ADMINISTRATION AGREEMENT FOR EUROPEAN UNION CONTRIBUTIONS,
AS REPRESENTED BY THE COMMISSION, TO TRUST FUNDS

Somalia Multi-Partner Fund (TF 072283)

European Commission Trust Fund Number FED/2014/350-569 & 350-585

Article 1

Subject

Section 1.01. In pursuance of the Trust Funds and Cofinancing Framework Agreement between the European Union, represented by the European Commission (the "Commission"), and the International Bank for Reconstruction and Development ("IBRD"), the International Development Association ("IDA"), and the International Finance Corporation ("IFC") (collectively, the World Bank Group) dated March 20, 2009 (the "Framework Agreement"), the Commission hereby agrees to make available a Contribution for an amount referred to in Section 3.02, and to be administered by the International Development Association (the "Bank," and together with the Commission, the “Parties” and each a “Party) for the Somalia Multi-Partner Fund, TF 072283 (the "MPF" or “Project” or “Trust Fund”).

Section 1.02. The Contribution shall be used exclusively for the purposes set out in Annex I which includes a Description of the MPF as well as, where required, the expenditures eligible for financing from the Commission, and the relevant indicators, under the governance terms set out in Annex II.

Section 1.03. The Bank shall administer the Contribution in accordance with the provisions of:
- the Framework Agreement;
- this Administration Agreement;
- the General Conditions applicable to European Union Contributions to Trust Funds (the "General Conditions") set out in Annex IV; and
- the standard provisions agreed between the Bank and the donors (the "Standard Provisions") set out in Annex III.

Section 1.04. The Contribution is provided under Joint Management (as defined in the Framework Agreement) for all purposes of this Administration Agreement.

Section 1.05. The MPF is a Multi-Donor Trust Fund (as defined in the Framework Agreement) for all purposes of this Administration Agreement.

Section 1.06. The MPF is not an Exceptionally (as such term is used in the Framework Agreement) large trust fund for the purposes of Section 16.03 of the General Conditions.

Section 1.07. Due to the specific country context, the Parties acknowledge and agree that this Administration Agreement deviates from the usual Framework Agreement terms, including with respect to applicable policies and procedures and liability aspects, as set forth herein, particularly in Section 7.2 below.
Article 2

Entry into Force and Implementation Period

Section 2.01. This Administration Agreement shall enter into force when the last of the two Parties signs and will remain in force until the End Date.

Section 2.02. Expenses financed under the Contribution must be incurred after July 28, 2014; it being understood that this does not preclude financing by the MPF of expenses incurred prior to such date with respect to funds received prior to the Contribution.

Section 2.03. It is expected that an amount of the MPF equal to the Contribution will be fully utilized in accordance with the provisions of this Administration Agreement by June 30, 2017, unless an amount attributable to the Contribution has not been disbursed by such date, in which case the Parties shall agree on a later date, provided that such later date shall not be later than December 19, 2018 ("EU End Disbursement Date" or for purposes of the General Conditions only, “End Disbursement Date”); it being understood that the Bank may disburse the remaining balance of the MPF, which shall be considered non-Contribution funds, after the EU End Disbursement Date. The EU End Disbursement Date can only be modified with the agreement of both Parties pursuant to Article 9 of the General Conditions.

Section 2.04. The Bank shall only disburse the European Union's pro rata share of the funds remaining in the MPF, including any investment income added thereto for the purposes of this Administration Agreement, after the EU End Disbursement Date with the prior written agreement of the Commission.

Article 3

Amount of the Contribution

Section 3.01 The budget of the MPF is estimated to be Euro 190 million as set out in Annex V.

Section 3.02 The Commission undertakes to finance Euro 21,750,000 for the MPF.

Section 3.03 Indirect Costs under this Administration Agreement shall not exceed 7% of the final amount of eligible Direct Costs of the Contribution.

The Bank may, following deposit of the Contribution by the Commission, deduct from each Contribution of the Commission and retain for the Bank’s own account an amount equal to 1% of the Contribution.

In addition, costs incurred by the Bank for other expenses, such as for MPF program management and administration, that are (i) not covered by the percentage deduction specified in the prior paragraph and (ii) not included under Annex I of this Administration Agreement in accordance with the Bank’s applicable policies and procedures shall be charged to the MPF on an actual basis and as a Direct Cost provided they comply with Section 14.01 of the General Conditions, subject to Section 7.02 below, up to a maximum of five percent (5%) of the total contributions from all donors to the MPF.

The final amount that the Bank is entitled for Indirect Costs shall be adjusted to the actual disbursed amounts of the Contribution in accordance with Articles 14 and 17 of the General Conditions; provided, however, that, consistent with Section 7.02 below, Direct Costs may include any activity consistent with, and shall be considered eligible in accordance with, the Bank’s applicable policies and procedures.
Section 3.04  Subject to Sections 3.03 above and 7.02 below, the categories of costs set out in Section 3 of Annex I shall be considered eligible under this Administration Agreement provided they comply with Section 14.01 of the General Conditions.

Article 4

Payment Schedule and Reporting

Section 4.01. Payments (each an “Installment”) will be made in accordance with Article 15 of the General Conditions, and in accordance with the following payment schedule:

<table>
<thead>
<tr>
<th>Type of Payment</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advance payment</td>
<td>EUR 10,875,000 (50%)</td>
</tr>
<tr>
<td>Intermediate payment</td>
<td>EUR 9,875,000</td>
</tr>
<tr>
<td>Final payment</td>
<td>EUR 1,000,000</td>
</tr>
</tbody>
</table>

The Parties agree that the “Contribution Currency” for purposes of Section 2.3 in Annex III shall be Euro. The Bank shall convert Contribution funds into United States Dollars promptly following receipt of the funds, and receipt of all the appropriate legal documentation and the payment details information.

Section 4.02. Subject to Section 7.02(b)(1) below, narrative progress report(s) and financial information shall be provided consistent with Article 2 of the General Conditions, and in accordance with the following schedule:

- a narrative progress report shall accompany every request for a further Installment of financing, it being agreed that the Bank may rely on the most recent semi-annual progress report provided under Section 5.1 of the Standard Provisions to meet this requirement. A final narrative report shall be forwarded to the Commission within six (6) months after the EU End Disbursement Date;

- the progress financial information shall be made available via the Bank’s Trust Funds Donor Center secure website following the signature of this Administration Agreement. The final financial information shall be made available via the Bank's Trust Funds Donor Center secure website within six (6) months after the EU End Disbursement Date.

Section 4.03. For the purposes of Section 2.03 of the General Conditions schedule of anticipated activities shall be provided with each report.

Article 5

Communications and addresses

Any communication relating to this Administration Agreement shall be in writing, shall state the number and title of the trust fund, and shall use the following addresses.

Payment requests and attached reports, including requests for changes to bank account arrangements pursuant to Section 9.02 of the General Conditions, shall be sent to:

For the Commission:

Somalia Mission
For the attention of the
Head of the Finance & Contracts Section of the EU Delegation in Kenya
Union House, Ragati Road
PO Box 45119
00100 GPO Nairobi
Kenya

Copies of the documents referred to above, and correspondence of any other nature, shall be sent to:

For the attention of the Head of the Institutional Support Section, EU Delegation in Kenya
Union House, Ragati Road
PO Box 45119
00100 GPO Nairobi
Kenya

For the Bank:

Task Team Leader of the Somalia Multi-Partner Fund
Somalia, South Sudan, Sudan Country Management Unit
The World Bank
1818 H Street NW
Washington, DC 20433, USA

Article 6
Annexes

Section 6.01. The following documents are annexed to this Administration Agreement and form an integral part thereof:

Annex I: Description of the MPF.
Annex II: Governance Terms of the MPF.
Annex III: General Conditions applicable to European Union Contributions to Trust Funds.
Annex V: Indicative Budget for the MPF.

