June 24, 2010

Ms. Elisabetta Belloni
Director General, Development Cooperation
Ministry of Foreign Affairs
Directorate General for Development Cooperation (DGCS 8)
Piazzale della Farnesina 1, I-00194
Rome, ITALY

Trust Fund Administration Agreement between the Ministry of Foreign Affairs of Italy and the International Bank for Reconstruction and Development and the International Development Association concerning the Multi-Donor Trust Fund for Cultural Heritage and Sustainable Tourism (TF No. TF071501)

Dear Ms. Belloni,

1. We are pleased to acknowledge on behalf of the International Bank for Reconstruction and Development (“IBRD”) and the International Development Association (“IDA”) (collectively, the “Bank”) that the Ministry of Foreign Affairs of Italy (the “Donor”) shall make available as a grant the sum of one million United States Dollars (US$1,000,000) (the “Contribution”) for the Multi-Donor Trust Fund for Cultural Heritage and Sustainable Tourism (the “Trust Fund”) in accordance with the terms of this Agreement. Other donors are also expected to contribute to the Trust Fund on the terms and conditions specified in the Annexes to this Agreement.

2. The Contribution shall be used to finance the activities and the categories of expenditure set forth in the “Description of Activities, Expenditures and Governance for the Multi-Donor Trust Fund for Cultural Heritage and Sustainable Tourism” attached hereto as Annex 1, and shall be administered by the Bank on behalf of the Donor in accordance with the terms of this Agreement including the “Standard Provisions Applicable to the Multi-Donor Trust Fund for Cultural Heritage and Sustainable Tourism” (the “Standard Provisions”) attached hereto as Annex 2.

3. The Donor shall deposit the Contribution into such bank account designated by the Bank promptly following countersignature of this Agreement by the Donor and submission of a payment request by the Bank.
4. When making such deposit, the Donor shall instruct its bank to include in its payment details information (remittance advice) field of its SWIFT payment message, information indicating: the amount paid, that the payment is made by the Donor for TF071501 (Multi-Donor Trust Fund for Cultural Heritage and Sustainable Tourism), and the date of the deposit (the “Deposit Instruction”). In addition, the Donor shall provide a copy of the Donor’s Deposit Instruction to the Bank’s Accounting Trust Funds Division by e-mail sent to tfremitadvice@worldbank.org or by fax sent to (202) 614-1315.

5. Except as provided for in paragraph 4 above, any notice, request or other communication to be given or made under this Agreement shall be in writing and delivered by mail, facsimile or e-mail to the respective party’s address specified below or at such other address as such party notifies in writing to the other party from time to time:

For the Bank:

Ms. Abha Joshi Ghani
Sector Manager
Urban Development and Local Government Unit (FEUUR)
Finance, Economics, and Urban Department (FEU)
The World Bank
1818 H Street, NW
Washington, DC  20433
U.S.A.

Tel: +1 202 4733714
Fax: +1 202 522 3232
E-mail: ajoshighani@worldbank.org

For the Donor:

Ms. Elisabetta Belloni
Director General, Development Cooperation
Ministry of Foreign Affairs
Directorate General for Development Cooperation (DGCS 8)
Piazzale della Farnesina 1, I-00194
Rome, ITALY

Tel: +39 06 369 144 70
Fax: +39 06 323 589 2
E-mail: elisabetta.belloni@esteri.it
6. All annexes hereto constitute an integral part of this Agreement. This Agreement may be amended only in writing between the Bank and the Donor; provided, however, that such annexes may be amended only with the agreement of all donors contributing to the Trust Fund.

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

Sincerely,

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION

/s/ Zoubida Allaoua
Director
Finance, Economics and Urban Department

AGREED:

MINISTRY OF FOREIGN AFFAIRS OF ITALY

By: /s/ Elisabetta Belloni
Director General
Development Cooperation

July 10, 2010
Description of Activities, Expenditures and Governance for the Multi-Donor Trust Fund for Cultural Heritage and Sustainable Tourism

This Annex shall be applicable to and form an integral part of all agreements entered into between the Bank and entities (collectively, the “Donors”) that provide contributions (the aggregate of all contributions from the Donors, the “Contributions”) to be administered by the Bank for the Trust Fund.

