



SUB-DELEGATION MANUAL FOR THE AFRICAN UNION

22 November 2016

Version 0.0

Foreword

The African Union (AU) with the support of partners is increasingly becoming involved in disbursement of funds to implementing Partners. The disbursements are in the form of Grants and Sub-delegation of responsibilities. This new trend called for the development of legal and regulatory framework in the form of Grants Manual as well as this Sub-delegation Manual. This Sub delegation manual provides the framework for management of funds and projects implemented by partners on behalf of the AU as the Contracting Authority and Funding partners.

The Sub-delegation Manual explains the administrative policies, contracting procedures, internal controls and institutional arrangements of the AU to provide effective grant oversight, coordination function and improving the efficiency and effectiveness of programmes. The AU recognizes that Sub-delegation plays a critical role in accomplishing its mission by availing significant resources to support mechanisms that enhance its ability to deliver on its mandate. Pursuant to this, AU entrusts budget implementation tasks; that it is sub-delegating its role as Contracting Authority for procurement procedures, contracting and executing payments, to implementing partners, also referred to as Sub-Delegates. These Sub-Delegates need to comply with standards for internal controls, accounting, external audit and procurement insofar as these are relevant for their budget implementation tasks.

Sub-delegation is an institutional arrangement between two partners for implementation of results oriented projects, where implementation tasks are effectively delegated by the Contracting Authority to a Sub-Delegatee. It ranges from minimal (or partial) sub-delegation; where there is no delegation of financial management to the Sub-Delegatee, to maximal (or full) sub-delegation. The sub-delegation framework include capacity building of sub-delegatee where its organization capacity assessment reveal gaps to achieve the intended results. This sub-delegation manual does not cover open call for proposals as this will be handled under the Grants Management Manual.

The development and adoption of the Sub-delegation manual is expected to bring efficiency and clarity in the implementation of actions funded by the AU and I would like to implore all stakeholders to embrace this new document, which will be reviewed periodically to reflect changes and dynamics in the operating environment.

22 November 2016



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LIST OF ACRONYMS

AU	African Union
CLOCA	Close out Organizational Capacity Assessment
CFP	Call for Proposal
ERM	Enterprise Risk Management
M&E	Monitoring and Evaluation
MS	Member States
MTR	Mid -Term Review
NGO	Non - Governmental Organisation
OCA	Organisation Capacity Assessment
RECs	Regional Economic Communities
RMs	Regional Mechanisms
RMP	Risk Management Plan (RMP).
TOCA	Technical Organizational Capacity Assessment

DEFINITIONS OF TERMS

For the purpose of this Manual, and unless the context otherwise requires, the following terms and expressions shall have the meaning assigned to them hereunder:

Addendum: a document modifying the terms and conditions of a contract.

Action: any activity, project or programme undertaken by a sub-delegatee on behalf of and as agreed with the AU.

Asset: an economic resource, tangible or intangible that is capable of being owned or controlled to produce value and that is held to have positive economic value.

Beneficiary: the eligible entity whose application for funds has been accepted by the Contracting Authority to perform any action specified in the Sub-delegation Agreement.

Conflict of interests: Any event influencing the capacity of a candidate, tenderer, contractor, subcontractor or Sub-delegatee to give an objective and impartial professional opinion, or preventing it, at any moment, from giving priority to the interests of the Contracting Authority.

Contract: an agreement, between two or more persons or entities, with specific terms and an undertaking to provide services, supplies and/or works in return for a financial consideration.

Contract award procedure: the procedure followed by a Contracting Authority to identify and conclude a contract with a suitable contractor to provide defined goods or services.

Contract budget: a summary of the costs of performing the contract. The total of these costs is the contract value or contract price. Where sub-delegation is concerned, the budget shows the eligible costs for funding and the total costs. Where works are concerned: the sum represents the initial estimate payable for the execution of the works or such other sum as ascertained by the final statement of account as due to the contractor under the contract.

Contracting Authority: African Union, or the entity concluding the contract as provided for (where appropriate) in the Financing Agreement.

Entity: any Organ, Institution, Specialised and Technical Offices, Representational Offices, Field Missions and Liaison Offices of the AU.

Execution period: the period from contract signature until final payment and in no event later than 18 months after the provisional acceptance of the works or of the supply. This period includes the warranty and the final acceptance of the works or of the supply.

Expert: a person engaged to provide the specialized skills required for the proper performance of a contract.

Explanatory note: a summary at the beginning of a contract dossier or addendum dossier explaining to the reader the purpose and essential features of the proposed contract or addendum.

Final beneficiaries of a grant: those who will benefit from the project in the long term at the level of the society or sector at large.

Financing Agreement: an agreement between the AU and a beneficiary which determines the objectives and scale of a future programme of assistance.

Foreign currency: any currency permissible under the applicable provisions and regulations other than the currency of the country where the Sub-delegatee is based.

General conditions: the general contractual provisions setting out the administrative, financial, legal and technical clauses governing the execution of all contracts of a particular type.

Grant: a direct payment of a non-commercial nature by the Contracting Authority to a specific recipient to implement an operation (or in some cases to finance part of its budget) in order to promote an AU policy aim.

Guidelines for applicants: document explaining the purpose of a Call for Proposals for grants. It sets out the rules regarding who may apply, the types of operations and costs which may be financed, and the evaluation (selection and award) criteria. It also provides practical information on how to complete the application form, what documents must be annexed, and rules and procedures for applying.

Implementation period: the period from the signature, or alternative date if specified in the Special Conditions, until the provisional acceptance of the works or until the provisional acceptance for the last lot has been issued or until all tasks have been carried out.

International Organization: an organization established by a treaty or other instrument governed by international law and possessing its own international legal personality.

Month: Calendar month.

National currency: the currency of the beneficiary country.

Project: the action in relation to which the services/works/supplies are to be provided under the contract.

Special Conditions: the conditions laid down by the Contracting Authority as an integral part of the tender or call for proposals dossier, including amendments to the General Conditions, clauses specific to the contract and the terms of reference (for a service contract) or technical specifications (for a supply or works contract).

Sub-delegatee: is a recipient of funds, and delegated procurement and projects implementation functions from the Contracting Authority.

Sub-delegation: is the act whereby the Contracting Authority entrusts a sub-delegatee to receive funds on its behalf for the purpose of procurement of goods, services and works in order to implement its projects.

Supplies: all items which the Contractor is required to supply to the Contracting Authority, including, where necessary, services such as installation, testing, commissioning, provision of expertise, supervision, maintenance, repair, training and other such obligations connected with the items to be provided under the contract.

Tender: a written or formal offer to supply goods, perform services or execute works for an agreed price.

Tenderer: a natural or legal person or consortium thereof submitting a tender with a view to concluding a contract.

Terms of reference: the document drawn up by the Contracting Authority setting out its requirements and/or objectives in respect of the provision of services, specifying, where relevant, the methods and resources to be used and/or results to be achieved

Third Party: is an institution which receives an award or funds from the Sub-delegatee to implement a specific task or action in sub-delegation arrangements with the Contracting Authority.

INTRODUCTION

Sub-delegation

Sub-delegation is an institutional arrangement between two partners for implementation of results oriented projects, where implementation tasks are effectively delegated by the Contracting Authority to a Sub-Delegatee. The degree of sub-delegation may vary depending on the number and the nature of implementation tasks. The degree of sub-delegation is based on the possible combination of two implementation tasks:

- (i) Sub-delegation of procurement, contracting of grants and management of financial instruments. In this case the Sub-delegatee concludes contracts for procurement, grants and Financial Instruments with third parties but it is the Contracting Authority who makes the payments to third parties; and/or
- (ii) Sub-delegation of financial management (payments).

Consequently sub-delegation may range from minimal (or partial) sub-delegation to maximal (or full) sub-delegation as follows:

- (i) **Minimal (or partial) sub-delegation:** The Sub-delegatee is responsible for contracting either in accordance with its own procedures or in accordance with the procedures of the Contracting Authority. However, the Contracting Authority, and not the Sub-delegatee, has the final decision on the amounts to be paid / recovered and makes all the related payments to Third parties. There is no delegation of financial management to the Sub-delegatee.
- (ii) **Maximal (or full) sub-delegation:** The Sub-delegatee is responsible for concluding contracts for procurement, grants and Financial Instruments with Third parties – either in accordance with its own procedures or the procedures of the Contracting Authority - and for the financial management (including payments to Third parties) of these contracts.

This Manual provides a step-by-step guidance on the processes and procedures to be applied by the AU and its Sub-delegatees in the course of implementing result oriented activities sub-delegated by the AU.

Rationale for developing a sub-delegation Manual

The development of this sub-delegation Manual has been guided by several reasons as follows:

- (i) **Efficiency:** having all the information, procedures, guidelines, and templates easily available to all staff, and all partners will save time and resources and will eliminate the need for each project to draft its own sub-delegation framework, as has been the case in the past. Additionally, the Manual will provide all staff members of the AU or Sub-delegatees with a centralized access to all the necessary information related to sub-delegation whenever required.

Furthermore, given the need for homogeneous and standardized approach, all sub-delegation related activities will now be implemented under the same framework, using the same tools, reporting formats, and the same procedures. This will greatly facilitate implementation of projects and achievement of

intended results, integrated resources and results reporting, quality control, monitoring of outcomes, evaluating of impacts, knowledge management and overall accountability and transparency.

- (ii) **Transparency:** this Manual will be widely distributed within, sub-delegatees, and donor groups, which will in turn contribute to making the process of sub-delegation more transparent, thereby limiting misunderstandings and possible conflicts between partners.
- (iii) **Safety - Strengthen internal control mechanisms:** the entry into force of this Manual and its related tools will greatly improve the effectiveness of the internal control mechanisms, and will therefore improve the accountability and safety of funds.

Objective of the Sub-delegation Manual

The objective of this Manual is to provide a reference point to both staff of the AU and of sub-delegatees as well as provide a comprehensive set of procedures applicable in the implementation of activities as sub-delegated by AU.

Compliance with legal frameworks

The modalities of sub-delegation between AU and its sub-delegatees shall be in compliance with the procedures set out in this Manual, which will be reflected in the partnership agreements signed between the parties. The implementation of sub-delegated projects shall be in accordance with the AU overall legal and regulatory frameworks governing AU programs and projects, including the AU Procurement Manual, the AU Financial Rules and Regulations, and in the case of projects sub-delegated to RECs, the Protocol on relations between AU and the RECs. All these overall framework documents will be communicated to the sub-delegatees for easy reference during the implementation. In case this sub-delegation happens in the scope of a donor funded project, they will also need to comply with the conditions of the financing agreement with the partners, which will be reflected and mentioned in the sub-delegation agreement as well.

BACKGROUND

AU implements its actions by its own means or with the support of implementing partners including sub-delegatees. Participatory implementation has increasingly become a part of AU's mainstream business practice. This is motivated by the fact that it is central to public policy decision-making and service delivery. AU experiences in working with and through partners has witnessed improved communication, wider community support, improved collection of useful data and evidence based information and knowledge, enhanced public sector or corporate reputation and increased ownership and sustainable decision making.

Sub-delegation of activities by AU

Given the mandate and the role of AU, depending on the nature of projects, and the added value they can provide, these sub-delegatees may include African Union Member States, a public body of one of the AU Member States, Regional Economic Communities, Regional Mechanisms, NGOs, international organizations, or research organizations. Several continental or regional projects implemented by AU use RECs / RMs as sub-delegatees, in line with the AU policy which considers RECs / RMs as the building blocks of the African Institutional Architecture, and recommends to implement activities and provide support to MS in collaboration with RECs / RMs, when applicable and feasible. The other category of sub-delegatees to which AU entrusts implementation responsibilities is the Member States. To determine which activities are to be sub-delegated to RECs / RMs or MS, AU applies the principle of subsidiarity, and considers the respective

mandates, comparative advantages and the relationships between the partnering institutions involved. Sub-delegation to NGOs is also used to facilitate implementation of activities in the fields which require presence at the community level. This is also the case for projects implemented in some countries where AU cannot be present in the field. Sub-delegation to international organizations or research organizations is envisaged when recourse to specific competencies or implementation capacities is required.

THE SUB-DELEGATION PROCESS

The sub-delegation process is composed of 4 main phases namely; pre-engagement, engagement, implementation and close out, which stages are described in details in this document.

I. PRE-ENGAGEMENT OF SUB-DELEGATEES

A. Identification and selection of sub-delegatees

There are different ways to identify and select sub-delegatees, depending of the type of sub-delegatees and the type and the nature of activities to be sub-delegated:

1. Selection methods

The selection method shall be dependent on the type of action and level of sub-delegation.

Restricted Selection: a selection process in which a call for proposals is sent to a few known or shortlisted or eligible institutions. Depending on the type of action and circumstances, some institutions may be restricted from participating in the implementation of this action. Such cases may include inadequate implementation arrangements, high political risks or inadequate capacities. The restricted selection may be subject to the principle of equal treatment and pre-determined criteria.

Direct Award: there may be instances of limited number of potential sub-delegatees, and if AU has a sufficient knowledge of these partners, based on prior experience, sub-delegatees may be selected without recourse to a formal CFP. However, a capacity assessment will be undertaken prior to the issuance of contracts to ensure that implementation arrangements remain adequate.

2. The process of call for proposal

The Guidelines for Applicants (which include the Application Form and other annexes) explain the purpose of the Call for Proposals, the rules regarding the eligibility of applicants and partners, the types of action and costs which are eligible for financing, and the evaluation (selection and award) criteria. They also contain instructions on how to fill in the application form, what to annex to it and what procedures to follow for applying. They give information on the evaluation process that will follow (including an indicative timetable) and the contractual conditions which will apply to successful applicants. The Guidelines should set out very clearly and in detail the objectives and priorities of the call for proposals, and give particular attention to the eligibility criteria. The guidelines must be published and any modification must be published as well. The information published will become binding on the Evaluation Committee once the date for submission has elapsed.

The person in charge of the CFP shall adapt the evaluation grids for the selection and award of proposals to the nature, objectives and expected results of the call. The criteria for evaluation of Grants shall be indicated in the call for applications.

Publicity: In order to ensure the widest possible participation and the requisite transparency, Guidelines for Applicants will be published for every Call for Proposals. The Guidelines will be published in a media of a wide circulation including the AU Website and in any other appropriate media such as technical journals.

3. Exceptions

In case of emergency (as defined in the AU Procurement Manual), conflict situations or extreme urgency brought about by events that could not be controlled or foreseen by AU/Contracting Authority, and if the action requires immediate implementation, the selection method for sub-delegation will be either direct or simplified (on the basis of the above methods but with simplified procedures). For actions with specific characteristics that require a particular type of body on account of its technical competence, its high degree of specialization or its administrative power, a direct award may be used on condition that the actions concerned do not fall within the scope of any of the above methods. This may apply on a case by case basis and shall be duly substantiated in the award decision.

Similarly the simplified or direct award may be applicable where the sub-delegation is awarded to a body with a de jure or de facto monopoly, duly substantiated in the award decision. 'De facto' or 'de jure' monopoly means that the grant beneficiary, (or it may also be a consortium), has exclusive competence in the field of activity and/or geographical area to which the grant relates pursuant to any applicable law; or is the only organization (i) operating or (ii) capable of operating in the field of activity and/or geographical area to which the sub-delegation relates by virtue of all considerations of fact and law. In all cases, AU shall prepare a report explaining the manner in which the sub-delegatee was identified and the activities and financial considerations duly disclosed.

B. Modalities of assessment

AU will undertake to assess all prospective sub-delegatees prior to any sub-delegation to determine whether they have the appropriate capacities to implement, and to ensure that sub-delegatees will implement the action with procedures and systems that comply with international standards and the criteria set by the AU. Depending on the assessment outcome, and the risks assessed, AU will determine the implementation arrangement and capacity building requirements.

