MEMORANDUM OF UNDERSTANDING

World Bank and DFID Partnership to Support China-Africa Cooperation (TF Number 070917)

between

Government of the United Kingdom of Great Britain and Northern Ireland, acting through the Department for International Development ("DFID")

and

The World Bank
1. The Government of the United Kingdom of Great Britain and Northern Ireland, acting through the Department for International Development (the “Donor”), will make available a grant in the sum of five hundred and twenty thousand Pounds Sterling (£520,000) (the “Contribution”) to assist in the financing of the World Bank and DFID Partnership to Support China-Africa Cooperation (the “Project”) described in the Annex hereto, which forms an integral part of this MOU. The Contribution will be administered by the International Bank for Reconstruction and Development (the “Bank”) in accordance with the terms and conditions set forth below.

2. Activities and Expenditures Financed by the Contribution

2.1. The Contribution will be used for the activities described in the Annex hereto.

2.2. The Contribution will be used to finance the following categories of expenditure related to the carrying out of the Project: associated overheads, short term consultant fees, consultant services, travel expenses and media and workshop costs.

3. Administration of the Contribution

The Contribution will be administered by the Bank on behalf of the Donor in accordance with the terms of this MOU. The Bank will be responsible only for performing those functions specifically set forth in this MOU and will not be subject to any other duties or responsibilities to the Donor, 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 MOU will 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.

4. Deposit of the Contribution

4.1. The Donor will deposit the Contribution into the International Bank for Reconstruction and Development’s Cash Account “T” Number: 39729123; SWIFT BIC Code: MIDLGB22, maintained with the HSBC Bank PLC, International Division, P.O. Box 181, 27-32 Poultry, London EC2P 2BX, United Kingdom in accordance with the following schedule:

(a) Promptly upon signing of this MOU by the Bank and the Donor, the Donor will make an initial deposit equal to 25% of the Contribution.

(b) The Donor will make subsequent deposits, each equal to 25% of the Contribution, on April 6, 2008, April 6, 2009, and April 6, 2010, upon submission by the Bank of a Call for Fund Letter supported by a Summary Status Report, an unaudited statement of receipts, disbursements and fund balance on the use of the proceeds of the immediate previous deposit, together with the Bank’s estimate of the financial requirements for carrying out the Project in the following year.

4.2. When making such 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 Number 070917 (World Bank and DFID Partnership to Support China-Africa Cooperation), and the date of the deposit. 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.
4.3. Immediately upon receipt of the Contribution funds, the Bank will convert such funds into United States Dollars.

5. **Commingling, Exchange and Investment of the Contribution**

5.1. The Contribution funds may be commingled with other trust fund assets maintained by the Bank, but will be kept separate and apart from the funds of Bank.

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

5.3. 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 a separate, single trust fund (the “Department for International Development Balance Account Number TF029043”), which the Bank may also invest.

6. **Administrative Cost Recovery**

   In order to assist in the defrayment of the costs of administration and other expenses incurred by the Bank under this MOU, the Bank may, following deposit of the Contribution by the Donor, deduct from the Contribution and retain for the Bank’s own account an amount equal to five percent (5%) of the Contribution.

7. **Employment of Consultants**

   The employment and supervision of consultants financed by the Contribution will be the responsibility solely of the Bank and will be carried out in accordance with its applicable policies and procedures.

8. **Accounting and Financial Reporting**

8.1. 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.

8.2. Within ninety (90) days of each March 31, June 30, September 30 and December 31, the Bank will furnish to the Donor an unaudited cash-based statement of receipts, disbursements and fund balance in United States Dollars with respect to the Contribution funds. Within six (6) months of the final disbursement date specified in paragraph 10.1 below, the Bank will furnish to the Donor a final unaudited cash-based statement of receipts, disbursements and fund balance in United States Dollars with respect to the Contribution funds.

8.3. The Bank will provide to the Donor 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.

8.4. If the 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 MOU, the Donor and the Bank will first consult as to whether such an external audit is necessary. The Bank and the Donor will agree on the most appropriate scope and terms of reference of such audit. Following agreement 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.

9. **Coordination and Project Reporting**

9.1. The Bank will provide the Donor with an annual report on the progress of activities financed by the Contribution in conjunction with the Summary Status Report to be provided pursuant to paragraph 4.1(b) above. Within six (6) months of the final disbursement date specified in paragraph 10.1 below, the Bank will furnish to the Donor a final report on the Project activities.

10. **Disbursement Deadline; Cancellation; Refund**

10.1. It is expected that the Contribution funds will be fully disbursed by the Bank in accordance with the provisions of this MOU by June 30, 2011. The Bank will only disburse Contribution funds for the purposes of this MOU after such date with the written approval of the Donor.

10.2. Either party may, upon three (3) months’ prior written notice, cancel all or part 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 MOU prior to the receipt of such notice.

10.3. Upon the final disbursement date specified in paragraph 10.1 above, or upon the date of cancellation of uncommitted Contribution funds in accordance with paragraph 10.2 above, as the case may be, the Bank will credit any remaining or cancelled balance of the Contribution funds, as the case may be, to the Department for International Development Balance Account Number TF029043.

