

CONFORMED COPY

May 26, 2011

H. E. Lassine Bouaré
Minister of Economy and Finance
Ministry of Economy and Finance
Bamako
Republic of Mali

Re: Trust Fund Administration Agreement between the Republic of Mali and the International Bank for Reconstruction and Development and the International Development Association concerning the African Capacity Building Foundation - Partnership for Capacity Building in Africa - Strategic Medium Term Plan 2 (ACBF – PACT -- SMTP 2) Multi-Donor Trust Fund (TF No. 071599)

Excellency:

1. We are pleased to acknowledge on behalf of the **International Bank for Reconstruction and Development** (“IBRD”) and the **International Development Association** (“IDA”) (collectively, the “Bank”) that the **Republic of Mali, acting through its Ministry of Economy and Finance** (the “Donor”) shall make available as a grant the sum of **five hundred thousand United States Dollars (US\$500,000)** (the “Contribution”) for the **African Capacity Building Foundation - Partnership for Capacity Building in Africa - Strategic Medium Term Plan 2 (ACBF – PACT -- SMTP 2) Trust Fund** (the “Trust Fund”) in accordance with the terms of this Agreement. Other donors are also expected to contribute to the Trust Fund on the terms and conditions specified in the Annexes to this Agreement.

2. The Contribution shall be used to finance the activities and the categories of expenditure in accordance with the terms set forth in the “Description of Activities and Expenditures and Governance Arrangements for the ACBF – PACT -- SMTP 2 Trust Fund” attached hereto as Annex 1, and shall be administered by the Bank on behalf of the Donor in accordance with the terms of this Agreement including the “Standard Provisions Applicable to the ACBF – PACT -- SMTP 2 Trust Fund” (the “Standard Provisions”) attached hereto as Annex 2.

3. (a) The Donor hereby authorizes the Bank, promptly after countersignature of this Agreement by the Donor, to transfer: (i) a sum of one hundred thirteen thousand eight hundred and forty one United States Dollars (US\$113,841), which has already been

deposited by the Donor with the Bank; and (ii) any investment income earned on said amount, to the Trust Fund.

(b) Subsequently, the Donor shall deposit into such account designated by the Bank:

- (i) on or before December 31, 2011, and following submission of a payment request by the Bank, three hundred eighty six thousand one hundred fifty nine United States Dollars (US\$386,159) for the Donor's fiscal year 2011-2012.

4. When making such deposit, the Donor shall instruct its bank to include in its payment details information (remittance advice) field of its SWIFT payment message, information indicating: the amount paid, that the payment is made by the Donor for TF No. 071599 (the *African Capacity Building Foundation - Partnership for Capacity Building in Africa - Strategic Medium Term Plan 2 (ACBF – PACT -- SMTP 2) Trust Fund*), and the date of the deposit (the "Deposit Instruction"). In addition, the Donor shall provide a copy of the Donor's Deposit Instruction to the Bank's Accounting Trust Funds Division by e-mail sent to tfremittadvice@worldbank.org or by fax sent to (202) 614-1315.

5. Except as provided for in paragraph 4 above, any notice, request or other communication to be given or made under this Agreement shall be in writing and delivered by mail, facsimile or e-mail to the respective party's address specified below or at such other address as such party notifies in writing to the other party from time to time:

For the Bank:

Mr. Yusupha Crookes
Director, Regional Integration
Africa Region
The World Bank
1818 H Street, NW
Washington, DC 20433
U.S.A.

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E-mail: ycrookes@worldbank.org

For the Donor:

H. E. Lassine Bouaré
Minister of Economy and Finance
Ministry of Economy and Finance
B.P. 234

Bamako
Republic of Mali

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6. All annexes hereto constitute an integral part of this Agreement. This Agreement may be amended only in writing between the Bank and the Donor; provided, however, that such annexes may be amended only with the agreement of all donors contributing to the Trust Fund.

