

BELGIUM AND DELEGATED COOPERATION

PRINCIPLES AND GUIDELINES





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Belgian development cooperation

The Directorate-General for Development Cooperation (DGDC) is the Belgian federal administrative entity for development aid. The DGDC is a part of the Federal Public Service Foreign Affairs, Foreign Trade and Development Cooperation; it comes directly under the Minister for Development Cooperation. Bilateral cooperation between governments is prepared and financed by the DGDC and implemented by the Belgian Technical Cooperation (BTC), a public company fully owned by the Belgian State.

In addition to governmental cooperation, the DGDC co-finances and coordinates other types of cooperation (NGOs, university cooperation, multilateral agencies, humanitarian aid).

The main objective of bilateral cooperation is to help our partner countries to implement their poverty reduction strategies.

The DGDC is responsible for managing 60% of Belgian official development assistance.



Direct Bilateral Cooperation

→ Implemented by

Belgian Technical Cooperation



Indirect Bilateral Cooperation

NGOs, APEFE & VVOB (regional), CIUF & VLIR (universities), Institute of Tropical Medicine (Antwerp), Museum for Central Africa (Tervuren)

Multilateral Cooperation

UN Development Agencies, European Cooperation (EDF), international financial institutions (World Bank, regional development banks)

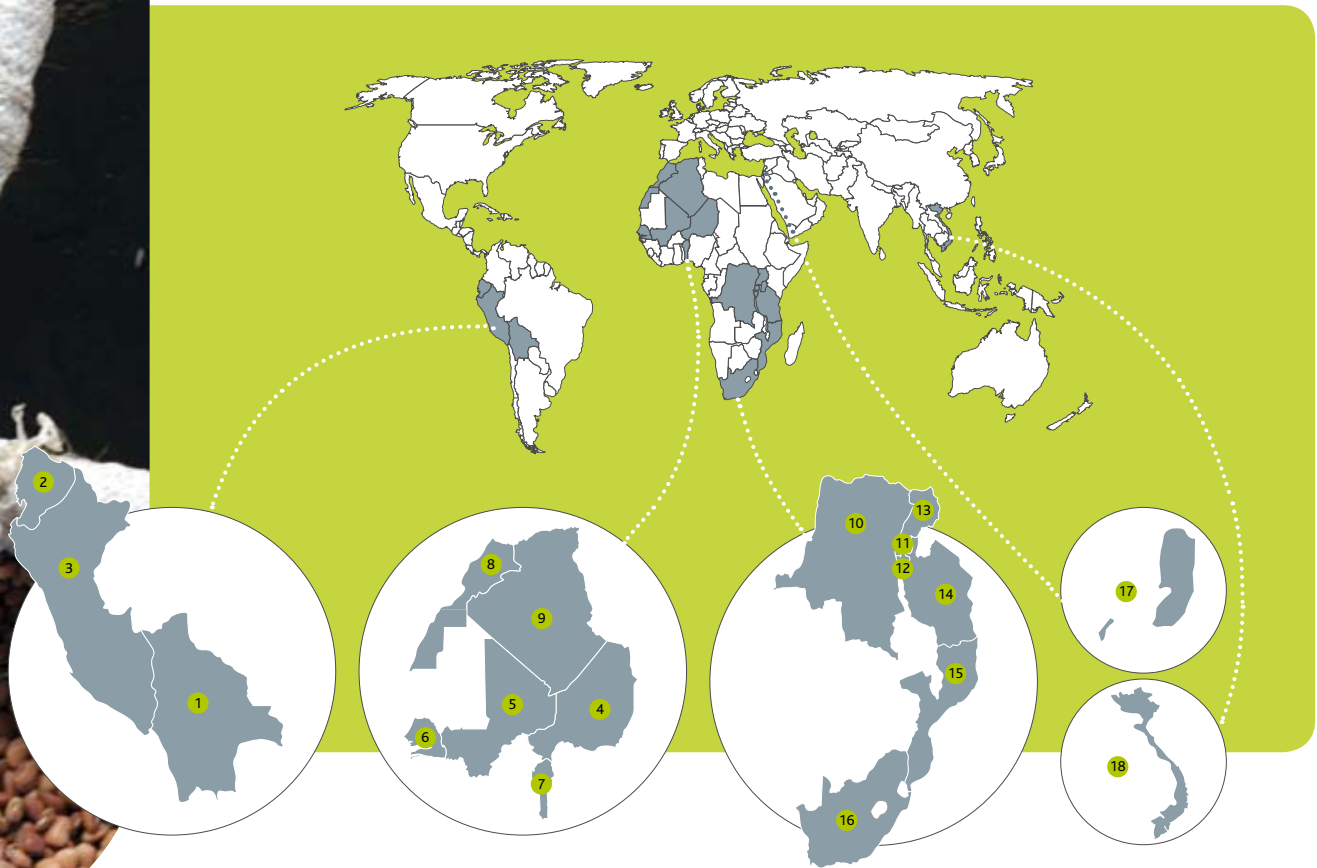




Partner countries