C. Domains to assess

Organizational Capacity Assessment

Organizational capacity describes a wide range of capabilities, knowledge and resources that organizations need in order to function effectively and efficiently. It is multi-faceted and continually evolving. Capacity can also be viewed as a function of many different factors: individual capabilities, ways of organizing, cultural norms and physical assets. All these combined enable an organization to work towards its mission. There are mainly six organizational capacities that are a prerequisite for high performance in an organization.

These are (as applicable):

- (i) Is the organization a national or international public law body or a body governed by private law with a public service mission to the extent that they provide adequate financial guarantees.
- (ii) Governance and leadership: This focuses on the governance structures and oversight roles.
- (iii) Human Capital Management: This focuses on the organization's ability to recruit and maintain a satisfied and skilled workforce.

- (iv) Administration: This focuses on administrative policies and procedures, in particular, procurement and/or grant procedures for the implementation of actions.
- (v) Finance: This focuses on the organization's capacity to develop and apply appropriate rules and financial policies and procedures in all material respects in accordance with AU requirements.
- (vi) Organizational management: This focuses on the organization's ability to operate in a systematic manner.
- (iv) Programme management: This focuses on the organization's ability to respond to development partner requirements and application of evidence based technical knowledge that focuses on executing projects, achieving results and realizing impacts.

OCA (Organization Capacity Assessment) will be conducted at the initial stage prior to sub-delegation and periodically to measure progress over time. The initial assessment will serve as a baseline. The initial OCA will be a collaborative self-assessment and is not intended to be a scientific method but rather the framework will offer organizations a chance to reflect on their current status against recognized best practices. The initial assessment will provide the organization with an opportunity to review their capacity with a plan to reinforce their capacity where the assessment would have revealed weaknesses.

The intervals for subsequent assessments shall be agreed with the sub-delegatee.

Where a potential sub-delegatee fails the OCA, the Contracting Authority will make a decision either to build the capacity to achieve the results or not as well as the level of sub-delegation.

TOCA (Technical Organizational Capacity Assessment): will be conducted at the initial stage prior to sub delegation and periodically to measure progress over time. The assessment will focus on the Sub-delegatee's capacity to deliver the programme along the technical scope. The assessment will examine the Sub-delegatee's capacities and procedures against global standards for technical programme competences, community involvement, programme delivery, monitoring and reporting. To strengthen their relevance to national and regional development plans and priorities, AU will encourage and assist partners to link to national and regional guidelines or frameworks to ensure their programmes are compliant with approved protocols.

Where a potential sub-delegatee fails the TOCA, the Contracting Authority will make a decision either to build the capacity to achieve the results or not.

D. Assessment process

The interactive self-assessments will be conducted as follows:

• **Introduction** - Prior to conducting the assessment, the Sub-delegatee will be provided with a letter describing the:

- (i) purpose of the assessment, the assessment tool, process and schedule;
- (ii) confirming the dates of the assessment;
- (iii) a list of documents to have on hand to assist the process;
- (iv) a list of staff members who should participate; and
- (v) a set of questions for THE Sub-delegatee to collect inputs in advance of the OCA / TOCA.

Outcome and identification: the objective will be to identify the Sub-delegatee's capacity level in each sub-section of the assessment and the justification of the outcome of the assessment.

Prioritizing – the assessment team will assist the Sub-delegatee's to prioritize each issue or domain to inform the action plan.

Action planning – finalization of the action plan will be done by reviewing the issues and actions proposed. This will capture the gaps in each domain, taking into consideration the assessment outcome, then formulating the action to be realized, the support required to realize the action, completion date and status. The plan will be linked to measurable outcomes and will be monitored periodically to measure the effectiveness of the strategies to address the gaps.

Documentation – the assessment team will compile the policy and procedure documents and an assessment report that will detail outcomes and identify technical capacity needs.

Team – the assessment will be undertaken by a multi –disciplinary team of Finance, Human Capital Management, Procurement, Technical and Programme Experts and M & E Experts.

II. ENGAGEMENT

A. Award and Negotiation of Contracts

1. Notification of applicants

In the case of competitive selection, after AU has given its official approval to the final list of sub-delegatees, they will be notified in writing. AU shall also send the unsuccessful applicants a letter informing them that they have not been selected and specifying the reasons.

2. Contract negotiation and signature

AU will draw attention to any inconsistencies which may include arithmetical errors or ineligible costs, which were identified during the evaluation process. The description of the action will be corrected accordingly if need be. Other clarifications or minor corrections may be brought to the description of the action or to the budget in so far as they would not call into question the award decision or be contrary to the equal treatment of applicants.

B. Initial Orientation

An orientation session will be organized before the beginning of the implementation phase and prior to any disbursement of funds to sub-delegatees. Staff to be trained at sub-delegatee level will include the project coordinator or focal point for the action, the accountant/administrator in charge of the action, the procurement and M&E officers and any other staff playing a key role in the implementation of the action. The standard inception course outline for sub-delegatees will include in particular the following modules:

Presentation and domestication of project documents, intergrated resources and result framework, strategic approach, workplan, procurement plan and budget. The orientation should also cover specific domains as follows:

- (i) Procurement procedures;
- (ii) Accounting procedures;
- (iii) Reporting procedures;
- (iv) M&E data collection tool (M&E framework).

- (v) Knowledge management and communication

C. Preparation of Work plan and Budgets

Another important step of the engagement phase will be the preparation of work plans and budgets for sub-delegated activities. Work plans and budgets will be developed in partnership between sub-delegatees and Contracting Authority. They will be extracted from the general project or programme work plans and budgets. This will be done preferably during a specific workshop organized before the beginning of the implementation phase. This session could be organized back to back with orientation session mentioned above. Procurement plans shall also be developed as part of the work plans.

III. IMPLEMENTATION

A. PROCUREMENT

Funds received from the Contracting Authority must be used for the purposes and agreed results for which they are intended. This requires that the works, goods and services procured under its financing are of appropriate quality; are acquired at economic prices and in a timely manner. This is generally best achieved through open and transparent competition. The African Union's procurement policy aims to ensure that proper standards of integrity, accountability and transparency are practiced by the implementing partners. These standards are intended to ensure adequate internal controls and compliance with all AU Procurement Procedures.

1. Procurement procedures

As a general rule, all procurements for goods, services and works will be carried out using the AU Procurement procedures. All procurement activities should be conducted in a manner that ensures, to the greatest extent possible, open and free competition.

Sub-delegatees will comply with the following principles in the procurement process:

- (i) Integrity of all personnel working with procurement
- (ii) Best value for money
- (iii) Transparency within the whole procurement process
- (iv) Segregation of responsibilities
- (v) Ethical behavior in all undertakings
- (vi) Equal treatment and nondiscrimination of potential vendors and consultants
- (vii) Interest of the Contracting Authority

2. Responsibility for conducting procurement activities

Sub-delegatees will bear responsibility for their procurement processes taking into account the procurement principles highlighted above. The key activities will include:

- (i) Procurement planning
- (ii) Development of specifications/TORs/Scope of works
- (iii) Bid preparation and advertisement
- (iv) Bid opening and evaluation of bids
- (v) Contract award and preparation of contracts
- (vi) Contract implementation

The Sub delegatee should manage procurement risks throughout the procurement process.

Preparation of a procurement plan shall be mandatory and the sub-delegatees should comply with the recommendations of the OCA Report and the sub-delegation agreement. If there is need for No Objection, this condition shall be set in the Sub-delegation agreement.

B. HUMAN CAPITAL

This chapter only refers to recruitment of project staff by the sub-delegatee for the purpose of implementing the sub-delegated project or activities. During the negotiation of contract, the Contracting Authority and the sub-delegatee will identify and agree on the staff to be employed by the sub-delegatee who will be contributing on a full time or part time basis to the implementation of the sub-delegated project / activities. Their detailed terms of reference, their remuneration (including salaries and other benefits), and the proportion of this remuneration covered by the project / activity will be agreed upon.

These staff costs will be included in the budget that will be annexed to the sub-delegation agreement. Staff related expenditures that are not included in the budget will be considered as non-eligible. In normal circumstances, and unless it has been agreed upon differently between the Contracting Authority and the sub-delegatee, the sub-delegatees will apply their human resources procedures for the recruitment, the management and the payment of the staff contributing to sub-delegation. When conducting the pre-engagement OCA, the Contracting Authority will ensure that the sub-delegatee human resources management policy comply with the basic requirements regarding transparency, fair competition, absence of conflict of interests, etc.

The CVs of all staff contributing to the implementation of the sub-delegated project / activities on a full or part time basis and paid entirely or partly on the budget of sub-delegated project / activities will be submitted to the Contracting Authority for approval, prior to recruitment and before any payment of salary or other benefit. Payment of salary top-ups for civil servants is not permitted and will be considered as ineligible expenditure. In certain circumstances and on case to case basis, the Contracting Authority may second staff or provide technical support to the sub-delegatees. Conditions of engagement and management of the seconded staff will be negotiated between the two parties and mentioned in the special conditions of the sub-delegation agreement. Recruitment of seconded staff will be conducted jointly by the Contracting Authority and the sub-delegatee.

C. ACCOUNTING PROCEDURES AND FINANCIAL REPORTING

The AU Financial Rules and Regulations govern the accounting and financial management practices of AU and its sub-delegated activities with exception of where the OCA informs otherwise.

1. Languages to be used by sub-delegatees for accounting and financial reporting

All accounting documents and financial reports generated by the sub-delegatee and transmitted to AU should be written in one of the 4 working languages of the African Union, namely Arabic, English, French, and Portuguese.

2. Accounting Procedures

Sub-delegatees may use their own accounting procedures if they have been assessed to be adequate by AU. In cases where the sub-delegatee's accounting procedures are found to be inadequate, then the AU accounting procedures will be applicable. This will be reflected in the sub-delegation agreement.

3. Bank accounts (signatories, separate account, currencies)

a. General considerations

All sub-delegatees will be required to open a separate bank account specifically for the operations of the sub-delegated activities. An official document from the bank (see model: financial identification form) should be sent to AU, this document shows the account details, as well as the names of signatories and their titles.

In case AU sub-delegates activities to the same sub-delegatee, in the scope of several projects which are not related, separate bank accounts should be opened for each project.

Where projects are related such as continuation of a previous project, sub-delegatees can use the bank account for the previous project.

A sub-delegatee can open several bank accounts for the same project, for instance one in foreign currency and one in local currency. Funds in the specific project bank account cannot be used for purposes not related to project activities, including temporary borrowing for use for purposes other than the project.

b. Bank interest

In case the bank account opened specifically for the sub-delegated activities generates interest, the interest accrued will be considered as belonging to the Contracting Authority and should be transferred to AU when the project ends, unless authorization is sought to utilize the interest for project actions before project end. The accrued interest should be indicated on the financial report.

c. Bank Charges

All bank charges should be reported as project expenses.

d. Exchange rates

All forex exchange operations should be supported by official bank receipts. The rate used in monthly financial reports should be the receipt rate (the exchange rate of the day sub-delegatee received the funds). The exchange rate used for reporting should be clearly indicated on the financial report.

The conversion rate to be applied is the rate of exchange at which a specific contribution was recorded in the Contracting Authority's accounts, unless otherwise specified in writing.

The sub-delegation agreement shall specify how to treat exchange rate gains or losses during the reporting period

e. Currency for Reporting

Unless otherwise agreed in the sub - delegation agreement, the reports shall be submitted in the accounting currency of the Contracting Authority for the Action.

The Contracting Authority shall convert legal commitments, the Action's receipts and costs incurred in currencies other than the accounting currency for the Action according to its usual accounting practices.

4. Financial reporting:

The financial reporting should be on the basis of international accounting standards and financial reporting templates as may be provided by the Contracting Authority. Financial reports should be prepared and sent in accordance with the timelines agreed in the sub -delegation agreement. The components of the report include:

- i. Status of Allotment
- ii. Bank reconciliations together with the respective bank statements
- iii. Transaction/Expenditure listing approved and signed - referencing of expenditure to the actual physical document
- iv. Inventory list
- v. Cash journal

5. Supporting documents

Copies of supporting documents should be sent to the Contracting Authority in accordance with the timelines agreed in the sub-delegation agreement and originals of the same should be kept by the sub-delegatee.

A bank statement together with the bank reconciliation shall be produced for each account at the end of every month.

The vouchers should be referenced to the financial report which should also be attached and duly signed. All vouchers should be signed and stamped PAID.

6. Channel of communication - updates - support services

For each project, the Contracting Authority shall designate a programme / project manager through which all communications shall be addressed.

7. Eligible and non-eligible costs

Eligible and non-eligible costs shall be defined in the sub-delegation agreement

8. Deviation from budget

Sub-delegatees should always abide by the budget and prior approval should be sought from the Contracting Authority before any variations of the budget.

9. Allocation of overheads and shared staff costs

Office overheads (such as utilities, office rent, and security) and shared staff costs should be reasonably allocated to the sub-delegated activities, on the basis of prior agreement with the Contracting Authority and should be supported by adequate documents. Allocation of shared staff costs will be supported by duly approved time sheets.

10. Administrative costs

Administrative costs will be agreed upon prior to signing the sub-delegation agreement, and indicated in the budget annexed to the agreement. Administrative costs will be disbursed to the sub-delegatee on a pro-rata basis to the expenditure incurred.

11. Fraud, misuse or corruption

Once funds have been disbursed to the sub-delegatees, the full responsibility of safeguarding and ensuring sound financial management practices, systems and record keeping will become the responsibility of the sub-delegatee. The Contracting Authority is committed to promoting and adhering to the highest standards of probity and accountability in the use of its resources and takes a zero-tolerance stance towards cases of fraud and corruption in its operations.

All sub-delegatees have a responsibility towards the proper safe guard of all assets (tangible and intangible) acquired during the course of activity implementation. Sub-delegatees are required to report promptly any reasonably suspected cases of any fraudulent, corrupt and/or collusive practices, misuse of funds/ assets and any related attempts of such practices, to the Contracting Authority. Reference is made to the Contracting Authority Anti-fraud and Corruption Policy; any person who reports reasonably-held suspicions of fraud or corruption, or who cooperates in such investigations shall not be subject to recriminations or victimization. Victimization or any attempts by AU staff to deter anyone from reporting suspicions of fraud or corruption or from witnessing such acts in an investigation constitute a serious breach of the AU Code of Conduct, and may result in the imposition of disciplinary measures in accordance with the AU Rules and Regulations.

The sub-delegatee shall be responsible for ensuring integrity in its systems to avoid corrupt and fraudulent activities. Where cases of corruption are confirmed in the sub-delegatee's activities, such expenditure will be declared ineligible and recovered in accordance with recovery procedures set in this manual.

The Contracting Authority will undertake to review, investigate and/or prosecute in accordance with applicable Rules and Decisions, any person suspected of misuse of resources or corruption. Ineligible expenditures may or may not be classified as fraud. However, all ineligible expenditures will be investigated thoroughly and once determined they will be refunded to the Contracting Authority.

RECOVERY FOR INELIGIBLE EXPENDITURES

Any payment deemed ineligible shall be paid back to the Contracting Authority by the sub-delegatee. Formal communication will be sent and information availed, relating to expenses not accepted. Sanctions in case of ineligible expenditures may apply as per the termination of contract clause.

ASSETS

The assets purchased in the scope of the sub-delegation will be considered as assets of the Contracting Authority, until their official transfer to the sub-delegatee. This transfer will be formalized by a transfer agreement signed by both parties. In any case, the assets purchased in the scope of the sub-delegation will have to be used exclusively to the benefit of the sub-delegated activities, and the cost of their maintenance and insurance will be covered by the project. The assets purchased in the framework of the sub-delegation may be transferred to local authorities, partners or final recipients at the end of the sub-delegated activities.

