



Danida Fellowship Centre

January 2016

**General Conditions for Grants under the
Building Stronger Universities Programme (BSU) II
through
Denmark's International Development Cooperation**

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<http://dfcentre.com/research/building-stronger-universities-bsu/general-conditions-forms-and-templates/>

Appendix 1b: Annual Progress Report Form

Appendix 2: Disbursement Form

Appendix 3: Annual Accounts Form

Appendix 4: Template for Management Endorsement of Accounts for the Danish Partners (if audited by the National Audit Office of Denmark)

Appendix 5: General Guidelines for Accounting and Auditing of Grants Channelled through Governmental, Parastatal and International Organisations, 2007. See: <http://amg.um.dk/en/technical-guidelines/financial-management/accounting-and-auditing/>

Appendix 6: Completion Reporting

Appendix 7: Audit Instructions and appendices

Appendix 8: Guidelines for DFC's Administration of Research Fellows from Developing Countries. See: <http://dfcentre.com/research/how-dfc-administers-research-projects/research-fellows/>

Appendix 9: What can be funded under the BSU II Programme?

Appendix 10: Guidelines for Programme Administration and appendices

Appendix 11: Template Accounting Manual and appendices

Important Alterations compared to November 2015 Edition

Period of Grant:

The activities must be completed within the grant framework's approved timeframe.

In cases of delays in carrying out the planned activities, the Project Coordinator may no later than one month prior to the closing date for the project, submit a request to DFC for a no cost extension of the project period. The request must indicate the new closing date for the project. The extension must be well justified, and it must be explained why the extension is necessary in order to complete the project and meet the goals. The extension must be used to complete the originally planned activities as approved as part of the original grant framework. An application for a no cost extension to DFC should not include a revised budget, as DFC monitors the annual and final accounts by comparing the expenditures to the original total budget.

In the case a no-cost extension requires extra annual audits, costs of the additional audits must be covered within the approved budget for audit, *i.e.* the budget line for audits cannot be exceeded.

Terms and conditions for salary:

It is not accepted that staff is paid allowances on top of the salaries already received from the institution. Salaries are either compensation/replacement salary paid to the institution for the time the staff allocates to the project, or compensation payment for over-time, either hourly or performance based. In the case of over-time payment, all projects must have written contracts between the researchers and the project/institution, and timesheets/performance reports must be used to document the remuneration.

...if local per diem rules exceed the applicable rates according to Danish rules (DKK 417/day for meals, plus DKK 1,250/night for hotel accommodation in 2015 rates), the Danish rules must be applied as a flat rate.

Audit:

The audit must take special care to adhere to the revised regulations for payment of compensation salaries. The instructions for auditors have been updated (appendix 7).

1. Introduction

These conditions apply to the administration of research capacity development activities under the Building Stronger Universities Programme (BSU) II forming part of Denmark's international development cooperation.

These conditions describe the requirements regarding budgeting, reporting, presentation of accounts, auditing and monitoring/evaluation. The conditions include relevant sections of the Ministry of Foreign Affairs/Danida's "General Guidelines for Accounting and Auditing of Grants Channeled through Governmental, Parastatal and International Organisations", see appendix 5.

Any deviation from these conditions is communicated separately in the Trilateral Agreement.

On behalf of the Ministry of Foreign Affairs/Danida, Danida Fellowship Centre (DFC) is responsible for the ongoing administration of the approved research capacity development activities under the BSU II. The responsibility for the political and strategic aspects of the support to development research rests with the Technical Advisory Services (TAS) in the Ministry of Foreign Affairs/Danida.

Questions in connection with the administration of grants may be directed to DFC at e-mail research@dfcentre.dk or telephone +45 3536 1322.

All correspondence to DFC must as far as possible be electronic and in English, and refer to the DFC file number.

