1. The International Bank for Reconstruction and Development and the International Development Association (collectively, the “Bank”) acknowledge that the United Kingdom Department for International Development (“DFID” or the “Donor”, and together with the Bank, the “Parties” and each a “Party”) agrees to provide the sum of fourteen million Pounds Sterling (£14,000,000) (the “Contribution”) for the Multi-Donor Trust Fund for Public Financial Management Accountability in the Democratic Republic of Congo, No. TF072166 (the “Trust Fund”) in accordance with the terms of this Administration Arrangement. Other donors are also expected to contribute to the Trust Fund on the terms and conditions specified in the Annexes to this Administration Arrangement.

2. The Contribution will be used to finance the activities set forth in the “Multi Donor Trust Fund Description - Public Financial Management Accountability in the Democratic Republic of Congo” attached hereto as Annex 1, and will be administered by the Bank on behalf of the Donor in accordance with the terms of this Administration Arrangement, including the “Standard Provisions” attached hereto as Annex 2 and “Governance” attached hereto as Annex 3.

3. The Donor will deposit the Contribution in accordance with the following schedule and in the currency specified in Section 1 above (“Contribution Currency”) into such bank account designated by the Bank (each amount deposited hereinafter referred to as an “Installment”) upon submission of a payment request by the Bank:

(A) By April 1, 2014 – £2,854,882
(B) By July 1, 2014 – £797,452
(C) By October 1, 2014 – £470,654
(D) By January 1, 2015 – £1,525,309
(E) By April 1, 2015 – £829,013
(F) By July 1, 2015 – £1,482,607
(G) By October 1, 2015 – £829,013
(H) By January 1, 2016 – £1,467,154
(I) By April 1, 2016 – £813,559
(J) By July 1, 2016 – £813,559
(K) By October 1, 2016 – £813,559
(L) By January 1, 2017 – £651,619
(M) By April 1, 2017 – £651,620

4. The Contribution is being provided in Installments on the basis of financial needs of the Trust Fund, such that if the speed of the implementation of the activities to be financed by the Trust Fund makes it necessary either to bring Installments forward or to delay them, the Installment schedule will be amended as agreed by the Bank and the Donor.

5. When making any deposit, the Donor will instruct its bank to include in its deposit details information (remittance advice) field of its SWIFT deposit message, information indicating: the amount deposited, that the deposit is made by the Donor for TF072166 (the Multi Donor Trust Fund for Public Financial Management Accountability in the Democratic Republic of Congo), and the date of the deposit (the
“Deposit Instructions”). In addition, the Donor will provide a copy of the Deposit Instructions to the Bank’s Accounting Trust Funds Division by e-mail sent to tfremitadvice@worldbank.org or by fax sent to +1 (202) 614-1315.

6. Except with respect to the Deposit Instructions, any notice, request or other communication to be given or made under this Administration Arrangement will be in writing and delivered by mail, fax 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 (the “Bank Contact”):

Saidou Diop
Senior Financial Management Specialist and Sector Leader for AFCC2
AFTMW
The World Bank
Kinshasa Office
49, Boulevard Colonel Tshatshi
Gombe – Kinshasa – Democratic Republic of Congo
Tel: +243.99.97.24.308
Fax: 5377 - 3111
E-mail: dsaidou@worldbank.org

For the Donor (the “Donor Contact”):

Elizabeth Monzili Ilunga Ngomba
Deputy Programme Manager
DFID DRC
83 Ave du Roi Baudoin, Kinshasa. PO Box 8049
Tel : +243.81.71.500.94
Fax +243.81.34.64.291
Email: e-monzili@dfid.gof.uk

7. In the event any amounts are to be returned to the Donor under this Administration Arrangement, the Bank will transfer such amounts to the Donor’s applicable donor balance account with the Bank, unless otherwise agreed with the Bank.

8. All annexes hereto constitute an integral part of this Administration Arrangement, whose terms taken together will constitute the entire agreement and understanding between the Donor and the Bank. Unless otherwise specified in an annex hereto, this Administration Arrangement may be amended only by written amendment between the Bank and the Donor; provided, however, that any annexes to this Administration Arrangement may be amended only by written amendment of all donors contributing to the Trust Fund.

9. DFID will not be responsible for the activities of any person employed by the World Bank as a result of this Administration Arrangement, nor will DFID be liable for any costs incurred by the World Bank in terminating the engagement of any such person, except as a sole and direct result of a failure by DFID to provide the funds committed under the Administrative Arrangement.

10. Each of the undersigned represents, by confirming its acceptance below, that it is authorized to enter into this Administration Arrangement and act in accordance with its provisions. The Bank and the Donor are each requested to sign and date this Administration Arrangement, and upon possession by the Bank of this
fully signed Administration Arrangement, this Administration Arrangement will become carried out as of the date of the last signature. All references made in the Annexes and related documents to “Administration Agreement” and “shall” will have the same meaning as the term “Administration Arrangement” and “will” herein.

11. It is understood that this Administration Arrangement, including any annexes, is not an international treaty. It is an administrative arrangement between the Trustee and the Donor.

