

GENERAL ARRANGEMENT ON COOPERATION

between

**the Minister for Development Cooperation
of the Kingdom of Belgium**

and

the Dutch Minister for Development Cooperation

WHEREAS the Belgian Federal Public Service Foreign affairs, Foreign trade and Development cooperation, represented by the General Directorate for Development Cooperation (hereafter referred to as DGOS) and the Netherlands Minister for Development Cooperation (hereafter referred to as DGIS) more and more cooperate in the financing of development activities of common interest and have the intention to intensify their cooperation;

WHEREAS DGOS and DGIS (hereafter referred to as the Donors) are determined to improve donor harmonisation and cooperation, thereby reducing the administrative burden and transaction costs of partner countries and enhancing the efficiency of their development cooperation;

WHEREAS DGOS and DGIS have decided to jointly cooperate by channeling their support from one of the Donors (then referred to as the Co-Donor) through the other Donor (then hereafter referred to as the Lead Donor) and where the Lead Donor will take on the responsibility of acting on behalf of the Co-Donor in accordance with this General Arrangement and the subsequent special arrangement for specific activities (hereafter referred to as Administration Arrangement);

WHEREAS DGOS and DGIS may decide to various forms of development cooperation activities under this General Arrangement, and one donor can act on behalf of the other donor in all aspects and all phases of a country programme, budget support or sector programme or project in the way provided in this General Arrangement;

WHEREAS the Lead Donor is responsible for the execution and implementation of these specific activities, including possible selection, contracting and management of an implementing

organisation (hereafter Implementing Organisation) for the execution of (part of) a specific joint activity financed by the Donors under this General Arrangement;

WHEREAS DGOS and DGIS acknowledge the specific organisational setting of the Belgian development cooperation, and DGOS or DGIS do not intend this General Arrangement to interfere with the way Belgium has organised its internal structures in respect of Belgian direct bilateral cooperation with partner countries, which is a matter of Belgian internal affairs, and DGOS declares it takes full responsibility for the way its organisational structure is dealt with in case of a specific cooperation and the possible legal consequences that result from this;

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 General Arrangement and the Administration Arrangement;

NOW THEREFORE DGOS and DGIS have come to the following mutual understanding:

Paragraph 1 Objectives and scope

1. This General Arrangement sets forth the common provisions and procedures for the cooperation between the Donors regarding their joint support to a joint activity, including but not restricted to projects, budget support and sector support under this General Arrangement (hereafter a Programme).
2. This General Arrangement applies to all cooperation that will be established between the Donors and the Implementing Organisation(s) after the date of signature of this General Arrangement.
3. Each Programme will be arranged by the Donors through an Administration Arrangement. The Administration Arrangement will be drawn up on the basis of the format attached to this General Arrangement as Annex I. Support to a Programme can include the identification, formulation, the implementation or management as well as the evaluation of a Programme. Both Donors agree on the principle that fees for the management of a Programme by a possible Implementing Organisation will be decided upon in the Administration Arrangement.
4. The scope of the Programme as well as the provisions for the Donors' support to the Programme will for each Programme be defined in a Programme Arrangement to be concluded with the recipient country. The Programme Arrangement will clearly state the Donors cofinancing of the Programme and the Lead Donor's role in representing the Donors in accordance with this General Arrangement. The Programme Arrangement will be based on the principle of national ownership, and will cover at least the following issues:
 - i. The objectives of the Programme;
 - ii. A provision on respect of human rights and adherence to democratic principles, rule of law and good governance;
 - iii. The maximum size of the Donor's total contributions;
 - iv. Disclaimer of liabilities in respect of funds from the Co-Donor;

