



Danida Fellowship Centre

Guidelines for Project Administration

For projects with Responsible Institution in the South

February 2021

These guidelines are part of the General Conditions as Appendix 11

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Introduction

These guidelines are prepared by Danida Fellowship Centre (DFC) for projects with Responsible Institution in the South. The guidelines are used during the introduction to good administrative practices, the general conditions for the administration of the grant, and the accounting manual. The guidelines introduce good practices in project administration, the roles and responsibilities in connection with project management as well as present key measures for creating good and effective research partnerships. They present practices to be followed during project implementation, and how to set up a project administration and monitoring framework.

The last section of the guidelines defines in brief main principles and concepts in financial management as an essential part of administering a project, including introducing the accounting manual.

The guidelines should be used by the Project Coordinator (and the project management and accounts team) to ensure that appropriate administration and sound financial management practices are followed.

1 Good Practice Principles

Project administration is basically about organising and using resources (staff, equipment, funds) in a *transparent* and *accountable* manner, and in such a way that the project is implemented as *effectively* and *efficiently* as possible.

The substance of **transparency** is access to information. Timely access to reliable and relevant information about decisions and actions, or lack thereof, is essential to good project administration. It must be ensured that decisions taken and their enforcement follow appropriate rules and regulations, and that information (documentation) is available on *how*, *why* and *based on what regulations* decisions have been taken.

Accountability refers to the obligation to account for decisions and actions (activities) taken, assume responsibility for them, and transparently disclose the results of the decisions or actions taken. The Project Coordinator is accountable for the decisions and action taken in relation to the use of funds, possible adjustments in the project activities, recruitments and selections of project researchers, etc. and must ensure that appropriate rules and regulations are followed.

Effectiveness refers to how well the administration of the project supports and facilitates project implementation, the achievement of project outputs and solving problems when/if such occur. In order to be effective, the Project Coordinator must be responsive to demands and changes in the project, and follow good practices.

Efficiency refers to how well project funds are used to achieve outputs. In order to ensure efficient project implementation, among others, the Project Coordinator must regularly measure the involved researchers' performance, progress in project implementation, resource availability for each activity according to the approved budget, and take the necessary steps to make adjustments if necessary to ensure efficiency during the course of project implementation.

An efficient, effective, transparent and accountable administration of the project is essential to ensure proper use of project funds and resources, and to avoid misuse.

The essence of the Ministry of Foreign Affairs's **anti-corruption** policy¹ is zero tolerance towards corruption. Corruption is defined as *the misuse of entrusted power for private gain*. Corruption is perhaps better known in the form of bribery, fraud, embezzlement or extortion. However, corruption does not exclusively involve money changing hands. It may also include providing services to gain advantages, such as favourable treatment, special protection, extra services or quicker case processing.

¹ Anti-corruption Policy, Danish Ministry of Foreign Affairs, 2014, link <http://um.dk/en/danida-en/about-danida/Danida-transparency/anti-corruption/>

Zero tolerance towards corruption entails that the Ministry of Foreign Affairs must be notified immediately upon suspicion or awareness of specific cases of corruption involving project staff, research partners, and others with whom the project cooperates. The Ministry of Foreign Affairs' hotline against corruption is available at [link here](#).

The Responsible Institution and, on behalf of the Responsible Institution, the Project Coordinator has the overall responsibility of ensuring that the project is administered in accordance with good administration and anti-corruption practices as specified above and in Appendix 11a (anti-corruption – definitions).

2 Project Leadership

It is the responsibility of the Responsible Institution in the South to take the lead in implementing the project. This means that the institution in the South is responsible for the whole project, including the input provided by the Danish research partners.

On behalf of the Responsible Institution, the Project Coordinator is entrusted to lead and manage the project in an efficient, effective, transparent and accountable manner. Hence, the Project Coordinator is not only responsible for the management of the research (technical part of the project), but also for the administration and financial management of the project.

