Memorandum of Understanding

Between

The Department for International Development (DFID), United Kingdom of Great Britain and Northern Ireland

And

the Bank of England

Technical Assistance by the Bank of England to Emerging and Developing Countries

1. This present Memorandum of Understanding (MoU) sets out the funding arrangements for the scale up phase for technical assistance provided by the Bank of England to emerging and developing countries. From 1 July 2019, this MOU supersedes the previous one, signed by DFID and the Bank of England on 8 May 2018, which made arrangements solely for the design and delivery phases of the pilot project (**1 January 2018** to **30 June 2019**).

2. The Department for International Development (DFID) will make available to the Bank of England a sum not exceeding, £6.1 million (six million one hundred thousand pounds sterling) ("the Contribution") for the above project ("the project"). The scale up phase starts on **1 July 2019** and will end on **31 March 2022**.

3. The arrangements for the project and the purpose for which the funds will be used are set out in the attached Programme Document (Annex 3)**.**

4. The Contribution will be administered by the Bank of England on behalf of DFID in accordance with its financial regulations, procedures and practices.

5. DFID will transfer the amounts of the Contribution to the Bank of England. Each transfer will be made upon receipt of a request for payment as detailed in Annex 1 from the Bank of England accompanied by a statement specifying how the amount requested has been spent.

6. If the Bank of England is an existing DFID supplier/partner, payments will be made into the Bank of England bank account as detailed on the DFID portal. If the payment is to go to a different account from the one already registered, the Bank of England will set up an additional entry on the portal. If the Bank of England has more than one account registered with DFID, the Bank of England will confirm the details of the account entry to be used. If no account set-up is in place, the Bank of England will register with DFID on the DFID portal: www.dfid.gov.uk/Working-with-DFID/DFID-portal/

7. In the event of any changes being required the Bank of England will update its details immediately on the portal, failure to do so could lead to delays in payment.

8. Anticipated payment schedule:
Payments are to be made on a quarterly basis, in arrears.

Indicative payment schedule:

30-Sep-19:	£0.46m
31-Dec-19:	£0.46m
31-Mar-20:	£0.59m
30-Jun-20:	£0.59m
30-Sep-20:	£0.59m
31-Dec-20:	£0.59m
31-Mar-21:	£0.60m
30-Jun-21:	£0.60m
30-Sep-21:	£0.60m
31-Dec-21:	£0.60m
31-Mar-22:	£0.39m
Total	£6.08m

Actual spend will be tracked. There may be some variance in the timing of actual expenditure and the indicative schedule of expenditure.

9. At the end of each quarter, the Bank of England will send an invoice and statement detailing expenditure to date. This invoice will be due within 30 days of receipt. In addition, the Bank of England will provide an updated estimate of spend for the next quarter.

10. DFID will notify the Bank of England of each payment using the form attached at Annex 2.

11. Any funds not utilised should be returned to the DFID bank account at:

Nat West
Sort Code 60-70-80
Account Number 10019057

Quoting the name of the programme, DFID ARIES project identification code and the Bank of England programme reference.

12. Reporting Requirements – Activity and Financial Reporting

Reporting on the programme's activities and finances is expected on a 6 monthly basis. Reporting must occur within 1 month of these 6 monthly deadlines, unless formally agreed. This Fund Accountability Statement should contain, at a minimum:

- Full financial reporting which will include a breakdown of associated staff costs and expenses;
- A needs assessment and tailored training/technical assistance plans for the identified central banks in the design phase and an update on progress against the delivery plan during the delivery phase;
- Reporting against logframe metrics;
- Considerations relevant to the risk register.

As outlined in the annexed Programme Document, DFID will commission an independent evaluation of the programme, which is expected to correspond with the end of the delivery phase but which may be initiated earlier to allow for consideration of continuation and scaling up of the programme. The Bank of England will cooperate with any reasonable requests from the independent evaluator.

13. If any changes occur which, in the opinion of DFID, impair significantly the developmental value of the project; DFID and the Bank of England will normally consult on measures to resolve the problem and possible courses of action. In the event of such changes DFID reserves the right to modify or terminate its financial contribution to the project by giving 3 months' notice in writing. All remaining funds other than those irrevocably committed in good faith before the date of termination and those decided as being required to finalise activities in a sensible manner will be returned to the DFID bank account detailed at paragraph 11.