INTELLECTUAL PROPERTY RIGHTS

Intellectual property rights resulting from the action and the reports and other documents relating to the project will vest in the Contracting Authority. It shall be stipulated in the sub-delegation agreement that the Contracting Authority shall grant the sub-delegatee the right to use free of charge and as it may see fit all

documents deriving from the action, whatever their form, provided it does not thereby breach existing intellectual property rights.

CONTRIBUTION FROM SUB-DELEGATEES

Contribution to the cost of the action/project by the sub-delegatee is not compulsory but is strongly recommended; the sub-delegatee can contribute to the cost of the action in kind or in cash. Contributions by the sub-delegatees, in cash and in kind, should be detailed in the budget of the action, annexed to the sub-delegation agreement. The sub-delegatee should report on its financial contribution, in cash or in kind, in the annual financial report; this should appear under separate budget lines.

TECHNICAL REPORTING AND ARCHIVING

1. Reporting:

The focal persons or designated authority will be required to report achievements to project coordinators based at the Contracting Authority on a periodic basis. Basically, the reports will indicate the strategic plan outcomes (as indicated in the AU strategic plan), the key result areas which the activity is meant to contribute to, planned activities/tasks for the period indicating key indicators, milestones, tasks carried out/actual achievements, approved budget for the period, actual expenditure and execution rate. Major challenges encountered in the period should also be highlighted, indicating and explaining reasons for under/over accomplishments or any other critical points. Recommendations on the way forward will also be included.

The reports will be done using the Contracting Authority template and will be sent together with the financial reports for the period. The reports will be sent to the official designated in the sub-delegation agreement in hard copy and electronically. The sub-delegatees must archive copies of the reports for the duration of the project/ intervention plus at least seven (7) years.

2. Archiving:

For the technical documents, archiving should be done at the Contracting Authority level using the Contracting Authority system, both physical (hard copies) and digital (soft copies). Hard copies will be scanned and metadata captured for easy retrieval. Archiving should also be done at the sub-delegatee level, using their own system. The sub-delegatees must archive copies of the reports for the duration of the project/ intervention plus at least seven (7) years.. At the Contracting Authority level, the documents will be kept as per the retention policy for records.

VISIBILITY AND COMMUNICATION

The sub-delegatee and the Contracting Authority are required to work together to ensure appropriate visibility for activities under the programme/project. In addition to the the Contracting Authority visibility and communication guidelines found below, the sub-delegatee will have to comply with the specific donor requirements and guidelines, which will be communicated by the Contracting Authority to the sub-delegatee. Information on project activity given to the press, the project beneficiaries, publicity materials, official notices, reports and publications, shall acknowledge that the action was carried out "with support of the Contracting Authority and funding by the relevant development partner" and display in an appropriate way, the the Contracting Authority logo, as well as the development partner logo. The Contracting Authority will provide to the sub-delegatee the appropriate formats for logos, flags, and texts. Where equipment, furniture or

vehicles have been purchased using project funds, there will be appropriate acknowledgement on such vehicles, equipment and furniture, including display of the Contracting Authority and development partner logo, provided that such actions do not jeopardize the Contracting Authority privileges and immunities and the safety and security of the Contracting Authority and sub-delegatee staff. The size and prominence of the acknowledgement and the Contracting Authority and development partner logo shall be clearly visible in a manner that will not create any confusion regarding the identification of the action and the ownership of the equipment and supplies.

The following text shall be included in all productions and documents *"This document has been produced with the support of the Contracting Authority and the financial assistance of the relevant development partner. The views expressed herein can in no way be taken to reflect the official opinion of the Contracting Authority and the relevant development partner."* If the sub-delegatee wishes to issue a press release or announcement regarding the signature of the sub-delegation agreement and the award of the related financial support, he must obtain advance approval from the Contracting Authority, of the press release and date of release.

Knowledge Management

Knowledge management is about understanding the organization's information flows and implementing the Contracting Authority learning practices which make explicit key aspects of its knowledge base. This is done by enhancing the use of organizational knowledge through sound practices of information management and organizational learning.

The knowledge management process

During project cycle various forms of information and experience are generated within the organization. The continuous nature of knowledge production requires appropriate measures be taken to safeguard knowledge products of AU and Sub Delegates. The project manager must ensure project outputs meet the relevant standards. Project knowledge outputs must be stored centrally and be shared or easily accessible as determined by the Knowledge management platform.

The sub –delegatee shall actively capture project lessons learned to ensure ongoing learning and adaptation within the organization. As a component of the final project review report, a final Lessons Learned Report should be prepared by the sub-delegatee at the end of the project to foster the learning process. In addition, in order to promote knowledge sharing; ideas, experiences and lessons deriving from the project should be shared with the Contracting Authority on the Practice Knowledge Networks (e.g. answer a referral, participate in an e-discussion or peer review, and contribute to the development of a knowledge product).

Principles underpinning the approach to knowledge management are:

- (i) **Knowledge is a valuable asset** making it clear that knowledge products should be managed
- (ii) **Knowledge is quality controlled** knowledge products such as documents have clear quality guidelines which must be adhered to.

- (iii) **Knowledge is shared and accessible** ensuring effective communication and also that appropriate tools and technologies are used to assist all stakeholders to access and benefit from the knowledge products.

AUDITS, REVIEWS, CHECKS AND INVESTIGATIONS

1. Right to carry out audits, reviews and checks

The sub-delegatee will allow the Contracting Authority and any external auditor authorized by the Contracting Authority carrying out verifications to verify, by examining the documents or by means of on-the-spot checks, the implementation of the Action and conduct a full audit, if necessary, on the basis of supporting documents for the accounts, accounting documents and any other document relevant to the financing of the action. These audits may take place up to seven years after the payment of the balance. Furthermore, the sub-delegatee will allow the Contracting Authority, internal and external auditors authorized by the Contracting Authority to carry out checks and verifications on the spot as may be required. To this end, the sub-delegatee undertakes to give appropriate access to staff or agents of the Contracting Authority as well as to any internal or external auditor authorized by the Contracting Authority to carry out verifications to the sites and locations at which the Action is implemented, including its information systems, as well as all documents and databases concerning the technical and financial management of the action and to take all steps to facilitate their work. **2.**

Implementation of audit recommendations

Sub-delegatee will prepare an action plan for the implementation of audit recommendations and share regular reports on the status of implementation of these recommendations along with the periodic financial reports.

3. Consequences of findings in audits, reviews, checks and investigations

Findings in audits, reviews, checks or investigations carried out in the context of the sub-delegation may lead to ineligible costs, reduction of the budget, or to any of the other measures stipulated in the termination of contract clause. Rejection of costs or reduction of the budget after the payment of the balance will lead to a revised final agreement amount. Audits, reviews, checks or investigations that find systemic or recurrent errors, irregularities, fraud or breach of obligations may also lead to consequences in other AU sub-delegations awarded under similar conditions.

MONITORING AND EVALUATION OF SUB-DELEGATEES

The monitoring and evaluation practice of the Contracting Authority is governed by the manual "Monitoring and Evaluation Framework". The M&E framework is synchronized with the strategic plan and its implementation period is the same. This section defines the roles and responsibilities of a third partner / consultant involved in the implementation in one (or more) project (s) of the Contracting Authority as sub-delegatee.

A. Implementation of the M & E plan developed in advance:

The M&E team of the Contracting Authority will work with the sub-delegatee to develop the M&E plan for the sub-delegated activities in a participatory and inclusive manner. The sub-delegatee is bound to respect the roles and responsibilities assigned in this plan, to meet the deadlines set for it, and to follow the procedures agreed upon.

B. Development and revision of the logical framework:

A logical framework will be developed for sub-delegated activities. Under the leadership of the Contracting Authority M&E pool, the sub-delegatee will be involved at all stages of the logical framework development, revision and updating process. The final logical framework will necessarily require the technical validation of the M&E experts of the Contracting Authority.

C. Data collection:

Under the request of the Contracting Authority team, the sub-delegatee will be responsible for collecting disaggregated data required for the M&E system, using tools and methods agreed upon between the two parties. This collection will firstly concern the collection and confirmation of 'baseline' data. Tracking data (level of achievement of results through intelligence indicators) will also be collected by the sub-delegatee, at least quarterly, or at least according to the logical framework and timetable for implementation of the project. The collection of lessons learned and best practices will also be considered as data and will be the responsibility of the sub-delegatee. The transmission of data from the sub-delegatee to the Contracting Authority team will be done through reports. The format of these reports must clearly highlight the data entered in and the tools and methods used to achieve this purpose.

The sub-delegatee should manage the data collection in a systematic fashion so that data are regularly collected for the frequency and period specified. Data collection processes developed for each project must adhere to the the Contracting Authority data management policy.

Data collection must be based on predefined indicators for project and programmatic outcomes. Indicators can be classified into 2 types: (1) Impact indicators and; (2) Outcome indicators.

D. Data analysis:

Any analysis of data and the subsequent recommendations for changes and adjustments on any part of the logical framework must first be submitted to the Contracting Authority M&E pool for approval.

E. Reporting and sharing of information:

At the beginning of implementation of each sub-delegated action, Contracting Authority will propose a reporting plan clearly showing the content, format and frequency of reports to be submitted by the sub-delegatee. The dissemination of data generated in the scope of sub-delegated actions will be done by the sub-delegatee, as per the guidelines contained in the "communication" chapter of this manual.

F. Capacity development in M&E:

Before the implementation of the M&E plan, Contracting Authority and the sub-delegatee will jointly identify capacity gaps and capacity building needs in M&E.

G. Planning

The sub-delegatee will submit before the implementation of project activities, a work plan containing the following:

- (i) Identify immediate results (outputs) and outcome for the period.
- (ii) Formulate clear and concise methodological and operational approaches to achieve these results.
- (iii) Define the resources to achieve these results (financial and others).

H. Mid-Term Reviews:

As part of its oversight, the Contracting Authority shall conduct Mid Term Reviews to ensure that projects are on course to meet their objectives and to rectify any impediments to the attainment of goals. The MTR shall be conducted to cover both technical and administrative aspects of the projects.

RISK MANAGEMENT

All sub-delegatees will be subject to Contracting Authority's Enterprise Risk Management (ERM), as outlined in Contracting Authority's ERM Policy. Each sub-delegatee shall appoint a specific person who shall be responsible for:

- (i) Ensuring that the sub-delegatee participates in the process of , risk identification , risk assessment, , risk analysis, risk response planning and risk monitoring and control;
- (ii) Organizing and providing the sub-delegatee's contribution to the processes risk identification , risk assessment, , risk analysis, risk response planning and risk monitoring and control;
- (iii) Monitoring and reporting risks and their management to Contracting Authority on behalf of the sub-delegatee; and
- (iv) Ensuring that the sub-delegatee takes such measures as may be required by Contracting Authority's ERM policy or as may be from time to time directed by Contracting Authority.

All risks identified by the sub-delegatee in relation to the specific sub-delegation shall be included in the Contracting Authority's risk register (institutional or project specific).

CAPACITY DEVELOPMENT OF SUB-DELEGATEES

A. Capacity development approach

The capacity development model will be cyclical. It will begin with OCA and TOCA , set the stage for planning, provision of technical assistance and peer learning. Monitoring effectiveness of the changes will be critical as it will lead to final adaptation, bringing the cycle back to re-assessment to measure the overall progress in capacity development.

Capacity building and support will be provided by the Contracting Authority's after assessing the sub-delegatees. Monitoring visits to all sub-delegatees should be conducted at least once a year. E-platforms will also be established to facilitate exchange of information and peer-learning among sub-delegatees and between sub-delegatees and the Contracting Authority. Capacity development activities will be included in the work-plans developed by the Contracting Authority and the sub-delegatee for the implementation of the sub-delegated activities.

B. Capacity Development Domains

1. Governance:

Good governance means the responsible management of an organization's resources. Transparency, accountability, effective management and the rule of law are essential components of good governance. The objective of the capacity development on the governance domain will be to catalyze the partner's motivation and stability, and review its guiding principles, structure and oversight mechanisms.

2. Administration:

Clear administrative policies and procedures are the core of a well-functioning organization. Administrative systems and policies do not need to be complex to be effective. The objective of the capacity development

on the administrative domain will be to strengthen the organization's functionality by focusing on the quality of its administrative systems as well as its capacity to develop and apply policies and procedures; and the extent of staff knowledge and understanding of these systems. A key focus will be the ability to comply with rules and regulations in all administrative areas.

3. Human Capital Management

These systems improve employee performance and enhance staff motivation and productivity which in turn increases organizational effectiveness. HCM is basically the management of an organization's human capital. The objective is to attract the best people for their programmes, and for the populations they serve. In addition to hiring the right people to manage and perform specific jobs, effective HCM builds staff commitment and loyalty and keeps them up-to-date about organizational plans. The objective of the capacity development on the HCM domain will be to address an organization's ability to maintain a skilled, satisfied workforce and assess how operations and staff time are managed. This will also include strengthening HCM systems and processes, and how they relate to strategic outcomes to deliver quality programmes.

4. Organizational Management

The strength and sustainability of an organization is directly linked to the quality of its management and leadership. This domain examines how an organization functions internally and externally, how it plans with staff and stakeholders, and how it ensures future financial sustainability. The objective of the capacity development on the organizational management domain will be to strengthen the strategic plan to flow from a clearly stated mission, and in a systematic manner; coordination with other partners; external relationships; and information management to identify and actualize new opportunities.

5. Financial Management

How an organization's finances are managed impacts all management systems because, by nature, financial matters facilitate and maintain those systems. Financial plans should be linked and tailored to specific organizational goals, and where they are well-functioning and compliant, can attract key partnerships and help leverage resources to strengthen sustainability. The objective of the capacity development for the financial management domain will be to develop and apply financial policies and procedures, strengthen financial systems and staff knowledge and application of the same. A key focus will be to assist the organization's capacity to comply with rules and regulations regarding all financial systems, policies and procedures.

6. Programme Management

This focuses on an organization's ability to implement high-quality programmes that meet recognized standards and respond to local needs with sensitivity. The objective of the capacity development for the programme management domain will be to ensure that project activities are progressing according to approved work plans; and that monitoring and evaluation systems are operational so that performance is measured against standards and indicators. It will also strengthen monitoring and evaluation data and ensure that client satisfaction feedback is used for continuous project quality improvement.

IV. CLOSE-OUT

The project close out phase will take place during the last three months of the project implementation or as agreed in the sub-delegation agreement. It will be the process of ending the technical, operational and financial functions of the sub-delegated project. The purpose will be to detail formal acceptance and an orderly process for ending the project.

A. Handover of assets

Assets acquired in the scope of the sub-delegated activities will be handed over before the submission of the final financial report. The assets will be transferred either to the sub-delegatee, or governments / local authorities, partners or final recipients. This transfer will be formalized by a transfer agreement signed by both parties.

B. Final reporting

The sub-delegatees will provide the Contracting Authority with a final report containing all required information on the implementation of the action. The report shall be laid out in such a way as to allow comparison of the objective(s), the means envisaged or employed, the results expected, and obtained and the budget details for the Action. The level of detail should match that of the Description of the Action and of the Budget for the action. The final report will cover technical and financial aspects of the sub-delegated action as a whole. Additionally the final report will include the proofs of the transfers of ownership of assets.

C. Final evaluation

When undertaking the final evaluation of projects, the Contracting Authority and the evaluators could select some of the sub-delegatees contracted for the implementation of this project, and consider the sub-delegated activities implemented by this partner in the evaluation process. This evaluation of sub-delegated activities could happen on site or off site.