In leading the project, the Project Coordinator's tasks include strategy development and planning, organising the implementation of the project, managing the human resources, and ensuring monitoring and control of project implementation. More specifically the Project Coordinator must:

- Ensure that the grant is used exclusively for approved objectives, activities and budget items;
- Ensure that the research is carried out in accordance with appropriate regulations;
- Set up an adequate and reliable administration of the project funds;
- Ensure that detailed annual work plans and budgets are prepared;
- Make sure that all researchers and other project staff are recruited and employed in the project according to the budget and the project implementation plan;
- Make sure that all involved researchers and project personnel know their roles and responsibilities;
- Ensure adequate project location facilities, laboratory space, power and water supply, local technical installations and other physical project framework;
- Ensure that salaries are in accordance with the respective tariffs and regulations of the local institutions involved;
- Ensure that appropriate internal guidelines and control procedures are prepared and followed so as to ensure that the grant is administered adequately and that the funds are used in accordance with the grant framework;
- Ensure that an accounting manual for the project is prepared, followed and updated;
- Prepare and sign a research project agreement with the competent line ministry or Research Council (may not be required in all countries);

- Ensure that a partnership agreement with the Danish research partners is in place;
- Obtain all relevant ethical approvals and other required permits before project activities are initiated, and ensure that the research is carried out in accordance with current conventions and regulations;
- Report immediately to DFC if noticeable deteriorations in the conditions for completing the project as approved, including significant problems in the project or its staff's relations to the authorities in the country of registration, partner organisations or posted project staff occur.

As research projects are often complex in terms of the number of sub-projects and researchers involved, it is important that roles and responsibilities are clearly formulated and respected by all involved researchers and staff. At the same time, sufficient flexibility must be ensured to make the necessary adjustments during project implementation.

Internal **communication and information sharing** is an important part of project administration and the Project Coordinator is the key person to ensure that all project researchers and staff are properly informed of the project progress, or lack thereof, requirements, deadlines, adjustments in plans and budget, etc. To ensure effective project administration it is equally essential that the Project Coordinator receives reliable and timely information from all involved project researchers and staff. Refer to section 5: Setting up a Project Administration and Monitoring Framework.

The Project Coordinator is also the key entry point for communication externally with project stakeholders, DFC, the Ministry of Foreign Affairs, the Danish Embassy, local authorities, etc.

3 Working in Partnerships

The Responsible Institution must enter a partnership agreement with the Danish research partners. Written roles and responsibilities, as well as stated commitments and expectations from all parties constitute an important co-operation and communication tool for the practical administration of the project.

The template for a partnership agreement² is a set of suggestions to an agreement between the Responsible Institution and the Danish research partners. It is, however, the responsibility of the respective partners to ensure that the partnership agreement details all their commitments and expectations to the cooperation and follows the rules of the involved institutions.

The template suggests that the following articles are included:

- Basic information on the project;
- Description of the grant framework and other documents related to project implementation and research permits/approvals;
- Budget and how it is split between the partners;
- Obligations and responsibilities of Responsible Institution and Danish research partners;

² Available as appendix 11 to the General Conditions.

- Issues related to management of the project;
- Issues related to monitoring, reporting, accounting and audit;
- Agreement on the use and publication of research results;
- How to settle possible disputes;
- Conditions for amendments and timeframe for termination of the agreement.

While the partnership agreement provides a good starting point for the partnership it does not in itself ensure an effective and successful partnership. In order to ensure such during the full lifespan of the project, it is important to plan the cooperation and build the partnership on values such as ***reciprocity, trust, mutual respect and sharing***.

Experience from management of North-South research partnerships shows that the optimal and most productive balance between the two sides is achieved when expectations and goals for the project are agreed upon and shared, and when the projects produce mutually rewarding outputs. Both sides must have something to offer that meets a need on the other side. The best projects are driven by a shared interest (even excitement) for the research and not just by compensation for the time invested. Research relationships started as “arranged matches” may outlive the initial funding only if they have developed into genuine partnerships.

The best partnerships are based on personal relations, and can last long even though the initial funding stops. Attention must thus be paid to the attitude and motivation of the involved partners, and the incentive structures influencing both North and South researchers must be understood. A long ‘getting to know each other’ phase can be required in order to align expectations and roles. This is particularly the case if the partners have had no previous experience of joint work.

A start-up phase will allow the partners to develop a shared understanding of the project objectives and implementation process, and to build up mutual trust. There must be time to define the roles and responsibilities of each group of participants explicitly, to adjust the expectations and to define the information needs in relation to the project administration. Furthermore, simple and flexible administration procedures must be established, including the development of a monitoring plan, the definition of measurable output indicators, as well as planning the publication, dissemination and use of the research results. How to ensure future sustainability of the capacity built should also be discussed from the beginning of the project.