A. DESCRIPTION OF ACTIVITIES

1. The objective of the Multi-Donor Trust Fund for Cultural Heritage and Sustainable Tourism (MDTF) is to support the preservation and adaptive reuse of cultural heritage assets in developing countries, and their integration into the sustainable development of humankind.

2. Cultural heritage assets define communities’ identity and can be leveraged as tools for local economic development and poverty reduction, especially through sustainable tourism. By supporting the preservation and adaptive reuse of cultural heritage assets, the Bank helps extend their value as vital, defining elements of local communities and ensures their continued use and preservation for the benefit of the present and future generations. This MDTF contributes to operationalize the Bank Urban Strategy, which emphasizes on the role of cultural heritage and sustainable tourism to support local economic development.

3. The MDTF will finance global, national, and regional initiatives for project development, institutional strengthening, and stand-alone pilots.

(a) Bank-executed activities will include:

   (i) Activities related to project development, including technical assistance to mainstream cultural heritage as a means of economic development and poverty reduction through new Bank projects.

   (ii) Activities related to institutional strengthening, including:
       • reducing the vulnerability of cultural heritage assets to natural disasters and climate change;
       • supporting capacity building, strengthening the management of cultural institutions, enterprises, partnership, and networks of institutions;
financing learning activities such as workshops, training, peer-to-peer learning, and production of materials to enhance the understanding of cultural heritage as a means of sustainable development.

- promoting studies for economic and social development at global, regional, and national levels; and
- unlocking the economic potential of cultural heritage and sustainable tourism, particularly within disenfranchised, fragile, or poor communities.

(b) **Recipient-executed activities** will include the financing of stand-alone pilots to demonstrate the positive linkage between cultural heritage and sustainable development, such as preserving a cultural heritage asset for demonstration purposes. The Bank will supervise the implementation of these stand-alone pilots, which could be financed on an exceptional basis, and funds permitting.

**B. CATEGORIES OF EXPENDITURE**

1. For Bank-Executed activities the Contributions may be used to finance (a) staff cost; (b) extended term consultants; (c) consultant fees; (d) contractual services; (e) temporary support staff cost; (f) travel expenses; (g) media and workshop costs; and (h) associated overheads.

2. For Recipient-Executed activities, the Contributions may be used to finance (a) goods; (b) works; and (c) consultants’ services.

The foregoing categories of expenditures may include the financing of taxes.

**C. GOVERNANCE STRUCTURE**

1. **Steering Group.** The Steering Group will provide overall strategic guidance for the implementation of the MDTF activities.

The Steering Group members consist of:

(a) one (1) representative from each Donor; and

(b) three (3) representatives from the Bank, consisting of the MDTF Administrator, the Sector Manager of the Urban Development and Local Government Unit (FEUUR), and the Director of Finance, Economics, and Urban Department (FEU).
The Steering Group will be responsible, inter alia, for:

(a) deciding the selection criteria for the two funding windows; providing input on strategic planning, priorities, and overall guidance on the implementation of the MDTF;
(b) reviewing the annual progress and financial reports on the implementation of the activities; and
(c) approving proposals over US$50,000, on a no-objection basis (via electronic communication), within fifteen (15) calendar days after receipt of the request.

The Steering Group will be chaired by the Bank. The decisions of the Steering Group are made by consensus. The Steering Group will meet initially when the MDTF becomes effective. Thereafter, it will meet at least once a year or when the Donors replenish the MDTF. All interim business will be addressed through electronic communication between the MDTF Administrator and the Steering Group.

2. Bank Committee. The Bank Committee will be responsible for reviewing proposals over US$50,000, evaluating them based on the criteria agreed with the Steering Group, carrying out proposal selection consistent with the objectives of the MDTF, and submitting the selected proposals and proposed allocation of funding for approval by the Steering Group on a no-objection basis.

The Bank Committee members consist of:

(a) six (6) Bank staff representing each of the regions, and designated by the MDTF Administrator;
(b) two (2) representatives from FEU, namely the Director of FEU and the Sector Manager of FEUUR; and
(c) the MDTF Administrator.

