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Nordic Plus Practical Guide to Delegated Cooperation

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Introduction

The Nordic Plus countries Denmark, Finland, Ireland, The Netherlands, Norway, Sweden and UK are committed to the international agenda of aid effectiveness.

A number of joint Nordic Plus tools have been prepared to follow up the agenda:

- a Guide on Joint Financing Arrangements (February 2004, includes also Canada)
- a Joint Procurement Policy (November 2004, includes also Canada and Germany) which has later been supplemented with a Guide (November 2005).
- Complementary Principles (November 2005) which are guiding the division of labour part of Joint Assistance Strategy processes.

This Practical Guide to Delegated Cooperation, including Principles and a Template for Arrangements has been developed by the Nordic Plus countries to enhance aid effectiveness. Delegated cooperation is aimed at significantly reducing the transaction costs for both partner governments and donors.

Delegated cooperation arrangements should be based on mutual trust and understanding. In preparation of the Practical Guide therefore, a thorough joint assessment of policies and administrative practices was carried out to identify possible barriers for delegated cooperation among the Nordic Plus partners. The study showed that there is a predominance of similarities in policies and administrative requirements, but also differences that need to be addressed in each case of delegated arrangements. A summary of similarities and variations and an overview of financial management requirements of the Nordic Plus donors are annexed to this Practical Guide.

Nordic Plus Field Missions/Embassies are encouraged to actively consider delegated cooperation with Nordic Plus partners and other donors who want to join. Donors outside the Nordic Plus group are also encouraged to make use of this tool for enhanced aid effectiveness.

Ministry of Foreign Affairs, Norway
Co-ordinator of the Nordic Plus Delegated Cooperation Initiative



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1. Background

The Nordic Plus group of donors have established a Joint Action Plan on Aid Effectiveness. As part of this plan the potential for increased use of delegated cooperation has been explored.

A Joint Assessment of Policies and Administrative Practices of the Nordic Plus donors and a Study of Lessons Learnt regarding delegated cooperation have been carried out. A summary of the assessments is included in Annex 1 and 2.

Principles for Delegated Cooperation as well as a Template for Arrangement on Delegated Cooperation (Annex 3) have also been worked out and form a part of the Practical Guide.

1.1 Principles for Delegated Cooperation

The aim of delegated cooperation is to enhance aid effectiveness and reduce transaction costs primarily for partner countries, but also for donors.

The Nordic Plus countries Denmark, Finland, Ireland, The Netherlands, Norway, Sweden and UK have agreed to mutually approve each other as potential partners for delegated cooperation arrangements.

Other donors are invited to make use of these principles and documents and to join the partnership.

The initiative

The definition of delegated cooperation by OECD/DAC covers a broad range of working arrangements: “...when one donor (a “lead donor”) acts with authority on behalf of one or more other donors (the “delegating” donors or “silent partners”). The level and form of delegation vary, ranging from responsibility for one element of the project cycle for a specific project (e.g. a particular review) to a complete sector programme or even a country programme.”

The Nordic Plus initiative for further enhancement of delegated cooperation focuses on the principles to be followed when “one donor acts with authority on behalf of one or more other donors in all aspects and all phases of a country programme, sector programme or project.” It is however recognised that there may be country level variations in the extent of the delegated authority.

Delegated cooperation arrangements should be based on mutual trust and understanding. It was therefore decided that the approval of each other as a potential partners for delegated cooperation arrangements would be based on an independent assessment of the policies and administrative procedures, including financial management requirements, of each of the Nordic Plus countries.

Two documents, the “Practical Guide” and the “Template for Arrangements”, have been developed to guide the planning and implementation of delegated cooperation arrangements. They are primarily designed for delegated cooperation arrangements for sector programmes and projects. The principles are however also relevant for country programmes.

Reference is made to the Nordic Plus paper on “Complementarity principles” approved in November 2005 that recognizes the challenges in promoting complementarity and division of labour and suggests that delegated cooperation and silent partnership may be alternative way to enhance aid effectiveness.

The principles

Based on the above, and the “Joint Assessment on Policies and Administrative Practices”, the Nordic Plus countries Denmark, Finland, Ireland, The Netherlands, Norway, Sweden, and UK have mutually approved each other as potential partners in delegated cooperation arrangements.

The Nordic Plus countries will in this context strive to work according to the following principles:

- 1) Follow the advice in the “Practical Guide” and “Template for Arrangements” on formal requirements and practical arrangements that need to be in place in each case of delegated cooperation.
- 2) When embarking on delegated cooperation arrangements among Nordic Plus donors or with any joining donor, use these documents as common tools to facilitate the implementation.
- 3) Base the arrangements on the following key principles, as reflected in the two documents;
 - a) *The Lead Donor of the delegated cooperation arrangement will act with authority on behalf of one or more Co-Donors in all aspects and all phases of the programme or project in question, if no limitations to this is explicitly agreed,*
 - b) *The Lead Donor’s general principles, guidelines and formats for development cooperation will be used in the follow-up of the programme/project and in the management of the contributions of the Co-Donor(s),*
 - c) *The Co-Donor(s) will remain “silent” in relation to Partner Government,*
 - d) *The Lead Donor will be responsible for keeping the Co-Donor(s) informed about the progress and results of the programme/project. The Co-Donor(s) will in principle remain “silent”. However the exact arrangement on communication between the Lead Donor and the Co-donor(s) will be agreed on a case by case basis.*

e) *Regarding audit requirements reference is made to the Good Practice Paper developed by DAC on Financial Reporting and Audit reflecting good practice, responsibilities and roles with regard to audit arrangements. Details on these requirements will have to be agreed on a case by case basis.*

f) *Delegated cooperation arrangements will not involve charging of administrative fees, but secondment of staff may be used as an option for sharing the administrative burden of managing delegated cooperation arrangement.*

4) Endeavour to enter into delegated cooperation arrangements with other donors outside the Nordic Plus group. This can be done either a bilateral arrangement between one Nordic Plus donor and a new donor, or by an approval by all Nordic Plus donors to accept a new partner for delegated cooperation arrangements generally. Before entering into such arrangement with a new donor on an individual or collective basis the Nordic Plus donor(s) will:

a) *Invite the “joining donor” to make an assessment of its policies, administrative procedures and financial management requirements, based on the criteria used in the “Assessment Matrix” in the “Practical Guide”, annex I and II. The result of this assessment should be shared with all Nordic Plus donors.*

b) *Based on the assessment of the “joining donor” the Nordic Plus donor or group of donors may approve the “joining donor” as a potential partner for delegated cooperation arrangements*

5) Encourage donors outside the Nordic Plus group to make use of the delegated cooperation arrangements, the “Practical Guide” with “Assessments Matrix” and the “Template for Arrangements” developed by the Nordic Plus donors.

The rationale of delegated cooperation is to increase aid effectiveness and reduce transaction costs. It is however, for the time being, not possible to identify or recommend indicators for monitoring whether the transaction costs are actually lowered. The Nordic Plus countries will work on identifying a monitoring system for delegated cooperation, together with other interested donors.

There should be a follow-up in two years time of how these Principles, the Guide and the Template have been used. The Nordic Plus Director General Meeting will overlook the implementation of the initiative and approve any revisions of the Principles. Norway will be the co-ordinator for the first two years of the initiative, starting August 2006.

