

Regulations
Programme for South-South Cooperation on Sustainable Development
between Benin, Bhutan and Costa Rica

Preamble

The Republic of Benin, the Kingdom of Bhutan and the Republic of Costa Rica entered into Sustainable Development Agreements (SDA) with the Kingdom of the Netherlands in 1994 as a concrete follow-up to the outcomes of the 1992 UN Conference on Environment and Development in Rio de Janeiro.

At the time of the World Summit on Sustainable Development (WSSD) in Johannesburg in 2002 the Republic of Benin, the Kingdom of Bhutan and the Republic of Costa Rica (hereinafter referred to as the partner countries) entered into a Strategic Partnership Agreement for cooperation on sustainable development, reaffirming, their commitment to the pursuit of sustainable development goals in accordance with the outcomes of the WSSD.

At the meeting of the SDA Joint Committee on 18 and 19 May 2005 in The Hague the representatives Republic of Benin, the Kingdom of Bhutan and the Republic of Costa Rica and the Kingdom of the Netherlands agreed to establish a Programme for South-South Cooperation on Sustainable Development (hereinafter referred to as PSC) between Benin, Bhutan and Costa Rica. The Programme will be governed by these Regulations.

These Regulations will form an integral part of the contribution agreement, to be signed before the end of 2005 between the Netherlands Minister for Development Cooperation and Fundecooperación, on behalf of the three partner countries for the purpose of administering the PSC.

These Regulations govern the purpose and functions of the Management Board (hereinafter referred to as MB), which will be responsible for the PSC including the evaluation and approval of projects.

Article 1 Goals

The PSC will focus on the pursuit of sustainable development goals and long-term partnerships, as laid down in the Strategic Partnership Agreement between Benin, Bhutan and Costa Rica, signed in Johannesburg on 31 August 2002.

Recognising that lasting poverty alleviation will be achieved only in the context of sustainable development, the PSC will seek to catalyse the transition to sustainability by supporting innovation in policies, seeding initiatives, replicating successes, establishing new partnerships with civil society organisations between the partner countries, and disseminating information.

Sustainable development is interpreted as achieving a balance between social, ecological and economic development for this and future generations.

The PSC Fund will be used to support the PSC effectively and efficiently.

Article 2 Guiding principles

In the spirit of the SDA, the guiding principles of the PSC will be equality, reciprocity and participation of all societal stakeholders.

The principle of equality implies that the signatory partner countries and their respective National Mechanisms for Sustainable Development will have equal rights and authority in policy formulation and decision-making. The principle of equality will likewise guide partnerships with civil society institutions and/or between partner institutions in more than one of the partner countries in formulating and implementing projects or activities under the PSC

The principle of reciprocity will guide the PSC and steer its projects and activities. Reciprocity is expressed through jointly established themes and objectives of common interest to the three partner countries, to which they are jointly committed to cooperate by developing and sharing experience, knowledge and expertise for the benefit of at least two of the partner countries;

Participation of societal stakeholders will be expressed by the joint formulation and implementation of projects and activities by parties in civil society and government.

Article 3 Joint Committee

The Joint Committee of the PSC will be comprised of the high level representatives of the partner countries and shall provide political support and policy directions to enhance the implementation of the PSC.

The Joint Committee of the PSC shall meet at least once in two years.

Representatives of the government of the Netherlands will be invited to the Joint Committee meeting .

Article 4 Management Board

The MB shall be comprised of three members: the directors or the formally appointed representatives of the National Mechanisms for Sustainable Development in Benin, Bhutan and Costa Rica. While more than one delegate from the National Mechanisms may participate in the Meeting, each National Mechanism has only one vote.

The MB shall decide on the policy governing the PSC and on the allocation of funds to the PSC for projects or other purposes. The MB shall jointly appraise funding proposals against set criteria and policies, and allocate funds to the approved projects and activities. Proposals are submitted by National Mechanisms.

The MB will meet twice a year. During the MB meeting the members will decide on the venue of the next meeting. A meeting of the MB may be replaced by written or electronic conferencing procedures at the request of the MB chair and/or secretariat. The meetings will be held in English, translation may be provided.