14. DFID will not be responsible for the activities of any person or third party engaged by the Bank of England as a result of this MOU, nor will DFID be liable for any costs incurred by the Bank of England in terminating the engagement of any such person.

Fraud and Corruption

15. The Bank of England will as soon as reasonably practicable and without undue delay notify DFID of any event which interferes or threatens to materially interfere with the successful implementation of the project, whether financed in full or in part by DFID, including credible suspicion of or actual fraud, corruption or any other financial irregularity or impropriety.

16. DFID have an expert fraud investigation unit, that should be contacted in the first instance at fraud@dfid.gov.uk or +44 (0)1355 84 3747. All suspicions will be treated with the upmost confidentiality.

17. DFID and the Bank of England have a zero tolerance approach towards fraud and fraudulent behaviour that may lead to the misuse of funds and agree in principal to recover such funds. The Bank of England will, at first, take timely and appropriate action to investigate credible allegations of fraud. However both participants will fully co-operate with investigations into such events, whether led by the Bank of England or DFID.

18. In the event of any credible indications that UK funds may have been subject to fraud, DFID, may, at any time during the period of this arrangement and up to five years after the end of the programme, arrange for additional fraud investigations and/or inspections to be carried out. These may be carried out by DFID, or any of its duly authorised representatives.

19. DFID reserves the ability to recover funds that have been subject to a proven fraud and will work with the Bank of England to do so. Where fraudulent or unethical activity is alleged, DFID reserve the ability to suspend or terminate funding with immediate effect, in preference to the standard notice period and irrespective of any contractual requirements.

20. Consistent with numerous United Nations Security Council resolutions including S/RES/1269 (1999), S/RES/1368 (2001) and S/RES/1373 (2001), both DFID and the Bank of England are firmly committed to the international fight against terrorism, and in particular, against the financing of terrorism. It is the policy of DFID to seek to ensure that none of its funds are used, directly or indirectly, to provide support to individuals or entities associated with terrorism. In accordance with this policy, the Bank of England undertakes to use reasonable efforts to ensure that none of the DFID funds provided under this MOU are used to provide support to individuals or entities associated with terrorism.

21. The officers responsible for co-ordination of all matters relating to this Arrangement are:

DFID: Ronald Bohlander, Private Sector Development Adviser – Private Sector Department; +442070230638; DFID, 22 Whitehall, London SW1A 2EG;
r-bohlander@dfid.gov.uk

Bank of England: Glenn Hoggarth, Senior Adviser – Centre for Central Banking Studies; +442076013487; Bank of England, Threadneedle Street, London EC2R 8AH; glenn.hoggarth@bankofengland.co.uk

22. In line with DFID's Transparency arrangements, the Bank of England gives consent for this MoU (and any subsequent amendments) to be published on DFID's website.

Communications and Branding

23. The Bank of England will explicitly acknowledge DFID's support on the project through use of DFID's UKaid logo along with the Bank of England logo in all communications with the public or third parties about this project, unless otherwise agreed in advance. The Bank of England also decides to collaborate with DFID on other awareness raising activities where feasible and appropriate, in the UK and overseas, to profile the partnership and the results it is delivering

24. If the arrangements set out above and in the attached Programme Document are acceptable to the Bank of England, this MoU will place on record the understanding of the Bank of England and DFID and will come into operation on the date of your signature below. Please sign both copies of the original, retain one for your own records and return the other to DFID.