The South university holds the overall responsibility for prioritising, coordinating and managing the full development engagement. The respective universities in the South will endorse all activities to be implemented. At the onset of the activities, a Trilateral Agreement is entered between the South university, the Danish partner university/lead university consortium, and DFC. The agreement takes effect with the signatures of the South university, the Danish partner and DFC (on behalf of the Ministry of Foreign Affairs/Danida) on the Trilateral Agreement. Both the South university and the Danish partner will designate a BSU coordinator (South and Danish) responsible for the day-to-day running of the activities. The South BSU coordinator must act as the primary entry point for all communication between the university and DFC. In the case of the Danish partner being a consortium the Danish BSU coordinator will be appointed at the Danish consortium lead university.

The Trilateral Agreement and the Inception Report (where the activity plans, budgets, indicator frameworks and baseline values are set out) in addition to these General Conditions for the management of the grant are hereinafter referred to as **The Grant Framework**. By entering the Trilateral Agreement the South university and the Danish partner pledge to carry out the research capacity activities as laid down in the Inception Report, to ensure that the overall and immediate objectives are achieved, as well as observe the present rules and regulations for administering the grant.

No organization registered on either the UN or EU list of terrorist organizations can receive part of the allocated funds.

2. Anti-corruption Policy

The Ministry of Foreign Affairs/Danida's anti-corruption policy must be complied with: *No offer, payment, consideration or benefit of any kind, which could be regarded as an illegal or corrupt practice, shall be made - neither directly nor indirectly - as an inducement or reward in relation to the project. Any such practice will be grounds for the immediate cancellation of the project and for such additional action, civil and/or criminal, as may be appropriate. At the discretion of the Ministry of Foreign Affairs, a further consequence of any such practice can be the definite exclusion from any tendering for projects, funded by the Ministry of Foreign Affairs.*

3. Grant

The grant must be used exclusively for objectives, activities, and budget items set out in the Inception Report. It is not possible to provide additional funding, and overspending cannot be covered. All expenditure must be effectuated within the grant period.

Reallocations between main budget lines within the agreed South or Danish budget, respectively, as described in the Inception Report can be made without prior approval of DFC by up to 10% of the budget for the smallest of the budget lines from where or to where the funds are transferred - on condition that the fulfillment of the objectives of the activities have not been depreciated. The calculation of reallocation should be based on the total South or Danish budget, and the alteration must follow the outlines for eligible and non-eligible costs described in '*What can be funded under the BSU II Programme?*', (appendix 9). Any reallocations between budget lines must subsequently be described and substantiated in the next bi-annual annual accounts, as well as in the final accounts, with reference to any acceptance from DFC of changes above the 10%. Unforeseen expenses, such as changes in prices and exchange rates, pay increases as a result of general price rises, legislative requirements and similar are to be covered by the grant.

The South university can charge a maximum 12% overhead of the South university expenses to cover the direct expenses of the activities administered by the South university, while the Danish partner can charge a maximum of 20% overhead of the Danish expenses. In addition the South university can charge maximum of 8% against specified and documented expenditures of the South university's coordination in relation to the BSU II (covering e.g. salaries or part salaries for staff that perform significant coordination or administrative functions to make the BSU II work, as well as associated expenses (office supplies and equipment, local transportation, local communication)) which are not covered by the overhead, as described below.

In the budgets, the overhead and coordination fee is calculated of the total budgets (South and Denmark, respectively). In the accounts, the overhead/coordination fee is allocated according to the actual spending. No overhead can be included of expenses relating to study periods in Denmark of PhD students from the South (see below concerning DFC's administration of the study stays).

The following general administration costs are considered to fall under the scope of overhead contributions:

- Office expenses (rent, cleaning, stationery, transport, electricity and water, support staff and other operating expenses).
- Expenses relating to staff carrying out general administrative assignments, including budget and accounting tasks.
- The institute director's involvement in the cooperation.

No additional funds can be allocated to the programme administration over and above the overhead contribution and coordination fee.