11. **Communications and Addresses**

The offices responsible for coordination of all matters related to the implementation of this MOU are:

For the Bank:

David Dollar  
Country Director, China  
The World Bank office, Beijing  
16th Floor, China World Tower 2  
No. 1 Jianguomenwai Avenue  
Beijing 100004  
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Tel: 86-10-5861-7600  
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For the Donor:

Adrian Davis
Head of DFID NEA
Office DFID China
30th Floor, South Tower, Kerry Centre,
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Beijing, 100020
People's Republic of China

Tel: 86-10-8529-6882
Fax: 86-10-8529-6002

12. Amendment
This MOU may be amended only by written agreement between the Bank and the Donor.

13. Disclosure
The Bank may disclose this MOU and information on this trust fund in accordance with the Bank's policy on disclosure of information.

14. Effectiveness
This MOU will become effective upon the signing of this MOU by both parties.

AGREED
International Bank for Reconstruction and Development

David Dollar
Country Director, China
East Asia and Pacific Region
Date: 31 Oct 2007

AGREED
Government of the United Kingdom of Great Britain and Northern Ireland, acting through the Department for International Development

Name: Nemat Shafik
Title: Director General, Country Programmes
Date: 31 Oct 2007
ANNEX

Description of Activities under the Trust Fund for World Bank and DFID Partnership to Support China-Africa Cooperation

Project Objectives and Activities

1. The objectives of the Trust Fund for World Bank and DFID Partnership to Support China-Africa Cooperation (the “Project”) are: (a) creation of a better understanding of the amount and modalities of engagement by the People’s Republic of China (“China”) in the African continent (“Africa”); (b) compilation of information on the impact of China’s financial assistance in Africa; (c) improving understanding by China’s government agencies of international aid practices and donor coordination efforts; (d) improving China’s legal framework for overseas investment and for development support of recipient countries; and (e) improving the understanding of safeguards by relevant government agencies in China and Africa.

To this end, the Contribution will be used to finance analytical, advisory and other activities (“AAA”) to be carried out by the Bank in the areas of aid and foreign investment policies, aid effectiveness, social and environmental safeguards, corporate social responsibility, debt sustainability, development policies and other areas of common policy interest to the Bank and DFID (“Project Areas”).

Specific AAA activities may include: (a) promotion of knowledge sharing between relevant authorities in China and Africa on project design and implementation in sectors where China has been particularly successful; (b) carrying out of studies on issues related to aid effectiveness; (c) provision of technical advice to Government Agencies in China concerning methods and standards of project appraisal, safeguards, and sustainability assessment; and (d) carrying out of studies on the impact of China’s economic cooperation with countries in the African continent. However, the Trust Fund will not support activities that may be perceived to promote commercial activities of China in Africa, or to favor China’s development efforts over that of other countries. The term “Government Agencies” includes government departments, research institutes, Export-Import Bank of China and China Development Bank.

Implementation

2. A Project Management Board (“PMB”) will be established with the following membership: (1) Lead Economist, Economics Unit at the Bank’s Office in Beijing or other person/s designated by the East Asia Region Vice-Presidency; (2) Director, Strategy and Operations in the Bank’s Africa Region Vice-Presidency or other person/s designated by the Africa Region Vice-Presidency; and (3) a DFID program officer for the Project.

3. The PMB will be responsible for: (1) screening of proposals for specific AAA and approving funding for AAA proposals that meet the eligibility criteria set forth in paragraph 4 below; (2) quality assurance of approved AAA; and (3) reviewing implementation progress of approved AAA. Every six months, the PMB will review and approve funding for AAA proposals, appoint a task manager for each approved AAA and review Project implementation progress. At least one of these meetings each year will include a formal assessment of Project implementation and corrections, if needed, will be made. Additionally, the PMB will have regular communication with China’s Ministry of Finance concerning approved AAA.

4. The PMB may approve funding for specific AAA proposals if the following criteria are satisfied: (1) the proposal falls within the objectives of the Project and Project Areas; (2) all
members of the PMB agree to the proposal; and (3) the activities proposed are not perceived to promote commercial activities of China in Africa, or favor China’s development efforts over that of other countries.

5. A main Project account managed by the Bank will be set up, and replenished once a year with Contribution funds based on expected disbursement, or per special disbursement request when needed. Sub accounts by themes and child accounts for individual AAA approved by the PMB will be established. The Lead Economist will manage the flow and use of funds with assistance of Bank’s CMU Trust Fund Coordinator.

Specific AAA Staffing and Implementation.

6. For each approved AAA, the detailed definition and design of the AAA, composition of the team, quality assurance, delivery, and follow-up will be the responsibility of the task manager appointed by the PMB. Task managers would normally be Bank staff with recognized expertise and adequate seniority to deliver credible output.

7. Activities financed by the Contribution funds will be managed in accordance with standard Bank AAA procedures, including contracting and procurement.

Information Sharing

8. Both the Bank and DFID will make strong efforts to keep each other apprised of official requests for assistance in the Project Areas and to establish a dense network of contacts and knowledge-sharing between staff of the two institutions. It is expected that China and Africa will provide the initial AAA proposals.

Monitoring and Evaluation

9. The monitoring of approved AAA will follow standard Bank practice, and implementation will be reviewed in the six-monthly PMB meeting.