4 Project Implementation

The overall framework for the implementation of the project consists of the following documents:

From Responsible Institution

- The approved application and project description;
- The approved budget, including detailed budget notes;
- A LogFrame matrix;

- CVs of researchers involved in the project;
- Commitment from participating researchers/institutions (signatures or letters of commitment);
- Partnership agreement (prepared after project initiation);
- Accounting manual (prepared after project initiation).

From the Ministry of Foreign Affairs/DFC

- The Letter of Grant;
- The General Conditions and appendices.

Other documents

- Framework agreements where such exist;
- Local, official letters of approval (when such are required);
- Research permits, approvals, etc.;
- In-country rules and regulations on employment conditions, financial procedures, procurement, etc.;
- Specific procedures/regulations applicable to the Responsible Institution.

All these documents are important for the implementation of the project, and the Project Coordinator (and the management team) must have an overview of the existing documents, regulations and procedures in order to administer the project in accordance with good practices – in an accountable, transparent, effective and efficient way.

4.1 Project Organisation

In order to ensure effective project implementation it must be considered how to best set up a structure to support the project implementation. At project start-up it is important to ensure structures to support administration and financial management.

The following is important when organising the project:

- Establishment of a management team/unit;
- Ensure adequate support staff;
- Defining roles and responsibilities;
- Planning of meetings, follow-up, etc.;
- Setting up accounts/accounting system.

In terms of establishing a management unit to support the project implementation, it should as far as possible be within the existing structure of the Responsible Institution to avoid establishment of a parallel structure or organisation. When establishing the project management unit it might be necessary to advertise for new positions or at least assign management staff directly to the project. This includes staff to accounting functions, secretary support and other administrative support covered by the overhead.

In order to function effectively and ensure internal communication, covering project progress, monthly financial statements and knowledge sharing, it should be decided and scheduled how regularly internal project management meetings are to be held. It must also be defined who should attend what type of meetings.

4.2 Project Period

The project period is indicated in the Letter of Grant, and the project must be completed within the grant framework's approved timeframe.

The project period can normally be adjusted in case of:

- Delay in attaining local approval of the project. Attainment of local approvals takes time in some countries. Depending on the date of local approval the project period can be adjusted accordingly;
- Delays in carrying out the planned activities. In some countries it takes up to four years to complete a PhD study. An extension will normally be approved to ensure that all PhD studies included in the project are completed. Also delays in carrying out other project activities may require an extension of the project period.

No-cost extension of projects requires approval from DFC and the General Conditions must be followed.

4.3 Project Adjustments

Adjustments in the project that need DFC/the Ministry of Foreign Affairs' approval include:

- Changes in the approved objectives and outputs;
- Change of Project Coordinator;
- Change of Responsible Institution;
- Reallocations of funds between budget lines exceeding 10%.
- Other changes that influence the project substance e.g. change of objective(s) and change of work packages.

If/when needs arrive to make adjustments in the project the General Conditions must be followed.

4.4 Salary and Employment

The salaries of researchers participating in the project are approved in the budget. It is expected that the salaries indicated in the budget follow the salary scale of the institution and are in accordance with the rules and regulations of the country. It is not accepted that the salaries indicated in the budget are paid to participating researchers in addition to salaries already paid by the institution (double salaries). 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. The salary rates used must be transparent and documented.

Researchers must not be paid at consultancy rates. A short term external researcher employed to work for the project should follow the rates for researchers in the Responsible Institution or, alternatively, the research institution at which the researcher is permanently employed.

Contracting with researchers should follow the countries' regulations, and the procedures should be documented. Terms of reference for the researchers are required. Refer to section 4.5: Recruitment of Researchers.

The project is responsible for ensuring that project staff and researchers are paid for the time actually spent on project-related activities. Payment of salary or remuneration to individuals must be declared in full to the tax authorities, and any tax deductions must be made according to the appropriate rules.

The Responsible Institution is responsible for insurance of project personnel in accordance with the regulations of the country in question.

