Dear Mrs. Glad:

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 Royal Norwegian Ministry of Foreign Affairs (the "Donor") has agreed to make available as a grant, subject to Parliamentary appropriations, the sum not exceeding six million Norwegian Kroner (NOK 6,000,000) (the "Contribution") for the Public Expenditure and Financial Accountability Program ("PEFA"), Phase IV Multi-Donor Trust Fund (the "Trust Fund") in accordance with the terms of this Agreement for the period 2013-2015. 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 set forth in the "Description of Activities, Expenditures and Governance Arrangements under the Public Expenditure and Financial Accountability Program, Phase IV Multi-Donor 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 Public Expenditure and Financial Accountability Program, Phase IV Multi-Donor Trust Fund" (the "Standard Provisions") attached hereto as Annex 2.
3. The Donor shall deposit the Contribution into such bank account designated by the Bank in installments based on the financial needs of the Trust Fund and in accordance with the following schedule:

   (a) promptly following countersignature of this Agreement by the Donor and upon submission of a payment request by the Bank, two million Norwegian Kroner (NOK 2,000,000);

   (b) on or before March 1, 2014 and upon submission of a payment request by the Bank, two million Norwegian Kroner (NOK 2,000,000); and

   (c) on or before March 1, 2015 and upon submission of a payment request by the Bank, two million Norwegian Kroner (NOK 2,000,000).

   If the speed of the implementation of the activities to be financed by the Trust Fund makes it necessary to either bring payments forward or to delay them, changes in the above schedule will be agreed by the Bank and the Donor.

4. When making each 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 the Public Expenditure and Financial Accountability Program, Phase IV 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 tfremitadvice@worldbank.org or by fax sent to (202) 614-1315.

5. The Bank shall convert the Contribution funds into the holding currency of the Trust Fund, namely United States Dollars, promptly upon receipt of the Contribution funds and the Deposit Instruction containing the information specified in paragraph 4 at the exchange rate obtained by the Bank on the date of the conversion. Where the Contribution proves to be insufficient to complete the activities as a result of an exchange rate fluctuation, neither the Bank nor the Donor shall bear any responsibility for providing any additional financing.

6. 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:

Nicholas Manning
Head of Public Sector Management Practice
The World Bank
1818 H Street, NW
Washington, DC 20433
U.S.A.
Tel: 1-202-473-1202
Fax: 1-202-522-7132
E-mail: nmanning@worldbank.org

and

Phil Sinnett
Program Manager, PRMPS
The World Bank
1818 H Street, NW
Washington, DC 20433
U.S.A.

Tel: 1-202-473-8619
E-mail: psinnett@pefa.org

For the Donor:

Ingrid Marie Mikelsen
Senior Adviser
Section for multilateral development financing and global economic issues
Norwegian Ministry of Foreign Affairs Postboks 8114 Dep.
NO-0032 Oslo
Norway

Tel: +47 23951559
Mobile: +47 986 40 485
E-mail: imm@mfa.no

7. 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.
8. 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

Otaviano Canuto
Vice President and Head of Network
Poverty Reduction and Economic Management Network

AGREED:

THE ROYAL NORWEGIAN MINISTRY OF FOREIGN AFFAIRS

By: Ingrid Glad
Date: 16/4/2013

Ingrid Glad
Deputy Director
Section for Multilateral Development Finance and Global Economic Issues
Department for UN, Peace and Humanitarian Affairs
Description of Activities, Expenditures and Governance Arrangements under the Public Expenditure and Financial Accountability Program, Phase IV
Multi-Donor 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

1. Purpose and Objective

The strengthening of public expenditure, procurement and financial accountability systems is a key element in the efforts towards the promotion of economic development, poverty reduction and good governance. The Public Expenditure and Financial Accountability Program (“PEFA Program”) was established in December, 2001 to support the development of integrated and coordinated approaches to assessment and reform in the field of public expenditure, procurement and financial accountability, with the particular goals to:

(a) develop an approach to improve public financial management (“PFM”) system reform outcomes and learn lessons of successful and unsuccessful PFM reforms; and

(b) reduce transaction costs to countries from duplicative and overlapping diagnostics while ensuring that the information needs of donors can still be met.

