Administration Agreement between the Swiss Agency for Development and Cooperation and the International Development Association concerning the Kyrgyz Republic national Water Resources Management Project Single-Donor Trust Fund (No. TF072112)

1. The International Development Association (the “Bank”) acknowledges that the Swiss Agency for Development and Cooperation (the “Donor”, and together with the Bank, the “Parties” and each a “Party”) agrees to provide the sum of eight million five hundred twenty-six thousand three hundred sixteen United States dollars (US$8,526,316) (the “Contribution”) for the Kyrgyz Republic National Water Resources Management Project Single-Donor Trust Fund, No. TF072112 (the “Trust Fund”) in accordance with the terms of this Administration Agreement.

2. The Contribution shall be used to finance the activities set forth in the “Kyrgyz Republic National Water Resources Management Project Trust Fund Description” attached hereto as Annex 1, and shall be administered by the Bank on behalf of the Donor in accordance with the terms of this Administration Agreement, including the “Standard Provisions” attached hereto as Annex 2.

3. The Donor shall deposit the Contribution in accordance with the following schedule and in the currency specified in Section 1 above (“Contribution Currency”) into such bank account designated by the Bank (each amount deposited hereinafter referred to as an “Installment”) upon submission of a payment request by the Bank:

   (A) Promptly following countersignature US$ 2,315,789
   (B) By August 1, 2014 US$ 1,526,316
   (C) By February 1, 2015 US$ 1,736,842
   (D) By February 1, 2016 US$ 2,052,632
   (E) By February 1, 2017 US$ 894,737

4. When making any deposit, the Donor shall instruct its bank to include in its deposit details information (remittance advice) field of its SWIFT deposit message, information indicating: the amount deposited, that the deposit is made by the Donor for Trust Fund, No. TF072112 (the Kyrgyz Republic National Water Resources Management Project Trust Fund), and the date of the deposit (the “Deposit Instructions”). In addition, the Donor shall provide a copy of the Deposit Instructions to the Bank’s Accounting Trust Funds Division by e-mail sent to tfremitadvice@worldbank.org or by fax sent to +1 (202) 614-1315.

5. Except with respect to the Deposit Instructions, any notice, request or other communication to be given or made under this Administration Agreement shall be in writing and delivered by mail, fax 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 (the “Bank Contact”):

David Meerbach
Senior Water Resources Specialist
ECSAR – The World Bank
1818 H Street, N.W.
Washington, D.C. 20433
Tel: 202-458-8326
E-mail: dmeerbach@worldbank.org
For the Donor (the “Donor Contact”):

Bakyt Makhmutov
Senior Advisor/Policy and Water Resources
Embassy of Switzerland
21 Erkindik blvrd, 11th floor
Bishkek 720 040, Kyrgyzstan
www.eda.admin.ch/bishkek
www.swisscoop.kg
E-mail: bakyt.makhmutov@eda.admin.ch

6. In the event any amounts are to be returned to the Donor under this Administration Agreement, the Bank shall transfer such amounts to the Donor’s applicable donor balance account with the Bank, unless otherwise agreed with the Bank.

7. All annexes hereto constitute an integral part of this Administration Agreement, whose terms taken together shall constitute the entire agreement and understanding between the Donor and the Bank. Unless otherwise specified in an annex hereto, this Administration Agreement may be amended only by written amendment between the Bank and the Donor.

8. Each of the Parties represents, by confirming its agreement below, that it is authorized to enter into this Administration Agreement and act in accordance with these terms and conditions. The Parties are requested to sign and date this Administration Agreement, and upon possession by the Bank of this fully signed Administration Agreement, this Administration Agreement shall become effective as of the date of the last signature.