4.5 Recruitment of Researchers

External researchers not identified in the application should be recruited in a transparent manner. National/the institution's own regulations must be followed, but some basic steps include:

- Preparation of terms of reference/job description for the position;
- Preparation of selection criteria based on the terms of reference for the position;
- Set-up of selection committee;
- Preparation of advertisement;
- Announcement of the advertisement broadly and with a reasonably long deadline;
- Closing the announcement at the advertised deadline;
- List applicant researchers, and ensuring that there is no conflict of interest among the members of the selection committee;
- Review of the applications/expression of interest and CVs;
- Short-list and inviting for personal interviews;
- Interview of the short-listed candidates;
- Based on the present criteria, select the most suitable researcher;
- Keep the documentation of the whole process.

4.6 PhD Students

If one or more PhD students are identified at the time of application, CV(s) must be included in the application. In case one or more PhD students are unidentified at the time of application, the selection procedures must be described in the application.

The announcement of PhD (and MSc) studies and the selection process should in general follow the national/institution's rules and regulations, but should as a minimum:

- Be broadly announced;
- Be competitive;
- Avoid conflicts of interest;
- Be transparent and well-documented in terms of announcement, CVs of applicants, criteria for selection, etc.

In case the approved application allows for PhD (and/or Master) students to be selected internally in the institution, the selection process should still be transparent and documented.

Should there be any doubt in relation to the process of selecting PhD (and Master) students under the project, questions concerning potential conflicts of interest, announcement, number of interested candidates, it is advised that DFC is contacted for guidance.

4.7 Stays in Denmark Administered by DFC

The practical part of the study periods in Denmark for PhD students from the South must be handled by DFC while it is optional to have DFC administer the stay in Denmark of senior researchers and post docs. It is important that the Project Coordinator does *not* initiate any procedures of the practical preparation for the study period, but contacts DFC at minimum 3 months prior to initiation of the study period.

In relation to the practical preparation of the stay, DFC should receive a copy of the letter of invitation from the hosting institution (the Danish partner) specifying full name, date of birth and e-mail address of the student as well as the precise study period.

The DFC administrative procedures cover:

- Assistance with application for residence permit/visa;
- Insurance;
- Flight reservations;
- Accommodation;
- Bank account/payment of monthly allowances;
- Registration at the Danish Registration Office;
- Application for tax exemption;
- Counselling;
- Social activities.

In case the study period is longer than planned and budgeted for in the approved budget, it is important to contact DFC for possible reallocation of funds. It must be ensured that the project funds available at DFC for study periods suffice. DFC deducts the expenses directly from the grant, with information to the Project Coordinator by the end of the year.

See Appendix 10 “DFC’s administration of research fellow in Denmark” for more information.

4.8 Reporting

All projects must report on the progress during project implementation and results of the project after project completion. The content of the reports must be agreed by all project partners and it is the responsibility of the Project Coordinator to ensure that all project partners are involved in the preparation of the reports. Internal deadlines must be agreed for input and consultations concerning the reports. The report should strike a balance between being technical and easy for laymen (non-researchers in the specific field) to understand the progress and results.

It is the responsibility of the Project Coordinator to report timely to DFC, and the reporting deadlines and formats available in the General Conditions must be met/used.

5 Setting up a Project Administration and Monitoring Framework

A good way to keep track of project implementation, monitor progress and facilitate the administration and reporting requirements is to develop a project administration and monitoring framework. Such framework (or log frame) makes it easier to document the progress, facilitate decision-making, take corrective action and provide feed-back to planning.

In the approved application a LogFrame Matrix is included, but often not sufficiently detailed to be used for administering and monitoring the project implementation. It is, however, possible to further develop the matrix into a project administration and monitoring framework. An administration and monitoring framework provides clarity concerning:

- Objectives, outputs, activities and resources in the project;
- Roles and responsibilities;
- Information requirements;
- Reporting requirements;
- Feed-back requirements.

A format for an administration and monitoring framework is available as Appendix 11b. Below follows an introduction to the information required when preparing the framework.

Project basic information

Clarity concerning the approved activities, objectives, expected outputs, researchers involved, budget available, etc. is important from the very beginning of project implementation. The approved project proposal application provides this information, but further details may be required. Also, in case of approved changes, an update of the framework is required. Depending on the complexity of the research project, it may be required to prepare a project administration and monitoring framework for each sub-project.

Roles and responsibilities

The Project Coordinator must ensure that all involved researchers and project staff know their roles and responsibilities. At operational level (the Project Coordinator and the management team) the responsibilities include organisation of the project, planning, supervision, advising on strategies, plans and budgets, etc. At implementation level responsibilities include specific project activities, budgets related to these activities and feedback to the operational level. In the administration and monitoring framework it must be noted who is responsible for what input, how and when.

