Mr. Kirk Yates  
Development Counsellor  
New Zealand Embassy  
Sentral Senayan 2, 10th Floor  
Jl. Asia Afrika No. 8  
Gelora Bung Karno  
Jakarta Pusat 10270  
Indonesia

Dear Mr. Yates:  

Re: Trust Fund Administration Agreement (the “Agreement”) between the New Zealand Ministry of Foreign Affairs and Trade (MFAT) and the International Bank for Reconstruction and Development concerning the Disaster Management Fund (DMF) Multi-Donor Trust Fund (TF No.071851)

1. We are pleased to acknowledge on behalf of the International Bank for Reconstruction and Development (“IBRD” or the “Bank”) that the New Zealand Ministry of Foreign Affairs and Trade (MFAT) (the “Donor”) shall make available as a grant the sum of one million New Zealand dollars (NZ$ 1,000,000) (the “Contribution”) for the Disaster Management Fund ("DMF" or the “Trust Fund”) in accordance with the terms of this Agreement. Other donors are also expected to contribute to the Trust Fund on the terms and conditions specified in the Annexes to this Agreement.

2. The Contribution shall be used to finance the activities and the categories of expenditure set forth in the “Description of Activities, Expenditures and Governance Arrangement under the Disaster Management Fund (DMF)” attached hereto as Annex 1, and shall be administered by the Bank on behalf of the Donor in accordance with the terms of this Agreement including the “Standard Provisions Applicable to the Disaster Management Fund” (the “Standard Provisions”) attached hereto as Annex 2.

3. The Contribution is currently held in the Donor’s Balance Account (TF059093) pursuant to the agreement dated June 16, 2011 between the Donor and the Bank. Upon countersignature of this Agreement by the Donor, the Contribution shall be transferred from the Donor’s Balance Account in TF059093 to the Trust Fund (TF 071851).
4. The Bank shall convert the Contribution funds into the holding currency of the Trust Fund, namely the United States dollars, promptly upon receipt of the Contribution funds 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. 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:

Iwan Gunawan
Senior Disaster Risk Management Specialist
and Task Team Leader
East Asia and Pacific Region
The World Bank Office Jakarta
ISEB Tower 2, 12th Floor
Jl. Jend. Sudirman Kav. 52-53
Jakarta 12190
Indonesia

Tel: (62-21) 529-93000
Fax: (62-21) 529-93111

For the Donor:

Kirk Yates, Development Counsellor
C.c.: Gloriani Panjaitan, Development Programme Coordinator
New Zealand Aid Programme
New Zealand Embassy
Sentral Senayan 2, 10th Floor
Jl. Asia Afrika No. 8
Gelora Bung Karno
Jakarta Pusat 10270
Indonesia

Tel: +62 21 29955800
Fax: +62 21 57974578

6. All annexes hereto constitute an integral part of this Agreement. This Agreement may be amended only in writing between the Bank and the Donor; provided, however, that such annexes may be amended only with the agreement of all donors contributing to the Trust Fund.
7. Please confirm your agreement with the foregoing, on behalf of the Donor, by signing, dating, and returning to us the enclosed copy of this Agreement. Upon receipt by the Bank of the copy of this Agreement countersigned by you, this Agreement will become effective as of the date of the countersignature.

Sincerely,

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

Stefan G. Koeberle
Country Director, Indonesia

AGREED:

NEW ZEALAND MINISTRY OF FOREIGN AFFAIRS AND TRADE

By: 

Name: Kirk Yates

Title: Development Counsellor, Jakarta

Date: 29 Feb 2012
ANNEX I

Description of Activities, Expenditures and Governance Arrangement under the Disaster
Management Fund ("DMF")

This Annex shall be applicable to and form an integral part of all agreements entered into
between the Bank and entities (collectively, the "Donors") that provide contributions (the aggregate
of all contributions from the Donors, the "Contributions") to be administered by the Bank for the
Trust Fund.

A. OBJECTIVES OF THE DMF

The objectives of the DMF are to support: (a) post-disaster rehabilitation and reconstruction and
disaster readiness and prevention; and (b) the Republic of Indonesia's integrated approach to disaster
response, preparedness and risk reduction on an on-going basis.

