MULTI-DONOR VALUE FOR MONEY, SUSTAINABILITY AND ACCOUNTABILITY IN SOCIAL SECTORS TRUST FUND

I. Introduction

1.1 To foster and sustain progress in human development, African countries have to get better results for the money they spend on social services. Evidence shows that social spending is often inefficient and ineffective, and there is consensus on the need and means to correct this situation through enhancing value for money, sustainability and accountability. This African agenda has tremendous momentum, which the Bank contributed to create and intends to support as part of its effort toward enhanced human capital for sustained and inclusive economic growth in Africa.

1.2 Africa is changing and there is rising demand for more value for money from social services, to complement the traditional “more money for Human Development.” Citizens are demanding more accountability from governments and service providers. Evidence shows that countries achieve very different results with comparable levels of social spending. For one point of GDP spent on education, African countries offer very different quantities of education services, and the average number of years of schooling varies from one to four between countries. The same situation prevails in the health sector, with the proportion of assisted deliveries varying fourfold between countries at same level of health expenditure per capita. The 2010 World Health Report estimates that globally, “20%-40% of all health spending is wasted through inefficiency.” This suggests that it is possible to get greater results from available resources.

1.3 The main sources of inefficiency in social spending are known and cut across sectors. They include inadequate resource allocation and financing options; policies and strategies insufficiently based on evidence; lack of focus on results; inappropriate procurement and management of equipment and commodities, and inappropriate staff mix coupled with a lack of performance incentives. Inefficiencies affect both public and private spending, with the second representing a large share of social spending in Africa (30% in education and 50% in health), and often being lost in unregulated, poor quality services. This has a negative effect on economic development, as evidenced by the health sector where household out-of-pocket spending plunges millions of African people into poverty every year.

1.4 Translating the value for money, sustainability and accountability agenda into results requires a shift from accountability to donors, to domestic accountability. During the past decades of aid-reliant social spending in Africa, the emphasis was on accountability to donors. After 10 years of robust economic growth in Africa, given Africa’s economic potential and in the face of declining aid, focus now needs to be on domestic accountability. African states can expect a lot from within. Accountability is no longer an agenda between governments and donors; what matters most today is accountability of governments towards their citizens. Without domestic accountability, quality education of health workers, efficient supply chains, strong collaboration between the public and private sectors and civil society, the desired human development results will not be reached.

1.5 The Bank has taken the lead in promoting the better use of resources in social sectors

- In July 2009, the Bank convened a conference of ministers of finance and education, to promote the better alignment between education development and economic growth. This conference in particular focused on the need for government policies to foster sustainable development of education through more efficiency and equity in the deployment of public resources.

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In July 2012, the Bank also organised, in collaboration with its partners in the Harmonization for Health in Africa (HHA), a conference of ministers of finance and health on the theme “Value for money, Sustainability and Accountability in the Health Sector,” which created strong momentum toward this agenda. This conference made a key contribution to forging consensus on the need for more effective and efficient spending in health. The ministers adopted the “Tunis Declaration on Value for Money, Sustainability and Accountability in the Health Sector,” which affirms political commitment toward the concerned agenda and recommends concrete actions for implementation at country level, and calls on the Bank and its partners to provide related support.

The Bank is also working toward the enhancement of value for money in the social protection domain, in particular through budget support operations like in Tunisia, and the development of knowledge products such as the study of the effectiveness of social protection and service delivery in South Africa.

1.6 Building on the positive outcomes of both conferences and activities in social protection, the Bank has developed a new proposal for a Multi-donor Value for Money, Sustainability and Accountability in Social Sectors Trust Fund (“VFM Trust Fund” or “Trust Fund”). The proposed trust fund is designed to further the Bank’s human capital development efforts. Following discussions with the Government of Norway and the Global Alliance for Vaccines and Immunization ("GAVI"), they confirmed their intention to support the VFM Trust Fund. Norway and GAVI have pledged up to NOK 30 million (equivalent of EUR 4,034,975.08 in exchange rate of 19/02/2013) and US$ 500,000 (equivalent of EUR 369,003.59 in exchange rate of 19/02/2013), respectively to support the VFM Trust Fund. Other donors have indicated interest in contributing to the Trust Fund.