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION

By:

Name: RUSTACHE OUATORO
Title: COUNTR Y D IR ECTOR
Date: February 20th, 2014

UNITED KINGDOM DEPARTMENT FOR INTERNATIONAL DEVELOPMENT - DFID

By:

Name: RENWICK IRVINE
Title: CHEF DE LA SECTION GOUVERNANCE ET SECURITE
Date: February 20th, 2014
Multi Donor Trust Fund Description
Public Financial Management Accountability in the Democratic Republic of Congo

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 enhance the credibility, transparency, and accountability in the management and use of central and selected sub-national public finances in the Democratic Republic of Congo (the “Recipient”).

2. Activities

The activities (which may be described as “components” of activities) to be financed by the Trust Fund are:

2.1 Bank-executed Trust Fund component for which the Bank has implementation responsibility:

Carrying out enhanced supervision and implementation support including: (a) updates of the PEFA and political economy assessments at the central level, (b) assessment of the Public Investment Management; (c) PEFA and political economy assessments in at least three provinces; (d) quarterly monitoring and reporting on the program; (e) dialogue and periodic consultations with the development partners to improve donors coordination and harmonization in PFM reforms; (f) contribution to joint donor evaluation of donor support to PFM reform and participatory budgeting in DRC; and (g) relevant technical assistance.

2.2 Recipient-executed Trust Fund components for which the Recipient has implementation responsibility:

Component 1: Improving Budget Execution Processes

Support the Recipient’s to empower its Line Ministries in the budget execution process and improve cash management and internal audits through the:

1.1. Devolution of commitment authority and accountability to Line Ministries by:

(i) Supporting the establishment of administrative and financial directorates in Line Ministries and strengthening the capacity of their staff;
(ii) strengthening the Technical Inspection Offices in the Line Ministries;
(iii) strengthening the capacities of the budgetary complitters assigned to the Line Ministries;
(iv) developing a master plan for the devolution of commitment authority to Line Ministries, including supporting the piloting of the plan in five selected Line Ministries; and
(v) creating broad consensus and identify key incentives for successful implementation of the devolution of commitment authority to Line Ministries.
1.2. Enhancement of cash management by:

(i) harmonizing the outputs in the Recipient’s procurement plans;
(ii) harmonizing the outputs in the Recipient’s commitment plans; and
(iii) integrating data to have reliable cash position forecasting tool and improve the availability, quality, and consistency of information flows used to prepare a projection matrix to produce a reliable cash plan.

1.3. Strengthening of the Office of the Inspector General of Finance through:

(i) the revision of the institutional framework of the Office of the Inspector General of Finance;
(ii) the strengthening of the capacities of the Office of the Inspector General of Finance;
(iii) the conducting of at least one performance audit in selected Line Ministries; and
(iv) the acquisition of security and computer hardware and equipment.

Component 2: Strengthening External Budget Audit and Transparency

Support the Recipient to enhance its external oversight in the management of public finances through the:

2.1. Strengthening of external audit processes, technical capacity and effectiveness of the Cour des Comptes by:

(i) supporting the implementation and dissemination of the Cour des Comptes Organic Law;
(ii) supporting capacity building for its staff;
(iii) improving coordination between the Cour des Comptes and the Office of the Inspector General of Finance; and
(iv) improving its information system and its public account review.

2.2. Strengthening of the legislative oversight, public access to information and the ex-ante and ex-post auditing mission of the Economics and Finance Committees in the National Assembly and the Senate by:

(i) improving the technical capacities of said committees;
(ii) upgrading their information systems; and
(iii) supporting the restructuring of said committees.

2.3. Improving accessibility to budgetary information and strengthening citizen control by:

(i) facilitating civil society’s access to discussions on the strategic budget framework;
(ii) strengthening citizen control of budget execution, as regards both payment of expenses and revenue collection, access to information, outreach, and the dissemination of budget and tax documents;
(iii) preparing mechanisms to monitor the adoption of the laws that are essential for improving the budgetary environment; and
(iv) preparing and implementing instruments to establish participatory budgets in Territorial Decentralized Entities in close collaboration with their respective Provinces.
**Component 3: Strengthen the Public Sector and the Public Financial Management Systems at Provincial Level**

Support the Recipient to improve financial management systems and public services in the Provinces of Equateur, Kasai-Oriental, and North Kivu (when the security situation will permit) through the:

3.1. **Building of public sector and financial management systems in the Province of Equateur by:**

(i) strengthening the capacities of the Provincial Assembly;
(ii) strengthening the provincial institutional and technical capacities, including the institutional and technical capacities of the General Directorate of Revenue of the Province of Equateur;
(iii) supporting the operation of the Steering and Monitoring Committee for Local Public Finance Reform; and
(iv) supporting the development of a participatory budgeting and budget control by the provincial citizens.

3.2. **Building of public sector and financial management systems in the Province of Kasai by:**

(i) strengthening the capacities of the Provincial Assembly;
(ii) strengthening the provincial institutional and technical capacities, including the institutional and technical capacities of the General Directorate of Revenue of the Province of Kasai-Oriental;
(iii) establishing a provincial audit section;
(iv) supporting the operation of the Steering and Monitoring Committee for Local Public Finance Reform; and
(v) supporting the development of a participatory budgeting and budget control by the provincial citizens.

