) outside standard employment, and employment by the state.⁷

Other expenses for an employee which are not mandatory for employers pursuant to specific legal regulations (e.g. gifts, benefits) are not eligible expenses. In cases where the mandatory payroll deductions of the employer include deductions for of other employee expenses, such amount must be subtracted from the employer's total payroll deductions. Expenses for additional pension savings are regarded as eligible expenses, provided conditions stipulated in special regulations or collective bargaining agreements are met.

6 This is a wage component pursuant to Section 118 of the Labour Code, and also applies to similar employment relationships (e.g. Act on State Service).

7 This is without prejudice to employer obligations to the employee based on labour-related legal relationships already signed.

Expenses for severance payment and retirement payment are regarded as ineligible expenses since there is no causative relation between them and project implementation. In cases where the mandatory payroll deductions of the employer include deductions for severance payment and retirement payment, such amount must be subtracted from the employer's total payroll deductions.

Creation of social fund is an obligation for the employer. The costs of the contribution to the social fund are eligible costs of the project only in case of a person with whom the Beneficiary has an employment relationship in the form of an employment contract for the project or its parts.

The types of employment of persons on the project **must not overlap**. It is not permissible that an employee be paid multiple times for a single identical activity or output performed at identical times. Expenses will be regarded as ineligible in cases where working time overlap is identified for a person working on two or more projects (**including the case of a single project with multiple positions within this project, or of multiple contractual relationships for work performed within and outside the projects**) co-funded from public funds or other EU programs or national programs etc. Expenses pertaining to these time sheets will be excluded from financing of the given project or projects for the relevant day, regardless of the type of labour agreement under which the work was performed. Where overlapping of project expenses is identified, SAIDC is entitled to withdraw from the agreement.

Note: personnel costs for professional and expert personnel are stated in the budget table of the expense category no. 1. Personnel costs for project management are stated in the budget table of the expense category no. 6. Limits for personnel costs are indicated in Chapter 2.4.

2.1.2 Travel expenses and meal allowance for professional and expert personnel, travel expenses and meal allowance for the project management

The amount of reimbursement for expenses arising in relation to business trips is governed by Act No. 283/2002 on Reimbursement of Travel Expenses ("Travel Expenses Act"). Travel reimbursements are eligible expenses under the project in the amount and under conditions stipulated by the Travel Expenses Act.

In order to consider business trips and related travel reimbursement as eligible expenses, **the travel must be related to project implementation**, indispensable for achieving project objectives, undertaken by individuals involved in project implementation or target group individuals, and comply with the principles of economic efficiency, expediency and effectiveness; both domestic and international trips are eligible.

Should the employee/individual incur any expenses during travel that he/she had to settle directly, the Applicant/Beneficiary must provide documentation proving the employee/individual was reimbursed by the Applicant/Beneficiary.

Eligible travel expenses are:

- a) reimbursement for documented travel expenses,
- b) reimbursement for documented accommodation expenses,
- c) meal allowance, and
- d) reimbursement for documented necessary additional expenses.

Eligible expenses include travel expenses **using all means of public transport** (including expenses for flight tickets, urban public transport and 2nd-class long-distance public transport, seat reservation and/or sleeper reservation tickets) and reimbursement for using the individual's own passenger vehicle and employer's motor vehicles. The purchase of first-class tickets will not be considered as eligible costs. The price of ticket may be reimbursed maximum to price of the 2nd-class ticket.

Use of **local public transport** – the employee/individual is entitled to reimbursement of travel expenses for local regular public transport in the documented amount. For season public transport tickets it must be documented a season ticket is cheaper for project implementation than reimbursement for the purchase of individual travel tickets.

Use of **airplane** – when using airplanes, a flight ticket for economy class is an eligible expense together with related fees (e.g. airport fees). For domestic business trips, the Applicant/Beneficiary must prove that using this particular means of transport is more economically efficient and effective than using another means of transport. Cancellation expenses for flight tickets are subject to due justification by the Beneficiary and will be assessed by SAIDC individually. The purchase of the business class flight ticket will not be considered as eligible costs. The price of the flight ticket may be reimbursed maximum to price of economy class.

Use of **privately-owned motor vehicles by the Applicant/Beneficiary/Contractual Project Partner (CPP)** – if the employee/individual agrees in writing with the employer that he/she will use for travelling a motor vehicle other than a motor vehicle provided by the employer, the employee is entitled to reimbursement for the fuel consumed and also basic compensation for personal motor vehicle in the amount of EUR 0.193 for each 1 km of mileage. The use of privately owned motor vehicles must be in line with Act 283/2002 and with the Beneficiary's internal regulations.

Compensations for the use of motor vehicles for business trips are defined therein as follows⁸:

- 1) If the employee agrees with an employer in writing that he/she will use a motor vehicle other than that provided by the employer, he/she is entitled to reimbursement for each 1 km of mileage (hereafter the "basic compensation") and for fuel consumed; if the employee uses a motor vehicle upon the employer's request, par. 10 is not applicable.
- 2) The basic reimbursement for single-track vehicle and tricycles and personal motor vehicles pursuant to par. 1 is set by a ministerial decision; this will be announced once its full wording is published⁶. If a trailer is attached to a personal motor vehicle, the reimbursement will be raised by 15%.
- 3) The amount of basic reimbursement for trucks, buses and tractors will be agreed between the employer and the employee.

The Beneficiary must attach an Agreement on use of private or business motor vehicle and calculation to its report on business trip costs.

Use of **employer's motor vehicle by the Beneficiary/Contractual Project Partner (CPP)** – if the employee/individual uses a motor vehicle belonging to the Applicant/Beneficiary for travel, the purchase of fuel is an eligible expense (for the kilometres officially recorded in the driving log and the accounting of travel expenses). Use of an employer-owned motor vehicle must be indispensable for project implementation in compliance with the principles of efficiency and effectiveness (particularly when compared to public transport). Should the Applicant/Beneficiary fail to prove the above conditions, SAIDC may reimburse for travel expenses as determined in an amount corresponding to use of public transport. The flat-rate compensation for the amortization pursuant to the Travel Expenses Act is considered as eligible cost.

If the Beneficiary or Contractual Project Partner use a private or business motor vehicle that is in their ownership when carrying out eligible project activities, they must follow the above instructions pursuant to Travel Expenses Act No. 283/2002. It is not acceptable for private or business cars in the ownership of the Beneficiary and Contractual Project Partner to be rented and paid for, and this will be considered as

⁸ Travel Expenses Act No. 283/2002, Section 7

ineligible cost. Car rental for the purposes of the implementation of eligible project activities is only possible through an external company and should be classified as a service.⁹

Use of **taxi services** – in order for such an expense to be eligible, it must be proven that use of taxi services is indispensable for project implementation in compliance with the principles of efficiency and effectiveness (particularly when compared to public transport, as in case public transport is not available at the given time and location, or if the trip involves at least 3 individuals or some materials related to the project, or if there are no other means of transport available. Should the use of a taxi service for a single person be of indispensable importance in countries outside the territory of the Slovak Republic due to security or other crisis, the Beneficiary must provide adequate reasons for such expense)¹⁰. Should the Applicant/Beneficiary fail to prove the above conditions, SAIDC may reimburse for taxi services as determined in an amount corresponding to use of 2nd class public transport.

An employee/individual sent on a business trip is entitled to reimbursement of documented **accommodation** expenses. In this case too, accommodation expenses should reflect usual prices for the given location and time to comply with the principles of economic efficiency, effectiveness and expediency. The Applicant/Beneficiary at the same time must comply with its own organisation standards should these specify a lower price limit.

An employee/individual sent on a **business trip** is entitled to a **meal allowance** for each calendar day of travel in compliance with conditions established in the Travel Expenses Act. The amount of the meal allowance is set depending on the duration of travel within a calendar day. Current provisions in the Travel Expenses Act (the current Provision of the Ministry of Labour, Social Affairs and Family of the Slovak Republic on meal allowance amounts) regulate the meal allowance rates for domestic business travel.

For a **business trip abroad** the employee/individual is entitled to a **meal allowance** in EUR or another foreign currency for each calendar day of travel abroad under conditions established in the Travel Expenses Act. This meal allowance is set depending on the duration of international travel outside the territory of the Slovak Republic. Current provisions in the Travel Expenses Act (the current Provision of the Ministry of Finance of the Slovak Republic on the meal allowance amounts of basic rates of meal allowance in EUR or other foreign currency during business travel abroad) regulate the meal allowance rates for business travel abroad.

Necessary additional expenses are expenses related to business travel, such as parking fees, motorway tolls¹¹, visas, vaccinations, tickets to trade fairs, fees for storage of baggage, conference fees, local taxes related to accommodation, etc.

Expenses on **hotel accommodation** abroad must correspond to standard prices in the given location and season.

Note: Travel expenses and meal allowance for professional and expert personnel are stated in the budget table under the expense category no. 2. Travel and subsistence allowances for project management are stated in the budget table under the expense category no. 7.

⁹ If the total costs of car rental by an external company also includes the remuneration/wage of a driver for hours worked, the Beneficiary/Contractual Project Partner cannot include these expenditures (compensation for wage of a rental car driver) again under the overhead costs.

¹⁰ In cases where use of another alternative is not possible for reasons of time and public transport availability, use of taxi services will be regarded as eligible. Any such case needs to be duly justified.

¹¹ For motorway toll fees, the Applicant/Beneficiary must prove that the motor vehicle was used solely for project purposes throughout the business trip and the toll was unavoidable. If the motor vehicle was used only partially for project purposes, the Applicant/Beneficiary shall submit a calculation for reimbursement of the corresponding/eligible part.

2.1.3 Other costs – external services (outsourcing)

Outsourcing (external services) include various items depending on the type of project to which they are related. Selected services must contribute to achieving project objectives and be indispensable for its implementation. When procuring outsourced services the Applicant/Beneficiary is obliged to proceed in compliance with the Public Procurement Act.

The Applicant/Beneficiary may use outsourced services in cases and for activities where the Applicant/Beneficiary does not have or cannot effectively provide such services/activities within its capacity. The condition remains that the Applicant/Beneficiary must prove that such services are indispensable for project implementation.

Inducements agreed between the Applicant/the Beneficiary and the service provider in percentage (e.g. percentage of the amount in application) shall be ineligible in their full amount. The Applicant/Beneficiary is obliged to determine the value of project management services¹² (that is, all eligible acts in relation to project activities such as project and financial management and project monitoring) determined for financing in man-hours (or another time unit) or unit per specific act (e.g. preparing an application for payment while considering its difficulty and scope), though using “project” is not allowed.

The following are the most frequent types of services that can be classified as eligible expenses:

- a) **Current services** – expenditures for conferences/courses, support of participants¹³ (meal allowance, accommodation) – including expenses for organisation and delivery of conferences or courses organised for project purposes, involving target groups, guest participants or a wider public. These expenses most often cover organisation, and rental of venues and technical equipment, (meals, accommodation) – expenses to provide for participants’ refreshments, meals and accommodation at events (e.g. conferences, courses) organised within the scope of the project.
- b) **Analyses, methodologies, studies** - Publications/training materials/manuals- purchase of customised publications, the preparation of compilation of publications and training materials such as textbooks, books, manuals, guidelines) or multimedia aid, Professional services/studies, and research¹⁴ – including e.g. expenses for processing studies, analyses, data collection, translation and interpreting, and other partial research activities necessary for project implementation;
- c) **Accreditation and certifications** – expenditures relating to the accreditation of newly established fields of study, certifications attesting professional competence;
- d) **Other personnel, necessary for project management** – personnel expenditure for small, other personnel, who is necessary for the performance of project activities, such as local teachers, chauffeur, guard, medical staff, soil cultivators, growers, etc.

12 This is without prejudice to the possibility that compensation for services agreed between the supplier and the Applicant/Beneficiary is higher than the maximum value determined by SAIDC; the difference between the agreed compensation and the maximum value shall be defined as ineligible expense.

13 Participant means a person who participates in the event in question (it can be e.g. the target group, the public, the user).

14 The Applicant/Beneficiary must respect the “value for money” principle”. The cost must be of essential character and the service must be usable as part of project implementation, and it is necessary to monitor the professional competence of the individuals participating in the given services, as ensured by the fact that the individuals participating in the services are not in an employment relationship with the Applicant/Beneficiary (and/or cannot be so invited).

- e) **Other expenses** – e.g. expert opinions¹⁵ and other services not specified above that are directly related to project implementation and are indispensable for the project.

2.1.4 Current expenses

Current expenses include expenses for non-depreciable fixed assets, pursuant to Section 27 of Act. No 366/1999 -Income Tax Act, except capital expenditures and non-current assets, with a useful life, not exceeding one year (e.g. medical materials) and are immediately consumable.