Since 2003, Belgium has concentrated its governmental cooperation on 18 countries: DR Congo, Rwanda, Burundi, Niger, Mali, Senegal, Benin, Uganda, Tanzania, Mozambique, Morocco, Algeria, Palestinian Territories, South Africa, Vietnam, Bolivia, Ecuador and Peru. The first ten of this list belong to the group of least developed countries (LDCs).

In view of this targeted policy, over the last few years, Belgium has stopped donorship to a number of countries, while still respecting the bilateral commitments that were made.



- 1 Bolivia
- 2 Ecuador
- 3 Peru

- 4 Niger
- 5 Mali
- 6 Senegal
- 7 Benin
- 8 Morocco
- 9 Algeria

- 10 DR Congo
- 11 Rwanda
- 12 Burundi
- 13 Uganda
- 14 Tanzania
- 15 Mozambique
- 16 South Africa

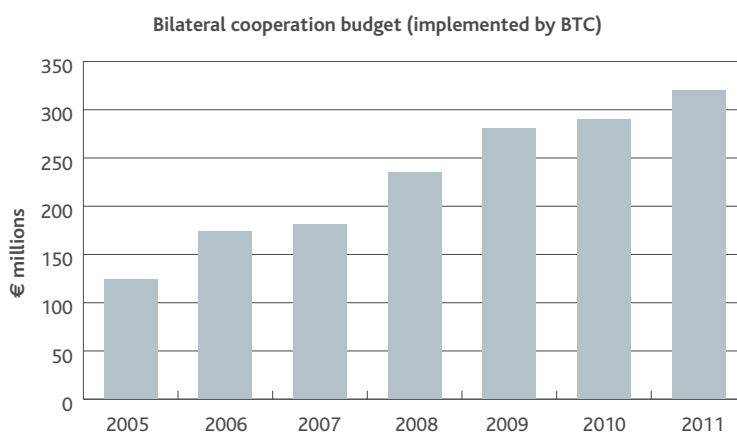
- 17 Palestinian Territories
- 18 Vietnam



Belgian commitment

In 2008 the Belgian ODA (Official Development Aid) was 0.47% of GNI, which represented an increase of about 16% in comparison to 2007. In 2009, the federal budget for development cooperation increases with EUR 252 million (= almost 23%) to EUR 1,362 million.

Logically, bilateral development cooperation, including budget support and delegated cooperation, have also strongly increased (see diagram). Moreover, the share of bilateral cooperation in the Belgian ODA will continue to increase over the following years.



Aid Effectiveness

In 2006, one year on from the signing of the Paris declaration, a number of initiatives and decisions were taken to incorporate the Paris principles into Belgian development policy. Belgium's action was presented to the Development Aid Committee (DAC).