1.2 International commitments and “Good Practices”

In the Paris Declaration donors committed to “make full use of their respective comparative advantage at sector or country level by delegating, where appropriate, authority to lead donors for the execution of programmes, activities and tasks”. Partner governments committed to provide clear views on donors’ comparative advantages and on how to achieve donor complementarity at country and sector levels.

The OECD/DAC Guidelines (“Harmonising Donor Practices for Effective Aid Delivery”, 2003) establish as the principle aim of delegated cooperation to reduce transaction costs and increase aid effectiveness through greater use of the comparative advantages of the individual donors. Moreover, delegated cooperation arrangements should be set up in ways that ensure that the support does not undermine partner governments’ leadership of the development process.

The overall guiding principles of OECD/DAC include:

- Delegated cooperation arrangements should be consistent with the partner government’s poverty reduction strategy
- The extent of preparation for any delegated cooperation arrangement should be proportional to the scope and of scale of the arrangements
- Full use should be made of each bilateral donor’s comparative advantage

The Nordic Plus donors endorse the OECD/DAC principles and practices. It should be noted, however, that the Nordic Plus Principles for Delegated Cooperation, this Practical Guide and the Template have been worked out to further enhance use of delegated cooperation among the Nordic Plus countries.

The OECD/DAC “good practices” is summarised for easy reference in table 1 below

Table 1
<p>OECD/DAC “Good practices” on delegated cooperation General</p> <ul style="list-style-type: none"> • Donors should agree on shared objectives for a delegated cooperation arrangement • Donors should consult the partner country on a delegation arrangement • Delegation arrangements should be as simple as possible • The extent to which a delegating donor assesses a lead donor’s policies and procedures should be dependent on the scope and frequency of the delegated cooperation arrangements • A delegating donor should take account of any relevant assessment of a lead donor by another delegating donor before making its own assessment • Lead and delegating donors should be as flexible as their respective external constraints permit in accepting the procedures of the partner country • Where it is not possible to accept the procedures of the partner country, lead and delegating donors should look to adopt common procedures • Donors involved in a delegated cooperation arrangement should have a clear, shared understanding of their respective roles and responsibilities • Donors should make available details of a delegated cooperation arrangement to the partner government and other interested parties • Donors should adhere to their agreed roles and procedures

Specific to more extensive arrangements or particular stages of the programme/project cycle

- The donors involved in an arrangement should agree on the status of any written agreement
- The donors involved in an agreement should agree on the number and nature of any agreements with the partner government
- Where one donor channels its funds for a project or programme through another, explicit agreement should be reached between the lead and delegating donors on disbursement, accounting and auditing agreements
- Lead and delegating donors should agree on indicators for measuring performance of the activity at the output, purpose and goal level

1.3 How to use the Practical Guide

This Guide and Template have been developed to provide practical advice to donors how to work with delegated cooperation in order to keep down the preparation costs and minimise obstacles faced during implementation. The Guide is not concerned with how to address the fundamental political, strategic and risk related assessments that a donor must make before funding a programme.

The practical Guide should not be read as a step-by step recipe. Every arrangement is likely to develop along its own particular path and involve its own set of challenges which may not be amenable to a neat and logical sequence of steps.

The practical pointers in chapter 2 - 4 are presented as they relate to the early stage of considering a cooperation arrangement, the establishment of the arrangement and the implementation, respectively. A process action plan is included in the chapter 5. The annexes give further practical guidance.

Other reference documents are:

- Paris Declaration on Aid Effectiveness, www.oecd.org/dac
- Harmonising Donor Practices for Effective Aid Delivery www.oecd.org/dac
- Joint Action Plan for Effective Delivery through Harmonisation and Alignment. Nordic Plus (2003), updated November 2005 and March 2006
- Nordic Plus Complementarity Principles (2005)
- Nordic Plus Procurement Policy (November 2004) and Guide (November 2005)
- Barriers to Delegated Cooperation: Lessons Learnt, (COWI 2006)
- Barriers to delegated Cooperation: Joint Assessment of Policies and Administrative Procedures (COWI, Revision 1 with inclusion of Finland, September 2006)

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2. What to consider before establishing the arrangement

The preparatory activities for establishing delegated arrangements focus on making sure that the conditions for entering into the specific arrangement are in order and that the main operational questions have been given enough consideration.

1. In the early stage of considering support through delegated cooperation, think carefully about the possibilities for choosing an existing programme or a programme still at preformulation stage.

Some important questions to address when considering delegated co-operation based on an *existing programme* include:

- Can you as potential co-donor agree to the programme/project design?
- Will the programme/project management procedures of the potential lead donor be adequate to the potential co-donor as a basis for starting/continuing discussions on the cooperation? Use the Joint Assessment to obtain an indicative answer, see matrix, Annex 1.

Important questions to address when considering cooperation based on a programme/project at the *pre-formulation stage* include:

- Which donor immediately seems to match “own” priorities regarding policy, cross-cutting issues and approaches, aid management, and country focus. Use the Joint Assessment, see matrix, Annex 1, for information.
- Make sure a clear understanding exists between the donors regarding the programme/project formulation process and approach. Refer to the process action plan in section 5 of this Guide with regard to the process and main questions to consider.

2. Donors involved in a delegated cooperation arrangement should have a clear, shared understanding of their respective roles and responsibilities (OECD/DAC)

As noted in the OECD/DAC Guideline, the roles and responsibilities should be set out explicitly in writing. This requirement can be met by use of the Nordic Plus Template for Arrangements on Delegated Cooperation (see Annex 3). There are two basic sets of relations in a delegated cooperation arrangement to be considered: 1) Lead donor - partner government and 2) lead donor - co-donor.

With regard to the relation between lead donor and partner government, the Nordic Plus donors follow the OECD/DAC good practice that the co-donor should be silent in relation to the partner government. A delegating donor must, therefore, only communicate through the lead donor and not directly with the partner country in the areas of delegation.

Regarding the relation between the lead and co-donors, the Nordic Plus donors have agreed that the co-donor may play a somewhat active role during the planning stage of the arrangement. The co-donor can e.g. take part in discussions with the lead on the approach and content of the support and participate in appraisals. However, during implementation (after the arrangement has been signed), the co-donor should, in principle, remain silent in relation to the lead donor, apart from in agreed encounters such as annual meetings between the donors. The requirement of the co-donor to remain silent vis-à-vis the lead should be made explicit between the two donors in advance.

In addition to the two sets of relations above it is also important to consider the relation between the donors in the delegated cooperation arrangement and other stakeholders such as other donors and implementing partners, or other. The relations to such “other stakeholders” should be managed by the lead donor while the co-donor should remain silent.

3. Allow for a considerable amount of time and resources to prepare the delegated cooperation arrangement

It is important to prepare for a realistic investment of time and resources to establish a delegated cooperation arrangement. The planning and resource allocation in the agencies should take into account the time and resources needed, and the individuals driving the effort should be prepared for a long haul. It is realistic to expect that more time is needed to establish a delegated cooperation arrangement than a non-cooperation arrangement. The lead donor should expect and be prepared to answer questions, provide information and enter into discussions to satisfy the information needs of the co-donor. The co-donor may need time, jointly with the lead donor or individually, to analyse the programme design and objectives, assess to what extent the policy and priorities on cross-cutting issues are observed in the programme/project supported and decide on “what if not”, clarify any legal questions, and clarify the reporting and disbursement requirements and procedures.