II. Objectives

2.1 The aim of the VFM Trust Fund is to leverage resources from both public and private sector donors to finance projects towards higher value for money, accountability and sustainability in the financing and delivery of social services agenda. The scope of the trust fund encompasses health, education and social protection. In these sectors, the Bank will provide support to countries in order to improve governance, accountability, and transparency in use of funds to enhance value for money. Key stakeholders targeted by the programme include ministries of finance, human capital development line ministries, parliaments and civil society organisations (CSOs).

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2 HHA members include the African Development Bank, France, the Global Fund, JICA, Norad, UNAIDS, UNFPA, UNICEF, UN WOMEN, USAID, WHO and the World Bank.

3 Norway has been a member of African Development Fund (ADF) since 1973 and became a member of the African Development Bank (AfDB) in 1982. The co-operation programme with Norway is currently governed by the 2010 Technical Cooperation Fund between Norway and the Bank for the total amount of twenty one million Norwegian Kroner (NOK 21,000,000) (approx. UA 2.12 million.) The resources of the fund are used for financing gender equality and women’s empowerment initiatives and the provision of technical assistance in anti-corruption and results-based management. Norway has also contributed to the Governance Trust Fund, African Water Facility (AWF), NEPAD-Infrastructure Project Preparation Facility (NEPAD-IPPF), Multi-donor Trust Fund for Zimbabwe and Congo Basin Forest Fund (CBFF).

4 GAVI is a public-private partnership focusing on saving children's lives and protecting people's health by increasing access to immunization in poor countries. It is composed of a large number of institutions, including WHO, UNICEF and the World Bank, who are members of GAVI’s Board.

5 See paragraph 5.7 for further discussions on the acceptance of contributions from private sector donors.
2.2 Projects\(^6\) funded through the Trust Fund will address key bottlenecks in improving the efficiency and effectiveness of spending in social sectors comprising health, education and social protection in both their public and private components. The projects will cover issues pertaining to (i) evidence-based policies and strategies; (ii) systems’ results orientation and performance; (iii) stakeholder cooperation, especially between ministries of finance, human development line ministries, parliamentary committees, civil society and the private sector (iv) value for money, sustainability and accountability for health results; (v) planning and budgeting for results, governance and accountability structures and tools; (vi) options for sustainable financing; (vii) innovative approaches to service delivery (including use of new technologies and decentralized/autonomous service delivery); and (viii) rationalization of private spending.

2.3 Projects financed by the VFM Trust Fund may encompass the following activities:

- Support dialogue between relevant ministries and stakeholders (parliaments, CSOs, private sector). This may include, inter alia, meetings technical assistance, studies and preparation of advocacy documents.
- Build capacity including training, development of training materials and technical guidelines, development of knowledge products, technical assistance, grants to countries, and study tours.

III. Beneficiaries

3.1 In addition to financing Bank-executed activities, the VFM Trust Fund will provide grants to the following eligible recipients:

- **Public institutions,** including local, provincial and central government entities in particular in fragile states; parliaments; regional institutions; networks of government officials and parliamentarians;
- **Civil Society Organisations** relevant to the value for money, sustainability and accountability agenda -capacity building, for instance for women associations, and social services’ users associations in such areas as accountability and citizens’ voice; and
- **Private entities** partners of the value for money, sustainability and accountability agenda –for example, support to dialogue on public-private partnerships.

3.2 The **ultimate beneficiary** of the activities financed by the VFM Trust Fund is the public, especially vulnerable groups such as women and children, who will have access to better social services.

IV. Value Added to the Bank and Potential Risks

4.1 The Trust Fund will provide value added to the Bank, as it will:

i) **Attract new resources and augment Bank’s impact on Africa’s development.** The Trust Fund will provide a window for traditional and emerging donors – such as Brazil, India and China, who have a wealth of experience in the targeted areas of support, and Gulf States- as well as the private sector including in particular foundations. It will help address country priorities which would not have otherwise been supported.