The main elements of this plan are:

1. Belgium is to specialize in a limited number of development sectors in which it has expertise. The cooperation programmes will concentrate on a maximum of three sectors. Bilateral cooperation uses a four-year planning cycle (indicative cooperation programmes).
2. The default is "national implementation". Belgian development cooperation is concentrating its activities in a series of "fragile states" or "fragile situations".
3. Belgium will gradually increase its portfolio of sector budget support.
4. In each indicative cooperation programme a budget is reserved for non-priority sectors, via delegated cooperation.
5. If Belgian bilateral cooperation decides to quit a certain sector in view of the division of labour among donors, an exit strategy will be devised for a maximum of 4 years to consolidate the results already reached. This can be done through delegated cooperation. The Belgian bilateral cooperation can decide to entrust the execution of projects and programmes in non-priority sectors to other donors.

Bilateral aid through BTC

BTC is the Belgian agency for development cooperation. It was established in 1998 as a public-law company with social purposes.

BTC has the exclusive competence, both inside and outside the Belgian territory, of executing direct bilateral cooperation with the partner countries.

BTC is managing more than 200 projects in some 20 countries in Africa, Asia and Latin America. BTC is employing 650 staff, 180 of them at headquarters in Brussels and 470 in developing countries. BTC has 18 country offices abroad.

BTC is also entitled to execute bilateral development cooperation assignments that are commissioned to BTC by any Belgian, foreign or international public-law legal body; this regards in particular the preparation, the support, the formulation of advice, the prospecting and execution of development programmes, projects and interventions abroad, provided the BTC bid complies with legal provisions with regard to competition¹.

BTC undertakes assignments, amongst others, for or through joint financing with:

- European Union
- World Bank
- Directorate-General International Cooperation (Netherlands)
- Department for International Development (DFID – UK)
- Agence Française de Développement (AFD – France)
- Lux-Development (Luxembourg)
- International Atomic Energy Agency (IAEA)

¹ Art. 7 of the Law of 30.12.1998 establishing the Belgian Technical Cooperation

Congo (Dem. Rep.) - Rehabilitation and Development of the Drinking Water Supply and Sanitation Systems of Peri-Urban and Rural Municipalities

Funding	<ul style="list-style-type: none"> • Belgium • European Commission • DfID • Agence Française de Développement (AFD)
Execution	Belgian Technical Cooperation (BTC)
Partners	<ul style="list-style-type: none"> • National Committee for Water and Sanitation Action • NGO ADIR in Kinshasa and the Bas-Congo province • NGO FOMI (Miba Foundation) in Mbuji Mayi • Local NGOs in the Maniema and South Kivu provinces
Project location	Kinshasa, Eastern Kasai, Maniema, South Kivu and Bas-Congo
Start date	January 2007
Duration	5 years
Budget	EUR 28,400,000 (Belgium: EUR 9,222,009; EC: EUR 6,000,000; DfID: EUR 5,177,991; AFD: EUR 8,000,000)

The construction of drinking water supply networks limits the use of water that is not fit for human consumption. The availability of this water contributes to significant decreases in water-related diseases and to better personal hygiene. Women and young girls benefit from access to clean water most because it alleviates the water chores and consequently enables them to stay at school. Moreover, the programme pays particular attention to the participation of women to the management structures of the water works where they are assigned in the first place to the sale of water at the standpipes. A last visible impact relates to the job market: The installation of the water supply network creates about 2,000 permanent jobs (hydraulic engineers, operators, managing personnel...) in the 5 intervention regions of the programme.

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Certification for the European Commission

In April 2008 all EC delegations in the field as well as all EuropeAid directorates in Brussels received confirmation of the fact that BTC can be entrusted with implementation tasks in the context of indirect centralized management for the European Commission, under article 54 and 56 of the Financial Regulation applicable to the general budget and under article 14 of the Financial Regulation applicable to the EDF. The audit especially investigated the financial management and non-discrimination policy of BTC. BTC sees in this opportunity of implementing tasks for the European Commission recognition of its sound financial policy, of the compliance with non-discrimination principles and of its operations in general.



