

Memorandum of Understanding

Between :

KfW (KfW), whose head office is located in Frankfurt (Germany)

And :

The United Kingdom Department for International Development (DFID), located in London and Glasgow (UK)

1. Context and principles

The Practitioners' Network for European Development Cooperation (the "Practitioners' Network") is an informal network of European public institutions in charge of the implementation of the bilateral Official Development Assistance (ODA) of their country or the ODA of the European Union. On 22 October 2009, the members of the Practitioners' Network (collectively the "Members") have decided to follow the proposition of the Network Core Group ("Core Group") to establish a permanent coordination office (the "Coordination Office") for the Network. The signatories of this Memorandum of Understanding ("MoU") have committed to contribute financially to all the costs of the Coordination Office, in the amounts specified in Attachment 1.

The Coordination Office will be located in Brussels, on premises which are already being shared between KfW representation office and other European financial institutions, among which the Agence Française de Développement (AFD), another member of the Practitioners' Network. In a first phase, a coordinator will be recruited on a half-time basis.

KfW has offered to manage the Coordination Office, which will mainly consist in employing and supervising the Coordinator (as defined in article 3.3), as well as managing a common account supplied with the contributions of Members.

This MoU, which will be signed with substantially the same wording between KfW and each Member (subject to adjustments according to the specific needs of each Member), sets out the modalities of setting up the Coordination Office, recruiting and supervising the Coordinator and managing the common bank account.

2. Objectives

The Coordination Office will take over from and enhance the secretariat functions currently offered by KfW in Frankfurt, i.e.:

- Supporting the core group, the Network Presidency and other Network activities, notably: preparing and drafting conclusions from core group meetings, supporting the preparation of the Network Annual Meeting, negotiating, coordinating and designing the Network participation to the European Development Days etc.
- Drafting in the 1st quarter of each year a brief report or up-date on current developments in and around the Network for external communication, which can be completed by some internal views and recommendations for communication to Members

- Active screening of the EU Agenda and of Members' priorities and planned activities, identifying and prioritising possible subjects of common interest, proposing subsequent joint activities,
- Providing logistical support to Members for the organisation of workshops or other activities in the framework of the Practitioners' Network,
- Maintaining and feeding the website and coordinating the elaboration of other communication tools (leaflet, posters etc.),
- Updating the list of contacts,
- Bookkeeping of the common bank account (as defined below under 4.3 and 4.4),
- To the extent possible other tasks to be set by the Core Group and / or Manager (see below).

3. Operational arrangements

3.1 Manager

As Network Members want to avoid creating a legal entity for the Coordination office, one institution has to be in charge of employing the local staff and managing the common account (the "Manager"). KfW, having its Liaison office to the EU on the premises where the Coordination Office will be hosted, and having the experience of managing the contact point for another European network¹, has offered to be the Manager. This service will be delivered as one part of the contribution of KfW to the network and is (other than full reimbursement of costs) free of any remuneration such as management fees.

For avoidance of doubt, KfW will not be in charge of carrying out the very tasks allotted to the Coordination Office or to compensate for any failure of the Coordinator.

The aim of the permanent Coordination office is to provide stability. Hiring a person also implies that the setup is considered at least for an initial period of two years. KfW accepts to be the Manager for the two initial years and is in principle prepared to offer this service for a longer term.

3.2 Duration

Members intend the setup to last for several years, subject to periodical review and adjustments. This is why the Manager accepts to recruit a Network coordination officer (the "Coordinator") on behalf of the Network.

To ensure a minimum of stability, Members will make initial commitments for two years (under the terms below), i.e. for the years 2010 and 2011 as well as for the costs already incurred in 2009.

Before the end of the 1st half of 2011 (if possible during the Annual Meeting of the Network), the Members will get together and decide on continuation, adjustment or winding up of the setup. Unless a termination is decided, they will adapt the terms of this MoU according to the modalities of continuation and to the contribution rules for the following years. This MoU will then be revised every year at the same period.