- v. Disbursement arrangements avoiding accumulation of funds (including any interest) with the partner country, or after payment to an Implementing Organisation;
 - vi. Implementing responsibilities, incl. procurement procedures (which will in any case be in line with applicable national and international procedures, laws, directives and regulations, and at the same time reflect the commitment of donors to use country systems and procedures to the maximum extent possible);
 - vii. Anti-corruption provision;
 - viii. Mechanisms for monitoring the use of funds and achievement of objectives, including financial and narrative reporting, audit and access to information;
 - ix. The period activities will be stated;
 - x. 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;
 - xi. Return of funds (incl. any interests) which remain unspent upon completion/termination duration.
5. The Lead Donor may commission an Implementing Organisation for the execution of (a part of) the Programme. The Lead Donor will take responsibility for procurement, contracting and contract management of the Implementing Organisation in accordance with its national law including the applicable EU law. The Lead Donor will react in accordance with its principles, guidelines and procedures in case commitments are not fulfilled by this Implementing Organisation, including the possibility to suspend/withhold/reclaim funds in case of (serious) non fulfilment of the terms of the commissioning from the side of the Implementing Organisation and ensure return of funds which remain unspent upon completion/termination/duration. In respect of funds already disbursed by the Implementing Organisation to a partner country, or of irrevocably committed by the Implementing Organisation to another third party in accordance with this General Arrangement, the Lead Donor's repayment will be limited to the amount repaid by the partner country or such third party as described in paragraph 6 of this General Arrangement.
 6. The Lead Donor will submit a copy of the Administration Arrangement to the recipient country and the Implementing Organisation as soon as it has entered into effect. On request the Lead Donor will submit a copy of the commission contract with the Implementing Organisation regarding the Programme to the Co-Donor.
 7. The Co-Donor will carry no responsibility or liability towards third parties for the implementation of the Programme. DGIS will not carry responsibility or liability towards third parties for the consequences of the Belgian organisational structure, in general or in a specific cooperation of DGOS and DGIS nor for possible legal consequences that result from this.
 8. 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 directly or indirectly under this General Arrangement, incl tendering, award or execution of contracts. Any such practice will be grounds for the immediate cancellation of this General Arrangement and specific Administrative Arrangements. The Donors will take swift legal action to stop, investigate and if necessary prosecute - in accordance with its applicable law - any person or organisation sus-

pected of misuse of resources or corruption.

9. The Donors will promptly inform each other of any instances of corruption and of the measures taken as referred to in the previous sub-paragraph.

Paragraph 2 Contributions of the Donors

10. All Programmes will be –apart from possible other sources- be financed by both DGOS and DGIS. The Donors will, subject to parliamentary appropriations, make total contributions not exceeding the respective amounts specified in the Administration Arrangement, exclusively to support the Programme. The scheduled annual breakdown of the contributions in the Administration Arrangement is tentative.
11. Upon completion of the Programme any remaining programme funds, including any unspent interests and funds returned by third parties, will be refunded by the Lead Donor on a proportional basis, unless otherwise decided by the Donors.

Paragraph 3 Cooperation and representation

12. The Lead Donor will administer the total contributions of the Donors (collectively referred to as the Contribution) and follow-up of the Programme
 - *(if no Implementing Organisation is contracted)* towards the partner country in accordance with the stipulations in the Programme Arrangement and the Lead Donor's prevailing general principles and guidelines for development assistance;
 - *(if an Implementing Organisation is contracted)* towards the Implementing Organisation (including possible third parties) and Partner Country in accordance with the stipulations in the contract with the Implementing Organisation and with the Lead Donor's general principles and guidelines for bilateral development assistance.
13. The Lead Donor will inform the Co-Donor promptly of any event that interferes or threatens to interfere with the successful implementation of the Programme.
14. The Lead Donor will consult with the Co-Donor in case fundamental changes occur which adversely affect the Programme and before making any decision of principle regarding the Programme, e.g. before suspension or termination of, or amendments to, the Programme Arrangement or the contract with the Implementing Organisation.
15. The Donors will meet at least once a year no later than the date specified in the Administration Arrangement in order to discuss the progress of the specific Programme and the cooperation between the Donors. The Donors will discuss the progress of the Programme and the cooperation between the Lead Donor and Co-Donor and, if applicable, the Implementing Organisation. The annual donor meeting will be called upon in the country in which the programme is implemented 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.