B. RELATIONSHIP TO OTHER DISASTER RISK REDUCTION INITIATIVES

This DMF Trust Fund comprises one window of the Republic of Indonesia's government-sponsored
Indonesia Multi Donor Fund Facility for Disaster Recovery of the Republic of Indonesia, as defined
herein. This Annex sets out arrangements applicable to this DMF Trust Fund only.

C. DEFINITIONS

Unless the context otherwise requires, the several terms defined in the Trust Fund Administration
Agreement have the respective meanings therein set forth, and the following additional terms and
expressions have the meanings set out below.

1. "Bank-Executed Trust Fund Activities" means activities included in a Project, and to be
executed by the Bank.

2. "Bappenas" means Badan Perencanaan Pembangunan Nasional or the National
Development Planning Agency of the Republic of Indonesia, or any successor thereto.

3. "BNPB" means Badan Nasional Penanggulangan Bencana or the National Disaster
Management Agency of the Republic of Indonesia, or any successor thereto.

4. "Contribution" means any contribution to the Trust Fund made by the Donor pursuant to an
agreement between the Bank acting as trustee of the Trust Fund and the Donor.

5. "DMF Secretariat" means the DMF Secretariat referred to in paragraph 5 of Section F of this
Annex.

7. "Grant" means a grant made or proposed to be made by the Bank out of the resources of the Trust Fund to support a Project for Recipient-Executed Trust Fund Activities, "Grants" means more than one Grant.

8. "Grant Agreement" means an agreement entered into, or proposed to be entered into, between the Bank and a Grant Recipient governing a Grant, "Grant Agreements" means more than one Grant Agreement.

9. "Grant Recipient" means the Republic of Indonesia or any agency of the Republic of Indonesia, or other non-governmental entity, for the benefit of which any Grant has been, or is proposed to be, made, "Grant Recipients" means more than one Grant Recipient.

10. "IMDFF-DR" means the Indonesia Multi Donor Fund Facility for Disaster Recovery of the Republic of Indonesia, established pursuant to the Memorandum of Understanding between the Republic of Indonesia and the United Nations and the Bank, dated December 30, 2009 as the same may be amended or supplemented from time to time, which consists of and governs two separate and clearly defined funding windows: (i) one supported by the United Nations; and (ii) the other, which is the DMF, with the Bank as the Trustee, and which is the subject of this Agreement.

11. "IMDFF-DR Operation Manual" means the IMDFF-DR Operation Manual, dated August 2010, as the same may be amended or supplemented from time to time; provided, however, that such IMDFF-DR Operation Manual shall only apply to DMF to the extent that it is consistent with the terms of this Agreement and the policies and procedures of the Bank in effect from time to time, as provided in paragraph 1 of Section F of this Annex.

12. "IMDFF-DR Secretariat" means the IMDFF-DR Secretariat referred to in paragraph 4 of Section F of this Annex.

13. "IMDFF-DR Steering Committee" means the IMDFF-DR Steering Committee, established pursuant to the Decision of the Head of Bappenas No. KEP.8/M.PPN/HK/01/2010, as referred to in paragraph 2 of Section F of this Annex, as the same may be amended or reconstituted from time to time, provided that any such amendment as it pertains to the operation of the DMF must be acceptable to the Bank.

14. "IMDFF-DR Technical Committee" means the IMDFF-DR Technical Committee, established pursuant to the Decision of the Head of Bappenas No. KEP.8/M.PPN/HK/01/2010, as referred to in paragraph 3 of Section F of this Annex, as the same may be amended or reconstituted from time to time, provided that any such amendment as it pertains to the operation of the DMF must be acceptable to the Bank.

15. "Project" means one or more activities grouped in the form of a project which is the subject matter of a Proposal, in the case of Recipient Executed Activities, or an Activity Area Proposal, in the case of Bank Executed Activities, and which has been, or is expected to be, endorsed by the IMDFF-DR Steering Committee, for financing under the DMF.
16. “Proposal” means a proposal for financing a Project for Recipient-Executed Trust Fund Activities presented or to be presented to the IMDFF-DR Steering Committee for approval, subject to the Bank’s approval and procedures, “Proposals” means more than one Proposal

17. “Recipient-Executed Trust Fund Activities” means activities in a Project, and to be executed by the Republic of Indonesia or any agency of the Republic of Indonesia, or other non-governmental entity other than the Bank.

