H. E Thorbjørn Gaustadsæther
Ambassador
Norwegian Embassy in Uganda
Kampala
Republic of Uganda

Trust Fund Administration Agreement between the Norwegian Ministry of Foreign Affairs and the International Development Association concerning the Single-Donor Trust Fund for the Republic of Burundi: Co-financing of the Fifth Economic Reform Support Grant (TF071783)

Dear Mr. Ambassador:

1. We are pleased to acknowledge on behalf of the International Development Association ("IDA" or the "Bank") that the Norwegian Ministry of Foreign Affairs (the "Donor") shall make available, subject to Parliamentary appropriations, as a grant the sum not exceeding fifty four million two hundred and ninety thousand Norwegian Kroner (NOK 54,290,000) (the "Contribution") for the Single-Donor Trust Fund established for the co-financing of the Fifth Economic Reform Support Grant to the Republic of Burundi ("ERSG V") (the "Trust Fund") in accordance with the terms of this Agreement.

2. Activities and Expenditures Financed by the Contribution

   The Contribution shall be used exclusively to finance the eligible expenditures associated with the co-financing of the ERSG V planned for 2011 - 2012, and shall be administered by the Bank on behalf of the Donor in accordance with the terms of this Agreement.

3. Administration of the Contribution

   3.1. The Bank shall be responsible only for performing those functions specifically set forth in this Agreement and shall not be subject to any other duties or responsibilities to the Donor, 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 Bank under its Articles of Agreement or any applicable law, all of which are expressly reserved.
3.2. The Contribution shall be administered in accordance with the Bank’s applicable policies and procedures, as the same may be amended from time to time, including its framework to prevent and combat fraud and corruption and its screening procedures to prevent the use of Bank resources to finance terrorist activity, in line with the Bank’s obligations to give effect to the relevant decisions of the Security Council, taken under Chapter VII of the of Charter of the United Nations. The Donor acknowledges that this provision does not create any obligations of the Bank under the anti-terrorist financing and asset control laws, regulations, rules and executive orders of an individual member country that may apply to the Donor, nor shall it be deemed a waiver, express or implied, of any of the privileges and immunities of the Bank.

4. Deposit of the Contribution

4.1. The Donor shall, based on financial needs, deposit the Contribution into such bank account designated by the Bank promptly following countersignature of this Agreement by the Donor and submission of a payment request by the Bank.

4.2. When making such deposit, the Donor shall instruct its bank to include in its payment details information (remittance advice) field of its SWIFT payment message, information indicating: the amount paid, that the payment is made by the Donor for TF071783 (Single-Donor Trust Fund for Burundi ERSG V), and the date of the deposit (the “Deposit Instruction”). In addition, the Donor shall provide a copy of the Donor’s Deposit Instruction to the Bank’s Accounting Trust Funds Division by e-mail sent to tfremitadvice@worldbank.org or by fax sent to (202) 614-1315.

4.3. The Bank shall convert the Contribution funds into the holding currency of the Trust Fund, namely United States Dollars, promptly upon receipt of the Contribution funds and the Deposit Instruction containing the information specified in paragraph 4.2 at the exchange rate obtained by the Bank on the date of the conversion. Where the Contribution proves to be insufficient to complete the activities as a result of an exchange rate fluctuation, neither the Bank nor the Donor shall bear any responsibility for providing any additional financing.

5. Commingling, Exchange and Investment of the Contributions

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

5.2. The Contributions may be freely exchanged by the Bank into other currencies as may facilitate their disbursement.

5.3. The Bank shall invest and reinvest the Contribution pending its 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 Donor Balance Account to be used for the same purposes as the Contribution.

6. Administrative Cost Recovery

6.1. In order to assist in the defrayment of the costs associated with the establishment of the Trust Fund, the Bank may, following deposit of the Contribution by the Donor to the Trust Fund, deduct and retain for its own account from that Contribution an amount equal to and not greater than thirty-five thousand United States dollars (US$35,000).

6.2. 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 the Contribution, deduct and retain for its own account an amount equal to five percent (5%) of the Contribution. If the contribution increases beyond what was originally expected at the time of counter-signature of this Agreement, and the administrative costs increase as a result, the Donor acknowledges that an additional administrative fee may be applied to such new contributions.

7. Grant to Recipient

7.1. The Bank shall, as administrator of the Trust Fund on behalf of the Donor, enter into a grant agreement (the “Grant Agreement”) with the Republic of Burundi (the “Recipient”) consistent with the purposes of this Agreement and on the terms and conditions set forth in the Grant Agreement. The Grant Agreement may be entered into up to the maximum amount of the Contribution that the Donor has agreed to make available under this Agreement. Upon request by the Donor, the Bank shall furnish a copy of the Grant Agreement to the Donor.

7.2. The Bank shall be responsible for the supervision of the activities financed under the Grant Agreement. Subject to the consent of the Recipient, representatives of the Donor may be invited by the Bank to participate in Bank supervision missions related to the Trust Fund.

7.3. The Bank shall promptly inform the Donor of any significant modification to the terms of the Grant Agreement and of any contractual remedies that are exercised by the Bank under the Grant Agreement. To the extent practicable, the Bank shall afford the Donor the opportunity to exchange views before effecting any such modification or exercising any such remedy.

