Memorandum of Understanding concerning the State- and Peacebuilding Multi-Donor Trust Fund (TF No. 071021) Contribution to the Sudan Transition and Recovery Support Multi-Donor Trust Fund (TF No. 073498)

(A) This Memorandum of Understanding (the “Memorandum”) is entered into between the Global Themes Department – Fraility, Conflict and Violence and the Office of the Country Director for Ethiopia, Eritrea, Sudan and South Sudan of the International Bank for Reconstruction and Development (“IBRD”) and the International Development Association (“IDA”) (collectively, the “Bank”) in their respective capacities as representative of the Bank as trustee (the “SPF Trustee”) of the State- and Peacebuilding Multi-Donor Trust Fund (Trust Fund No. 071021) (the “SPF” or the “Donor”) and representative of the Bank as administrator (the “STARS Administrator”) of the Sudan Transition and Recovery Support Multi-Donor Trust Fund (Trust Fund No. 073498) (the “STARS” or “Trust Fund”), for the transfer of the sum of seven million United States dollars (USD 7,000,000) (the “Contribution”) from the SPF to the STARS in accordance with the terms of this Memorandum.

(B) The SPF was established by IBRD Resolution No. 2008-0002 and IDA Resolution No. 2008-0001 of the Executive Directors of IBRD and IDA respectively on April 22, 2008, as amended (the “SPF Resolutions”).

(C) The SPF Resolutions provide that the SPF Trustee is authorized to make contributions from the SPF to Bank-administered MDTFs (as defined in the SPF Resolutions) and such contributions shall be managed in accordance with the applicable requirements of such MDTFs.

(D) The Contribution to the STARS is consistent with the terms of the SPF Resolutions and will finance activities that are in line with one of the SPF’s objectives, namely, to support the reconstruction and development of countries prone to, in, or emerging from conflict. This SPF objective is also consistent with the objective of the STARS to support the Government of Sudan’s economic and peacebuilding transition and build country delivery systems, including for crisis response.

(E) The SPF Technical Advisory Committee (“TAC”) has approved the transfer of the Contribution to the STARS for the “Sudan Emergency COVID-19 Health Response” proposal, as notified on May 19, 2020.

The SPF Trustee and the STARS Administrator (collectively, the “Participants”) agree as follows:

1. The Contribution shall be used to finance the activities and the categories of expenditure set forth in the “Sudan Transition and Recovery Support (STARS) Multi-Donor Trust Fund Description” attached hereto as Annex 1, and shall be administered by the STARS Administrator on behalf of the Donor in accordance with the terms of this Memorandum including the “Standard Provisions” attached hereto as Annex 2, and “Governance” attached hereto as Annex 3.
2. Other donors are also expected to contribute to the STARS on the terms and conditions specified in the annexes attached hereto.

3. The SPF Trustee shall transfer the Contribution from the SPF to the STARS promptly following this Memorandum becoming effective pursuant to paragraph 6 of this Memorandum.

4. At the date of signature of this Memorandum, the Indirect Rate (as defined in Annex 1 to this Memorandum) is 17%.

5. All references made in the annexes attached hereto and related documents to “this Administration Agreement” will have the same meaning as the term “this Memorandum” used herein.

6. All annexes attached hereto constitute an integral part of this Memorandum. This Memorandum may be amended only in writing between the Parties; provided, however, that such annexes may be amended only with the agreement of all donors contributing to the STARS.

7. The Participants agree that this Memorandum will become effective as of the date of signature of the last signing Participant.

FOR THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT AND THE INTERNATIONAL DEVELOPMENT ASSOCIATION, AS TRUSTEE OF THE STATE- AND PEACEBUILDING MULTI-DONOR TRUST FUND

By: ______________________________

Name: Franck Bousquet

Title: Sr director FCV Group

Date: 10-Jun-2020

FOR THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT AND THE INTERNATIONAL DEVELOPMENT ASSOCIATION, AS ADMINISTRATOR OF THE SUDAN TRANSITION AND RECOVERY SUPPORT MULTI-DONOR TRUST FUND

By: ______________________________

Name: Carolyn Turk

Title: Country director

Date: 11-Jun-2020
ANNEX 1

Sudan Transition and Recovery Support (STARS) Multi-Donor Trust Fund Description

This Annex shall be applicable to and form an integral part of all administration agreements for the Trust Fund (collectively, the “Administration Agreements” and each an “Administration Agreement”) between the Bank and any entities that provide any funds to the Trust Fund (collectively, the “Donors”).