3.3. **Building of public sector and financial management systems in the Province of North Kivu by:**

(i) strengthening the capacities of the Provincial Assembly,
(ii) strengthening the provincial institutional and technical capacities, including the institutional and technical capacities of the General Directorate of Revenue of the Province;
(iii) establishing a provincial audit section;
(iv) supporting the operation of the Steering and Monitoring Committee for Local Public Finance Reform; and
(v) supporting the development of a participatory budgeting and budget control by the provincial citizens.

**Component 4: Project Management**

Support COREF for the coordination, administration, communication, financial management, procurement, monitoring and evaluation, audit, and dissemination of the Project’s activities at both central and local levels.

3. **Eligible Expenditures**

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

(a) Associated Overheads
(b) Consultant Fees Individuals and Firms
(c) Contractual Services
(d) Equipment and Office Premises Lease Cost
(e) Extended Term Consultants
(f) Field Assignment Benefits
(g) Media, Workshop, Conference and Meeting
(h) Staff Costs – with Indirect Costs
(i) Staff Costs – No Indirect Costs
(j) Temporary Support Staff Costs
(k) Temporary Staff Costs – No indirects
(l) Travel Expenses

3.2 For Recipient-executed activities, the Trust Fund funds may be used to finance:

(a) Goods
(b) Non-Consulting Services
(c) Consultants' Services
(d) Operating Costs
(e) Training

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. Retroactive Financing

5.1 The Trust Fund funds may be used to retroactively finance payments for eligible expenditures made as of February 20, 2014 in accordance with the Bank’s applicable policies and procedures.
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 the Contributions

1.1 The Bank shall be responsible only for performing those functions specifically set forth in this Administration 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 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 the 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. **Trust Fund Fees and Costs**

3.1 The Bank shall deduct and retain for its own account, as a deduction from each Installment, an amount equal to two percent (2%) per Installment as an administrative fee for the Trust Fund.

3.2 In addition, costs incurred by the Bank for other expenses, such as for program management and Trust Fund administration, that are (i) not covered by the percentage deduction specified above as an administrative fee and (ii) not included under Annex I of the Administration Agreements in accordance with the Bank’s applicable policies and procedures shall be charged to the Trust Fund on an actual basis up to a maximum of four point forty four percent (4.44%) of the total Contributions under all Administration Agreements.

3.3 Each Donor acknowledges and agrees that the percentage deductions for fees in this Trust Fund Fees and Costs section are estimated on the basis of anticipated Contributions. If actual Contributions significantly differ from what was originally anticipated at the time of signature of the first Administration Agreement, or if other circumstances affecting Trust Fund fees or costs change, the Bank reserves the right to request a change to the terms of this Trust Fund Fees and Costs section, which would be effectuated by amendments made to the Administration Agreements of all Donors and which would thereafter be applicable to all new Contributions that are provided either as amendments to supplement existing Administration Agreements or from new Donors under new Administration Agreements.

4. **Accounting and Financial Reporting**

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

4.2 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 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 with respect to the Contributions shall be made available to the Donors via the World Bank’s Trust Funds Donor Center secure website.

4.3 The Bank shall provide to the Donors via the World Bank’s Trust Fund Donor Center secure website, within six (6) months following the end of each Bank fiscal year, an annual single audit report, comprising (i) 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 (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.

4.4 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.
4.5 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.

5. **Progress Reporting**

5.1 The Bank shall provide the Donors with quarterly reports on the progress of activities financed by the Contributions. Within six (6) months of the End Disbursement Date (as defined below), the Bank shall furnish to the Donors a final report on the activities financed by the Trust Fund.

5.2 Any Donor may review or evaluate activities financed by the Trust Fund at any time up to six (6) months following the End Disbursement Date. 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.

6. **Disbursement; Cancellation; Refund**

6.1 It is expected that the funds deposited in the Trust Fund will be fully disbursed by the Bank by June 30, 2017 (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.

6.2 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 the Administration Agreement; unless otherwise agreed between the Bank and the Donor.

7. **Disclosure; Dispute Resolution**

7.1 The Bank shall disclose the Administration Agreements and related information on this Trust Fund in accordance with the Bank’s Policy on Access to Information. By entering into Administration Agreements, the Donors consent to such disclosure of their respective Administration Agreements and such related information.

7.2 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.
8. Grants to Recipients

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

The Project will be implemented under the coordination of COREF (Government unit in charge of PFM reform). COREF will handle the coordination, administration, communication, financial management, procurement, monitoring and evaluation, audit, and dissemination of the Project’s activities at both central and local levels.

The existing Joint Government/Development Partners committee on PFM Reforms, established by the DRC after the 2012 PEFA in October 2012, will serve as the steering committee for the Trust Fund. The Joint committee is chaired by the Ministry of Finance and meets on a quarterly basis to discuss PFM reforms. The Trust Fund will use this existing framework to (i) discuss the strategic direction and orientation of PFM reforms; (ii) review the implementation progress of the PSRFP; and (iii) discuss any coordination issues in the funding of the reform program.