Section 6.02 In the event of a conflict between the provisions of the Annexes and those of this Administration Agreement, the provisions of this Administration Agreement shall take precedence. In the event of a conflict between the provisions of Annex III and those of the other Annexes, the provisions of Annex III shall take precedence.
Article 7

Other Conditions Applying to the MPF

Section 7.01. The measures taken to identify the European Union as the source of financing shall be in accordance with Attachment 4 of the Framework Agreement and consistent with the Joint Visibility Guidelines relating to EC-funded WB-administered Trust Funds and Co-financings, it being understood that any visibility plan developed with respect to this Administration Agreement and the MPF shall take into account the special sensitivities of the specific context and shall give appropriate deference to the Bank in determining the extent of donor visibility.

Section 7.02. The following exceptions from the General Conditions shall apply:

(a) To the extent the Bank has followed its applicable policies and procedures in administering the MPF (except to the extent explicitly modified in subsection (b) below) (the “MPF Operating Provisions”), it shall not be in breach of this Administration Agreement or liable to the Commission or any body of the European Union. Consistent with this principle, and notwithstanding anything in this Administration Agreement to the contrary, the Commission and the Bank agree that the MPF Operating Provisions shall solely apply to all operations undertaken by the Bank and recipients of MPF funds hereunder and solely govern all activities financed hereunder. Verifications and audits shall be conducted in accordance with then-current procedures agreed between the Commission and the Bank and with respect to the MPF Operating Procedures. For clarity, presentation of supporting documentation in compliance with the MPF Operating Provisions shall be considered sufficient for determining eligibility of expenditures, including in verifications and audits, under this Administration Agreement.

(b) The Bank’s applicable policies and procedures shall be supplemented by the following provisions, which together constitute the MPF Operating Provisions applicable to any operations undertaken and activities financed under this Administration Agreement (and in the event of conflict, the provisions of this subsection (b) shall prevail):

(i) The Bank’s reporting obligations with respect to Sections 4 and 5 of the Standard Provisions and Article 2 of the General Conditions (the “Reporting Obligations”) shall be as agreed with the Commission through MPF governance terms under Annex II, including in connection with the Operations Manual (as defined in Annex II).

(ii) The Bank shall indicate to the Recipient the possibility that the Commission may adopt measures vis-à-vis the Recipient with respect to ineligible expenditures, should the latter not reimburse the Bank under the Bank’s applicable policies and procedures; provided that the Bank shall not be liable to the Commission for any such unreimbursed amounts.

(iii) The Bank shall for a period of seven years after the EU End Disbursement Date (x) keep financial and accounting documents concerning the activities financed hereunder, and (y) make available to the competent bodies of the European Union upon request all relevant financial information, including statements of accounts concerning such activities, pertaining to application of the MPF Operating Provisions.

Section 7.03. All of the conditions and restrictions for cost eligibility under this Administration Agreement, including Sections 10.2 and 14.03 of the General Conditions,
shall be deemed to be complied with if the amount contributed by other donors to the MPF is sufficient to cover those amounts which do not comply with such conditions and restrictions, including with respect to exchange rate gains or losses experienced under the Trust Fund.

Section 7.04. The Bank shall not be responsible for any deficits resulting from foreign exchange translation adjustments made between the receipt of Contribution funds to the MPF and the return of any MPF funds to the Commission.

Section 7.05. The Contribution funds shall be deemed to have been allocated to activities within the following areas listed in Annex V: Energy Sector Support under PSG IV, all areas under PSG V, and Enhanced Implementation Support. The Commission acknowledges that the Contribution funds shall be commingled with contributions from other donors, such that the Bank will not be in a position to substantiate that the Commission’s funds have been specifically allocated to such activities. The Commission further acknowledges that the actual allocation of MPF funds shall occur through the MPF governance described in Annex II, such that the Bank will not be in a position individually to determine such allocations.

Section 7.06. The Parties agree that as of the EU End Disbursement Date, the Contribution funds shall be deemed to have been fully utilized if the MPF has disbursed or committed an amount equal to or larger than the total amount of the Contribution funds, taking into account Section 7.03 above. It is expected that no pro rata share of the Commission under Section 2.04 above and no unexpended funds to be reimbursed to the Commission under Section 17.03 of the General Conditions shall be remaining at the EU End Disbursement Date. If the unlikely event that the MPF has disbursed or committed less than the total amount of the Contribution funds at the EU End Disbursement Date, the difference between the total amount of Contribution funds and the total of such disbursed or committed amounts (taking into account Section 7.03 above) shall be agreed by the Parties for return to the Commission.

After the EU End Disbursement Date, the Commission shall no longer have MPF donor status through this Administration Agreement for purposes of MPF governance under Annex II.

Section 7.07. The Parties shall endeavour to settle amicably any dispute or complaint arising out of or relating to this Administration Agreement. In default of amicable settlement, the Parties shall refer such disputes or complaints to the World Bank Group’s Vice President for the Africa Region and the Director General of Development and Cooperation of the Commission, for resolution.

The Parties shall endeavour to resolve and settle amicably any dispute or complaint arising out of or relating to the Framework Agreement. In default of amicable settlement, the Parties shall refer such dispute or complaint to the World Bank Group’s Vice President for the Africa Region in consultation with the World Bank Group’s Vice President for Development Finance and to the Director General of Development and Cooperation of the Commission in consultation with Director General of Budget of the Commission, for resolution.

If no resolution is found, any Party may refer the matter to arbitration in accordance with the Permanent Court of Arbitration Optional Rules for Arbitration Involving International Organisations and States in force at the date of this Administration Agreement. The language to be used in the arbitral proceedings shall be English. The appointing authority shall be the Secretary General of the Permanent Court of Arbitration following a written request.
submitted by any Party. The Arbitrator’s decision shall be binding on all parties to the arbitral proceedings and there shall be no appeal.

**Section 7.08** In the event of conflict, the terms of this Article 7 shall prevail over the Framework Agreement, General Conditions and Standard Provisions.

This agreement is drawn up in three originals, two for the Commission and one for the Bank.

<table>
<thead>
<tr>
<th>For the European Union, represented by the Commission of the European Communities</th>
<th>For the International Development Association</th>
</tr>
</thead>
<tbody>
<tr>
<td>Name: Daria FANE</td>
<td>Name: BELLA BIRD</td>
</tr>
<tr>
<td>Position: Head of Cooperation</td>
<td>Position: Country Director for Sudan, South Sudan and Somalia</td>
</tr>
<tr>
<td>Signature:</td>
<td>Signature:</td>
</tr>
<tr>
<td>Date: <strong>8/10/14</strong></td>
<td>Date: <strong>15/10/14</strong></td>
</tr>
</tbody>
</table>
ANNEX I
Description of the MPF
ANNEX I

Description of the MPF

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 principal objective of the Trust Fund is to provide a platform for coordinated financing for the sustainable reconstruction and development of Somalia, as outlined in the Somali Compact covering 2014-2016 that was endorsed at the multi-stakeholder Brussels Conference in September 2013 (the “Somali Compact”), with a focus on core state functions and socio-economic recovery, including to:

(a) Foster socio-economic recovery and stabilization by (i) supporting the payment of civil service salaries and the running costs of government institutions, and (ii) by financing technical assistance and supporting the building blocks of larger public investment programs across a range of sectors;

(b) Strengthen core government functions by focusing on the budget framework and public financial management systems;

(c) Facilitate policy dialogue between international and national actors and promoting mutual accountability by positioning the Trust Fund as part of the governance of the Somali Development and Reconstruction Facility (the “SDRF”); and

(d) Increase the coordination of international financial support and its alignment with Peace and Statebuilding Goals of the Somali Compact and any successor document.