1. **Objectives**

The objective of the Trust Fund is to support the Government of Sudan's economic and peacebuilding transition and build country delivery systems, including for crisis response.

2. **Activities**

The activities to be financed by the Trust Fund are:

2.1. Bank-executed activities, for which the Bank has implementation responsibility:

   (a) **Project preparation.** Advising Government on Bank requirements, processes and procedures; financing and technical assistance necessary for the preparatory work; and convening other donors to support projects.

   (b) **Implementation support.** Monitoring, supervising and evaluating the execution of recipient-executed activities funded by the Trust Fund, as well as assessing the impact of such activities;

   (c) **Advisory Services and Analytical Work.** Undertaking technical assistance and analytical work, including, but not limited to, analytical briefs, policy notes, other reports and recommendations, capacity building and training.

   (d) **Knowledge sharing and learning.** Generating and disseminating knowledge, including carrying out knowledge events on STARS thematic areas (conferences, workshops and study tours).

   (e) **Program management and administration activities** for the Trust Fund, including but not limited to, supporting any program governance arrangements and Trust Fund related meetings; planning and executing work plans and budgets; managing communications and conducting outreach; disseminating lessons learned; reporting on progress; and monitoring and evaluating the program.

2.2. Recipient-executed activities, for which one or more Recipients (as defined in Annex 2) have implementation responsibility:
(a) **Social Protection.** Establishing the required building blocks for a permanent social safety net system and an immediate focus on the design and implementation of the Sudan’s family support program to complement critical economic reforms, including: (1) provision of cash transfers to beneficiaries; (2) generation of a social registry of potential beneficiaries; (3) maximization of the use of digital payment mechanisms or other physical touchpoints; and (4) provision of support for implementing such Sudan’s family support program.

(b) **Economic Revival and Better Governance.** (1) building Sudan’s procurement, financial, management, and implementation capacity; (2) strengthening social accountability; (3) Supporting financial and private sector reforms.

(c) **Peacebuilding, Resilience, and Basic Services.** (1) implementing basic service delivery and community-drive development programs; (2) promoting the inclusion of marginalized groups such as women and youth as agents of change on a local level; (3) supporting peacebuilding and resilience initiatives.

(d) **Crisis Response.** Carrying out contingency activities to respond to a crisis or emergency (including but not limited to major natural disasters, public health emergencies, and epidemics), including providing emergency supplies, restoring basic physical assets and building resilience for recovery.

3. **Eligible Expenditures**

3.1. For Bank-executed activities, the Trust Fund funds may be used to finance:

   (a) staff costs (excluding short-term consultants and temporaries)

   (b) short-term consultants and temporaries

   (c) contractual services

   (d) equipment and office premises lease cost

   (e) equipment purchased

   (f) media, workshops, conferences and meetings

   (g) travel expenses

3.2. For purposes of this paragraph 3, (i) "staff costs (excluding short term consultants and temporaries)" includes salaries, benefits and the Indirect Rate charged to the Trust Fund as applicable under Bank policies and procedures; and (ii) "short term consultants and temporaries" includes fees and the Indirect Rate charged to the Trust Fund as applicable under Bank policies and procedures.
3.3. The "Indirect Rate" means the indirect rate, defined as a percentage of personnel costs and available at the 'Development Partner Center' website, as such rate may be revised from time to time by the Bank and applied to this Trust Fund, in accordance with its policies and procedures.

3.4. For Recipient-executed activities, the Trust Fund funds may be used to finance eligible expenditures in accordance with the Bank’s applicable policies and procedures.

4. **Taxes**

4.1. The foregoing activities and categories of expenditures may include the financing of taxes in accordance with the Bank’s applicable policies and procedures.

5. **Indicative Results Framework**

5.1. An indicative Results Framework for the activities financed by the Trust Fund prepared by the Bank (the "Results Framework"), in consultation with the Donors, shall be available at the 'Development Partner Center' website. Such Results Framework, may be revised by the Bank from time to time, in consultation with the Donors, and shall be used for monitoring and evaluation purposes only.