2.1.5 Capital expenses

According to the Measure of the Ministry of Finance of the Slovak Republic of 8 December 2004 no. MF/010175/2004-42 type classification, organisational classification and economic classification of the budget classification is established, as amended by later measures of the Ministry of Finance of the Slovak Republic. According to the above, capital expenses include expenses on the acquisition of tangible and intangible assets, including expenses related to the acquisition of these assets in accordance with the Income Tax Act.

Intangible assets are mainly the following:

- results of development activities, such as design,
- software,
- valuable rights, for example production and technical knowledge (know-how), licences, user rights, trespassing right, editor rights, editor titles, author rights, import and export quotas, trademarks, copyrights, formulas, objects or industrial rights and other results of intellectual work, provided they have been obtained against payment. **It must be worth over EUR 2,400.**

In particular, the following shall not be considered as intangible assets:

- marketing studies and similar studies and expenses on
- trainings and workshops,
- market research,
- counselling and expert opinions,
- obtaining standards and certificates, such as ISO standards,
- preparation and run-in of performances,
- advertising,
- placing a product on the market,
- restructuring or reorganisation of the enterprise or part of it,
- expansion of production.

This main category includes expenses on the acquisition of tangible assets, i.e. - land, buildings and structures, works of art, collections and objects made of precious metals, which are tangible assets

¹⁵ The Applicant/Beneficiary must respect the “value for money” principle”. The cost must be of essential character and the service must be usable as part of project implementation, and it is necessary to monitor the professional competence of the individuals participating in the given services, as ensured by the fact that the individuals participating in the services are not in an employment relationship with the Applicant/Beneficiary (and/or cannot be so invited).

regardless of their acquisition price, unless they are financial investments. The residual price of a building or its part, liquidated as a result of new construction, including liquidation costs, is included in construction costs and is paid from capital expenses, separate movables or sets of movables that have a separate technical and economic purpose, have an entry price is higher than EUR 1,700 and operational and technical functions for longer than one year, e.g. interior equipment, office machines, devices, equipment, operating machines, devices and equipment, means of transport. An accounting entity may, but does not have to, create a set of movables defined in Section 22 (2) (a) of the Income Tax Act from separate movables, each of which meets the conditions specified in Section 22 (2) (a) of the cited law. Only movable assets and/or sets of movables meeting all the three above criteria, can be classified as tangible assets.

2.1.5.1 Accessories of tangible assets:

Accessories of tangible the assets are objects which, together with the main item, form one property unit and are a part of its valuation and registration. Accessories are part of the consignment or are delivered separately. If the relevant objects do not form one property unit with the main thing, they are separate movable assets.

2.1.5.2 All constructions are considered to be constructions, regardless of their:

- a) construction-technical design, e.g. buildings, towers, masts, silos, reservoirs, tanks, wells, roads, tunnels, bridges and footbridges, platforms and ramps, crane tracks, underground and overhead lines, grandstands, walls, fencing, and monuments,
- b) purpose, e.g. buildings for housing, buildings for civic amenities, buildings for production and storage, for transport, energy distribution, for water management, buildings and equipment for civil defence, for recreation, for education and for sports purposes,
- c) duration - permanent, temporary.

2.1.5.3 Construction means:

procurement of a new building or modification of a completed building by superstructure, extension, building modifications (construction, reconstruction), reconstruction and modernisation of a completed building, i.e. technical upgrade. This also includes advances for intangible or tangible assets, which are paid from capital expenses.

2.1.5.4 Expenses related to the acquisition of tangible assets are:

expenses on the preparation and assurance of construction (including land for the construction of an exclusively military character), while preparation and assurance mean the provision of all tangible investments, not only buildings and structures.

2.1.5.5. Technical upgrade means:

expenses on completed superstructures, extensions and building alterations, reconstructions and modernisations **in excess of EUR 1,700** in total for the tax period (financial year) for individual tangible and intangible assets. In compliance with the provisions of Section 29 of the Income Tax Act, also expenses on completed superstructures, extensions and building modifications, reconstructions and modernisations not exceeding **in total** EUR 1,700 for the tax period are considered to be technical upgrade if the organisation decides to consider such expenses as expenses on technical upgrade, and/or even technical upgrade in the sum of EUR 1,700 or less also increases the acquisition price of tangible and intangible assets. It means that **such a technical upgrade is also financed from capital expenses**. Furthermore, capital expenses also cover the technical upgrade of fully depreciated tangible assets in excess of EUR 1,700.

2.1.5.6 Reconstruction means:

such interference with property that results in a change in its intended use, a qualitative change in its performance or a change in technical parameters, whereas a change in technical parameters is not considered to be the use of another material with comparable properties.

2.1.5.6 Modernisation means:

in particular, the extension of the equipment and usability of the property by such elements or objects that the property did not contain, while forming an inseparable part of the property or may be separate items, which are intended for joint use with the main object and together with it form one property unit. This includes capital transfers enabling their beneficiaries to acquire or compensate for tangible and intangible assets, expenses on the creation of tangible and mobilisation reserves, flats and accommodation for households of members of the armed forces, construction of hospitals, roads, bridges, which may be used by civilians and/or works carried out by defence forces for non-military purposes. Capital expenses also cover the purchase of small tangible assets and small intangible assets, the acquisition price of which is equal to or lower than the amount stipulated by a special regulation (Income Tax Act) for tangible and intangible assets, if the operational technical functions or useful life are longer than one year and the entity has decided to account for it as property, plant and equipment and intangible assets in accordance with applicable accounting policies. Capital expenses do not include expenses on the acquisition of small tangible and small intangible assets, where the costs of its acquisition are covered by current expenses.

Capital expenses also include expenses on intangible assets, which are long-term intangible assets, the acquisition price of which is higher than EUR 2,400.00 and the usability or operational-technical functions are longer than one year.

Table No. 2: Example of correct inclusion of capital expenses in the project budget:

Item category / item / sub-item	EUR/unit	Number of units	EUR
Capital expenses			10,230.00
Renovation of the clinic premises	3,000.00	1	3,000.00
Solar panels with accessories	3,730.00	1	3,730.00
Basic equipment of the maternity ward	3,500.00	1	3,500.00

To the budget of the SlovakAid project in the column labelled I and named: Comment on the budget item it is necessary to state, especially when buying furniture/equipment, an explanation of whether it is the price of one piece of furniture/equipment (e.g. chair, cabinet, etc.), it is not sufficient to state the price for the whole set, which consists of a certain number of pieces/units.

Table No. 3: Example of incorrect inclusion of capital expenses in the project budget:

Item category / item / sub-item	EUR/unit	Number of units	EUR
Capital expenses			64,840.00
Garbage truck	40,000.00	1	40,000.00
Small waste containers	76.00	90	6840.00
Large waste containers	600.00	30	18,000.00

In this example, capital expenses do not include 2 items:

Small waste containers and large waste containers. When classifying items as capital expenses, the **price per unit** is decisive. If the unit price **does not exceed EUR 1,700.00**, the item must be included in the **current expenses of the project**, even though the total amount for the **purchase of all units** exceeds **EUR 1,700.00**.

It is not possible to alter the categorization of capital and ordinary transfers. Changes from capital to ordinary expenditures and vice versa are not authorized. The Beneficiary must charge the capital expenditures and ordinary expenditures separately, as an individual part of the grant, i.e. part for ordinary expenditures, part for capital expenditures, under the condition of same-purpose use. In case of unused funds in the grant for capital expenditures or unauthorized use of part of the grant for capital expenditures, the Beneficiary will have to return this amount to the SAIDC bank account. The Beneficiary will receive a written notification (via email or in hard copy) requesting return of funds.

If the Capital Expenditures category is overdrawn, the Beneficiary is obliged to cover the extra spending from co-funding or other Beneficiary/Contractual Project Partner resources. This rule is also applicable to exchange rate differences. Co-funding of capital expenditures is admissible only if the total amount for the “Capital Expenditures” category is overdrawn.

2.1.5.3 The explanation of terms to computer technology

In the process of the procurement of the computer technology, the term “computer technology” is understood as monitor, hardware, keyboard and mouse (hereinafter referred as “computer”) for the purposes of economic classification.

The term accessories to computer pursuant to Section 121 of the Civil Code are understood as things that belong to the owner of the thing and are intended to be permanently used with the main thing. Accessories to computer are all which are associated with the main thing- to computer at the same time or additionally, and form one unit with the main thing and are part of its valuation (e.g. printer, printer feeder, modem, scanner to computer). If the appropriate objects do not form the one property unit with the main thing, these are separate movable assets, and the procurement price is the criterion for the classification of expenses.

If, by decision of the accounting unit, the small intangible asset (equipment and materials- for example computers) is also paid from capital assets, and which the procurement price is equal to or lower than EUR

1,700 and the period of usage is longer than 1 year, then also the accessories to these assets are procured from capital expenses.

If the computer operating system is bought together with the computer, it means that it is the part of the supply of the computer - it is also the part of its valuation, and the needs for the classification of expenses are crucial, and if the common price (together with the price of computer and with the price of operating system) meets the requirements pursuant to special regulations (Income Tax Act) for the procurement of fixed tangible assets.

2.1.5.4 Purchase of used equipment

Expenses for purchase of used equipment are eligible where the following conditions are met:

- a.a) the procurement price¹⁶ of the used equipment is lower than the expenses for similar new equipment;
- a.b) the procurement price in compliance with rules for public procurement is an eligible expense;
- a.c) the used equipment is necessary for the given project and complies with applicable norms and standards;
- a.d) the Applicant/Beneficiary, and any of the previous owners of the equipment, has not received a grant or subsidy from public funds (e.g. from the state budget, local or regional authorities' budgets, EU funding etc) to purchase the given equipment, as this would result (in case of co-funding of purchase from the Grant) in duplicate financing and therefore in the arising of an ineligible expense.

2.1.5.5 Purchase of properties

Expenses for purchase of land are eligible if the following condition is met:

Expenses on purchase of land shall not exceed 15% of total direct eligible project expenses, including administrative fees related to the purchase of land. In exceptional and duly justified cases, a higher limit may be approved for projects related to environmental protection.

2.1.5.6 Purchase of buildings and procurement of construction works

Expenses for purchase of buildings are eligible should the purchase of such building be of indispensable importance in meeting project objectives and the following conditions are met:

- a) Expenses for purchase of buildings shall not exceed 40% of total direct eligible project expenses, including the overhead expenses related to the purchase of the building¹⁷.
- b) The building complies with all valid legislative regulations of the country, where the building will be implemented.
- c) The Applicant/Beneficiary, and any of the previous building owners, has not obtained any subsidy from public funds (e.g. from the state budget, local or regional authority budgets, EU funding etc) to purchase the given building, as this would result (in case of co-funding of purchase from the Grant) in duplicate financing and therefore in the arising of ineligible expenses.

¹⁶ When making purchases from third countries, duty related to procurement is an eligible expense.

¹⁷ In case of investment projects, the proportion of total direct eligible costs may exceed the above limit.

2.1.6 Financial expenses and fees

A general condition for eligibility of financial costs (expenses) and fees is that they must be of essential character and in direct relationship to the project. This condition also applies to insurance of assets and administrative and local fees, such as notary fees. In addition to the administrative and local fees directly associated with the project, the following may also be eligible expenses:

- a) bank fees for international financial transactions – indirect expenses;
- b) expenses for opening and management of account/accounts and for this account's financial transactions – indirect expenses;
- c) expenses for insurance of assets co-funded from ODA¹⁸.

Interest revenue minus tax on interest, and other revenues from deposits (e.g. exchange rate revenues), must be quantified and listed in the interim and final cost accounting and recording as a negative item. The Beneficiary is obliged to return these to SAIDC in connection with final cost accounting and recording. Tax on interest (tax on capital gains) is an eligible expense under the project.

2.1.7 Value added tax and other taxes

Value added tax (VAT) is an **ineligible expense**, but the process of taxation by VAT can make VAT an **eligible expense** under certain circumstances. VAT is not an eligible expense when the Beneficiary is **entitled to VAT deduction**. Entitlement to deduction is regulated by the Act on VAT.

Eligible VAT only pertains to actions regarded as eligible. Should the given expense be only partially eligible, VAT related to such expense will become an eligible expense in this proportion.

Any activity performed during or after project implementation project completion related to obtaining/appreciation in value of assets from public funds (ODA) that might generate taxable income (e.g. science and research activity performed for financial compensation) obliges the Applicant/Beneficiary to pay VAT, that is an obligation arises for the Applicant/Beneficiary to apply for tax deduction from the Tax Authority. In such a case, VAT (reimbursed within project implementation as an eligible expense) shall be deemed ineligible retroactively for project implementation period within the scope of activities resulting in taxable income.

In general, other taxes are ineligible expenses. Above all, direct taxes are regarded as ineligible expenses (property tax, motor vehicle tax, etc). Exceptions are: natural persons' income tax, as it is a part of gross wage or compensation for work performed and is an eligible expense within the scope of personnel expenses; and accommodation tax, which is an eligible expense within travel expenses.

From the income tax perspective, funds are provided as a grant for the Beneficiary, as income provided in compliance with the **Act on State Budget and Budgetary Rules**.

