

Template for Delegated Cooperation Agreement (DCAR)

An Additional Help for ADS Chapter 351

 New Edition Date: July 31, 2012

 Responsible Office: GC/A&A

 File Name: 351sab\_073112

**[ARRANGEMENT][[1]](#footnote-1) ON DELEGATED CO-OPERATION**

**Between**

**The [*NAME OF BILATERAL DONOR]***

**(as Lead Donor)
and**

**The United States Agency for International Development, “USAID” (as Co-Donor)**

**Regarding support to**

**[*NAME OF THE PROGRAM]***

**[*Red* *Italicized text* = Mandatory text[[2]](#footnote-2)]**

WHEREAS the Government of [*Name of the Partner Country*] has requested the assistance of the signatories hereto (the Donors)[[3]](#footnote-3) to support [*Name of the Program*] (the Program);

WHEREAS the Donors have decided to comply with the request, and wish to channel their support through [*Name of the Lead Donor*] (the Lead Donor), who will take on the responsibility of acting on behalf of the United States Agency for International Development (USAID or the Co-Donor) as specified in this arrangement on delegated cooperation (this [Arrangement][[4]](#footnote-4));

WHEREAS the Lead Donor will enter into an [arrangement] with [*Name of the Partner Country*] (the Program [Arrangement][[5]](#footnote-5)) regarding support to and implementation of the Program;

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;

NOW THEREFORE the Donors [have reached the following understanding][[6]](#footnote-6):

**Paragraph I Scope and Objectives**

**1.** This Arrangement sets forth common provisions and procedures for the delegated co-operation between the Donors regarding their support to [*Name of the Program*]. The objective of the Arrangement is to improve donor co-ordination and harmonization through delegated co-operation, thereby reducing the administrative burden on the Government of [*Name of the Partner Country*] and enhancing the efficiency of the Donors’ development cooperation.

# **2.** The scope of the [*Name of the Program*], as well as the provisions for the Donors’ support to the [*Name of the Program*] towards the Government of [*Name of the Partner Country*], [is defined/will be defined] in the Program Arrangement which the Lead Donor [has entered/will enter] into with the Government of [*Name of the Partner Country*] [if applicable: (represented by its Ministry of …….)]. The Program Arrangement will clearly state the Donors’ co-financing of the Program 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 the Government of [*Name of the Partner Country*] for the implementation of the Program Arrangement.

# The Lead Donor [will provide/provided] a copy of the Program Agreement to the Co-Donor for informational purposes. [Alternative: Before entering into the Program Arrangement, the Lead Donor will submit a copy of the final draft Program Arrangement to the Co-Donor for approval.] The same applies in respect of any amendments to the Program Arrangement, which will also be subject to consultations, see Paragraph III, Section 3. Further, the Lead Donor will submit a copy of this Arrangement to the Government of [*Name of the Partner Country*] as soon as it has been entered into.

The [Arrangement] is based on the principle of national ownership, and [covers/will cover], as amended, at least the following:

• The objectives of the Program;

• The maximum size of the Donors’ total contributions (denominated in U.S. dollars or each Donors’ national currency) to the Program;

• Disclaimer of liability towards the Government of [*Name of the Partner Country*] in respect of funds from the Co-Donor;

• Disbursement arrangements avoiding accumulation of funds (including any interest) under the Program;

• Implementation responsibilities, including procurement procedures (which should be based on the Joint Procurement Policy) and anti-corruption provisions;

• Recipients under the Program shall abide by the local laws and any applicable international instruments, including the [*List Any Applicable International Conventions]*.

• 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-fulfillment of the terms of the Program;

• Return of funds (including any interest on such funds) which remain unspent upon completion/termination duration; and

• Exemptions from custom duties, taxes, and other related charges pertaining to funds spent in furtherance of the Program, as well as exempt the commodities from all prohibition and restrictions on import or export.

**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 including 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 the availability of funds under the relevant financial, legal and regulatory provisions and procedures of each Donor [and the Government of [*Name of the Partner Country*]], and to the agreement of such Donor to proceed, make total contributions not exceeding the amounts set forth below (collectively referred to as “the Contribution”) exclusively to support the Program during the calendar year next to such contribution.