2. Activities

The activities to be financed by the Trust Fund are:

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

(a) Processing project proposals, including appraising, monitoring, supervising and evaluating the execution of recipient-executed activities funded by the Trust Fund, as well as assessing the impact of such activities;

(b) In addition to regular progress reporting for the Trust Fund, providing Trust Fund and project information to the SDRF to enable common progress monitoring and enhance information sharing and lessons learned;

(c) Contracting a monitoring agent or agents for third-party supervision of activities financed by the Trust Fund at the portfolio and / or project level, including with respect to Recurrent Costs (as defined in paragraph 2.2(a) below), and implementing
other measures to help manage fiduciary and other risks, as determined useful by the Bank;

(d) Providing a Somalia-based platform for administration, logistics, security and other support functions enabling Bank staff and consultants to undertake activities for the Trust Fund; and

(e) Undertaking knowledge and evaluation work, including analytical briefs, policy notes, other reports and recommendations, capacity building and training, South-South exchanges, and independent evaluations of projects funded by the Trust Fund and overall performance of the Trust Fund.

2.2 Recipient-executed activities, for which Recipients (as defined in Annex 2 to the Administration Agreement) have implementation responsibility:

(a) Recurrent cost financing ("Recurrent Costs"), including payment of civil service salaries in non-security sectors (excluding the military and police), as well as core government functions support through capacity injection and institutional development; and

(b) Public investments that support longer-term socio-economic recovery and capacity building across a range of areas based on priorities identified in Somali development plans, including, but not limited to, capital investment, revenue mobilization, public finance management, urban and rural development, finance and private sector development, infrastructure, and service delivery.

3. Eligible Expenditures

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

a) Associated Overheads
b) Consultant Fees for Firms
c) Short Term Consultant Costs – with Indirect Costs
d) Contractual Services
e) Equipment and Office Premises Lease Cost
f) Equipment Purchased
g) Extended Term Consultants – with Indirect Costs
h) Field Assignment Benefits
i) Media, Workshop, Conference and Meeting
j) Staff Costs – with Indirect Costs
k) Temporary Support Staff Costs – with Indirect Costs
l) Travel Expenses

Any Equipment Purchased under (e) above shall be transferred to government authorities upon closure of the Trust Fund or earlier when no longer required to support Trust Fund operations, management or administration; provided such transfer is at no cost to the Bank and is on an "as-is, where-is" basis without any warranty or guarantee form the Bank. If such disposal method is not feasible, the Bank shall seek another means of disposal in conformity with Bank policies and procedures, including potentially donation to organizations that have a charitable or non-profit status.
3.2 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.

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. Criteria

5.1 For Bank-executed activities, one or more of the following criteria are expected to be met:
   a) Activities that enhance knowledge and/or build capacity that fosters socio-economic recovery and stabilization and/or strengthens core government functions;
   b) Activities that support the effective implementation and supervision of activities funded by the Trust Fund and/or overall management of the Trust Fund.

5.2 For Recipient-executed activities, all of the following criteria are expected to be met:
   a) Activities should reflect priorities expressed in country or regional development plans (e.g., priorities expressed in the Somali Compact), and/or be considered in response to requests from government;
   b) Activities should aim to foster socio-economic recovery and stabilization and/or strengthen core government functions;
   c) Activities should use and/or build country systems to the extent permitted under applicable Bank policies and procedures, as determined by the Bank, or under applicable United Nations policies and procedures, as determined by the relevant United Nations organization, as the case may be; and
   d) Activities should be undertaken only where a satisfactory level of supervision by the Bank or the relevant United Nations organization, as the case may be, can be assured.

5.3 All Bank-executed and Recipient-executed activities funded by the Trust Fund shall be consistent with the Bank’s Articles of Agreement, policies and procedures.

6. Recipients

6.1 In addition to the Federal Government of Somalia, eligible recipients of Trust Fund funding would include sub-national governments, NGOs, the UN, and other implementation partners, subject to the Trust Fund’s grant approval process.

7. Retroactive Financing

7.1 The Trust Fund funds may be used to retroactively finance payments for eligible expenditures made as of July 28, 2014 in accordance with the Bank’s applicable policies and procedures.
ANNEX II

Governance

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

As envisioned by the Somali Compact (as defined in Annex 1), overall governance of the Trust Fund shall be provided through the SDRF (as defined in Annex 1), including its Steering Committee, which provides coordinated purview over multiple funding vehicles, including the Trust Fund. The Donors acknowledge and agree that the intention is for development financing for Somalia to increasingly transition towards the SDRF as a preferred channel for strategic prioritization and coordination of assistance to Somalia.

The SDRF Steering Committee governance terms are currently described in the terms of reference ("TORs") adopted by the SDRF Steering Committee on December 11, 2013. The Parties acknowledge and agree that these TORs are preliminary governance terms that will be reviewed and revised over time as part of an ongoing dialogue in Somalia and to enable flexible adaptation to changing conditions.

The governance terms applicable to the Trust Fund shall at all times be those applicable to the SDRF, as such terms may be amended or otherwise agreed by the SDRF Steering Committee (or its replacement over time), provided that any such governance terms are acceptable to the Bank in its role as trustee (the "Governance Terms"). The Parties further acknowledge and agree that the Governance Terms, at the time of establishment of the Trust Fund as they may be amended through the SDRF over time, shall be applicable to this Administration Agreement with effect as of the date agreed within the SDRF without needing additional amendments or signatures under this Administration Agreement.

The Trust Fund is established and shall proceed under the TORs with the following expectations of the Parties for future inclusion in or clarification of the Governance Terms:

1. The Bank shall, in connection with any prior consultations, look to the SDRF as the platform for programmatic decision making related to the Trust Fund.

2. Decision making for the SDRF Steering Committee shall at all times be based on consensus. Consensus need not reflect unanimity. A dissenting decision maker that does not wish to block a decision may nonetheless state an objection to be recorded in the meeting minutes (or by written statement for electronic decision making), in either case clarifying whether the statement is for the record only or intended to preclude agreement. The Chair articulates the consensus view. Consensus on decisions affecting the Trust Fund must include agreement of the Bank.

3. Decision making for the SDRF Steering Committee shall at all times be fully representative of all Donors to the Trust Fund, whether directly or indirectly. Full Donor representation on the SDRF Executive Steering Committee (or its replacement over time) shall be indirect, such as through rotational seats under the current TORs. All Donors to SDRF funding vehicles, including the Trust Fund, shall decide amongst themselves how to allocate such seats and constituency representation to ensure full donor representation.
4. Fair and transparent processes shall be used for the selection of civil society and regional representatives and the determination of constituency relationships. Membership matters shall at all times be subject to oversight by the SDRF Plenary Steering Committee (or its replacement over time).

5. Implementation under the Trust Fund shall at all times be in accordance with the Bank’s Articles of Agreement, policies and procedures ("Operating Terms"). This includes the requirement that any grants provided under the Trust Fund shall have received prior consent from the Federal Government of Somalia ("FGS"), including potential framework approaches agreed with the FGS to enable regional balance. Common monitoring, reporting, risk management or other standards, formats or requirements may be agreed within the SDRF with applicability to the Trust Fund, provided that the Bank shall have expressly agreed to such terms. In the event of conflict between the Bank’s Operating Terms and any terms made applicable to the Trust Fund through the SDRF, the Bank’s Operating Terms shall prevail.