7. Please confirm your agreement with the foregoing, on behalf of the Donor, by signing, dating, and returning to us the enclosed copy of this Agreement. Upon receipt by the Bank of the copy of this Agreement countersigned by you, this Agreement will become effective as of the date of the countersignature.

Sincerely,

**INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION**

By /s/ Yusupha B. Crookes
Director, Regional Integration
Authorized Representative

AGREED:

REPUBLIC OF MALI

By: /s/ Lassine Bouaré

Date: June 21, 2011

Title: Minister of Economy and Finance

Description of Activities and Expenditures and Governance Arrangements
for the
ACBF – PACT -- SMTP 2 Trust Fund

This Annex shall be applicable to, and form an integral part of, all agreements entered into between the Bank and entities (collectively, the “Donors”) that provide contributions (the aggregate of all contributions from the Donors, the “Contributions”) to be administered by the Bank for the Trust Fund.

A. DESCRIPTION OF ACTIVITIES

The objectives of the activities (Activities) to be financed under this Trust Fund are to contribute to: (a) enhanced capacity for effective policy formulation in the countries of grant recipients of the African Capacity Building Foundation (variously, “ACBF” or “Recipient”); and (b) improvements in the management of ACBF’s operations.

The Activities consist of the following:

1. Recipient-executed Activities

(a) Capacity Building Sub-grants

Financing, through the provision of grants, of specific development projects to enhance the institutional capacity of the governments of Sub-Saharan African countries, regional organizations serving such countries, and other entities established in such countries, in areas included in ACBF’s Strategic Medium Term Plan 2.

(b) Institutional Development

- (i) Continued implementation of ACBF’s management action plan.
- (ii) Development of a forward looking medium term strategy for ACBF, including establishment of an effective monitoring and evaluation system.
- (iii) Preparation, supervision and evaluation of subprojects financed by ACBF.
- (iv) Development and implementation of knowledge and learning activities.

2. Bank-executed Activities

Provision of implementation support to the Recipient for the Recipient-executed activities listed in paragraph 1 above, including supervision of their implementation.

B. CATEGORIES OF EXPENDITURE

1. For Bank-Executed activities the Contributions may be used to finance:
 - (a) staff costs (including term, open and short term consulting staff);
 - (b) travel expenses;
 - (c) consultants' fees; and
 - (d) associated overheads.

2. For Recipient-Executed activities, the Contributions may be used to finance:
 - (a) goods and non consultants' services;
 - (b) consultants' services;
 - (c) Training; and
 - (d) Operating Costs.

For purposes of this paragraph 2, the following terms shall have the meanings ascribed to them:

- (i) "Training" means the reasonable costs associated with training and workshop participation under the Activities, consisting of travel and subsistence costs for training participants, costs associated with securing the services of trainers, rental of training facilities, preparation and reproduction of training materials, and other costs directly related to course or workshop preparation and implementation.

- (ii) "Operating Costs" means the incremental expenses incurred on account of implementation of the Activities, consisting of reasonable expenditures for, *inter alia*, office supplies, vehicle operation and maintenance, communication and insurance costs, banking charges, rental expenses, office and office equipment maintenance, utilities, document duplication/printing, consumables, travel cost and *per diem* for staff of ACBF for travel linked to the implementation of the Activities, and salaries of ACBF staff.

The foregoing categories of expenditures may include the financing of taxes.

C. GOVERNANCE ARRANGEMENTS

The governance arrangements shall be the same as those applicable to the IDA Grant proposed to be made to ACBF to co-finance this Trust Fund.

Standard Provisions
applicable to the
ACBF – PACT -- SMTP 2 Trust Fund

This Annex shall be applicable to and form an integral part of all agreements entered into between the Bank and the Donors that provide Contributions to be administered by the Bank for the Trust Fund.