Signed on behalf of DFID:
Tony Burdon, Head of Department, Private Sector Department
+447831258719
DFID, 22 Whitehall, London SW1A 2EG
t-burdon@dfid.gov.uk
Date

Signed on behalf of the Bank of England:
Joanna Place, Chief Operating Officer,
+442076014248
Bank of England, Threadneedle Street, London EC2R 8AH
Joanna.Place@bankofengland.gsi.gov.uk
Date

ANNEX 1: REQUEST FOR PAYMENT

To:	**[DFID Project Manager Country X]**
Cc:	FMG, DFID, Abercrombie House, East Kilbride, Scotland
	UK Government Department

Bank of England requests payment of [AMOUNT IN FIGURES [AMOUNT IN WORDS]] on [DATE] into Bank of England account as detailed in the DFID portal. If the payment is to go to a different account from the one already registered, you must set up an additional entry on the portal. If your organisation has more than one account registered with us, please confirm below the details of the account entry to be used.

Bank Name:	
Bank Postal Address:	
Name of Account:	
Bank Account Number:	
Sort Code:	
Currency of Bank Account:	
IBAN number: [required for bank accounts within Europe]	
SWIFT number:	
ABA or BIC Number: [BIC required for bank accounts within Europe]	
Intermediary bank details	

In the event of any changes being required you should update your details immediately on the portal, failure to do so could lead to delays in payment.

In respect of [PROJECT NAME and DFID CODE) and Bank of England project reference [INSERT REFERENCE]

Bank of England	
Name:	
Position:	
Address:	
E-mail:	

ANNEX 2: NOTIFICATION OF PAYMENT BY DFID

To:	Bank of England Address: Threadneedle Street, London EC2R 8AH
Cc:	FMG, DFID, Abercrombie House, East Kilbride, Scotland
	Bank of England

DFID Private Sector Department has authorised the payment of £ [AMOUNT IN FIGURES [AMOUNT IN WORDS]] on [DATE] into Bank of England account as detailed in the DFID portal. If your organisation has more than one account registered with us, confirmed below are the details of the account to which the payment has been made.

Bank Name:	
Bank Postal Address:	
Name of Account:	
Bank Account Number:	
Sort Code:	
Currency of Bank Account:	
IBAN number: [required for bank accounts within Europe]	
SWIFT number:	
ABA or BIC Number: [BIC required for bank accounts within Europe]	
Intermediary bank details	

in respect of **[PROJECT NAME and DFID CODE]** and Bank of England**, [PROJECT REFERENCE]**

Private Sector Department	
Name:	
Position:	
E-mail:	

ANNEX 3: PROGRAMME DOCUMENT: MODEL FOR PHASE TWO OF THE DFID-SPONSORED TECHNICAL ASSISTANCE BY THE BANK OF ENGLAND TO EMERGING AND DEVELOPING COUNTRIES

Introduction

The DFID managed Prosperity Fund Global Finance programme aims to draw on the UK's uniquely strong finance offer to connect developing countries to international financial markets, institutions, and world-renowned expertise. Under the Global Finance programme, a new partnership between DFID and the Bank of England (the Bank), coordinated by the Centre for Central Banking Studies (CCBS), was established in January 2018. This involved an 18-month pilot, running until June 2019, whereby the Bank supports improving the financial and monetary stability capacity at central banks in three African countries at different levels of economic and financial sector development: Sierra Leone, Ghana and South Africa. After assessing the first year of the pilot, DFID and the Bank have mutually agreed to scale up the programme and enter into a Phase Two partnership agreement from July 2019 until March 2022, coinciding with the current end of the Global Finance programme.

Objectives for the Programme

Table 1 below sets out the high level objectives, flowing from the mandates of DFID and the Bank, used to guide and shape the programme to date.

Table 1: Objectives for DFID-funded Technical Assistance Programme by the Bank

DFID	Bank of England
• Promote inclusive growth through improved macroeconomic management, and the more effective allocation of capital & credit. • Promote economic resilience through strengthened supervisory oversight,	• Support financial stability by building institutional capacity in emerging financial centres. • Build and strengthen relationships with EME central banks • Support outreach on the impact of

macro-prudential regulation, and improved crisis management. • Reduce corruption through strengthened supervisory oversight, and integration of central banks staff into a global community of peers. • Reduce impact of de-risking through effective risk-based implementation of international standards.	global financial policies on EMDCs. • Offer development opportunities, and improve career offer, to Bank staff.

