Administration Agreement between the Norwegian Ministry of Foreign Affairs and the International Bank for Reconstruction and Development and the International Development Association concerning the Multi-Donor Trust Fund for the South Asia Water Initiative Phase-2 (Trust Fund No. TF071929)

Excellency:

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 Norwegian Ministry of Foreign Affairs (the "Donor") shall make available, subject to Parliamentary appropriations, as a grant the sum of not exceeding eighteen million Norwegian Kroner (NOK18,000,000.00) (the "Contribution") for the Multi-Donor Trust Fund for the South Asia Water Initiative Phase-2 Trust Fund (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 Arrangements under the Multi-Donor Trust Fund for the South Asia Water Initiative Phase-2 Trust Fund" 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 the South Asia Water Initiative Phase-2 Trust Fund" (the "Standard Provisions") attached hereto as Annex 2.

3. The Donor shall deposit the Contribution into such bank account designated by the Bank and following a submission of a payment request by the Bank, in installments in accordance with the following schedule:

   (a) promptly following countersignature of this Agreement by the Donor and submission of a payment request by the Bank, a first installment in the amount of six million Norwegian Kroner (NOK 6,000,000);
(b) on or before October 1, 2014, a second installment in the amount of six million Norwegian Kroner (NOK 6,000,000) and submission of a payment request by the Bank;

(c) on or before October 1, 2015, a third installment in the amount of 3 million Norwegian Kroner (NOK 3,000,000) and submission of payment request by the Bank;

(d) On or before October 1, 2016, a fourth installment in an amount not exceeding the remaining funds of the Contribution, and submission of a payment request by the Bank.

If the speed of the implementation of the Activities to be financed by the Trust Fund makes it necessary either to bring payments forward or to delay them, changes in the above schedule will be agreed by the Bank and the Donor.

4. When making each 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 TF071929 (the South Asia Water Initiative Phase-2 Trust Fund), 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. The Bank shall convert the Contribution funds into the holding currency of the Trust Fund, namely United States Dollars, promptly upon receipt of the Contribution funds and the Deposit Instruction containing the information specified in paragraph 4 at the exchange rate obtained by the Bank on the date of the conversion. Where the Contribution proves to be insufficient to complete the activities as a result of an exchange rate fluctuation, neither the Bank nor the Donor shall bear any responsibility for providing any additional financing.

6. 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:

William Young
Lead Water Resources Management Specialist, SASDI
The World Bank
HT (Hindustan Times) House
Ground Floor
18-20 Kasturba Gandhi Marg
New Delhi – 110001, India
7. 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.

8. 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

[Signature]
Alexander Anthony Ferguson
Acting Regional Vice President
South Asia Region

AGREED:

NORWEGIAN MINISTRY OF FOREIGN AFFAIRS
By: 
Date: 5.11.2013
Name: Eivind S. Homme
Title: Ambassador
ANNEX 1

Description of Activities and Expenditures and Governance Arrangements under the South Asia Water Initiative Phase-2 Multi-Donor Trust Fund

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

The Project Development Objective is to increase regional cooperation in the management of the Himalayan River systems to deliver sustainable, fair and inclusive development and climate resilience.

(i) Bank-Executed Trust Fund Activities:

SAWI will support activities relating to the management of river basins rising in the Greater Himalayas, in the countries of Afghanistan, Bangladesh, Bhutan, China, India, Nepal and Pakistan. The program will be structured around five key Focus Areas: the Ganges Basin, the Brahmaputra Basin, the Indus Basin, the Sundarbans Landscape, and Regional Cooperation. Specific outputs and the outcomes to which they contribute will be identified in the Focus Area Strategies at the basin, sub-basin/landscape, and regional levels. At the Program level there will be two inter-related components:

Component 1: Building Cooperation and Governance

Systematic dialogue (e.g., policy and practice debates engaging governments, opinion-makers, civil society, private sector and media) will be facilitated on transboundary opportunities and policy development at the regional and national levels, and among development partners. Efforts will be made to reach out to women and disadvantaged groups in order to ensure that concerns and opportunities relating to gender and inclusiveness are identified. These dialogues will lead to improved common understanding, better priority setting, greater stakeholder ownership of interventions, enabled policy environments, and calls for action.