The Grant is not income from taxpayer activity or arising from taxpayer assets and **cannot result in generation of profit for the Beneficiary**.

¹⁸ Should the asset be damaged during the project implementation period, the Applicant/Beneficiary is obliged to ensure the asset is returned to the original condition. In case of loss or theft, the beneficiary is obliged to ensure immediate replacement of the asset such that the replacement asset meets the same minimal parameters. The costs of asset replacement shall be borne by the Beneficiary or settled from insurance policy indemnity. Purchase of substitute assets must be proven by a receipt or other accounting document.

The Slovak Republic has signed **treaties on avoidance of double taxation** with many countries regarding income and assets. The most recent list of applicable treaties is available at www.finance.gov.sk. Tax and duty allowances have been established for import of goods to some countries under the framework of international aid.

2.1.8 Start-up/Initialisation expenses

Start-up/initialisation expenses are any expenses that will necessarily be incurred by the Beneficiary after the approval of the Grant, but before signing the Agreement, i.e. from the date of the record on the provision of the Grant approved by the Minister. The amount of initialisation costs represents a maximum of **2%** of the total eligible expenses of the project.

2.2 Eligible expenses – indirect – overhead expenses

Overhead expenses are indirect expenses with the **character of normal costs** (operational overhead).

Overhead expenses cannot be co-funded by the Beneficiary/Contractual Project Partner. Such co-funding will be considered ineligible as project costs. The Beneficiary/Contractual Project Partner is obliged to provide for co-funding of costs only in case of direct project costs.

Indirect expenses are expenses that are not or cannot be linked directly to a specific project activity. These costs also include expenses for which it is difficult to determine an amount that can be allocated to a specific activity. Indirect costs include expenses for rent, water and sewage, the purchase of fuel and utilities, the cost of travel by train/bus up to the price of a 2nd class train/bus ticket, telephone, fax and internet, cleaning, maintenance, purchase of consumables, and wage expenses for service employees¹⁹.

For expenditures for the purchase of consumables, the principle of economic efficiency, effectiveness and expediency must be adhered to (e.g. if the Applicant/Beneficiary purchases consumables to stock up at the very end of project implementation, only a proportional part of the material will be regarded as eligible, i.e. that corresponding to the scope of consumables actually used for project purposes during the implementation period). Should only part of the organisation's spaces be used in project implementation, only that part of the costs corresponding to the proportion of the total spaces should be regarded as an eligible expense. This applies to all other overhead (utilities, water, consumables, the internet etc); **only a proportional part of these expenses** pertaining to the project **will be eligible expenses**. Should the Applicant/Beneficiary own spaces where the project is being implemented or have use of them free of charge, rental expenses are not eligible.

Overhead expenses related to general operation of the organisation without a causal link to the project, as well as expenses corresponding to the accounting category of extraordinary costs, are ineligible costs.

Overhead expenses must be associated to the implemented project, i.e. other expenses arising from the Applicant/Beneficiary's activities as a legal entity (e.g. wage/compensation to employees who do not perform activities under the project) cannot be reimbursed.

¹⁹ Service personnel is defined as employees supporting business activity (of the subject) for whom it is difficult to determine the time of work performed on the project. Service personnel may include: supervisor, secretaries, technical maintenance staff, security guards, drivers, accountants, HR staff, employees responsible for procurement for the enterprise and other similar positions that typically exist independent of project implementation.

Overhead expenses will be applied as a percentage of the costs set by the organization. Example: *Since SlovakAid related project activities represent 50% of the Applicant's/Beneficiary's total activities, then the Applicant/Beneficiary can include 50% of rent as project costs.*

If the Applicant/Beneficiary declares that work on a SlovakAid project is 50% of the Applicant/Beneficiary's activities, they are entitled to cover 50% of rental costs from the project costs. The remaining 50% of the rental cannot be included, either under overhead or any other type of costs, under the rationale that the Applicant/Beneficiary declared in its application that the remainder of the project costs are not applicable to Slovak Aid.

General definition of overhead costs:

- a) **communication expenses** related to office operations (postage fees, fax, telephone, internet),
- b) **office operation expenses** (Beneficiary's rental fees in the Slovak Republic, partner's office-related expenses in the country of project implementation),
- c) **office consumables** related to office operations,
- d) **other** administrative expenses (e.g. copying) related to project activities and office operations, and
- e) **other** indirect expenses – bank fees, postage, revenue stamps, insurance, advertising expenses, translations, project publicity expenses.

2.2.2. RENT AND ELIGIBLE COSTS

a) Rent in the direct project costs:

In this case, the premises must primarily be used for the main activities of the organisation and the rent must be included in the approved project budget. If the Beneficiary also rents another premises (e.g. administrative space) this can be included under the overhead costs as a percentage of that use.

- b. **Rent as overhead costs: Example:** 4 persons work on a project in a certain space – the exact costs of premises used by those employees (e.g. 2 offices).
Even if the calculation is based on an exact area, overhead costs may be included – i.e. share of rent for the workspace of the accountant or other service employees pursuant to the 2002 Guideline, 2.2. Eligible expenses. The only eligible rent includes rent for project-related activities performed by the persons specified in the Guideline as *service employees*. The Beneficiary must submit an exact calculation and description what it used/recognized as an area solely assigned to the SlovakAid project according to the percentage of use, with justification (in %).
The rental costs of premises as overhead costs must be indicated as a percentage of the total rent. The Applicant/Beneficiary should not calculate any part of the rent separately.

Examples of overhead expenses broken down by type of expense:

- a) personnel expenses related to the performance of these activities (particularly in the location where the Beneficiary operates):
 1. **legal counselling**²⁰ (e.g. drafting documents on legal acts, processing of legal analyses);
 2. project **publicity** and information;
 3. **accounting**;
 4. personnel and payroll;

²⁰ E.g. for supplier-buyer relationships (including sanctioning provisions) but not concerning filing of petitions and the related acts against SAIDC

5. consultancy and supervision in public procurement;
 6. services (cleaning, copying of material etc);
 7. repair and maintenance of assets used for project purposes;
 8. driving of vehicles used by project personnel;
 9. control and professional supervision (e.g. supervisor, including management of the organisation²¹)
- b) **expenses for procurement of services** indispensable for the above activities (listed under letter a):
1. outsourcing of services related to publicity and information associated with project implementation (operating of common website of the Beneficiary²²);
 2. outsourcing of accounting and bookkeeping;
 3. outsourcing of personnel and payroll agenda;
 4. outsourcing of public procurement provision; market research provision;
 5. outsourcing of cleaning etc;
 6. outsourcing of repair and maintenance services for assets used for project purposes;
 7. outsourcing of transportation of persons and goods apart from individuals in the target group and professional personnel (e.g. lecturers, experts etc).

2.3 General principles of eligibility of expenses

Expenses are eligible when they are:

- a) **indispensable** for project implementation and related to the activities listed in project documentation;
- b) **reasonable and justified**, stated in the Agreement and in compliance with financial governance principles, in particular with emphasis on efficiency, expediency and effectiveness;
- c) **paid out and arising during the project implementation period** as defined in the Agreement. Expenses arising and/or paid before or after the project implementation period (defined in the Agreement) are not eligible in the final accounting and reporting; and
- d) **demonstrably expended by** the Beneficiary, recorded in the Beneficiary's accounting as well as the accounts of the Contractual Project Partners, identifiable, verifiable and supported by original accounting documentation. With each financial report in the Cost Reporting Table (Vyúčtovanie nákladov) the Beneficiary will submit an affidavit that it is not requesting project cost reimbursement from other donors. For the sake of clarity and transparency, for instance in case of an audit, we recommend for costs incurred under the project (from the SAMRS grant) that the Beneficiary indicate on each original accounting document that it was covered from project No. SAMRS/XXX/X/X and confirm this fact and the amount paid with the Beneficiary's stamp. The costs must not be stated in lump-sum form, unless stated otherwise.

If the approved number of units necessary for achieving a project goal or goals indicated in the approved project budget is not reached, SAIDC is entitled to approve only the proportionate part of the total budget of eligible costs indicated by the Beneficiary in its Financial Report. In justified cases specified by the

²¹ These are predominantly management activities of a statutory body of the Beneficiary/partner (e.g. Managing Director of a private enterprise).

²² The visibility, that is linked to direct project activities (e.g. banner production) can be included in direct activities, namely, to cost group no. 3- other services

Beneficiary in writing/electronically, SAIDC is entitled to approve a 10% decrease in the number of units against the approved number of units indicated in the budget.

2.4 Limits of personnel costs (expenses)

The established limits of selected expense categories are binding equally for the Applicant/Beneficiary and for any partner (subcontractor).

SAIDC has defined standardised positions and a corresponding limit of eligible wage expenses for these positions at the national level of the Slovak Republic²³ for the purposes of this Guideline as the maximum daily wage of the Applicant/Beneficiary's employee including mandatory eligible payroll deductions by the employer (i.e. **total cost of labour**). An eligible expense is therefore the employee's hourly gross wage and the corresponding mandatory payroll deductions of the employer.

Where supply of services to Beneficiary includes the refunding of value added tax (VAT) as an eligible Beneficiary expense, such tax is included in the supplier's rates.

Qualification requirements of individuals and proof of qualification by Applicant/Beneficiary (partner) employees, including the specifics of unit rates:

- a) Qualification requirements of persons in positions according to the list of standardised project positions (Table 2) is demonstrated by the Applicant/Beneficiary (partner) as employer through a **CV** of employees noting the **length of appropriate professional experience** in the relevant project position and other documents demonstrating the individual's professional qualifications²⁴ (e.g. certificates, diplomas, decrees, documents substantiating professional internships with employers, references etc).
- b) Should there be a duly justified need to use a **highly qualified international expert**²⁵ (foreign expert, or perhaps an expert working for an international organisation etc), who must meet the qualification requirements for the position of **expert No. 2** in the SAIDC list of standardised project positions (Table 2) to implement professional project activities within the scope of the wage expenses of the Applicant/Beneficiary (partner), **SAIDC may**, based on the documents provided by the Applicant/Beneficiary (partner), **consider the usual level of compensation** in the expert's original organisation or with respect to the specifics of the expert's home location (country)²⁶.

The structure and allocation of project positions proposed by the Applicant/Beneficiary (partner) in terms of the number of persons in individual project positions, as well as the total number of man-hours of the individual project positions for implementation of project activities, is subject to evaluation during the application approval process. Normally, qualification of persons in project positions is demonstrated by the Applicant/Beneficiary (partner) at the following stages:

²³ Project positions are evaluated from the perspective of the character of activities performed, and employee qualifications and experience, and not based on their name in the individual projects' organisational charts.

²⁴ This mainly concerns expert positions according to the list of standardised project positions.

²⁵ Professional experience of an international expert (No. 2) must be demonstrated by the Applicant/Beneficiary (partner) not only through a CV but also through other documents demonstrating the expert's extraordinary qualifications and international activity (e.g. publications in respected international periodicals, membership in international professional associations and organisations etc).

²⁶ The expert, or the original organisation where he/she works, must be able to prove this e.g. by showing a contractual relationship (employment or similar), the compensation policy of the home organisation, or other documents proving the costs of the employee in the employment relationship.

- a) **when submitting the Grant application**, particularly in relation to the personnel capacities of the Applicant (Contractual project partner, where administrative and professional capacity to perform project activities is demonstrated (i.e. the Beneficiary's own capacities through employees or those in a similar relationship),
- b) **before signing the Agreement**, the Applicant is obliged to submit an organisational chart at least 50% completed, featuring specific individuals.
- c) **upon changes of personnel assignment** in project positions during project implementation.

The Organisational Chart form is a mandatory annex to the Grant application that the Applicant is obliged to submit together with CVs of the Applicant's and partner's management, professional and expert personnel. Each CV must be accompanied by: consent to processing personal data pursuant to Act No. 18/2018 on the Protection of Personal Data and on changes and amendment to some other acts and the Regulation of the European Parliament and Council No. 2016/679; and consent to sign (see Attachment No. 7). **Project Managers of the Applicant and of the Contractual project partner must be known already when submitting the Grant application** and their CVs including information noting the length of relevant professional experience and consent to processing their personal data must be attached to the Application. Should the positions of professional and expert personal in the project be unassigned at the time of submitting of the Application, the Applicant is obliged **to attach detailed job description conditions for the given positions. Upon signing the Agreement, the Applicant is obliged to provide the Organisational Chart at least 50% completed, featuring specific individuals.**

Overall eligible limits of costs of internal and external staff are calculated as the maximum unit rate multiplied by the man-day/man-hour stated in the worksheet. As overall cost limits are set, monthly cost limits are set.

In providing services in personnel terms (and associated costs) a legal entity may not be a contractual party on the side of the supplier (i.e. self-employed individuals, contracts based on the Copyright Act, or contracts formandate [*príkazná zmluva*] with natural persons are acceptable).