Concerning study periods in Denmark of PhD students from the South, the current guidelines for the Fellowship Programme supported by Danida are to be applied. This entails that DFC must handle the practical details of the stay. The DFC expenses may be charged to the South university share of the budget (please refer to Appendix 8 for practical details). DFC must be advised minimum four months prior to initiation of the study period. The South BSU coordinator is requested to coordinate the practical arrangements with DFC. DFC will then deduct the expenses (travel, accommodation, allowances etc.) directly from the grant, with information to the South BSU coordinator by the end of the fiscal year.

4. Period of Grant

The activities must be completed within the grant framework's approved timeframe.

In cases of delays in carrying out the planned activities, the Project Coordinator may no later than one month prior to the closing date for the project, submit a request to DFC for a no cost extension of the project period. The request must indicate the new closing date for the project. The extension must be well justified, and it must be explained why the extension is necessary in order to complete the project and meet the goals. The extension must be used to complete the originally planned activities as approved as part of the original grant framework. An application for a no cost extension to DFC should not include a revised budget, as DFC monitors the annual and final accounts by comparing the expenditures to the original total budget.

In the case a no-cost extension requires extra annual audits, costs of the additional audits must be covered within the approved budget for audit, i.e. the budget line for audits cannot be exceeded.

5. Disbursement

The South university and the Danish partner must each establish a separate finance account/activity for the grant in order to distinguish the funds from other grants. The number for this account/activity must be quoted in the disbursement request.

The South BSU coordinator will request disbursement of funds from DFC using the Disbursement Request Form (appendix 2) and DFC will disburse funds to the South university. Disbursements of contributions to the Danish partner shall be made upon written request from, and signed by the South BSU coordinator (appendix 2). Disbursements are made by DFC directly to the Danish partner.

Regarding disbursement for the inception phase, a disbursement (based on an inception phase budget) covering the inception phase costs can take place with immediate effect upon signing of the Memorandum of Understanding on Development Engagement, covering the inception phase.

The first transfer can be made immediately after signing the Trilateral Agreement, normally with an on-account amount of 50% of the requested disbursement, and the second transfer of the remaining amount can be made in the third quarter on receipt of the first bi-annual financial report.

The disbursement requests must be submitted with the bi-annual progress reporting and accounts and cover the coming half year. Transfers in the following years will be of the budget of the half year deducted any unused funds at the end of the half year. Disbursements are conditional upon DFC's receipt and approval of the bi-annual accounts. The request must exclude expenses on PhD students' stay administered by DFC, as these are covered directly by the programme account at DFC.

When transferring funds from DFC, no other confirmation of the transfer will be provided other than the quoted reference in the disbursement request.

6. Interest and Exchange Rate Gains and Losses

Interest gained cannot be used to finance grant-funded activities, but must be specified separately in the bi-annual accounts and returned to DFC. Calculating accounts kept in foreign currency must be at the weighted average exchange rate calculated on basis of the C/F amount and the transfers in the reporting period, so that artificial currency exchange rate gains and losses are avoided.

7. Non-compliance and Revocation of the Grant

Non-compliance is deemed to occur if the programme is not fulfilling the conditions of the grant framework, as defined in section 1. Among these:

- Non-fulfillment of the terms and conditions in the grant framework, plans and budgets as specified in the funding basis.

- Lack of progress towards the planned objectives for a period of time exceeding one year.
- Missing or unsatisfactory submission of reports and accounts.
- Significant non-approved changes in the activities in relation to the grant framework, including changes of main researchers and institutions.
- Other irresponsible administration of grant funding, including the violation of the conditions presented here.

In the event of non-compliance, DFC is entitled to take appropriate action with a view to limiting the consequences of the violation, and may issue a written reprimand requesting the violation to be remedied within a given grace time, initiation of consultant or auditor investigations of the institution's administration, suspension of further disbursements, or terminating the agreement. In the latter case, the institution must immediately return all unused, and possibly also already disbursed grant funds to DFC and pay compensation in the event of financial loss. If the institution fails to remedy the non-compliance by the specified deadline, the Ministry of Foreign Affairs/Danida may discontinue funding, revoke any residual funding and claim repayment of amounts already disbursed.