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ii) **Position the Bank as a partner of choice for institutions that want to help African countries tackle the issues of value for money, sustainability and accountability in social service delivery.** The issues at stake are the object of growing focus by African governments and the donor community, and the corresponding integrated agenda is to a large extent new. By hosting and managing the Trust Fund, the Bank will affirm its role as a knowledge broker and catalyst in assisting African countries to better use their resources in order to attain greater and sustainable human development results.

iii) **Help the Bank deliver on its governance mandate, which requires strengthening capacity to manage human development expenditures and service delivery.** Given the size of social spending (40-60% of recurrent public expenditures in Africa are in human development) and its impact on the poor, extending the Bank’s governance pillar to cover public expenditures on human development and tackle the root sector causes of ineffective and inefficient social spending will help maximize pro-poor benefits. The Bank should therefore place a high priority on assisting RMCs to improve sector governance and value for money in education, health and social protection.

4.2 **Risks.** The main risk is that the Trust Fund fails to attract new donors; this risk is mitigated by the strong advocacy deployed by the Bank and planning on resources already made available. In addition, there may be a risk in terms of difficulty to reach consensus among donors on the content of annual work programmes. This risk is low, since the substance of the value for money programme has been agreed upon by the contributing donors. Furthermore, it is mitigated by the preparatory activities initiated by the Bank, in particular in the form of an expert meeting aimed at identifying priorities for capacity building to strengthen value for money.

V. **Trust Fund Administration and Management**

5.1 The VFM Trust Fund will be administered in accordance with Bank procedures, rules and policy guidelines. The Partnerships and Cooperation Unit (ORRU) will be responsible for communications with the Donors and for providing fiduciary oversight.

5.2 The Trust Fund Secretariat will be maintained by OSHD. This Secretariat will be responsible for the technical aspects of the Trust Fund, including those related to the implementation of operational activities. It will have the skills mix and the depth of expertise on social sectors required to manage the Trust Fund. The Secretariat will be composed of a core team of three senior Bank staff including a task manager. The task manager for the Trust Fund will be an OSHD economist, who will be able to draw on the expertise of other Department specialists. The Secretariat will monitor and ensure the implementation progress of all approved projects, as well as coordinate the assessment of impact and results of each project funded under the Trust Fund. When needed, OSHD may recruit consultants to support the implementation of activities.

5.3 An Oversight Committee (OC) composed of representatives of Donors to the Trust Fund and representatives of Bank Management will be responsible for the overall governance of the Trust Fund. It will meet at least once a year, to review the progress made during the year and examine the annual work programme and objectives of the Trust Fund for the coming year. The Bank will also consult with the Donors whenever it identifies a major change of scope in relation to the annual work programme.

5.4 The Technical Review Committee (TRC) will examine and review all proposals for funding and ensure that financed projects are fully aligned with the Bank’s strategies and priorities. It will be chaired by the Director, OSHD. The TRC will be composed of senior representatives from Bank departments, including Governance, Economic & Financial Reforms (OSGE), Partnerships and Cooperation Unit (ORRU), General Counsel and Legal Services (GECL), Procurement and Fiduciary Services (ORPF), Quality Assurance and Results (ORQR) and Financial Control (FFCO).
5.5 Proposals for financing activities may be approved by the OC through the annual work programme or on an ad hoc basis. The Bank will proceed with the implementation of projects included in the OC-approved annual work programme. The TRC may consider and approve requests on an ad hoc basis for grants not exceeding the equivalent of USD500,000. Any request for financing above the equivalent of USD500,000 but not exceeding the equivalent of USD1,000,000, will be submitted for the non-objection approval of the OC. A non-response from the OC four weeks after submission of a proposal shall be deemed a non-objection and the proposal shall be considered approved. Finally, a proposal for financing a project, program or activity whose financing exceeds the equivalent of USD1,000,000 will be approved by the OC and the Board of Directors of the Bank.

5.6 The Bank will charge a five per cent (5%) minimum management and administration fee.

5.7 Some private sectors donors have indicated interest in contributing to the VFM Trust Fund. Any contributions from private sector donors will be guided by the framework to be established, with approval by the Board of Directors, to govern the Bank’s acceptance of private sector contributions. Pending adoption of this framework, it is proposed that the Board approves a number of identified reputable private donors as eligible to join the Trust Fund, subject to the satisfactory completion of necessary and continuing due diligence enquiries. These private donors shall be required to make a minimum contribution of USD1,000,000 to the Trust Fund. For now, the Bank has received expressions of interest in the VFM Trust Fund from the Gates Foundation and the Children’s Investment Fund Foundation (CIFF).