D. Final audit

Final audits will be undertaken at the end of the project. Auditors will either be contracted by the Contracting Authority or directly by the development partner. Technical and financial documents submitted by the sub-delegatee including the final report will be audited at the Contracting Authority level. However, the Contracting Authority and the auditor could decide to audit part or the totality of sub-delegated activities on site, at the level of the sub-delegatee.

E. Scheduled close-out

The Contracting Authority's project coordinator will in consultation with the rest of the project team determine potential options as appropriate:

1. Complete closure – phase out

This will be the withdrawal of project inputs without making explicit arrangements for the inputs or activities to be continued by any other entity or institution, because the project will have resulted in changes that are likely to be sustainable without further inputs from those activities.

2. Gradual shut down – phase down

This will involve the gradual reduction of project activities and reduced deployment of resources while utilizing the sub-delegatees to sustain project benefits.

3. Transfer – phase over

This will involve the transfer of responsibility for activities aimed at accomplishing project objectives to other entities who will take up the continued delivery and sustenance of project benefits as well as implement any pending activities. A project close out plan showing a list of close out activities to be undertaken and the timeframe will be implemented. This close out plan will assist in verifying that all the project activities have been completed correctly and satisfactorily and that all contract records have been updated to reflect final results, and archiving information for future use.

OTHER CONDITIONS

GENERAL OBLIGATIONS

The Sub-delegatee shall implement the Action under its own responsibility and in accordance with the Description of the Action in the project document with a view to achieving the objectives laid down therein. The Sub-delegatee shall implement the Action with the requisite care, efficiency, transparency and diligence, in line with best practice in the field concerned and in compliance with the sub-delegation agreement. For this purpose the Sub-delegatee shall mobilise all the financial, human and material resources required for full implementation of the Action as specified in the Description of the Action. The Sub-delegatee shall act alone or in partnership with one or more NGOs or other bodies identified in the Description of the Action. It may subcontract a limited portion of the Action. The bulk of the Action must, however, be undertaken by the Sub-delegatee and, where applicable, his partners.

Partners take part in the implementation of the Action, and the costs they incur are eligible in the same way as those incurred by the Sub-delegatee. If the Sub-delegatee concludes the sub-contracts in order to implement the Action as referred to in the first paragraph, the Sub-delegatee shall respect the contract-award procedures and rules. The Sub-delegatee alone shall be accountable to the Contracting Authority for the implementation of the Action.

REPORTING REQUIREMENTS

The Sub-delegatee must provide the Contracting Authority with all required information on the implementation of the Action. To that end, the Sub-delegatee must draw up interim reports and a final report. These reports shall consist of a narrative section and a financial section and shall conform to the model annexed to the special conditions. They shall cover the Action as a whole, regardless of which part of it is financed by the Contracting Authority. Each report must provide a full account of all aspects of the Action's implementation for the period covered. The Contracting Authority may request additional information at any time and that information must be supplied within 30 days of the request. Any additional reporting requirement will be set out in the Special Conditions of the Sub-delegation Agreement.

LIABILITY

The Contracting Authority cannot under any circumstances or for any reason whatsoever be held liable for damage or injury sustained by the staff or property of the Sub-delegatee (or of their partners, contractors, agents or employees) while the Action is being carried out or as a consequence of the Action. The Contracting Authority cannot therefore accept any claim for compensation or increases in payment in connection with such damage or injury. The Sub-delegatee shall assume sole liability towards third parties, including liability for damage or injury of any kind sustained by them while the Action is being carried out or as a consequence

of the Action. The Sub-delegatee shall discharge the Contracting Authority of all liability arising from any claim or action brought as a result of an infringement by the Sub-delegatee or the Sub-delegatee's employees or individuals for whom those employees are responsible of rules or regulations, or as a result of violation of a third party's rights.

CONFLICT OF INTERESTS

The Sub-delegatees shall undertake to take all necessary precautions to avoid conflict of interests and shall inform the Contracting Authority without delay of any situation constituting or likely to lead to any such conflict. There is a conflict of interests where the impartial and objective exercise of the functions of any person under the agreement is compromised for reasons involving family, emotional life, political or national affinity, economic interest or any other shared interest with another person.

CONFIDENTIALITY

The Sub-delegatee shall undertake to preserve the confidentiality of any document, information or other material communicated to them in confidence. This confidentiality undertaking shall survive after the termination of the sub-delegation agreement. Where the African Union Commission as secretariat of the Union is not the Contracting Authority it shall still have access to all documents communicated to the Contracting Authority.

OWNERSHIP/USE OF RESULTS AND EQUIPMENT

Ownership of, and title and intellectual and industrial property rights to, the Action's results, reports and other documents relating to it shall be vested in the Contracting Authority. The Contracting Authority grants the African Union Commission where it is not the (Contracting Authority) the right to use freely and as it sees fit, all documents deriving from the Action, whatever their form. The Sub-delegatee may use such intellectual property provided it does not thereby breach existing industrial and intellectual property rights or any other agreement between the Contracting Authority/ the African Union and the Sub-delegatee.

EVALUATION/MONITORING OF THE ACTION

If the Contracting Authority carries out an interim or ex post evaluation or a monitoring mission, the Sub-delegatee shall undertake to provide it and/or the persons authorized by it with any document or information which will assist with the evaluation or monitoring mission, and grant them the access rights. If either Party carries out or commissions an evaluation in the course of the Action, it must provide the other Party with a copy of the evaluation report.

Evaluations may be **independent** (conducted internally by the evaluation office) or **decentralised** (independent consultants), depending on project parameters and arrangements.

Use of Evaluation

The project budget should be ensuring that the appropriate human and financial resources are allocated for the conduct of project evaluations, and that a management response to these evaluations is prepared in a timely manner.

Evaluation principles

Principles underpinning the approach to evaluation are:

- (i) **Impartiality and independence** of the evaluation process from the programming and implementation functions
- (ii) **Credibility of the evaluation**, through use of appropriately skilled and independent experts and the transparency of the evaluation process, including wide dissemination of results
- (iii) **Participation of stakeholders** in the evaluation process, to ensure different perspectives and views are taken into account and
- (iv) **Clear and concise information is provided to decision makers** in a timely fashion
- (v) **National ownership**: Evaluation should be guided by national priorities and concerns and should be conducted in alignment with national systems. It should be inclusive and take into account diverse national interests and values. Evaluation should strengthen partnerships with governments and key stakeholders. It should build the capacity of national institutions to implement, monitor and evaluate.
- (vi) **Managing for results**: Evaluation assists the Contracting Authority manage results by assessing the extent to which the Contracting Authority processes, products and services contribute effectively to development results affecting people's lives. Evaluation highlights the need for quality in the design of Programs so that results are clear, measurable and can be monitored and evaluated. Through the generation of evidence, evaluation enables more informed management and decision-making for strategic planning and programming cycle.

Evaluation process

The evaluation process shall consist of the following steps:

Step 1: Pre-evaluation: Initiating the evaluation process

- Checking the 'evaluability,' or readiness, for evaluation

Step 2: Preparation

- Agreeing on the management structure of an evaluation and roles and responsibilities
- Drafting the ToR
- Organizing the relevant documentation
- Selecting the evaluation team

Step 3: Managing the conduct of the evaluation

- Briefing and supporting the evaluation team
- Reviewing the inception report prepared by the evaluation team
- Reviewing the draft evaluation report

Step 4: Using the evaluation: Management response, knowledge sharing and dissemination

- Preparing the management response and implementing follow-up actions
- Preparing and disseminating evaluation products and organizing knowledge sharing events

- Reviewing evaluations prior to new planning processes

Evaluations can be defined by when they are carried out:

- (i) **Ex-ante evaluation**, which takes place prior to the implementation of an initiative.
- (ii) **Midterm evaluation** generally has a formative nature as it is undertaken around the middle period of implementation of the initiative. Formative evaluation intends to improve performance, most often conducted during the implementation phase of projects or programmes.
- (iii) **Summative evaluation** is conducted at the end of an initiative (or a phase of that initiative) to determine the extent to which anticipated outcomes were produced.
- (iv) **Ex-post evaluation** is a type of summative evaluation of an initiative after it has been completed; usually conducted two years or more after completion. Its purpose is to study how well the initiative (programme or project) served its aims, to assess sustainability of results and impacts and to draw conclusions for similar initiatives in the future.

AMENDMENT OF CONTRACTS

Any amendment to the Sub-delegation Agreement, including the annexes thereto, must be set out in writing in an addendum. The Sub-delegation Agreement can be modified only during its execution period. If an amendment is requested by the Sub-delegatee, it must submit that request to the Contracting Authority one month before the date on which the amendment should enter into force, unless there are special circumstances duly substantiated by the Sub-delegatee and accepted by the Contracting Authority. In order to be effective, the amendment requested by the Sub-delegatee must be accepted by the Contracting Authority. If the amendment is rejected by the Contracting Authority it shall not be effective. Changes of address, changes of bank account and changes of auditor may simply be notified, although this does not stop the Contracting Authority from opposing the Sub-delegatee's choice of bank account or auditor.

An addendum may not have the purpose or the effect of making changes to the Sub-delegation Agreement that would call into question the sub-delegation award decision or be contrary to the equal treatment of applicants. Should the Contracting Authority be of the view that the addendum has this effect, such an addendum shall be null and void.

ASSIGNMENT

The Sub-delegation Agreement and the payments attached to it may not be assigned to a third party in any manner whatsoever without the prior written consent of the Contracting Authority.

IMPLEMENTATION PERIOD OF THE ACTION, EXTENSION, SUSPENSION, FORCE MAJEURE AND END DATE

The implementation period of the Action shall be laid down in the Sub-delegation agreement. The Sub-delegatee must inform the Contracting Authority without delay of any circumstances likely to hamper or delay the implementation of the Action. The Sub-delegatee may request an extension of the Action's implementation period no later than one month before it ends. The request must be accompanied by all the

supporting evidence needed for its appraisal. The Sub-delegatee may suspend implementation of all or part of the Action if circumstances make it too difficult or dangerous to continue such as force majeure. The Sub-delegatee must inform the Contracting Authority without delay and provide all the necessary details.

TERMINATION OF THE CONTRACT

If a Party believes that the Contract can no longer be executed effectively or appropriately, it shall consult the other Party. Failing agreement on a solution, either Party may terminate the Contract by serving two months' written notice, without being required to pay compensation. The Contracting Authority may terminate the Contract, without giving notice and without paying compensation of any kind:

- a. where the Sub-delegatee fails, without justification, to fulfil any of the obligations incumbent on it and, after being given notice by letter to comply with those obligations, still fails to do so or to furnish a satisfactory explanation within 30 days of sending of the letter;
- b. where the Sub-delegatee is bankrupt or being wound up, is having its affairs administered by the courts, has entered into an arrangement with creditors, has suspended business activities, is the subject of proceedings concerning those matters or is in any analogous situation arising from a similar procedure provided for in national legislation or regulations;
- c. where the Contracting Authority has evidence on the Sub-delegatee or any related entity or person, of grave professional misconduct; this also applies to partners and agents of the Sub-delegatee;
- d. where the Contracting Authority has evidence on the Sub-delegatee or any related entity or person, of fraud, corruption, involvement in a criminal organization or any other illegal activity detrimental to the African union Commission's financial interests; this also applies to partners and agents of the Sub-delegatee;
- e. where the Sub-delegatee changes legal personality, unless an addendum recording that fact is drawn up;
- f. where the Sub-delegatee makes false or incomplete statements to obtain the sub-delegation provided for in the Contract or provides reports that do not reflect reality;
- g. where the Sub-delegatee has not fulfilled obligations relating to the payment of social security contributions or the payment of taxes in accordance with the legal provisions of the country in which it is established;
- h. where the Contracting Authority has evidence on the Sub-delegatee or any related entity or person, of substantial errors, irregularities or fraud in the award procedure or the performance of the sub-delegation; this also applies to partners and agents of the Sub-delegatee;

In the cases referred to in points (c), (d) and (h) above, any related person shall mean any physical person with powers of representation, decision-making or control in relation to the Sub-delegatee. The Sub-

delegatee who has made false declarations, has made substantial errors or committed irregularities and fraud, or has been found in serious breach of its contractual obligations may be excluded from all contracts financed by the Contracting Authority for a maximum of five years from the date on which the infringement is established, as confirmed following the adversarial procedure with the Sub-delegatee. This period can be extended to 10 years in the event of a repeated offence within 5 years of the date referred above.

In the event of termination the Sub-delegatee shall be entitled to payment of the budget of action only for the part of the Action carried out, excluding costs connected with current commitments that would be implemented after termination.

Prior to, or instead of, terminating the Contract, the Contracting Authority may suspend payments as a precautionary measure without prior notice.

The Contracting Authority may suspend without delay, implementation of all or part of the action if circumstances so require, in particular in case of force majeure, and informs the sub-delegatee immediately providing all the necessary details. The Contracting Authority may request the sub-delegatee to suspend implementation of all or part of the action if circumstances so require in particular in case of force majeure. Force majeure shall mean any unforeseeable exceptional situation or event beyond the parties' control which prevents either of them from fulfilling any of their obligations and was not attributable to error or negligence on their part (or of their partners, contractors, agents or employees), and could not have been avoided by the exercise of due diligence. If, at any time, either party believes that the sub-delegation can no longer be effectively or appropriately carried out, either party may terminate the collaboration in accordance with the modalities set in the sub-delegation agreement

APPLICABLE LAW AND DISPUTE SETTLEMENT

Grant Contracts shall be governed and construed in accordance with international laws. Any dispute or difference arising out of any Contract which cannot be resolved amicably between the parties will be settled by arbitration in accordance with the provisions of the UNCITRAL Arbitration Rules by one or more arbitrators appointed in accordance with the respective rules. The place of arbitration shall be determined in the Grant Contract.

Effective Date

This Sub-Delegation Manual shall come into effect upon approval by the Chairperson of the AUC.

Interpretation

The interpretation of this Sub-Delegation Manual shall vest with the Department of Programming, Budgeting, Finance and Accounting on the advice of the Legal Counsel.

The conditions above may be varied in the Sub-delegation agreement of contract depending on the circumstances of the project

Mihret Kedamo

From: Mihret Kedamo
Sent: Thursday, November 24, 2016 4:40 PM
To: 'yunussuleman@sulfam.co.za'; 'Yunus Suleman'
Cc: Amb. Febe Potgieter-Gqubule; Dingile Jere
Subject: BC/OLC/25002/72.32/2807.16 - Request for Clearance of Sub Delegation Manual
Attachments: BC-OLC-25002-72.32-2807.16 - Memo from Ag. Legal Counsel_1

Dear Mr. Suleman,

I have been instructed by the Acting Chief of Staff of the BCP, to forward the attached document. For your kind advice.

Kind regards,
Mihret

AFRICAN UNION
الاتحاد الأفريقي



UNION AFRICAINE
UNIÃO AFRICANA

INTEROFFICE MEMORANDUM

To: **H.E. The Chairperson**

File no.: **BC/OLC/**

Through: **The Chief of Staff**

Date: **22 November 2016**

From: **The Ag. Legal Counsel**

Tel. ext: **2308/2304**

Subject: **REQUEST FOR CLEARANCE OF SUB DELEGATION MANUAL**

I refer to the memo referenced and dated November, 2016 from the Director of .. for vetting and clearance of the Sub-delegation Manual , herein attached.

The Office of the Legal Counsel (OLC) has reviewed the Manual and has no objection to the provisions as substantively construed. Accordingly, the OLC has cleared the attached Manual, which is hereby submitted for your approval.

The OLC would like to propose, should approval be granted, that the Chairperson signs the Manual.