INTERNATIONAL DEVELOPMENT ASSOCIATION

By: [Signature]
Name: A. Kremer
Title: Country Manager
Date: 28 November 2013

SWISS AGENCY FOR DEVELOPMENT AND COOPERATION

By: [Signature]
Name: [Name]
Title: [Title]
Date: 28/11/2013
ANNEX 1

Kyrgyz Republic National Water Resources Management Project Trust Fund Description

This Annex shall be applicable to and form an integral part of the Administration Agreement for the Trust Fund between the Bank and the Donor.

1. Objectives

The objective of the Trust Fund is to improve water resources management capability and irrigation service delivery for the benefit of water users.

2. Activities

The activities (which may be described as “components” of activities) to be financed by the Trust Fund are:

2.1. Bank-executed activities, for which the Bank has implementation responsibility:

Providing implementation support and carrying out Project supervision for the Recipient-executed activities (in accordance with the Bank’s applicable policies and procedures). Said support shall include: (a) the carrying out of implementation support missions; (b) the preparation of aide-memoires, implementation status reports, and an implementation completion report; and (c) an extended assignment in the Kyrgyz Republic country office.

2.12. Recipient-executed activities, for which one or more Recipients (as defined in Annex 2) have implementation responsibility:

Component 1: Strengthening National Water Management Capacity

Improving the capacity of the Water Resources Management division of the Department for Water Resources and Land Improvement (DWRLI), for water resources planning and management and for implementing key elements of the Water Code through: (a) the installation of a digital information exchange system between DWRLI central, regional and district offices, including the training of staff and the establishment of a water information-system information technology (WIS-IT) team to maintain the system; (b) the development and implementation of a water information-system comprising a database of regularly updated water sector data, river and system flows, water abstractions and wastewater discharges; (c) the strengthening of the Water Resources Analysis and Planning unit for basin water resources management, including: (i) basin mapping; (ii) development of preliminary basin water management plans and a national water strategy on water resources; (iii) development and implementation of procedures for water and wastewater permits and determination of environmental flows; and (iv) sector expenditure and benefits review to develop a financing plan for the water resources sector; (d) the strengthening of the secretariat of the National Water Council and the secretariat for National Policy Dialogue for coordinating externally-financed water sector projects; (e) the financing of an information campaign on the critical developments, achievements and challenges in the water sector; (f) the development of background dossiers on key trans-boundary water issues; and (g) the carrying out of training for working groups and member of the Kyrgyz Republic delegation to the inter-state committees on presentation and negotiations in international fora on regional water issues and regional data sharing.
Component 2: Improving Irrigation Service Delivery to Water Users Associations

Strengthening DWRLI’s Irrigation and Drainage Management (IDM) division to: (a) improve the service delivery to water users; (b) increase the level of service fee collected from water users; and (c) increase the expenditure on system maintenance, all through the carrying out of a program of activities, including: (i) the provision of technical assistance to DWRLI to conduct inventories of irrigation and drainage schemes; (ii) the establishment of procedures for determining annual maintenance requirements and improving procedures for maintenance and repair works; and (iii) the carrying out of a pilot including the provision of technical assistance to DWRLI to implement advanced management, operation and maintenance planning and procedures centered around performance-based management of the IDM division.

Component 3: Improving Irrigation Management by Water Users Associations

Improving the capacity of Water Users Associations (WUAs) and the Federations of Water Users Associations (FWUAs) to: (a) provide better irrigation services to their members; (b) support water users’ organizations, including the local water councils and the National Union of WUAs; and (c) improve their capacity for coordination and management, all through the carrying out of a program of activities including: (i) the carrying out of an assessment and strengthening of WUAs to improve management of on-farm irrigation and drainage systems; (ii) the strengthening of WUA support units to provide better training to WUAs; (iii) the strengthening of FWUAs managing off-farm systems; (iv) the strengthening of water councils and the National Union of WUAs.

Component 4: Project Management

Carrying out Project management including, inter alia, administration, coordination, procurement, financial management and monitoring, management of environmental and social safeguards, and evaluation of the Project.