6. **Indicative Budget**

6.1. The Bank shall provide indicative budget information for the Trust Fund at the 'Development Partner Center' website, which may be updated periodically by the Bank in consultation with the Donors. Such budget information is for informational purposes only.

7. **Retroactive Financing**

7.1. The Trust Fund funds may be used to retroactively finance payments for eligible expenditures made as of May 14, 2020 in accordance with the Bank's applicable policies and procedures.
ANNEX 2

Standard Provisions

This Annex shall be applicable to and form an integral part of all Administration Agreements between the Bank and the respective Donors.

1. Administration of Contributions

1.1. The Bank shall be responsible only for performing those functions specifically set forth in this Administration Agreement, including its annexes, 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 Administration Agreement shall be considered a waiver of any privileges or immunities of the Bank under its Articles of Agreement or any applicable law, all of which are expressly reserved.

1.2. Each Donor's Contribution (collectively, the "Contributions") 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 procurement, financial management, disbursement and safeguard policies, 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 Donors acknowledge 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 a Donor.

2. Management of the Contributions

2.1. The funds deposited in the Trust Fund shall be accounted for as a single trust fund and shall be kept separate and apart from the funds of the Bank. The funds deposited in the Trust Fund may be commingled with other trust fund assets maintained by the Bank. The Bank, in its capacity as trustee, has legal title to the funds deposited in the Trust Fund.

2.2. The currency in which the funds in the Trust Fund shall be held is United States dollars (the "Holding Currency").

2.3. Donors agree to deposit their Contributions in the Contribution Currency stated in their respective Administration Agreements. In the case of deposits received in a Contribution Currency other than the Holding Currency, promptly upon the receipt of such amounts and the accompanying Deposit Instructions, the Bank shall convert such amounts into the Holding Currency at the exchange rate obtained by the Bank on the date of the conversion. Where deposits prove to be insufficient to complete activities as a result of exchange rate fluctuations, neither the Bank nor the Donor shall bear any responsibility for providing any additional financing.
2.4. The funds deposited in the Trust Fund may be freely exchanged by the Bank into other currencies as may facilitate their disbursement at the exchange rate obtained by the Bank on the date of the conversion.

2.5. The Bank shall invest and reinvest the funds deposited in the Trust Fund pending their disbursement in accordance with the Bank’s applicable 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. **Accounting and Financial Reporting**

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

3.2. The Bank shall furnish to the Donors current financial information relating to receipts, disbursements and fund balance in the Holding Currency with respect to the Contributions via the 'Development Partner Center' website which will be updated quarterly. 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 with respect to the Contributions shall be made available to the Donors via the 'Development Partner Center' website.

3.3. The Bank shall provide to the Donors via the 'Development Partner Center' website, within six (6) months following the end of each Bank fiscal year, an annual single audit report, comprising (i) a management report together with an audit opinion 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 (ii) 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.

3.4. 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 borne by the requesting Donor.

3.5. The Bank shall make available to the Donors copies of all financial statements and auditors' reports received by the Bank from Recipients pursuant to any Grant Agreements (as defined below) in accordance with the Bank's Access to Information Policy.

4. **Progress Reporting; Review or Evaluation of Activities; Financial Management**

4.1. The Bank shall provide the Donors with annual written progress reports by December 31 each year. The progress reports shall be provided with reference to the Results Framework agreed by the Bank and the Donors, as such Results Framework may be reviewed by the Parties from time
to time. Within six (6) months of the End Disbursement Date (as defined below), the Bank shall provide to the Donors with a final narrative progress report for the Trust Fund.

4.2. Any Donor may review or evaluate activities financed by the Trust Fund at any time up to closure of 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 the Bank's applicable policies and procedures. All associated costs, including any costs incurred by the Bank, 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.

4.3. The Bank shall, consistent with its policies and procedures, take all appropriate measures to prevent corrupt, fraudulent, collusive, coercive and obstructive practices in connection with the use of the Trust Fund funds, and include provisions in its agreements with Recipients to give full effect to the relevant Bank guidelines on fraud and corruption.