These limits do not apply to supply of goods, services and construction works, where the subject of supply is not stated in personnel terms (so-called man-day etc).

A functional change in a position of a Beneficiary's/Contractual Project Partner is regarded as a change to the project and is therefore subject to SAIDC approval. Change in the number and structure of approved project positions in the Grant application included in the Agreement during project implementation, is regarded as a change to the project and is therefore subject to SAIDC approval.²⁷

An employee's daily wages or daily compensation, and daily compensation for those in agreements (Slovak: *dohody*) outside standard employment, are calculated based on a working day of 8.5 hours in total, or a minimum of **8 hours of net working time**. Should worked be contracted pursuant to specific regulations in some cases (e.g. Act on State Service), the employee's net daily working time is 7.5 hours.

²⁷ See Chapter 7.3

Table No. 4 The SAIDC list of standardised project positions²⁸ and corresponding limits of total costs of labour for employee's wage or supplier's rate

Abbr eviation	Standardised project position/ Main job description in project position	Minimum qualifications	Limit – expenses per employee (monthly wage/compensation)*	Limit – expenses per employee (daily wage/compensation)*	Limit – per employee (hourly wage/compensation)*
AP	Administrative and management project personnel				
AP	Administrative personnel	University education with bachelor's degree, without experience or secondary education, 2 years of experience in the field	€1892	€88	€11
	<ul style="list-style-type: none"> - Assistant to Project Manager/Financial Manager (administrative and support activities for project management, financial management, monitoring of activities, communication and information, professional activities with respect to project administration and project support documentation) - accountant, payroll accountant (provides bookkeeping for project purposes) - human resources specialist (provides personnel management for project purposes) <p>Each Beneficiary is entitled to include a maximum of one assistant to the Beneficiary and one assistant to the Contractual Project Partner. The same limitation applies also to one Project/Financial Manager of the Beneficiary and one Project/Financial Manager of the Contractual Project Partner. SAMRS (SlovakAid) will deem any costs related to more than one assistant to the Beneficiary and one assistant to the Contractual Project Partner and more than one Project/Financial Manager of the Beneficiary and one Project/Financial Manager of the Contractual Project Partner as ineligible costs.</p>				
MP	Management personnel				
MP	Management personnel	University education with bachelor's degree, experience in the field of up to 5 years	€2,408 €	€112	€14
	<ul style="list-style-type: none"> - Project Manager/Financial Manager - manages project activities and overall project administration and implementation at all levels. 				

<ul style="list-style-type: none"> - coordinates all activities related to implementation of project activities. - coordinates activities of professional personnel. - ensures communication between managing, administrative and professional project capacities 				
<ul style="list-style-type: none"> - is responsible for overall financial management during project implementation. - ensures compliance with budget in accordance with Grant Agreement and applicable legislation of the Slovak Republic. Oversees effective usage of funds and eligibility of applied expenses. - coordinates implementation of professional project activities. - implements and elaborates description of subject of Agreement and ensures implementation of all forms of public procurement. - manages and is responsible for project promotion/visibility, external communication on the project and achieving promotion plan of entire project. - administers documents for monitoring and communicates with the project target group and other persons and institutions participating in implementation of project activities or influenced by implementation of project activities, communicates with project's target group and collects documents from and about the target group, processes documents for monitoring, archives documents on implementation of activities, monitors implementation of project activities based on documents processed by monitoring administrative personnel, processes monitoring reports 	<p>University education with master's degree, experience in the field over 5 years</p>	<p>€3,440</p>	<p>€160</p>	<p>€20</p>

²⁸ In all job positions, the use of personal nouns means both genders, regardless of the gender used in the text.

PP	Professional/expert personnel – coordinator, consultant, training personnel for project’s professional activities²⁹				
PP.1	Professional – junior	University education with bachelor’s degree ,** experience in the field of up to 5 years	€3,784	€176	€22
	- processes expert documentation, coordinates expert working group - Performs activities related e.g. to organisation (in relation to expert job description) and professional leadership of working groups, seminars, workshops etc using existing analytical, methodological, and process materials and procedures including consultancy or training activity (in relation to attendees); or specialised lawyer				
PP.2	Professional – senior	University education with master’s degree *** experience in the field over 5 years	€4,644	€216	€27
	- specialist in coordination of expert working groups/professional performs activities related to organisation (in relation to expert job description) and expert leadership of working groups and management committees or members of expert groups and committees for core project issues using existing analytical, methodological, and process materials and procedures including consultancy and processing of expert or training activity; or a specialised lawyer.				
FW	Fieldworker				
	- is responsible for project activities directly in the project implementation location , closely cooperates with local partner and final project Beneficiary.	University education with bachelor’s degree** no experience in the field required or secondary-school education and over 2 years experience in the field	€3,440	€160	€20
EX	Expert personnel				
EX.1	Expert - No. 1				

²⁹ Standardised project positions of “professional personnel – PP” must be held only by individuals in an employment relationship (contract for mandate, self-employed individual or a similar type of relationship) ensuring performance of tasks and activities of the Applicant/Beneficiary (partner) that pertain to the Applicant/Beneficiary (partner) as a subject based on its own position (e.g. as a public administration authority, public institution, or the main activity or activity associated with the organisation’s main activities).

	- highly qualified expert in the relevant field. Expert lecturer/consultant/analyst/methodologist independently performing analytical activity, design of systems and methodologies, processing of expert documentation and concepts.	University education with master's degree *** experience in the field with qualifications over 8 years	€5,676	€264	€33
	- researcher or scientific worker with academic PhD degree or scientific/pedagogical title of Assistant Professor	- researcher or scientific worker with academic PhD degree or scientific/pedagogical title of Assistant Professor	€5,676	€264	€33
EX.2	Expert - No. 2	University education with master's degree , with experience in the field and required qualifications of over 15 years	€6,536	€304	€38
	- leader in the relevant field – expert lecturer/trainer/consultant/analyst/methodologist independently performing analytical activity, design of systems and methodologies, processing of expert documentation and concepts, trainer of personnel project positions 1-2	PhD./scientific/pedagogical title of Assistant Professor/Professor or with experience in the field of over 10 years	€7,568 €	€352	€44
	- highly specialised, exceptionally qualified expert - researcher or scientist with an academic title - expert with scientific/pedagogical title of Professor	University education with master's degree	€7,568	€352	€44
	- expert – holder of a specialised qualification/licence (e.g. issued pursuant to special regulations, typically an auditor, lawyer, expert, interpreter or translator etc) - equivalents to licences will be acknowledged	University education with master's degree ****	€9,460	€440	€55
	- foreign expert - lecturer/trainer/consultant/analyst/methodologist independently performing analytical activity, design of systems and				

	methodologies, processing of expert documentation and concepts				
	Other personnel				
	other personnel , whose is, however, necessary for the performance of the project activities, such as local teachers, chauffeur, guard, ordinary medical staff, soil cultivators, growers, etc.	The Beneficiary shall substantiate the terms of reference on the basis of which it will fill the position	€1,032	€48	€6
<p>* An eligible is the total cost of labour of the employee including mandatory payroll deductions of the employer required by law or the remuneration of the supplier, The above limits represent the total cost of labour that can be claimed per man-hour/man-day of work. Payroll deductions by the employer may not be used to increase the above limits. Monthly limits are applicable solely for the employees on the Employment Contract.</p> <p>** In extraordinary cases, SAIDC may consider, upon review, assigning the position to an employee without university education, with a minimum of completed secondary education and demonstrable experience of min. 5 years in the given field.</p> <p>*** In extraordinary cases, SAIDC may consider, upon review, assigning the position to an employee without a master's degree, with a minimum of completed secondary education and demonstrable experience of min. 15 years in the given field.</p> <p>**** When determining the daily rates of foreign experts, based on the documents of the Applicant/Beneficiary (partner), SAIDC may consider the usual level of compensation in the expert's original organisation or with respect to the specifics of the expert's home location (country). SAIDC acknowledges the generally acknowledged equivalent of the above titles and the equivalent of licences.</p>					

Table No. Table 5 The list of standardised positions in humanitarian projects and the corresponding maximum limits of total costs of labour for employee's wage and/or supplier's rate

Administrative and management project personnel Job positions, rates, qualification prerequisites and job content are the same as in Table no. 4.

Abbreviation	Standardised project position/ Main job description in project position	Minimum qualifications	Limit – staff costs (monthly wage/fee)	Limit – staff costs. (daily wage/fee)*	Limit – staff costs. (hourly wage a/ fee)*
FW	Fieldworker				
	Staff performing general activities directly at the site of a humanitarian project, works closely together with CPP staff (in the case of local field worker with Beneficiary staff), e.g. coordinator - CPP and/or Beneficiary, technical staff, field clerk, etc.	university degree with bachelor's degree ³⁰ , no experience required or	€3,440	€160	€20

³⁰ In extraordinary cases, SAIDC may assess assigning the position to an employee without a master's degree, with a minimum of completed secondary education and demonstrable experience of at least five years in the given field.

		secondary school education and over two years of experience in the field			
PP	Professional personnel/Experts				
	Personnel bringing expertise to the humanitarian project, working in relevant fields such as: health care (doctor according to relevant fields such as surgery, gynaecological obstetrics, general medicine, paediatrics and others, nursing staff belonging to individual medical disciplines, experts in the field of nutrition), education and psychology (professional social worker, psychologist, teacher, educational specialist, vocational training coordinator), construction (civil engineer), environmental specialist, water and sanitation specialist, logistics specialist, supply specialist etc.)				
	Junior expert	university degree with bachelor's degree** experience in the field up to five years	€3,784	€3,784	€22
	Senior expert	university degree with master's degree, in the respective field *** experience in the field of over five years	€4,644	€216	€27
EX	Expert personnel				
EX. 1	Expert - No. 1	university degree with master's degree, in the respective field *** experience in the field of over eight years	€5,676	€264	€33
	- highly qualified expert in the relevant field. Expert in the relevant field performing highly specialised activities within the project. The activities have a practical, analytical, consulting or training character, the expert can train the expert staff of the project.				
EX. 2	Expert - No. 2	university degree with master's degree with over 15 years of experience in the relevant field and required qualifications	€6,236	€304	€38
	- leader in the given field – Expert in the relevant field performing highly specialized activities within the project -				
	The activities have a practical, analytical, consulting or training character, the expert can train the expert staff of the project. - expert/leader/holder of a specialised licence (e.g. issued pursuant to special regulations, typically an auditor, lawyer, expert, interpreter or translator etc.)				
OP	Other personnel				

	Other, ancillary staff necessary to carry out project humanitarian activities, e.g. chauffeur, logistics worker, security, cook, workplace registrar, farmer, information campaign volunteer, etc.	The beneficiary shall document the terms of reference applied in the selection procedure for respective position.	€1,032	€48	€6
--	--	---	--------	-----	----

2.5 Limits at the project level

Start-up expenses are any costs indispensably incurred by the Beneficiary after the grant approval prior to signing the Agreement – i.e. from the date of ministerial approval of the grant.

1. **Start-up expenses** may represent a maximum of **2% of the total eligible project costs**.
2. The maximum percentage limit for **indirect project expenses** within the scope of overhead costs is **7.00%** of the total eligible projects costs.
3. The maximum percentage limit for **project management** within the scope of direct project costs is **23.00%** of the total eligible project costs (Categories 6 and 7 in Table 1).

2.6 Limits on technical equipment in the project

In the case of standard usage of technical equipment for project administration purposes and technical support of training and other normal activities under the project, equipment with the corresponding technical specification and the following maximum limit will be regarded as eligible expenses from the Grant:

PC with accessories	maximum €800
Notebook with accessories	maximum €1,000
Data projector	maximum €300
Printer	maximum €400
Video camera	maximum €300

In duly justified cases SAIDC may accept higher rates. Eligibility shall be assessed on an individual basis.

If the supplier of the project's technical equipment is changed, the Beneficiary is obliged to submit a new technical specification in writing, while observing the maximum limits indicated in the table in part 2.6 of the Financial Guide 2023.

3. PRINCIPLES OF CONTRACTING

In compliance with Section 1 (13) (c) of Act No. 343/2015, as expenses intended for development cooperation, we consider in particular the expenses incurred in partner third countries or in direct

connection with the implementation of development aid, aimed at promoting sustainable development in partner countries or humanitarian aid.

Procurement of goods, construction works, and services form an important part of project implementation. Despite the fact that **Act No. 343/2015 on Public Procurement**³¹ does not apply to below limit contracts and low-value contracts, the subject of which is, inter alia, the supply of goods and services within the official development cooperation and international humanitarian aid of the Slovak Republic, in case of the above activities, SAIDC determines **simplified procedures** for the assurance of meeting the terms and conditions of transparency, efficiency and effectiveness in spending public funds.³² The beneficiary is obliged to apply the principle of equal treatment and the principle of non-discrimination of applicants/candidates when awarding contracts for goods, services and works.