D. DESCRIPTION OF ACTIVITIES

1. The Contribution may be used to finance the following activities in the areas of disaster readiness and preventions, including: (a) community disaster preparedness and mitigation; (b) the rehabilitation and reconstruction of public and social infrastructure (including roads, bridges, sanitation, ports, schools, hospitals, etc.); (c) housing; and (d) addressing reconstruction and disaster preparedness/mitigation needs related to technical assistance, capacity building, post-disaster needs assessments, and recovery planning and management.

2. Bank-Executed Trust Fund Activities may include:
   (a) technical assistance for analytical and advisory services;
   (b) appraisal and supervision; and
   (c) program administration management.

3. Recipient-Executed Trust Fund Activities may include: (a) project investments and/or (b) technical assistance, in each case that may be financed through: (i) new stand-alone projects; (ii) co-financing of new or existing projects; and/or (iii) additional financing of on-going projects.

E. CATEGORIES OF EXPENDITURE

1. For Bank-Executed Activities, the Contribution may be used to finance: (a) consultants’ fees (individuals and firms); (b) staff costs (with indirect cost); (c) contractual services; (d) extended term consultants; (e) equipment and office premises lease costs; (f) associated overheads; (g) field assignment benefits; (h) media and workshops costs; (i) travel expenses; (j) staff costs (no indirect cost allowed); (k) temporary support staff costs; and (l) equipment cost purchase.

2. For Recipient-Executed Activities, the Contribution may be used to finance: (a) goods; (b) civil works; (c) non-consultants’ services; (d) consultants’ services; (e) training and workshops, (f) direct costs; (g) indirect costs; (h) block grants; (i) management fee; or other categories set out as duly approved in the Grant Agreement.

3. The foregoing categories of expenditures may include the financing of taxes.
F. GOVERNANCE STRUCTURE APPLICABLE TO THE DMF

1. Decision-making with respect to the administration of the DMF involves entities constituted under both IMDFF-DR and DMF. The role of IMDFF-DR entities shall apply to the DMF only as described in this Annex. In the event of any conflict between the policies and procedures of the IMDFF-DR (including, without limitation, the IMDFF-DR Operations Manual and any amendments, supplements or annexes thereto) and either the terms of this Annex or the policies and procedures of the Bank as they may be in effect from time to time, the Donors acknowledge that the terms of this Annex and/or the policies and procedures of the Bank, as applicable, shall prevail with respect to the administration of the DMF.

2. IMDFF-DR Steering Committee.

(a) The IMDFF-DR Steering Committee has been established by the Republic of Indonesia.

(b) The IMDFF-DR Steering Committee, for the purposes of the DMF, shall be responsible for: (i) endorsing overall priorities to the DMF; (ii) providing strategic guidance on programming and implementation to the DMF; (iii) reviewing progress of the DMF operations; and (iv) approving Proposals to the DMF.

(c) The membership of the IMDFF-DR Steering Committee shall be as set out in the IMDFF-DR Operations Manual or the other relevant documents of the IMDFF-DR from time to time; provided, however, that except as the Bank and the Donors may otherwise agree in writing, for the purposes of the IMDFF-DR Steering Committee's role in DMF, the following shall be the composition of the IMDFF-DR Steering Committee.

(i) The IMDFF-DR Steering Committee shall be co-chaired by the designated representatives of Bappenas and BNPB.

(ii) The IMDFF-DR Steering Committee members shall comprise representatives of Ministry of Finance and line ministries of the Republic of Indonesia, the Country Director of the Bank, the United Nations Resident Coordinator, and donors with contributions of one million United States dollars (US$1,000,000) or more to the Bank and/or United Nations funding windows, or their designated representatives.

(iii) Local government officials and other stakeholders from disaster hit areas may participate in the IMDFF-DR Steering Committee, as agreed by such committee, on a temporary basis until the rehabilitation and reconstruction process in that local government area is completed.

(iv) The IMDFF-DR Steering Committee may appoint representatives of civil society organizations as observers.

