Administration Arrangement between the United Kingdom and the International Bank for Reconstruction and Development and the International Development Association concerning the Pakistan Accelerating Growth and Reforms Multi-Donor Trust Fund (No. TF072316)

1. The International Bank for Reconstruction and Development and the International Development Association (collectively, the “Bank”) acknowledge that the United Kingdom of Great Britain and Northern Ireland, acting through the Department for International Development (the “Donor”, and together with the Bank, the “Parties” and each a “Party”) has decided to provide the sum of thirty million Pounds Sterling (GBP 30,000,000) (the “Contribution”) for the Pakistan Accelerating Growth and Reforms Multi-Donor Trust Fund, No. TF072316 (the “Trust Fund”) in accordance with the provisions of this Administration Arrangement. Other donors are also expected to contribute to the Trust Fund on the terms and conditions specified in the Annexes to this Administration Arrangement.

2. The Contribution will be used to finance the activities set forth in the “Pakistan Accelerating Growth and Reforms Trust Fund Description” attached hereto as Annex 1, and will be administered by the Bank on behalf of the Donor in accordance with the terms of this Administration Arrangement, including the “Standard Provisions” attached hereto as Annex 2 and “Governance” attached hereto as Annex 3.

3. Unless otherwise agreed in writing between the Donor and the Bank, the Donor will deposit the Contribution in accordance with the following schedule and in the currency specified in Section 1 above (“Contribution Currency”) into such bank account designated by the Bank (each amount deposited hereinafter referred to as an “Installment”) upon submission of a payment request by the Bank:

| (1) | Promptly following the date of countersignature of this Agreement | GBP 3,000,000 |
| (2) | During the Donor Fiscal Year April 1 2015-March 31, 2016 | |
| (a) | No later than April 30, 2015 | GBP 5,000,000 |
| (b) | No later than October 31, 2015 | GBP 8,000,000 |
| (3) | During the Donor Fiscal Year April 1 2016-March 31, 2017 | |
| (a) | No later than April 30, 2016 | GBP 5,000,000 |
| (b) | No later than October 31, 2016 | GBP 5,000,000 |
| (4) | During the Donor Fiscal Year April 1 2017-March 31, 2018 | |
| (a) | No later than April 30, 2017 | GBP 4,000,000 |
| Total | | GBP 30,000,000 |

The Contribution is being provided in Installments on the basis of financial needs of the Trust Fund, such that if the speed of the implementation of the activities to be financed by the Trust Fund makes it necessary either to bring Installments forward or to delay them, the Installment schedule shall be amended as agreed by the Bank and the Donor.

4. When making any deposit, the Donor will instruct its bank to include in its deposit details information (remittance advice) field of its SWIFT deposit message, information indicating: the amount deposited, that the deposit is made by the Donor for Pakistan Accelerating Growth and Reforms Multi Donor Trust Fund (TF TF072316), and the date of the deposit (the “Deposit Instructions”). In addition, the Donor will provide a copy of the Deposit Instructions to the Bank’s Accounting Trust Funds Division by e-mail sent to tfremitadvice@worldbank.org or by fax sent to +1 (202) 614-1315.

5. Except with respect to the Deposit Instructions, any notice, request or other communication to be given or made under this Administration Arrangement will be in writing and delivered by mail, fax or e-mail to the respective Party’s address specified below or at such other address as such Party notifies in writing to the other Party from time to time.
For the Bank (the “Bank Contact”):

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Country Director for Pakistan
The World Bank
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E-mail: Rbenmessaoud@worldbank.org

For the Donor (the “Donor Contact”):

Alan Whitworth
Senior Economist
DFID Pakistan
British High Commission
Diplomatic Enclave
Ramna 5
Islamabad
Tel: (92-51) 201 2528
Fax: (92-51) 201 2055
E-mail: a-whitworth@dfid.gov.uk

6. In the event any amounts are to be returned to the Donor under this Administration Arrangement, the Bank will transfer such amounts to the Donor, unless otherwise agreed with the Bank.

7. In providing funds under this Arrangement, the Donor does not intend to accept any responsibility or liability towards any third parties for any claims, debts, demands, damage or loss as a result of the implementation of the activities under the Trust Fund.