In case of a change in Act No. 343/2015 on Public Procurement, which would also have an impact on the wording of these guidelines, SAIDC will prepare an updated version of the guidelines and of the relevant procedures.

Types of contract:

- **A contract for the supply of goods** is a contract having as its object the purchase of goods; it may also include activities related to the placement and assembly of goods.
- **A contract for the execution of construction works** is a contract the subject of which is the elaboration of construction project documentation, the execution of construction works or the execution of a construction.
- **A service contract** is a contract whose object is to provide a service.

The Beneficiary shall proceed with the following rules when awarding the contract:

Direct contracting:

The Beneficiary may award the contract for the delivery of goods and/or provision of services and/or execution of construction works directly if the value of contract is **below EUR10,000 excluding VAT**. The supplier to whom the beneficiary will award the contract directly will be determined on the basis of the previous experience of the beneficiary or the contractual project partner, references, advertising, information obtained on the Internet and the like. The Beneficiary must follow **the principle of economic efficiency** and must not knowingly award a contract directly to a supplier that would provide unfavourable conditions for contract implementation. A direct contract may be awarded through a direct **purchase order**. The contract may be directly ordered provided the documents accompanying the subject of the contract are sufficient for its use, for possible claims in case any defect identified while under warranty, or for exercising other rights in the future. All situations that arise will be agreed in the contract in writing.

Awarding contracts based on market price research

The Beneficiary may award the contract for the delivery of goods and/or for provision of services and/or for execution of construction works based on a market survey if the value of contract is **higher or equals to**

³¹ Act on Public Procurement, and amendments to particular acts

³²At the same time, expenses arising from the above activities (by the contractual project partner) in the legislative and legal frameworks of third countries are applied appropriately and must also take into account the rules at the point of origin. By respecting the conditions of transparency, economy, efficiency, effectiveness and purposefulness in the spending of public finances.

EUR10,000 excluding VAT. The Beneficiary will select the supplier from amongst the potential suppliers based on the information on contract subject, respecting **the principle of economic efficiency**, such that the costs incurred for performing the survey correspond to its quality and price. The Beneficiary must carry out market survey **with at least three selected suppliers** that are entitled to deliver goods, provide services, perform construction work being the subject of the survey, with whom the Beneficiary has had prior positive experience/or have positive references. At the same time, the Beneficiary **must publish the market survey results** for the delivery of the contract at its website or contractual project partner's website depending on the location where the contract will be ordered and purchased. If publishing such information on the contractual project partner's website is not possible due to objective reasons (e.g. the contractual project partner has no website or because of security issues), the Beneficiary must send **prior written notification** about such circumstances **to SAIDC** with due justification. The market survey **may be performed electronically** - by e-mail survey or written correspondence if written correspondence is relevant. The beneficiary will send a call for tenders to the selected candidates. The call for tenders must contain: a) definition of the beneficiary, b) precise definition of the subject of the contract, c) place, date and method of submitting the price offer, d) criteria and method of evaluation of bids, e) required delivery date, f) bid bindingness, g) other necessary data. In case of **objective reasons**, due to which it is not possible to conduct a market survey of at least three bidders, the beneficiary **is obliged to notify the facts occurred and justify them to SAIDC** and also state them **in the interim and final report** (in writing/electronically).

When selecting the method of performing the market survey and within the market survey, in accordance with the principle of economy in spending funds, the following must be taken into account: a) costs of performing the survey, b) total contract price, including transport, possible quantity discount, etc., c) delivery time, (d) other factors depending on the nature of the subject of the contract. The Beneficiary must follow **the principle of economic efficiency** and always choose a place for purchasing the contract in order not to unreasonably increase the costs related to the delivery of the contract, servicing/maintenance costs, etc.

The beneficiary is obliged to set up a commission of **at least 3 members to evaluate the submitted bids**. From the evaluated survey, the beneficiary will prepare **Minutes from the performed market survey** according to Annex no. 8, containing, inter alia, a solemn declaration by the members of the commission that they are not in a conflict of interest. At the same time, the Beneficiary shall document the market survey and the evaluation of the market survey with relevant documents - sending a call for tenders to selected suppliers; publishing a call for tenders on the website; submitted price offers.

4. COFUNDING

Pursuant to Section 7, par. 5 of Act No. 392/2015 on Development Aid and on changes and amendments to some of other acts pursuant to Act No. 281/2019, the level of mandatory project cofunding by the Beneficiary or Contractual Project Partner **is specified in the Call for Grant Proposals**.

The cofunding by the Beneficiary **must be reflected in the project budget**, which forms part of the Agreement. The Beneficiary must submit a spending report g and must also demonstrate the **use of its own resources** for cofunding eligible project expenses, at least at the level (in %) set in the call for proposals, towards the total eligible project costs (i.e. 10.00%).

The Beneficiary must demonstrate the level of cofunding not later than in the Final Financial Report.

SAIDC will verify the level of demonstrated cofunding when auditing the Final Financial Report. The final level of cofunding will be **directly proportional to the actual eligible drawdown of the Grant**. If the **percentage** of the contractually agreed cofunding is not complied with, the amount of the grant (final payment) will be **reduced by a percentage** up to the amount of the unfulfilled cofunding. Cofunding specified in the Agreement is made in the amount of cofunding specified in the Grant Application. When both contractual parties sign the Agreement, the Beneficiary commits to provide cofunding as indicated in the Agreement.

5. INTERIM AND FINAL REPORT

The Beneficiary must submit Interim and Final Project Reports **by the deadlines set forth in the Agreement**, using forms included as Annex no. 2 and 3 to these Guidelines. The Beneficiary is not obliged to submit an Interim Report for the last two months of project implementation, since they are solely for reimbursing expenses and preparing the final financial report and Final Project Report. The Final Project Report does not take the place of the Interim Report.

Unless otherwise stated in the Agreement, instalments in the projects are disbursed following:

The Beneficiary is obliged to provide **the Interim Report**, always after the half-year period from the beginning of the project implementation. For the one-year project two interim reports are foreseen and for two-year projects 4 interim reports are foreseen.

The Beneficiary is obliged to provide the **Final Project Report** after the termination of implementation period of the project. Final Project Report evaluates the overall project results, which were partially evaluated in the interim reports.

6. PAYMENT REQUEST PROCEDURES AND GRANT FINANCIAL REPORTING

6.1 Payment request procedures

The Beneficiary must submit a verified Financial Report on expenses related to individual payments under the Grant, as stipulated in the Agreement.

SAIDC will send payments (instalments) to the Beneficiary **upon written request** in the amount and by the date specified in the Agreement. The amount of individual instalments and payment dates are specified in the Grant Agreement.

If the Grant is awarded to a non-business entity: the first part of the Grant is provided upon the Agreement's signing, without any documented expenses. If the payment date of an instalment corresponds with the beginning of a calendar year, the Grant instalment will be paid to the Beneficiary only after the funds are released from the Ministry of Finance of the Slovak Republic to the SAIDC budget.

The Beneficiary is entitled to the **next/following payment** only if it drew and reported on a minimum of 90% of the awarded payment. The Beneficiary is entitled to submit the Financial Report only if it can demonstrate it withdrew minimum 90% of awarded payment. Unused payments accumulate and generate a *balance*. The next payment can only be made if the *balance* is less than or equal to 10% of the last paid

instalment. If reported expenses exceed the payment made, the cumulative *balance* will be decreased by that amount. The amount of the next payment is not adjusted by the full balance amount; the balance serves to assess the level of payments drawn (in %).

Unless otherwise stated in the Agreement³³, **instalments in development projects are disbursed as follows:**

- **The first instalment (advanced payment) amounting to 50% of the approved grant**, will be paid within 30 working days from the **day the contract entered into force and was signed**.
- **The second instalment in the amount of 40%** from the total financial contribution, will be paid within 30 working days from the written demand submitted by the Beneficiary

The final instalment up to the amount of 10% of the counted and eligible costs from the whole implementation period of the project will be reimbursed by SAIDC. Unless otherwise stipulated in the Agreement, instalments in humanitarian projects are disbursed as follows:

- The first instalment amounting to 80% of the approved grant will be paid within 30 working days from the **day the contract entered into force and was signed**;
- **The final instalment in the amount of up to 20% of the counted and eligible costs** for the total project period will be refunded to the Beneficiary by SAIDC.

The Beneficiary submits applications for instalments pursuant to the time schedule agreed under the Agreement. This application is submitted (**electronically** – with a scan of the signed agreement) using the form that is included as Annex no. 5 to these Guidelines. SAIDC will review the formal accuracy of the application. In case of any discrepancies, it returns the application to the Beneficiary. If Grant eligibility requirements are met, the funds will be transferred to the Beneficiary's project account within 10 working days. SAIDC reserves the right to extend this period in case of a shortage of available funds.

6.2 Procedures and principles of financial reporting of Grant

The Beneficiary must submit a financial report and hard copies of accounting documentation together with Annex no. 4 (Cost accounting and reporting) to SAIDC by deadlines outlined in the Grant Agreement (in electronic version and hard copy). Upon internal control, SAIDC will submit the Financial Report together with all documents to the auditing firm Rentabil Bratislava s.r.o that, based on Framework Agreement No. SAMRS/298/2835/2020 published in the Central Depository of Contracts, audits all financial expenses under the grants awarded. For the purposes of its final decision, the auditing firm is authorised to request additional information from the Beneficiary throughout the whole financial control. The Beneficiary may apply for the next/final instalment in line with the provisions of the Agreement only upon being notified about the approval of the Auditor's report and relevant Interim/Final Report pursuant to the timeline specified by the Agreement by SAIDC.

If the Beneficiary does not submit a complete financial report together with the relevant accounting documents, the audit company and SAIDC are entitled to invite the Beneficiary to send the required

³³ In case of projects with a high investment part at the beginning of the project implementation, SAIDC will agree with the Beneficiaries individual repayments, which will be stated directly in the agreement.

missing accounting documents two times and then close the audit of the financial report. Costs lacking sufficient supporting documentation, even after two additional requests, will be deemed ineligible. SAIDC is electronically informed by the audit firm about the non-fulfilment of the condition for submission of accounting documents by the Beneficiary, in accordance with the national legislation. The Beneficiary is obliged to submit the required accounting documents to the audit firm no later than within **five working days** from the date of sending the call by the audit firm. In case of repeated failure to submit the missing accounting documents, SAIDC then sends a written reminder to the Beneficiary. If the Beneficiary does not submit the missing accounting documents within 10 working days from the sending of the written reminder, the PFM (Project and Financial Manager) shall send the Draft Report from the Administrative Financial Control (AFC) to the Beneficiary by e-mail. The Beneficiary may provide its opinion on the Draft Report from AFC, and/or send comments within 5 working days. After approval of the Draft Report from AFC and/or after incorporating the comments, the PFM of SAIDC sends the final version of the Report from AFC with the finding to the grant beneficiary. SAIDC reserves the right to withdraw from the contract or to terminate the contract in accordance with Article 13 clause 13.2 d. of the agreement and request payment of the full amount of the pre-financing in accordance with Article 13 clause 13.4 of the agreement.

The deadline for the payment of the next/final instalment needs to be extended by the time of fulfilment of the terms of submission of the required accounting documents, by the Beneficiary.

SAIDC may suspend the term for the payment at any time, stated in the agreement, by officially notifying to the Beneficiary that its financial report and the corresponding accounting documents have not been submitted pursuant to the provisions of the agreement, or due to the lack of the appropriate supporting documents, or there are any doubts exist on the eligibility of reported costs. The Beneficiary submits a financial report on incurred expenses related to project activities in the euro. If the documents are in another currency, the Beneficiary must also submit an exchange rate and the source of the exchange rate.

The Beneficiary will keep accounts according to the structure of expenses (by subgroups) and budget items, as approved in the budget or as specified in the notification and request for budget adjustments (transfers) between budget items. Funds expended must be listed on "N1,2,3_zoznam" (N 1,2,3_list) in the given structure.

The accounting must follow the approved number of units and unit prices. In case of unexpected events - *vis major* on the side of the Beneficiary/Contractual Project Partner that will have principal impact on compliance with the terms and conditions of the Agreement (pursuant to Article 15), the Beneficiary is obliged to justify any such changes representing significant deviation from the original number of units and unit prices in its Financial Report to SAIDC. Changes in units of measure over 10% of the approved volume are subject to SAIDC approval. SAIDC is authorized to approve travel costs and accommodation costs for business trips indicated in the approved budget that the Beneficiary or the Contractual Project Partner did not carry out due to *vis major* only upon submitting a confirmation from the travel agency and accommodation facility that refused to refund these costs.

The Beneficiary submits financial reports by the dates outlined in the Agreement. Expenses will be considered as eligible only provided that accounting documents and other receipts are attached (see chapter 7.5.). The Beneficiary has a minimum of **30 working days** for preparing a financial report. This period also serves for reimbursing expenses from the previous accounting period. This does not apply to the final

financial report. **Reporting periods are set from the start of the implementation of the project, not from the start of the calendar year.**

For one-year projects and humanitarian projects, the Beneficiary is obliged to submit **one** final financial report.