I thank you

**C. c. Deputy Chief of Staff, Bureau of the Deputy Chairperson
Director,**



SUB-DELEGATION MANUAL FOR THE AFRICAN UNION

7 December 2016

Version 0.0

Foreword

The African Union (AU) with the support of partners is increasingly becoming involved in disbursement of funds to implementing Partners. The disbursements are in the form of Grants and Sub-delegation of responsibilities. This new trend called for the development of legal and regulatory framework in the form of Grants Manual as well as this Sub-delegation Manual. This Sub-delegation manual provides the framework for management of funds and projects implemented by partners on behalf of the AU as the Contracting Authority and Funding partners.

The Sub-delegation Manual explains the administrative policies, contracting procedures, internal controls and institutional arrangements of the AU to provide effective grant oversight, coordination function and improving the efficiency and effectiveness of programmes. The AU recognizes that Sub-delegation plays a critical role in accomplishing its mission by availing significant resources to support mechanisms that enhance its ability to deliver on its mandate. Pursuant to this, AU entrusts budget implementation tasks; that it is sub-delegating its role as Contracting Authority for procurement procedures, contracting and executing payments, to implementing partners, also referred to as Sub-Delegates. These Sub-Delegates need to comply with standards for internal controls, accounting, external audit and procurement insofar as these are relevant for their budget implementation tasks.

Sub-delegation is an institutional arrangement between two partners for implementation of results oriented projects, where implementation tasks are effectively delegated by the Contracting Authority to a Sub-Delegatee. It ranges from minimal (or partial) sub-delegation; where there is no delegation of financial management to the Sub-Delegatee, to maximal (or full) sub-delegation. The sub-delegation framework include capacity building of sub-delegatee where its organization capacity assessment reveal gaps to achieve the intended results. This sub-delegation manual does not cover open call for proposals as this will be handled under the Grants Management Manual.

The development and adoption of the Sub-delegation manual is expected to bring efficiency and clarity in the implementation of actions funded by the AU and I would like to implore all stakeholders to embrace this new document, which will be reviewed periodically to reflect changes and dynamics in the operating environment.

7 December 2016

H.E. Dr. Nkosazana Dlamini Zuma
Chairperson
The African Union Commission

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LIST OF ACRONYMS

AU	African Union
CLOCA	Close out Organizational Capacity Assessment
CFP	Call for Proposal
ERM	Enterprise Risk Management
M&E	Monitoring and Evaluation
MS	Member States
MTR	Mid -Term Review
NGO	Non - Governmental Organisation
OCA	Organisation Capacity Assessment
RECs	Regional Economic Communities
RMs	Regional Mechanisms
RMP	Risk Management Plan (RMP).
TOCA	Technical Organizational Capacity Assessment

DEFINITIONS OF TERMS

For the purpose of this Manual, and unless the context otherwise requires, the following terms and expressions shall have the meaning assigned to them hereunder:

Addendum: a document modifying the terms and conditions of a contract.

Action: any activity, project or programme undertaken by a sub-delegatee on behalf of and as agreed with the AU.

Asset: an economic resource, tangible or intangible that is capable of being owned or controlled to produce value and that is held to have positive economic value.

Beneficiary: the eligible entity whose application for funds has been accepted by the Contracting Authority to perform any action specified in the Sub-delegation Agreement.

Conflict of interests: Any event influencing the capacity of a candidate, tenderer, contractor, subcontractor or Sub-delegatee to give an objective and impartial professional opinion, or preventing it, at any moment, from giving priority to the interests of the Contracting Authority.

Contract: an agreement, between two or more persons or entities, with specific terms and an undertaking to provide services, supplies and/or works in return for a financial consideration.

Contract award procedure: the procedure followed by a Contracting Authority to identify and conclude a contract with a suitable contractor to provide defined goods or services.

Contract budget: a summary of the costs of performing the contract. The total of these costs is the contract value or contract price. Where sub-delegation is concerned, the budget shows the eligible costs for funding and the total costs. Where works are concerned: the sum represents the initial estimate payable for the execution of the works or such other sum as ascertained by the final statement of account as due to the contractor under the contract.

Contracting Authority: African Union, or the entity concluding the contract as provided for (where appropriate) in the Financing Agreement.

Entity: any Organ, Institution, Specialised and Technical Offices, Representational Offices, Field Missions and Liaison Offices of the AU.

Execution period: the period from contract signature until final payment and in no event later than 18 months after the provisional acceptance of the works or of the supply. This period includes the warranty and the final acceptance of the works or of the supply.

Expert: a person engaged to provide the specialized skills required for the proper performance of a contract.

Explanatory note: a summary at the beginning of a contract dossier or addendum dossier explaining to the reader the purpose and essential features of the proposed contract or addendum.

Final beneficiaries of a grant: those who will benefit from the project in the long term at the level of the society or sector at large.

Financing Agreement: an agreement between the AU and a beneficiary which determines the objectives and scale of a future programme of assistance.

Foreign currency: any currency permissible under the applicable provisions and regulations other than the currency of the country where the Sub-delegatee is based.

General conditions: the general contractual provisions setting out the administrative, financial, legal and technical clauses governing the execution of all contracts of a particular type.

Grant: a direct payment of a non-commercial nature by the Contracting Authority to a specific recipient to implement an operation (or in some cases to finance part of its budget) in order to promote an AU policy aim.

Guidelines for applicants: document explaining the purpose of a Call for Proposals for grants. It sets out the rules regarding who may apply, the types of operations and costs which may be financed, and the evaluation (selection and award) criteria. It also provides practical information on how to complete the application form, what documents must be annexed, and rules and procedures for applying.

Implementation period: the period from the signature, or alternative date if specified in the Special Conditions, until the provisional acceptance of the works or until the provisional acceptance for the last lot has been issued or until all tasks have been carried out.

International Organization: an organization established by a treaty or other instrument governed by international law and possessing its own international legal personality.

Month: Calendar month.

National currency: the currency of the beneficiary country.

Project: the action in relation to which the services/works/supplies are to be provided under the contract.

Special Conditions: the conditions laid down by the Contracting Authority as an integral part of the tender or call for proposals dossier, including amendments to the General Conditions, clauses specific to the contract and the terms of reference (for a service contract) or technical specifications (for a supply or works contract).

Sub-delegatee: is a recipient of funds, and delegated procurement and projects implementation functions from the Contracting Authority.

Sub-delegation: is the act whereby the Contracting Authority entrusts a sub-delegatee to receive funds on its behalf for the purpose of procurement of goods, services and works in order to implement its projects.

Supplies: all items which the Contractor is required to supply to the Contracting Authority, including, where necessary, services such as installation, testing, commissioning, provision of expertise, supervision, maintenance, repair, training and other such obligations connected with the items to be provided under the contract.

Tender: a written or formal offer to supply goods, perform services or execute works for an agreed price.

Tenderer: a natural or legal person or consortium thereof submitting a tender with a view to concluding a contract.

Terms of reference: the document drawn up by the Contracting Authority setting out its requirements and/or objectives in respect of the provision of services, specifying, where relevant, the methods and resources to be used and/or results to be achieved

Third Party: is an institution which receives an award or funds from the Sub-delegatee to implement a specific task or action in sub-delegation arrangements with the Contracting Authority.

INTRODUCTION

Sub-delegation

Sub-delegation is an institutional arrangement between two partners for implementation of results oriented projects, where implementation tasks are effectively delegated by the Contracting Authority to a Sub-Delegatee. The degree of sub-delegation may vary depending on the number and the nature of implementation tasks. The degree of sub-delegation is based on the possible combination of two implementation tasks:

- (i) Sub-delegation of procurement, contracting of grants and management of financial instruments. In this case the Sub-delegatee concludes contracts for procurement, grants and Financial Instruments with third parties but it is the Contracting Authority who makes the payments to third parties; and/or
- (ii) Sub-delegation of financial management (payments).

Consequently sub-delegation may range from minimal (or partial) sub-delegation to maximal (or full) sub-delegation as follows:

- (i) **Minimal (or partial) sub-delegation:** The Sub-delegatee is responsible for contracting either in accordance with its own procedures or in accordance with the procedures of the Contracting Authority. However, the Contracting Authority, and not the Sub-delegatee, has the final decision on the amounts to be paid / recovered and makes all the related payments to Third parties. There is no delegation of financial management to the Sub-delegatee.
- (ii) **Maximal (or full) sub-delegation:** The Sub-delegatee is responsible for concluding contracts for procurement, grants and Financial Instruments with Third parties – either in accordance with its own procedures or the procedures of the Contracting Authority - and for the financial management (including payments to Third parties) of these contracts.

This Manual provides a step-by-step guidance on the processes and procedures to be applied by the AU and its Sub-delegatees in the course of implementing result oriented activities sub-delegated by the AU.

Rationale for developing a sub-delegation Manual

The development of this sub-delegation Manual has been guided by several reasons as follows:

- (i) **Efficiency:** having all the information, procedures, guidelines, and templates easily available to all staff, and all partners will save time and resources and will eliminate the need for each project to draft its own sub-delegation framework, as has been the case in the past. Additionally, the Manual will provide all staff members of the AU or Sub-delegatees with a centralized access to all the necessary information related to sub-delegation whenever required.

Furthermore, given the need for homogeneous and standardized approach, all sub-delegation related activities will now be implemented under the same framework, using the same tools, reporting formats,

and the same procedures. This will greatly facilitate implementation of projects and achievement of intended results, integrated resources and results reporting, quality control, monitoring of outcomes, evaluating of impacts, knowledge management and overall accountability and transparency.

- (ii) **Transparency:** this Manual will be widely distributed within, sub-delegatees, and donor groups, which will in turn contribute to making the process of sub-delegation more transparent, thereby limiting misunderstandings and possible conflicts between partners.
- (iii) **Safety - Strengthen internal control mechanisms:** the entry into force of this Manual and its related tools will greatly improve the effectiveness of the internal control mechanisms, and will therefore improve the accountability and safety of funds.

Objective of the Sub-delegation Manual

The objective of this Manual is to provide a reference point to both staff of the AU and of sub-delegatees as well as provide a comprehensive set of procedures applicable in the implementation of activities as sub-delegated by AU.

Compliance with legal frameworks

The modalities of sub-delegation between AU and its sub-delegatees shall be in compliance with the procedures set out in this Manual, which will be reflected in the partnership agreements signed between the parties. The implementation of sub-delegated projects shall be in accordance with the AU overall legal and regulatory frameworks governing AU programs and projects, including the AU Procurement Manual, the AU Financial Rules and Regulations, and in the case of projects sub-delegated to RECs, the Protocol on relations between AU and the RECs. All these overall framework documents will be communicated to the sub-delegatees for easy reference during the implementation. In case this sub-delegation happens in the scope of a donor funded project, they will also need to comply with the conditions of the financing agreement with the partners, which will be reflected and mentioned in the sub-delegation agreement as well.

BACKGROUND

AU implements its actions by its own means or with the support of implementing partners including sub-delegatees. Participatory implementation has increasingly become a part of AU's mainstream business practice. This is motivated by the fact that it is central to public policy decision-making and service delivery. AU experiences in working with and through partners has witnessed improved communication, wider community support, improved collection of useful data and evidence based information and knowledge, enhanced public sector or corporate reputation and increased ownership and sustainable decision making.

Sub-delegation of activities by AU

Given the mandate and the role of AU, depending on the nature of projects, and the added value they can provide, these sub-delegatees may include African Union Member States, a public body of one of the AU Member States, Regional Economic Communities, Regional Mechanisms, NGOs, international organizations, or research organizations. Several continental or regional projects implemented by AU use RECs / RMs as sub-delegatees, in line with the AU policy which considers RECs / RMs as the building blocks of the African Institutional Architecture, and recommends to implement activities and provide support to MS in collaboration with RECs / RMs, when applicable and feasible. The other category of sub-delegatees to which AU entrusts implementation responsibilities is the Member States. To determine which activities are to

be sub-delegated to RECs / RMs or MS, AU applies the principle of subsidiarity, and considers the respective mandates, comparative advantages and the relationships between the partnering institutions involved. Sub-delegation to NGOs is also used to facilitate implementation of activities in the fields which require presence at the community level. This is also the case for projects implemented in some countries where AU cannot be present in the field. Sub-delegation to international organizations or research organizations is envisaged when recourse to specific competencies or implementation capacities is required.

THE SUB-DELEGATION PROCESS

The sub-delegation process is composed of 4 main phases namely; pre-engagement, engagement, implementation and close out, which stages are described in details in this document.

I. PRE-ENGAGEMENT OF SUB-DELEGATEES

A. Identification and selection of sub-delegatees

There are different ways to identify and select sub-delegatees, depending of the type of sub-delegatees and the type and the nature of activities to be sub-delegated:

1. Selection methods

The selection method shall be dependent on the type of action and level of sub-delegation.

Restricted Selection: a selection process in which a call for proposals is sent to a few known or shortlisted or eligible institutions. Depending on the type of action and circumstances, some institutions may be restricted from participating in the implementation of this action. Such cases may include inadequate implementation arrangements, high political risks or inadequate capacities. The restricted selection may be subject to the principle of equal treatment and pre-determined criteria.

Direct Award: there may be instances of limited number of potential sub-delegatees, and if AU has a sufficient knowledge of these partners, based on prior experience, sub-delegatees may be selected without recourse to a formal CFP. However, a capacity assessment will be undertaken prior to the issuance of contracts to ensure that implementation arrangements remain adequate.

2. The process of call for proposal

The Guidelines for Applicants (which include the Application Form and other annexes) explain the purpose of the Call for Proposals, the rules regarding the eligibility of applicants and partners, the types of action and costs which are eligible for financing, and the evaluation (selection and award) criteria. They also contain instructions on how to fill in the application form, what to annex to it and what procedures to follow for applying. They give information on the evaluation process that will follow (including an indicative timetable) and the contractual conditions which will apply to successful applicants. The Guidelines should set out very clearly and in detail the objectives and priorities of the call for proposals, and give particular attention to the eligibility criteria. The guidelines must be published and any modification must be published as well. The information published will become binding on the Evaluation Committee once the date for submission has elapsed.

The person in charge of the CFP shall adapt the evaluation grids for the selection and award of proposals to the nature, objectives and expected results of the call. The criteria for evaluation of Grants shall be indicated in the call for applications.

Publicity: In order to ensure the widest possible participation and the requisite transparency, Guidelines for Applicants will be published for every Call for Proposals. The Guidelines will be published in a media of a wide circulation including the AU Website and in any other appropriate media such as technical journals.

3. Exceptions

In case of emergency (as defined in the AU Procurement Manual), conflict situations or extreme urgency brought about by events that could not be controlled or foreseen by AU/Contracting Authority, and if the action requires immediate implementation, the selection method for sub-delegation will be either direct or simplified (on the basis of the above methods but with simplified procedures). For actions with specific characteristics that require a particular type of body on account of its technical competence, its high degree of specialization or its administrative power, a direct award may be used on condition that the actions concerned do not fall within the scope of any of the above methods. This may apply on a case by case basis and shall be duly substantiated in the award decision.

Similarly the simplified or direct award may be applicable where the sub-delegation is awarded to a body with a de jure or de facto monopoly, duly substantiated in the award decision. 'De facto' or 'de jure' monopoly means that the grant beneficiary, (or it may also be a consortium), has exclusive competence in the field of activity and/or geographical area to which the grant relates pursuant to any applicable law; or is the only organization (i) operating or (ii) capable of operating in the field of activity and/or geographical area to which the sub-delegation relates by virtue of all considerations of fact and law. In all cases, AU shall prepare a report explaining the manner in which the sub-delegatee was identified and the activities and financial considerations duly disclosed.