The Bank Committee will be chaired by the MDTF Administrator.

3. MDTF Administrator. The MDTF Administrator will be appointed by the Director of the FEU Department of the Bank and will be responsible for the administration and management of the MDTF, including coordinating disbursements, coordinating and interacting with and reporting to the Steering Group. The MDTF Administrator will also be responsible for approving proposals up to US$50,000 consistent with the objectives of the MDTF and the criteria agreed with the Steering Group. The MDTF Administrator will submit an annual report to the Steering Group on the progress of the implementation of activities.
4. **Funding Windows.** The MDTF has two funding windows:

(a) a biannual call for proposals over US$50,000, reviewed by the Bank Committee and subject to the Steering Group no-objection consistent with the objectives of the MDTF and the criteria agreed with the Steering Group; and

(b) a rolling review of proposals in amounts up to US$50,000, which will be approved by the MDTF Administrator consistent with the objectives of the MDTF and the criteria agreed with the Steering Group.
ANNEX 2

Standard Provisions Applicable to the Multi-Donor Trust Fund for Cultural Heritage and Sustainable Tourism

This Annex shall be applicable to and form an integral part of all agreements entered into between the Bank and the Donors that provide Contributions to be administered by the Bank for the Trust Fund.

1. Administration of the Contributions

1.1. The Bank shall be responsible only for performing those functions specifically set forth in this Agreement and shall not be subject to any other duties or responsibilities to the Donors, including, without limitation, any duties or obligations that might otherwise apply to a fiduciary or trustee under general principles of trust or fiduciary law. Nothing in this Agreement shall be considered a waiver of any privileges or immunities of the IBRD and IDA under their Articles of Agreement or any applicable law, all of which are expressly reserved.

1.2. The Contribution shall be administered in accordance with the Bank’s applicable policies and procedures, as the same may be amended from time to time, including its framework to prevent and combat fraud and corruption and its screening procedures to prevent the use of Bank resources to finance terrorist activity, in line with the Bank’s obligations to give effect to the relevant decisions of the Security Council, taken under Chapter VII of the Charter of the United Nations. The Donor acknowledges that this provision does not create any obligations of the Bank under the anti-terrorist financing and asset control laws, regulations, rules and executive orders of an individual member country that may apply to the Donor, nor shall it be deemed a waiver, express or implied, of any of the privileges and immunities of the Bank.

2. Commingling, Exchange and Investment of the Contributions

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

2.2. The Contributions may be freely exchanged by the Bank into other currencies as may facilitate their disbursement.
2.3. The Bank shall invest and reinvest the Contributions pending their disbursement in accordance with the Bank’s policies and procedures for the investment of trust funds administered by the Bank. The Bank shall credit all income from such investment to the Trust Fund to be used for the same purposes as the Contributions.

3. Administrative Cost Recovery

3.1. In order to assist in the defrayment of the costs of administration and other expenses incurred by the Bank under this Agreement, the Bank may deduct and retain for its own account an amount equal to three percent (3%) of each Contribution from the Contributions. In addition, costs for program management and supervision up to a maximum of US$124,653 will be charged to the Trust Fund on an actual basis. If the contributions increase beyond what was originally expected at the time of counter-signature of the first administration agreement, and the administrative costs increase as a result, the Donors acknowledge that an additional administrative fee may be applied to such new contributions.

4. Grants to Recipients

4.1. The Bank shall, as administrator of the Trust Fund on behalf of the Donors, enter into grant agreements (the “Grant Agreements”) with eligible recipients (the “Recipients”) consistent with the purposes of this Agreement and on the terms and conditions set forth in the Grant Agreements. Grant Agreements may be entered into up to the maximum amount of the Contributions that all Donors have agreed to make available under the Administration Agreements between the Bank and the Donors. Upon request by a Donor, the Bank shall furnish a copy of the Grant Agreements to the Donors.

4.2. The Bank shall be responsible for the supervision of the activities financed under the Grant Agreements. Subject to the consent of the relevant Recipients, representatives of the Donors may be invited by the Bank to participate in Bank supervision missions related to the Trust Fund.