(d) The IMDFF-DR Steering Committee shall make decisions by consensus. With respect to any decision of the IMDFF-DR Steering Committee involving any DMF operations, that consensus must include the representative of the Bank.
3. **IMDFF-DR Technical Committee.**

(a) The IMDFF-DR Technical Committee has been established by the Republic of Indonesia.

(b) The IMDFF-DR Technical Committee, for the purposes of the DMF, shall be responsible for: (a) undertaking coordination in the formulation of strategic policy for the utilization of DMF; (b) providing inputs on DMF strategic issues and priorities to the IMDFF-DR Steering Committee; and (c) reviewing Proposals for endorsement to the IMDFF-DR Steering Committee for approval.

(c) The membership of the IMDFF-DR Technical Committee shall be as set out in the IMDFF-DR Operations Manual or the other relevant documents of the IMDFF-DR from time to time; provided, however, that except as the Bank and the Donors may otherwise agree in writing, for the purposes of the IMDFF-DR Technical Committee’s role in DMF, the following shall be the composition of the IMDFF-DR Technical Committee. The IMDFF-DR Technical Committee shall consist of representatives from the GOI, the Bank and the UN.

(d) The IMDFF-DR Technical Committee shall make decisions by consensus. With respect to any decision of the IMDFF-DR Technical Committee involving any DMF operations, that consensus must include the representative of the Bank.

4. **IMDFF-DR Secretariat.**

(a) An IMDFF-DR Secretariat has been established by the Republic of Indonesia.

(b) The IMDFF-DR Secretariat, shall, for the purposes of the DMF, be primarily responsible for coordinating with the DMF Secretariat on communications with the IMDFF-DR Steering Committee and the IMDFF-DR Technical Committee.

5. **DMF Secretariat.**

(a) The administration by the Bank of the DMF shall be supported by the DMF Secretariat established by the Bank at the World Bank Office Jakarta, consisting of a team of suitably qualified and experienced administrative and technical experts.

(b) The DMF Secretariat will be responsible for: (i) reviewing Proposals for Bank-Executed Trust Fund Activities and/or Recipient-Executed Trust Fund Activities to be financed by the Trust Fund; (ii) endorsing Proposals to the IMDFF-DR Technical Committee and the IMDFF-DR Steering Committee, as applicable; (iii) developing/conducting evaluations and analytical work; (iii) coordinating DMF supervision missions and appraisals; (iv) providing technical assistance to GOI agencies, as applicable; and (v) preparing reports in accordance with Bank policies and procedures, and, to the extent consistent with such Bank policies and procedures, the IMDFF-DR Operations Manual.
6. **Additional Arrangements.**

   (a) There may be established, from time to time, additional written guidelines setting out details of the DMF operation, acceptable to the Bank and the Donors, in accordance with this Agreement, including: (i) the roles, functions and arrangements for the DMF Secretariat; (ii) guidelines and procedures governing the form and content of the Proposals; (iii) the approval process for Projects financed by DMF; (v) the basic terms and conditions of Grants, transfer of funds, monitoring and supervision, and reporting obligations.

   (b) In the event of any conflict between any such additional written guidelines, the IMDFF-DR Operation Manual and this Agreement, the terms of this Agreement shall prevail. In the event of any conflict between the IMDFF-DR Operation Manual and such additional written guidelines acceptable to the Bank, such additional written guidelines shall prevail.
ANNEX 2

Standard Provisions Applicable to the Disaster Management Fund

This Annex shall be applicable to and form an integral part of all agreements entered into between the Bank and the Donors that provide Contributions to be administered by the Bank for the Trust Fund.

1. Administration of the Contributions

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

1.2. The Contribution shall be administered in accordance with the Bank’s applicable policies and procedures, as the same may be amended from time to time, including its framework to prevent and combat fraud and corruption and its screening procedures to prevent the use of Bank resources to finance terrorist activity, in line with the Bank’s obligations to give effect to the relevant decisions of the Security Council, taken under Chapter VII of the Charter of the United Nations. The Donor acknowledges that this provision does not create any obligations of the Bank under the anti-terrorist financing and asset control laws, regulations, rules and executive orders of an individual member country that may apply to the Donor, nor shall it be deemed a waiver, express or implied, of any of the privileges and immunities of the Bank.