Following the development of the PFM Performance Measurement Framework (the “PFM Framework”) and the Strengthened Approach to supporting PFM reform (the “Strengthened Approach”) during the first four years (under the PEFA Program, Phase I), the PEFA Program has, during Phases II and III aimed to monitor and provide technical support on the application of the PFM Framework, to provide a common information pool on PFM systems based on completed PEFA Program assessments, to fine-tune the PFM Framework and to support dissemination, training and lesson learning on the PFM Framework and the Strengthened Approach, in order to meet its goals. Phase IV of the PEFA Program will continue to support these activities while expanding its focus on the use of assessments for multiple purposes.
The Public Expenditure and Financial Accountability Program, Phase IV Multi-Donor Trust Fund supports the strengthening of partnerships between development agencies that contribute to the achievements of the goals of the PEFA Program mentioned above. The Trust Fund’s global, intermediate and direct objectives are as follows:

(a) to improve PFM system performance for strengthened economic growth and government service delivery (global objective);

(b) to have PEFA assessments used for PFM reform formulation, donor support decisions and research (intermediate objective); and

(c) to expand and update the global, common and credible information pool on PFM systems performance (direct objective).

2. **Eligible Activities**

The Trust Fund will finance the activities set forth in Section V.4 of the Program Document for the PEFA Program, Phase IV (2012-2017) approved by the Steering Committee of the PEFA Program on April 25, 2012 (the “Program Document”), as amended from time to time by decision of the Steering Committee in accordance with the Governance Arrangements (as defined below) (the “Eligible Activities”).

**B. CATEGORIES OF EXPENDITURE**

All activities financed by the Trust Fund shall be Bank-executed. The eligible categories of expenditures for such Bank-executed activities are:

(a) consultant fees (individuals and firms);
(b) equipment and office premises lease cost;
(c) media, workshop, conference and meeting expenses;
(d) staff costs with indirects;
(e) travel expenses;
(f) contractual services;
(g) associated overheads;
(h) extended term consultants
(i) temporary support staff costs; and
(j) equipment purchases.

For clarity: (i) staff costs with indirects and travel expenses may be financed by the Trust Fund only for staff employed by the Bank specifically for the PEFA Secretariat; and (ii) associated overheads includes the translation of policy documents and substantive reports approved by the Steering Committee.

The foregoing categories of expenditures may include the financing of taxes.
C. **GOVERNANCE ARRANGEMENTS**

The “Program Governance Arrangements” set forth in Section VI of the Program Document, as amended from time to time by decision of the Steering Committee, shall apply to the Trust Fund (the “Governance Arrangements”).

Any amendments to the Eligible Activities or the Governance Arrangements shall become applicable to this Administration Agreement as such amendments take effect without further need to amend this Administration Agreement; provided that such amendments do not conflict with applicable Bank policies and procedures and provided further that in the event of any conflict with other parts of this Administration Agreement, the terms of this Administration Agreement shall prevail.
Standard Provisions Applicable to the Public Expenditure and Financial Accountability Program, Phase IV Multi-Donor 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 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 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 of 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**

3.1. In order to assist in the defrayment of the costs associated with the establishment of the Trust Fund, the Bank may, following deposit of the first Contribution from any Donor to the Trust Fund, deduct and retain for its own account from that Contribution an amount equal to and not greater than thirty-five thousand United States Dollars (US$35,000).

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 five percent (5%) of each Contribution. 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. **Procurement**

4.1. 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.

5. **Accounting and Financial Reporting**

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

5.2. 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.

5.3. 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.
5.4. 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. **Progress Reporting**

6.1. 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 7.1, the Bank shall furnish to the Donors a final report on the activities financed by the Trust Fund.

6.2. 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.

7. **Disbursement; Cancellation; Refund**

7.1. It is expected that the Contributions will be fully disbursed by the Bank by October 31, 2017. The Bank shall only disburse Contributions for the purposes of this Agreement after such date with the written approval of the Donors.

7.2. 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.

7.3. Following the final disbursement date specified in paragraph 7.1, 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 7.2.
8. 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.