Administration Agreement between the Government of Flanders, acting through the Flanders International Cooperation Agency and the International Bank for Reconstruction and Development and the International Development Association concerning the Malawi ASWAp Support Project Multi-Donor Trust Fund (No. TF072023)

1. We are pleased to acknowledge on behalf of the International Bank for Reconstruction and Development and the International Development Association (collectively, the “Bank”) the intention of the Government of Flanders, acting through the Flanders International Cooperation Agency (the “Donor”), and together with the Bank, (the “Parties” and each a “Party”) to make available as a grant the sum of five million three hundred thousand Euros (€5,300,000.00) (the “Contribution”) as indicated in the Donor’s letter of January 24, 2013 for the Malawi ASWAp Support Project Multi-Donor Trust Fund, No. TF072023 (the “Trust Fund”) in accordance with the terms of this Administration Agreement. Other donors are also expected to contribute to the Trust Fund on the terms and conditions specified in the Annexes to this Administration Agreement.

2. The Contribution shall be used to finance the activities set forth in the “Malawi ASWAp Support Project Multi-Donor 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 and “Governance” attached hereto as Annex 3.

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 and supporting documentation (such as financial statements and progress reports).

   (A) Promptly following countersignature: €1,325,000.00
   (B) By December 31, 2013 €1,325,000.00
   (C) By June 30, 2014 €1,325,000.00
   (D) By December 31, 2014 €1,325,000.00

4. Where appropriate to do so in the opinion of the Bank, the Bank will publicly acknowledge the Donor’s support to the Trust Fund.

5. 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 TF072023 (the Malawi ASWAp Support Project Multi-Donor 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.
6. 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"):**

Name: Mr. Tijan Sallah  
Title: Sector Manager  
Department: Agriculture and Rural Development, Africa Region (AFTA3)  
The World Bank  
1818 H Street, NW  
Washington, DC 20433  
U.S.A.  
Tel: +1-202-4732977  
E-mail: tsallah@worldbank.org

**For the Donor (the "Donor Contact"):**

Nikolas Bosscher  
Country Representative  
Flanders International Cooperation Agency  
Arwa House, Unit 3, Lilongwe, Malawi  
Tel.: +265 (0)1 774 188  
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E-mail: nikolas.bosscher@ficamw.com

7. 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.

8. 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; provided, however, that any annexes to this Administration Agreement may be amended only by written amendment of all donors contributing to the Trust Fund.
9. 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 BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION
By: 
Name: VKUNDHAUI KADIRERAN 
Title: COUNTRY DIRECTOR 
Date: JUNE 17, 2013 

GOVERNMENT OF FLANDERS, Acting through the FLANDERS INTERNATIONAL COOPERATION AGENCY
By: 
Name: ANDE VAN AVERME 
Title: ACT ADMINISTRATOR GENERAL 
Date: 07 06 13
Malawi ASWAp Support Project Multi-Donor Trust Fund Description

This Annex shall be applicable to and form an integral part of all administration agreements for the Trust Fund (collectively, the “Administration Agreements” and each an “Administration Agreement”) between the Bank and any entities that provide any funds to the Trust Fund (collectively, the “Donors”).

1. Objectives

The objectives of the Trust Fund are to improve the effectiveness of investments aimed at food security and sustainable agricultural growth, and strengthen the natural resource base in agricultural lands, through a doubling of the area under sustainable land management as a basis for securing ecosystem services and sustainable agricultural productivity.

2. Activities

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

2.1 Bank-executed component, for which the Bank has implementation responsibility:
Carrying out enhanced supervision activities aimed at providing the Recipient with effective implementation options, including providing advisory services in the form of independent studies, proposing innovative approaches, and bringing international experience and references. Bank executed activities will be defined in Annual Programmes (APs). The APs will be shared with the TF’s management committee (TFMC).

2.2 Recipient-executed components, for which one or more Recipients (as defined in Annex 2) have implementation responsibilities:

A. Component 1: Institutional Development and Capacity Building in Support of the Agricultural Sector Wide Approach (ASWAp)

Carrying out a program aimed at improving the capacity of the Recipient’s ministry responsible for agriculture and food security (MoAFS) in planning, implementation, monitoring and evaluation of public investments in the agricultural sector, including:

(a) provision of support to ASWAp management and coordination (including a targeted core functional analysis);
(b) provision of support to planning, monitoring and evaluation (indicators, underlying statistics and estimates, data collection, analysis and reporting systems to strengthen impact and performance monitoring).
(c) provision of support to technical skills development at central, district and agricultural development division levels;

(d) provision of support to administrative system development (strengthening of financial management, procurement, human resource and asset management systems) at central, district and agricultural development division levels; and

(e) provision of support to land administration capacity strengthening (including land administration structures at district, regional and national level, procurement of aerial and satellite imagery and maps, land management studies) and provision of goods required for the purpose.