It is vital not to try to circumvent steps in the preparation process in order to save time. Leaving aside important questions for later or not ensuring that there is complete clarity on all agreed procedures and mechanisms for administering the delegated cooperation arrangement may result in obstacles during implementation. Experience clearly shows that the time invested in preparation is compensated by less “friction” during implementation.

The preparation costs may appear excessive; however, one should keep in mind the rewards in the form of reduced transaction costs for both donors and partners. It is relevant to consider the balance between costs and benefits of the particular delegated cooperation arrangement (as also noted by OECD/DAC); although an accurate cost-benefit assessment cannot be made. In general, the probability that the benefits outweigh the costs is higher if the cooperation focuses on large projects or programmes. Also, the benefits may only be realised in the long run, which is important to realise for the individuals driving the process of setting up the arrangements. It is recommended that an attempt is made to monitor that transaction costs are in fact reduced as a result of the delegation of responsibilities.

Many of the following suggestions are aimed at keeping down preparation costs and lowering the risks of obstacles occurring during implementation.

4. Clarify the objectives of the delegated cooperation arrangement

OECD/DAC recommends that partners - i.e. the partner government and lead and co-donors alike - make sure they agree on the objectives of the programme supported.

A shared understanding between the donors of the programme/project objectives is an important condition for the mutual trust and confidence that should characterise the relationship. The lessons-learned indicate that clarity on the understanding between cooperating donors on the approach and objectives of a jointly supported programme should not be taken for granted. Making sure in advance that a common understanding exists on programme/project goals and design is therefore worthwhile.

Each donor should also make sure that the objectives of using delegated cooperation are clear. Because of the “costs” involved it is important to keep in mind why the arrangement is set up and why it is important. In addition to the overall objective of reducing transaction costs, each partner may have other objectives, like: Ability to support a sector, theme or country despite limitations in the administrative resources or capacity of the donor; ability to continue support to a sector/theme in a situation where the donor is concentrating the direct involvement to fewer sectors/themes; ability to meet “input” targets.

5. Do your “homework” within your own organisation

Whether you will be lead or co-donor, consult with the sections in your agency that play a key role in appraising and approving the arrangement in order to pinpoint their particular requirements and concerns. If possible, use earlier examples of delegated cooperation arrangements (preferably with the same lead/co-donor constellation if possible) processed in your organisation to find out what questions were raised and how they were addressed. As far as possible, ensure that such questions are resolved before the cooperation programme is presented to the key sections in your organisation.

To the extent possible, prepare the relevant sections of your agency in advance, so they are aware about what it means to enter into a delegated cooperation arrangement.

6. Consult the partner government on who they prefer should be the lead partner in a delegated cooperation arrangement

In accordance with the Paris Declarations and the OECD/DAC guideline, the partner government should be consulted when a delegated cooperation arrangement is being considered. Moreover the partner government should determine the lead in a delegated cooperation arrangement. Note that a partner government may not in every case agree to what two donors consider obvious as to who should be lead.

It is obvious that the consultation of the partner government takes place at an early stage of planning the cooperation.

As further noted in the OECD/DAC Guideline, partners in a delegated cooperation arrangement should share information on the arrangement with other interested parties, development partners, etc. engaged in the sector or country.

7. As a co-donor consult the Joint Assessment to review the lead donor’s policies and procedures

Donors generally require an assessment of another donor in order to approve the donor as lead in delegated cooperation arrangements. To serve this purpose the Joint Assessment was carried out in order to provide the basis for the Nordic Plus donors to mutually approve each other as partners in delegated cooperation arrangements.

The Joint Assessment confirmed the high degree of like-mindedness among the Nordic Plus donors. It concluded that there is a high degree of similarity in the policies and administrative procedures of the seven Nordic Plus donors reviewed. The similarities relate to the major policy priorities, issues related to country programme approaches, aid modalities, decentralised operations, programme cycle management, and use of agreements. It reflects that the Nordic Plus donors are all active supporters of the international declarations on poverty reduction and aid effectiveness.

The Joint Assessment also revealed that the donors vary with regard to certain policies and practices, as illustrated in table 2. A donor should anticipate that certain compromises on own policy or administrative requirements must be made in order to enter into a delegated cooperation arrangement as “silent partner” or as “lead”. The principle approach should be for the co-donor to assess if there are differences in important areas and then address the questions up front with the lead at an early stage of discussing the cooperation. The Joint Assessment should be used as the primary tool to identify the important variations in the policies and procedures between two or more Nordic Plus donors planning a delegated cooperation arrangement. Whether any additional assessments are needed of a potential lead donor may be decided upon from case to case.

Therefore, proceed as follows:

- Consult the matrix of the Joint Assessment (Annex 1) to get a first indication of where your organisation may differ in policy or overall approach from the potential lead donor. If considered important, also consult Annex 2 for an overview of the financial management procedures of each donor.
- If the matrix indicates that an important divergence exists between your organisation and the lead donor in relation to overall policies or procedures, read the appendices of the Joint Assessment report¹⁾ to obtain a more detailed description of the potential discrepancies.
- Consider if the seen discrepancy is significant for your organisation and consult with the lead donor on how the issue should be addressed in the specific cooperation arrangement.

Refer to point 8 as a basis for deciding on your organisation’s approach to addressing the divergence

1) The full report of the "Joint Assessment of policies and administrative practices of the Nordic Plus donors" is available on the website of the respective Nordic Plus Donors.

Table 2

Summary of areas where the Nordic Plus vary in policies, procedures and organisation

- Certain detailed policy priorities, aspects where policy coherence is required, and the definition and role of cross-cutting issues and thematic priorities.
- The approach to analysis as a basis for country strategies, aid modalities, and programmes/projects.
- The approach and role given to capacity development and use of technical assistance.
- The extent to which the donors express an explicit demand for partner country institutions to assume the main responsibility for programme planning.
- Procedures for appraisals.
- Capacity analysis, including different criteria.
- Certain financial management requirements of the donors (although all donors highlight that own procedures should be applied flexibly for the benefit of harmonised initiatives).
- Donors agree on the broad principles for how to respond to non-adherence by partner governments to agreements, but not all donors have specified their policies regarding the response mechanisms.
- The approach to staffing of embassies. A donor who prefers to rely on specialist skills and competences for dialogue and monitoring of the support may want to confirm that the lead donor's embassy is staffed to meet this preference.

8. Delegating donors should be as flexible as their respective external constraints permit in accepting the procedures of the lead donor

The Nordic Plus donors are committed to the OECD/DAC “good practice” of applying their procedures flexibly for the benefit of harmonisation and an aligned approach. The lessons learnt prove that the Nordic Plus donors regularly put this principle into practice as they accept deviations from their standard policies and procedures to conclude cooperation arrangements. Therefore, a difference between two donors on a policy item or approach should not necessarily be a barrier for the cooperation. It is noted that the principle agreed to among the Nordic Plus is that the co-donor accepts the approach of the lead.

It is ultimately a matter of decision by the principal actors if the divergence is considered important enough so as to derail plans for a delegated co-operation arrangement. The main consideration for a donor is if the overall benefits of the cooperation outweigh the costs of compromising on one's policy principles or approaches.