¹ NEFI, Network of European Financial Institutions (SME promotion inside EU 27)

3.3 Hiring of staff

- The Coordinator will be an employee of the Manager.
- The Coordinator's time will be fully dedicated to the Practitioners' Network.
- The Coordinator will be hired in Belgium under Belgian law. The contract will be for an unlimited duration with a probationary period of 6 months. Each modification of the contract by the Manager will be previously approved by Network Members, on the basis of a joint evaluation by the Core Group members and the Manager.
- Staff costs include a monthly salary, estimated at €2,500 per month for a half-time, plus social contributions at about 35% of the gross salary, plus a 13th month and an annual bonus. Staff costs also include costs related to termination of the employment contract (should this be required).
- The qualifications required and terms of reference for the appointment are described in attachment 2.

3.4 Recruitment process

- Recruitment will be organised by the Manager. It should be an open call in one or more of the relevant Brussels e-media (European Agenda, EuroActive, Eurobrussels,...). The estimated costs will be €600. The advertisement should also be published on the network webpage and on the Member's webpage.
- Selection will be operated by the Manager together with two "troika" members from the Core Group, forming together the selection committee.
- The selection committee will prepare a shortlist of 3 to 5 candidates; it will interview the candidates, make written evaluations of each candidate and prepare a justified recommendation to the Network for one candidate.
- The selection committee will send its recommendation to all network members and ask for a reply within 2 weeks, after which a lack of response will be considered as an approval.
- The Manager will be in charge of materialising the recruitment.

3.5 Supervision and work programme

- In addition to the periodical reviews referred to under 3.2 above, the Manager and the Core Group will monitor the work programme of the Coordinator.
- Supervision of the Coordinator will be ensured by the Manager, being the employer. His superior will be the head of the KfW Liaison office to the EU in Brussels.
- To evaluate the Coordinator's performance, especially in the first two years, the Manager can resort to one or two network members who have had the opportunity to work closely with the Coordinator.
- The Manager will consult with the Network Core Group before considering increasing the salary or changing work conditions of the Coordinator.
- The Manager will consult with the Core Group should any fundamental issue or problem concerning the appointment emerge and require resolution.

3.6 Offices

A 12 m² office in the current multi-stakeholder office where KfW and AFD have their Brussels Liaison offices will be made available by KfW. A conference room for shared use and technical facilities (copy machine, kitchen, etc.) will be available as well, for an overall cost of €1,230 per month as of January 2010. This corresponds to the actual cost, without any margin, of the m² in the multi-stakeholder office including the proportionate cost of common utilities which will be adjusted accordingly in case the actual office costs increase in the future and be paid on the basis of actual costs being always fully reimbursed to KfW each month from the common bank account mentioned in article 2.2.

4. Financial aspects

4.1 Charging costs to the Practitioners' Network

- The Member, like all other members, agrees that KfW shall be reimbursed for all actual costs incurred in relation to the Coordination Office. Therefore, KfW can withdraw for itself from the below-mentioned common bank account all costs related to the Coordination Office, including in particular all staff costs as mentioned in article 3.3 as well as other costs mentioned under articles 3.5, 3.6 and 4.3 of this MoU as far as KfW has to pay or has paid those costs directly. All other costs related to the Coordination Office which are not mentioned in this MoU and which have to be paid or are actually paid by KfW (including, but not limited to, e.g. fees for legal counsel) can also be charged by KfW to the common bank account of the Practitioners' Network.

4.2 Common bank account

- The bank deposit account will be opened in the Belgian bank where the Manager has its own account. The bank account will be owned by the Manager and will be opened by the Manager on behalf of the Practitioners' Network.
- Habilitated persons will be the Coordinator, the head of the KfW Brussels office and the head of AFD Brussels office, in order to ensure the presence of a second person, besides the Coordinator, at all time (e. g. during holidays).
- Contributions to the account will be called once a year and payments will in principle be made once a year (in order to avoid a multiplicity of payments of small amounts).
- All payments to the common bank account will be free of charges or fees for the Practitioners' Network.
- Interests will accrue on the account and be used for Coordination Office purposes.

4.3 Accounting and auditing

- Accounting will be carried out by the Coordinator who will be supported by the Manager.
- The Coordinator will prepare during the first quarter of the following year an income and expenditure statement for the previous year.
- A basic audit will be implemented once a year. Given the simplicity and low number of transactions, it may be carried out by two volunteering Member organisations, not including the Manager, agreed by the Core Group. Alternatively, an external auditor will be appointed.

- All members have the right to review the audit.
- The Coordinator and the Manager will be discharged of liabilities concerning the accounts, each year after approval of the audit.