6. A results framework and a risk framework for the Trust Fund will both be developed in the context of the SDRF Operations Manual, as well as SDRF procedures for identifying and processing projects, all of which may be reviewed and revised over time by the SDRF Steering Committee and shall neither augment the rights or obligations in the Administration Agreement nor otherwise have legal effect, but they will be used to enable meaningful progress reporting and evaluations. Progress reporting under the Administration Agreement will reflect the SDRF-agreed results framework.

7. The Aid Coordination Unit ("ACU") housing the Secretariat of the SDRF shall be sponsored by the FGS for purposes of providing support to the governing bodies of the SDRF without becoming involved in project implementation or Trustee functions under the Trust Fund. Support provided by the Bank to the ACU shall at all times be mindful of the distinction between the ACU’s role relative to the Bank’s fiduciary and supervisory role under its applicable policies and procedures.

8. It is understood that donors may at their initiative and in their discretion decide to convene as a group apart from the SDRF. Such separate convenings are expected to enable coordination that supports the SDRF.

9. Any oversight functions of the SDRF shall not include oversight of the Trustee and Trust Fund operations, which shall remain at all times under Bank oversight.

10. Any dispute resolution mechanism developed for the SDRF shall not affect the Bank’s operation of the Trust Fund or create any liability for the Trustee.

The Parties recognize that the above expectations are not fully articulated, agreed or operative as part of the governance of the SDRF, which includes government and other participants. It is understood that failure on the part of the SDRF to reach consensus along the lines of the above expectations may be grounds for the Trustee to adjust its participation in the Trust Fund and the SDRF.

For clarity, the Somali Compact serves as a backdrop for the SDRF and by extension the Trust Fund without having direct legal effect on this Administration Agreement. In the event of conflict between this Administration Agreement and the Somali Compact, or any other document relating to the SDRF, this Administration Agreement shall prevail.
ANNEX III
General Conditions applicable to European Union Contributions to Trust Funds
ANNEX III

GENERAL CONDITIONS APPLICABLE TO EUROPEAN UNION CONTRIBUTIONS TO TRUST FUNDS

GENERAL PROVISIONS TO THE ADMINISTRATION AGREEMENT

ARTICLE 1
General obligations of the World Bank Group entity

Section 1.01. The World Bank Group entity may, according to the Description of the Project in Annex I, execute the funds directly or may provide them to a Recipient for execution in accordance with the World Bank Group entity's policies and procedures.

Section 1.02. In case of a BETF, the World Bank Group entity shall carry out the Project in accordance with the Administration Agreement, including the Description of the Project contained in Annex I, and in accordance with the World Bank Group entity's policies and procedures. The World Bank Group entity shall report on the indicators specified in the Description of the Project.

Section 1.03. In case of a RETF, the World Bank Group entity shall be responsible, as administrator on behalf of the Commission, for making arrangements to ensure that the Contribution is used only for the purposes for which it was granted, with due attention to considerations of economy and efficiency. For this purpose, the World Bank Group entity shall monitor, evaluate, report and, where applicable, provide technical assistance, in accordance with the Administration Agreement, including the Description of the Project contained in Annex I, the Grant Agreement and the World Bank Group entity's policies and procedures. The World Bank Group entity shall report on the Indicators specified in the Description of the Project.

The World Bank Group entity shall enter into a Grant Agreement with the Recipient for the provision of such funds to the Recipient for the purposes set forth in the Administration Agreement. Grant Agreements may be entered into up to the maximum amount of the contributions that all donors including the European Union intend to make available in the Administration Agreement(s). The World Bank Group entity shall provide a copy of the Grant Agreement to the Commission. The World Bank Group entity shall be solely responsible for the administration of such Grant Agreement and shall carry out such administration in accordance with its applicable policies and procedures without prejudice to Section 1.06.

Section 1.04. The World Bank Group entity will be responsible only for performing those functions specifically set forth in the Administration Agreement, in these General Conditions, unless agreed otherwise with the Commission, and in case of a Multi-Donor Trust Fund, of the relevant Resolution or the Standard Provisions or the Terms and Conditions, and will not be subject to any other duties or responsibilities to the Commission, 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 the Administration Agreement, in these General Conditions, and in case of a Multi-Donor Trust Fund, in the relevant Resolution or the Standard Provisions or the Terms and Conditions, will be considered a waiver of any
privileges or immunities of the relevant World Bank Group entity under its Articles of Agreement or any applicable law, all of which are expressly reserved.

Section 1.05. The World Bank Group entity shall take measures to prevent irregularities, fraud, corruption or any other illegal activity in the management of the Project in accordance with its policies and procedures.

In accordance with applicable World Bank Group policies and procedures, including those pertaining to protection of confidential information and the integrity of the investigative process, the World Bank Group entity shall keep the Commission informed of the progress of any formal World Bank Group entity investigation concerning the misuse of funds provided under this Administration Agreement and will report to the Commission without delay the conclusions of such findings as well as measures taken to address the fraud and corruption consistent with its policies and procedures on anti-corruption.

In accordance with the World Bank Group's policies and procedures, the World Bank Group entity shall, for BETFs, terminate contracts with Beneficiaries and, for RETFs, terminate the Grant Agreement or the financing to the Recipient for contracts with Beneficiaries, when either the Beneficiaries and/or the Recipient have been found by the World Bank Group entity to have been involved in fraud or corruption in connection with this trust fund financed by the Commission. In such cases, the World Bank Group entity shall apply its applicable policies and procedures in consultation with the donor(s) to recover the ineligible expenditures.

Section 1.06. The World Bank Group entity undertakes to ensure that the principles set forth under Section 1.05, and Articles 4, 5, 6, 10, 14 and 16 of these General Conditions also apply to the Recipient and, where applicable, to Beneficiaries involved. The World Bank Group entity shall indicate to the Recipient in the Grant Agreement the possibility that the Commission may adopt measures vis-à-vis the Recipient, should the latter not reimburse the World Bank Group entity under Section 1.05.

ARTICLE 2
Obligations regarding financial information and narrative reports

Section 2.01. The World Bank Group entity shall provide the Commission with information on the progress and results of the Projects financed under the Contribution. To that end the World Bank Group entity shall prepare narrative progress report(s) and a final report containing information set forth in Section 2.03 and 2.04. The World Bank Group will also provide the Commission with progress and final financial information regarding the Project. The narrative report(s) as well as the financial information shall cover the entire Project described in the Administration Agreement regardless of whether or not the Project is entirely financed by the Commission.

Section 2.02. The World Bank Group entity shall send to the Commission narrative progress report(s) and make available progress financial information in accordance with the provisions below. Every report and information shall include all Project activities for the period covered. The financial information will be made available via the Bank's Trust Funds Donor Center secure website.

Section 2.03. The narrative progress report(s) shall provide for comparison of the objective(s) of the trust fund, the results expected and obtained and the budget details for the
The level of detail in the narrative report(s) should match that of the Description of the Project and of the indicative budget of the Project.

The narrative reports should include:

- Summary and context of the Project;
- Activities carried out during the reporting period (i.e. directly related to the description of the Project and activities foreseen in this Administration Agreement, including information on the measures taken to identify the European Union as source of financing);
- Difficulties encountered and measures taken to overcome challenges;
- Changes introduced in implementation, including changes in the procurement plan pursuant to Section 10.01;
- Achievements/results by using indicators specified in the Description of the Project contained in Annex I;
- Work plan or schedule of Project activities (as described in the Administration Agreement) for the following period. If the report is sent after the end of the period covered by the preceding work plan or schedule, a provisional work plan or schedule shall be submitted before the end of the period covered by the preceding work plan or schedule.

The progress financial information shall provide for a history of contributions received and the expenditures. It shall allow the Commission to assess whether the incurred expenditures generally comply with the Administration Agreement.