16. The Co-Donor may at any time request a meeting with the Lead Donor to discuss the progress and plans of a specific Programme and the cooperation between Donors.
17. 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 the administration of the Contribution and implementation of the Programme. Further, the Lead Donor will obtain from the partner country and the Implementing Organisation any information or documentation relating to the Programme that the Co-Donor may reasonably request.
18. For this General Arrangement the entities competent to act on behalf of each of the Donors in matters related to this General Arrangement are:

For DGOS: The Director-General

For DGIS: the Director General for International Cooperation

19. The Administration Arrangements for a specific Programme concluded under this General Arrangement will be signed by:
- For DGIS: the Ambassador of the Kingdom of the Netherlands accredited to the country in which the Programme is implemented, or any other representative who is authorized to sign on behalf of DGIS, and
 - For DGOS: the Ambassador of the Kingdom of Belgium accredited to the country in which the Programme is implemented, or any other representative who is authorized to sign on behalf of DGOS

All correspondence pertaining to the Administration Arrangement will be addressed to the mentioned representatives.

Paragraph 4 Disbursements

20. The first instalment(s) as specified in the relevant Administration Arrangement will be deposited promptly after receipt by the Co-Donor of the countersigned and dated Administration Arrangement and a payment request from the Lead Donor.
21. The amount of the subsequent disbursements from the Co-Donor to the Lead Donor will be decided upon on a yearly basis during the Annual Donor Meeting, and will depend on the progress and performance to date and the liquidity needs of the Programme for the following year. The disbursements for a specific year will be transferred in one or two semi-annual instalments.

Upon receiving disbursement requests from the partner country and/or the Implementing Organisation the Lead Donor will submit written disbursement requests to the Co-Donor. Such a request from the Lead Donor will contain the information specified in the Administrative Arrangement.

22. Unless otherwise decided each Donor's annual contribution to disbursements will be proportional among the Donors.
23. The Co-Donor will disburse its contribution to the bank account indicated by the Lead Donor upon approval of the disbursement requests from the Lead Donor. The Lead Donor may request

the Co-Donor to disburse funds directly to the Implementing Organisation. This arrangement will be specified in the Administrative Arrangement.

24. A written acknowledgement of receipt of a contribution will be sent by the Lead Donor to the Co-Donor immediately.

Paragraph 5 Reporting

25. The Lead Donor will provide the Co-Donor as soon as possible, but at least within two weeks before the Annual Donor Meeting, with the following reports (that may have been submitted by the partner country and/or Implementing Organisation):

Report
Annual work plan with budget for the subsequent fiscal year
Annual progress report
Annual financial statement

In the Administrative Arrangement regarding a specific Programme Donors may jointly decide to provide an annual audit report.

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

- Lead Donor's assessment of the above mentioned documentation (insofar as this documentation has not been submitted by the Lead Donor but by the partner country and/or Implementing Organisation);
- Lead Donor's draft instructions for the meeting with the partner country and Implementing Organisation, highlighting key issues and strategic matters which the Lead Donor plans to discuss with the partner country and/or the Implementing Organisation.

The Lead Donor will further submit to the Co-Donor for information, a copy of the agreed minutes from any meeting concerning the activity with the partner country and/or Implementing organisation.

26. The Lead Donor will submit the following to the Co-Donor for information if a review or evaluation of the Programme is carried out:

- Prior to the review/evaluation a copy of the draft Terms of Reference (the Donors may jointly decide to deviate from this duty in the Administrative Arrangement);
- a copy of the review/evaluation report;
- any comments by the partner country and Implementing Organisation to the report;
- Lead Donor's assessment of the report and suggestions to any follow-up actions.

27. The Lead Donor will provide the Co-Donor each year within 3 months after the end of the Lead Donor's fiscal year with a financial statement showing, as per end of the previous fiscal year, funds disbursed by the Co-Donor, funds spent, 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 EURO.

28. The Lead Donor will provide the Co-Donor Donor within 3 months after the end of the Programme with the following report:

Final substantive and financial report about the Programme
Final audit report about the Programme

In the Administrative Arrangement regarding a specific Programme Donors may jointly decide to deviate from the duty to provide the above mentioned final substantive and financial report.