For two- years projects, the Beneficiary is obliged to submit **two** financial reports.

Unless otherwise specified in the agreement, the Beneficiary is authorized to submit the financial report only when it can demonstrate it withdrew minimum 90% of the awarded advanced payment.

The Beneficiary is obliged to submit all financial reports in accordance with the deadlines specified in the agreement to SAIDC. SAIDC recommends the Beneficiary to complete the “N1,2,3 list” on an ongoing basis for a better overview of spending by budget items. These lists can be found in the budget template.

The Beneficiary must submit the following accounting documentation:

- a. **Cost accounting and recording** – inter alia, the statement must indicate which advance is being accounted for, the total stated amount, the time period for which the statement is submitted, the amount of capital costs, and the budget version the statement is to be compared to. If this is a final financial report, this must be labelled as “Y” in the “Final financial reporting” field; the individual advance should be indicated here, only the cumulative amount of already-paid advances. The field “Amount for settlement” must give the amount for the last accounting period.
- b. **Electronic version of the “Project budget”:** the Beneficiary must complete the lists “N1,2,3_list” and “N_JED” pursuant to the above instructions. The Beneficiary must upload the Project budget file into the Grant Management. All amounts indicated in the budget must be rounded up two decimal places, especially when converting foreign currency to euro (e.g. 10,500 Kenyan shillings = 80.37 euro, instead of 80.371462 euro).
- c. Copies of the Beneficiary's tax documents and accounting documentation (payment receipts etc.) and copies of the Contractual Project Partner's (CPP) accounting documentation demonstrating eligible costs. A person authorised by the Beneficiary verifies, with a stamp, date and signature, that the originals of the tax and accounting documents conform to the copies thus submitted for settlement. The date, stamp and signature of the authorised person must be indicated on the first page of the accounting document. In case of documents that have more than one page, it is possible to verify the conformity in summary (on the first page, the employee shall indicate the Copies conform to the original in the number of pages). SAIDC does not require official certification of project documents. All accounting documentation must be identified with the budget sub-item number which they correspond to. The Beneficiary must submit a copy of proof of payment for each eligible cost document (e.g. bank account statement, cash receipt with a signature of the recipient), or mark a clear reference on copies of bank account statements to a document (item) paid for by transfer. Documents of Slovak origin lacking attributes of tax or accounting documentation (such as receipts) pursuant to the Slovak legislation cannot be accepted (e.g. advance invoices if they do not attach a final invoice). On all documents in languages other than

Slovak the Beneficiary must indicate in Slovak language the type of document and name of goods or services and confirm the accuracy of translation with his/her signature.

- d. **Copies of all project bank account statements for the given period.** The Beneficiary must submit individual parts of bank account statements from other current accounts of the Beneficiary or CPP if they were used for paying eligible project expenses. It must be clear to whom the money was transferred from the bank account as well as the number of the Beneficiary's account, variable payment identifier (variabilný symbol), date of payment and amount paid. For payments in foreign currency, if the bank account statement does not indicate all the above details, the recipient must attach a transfer order or payment notice or other documentation with the given details. If the Beneficiary or a partner transfers the Grant or part thereof into its treasury, it must submit a statement of project income and expenses from/into the treasury, labelling them with numbers of deposits and withdrawals; copies of these then must be attributed individually to each expense or are presented cumulatively in the ledger. The Beneficiary then must attach a document on eligible cost. If the Beneficiary or partner has a treasury in a currency other than euro, it must state an exchange rate calculation to euro for each money transfer.
- e. If the Beneficiary does not list expenses individually in the Project budget file in N1,N2,N3_zoznam (N1,N2,N3_list) but rather in summary items, or if the Beneficiary divides the total amount such that the eligible cost represents only one part of the total, the Beneficiary must present all supporting calculations and a table of calculation, so it is clear which expenses are included in the total sum or how the expense is structured.

The Beneficiary submits or archives documents for the purposes of audit/control such that it is possible to clearly check the values and sums in the electronic file Project Budget in the sheet named N1,N2,N3_zoznam (N1,N2,N3_list). For the purposes of control/audit, the Beneficiary submits or archives all documents in standard office folders. Documents consisting of multiple pages need to be stapled so that they are not divided. Documents of smaller size than A4 (written cash receipts etc.) need to be glued or stapled to A4 sheets of paper such that they do not overlap. The Beneficiary must cooperate during audit/control in order not to disrupt the timeline of Grant instalments specified by the Agreement.

The Beneficiary/CPP proves eligible expenses claimed under a given project by relevant accounting or other documentation. Eligible expenses that are not duly supported by documents are considered non-eligible.

The Beneficiary proves the following basic facts through accounting and other documentation that:

- a) the expense was incurred and paid for in due time; and
- b) The expense was directly related to project implementation and indispensable for project implementation.

Submitted accounting documentation that does not comply with all the above requirements simultaneously are not proof of eligible expense.

6.3. Final financial report, final payment

The Beneficiary **reports the Grant funds in its final financial report by groups of expenses** (approved budget structure) **and by the budget items**. The Beneficiary must ensure that the conditions and provisions of the Agreement apply to all its project partners.

It is recommended that Beneficiaries **check the level of costs related to individual budget items at least once a month**. Such regular checks of expenses by budget items **will prevent overruns and problems during final financial reporting**.

The final payment, which is a refund payment, will be transferred to the Beneficiary's account only upon complete financial reporting of all project expenses. That means the Beneficiary must cover expenses from its resources and SAIDC will make the final payment only based on the complete final financial report. **The Grant may not lead to generating profit for the Beneficiary** and must be limited to an amount needed to cover project expenses. **The final payment is in the amount of at least 10% of the total Grant amount**.

A request for final payment (final Grant instalment) is submitted by the Beneficiary **upon the approval of the Final Report and Final Financial Report** using the requested form. SAIDC will review the formal accuracy of the application. In case of any discrepancies, it returns the application to the Beneficiary for necessary corrections. If Grant eligibility requirements are met, the funds will be transferred to the Beneficiary's project account within 10 working days. SAIDC reserves the right to extend this period in case of a shortage of available funds.

In case of a duplicate payment or payment greater than the amount for which the financial report has been submitted, the Beneficiary must return these funds without any undue delays within 10 working days from the date it was identified or notified thereof.

6.3.1 Project accounting

Pursuant to **Section 1 Act No.431/2002 on Accounting** as amended (hereafter the "Act on Accounting"), accounting units are legal entities with a registered office in the Slovak Republic, foreign entities doing business in Slovak territory, foreign nationals doing business in Slovakia or performing other types of activities as defined by separate rules and regulations (e.g. foundations) and natural persons doing business or self-employed if they prove their expenses were incurred in connection with achieving, providing and sustaining income for the purposes of an identifying tax assessment base for income tax, with the exception of natural persons whose tax reporting is under a special tax regulation.

Pursuant to the Act on Accounting, each accounting unit must maintain simple or double-entry bookkeeping. Pursuant to the Act on Accounting, Section 8, the Beneficiary must keep its accounting correctly, completely, with documentation, clearly, and such that it ensures the permanent character of its accounting records.

Accounting of an accounting entity is:

- a) correct if the accounting unit keeps its books in line with the Act on Accounting and other applicable regulations;
- b) complete if the accounting unit enters each transaction during the accounting period in the books;
- c) documented if all accounting records are demonstrable and the accounting unit carried out an inventory;
- d) clear if it is possible to identify reliably the content of transactions according to accounting principles and methods and the content of accounting records according to applied forms of accounting records; and
- e) permanent in character if the books are kept in a way that ensures durability of accounting records if the accounting unit is able to provide for this throughout the processing and archiving period.

A Beneficiary that is not an accounting unit must keep records of project-related assets, liabilities, income and expenses in its books, with items identified as project-related in words and numerically. Such Beneficiary must within reason apply provisions of the Act on Accounting, accounting records, accounting documentation, and valuation methods, when keeping such records, supporting entries and asset valuation methods.

If the partner has a registered office or place of business outside of the Slovak Republic, **it must keep its accounting** related to the provision of aid pursuant to the legal regulations of the country of its registered office or place of business.

6.3.2 Eligible expenses – general conditions

When reviewing eligibility of expenses, the reviewed categories include the type of expense, **when it incurred and when it was paid for**. The expense must be incurred and paid for during the project implementation period specified in the Agreement.

The date the expense is incurred is the date the transaction occurred. This date is indicated on the accounting documentation (e.g. receipt).

The date the transaction occurred is the date of delivery, payment for a liability, cash disbursement for a receivable, transfer of receivable, payment or receipt of advanced payment, or transfer of assets within the accounting unit, as well as the date when other facts were identified resulting from specific regulations or the accounting unit's internal guidelines or internal conditions/rules that are subject to accounting and that occurred in the accounting unit, providing the accounting unit has necessary supporting documentation available.

Accounting documentation issued to an entity that is not required to pay VAT originate on the date of transaction, which is required information in accounting documentation. In most cases, the transaction date is identical with the time the accounting documentation is issued.

In order to evaluate eligibility of an expense it must be proven that all expenses were paid out³⁴. This payment may be proven e.g. by bank account statement, written cash receipt, cash register receipt, or a simplified tax document.

6.4 Supporting documentation for eligible expenses by categories

Supporting documents are either presented in writing (original or copy of a documentation³⁵) **or electronically. Request for payment/reporting and documentation for this request** (including accounting documentation and documents for expense reimbursement) **need to be submitted to SAIDC in one copy.**

When substantiating **overhead costs, summary sheets** as an internal accounting document must be used, and must contain the following:

- a) A summary table specifying type of cost, amount, number of accounting documentation under which the document is entered in bookkeeping, payment date, and number of the document demonstrating the payment for the expense.
- b) total amount of overhead costs for the given period,
- c) summary table calculating the ratio of project-related overhead costs (e.g. if only part of rented spaces is used for project purposes, or only some of the phone lines; or the project's ratio of expenses for electricity, heating, maintenance etc.)

The Beneficiary does not submit copies of the tax documents when submitting documentation supporting overhead costs. The Beneficiary confirms the veracity of the information indicated in the table with an affidavit by an authorised individual (authorised to act on behalf of the Beneficiary) with signature on the table submitted.

6.4.1 Personnel expenses

When claiming and documenting personnel expenses, the Beneficiary must prove the existence of an employer-employee relationship under which the employees perform project-related works and the volume and type of work they performed within the project framework.

When claiming personnel expenses, in particular the following documents must be submitted:

- a) Employment based on work contract³⁶
 1. Work contract or by addendum to the work contract and job description (specifying job description for the project/projects) or description of activities under the civil service, and suggested salary, including annexes to the above documents;
 2. payroll or other relevant document (pay record, pay slip),

³⁴ Proof of payment for expenses does not relate to expenses incurred as overhead expenses or those incurred as in-kind contributions and depreciation.

³⁵ Copies of documents must be signed by the Beneficiary's statutory representative (or an individual so authorised); this is only required for documents proving payment for expenses (such as bank account statements). If the documentation consists of various documents, each must comply with the requirement in the first sentence. Statements from the state treasury do not require copies of documentation.

³⁶ Including employment in the civil service.

3. proof of payment,
4. calculation of eligible pay and payroll deductions, and
5. accounting documentation
6. bank statement proving payment of wages and payroll deductions,

b) Work contracts for work outside of employment frameworks

1. Agreement on working activity (dohoda o vykonaní práce) or other type of agreement under the Labour Code;
2. payroll or other relevant document (pay record, pay slip),
3. calculation of the eligible expense,
4. proof of payment, and
5. accounting documentation
6. bank statement

Self-employed person/employee of a supplier

1. copy of order/contract for mandate
2. invoice
3. bank statement on payment of remuneration to the contracted individual
4. worksheets

Work agreements and agreements on working activity must be concluded under the Labour Code, Act on Public Benefit Work or Act on Civil Service. They must comply with all formal requirements of work agreements/agreements on working activity pursuant to these acts. Work agreements/agreements on working activity and their annexes (addendum to work contract) also must contain:

1. identification of the project in which the employee is involved; and
2. a job description relevant for project purposes
3. specification of how the project work is appraised/remunerated; this specification must always include calculation of personal costs eligible as project costs, especially in cases when the personal project-related costs represent only part of the total personal costs of a given employee while for the rest of the time the employee works on other activities unrelated to the SAIDC project (Financial Guideline, Part 2.1.1. alternative b for 2021). It is not mandatory to document hourly pay in the remaining part of personal costs, but time sheets must be submitted, specifying the number of hours worked, paid national holidays, holidays (if claimed), while the methodology of dividing costs into respective categories should be documented.

When documenting **personnel expenses** to SAIDC, the Beneficiary must also **identify the account of the employee** or of an authorised individual if the account is not identified in the work agreement (or agreement on working activity).

