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FUNDING AND REMUNERATION FRAMEWORK FOR SUDESA

STRUCTURE AND BENCHMARKS FOR REMUNERATION

CREATED BY

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Funding & Remuneration Framework (SUDESA / DTIF)

1. Sources of Funds and Eligibility.

SUDESA/DTIF resources may include sovereign/grant financing from AfDB and other partners, domestic appropriations, and aligned trust funds. All Facility-executed and recipient-executed expenditures, including administrative charges, shall be eligible, provided they comply with co-financier rules and this Charter. Benchmark practice explicitly allows administrative fees on recipient-executed grants and an indirect cost rate on Facility-executed personnel, documented ex ante and disclosed annually.

2. EUSL's Remuneration—Structure and Benchmarks.

EUSL's remuneration is limited to the following items; each item is auditable, disclosed, and capped.

2.1 Administrative Fee on Recipient-Executed Commitments (RETF).

A tiered fee charged at commitment (when a grant/financing to an Implementing Agency is legally signed), covering portfolio administration, governance, and compliance. Recommended schedule (aligned to World Bank trust-fund practice):

- 5% on the first USD 50 million committed;
- 4% on the next USD 450 million;
- 3% on the next USD 500 million;
- 2% on any amount thereafter.

This mirrors the World Bank's cost-recovery directive for trust funds and is widely recognized by donors.

2.2 Indirect Cost Rate on Facility-Executed Personnel (BETF-equivalent).

A single indirect rate applied to eligible personnel and consultant costs incurred by EUSL/Secretariat when it executes activities (program management, fiduciary, procurement administration, safeguards, MEL, etc.). Recommended: 15–17%, referencing the 17% TF Indirect Rate used by the World Bank for Bank-Executed Trust Funds.

2.3 Direct Cost Reimbursement.

Actual, reasonable, and documented direct costs (e.g., technical assistance, supervision missions, independent verifications, disclosure systems, ICT/cybersecurity for Facility operations) are paid at cost against invoices and timesheets. This is standard in all MDB-style facilities.

2.4 Optional Resource-Mobilization Budget (not a commission).

If the Parties want EUSL to raise co-financing at scale, the cleanest structure is a time-bound, budgeted “resource-mobilization work program” (staff time + travel + legal + investor due diligence), reimbursed at cost. Avoid percentage “success commissions” on sovereign loans—many donors disallow them or view them unfavorably. If ever contemplated for private blended-finance mobilization, treat it as a separate work order funded by the private counterpart or a dedicated TA envelope, and cap it explicitly. (UN agencies use an 8% harmonized general management support rate on non-core funds as a

comparable ceiling reference; MDB trust-fund models rely on the tiered RETF fee + indirect rate rather than commissions.)

2.5 No Margin on Supplier Invoices.

EUSL shall not take any spread or margin on third-party supplier/contractor invoices; all procurement must follow competitive procedures and open-contracting disclosure.

3. Caps, Transparency, and Alignment.

(a) The weighted-average overhead on recipient-executed flows (i.e., the combined effect of the RETF admin fee plus any Facility-level charges) shall be capped by JSC resolution to remain consistent with donor norms and published annually. (As a sense-check: MDBs' tiered fees + indirect rates typically keep effective overhead in the mid-single digits on large portfolios.)

(b) The full fee schedule and the annual reconciliation of fee revenues vs. actual indirect cost pools will be disclosed in an "Administrative Fee and Indirect Rate Statement" (annex to the Annual Report), reflecting the move to full cost recovery without over-recovery mandated in multilateral frameworks.

(c) Where AfDB or another co-financier stipulates a different cap or modality, the stricter rule applies to that financing. AfDB-managed trust funds, for example, recover administrative costs under Bank rules; our schedule must remain compatible.

4. Payment Triggers and Mechanics.

(a) RETF Administrative Fee: posted at grant/financing signature (commitment), per tier.

(b) Indirect Rate & Direct Costs: billed quarterly in arrears against eligible payroll/consulting and ODCs, with documentation.

(c) Set-up/Close-out: time-bound onboarding and close-out costs budgeted and disclosed (e.g., OCDS pipelines, records archiving).