**2.** *USAID Grant. USAID, pursuant to the Foreign Assistance Act of 1961, as amended, hereby grants to the Lead Donor under the terms of this Agreement an amount not to exceed [Insert the $ amount of the USAID contribution for the first calendar year in words] United States ("U.S.") Dollars ($[Insert the $ amount of the USAID contribution for the first calendar year in numbers]) (the "Grant"). USAID's total estimated contribution under this Agreement will be [Insert the total anticipated $ amount of the USAID contribution over the life of project in words] U.S. Dollars ($[Insert the total anticipated $ amount of the USAID contribution over the life of project in numbers]), which will be provided in increments. Subsequent increments will be subject to the availability of funds to USAID for this purpose and the mutual agreement of the Donors, at the time of each subsequent increment, to proceed.*

**Contributions to the Program, [*Years*]**

**(*in* [*Currency*]*)***

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Calendar Year** | **[Lead Donor]** | **USAID****(USD)** | **Co-Donor (if applicable)** | **Co-Donor (if applicable)** | **Co-Donor (if applicable)** |
| 20XX |  |  |  |  |  |
| 20XX |  |  |  |  |  |
| 20XX |  |  |  |  |  |
| 20XX |  |  |  |  |  |
| 20XX |  |  |  |  |  |
| 20XX |  |  |  |  |  |
| 20XX |  |  |  |  |  |
| **Totals**  |  |  |  |  |  |

The annual breakdown is tentative.

**2.** Upon completion of the Program, any remaining Program funds in the bank account of the Lead Donor mentioned in Paragraph IV, Section 2, including any unspent interest and funds returned from the Government of [*Name of the Partner Country*] 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 Program with the Government of [*Name of the Partner Country*] in accordance with the stipulations in the Program Agreement and the Lead Donor’s prevailing general 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 Program.

**3.** The Lead Donor will consult with the Co-Donor in case fundamental changes which adversely affect the Program occur and before making any decision of principle regarding the Program, *e.g.* before suspension or termination of, or amendments to the Program Agreement. The Lead Donor will obtain the Co-Donor’s approval before withholding or reclaiming the Co-Donor’s funds made under the Program.

# **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, as applicable*] in order to discuss the progress of the Program 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 Program 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 the Government of [*Name of the Partner Country*] any information or documentation relating to the Program 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: For the Co-Donor:

[*LEAD DONOR NAME*] USAID/[*NAME OF OPERATING UNIT*]

[*ADDRESS]*  [*ADDRESS]*

[*E-MAIL*] [*E-MAIL*]

All communications 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 depending on the progress and performance to date and the liquidity needs of the Program. 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. Unless otherwise agreed to in writing, all disbursed funds from the Co-Donor to the Lead Donor will be held in non-interest bearing accounts. The Lead Donor will immediately in writing acknowledge receipt of the contribution.

[*Alternative disbursement Paragraph IV 1. and 2. when DFID is Lead Donor*:
**1.** Disbursements for the Program from the Co-Donor will be made depending on the progress and performance to date and the liquidity needs of the Program. Unless otherwise decided, each Donor’s annual contribution to disbursements will be proportional among the Donors.

**2.** [XX] 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 Program account held for the Lead Donor by [XX] 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 Program.]

**Paragraph V Reporting**

**1.** The Lead Donor agrees to cause to be performed an annual audit of the Program. The Lead Donor will maintain books, records, documents and other evidence in accordance with the Lead Donor’s usual accounting procedures in order to sufficiently substantiate charges to the Co-Donor’s funds under this Arrangement. Auditing of accounts shall at all times be in accordance with [International Standards of Auditing] [audit standards issued by the International Organization of Supreme Audit Institutions] [*other*]. The Lead Donor agrees to furnish copies of these audit reports to the Co-Donor, along with such other related information, records, and documents supporting expenditure of Co-Donor funds that the Co-Donor may reasonably request with respect to questions arising from any audit report.

Additionally, the Lead Donor shall conduct a final evaluation of the Program using the Donors’ Program funds. Additional periodic reviews of all or parts of the Program will be conducted as required by the Lead Donor.

By [*Specify Date*] of every year and before the first annual Donor Meeting, the Lead Donor will submit to the Co-Donor for information a copy of the following documentation:

• The annual progress report;

• The annual financial statement; and

• The annual audit report, which will report amounts of funds, if any, used to pay any customs duties or finance value-added taxes on commodities under the Program (and USAID’s proportion of such amounts).

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

• The Lead Donor’s assessment of the above-mentioned documentation; and

• The Lead Donor’s draft agenda for the meeting highlighting key issues and strategic matters which the Lead Donor plans to discuss with Co-Donor on the Program.

The above-mentioned provisions will apply correspondingly to the final report relating to the Co-Donor’s contribution.

# **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 Donors’ Meeting.

**3.** If a review or evaluation of the Program 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; and

• A copy of the review/evaluation report, any comments by the Government of [*Name of the Partner Country*] on the report, the Lead Donor’s assessment of the report, and suggestions of any follow-up actions.

Within six months after the end of the calendar year, the Lead Donor will submit to the Co-Donor an audited financial statement showing, as per the end of the previous fiscal year, funds received from the Co-Donor, funds disbursed under the Program, 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 [*Specify 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 the Program, 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 Program have occurred. The Donors may decide without affecting other actions that the Lead Donor will:

• Withhold/suspend any future disbursements to be made under the Program;

• Reclaim all or part of the funds already disbursed through the Program; and/or

• Cancel the Program 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 for use under the Program; and/or

• Request, in respect of its contribution, that the Lead Donor takes any such action as mentioned in Section 1 above.

