
**Trilateral Agreement
on
Development Research Cooperation
under
Building Stronger Universities Programme (BSU) II**

The present agreement is concluded between:

Kathmandu University
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Nepal
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and:

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and:

Danida Fellowship Centre (DFC)
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DK-1950 Frederiksberg, Denmark.
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On behalf of the Ministry of Foreign Affairs/Danida, DFC is responsible for the administration of the approved research capacity development activities.

The undersigned will cooperate in the implementation of the research capacity development activities under the BSU II, which will be specified in the Inception Report, see Article 3 below. This agreement outlines the obligations and commitments of the three parties.

Article 1: Research Capacity Activities

South University: *Kathmandu University*.

DFC file no.: *BSU2-KU*.

Grant period: *November, 2014 – October 31, 2016*.

Objectives: The overall objective of the partnership programme is to strengthen Kathmandu University's (KU) capacity to carry out quality research and PhD education on major social, economic, and technical aspects of societal development in Nepal. There are two intermediate (2 years) objectives: The first is to lay the groundwork for strengthening KU's institutional capacity to carry out research in two major areas (urban futures and renewable energy). The second is to improve administrative research support services; smooth, transparent and demand-driven procedures in particular.

Budget: The total budget for BSU II at Kathmandu University is DKK 5300000. The budget for KU for BSU II is DKK 3,180,000 while the budget for the Danish consortium is DKK 2,120,000.

Article 2: The Grant Framework

This Trilateral Agreement, the forthcoming Inception Report (see Article 3), and the General Conditions for Grants under the Building Stronger Universities Programme (BSU) II are hereinafter referred to as **The Grant Framework**. After the approval of the Inception Report, including budget approval, this Trilateral Agreement should be signed by all parties, thus agreeing on and committing themselves to the details set out in the Inception Report. Upon signing, the first disbursement of funds can take place with immediate effect.

Article 3: The Inception Report

A three month inception phase, for the preparation of the Inception Report, will begin after agreeing and signing a Memorandum of Understanding (MoU) laying down the details of the development engagement. Upon signing the MoU, an inception phase disbursement (based on an inception phase budget), covering the inception phase costs, can take place.

Not later than 3 months after the signature of the MoU, the South university will present an Inception Report to DFC, prepared in cooperation with the Danish partner. A joint one day workshop with the South university and Danish partner will be facilitated by a DANIDA consultant during the first two months of the inception phase in Tanzania (incl. Uganda), Ghana and Nepal, respectively.

The Inception Report (a template will be provided by DFC) shall specify in appropriate detail:

- Activity plans
- Detailed budgets
- Criteria for success
- Indicators for monitoring based on baseline values.

Ministry of Foreign Affairs will formally approve the Inception Report and budgets

Article 4: The Budget and Eligible Costs

The details on the expenditure categories eligible for funding under the BSU II Programme are listed in Annex 1 of the instruction for 'Preparation of Partnership Proposals for the Building Stronger Universities Phase II'. The approved budget outlined in the Inception Report constitutes the financial basis for the agreement and research capacity activities, hence outlining all details on eligible costs. The budget is prepared in DKK and specifies expenses related to South university activities and Danish partner activities. Thus, the undersigned parties confirm that they are aware what the Trilateral Agreement entails for them and their institutions in budgetary and activity terms. The budget includes the following budget lines:

1. Inception phase budget (travel and lodging costs);
2. Replacement salaries and emoluments;
3. Educational grants;
4. Expenses for trips abroad;
5. Research materials;
6. Capital costs (small scale investment costs and equipment);
7. Publication and dissemination;
8. Coordination costs South university;
9. Overhead South university/Overhead Danish partner;
10. Cost for study stays of PhD students in Denmark (DFC costs);
11. Audit.

Article 5: South University Obligations and Responsibilities

It is the responsibility of the South university:

- Appoint a BSU coordinator to act as the primary entry point for all communication between the university and DFC;
- Lead the preparation of the Inception Report and submit it to DFC;
- Ensure that the budget is in accordance with the respective tariffs and regulations of the local institutions involved, and with the eligibility criteria outlined above;

- Lead the process of developing and revising annual workplans for the partnership as per the Inception Report;
- Perform regular monitoring of progress as compared to the Inception Report and the indicators specified in this Report;
- Ensure dissemination and communication of the results;
- Set up an adequate and reliable administration of the programme funds including preparation of an accounting manual (based on template provided by DFC);
- Provide adequate facilities, power and water supply, local technical installations and other physical resources required for the implementation of the programme, as specified in the final Inception Report;
- Undertake all procurement, transport and insurance of BSU funded programme and research equipment.
- Ensure that involved staff are available to perform duties according to the programme implementation plan;
- Comply with all deadlines and commitments specified in the Grant Framework;
- Report on progress and financial status, including audit report, to DFC on half-yearly basis (April 1 and October 1) against the goals and other milestones set out in the Inception Report;
- Ensure that the grant will be used exclusively for approved objectives, activities, and budget items;
- Endorse the transfer of funding to partners in Denmark by DFC;
- Ensure that activities are carried out in accordance with current conventions and regulations;
- Undertake final/completion project reporting, including final audit, to DFC.