B. Modalities of assessment

AU will undertake to assess all prospective sub-delegatees prior to any sub-delegation to determine whether they have the appropriate capacities to implement, and to ensure that sub-delegatees will implement the action with procedures and systems that comply with international standards and the criteria set by the AU. Depending on the assessment outcome, and the risks assessed, AU will determine the implementation arrangement and capacity building requirements.

C. Domains to assess

Organizational Capacity Assessment

Organizational capacity describes a wide range of capabilities, knowledge and resources that organizations need in order to function effectively and efficiently. It is multi-faceted and continually evolving. Capacity can also be viewed as a function of many different factors: individual capabilities, ways of organizing, cultural norms and physical assets. All these combined enable an organization to work towards its mission. There are mainly six organizational capacities that are a prerequisite for high performance in an organization.

These are (as applicable):

- (i) Is the organization a national or international public law body or a body governed by private law with a public service mission to the extent that they provide adequate financial guarantees.
- (ii) Governance and leadership: This focuses on the governance structures and oversight roles.

- (iii) Human Capital Management: This focuses on the organization's ability to recruit and maintain a satisfied and skilled workforce.
- (iv) Administration: This focuses on administrative policies and procedures, in particular, procurement and/or grant procedures for the implementation of actions.
- (v) Finance: This focuses on the organization's capacity to develop and apply appropriate rules and financial policies and procedures in all material respects in accordance with AU requirements.
- (vi) Organizational management: This focuses on the organization's ability to operate in a systematic manner.
- (iv) Programme management: This focuses on the organization's ability to respond to development partner requirements and application of evidence based technical knowledge that focuses on executing projects, achieving results and realizing impacts.

OCA (Organization Capacity Assessment) will be conducted at the initial stage prior to sub-delegation and periodically to measure progress over time. The initial assessment will serve as a baseline. The initial OCA will be a collaborative self-assessment and is not intended to be a scientific method but rather the framework will offer organizations a chance to reflect on their current status against recognized best practices. The initial assessment will provide the organization with an opportunity to review their capacity with a plan to reinforce their capacity where the assessment would have revealed weaknesses.

The intervals for subsequent assessments shall be agreed with the sub-delegatee.

Where a potential sub-delegatee fails the OCA, the Contracting Authority will make a decision either to build the capacity to achieve the results or not as well as the level of sub-delegation.

TOCA (Technical Organizational Capacity Assessment): will be conducted at the initial stage prior to sub-delegation and periodically to measure progress over time. The assessment will focus on the Sub-delegatee's capacity to deliver the programme along the technical scope. The assessment will examine the Sub-delegatee's capacities and procedures against global standards for technical programme competences, community involvement, programme delivery, monitoring and reporting. To strengthen their relevance to national and regional development plans and priorities, AU will encourage and assist partners to link to national and regional guidelines or frameworks to ensure their programmes are compliant with approved protocols.

Where a potential sub-delegatee fails the TOCA, the Contracting Authority will make a decision either to build the capacity to achieve the results or not.

D. Assessment process

The interactive self-assessments will be conducted as follows:

- **Introduction** - Prior to conducting the assessment, the Sub-delegatee will be provided with a letter describing the:
 - (i) purpose of the assessment, the assessment tool, process and schedule;
 - (ii) confirming the dates of the assessment;
 - (iii) a list of documents to have on hand to assist the process;
 - (iv) a list of staff members who should participate; and

(v) a set of questions for THE Sub-delegatee to collect inputs in advance of the OCA / TOCA.

Outcome and identification: the objective will be to identify the Sub-delegatee's capacity level in each sub-section of the assessment and the justification of the outcome of the assessment.

Prioritizing – the assessment team will assist the Sub-delegatee's to prioritize each issue or domain to inform the action plan.

Action planning – finalization of the action plan will be done by reviewing the issues and actions proposed. This will capture the gaps in each domain, taking into consideration the assessment outcome, then formulating the action to be realized, the support required to realize the action, completion date and status. The plan will be linked to measurable outcomes and will be monitored periodically to measure the effectiveness of the strategies to address the gaps.

Documentation – the assessment team will compile the policy and procedure documents and an assessment report that will detail outcomes and identify technical capacity needs.

Team – the assessment will be undertaken by a multi –disciplinary team of Finance, Human Capital Management, Procurement, Technical and Programme Experts and M & E Experts.

II. ENGAGEMENT

A. Award and Negotiation of Contracts

1. Notification of applicants

In the case of competitive selection, after AU has given its official approval to the final list of sub-delegatees, they will be notified in writing. AU shall also send the unsuccessful applicants a letter informing them that they have not been selected and specifying the reasons.

2. Contract negotiation and signature

AU will draw attention to any inconsistencies which may include arithmetical errors or ineligible costs, which were identified during the evaluation process. The description of the action will be corrected accordingly if need be. Other clarifications or minor corrections may be brought to the description of the action or to the budget in so far as they would not call into question the award decision or be contrary to the equal treatment of applicants.

B. Initial Orientation

An orientation session will be organized before the beginning of the implementation phase and prior to any disbursement of funds to sub-delegatees. Staff to be trained at sub-delegatee level will include the project coordinator or focal point for the action, the accountant/administrator in charge of the action, the procurement and M&E officers and any other staff playing a key role in the implementation of the action. The standard inception course outline for sub-delegatees will include in particular the following modules:

Presentation and domestication of project documents, intergrated resources and result framework, strategic approach, workplan, procurement plan and budget. The orientation should also cover specific domains as follows:

- (i) Procurement procedures;
- (ii) Accounting procedures;

- (iii) Reporting procedures;
- (iv) M&E data collection tool (M&E framework).
- (v) Knowledge management and communication

C. Preparation of Work plan and Budgets

Another important step of the engagement phase will be the preparation of work plans and budgets for sub-delegated activities. Work plans and budgets will be developed in partnership between sub-delegatees and Contracting Authority. They will be extracted from the general project or programme work plans and budgets. This will be done preferably during a specific workshop organized before the beginning of the implementation phase. This session could be organized back to back with orientation session mentioned above. Procurement plans shall also be developed as part of the work plans.

III. IMPLEMENTATION

A. PROCUREMENT

Funds received from the Contracting Authority must be used for the purposes and agreed results for which they are intended. This requires that the works, goods and services procured under its financing are of appropriate quality; are acquired at economic prices and in a timely manner. This is generally best achieved through open and transparent competition. The African Union's procurement policy aims to ensure that proper standards of integrity, accountability and transparency are practiced by the implementing partners. These standards are intended to ensure adequate internal controls and compliance with all AU Procurement Procedures.

1. Procurement procedures

As a general rule, all procurements for goods, services and works will be carried out using the AU Procurement procedures. All procurement activities should be conducted in a manner that ensures, to the greatest extent possible, open and free competition.

Sub-delegatees will comply with the following principles in the procurement process:

- (i) Integrity of all personnel working with procurement
- (ii) Best value for money
- (iii) Transparency within the whole procurement process
- (iv) Segregation of responsibilities
- (v) Ethical behavior in all undertakings
- (vi) Equal treatment and nondiscrimination of potential vendors and consultants
- (vii) Interest of the Contracting Authority

2. Responsibility for conducting procurement activities

Sub-delegatees will bear responsibility for their procurement processes taking into account the procurement principles highlighted above. The key activities will include:

- (i) Procurement planning
- (ii) Development of specifications/TORs/Scope of works
- (iii) Bid preparation and advertisement
- (iv) Bid opening and evaluation of bids
- (v) Contract award and preparation of contracts

(vi) Contract implementation

The Sub delegatee should manage procurement risks throughout the procurement process.

Preparation of a procurement plan shall be mandatory and the sub-delegatees should comply with the recommendations of the OCA Report and the sub-delegation agreement. If there is need for No Objection, this condition shall be set in the Sub-delegation agreement.

B. HUMAN CAPITAL

This chapter only refers to recruitment of project staff by the sub-delegatee for the purpose of implementing the sub-delegated project or activities. During the negotiation of contract, the Contracting Authority and the sub-delegatee will identify and agree on the staff to be employed by the sub-delegatee who will be contributing on a full time or part time basis to the implementation of the sub-delegated project / activities. Their detailed terms of reference, their remuneration (including salaries and other benefits), and the proportion of this remuneration covered by the project / activity will be agreed upon.

These staff costs will be included in the budget that will be annexed to the sub-delegation agreement. Staff related expenditures that are not included in the budget will be considered as non-eligible. In normal circumstances, and unless it has been agreed upon differently between the Contracting Authority and the sub-delegatee, the sub-delegatees will apply their human resources procedures for the recruitment, the management and the payment of the staff contributing to sub-delegation. When conducting the pre-engagement OCA, the Contracting Authority will ensure that the sub-delegatee human resources management policy comply with the basic requirements regarding transparency, fair competition, absence of conflict of interests, etc.

The CVs of all staff contributing to the implementation of the sub-delegated project / activities on a full or part time basis and paid entirely or partly on the budget of sub-delegated project / activities will be submitted to the Contracting Authority for approval, prior to recruitment and before any payment of salary or other benefit. Payment of salary top-ups for civil servants is not permitted and will be considered as ineligible expenditure. In certain circumstances and on case to case basis, the Contracting Authority may second staff or provide technical support to the sub-delegatees. Conditions of engagement and management of the seconded staff will be negotiated between the two parties and mentioned in the special conditions of the sub-delegation agreement. Recruitment of seconded staff will be conducted jointly by the Contracting Authority and the sub-delegatee.

C. ACCOUNTING PROCEDURES AND FINANCIAL REPORTING

The AU Financial Rules and Regulations govern the accounting and financial management practices of AU and its sub-delegated activities with exception of where the OCA informs otherwise.

1. Languages to be used by sub-delegatees for accounting and financial reporting

All accounting documents and financial reports generated by the sub-delegatee and transmitted to AU should be written in one of the 4 working languages of the African Union, namely Arabic, English, French, and Portuguese.

2. Accounting Procedures

Sub-delegatees may use their own accounting procedures if they have been assessed to be adequate by AU. In cases where the sub-delegatee's accounting procedures are found to be inadequate, then the AU accounting procedures will be applicable. This will be reflected in the sub-delegation agreement.

3. Bank accounts (signatories, separate account, currencies)

a. General considerations

All sub-delegatees will be required to open a separate bank account specifically for the operations of the sub-delegated activities. An official document from the bank (see model: financial identification form) should be sent to AU, this document shows the account details, as well as the names of signatories and their titles.

In case AU sub-delegates activities to the same sub-delegatee, in the scope of several projects which are not related, separate bank accounts should be opened for each project.

Where projects are related such as continuation of a previous project, sub-delegatees can use the bank account for the previous project.

A sub-delegatee can open several bank accounts for the same project, for instance one in foreign currency and one in local currency. Funds in the specific project bank account cannot be used for purposes not related to project activities, including temporary borrowing for use for purposes other than the project.

b. Bank interest

In case the bank account opened specifically for the sub-delegated activities generates interest, the interest accrued will be considered as belonging to the Contracting Authority and should be transferred to AU when the project ends, unless authorization is sought to utilize the interest for project actions before project end. The accrued interest should be indicated on the financial report.

c. Bank Charges

All bank charges should be reported as project expenses.

d. Exchange rates

All forex exchange operations should be supported by official bank receipts. The rate used in monthly financial reports should be the receipt rate (the exchange rate of the day sub-delegatee received the funds). The exchange rate used for reporting should be clearly indicated on the financial report.

The conversion rate to be applied is the rate of exchange at which a specific contribution was recorded in the Contracting Authority's accounts, unless otherwise specified in writing.

The sub-delegation agreement shall specify how to treat exchange rate gains or losses during the reporting period

e. Currency for Reporting

Unless otherwise agreed in the sub - delegation agreement, the reports shall be submitted in the accounting currency of the Contracting Authority for the Action.

The Contracting Authority shall convert legal commitments, the Action's receipts and costs incurred in currencies other than the accounting currency for the Action according to its usual accounting practices.

4. Financial reporting:

The financial reporting should be on the basis of international accounting standards and financial reporting templates as may be provided by the Contracting Authority. Financial reports should be prepared and sent in accordance with the timelines agreed in the sub-delegation agreement. The components of the report include:

- i. Status of Allotment
- ii. Bank reconciliations together with the respective bank statements
- iii. Transaction/Expenditure listing approved and signed - referencing of expenditure to the actual physical document
- iv. Inventory list
- v. Cash journal

5. Supporting documents

Copies of supporting documents should be sent to the Contracting Authority in accordance with the timelines agreed in the sub-delegation agreement and originals of the same should be kept by the sub-delegatee.

A bank statement together with the bank reconciliation shall be produced for each account at the end of every month.

The vouchers should be referenced to the financial report which should also be attached and duly signed. All vouchers should be signed and stamped PAID.

6. Channel of communication - updates - support services

For each project, the Contracting Authority shall designate a programme / project manager through which all communications shall be addressed.

7. Eligible and non-eligible costs

Eligible and non-eligible costs shall be defined in the sub-delegation agreement

8. Deviation from budget

Sub-delegatees should always abide by the budget and prior approval should be sought from the Contracting Authority before any veriments of the budget.

9. Allocation of overheads and shared staff costs

Office overheads (such as utilities, office rent, and security) and shared staff costs should be reasonably allocated to the sub-delegated activities, on the basis of prior agreement with the Contracting Authority and should be supported by adequate documents. Allocation of shared staff costs will be supported by duly approved time sheets.

10. Administrative costs

Administrative costs will be agreed upon prior to signing the sub-delegation agreement, and indicated in the budget annexed to the agreement. Administrative costs will be disbursed to the sub-delegatee on a pro-rata basis to the expenditure incurred.

11. Fraud, misuse or corruption

Once funds have been disbursed to the sub-delegatees, the full responsibility of safeguarding and ensuring sound financial management practices, systems and record keeping will become the responsibility of the sub-delegatee. The Contracting Authority is committed to promoting and adhering to the highest standards of probity and accountability in the use of its resources and takes a zero-tolerance stance towards cases of fraud and corruption in its operations.

All sub-delegatees have a responsibility towards the proper safe guard of all assets (tangible and intangible) acquired during the course of activity implementation. Sub-delegatees are required to report promptly any reasonably suspected cases of any fraudulent, corrupt and/or collusive practices, misuse of funds/ assets and any related attempts of such practices, to the Contracting Authority. Reference is made to the Contracting Authority Anti-fraud and Corruption Policy; any person who reports reasonably-held suspicions of fraud or corruption, or who cooperates in such investigations shall not be subject to recriminations or victimization. Victimization or any attempts by AU staff to deter anyone from reporting suspicions of fraud or corruption or from witnessing such acts in an investigation constitute a serious breach of the AU Code of Conduct, and may result in the imposition of disciplinary measures in accordance with the AU Rules and Regulations.

The sub-delegatee shall be responsible for ensuring integrity in its systems to avoid corrupt and fraudulent activities. Where cases of corruption are confirmed in the sub-delegatee's activities, such expenditure will be declared ineligible and recovered in accordance with recovery procedures set in this manual.

The Contracting Authority will undertake to review, investigate and/or prosecute in accordance with applicable Rules and Decisions, any person suspected of misuse of resources or corruption. Ineligible expenditures may or may not be classified as fraud. However, all ineligible expenditures will be investigated thoroughly and once determined they will be refunded to the Contracting Authority.

RECOVERY FOR INELIGIBLE EXPENDITURES

Any payment deemed ineligible shall be paid back to the Contracting Authority by the sub-delegatee. Formal communication will be sent and information availed, relating to expenses not accepted. Sanctions in case of ineligible expenditures may apply as per the termination of contract clause.