Learning: Capacity Building. Prioritized shared learning activities will be delivered to build capacity and skills, and to offer opportunities for regional practitioners to develop de facto networks of practice. Particularly in fragile states, SAWI will support activities to enhance the capacity of officials and other stakeholders to manage water (e.g., flood forecasting, institutional development, basin modeling) and to engage in transboundary activities (e.g., international water law, negotiations.) These efforts will contribute to more effective engagement on transboundary issues, better management practices and more successful implementation of related activities.
Component 2: Supporting Knowledge and Investments

Knowledge: Analysis and Policy Development. High quality, policy relevant knowledge bases will be built in at least three important basins or landscapes. The process of knowledge development and dissemination will be emphasized to ensure quality, ownership and uptake, and SAWI dialogues will be used as key platforms for knowledge sharing. Accessibility (e.g., open access data platforms) will also be emphasized. These efforts will contribute to more informed policy debates, greater legitimacy of positions/decision taken and better designed interventions.

Action: Investment Design. Five genuine transboundary reform processes and/or investments will be supported. Great potential exists in the region for transboundary cooperation on water resources related opportunities and risks at different levels: at the regional (e.g., hydro meteorological information, disaster risk management, hydropower development), river basin (e.g., integrated river basin management, conjunctive use of surface and groundwater, sediment management) and landscape levels (e.g., glaciers, mangroves). These actions would contribute to greater sustainability and productivity of rivers and ecosystems, the protection of lives and livelihoods against disasters, and enhanced resilience to climate change. Potentially, these efforts could also help diminish regional tensions around transboundary waters.

(ii) **Recipient-Executed Trust Fund Activities:**

Supporting the client countries in specific activities to be carried out in line with enhancing their capacity and in contributing to the SAWI-2 objectives, including: pilots, capacity building, study tours, research grants, show cases, exchange of knowledge and best practice on specific issues relevant to SAWI-2.

**B. CATEGORIES OF EXPENDITURE**

(i) For Bank-Executed activities the Contributions may be used to finance: (a) associated overhead; (b) consultant fees individuals and firms; (c) contractual services; (d) equipment and office premises lease cost; (e) extended term consultants—No indirects; (f) extended terms 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; and (l) travel expenses.

(ii) For Recipient-Executed activities, the Contributions may be used to finance: (a) civil works; (b) consultant services; (c) goods; (d) operating costs; (e) training; and (f) grants.

The foregoing categories of expenditures may include the financing of taxes.
C. GOVERNANCE STRUCTURE

An annual meeting of the MDTF Committee (SAWI Partners) will review progress, update and approve the Focus Area Strategies, and finalize an Annual Report. It will assess progress against planned results and consider what changes are needed to maximize the likelihood that long term outcome indicators are achieved. Within the components, the decision on allocation of funds will be based on Focal Area Strategies and understandings reached during the annual meeting of the MDTF Committee.

The World Bank will be responsible for the day-to-day administration of the MDTF in accordance with administration arrangements with SAWI partners. The responsibility of 'no-objection' to activities rests with the World Bank. The overall MDTF will be supervised by the SAWI Team Leader/TF Manager, reporting directly to the SASDI Sector Manager. The SAWI Team Leader/TF Manager and SASDI Sector Manager will process all proposals in accordance with required fiduciary procedures and the objectives of the Trust Fund. Individual Focus Area Leaders will be appointed and be responsible for the development of the Focus Area Strategy and for reporting on implementation progress. Individual Task Team Leaders will manage each grant funded activity supported by the Trust Fund.
ANNEX 2

Standard Provisions Applicable to the South Asia Water Initiative Phase-2 Multi-Donor Trust Fund

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 two percent (2%) of each Contribution from the Contributions. In addition, costs for program management and administration up to a maximum of 7% 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 selected in accordance with the governance terms of Annex 1 (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 Agreement 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 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.

4.4. The Bank shall include a provision in each Grant Agreement that the Recipient will: (i) not use the proceeds of the grant for the purposes of any payment to persons or entities, or for the import of goods, if such payment or import, to the Recipient’s knowledge or belief, is prohibited by decisions of the United Nations Security Council take under Chapter VII of the Charter of the United Nations, and if applicable, (b) include a corresponding provision in any sub-grant agreements that the Recipient enters into with entities to which the Recipient makes the grant funding available.
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 8.1, 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, 2017. 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 will disclose this Agreement and related information on this Trust Fund in accordance with the World Bank Policy on Access to Information. By entering into this Agreement, Donors consent to disclosure of this Agreement and related information on this Trust Fund.