Results and Lessons Learnt from the Pilot, and Recommendations for Phase Two

The 18-month pilot had two components: a six-month scoping and design period (January – June 2018), and 12-month delivery period (July 2018 – June 2019). The scoping period, formed of consultations with a variety of stakeholders in each target country, yielded work plans drawn up by the Bank and agreed by each partner central bank. Six areas of training / technical assistance (TA) to be delivered in-country by the Bank were identified for each partner central bank, to promote the overarching objectives of:

- Stability and resilience of the financial system;
- Maintaining price stability; and
- Enhancing central functions and policy.

With South Africa's position as a regional financial centre, an additional workshop on cross-border crisis resolution was organised to target representatives of central banks from the Southern African Development Community (SADC). Part of the Central Bank Communications workshop delivered in SARB was also for central banks in the region as a whole. As of April 2019, 18 out of the 19 planned training / TA events over the life of the pilot, had been completed.[1] The remaining event will be completed by end June.

[1] This excludes follow ups and – in two cases – finalising papers for publication.

Feedback on the pilot from participants at partner central banks has been positive, with an overall satisfaction rate of 87% across the three countries (from more than 400 participants). A number of other central banks have expressed interest in receiving peer-to-peer support from the Bank. Moreover, the Bank frequently consults with the IMF, which is implementing a complementary capacity development programme to low-and-lower-middle-income countries (LLMICs) under the Financial Sector Stability Fund, also supported by the Global Finance programme to minimise any duplication in technical assistance.

Nonetheless, there are a number of lessons learnt from the pilot, and recommendations for Phase Two:

1. It was agreed at the start of the pilot, that based on successful delivery, the programme would be scaled up to include additional countries. With a small team to draw from, the current model, whereby Bank staff and experts frequently visit each partner country for scoping and delivery, would be unsustainable for the scaled-up programme. Moreover, Bank security policy does not permit staff to travel to a number of developing countries. It is, therefore, recommended that going forward **the programme be implemented through an additional number of core countries (to a maximum of 8) whilst the number of bilateral events would be reduced.** These comprise existing pilot countries, systemically important economies, and partner institutions that could act as regional hubs, hosting regional events for neighbouring countries, including fragile and conflict-affected states (FCAS) or countries to which Bank staff are unable to travel (see below: *Geographical Scope for Phase Two of the DFID-Bank Partnership*).
2. Country scoping visits and on-site training/TA in the partner EMDCs have permitted the Bank to consult with a variety of stakeholders including central banks, the IMF, World Bank, and the private sector. As such, programmes for each partner central have been highly appropriate for the local context, and duplication with other training/TA providers has been avoided. Moreover, through the on-site activities, the Bank has been able to reach 10-55 central

bankers per training/TA event, thereby mitigating the key person risk associated with training a small number of individuals who may subsequently leave the partner central bank. This country-focussed approach has also avoided the additional costs, administrative and political challenges, such as travel and immigration restrictions, incurred through the participation of beneficiaries in training hosted abroad, particularly in Europe or North America. It is, therefore, recommended that for Phase Two, **the modus operandi for training/TA remain predominantly country-specific and onsite**. Nonetheless, and based on experience with the DFID-Bank programme with the South African Reserve Bank (SARB) **there continues to be a strong case for pursuing some region-specific training under Phase Two**. In addition, where topics have been identified as part of the scoping exercise that require staff with specialist expertise who cannot easily travel, training may be hosted in the UK. These events should be the exception and based on agreement between the Bank and DFID.

3. Given the time and financial resource constraints of an 18-month pilot programme, delivery has been based on 6 one-off training / TA sessions per country, each focussing on a separate topic. This has not provided opportunities for follow-up support to the target central banks. To resolve this, it is recommended that during Phase Two:
    - The overall DFID-Bank partnership be **extended until March 2022** and the delivery phase in each country to 24 months.
    - According to country need, the number of training / TA **topics be reduced to 2-3 per country per year, with supplementary follow-up sessions on these topics** provided.
    - **Brief summaries be produced by the Bank after each training/TA session** for the benefit of the trainees and appropriate management of the partner central banks.