**Section 2.04.** The final narrative report shall contain the above information (excluding the future workplan or schedule of Project activities) covering the entire Project implementation, information on the visibility measures taken to identify the European Union as a/the source of financing, details on the transfers of assets mentioned in Section 7.02 if relevant, and information on the final procurement plan mentioned in Section 10.01. The final financial information shall provide for a history of the contributions received and the expenditures. It shall allow the Commission to assess whether the incurred expenditures generally comply with the Administration Agreement.

**Section 2.05.** The reports shall be presented in English.

**Section 2.06.** The narrative progress report(s) shall be submitted at the following intervals:

if payments follow option 1 of Section 15.01 of these General Conditions:

- a narrative progress report shall be forwarded to the Commission on an annual basis following the signature of the Administration Agreement.
- a final report shall be forwarded to the Commission within six (6) months after the End Disbursement Date specified in Section 2.03 of the Administration Agreement.

if payments follow option 2 of Section 15.01 of these General Conditions:

- a narrative progress report shall accompany each payment request for a further instalment of financing;
- a final report shall be forwarded to the Commission within six (6) months after the End Disbursement Date specified in Section 2.03 of the Administration Agreement.

**Section 2.07.** The progress financial information shall be made available pursuant to Section 2.02 following the signature of the Administration Agreement. The final financial information shall be made available pursuant to Section 2.02 within six (6) months after the End Disbursement Date specified in Section 2.03 of the Administration Agreement without prejudice to the obligations set out in Section 16.06 of these General Conditions.

**Section 2.08.** The Commission may request clarification on the narrative or financial information providing the reasons for the request. Such information shall be provided as soon as available but no later than forty-five days (45) days of the request.

**Section 2.09.** In addition to the above mentioned reports, the World Bank Group entity will ensure that other reports, publications, press releases and updates, relevant to the Administration Agreement are communicated to the Commission promptly following their issuance. Other reports may be made available on the Donor Centre secure website.

The Commission may request reasonable additional information on a case by case basis, providing the reasons for the request. Such information shall be supplied within forty-five days (45) days of the request and where applicable, the Commission will be provided the website address for the trust fund.

The World Bank Group entity and the Commission will endeavour to promote close collaboration and exchange of information on the Project.

**Section 2.10.** The World Bank Group entity shall promptly inform the Commission of any event which, in its opinion, interferes or threatens materially to delay or interfere with the successful implementation of any Project financed by the Contribution.

**ARTICLE 3**

**Liability**

Other than for failure to perform its obligations set forth in these General Conditions, in the Administration Agreement, and in the case of a Multi-Donor Trust Fund, in the relevant Resolution or the Standard Provisions or the Terms and Conditions, the Commission shall not under any circumstances whatever be liable for damages caused either to or by the World Bank Group entity or third parties, during the performance of the Administration Agreement. No claim can be submitted to the Commission for compensation or for restoration of any such damage or loss. The Commission will not be responsible for the activities of any person or
third party engaged by the World Bank Group and/or the Recipient as a result of the Administration Agreement, nor will the Commission be liable for any costs incurred by the World Bank Group and/or the Recipient in terminating the engagement of any such person.

ARTICLE 4
Conflict of interest

The World Bank Group entity undertakes to take necessary precautions to avoid conflicts of interest in accordance with the applicable policies and procedures of the World Bank Group.

ARTICLE 5
Disclosure

The obligations on confidentiality and disclosure of information are included in Article 10 of the Framework Agreement.

ARTICLE 6
Visibility and Transparency

Section 6.01. The measures taken to identify the European Union as a/the source of financing are subject to Article 8 and Attachment 4 of the Framework Agreement and will be specified in the Administration Agreement.

Section 6.02. With due regard to the World Bank Group entity’s applicable rules on confidentiality, security and protection of personal data, the obligations on publication of Beneficiaries shall be governed by Article 9 of the Framework Agreement.

ARTICLE 7
Ownership/use of results and equipment

Section 7.01. The relevant World Bank Group entity shall own all rights, title and interest to all industrial and intellectual property rights and materials used for and produced by a Project in relation to this Administration Agreement. However the World Bank Group hereby grants the Commission a non-exclusive right to use free of charge and as it sees fit any of these materials produced by a Project provided said use does not thereby breach existing industrial and intellectual property rights and the World Bank Group entity’s policies and Article 5 of these General Conditions.

Section 7.02. Unless otherwise agreed in the Administration Agreement the equipment, vehicles and supplies paid for by the Contribution shall be transferred to Recipients, local authorities or to the final recipients (excluding commercial contractors) of the activities financed by the trust fund by the end of the Project in accordance with World Bank Group policies on asset management. The documentary proof of those transfers shall be kept for verification along with the documents mentioned in Section 16.06.

ARTICLE 8
Participation in Supervision of the Project

Section 8.01. Representatives of the Commission shall be invited to participate in Supervision missions, when applicable, led by the World Bank Group entity relating to the
Project financed under the Contribution. The World Bank Group entity shall keep the Commission informed of the findings of such missions and regularly provide the Commission with summaries of any reports resulting from such missions.

**Section 8.02.** Notwithstanding the Commission's participation in a World Bank Group entity's Supervision mission, the Commission as a donor may wish to carry out Supervision missions independently at its own cost. Supervision missions by representatives of the Commission should be planned and carried out in a collaborative manner between the World Bank Group entity's staff and the Commission's representatives, keeping in mind the commitment of both to coordination and collaboration for the effective and efficient implementation of the Project included in the Administration Agreement. These missions are to be planned ahead with reasonable notice and procedural matters are to be agreed upon by the Commission and by the World Bank Group entity in advance. The mission will make a draft of its report available to the World Bank Group entity for comments prior to final issuance.

**ARTICLE 9**

**Amendment of the Administration Agreement**

**Section 9.01.** Any modification of the Administration Agreement, including the Annexes thereto, shall be in writing in an amendment. The request for amendment shall be submitted by either the World Bank Group entity or the Commission one (1) month before the amendment is intended to enter into force, unless otherwise agreed by the World Bank Group entity and by the Commission.

**Section 9.02.** Notwithstanding Section 9.01, changes of address and changes of bank account may simply be notified in writing to the Commission. Changes of bank account must be specified in the request for payment using a financial identification form.

**ARTICLE 10**

**Procurement and Grants**

**Section 10.01.** If parts of the Project are contracted by the World Bank Group, the relevant procurement plan will be specified in the Description of the Project. If it is not specified therein, the World Bank Group entity will present it to the Commission as soon as it is available.

**Section 10.02.** Unless otherwise agreed by the Parties in writing, the procurement of any goods, works or services and the award of Grants to Beneficiaries by the World Bank Group entity or the Recipient in the context of the Project shall be carried out in accordance with the applicable policies and procedures adopted by the World Bank Group entity, as previously assessed by the Commission.

The administration and enforcement of all provisions entered into between the World Bank Group entity and a third party that is financed by the trust fund shall be the responsibility solely of the World Bank Group entity and shall be carried out in accordance with its applicable procedures, except as otherwise specified in this Article 10 and Section 1.06.

Without prejudice to the specific procedures and exceptions applied by the World Bank Group entity, the award of Grants to Beneficiaries shall apply the following principles:
- No single Beneficiary may receive more than one Grant financed by the European Union for the same activity. For additional activities, a Beneficiary may receive supplemental Grants;

- Grants may only cover costs incurred after the date on which the Grant contract with the Beneficiary enters into force;

- No portion of any Grant shall be used to provide a direct profit out of the proceeds of the Grant to the Grant Beneficiary unless the objective of the Grant is to reinforce the financial capacity of the Beneficiary; and

- Grants may not as a rule finance the entire cost of the activities carried out by the Beneficiary.