B. **Component 2: Sustainable Food Security, Agricultural Growth and Diversification**

Carrying out a program aimed at increasing food security by supporting the existing and generalized maize-based subsistence farming system, while encouraging diversification and marketing and promoting public-private investments, including:

(a) provision of capacity-building support to smallholder production systems by: (i) scaling up research and extension activities (on, *inter alia*, farm trials on new varieties of different crops, demonstrations on nutrient management and conservation agriculture techniques, post-harvest loss reduction) to increase the adoption rate of selected technologies diversified crops (cereals, roots and tubers, pulses and leguminous, agro-forestry productions, etc.) and livestock productions by farmers; (ii) expanding the coverage and improving the quality of extension activities to reach out to more farmers by promoting innovative and more pluralistic extension methodologies (use of lead farmers, contract out to non-governmental organizations, dissemination via radio, brochures and pamphlets, phone text messages, training);

(b) provision of support to the design, programming and implementation of the Farm Input Subsidy Program (FISP), including support to: (i) improving the efficiency of the FISP in terms of procurement, tracking of fertilizer and seeds distribution and implementation time line; (ii) operating the FISP logistics unit; (iii) purchasing of seed supplies; (iv) increasing maize and legume seeds availability; (v) improving the quality of seeds through enhanced seed certification and quality monitoring procedures, including independent testing of seed quality; (vi) securing the voucher system (additional safety features or electronic voucher); (vii) strengthening the transparency of FISP targeting (display/publication of the beneficiary lists in public domain) and the beneficiary complaint mechanism; and (viii) ensuring close monitoring and evaluation, including an independent impact evaluation;

(c) provision of support to the strengthening of market based agricultural risk management strategies (including payment of weather derivative contracts and insurance premium to cover agricultural production, studies on macro- and micro-weather insurance schemes, technical assistance to develop warehouse receipt systems);
(d) provision of support to improve legume crop production and marketing (including feasibility and value chain studies on legume production, processing and marketing, need assessment for related infrastructure development), to promote legume seed production, to facilitate formation and strengthening of legume seed growers and producers’ organizations and cooperatives, source and distribute high quality legume seed for multiplication, to improve seed inspection and technical supervision and support to seed multipliers; and

(e) provision of support to improve the agricultural business environment and promote agribusiness partnerships (including studies relating to the promotion of private investments in agriculture and provision of training; identification and preparation of public-private investments; workshops designed to promote alliances between smallholder farmers and agri-business entrepreneurs).

C. **Component 3: Project Coordination**

Carrying out of a program of activities designed to enhance the capacity of the Recipient’s ministry responsible for agriculture for Project coordination, management, monitoring and evaluation.

D. **Component 4: Improvement and Maintenance of Unpaved Rural Roads**

Carrying out of a program of activities designed to facilitate farmer access to agricultural markets in selected districts, such program to include:

(a) carrying out improvement works on unpaved rural roads in areas with proven agricultural potential, including: (i) spot-improvements, (ii) rehabilitation of unpaved roads, and (iii) surfacing using low-volume sealed road techniques;

(b) provision of support for strengthening the capacity of the bodies responsible for implementing and monitoring this Component 4 in selected districts; and

(c) establishment of rural roads maintenance systems and provision of compensation in accordance with the Resettlement Action Plans.

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 Consultants-No Indirects; (f) Extended Term Consultants; (g) Field Assignment Benefits; (h) Media, Workshop, Conference and Meeting: (i) Staff Costs —with Indirect Costs; (j) Staff Costs — No Indirect Costs; (k) Temporary Support Staff Costs; (l) Temporary Staff Costs — No Indirects; and (m) Travel Expenses.
3.2 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; and (f) Other.

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.

5. Program Criteria

5.1 Activities are to be financed in accordance with the following program criteria:
The MDTF will have two sets of activities: (i) Recipient executed activities to support the achievement of the Project development objective; and (ii) Bank executed activities to provide implementation support to MoAFS, to ensure fiduciary supervision and to monitor and evaluate implementation outputs and outcomes.