   Such an approach would facilitate medium (rather than short) term capacity development at each central bank, solidify learning, and deliver more significant impact. The Bank may at its own discretion, and subject to staff availability, decide to support ad-hoc requests from partner institutions under this partnership, particularly where this supports the practical implementation of the training provided.

4. To further enhance impact and avoid a siloed approach, it is recommended that **increased opportunities are sought for synergies with wider Her Majesty's Government (HMG) and host government priorities**, with more communications on the impact of the programme disseminated by DFID and the Bank.

5. One of objectives of the DFID-Bank partnership is to connect central banks in EMDCs to a global community of peers. This is facilitated to an extent through the training/TA aimed at SADC hosted by SARB, and will be enhanced through further region-specific TA in other parts of the globe, as well as global thematic events tailored to target countries hosted by the Bank. A small number of central bankers from the pilot countries have also attended, at their own central bank's expense, global training events held by the CCBS in London.

   The Bank has partnered with Warwick Business School (WBS) to launch a three-year part-time distance learning **MSc Global Central Banking and Financial Regulation** aimed at central bankers, regulators and other financial sector professionals. A number of bursaries covering up to 50% of tuition fees are offered by the Bank and WBS and will be prioritised to central bankers from developing countries. To further promote inclusion into a global community of peers, and extend the types of training offered to central banks under the project, it is recommended that, under **Phase Two of the DFID-Bank partnership** a further 50% of the tuition fees will be covered for up to **8 central bankers** from DFID target countries, with priority given to participants from Low and Lower Middle Income Countries (LLMICs) and Fragile and Conflict-affected States (FCAS).[2] A DFID representative will sit on the Scholarship Award Committee.

[2] For the list of LLMICs see the first three columns of http://www.oecd.org/dac/financing-sustainable-development/development-finance-standards/daclist.htm

Geographical Scope for Phase Two of the DFID-Bank Partnership

The umbrella of countries that could be considered for the programme from DFID's perspective would need to be classified as ODA-eligible by the OECD.[3] From the Bank's perspective, there are advantages in including large EMDCs that are globally or regionally systemically important, or have the potential over time to become so. There are benefits also of focusing on countries where the Bank's advice is likely to have traction (e.g. likelihood of reform, countries and/or central banks where the Bank already has good working relationships and close contacts with senior staff) and there is a genuine need/demand for assistance. In summary, country selection will broadly be determined by:

- Potential impact on poverty (including size of population, poverty rate, GDP per capita).
- Emerging markets that are becoming systematically important to the global/regional financial system. This may include, but is not confined to, emerging market economies that are G20 or FSB members.
- Absorptive capacity of partner central bank (ability to implement TA/training independently following the departure of the experts).
- Need and commitment to reform central bank functions.
- History of financial crises/financial instability.
- Stability of the political climate.
- Additionality of TA from the Bank (focus and extent of TA from other providers).
- Ability to deliver (pre-existing HMG and/or Bank footprint and relationship with partner central bank).

[3] **DFID's priority countries** are: Afghanistan, Bangladesh, Burma, Democratic Republic of Congo, Ethiopia, Ghana, India, Iraq, Jordan, Kenya, Kyrgyzstan, Lebanon, Liberia, Malawi, Mozambique, Nepal, Nigeria, Occupied Palestinian Territories, Pakistan, Rwanda, Sierra Leone, Somalia, South Africa, Sudan, South Sudan, Syria, Tajikistan, Tanzania, Uganda, Yemen, Zambia, Zimbabwe.
Countries with **bilateral Prosperity Fund programmes** are: Bangladesh, Brazil, Burma, China, Colombia, Egypt, Ethiopia, India, Indonesia, Kenya, Malaysia, Mexico, Morocco, Mozambique, Nigeria, Pakistan, Philippines, South Africa, Thailand, Turkey, and Vietnam.

- Relevance to DFID/HMG strategic priorities, including fulfilling the commitment to “leave no one behind” at the heart of the Sustainable Development Goals; Global Britain, and the Africa Strategy.