3. Establishing the arrangement

9. Make the delegation arrangement as simple as possible (OECD/DAC)

There are several ways to make a delegated cooperation arrangement simple.

First, delegated cooperation arrangements among the Nordic Plus donors should ideally be based on no more than two formal documents to establish the relation between the partners. There should be arrangement/agreement between the lead donor and partner government and another arrangement between the lead donor and co-donors. (See Template which, however, opens up for separate bilateral arrangement with Partner country, if a co-donor so require)

Second, during implementation the formal interaction between silent and lead should be limited to the annual meetings between the donors and the reports provided by the lead to the co-donor.

10. Where it is not possible to accept the procedures of the partner country, lead and delegating donors should look to adopt common procedures (OECD/DAC)

Use the “Nordic Plus Template for Arrangements on Delegated Cooperation” (August, 2006), which has been designed specifically for the purpose of delegated cooperation arrangements between Nordic Plus donors.

Note that Nordic Plus “Joint Financing Arrangement” is an alternative basis for cooperation arrangements between the Nordic Plus donors. The Joint Financing Arrangement includes also bilateral agreements between each donor and the partner government that can accommodate individual requirements.

Use the Nordic Plus “Joint-Procurement Policy” (November 2004) to define the provisions regarding procurement in arrangements among the Nordic Plus donors. Also refer to the Nordic Plus Joint Procurement Guide (2005).

11. Where one donor channels its funds for a project or programme through another, explicit agreement should be reached between the lead and delegating donors on disbursement, accounting and auditing arrangements, (OECD/DAC) including:

- Value of funds transferred and any burden sharing
- Triggers for disbursements, including frequency and link to reporting
- Way of making transfers
- Treatment of any interest accrued on balances
- Procedures for returning any unspent balances
- Any procurement procedures
- The nature and frequency of financial and narrative reports and the accounting and auditing requirements

It is important to have a common and explicit position on these items since obstacles during implementation are typically caused by misunderstandings about administrative questions. It is particularly important to have clear agreements between lead and co-donors on roles and responsibilities in relation to flow of information, reporting procedures, annual meetings between donors, disbursement mechanisms, etc.

Note that some of the items should be specified in the arrangement between lead and co-donor, while other items should be specified in the arrangement between lead donor and the partner government.

Specifically:

- The items to be specified in the arrangement between lead and co-donor are covered in the Nordic Plus Template for Arrangement on Delegated Cooperation.
- With regard to the items to be addressed in the programme agreement/arrangement between the lead donor and the partner country, the standard procedure will be to use the approach of the lead donor. The issues that need to be covered in such agreement/arrangement are listed in the Template, Annex 3.

Refer to Annex 2 to obtain an indication of the normal or preferred standards of the lead donor. Use the table in Annex 2 as a basis for identifying areas where potential variation exists and make sure the donors agree on the issue. Note that on most of the items donors have indicated that they are flexible.

12. No fees should be exchanged between Nordic Plus partners in delegated cooperation arrangements

The Nordic Plus donors have agreed that delegated cooperation arrangements within the group should not involve charging of administrative fees, but secondment of staff may be used as an option for sharing the administrative burden of managing delegated cooperation arrangements.

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4. Implementation of the delegated cooperation arrangement

The main concern during implementation of the cooperation arrangement is to manage any practical issue between silent and lead partners effectively.

13. Adhere to the agreed roles and procedures (OECD/DAC)

It is important to adhere to the agreed roles and responsibilities of the co-operating donors during implementation. As highlighted in the OECD/DAC Guideline, failure to stand by the agreed roles may work against the aim of reducing the burden on government, it may hamper implementation of the programme/project, and it may create confusion about who is speaking on behalf of the cooperating donors.

In particular,

- as co-donor, stay silent in relation to the partner government and communicate with the lead donor as agreed
- as lead donor, make sure you provide the co-donor with the agreed standard reports and information and promptly inform the co-donor if any events occur that may fundamentally affect programme implementation and before making any fundamental decisions on the support

14. Think about the value of communication between lead and co-donor

It is important to agree on the various forms of communication between lead and co-donor during implementation, which may include formal and informal channels. The formal mechanisms for communication in the form of institutionalised meetings and their purposes should be clearly spelled out in the agreed Arrangement on delegated cooperation. It should also be agreed in advance if informal channels of communication will be used in the particular arrangement. On the one hand informal communication between the donors may be considered inconsistent with the requirement to be “silent”. On the other hand informal communication may help build the mutual trust and confidence between partners necessary for delegated cooperation and ease problem resolution if/when the need arises, especially where the relation is between a co-donor represented by headquarters and a lead represented by an embassy/field office. It should be decided from case to case if informal channels of communication will be used, but it is important to clarify the expectations in advance.

An example of formal communication is to institutionalise a meeting between the co-donor(s) and lead prior to the annual monitoring meeting between the lead and the partner government. See Template, Annex 3.

15. Do not put off problem resolution

Look into the issue right away when any indication is received that a problem may exist, be it disbursements, reporting or other. A lesson-learnt is that what may be a problem for one donor in the arrangement may not even be detected by the other side. Therefore it does not pay to wait for problems to resolve themselves. A quick informal contact with the other side to find out “what is the matter” could prevent minor issues from escalating.

This also means that partners in a cooperation arrangement should allow each other the right to ask questions impromptu - and be prepared to answer those questions.



5. Process action plan

1. Preparatory Phase	
<p>Getting the idea to support a programme/project through delegated cooperation</p>	<p>The idea to work through delegated cooperation may come from various entry points, as noted in the lessons-learnt. Often the initiative is taken by the co-donor, and often it is prompted by a wish to increase or maintain support to a specific programmatic area.</p> <p>The initial question for the co-donor might then be “does a programme/project already exist” (somewhere or in a given country) or must a programme/project be formulated?”</p> <p>Each situation is presented in the following by option A and B, respectively.</p>
<p>Option A: Supporting an existing programme/project. Scoping what programme to support and what donor to work with</p>	<p>The typical situation is that the co-donor will be looking for existing programmes either across a range of countries or within a specific country.</p> <p>Having identified the relevant programmes, the next question will be “what specific programme would be relevant to support through a delegated cooperation arrangement?” The question can be sub-divided into two interlinked questions:</p> <ol style="list-style-type: none"> 1) Among the relevant programmes, which one is designed in a way that can be agreed to? Assess the programme designs to answer this question. Confirm the degree of ownership and alignment on which the programme options are based. 2) Among the programmes with the “right” design, which are supported by donors whose policies, cross-cutting priorities and work modalities can be agreed to? Use the Joint-Assessment to examine the policies and overall procedures of the supporting donor.