8. All annexes hereto constitute an integral part of this Administration Arrangement, whose provisions taken together will constitute the entire agreement and understanding between the Donor and the Bank. Unless otherwise specified in an annex hereto, this Administration Arrangement may be modified only by written amendment between the Bank and the Donor; provided, however, that any annexes to this Administration Agreement may be amended only by written amendment of all donors contributing to the Trust Fund.

9. Each of the undersigned represents, by confirming its acceptance below, that it is authorized to enter into this Administration Arrangement and act in accordance with its provisions. The Bank and the Donor are each requested to sign and date this Administration Arrangement, and upon possession by the Bank of this fully signed Administration Arrangement, this Administration Arrangement will become carried out as of the date of the last signature.

10. It is understood that this Administration Arrangement, including any annexes, is not an international treaty. It is an administrative arrangement between the Trustee and the Donor.
11. All references made in the Annexes to “Administration Agreement” and “shall” will have the same meaning as the term “Administration Arrangement” and “will” herein.

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT and
INTERNATIONAL DEVELOPMENT ASSOCIATION

By: [Signature]
Name: Rachid Benmessoud
Title: Country Director for Pakistan
       South Asia Vice-Presidency
Date: Dec 15, 2014

UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND, ACTING THROUGH
THE DEPARTMENT FOR INTERNATIONAL DEVELOPMENT

By: [Signature]
Name: Richard Montgomery
Title: Head, DFID Pakistan
Date: 8/12/14
Pakistan Accelerating Growth and Reforms Multi Donor Trust Fund
Trust Fund Description

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

1. Objectives

The objective of the Trust Fund is to support the design and implementation of the economic reform program of the Government of Pakistan, by filling knowledge gaps, strengthening the capacity of key federal and provincial institutions and building dialogue and consensus.

2. Activities

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

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

1: Technical Assistance, Analytical Work and Institutional Capacity Building

Increasing the capacity of the Government of Pakistan and interested agencies to design, update, implement, monitor and supervise the implementation of priority reforms in the energy, tax, debt management, state-owned enterprises and private sector and other priority reforms, including by preparing studies, providing training and technical assistance, designing tools, supporting consultations and communication.

2: Program management and Trust Fund Administration

Providing program management and trust fund administration services including support to the secretariat related to staff and management support, monitoring and reporting on the use of funds, preparing meetings scheduled for the management and governance of the trust fund.

3: Implementation support for Recipient-Executed activities

Providing implementation support for Recipient-executed activities, including monitoring and supervision and impact evaluation.

4: Donor Coordination

Carrying out activities necessary for donor coordination including through meetings and discussions.

5: Knowledge, Learning and Communication

Carrying out knowledge, learning and communication activities including program level communication and outreach, management of the relationship and communications with the Recipients, media events, dissemination and workshops.
2.2 Recipient-executed activities, for which one or more Recipients (as defined in Annex 2) have implementation responsibility:

6: Capacity Building Fund

Carrying out capacity building activities to support Pakistan and agencies involved in priority reforms in the energy, tax, debt management, state-owned enterprises and private sector and other priority reforms, including by designing pilots, the organization of trainings and the provision of support for research, exchange of knowledge and development of best practices.

2.3 Institution-executed activities ("Institution-executed Activities") for which the Institution has implementation responsibility:

7: Transfer by the Bank to other institutions (each an "Institution"), of part of the proceeds of the Contribution on a pass-through basis, for the financing of activities consistent with the objectives of the Trust Fund to be executed by the Institution, as set forth in the relevant transfer agreement (each a "Transfer Agreement") to be executed between the Institution and the Bank.

3. **Eligible Expenditures**

3.1 For Bank-executed activities, the Trust Fund funds may be used to finance eligible expenditures defined in the relevant Grant Agreement with the Recipient, including:

(a) associated overheads;
(b) individual consultant fees - with indirect costs;
(c) firm fees;
(d) contractual services;
(e) equipment and office premises lease cost;
(f) extended term consultant - with indirect costs;
(g) field assignment benefits;
(h) media, workshop, conference and meeting;
(i) staff cost – with indirect costs;
(j) temporary support staff costs – with indirect costs; and
(k) travel expenses.