**3.** If a political situation in [[*Name of the Partner Country*] should arise which, in the opinion of the Co-Donor, could negatively affect the attainment of the objectives of the Program, the Co-Donor reserves the right, after consultations with the other Donor(s), to withhold or suspend disbursements to be made under the Program 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 the Program during such notice period will be subject to approval by the Co-Donor.

**4.** If the Lead Donor does not fulfill 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 under the Program (inc. 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 Program.

**5.** The Lead Donor will inform the Government of [*Name of Partner Country*]immediately in writing of any action as referred to in this paragraph, and will take any necessary actions in respect of the Program, including (partial) cancellation of the Program. 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 under the Program 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 the Lead Donor, the Lead Donor will exercise its best efforts in reclaiming the cancelling/reclaiming the Co-Donors’ contribution. However, the Lead Donor will not cover/reimburse any amounts which are not repaid by the Program or which have been irrevocably committed in good faith to any third party.

**6.** Co-Donor funds may be used for all reasonable costs incurred that are in support of and necessary to carry out the Program, subject to the limitations in this Agreement.

**7.** All activities funded under the Program will comply with [*Name of Partner Country*]’s environmental laws and regulations.

**8.** Consistent with numerous United Nations Security Council Resolutions, both the Lead Donor and the Co-Donor are firmly committed to the international fight against terrorism, and in particular, against the financing of terrorism. It is the policy of both the Lead Donor and the Co-Donor to seek to ensure that none of the funds supporting this Arrangement are used, directly or indirectly, to provide support to individuals or entities associated with terrorism. In accordance with this policy, the Lead Donor undertakes to use reasonable efforts to ensure that none of the Co-Donor funds provided under this Arrangement are used to provide support to individuals or entities associated with terrorism.

**9.** The Lead Donor shall give appropriate publicity to the component of the Program to which the Lead Donor and Co-Donor have contributed, and will appropriately mark project sites, commodities and publications, giving credit to major contributors, including the Co-Donor, under the Lead Donor’s procedures.

**10. Co-Donor funds may not be used, under any circumstances, to procure or finance the following:**

**i. Military equipment or services;**

**ii. Surveillance equipment or services;**

**iii. Abortion equipment or services; or**

**iv. Involuntary sterilization equipment or services.**

**Specific questions regarding these prohibitions may be directed to the Co-Donor as set forth in Paragraph III, Part 6.**

**Paragraph VII Duration - Disputes**

**1.** The delegated co-operation under this Arrangement will start on the date it is signed by the Donors and will end on [*SPECIFY DATE*], unless the parties to this Arrangement decide via their mutual written consent to change the date.

**2.** Each Donor may terminate this Arrangement upon three 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.

[*Signature page follows.*]

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

Accepted and agreed by the Parties this \_\_\_\_day of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, 20XX in [*LOCATION*], by the authorized representatives of each Party:

**[*Name of Bilateral Donor*], as Lead Donor**

By:

[*NAME OF HEAD OF LEAD DONOR REPRESENTATIVE SIGNATORY*]

 [*TITLE*]

**United States Agency for International Development/[*Operating Unit*], as Co-Donor**

By:

 [*NAME OF HEAD OF OPERATING UNIT*]

 [*TITLE*]

USAID/[*Operating Unit*]

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1. The agreement is intended to be a binding contract. The Operating Unit negotiating the terms should seek to, when possible, replace “*Arrangement*” with “*Agreement*” and such change should be made throughout the document where necessary. [↑](#footnote-ref-1)
2. This agreement template is substantially similar to the original Nordic Plus Group (NPG) Delegated Cooperation Arrangement template. Note, however, that some of the language appearing herein has been added specifically to conform the agreement to USAID requirements. [↑](#footnote-ref-2)
3. If there are more than two parties to the agreement, each such party will be a “Donor” under this agreement, irrespective of whether such party is also the “Lead Donor” or a “Co-Donor”. The Operating Unit must take this into account in defining and using each of these terms throughout the document. [↑](#footnote-ref-3)
4. See note 1 above. [↑](#footnote-ref-4)
5. The original NPG template includes the following guidance for alternate language: “*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*.” However, even if USAID is entering into a DCAR as a “Co-Donor”, the Operating Unit negotiating the terms hereunder should consider whether the alternate language is appropriate under the circumstances. [↑](#footnote-ref-5)
6. The agreement is intended to be a binding contract. The Operating Unit negotiating the terms should seek to, when possible, replace the bracketed language with “*hereby agree as follows*”. See also note 1 above. [↑](#footnote-ref-6)