4.4 Costs

A preliminary estimation sets the level of annual costs at about € 80,000, as follows:

Office manager, 1/2 time (basis : gross salary € 2,500 per month, plus social security contributions 35%, 13 months + annual premium, according to Belgian law)	€ 46,000
Office rent (currently € 1,230 per month for 12 m ² and participation to common facilities, energy, cleaning services and other ancillary costs, incl. taxes)	€ 15,000
Telecommunication and other office costs	€ 12,000
Travel costs	€ 5,000
Leaflet printing or other external communication costs	€ 4,000
	<hr/>
Total, per year	€ 82,000

In addition to this comes a budget for the acquisition of office equipment in the first year (around €6,000). The actual level of travel costs is also uncertain and will depend on various factors, including the location of the Network President.

In order to provide some leeway and avoid the risk of needing additional contributions before the end of 2010, Network Members have decided to allocate for the first year a budget of around €100,000 (subject to actual contributions).

Contributions paid in before the end of 2009 will cover preliminary costs and travel costs incurred by KfW in the preparatory phase and implementation phase of the Coordination Office.

4.5 Budget

After a first year of activity the annual budget will be adjusted to a more precise level of effective costs.

The budget will be prepared by the Coordinator and validated by the Core Group. Contributing Members will meet at least once a year to approve the budget, as well as the corresponding level of contributions for the following year. These decisions will be made by unanimous consent of the contributing Members. Contributions will be called by letter from the Coordinator to each contributing Member.

Should one or more Members fail to pay their contribution by 31 May of a particular year, the Coordinator will convene a meeting of the Members in order to agree on measures to be taken (such as adjusting the budget accordingly).

4.6 Contributions

Members with a large financial basis have committed to pay more than members with less significant means or agreed legal frameworks for enabling significant contributions. Respective contributions have therefore been set at €15,000 and €3,000. Initial commitments will be for two years (subject to the necessary budgetary approval) in order to match the duration of the employment contract.

DFID commits for a contribution of €15,000 for the costs of the Coordination Office for 2010 and, subject to the necessary budget approvals and a forecast of likely expenditure, intends to contribute in the same amount to the costs of the year 2011.

5. Applicable law

This MoU is governed by the laws of the Federal Republic of Germany.

6. Contact addresses

The signed copy of this MoU and any communication relating to it shall be sent to the following addresses:

- For KfW
KfW Liaison office to the EU
Square de Meeûs 37
B - 1000 Brussels
+32 2 233 38 50
Kfw.brussels@kfw.de

- For DFID
Mr Anthony Smith, Director for Europe and Donor Relations
1 Palace Street,
London SW1E 5HE
+44 (0)207 023 1149
s-williams@dfid.gov.uk

Done in Frankfurt and London on ...

For DFID

For KfW

A. Smith

H. Gauges

M. Wehinger

Members' Pledges for 2009 or 2010

Member	Pledge in euros
Austrian Development Agency (ADA)	3,000
Agencia Española para la Cooperación Internacional al Desarrollo (AECID)	15,000
Agence Française de développement (AFD)	15,000
Belgian Technical Cooperation (BTC)	3,000
Czech Development Agency (CzDA)	6,000
UK Department for International Development (DFID)	15,000
EuropeAid Co-operation Office	15,000
Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ)	15,000
InWent	3,000
KfW Entwicklungsbank	15,000
Lux-Development	3,000
Total	108,000

Recruitment of a Network Coordination Officer Profile of the Candidate

Ensuring the coordination of the Network requires in-depth knowledge of development cooperation issues:

- Professional experience in a development organisation (at least 3 years)
- Familiarity with the European and international agendas in the field of development cooperation

The Coordination Office should be an independent and at the same time very well connected unit, which requires subsequent skills:

- Autonomy and initiative
- Openness and good interpersonal skills
- Networking and communication
- Experience in working with different cultures
- Proven capacity to write summaries, reports, short texts
- Willingness to travel
- Flexibility in working-times
- Basic knowledge of accounting

Other qualifications and competences:

- Bachelor or Master or comparable degree
- Fluency in written and spoken English, which is the communication language for the Network
- French understanding and speaking would be an advantage (as Brussels context)
- Computer skills: excellent working knowledge of Microsoft Office (Word, Excel, PowerPoint, Outlook, etc.) and excellent internet research skills.
- Experience of website management would be an advantage (the website is run under Typo3)