3.2 For Recipient-executed activities, the Trust Fund funds may be used to finance:

(a) consulting services;
(b) goods;
(c) operating costs;
(d) training; and
(e) other eligible expenditures in accordance with the Bank’s applicable policies and procedures.

3.3 For Institution-executed Activities, categories of expenditures applicable to the Trust Funds transferred to the Institution shall follow the Institution’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. **Program Criteria**

5.1 Activities are to be financed in accordance with the program criteria to be approved by the Steering Committee which may include, without limitation, the following criteria:

(a) relevance to the Government of Pakistan priority reforms;
(b) timeliness;
(c) government ownership;
(d) sustainability; and
(e) readiness.

6. **Retroactive Financing for Recipient-executed activities and Bank-executed activities**

6.1 The Trust Fund funds may be used to retroactively finance payments for Bank-executed eligible expenditures limited to a maximum amount equivalent to US$ 250,000 for the financing of advisory services in the electricity sector and the organization of a workshop on privatization, as well as Recipient-executed eligible expenditures, in each case made on or after October 28, 2014, in accordance with the Bank’s applicable policies and procedures.
Standard Provisions

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

1. **Administration of the Contributions**

1.1 The Bank shall be responsible only for performing those functions specifically set forth in this Administration Agreement and shall not be subject to any other duties or responsibilities to the Donors, including, without limitation, any duties or obligations that might otherwise apply to a fiduciary or trustee under general principles of trust or fiduciary law. Nothing in this Administration Agreement shall be considered a waiver of any privileges or immunities of the Bank under its Articles of Agreement or any applicable law, all of which are expressly reserved.

1.2 Each Donor's Contribution (collectively, the “Contributions”) shall be administered in accordance with the Bank’s applicable policies and procedures, as the same may be amended from time to time, including its procurement, financial management, disbursement and safeguard policies, its framework to prevent and combat fraud and corruption and its screening procedures to prevent the use of Bank resources to finance terrorist activity, in line with the Bank's obligations to give effect to the relevant decisions of the Security Council taken under Chapter VII of the 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 the dollar of the United States of America (the “Holding Currency”).

2.3 Donors agree to deposit their Contributions in the Contribution Currency stated in their respective Administration Agreements. In the case of deposits received in a Contribution Currency other than the Holding Currency, promptly upon the receipt of such amounts and the accompanying Deposit Instructions, the Bank shall convert such amounts into the Holding Currency at the exchange rate obtained by the Bank on the date of the conversion. Where deposits prove to be insufficient to complete activities as a result of exchange rate fluctuations, neither the Bank nor the Donor shall bear any responsibility for providing any additional financing.

2.4 The funds deposited in the Trust Fund may be freely exchanged by the Bank into other currencies as may facilitate their disbursement at the exchange rate obtained by the Bank on the date of the conversion.

2.5 The Bank shall invest and reinvest the funds deposited in the Trust Fund pending their disbursement in accordance with the Bank’s applicable policies and procedures for the investment of trust funds.
administered by the Bank. The Bank shall credit all income from such investment to the Trust Fund to be used for the same purposes as the Contributions.

3. **Trust Fund Fees and Costs**

3.1 The Bank shall deduct and retain for its own account, as a deduction from each Installment, an amount equal to two percent (2%) per Installment as an administrative fee for the Trust Fund.

3.2 In addition, costs incurred by the Bank for other expenses, such as for program management and Trust Fund administration, that are (i) not covered by the percentage deduction specified above as an administrative fee, and (ii) not included under Annex I 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 six percent (6.00%) 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. **Transfers to Other Institutions**

4.1 The Bank shall enter into a Transfer Agreement with the Institution to set forth the terms and conditions of any Trust Fund funds transferred to said Institution. Following the transfer of funds by the Bank from the Trust Fund to the Institution (the “Transferred Funds”), the Institution shall be responsible for the use of such funds, and the Bank shall have no further responsibility with respect of such funds.

