Arrangement between the Government of the United Kingdom of Great Britain and Northern Ireland and the International Bank for Reconstruction and Development and the International Development Association concerning the Multi-Donor Trust Fund for the Comprehensive African Agricultural Development Programme (CAADP) (TF No. 071150)

July 21, 2010

Mr. John Burton
Head Africa Regional Department
Department for International Development (DFID)
1 Palace Street
5th Floor
London SW1E 5HE
United Kingdom

Dear Sir:

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 United Kingdom of Great Britain and Northern Ireland, acting through the Department for International Development (“DFID” or the “Donor”) will make available as a grant the sum of ten million Pounds Sterling (£10,000,000) (the “Contribution”), for the Comprehensive African Agricultural Development Programme (CAADP) Multi-Donor Trust Fund (TF071150) (the “Trust Fund”) in accordance with the terms of this Arrangement. Other donors are also expected to contribute to the Trust Fund in accordance with the provisions specified in the Annexes to this Arrangement.

2. The Contribution will be used to finance the activities and the categories of expenditure in accordance with the terms set forth in the “Objective; Activities and Expenditures” attached hereto as Annex 1. The “Objective; Activities and Expenditures” Annex constitutes an integral part of this Arrangement.

3. The Contribution will be administered by the Bank on behalf of the Donor in accordance with the terms of this Arrangement including the “Standard Provisions” attached hereto as Annex 2 and the “Governance Structure” attached hereto as Annex 3, except as otherwise provided herein. The Standard Provisions and Governance Structure constitute an integral part of this Arrangement.

4. The Donor will deposit the Contribution into such bank account designated by the Bank in installments in accordance with the following schedule:
(a) Promptly following countersignature of this Arrangement by the Donor, £2,500,000

(b) on or before November 30, 2010, £ 2,500,000

(c) on or before April 30, 2011, £ 2,500,000

(d) on or before November 30, 2011, £ 2,500,000

5. When making each deposit, the Donor will 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. 071150 (CAADP MDTF), and the date of the deposit (the “Deposit Instruction”). In addition, the Donor will 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.

6. The Bank will 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 will bear any responsibility for providing any additional financing.

7. Except as provided for in paragraph 4 above, any notice, request or other communication to be given or made under this Arrangement will 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:

Bremala Nathan  
Operations Officer  
AFTAR  
The World Bank  
1818 H Street, NW  
Washington, DC  20433  
U.S.A.

For the Donor:

Terri Sarch  
Agriculture and Food Security Adviser  
Africa Regional Department  
Department for International Development  
1 Palace Street  
London SW1E 5HE  
United Kingdom
8. All annexes hereto constitute an integral part of this Arrangement. This Arrangement 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.

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

Sincerely,

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION

/s/ Ashok Subramanian

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Ashok Subramanian
Acting Director, Regional Integration
Africa Region

CONFIRMED AND SIGNED:

DEPARTMENT FOR INTERNATIONAL DEVELOPMENT

By: /s/ Daniel Graymore Date: August 5, 2010
1. **Objective**

The purpose of the Project is to support the Africa Union New Economic Partnership for Africa’s Development (AU/NEPAD)’s Comprehensive Africa Agriculture Development Programme (CAADP). The objective of CAADP is to help African countries reach and sustain a higher path of economic growth through agricultural-led development that reduces hunger and poverty and enables food security and growth in exports.

2. **Activities**

The Trust Fund will support three components: (i) the first designed to strengthen organizations supporting the development and implementation of CAADP processes and facilitating African platforms at the continental, regional, and national levels; (ii) the second to support the development, implementation, monitoring and evaluation of CAADP pillar programs at continental, sub-regional, national and local levels; and (iii) the third to support the strategic management of the Trust Fund. The first two components will be executed by various entities that have been invited to submit proposals for funding under the CAADP. To this end, the World Bank will make grants out of the proceeds of the Trust Fund to these entities following the process outlined in Annex 3. The third component will be executed by the World Bank.

**Component 1: CAADP Support Platforms.** Under this component, support will be provided for the development of sustainable African support platforms through strengthening the organizations responsible for the development and implementation of CAADP processes and increasing capacity for, among others, governance and review processes; strategy development; implementation, investment and operational plans; and annual reviews.

(a) **The continental level.** This subcomponent will support activities, in most cases administered by the NEPAD secretariat and the AU, to develop a common vision and common policy frameworks for the pillars; establish peer review procedures; and help donors to work together. Activities will include:

- Enhancement of the technical and operational capacity of the agricultural departments of the NEPAD secretariat and AU to fulfill their roles of advocacy, coordination, and convening;
- Organization of annual assessments of progress and peer review;
- Development of an M&E process to support the above, drawing on regional and national systems of monitoring and reporting;
- Other activities as specified in Trust Fund annual work plans.