Before a possible termination, all parties are obliged to seek to resolve conflicts through negotiation. Unresolved conflicts cannot be brought before a court, but must be resolved through arbitration.

Should Danish support to a country be terminated as a result of a political decision, the support to research activities in the particular country may also be discontinued.

8. Terms and Conditions of Employment and Salary

Salaries for staff, disbursed through the grant, must follow the appropriate tariffs applying to the local institution in question. It is not accepted that staff is paid allowances on top of the salaries already received from the institution. Salaries are either compensation/replacement salary paid to the institution for the time the staff allocates to the project, or compensation payment for over-time, either hourly or performance based. In the case of over-time payment, a written agreement must be entered between the institution and the researcher. Double salaries and payment of consultancy fees will not be accepted.

Payment of salary or remuneration to individuals must be declared in full to the tax authorities and tax deductions must be made according to the appropriate rules.

No additional funding can be provided in connection with illness and parental leave.

The South/Danish institution is responsible for settlement of duty travel etc., and this must follow the relevant regulations of the Danish and the South institution respectively. All staff engaged by a Danida granted research project shall receive per diem and other reimbursable costs according to their country's rules, regulations and cost-norms. However, should local per diem rules exceed the applicable rates according to Danish rules (DKK 417/day for meals, plus DKK 1,250/night for hotel accommodation in 2015 rates), the Danish rules must be applied as a flat rate. If local rules imply that hotel costs are reimbursed by the local institution, only the rate for meals shall be applied.

The South university and the Danish partner, respectively, are responsible for insurance of personnel. Thus, DFC and the Ministry of Foreign Affairs/Danida cannot be held responsible for injuries and accidents occurred in connection with implementing the activities.

It is the responsibility of the South university to immediately notify DFC if the South or Danish BSU coordinators are replaced.

9. Purchases

All purchases must be made in accordance with international and/or national procurement regulations.

Expenses must not include VAT, if it is possible for the South university to receive VAT refund from elsewhere.

All purchased equipment must be appropriately insured and kept in good working order.

10. Technical Reporting and Quality Assurance

The South university must send electronically a bi-annual progress report to DFC (for template, see appendix 1).

The report must document the activities and progress in relation to the objectives and outputs described in the Inception Report, with explanations in the event of any deviation from the original plan. In addition the bi-annual progress report should include reflections on the partnership (participation and engagement) with the Danish partner as well as status for the management of the activities.

The bi-annual progress reports should be submitted to DFC before April 1 and October 1, respectively.

The final/completion report must be submitted to DFC electronically with a scanned signature page at the latest six months after the completion of the activities (1 May 2017). The report must describe the progress and results achieved.

Bi-annual progress reports and the final report must be signed by the head of the South university and both the South and Danish BSU coordinator, who hereby indicate, that the report is mutually agreed among all project partners, is true and accurate, and is complying with the conditions presented here.

The reports will be subject to the approval by DFC regarding administrative issues of the programme, while achievement of the approved objectives will be assessed by the Ministry of Foreign Affairs/Danida.

The South BSU coordinator will be informed whether or not the report has been approved at latest three months after submission.

It is the responsibility of the South BSU coordinator to report immediately to DFC noticeable deteriorations in the conditions for completing the programme as approved, including significant problems in the programme's or its staff's relations to the host country's authorities, partner organizations or staff. Or if there is any suspicion of or actual cases of theft, fraud, corruption, misuse of funds, breach of contracts, court cases involving a larger amount of money, loss or possible loss of funds, qualifications or criticism in audit reports and other instances or misuse of funds. Such information should be reported immediately in writing, along with information on how the South university intends to resolve and follow up on the difficulties or irregularities reported, among other things with regard to the Ministry of Foreign Affairs/Danida's duty to report to the National Audit Office of Denmark (Rigsrevisionen).

11. Mid-term Review and Seminar

The Ministry of Foreign Affairs/Danida will undertake a mid-term review of the programme in end-2015-start-2016. The review will be conducted in accordance with the Danida Guidelines for Programme Management (and possible additions to this with the new Country Programme Guidelines). It will verify the relevance of the programme, assess progress in relation to overall objectives as well as the various development engagements, review the management of the programme, suggest allocation of unallocated resources and update risks and risk management strategies. The review will furthermore provide initial reflections on the need for preparatory work for possible continued support to a BSU phase III.