5. Audit, Clawback, and No-Double-Charging.

All fees and cost-recovery items are subject to independent external audit and internal audit. Any over-recovery is carried forward as a rate adjustment or returned to the Facility. Direct costs funded under one financing may **not** be charged again elsewhere for the same deliverable ("no double dip").

6. Tax Treatment and HCA Privileges.

Charges are calculated net of taxes/duties covered by Host Country Agreement privileges and immunities; any irrecoverable taxes, if allowed by the co-financier, are treated per financing agreement. (This keeps fee math clean and consistent with standard HCA practice.)

7. Social Reinvestment Covenant (Optional but Recommended).

To reflect EUSL's purpose-driven model, the Parties may adopt a covenant under which any annual net surplus from cost recovery above an agreed buffer (e.g., [•] months of operating costs) is reinvested in SUDESA public goods or granted to the EUSL Foundation/Charity network for South Sudan priority programs, documented in the Annual Report.



[Conventions, Protocols and Recommendations | International Labour Organization](#)

[Good Practice Note on Addressing Sexual Exploitation, Abuse, and Harassment in ADB-Financed Projects with Civil Works | Asian Development Bank](#)

[Project Finance, human rights and climate change: Updated Equator Principles 4 in effect from October | White & Case LLP](#)

[Equator Principles: Environmental & Social Risk Management](#)

[Convention on the Recognition and Enforcement of Foreign Arbitral Awards \(New York, 1958\)](#)

[Cost Recovery | Policy Portal](#)

[Procurement Regulations](#)

[Section 1: Purpose of this Policy](#)

Clause X – Funding, Cost Recovery, and Dual Role Provisions

X.1 Cost Recovery and Administrative Charges.

EUSL shall be entitled to recover costs associated with the establishment and operation of SUDESA and its instruments, including the Digital Transformation Investment Facility (DTIF), through the following mechanisms:

- (a) **Administrative Fee** on recipient-executed commitments, calculated on a tiered basis as approved by the Joint Steering Committee (JSC);
- (b) **Indirect Cost Rate** applied to eligible personnel and consultant costs for Facility-executed activities;
- (c) **Reimbursement of Direct Costs** incurred in the provision of technical assistance, fiduciary management, procurement administration, safeguards, monitoring and evaluation, and related services;
- (d) **Set-up and Close-out Costs**, as approved in the Annual Work Plan and Budget;
- (e) **Optional Resource Mobilization Budget**, reimbursed at cost, subject to prior JSC approval. All such charges shall be disclosed in the Annual Administrative Fee and Indirect Rate Statement and shall be subject to independent external audit and internal audit oversight.

X.2 No Margin on Third-Party Contracts.

EUSL shall not apply any margin, commission, or mark-up on third-party supplier or contractor invoices. All procurement shall comply with the Procurement and Open Contracting Manual and applicable co-financier rules.

X.3 Dual Roles and Remuneration.

- (a) An individual holding an executive or governance role within EUSL may be appointed to a remunerated position within SUDESA, provided that:
 - (i) the appointment is based on merit and approved by the JSC;
 - (ii) the individual declares the dual role in the Conflict of Interest Register;
 - (iii) the individual recuses themselves from any JSC deliberation or decision concerning their remuneration or terms of service;



(iv) the remuneration is charged to SUDESA's human resources budget and not embedded in EUSL's indirect cost pool; and

(v) the arrangement is documented in writing and disclosed in the Annual Report.

(b) No individual shall receive duplicate compensation for the same function under both EUSL and SUDESA budgets.

X.4 Transparency and Social Reinvestment.

Any annual surplus from cost recovery above the buffer level approved by the JSC shall be reinvested in SUDESA public goods or allocated to the EUSL Foundation/Charity network for programs in South Sudan, as documented in the Annual Report.

Signatures and Annexes

IN WITNESS WHEREOF, the undersigned representatives, duly authorized by their respective governments and institutions, have signed this Funding & Remuneration Framework (SUDESA/DTIF) Agreement in two original copies, each in the English language, both texts being equally authentic.

Signed in Juba, Republic of South Sudan, on [Date].

For the Government of the Republic of South Sudan

Name: _____

Title: _____

Signature: _____

For the European Social Label (EUSL)

Name: _____

Title: _____

Signature: _____