Information requirements

Clarifying the information needed for the Project Coordinator and his/her operational management is important in order to know what decisions to take, manage resources, meet the requirement for reporting and accounting to the institution and the funder (Ministry of Foreign Affairs), etc. In the administration and monitoring framework, the information requirements could be formulated into questions (how and to what extent) and supplemented by indicators for how to monitor the required information. The challenge in this exercise is how to decide what is important for the administration and monitoring of the project implementation – and what is not.

Reporting requirements

The information flow required for reporting includes data collection, data registration and data processing. The data collected during the implementation of project activities should be registered in order to meet the time lag between data collection and data processing and reporting. Some data are dynamic and some are static. Processing provides meaningful information from data. The data should be presented in a way which allows the Project Coordinator to make the right decision at the right time. The information provided to the Project Coordinator should be relevant, timely, accurate, reliable and easy to understand.

Feedback requirements

The Project Coordinator will be able to provide feedback on the project based on the information provided. In order for the feedback to be timely and relevant, the project administration and monitoring framework is a useful tool. The feedback can include approvals for go-ahead on activities, making changes in the implementation plan, ensuring correct distribution of project funds, etc.

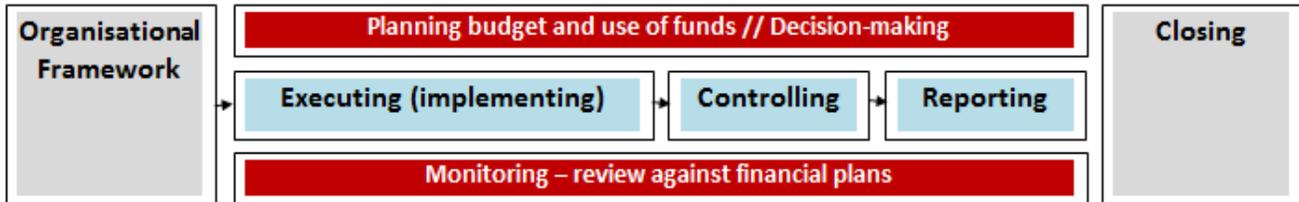
Setting up a project administration and monitoring system is basically about providing the Project Coordinator with what is worth knowing, when it is worth knowing and thereby making it possible for the Project Coordinator to make the right decision at the right time.

6 Financial Management

Financial management is an essential element of administering the project. Financial management is about managing all financial aspects of a project to achieve the objectives with the resources

given. In ensuring good practice in financial management, the principles of transparency, accountability, effectiveness and efficiency are to be followed.

Financial management includes planning, decision-making, execution, controlling, reporting, and monitoring. It can be illustrated in simple terms as follows:



The organisational framework is the set-up for implementation of the project in terms of financial management. This includes cooperation and partnership agreements (separation of budget, etc.), organisation chart and job descriptions for accountants, financial accounts structure and budgets, policies and procedures regarding finances, and financial year planner.

Planning the budget and use of funds is initiated before the project is granted and continues throughout the project implementation period.

Decision-making relates to the ability to take sound financial decisions during project implementation based on available information.

Execution (implementing) is the actual accounting which governs entries and registration of project expenses. The entries should be fully justified and documented, and always entered into the accounting system.

Controlling is ensuring that the usage of funds and resources are in line with plans, budgets and policy.

Reporting is the actual documentation both internally within the project and externally to the DFC/the Ministry of Foreign Affairs/Danish and other relevant stakeholders.

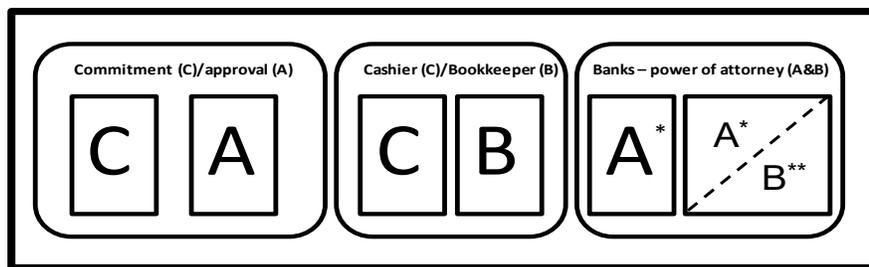
Monitoring is the review of progress against financial plans (plan – act – review). Tools include budget monitoring and re-budgeting, cash flow reports, and audit.

