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TF070380

The World Bank
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION

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August 10, 2012

Drs K. P. Roelofs
Head Environment and Water Division
P.O. Box 20061
Ministry of Foreign Affairs
2500 EB The Hague
The Netherlands

Administration Arrangement between the Kingdom of the Netherlands and the International Bank for Reconstruction and Development and the International Development Association (collectively the "Bank") concerning a Grant to the TerrAfrica Leveraging Fund (Trust Fund Number TF070380)
Amendment to the Administration Arrangement

Dear Mrs. Roelofs:

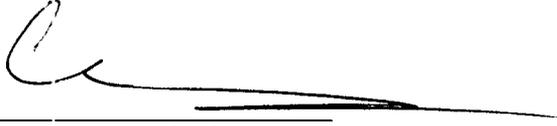
We refer to the Administration Arrangement ("Arrangement"), as amended to date, between the Kingdom of the Netherlands, represented by the Ministry of Foreign Affairs (the "Donor"), and the International Bank for Reconstruction and Development and the International Development Association (collectively "the Bank"), dated December 4, 2007, concerning the TerrAfrica Leveraging Fund, and to our recent discussions to amend specific provisions of the Arrangement.

We, therefore, propose to delete in their entirety Annex I and Annex II of the Arrangement to be replaced with the new Annex I and Annex II as shown in attachments to this amendment letter.

Except as amended herein, all other terms and conditions of the Arrangement, shall remain unchanged.

Please confirm your agreement to these proposed amendments by countersigning and dating a copy of this amendment letter in the space provided and returning the countersigned copy to the World Bank. These amendments will take effect upon receipt by the World Bank of a countersigned copy of this amendment letter.

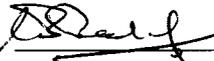
Sincerely,



Anna Bjerde
Acting Director, Sustainable Development Department
Africa Region

CONFIRMED AND AGREED:

Kingdom of the Netherlands

By: 
Title: Head, Environment and Water Division
Name: Karin P. Roelofs
Date: 6-9-2012

Description of activities and expenditure categories under the Project

Institutional Background

1. The institutional structure is based on a two-tier arrangement, involving an existing Partnership (as defined below) and an existing Multi-donor Trust Fund:
2. The TerrAfrica Initiative for Sustainable Land Management in Sub-Saharan Africa (the “Partnership”) is a Global Partnership Program (GPP) established by resolution of the Constitutive Meeting of the Executive Committee of the Partnership held in Paris on September 15, 2005.
3. The Partnership was established among partners including, at the time of establishment, representatives of Sub Saharan African countries, international organizations, regional organizations, bilateral institutions, scientific organizations and civil society. It is a regional platform to enable governments of sub-Saharan Africa, the international development community and other global, regional and national stakeholders to better work together to scale-up country-driven sustainable land management. It is a collective and inclusive effort for Sub-Saharan Africa which aims to foster long-term integrated and harmonized strategies, policy dialogue and actions, building on the comparative advantages of partners.
4. Further to the decision of the Constitutive Meeting of the Executive Committee dated September 15, 2005, the TerrAfrica Leveraging Fund (TLF) was established as a Programmatic Trust Fund to participate in the financing of activities included in the joint Annual Work Program (as defined below) of the Partnership. The TLF is intended to provide a flexible financing mechanism to address targeted needs that are not already adequately covered by existing funding mechanisms.

Governance Structure

5. The TerrAfrica governance structure is lean. There is currently an Executive Committee and a Secretariat (“TerrAfrica Secretariat”) now hosted by the Africa Union’s NEPAD Planning and Coordination Agency (NPCA). Ad-hoc working groups are convened among partners as needed to assist on specific tasks (such as reviewing climate analytics, devising plans for TerrAfrica’s presence at the UNFCCC Durban conference in December 2011, or vetting the Partnership’s M&E framework).
6. A joint Annual Work Program shall be prepared by partners and countries based on the template of activities in the TerrAfrica Business Planning Framework, which is updated every 5 years in a process led by NPCA and approved by the Executive Committee. The emphasis in the Second Business Planning Framework (2010-2014) is on climate change and SLM, in particular the three priority SLM themes of (i) watershed management, (ii) conservation agriculture, and (iii) linkages between energy and land. This focus was agreed by the Executive Committee at its October 2009 meeting in Buenos Aires, Argentina.