3. Eligible Expenditures

3.1. For Bank-executed activities, the Trust Fund funds may be used to finance:

(a) Associated Overheads
(b) Consultant Fees Individuals and Firms
(c) Contractual Services
(d) Equipment and Office Premises Lease Cost
(e) Extended Term Consultant – No Indirects
(f) Extended Term Consultants
(g) Field Assignment Benefits
(h) Media, Workshop, Conference and Meeting
(i) Staff Costs – with Indirect Costs
(j) Temporary Support Staff Costs
(k) Temporary Staff Costs – No Indirects
(l) Travel Expenses

3.1.2. For Recipient-executed activities, the Trust Fund funds may be used to finance eligible expenditures in accordance with the Bank’s applicable policies and procedures.
3.1.2. For Recipient-executed activities, the Trust Fund funds may be used to finance:

(a) Civil Works  
(b) Consulting  
(c) Goods  
(d) Operating Costs  
(e) Training

4. Taxes

4.1 The foregoing activities and categories of expenditures may include the financing of taxes in accordance with the Bank’s applicable policies and procedures.
Standard Provisions

This Annex shall be applicable to and form an integral part of the Administration Agreement for the Trust Fund between the Bank and the Donor, it being understood that any plural references in the annexes to Donors, Administration Agreements, Contributions and pro rata shares shall be read as singular references to the Donor, its Administration Agreement, its Contributions thereunder and the remaining uncommitted balance of the Trust Fund, respectively.

1. Administration of the Contributions

1.1 The Bank shall be responsible only for performing those functions specifically set forth in this Administration 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 Administration Agreement shall be considered a waiver of any privileges or immunities of the Bank under its Articles of Agreement or any applicable law, all of which are expressly reserved.

1.2 Each Donor's Contribution (collectively, the "Contributions") 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 procurement, financial management, disbursement and safeguard policies, 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 of Charter of the United Nations. The Donors acknowledge 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 a Donor.

2. Management of the Contributions

2.1 The funds deposited in the Trust Fund shall be accounted for as a single trust fund and shall be kept separate and apart from the funds of the Bank. The funds deposited in the Trust Fund may be commingled with other trust fund assets maintained by the Bank. The Bank, in its capacity as trustee, has legal title to the funds deposited in the Trust Fund.

2.2 The currency in which the funds in the Trust Fund shall be held is United States Dollars (the "Holding Currency").

2.3 Donors agree to deposit their Contributions in the Contribution Currency stated in their respective Administration Agreements. In the case of deposits received in a Contribution Currency other than the Holding Currency, promptly upon the receipt of such amounts and the accompanying Deposit Instructions, the Bank shall convert such amounts into the Holding Currency at the exchange rate obtained by the Bank on the date of the conversion. Where deposits prove to be insufficient to complete activities as a result of exchange rate fluctuations, neither the Bank nor the Donor shall bear any responsibility for providing any additional financing.

2.4 The funds deposited in the Trust Fund may be freely exchanged by the Bank into other currencies as may facilitate their disbursement at the exchange rate obtained by the Bank on the date of the conversion.
2.5 The Bank shall invest and reinvest the funds deposited in the Trust Fund pending their disbursement in accordance with the Bank's applicable policies and procedures for the investment of trust funds administered by the Bank. The Bank shall transfer all income from such investment to the Donor's applicable donor balance account with the Bank.

3. **Trust Fund Fees and Costs**

3.1 The Bank shall deduct and retain for its own account, as a deduction from each Installment, an amount equal to two percent (2%) per Installment as an administrative fee for the Trust Fund.

3.2 In addition, costs incurred by the Bank for other expenses, such as for program management and Trust Fund administration, that are: (i) not covered by the percentage deduction specified above as an administrative fee; and (ii) not included under Annex 1 of the Administration Agreements in accordance with the Bank's applicable policies and procedures shall be charged to the Trust Fund on an actual basis up to a maximum of one point six percent (1.6%) of the total Contributions under all Administration Agreements.

