Administration Agreement Between Sweden, Represented by Swedish International Development Cooperation Agency, Sida, and the International Development Association Concerning the Somalia Multi-Partner Fund (TF No. 072283)

1. The International Development Association (the “Bank”) acknowledges that Sweden, represented by the Swedish International Development Cooperation Agency, Sida, (the “Donor”, and together with the Bank, the “Parties” and each a “Party”) agrees to provide the sum of Swedish Kronor one hundred and seventy-five million (SEK 175 000 000) (the “Contribution”) for the Somalia Multi-Partner Fund, TF No. 072283 (the “Trust Fund” or “MPF”) in accordance with the terms of this Administration Agreement. Other donors are also expected to contribute to the Trust Fund on the terms and conditions specified in the Annexes to this Administration Agreement.

2. The Contribution shall be used to finance the activities set forth in the “Somalia Multi-Partner Fund Description,” attached hereto as Annex 1, and shall be administered by the Bank on behalf of the Donor in accordance with the terms of this Administration Agreement, including the “Standard Provisions” attached hereto as Annex 2, and the “Governance Terms” attached hereto as Annex 3.

3. The Donor shall 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:

   (A) Promptly following countersignature – SEK 70 000 000
   (B) By January 31, 2015 – SEK 70 000 000
   (C) By January 31, 2016 – SEK 35 000 000.

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.

Any transfer of funds into the Trust Fund to be made under this Administration Agreement is subject to there being an appropriation by the Parliament of Sweden for such funds to make such transfer.

4. When making any deposit, the Donor shall 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 TF No. 072283 (the Somalia Multi-Partner Fund), and the date of the deposit (the “Deposit Instructions”). In addition, the Donor shall 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 Agreement shall 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”):

Task Team Leader of the Somalia Multi-Partner Fund
Somalia, South Sudan, Sudan Country Management Unit
The World Bank
1818 H Street NW
For the Donor (the "Donor Contact"):

Per Karlsson
Senior Programme Manager
Somalia Section, Embassy of Sweden
P.O. Box 00100 30600 Nairobi
Tel: +254 (0)20 423 4059
Fax: +254 (0)20 423 4339
E-mail: per.h.karlsson@gov.se

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

7. All annexes hereto constitute an integral part of this Administration Agreement, whose terms taken together shall constitute the entire agreement and understanding between the Donor and the Bank. Unless otherwise specified in an annex hereto, this Administration Agreement may be amended 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.

8. Each of the Parties represents, by confirming its agreement below, that it is authorized to enter into this Administration Agreement and act in accordance with these terms and conditions. The Parties are requested to sign and date this Administration Agreement, and upon possession by the Bank of this fully signed Administration Agreement, this Administration Agreement shall become effective as of the date of the last signature.

INTERNATIONAL DEVELOPMENT ASSOCIATION

By: [Signature]
Name: Bella Bird
Title: Country Director, Sudan, South Sudan and Somalia
Date: 17/9/2014

SWEDEN, REPRESENTED BY THE SWEDISH INTERNATIONAL DEVELOPMENT COOPERATION AGENCY, SIDA

By: [Signature]
Name: Johan Borgstam
Title: Ambassador, Embassy of Sweden in Nairobi
Date: 2014-09-25

Annex 1: Somalia Multi-Partner Fund Description
Annex 3: Governance Terms
ANNEX 1

Somalia Multi-Partner 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 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 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.
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 UN 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 3

**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 (“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.
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.