Based on the above criteria, a preliminary selection of countries/regions and schedule of activities until March 2022 is shown in **Table 2.**

Table 2: Provisional Phase Two Bilateral and Regional Countries, and Activities

Country	Annual Events in Steady State (January 2020 -December 2021) All events run locally (unless stated)	
	Bilateral Events	Regional Events
East Asia	4	1
Sierra Leone	2	0
Ghana	2	1
Senegal – regional event for West African Monetary Union		1
Jordan	2	1
North West Africa	2	1
South Africa	1	2
Middle East		1
London: BoE Global Thematic Events		3
Total: 24 in steady state	**13**	**11**

Orange cells highlight new aspects of Phase 2, compared to the Pilot.

It is envisaged that the relationship with most partner central banks under the DFID-Bank MoU would encompass a mix of bilateral, bespoke training/TA; regional; and global events. The main exception to this model would be China, whereby a purely bilateral relationship is considered by the most effective approach given its size and importance to the global economy. Technical cooperation by the Bank could be targeted at the People’s Bank of China, and where appropriate and agreed by DFID and the Bank, other regulators, such as the China Banking and Insurance Regulatory Commission.

Global events in London would be used to reach countries (such as Kenya, Ethiopia, Pakistan and Bangladesh) where Bank staff cannot travel, and for which regional events are not planned. For regional and global events, DFID may at its own discretion, and based on evidence of financial need, agree to fully or partially fund travel and accommodation costs for a maximum of 2 officials from LLMIC central banks to ensure their participation. **Subsistence and per diems will not be covered under the MoU. All expenses must be reimbursed against actual costs, demonstrated by receipts.**

Table 2 focuses on the countries/regions in which Phase Two could be initiated. The continuation and extent of the programme with the three countries from the Pilot (Sierra Leone, Ghana and South Africa) could be reviewed in March 2020. The inclusion of other countries and collaboration with other training/TA providers will be reviewed annually. Generally, decisions regarding countries to be included in the programme should be made annually in March (2019, 2020, and 2021), ahead of the Annual Reviews in April (see below: *Results Measurement, Reporting and Reviews*).

The central banks in the currently identified countries have, like the Bank of England, a broad remit covering monetary policy, financial stability and banking supervision. In terms of the scope of the technical assistance, the Bank proposes that the core focus remains on monetary and financial stability and financial sector issues, given the intention to leverage from the knowledge gleaned from London's position as a global financial centre. However, the Bank remains flexible to offering assistance in a range of other central bank policy and operations, including central service areas such as IT and HR to support an overall strengthening of institutional capacity. The precise scope of technical assistance will be tailored to the specific needs of the partner countries.

Implementation Plan

As provisionally set out in **Table 2,** in total, around 25 training/TA events would be run per year aimed at a much larger set of central banks than the pilot.

Phase Two will be divided into three phases: an initial design phase (3-6 months), a delivery phase (24 months), followed by an evaluation phase of 3 months.

In the initial design phase, the permanent project team will build relationships with central banks from the newly identified partner countries, perform needs assessments, and design tailored programmes of technical assistance. This will include initial desk-based analysis and contact with the partner central bank via email and telephone, followed by a mission visit. After the visit the expert would draw up a training and technical assistance plan. The team will also plan a new delivery programme for the 3 existing bilateral relationships and for 3 home thematic events. Before proceeding with the delivery phase, there would be a first review point to ensure all parties are content with these plans and, if necessary, to amend the budgeting. Some technical training will be provided by the Bank to the existing participating central banks and potential to new ones as set out in the annex.

In delivering the events, the core Bank project team would be supported by a pool of relevant experts seconded on a short-term basis drawn from the business areas of the Bank.

Results Measurement, Reporting and Reviews

Regular reporting on the programme's progression is required as outlined in the related Memorandum of Understanding. In line with DFID procedures, annual reviews will be conducted by DFID in March, starting in 2019 and ending in 2022. Ahead of the annual review, the Bank will submit a completed logical framework (logframe) reporting results against agreed targets. The Bank will also submit semi-annual progress reports by the 7th of March and September, covering activities and developments as at the end of the preceding quarter. An independent mid-term review will also be conducted in 2020, arranged by DFID and the Prosperity Fund.