(b) **The Sub-regional Level.** This subcomponent will support capacity building for at least three from among the following Regional Economic Communities (RECs): Economic Community of Western African States - ECOWAS, Southern African Development Community - SADC, Common Market for Eastern and Southern Africa – COMESA, and possibly for other RECs if and when they begin to participate in CAADP processes, in their respective regions. Activities will include:
The establishment and strengthening of units within the RECs to support the development and use of CAADP processes in their respective regions;

The establishment and implementation of peer review mechanisms for CAADP activities in each country;

Development of Regional Strategic Analysis and Knowledge Support System (ReSAKSS) tool kits for use by sub-regional and national organizations;

Actions promoting regional economic integration that contribute to accelerated agricultural growth and food security;

Costs associated with participation by external participants (officials from neighboring countries, technical experts, etc.) in the CAADP Roundtable events in each country;

Other activities as specified in Trust Fund annual work plans.

(c) **The National Level.** This subcomponent would be modest in scope, since most activities at the national level are separately supported. The emphasis will be on assisting in program design and costing; help leaders; provide incentives and alignment with implementing decisions, etc. Funds for support of activities under this subcomponent would normally be channeled through the relevant REC, although if the REC so requested, they could be channeled to the relevant country. Support will focus on activities that will accelerate the CAADP country compact implementation including travel, technical assistance, vehicles, administrative support, etc. Activities will include:

- Use of an agreed and common methodology for design and costing of comprehensive national programs under the Roundtable Process;
- Private sector and civil society capacity building;
- Bilateral exchange visits and sharing of experience on pillar specific programs;
- Provision of facilities and services required successfully to carry out effective Country Roundtable Processes including assistance in preparation for the event, the event itself, and follow-up measures and activities including design and implementation of programs agreed too, national budgeting processes, strengthening country-level operational unit, etc.;
- Technical and implementation costs following on the Country Roundtable;
- Establishment of the institutional elements needed by each country in order that they might fully participate in the ReSAKSS;
- Other activities as specified in Trust Fund annual work plans.

**Component 2: CAADP Pillar Frameworks.** Under this component, support will be provided for processes to develop and implement the CAADP Pillar Frameworks including alignment of donor investments; establish procedures to determine priority actions; support for priority actions; lead organization strengthening to implement Pillar Frameworks and to assist in the development, implementation, monitoring and evaluation of priority actions under each of the CAADP Pillars.

(a) **CAADP Pillar 1 – Land and Water Management.** The implementing institution(s) for this subcomponent would be designated by NEPAD Secretariat at the continent level and designated by the RECs at the regional levels. Activities will include:

- The development of a Framework for this Pillar at the continent level;
- The dissemination of the Framework and the drafting of regional concept papers identifying regional priority actions;
- Other activities as specified in annual work plans.
(b) **CAADP Pillar 2 – Development of Infrastructure, Access to and Effectiveness of Agricultural Markets.** The implementing institution(s) for this subcomponent would be designated by NEPAD Secretariat at the continental level and designated by the RECs at the regional levels. Activities will include:

- The development of a Framework for this Pillar at the continent level;
- The dissemination of the Framework and the drafting of regional concept papers identifying regional priority actions;
- Strengthening private sector and civil society organizations such as trade associations and farmers organizations working to mobilize the private sector and civil society groups working to improve agricultural markets;
- Investments in policy development and dialogue and implementation, and in regulatory frameworks to facilitate expansion in regional agriculture trade within Africa, and expansion in Africa’ share of global agricultural trade;
- Other activities as specified in annual work plans.

(c) **CAADP Pillar 3 – Increased Food Supply, Reduced Hunger, and Improved Response to Food Crises.** The implementing institution(s) for this subcomponent will be designated by NEPAD Secretariat at the continental level and designated by the RECs at the regional levels. Under this subcomponent, the Program will support:

- The development of a framework for this Pillar at the continent level;
- The dissemination of said framework and the drafting of regional concept papers identifying regional priority actions;
- Strengthening regional organizations, such as CILLS, non-government organizations, and farmers organizations;
- Other activities as specified in annual work plans.

(d) **CAADP Pillar 4 – Improved Agricultural Productivity.** The implementing institution(s) for this subcomponent would be the Forum for Agricultural Research in Africa (FARA) at the continent level and the Association for Strengthening Agricultural research in Eastern and Central Africa (ASARECA), the Conference of Agricultural Research Leaders in West and Central Africa/West and Central African Council for Agricultural Research and Development (CORAF/WECARD), and the Southern African Development Community, Food Agriculture and Natural Resources Directorate (SADC FANR) at the regional levels. Activities will include:

- The dissemination and implementation of the Framework for African Agricultural Productivity (FAAP) at each level;
- Establishment of procedures to determine priority actions;
- Other activities as specified in annual work plans.