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

5. Procurement

5.1. For Recipient-executed activities, the Grant Agreements shall provide that the Contributions shall be used by the Recipients to finance expenditures for goods and services, as the case may be, in accordance with the Bank’s Guidelines on “Procurement under IBRD Loans and IDA Credits” and the Bank’s Guidelines on the “Selection and
Employment of Consultants by World Bank Borrowers,” as in effect at the date of entry into the respective Grant Agreements.

5.2. For Bank-executed activities, the employment and supervision of any consultants and the procurement of any goods financed by the Contributions shall be the responsibility of the Bank and shall be carried out in accordance with its applicable policies and procedures.

6. **Accounting and Financial Reporting**

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

6.2. The Bank shall furnish to the Donors current financial information relating to receipts, disbursements and fund balance in the holding currency of the Trust Fund with respect to the Contributions via the World Bank’s Trust Funds Donor Center secure website. Within six (6) months after all commitments and liabilities under the Trust Fund have been satisfied and the Trust Fund has been closed, the final financial information relating to receipts, disbursements and fund balance in the holding currency of the Trust Fund with respect to the Contributions will be made available to the Donors via the World Bank’s Trust Funds Donor Center secure website.

6.3. The Bank shall provide to the Donors, within six (6) months following the end of each Bank fiscal year, an annual single audit report, comprising (1) a management assertion together with an attestation from the Bank’s external auditors concerning the adequacy of internal control over cash-based financial reporting for all cash-based trust funds as a whole; and (2) a combined financial statement for all cash-based trust funds together with the Bank’s external auditor’s opinion thereon. The cost of the single audit shall be borne by the Bank.

6.4. If a Donor wishes to request, on an exceptional basis, a financial statement audit by the Bank’s external auditors of the Trust Fund, the Donor and the Bank shall first consult as to whether such an external audit is necessary. The Bank and the Donor shall agree on the appropriate scope and terms of reference of such audit. Following agreement on the scope and terms of reference, the Bank shall arrange for such external audit. The costs of any such audit, including the internal costs of the Bank with respect to such audit, shall be paid by the requesting Donor.

6.5. The Bank shall provide the Donors with copies of all financial statements and auditors’ reports received by the Bank from the Recipients pursuant to the Grant Agreements.
7. **Progress Reporting**

7.1. The Bank shall provide the Donors with an annual report on the progress of activities financed by the Contributions. Within six (6) months of the final disbursement date specified in paragraph 8.2, the Bank shall furnish to the Donors a final report on the activities financed by the Trust Fund.

7.2. Any Donor may review or evaluate activities financed by the Trust Fund. The Donor and the Bank shall agree on the scope and conduct of such review or evaluation, and the Bank shall provide all relevant information within the limits of its policies and procedures. All associated costs shall be borne by the Donor. It is understood that any such review or evaluation will not constitute a financial, compliance or other audit of the Trust Fund.

8. **Disbursement; Cancellation; Refund**

8.1. It is expected that the Contributions will be fully disbursed by the Bank by December 31, 2013. The Bank shall only disburse Contributions for the purposes of this Agreement after such date with the written approval of the Donors.

8.2. Any Donor or the Bank may, upon three (3) months’ prior written notice, cancel all or part of the Donor’s pro rata share, of any remaining balance of the Contributions that is not committed pursuant to any agreements entered into between the Bank and any consultants and/or other third parties for the purposes of this Agreement prior to the receipt of such notice, including the Grant Agreements.

8.3. Following the final disbursement date specified in paragraph 8.1, the Bank shall return any remaining balance of the Contributions to the Donors or to the relevant Donor Balance Account on a pro rata basis based on the Donors’ paid Contributions. In the event of a cancellation the Bank shall promptly return to the relevant Donor or Donors or to the relevant Donor Balance Account the Donor’s pro rata share of uncommitted Contributions in accordance with paragraph 8.2.

9. **Disclosure**

The Bank may disclose this Agreement and information on this Trust Fund in accordance with the Bank’s policy on disclosure of information, in effect at the time of such disclosure. By entering into this Agreement, Donors consent to disclosure of this Agreement and information on this Trust Fund.