
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”) agrees to provide the sum of seven million four hundred and twenty thousand Pound Sterling (£7,420,000) (the “Contribution”) for the CGAP V Digital Finance Initiatives Single-Donor Trust Fund (TF No. 072380) (the “Trust Fund”) in accordance with the terms of this Administration Arrangement.

2. The Contribution will be used to finance the activities set forth in the “CGAP V Digital Finance Initiatives Single-Donor 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 the “Annex applicable to the Harnessing Innovation for Financial Inclusion (HiFi)” (the “Programme”) attached hereto as Annex 3, except for paragraphs (2) and (3) of Section III.

3. 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:

   (a) Promptly following countersignature of this Arrangement by the Donor, one million Pounds Sterling (£1,000,000).
   (b) By October 31, 2015, or e million Pounds Sterling (£1,000,000).
   (c) By April 30, 2016, seven hundred thousand Pounds Sterling (£700,000).
   (d) By October 31, 2016, seven hundred thousand Pounds Sterling (£700,000).
   (e) By April 30, 2017, eight hundred thousand Pounds Sterling (£800,000).
   (f) By October 31, 2017, eight hundred thousand Pounds Sterling (£800,000).
   (g) By April 30, 2018, eight hundred thousand Pounds Sterling (£800,000).
   (h) By October 31, 2018, eight hundred thousand Pounds Sterling (£800,000).
   (i) By April 30, 2019, fourteen hundred and ten thousand Pounds Sterling (£410,000).
   (j) By October 31, 2019, fourteen hundred and ten thousand Pounds Sterling (£410,000).

The Contribution is being provided in Installments on the basis of financial needs of the Trust Fund based on the semi-annual progress reports referred to in section 5.1 of Annex 2, financial report as referred to in Section 4.2 of Annex 2, and the work plans and budgets approved by the Steering Committee. 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 will be amended. For the purposes of this Administration Arrangement, “financial needs” will be shown if the Bank confirms that the funds have been approved for activities in accordance with the Bank’s processes, and thus will be deemed utilized.
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 TF No. 072380 (the “CGAP V Digital Finance Initiatives Single-Donor Trust Fund”), 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 tfremitadv ce@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”):

Camille M. Busette
Lead Financial Sector Specialist
CGAP
The World Bank
1818 H Street, NW, MSN P3-300
Washington, DC 20433
U.S.A.

Tel: +1(202) 473-0037
Fax: +1(202) 522-3444
E-mail: cbusette@worldbank.org

For the Donor (the “Donor Contact”):

Mahesh Mishra
Private Sector Development Adviser
Investment and Finance team
22 Whitehall
London
SW1A 2EG

Tel: +44 2070231677
E-mail: M-Mishra@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 Administration 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, except for paragraphs (2) and (3) of Section III of Annex 3, constitute an integral part of this Administration Arrangement, whose terms 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 amended only by written amendment between the Bank and the Donor.
9. It is understood that this Administration Arrangement, including any annexes, is not an international treaty. It is an administrative arrangement between the Bank and the Donor.

10. 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 receipt by the Bank of this fully signed Administration Arrangement, this Administration Arrangement will become effective as of the date of the last signature.

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION

By: ___________________________ Date: February 12, 2015

Samuel Munzele Maimbo
Acting Senior Director
Finance and Markets Global Practice

UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND, acting through THE DEPARTMENT FOR INTERNATIONAL DEVELOPMENT

By: ___________________________ Date: 19 Feb 2015

Meenakshi Nath
Head
Private Sector Department
CGAP V Digital Finance Initiatives Single-Donor Trust Fund Description

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

1. **Objectives**

The objective of the Trust Fund is to generate and disseminate knowledge and best practices for the development of financial services for the poor.

2. **Activities**

The activities to be financed by the Trust Fund are:

(a) Provision of technical assistance to support a range of providers (such as mobile network operators, banks and technology providers) who will test and develop innovative financial services solutions for the poor based on a global learning agenda.

(b) Provision of expert knowledge and technical assistance to policy-makers and regulators who are responsible for enhancing the enabling environment to harness technology in delivery of financial services to the poor.

(c) Carrying out research activities on needs, preferences and behaviors of poor people and financial service providers in an effort to support the development of innovative solutions.

(d) Facilitation of dialogue and coordination between providers and policy-makers to discuss ways to advance the development of innovative financial services/solutions.

(e) Promotion of peer learning among industry leaders for branchless banking through conferences, workshops, webinars and other knowledge sharing activities and products.