Section 10.03. The origin of the goods and the nationality of the organisations, companies and experts selected for carrying out activities in the Project shall be determined in accordance with the World Bank Group entity's relevant rules. The World Bank Group entity's policies and procedures on procurement and Grants to Beneficiaries are untied.

Section 10.04. The World Bank Group entity shall take into consideration as provided for under the World Bank Group's policies and procedures the following or similar situations as factors for determining qualification or eligibility of:

- Beneficiaries that are bankrupt or being wound up, are having their affairs administered by the courts, have entered into arrangement with creditors, have suspended business activities, are the subject of proceedings concerning those matters, or are in any analogous situation arising from a similar procedure provided for in national legislation or regulations;

- Beneficiaries that have been convicted of an offence concerning their professional conduct by a judgment which has the force of res judicata;

- Beneficiaries that have been the subject of a judgment which has the force of res judicata for fraud, corruption involvement in a criminal organisation or any other illegal activity;

- Beneficiaries that are guilty of misrepresentation in supplying the information required as a condition of participation in the procedure or fail to supply this information;

- Beneficiaries that are subject to a conflict of interest.

Section 10.05. The World Bank Group entity may be given access whatever its medium (written on paper or stored in electronic form) to the central exclusion database set up and operated by the Commission (the "Central Exclusion Database"). The foregoing shall be applied in accordance with the provisions that may be provided for in Attachment 5 of the Framework Agreement including any condition under which the World Bank Group would communicate to the Commission any judgment rendered after 1 January 2009 which has the force of res judicata for fraud, corruption, involvement in a criminal organization or any other
illegal activity against a Beneficiary receiving funds from a trust fund financed by the European Union.

ARTICLE 11
Suspension of the Administration Agreement

Section 11.01. The World Bank Group entity may suspend implementation of all or part of the Project in accordance with its policies and procedures including when circumstances make it too difficult or dangerous to continue. It shall inform the Commission without delay and provide all the necessary details should a project be suspended. The Administration Agreement may be terminated in accordance with Section 12.01. If the Administration Agreement is not terminated, the World Bank Group entity shall endeavour to minimise the duration of the suspension and may resume implementation of the Project once the conditions allow, and shall inform the Commission accordingly.

Section 11.02. Upon removal of the suspension, the implementation period of the Administration Agreement shall be automatically extended by an amount of time equivalent to the duration of the suspension. This is without prejudice to any amendments to the Administration Agreement which may be necessary to adapt the Project to the new implementing conditions.

ARTICLE 12
Termination of the Administration Agreement

Section 12.01. If, at any time, either party believes that the purposes of the Administration Agreement can no longer be effectively or appropriately carried out, it shall consult the other party. The Administration Agreement may be terminated at the initiative of either party by giving the other party three (3) months' prior written notice to cancel all or part of the Commission's pro rata share of any remaining balance of the Contribution funds that is not committed pursuant to any agreements entered into between the World Bank Group entity and any consultants and/or other third parties for the purposes of the Administration Agreement prior to the receipt of such notice, including the Grant Agreement[s]. The World Bank Group entity shall return such cancelled balance to the Commission including any investment income in accordance with Article 18.

Section 12.02. Where the World Bank Group entity:

- fails, without justification, to fulfil any of the obligations set out in Sections 1.02 and 1.03 incumbent on it, including the presentation of a final narrative report and/or making available final financial information within the deadlines laid down in Sections 2.06 and 2.07, after being given notice by letter to comply with those obligations, still fails to do so or to furnish a satisfactory explanation within thirty (30) days of sending of the letter; and, in case of narrative progress reports, after failing to provide, together with a satisfactory explanation, a summary of the state of the progress of the Project;

- fails to comply with Section 1.05 or Article 4;

- provides false reports or makes false or incomplete statements to obtain the Contribution provided for in the Administration Agreement;
- commits financial irregularities or is guilty of grave professional misconduct;
- undergoes legal, financial, technical or organisational change that is likely to substantially affect negatively the Administration Agreement or to call into question the decision by which a direct financial contribution is awarded to the World Bank Group by the Commission following a Call for proposals;

After prior consultation with the World Bank Group entity the Commission may terminate the Administration Agreement. In that event the Commission may request full or partial repayment of any amounts that should have not been considered eligible, after allowing the World Bank Group entity to submit its observations.

Section 12.03. Prior to or instead of terminating the Administration Agreement as provided for in Section 12.02, the Commission may suspend payments or (exceptionally) the eligibility of expenses as a precautionary measure, informing the World Bank Group entity immediately.

Section 12.04. This Administration Agreement shall be automatically terminated if no payment has been made by the Commission within three (3) years of its signature.

ARTICLE 13
Dispute resolution

Section 13.01. The Parties shall endeavour to settle amicably any dispute or complaint relating to the interpretation, application or fulfilment of the Administration Agreement, including its existence, validity or termination. In default of amicable settlement, any party may refer the matter to arbitration in accordance with the Permanent Court of Arbitration Optional Rules for Arbitration Involving International Organisations and States in force at the date of the Administration Agreement.

Section 13.02. The language to be used in the arbitral proceedings shall be English. The appointing authority shall be the Secretary General of the Permanent Court of Arbitration following a written request submitted by any party. The Arbitrator's decision shall be binding on all parties to the arbitral proceedings and there shall be no appeal.

Section 13.03. Nothing in the Administration Agreement shall be interpreted as a waiver of any privileges or immunities accorded to any party hereto by its constituent documents or international law.

FINANCIAL PROVISIONS TO THE ADMINISTRATION AGREEMENT

ARTICLE 14
Eligible costs

Section 14.01. To be considered eligible as Direct Costs under the Administration Agreement costs must:
- be necessary for carrying out the activities financed by the trust fund, fall within the scope of the Administration Agreement, and comply with the
principles of sound financial management, in particular value for money and cost effectiveness;

- have actually been incurred after the date specified in Section 2.02 of the Administration Agreement and before the End Disbursement Date specified in Section 2.03 of the Administration Agreement;

- be recorded in the World Bank Group or Recipient’s accounts, be identifiable, backed by originals of supporting evidence and verifiable pursuant to the provisions on the verification provision set out in Section 16.07.

Section 14.02. Subject to the above and without prejudice to Section 14.04, the following Direct Costs related to the activities of the trust fund of the World Bank Group entity, or its Recipient may be eligible provided they are consistent with the World Bank Group entity’s policies:

- the cost of staff, including those at headquarters, assigned to the activities funded by the trust fund, corresponding to salaries and other benefits costs;

- travel and subsistence costs for staff and consultants;

- cost of purchase or lease for goods and services (including consultant services, transport, storage and distributing, lease of equipment, etc.);

- costs directly arising out of, or related to, distributing consumables, supplies and communications;

- expenditure on contracting (including works);

- the proportion of field office costs that corresponds to the amount of activity directly attributable to the activities financed by the trust fund or to the proportion of the amount deposited by the European Union;

- media workshops, conferences, meetings and other costs including dissemination of information, translation, reproduction, publication;

- training;

- Supervision/project management activities, project preparation activities, and specific reporting for the needs of the Commission;

- financial service costs (in particular bank fees for transfers) and insurance;

- costs related to carrying out visibility activities.

Section 14.03. The following costs of the World Bank Group entity or its Recipient shall not be considered eligible:

- expenditures and provisions for possible future losses or debts;
- interest owed to any third party;
- items already financed from other sources;
- purchases of land or buildings;
- currency exchange losses;
- taxes, duties and charges (unless the World Bank Group entity or the Recipient is not able to reclaim them and if allowed by the applicable regulatory provisions of the European Union).