Management contract

BTC's relations with the Belgian State are set down in a management contract for a minimum three-year and maximum five-year term. Every year the contract can be evaluated and adapted to the changing environment of development cooperation.

- The management contract describes the measures that are taken to clearly distinguish between the costs for third party projects and the cost for projects that are financed by Belgium.
- All BTC projects are subject to a three-year audit cycle, in accordance with the terms of the management contract.
- Every year at least ten BTC projects are subjected to an external quality evaluation by DGDC.
- There are two government administrators at BTC; they respectively represent the minister of Development cooperation and the Budget minister. They administratively supervise the Board of Directors, ensure the compliance with the law, the statutes and the management contract.
- The Board of Commissioners consists of four commissioners: two auditors of the Belgian Court of Audit and two certified public auditors. The Board of Commissioners performs periodic controls on finances, including six missions abroad, and certifies the financial report on an annual basis.

BTC Management and Supervisory Bodies

	General Meeting	Board of Commissioners <ul style="list-style-type: none"> • 2 Auditors (Belgian Court of Audit) • 2 Certified Public Auditors
Government Administrators		
	Board of Directors	Audit Committee
	Management Committee	Internal Audit

Ethical framework

BTC works within an ethical framework, which is set down in the BTC Code of Ethics. It takes the Belgian federal officials' code of ethics as its guideline and is based on four core values: respect, impartiality, professionalism and loyalty.

BTC has joined the U4 Anti-Corruption Resource Center. The U4 Anti-Corruption Resource Centre assists donor practitioners to more effectively address corruption challenges through their development support. Through its extensive online resource centre, U4 guides users to relevant anti-corruption resources, including applied research, and communicates the work of the U4 partner agencies through a searchable database of projects and initiatives. U4 also offers a Help Desk service and provides online as well as in-country training on anti-corruption measures and strategies for partner agencies and their counterparts.

→ www.u4.no





Strong field presence

The Belgian bilateral development cooperation is characterized by a strong presence in the field in the 18 partner countries.

Every Belgian embassy in the partner countries has an average of 2 international and 2 national staff members. The cooperation programmes are negotiated and monitored by the Attachés at the Belgian Embassies.

In the partner countries BTC is represented by 'resident representatives' in charge of supervising the implementation of the programmes and projects. In total BTC has 30 international experts and more than 200 local staff working at its different country offices. Finally, BTC has some 150 technical assistants working in the projects worldwide. The experts and technical assistants are recruited by and answerable to BTC.

Belgian development cooperation is specialised in a number of sectors. Belgium especially invests in projects and sector budget support. The emphasis is on capacity development of local partner institutions.

Delegated Cooperation

Introduction

In the context of the efforts of the Belgian development cooperation towards specialisation, division of labour and greater aid effectiveness, delegated cooperation is a part of the Belgian bilateral development cooperation policy. Delegated cooperation is based on the principle of reciprocity.

On the one hand, donors can delegate projects and programmes to DGDC, which has them implemented by BTC (international service delivery by BTC).

On the other hand, donors can directly delegate projects to BTC.

The Belgian bilateral development cooperation will only execute projects and programmes in its partner countries and preferably in the sectors in which it has specialised and on which it has concentrated.

Belgium will also actively look for opportunities for the delegation of projects to other donors. Belgium views delegated cooperation from two perspectives:

- It can be part of the strategy of division of labour between donors. Delegated cooperation is a way to set aside money for underfunded sectors, without having the Belgian development cooperation actively execute projects and programmes.
- It can be part of an exit strategy. In the context of the planned concentration on 2 or 3 sectors, the Belgian development cooperation will quit certain sectors, whereas it still wishes to consolidate results reached. This can be achieved by delegating execution to other donors who will remain active in the sectors concerned.

In accordance with the resources allocated for delegated cooperation in the State budget, 5% of the budget of indicative cooperation programmes is earmarked for initiatives of delegated cooperation.