3. **Eligible Expenditures**

The Trust Fund funds may be used to finance:

(a) Associated overheads

(b) Short term consultants with indirect costs

(c) Consultant fees for firms

(d) Contractual services

(e) Extended term consultants with indirect costs

(f) Staff costs with indirect costs

(g) Field Assignment Benefits

(h) Media, workshops, conferences and meetings

(i) Temporary support staff costs with indirect costs

(j) Travel expenses

(k) Equipment and Office Premises Lease Cost
4. **Taxes**

The foregoing activities and categories of expenditures may include the financing of taxes in accordance with the Bank's applicable policies and procedures.

5. **Reporting**

With respect to reporting under paragraph 5.1 of Annex 2, the progress reports will be provided with reference to the results framework agreed by the Bank and the Donor, as such results framework may be reviewed by the Parties from time to time.
Standard Provisions

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

1. **Administration of the Contributions**

1.1 The Bank will be responsible only for performing those functions specifically set forth in this Administration Arrangement and will not be subject to any other duties or responsibilities to the Donor, including, without limitation, any duties or obligations that might otherwise apply to a fiduciary or trustee under general principles of trust or fiduciary law. Nothing in this Administration Arrangement will 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 The Donor’s Contribution will 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 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 a Donor.

2. **Management of the Contributions**

2.1 The funds deposited in the Trust Fund will be accounted for as a single trust fund and will be kept separate and apart from the funds of the Bank. The funds deposited in the Trust Fund may be commingled with other trust funds 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 will be held is United States Dollars (the “Holding Currency”).

2.3 The Donor agrees to deposit its Contribution in the Contribution Currency stated in this Administration Arrangement. 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 will 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 will 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 will 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 will transfer all income from such investment to the Donor’s applicable donor balance account with the Bank.
3. **Trust Fund Fees and Costs**

3.1 The Bank will deduct and retain for its own account, as a one-time deduction from the funds in the Trust Fund, an amount equal to and not greater than thirty-five thousand United States Dollars (US$35,000) as a set-up fee for the Trust Fund upon receipt of funds in the Trust Fund.

3.2 The Bank will additionally deduct and retain for its own account, as a deduction from each Installment, an amount equal to five percent (5%) per Installment as an administrative fee for the Trust Fund.

3.3 The 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 Contribution. If actual Contribution significantly differ from what was originally anticipated at the time of signature of the Administration Arrangement, 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 amendment made to this Administration Arrangement and which would thereafter be applicable to all new contributions that are provided as amendments to supplement the existing Administration Arrangement.

4. **Accounting and Financial Reporting**

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

4.2 The Bank will furnish to the Donor 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 Contribution will be made available to the Donor via the World Bank's Trust Funds Donor Center secure website.

4.3 The Bank will provide to the Donor 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 will be borne by the Bank.

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

5.1 The Bank will provide the Donor with semi-annual reports on the progress of activities financed by the Contribution. Within six (6) months of the End Disbursement Date (as defined below), the Bank will furnish to the Donor a final report on the activities financed by the Trust Fund.

5.2 The 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 will agree on the scope and conduct of such review or evaluation and the Bank will 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, will 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 April 30, 2020 (the “End Disbursement Date”). The Bank will only disburse funds deposited in the Trust Fund for the purposes of this Administration Arrangement after such date to the extent such date is changed in accordance with an amendment made to this Administration Arrangement. Following the End Disbursement Date, the Bank will return any remaining balance of the Trust Fund to the Donor in the Holding Currency in the manner specified in this Administration Arrangement.

6.2 The Donor or the Bank may, upon three (3) months’ prior written notice, cancel all or part of any remaining balance of the Contribution (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 Arrangement, prior to the receipt of such notice. In the event of a cancellation, the Bank will return to the Donor the uncommitted Contribution in the Holding Currency as specified in the Administration Arrangement, unless otherwise agreed between the Bank and the Donor.

7. **Disclosure; Dispute Resolution**

7.1 The Bank will disclose this Administration Arrangement and related information on this Trust Fund in accordance with the Bank’s Policy on Access to Information. By entering into this Administration Arrangement, the Donor consent to such disclosure of this Administration Arrangement and such related information.