1. Administration of the Contributions

1.1. The Bank shall be responsible only for performing those functions specifically set forth in this Agreement and shall not be subject to any other duties or responsibilities to the Donors, including, without limitation, any duties or obligations that might otherwise apply to a fiduciary or trustee under general principles of trust or fiduciary law. Nothing in this Agreement shall be considered a waiver of any privileges or immunities of the IBRD and IDA under their Articles of Agreement or any applicable law, all of which are expressly reserved.

1.2. The Contribution shall be administered in accordance with the Bank's applicable policies and procedures, as the same may be amended from time to time, including its framework to prevent and combat fraud and corruption and its screening procedures to prevent the use of Bank resources to finance terrorist activity, in line with the Bank's obligations to give effect to the relevant decisions of the Security Council, taken under Chapter VII of the Charter of the United Nations. The Donor acknowledges that this provision does not create any obligations of the Bank under the anti-terrorist financing and asset control laws, regulations, rules and executive orders of an individual member country that may apply to the Donor, nor shall it be deemed a waiver, express or implied, of any of the privileges and immunities of the Bank.

2. Commingling, Exchange and Investment of the Contributions

2.1. The Contributions shall be accounted for as a single trust fund and shall be kept separate and apart from the funds of the Bank. The Contributions may be commingled with other trust fund assets maintained by the Bank.

2.2. The Contributions may be freely exchanged by the Bank into other currencies as may facilitate their disbursement.

2.3. The Bank shall invest and reinvest the Contributions pending their disbursement in accordance with the Bank's policies and procedures for the investment of trust funds administered by the Bank. The Bank shall credit all income from such investment to the Trust Fund to be used for the same purposes as the Contributions.

3. Administrative Cost Recovery

3.2. In order to assist in the defrayment of the costs of administration and other expenses incurred by the Bank under this Agreement, the Bank may deduct and retain for its own account an amount equal to one percent (1 %) of each Contribution. In addition, costs for program management and administration of the Trust Fund up to a maximum of one and one half percent (1.5%) of each Contribution¹, will be charged to the Trust Fund on an actual basis. If the contributions increase beyond what was originally expected at the time of counter-signature of the first administration agreement, and the administrative costs increase as a result, the Donors acknowledge that an additional administrative fee may be applied to such new contributions.

4. Grant to Recipient

4.1. The Bank shall, as administrator of the Trust Fund on behalf of the Donors, enter into one or more grant agreements (each, a “Grant Agreement”) with the African Capacity Building Foundation (the “Recipient”) consistent with the purposes of this Agreement and on the terms and conditions set forth in each Grant Agreement. Grant Agreements may be entered into up to the maximum amount of the Contributions that all Donors have agreed to make available under the Administration Agreements between the Bank and the Donors. Upon request by a Donor, the Bank shall furnish a copy of each Grant Agreement to the Donors.

4.2. The Bank shall be responsible for the supervision of the activities financed under each Grant Agreement. Subject to the consent of the Recipient, representatives of the Donors may be invited by the Bank to participate in Bank supervision missions related to the Trust Fund.

4.3. The Bank shall promptly inform the Donors of any significant modification to the terms of any Grant Agreement and of any contractual remedies that are exercised by the Bank under any Grant Agreement. To the extent practicable, the Bank shall afford the Donors the opportunity to exchange views before effecting any such modification or exercising any such remedy.

5. Procurement

5.1. For Recipient-executed activities, each Grant Agreement shall provide that the Contributions shall be used by the Recipient to finance expenditures for goods and services, as the case may be, in accordance with the Bank’s Guidelines on “Procurement under IBRD Loans and IDA Credits” and the Bank’s Guidelines on the “Selection and Employment of Consultants by World Bank Borrowers,” as in effect at the date of entry into the respective Grant Agreement.

¹ NB: This percentage does not cover Activities supervision/ implementation support costs, which would be financed out of the Trust Fund under Section A.2 of Annex 1. These costs will be charged as actual costs in accordance with the categories of expenditure specified in Section B.1 of Annex 1.