8. Accounting and Financial Reporting

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

8.2. The Bank shall furnish to the Donor current financial information relating to receipts, disbursements and fund balance in United States Dollars with respect to the
Contribution 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 United States Dollars with respect to the Contributions will be made available to the Donor via the World Bank’s Trust Funds Donor Center secure website.

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

8.4. If the Donor wishes to request, on an exceptional basis, a financial statement audit by the Bank’s external auditors of the Trust Fund, the Donor and the Bank shall first consult as to whether such an external audit is necessary. The Bank and the Donor shall agree on the appropriate scope and terms of reference of such audit. Following agreement on the scope and terms of reference, the Bank shall arrange for such external audit. The costs of any such audit, including the internal costs of the Bank with respect to such audit, shall be paid by the Donor.

8.5. The Bank shall provide the Donor with copies of all financial statements and auditors’ reports received by the Bank from the Recipient pursuant to the Grant Agreement.

9. Progress Reporting

9.1. The Bank shall provide the Donor with an annual report on the progress of activities financed by the Contributions. Within six (6) months of the final disbursement date specified in paragraph 10.1, the Bank shall furnish to the Donor a final report on the activities financed by the Trust Fund.

9.2. The Donor may review or evaluate activities financed by the Trust Fund. The Donor and the Bank shall agree on the scope and conduct of such review or evaluation, and the Bank shall provide all relevant information within the limits of its policies and procedures. All associated costs shall be borne by the Donor. It is understood that any such review or evaluation will not constitute a financial, compliance or other audit of the Trust Fund.
10. **Disbursement; Cancellation; Refund**

10.1. It is expected that the Contributions will be fully disbursed by the Bank by June 30, 2013. The Bank shall only disburse the Contribution for the purposes of this Agreement after such date with the written approval of the Donor.

10.2. The Donor or the Bank may, upon three (3) months’ prior written notice, cancel all or part of any remaining balance of the Contributions 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 Agreement prior to the receipt of such notice, including the Grant Agreement.

10.3. Following the final disbursement date specified in paragraph 10.1, the Bank shall return any remaining balance of the Contributions to the Donor Balance Account based on the Donor’s paid Contributions. In the event of a cancellation the Bank shall promptly return to the Donor Balance Account the uncommitted Contributions in accordance with paragraph 10.2.

11. **Communication and Addresses**

Except as provided for in paragraph 4.2 above, any notice, request or other communication to be given or made under this Agreement shall be in writing and delivered by mail, facsimile or e-mail to the respective party’s address specified below or at such other address as such party notifies in writing to the other party from time to time:

**For the Bank:**

Jean-Pascal Nganou  
Senior Country Economist, AFTP3  
The World Bank  
1818 H Street, NW  
Washington, DC 20433  
U.S.A.  
Tel: 202-458-8054

**For the Donor:**

Vegard Pedersen  
Country Economist  
Royal Norwegian Embassy in Kampala  
Plot 18b Akii-Bua Road, Kampala  
Uganda  
Tel: +256 417112015  
Fax: +256 414343936  
E-mail: vepe@mfa.no
12. **Amendment**

All annexes hereto constitute an integral part of this Agreement. This Agreement may be amended only in writing between the Bank and the Donor.

13. **Disclosure**

The Bank will disclose this Agreement and related information on this Trust Fund in accordance with the World Bank Policy on Access to Information. By entering into this Agreement, the Donor consents to disclosure of this Agreement and related information on this Trust Fund.

Please confirm your agreement with the foregoing, on behalf of the Donor, by signing, dating, and returning to us the enclosed copy of this Agreement. Upon receipt by the Bank of the copy of this Agreement countersigned by you, this Agreement will become effective as of the date of the countersignature.

Sincerely,

INTERNATIONAL DEVELOPMENT ASSOCIATION

By: //s/ Steffi Stallmeister,
    for Mercy Tembon
    Acting Country Director for Burundi
    Africa Region

AGREED:

FOR THE NORWEGIAN MINISTRY OF FOREIGN AFFAIRS:

By: /s/ H. E Thorbjørn Gaustadsæther
Name: Thorbjørn Gaustadsæther
Title: Ambassador
Date: November 17, 2011
ANNEX 1

**Description of Activities and Expenditures under the Single-Donor Trust Fund for the Co-financing of the Burundi Fifth Economic Reform Support Grant**

This Annex shall be applicable to and form an integral part of the Agreement entered into between the Bank and the Donor that provides contributions (the aggregate of all contributions from the Donor, the “Contribution”) to be administered by the Bank for the Trust Fund.

**DESCRIPTION OF ACTIVITIES**

The ERSG V is designed to assist the Republic of Burundi in implementing policies and institutional reforms to promote growth and achieve sustainable reductions in poverty. The actions to be taken by the Recipient under the Program are as follows:

(a) Consolidating reforms already underway in public finance management aimed at improving budget credibility, planning, and controls;

(b) Reenergizing the reform process in private sector development, including through improvements in the legislative framework and competitiveness in the coffee subsector; and

(c) Assist the government efforts to cope with the impact of the food and fuel crisis.

A more elaborated results framework can be found in the Program Document for ERSG V.