ASSETS

The assets purchased in the scope of the sub-delegation will be considered as assets of the Contracting Authority, until their official transfer to the sub-delegatee. This transfer will be formalized by a transfer agreement signed by both parties. In any case, the assets purchased in the scope of the sub-delegation will have to be used exclusively to the benefit of the sub-delegated activities, and the cost of their maintenance and insurance will be covered by the project. The assets purchased in the framework of the sub-delegation may be transferred to local authorities, partners or final recipients at the end of the sub-delegated activities.

INTELLECTUAL PROPERTY RIGHTS

Intellectual property rights resulting from the action and the reports and other documents relating to the project will vest in the Contracting Authority. It shall be stipulated in the sub-delegation agreement that the Contracting Authority shall grant the sub-delegatee the right to use free of charge and as it may see fit all documents deriving from the action, whatever their form, provided it does not thereby breach existing intellectual property rights.

CONTRIBUTION FROM SUB-DELEGATEES

Contribution to the cost of the action/project by the sub-delegatee is not compulsory but is strongly recommended; the sub-delegatee can contribute to the cost of the action in kind or in cash. Contributions by the sub-delegatees, in cash and in kind, should be detailed in the budget of the action, annexed to the sub-delegation agreement. The sub-delegatee should report on its financial contribution, in cash or in kind, in the annual financial report; this should appear under separate budget lines.

TECHNICAL REPORTING AND ARCHIVING

1. Reporting:

The focal persons or designated authority will be required to report achievements to project coordinators based at the Contracting Authority on a periodic basis. Basically, the reports will indicate the strategic plan outcomes (as indicated in the AU strategic plan), the key result areas which the activity is meant to contribute to, planned activities/tasks for the period indicating key indicators, milestones, tasks carried out/actual achievements, approved budget for the period, actual expenditure and execution rate. Major challenges encountered in the period should also be highlighted, indicating and explaining reasons for under/over accomplishments or any other critical points. Recommendations on the way forward will also be included.

The reports will be done using the Contracting Authority template and will be sent together with the financial reports for the period. The reports will be sent to the official designated in the sub-delegation agreement in hard copy and electronically. The sub-delegatees must archive copies of the reports for the duration of the project/ intervention plus at least seven (7) years.

2. Archiving:

For the technical documents, archiving should be done at the Contracting Authority level using the Contracting Authority system, both physical (hard copies) and digital (soft copies). Hard copies will be scanned and metadata captured for easy retrieval. Archiving should also be done at the sub-delegatee level, using their own system. The sub-delegatees must archive copies of the reports for the duration of the project/ intervention plus at least seven (7) years.. At the Contracting Authority level, the documents will be kept as per the retention policy for records.

VISIBILITY AND COMMUNICATION

The sub-delegatee and the Contracting Authority are required to work together to ensure appropriate visibility for activities under the programme/project. In addition to the the Contracting Authority visibility and communication guidelines found below, the sub-delegatee will have to comply with the specific donor requirements and guidelines, which will be communicated by the Contracting Authority to the sub-delegatee. Information on project activity given to the press, the project beneficiaries, publicity materials, official notices,

reports and publications, shall acknowledge that the action was carried out “with support of the Contracting Authority and funding by the relevant development partner” and display in an appropriate way; the the Contracting Authority logo, as well as the development partner logo. The Contracting Authority will provide to the sub-delegatee the appropriate formats for logos, flags, and texts. Where equipment, furniture or vehicles have been purchased using project funds, there will be appropriate acknowledgement on such vehicles, equipment and furniture, including display of the Contracting Authority and development partner logo, provided that such actions do not jeopardize the Contracting Authority privileges and immunities and the safety and security of the Contracting Authority and sub-delegatee staff. The size and prominence of the acknowledgement and the Contracting Authority and development partner logo shall be clearly visible in a manner that will not create any confusion regarding the identification of the action and the ownership of the equipment and supplies.

The following text shall be included in all productions and documents *“This document has been produced with the support of the Contracting Authority and the financial assistance of the relevant development partner. The views expressed herein can in no way be taken to reflect the official opinion of the Contracting Authority and the relevant development partner.”* If the sub-delegatee wishes to issue a press release or announcement regarding the signature of the sub-delegation agreement and the award of the related financial support, he must obtain advance approval from the Contracting Authority, of the press release and date of release.

Knowledge Management

Knowledge management is about understanding the organization’s information flows and implementing the Contracting Authority learning practices which make explicit key aspects of its knowledge base. This is done by enhancing the use of organizational knowledge through sound practices of information management and organizational learning.

The knowledge management process

During project cycle various forms of information and experience are generated within the organization. The continuous nature of knowledge production requires appropriate measures be taken to safeguard knowledge products of AU and Sub Delegates. The project manager must ensure project outputs meet the relevant standards. Project knowledge outputs must be stored centrally and be shared or easily accessible as determined by the Knowledge management platform.

The sub –delegatee shall actively capture project lessons learned to ensure ongoing learning and adaptation within the organization. As a component of the final project review report, a final Lessons Learned Report should be prepared by the sub-delegatee at the end of the project to foster the learning process. In addition, in order to promote knowledge sharing; ideas, experiences and lessons deriving from the project should be shared with the Contracting Authority on the Practice Knowledge Networks (e.g. answer a referral, participate in an e-discussion or peer review, and contribute to the development of a knowledge product).

Principles underpinning the approach to knowledge management are:

- (i) **Knowledge is a valuable asset** making it clear that knowledge products should be managed

- (ii) **Knowledge is quality controlled** knowledge products such as documents have clear quality guidelines which must be adhered to.
- (iii) **Knowledge is shared and accessible** ensuring effective communication and also that appropriate tools and technologies are used to assist all stakeholders to access and benefit from the knowledge products.

AUDITS, REVIEWS, CHECKS AND INVESTIGATIONS

1. Right to carry out audits, reviews and checks

The sub-delegatee will allow the Contracting Authority and any external auditor authorized by the Contracting Authority carrying out verifications to verify, by examining the documents or by means of on-the-spot checks, the implementation of the Action and conduct a full audit, if necessary, on the basis of supporting documents for the accounts, accounting documents and any other document relevant to the financing of the action. These audits may take place up to seven years after the payment of the balance. Furthermore, the sub-delegatee will allow the Contracting Authority, internal and external auditors authorized by the Contracting Authority to carry out checks and verifications on the spot as may be required. To this end, the sub-delegatee undertakes to give appropriate access to staff or agents of the Contracting Authority as well as to any internal or external auditor authorized by the Contracting Authority to carry out verifications to the sites and locations at which the Action is implemented, including its information systems, as well as all documents and databases concerning the technical and financial management of the action and to take all steps to facilitate their work.

Implementation of audit recommendations

Sub-delegatee will prepare an action plan for the implementation of audit recommendations and share regular reports on the status of implementation of these recommendations along with the periodic financial reports.

3. Consequences of findings in audits, reviews, checks and investigations

Findings in audits, reviews, checks or investigations carried out in the context of the sub-delegation may lead to ineligible costs, reduction of the budget, or to any of the other measures stipulated in the termination of contract clause. Rejection of costs or reduction of the budget after the payment of the balance will lead to a revised final agreement amount. Audits, reviews, checks or investigations that find systemic or recurrent errors, irregularities, fraud or breach of obligations may also lead to consequences in other AU sub-delegations awarded under similar conditions.

MONITORING AND EVALUATION OF SUB-DELEGATEES

The monitoring and evaluation practice of the Contracting Authority is governed by the manual "Monitoring and Evaluation Framework". The M&E framework is synchronized with the strategic plan and its implementation period is the same. This section defines the roles and responsibilities of a third partner / consultant involved in the implementation in one (or more) project (s) of the Contracting Authority as sub-delegatee.

A. Implementation of the M & E plan developed in advance:

The M&E team of the Contracting Authority will work with the sub-delegatee to develop the M&E plan for the sub-delegated activities in a participatory and inclusive manner. The sub-delegatee is bound to respect the

roles and responsibilities assigned in this plan, to meet the deadlines set for it, and to follow the procedures agreed upon.

B. Development and revision of the logical framework:

A logical framework will be developed for sub-delegated activities. Under the leadership of the Contracting Authority M&E pool, the sub-delegatee will be involved at all stages of the logical framework development, revision and updating process. The final logical framework will necessarily require the technical validation of the M&E experts of the Contracting Authority.

C. Data collection:

Under the request of the Contracting Authority team, the sub-delegatee will be responsible for collecting disaggregated data required for the M&E system, using tools and methods agreed upon between the two parties. This collection will firstly concern the collection and confirmation of 'baseline' data. Tracking data (level of achievement of results through intelligence indicators) will also be collected by the sub-delegatee, at least quarterly, or at least according to the logical framework and timetable for implementation of the project. The collection of lessons learned and best practices will also be considered as data and will be the responsibility of the sub-delegatee. The transmission of data from the sub-delegatee to the Contracting Authority team will be done through reports. The format of these reports must clearly highlight the data entered in and the tools and methods used to achieve this purpose.

The sub-delegatee should manage the data collection in a systematic fashion so that data are regularly collected for the frequency and period specified. Data collection processes developed for each project must adhere to the the Contracting Authority data management policy.

Data collection must be based on predefined indicators for project and programmatic outcomes. Indicators can be classified into 2 types: (1) Impact indicators and; (2) Outcome indicators.

D. Data analysis:

Any analysis of data and the subsequent recommendations for changes and adjustments on any part of the logical framework must first be submitted to the Contracting Authority M&E pool for approval.

E. Reporting and sharing of information:

At the beginning of implementation of each sub-delegated action, Contracting Authority will propose a reporting plan clearly showing the content, format and frequency of reports to be submitted by the sub-delegatee. The dissemination of data generated in the scope of sub-delegated actions will be done by the sub-delegatee, as per the guidelines contained in the "communication" chapter of this manual.

F. Capacity development in M&E:

Before the implementation of the M&E plan, Contracting Authority and the sub-delegatee will jointly identify capacity gaps and capacity building needs in M&E.

G. Planning

The sub-delegatee will submit before the implementation of project activities, a work plan containing the following:

- (i) Identify immediate results (outputs) and outcome for the period.
- (ii) Formulate clear and concise methodological and operational approaches to achieve these results.
- (iii) Define the resources to achieve these results (financial and others).

H. Mid-Term Reviews:

As part of its oversight, the Contracting Authority shall conduct Mid Term Reviews to ensure that projects are on course to meet their objectives and to rectify any impediments to the attainment of goals. The MTR shall be conducted to cover both technical and administrative aspects of the projects.

RISK MANAGEMENT

All sub-delegatees will be subject to Contracting Authority's Enterprise Risk Management (ERM), as outlined in Contracting Authority's ERM Policy. Each sub-delegatee shall appoint a specific person who shall be responsible for:

- (i) Ensuring that the sub-delegatee participates in the process of , risk identification , risk assessment, , risk analysis, risk response planning and risk monitoring and control;
- (ii) Organizing and providing the sub-delegatee's contribution to the processes risk identification , risk assessment, , risk analysis, risk response planning and risk monitoring and control;
- (iii) Monitoring and reporting risks and their management to Contracting Authority on behalf of the sub-delegatee; and
- (iv) Ensuring that the sub-delegatee takes such measures as may be required by Contracting Authority's ERM policy or as may be from time to time directed by Contracting Authority.

All risks identified by the sub-delegatee in relation to the specific sub-delegation shall be included in the Contracting Authority's risk register (institutional or project specific).

CAPACITY DEVELOPMENT OF SUB-DELEGATEES

A. Capacity development approach

The capacity development model will be cyclical. It will begin with OCA and TOCA, set the stage for planning, provision of technical assistance and peer learning. Monitoring effectiveness of the changes will be critical as it will lead to final adaptation, bringing the cycle back to re-assessment to measure the overall progress in capacity development.

Capacity building and support will be provided by the Contracting Authority's after assessing the sub-delegatees. Monitoring visits to all sub-delegatees should be conducted at least once a year. E-platforms will also be established to facilitate exchange of information and peer-learning among sub-delegatees and between sub-delegatees and the Contracting Authority. Capacity development activities will be included in the work-plans developed by the Contracting Authority and the sub-delegatee for the implementation of the sub-delegated activities.

B. Capacity Development Domains

1. Governance:

Good governance means the responsible management of an organization's resources. Transparency, accountability, effective management and the rule of law are essential components of good governance. The objective of the capacity development on the governance domain will be to catalyze the partner's motivation and stability, and review its guiding principles, structure and oversight mechanisms.

2. Administration:

Clear administrative policies and procedures are the core of a well-functioning organization. Administrative systems and policies do not need to be complex to be effective. The objective of the capacity development on the administrative domain will be to strengthen the organization's functionality by focusing on the quality of its administrative systems as well as its capacity to develop and apply policies and procedures; and the extent of staff knowledge and understanding of these systems. A key focus will be the ability to comply with rules and regulations in all administrative areas.

3. Human Capital Management

These systems improve employee performance and enhance staff motivation and productivity which in turn increases organizational effectiveness. HCM is basically the management of an organization's human capital. The objective is to attract the best people for their programmes, and for the populations they serve. In addition to hiring the right people to manage and perform specific jobs, effective HCM builds staff commitment and loyalty and keeps them up-to-date about organizational plans. The objective of the capacity development on the HCM domain will be to address an organization's ability to maintain a skilled, satisfied workforce and assess how operations and staff time are managed. This will also include strengthening HCM systems and processes, and how they relate to strategic outcomes to deliver quality programmes.

4. Organizational Management

The strength and sustainability of an organization is directly linked to the quality of its management and leadership. This domain examines how an organization functions internally and externally, how it plans with staff and stakeholders, and how it ensures future financial sustainability. The objective of the capacity development on the organizational management domain will be to strengthen the strategic plan to flow from

a clearly stated mission, and in a systematic manner; coordination with other partners; external relationships; and information management to identify and actualize new opportunities.

5. Financial Management

How an organization's finances are managed impacts all management systems because, by nature, financial matters facilitate and maintain those systems. Financial plans should be linked and tailored to specific organizational goals, and where they are well-functioning and compliant, can attract key partnerships and help leverage resources to strengthen sustainability. The objective of the capacity development for the financial management domain will be to develop and apply financial policies and procedures, strengthen financial systems and staff knowledge and application of the same. A key focus will be to assist the organization's capacity to comply with rules and regulations regarding all financial systems, policies and procedures.

6. Programme Management

This focuses on an organization's ability to implement high-quality programmes that meet recognized standards and respond to local needs with sensitivity. The objective of the capacity development for the programme management domain will be to ensure that project activities are progressing according to approved work plans; and that monitoring and evaluation systems are operational so that performance is measured against standards and indicators. It will also strengthen monitoring and evaluation data and ensure that client satisfaction feedback is used for continuous project quality improvement.

IV. CLOSE-OUT

The project close out phase will take place during the last three months of the project implementation or as agreed in the sub-delegation agreement. It will be the process of ending the technical, operational and financial functions of the sub-delegated project. The purpose will be to detail formal acceptance and an orderly process for ending the project.

A. Handover of assets

Assets acquired in the scope of the sub-delegated activities will be handed over before the submission of the final financial report. The assets will be transferred either to the sub-delegatee, or governments / local authorities, partners or final recipients. This transfer will be formalized by a transfer agreement signed by both parties.

B. Final reporting

The sub-delegatees will provide the Contracting Authority with a final report containing all required information on the implementation of the action. The report shall be laid out in such a way as to allow comparison of the objective(s), the means envisaged or employed, the results expected, and obtained and the budget details for the Action. The level of detail should match that of the Description of the Action and of the Budget for the action. The final report will cover technical and financial aspects of the sub-delegated action as a whole. Additionally the final report will include the proofs of the transfers of ownership of assets.