4.4. In the event that the Bank determines that there are credible and material allegations of fraud, corruption, collusion or coercion in relation to Recipient-executed and/or Bank-executed activities financed by the Trust Fund that result in the Bank opening an investigation into such allegations (an "Investigation"), the Bank shall, in accordance with its applicable policies and procedures:

- take timely and appropriate action with respect to such allegations and, where relevant, seek appropriate redress, including potential sanctions;
- as soon as practicable, inform the Donors of the outcome of the Investigation, provided that the Donors agree to keep such information confidential pursuant to paragraph 6.3 of Annex 2, unless such information is already publicly available;
- on a case by case basis, decide whether to share information with Donors on an active Investigation, and provided that the Donors agree to keep such information confidential pursuant to paragraph 6.3 of Annex 2;
- take all necessary actions to recover funds that are the subject of an Investigation where the Bank has determined it as appropriate; and
- to the extent that any funds are refunded to the Trust Fund following an Investigation, the Bank shall use such funds for the same purposes as the Contributions, unless otherwise agreed between the Bank and each Donor.

5. **Disbursement; Cancellation; Withholding of Payments**

5.1. It is expected that the funds deposited in the Trust Fund will be fully disbursed by the Bank by December 31, 2028 (the “End Disbursement Date”). The Bank shall only disburse funds deposited in the Trust Fund for the purposes of this Administration Agreement (other than returns to Donors) after such date to the extent such date is changed in accordance with amendments made to the Administration Agreements of all the Donors. Following the End Disbursement Date, the
Bank shall return any remaining balance of the Trust Fund to each Donor in the Holding Currency in the manner specified in its respective Administration Agreement on a pro rata basis with regard to the total funds deposited in the Trust Fund by such Donor relative to the total funds deposited in the Trust Fund by all Donors, all calculated as Holding Currency amounts.

5.2. Any Donor may cancel all or part of such Donor's pro rata share, and the Bank may cancel all or any Donors' pro rata shares, upon three (3) months' prior written notice, of any Contributions (paid and not yet paid) that are not committed pursuant to any agreements entered into between the Bank and any consultants and/or other third parties for the purposes of this Administration Agreement, including any Grant Agreements, prior to the receipt of such notice. In the event of a cancellation, the Bank shall return to the Donor its pro-rata share in the Holding Currency as specified in paragraph 2.2 of this Annex 2; unless otherwise agreed between the Bank and the Donor.

5.3. If in the reasonable opinion of a Donor, the Bank has failed to comply to a material extent with its obligations under this Administration Agreement, the Donor and the Bank agree to discuss the non-compliance with a view to resolving the matter. If the Bank and the Donor fail to agree on the measures to be taken or the Bank fails to take relevant measures as may be agreed between the Donor and the Bank, the Donor may, upon thirty (30) days prior written notice, withhold all or any portion of an Installment that has not yet been disbursed to the Bank, until such time as the measures have been taken.

6. Disclosure; Visibility

6.1. The Bank and the Donors agree that the Administration Agreements will be made publicly available and that any related information on this Trust Fund in the Bank's and the Donor's possession may be publicly disclosed in accordance with (i) the Bank's policies and procedures with respect to any such information in the Bank's possession; and (ii) the Donors' applicable laws with respect to any such information in the Donors' possession.

6.2. Notwithstanding paragraph 6.1 above, neither the Bank nor any of the Donors shall publicly disclose information in their respective possession related to the Trust Fund that has been indicated or marked in writing by either Party as confidential, unless prior written consent has been obtained from the Party providing the information or the Donors are otherwise obliged to do so under applicable laws with respect to information in their possession.

6.3. Notwithstanding paragraphs 6.1 and 6.2 above, the information provided under paragraphs 4.4 (ii) and 4.4 (iii) shall be subject to the terms of confidentiality accompanying such information, and the Donors shall not disclose such information outside the office to which the information is provided, unless: (i) prior written consent has been obtained from the Bank; or (ii) the Donors are obliged to do so in accordance with applicable laws, in which case the Donors will notify the Bank accordingly prior to such disclosure. If a Donor is not able to commit to keep such information confidential in accordance with its applicable laws, then the Donor shall inform the Bank accordingly.
6.4. Where appropriate to do so, the Bank will acknowledge, the Donors' contributions in references made by the Bank with respect to the Trust Fund in publications, press releases or other similar written materials.