7. The TerrAfrica Partnership's Executive Committee is chaired by the NPCA and is responsible for, *inter alia*:

- (i) Overall guidance and strategic direction of the Partnership;
- (ii) Review and approval of joint Annual Work Programs (as defined below) and related budget and resources allocation prepared by the Partnership's Secretariat; and
- (iii) Supervision of the performance of the TerrAfrica Leveraging Fund (which is administered by the World Bank).

8. The Partnership's Secretariat reviews proposals of activities to be carried out by Partners under the joint Annual Work Program (the "Annual Work Program"). Under the guidance of the Partnership's Executive Committee, the Secretariat consolidates the joint Annual Work Program, and develops a budget allocating available resources to activities included in the proposed Annual Work Plan and, *inter alia*, clearly delineating the proposals of activities that would be eligible to receive financing from the TLF. In coordination with the TerrAfrica Secretariat, the Bank determines which activities included in the proposed Annual Work Plan are to be supported by the TLF. The Bank retains fiduciary responsibility for the TLF.

Objective and Description of the Activities under the Project

9. *Objectives.* The overall objective of the TLF is to provide strategically targeted and flexible financial support to:

- (i) Strengthen awareness, harmonization, strategic directions on opportunities and modalities for improved sustainable land management scale-up and effectiveness;
- (ii) Improve and share analytical underpinnings to support policy dialogue and decision making; and
- (iii) Catalyze funding at country level.

To meet these objectives, the TLF provides strategic seed financing and other small grant support for activities approved in the joint Annual Work Program. As mentioned above, the recent and current joint Annual Work Program (2010, 2011) and the current Second Business Planning Framework (2010-2014) all emphasize the linkages between SLM and climate change. SLM is widely recognized by partners as the key approach to both mitigate and adapt to climate change and variability in Africa. TerrAfrica has therefore been focusing much of its support on the three aforementioned priority SLM themes of: (i) watershed management, (ii) conservation agriculture, and (iii) linkages between energy and land. What these three themes have in common is an emphasis on the landscape as a system that needs to be managed holistically. In line with the joint Annual Work Program and the Second Business Planning Framework, the TLF is expected to help deliver on the immediate objective of *scaling up sustainable and climate-smart land and water management practices on the ground*, in order to accumulate landscape carbon and help bridge Africa's climate adaptation deficit.

10. *Results.* A simplified results framework is presented below. This results framework is a subset of the Partnership's broader M&E framework which guides the joint annual work programming process and which guided the development of the Second Business Planning Framework. Targets in the results framework below are somewhat fluid, given that the TLF is

seeking additional external support from existing and potential new partners, and is also actively leveraging other sources of funding including IDA, GEF, other trust funds, and national budgets. Targets could be revised upwards if additional contributions to the TLF are made available or if parallel co-financing is secured. It is important to note that discrete activities will have customized M&E arrangements calibrated to local circumstances, budgets, and capacities. The specific results include:

Result 1. Countries scale up SLM practices in priority zones, in three key priority themes of Conservation Agriculture, watershed management and energy poverty. This will lead to multiple wins on the ground, including enhanced accumulation of carbon in soil and biomass, higher yields and lower yield variability, access to more diverse livelihoods, more predictable water availability, increased household access to renewable terrestrial energy sources, reduced siltation of reservoirs, and *in situ* biodiversity conservation in active farmscapes.

Result 2. Climate risk incorporated into decision making on SLM at Country and Regional levels. This will lead to better knowledge dissemination and capacity building such as: improved practical knowledge in sub-Saharan African countries about climate risk to land and natural resource dependent livelihoods (such as via ClimDev); improved knowledge and capacity to implement adaptation and mitigation strategies through application of appropriate SLM approaches; and better institutional performance on investment planning, monitoring and knowledge management.

Hierarchy of results	Indicators	Means of verification	Assumptions
<p>Result 1: Countries scale up SLM practices in priority zones, in three key priority themes:</p> <ul style="list-style-type: none"> • Conservation agriculture • Watershed management • Energy poverty (land use related) 	<p># hectares with SLM practices, reported by:</p> <ul style="list-style-type: none"> - <i>land use (crop, range, forest)</i> - <i>type of practice (such as: watershed plans, no-til, woodlots plus improved cookstoves, small hydro, re-vegetation and other erosion control measures, integrated soil fertility mgt. etc.)</i> <p># number of land users applying improved techniques</p> <ul style="list-style-type: none"> - <i>reported by gender</i> - <i>reported spatially (country, district)</i> 	<p>Aggregated project monitoring and evaluation reports, field reports, household surveys</p>	<p>Appropriate technologies are used to improve land and water mgt in a way that can lead to intertwined impacts on all or some of these benefits:</p> <ul style="list-style-type: none"> • Accumulation of carbon in soil and biomass • Higher yields and improved food security under climate variability • Continued access to diverse natural resource based livelihoods • More predictable water availability • Increased household access to renewable energy sources that do not endanger food production • Reduced siltation • No additional loss of biodiversity in farm scapes