29. In addition the Lead Donor will provide, upon request from the Co-Donor, an audit report on a specific Programme under this General Arrangement, issued by the Lead Donor's auditors. In such case, the Donors will agree on the most appropriate scope and terms of reference of such audit. The costs of such audits will be borne by the Co-Donor.

Paragraph 6 Reservations

30. The Donors will do their utmost to reach a joint position on how to handle the matter if one or both of the Donors are of the opinion that its contribution has not been, or will not be, used and/or accounted for by the partner country and/or Implementing Organisation as described in this General Arrangement, a specific Administration Arrangement or the Programme including if one or both of the Donors are of the opinion that political changes have occurred which would negatively affect the achievement of the goal and objectives of the Programme. The Donors may decide, without affecting other actions, that the Lead Donor will:
- suspend the implementation of the Programme;
 - withhold/suspend any future disbursements to the partner country and/or the Implementing Organisation;
 - reclaim all or part of the funds already disbursed to the Implementing Organisation and/or partner country; and/or
 - cancel the Programme and/or the activities of the Implementing Organisation regarding the Programme and the Administration arrangement (11).
31. If the Donors are unable to reach a joint position on how to handle the matter, the Co-Donor may, without affecting other actions:
- withhold/suspend any future disbursements;
 - reclaim any contribution transferred to the Lead Donor, but not yet disbursed; and/or
 - request, in respect of its contribution, that the Lead Donor takes any such action as mentioned above under 30 towards the partner country and/or Implementing Organisation in accordance with the Lead Donor's procedures for development cooperation.
32. If a political situation should arise in a country where the Programme is being implemented 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 Lead Donor, to withhold or suspend disbursements from its contribution with immediate effect as well as to terminate the delegated cooperation upon four months written notice. DGIS and DGOS will

consult on the correct termination of the cooperation in this case and the financial wrap up after this termination.

33. If the Lead Donor does not fulfil commitments according to this General Arrangement or an Administration Arrangement, the 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 and/or
- cancel the Administration Arrangement and/or this General Arrangement.

In respect of funds already disbursed or irrevocably committed to the partner country, Implementing Agent 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 the partner country, the Implementing Organisation or such third party.

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

Paragraph 7 Duration and disputes

35. This General Arrangement enters into effect at the date it is signed by the Donors. The cooperation will end after five years, and be renewed automatically for the same period (14), unless one of the Donors decide to terminate the general arrangement upon one years notice. The General Arrangement remains into effect with respect to the Specific Arrangements that are signed before termination of the General Arrangement.
36. DGIS and DGOS will consult at the request of each other on all matters arising out of this General Arrangement and on other matters of common interest to them. In order to promote a regular exchange of information, DGIS and DGOS will hold consultations at least once a year at headquarter level.
37. Each Donor may terminate an Administration Arrangement upon four months written notice to the other Donor. Paragraph 6 section 33 will apply accordingly.

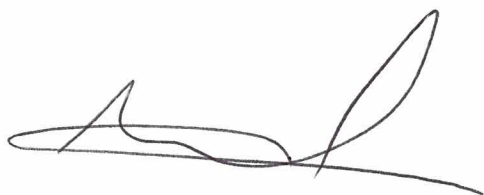
38. If any dispute arises relating to the implementation or interpretation of this General Arrangement or an Administration Arrangement the Donors will consult with a view to reaching a solution.

39. This General Arrangement does not create any rights or obligations under international law.

The undersigned have signed this General Arrangement in two originals in the English language.

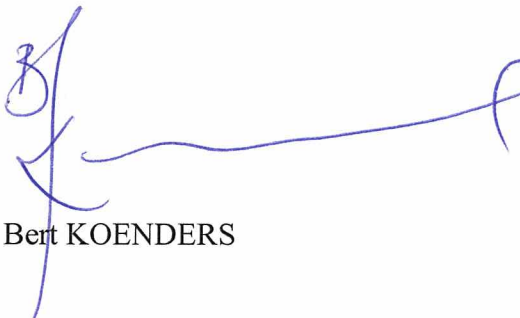
Date *November 2nd, 2009*

The Belgian Minister for
Development Cooperation



Charles MICHEL

The Dutch Minister for Development
Cooperation



Bert KOENDERS