7. **Dispute Resolution; Limitation on Donor Liability**

7.1. The Donors and the Bank shall use their best efforts to amicably settle any dispute, controversy, or claim arising out of or relating to the Administration Agreements.

7.2. In providing funds under this Administration Agreement, the Donors do not accept any responsibility or liability towards any third parties including any claims, debts, demands, damage or loss as a result of the implementation of the activities under the Trust Fund.

8. **Grants to Recipients**

8.1. The Bank, as administrator of the Trust Fund on behalf of the Donors, enter into one or more grant agreements (the "Grant Agreements") with recipients (the "Recipients") consistent with the purposes of this Administration Agreement and on the terms and conditions set forth in the Grant Agreements. 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.

8.2. The Bank shall be responsible for the supervision of the activities financed under any Grant Agreements. Subject to the consent of any relevant Recipients, representatives of the Donors may be invited by the Bank to participate in Bank supervision missions related to the Trust Fund.

8.3. The Bank shall promptly inform the Donors of any significant modification to the terms of any Grant Agreements and of any contractual remedies that are exercised by the Bank under any Grant Agreements. 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.

9. **Trust Fund Fee**

9.1. The Bank shall calculate a fee each time funds (the "Grant Amount") from the Trust Fund become committed under a Grant Agreement. Such commitment shall occur when such Grant Agreement is fully countersigned (the "Calculation Date"). The fee so calculated by the Bank shall be based on the cumulative total of funds from the Trust Fund committed under all Grant Agreements that have been fully countersigned on or prior to the Calculation Date (the "Cumulative Grant Total"). The calculated fee shall depend on where the Cumulative Grant Total stands as the Grant Amount is added and shall be determined in accordance with the following schedule:

(i) 5% of any portion of the Grant Amount that results in a Cumulative Grant Total below or equal to US$ 50 million or equivalent; plus
(ii) 4% of any portion of the Grant Amount that results in a Cumulative Grant Total above US$ 50 million or equivalent and below or equal to US$ 500 million or equivalent; plus

(iii) 3% of any portion of the Grant Amount that results in a Cumulative Grant Total above US$ 500 million or equivalent and below or equal to US$ 1 billion or equivalent; plus

(iv) 2% of any portion of the Grant Amount that results in a Cumulative Grant Total above US$ 1 billion (or equivalent).

9.2. Notwithstanding paragraph 9.1 above, the fee percentages referred to in sub-paragraphs (iii) and (iv) of paragraph 9.1 shall be waived for Grants that are fully counter-signed: (a) after the date on which the Cumulative Grant Total has reached or exceeded US$500 million or equivalent, but (b) within 3 years and 6 months after the effective date of the first Administration Agreement entered into for the Trust Fund.
ANNEX 3

Governance

This Annex shall be applicable to and form an integral part of all Administration Agreements between the Bank and the respective Donors.

1. A Partnership Council will be established to:
   (a) provide strategic guidance and direction on the implementation of this Trust Fund and any other Bank administered trust funds that, as determined by the Bank, support the achievement of the Trust Fund's objective (“Associated Trust Funds”);
   (b) review progress reports provided by the Bank based on the results framework for the Trust Fund and any Associated Trust Funds;
   (c) support resource mobilization and advocacy efforts for STARS; and
   (d) ensure coherence of STARS priorities and work plan with the UN and other development partner efforts.

2. The Partnership Council will comprise the following members:
   (a) a representative from the Bank, including as co-chair;
   (b) a representative from Ministry of Finance and Economic Planning, including as co-Chair;
   (c) a representative from the Ministry of Labor and Social Development;
   (d) a representative of each Donor contributing to this Trust Fund; and
   (e) a representative of each Donor contributing to Associated Trust Funds.

3. The Partnership Council will be expected to meet bi-annually, as convened by the Bank. Meetings may be conducted physically or virtually. The Bank may agree to hold ad hoc meetings of the Partnership Council at the request of a member.

4. The Bank may, in consultation with the Partnership Council, invite other relevant stakeholders to attend meetings of the Partnership Council.

5. The Donors contributing to the Trust Fund and the Bank will endorse annual work plans and budgets for the Trust Fund presented by the Bank during the Partnership Council meetings. Decisions will be made by consensus.