Success at the end of the design phase for each country will be demonstrated by detailed needs assessments and tailored plans for technical assistance delivery that have been mutually agreed between the Bank, the partner central banks and DFID. Success at the end of the delivery phase for bilateral partner countries or regions (see **Table 2**) will be demonstrated by effective delivery of the agreed training/TA plans to the partner central banks, which will be assessed both quantitatively and qualitatively. Quantitative measures of success will be based on the delivery of specific objectives that have been agreed as part of the training/TA plans at the end of the design phase. There will be reference where possible to objective measures such as the level of compliance with relevant international standards.

Qualitative measures of success will be based on detailed feedback from the partner central banks regarding the quality of delivery, the extent of adoption and sustainability of changes post training / TA.

These considerations should be incorporated into the logframe for the programme which will be updated periodically and used to monitor and assess the work.

DFID will, either upon completion or at an earlier date, commission an independent review of the programme. In all cases, this review will be completed within 3 months of the programme's operational closure. The Bank will cooperate with any reasonable requests from the independent evaluator to allow for the completion of this review. Information required is expected to include, but is not limited to full financial reporting, details on the needs assessment and training/TA plans, information relevant to the delivery plan and progress thereon, reporting against logframe metrics, and information regarding the risk register. The independent evaluator may request further explanation on points related to the programme. Additionally, the Bank's views on the programme may be sought.

Resource Requirements

The programme will be led by two experienced Scale Ds one of whom will coordinate with the Bank's International Directorate (ID). This would allow for synergies to be exploited between different areas of the Bank (for ID, surveillance of EMDCs and on the global financial stability agenda; for CCBS, broader work to deliver central banking training programs) and the technical assistance work.

The 2 Scale Ds would be supported by a permanent project team in CCBS consisting of the equivalent of 5.8 permanent Bank experts – 3 Scale E relationship managers, 2.5 FTE support staff (1 scale G, 1 scale H and 0.5 research assistance) and 0.3 FTE of a Head of Division or equivalent (Scale C).

Our initial estimate for the total budget needs for the whole 33 months of the project is £6.1million – £5.5 million of which has been explicitly costed plus up to 10% for potential discretionary expenditure on follow ups requests (see the table in the **Appendix**). The explicit costings include £0.8m for the initial mainly design phase in the first 6 months and £2.2m per year for the delivery phase in steady state. These estimates would need to be refined following the completion of the design phase of the project. Costings and budgets should be reviewed every 6 months, to enable adjustment to costings or the business model if needed.

The programme would add to both the Bank's income and expenditure. These costs would be recovered through charging to DFID, including a proportionate share of the Bank- wide fixed overhead costs (e.g. Property, IT, HR, Finance, Legal etc). Funding will be provided by DFID under the terms of a Memorandum of Understanding, and will be paid quarterly in arrears, based on an agreed invoicing schedule and upon demonstration of need. Fund Accountability statements produced by the Bank will also provide DFID with independent assurance that its funds have been expended on the purposes intended.

Governance

An operational Steering Committee comprising staff with overall programme responsibility at DFID and the Bank will meet quarterly to review operational progress and consider strategic development of the initiative. Membership of the Steering Committee will be initially composed at minimum of the Head of the Centre for Central Banking Studies at the Bank and counterpart at DFID and Bank officers named as responsible for co-ordination of all matters relating to the MOU under paragraph 21 of the MoU, their successors, or a designated replacement authorised by them. Work plans, including the training and technical assistance plan, will be approved by the Steering Committee members either at the quarterly meeting or by email correspondence. For written requests, a 15 working day minimum period for response will be given. Additionally, as described above (see *Results Measurement, Reporting and Reviews)*, an annual completed logical framework (logframe) will be provided to DFID by March 7, and semi-annual progress reports by March 7 and September 7 between 2019 and 2022.