4.2 The Donors acknowledge and agree that the Bank has no responsibility, under the Administration Agreement or otherwise, for: (i) the use of the Transferred Funds; (ii) implementing, monitoring, supervising, evaluating, or providing quality assurance for activities financed by the Transferred Funds; (iii) providing Donors with financial, progress, results or impact reporting for activities financed by the Transferred Funds; (iv) any misuse or misprocurement with respect to the Transferred Funds; or (v) pursuing any Donor interests or Institution undertakings with respect to the Transferred Funds.

4.3 The Donors further acknowledge and agree that any financial statements with respect to the Trust Fund funds transferred to the Institution and the reports with respect to the progress of the implementation of Institution-executed Activities are the responsibility of the relevant Institution.

5. **Accounting and Financial Reporting**

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

5.2 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.

5.3 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.

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

5.5 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.

6. **Progress Reporting**

6.1 The Bank shall provide the Donors with 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.

6.2 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.

7. **Disbursement; Cancellation; Refund**

7.1 It is expected that the funds deposited in the Trust Fund will be fully disbursed by the Bank by October 31, 2018 (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.

7.2 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.

8. Disclosure; Dispute Resolution

8.1 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.

8.2 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.

9. Grants to Recipients

9.1 The Bank shall, as administrator of the Trust Fund on behalf of the Donors, enter into one or more grant agreements (the “Grant Agreements”) with recipients (the “Recipients”) consistent with the purposes of this Administration Agreement and on the terms and conditions set forth in the Grant Agreements. Grant Agreements may be entered into up to the maximum amount of the Contributions that all Donors have agreed to make available under the Administration Agreements between the Bank and the Donors.

9.2 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.

9.3 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.
Governance

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

The Trust Fund will have a three tiered governance structure including a steering committee, selected government agencies and project management teams. The steering committee and the project management teams will be supported by a secretariat.

1. Steering Committee

Composition: The Steering Committee will comprise representatives from the Donors, the Bank, the Recipient and other stakeholders as may be deemed necessary and will be chaired by the Government of Pakistan Economic Affairs Division (EAD) and the Bank.

Responsibilities: The Steering Committee will:
   (i) endorse the overall strategic direction and results framework of the Trust Fund,
   (ii) endorse categories of activities / program components (including the creation of additional categories) and criteria for selecting activities;
   (iii) review its procedures included in the Operation Manual and its modifications, and
   (iv) oversee implementation, monitor progress and results.

Operations: the Steering Committee will meet at least twice a year, or more as needed.

2. Selected Government Agencies

Selected Government agencies will propose activities to be financed by the Trust Fund and, provided that they have been approved by the relevant Project Management Team, will be responsible for their implementation. They will review activities outputs and provide on-going feedback and suggestions on their development and improvement.

3. Project management teams

For each category of reform activities (energy sector reforms, state owned enterprises and private sector reforms, tax reforms, debt management reforms, and any other reform activities previously authorized by the Steering Committee), a Project Management Team will be established as follows:

Composition: each Project Management Team shall include a series of members and a Team Leader. Each Project Management Team shall also establish a small internal Advisory Committee comprising three to five technical advisors (including representatives from Donors or other institutions), who will be available to review proposal against agreed selection and eligibility criteria.

Responsibilities: For each category of reform activities, with the technical support and recommendation of its advisory committee, the Project Management Team will assist the Government’s Agencies in the preparation of the reform activities proposed to be financed by the Trust Fund. The Project Management Team will assess, inter alia, whether the proposed activities are consistent and timely with the Recipient’s priority reforms, enjoy sufficient government ownership, are sufficiently sustainable and ready for implementation, before approving the proposed activities. The Project Management Team will also ensure that other sources
of technical assistance (than those requested from the Trust Fund) are provided for the implementation of the proposed activities and that there is no duplication of financing of the same activities.

4. Secretariat

A secretariat will be established (relying on the structure already established for the Khyber Pakhtunkhwa / Federally Administered Tribal Areas / Baluchistan Multi-Donor Trust Fund) to provide support to the Project management teams and the Steering Committee, including in order to maintain records, arrange meetings, prepare application checklists, provide support in preparing progress and financial reports, provide guidance on disbursement and procurement, engage in effective communication and external relations, and assist in the organization of capacity building activities.