2. Commingling, Exchange and Investment of the Contributions

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

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

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

   In order to assist in the defrayment of the costs of administration and other expenses incurred by the Bank under this Agreement, the Bank may deduct and retain for its own account an amount equal to two percent (2%) from each Contribution. In addition, costs for program management and administration up to a maximum of five percent (5%) from each Contribution will be charged to the Trust Fund on an actual basis. If the contributions increase beyond what was originally expected at the time of counter-signature of the first administration agreement, and the administrative costs increase as a result, the Donors acknowledge that an additional administrative fee may be applied to such new contributions.

4. **Grants to Recipients**

   4.1. The Bank shall, as administrator of the Trust Fund on behalf of the Donors, enter into grant agreements (the “Grant Agreements”) with eligible recipients consistent with the purposes of this Agreement and on the terms and conditions set forth in the Grant Agreements. Grant Agreements may be entered into up to the maximum amount of the Contributions that all Donors have agreed to make available under the Administration Agreements between the Bank and the Donors. Upon request by a Donor, the Bank shall furnish a copy of the Grant Agreements to the Donors.

   4.2. The Bank shall be responsible for the supervision of the activities financed under the Grant Agreements. Subject to the consent of the Recipients, representatives of the Donors may be invited by the Bank to participate in Bank supervision missions related to the Trust Fund.

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

5. **Procurement**

   5.1. For Recipient-executed activities, the Grant Agreements shall provide that the Contributions shall be used by the Recipients to finance expenditures for goods and services, as the case may be, in accordance with the Bank’s Guidelines on “Procurement under IBRD Loans and IDA Credits” and the Bank’s Guidelines on the “Selection and Employment of Consultants by World Bank Borrowers,” as in effect at the date of entry into the respective Grant Agreements.

   5.2. For Bank-executed activities, the employment and supervision of any consultants and the procurement of any goods financed by the Contributions shall be the responsibility of the Bank and shall be carried out in accordance with its applicable policies and procedures.

6. **Accounting and Financial Reporting**

   6.1. The Bank shall maintain separate records and ledger accounts in respect of the Contributions deposited in the Trust Fund account and disbursements made therefrom.
6.2. The Bank shall furnish to the Donors current financial information relating to receipts, disbursements and fund balance in the holding currency of the Trust Fund with respect to the Contributions via the World Bank’s Trust Funds Donor Center secure website. Within six (6) months after all commitments and liabilities under the Trust Fund have been satisfied and the Trust Fund has been closed, the final financial information relating to receipts, disbursements and fund balance in the holding currency of the Trust Fund with respect to the Contributions will be made available to the Donors via the World Bank’s Trust Funds Donor Center secure website.

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

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

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

7. Progress Reporting

7.1. The Bank shall provide the Donors with an annual report on the progress of activities financed by the Contributions. Within six (6) months of the final disbursement date specified in paragraph 8.2, the Bank shall furnish to the Donors a final report on the activities financed by the Trust Fund.

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

8. Disbursement; Cancellation; Refund

8.1. The Contributions may be used to retroactively finance payments for eligible expenditures in accordance with the Bank’s policies and procedures.

8.2. It is expected that the Contributions will be fully disbursed by the Bank by June 30, 2017. The Bank shall only disburse Contributions for the purposes of this Agreement after such date with the written approval of the Donors.
8.3 Any Donor or the Bank may, upon three (3) months' prior written notice, cancel all or part of the Donor's pro rata share, of any remaining balance of the Contributions that is not committed pursuant to any agreements entered into between the Bank and any consultants and/or other third parties for the purposes of this Agreement prior to the receipt of such notice, including the Grant Agreements.

8.4. Following the final disbursement date specified in paragraph 8.2, the Bank shall return any remaining balance of the Contributions to the Donors or to the relevant Donor Balance Account on a pro rata basis based on the Donors' paid Contributions. In the event of a cancellation the Bank shall promptly return to the relevant Donor or Donors or to the relevant Donor Balance Account the Donor’s pro rata share of uncommitted Contributions in accordance with paragraph 8.3.

9. Disclosure

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