Section 14.04. In order to assist in the defrayment of the costs of administration and other expenses incurred by the World Bank Group entity in administering the trust funds provided to it hereunder, a fixed percentage of Direct Costs, not exceeding 7%, may be deducted from each Contribution and retained as Indirect Costs by the World Bank Group entity. The 7% includes any set up fee that the World Bank governing bodies' decision may establish. Indirect Costs are eligible provided that they do not include Direct Costs specifically charged including preparation and supervision costs.

Where the administrative costs charged by the World Bank Group exceed 7%, the World Bank Group entity may recover the balance as Direct Costs, subject to meeting the requirements governing direct eligible costs referred to in Section 14.01. Indirect Costs shall not be eligible where the Administration Agreement concerns the financing of a Project where the World Bank Group entity is already receiving funding for its functioning from the European Union during the same period in question.

ARTICLE 15
Payments

Section 15.01. Payment schedule is set out in Article 4 of the Administration Agreement and follow one of the options below.

Option 1 will be applicable in case of Single Donor Trust Funds or Multi-Donor Trust Funds where the trust fund has an anticipated duration of one year or less:

An advance payment, representing 100% of the total Contribution referred to in Section 3.02 of the Administration Agreement shall be payable by the Commission within forty-five (45) days following receipt of the Administration Agreement signed by both Parties and receipt by the Commission of a payment request conforming to the model agreed between the Parties.

Option 2 will be applicable in case of Single Donor Trust Funds or Multi-Donor Trust Funds where the trust fund has an anticipated duration of more than one year:

An advance payment representing 50% of the total Contribution referred to in Section 3.02 of the Administration Agreement shall be payable within forty-five (45) days following receipt of the Administration Agreement signed by both Parties and receipt by the Commission of a payment request conforming to the model agreed between the Parties.
One or several intermediate payments representing $X\%$ of the total Contribution referred to in Section 3.02 of the Administration Agreement and specified in Section 4.01 of the Administration Agreement, shall be payable within forty-five (45) days of approving the narrative progress report and the financial information provided the payment request is accompanied by written confirmation that $50\%$ of the total funds received to-date by the trust fund have been subject to a Commitment.

A final payment representing $100-(50+X)\%$ of the total Contribution referred to in Section 3.02 of the Administration Agreement and specified in Section 4.01 of the Administration Agreement, shall be payable within forty-five (45) days following receipt by the Commission of a payment request accompanied by written confirmation that $(50+X)\%$ of the total funds received to-date by the trust fund have been subject to a Commitment.

Section 15.02. Narrative progress reports and the up to date financial information shall be deemed approved if the Commission has not reacted within forty-five (45) days of receiving the narrative progress report. If the Commission does not intend to approve a narrative report and/or financial information, as submitted or made available, it shall revert to the World Bank Group entity specifying the additional information it requires in accordance with Section 2.08. The deadline for approving the narrative report and financial information shall be suspended pending the receipt of the requested information.

If the Commission deems that a payment request cannot be met, it shall revert to the World Bank Group entity with a request specifying the additional information it requires within the forty-five (45)-day payment period. The payment period shall be suspended pending the payment request being made available in accordance with Section 15.01.

Approval of a report does not imply recognition of the regularity, authenticity, completeness and correctness of the declarations and information contained therein.

Section 15.03. All payments shall be made in Euro, into such bank account designated by the World Bank Group entity in its request for payment pursuant to Section 9.02. When making deposits pursuant to this Section 15.03, the Commission will instruct the bank with which the deposit is made to include in its payment details information (remittance advice) field of its SWIFT payment message information indicating the amount and date of the deposit, the name and World Bank reference number of the trust fund for which the deposit is made (as set forth in the Administration Agreement), the Commission internal reference number (as set forth in the Administration Agreement), name of the project for which the funds are intended, name of the Commission’s department responsible for the trust fund, date of the Administration Agreement or amendment. The Commission will also send a copy of its instruction to the IBRD’s Trust Funds Division via e-mail using address “TFremitadvice@worldbank.org or via fax utilizing fax number 1-202-614-1315.

Section 15.04. In case of Single Donor Trust Funds except as the Commission and the World Bank Group entity may otherwise agree and subject to Section 15.06, any funds so deposited by the Commission shall be maintained in Euro. In case of Multi-Donor Trust Funds, in the event that holding currency of the Multi-Donor Trust Fund is not Euro, the World Bank Group entity, shall convert the funds into the holding currency of the trust fund promptly following receipt of the funds, provided that all the necessary documentation has been
received, at the exchange rate applicable to the World Bank Group on the date of the conversion unless the parties agree otherwise in Section 7.02 of the Administration Agreement. In all cases, where the Contribution proves to be insufficient to complete the Project as a result of an exchange rate fluctuation, the Commission will not bear any responsibility for additional financing.

Section 15.05. The funds deposited pursuant to Section 15.04 above may be commingled with other trust fund assets administered by any World Bank Group entity, provided they may still be identified as such in the records of the World Bank Group entity but shall be kept separate and apart from the funds of each of the World Bank Group entities.

Section 15.06. The World Bank Group entity may exchange any funds held hereunder for other currencies in order to facilitate their administration and disbursement at the exchange rate applicable to the World Bank Group on the date of the conversion unless the parties agree otherwise in Section 7.02 of the Administration Agreement.

Section 15.07. IBRD shall, on behalf of the World Bank Group entity, invest and reinvest the funds provided by the European Union hereunder pending their disbursement, in accordance with IBRD’s policies and procedures for the investment of trust funds. For Multi Donor Trust Funds and/or Joint Management, IBRD shall credit all income earned on funds received from the Commission from such investment to the trust fund established under this Administration Agreement to be used for the same purposes as the Contribution funds. For Contributions which are not Multi-Donor Trust Funds and/or Joint Management, investment income earned on funds received from the Commission shall be identified as such, and IBRD shall credit such income to the Commission’s Donor Balance Account to be reimbursed to the Commission annually upon receipt by IBRD of banking details and authorized instructions from the Commission. Such refund request shall be sent to the attention of the Division Manager, Trust Fund Division, Accounting Department of the World Bank.

ARTICLE 16
Financial audits and checks

Section 16.01. The World Bank Group shall maintain separate records and ledger accounts in respect of the Contributions deposited by the Commission in the trust fund account and disbursements made therefrom. Separate records and ledger accounts shall be kept for each trust fund.

Section 16.02. The World Bank Group shall provide to the Commission, within six (6) months following the end of each World Bank Group fiscal year, the annual single audit, comprising (1) a management assertion together with an attestation from the World Bank Group’s external auditors concerning the adequacy of internal control over cash-based financial reporting for trust funds as a whole; and (2) a combined financial statement for all cash-based trust funds together with the external auditor’s opinion thereon. The cost of the single audit shall be borne by the World Bank Group.

Section 16.03. For Exceptionally large trust funds where a financial statement audit is deemed appropriate and necessary, the World Bank will include provisions in the Administration Agreement for the financial statements of the trust fund to be audited (either annually, periodically, or at the completion of the trust fund as agreed with the donor(s)), by the World Bank’s external auditors in addition to the Single Audit Report. The costs with
respect to such audits will be paid by the trust fund. These audited financial statements will be submitted to the Commission.

**Section 16.04.** If the Commission wishes to request, on an exceptional basis, a financial statement audit by the Bank’s external auditors of a trust fund established under an Administration Agreement, the Commission and the Bank will first consult one another as to whether such an external audit is necessary. Following consultation, if the Commission wishes to proceed with the external audit, the Bank will arrange for such an audit. The cost of any such audit, including the Bank’s internal costs related to such an audit, will be paid by the Commission.