All three MB members will have the right to speak and to vote. Decisions will be taken by a minimum of two votes and preferably by consensus. At least two signatories will sign the agreed minutes of the meeting. The minutes will normally be drafted, approved and signed before the end of the meeting.

Representatives of the governments of Benin, Bhutan, Costa Rica and the Netherlands will be invited to MB meetings. These representatives may speak at the meetings but may not vote.

Article 5 Authority of the MB

The MB is authorised and obliged:

- 1) To develop and approve priority themes, policies and regulations needed to meet the goals and comply with the principles laid down in articles 1 and 2;
- 2) To monitor and supervise compliance with these regulations, themes and policies;
- 3) To assess and approve or reject project proposals, including pilot project proposals;
- 4) To approve or reject the minutes of meetings of the MB, as referred to in article 4, in which the decisions referred to under points 3 and 4 of this article are specified;
- 5) To advise the signatory Parties and the fund administrator on improvements in the deployment of the PSC Fund;
- 6) To approve the multi-year and annual plan;
- 7) To approve the annual report, multi-year and final report;
- 8) To approve PSC progress, monitoring and evaluation reports;
- 9) To evaluate projects and activities implemented under the PSC.
- 10) To report to the Joint Committee of the PSC.

Article 6 MB chair

When the MB meets in one of the signatory partner countries, the chair will be the representative of the host country, unless decided otherwise. The chair will determine that there is a quorum of at least two representatives of National Mechanisms and will direct the meetings. The chair will hold the position until a new chair is elected at the next MB meeting.

Article 7 National Mechanisms and participating organisations

The National Mechanisms for Sustainable Development (hereafter referred to as NM), as designated by the governments of Benin, Bhutan and Costa Rica, and properly assessed of their administrative and management capacity, will act as the key players for the PSC at national level. The NMs will not execute any projects themselves, but are responsible for PSC at the national level. NMs will report to the PSC secretariat in a timely and agreed upon manner as to fulfil all contractual obligations at the national level.

An organisation at the national level will qualify as a 'Participating Organisation' if it is engaged in reciprocal partnership for sustainable development with at least one other organisation in at least two of the signatory countries. One institution will act as the lead agency. This institution has to be a legal entity in the country concerned. The institutions shall jointly submit their proposals through the lead institution to the NM in the country of the lead institution, who is the project applicant. The Participating Organisations have to fulfil minimum requirements in terms of administrative capacity.

The tasks of an NM include:

- Promoting the PSC at national level and coordinating the implementation of projects and activities;
- Coordinating with NMs in signatory partner countries on all issues relevant to the planning, implementation and evaluation of the PSC, and identification of reciprocal activities;
- Facilitating, in partnership with civil society organisations, the identification and formulation of South-South cooperation projects eligible for support under the PSC;
- Submitting plans and proposals to the secretariat for approval by the MB;
- Contracting entities in or outside government to implement projects or activities that have been approved by the MB;

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- Supervising the implementation of PSC projects and ensuring proper monitoring and financial administrative accountability and activities at national level;
 - Submitting disbursement requests, annual reports, evaluation and audit reports of approved projects to the PSC secretariat;
 - Carrying out a proper assessment of the administrative and management capacity of the applicant.

NMs will require that their staff and the staff of the Participating Organisations involved in the implementation of the PSC will not offer third parties or seek, accept or be promised from or by third parties, for themselves or for any other party, any gift, remuneration, compensation or profit of any kind whatsoever, which could be interpreted as an illegal or corrupt practice.

Article 8 PSC Secretariat

The NM of Costa Rica will provide the PSC secretariat, allowing for coherence with their role and obligations as administrator of the PSC Fund. The tasks of the secretariat include:

- Implementing the decisions taken by the MB;
- Preparing MB meetings and/or written or electronic conferencing;
- Setting dates for MB meetings in consultation with the chair and other members, convening meetings and submitting a draft agenda at least two months in advance;
- Preparing documentation for discussion and decision-making by the MB and ensuring it is distributed to the MB members at least one month before the meeting. The secretariat will prepare consolidated annual plans and annual reports for approval by the MB. It will also check plans, proposals and reports against set criteria and policies before submitting them, with comments and recommendations, to the MB members;
- Drafting minutes of meetings (for approval by the MB), distributing them to the MB members, and informing the Fundecooperacion in their role as PSC Fund administrator about the decisions on the allocation of funds;
- Arranging the transfer-of funds for approved projects to the accounts of the NMs concerned, on the basis of disbursement request. These requests will contain data on project progress, liquidity needs and current liquidity, enabling the secretariat to secure reasonable funding limits;
- Monitoring progress of PSC implementation;
- Preparing consolidated PSC multi-year, annual plans, multi-year and annual reports and ensuring annual auditing takes place;
- Keeping documentation, the bulletin and/or website up to date.
- Providing support in the organisation of the meetings of the Joint Committee of the PSC.