C. Final evaluation

When undertaking the final evaluation of projects, the Contracting Authority and the evaluators could select some of the sub-delegatees contracted for the implementation of this project, and consider the sub-delegated

activities implemented by this partner in the evaluation process. This evaluation of sub-delegated activities could happen on site or off site.

D. Final audit

Final audits will be undertaken at the end of the project. Auditors will either be contracted by the Contracting Authority or directly by the development partner. Technical and financial documents submitted by the sub-delegatee including the final report will be audited at the Contracting Authority level. However, the Contracting Authority and the auditor could decide to audit part or the totality of sub-delegated activities on site, at the level of the sub-delegatee.

E. Scheduled close-out

The Contracting Authority's project coordinator will in consultation with the rest of the project team determine potential options as appropriate:

1. Complete closure – phase out

This will be the withdrawal of project inputs without making explicit arrangements for the inputs or activities to be continued by any other entity or institution, because the project will have resulted in changes that are likely to be sustainable without further inputs from those activities.

2. Gradual shut down – phase down

This will involve the gradual reduction of project activities and reduced deployment of resources while utilizing the sub-delegatees to sustain project benefits.

3. Transfer – phase over

This will involve the transfer of responsibility for activities aimed at accomplishing project objectives to other entities who will take up the continued delivery and sustenance of project benefits as well as implement any pending activities. A project close out plan showing a list of close out activities to be undertaken and the timeframe will be implemented. This close out plan will assist in verifying that all the project activities have been completed correctly and satisfactorily and that all contract records have been updated to reflect final results, and archiving information for future use.

OTHER CONDITIONS

GENERAL OBLIGATIONS

The Sub-delegatee shall implement the Action under its own responsibility and in accordance with the Description of the Action in the project document with a view to achieving the objectives laid down therein. The Sub-delegatee shall implement the Action with the requisite care, efficiency, transparency and diligence, in line with best practice in the field concerned and in compliance with the sub-delegation agreement. For this purpose the Sub-delegatee shall mobilise all the financial, human and material resources required for full implementation of the Action as specified in the Description of the Action. The Sub-delegatee shall act alone or in partnership with one or more NGOs or other bodies identified in the Description of the Action. It may subcontract a limited portion of the Action. The bulk of the Action must, however, be undertaken by the Sub-delegatee and, where applicable, his partners.

Partners take part in the implementation of the Action, and the costs they incur are eligible in the same way as those incurred by the Sub-delegatee. If the Sub-delegatee concludes the sub-contracts in order to

implement the Action as referred to in the first paragraph, the Sub-delegatee shall respect the contract-award procedures and rules. The Sub-delegatee alone shall be accountable to the Contracting Authority for the implementation of the Action.

REPORTING REQUIREMENTS

The Sub-delegatee must provide the Contracting Authority with all required information on the implementation of the Action. To that end, the Sub-delegatee must draw up interim reports and a final report. These reports shall consist of a narrative section and a financial section and shall conform to the model annexed to the special conditions. They shall cover the Action as a whole, regardless of which part of it is financed by the Contracting Authority. Each report must provide a full account of all aspects of the Action's implementation for the period covered. The Contracting Authority may request additional information at any time and that information must be supplied within 30 days of the request. Any additional reporting requirement will be set out in the Special Conditions of the Sub-delegation Agreement.

LIABILITY

The Contracting Authority cannot under any circumstances or for any reason whatsoever be held liable for damage or injury sustained by the staff or property of the Sub-delegatee (or of their partners, contractors, agents or employees) while the Action is being carried out or as a consequence of the Action. The Contracting Authority cannot therefore accept any claim for compensation or increases in payment in connection with such damage or injury. The Sub-delegatee shall assume sole liability towards third parties, including liability for damage or injury of any kind sustained by them while the Action is being carried out or as a consequence of the Action. The Sub-delegatee shall discharge the Contracting Authority of all liability arising from any claim or action brought as a result of an infringement by the Sub-delegatee or the Sub-delegatee's employees or individuals for whom those employees are responsible of rules or regulations, or as a result of violation of a third party's rights.

CONFLICT OF INTERESTS

The Sub-delegatees shall undertake to take all necessary precautions to avoid conflict of interests and shall inform the Contracting Authority without delay of any situation constituting or likely to lead to any such conflict. There is a conflict of interests where the impartial and objective exercise of the functions of any person under the agreement is compromised for reasons involving family, emotional life, political or national affinity, economic interest or any other shared interest with another person.

CONFIDENTIALITY

The Sub-delegatee shall undertake to preserve the confidentiality of any document, information or other material communicated to them in confidence. This confidentiality undertaking shall survive after the termination of the sub-delegation agreement. Where the African Union Commission as secretariat of the Union is not the Contracting Authority it shall still have access to all documents communicated to the Contracting Authority.

OWNERSHIP/USE OF RESULTS AND EQUIPMENT

Ownership of, and title and intellectual and industrial property rights to, the Action's results, reports and other documents relating to it shall be vested in the Contracting Authority. The Contracting Authority grants the African Union Commission where it is not the (Contracting Authority) the right to use freely and as it sees fit, all documents deriving from the Action, whatever their form. The Sub-delegatee may use such intellectual property provided it does not thereby breach existing industrial and intellectual property rights or any other agreement between the Contracting Authority/ the African Union and the Sub-delegatee.

EVALUATION/MONITORING OF THE ACTION

If the Contracting Authority carries out an interim or ex post evaluation or a monitoring mission, the Sub-delegatee shall undertake to provide it and/or the persons authorized by it with any document or information which will assist with the evaluation or monitoring mission, and grant them the access rights. If either Party carries out or commissions an evaluation in the course of the Action, it must provide the other Party with a copy of the evaluation report.

Evaluations may be **independent** (conducted internally by the evaluation office) or **decentralised** (independent consultants), depending on project parameters and arrangements.

Use of Evaluation

The project budget should be ensuring that the appropriate human and financial resources are allocated for the conduct of project evaluations, and that a management response to these evaluations is prepared in a timely manner.

Evaluation principles

Principles underpinning the approach to evaluation are:

- (i) **Impartiality and independence** of the evaluation process from the programming and implementation functions
- (ii) **Credibility of the evaluation**, through use of appropriately skilled and independent experts and the transparency of the evaluation process, including wide dissemination of results
- (iii) **Participation of stakeholders** in the evaluation process, to ensure different perspectives and views are taken into account and
- (iv) **Clear and concise information is provided to decision makers** in a timely fashion
- (v) **National ownership**: Evaluation should be guided by national priorities and concerns and should be conducted in alignment with national systems. It should be inclusive and take into account diverse national interests and values. Evaluation should strengthen partnerships with governments and key stakeholders. It should build the capacity of national institutions to implement, monitor and evaluate.
- (vi) **Managing for results**: Evaluation assists the Contracting Authority manage results by assessing the extent to which the Contracting Authority processes, products and services contribute effectively to development results affecting people's lives. Evaluation highlights the need for quality in the design of Programs so that results are clear, measurable and

can be monitored and evaluated. Through the generation of evidence, evaluation enables more informed management and decision-making for strategic planning and programming cycle.

Evaluation process

The evaluation process shall consist of the following steps:

Step 1: Pre-evaluation: Initiating the evaluation process

- Checking the 'evaluability,' or readiness, for evaluation

Step 2: Preparation

- Agreeing on the management structure of an evaluation and roles and responsibilities
- Drafting the ToR
- Organizing the relevant documentation
- Selecting the evaluation team

Step 3: Managing the conduct of the evaluation

- Briefing and supporting the evaluation team
- Reviewing the inception report prepared by the evaluation team
- Reviewing the draft evaluation report

Step 4: Using the evaluation: Management response, knowledge sharing and dissemination

- Preparing the management response and implementing follow-up actions
- Preparing and disseminating evaluation products and organizing knowledge sharing events
- Reviewing evaluations prior to new planning processes

Evaluations can be defined by when they are carried out:

- (i) **Ex-ante evaluation**, which takes place prior to the implementation of an initiative.
- (ii) **Midterm evaluation** generally has a formative nature as it is undertaken around the middle period of implementation of the initiative. Formative evaluation intends to improve performance, most often conducted during the implementation phase of projects or programmes.
- (iii) **Summative evaluation** is conducted at the end of an initiative (or a phase of that initiative) to determine the extent to which anticipated outcomes were produced.
- (iv) **Ex-post evaluation** is a type of summative evaluation of an initiative after it has been completed; usually conducted two years or more after completion. Its purpose is to study how well the initiative (programme or project) served its aims, to assess sustainability of results and impacts and to draw conclusions for similar initiatives in the future.

AMENDMENT OF CONTRACTS

Any amendment to the Sub-delegation Agreement, including the annexes thereto, must be set out in writing in an addendum. The Sub-delegation Agreement can be modified only during its execution period. If an

amendment is requested by the Sub-delegatee, it must submit that request to the Contracting Authority one month before the date on which the amendment should enter into force, unless there are special circumstances duly substantiated by the Sub-delegatee and accepted by the Contracting Authority. In order to be effective, the amendment requested by the Sub-delegatee must be accepted by the Contracting Authority. If the amendment is rejected by the Contracting Authority it shall not be effective. Changes of address, changes of bank account and changes of auditor may simply be notified, although this does not stop the Contracting Authority from opposing the Sub-delegatee's choice of bank account or auditor.

An addendum may not have the purpose or the effect of making changes to the Sub-delegation Agreement that would call into question the sub-delegation award decision or be contrary to the equal treatment of applicants. Should the Contracting Authority be of the view that the addendum has this effect, such an addendum shall be null and void.

ASSIGNMENT

The Sub-delegation Agreement and the payments attached to it may not be assigned to a third party in any manner whatsoever without the prior written consent of the Contracting Authority.

IMPLEMENTATION PERIOD OF THE ACTION, EXTENSION, SUSPENSION, FORCE MAJEURE AND END DATE

The implementation period of the Action shall be laid down in the Sub-delegation agreement. The Sub-delegatee must inform the Contracting Authority without delay of any circumstances likely to hamper or delay the implementation of the Action. The Sub-delegatee may request an extension of the Action's implementation period no later than one month before it ends. The request must be accompanied by all the supporting evidence needed for its appraisal. The Sub-delegatee may suspend implementation of all or part of the Action if circumstances make it too difficult or dangerous to continue such as force majeure. The Sub-delegatee must inform the Contracting Authority without delay and provide all the necessary details.

TERMINATION OF THE CONTRACT

If a Party believes that the Contract can no longer be executed effectively or appropriately, it shall consult the other Party. Failing agreement on a solution, either Party may terminate the Contract by serving two months' written notice, without being required to pay compensation. The Contracting Authority may terminate the Contract, without giving notice and without paying compensation of any kind:

- a. where the Sub-delegatee fails, without justification, to fulfil any of the obligations incumbent on it and, after being given notice by letter to comply with those obligations, still fails to do so or to furnish a satisfactory explanation within 30 days of sending of the letter;
- b. where the Sub-delegatee is bankrupt or being wound up, is having its affairs administered by the courts, has entered into an arrangement with creditors, has suspended business activities, is the subject of proceedings concerning those matters or is in any analogous situation arising from a similar procedure provided for in national legislation or regulations;

- c. where the Contracting Authority has evidence on the Sub-delegatee or any related entity or person, of grave professional misconduct; this also applies to partners and agents of the Sub-delegatee;
- d. where the Contracting Authority has evidence on the Sub-delegatee or any related entity or person, of fraud, corruption, involvement in a criminal organization or any other illegal activity detrimental to the African union Commission's financial interests; this also applies to partners and agents of the Sub-delegatee;
- e. where the Sub-delegatee changes legal personality, unless an addendum recording that fact is drawn up;
- f. where the Sub-delegatee makes false or incomplete statements to obtain the sub-delegation provided for in the Contract or provides reports that do not reflect reality;
- g. where the Sub-delegatee has not fulfilled obligations relating to the payment of social security contributions or the payment of taxes in accordance with the legal provisions of the country in which it is established;
- h. where the Contracting Authority has evidence on the Sub-delegatee or any related entity or person, of substantial errors, irregularities or fraud in the award procedure or the performance of the sub-delegation; this also applies to partners and agents of the Sub-delegatee;

In the cases referred to in points (c), (d) and (h) above, any related person shall mean any physical person with powers of representation, decision-making or control in relation to the Sub-delegatee. The Sub-delegatee who has made false declarations, has made substantial errors or committed irregularities and fraud, or has been found in serious breach of its contractual obligations may be excluded from all contracts financed by the Contracting Authority for a maximum of five years from the date on which the infringement is established, as confirmed following the adversarial procedure with the Sub-delegatee. This period can be extended to 10 years in the event of a repeated offence within 5 years of the date referred above.

In the event of termination the Sub-delegatee shall be entitled to payment of the budget of action only for the part of the Action carried out, excluding costs connected with current commitments that would be implemented after termination.

Prior to, or instead of, terminating the Contract, the Contracting Authority may suspend payments as a precautionary measure without prior notice.

The Contracting Authority may suspend without delay, implementation of all or part of the action if circumstances so require, in particular in case of force majeure, and informs the sub-delegatee immediately providing all the necessary details. The Contracting Authority may request the sub-delegatee to suspend implementation of all or part of the action if circumstances so require in particular in case of force majeure. Force majeure shall mean any unforeseeable exceptional situation or event beyond the parties' control which prevents either of them from fulfilling any of their obligations and was not attributable to error or negligence on their part (or of their partners, contractors, agents or employees), and could not have been avoided by the exercise of due diligence. If, at any time, either party believes that the sub-delegation can no longer be

effectively or appropriately carried out, either party may terminate the collaboration in accordance with the modalities set in the sub-delegation agreement

APPLICABLE LAW AND DISPUTE SETTLEMENT

Grant Contracts shall be governed and construed in accordance with international laws. Any dispute or difference arising out of any Contract which cannot be resolved amicably between the parties will be settled by arbitration in accordance with the provisions of the UNCITRAL Arbitration Rules by one or more arbitrators appointed in accordance with the respective rules. The place of arbitration shall be determined in the Grant Contract.

Effective Date

This Sub-Delegation Manual shall come into effect upon approval by the Chairperson of the AUC.

Interpretation

The interpretation of this Sub-Delegation Manual shall vest with the Department of Programming, Budgeting, Finance and Accounting on the advice of the Legal Counsel.

The conditions above may be varied in the Sub-delegation agreement of contract depending on the circumstances of the project

Dingile Jere

From: Assietou Sylla Diouf
Sent: Wednesday, December 7, 2016 10:24 AM
To: Jennifer Chiriga
Cc: Biodun Adeyemo; Gbaguidi Selidji; Dingile Jere
Subject: SUB DELEGATION MANUAL
Attachments: Approval memo - SUB DELEGATION MANUAL.docx; 01112016 AU SUB-DELEGATION MANUAL (DRAFT) - tracked - 14-11-16 (2) (2).docx



African Union Leadership Academy Presents

The African Union Leadership Debate
Friday December 9th 2016
Addis Ababa - Ethiopia

*document
This is urgent. I
submitted it already
for CP's signature.
This is a
reminder
to bring it to
CP's attention
Cos
7/12/16*

Dear Jennifer,

This is a gentle follow up on the sign off of the sub delegation manual that has been submitted by legal department for the chairperson sign off.

As part of the Pillar assessment, we'd like to close this point at the earliest.

Best regards,


Assietou Sylla Diouf

Director | Programming, Budgeting, Finance & Accounting Directorate | African Union Commission

Tel: (251) 11 551 77 00 | Fax: | E-mail: Dioufs@africa-union.org | Web: www.au.int

Addis Ababa | Ethiopia

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