In order to take stock of progress and take decisions on issues and recommendations arising from the mid-term review, a seminar will be held involving all the programme partners in second quarter of 2016. The mid-term seminar will also serve the function of bringing all programme partners together for mutual learning and discussion of key issues emerging (both from the programme and more widely) relating to strengthening of the research process and research environment. Finally, the seminar will provide a valuable role in helping to facilitate South-South dialogue and networking. This is seen as particularly relevant given the close synergy between many of the programme's outputs.

12. Accounts

The fiscal year is January 1 to December 31.

Each university in the South as well as in the North will apply its own financial management system and procurement rules for managing the funds to ensure optimal alignment with recipient systems and procedures. However, the financial management and procurement guidelines of the individual institution must be in accordance with Danida standards, as defined in Danida's Guidelines for Programme Management¹ including the Financial Management Guidelines, Joint Procurement & Procurement Policy Guidelines, and Guidelines on Joint Funding, and General Guidelines for Accounting and Auditing of Funds through Governmental and Parastatal Organisations and NGOs.

An accounting manual must be prepared after the completion of the inception phase, and must be an integral part of the process of consolidating the accounts section and setting up the accounting system. A template accounting manual is available to the programmes as appendix 11 to these conditions. The manual must be approved by the external auditor of the programme and submitted to DFC as early as possible after the finalization of the Inception Report, and at the latest before the second disbursement to the South university. The manual must be updated yearly based on recommendations from the annual audit.

It is the responsibility of the South university to ensure that the procedures described in the accounting manual are followed, among others that adequate accounts are kept of the awarded funds, and that it is ensured that the adequate financial procedures are in place with proper internal control, and in accordance with good bookkeeping and accounting practice. The South university must keep the accounting records and materials in accordance with the country of registration's regulations and for the Danish partner in accordance with the Danish Bookkeeping Act's requirements, and keep them for a period of 5 years after the completion of the activities.

The South university must electronically submit the accounts for the previous half year to DFC no later than April 1 and October 1, respectively.

The accounts must contain a scanned signature of the South BSU coordinator and the institution's relevant accounting officer. When presenting accounts, the accounts form in appendix 3 must be used. The bi-annual accounts should include:

1. Joint/combined summarized bi-annual accounts (covering the South university and Danish partner part of the budget) signed by the South BSU coordinator.

¹ www.amg.um.dk

2. Bi-annual accounts of the South university covering the South part of the budget signed by the South BSU coordinator and the South university's relevant accounting officer. With his/her signature, the South university accounting officer endorses that the accounts are true and accurate, that the total amount transferred by DFC is entered as income and that expenses are distributed according to entries in the approved budget and with the same level of detail, and that the accounts are in compliance with the conditions presented here, including a confirmation by the institution that the grant has been used in accordance with the grant framework and agreement.
3. Bi-annual accounts of the Danish partner covering the Danish part of the budget signed by the Danish BSU coordinator and the Danish partner's relevant accounting officer. With his/her signature, the Danish partner accounting officer endorses that the annual accounts are true and accurate, that the total amount transferred by DFC is entered as income and that expenses are distributed according to entries in the approved budget and with the same level of detail, and that the accounts are in compliance with the conditions presented here, including a confirmation by the institution that the grant has been used in accordance with the grant framework and agreement.

The annual accounts for the fiscal year must be accompanied with an auditor statement for the South university accounts and an endorsement of accounts for the Danish partner (if audited by the National Audit Office of Denmark).

It is the responsibility of the South university to ensure that all accounts and the auditor statement are submitted in due time. In the event of misuse of funds any loss must be borne by the South university.

When presenting accounts, the accounts form in appendix 3 must be used. The accounts must contain a report on the amount of unused funds at the end of the reporting period. Any interest earned must be declared separately, as this must be returned to DFC at the end of the grant period.