6.1 Separation of Functions

Separation of functions is one of the main concepts within finance and accounting, and it applies to several functions. The concept serves two main purposes:

1. Prevention of fraud and irregularities by ensuring that a single staff member is not authorised to perform functions that could enable him/her to engage in illegal actions, which could lead to personal gains or fraud.
2. Protection of staff members dealing with finance and accounting by enforcing procedures and separation of functions in order to prevent/limit possible accusations of illegal actions.

An important tool in the specific and practical distribution of tasks is the so called “four eyes principle” which means that at least two authorised members of staff are involved in a specific procedure e.g. *commitment and approval*³. The four eyes principle serves as an assurance for compliance with rules and regulations, and must as a minimum be applied at the performance of commitment and approval, payments and bookkeeping, and bank transfers (authorisations/power of attorney e.g. A and B or A and A).



The above figure shows the different procedures related to one transaction. It is prohibited, due to compliance with the four eyes principle, to perform commitment and approval regarding the same expense. The role of cashier and bookkeeper must also be separated. This separation is implemented to prevent fraud that could occur from having access to e.g. cash and at the same time being able to perform bookkeeping in the accounting system. Regarding power of attorneys to banks, it is important to ensure that there are two duly authorised persons to perform a transfer. Large amounts of money can be transferred by online bank transactions, and the risk of fraud is reduced by the requirement of two authorised persons to release a bank transfer.

6.2 Objectives for Financial Management

It is advisable to formulate objectives for the financial management of the project and a set of indicators on how to meet the objectives. The objectives of the financial management of the project could be:

- To establish effective, efficient and transparent financial management and an accounting system for the project;
- To ensure quality and transparency in the accounting procedures;

³ *Commitment* in connection with the management of *expenditures* can be defined as the “entry into an agreement and the purchase or sale of products and services, etc. that lead to or can lead to expenditures and earnings/revenues. *Approval* covers approval of the substance and financial content of vouchers, and approval is synonymous with a confirmation that bookkeeping and payment or invoicing of – and subsequent follow-up in regard to – the debtor may occur.

- To deliver continuous financial management support to project implementation;
- To ensure that the existing regulations for financial management and accounting are followed during project implementation.

Indicators could include:

- An accounting manual developed and used by the management team;
- Established structures for communication and feedback relating to the financial management of the project between project researchers and the management team, e.g. quarterly meetings and video conferences with Danish research partners, internal quarterly progress reports and quarterly work plans from project researchers to the management team, etc.;
- Filing system in place providing easy access to all relevant documents for project administration and financial management, including all relevant regulations and conditions for the project implementation.

Objectives and indicators should be communicated to all relevant project staff.

6.3 Accounting Manual

An accounting manual must be prepared at the outset of the project and be approved by the external auditor of the project. The manual must give an explicit description of the project's accounting procedures and of the organisation of the accounting function, the accounting system and related systems (in some projects/contexts called standard operating procedures or SOP). The manual must stress the Project Coordinator's (and the management team's) responsibility to maintain a sound record-keeping system, and to control the use of funds in relation to achievement of objectives.

A template for accounting manual accompanies these guidelines and must be completed with project-specific text. The manual must be approved by the external auditor of the project and submitted to DFC as early as possible after project initiation and at the latest before the second disbursement to the project. The manual must be updated once a year at the time of submitting the annual accounts to DFC. Possible recommendations for adjustments to the manual from the annual audits must be incorporated during the annual update of the manual.

The accounting manual includes procedures for:

1. Establishment of an accounts section and its function, the responsibilities of the project accountant and other relevant staff as well as selection of a suitable computerised accounting and filing system;
2. The accounts functions and procedures, including procedures in connection with disbursements to the projects, currency and exchange rates, budget line reallocations and procurement procedures and regulations;
3. Use of a chart of accounts, including setting up systems for monitoring, fixed assets, storing of research materials and equipment, transport and payroll;

4. The day-to-day accounting procedures covering cash accounting, documentation and control functions;
5. The procedures and conditions in relation to the annual financial reporting to DFC – the annual accounts;
6. Audit instructions.

/DFC, January 2018. Last reviewed January 2021.