VI. Conclusion

6.1 The VFM Trust Fund reflects Donor acknowledgment of the important role played by the Bank in helping Regional Member States implement the Value for Money, Sustainability and Accountability agenda, which has gained considerable momentum and is pivotal to the attainment of Africa’s socio-economic development goals.

6.2 The Boards of Directors are invited to:

i) Approve the establishment of the VFM Trust Fund;

ii) Approve the Gates Foundation and the Children’s Investment Fund Foundation as eligible participants in the VFM Trust Fund, subject to the conditions prescribed in this proposal; and

iii) Authorize the President to sign the proposed Multi-donor Arrangement with the Government of Norway, GAVI and any other eligible entities wishing to contribute to the Trust Fund in the future.
MULTI-DONOR ARRANGEMENT
FOR
THE VALUE FOR MONEY, SUSTAINABILITY
AND ACCOUNTABILITY
IN SOCIAL SECTORS TRUST FUND
THIS MULTI-DONOR ARRANGEMENT (hereinafter referred to as the or this "Multi-donor Arrangement" or "Arrangement") entered into by and among the African Development Bank (the "Bank"), the African Development Fund (the "Fund") (unless context requires otherwise all references to the “Bank” will include the Fund), the Government of Norway, acting through the Norwegian Agency for Development Cooperation (“Norad”), the Global Alliance for Vaccine and Immunization (“GAVI”), and any other Government or entity that becomes a signatory to this Arrangement (collectively referred to as the "Donors"), for the purpose of providing the terms which will govern the contribution, as well as the administration and utilization by the Bank, of the contributions to be made available by the Donors for purposes of financing activities under the Value for Money, Sustainability and Accountability in Social Sectors Trust Fund (the “VFM TF”);

WHEREAS the Bank is an international financial institution established by Agreement by and among its member states to contribute to the sustainable social and economic development of its regional member countries (the "Regional Members");

WHEREAS the Fund was established by Agreement by and between the Bank and certain State participants for the purpose of assisting the Bank in fulfilling its mandate;

WHEREAS the Bank and the Fund towards fulfilling their respective mandates, have established the VFM TF to support the Bank’s human capital development efforts and to leverage resources from donor partners and the private sector to finance programmes towards increased value for money, accountability and sustainability in the financing and delivery of human development services.

WHEREAS each of the Donors has indicated its willingness to support the Bank in the implementation of the Bank’s human capital development efforts and Bank’s programme towards increased value for money, accountability and sustainability in the financing and delivery of human development services.

WHEREAS the Bank is willing and able to accept the administration and management of the contributions from Donors for the purposes of the VFM TF and desires that such contributions be administered and managed in accordance with the common terms set forth in this Multi-donor Arrangement;

NOW THEREFORE the Donors and the Bank agree as follows:
ARTICLE I

PURPOSE - ELIGIBLE ACTIVITIES

The purpose of the VFM TF is to provide financing to support the implementation of the Bank’s human capital development efforts, and programmes towards increased value for money, accountability and sustainability in the financing and delivery of human development services. Specifically, the VFM TF provides untied grants to support capacity building, technical assistance and other relevant activities in the following areas: (i) evidence-based sector policies and strategies; (ii) systems’ results orientation and performance; (iii) stakeholder cooperation, in particular between ministries of finance, human development line ministries, parliamentary committees and the private sector; (iv) value for money, sustainability and accountability for health results; (v) planning and budgeting for results, governance and accountability structures and tools; (vi) options for sustainable financing; (vii) innovative approaches to service delivery (including use of new technologies and decentralized/autonomous service delivery); and (viii) rationalization of private spending.

ARTICLE II

CONTRIBUTIONS

1. Any State eligible to become a member of the Bank or any entity acceptable to the Bank may become a Donor.

2. Each Donor hereby agrees to participate in and contribute to VFM TF, and accepts that this Multi-donor Arrangement will govern:

   i) its participation in and contribution to the VFM TF; and

   ii) the administration of its Contribution(s) by the Bank for purposes of the VFM TF.