**Section 16.05.** The Bank will provide the Commission with copies of all financial statements and auditors’ reports received by the Bank from the Recipients pursuant to the Grant Agreements.

**Section 16.06.** The World Bank Group entity shall, until at least seven years after the End Disbursement Date of the Administration Agreement:

- keep financial and accounting documents concerning the activities financed by the European Union hereunder; and
- make available to the competent bodies of the European Union upon request, all relevant financial information, including statements of accounts concerning the project or activity financed by the European Union hereunder (whether executed by such World Bank Group entity or by its subcontractor).

**Section 16.07.** In conformity with the European Union financial regulations, the European Union may undertake, including on-the-spot, checks related to the Projects and activities financed by the trust fund.

**Section 16.08.** The foregoing shall be applied in accordance with the verification provisions provided for in Attachment 3 of the Framework Agreement.

**ARTICLE 17**

**Final amount of the Contribution by the Commission**

**Section 17.01.** The total amount to be paid by the Commission to the World Bank Group entity may not exceed the maximum Contribution established by Section 3.02 of the Administration Agreement, even if the overall actual expenditure exceeds the estimated total budget set out in Section 3.01 of the Administration Agreement unless amended in accordance with Section 9.01.

**Section 17.02.** The World Bank Group entity accepts that the Contribution amount shall be limited to the amount required to balance income and expenditure for the Project and that it may not in any circumstances result in a surplus for the World Bank Group entity.

**Section 17.03.** In cases where the Project is not completed by the End Disbursement Date specified in Section 2.03 of the Administration Agreement, the funds that remain unexpended after all Commitments incurred have been satisfied, including investment income will be reimbursed to the relevant Balance Account.
Section 17.04. Where the Project is not carried out according to the Administration Agreement and without prejudice to its right to terminate the Administration Agreement pursuant to Section 12.02, the Commission may, after allowing the World Bank Group entity to submit its observations and without prejudice to Article 13, adjust its Contribution pro rata to the actual implementation of the Project on the terms laid down in the Administration Agreement giving three (3) months' prior written notice.

ARTICLE 18
Recovery

Section 18.01. Upon the completion or termination of the Project for which the European Union has provided funding hereunder, the World Bank Group entity, will refund to the Commission within forty-five (45) days of receiving a written request from the latter any amounts paid in excess of the final amount due for such project (including any investment income not previously reimbursed to the Commission or to the Balance Account).

Such refund request with banking details and authorized instruction from the Commission shall be sent to the attention of the Division Manager, Trust Fund Division, Accounting Department of the World Bank. Any refund to the Commission will be done in Euro, unless the Parties agree otherwise, at the exchange rate applicable to the World Bank Group on the date of the conversion unless the Parties agree to another exchange rate in Section 7.02 of the Administration Agreement. In the event the funds are received by the Commission before such refund request is sent, the Commission will issue a refund request acknowledging their receipt.

Section 18.02. If the World Bank Group entity fails to repay by the due date, the sum due shall bear interest in accordance with the rules of the Commission. In case of Contributions which are Multi-Donor Trust Funds and/or Joint Management the accrued investment income may be taken into account.

Section 18.03. Amounts to be repaid to the Commission may be offset against amounts of any kind due to the World Bank Group entity or the Recipient, after consulting it accordingly. This shall not affect the Parties’ option to agree on payment in instalments.

Section 18.04. Bank charges incurred by the repayment of amounts due to the Commission shall be borne entirely by the World Bank Group entity.
ANNEX IV

Standard Provisions agreed between the Bank and the donors
ANNEX IV

Standard Provisions

This Annex shall be applicable to and form an integral part of all Administration Agreements between the Bank and the respective Donors. Donors must contribute a minimum of one million United States Dollars (or the equivalent) to 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 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 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 one percent (1%) 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 five percent (5%) 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 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. If such an audit is agreed to be necessary and if all donors to the Trust Fund concur with the relevant Donor’s request for such an audit, 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 June 30, 2024 (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 Donor its pro-rata
share in the Holding Currency as specified in the Administration Agreement, unless otherwise agreed between the Bank and the 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”) for Recipient-executed activities 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 net of amounts for Bank-executed activities.

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 V
Indicative Budget for the MPF
Indicative Budget for the MPF

The Parties agree that the inclusion of this indicative budget is for informational purposes only and shall have no legal or binding effect, including for purposes of verifications and audits or otherwise in relation to determining ineligible expenditures. The Commission acknowledges the high level of uncertainty surrounding this indicative budget, reflecting *inter alia* uncertainty regarding total contributions from prospective donors, as well as uncertainty regarding the exact composition of MPF expenses and activities given the reliance on the SDRF for project approval, as well as the high degree of country volatility and the fluidity of the operating environment. Given that the MPF will have a ten-year lifespan, this indicative budget represents near-term estimates only, covering a timeframe of donor contributions of one- to three-years from the activation of the MPF and is expected to change over time.

<table>
<thead>
<tr>
<th>1. MPF Contributions (tentative and unconfirmed)</th>
<th>EUcM*</th>
</tr>
</thead>
<tbody>
<tr>
<td>EU</td>
<td>21.75</td>
</tr>
<tr>
<td>UK</td>
<td>58.50</td>
</tr>
<tr>
<td>Sweden</td>
<td>22.80</td>
</tr>
<tr>
<td>World Bank SPF</td>
<td>6.10</td>
</tr>
<tr>
<td>Germany</td>
<td>15.20</td>
</tr>
<tr>
<td>Other potential contributions through 2016</td>
<td>65.60</td>
</tr>
<tr>
<td>Total Pledged and Potential Contributions through 2016</td>
<td>190.0</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>2. MPF Fee and Costs</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>MPF Fee per Section 3.1 of Standard Provisions (1%)</td>
<td>1.90</td>
</tr>
<tr>
<td>MPF Cost Percentage per Section 3.2 of Standard Provisions (5%)</td>
<td>9.50</td>
</tr>
<tr>
<td>Total</td>
<td>11.40</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>3. MPF Expected Pipeline through 2016</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>a. PSG IV** (Economic Foundations)</td>
<td>105.20</td>
</tr>
<tr>
<td><em>Somali Urban Development Project</em></td>
<td>53.50</td>
</tr>
<tr>
<td><em>Pastoralist &amp; Water Program</em></td>
<td>15.20</td>
</tr>
<tr>
<td><em>Private Sector Development</em></td>
<td>21.65</td>
</tr>
<tr>
<td><em>ICT Sector Support (phase II)</em></td>
<td>7.20</td>
</tr>
<tr>
<td><em>Energy Sector Support</em></td>
<td>5.75</td>
</tr>
<tr>
<td><em>Oil &amp; Gas Technical Assistance</em></td>
<td>1.50</td>
</tr>
<tr>
<td>b. PSG V** (Revenue and Services)</td>
<td>73.80</td>
</tr>
<tr>
<td><em>Recurrent Costs (SFF II)</em></td>
<td>34.20</td>
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<tr>
<td><em>PFM Phase II</em></td>
<td>22.80</td>
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<tr>
<td><em>Capacity Injection and Institutional Strengthening</em></td>
<td>12.20</td>
</tr>
<tr>
<td>c. Bank-executed activities (Enhanced Implementation Support)</td>
<td>4.60</td>
</tr>
<tr>
<td>Total MPF Expected Pipeline through 2016</td>
<td>178.60</td>
</tr>
</tbody>
</table>

* Amounts other than EU Contribution converted using exchange rate of US$1.0 to €0.76 of 26-Aug-14 rate.
** Peace and Statebuilding Goals in the Somali Compact.