Appendix: Estimated Costs

The budget costs are estimated as follows:

	2019 H2 Scoping Phase Total (£m)	2020 Steady State Total (£m)	2021 Steady State Total (£m)	2022 Q1 Evaluations Total (£m)	DFID Phase 2 Programme Total (£m)
Core Team - Technical	0.48	0.98	0.99	0.25	2.70
Core Team - Admin	0.15	0.31	0.31	0.08	0.85
Core Team - Senior Support	0.04	0.08	0.08	0.02	0.23
Experts	0.08	0.47	0.48	-	1.03
Travel Bank Staff	0.07	0.22	0.22	-	0.51
Delegate travel costs*	0.01	0.09	0.09	-	0.18
Other Expenses	-	0.02	0.02	-	0.04
Contingency (10%)**	0.08	0.22	0.22	0.04	0.55
TOTAL	0.91	2.38	2.41	0.39	6.08

**This assumes that DFID funds up to 5 delegates from LLMICs for each of the global and regional events*

***To cover potential follow up requests*

Charges from Bank of England to DFID in relation to the Sponsored Technical Assistance Programme for Developing Countries will consist of 3 main components where the Bank of England will seek to recover costs associated with the programme. These consist of:

- A core team of 7.8 full time equivalent (FTE) staff who will support the programme for its entire length – 5 Technical staff, 2.5 Administration Staff and 0.3 Senior Support.
- A range of “Experts” who will spend shorter lengths of time assisting the programme
- Any travel related costs, other expenses or direct costs related to support the programme.

The **Core Team** will consist of the 7.8 FTE, 2 x Scale D, 3 x Scale E, 1 x Scale G, 1 x Scale H, 0.5 x Research Assistant and 0.3 Scale C. The **Experts** will work on the Programme for short periods of time to support specific training or technical assistance parts of the programme. For each of the countries we estimate the following expert resources:

- All experts are assumed to be Scale D
- For Away events (both bilateral and regional) each expert would spend 15 days per event (10 days prep, 5 days on site, 3 days travel).
- It is assumed that of the 20 proposed away events 2 staff are required at each with the core team providing the experts at 15 events and thus 25 experts from the wider Bank are required.
- At the bilateral Home events it is assumed 2 experts are required per event (10 days prep and 5 days onsite)

- For the Regional London thematic events it is assumed that up to 10 experts will be utilised per event (1 day each for preparation time and delivery). Each event will be organised and directed by someone from the core team.

Included within the staff costs estimates is an overhead allocation which covers Back office and Central costs (e.g. Technology, HR, Finance, property etc.) and is aligned to the banks cost allocation and funding models. This overhead is assumed to remain flat for the duration of the programme. In years 2, 3 and 4, a 2% increase per annum has been applied to vacancy rates and all direct costs (other than overheads) in line with expected inflation rate.

Staff working on the programme will adhere to the Bank wide travel and expenses policy.

We estimate that travel and expenses costs for the full programme to be in the region of **£0.73m** (including £0.07m delegate travel to London-based events, and £0.12m delegate travel to regional away events). In steady state, total travel and expenses costs will be in the region of £0.33m per year. The Bank's travel and expenses policy is published and available to view at:
https://www.bankofengland.co.uk/-/media/boe/files/about/human%20resources/travel-and-expenses-policy

We assume that delegates from partner institutions attending global and regional events will in most instances be self-funding. Where there is evidence of financial need, and based on prior DFID agreement, the Bank may either directly or via the partner institution organise flights and accommodation for delegates from LLMICs and charge this to DFID under the MoU. The flights for the delegates would be economy return and accommodation in a mid-range hotel.

Relationship visits:
During the scoping phase, it is planned that there will 5 visits – one per new country –in total by 2 members of the core team for 2 days. During the steady state phase (2020-2021) 16 visits per year – 2 for each of the 8 countries–by 1 member of the core team.

Scoping phase

- Relationship visits: 5 trips planned for 2 days each by 2 FTE from the core team
- Five events planned (3 bilateral and 1 regional) - all attended by 1 Expert and 1 core team member

Steady state

- Relationship visits: 16 planned for 2 days each by 1 FTE from the core team.

- 24 events planned (13 bilateral (1 hosted in London) and 11 regional (3 hosted in London).
- Home events (4 London events) will each run for 5 days.

Evaluation phase

- Core team costings only.
- No events planned.

The Bank of England would also want to recover any other expenses directly related to supporting the programme (e.g. materials, licences etc.).