Educational and training activities (e.g. lecturing, training) must be documented by a list of participants signed by the trainer, lecturer, teacher³⁷ or other individual delivering training activity and the timeline of those activities (e.g. lectures, training)³⁸.

The time sheet must include in particular the following:

- a) identification of the project;
- b) name of the entity;
- c) clear employee identification and work position (with reference to budget item that covers personnel expenses); time frame (month and year when activity was performed);
- d) scope of work in time as identified in the contract and description of activities performed under the project in specific days;
- e) detailed description of activities and outcomes; general formulations like “administrative work” or “project management” are not sufficient; activities must also be reported on days corresponding to actual implementation; and
- f) signature of employee and statutory representative or individual authorised by the Beneficiary.

Activities and volume of work on the time sheet must correspond with work actually performed within the reported period and must be in line with records on time worked as kept by the Beneficiary.

The expenses which are linked with other **personnel**, who is, however, necessary for the direct project activities (e.g. guard, chauffeur, regular medical staff, local teachers, farm workers), will be reported summary in table, that forms part of the annex no.9. During the reporting of this type of personnel, the recipient does not submit additional documents. The veracity of data's in the summary table will be confirmed by affidavit.

6.4.2 *Travel costs*

Travel costs (domestic and foreign business trips) may be claimed and documented as follows:

- a) Travel order form, containing the following data: employee name and surname, consent to business trip with the employee's signature, start of travel, place of activity, purpose, end of travel, and set means of transportation.
The completed business travel report includes the following: date, hour and place of departure/arrival; in case of foreign business trips also the time of border crossing; in case of public transportation (local or other) the ticket price; in case a motor vehicle is used the distance in kilometres; meal allowance during business travel, necessary additional expenses; total amount of travel reimbursement; dated signature of authorised staff who received the business travel report; number of accounting documentation for payment of travel expenses (number of written cash receipt or bank account statement), dated signature of the employee, the cashier and the superior in the organisation when reimbursing travel expenses;
- b) Transportation ticket, boarding pass (if applicable);
- c) Proof of payment (for e.g. accommodation, travel costs etc);
- d) Written report on business trip – a brief report from each business trip that will contain the following information: who took the business trip and where, relevance of the trip for the project, and brief

³⁷ The list of participants must also be signed by the participants in those training activities.

³⁸ If the training activities are not organised by the Beneficiary but by sending staff/experts/persons to the given training activities, the claimed expenses must be documented in an alternative manner allowing verification of the services actually delivered and the participation in the given activity.

description of the outcomes (conclusions from negotiations, implemented activities – e.g. training etc);

- e) If a private motor vehicle was used for business purposes³⁹ – information on the travel costs by public transportation (e.g. electronic confirmation of a price from a carrier);
- f) If a motor vehicle of the organisation was used for the purposes of a business trip: request form for transportation (the relevant form for project-related transportation), driving log (relevant pages from the log) showing project-related business trips, invoice or receipt for fuel purchase, copy of the vehicle's technical certificate, and method of calculating eligible expenses for fuel;
- g) Supporting documentation on travel costs by public transportation (e.g. ticket);
- h) Documentation on necessary additional expenses (e.g. taxi services including written justification for using the service, parking receipts, highway toll receipts, left-luggage receipts etc);
- i) Method of calculating eligible expenses (if applicable);
- j) Travel reimbursement agreement (if applicable);
- k) Accounting documentation (if travel report is not official accounting documentation).

6.4.3 Other expenses – External services (outsourcing)

This relates to supply of contracted external services pursuant to e.g. the Commercial Code or Civil Code. The most frequent types of services that can be considered as eligible expenses include: publications, training materials, manuals, expert services, studies, analysis, research, publicity, and conference and training course expenses including expenses for meals and accommodation of participants. In particular the following documents need to be presented when documenting expenses related to external services:

- a) written agreement⁴⁰ and annexes;
- b) invoice or relevant accounting documentation;
- c) certificate of acceptance⁴¹ on performing activities/services;
- d) list of participants (if applicable);
- e) proof of payment;
- f) method of calculating eligible expenses (if applicable); and
- g) outputs from delivered services (e.g. publications, reviews, analyses, studies, audit reports, and photographic documentation).

6.4.4 Purchase of tangible and intangible assets (excluding real estates)

In projects that **include purchase of tangible and intangible assets** (excluding real estates), these expenses need to be supported by the following documentation:

³⁹ SAIDC requires documenting travel costs in a reasonable manner pursuant to point (f) above if the amount of expenses is set at a maximum of the amount of eligible fuel consumption.

⁴⁰ An agreement entered into pursuant to Act on Public Procurement (below the limit contracts) is also considered as a written agreement.

⁴¹ For documenting delivered services, SAIDC also accepts a time sheet as a Certificate of acceptance in case of personnel activity for project management and services of experts.

- a) written agreement⁴², including supplements,
- b) invoice or comparable accounting document,
- c) delivery note or acceptance certificate (if applicable), including signature of a representative of Beneficiary /partner, confirming acceptance and date of acceptance,
- d) proof of payment,
- e) confirmation of including into assets, and
- f) Method of calculating the eligible amount of expense (if applicable).

6.4.5 Purchase of land

Purchase of **land** must be supported above all by the following documents:

- a) purchase agreement,
- b) accounting document,
- c) proof of payment.

6.4.6 Purchase of buildings and procurement of construction works

Purchase of **buildings** must be supported above all by the following documents:

- a) purchase agreement;
- b) accounting documentation.
- c) proof of payment;

When submitting supporting documents for **procurement of construction works**, above all the following documents must be included:

- a) invoice or comparable accounting documentation;
- b) photographic documentation of progress of works;
- c) acceptance certificate from supplier/subcontractor and construction supervisor,
- d) written contract;
- e) proof of payment.

Depending on the type of intervention, SAIDC may also request the following documents in case of **procuring construction works**:

- a) valid certificate of occupancy (if applicable);
- b) construction project documentation;
- c) construction budget/appraised bill of quantities (upon finalised public procurement);
- d) construction diary (those parts that correspond to the period documented in the list of performed work), which should include:
 - 1. day, month, year;
 - 2. number of workers by type of craft;
 - 3. air temperature, weather conditions;
 - 4. start/end time of construction works;
 - 5. construction and assembly works performed, by type of construction works and operating units;
 - 6. delivery of construction products, and waste collection and disposal;

⁴² Agreements entered under the Act on Public Procurement (below-the limit contracts for which *electronic market place* was used) are also considered written agreements.

- e) protocol on performed construction works: an annex to the invoice; the Supplier confirms by an authorised individual's signature and stamp that works listed in attached documents are in line with the actual situation and comply with the supplier's requirements listed in the contract. The list of performed works and other related supplier documents must be attached to this documentation as stipulated by the contract. If those documents comply with the above requirements, the protocol on performed construction works does not need to exist as a separate document; and
- f) list of performed work: with each issued invoice, the supplier must attach a list of performed work, in keeping with the requirements below:
 - 1. The itemised list of performed works (supplied goods and services) must correspond with itemised work (goods and services) listed in the bill of quantities as an integral part of the approved contract;
 - 2. The list of performed works must include quantities of activities/works performed by the supplier and quantities of delivered goods pursuant to the budget/ appraised bill of quantities that is an integral part of the contract;
 - 3. The list of performed works must be confirmed by an authorised individual (such as construction supervisor) with his/her stamp and signature;
 - 4. The list of performed works must contain unit prices of items of invoiced works pursuant to the contract;
 - 5. The reporting system for performed works must ensure that performed work will not be reimbursed twice.

6.4.7 Purchase of used equipment

For projects that entail purchase of **used equipment**, these expenses are substantiated above all by the following documentation:

- a) written agreement⁴³, including supplements;
- b) invoice or comparable accounting document;
- c) delivery note or acceptance certificate (if applicable), including signature of a representative of Beneficiary/partner, confirming acceptance and date of acceptance;
- d) document on including the used equipment in the assets;
- e) proof of payment;
- f) method of calculating eligible amount of expense (if applicable); and
- g) confirmation (e.g. by affidavit) that neither the current nor any previous owners of the used equipment received subsidies from public funds to purchase the equipment prior to registration of the Grant application.

6.4.8 Overhead expenses

Procedures of financial reporting for overhead expenses are defined under "Supporting documentation for eligible expenses by categories".

⁴³Agreements entered under the Act on Public Procurement (below-the-limit contracts for which *electronic market place* was used) are also considered written agreements.

6.4.9 Financial expenses and fees

Bank fees (i.e. expenses related to opening and managing a bank account and financial transactions from/to this account) are reported and documented by **bank account statements** documenting the amount of expenses and payment thereof, or through other documents issued by the relevant bank that clearly indicate the fees for the given period and payment thereof by the Beneficiary. The same principle applies to expenses for bank guarantees awarded by financial institutions.

Expenses related to issuing a Record from the Business Registry or registration in/record from the Land Registry, notary fees, or asset insurance are documented by bank account statements or payment receipts and proof of payment (in case of asset insurance also by an Agreement on Asset Insurance).

6.5 Archiving of supporting documents

Originals of the documents or verified copies of originals need to be archived, or documents stored on generally accepted data storage media, including electronic versions of original documents or documents existing only in electronic form.

Documents are to be stored in a form that allows for identification of given data for a period no longer than that inevitable for the purposes for which it was collected or processed.

Verification procedures for certifying that documents stored on generally accepted data storage media correspond to the original documents are specified by internal state authorities and will also ensure the stored versions comply with national legal requirements and are reliable for the purposes of control and audit.

If documents exist only in an electronic version, the computer systems used must comply with accepted security standards that will ensure stored documents comply with national legal requirements and are reliable for audit purposes.

6.6 Expenses in foreign currency

When converting foreign currencies into EUR are recommended the following methods:

- a. **the real exchange rate** (currency exchange rate), for which the foreign currency was purchased,
- b. **the rate used by the bank** to convert the EUR into a foreign currency (e.g. in the case of a transfer of funds to a partner's account, this rate may be used until the amount transferred is spent),
- c. **the exchange rate determined and announced by ECB or NBS** on the day preceding the day of the accounting event (the day of payment) in accordance with Section 24 (2) (a) of the Accounting Act No. 431/2002.

The Beneficiary shall choose one method which must be used throughout the project's implementation.

When reporting costs in foreign currency, **the Beneficiary submits:**

- documents confirming used bank and exchange rates, or
- exchange rate list of used reference rates printed e.g. from the Internet.

In case of using other method of conversion (e.g., applying the arithmetic average of the reference exchange rates when dividing one transaction into several consecutive payments), **SAIDC will treat the beneficiaries individually upon sufficient justification.**

When converting foreign currency to euro, the Beneficiary must round up the amounts indicated in the budget form two decimal places (e.g. 10,500 Kenyan shillings = 80.37 euro instead of 80.371462 euro).

7. CHANGES IN THE PROJECT

Changes during the project implementation are permissible if there are necessary or increase the impact of the project. During the implementation of the project, the Beneficiary communicates with the SAIDC project and financial manager (PFM) regarding changes in the project and other matters related to the "Grant Agreement".

7.1. Changes in the budget

Any changes in the budget are permissible only **during the project implementation period**. Any request delivered after the project implementation period will not be considered. Shifting financial funds are permissible as the addition of new items, provided that **project outcomes and objectives remain unchanged**.

The Beneficiary is entitled to adjust the budget by changes between the expense categories, respecting the following rule: **Any change may be performed only up to 20% of the amount approved for an expense category**

The Beneficiary is obliged to consult any planned changes up to 20% within the expense category in development projects with a respective SAIDC project and financial manager in advance, in order to secure compliance with the Financial Guideline.

Examples of shifting funds in the budget:

As outlined in Table 1 (Chapter 1.2 – Basic Budget Structure):

- an **expense category** is e.g. "Personal costs of expert personnel" or "Travel expenses"
- a **budget item** is e.g. "Junior expert" or "Accommodation"

For changes not exceeding 20% within the expense category for a single calendar year, it is sufficient to **notify** the change **electronically**, within **5 working days of implementing the change after prior consultation with SAIDC** (i.e. without requesting a shifting authorisation within/between expense categories). An electronic notification must also be submitted in the event of the creation of a new item/cancellation of an item in the project budget. The Beneficiary shall state the **new** facts in the interim report at the latest, together with a justification if it does not notify SAIDC about the changes electronically.

Otherwise, the changes will not be accepted. The revised new budget can be submitted within 5 calendar days of the date of the change, at the latest with an interim report.

Table No. 5: Example of a shift notification of up to 20% within an expense category.