5.2. For Bank-executed activities, the employment and supervision of any consultants and the procurement of any goods financed by the Contributions shall be the responsibility of the Bank and shall be carried out in accordance with its applicable policies and procedures.

6. Accounting and Financial Reporting

6.1. The Bank shall maintain separate records and ledger accounts in respect of the Contributions deposited in the Trust Fund account and disbursements made therefrom.

6.2. The Bank shall furnish to the Donors current financial information relating to receipts, disbursements and fund balance in the holding currency of the Trust Fund with respect to the Contributions via the World Bank's Trust Funds Donor Center secure website. Within six (6) months after all commitments and liabilities under the Trust Fund have been satisfied and the Trust Fund has been closed, the final financial information relating to receipts, disbursements and fund balance in the holding currency of the Trust Fund with respect to the Contributions will be made available to the Donors via the World Bank's Trust Funds Donor Center secure website.

6.3. The Bank shall provide to the Donors, within six (6) months following the end of each Bank fiscal year, an annual single audit report, comprising (1) a management assertion together with an attestation from the Bank's external auditors concerning the adequacy of internal control over cash-based financial reporting for all cash-based trust funds as a whole; and (2) a combined financial statement for all cash-based trust funds together with the Bank's external auditor's opinion thereon. The cost of the single audit shall be borne by the Bank.

6.4. If a Donor wishes to request, on an exceptional basis, a financial statement audit by the Bank's external auditors of the Trust Fund, the Donor and the Bank shall first consult as to whether such an external audit is necessary. The Bank and the Donor shall agree on the appropriate scope and terms of reference of such audit. Following agreement on the scope and terms of reference, the Bank shall arrange for such external audit. The costs of any such audit, including the internal costs of the Bank with respect to such audit, shall be paid by the requesting Donor.

6.5. The Bank shall provide the Donors with copies of all financial statements and auditors' reports received by the Bank from the Recipient pursuant to each Grant Agreement.

7. Progress Reporting

7.1. The Bank shall provide the Donors with an annual report on the progress of activities financed by the Contributions. Within six (6) months of the final disbursement date specified in paragraph 8.2, the Bank shall furnish to the Donors a final report on the activities financed by the Trust Fund.

7.2 Any Donor may review or evaluate activities financed by the Trust Fund. The Donor and the Bank shall agree on the scope and conduct of such review or evaluation, and the Bank shall provide all relevant information within the limits of its policies and procedures. All associated costs shall be borne by the Donor. It is understood that any such review or evaluation will not constitute a financial, compliance or other audit of the Trust Fund.

8. Disbursement; Cancellation; Refund

8.1. The Contributions may be used retroactively to finance payments made on or after July 1, 2010 for eligible expenditures, in accordance with the Bank's policies and procedures.

8.2 It is expected that the Contributions will be fully disbursed by the Bank by June 30, 2016. The Bank shall only disburse Contributions for the purposes of this Agreement after such date with the written approval of the Donors.

8.3 Any Donor or the Bank may, upon three (3) months' prior written notice, cancel all or part of the Donor's pro rata share, of any remaining balance of the Contributions that is not committed pursuant to any agreements entered into between the Bank and any consultants and/or other third parties for the purposes of this Agreement prior to the receipt of such notice, including any Grant Agreement.

8.4. Following the final disbursement date specified in paragraph 8.2, the Bank shall return any remaining balance of the Contributions to the Donors or to the relevant Donor Balance Account on a pro rata basis based on the Donors' paid Contributions. In the event of a cancellation the Bank shall promptly return to the relevant Donor or Donors or to the relevant Donor Balance Account the Donor's pro rata share of uncommitted Contributions in accordance with paragraph 8.3.

9. Disclosure

The Bank will disclose this Agreement and related information on this Trust Fund in accordance with the World Bank Policy on Access to Information. By entering into this Agreement, Donors consent to disclosure of this Agreement and related information on this Trust Fund.