<p>Option B: Supporting a programme/project yet to be developed</p>	<p>In case a relevant programme/project can not be identified, the initial question will be “what donor is it relevant to approach for possible collaboration on the development of a programme/project?”</p> <p>An entry point to answer the question is to find out where there is match in priorities regarding policy areas, cross-cutting issues, aid modalities, and focus countries. Use the Joint-Assessment to this end.</p> <p>Keeping national ownership in mind, agree on the approach to programme development, including what should be the roles of the donors in assisting the partner Government with programme elaboration and the use of consultants. Agree on analysis of cross-cutting issues or broader ex-ante analysis needed (who does what, including TOR?). Agree on the appraisal approach and process (who does what, including TOR, engaging technical specialists, etc.?). Use the Joint-Assessment to obtain an indication of the normal approach of the co-donor.</p>
<p>Deciding to support a programme/project through delegated cooperation</p>	<p>Consult with the partner government in order to clarify its preference for the constellation of lead and co-donors regarding the particular programme/project area. Make a principle agreement with the co-donor that a delegated cooperation arrangement should be established.</p> <p>Agree on road-map for the process up to signing the agreement.</p>
<p>Establishing the delegated cooperation arrangement</p>	<p>Use the Nordic Plus Template for Arrangements on Delegated Cooperation and this guide.</p>

Implementation/Follow-up Phase	
Disbursements	Ensure the disbursements from co-donor are timely
Communication	<p>Conduct annual (and other) meetings agreed to.</p> <p>Respect pre-agreed approach to informal communication between donors during implementation.</p> <p>Address any problems up-front as they are identified.</p>
Monitoring/ reporting/reviews	<p>The lead to manage all monitoring and dialogue related to the partner.</p> <p>Lead to prepare and conduct predefined reports and reviews and share with co-donor based on agreements.</p>
Completion	
Final Report from partner and completion report from donor.	Donors to conduct final meeting to share experiences and document lessons for use in other/future delegated cooperation arrangements.
Evaluation	Consider evaluation.

Annexes

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Annex 1 Summary of similarities and variations between the policies/administrative procedures of the Nordic Plus donors

Overall Policy	Norway	Ireland	United Kingdom
Poverty reduction objective	●	●	●
Expressed link to MDGs	●	●	●
Coherence of policy issues	●	●	●
Priority sectors and themes	Governance, environment, gender, energy, peacebuilding	Education, health, water, governance, private sector, HIV/AIDS	–
Themes which cuts across sectors	Gender, environment, HIV/AIDS	Gender, governance, HIV/AIDS, environment	Governance, gender, conflict, HIV/AIDS
Environmental assessment required	●	–	●
Operational Polices			
Adherence to aid effectiveness	●	●	●
Guidelines for DC (besides Nordic + guide)	–	–	(●)
Assessment tools for country analyses	–	(●)	(●)
Assessment tools for aid modalities	(●)	–	(●)
TA in capacity building highlighted	–	–	●
Organisation and Management			
Decentralisation	●	–	●
Decision-making in field	Unlimited based on annual plan	Less 100.000 EURO	Demands on level of head
Decisions in HO	MoU, budget support	All above 1.000.000 EURO	Demands on level of staff
Programme Management			
Partner responsible for programme development	●	–	–
Concept not required	●	–	●
Programme doc. LFA based	(●)	●	●
Organisational assessment tool	–	–	(●)
Budget assessment uses joint standard (WB etc.)	(●)	●	(●)
Independent appraisal required	● + 50 mio. NOK	–	–
Reviews required	● Mid-term & end 50 mio. NOK	–	–
Annual programme meeting required	(●)	–	–
Reporting and work plan minimum	● Annual	–	–
Completion report mandatory	●	●	●
Monitoring			
Result measurements linked to MDGs, PRSP, nat.sector monitoring	●	●	●
Evaluations follow DAC guidelines	●	●	–
Agreements			
Use of Nordic+JFA	●	●	●
Use of Treaty-language	●	–	●
Financial Management			
Budget calendar year and specify	● (Carry over the next) By country	● By sector in partner country	● By country
Cash (c)- or accrual (a) based accounting	c	c	a
Result management required	●	–	●
Audit by international standards	(●)	●	●
Prior disbursement on request	●	●	–
Anti-corruption analysis required	●	–	(●)
Accountability			
Clear guidelines for response to non-adherence to agreements	–	–	–

Sweden	The Netherlands	Denmark	Finland
●	●	●	●
●	●	●	●
●	●	●	●
–	Education, health, HIV/AIDS, environment and water	Agriculture, health, education, water/sanitation, transport, environment, business	–
Perspectives: the poor-rights Central components: Democracy and good governance, human rights and gender. Sustainable dev: environment, econom. growth, social development Others: conflict prevention, global common goods.	Sustainable development business sector, reproductive health, HIV AIDS, Governance	Cross-cutting: Gender, Governance, environment, Themes, globalisation, conflict, children and youth, HIV/AIDS	Gender, rights and equal participation of marginalized groups, environment
●	–	●	(●)
Operational Polices			
●	●	●	●
●	●	–	–
(●)	●	(●)	–
(●)	●	(●)	–
–	–	●	(●)
Organisation and Management			
●	●	●	(●)
Based on annual plan	Based on annual plan	Less 5 mio. DKK	Limited apart from pilot embassies
Budget support	Budget support	Over 10 mio. DKK to board	Main responsibility
Programme Management			
●	(●)	–	–
●	–	●	–
●	●	●	●
(●)	●	–	–
(●)	(●)	(●)	(●)
–	–	● +30 mio. DKK	●
–	●	●	(●)
–	–	●	–
–	●	● Annual	–
–	●	●	●
Monitoring			
●	●	●	●
●	●	●	●
Agreements			
●	●	●	●
●	–	(●)	●
Financial Management			
● By region	● By policy themes	● By country and sector	● Bileteral framework
c	c	a	a
●	●	●	–
●	●	●	●
●	●	●	●
●	–	(●)	●
Accountability			
–	●	–	–

	Denmark	Ireland	Norway
Receiving funds as a lead donor from other donors	A flexible approach would be used.	A flexible approach is possible. In practice this would include having a clear agreement with the other donors on the management of the funds, and accounting for the funds within the normal accounting systems of the Irish Aid.	A flexible approach. The preferred procedure is pre-payment into the embassy's general bank account for development cooperation.
Flow of funds	Generally a flexible approach can be used. The preference is pre-payment up to a maximum of 6 months subject to satisfactory financial reporting on previous periods and liquidity needs.	Prepayment initially based on cash flow projections and additional funds based on utilisation. By preference balances at 31 December each year should be minimised.	Pre-payment based on liquidity needs. Normally max. 6 months pre-payment.
Disbursement mechanisms and trigger	Generally a flexible approach can be used. Disbursement normally takes place 2-4 times per year based on approved work plan and budget.	Agreed proportion of each donor's funds per disbursement. Triggers based on reporting as specified in agreements. Prefers a maximum of twice yearly disbursements but can be flexible.	Evidence of need for further funds, e.g. through statement of bank balance. Semi-annual disbursements preferred.

Netherlands	Sweden	United Kingdom	Finland
Third-party accounts are used for funds received from another donor, or co-donor can channel funds to partner government directly upon request from lead.	Funds received from other donors are merged with Sida funds in the same account. End-year balances are treated as claims or debts in relation to the delegating donor.	Crown Agents Bank has been appointed to act for DFID in receiving contributions from other donors.	No final position yet on how funds received from another donor is managed, flexible approach.
Pre-payment based on liquidity needs and subject to satisfactory reports. Max. 12 months prepayment. Preferably/in principle in two instalments.	Pre-payment based on liquidity needs and subject to satisfactory accounts, usually 2-4 annual payments.	Where DFID is the lead donor, DFID will receive contributions from other donors as set out in the Arrangement for Delegated Cooperation.	Pre-payment based on liquidity needs and subject to satisfactory accounts, usually 2-4 annual payments.
Proportionality in the disbursements of the participating donors. The semi-annual disbursement of the grant will depend on the progress and performance of the activity. Transfer of the Dutch grant will be undertaken in semi-annual disbursement upon approval of written payment requests from the "lead" donor into the bank account of the lead. Actual instalments will be based on the planned implementation schedule, the liquidity needs for the next period of 6 month and the disbursement rates as reflected in the financial statements.	Proportionality in the disbursements of the participating donors.	The approach is negotiable. The arrangements will depend on the requirements of the activities being jointly funded.	The approach is negotiable. Disbursement normally takes place 2-4 times per year based on approved work plan and budget.

