Administration Agreement between
the Kingdom of Denmark, acting through the Danish International Development Agency
and
the International Bank for Reconstruction and Development
concerning the Co-financing for the Promoting Sustainable Community Based Natural Resource Management and Institutional Development Project Single-Donor Trust Fund (No. TF072571)

1. The International Bank for Reconstruction and Development (the “Bank”) acknowledges that the Kingdom of Denmark, acting through the Danish International Development Agency (the “Donor”, and together with the Bank, the “Parties” and each a “Party”) agrees to provide the sum of forty million Danish Kroner (DKK 40,000,000) (the “Contribution”) for the Co-financing for the Promoting Sustainable Community Based Natural Resource Management and Institutional Development Project Single-Donor Trust Fund, No. TF072571 (the “Trust Fund”) in accordance with the terms of this Administration Agreement.

2. The Contribution shall be used to finance the activities set forth in the “Co-financing for the Promoting Sustainable Community Based Natural Resource Management and Institutional Development Project Trust 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.

3. The Donor shall deposit the Contribution promptly following countersignature in the full amount and currency (“Contribution Currency”) specified in Section 1 above into such bank account designated by the Bank upon submission of a payment request by the Bank (such deposit being an “Installment”).

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 the TF072571 (the Co-financing for the Promoting Sustainable Community Based Natural Resource Management and Institutional Development Project Trust 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) 641-1315.

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:
6. In the event any amounts are to be returned to the Donor under this Administration Agreement, the Donor hereby instructs the Bank to transfer such amounts to the Donor, unless otherwise agreed with the Bank. When making any deposit, the Bank shall 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 Bank in relation to TF072571 (the Co-financing for the Promoting Sustainable Community Based Natural Resource Management and Institutional Development Project Trust Fund), and the date of the deposit. The Bank shall provide a copy of such information to the Donor.

7. At the date of Bank’s signature of this Administration Agreement, the Indirect Rate (as defined in Annex 1 to this Administration Agreement) is 17%.

8. 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.
9. 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 BANK FOR RECONSTRUCTION AND DEVELOPMENT

By: [Signature]

Name: Rodrigo A. Chaves

Title: Country Director

Date: March 16, 2016

KINGDOM OF DENMARK, ACTING THROUGH THE DANISH INTERNATIONAL DEVELOPMENT AGENCY

By: [Signature]

Name: Casper Klynge

Title: Ambassador

Date: 22-3-16
ANNEX 1

Co-financing for the Promoting Sustainable Community Based Natural Resource Management and Institutional Development Project Trust Fund Description

This Annex shall be applicable to and form an integral part of the Administration Agreement for the Trust Fund between the Bank and the Donor.

1. **Objectives**

The objective of the Trust Fund is to strengthen institutional and local capacity for decentralized forest management and generate improved forest-based livelihoods in targeted areas.

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) Management and administration activities for the Trust Fund, including, but not limited to, supporting Trust Fund related meetings; planning and executing work plans and budgets; managing communications and conducting outreach; disseminating lessons learned; reporting on progress; supervising activities; monitoring and evaluating the activities.

2.2 Recipient-executed activities, for which one or more Recipients (as defined in Annex 2) have implementation responsibility:

(a) Strengthening Legislation, Policy, and Institutional Capacity in Decentralized Forest Management.

Providing technical assistance and capacity building to accelerate the roll out and operationalization of KPHs, including, *inter alia*, creating an enabling policy and regulatory environment to accelerate the operationalization of KPHs, preparing key standard operating procedures, establishing a system for effective monitoring and reporting on sustainable forest management, and improving the ability of national and sub-national governments in integrating KPH planning with the broader spatial planning, participatory planning of forest management and delivering other key skills, including, but not limited to, development of forest management plans with inputs from all stakeholders and participatory mapping.

(b) Developing the Knowledge Platform.

(i) Developing the knowledge management and information system and the associated data, information, and training accessible to national and sub-national governments and non-government stakeholders, and local communities, including Indigenous Peoples, on forestry-related information.

(ii) Providing capacity building and knowledge exchange to support KPHs.
(c) Improving Forest Management Practices.

(i) Providing technical assistance for selected KPHs to address key challenges related to the fulfillment of their mandate.

(ii) Empowering the communities in selected KPH areas to implement activities identified in the forest management planning process.

(iii) Providing support for selected KPHs in delivering mentoring services and training support to a cluster of other KPHs in their region.

(d) Project Management, Monitoring, Reporting and Program Coordination.

(i) Providing support for management, oversight, monitoring and reporting, including reporting for the Forest Investment Program.

(ii) Providing support for the coordination of different projects carried out by the Republic of Indonesia under its Forest Investment Program through its Program Coordination Unit.

2.3 For purposes of this section:

(a) “Forest Investment Program” mean a donor-funded program that aims to support developing countries’ efforts to reduce emissions from deforestation and forest degradation and promote sustainable forest management and enhancement of forest carbon stocks.