A final audited set of programme accounts (including all programme partners' accounts) must be submitted to DFC at the latest six months after the completion of the programme. Any deviations on individual items exceeding 10% between the total approved budget and the final accounts must be explained, and the permission from DFC must be quoted.

13. Audit

The annual accounts of the grant must:

- 1) for the South university be audited by an independent certified accountant. The accounts must be accompanied by a statement of endorsement declaring that the audit has been carried out in accordance with the conditions presented here (appendix 7), as well as good public sector auditing practice. The audit must take special care to adhere to the revised regulations for payment of compensation salaries. Any reservations must be included in the statement of endorsement. The audit process tests whether the programme accounts in all essence have been drawn up in accordance with these guidelines and the Danida rules for presentation of accounts and whether the transactions and use of the funds covered in the programme accounts are in accordance with the grant framework, legislation and other regulations as well as concluded agreements and standard practice. In addition, an assessment is made of whether due financial consideration is shown in respect to the administration of the grant.

and

- 2) for the Danish partner where responsibility for the audit rests with the National Audit Office of Denmark (Rigsrevisionen) pursuant to the Act on Auditing of State Accounts etc., always be signed by the Danish BSU coordinator and endorsed by an employee duly authorised by the head of the Danish institution, see appendix 7.

The full set of final accounts including the Danish partner's accounts must, as agreed with the National Audit Office of Denmark, be audited by an independent certified accountant.

The final accounts must follow the regulations described above under 1).

Throughout the grant period, as well as the 5-year archiving period, DFC and their accountant must be able to carry out the investigations of the material serving as the basis for the grant accounts, as and when DFC deems it necessary.

14. Dissemination

It is the wish of the Ministry of Foreign Affairs/Danida that the funded research should be readily accessible to the public. At all public communication with regard to the grant and all contact with the press, the South and Danish BSU coordinators shall inform that the grant is given by the Ministry of Foreign Affairs/Danida.

The South and Danish BSU coordinators must be aware of the rules concerning legal deposit of all publications.

All programmes are requested during the grant period, and when relevant results of research and capacity development are available, to disseminate these to parties interested in development assistance and to the general public. This may happen by forwarding information to Embassy in the country of registration, cc. to DFC. As a minimum it must be stated in the final report how the dissemination has been carried out.

Information about the grant, and the involved institutions will be published in the Danida Research Portal, subject to the rules in the Danish Act on Processing of Personal Data (Act No 429 of 31 May 2000), see: <http://drp.dfcentre.com/>. Annual updates will be carried out by including the summaries stated in the annual reports. Important changes which are to be included in the presentation of the programme at the Portal must be submitted to drp@dfcentre.dk.

15. DFC's Supervision

The Ministry of Foreign Affairs/Danida, DFC (and the National Audit Office of Denmark (Rigsrevisionen) and the Public Accounts Committee (Statsrevisorerne)) have the right at any time to request all relevant information from the programme. The programme staff must provide assistance and full access to the inspection, document review, accounts analysis, equipment inspection, etc.

DFC has the right at any time to demand information regarding account status, incl. distribution of funds in relation to the approved budget.

In addition, the supervision includes several other measures on the part of DFC in order to ensure insight and follow up of project implementation and the administration of the grant.

These measures include:

1. Consultations and visits to the South university to monitor progress on activities, inspection of the administration and finance functions and the programme management's procedures as well as the programmes' procedures and organisational aspects.
2. Spot-check inspections of the programmes' activities in the South in the form of visits from DFC Research Unit.
3. Joint meetings for the South and Danish BSU coordinators and their institutions.

16. Rights

The Ministry of Foreign Affairs/Danida retains the right to use reports and forwarded research results free of charge without offering further remuneration to the authors other than already allocated via the research grant.

Should the grant recipient's utilization of patent rights, sale of know-how and their own production generate income, the Ministry of Foreign Affairs/Danida will not demand repayment of the grant, neither in part nor in full.