	Denmark	Ireland	Norway
Financial reporting	The requirements are flexible, but the Danish contribution in the reports should be specified. There are no specific requirements on formats, but financial and narrative reports are needed and should be linked (activity based reporting).	Must be specified in the agreement, but system must produce at least annual activity based Financial reports etc. ODI retains the right to ask for ad hoc reports if need arises, but this would be minimised.	The approach is negotiable, but the financial reporting should cover all finances and expenses of the Programme, not merely the Norwegian/donor's support. (Narrative reporting should be results oriented.) (As a general rule, the recipient must submit work plan and budget.)
Foreign exchange issues	Commitments are made in DKK, which means that the recipient carries the exchange rate risk. Gains are returned.	All commitments and payments made in Euro and the implementing agency carries the exchange rate risk. Any gains must be used for the benefit of the programme. All amounts held as lead donor, would be held and accounted for in Euro.	The Norwegian contribution is designated in Norwegian kroner, i.e. the recipient carries the exchange rate risk.
Treatment of interest accrued	Interest earned should normally be returned. In case it is difficult to establish the amount corresponding to the Danish contribution (e.g. basket and other multi-donor arrangements) exceptions can be made.	Interest earned can be used for the benefit of the programme.	Interest earned does not need to be returned, i.e. can supplement the programme/project.

Netherlands	Sweden	United Kingdom	Finland
As a silent partner in a delegated cooperation arrangement, the Dutch would refrain from specific reporting requirements. Minimal standard reporting requirements are an annual financial and narrative report. An audit opinion is required. The narrative report should contain sufficient detail to be able to provide an explicit substantive assessment of the activity in progress by means of rating. Every activity is rated on four main elements: 1. inputs (the contribution of the actors, both qualitatively and quantitatively). 2. outputs (results). 3. objectives. 4. sustainability.	Bi-annual reports used. Standard reporting requirements are one financial and one narrative report	The approach is negotiable. Reporting requirements on Finance should be specified in the Arrangement.	Standard reporting requirements are one financial and one narrative report specified in the programme/project agreement.
Corporate rates against the Euro are used and contracts can be concluded in any currency, which normally will be the currency of the recipient country. Netherlands thus assume the currency risk. Any gains or losses are administered by the Budgetary Affairs Department and are dealt with following the internal guidelines on the allocation of funds.	Commitments are made in SEK, which means that the recipient carries the exchange rate risk.	Commitments in £ are preferred but this is negotiable. Any surplus balances are usually re-invested in the programme/project.	All commitments and payments are preferably made in Euro, which means the recipient carries the exchange rate risk.
Supplements the project/ programme funds.	Interest earned should normally be returned. In case it is difficult to establish the amount corresponding to the Swedish contribution (e.g. basket and other multi-donor arrangements) exceptions can be made.	Any interest accrued is usually re-invested in the programme/ project.	In principle interest earned should be returned to the Treasury but can be re-invested in the programme/ project.

	Denmark	Ireland	Norway
Treatment of unspent balances	As a general rule unspent balances should be returned unless a renewed/amended agreement is put in place.	Unspent balances should be returned unless a renewed/ amended agreement is put in place.	Unspent balances must be returned unless otherwise agreed.
Procurement procedures	According to the Nordic+ Joint Procurement Policy (JPP). When JPP procurement option F (donor to procure) is used, procurement procedures strictly in accordance with the EU Procurement Directive should be used.	Procurement must be done in compliance with the procurement rules in operation in the purchasing organisation, and these rules must be of a standard comparable to WB or EU best practice.	Paris declaration. Nordic+ Joint Procurement Policy. OECD/DAC recommendation on untying aid.
Auditing conditions	International standards must be applied. The Danish Auditor General must have the right to do its own audit at all times. Audits are compulsory on all grants at the latest 6 months after the expiry of the financial year. The audit must be performed by certified auditors.	Irish Aid and Irish Auditor General must have right to audit. In practice the programme must produce a reliable, timely annual audit from an Auditor General or Professional Audit firm, including management letter that is made available to Irish Aid.	As a general rule all programmes shall be audited annually and be specified in the agreement. Other special audits may be agreed upon. International standards or national standards if consistent with international standards, shall be applied. The audit shall cover the total programme, not only the Norwegian contribution. Agreement/contracts must contain a reservation to permit Norwegian authorities to examine that funds are used as intended.

Netherlands	Sweden	United Kingdom	Finland
The principle is to return unspent funds to the Ministry of Foreign Affairs, but a case-by-case decision is made.	Unspent balances must be returned unless otherwise agreed, which is very rare.	Unspent balance should be returned to the donor/s on a proportional basis.	Unspent balance should be returned to the donor/s on a proportional basis, unless otherwise agreed.
As a first rule the World Bank 2004 Procurement Guidelines are used. Idem Denmark, but if joint analysis shows that the main procurement option is F (procurement by a donor) then EU rules come in or WB rules in case an agent is undertaking the procurement.	Procurement can be made with the partner countries own procurement guidelines if they are of international standard. "Sidas Procurement Guidelines" can be used if there are no other available.	International procurement practices used. Must be untied. DFID always complies with the EU Directives and the Nordic Plus Policy on joint procurement.	Procurement can be made with the partner countries own procurement guidelines if they are of international standard. Nordic+ Joint Procurement Policy shall be applied. When JPP procurement option F (donor to procure) is used, procurement procedures strictly in accordance with the EU Procurement Directive should be used.
Audits compulsory for activities above Euro 5 million, or where the organisational capacity is found to entail risks for the reliability of information. Audits by IFAC members following ISA. In developing countries, PWC, KPMG, E&Y, or D+T. Our policy is to strive towards single audit If the auditor who audits the implementing organisation's annual accounts is a member of IFAC, an internal audit is standard policy. Depending on the risks identified and any specific contribution conditions, an external audit will be required.	The main rule is that all projects shall be audited annually and be specified in the agreements. International standards must be applied. For the public sector INTOSAI for the private IFAC. Sida shall have the right to do its own audit at all times.	DFID needs evidence about the use of funds from the lead donor/s or the partner country's own audited accounts, or by special audited statements. Alternatively external auditors are hired to provide independent audit.	International standards for auditing must be applied. The main rule is that all projects shall be audited annually/ as agreed and be specified in the agreements. MFA/State Audit Office shall have the right to do its own audit at all times.

Nordic Plus Template for arrangements on delegated cooperation

This is a common template for arrangements on delegated cooperation adopted by the following Nordic Plus members: Denmark, DFID, Finland, Ireland, the Netherlands, Norway and Sida.

Together with the Nordic Plus Practical Guide on Delegated Cooperation the template is an important tool when Nordic Plus members enter into delegated cooperation arrangements. However, the template only serves as a starting point in the drafting process. It is important that the end result of the drafting process fits the particularities of each cooperation.