	(<i>Note:</i> Target to be determined during preparation of discrete investment operations)		
<p>Result 2:</p> <ul style="list-style-type: none"> Climate risk incorporated into decision making on SLM at country and regional levels. 	At least 4 participating countries have strategic investment plans to reduce climate risks via SLM by end of 2013	<p>Periodic reports from countries' National SLM Committees</p> <p>Project monitoring and evaluation reports</p>	<p>Political environment is conducive.</p> <p>Improved sector cooperation on investment planning on land/water management and climate change will lead to greater efficiencies, scale, and impacts.</p> <p>Regional organizations are equipped to back stop country activities.</p>
<p>Output 1: Country level flagship projects developed and being implemented</p>	<p>At least 3 country level climate/SLM investment operations under preparation by end of CY 2012</p> <p>At least 6 investment operations under preparation address specific climate vulnerabilities through SLM by end of 2013</p>	<p>Project monitoring and evaluation reports, field reports</p> <p>Periodic reports from countries' National SLM Committees</p>	Government willing to participate.
<p>Output 2: Country coalitions and knowledge sharing mechanisms strengthened</p>	<p>At least 4 participating countries with SLM investment frameworks by end of 2013</p> <p>At least 4 participating countries have functional SLM</p>	<p>Periodic reports from countries' National SLM Committees</p> <p>Project</p>	<p>Political environment is conducive.</p> <p>Improved sector cooperation on investment planning on land/water management and climate change will lead to greater efficiencies, scale, and impacts.</p>

	<p>coalitions by end of 2013</p> <p>At least 4 participating countries with functional national SLM knowledge platform (e.g. management information system) by end of 2013</p>	<p>monitoring and evaluation reports</p>	<p>Knowledge platform enables information to be rationalized and put into use to inform policy, practice, and programming.</p> <p>Regional organizations are equipped to back stop country activities.</p>
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11. *General Activities.* The Partnership’s activities which may be financed by the TLF (the Activities) are selected activities included in the Partnership’s Annual Work Plan duly approved by the Partnership’s Executive Committee, aiming at:

(a) *Coalition building:* Strengthening coalitions and advocacy and developing knowledge based partnerships in Sub-Saharan Africa, through targeted and result-oriented information sharing, coordination, harmonization and other efforts to strengthen the collective ability of all stakeholders to address barriers to sustainable land management scale-up, including: (i) financing of selective joint reviews of partners’ portfolio and shared stocktaking from existing activities and partnerships that would feed into the knowledge networks and benchmarking, specific monitoring and evaluation work, targeted technical assistance to NPCA and other regional organizations in support of political mobilization and improved investment planning and governance, analysis of enabling conditions for good practices and success stories, benchmarking among partners, constituency building and strengthening of coalition of Sub-Saharan African countries, including through the various elements of the Partnership’s governance; and (ii) building and strengthening transparent and inclusive result oriented knowledge based partnerships, in which priority is given to the valorization and dissemination of local knowledge, and the participation of civil society at various levels;

(b) *Knowledge management:* Improving analytics and dissemination mechanisms to support SLM scale-up, including: (i) development of tools and guidelines (e.g., M&E, economic analyses, climate change assessments, terrestrial carbon management, integration of SLM into large scale decentralized community driven investments, and capacity building for multi-sector sustainable land management programs); (ii) public expenditure reviews, (iii) cost-benefit analyses, ecosystem valuations, and other economic work.

(c) *Country investment support:* Catalyzing funding at country level to support investment identification, preparation and implementation at country, multi-country and regional levels, including the following: (i) provision of seed funding to catalyze upstream dialogues, national platforms, (ii) targeted support for identification and preparation of country and multi-country investment operations and broader programs, and (iii) targeted support for implementation of strategic programs and operations that are directly financing SLM actions or improving the enabling environment.