3.2.3. Each Donor acknowledges and agrees that the percentage deductions for fees in this Trust Fund Fees and Costs section are estimated on the basis of anticipated Contributions. If actual Contributions significantly differ from what was originally anticipated at the time of signature of the first Administration Agreement, or if other circumstances affecting Trust Fund fees or costs change, the Bank reserves the right to request a change to the terms of this Trust Fund Fees and Costs section, which would be effectuated by amendments made to the Administration Agreements of all Donors and which would thereafter be applicable to all new Contributions that are provided either as amendments to supplement existing Administration Agreements or from new Donors under new Administration Agreements.

4. **Accounting and Financial Reporting**

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

4.2 The Bank shall furnish to the Donors current financial information relating to receipts, disbursements and fund balance in the Holding Currency 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 with respect to the Contributions shall be made available to the Donors via the World Bank's Trust Funds Donor Center secure website.

4.3 The Bank shall provide to the Donors via the World Bank's Trust Fund Donor Center secure website, within six (6) months following the end of each Bank fiscal year, an annual single audit report, comprising: (i) 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 (ii) 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.

4.4 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 borne by the requesting Donor.
4.5 The Bank shall make available to the Donors copies of all financial statements and auditors’ reports received by the Bank from Recipients pursuant to any Grant Agreements (as defined below) in accordance with the Bank’s Access to Information Policy.

5. **Progress Reporting**

5.1 The Bank shall provide the Donors with semi-annual reports on the progress of activities financed by the Contributions. Within six (6) months of the End Disbursement Date (as defined below), the Bank shall furnish to the Donors a final report on the activities financed by the Trust Fund.

5.2 Any Donor may review or evaluate activities financed by the Trust Fund at any time up to six (6) months following the End Disbursement Date. 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 the Bank’s applicable policies and procedures. All associated costs, including any costs incurred by the Bank, 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.

6. **Disbursement; Cancellation; Refund**

6.1 It is expected that the funds deposited in the Trust Fund will be fully disbursed by the Bank by December 31, 2017 (the “End Disbursement Date”). The Bank shall only disburse funds deposited in the Trust Fund for the purposes of this Administration Agreement (other than returns to Donors) after such date to the extent such date is changed in accordance with amendments made to the Administration Agreements of all the Donors. Following the End Disbursement Date, the Bank shall return any remaining balance of the Trust Fund to each Donor in the Holding Currency in the manner specified in its respective Administration Agreement on a pro rata basis with regard to the total funds deposited in the Trust Fund by such Donor relative to the total funds deposited in the Trust Fund by all Donors, all calculated as Holding Currency amounts.

6.2 Any Donor may cancel all or part of such Donor’s pro rata share, and the Bank may cancel all or any Donors’ pro rata shares, upon three (3) months’ prior written notice, of any Contributions (paid and not yet paid) that are not committed pursuant to any agreements entered into between the Bank and any consultants and/or other third parties for the purposes of this Administration Agreement, including any Grant Agreements, prior to the receipt of such notice. In the event of a cancellation, the Bank shall return to the relevant Donor or Donors in the Holding Currency in the manner specified by each such Donor in its respective Administration Agreement the pro rata share(s) of any such uncommitted balance of the Trust Fund, in accordance with any additional terms that may be agreed between the Bank and each such Donor.

7. **Disclosure; Dispute Resolution**

7.1 The Bank shall disclose the Administration Agreements and related information on this Trust Fund in accordance with the Bank’s Policy on Access to Information. By entering into Administration Agreements, the Donors consent to such disclosure of their respective Administration Agreements and such related information.

7.2 The Donors and the Bank shall use their best efforts to amicably settle any dispute, controversy, or claim arising out of or relating to the Administration Agreements.
8. **Grants to Recipients**

8.1 The Bank shall, as administrator of the Trust Fund on behalf of the Donors, enter into one or more grant agreements (the “Grant Agreements”) with recipients (the “Recipients”) consistent with the purposes of this Administration 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.

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

8.3 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.