3. Each Donor will donate funds in the form of grants (the “Contribution(s)”) for the VFM TF, in a specified amount to be made available in one or more tranches corresponding to the work programme of the VFM TF. The amount of each Contribution, any special terms and conditions, and the tentative payment schedule is set out in a Contribution Payment Schedule attached in an Annex to this Multi-Donor Arrangement.

4. Each Donor will on the specific dates agreed with the Bank deposit its Contribution payment in a special account to be opened by the Bank for the purpose of receiving Contributions (hereinafter referred to as the “VFM TF Account”).

5. The Contributions will be administered and utilized by the Bank in accordance with the terms of this Multi-donor Arrangement exclusively to finance activities under the VFM TF, in conformity with the objectives herein and in accordance with the Bank’s rules and regulations.

6. Contributions to the VFM TF will be administered as untied grant resources.
7. The Bank will be entitled to draw on the proceeds of the Contributions for financing the fees and other reimbursable costs of the activities to be financed pursuant to Articles II and III hereof in accordance with the Bank’s applicable procedures.

8. The proceeds of the Contributions may be freely exchanged by the Bank into other currencies as may facilitate the utilization and administration of the Contribution resources.

9. Resources provided under this Agreement may be commingled with other trust fund assets held by the Bank but shall be kept separate and apart from the Bank’s own resources.

10. The Bank will have no obligation to repay any Donor, proportionally or otherwise, the amount of resources already committed or disbursed to meet the cost of activities financed by the VFM TF in accordance with the terms of this Arrangement.

11. The Bank may invest and reinvest the proceeds of the Contributions, including accrued interest, pending their application for the purposes provided hereunder. The income from such investment or reinvestment will be retained in the VFM TF Account for use for the same purposes as provided herein.

12. Disbursements of proceeds of the Contributions will be in accordance with the terms of this Arrangement.

**ARTICLE III**

**CONSIDERATION OF REQUESTS FOR FINANCING**

1. Requests for financing from the proceeds of the Contributions provided herein, shall be considered on the basis of documentation including the following information:

   i) objectives and expected results of the proposed activity;

   ii) terms of reference of the study/consultancy service or general description of the activity;

   iii) cost estimates; and

   iv) implementation schedule.

2. The Bank may consider and approve requests for financing from the proceeds of the Contributions for any amounts not exceeding the equivalent of US$500,000. Any request for financing above the equivalent of US$500,000 but not exceeding the equivalent of US$1,000,000, will be submitted for the approval of an Oversight Committee established by the Bank and constituted by representatives of the Bank and Donors (the “Oversight Committee”). The Oversight Committee shall establish its decision making methods and procedures. All requests for financing for an amount exceeding the equivalent of US$1,000,000 will be submitted for the consideration of the Board of Directors of the Bank. All requests for financing of activities of the Bank shall be approved by the Oversight Committee either under the work programme or individually.
ARTICLE IV

ADMINISTRATION OF THE CONTRIBUTIONS

1. The Bank will, in accordance with its rules, regulations and policy guidelines, administer the Contribution through its own organization, services, officers and staff. The Bank designates its Partnerships and Cooperation Unit as the organizational unit responsible for general communications and reporting concerning the implementation of the Bank’s obligations and the financial management and administration of the Contributions. The Partnerships and Cooperation Unit, or any other organizational unit assigned by the Bank, will be responsible for the implementation of the Bank’s obligations under this Arrangement with regard to the execution of the activities and related technical matters.

2. The Contributions will be administered, in accordance with the terms of this Multidonor Arrangement, and the common understanding of the parties as expressed in a document titled “Multi-Donor Value for Money, Sustainability and Accountability in Social Sectors Trust Fund” approved by the Board of Directors of the Bank, as may be modified or replaced from time to time by the mutual consent of the Donors and the Bank.

3. The Bank shall be responsible only for performing those functions specifically set forth in this Multidonor Arrangement 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 Multidonor Arrangement shall be considered a waiver of any privileges or immunities of the Bank and the Fund under their respective Agreements of establishment or any applicable law, all of which are expressly reserved.

