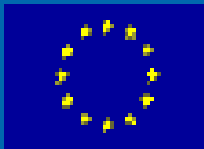


Conference on Donor Coordination in the Western Balkans and Turkey

2-3 April 2009

Delegated co-operation and co-financing

1

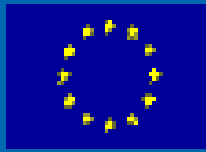


Overarching objectives



- Reduce costs of donor fragmentation through
- Better division of labour between donors
- Pooling of donor resources
- EC as main donor can make a significant contribution
- IPA provides all the toolkits

2



Delegated co-operation mechanisms



Increased possibilities to work with other donors in external aid instruments under the Financial Regulation (FR)

- To other agencies
 - Joint Management
 - Indirect Centralised Management
 - Centralised Management - Transfer of funds from other donors

- To the beneficiary country
 - Decentralised Management (not covered in this presentation)

3



Delegating management



Criteria for delegated co-operation

- presence in the field
- experience in the country, sector or context
- trust and confidence of partner governments and donors
- technical expertise and specialization
- volume of aid, at country or sector level
- capacity to enter into new/forward looking policies/ sectors
- capacity to react quickly and/or long term predictability
- efficiency of methods, procedures, quality of human resources
- relatively better performance
- lower cost compared to other donors with adequate quality
- building new experience and capacities as a emerging donor



Who can manage the funds?



- International Organisations, EIB, EIF, EBRD (Joint Management)
- Public or private entities with public-service mission from a Member State or other third country (Indirect Centralised Management)
- Beneficiary country (Decentralised Management)
- European Commission (Transfer of funds)
- Choice of entity determines:
 - Method of Management
 - Procedures
 - Legal instrument: Contribution Agreement, Delegation Agreement, Financing Agreement, Transfer Agreement

5

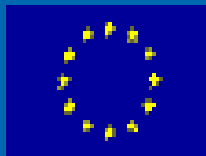


Methodology



- Decision early in the process of programming - Entity and method of management must be indicated in the EC Financing Decision
- Prior verifications by the Commission: assessment of systems for accounting, internal control, audit, procurement
- Choice of procurement procedures to be applied
- Actions implemented under Joint or under Indirect Centralised Management are co-financed (in exceptional cases, full EC financing by the Commission is possible)

6

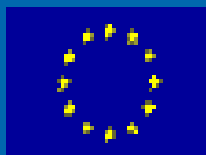


Joint Management



- Based on a long-term framework agreement between European Commission and International Organisation laying down administrative and financial arrangements for cooperation (e.g. FAFA, WB, OSCE, OECD, Council of Europe, IMF), or
- The Commission and the IO elaborate a joint project or programme, or
- Funds of donors are pooled and are not earmarked for specific items or categories of expenditure (multi-donor actions)

7



Indirect Centralised Management



- Management of IPA funds entrusted to public or private bodies with public-service mission of an EU Member State
- EX ante assurance by the EC of the entity's capacity to manage EC funds is a pre-condition for delegating implementation tasks (6 pillars assessment)
 - Finalised assessments : AFD, GTZ, SONA, BTC, ADA, KfW
 - Ongoing assessments: DFID, NL Ministry of Foreign Affairs, IPAD, Lux-Development SA, Ministry of Foreign Affairs of Finland, Danish Ministry of Foreign Affairs

8

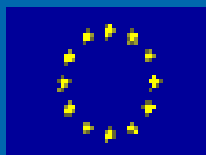


Indirect Centralised Management



- Evaluation of proposals of Member States bodies/agencies for project implementation
- Clear and non-discriminatory selection criteria, to select the body that will maximise effectiveness of programme/project, such as:
 - Presence of potential delegated body in the country
 - Experience in the sector concerned
 - Level of co-financing provided by the potential delegated
 - Level of management fees (value for money)

9



Transfer of funds from other donors



- Member States and other donor countries, including their public and parastatal agencies, or from International Organisations
- Can make financial contributions to certain external aid projects or programmes financed by the Community
- Funds will be managed by the Commission on their behalf

More information at:

http://ec.europa.eu/europeaid/work/procedures/implementation/international_organisations/index_en.htm

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