(e) **CAADP Cross-Cutting Themes – Livestock, Fisheries, and Forestry.** This subcomponent will support activities designed to focus attention on each of these themes so as to integrate them into the four Pillar frameworks and related activities. The NEPAD Secretariat and the RECs together will designate lead agencies to undertake such activities under this subcomponent.

**Component 3: Technical Assistance and Trust Fund Management.** This Component will be executed by the World Bank, and will support: (a) technical assistance in support of the CAADP processes; and (b) World Bank’s management of the Trust Fund.
3. Eligible Expenditures

Bank-Executed activities: Associated Overheads, Consultant Fees, Extended Term Consultants, Temporary Staff Costs (STT and ETT), Contractual Services, Staff Costs (salary + benefits + indirects), Travel Expenses, and Media and Workshop Costs.

Recipient-Executed Activities: Goods, Services, Training and Workshops, and Operating Costs.
Annex 2

Standard Provisions

The following provisions (hereinafter referred to as the “Standard Provisions”) will be applicable to and form an integral part of all agreements or arrangements entered into between the International Bank for Reconstruction and Development (“IBRD”) and the International Development Association (“IDA”) (collectively, the “Bank”) and donor countries and/or organizations (hereinafter referred to as the “Donors”) that provide grants (referred to as the “Contribution funds”) to be administered by the Bank for the Multi-Donor Trust Fund for the Comprehensive African Agricultural Development Program (CAADP) (the “Program”).

1. Administration of the Contributions

The Bank will be responsible only for performing those functions specifically set forth in this Arrangement and will 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 Arrangement will 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.

2. Commingling, Exchange and Investment of the Contributions

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

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

2.3. The Bank will invest and reinvest the Contribution funds pending their disbursement in accordance with the Bank’s policies and procedures for the investment of trust funds administered by the Bank. The Bank will credit all income from such investment to the trust fund established under this Arrangement to be used for the same purposes as the Contribution funds.

3. Administrative Cost Recovery

3.1. In order to assist in the defrayment of the costs of administration and other expenses incurred by the Bank under this Arrangement, the Bank may, following deposit of the Contribution by the Donor, deduct from the total Contribution of the Donor and retain for the Bank’s own account an amount equal to one percent (1%) of the Contribution.

3.2. In addition, the Bank may deduct from the total Contribution funds of the Donors an amount equivalent to US$481,479 to cover actual costs for program management of the Trust Fund.
4. **Grants to Recipients**

4.1. The Bank will, as administrator on behalf of the Donors, enter into grant agreements (the “Grant Agreements”) with various Recipients (the “Recipients”) for the provision of Contribution funds for the purposes of this Agreement and on the terms and conditions set forth in the Grant Agreements. The Bank will furnish a copy of the Grant Agreements to the Donors.

4.2. The Bank will be solely responsible for the supervision of activities financed under the Grant Agreements.

4.3. If, in the Bank’s opinion, an amount of the Contribution funds allocated to any of the expenditure categories specified in the Grant Agreements will be insufficient to finance the expenditures for such category, the Bank may reallocate to such category an amount of the Contribution funds then allocated to another category which, in the Bank’s opinion, will not be necessary to meet other expenditures. The Bank will notify the Donors of such a reallocation.

5. **Employment of Consultants and Procurement of Goods**

5.1. For Bank-executed activities, the employment and supervision of consultants financed by the Contribution funds will be the sole responsibility of the Bank and will be carried out in accordance with its applicable policies and procedures.

5.2. For Recipient-executed activities, the Grant Agreements will provide that the Contribution funds will be used by the Recipient (or its sub-grantees) 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 the Grant Agreements.

6. **Accounting and Financial Reporting**

6.1. The Bank will maintain separate records and ledger accounts in respect of the Contribution funds deposited in the trust fund account and disbursements made therefrom.

6.2. The Bank will furnish to the Donor current financial information relating to receipts, disbursements and fund balance in United States Dollars with respect to the Contribution funds via the World Bank’s Trust Funds Donor Center secure website. Within six (6) months after all commitments and liabilities under this trust fund have been satisfied and the trust fund has been closed, the final financial information relating to receipts, disbursements and fund balance in United States Dollars with respect to the Contribution funds will be made available to the Donor via the World Bank’s Trust Funds Donor Center secure website.

6.3. The Bank will provide to the Donors, within six (6) months following the end of each Bank fiscal year, 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 trust funds as a whole. The cost of such attestations will 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 established under this Arrangement, the Donor and the Bank will first consult as to whether such an external audit is necessary. The Bank and the Donor will decide on the most appropriate scope and terms of reference of such audit. Following this decision on the scope and terms of reference, the Bank will arrange for such external audit. The
costs of any such audit, including the internal costs of the Bank with respect to such audit, will be paid by the Donor.