Delegated cooperation does not necessarily restrict itself to the 5% for non-priority sectors. Also budget support and projects in the priority sectors can be delegated to other donors (or vice versa), depending on the comparative advantages.

Partner countries

The Belgian bilateral development cooperation concentrates its efforts on 18 partner countries: DR-Congo, Rwanda, Burundi, Niger, Mali, Senegal, Benin, Uganda, Tanzania, Mozambique, Morocco, Algeria, Palestinian Territories, South Africa, Vietnam, Bolivia, Ecuador and Peru.

In a few former partner countries BTC still executes a few ongoing projects. There is an exit strategy for these countries; no new initiatives are launched.

- Cambodia: Health & Education
- Laos: Health & Education
- Tunisia: Rural Development & Education
- Burkina Faso: Health

Strategy

New projects are only started in the partner countries of Belgian bilateral development cooperation. As part of the commitment to increase the budgets of Belgian bilateral development cooperation and in view of achieving greater aid effectiveness, in the long run Belgium wants to be part of the 10 largest donors in each partner country and be part of the group of five major donors in at least one sector.

For each partner country the basis is a programme in 2 to 3 priority sectors and a minimum envelope of **EUR 40 million for 4 years**. On the basis of the following criteria and in function of the results to be achieved, an increase of up to a **maximum of EUR 100 million** is proposed:

- Countries with a low score on the "Human Development Index";
- Vulnerable countries, due to a conflict or crisis situation;
- Countries where the overall ODA efforts of the donors is below average (ODA per capita);
- Countries that have progressed well over the last 5 years with respect to poverty reduction through budget support of the donors.
- Countries that have known a positive evolution with respect to good governance (finances, administration, human rights etc.) in the last decade. Indeed, sustainability of development cooperation in a country is determined to a large degree by good governance.
- Countries that have known a positive evolution over the last few years with respect to political governance.

The budget leeway (EUR 40 to 100 million) will further increase in future, as the Belgian ODA further increases.

Sectors of concentration

The Belgian development cooperation has a comparative advantage in executing delegated cooperation projects and programmes in sectors in which the Belgian bilateral development cooperation will still be active for at least four years.

Therefore, over a 4-year time span the Belgian development cooperation aims at gradually decreasing its presence to a maximum of three sectors in the partner countries.





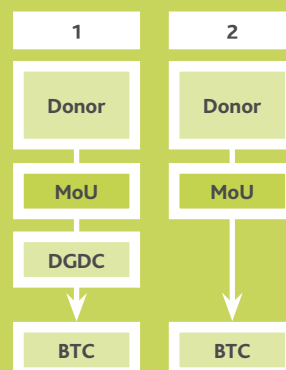
New agreements in 2008

For 7 partner countries of Belgian development cooperation, a new indicative cooperation programme was approved in 2008, with a specialization in 2 sectors:

Benin	Agriculture & Health
Bolivia	Agriculture & Health
Palestinian Territories	Education & Decentralization and Local Governance
Uganda	Education & Health
Niger	Health & Rural Development
Mali	Rural Development & Decentralization and Local Governance
Mozambique	Energy and climate change & Health

Procedures

- After consultation with the beneficiary country, the donor who wishes to delegate a project to the Belgian development cooperation, submits an "outline" of the project to be financed, which will at least consist of the following: (a) a short and concise description of the cooperation intervention with the mention of the core data (b) ministry/ institution that will prepare and execute the intervention (c) the general and specific objectives of the intervention (d) the target group and – if applicable – the place of the intervention (e) the maximum budget and the indicative duration of the intervention.
- Signing of a "Memorandum of Understanding" between the donor and Belgium (see model agreement).
- Finalisation of the project document with a formulation by BTC and the drawing up of a technical and financial file. The expenditure of the formulation is part of the project expenditure if it is a stand-alone project that is being executed for another donor.
- Discussion of the project document with the donor (preferably in the partner country; otherwise at the head office).
- Discussion of the project document with the local partner via the Joint Local Consultative Body.
- Signing of a specific agreement between the partner country and Belgium in which the conditions of the project execution are described.
- After reception of the funds (possible in instalments) of the donor, start of execution with annual (or half-yearly) reporting about the execution.
- Financial reporting and reporting as to content six months after project end.
- In delegated cooperation, the donor can transfer funds to DGDC or directly to BTC. The procedures described above apply to both situations.