(b) “Indigenous Peoples” means those social groups in the Republic of Indonesia’s territory that have a distinct social and cultural identity, and that possess the following characteristics in varying degrees: (a) self-identification as members of a distinct indigenous cultural group and recognition of this identity by others; (b) collective attachment to geographically distinct habitats or ancestral territories in the Project area and to the natural resources in these habitats and territories; (c) customary cultural, economic, social, or political institutions that are separate from those of the dominant society and culture; and (d) an indigenous language.

(c) “KPH” means a forest management unit of the Republic of Indonesia, or any successor thereto, and “KPHs” means more than one KPH.

(d) “Program Coordination Unit” means a Forest Investment Program’s unit responsible for program coordination in the Republic of Indonesia.
3. **Eligible Expenditures**

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

(a) contractual services;
(b) media, workshops, conferences and meetings;
(c) travel expenses;
(d) short-term consultants and temporaries;
(e) extended term consultants and temporaries; and
(f) staff costs (excluding short term consultants and temporaries, and also excluding extended term consultants and temporaries).

3.2 For purposes of this section: (i) “staff costs (excluding short term consultants and temporaries, and also excluding extended term consultants and temporaries)” includes salaries, benefits and indirect rates charged to the Trust Fund as applicable under Bank policies and procedures; (ii) “extended term consultants and temporaries” includes fees, benefits and indirect rates charged to the Trust Fund as applicable under Bank policies and procedures; and (iii) “short term consultants and temporaries” includes fees and indirect rates charged to the Trust Fund as applicable under Bank policies and procedures.

3.3 The “Indirect Rate” means the indirect rate, defined as a percentage of personnel costs and available at the World Bank’s Donor center secure website, as such rate may be revised from time to time by the Bank and applied to this Trust Fund, in accordance with its policies and procedures.

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

(a) civil works;
(b) consulting;
(c) goods;
(d) operating costs;
(e) training; and
(f) other.

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. **Retroactive Financing**

5.1 The Trust Fund funds may be used to retroactively finance payments for eligible expenditures made as of March 9, 2015 in accordance with the Bank’s applicable policies and procedures.
Standard Provisions

This Annex shall be applicable to and form an integral part of the Administration Agreement for the Trust Fund between the Bank and the Donor, it being understood that any plural references in the annexes to Donors, Administration Agreements, Contributions and pro rata shares shall be read as singular references to the Donor, its Administration Agreement, its Contributions thereunder and the remaining uncommitted balance of the Trust Fund, respectively.

1. Administration of the Contributions

1.1 The Bank shall be responsible only for performing those functions specifically set forth in this Administration Agreement, including its annexes, 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 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 transfer all income from such investment to the Donor’s applicable donor balance account with the Bank.

3. **Accounting and Financial Reporting**

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

3.2 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 which will be updated quarterly. 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.

3.3 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.

3.4 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.

3.5 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.

4. **Progress Reporting**

4.1 The Bank shall provide the Donors with annual written progress reports by December 15 of each year. The progress reports shall be provided with reference to the results framework agreed by the Bank and the Donors, as such results framework may be reviewed by the Parties from time to time. Within (6) months of the End Disbursement Date (as defined below), the Bank shall provide to the Donors with a final narrative report for the Trust Fund.
4.2 Any Donor may review or evaluate activities financed by the Trust Fund at any time up to closure of 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 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.

5. **Disbursement; Cancellation; Refund**

5.1 It is expected that the funds deposited in the Trust Fund will be fully disbursed by the Bank by June 30, 2019 (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.

5.2 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 paragraph 2.2. of this Annex 2; unless otherwise agreed between the Bank and the Donor.

6. **Disclosure; Dispute Resolution**

6.1 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.

6.2 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.

7. **Grants to Recipients**

7.1 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.
7.2 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.

7.3 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.

8. Trust Fund Fee

8.1 The Bank shall calculate a fee each time funds (the “Grant Amount”) from the Trust Fund become committed under a Grant Agreement. Such commitment shall occur when such Grant Agreement is fully countersigned (the “Calculation Date”). The fee so calculated by the Bank shall be based on the cumulative total of funds from the Trust Fund committed under all Grant Agreements that have been fully countersigned on or prior to the Calculation Date (the “Cumulative Grant Total”). The calculated fee shall depend on where the Cumulative Grant Total stands as the Grant Amount is added and shall be determined in accordance with the following schedule:

(i) 5% of any portion of the Grant Amount that results in a Cumulative Grant Total below or equal to US$ 50 million or equivalent; plus
(ii) 4% of any portion of the Grant Amount that results in a Cumulative Grant Total above US$ 50 million or equivalent and below or equal to US$ 500 million or equivalent; plus
(iii) 3% of any portion of the Grant Amount that results in a Cumulative Grant Total above US$ 500 million or equivalent and below or equal to US$ 1 billion or equivalent; plus
(iv) 2% of any portion of the Grant Amount that results in a Cumulative Grant Total above US$ 1 billion or equivalent.

8.2 Following each Calculation Date, the Bank shall deduct from the Trust Fund, and retain for its own account, the fee as set forth above. Grant Amounts may not exceed the balance of uncommitted funds in the Trust Fund net of the related fee.