6.5. The Bank will provide the Donor with copies of all financial statements and auditors’ reports received by the Bank from the Recipient pursuant to the Grant Agreements.

7. **Coordination and Activity Reporting**

7.1. The Bank will provide the Donors with semi-annual report on the progress of activities financed by the Contributions. Within six (6) months of the final disbursement date specified in paragraph 8.1, the Bank will furnish to the Donors a final report on the activities financed under this trust fund.

7.2. The Bank will promptly inform the Donors of any significant modification to the terms of the Grant Agreements and of any contractual remedy that is exercised by the Bank under the Grant Agreements. To the extent practicable, the Bank will afford the Donors the opportunity to exchange views before effecting any such modification or exercising any such remedy.

8. **Effectiveness; Disbursement Deadline; Cancellation; Refund**

8.1. It is expected that the Contribution funds will be fully disbursed by the Bank in accordance with the provisions of this Arrangement by June 30, 2014. The Bank will only disburse Contribution funds for the purposes of this Arrangement after such date with the written approval of the Donors.

8.2. 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 Contribution funds 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 Arrangement prior to the receipt of such notice, including the Grant Agreements.

8.3. Upon the final disbursement date specified in paragraph 8.1 of this Annex, the Bank will return any remaining balance of the Contribution funds to the Donors on a pro rata basis. In the event of a cancellation of an individual Donor’s pro rata share of uncommitted Contribution funds in accordance with paragraph 8.2 of this Annex, the Bank will return such cancelled balance to the Donor.

9. **Disclosure**

The Bank may disclose this Arrangement and information on this trust fund in accordance with the Bank’s policy on disclosure of information.

10. **Indemnity**

The Donor will not be responsible for the activities of any person employed by the Bank as a result of this Arrangement, nor will the Donor be liable for any costs incurred by the Bank in terminating the engagement of any such person, except as a direct result of a failure by the Donor to provide the funds committed under the Arrangement.
Annex 3

Governance Structure

1. Management of the Trust Fund: The Trust Fund will be managed by a World Bank team led by the Agricultural and Rural Development Unit of the Sustainable Development Department of the Africa Region.

Proposals presented under Components 1 and 2 will be subject to approval by the World Bank in order to be eligible for financing under the Trust Fund. Each proposal approved by the World Bank will be financed out of the Trust Fund proceeds under a grant agreement entered into between the Bank and the recipient on terms and conditions acceptable to the World Bank. For Bank-executed activities to be financed under Component 3-a, the Bank will consult with the Steering Committee (see “Governance of the Trust Fund” below) to satisfy itself that these activities are also in line with CAADP objectives and priorities.

The World Bank will prepare consolidated semi-annual progress reports on implementation of the Trust Fund, including on progress against Trust Fund targets. These reports will be transmitted to the CAADP Partnership Platform meeting (see “Governance of the Trust Fund” below) for information and discussion. The World Bank will also prepare semi-annual unaudited financial reports to the contributing donors. These reports will be discussed in Donor group meetings during or immediately following the CAADP Partnership Platform meetings.

2. Governance of the Trust Fund: The governance structure for this Trust Fund is designed to ensure mutual accountability between development partners and CAADP stakeholders and ensure that activities it finances reflect priorities agreed among African CAADP stakeholders and respond to Africa-led proposals for purpose-driven capacity strengthening of CAADP stakeholders and for CAADP round table processes at national and regional levels. This structure consists of the following:

The CAADP Partnership Platform (CAADP PP) is a twice-yearly meeting of stakeholders organized by the AU and NEPAD to discuss progress under CAADP and to formulate plans for future implementation of CAADP. The CAADP-PP will be a platform for discussion by stakeholders of the Trust Fund, and provide opportunities to discuss the quality of the assistance, as well as the processes involved.

A Steering Committee will be established by CAAD PP for the Trust Fund, comprised of 7 members: 2 members chosen from among the RECs, 2 members from NEPAD, 2 members from among CAADP’s lead technical agencies, and 1 member from the AU. NEPAD will chair the Steering Committee and serve as its Secretariat. In addition, representatives of the World Bank and three of the donors (chosen by the donors themselves) contributing funds to CAADP under the Trust Fund will be invited to attend meetings of the Steering Committee as observers. The Steering Committee will normally meet twice a year and at least once a year.

A Donors’ Group will be composed of representatives of all donors that contribute financially to the CAADP Trust Fund. This Group would be a forum for all donors to discuss matters of common interest in relation to the Trust Fund, including issues of performance and financial management. The Group would normally meet twice per year and at least once a year, during or back-to-back to the CAADP PP meeting.

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1 Stakeholders include representatives of AU, NEPAD, RECs, Pillar Lead Agencies, donors, civil society, farmers, business leaders, and other interested parties.