Categories of Expenditures Allowed under the Project

12. The following categories of expenditures can be financed from the funds of the TerrAfrica Leveraging Fund:

a) For Recipient Executed Activities:

- i) Consultant Services
- ii) Publications
- iii) Conference/Workshops
- iv) Goods
- v) Operating expenditures and incremental staff costs
- vi) Training

b) For Bank Executed Activities:

- i) Associated Overhead
- ii) Short Term Consultant Fees
- iii) Contractual Services
- iv) Extended Term Consultants
- v) Staff Costs (Salary and Benefits including indirect costs¹.)
- vi) Travel Expenses
- vii) Media and Workshop Costs

¹ Indirect costs charged as part of staff costs include expenses such as field benefits, communication and information technology, equipment and office space, furniture, supplies, copying, etc. These costs are directly charged against the Multi-Donor Trust Fund.

Annex II

The standard provisions agreed between the Bank and the donors

The following provisions (hereinafter referred to as the "Standard Provisions") shall be applicable to and form an integral part of all agreements entered into between the International Bank for Reconstruction and Development ("IBRD") and the International Development Association ("IDA") (collectively, the "Bank") and donor countries and/or organizations (hereinafter referred to as the "Donors") that provide grants (referred to as the "Contributions") to be administered by the Bank for the funding of TerrAfrica Leveraging Fund, a multi-donor trust fund established for the financing of activities undertaken as part of the TerrAfrica Initiative for Sustainable Land Management in Sub-Saharan Africa (the "Partnership").

1. Administration of the Contributions

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.

2. Commingling, Exchange and Investment of the Contributions

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

2.2. The Contribution funds may be freely exchanged by the Bank into other currencies as may facilitate their disbursement.

2.3. The Bank shall invest and reinvest the Contribution funds 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 established under this Agreement to be used for the same purposes as the Contribution funds.

3. Administrative Cost Recovery

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, following deposit of Contribution funds, deduct from such funds and retain for the Bank's own account an amount equal to five percent (5%) of the Contributions.

4. Grants to Recipients

4.1. The Bank shall, as administrator on behalf of the Donors, enter into grant agreements (the "Grant Agreements") with one or more entities (the "Recipients") for the provision of Contribution funds for the financing of Recipient's Activities (whether Bank or Recipient-

executed) for the purposes of this Agreement and on the terms and conditions set forth in the Grant Agreements. The Bank shall furnish a copy of the Grant Agreements to the Donors. No Grant Agreement shall be required for the provision of Contribution funds for the financing of Bank Activities.

4.2. The Bank shall be solely responsible for the supervision of the activities financed under the Grant Agreements.

5. Employment of Consultants and Procurement of Goods

5.1. The employment and supervision of consultants and the procurement of goods financed by the Contributions for Bank Activities shall be the responsibility solely of the Bank and shall be carried out in accordance with its applicable policies and procedures.

5.2. The Grant Agreements entered into for Recipient Activities 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 the Grant Agreements.

6. Accounting and Financial

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 from it.

6.2. 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.

6.3. The Bank shall also provide the Donors with copies of all financial statements and auditors' reports received by the Bank from the Recipients pursuant to the Grant Agreements.

6.4. 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.

6.5. If a Donor wishes to request, on an exceptional basis, a financial statement audit by the Bank's external auditors of the trust fund established under this Agreement, 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 most 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 Donor.

7. Coordination and Reporting

7.1. The Bank shall provide the Donors with an annual report on the progress of activities financed by the Contributions. Within 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 TerrAfrica Leverage Fund. The TerrAfrica Secretariat also provides a TerrAfrica annual report.

7.2. The Bank shall promptly inform the Donors of any significant modification to the terms of the Grant Agreements and of any contractual remedy that is exercised by the Bank under the 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.

7.3. The Donors reserve the right to review or evaluate activities financed by the trust fund established under this Agreement, provided, however, that any proposal to take up such a review is initiated before, or within 12 months of, the final disbursement date specified in paragraph 8.1. The initiating 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 will be borne by the initiating Donor, unless otherwise agreed. It is understood that any such review or evaluation will not constitute a financial, compliance or other audit of the trust fund established under this Agreement, and that any audit will be performed solely in accordance with Paragraph 6.4 of Annex 2 to this Agreement.

8. Disbursement Deadline; Cancellation; Refund

8.1. It is expected that the Contribution funds will be fully disbursed by the Bank in accordance with the provisions of this Agreement by November 30, 2015. The Bank shall only disburse Contribution funds 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 Contribution funds 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. Upon the final disbursement date specified in paragraph 8.1, the Bank shall return any remaining balance of the Contribution funds to the Donors on a pro rata basis. In the event of a cancellation of an individual Donor's pro rata share of uncommitted Contribution funds in accordance with paragraph 8.2, the Bank shall return such cancelled balance to the Donor.

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.