The Arrangement should preferably be entered into at ministry or agency level. If there are more Donors than two, insert the additional Donors' names in the heading. The template presupposes that the commitments between the Lead Donor and the Partner country are laid down in a "Programme Arrangement". Lead Donors who prefer entering into "Agreements" with the Partner country instead of "Arrangements" when being Lead Donor, should replace "Programme Arrangement" with "Programme Agreement" at relevant places in the template.

ARRANGEMENT ON DELEGATED COOPERATION
between
<Lead Donor>
and
<Co-Donor>
regarding
support to <name of programme>

WHEREAS the Government of <Partner country> (<Partner country>) has requested <name of donors> (the Donors) to support <name of Programme> (the Programme);

WHEREAS the Donors have decided to comply with the request, and wish to channel their support through <name of lead donor> (the Lead Donor), who will take on the responsibility of acting on behalf of <name of co-donor> (the Co-Donor) as specified in this arrangement on delegated cooperation (this Arrangement);

WHEREAS the Lead Donor will enter into an arrangement with <Partner country> (the Programme Arrangement) regarding support to and implementation of the Programme;

WHEREAS respect for human rights, democratic principles, the rule of law and good governance will form the basis of the cooperation and constitute essential elements of this Arrangement and the Programme Arrangement;

NOW THEREFORE the Donors have reached the following understanding:

→ The template is available as a word document in the pdf version of the Practical Guide. Download from www.norad.no

Paragraph I Scope and objectives

1.

This Arrangement sets forth common provisions and procedures for the delegated cooperation between the Donors regarding their support to the Programme. The objective of the Arrangement is to improve donor co-ordination and harmonisation through delegated cooperation, thereby reducing the administrative burden of <Partner country> and enhancing the efficiency of the Donors' development cooperation.

2.

The scope of the Programme as well as the provisions for the Donors' support to the Programme towards <Partner country> will be defined in the Programme Arrangement which the Lead Donor will enter into with <Partner country> [if applicable: (represented by its Ministry of)]. The Programme Arrangement will clearly state the Donors' co-financing of the Programme and the Lead Donor's authority to represent the Donors in accordance with this Arrangement. The Co-Donor will carry no responsibility or liability towards <Partner country> for the implementation of the Programme Arrangement.

The Lead Donor will submit a copy of the Programme Arrangement to the Co-Donor for information when the Programme Arrangement has been entered into. [Alternative: Before entering into the Programme Arrangement, the Lead Donor will submit a copy of the final draft Programme Arrangement to the Co-Donor for approval.] The same applies in respect of any amendments to the Programme Arrangement, which will also be subject to consultations, see Paragraph III, Section 3 below. Further, the Lead Donor will submit a copy of this Arrangement to <Partner country> as soon as it has been entered into.

The Programme Arrangement will be based on the principle of national ownership, and will cover at least the following issues:

- *the objectives of the Programme*
- *if requested by the Co-Donor or if the Netherlands is Co-Donor: A provision on respect for human rights and adherence to democratic principles, rule of law and good governance*
- *the maximum size of the Donor's total contributions (denominated in each Donor's national currency if preferred)*
- *disclaimer of liability towards the Partner country in respect of funds from the Co-Donor*
- *disbursement arrangements avoiding accumulation of funds (incl. any interests) with the Partner country*
- *implementation responsibilities, incl. procurement procedures (which should be based on the Joint Procurement Policy) anti-corruption provision*

- if Denmark is Co-Donor: “<Partner country> shall abide by the local laws and by applicable international instruments, including the UN Convention on the Rights of the Child and International Labour Organisation conventions. <Partner country> shall ensure that no one under 14 years of age or the age of the end of compulsory schooling in that area, whichever is lower, is engaged by <Partner country> or anyone working or acting under the authority of <Partner country> in the implementation of the Programme.”
- mechanisms for monitoring the use of funds and achievement of objectives, including financial and narrative reporting, audit and access to information
- reactions in case commitments are not fulfilled, including the possibility to suspend/withhold/reclaim funds in case of (serious) non-fulfilment of the terms of the Programme Arrangement from the side of the Partner country
- return of funds (incl. any interests) which remain unspent upon completion/termination duration.
- If Sida or the Netherlands are Co-Donors the period of activities and the period of the Programme Arrangement will be stated.

[If the Co-Donor requires a separate bilateral arrangement with Partner country: In addition to the above mentioned Programme Arrangement, the Co-Donor will enter into a separate arrangement/agreement with <Partner country> stating that the Co-Donor will contribute funds to the Programme on terms and provisions identical to those prescribed in the Programme Arrangement.]

3.

No offer, payment, consideration, gift or benefit of any kind, which could be regarded as an illegal or corrupt practice, has or will be made, promised, sought or accepted, neither directly nor indirectly, as an inducement or reward in relation to activities funded under this Arrangement, incl tendering, award or execution of contracts. Any such practice will be grounds for the immediate cancellation of this Arrangement and for such additional action, civil and/or criminal, as may be appropriate.

Paragraph II Contributions of the Donors

1.

The Donors will, subject to parliamentary appropriations, make total contributions not exceeding the following amounts (collectively referred to as the Contribution) exclusively to support the Programme in the period <insert>:

	<year>	<year>	<year>	Total
Lead Donor:	<currency> <amount>	<amount>	<amount>	<amount>
Co-Donor:	<currency> <amount>	<amount>	<amount>	<amount>

The annual breakdown is tentative.

2.

Upon completion of the Programme any remaining Programme funds on the bank account of the Lead Donor mentioned in Paragraph IV, Section 2, including any unspent interests and funds returned from <Partner country> according to the Programme Arrangement will be refunded on a proportional basis unless otherwise decided by the Donors.

Paragraph III Cooperation and representation

1.

The Lead Donor will administer the Contribution and follow-up the Programme towards <Partner country> in accordance with the stipulations in the Programme arrangement and the Lead Donor's prevailing general principles and guidelines for development assistance.

2.

The Lead Donor will promptly inform the Co-Donor of any event that interferes or threatens to interfere with the successful implementation of the Programme.

3.

The Lead Donor will consult with the Co-Donor in case fundamental changes which adversely affect the Programme occur and before making any decision of principle regarding the Programme, e.g. before suspension or termination of, or amendments to, the Programme Arrangement. [If required by the Co-Donor: The Lead Donor will obtain the Co-Donor's approval before withholding or reclaiming the Co-Donor's funds from <Partner country>. Further, for the avoidance of any doubt, the Lead Donor will not be authorised to cancel or terminate the bilateral arrangement/agreement (if any) entered into between the Co-Donor and <Partner country> according to Paragraph I, Section 2 above.]

4.

The Donors will meet once a year (the Annual Donor Meeting) no later than <specific point in time, e.g. a month or a number of weeks before Lead Donor’s annual meeting with Partner country> in order to discuss the progress of the Programme and the cooperation between the Donors. The documentation submitted according to Paragraph V will form the basis for the discussions. The meeting will be called and chaired by the Lead Donor. The Lead Donor will draft minutes from the meeting, and send the draft for comments and approval to the Co-Donor within <two> weeks after the meeting. Moreover, the Co-Donor may at any time request a meeting with the Lead Donor to discuss the progress and plans of the Programme and the cooperation between the Donors.

5.