4. The Oversight Committee will meet at least once a year, to review the progress made during the year and examine the annual work programme and objectives of the VFM TF for the coming year. The Bank may also consult with the Donors whenever it identifies a major change of scope in relation to activities financed or to be financed under the VFM TF. The Bank will provide the venue for meetings, and may extend invitations to representatives of recipient Regional Members and organizations to attend the meetings of the Oversight Committee, as observers.

5. In administering the Contributions, the Bank will exercise the same care in the discharge of its functions under this Multidonor Arrangement as it exercises with respect to the administration and management of its own resources and affairs, and will have no further liability to any of the Donors in respect thereof.

6. When making payments, Donors will instruct their relevant service/financial intermediary to advise the Treasury Department of the Bank by SWIFT as to the amount of each payment into the VFM TF Account, the name and other relevant particulars of the Donor making payment, and the date of such payment.

7. All financial accounts and statements prepared in relation to the VFM TF will be expressed in Euros or any convertible currency selected by the Donors and the Bank.

8. The management of the Contributions will be subject to the usual internal financial control procedures of the Bank.
9. The Bank will maintain separate records and ledger accounts in respect of the Contributions and disbursements thereof.

10. In the discharge of its operational functions, the Bank will:
   i) to the extent applicable, use the methods it employs to control disbursement of its own resources; and
   ii) ensure that payments from the proceeds of the Contributions are made for the purposes of the VFM TF.

11. The selection and engagement of consultants and the procurement of goods and services financed by the Contributions shall be carried out in accordance with the Bank’s Rules and Procedures for the Use of Consultants, and Rules and Procedures for Procurement of Goods and Works, as amended from time to time.

12. The Bank will deduct five per cent (5%) of each Contribution upon receipt, and shall apply the amount deducted towards meeting the costs and expenses of administering the Contributions. The Bank may in consultation with the Donors, deduct a higher amount to meet costs and expenses of administering the VFM TF.

ARTICLE V

REPORTING AND CONSULTATION

1. The Bank will, in accordance with its usual procedures, keep and maintain separate records of account of the proceeds of the Contributions and activities financed under this Arrangement.

2. The Bank will furnish all Donors to the VFM TF with the following documents, reports and financial statements:
   i) an Implementation Plan and a Performance Monitoring Framework;
   ii) periodic reports on the use of the Contributions and the implementation of the VFM TF, which shall be submitted as part of the periodic updates regarding the use of Donor resources;
   iii) quarterly and annual financial statements of Contributions received and disbursed;
   iv) upon request by the Donors, audited financial statements, the cost of which shall be charged to the VFM TF Account;
   v) an electronic copy of the final version of the project completion report for each activity financed under the VFM TF; and
   vi) a final report, to be submitted within one (1) year of the expiration of this Multi-donor Arrangement, including audited financial statements, summarizing activities funded under the VFM TF, results achieved, lessons learned and overall Bank comments as to the results of the VFM TF.
3. Prior to the end of each work programme period for which Contributions have been provided, the parties to this Multi-donor Arrangement will review the results achieved by the VFM TF and consult with each other, with a view to deciding whether additional Contributions should be provided.

4. Upon the request of all the Donors, the Bank will cause the account and records of any completed project, programme or activity financed under this Arrangement to be audited. The costs of an external audit will be paid from the VFM TF Account.

5. Upon the request of a simple majority of the Donors, the Bank will conduct an external evaluation of the activities financed under this Arrangement. The Bank shall fully cooperate with the Donors in evaluating the VFM TF at such times as may be agreed upon among the parties. The evaluation shall focus on the results achieved, and efficiency, effectiveness of implementation and quality of financial and project administration of the VFM TF by the Bank. The expenses and costs of such evaluation shall be paid from the resources in the VFM TF Account.

ARTICLE VI

ACKNOWLEDGEMENTS

1. The Bank may, where and to the extent it considers appropriate, acknowledge the Contributions in any reference made by it with respect to the VFM TF in publications, speeches, press releases and other similar media.

2. Upon completion of the assignment, the following information may be made public and disseminated electronically to the Donors: consultant name, company address, telephone and fax numbers, e-mail address, project title and description; country, sector and description of assignment.