Article 9 Funding

The Netherlands Minister for Development Cooperation will transfer funds to support the PSC under and in accordance with the Contribution Agreement between the Minister and Fundecooperacion on behalf of the three partner countries. The grant funds will be deposited in a fund under the Fideicomis arrangement between Fundecooperacion and Bank Interfinin Costa Rica. The fund may be augmented by donations from third parties, other contracts or sources, or interests from the funds contributed.

A multi-year plan for the period 2005/2006-2008 approved by the MB will be submitted for approval to the Netherlands Minister for Development Cooperation as the basis for a multi-year financing commitment. This multi-year plan contains the first annual plan for the period ending on December 31st 2006 . The multi-year plan will be approved by the Dutch minister for Development Cooperation within a period of one month.

The first instalment shall be transferred on the basis of the approved first annual plan. Subsequent instalments will be made in two instalments yearly on the basis of annual liquidity requests by Fundecooperacion.

Article 10 Use of the funds

The funds will be used to finance the PSC multi-year plan and annual plans, to be approved by the MB not later than 6 weeks before the start of the calendar year concerned.

The funds may be used to finance costs related to

- 1) Reciprocal projects;
 - A minimum of 80% of the annual budget in any given year should be destined for reciprocal projects, including pilot projects by way of exception (item 1).
- 2) Policy dialogue, such as:
 - Reciprocal exchanges, consultations and/or research to determine areas of cooperation and/or positions to be adopted, including those relating to sustainable development, at international conferences;
- 3) Programme promotion and evaluation such as:
 - PSC publications and their distribution,
 - PSC evaluations;
- 4) Operational support:
 - Lump-sum contributions to NMs. The NMs of Benin, Bhutan and Costa Rica will receive an annual amount to be further defined as a contribution to PSC-related administrative and operational costs at national level as indicated in article 6 and costs for attending MB meetings, including travel. The amount will be transferred in two instalments yearly.
 - The PSC Secretariat/Fundecooperacion will receive an amount not exceeding 5% of total planned disbursements in a given year. That amount will cover the costs as described in article 7 including costs of administering and accounting for PSC programme implementation and fund administration, costs of preparing MB meetings, communications, documentation, the bulletin and/or website.

Total costs for budget items 2,3 and 4, in any given year shall not exceed 20% of annual budget.

Article 11 Basic project criteria

Project proposals eligible for funding by the PSC Fund should:

- Be submitted by eligible participating organisations as referred to in article 7;
- In case of pilot projects, have a maximum duration of one year as a first phase;
- Have a multi stakeholder approach
- When executed in the first phase in only one country, aim for reciprocity with at least one more partner country in the second phase of the project;
- Contribute to achieving the PSC goals;

- Be in line with the guiding principles of equality, reciprocity and participation;
- Demonstrably contribute to the process of, knowledge of and/or policies on sustainable development in the three partner countries;
- Be prepared, submitted and implemented jointly in and for the benefit of at least two of the partner countries and by at least one organisation in each of the participating countries;
- Fit into one of a maximum of five thematic priority areas from the thematic areas as listed in article 3 of the Strategic Partnership Agreement. These are currently: bio-diversity, sustainable tourism and sustainable chains of production and consumption;
- Take account of gender as a cross-cutting priority area;
- Be submitted in English, use the specified project format, and include a budget in US dollars.