Key sectors in the other partner countries

Algeria	Health, Water, Waste Management, Rural Development and Local Governance
Burundi	Agriculture, Health, Education, Decentralization, Governance (police and justice)
RDCongo	Health, Education, Rural and Urban Development, Decentralization and Local Governance, Energy, Infrastructure, Water, Public Administration Reform
Ecuador	Rural Development, Health, Water and Sanitation
Morocco	Water and Sanitation, Education
Peru	Economic Development, Social Community Building, Social Economy
Rwanda	Rural Development, Health, Education, Governance
Senegal	Water and Sanitation, Micro-Finance, Health & Social Security
Tanzania	Education, Decentralization, Infrastructure, Health, Environment
Vietnam	Public Administration Reform, Water and Sanitation, Education, Health
South Africa	Health, Land Reform, Economic Development & Employment

Transparency in overhead costs

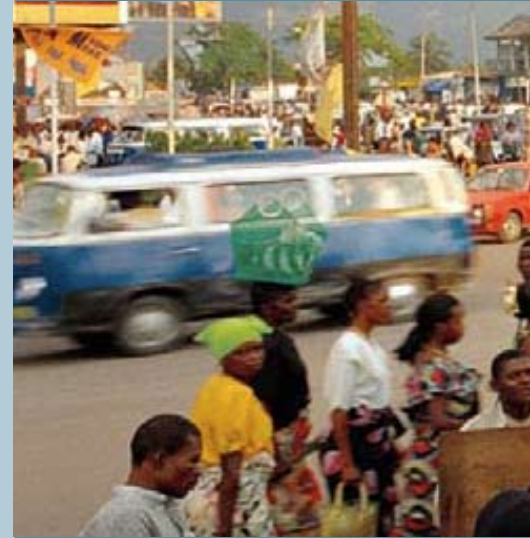
For delegated cooperation BTC has a matrix for project management costs:

Total budget (€ millions)	<1	1-2	2-5	5-8	8-12	>12
Project management (basis)	14%	13%	12%	11%	10%	9%
Complex project	+1%	+1%	+1%	+1%	+1%	+1%
Not labour intensive	-1%	-1%	-1%	-1%	-1%	-1%
'BTC Key Sector'	-4%	-4%	-4%	-4%	-4%	-4%
Sectoral budget support	4%					

- Management costs are degressive in comparison to the size of the budget. The cost of the execution and follow-up of a project with a EUR 5 million budget is not the double of the cost of a project with a EUR 2.5 million budget. Certain fixed costs recur independently of the budget.
- The complexity of a project is determined by 10 criteria:
Competence of project management, capacity of project collaborators, technical complexity, complexity of execution modalities, distance to the country office, suppliers, political importance and communication approach, the number of financial transactions, the number and diversity of public contracts, synergies with projects and resources, follow-up of local staff.
- If the complexity is high, the management costs are increased by 1% and they are decreased likewise by 1% when labour intensiveness is low.
- For sectors on which BTC has focused for a long while in a country (in principle two or three sectors per country) the management costs are 4% lower.
- If the delegated cooperation consists of sectoral budget support the management cost is 4%.

Examples

- A complex health project in Niger strongly related to ongoing or previous BTC projects and with a budget of EUR 5 million will have a management cost of 8% (11% - 4% + 1%).
- An infrastructure project in a new sector, with a budget of EUR 10 million and with only a few tenders to manage, will have a management cost of 9% (10% - 1%). If this project is in a key sector the costs will only be 5% (10%-4%-1%).



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