Number and name of the budget item	Approved Budget	Proposed change in EUR	Change in %	Drawdown of budget item
1.1.3 Other services - group category	17,5000.00		0%	17,500.00
1.1.3.01 legal services	5,000.00	+550,00	+ 11%	5 550,00
1.1.3.02 catering services	2,500.00	+100.00	+4	2,600.00
1.1.3.03 lease of premises	3,000.00	+150,00	+5 %	3 150,00
1.1.3.04 equipment rental	1,500.00	-900,00	-60 %	600,00
1.1.3.05 book printing	4,500.00	-100.00	-2.22%	4,400.00
1.1.3.06 security service	1,000.00	+200.00	+20%	1,200.00
Total	17,500.00			17,500.00

Table No. 6: Example for a request for shifting between item categories

Project number and name: Item	Approved Budget	Proposed change in EUR	Change in %	Proposed budget
1.1.1 Personnel costs of professional personnel	19,000.00	- 5,000.00	- 26.31%	14,000.00
1.1.1.01 Senior Expert1	7,000.00	- 2,000.00	- 28.57%	5,000.00
1.1.1.02 Senior Expert 2	7,000.00	- 2,000.00	- 28.57%	5,000.00

1.1.1.03 Junior Expert	5,000.00	- 1,000.00	- 20%	4,000.00
1.1.4. Assets and infrastructure	16,500.00	+5,000.00	+30.30%	21,500.00
1.1.4.01 Sewing machines	6,500.00	+2,000.00	+30.76%	8,500.00
1.1.4.02 Workshop furniture	10,000.00	+3,000.00	+30%	13,000.00
Total	35,500.00			35,500.00

For any shifts above 20% within an expense category and between the expense categories, creating a new budget item/deleting a budget item, the Beneficiary is obliged to apply to SAIDC for their approval **electronically (with a scan of a signed application) at least five working days before the change is made**. SAIDC will then inform the Beneficiary in writing/electronically whether the change is accepted **no later than within 10 working days of receipt the Beneficiary's request by SAIDC about its approval/rejection of the request**. All budget adjustment changes are tied to the total project value.

These **terms** apply **only to the understanding** that the Beneficiary submits to SAIDC **all necessary supporting documents and information** and no additional request for missing documents and information is required by SAIDC.

Application for change or shifts in budget items must be **thoroughly justified**; it must include the amount of the change **in EUR and percent**, and the names of the concerned costs categories and budget items.

The required change is possible to apply after the approval from SAIDC. After SAIDC approves the change, the Beneficiary is obliged to make the change in the budget in the prescribed form as well as the electronic version (GMS), stating the budget version number and sending it to SAIDC within 10 working days.

SAIDC reserves the right to reject any application for budget changes should there be any suspicion of ineffective Grant use, such as an unjustified increase in compensation to professionals in the final days of project implementation or if the change is considered as unfounded.

7.2 Changes in the budget of humanitarian projects

Shifts of funds within the budget are eligible only **during the project implementation period**. Requests received after the project implementation will not be approved by SAIDC. The shifts of funds can be made, and it is also possible to create new items if the **outputs and objectives of the project are not changed**.

The Beneficiary must consult any planned changes with the SAIDC project and financial manager responsible for a given area (for changes up to 25% of the approved amount for a given expense category).

Shifts/changes between expense categories: Maximally up to 25%⁴⁴.

⁴⁴ In case of a large difference between the items (e.g. item A: 1,000 thousand and B: 10,000 thousand), the 25% limit applies to the higher item. Example: for the shift of EUR 400 from item A to B (EUR 10,400), the 25% limit would only apply to the larger item B, the shifting notification is sufficient ex post. The same applies when shifting from several items (A, B) to another one (C).

The beneficiary is entitled to adjust the budget by shifts between expense categories respecting the following rule: **Any shifts between expense categories can only be made up to a maximum of 25% of the approved amount in the expense category**, based on an electronic notification, provided that the change was consulted in advance with SAIDC. Once the change is consulted with SAIDC and electronic notification is made (note that notification is also necessary in case of creating a new item/cancellation of an item in the project budget), the Beneficiary may adjust the budget. The revised new budget can be submitted at the latest within 5 calendar days of the date of the change, at the same time as the electronic notification.

Shifts between expense categories: Above 25%

For shifts above 25% between expense categories, **the Beneficiary is obliged to apply to SAIDC for their approval** electronically (with a scan of a signed application) at least 5 working days before the change is made. SAIDC will then inform the Beneficiary in writing/electronically whether the change is accepted **no later than within 5 working days after having received the Beneficiary's complete request by SAIDC**. An electronic request is necessary also in the event of the creation of a new item/cancellation of an item in the project budget. The Beneficiary must send the revised new budget at the latest within 5 days from the day of the change, together with the electronic request, in the form of a notification.

7.3. Personnel changes

How is specified in the Call, the **Organisational Chart form** is a mandatory annex to the Grant application that the Applicant is obliged to submit together with CVs of the Applicant's and partner's management, professional and expert personnel. Project Managers of the Applicant and the partner must be known already when submitting the Grant application and their CVs including information noting the length of relevant professional experience and consent to processing their personal data must be attached to the Application. Should the positions of professional and expert personal in the project be unassigned at the time of submitting the Application, the Applicant is obliged to attach detailed job description conditions for the given positions. **Upon signing the Agreement, the Applicant is obliged to provide the Organisational Chart at least 50% completed, featuring specific individuals.**

If all positions in the Organisational Chart form are not occupied, the Beneficiary may fill them during the project implementation period.

Changes in the Organisational Chart regarding the position of a Beneficiary/CPP project manager are subject to approval by SAIDC upon electronic request submitted by the Beneficiary. The Beneficiary must submit an updated Organisational Chart, including CVs and GDPR approval forms. Any changes in the Organisational Chart are the sole responsibility of the Beneficiary... If any personnel changes come during the project implementation period, the Beneficiary is **obliged to notify them to SAIDC in the interim project reports**. If this requirement is not observed and SAIDC, during checking, discovers the discrepancy between the CVs and eligibility criteria, the discrepancy between rates with terms and the discrepancy in expertise/qualifications of the worker on the project, **the risk of ineligible expenses shall be borne by the Beneficiary**. SAIDC points out that in such cases the amount of the approved Grant may be reduced. In order to prevent the risk of ineligibility of expenses and of reducing the amount of the approved Grant, SAIDC recommends consulting the changes to the Organisation Chart of the project in advance with the PFM of SAIDC.

An increase in approved personnel costs is not possible. The only exceptions are situations when a new activity is added to the original project activities, which requires additional personnel work. In this case, costs may be reimbursed under the shift/shifts in the project budget.

7.4. Changes in project activities and in schedule

The Beneficiary may request for the **shift of the activity** to the next reporting period **electronically** if there are **objective reasons**. It is sufficient to notify the shift of an activity within one reporting period via email. The Beneficiary must also send a modified version of the timeline of project activities.

The Beneficiary may request for **extending of the original activity electronically** if the circumstances in the project require it or if the Beneficiary requests for adding a new activity. These changes may be covered from the saved funds.

SAIDC does not recommend changing approved activities. If circumstances so require, the Beneficiary is obliged to apply for the change **in advance** – **no later than within 5 working days before the planned implementation of the proposed change**. Planned achievement of an indicator specified in the logical framework matrix at less than 75% of the originally approved indicator value is also considered a change. The request for change (electronically – with a scan of the signed request) must include a thorough **explanation**. The written/electronic request must explicitly specify the original and new indicator value or a description of a change in the activity. SAIDC will inform the Beneficiary within **5 working days** of accepting/of receiving the Beneficiary's complete request. In the case of **humanitarian projects**, SAIDC will inform the Beneficiary in writing/electronically within **3 working days** of accepting/of receiving the Beneficiary's complete request.

The required change is possible to apply after **written/electronic the approval from SAIDC**. Following the written/electronic approval of the change, the Beneficiary is obliged to make the change in the budget in the prescribed form as well as the electronic version (GMS). SAIDC reserves the right to reject in writing/electronically any application for changes.

7.5. Changes requiring addendum to agreement

If not otherwise specified in the Grant Agreement, any change and addition to the agreement is performed in writing form by an **addendum** to the agreement. The purpose of the addendum shall not be to perform changes to the agreement which may call into question the decision to submit a grant, or which could violate the principle of equal treatment of the applicants.

Each request for change and addition shall be duly reasoned in writing/electronically and sent to the other Contracting party ahead of time, but not later than 30 working days⁴⁵ before the end of the project implementation period, specified in the agreement. Each request must be justified, and it must be clear which activities will be implemented during the proposed project extension period. Project implementation in the last year of its realisation (in the case of two year projects) is possible by the end of July at the latest, with the final report being submitted no later than at the end of August. The addendum shall be deemed to have been signed on the date of its signature by the last Contracting party or on the date of the request for approval of the change or addition. The addendum to the grant agreement shall enter into force on the

⁴⁵In exceptional and duly justified cases, SAIDC may shorten the time limit.

date on its signature by both contracting parties. It shall enter into force on the day following its publication pursuant to Section 47 (a) (1) of the Civil Code, as amended.

The Beneficiary may apply, based on a written request, for an extension of the project's implementation period. Upon SAIDC approval, a written addendum to the Grant Agreement will be signed. The addendum must also be made in case of a change in the position of the statutory representative of the Beneficiary or change of the Contractual Project Partner. Such a request can be made no more than twice during the implementation period. The total project implementation period may not exceed the period: two years from the year when the Grant Agreement was signed (example: projects starting in 2023 must be completed no later than in 2025). The Beneficiary must request any such change in writing and upon its approval by SAIDC, a written addendum to the Agreement will be signed. Another situation, when a written addendum to the Agreement is needed is when there is a change of the Contractual Project Partner. The Beneficiary must announce this change to the SAIDC in writing/electronically at the latest within 10 working days from when such changes were implemented.

In the case of a change at the position of the Statutory representative, business seat, business name or organisation name, bank details of the Contractual Project Partner, Business Identification Number of Tax Identification Number, SAIDC is not obliged to sign an addendum to the Agreement with the Beneficiary. The Beneficiary must announce these changes to SAIDC in writing/electronically at the latest within 10 working days from when such changes were implemented.

8. VISIBILITY

The Beneficiary must place the "SlovakAid" logo on an information notice of **all projects** supported by ODA SR pursuant to the SAIDC Design Manual. The following information must be indicated:

"This project (full project name) implemented from MM.RRRR – MM.RRRR (project duration pursuant to the approved Agreement was carried out from the funds of the official development aid of the Slovak Republic."

The Beneficiary undertakes to **publish on its website**, if any, **basic information on the project** together with photo documentation of the project.

The Beneficiary is obliged to inform the public during the implementation and after the end of the project, **at least 5 years** from the sending of the final instalment of the Grant, that the project is/was co-financed from the **official development assistance program of the Slovak Republic**. The Beneficiary **is obliged to place the "SlovakAid" logo** on all published materials related to the project, as well as on tangible assets acquired from the project.⁴⁶

SAIDC encourages the Beneficiary to consider the use of other available tools for project presentation (e.g. printed or audio-visual materials, communication with the media, public information presentations, **videos** and others). In case of producing an image material, the Beneficiary undertakes to provide the material in question to SAIDC (**videos** and **photographs**) based on the Contract on Grant provision for marketing purposes, together with the consent of the data subjects.

⁴⁶ The logo can be downloaded at the following website: <https://slovakaid.sk/dizajn-manual-loga/logo-samrs/>.

For breach of the individual obligation of the Beneficiary to publish information about the project, SAIDC is entitled to apply a **contractual penalty** to the Beneficiary in the lump sum **of 0.8% of the maximum amount of the grant**. SAIDC is entitled to apply a contractual penalty even if SAIDC has called on the Beneficiary to additionally fulfil an individual obligation, the breach of which is subject to a contractual penalty, and the Beneficiary has not fulfilled this obligation even within the provided additional period.

9. LEGISLATION

Act No. 392/2015 on Development assistance act as amended, Act No. 281/2019
Act No. 431/2002 on Accounting as amended
Act No. 513/1991 - Commercial code as amended
Act No. 40/1964 - Civil code as amended
Act No. 311/2001 - Labour code as amended
Act No. 283/2002 on Travel reimbursements as amended
Act No. 222/2004 on Value added tax as amended
Act No. 595/2003 on Value added tax as amended
Act No. 343/2015 on Public procurement as amended
Act No. 231/1999 on State assistance as amended, Act No.434/2001 and Act No.461/2002
Act No. 523/2004 on Budgetary rules for public administration as amended
Act No. 357/2015 on Financial control and audit as amended
Act No. 122/2013 on Personal data protection as amended
Act No. 406/2011 on Voluntary work as amended
Act No. 278/1993 on Managing state assets as amended
Act No. 382/2004 on Experts, interpreters and translators

10 ANNEXES

Annex no. 1: Time sheet - template
Annex no. 2: Interim report - template
Annex no. 3: Final report - template
Annex no. 4: Cost accounting and reporting - template
Annex no. 5: Request for payment - template
Annex no. 6: Acceptance protocol - template
Annex no. 7: Consent to the processing of personal data - template
Annex no. 8: Record of market price research - template
Annex no. 9: Summary sheet personnel costs - template
Annex no. 10: Request for change/shift in the budget - template
Annex no. 11: Table of direct/overhead project costs – template