ARTICLE VII

TERMINATION OF THE ARRANGEMENT

1. If, at any time, the Bank determines that the purposes of the Multi-donor Arrangement can no longer be effectively or appropriately carried out, it may terminate the Arrangement by giving the Donors not less than six (6) months' prior written notice to this effect.

2. Upon termination of the Multi-donor Arrangement, and unless the parties otherwise agree, any agreement entered into between the Bank, any consultant, and/or any third party prior to the effective date of the termination of this Arrangement will not be affected by the termination and the Bank will be entitled to continue to receive and disburse the proceeds of the Contributions in respect of such agreements to the extent necessary in order to fulfil the Bank's obligations under such agreements as if the Multi-donor Arrangement had not been terminated. Except as otherwise agreed by each Donor, upon termination of the Multi-donor Arrangement, and following disbursements for the cost of activities financed under the VFM TF, as well as any other related costs of administering the Contributions, the Bank will return to each Donor a pro rata portion of the funds in the VFM TF Account.
3. A Donor may decide not to continue its participation in the VFM TF by giving written notice of not less than six (6) months to the Bank and, upon the expiration of the notice period, ceasing to make future Contributions to the Bank for purposes of the VFM TF. The decision not to make future Contributions will, however, not release such Donor from full payment to the Bank of any Contributions previously committed to the Bank.

ARTICLE VIII

EFFECTIVE DATE OF THE ARRANGEMENT

This Arrangement will become effective and operational upon its signature by the Bank and any two (2) Donors.

ARTICLE IX

AMENDMENT

This Multi-donor Arrangement may be modified by the written consent of the Bank and a simple majority of the Donors, each of which will give full and sympathetic consideration to any proposal to amend the Arrangement. Amendments, however, will not be inconsistent with the scope and objectives of VFM TF as approved by the Board of Directors of the Bank.

ARTICLE X

NOTICE

Any notice to be given to the Bank in respect of this Multi-donor Arrangement will be effectively given if delivered or sent by letter or fax addressed to the Bank at the address given below or other new address provided in writing by the Bank to the Donors:

Any notice to the Bank will be addressed to:

Head
Partnerships and Cooperation Unit
African Development Bank
Temporary Relocation Agency
15, Avenue du Ghana
B.P. 323 TUNIS
1002 TUNIS BELVEDERE
Tunisia
Tel. (216-71) 10 21 34
Fax: (216-71) 83 01 72

Any notice to a Donor or the Bank will be effectively given if delivered or sent by letter or fax to the address and telecopy number provided at the time of signature of this Arrangement, or any new address provided in writing by such Donor.
ARTICLE XI

DISPUTE RESOLUTION

Any dispute arising out of or in connection with this Arrangement, including disputes concerning the interpretation or application of any provision herein contained will be settled amicably by the Parties.

ARTICLE XII

GENERAL PROVISIONS

1. This Multi-donor Arrangement will not be assigned by the Bank without the prior consent of the Donors.

2. This Multi-donor Arrangement is not an international treaty. It is an administrative arrangement by and among the Donors and the Bank.

3. The operations of the VFM TF shall be subject to the Sanctions and Information Disclosure Policies of the Bank and the Fund.

4. In the event that the approval of the Donors is sought by the Bank on any matter, such matter will be deemed approved by a Donor if it shall not have communicated its concurrence or objection to such matter within fifteen (15) working days from the date of receipt of the request.

5. A party may terminate its participation in this Multi-donor Arrangement or have the right to demand cancellation of, or as the case may be, cancel, subject to its terms, any contract financed under this Arrangement, with immediate effect if it determines, with respect to any contract to be financed under this Arrangement, that corrupt or fraudulent practices were engaged in by the representative(s) of a party or of a beneficiary of the proceeds of the Contributions during procurement or during the execution of the contract without such party having taken timely and appropriate action to remedy the situation.

6. No offer, gift, payment, consideration or benefit of any kind which constitute an illegal or corrupt practice will be made to anyone, either directly or indirectly, as an inducement or reward for the signing of this Arrangement. Any such practice may be grounds for terminating this Arrangement or suspending payments under this Arrangement, and may lead to other measures in accordance with applicable laws.