Article 6: Danish Partner Obligations and Responsibilities

Under this agreement it is the responsibility of the Danish partner:

- Appoint a BSU coordinator to act as the primary entry point for all communication during the partnership;
- Assist the South university in the preparation of the Inception Report and the subsequent implementation under the leadership of the South university;
- Ensure dissemination and communication of the results;
- Ensure that the budget is in accordance with the respective tariffs and regulations of the Danish institutions involved;
- Set up an adequate and reliable administration of the programme funds (Danish part of budget);
- Ensure that involved staff are available to perform duties according to the budget and the programme implementation plan;
- Comply with all deadlines and commitments specified in The Grant Framework;
- Contribute to the activities and achievement of the outputs of the programme as specified in the Inception Report or as otherwise agreed with the South university;
- Ensure that the grant (the Danish part) will be used exclusively for approved objectives, activities, and budget items;
- Ensure that input to bi-annual progress and financial reporting are provided no later than March 1 and September 1 to the South university;
- Monitor activities as outlined and specified in the Inception Report, compile the information on this and forward it to the South University as per agreed timelines;

Article 7: DFC Obligations and Responsibilities

Under this agreement it is the responsibility of the DFC:

- Be the focal point on all BSU II related communication with the partners in the South and Denmark on programme management related issues;
- Comment on Inception Report and approval of the budget;
- Monitor the BSU activities closely (visits, inspections, etc.) and through dialogue with the partners propose the necessary adjustments;
- Report to the Ministry of Foreign Affairs/Danida;
- Support to the financial management of the grant as needed by the South university;
- Receive, comment on and, as appropriate, approve bi-annual progress and financial reports from the South university;
- Receive and approve annual audit reports from the South university;

- Provide bi-annual disbursements on request by the South university to the South university and Danish partner, respectively;
- Approval of requests for budget deviation above 10 % per budget line where deviations are eligible;
- According to the Guide for Danida Fellows (<http://dfcentre.com/wp-content/uploads/2013/12/Guide-for-Danida-Fellows-2014.pdf>) carry out administrative services in relation to PhD students' stay in Denmark to ensure the homogeneity and quality of training and living conditions in Denmark for research fellows funded by Danida;
- Update the Danida Research Portal by the annual programme summaries;
- Receive and approve final/completion report and final audited accounts;
- Any other ad hoc supervision and/or audit as considered appropriate;
- Take appropriate action in case of non-compliance and revocation of the grant;

Article 8: Programme Management

It is the joint responsibility of the South university and Danish partner, under the leadership of the South university, to ensure a proper and goal-oriented management of the programme activities, including reporting procedures, financial management and accounting in accordance with this Agreement and the General Conditions for Grants under the BSU II programme. Some of the main programme management responsibilities are as listed below:

- a. **Reporting procedures:** It is the duty of the South BSU coordinator to submit bi-annual progress reports to DFC. In case of serious deviations from programme plans, change of programme personnel or budget revisions, it is the duty of the coordinator to report immediately to DFC. This immediate reporting obligation also applies in cases of fraud, abuse of funds, irregular administration or mismanagement.
- b. **General budget management issues:** It is the duty of the coordinators (South and Danish) to make sure, that programme expenditure is kept within the approved programme budget. As a general rule, reallocations between budget lines are permitted with up to 10% of the involved budget lines without prior approval by DFC. Such reallocations, however, must be reported and motivated in the bi-annual/final report and accounts.
- c. **Transfer of funds:** On a half year basis, DFC will disburse funds to the South university and Danish partners upon request from the South BSU coordinator.
- d. **Salaries, emoluments and other payments:** These shall follow the contractual arrangements for researchers, prevailing in the South university and the Danish partner respectively, as well as the Eligibility Criteria outlined in appendix 9 in the General Conditions. Terms for professional visits to Denmark by the South university fellows shall follow the Danida rules for fellowships.
- e. **Coordination costs:** The coordination costs of 8 % must be used 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.
- f. **Overhead:** The overhead of 12 % and 20 % for the South university and Danish partner, respectively, are considered to cover, among others, the following expenses:
 - 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.

Article 9: Accounting Issues

It is the duty of the South university and Danish partner programme management to establish and maintain a reliable accounting set up for the programme funds. This implies preparation of an adequate chart of accounts, and ensuring that accounts are kept up to date. All accounting material shall be available to DFC and South university in case of audits.

It is the responsibility of the South university to comply with the accounts requirements, hereunder ensuring an accounting manual, is in place 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.

The Danish partner must submit to the South university the bi-annual accounts of the Danish partner expenditure assigned by the Danish BSU coordinator and Danish partner responsible accounting officer no later than April 1 and October 1.

Article 10: Audit

The annual accounts of the grant must for the South university be audited by an independent certified accountant (e.g. the independent regular accountant of the South university), and for the Danish partner the responsibility for the audit rests with the National Audit Office of Denmark (Rigsrevisionen). Please refer to General Conditions Appendix 7 for audit instructions.

It is the duty of the South and Danish BSU coordinators to give access to and facilitate any audit, review or evaluation activity, requested by country of registration and Danish authorities

The maximum amount which can be reimbursed for the annual South university audit is DKK 30,000 and DKK 50,000 for the combined final South university and Danish partner audit.

Article 11: Disputes

Any dispute concerning the interpretation or implementation of the present agreement shall be settled by negotiations between the three parties. If this is not considered possible, the dispute shall be solved through arbitration according to Danish arbitration rules.

Article 12: Amendments and Termination

Any party may request amendments to this agreement, subject to agreement of all signatories to the amendments. The agreed amendments shall be confirmed by exchange of letters.

This agreement may be terminated by either party with six months' notice.

In case of termination by the South university, the South university shall enter a dialogue with DFC on the possibilities of bringing the project forward, e.g. in terms of finding a new Danish partner.

In case of termination by the Danish partner, the Danish partner shall account for all used funds at the date of termination, and re-disburse all unused funds to DFC. The South university shall in this case as soon as possible enter a dialogue with DFC in order to find a new partnering consortium for the continuation/reformulation of the project.

Termination of this agreement by DFC will only occur in case of misconduct. In this case both the South university and Danish partner will account for eligible used costs and re-disburse the remaining grant to DFC. All costs deemed as fraud and non-accountable for shall be re-disbursed to DFC.