Recipient executed activities will be framed by a programmatic approach and based on Annual Work Plans and Budgets (AWPBs). Proposed activities presented in AWPBs will need to contribute to achieving the objectives of the ASWAp and fall within the thematic areas it supports. AWPBs will be consistent with the Project's overall objectives and detailed component descriptions laid out in the Project Paper. AWPBs will provide sufficient budget detail within subcomponents to allow for individual activities to be identified. Once received from MoAFS, AWPBs will be appraised and assessed as required under Bank’s operational policies and then submitted to the TFMC by the Bank team. MoAFS will give the Bank and the TFMC a reasonable time to review the proposed work plan. Only those activities that have been included in the Annual Work Plan will be eligible for inclusion in the Project and to be financed by the MDTF. No additional ad hoc or emergency activities will be included without prior authorization of the Bank and, if needed, consultation with the TFMC.

Bank executed activities will be defined in APs and shared with the TFMC. Proposed activities presented in APs will need to contribute to achieving the objectives of the ASWAp and fall within the thematic areas it supports.
ANNEX 2

Standard Provisions

This Annex shall be applicable to and form an integral part of all Administration Agreements between the Bank and the respective Donors.

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 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 credit all income from such investment to the Trust Fund to be used for the same purposes as the Contributions.

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 one six percent (1.16%) of the total Contributions under all Administration Agreements.

3.3 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 Following the End Disbursement Date of the Trust Fund, the Bank will cause a financial statement audit of the Trust Fund to be performed by the Bank's external auditors. The costs of such an audit, including the internal costs of the Bank with respect to such audit, will be charged to the Trust Fund. In the event that there are insufficient funds in the Trust Fund to pay for such an audit, the Bank will request that each Donor pay its pro-rata share of the shortfall. The Bank will provide the Donors with a copy of such audited financial statements. If the Trust Fund is extended beyond June 30, 2017, the Bank and the Donors will agree to reassess the audit period.

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 June 30, 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.
ANNEX 3

Governance

This Annex shall be applicable to and form an integral part of all Administration Agreements between the Bank and the respective Donors.

1. The approach to the governance of the MDTF will follow that adopted for the on-going ASWAp-Support Project, with the MTDF being coordinated with the government’s existing management structure for the ASWAp. A Trust Fund Management Committee (TFMC), the main oversight body for the trust fund, will be established to monitor the operation and effectiveness of the MTDF. The TFMC will comprise MTDF contributors and the Bank as Trust Fund Administrator. The main functions of the TFMC will be to:
   (a) review and monitor the implementation of the MDTF in line with GoM’s overall ASWAp;
   (b) review and approve AWPBs submitted for funding out of the MDTF;
   (c) monitor progress on the annual MDTF work program/plan, budgetary allocation/funding commitments and disbursements and any other adjustments that may be necessary; and
   (d) consider the Annual Programmes (APs) prepared by the Bank for enhanced supervision, including missions plans, additional independent technical studies or consultancies that may be required to clarify issues among donors or better advise on Project implementation options.

2. The MDTF Administrator and partners may request TFMC meetings but the Committee will meet no less than semi-annually to:
   (a) review AWPBs submitted no later than April 30 each year by the MoAFS to the World Bank for no objection. The TFMC will review and provide recommendations on AWPBs which will be submitted by the ASWAp secretariat and appraised by the Bank during the implementation of the MDTF. The submission and approval process will follow existing procedures specified in more detail in the Project Implementation Manual. TF contributors will be invited to comment and provide recommendations on the overall AWPB or on part of it according to their topics of interest. The TFMC retains the right to withhold approval of components of the AWPB;
   (b) review APs shared no later than April 30 each year by the World Bank. TF contributors will be invited to comment and provide recommendations on the AP; and
   (c) monitor implementation progress with the objective of ensuring smooth implementation of the funded sub-projects and the overall effectiveness of the program. The WB will organize at least once a year an implementation support mission where TF contributors will be invited to participate and/or contribute according to their topics of interest. Field trips will be organized on regular and ad hoc basis. TF contributors will be invited to contribute to discussion on technical issues based on their respective topics of interest.

3. Decisions will be by consensus of all members present at a decision meeting. Documents may be circulated electronically for decisions, failure to respond within a reasonable review period will signify consent. Final decision and no objection related to MDTF activities and funding will rest with the Bank as the TF administrator.