7. The Bank will inform the Donors, if at any time during the implementation of this Arrangement, it becomes aware of fraud or corruption related to a project funded by the VFM TF contributions.

8. Donor and Bank liability for activities undertaken under this Arrangement will be limited to the resources of the VFM TF.

9. This Multi-donor Arrangement shall be effective for a period of five (5) years from its effective date, unless extended by mutual agreement of at least two (2) Donors.
IN WITNESS WHEREOF, the Undersigned, being duly authorized, has signed the present Agreement in three original counterparts.

FOR THE AFRICAN DEVELOPMENT BANK

AND

THE AFRICAN DEVELOPMENT FUND

________________________________________________________________________

By: [ ]

Title: [ ]

Date:

FOR THE GOVERNMENT OF NORWAY acting through Norad

________________________________________________________________________

By: [ ]

Title: [ ]

Date:

FOR THE GLOBAL ALLIANCE FOR VACCINE AND IMMUNIZATION

________________________________________________________________________

By: [ ]

Title: [ ]

Date:
African Development Bank

VALUE FOR MONEY, SUSTAINABILITY AND ACCOUNTABILITY IN SOCIAL SECTORS TRUST FUND

Subject to Norwegian parliamentary appropriations and on terms and conditions set out in the Multi-donor Arrangement, Norad shall place at the disposal of the Bank a total Contribution of not exceeding NOK 30.000.000 (Norwegian kroner thirty million) to finance the VFM TF in accordance with approved budgets and plans during the period 2013 – 2017 (Ref. Art.II).

The tentative disbursement schedule is as follows:

<table>
<thead>
<tr>
<th>Date of Payment</th>
<th>Currency of Payment</th>
<th>Amount of Payment</th>
</tr>
</thead>
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<tr>
<td>2013</td>
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<td>2 400 000,-</td>
</tr>
<tr>
<td>2014</td>
<td>Norwegian Kroner</td>
<td>6 000 000,-</td>
</tr>
<tr>
<td>2015</td>
<td>Norwegian Kroner</td>
<td>6 000 000,-</td>
</tr>
<tr>
<td>2016</td>
<td>Norwegian Kroner</td>
<td>6 000 000,-</td>
</tr>
<tr>
<td>2017</td>
<td>Norwegian Kroner</td>
<td>9 600 000,-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>Norwegian Kroner</strong></td>
<td><strong>30 000 000,-</strong></td>
</tr>
</tbody>
</table>

The disbursements will be made annually upon approval of a request from the Bank based on need, documented by an annual cash flow (except for the first scheduled disbursement which will be as stipulated).

The Bank shall immediately in writing acknowledge the receipt of the funds. The date of receipt shall be stated as well as the exchange rate applied.
Subject to approval of funding by the GAVI Alliance Board and on terms and conditions set out in the Multi-donor Arrangement, GAVI shall place at the disposal of the Bank a Contribution of US$500,000 for the period of 2013 to 2015 to finance the VFM TF. Pending the achievement of the agreed results and subject solely to necessary GAVI internal approvals, processes and procedures, GAVI may increase its contribution to USD 1 million.

The tentative disbursement schedule is as follows:

<table>
<thead>
<tr>
<th>Date of Payment</th>
<th>Currency of Payment</th>
<th>Amount of Payment</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>US$ Dollar</td>
<td>300,000,-</td>
</tr>
<tr>
<td>2014</td>
<td>US$ Dollar</td>
<td>100,000,-</td>
</tr>
<tr>
<td>2015</td>
<td>US$ Dollar</td>
<td>100,000,-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>US$ Dollar</strong></td>
<td><strong>500,000,-</strong></td>
</tr>
</tbody>
</table>

The disbursements will be made annually upon approval of a request from the Bank based on need, documented by an annual cash flow (except for the first scheduled disbursement which will be made as stipulated) and subject to the achievement of agreed upon objectives.

The Bank shall immediately in writing acknowledge the receipt of the funds. The date of receipt shall be stated as well as the exchange rate applied.

The above disbursement schedule may be amended depending on actual expenditure and need.