Subject to applicable law the Co-Donor will be given access, whenever requested, to all documentation and information in the possession of the Lead Donor pertaining to Lead Donor’s administration of the Contribution and implementation of the Programme. Further, the Lead Donor will obtain from <Partner country> any information or documentation relating to the Programme that the Co-Donor may reasonably request.

6.

The entities competent to act on behalf of each of the Donors in matters related to this Arrangement are:

For the Lead Donor:
<office/embassy>
<address>

For the Co-Donor:
<office/embassy>
<address>

All communication in regard to this Arrangement will be directed to the above mentioned entities.

Paragraph IV Disbursements

1.

Disbursements from the Co-Donor to the Lead Donor will be made semi-annually depending on the progress and performance to date and the liquidity needs of the Programme the coming period of six months. Upon receiving disbursement requests from <Partner country> the Lead Donor will submit written disbursement requests to the Co-Donor. Such a request from the Lead Donor will contain the following information: <specify>.

Unless otherwise decided each Donor’s annual contribution to disbursements to <Partner country> will be proportional among the Donors.

2.

The Co-Donor will disburse its contribution to the Lead Donor’s bank account upon approval of the disbursement requests from the Lead Donor. The Lead Donor will immediately in writing acknowledge receipt of the contribution. Upon receiving the Co-Donor’s contribution, the Lead Donor will disburse the contributions to <Partner country>.

[Alternative disbursement paragraph when DFID is Lead Donor:

1. Disbursements for the Programme from the Co-Donor will be made semi-annually depending on the progress and performance to date and the liquidity needs of the Programme for the coming period of six months. Unless otherwise decided each Donor’s annual contribution to disbursements to <Partner country> will be proportional among the Donors. 2. CA Bank is the Lead Donor’s banker to hold and disburse the Co- Donor’s funds. The Lead Donor will make disbursement requests to the Co-Donor when contributions are payable. The Co-Donor will pay its contribution to the Programme account held for the Lead Donor by CA Bank. The Lead Donor will advise the Co-donor of the details of the account to be credited. The Lead Donor will confirm receipt of the Co-donor’s contributions and arrange payment for the Programme.

Paragraph V Reporting

1.

Within <number> weeks before the Annual Donor Meeting the Lead Donor will submit to the Co-Donor for information a copy the following documentation which the <Partner country> has submitted for the forthcoming meeting with the Lead Donor:

- the annual progress report,
- the annual financial statement,
- the audit report of the preceding fiscal year,

Within the same dead line the Lead Donor will submit to the Co-Donor for information:

- Lead Donor's assessment of the above mentioned documentation,
- Lead Donor's draft mandate for the meeting with <Partner country>, highlighting key issues and strategic matters which the Lead Donor plans to discuss with <Partner country>.

The above-mentioned provisions will apply correspondingly to the final report, the final financial statement and the final audit report from <Partner country>.

2.

The Lead Donor will further submit to the Co-Donor for information, as soon as it is available, a copy of the agreed minutes from the annual meeting with <Partner country>.

3.

If a review or evaluation of the Programme is carried out, the following will be submitted to the Co-Donor for information:

- prior to the review/evaluation a copy of the draft Terms of Reference,
- a copy the review/evaluation report, any comments by the <Partner country> to the report, the Lead Donor's assessment of the report
- and suggestions to any follow-up actions.

Within <set date/month, e.g. 3 months after the end of the Lead Donor's fiscal year> each year the Lead Donor will submit to the Co-Donor a financial statement showing, as per the end of the previous fiscal year, funds received from the Co-Donor, funds disbursed to <Partner country>, each Donor's contribution to the disbursements and the balance of the Contribution carried over to the following year. The financial statement will be in <currency>. Further, the Lead Donor will submit to the Co-Donor a copy of any audit report pertaining to the bank account mentioned in Paragraph IV, Section 2 above.

Paragraph VI Reservations

1.

The Donors will do their utmost to reach a joint position on how to handle the matter if one or more of the Donors are of the opinion that its contribution has not been, or will not be, used and/or accounted for by <Partner country> as described in the Programme Arrangement, including if one or more of the Donors are of the opinion that political changes which would negatively affect the achievement of the goal and objectives of the Programme have occurred. The Donors may decide, without affecting other actions, that the Lead Donor will:

- withhold/suspend any future disbursements to <Partner country> ,
- reclaim all or part of the funds already disbursed to <Partner country> and/or
- cancel the Programme Arrangement and this Arrangement.

2.

If the Donors are unable to reach a joint position on how to handle the matter, each Donor may, without affecting other actions:

- withhold/suspend any future disbursements to the Lead Donor,
- reclaim any contribution transferred to the Lead Donor, but not yet disbursed to <Partner country> and/or
- request, in respect of its contribution, that the Lead Donor takes any such action as mentioned in Section 1 above towards <Partner country>.

3.

[If the Netherlands or Denmark is Co-Donor: If a political situation in <Partner country> should arise which in the opinion of the Co-Donor could negatively affect the attainment of the objectives of the Programme, the Co-Donor reserves the right, after consultations with the other Donor(s), to withhold or suspend disbursements to <Partner country> from its contribution with immediate effect as well as to terminate this Arrangement upon <four> months written notice. Any disbursements of the Co-Donor's contribution to <Partner country> during such notice period will be subject to approval by the Co-Donor.]

4.

If the Lead Donor does not fulfil its commitments according to this Arrangement, each Co-Donor may, after consultations with the Lead Donor, without affecting other actions:

- Withhold/suspend any future disbursements,
- reclaim all or part of funds already disbursed to the Lead Donor and/or
- cancel this Arrangement.

In respect of funds already disbursed or irrevocably committed to <Partner country> or any other third party in accordance with this Arrangement, the Lead Donor's repayment to the Co-Donor will be limited to the amount repaid by <Partner country> or such third party.

5.

The Lead Donor will inform <Partner country> immediately in writing of any action as referred to in this paragraph, and will take any necessary actions in respect of the Programme Arrangement, including (partially) cancel the Programme Arrangement.. In case of cancellation of this Arrangement by one or more of the Donors, the Donors will consult with each other on how to bring the Arrangement to an orderly end in respect of the cancelling Donor(s). Any amount corresponding to the contribution by the cancelling Donor(s) which remains unspent by <Partner country> will be returned to that/those Donor(s) immediately and unconditionally unless otherwise decided by the Donors. In respect of unspent funds in the possession of <Partner country> the Lead Donor will exercise its best efforts in reclaiming the cancelling/ reclaiming Donor's contribution from <Partner country>. However, the Lead Donor will not cover/reimburse any amounts which are not repaid by <Partner country> or which have been irrevocably committed in good faith to any third party.

Paragraph VII Duration – Disputes

1.

The delegated cooperation under this Arrangement will start on the date it is signed by the Donors, and will end on <date> unless the Donors decide to change the date.

2.

Each Donor may terminate this Arrangement upon <four> months written notice to the other Donors. Paragraph VI, Section 5 will apply accordingly.

3.

If any dispute arises relating to the implementation or interpretation of this Arrangement, the Donors will consult with a view to reaching a solution.

The undersigned have signed the Arrangement in <two> originals in the <English> language.

Date the <number> day of <month> of <year>.

For <name of lead donor>

For <name of co-donor>

<name in type/block letters>
<title>

<name in type/block letters>
<title>

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