Article 12 Specific project criteria

Project proposals meeting the basic criteria shall be assessed on four sets of criteria:

- 1) Contribution to the process of sustainable development:
 - a) level of innovation in introducing concepts and approaches new to a local context, designing project to enable replication and/or expansion, and applying a process approach with clear benchmarking;
 - b) level of integration of ecological, economic and social perspectives of sustainable development.
- 2) Application of the guiding principles:
 - a) level of equality: partner organisations jointly managing a process on an equal basis;
 - b) level of reciprocity: contributing to the sustainable development process in at least two of the participating countries. In the case of pilot projects, this condition should be met in the second phase of the project;
 - c) level of participation: promoting collaboration between the public sector, civil society and private sector.
- 3) Results and impact; level of contribution to:
 - a) organisational development of the implementing partner;
 - b) knowledge management, and communication activities;
 - c) up-scaling: generating specific and tangible results complementary to and coherent with regional initiatives and/or suitable for dissemination or replication by other countries and/or organisations.
- 4) Financial aspects of the proposal:
 - a) the budget must cover the operational costs of activities that are clearly related to the implementation of the approved project;
 - b) the budget must show an acceptable relationship between the expected results/outputs and funds applied for,
 - c) guarantees for commercial activities shall not be eligible for funding;
 - d) cost-sharing: projects that include own contributions and/or that can attract other sources of funding shall be more eligible for PSC funding.

Article 13 Format of project proposals

Project proposals shall be presented in a set format, including at least:

- The title of the project;
- Summary (in English and in the official languages of the partner organisations involved);
- Implementing countries and organisations;
- Background of the project, including:
 - context, including current situation;
 - problem to be addressed or opportunities to be taken;
 - priority areas addressed by the project.
- Objectives and expected results;
- Description of the project;
- Organisation of the project;
- Budget that specifies:
 - personnel, travelling and material costs involved in project implementation;
 - costs per unit (fees, tariffs, etc.);
 - costs per calendar year of implementation;
 - costs per participating country/partner organisation;
 - contributions from other sources (funds or in kind);
 - a maximum of 5% provision over the overall budget for evaluation and audit;
 - a maximum of 5% provision over the overall budget for unforeseen costs;
 - budgets of over \$50,000 must include a provision for an external audit.

The MB may draw up more detailed guidelines for the format of project proposals.

Article 14 Procedures for submission, appraisal and approval

Project proposals must be submitted by participating organisations in hard copy and preferably also electronically to the office of the NM of the country concerned, accompanied by a letter of submission signed by the leading organisation, which is considered as the “applicant”, and by letters of commitment from the participating organisations.

After initial screening in the light of the basic criteria and, if necessary, adjustments or additions (at the request of the recipient NM), the NM shall present the proposal to the MB, via the secretariat.

Proposals to be discussed at an MB meeting should have been submitted to the MB secretariat at least one month before the MB meeting.

The MB will assess project proposals against the specific criteria. Funds will be allocated according to the merit of individual proposals approved by the MB, not on the basis of national quotas.

The MB may decide to:

- Approve the project proposal as submitted and reserve funds for its implementation;
- Reject the project proposal, giving reasons;
- Approve the project proposal subject to improvements or additions to be specified by the MB.

The NM concerned will inform the applicant of the MB's decision within two weeks of the date on which the agreed minutes of the meeting are signed. If a project proposal has been approved subject to specific conditions, the NM shall inform the applicant/lead organisation of the requirements and procedure to obtain final approval. If the funding has been approved, a contract letter stipulating the applicable terms and conditions shall be prepared by the Secretariat. The NM most concerned shall submit the letter to the applicant/lead participating organisation for countersignature.

Article 15 Amendments

Amendments to the Regulations shall be valid only if agreed in writing by all representatives of the Republic of Benin, the Kingdom of Bhutan, the Republic of Costa Rica and the Kingdom of the Netherlands.

Article 16 Dispute resolution

Any dispute which may arise between the NM's involved in the implementation of these Regulations as to the interpretation, application or performance of these Regulations, including is validity or termination, and which cannot be settled amicably, may be submitted by either NM's to the Joint Committee of the PSC for final settlement.

Article 17 Final provisions

The Regulations will form an integral part of the Agreed Minutes, signed and dated by the representatives of the Republic of Benin, the Kingdom of Bhutan the Republic of Costa Rica and the Kingdom of the Netherlands on 19 May 2005 and of the Contribution. Agreement to be concluded between the Netherlands Minister for Development Cooperation and Fundecooperación on behalf of the three partner countries for the purpose of administering the PSC.