7.2 The Donor and the Bank will use their best efforts to amicably settle any dispute, controversy, or claim arising out of or relating to this Administration Arrangement.
I. The Need & Background

Access to services such as borrowing, saving or sending money, or secured and affordable payments helps improve the lives of individuals and families, supports the growth of small business, creates jobs, and provides poor people with the means to withstand shocks and work their way out of poverty. An estimated 2.5 billion adults do not have access to formal financial services. 76 percent of the adults in Sub-Saharan Africa and 67 percent of adults in South Asia do not have access to formal financial services, compared to only 11 percent in high-income countries. In low income countries (LICs), women, on average, are 10 percent less likely than men to have access to formal financial services while people living in rural areas are nearly 15 percent less likely to have access than their urban counterparts.

Technology has the power to bring the financially excluded masses—especially in the developing world in to the fold of formal financial services as it reduces the costs associated with the small value transactions; reaches out to larger numbers of people with innovative, low cost electronic payment instruments (e.g. mobile phones, payment cards, internet e-accounts, etc.) and delivery channels (airtime sellers, grocery shop owners, Point of Sale systems, the internet, etc.). Technology-enabled delivery channels and business models for financial services are broadly described as correspondent/branchless banking because they enable delivery of financial services outside the limited reach of conventional bank branches that overcome the physical infrastructure barrier to access to financial services.

However, barring a few highly successful examples, most digital financial services initiatives have failed to deliver large scale results in terms of reaching the un- and under-banked. Notable constraints relate to limited business know-how, including with regard to business model design and market demand, risk aversion, risk capital, misaligned incentives and regulatory landscape.

Recognizing that technology has the potential to transform delivery of financial services at the base of the pyramid, the UK Government Department for International Development (DFID) is supporting financial inclusion through a new programme called Harnessing Innovation for Financial Inclusion ("HiFi" or the "Programme"). The aim of the Programme is to leverage technology and innovative service models to deepen access to formal financial services on a commercial and sustainable basis.

II. Objective of the Programme

The objective of the Programme is to help expand access to formal financial services to un- and under-banked people, including, but not limited, to women and people in fragile and conflict affected areas on a commercially sustainable basis. The Programme will do this by: (i) providing targeted technical assistance to financial service providers to help them develop and scale technology driven business models to deliver financial services to those who currently do not have any or adequate access; (ii) providing knowledge and support to regulators and policy makers in developing countries, and international standard setting bodies, to enhance enabling environment for technology-enabled delivery of financial services; and (iii) providing knowledge and expertise to target developing countries in implementing a strategic framework for integrating the modernization of government, retail, and remittance payment systems.
Harnessing Innovation for Financial Inclusion Programme will be jointly delivered by IFC, the World Bank, including CGAP. HiFi promotes a model of partnership in line with the principles of: ownership, alignment harmonization, managing for results and mutual accountability. For HiFi, this involves introducing clear accountabilities in programme management, setting targets, assessing effectiveness, and monitoring results.

III. Components

The Programme will consist of three (3) components, which will be implemented by the World Bank through the Finance and Markets Global Practice including the Consultative Group to Assist the Poor (CGAP), and IFC, through four separate trust funds:

1. Component 1: Knowledge Facility. The objective of the component is to generate and disseminate knowledge and solutions to develop financial services for the poor. This component will be implemented by the World Bank through the Consultative Group to Assist the Poor (CGAP). Activities will include:

   (a) Provision of technical assistance, where appropriate jointly with IFC and the World Bank, to support a range of providers (such as mobile network operators, banks and technology providers) to test and develop innovative financial services solutions for the poor based on a global learning agenda.

   (b) Provision of expert knowledge and technical assistance, where appropriate jointly with the World Bank, to policy-makers and regulators for enhancing the enabling environment for harnessing technology in delivery of financial services to the poor.

   (c) Research on needs, preferences, and behaviors of poor people and financial service providers to support the development of innovative solutions.

   (d) Facilitation of dialogue and coordination between providers and policy-makers to advance innovations.

   (e) Promotion of peer learning across industry leaders for branchless banking.

   It is expected that activities under this component will be carried out in the following countries and may be revised by agreement between the Donor and CGAP:

   (i) Bangladesh
   (ii) Ghana
   (iii) India
   (iv) Kenya
   (v) Myanmar
   (vi) Pakistan
   (vii) Tanzania
   (viii) Uganda
   (ix) Rwanda.

2. Component 2: Private Sector Advisory Facility. The objective of this component is to provide intensive capacity building support for banks and non-bank businesses in scaling up technology-enabled business models for providing financial services to those who currently do not have adequate or any access to financial services. This component will be implemented by IFC, in consultation with CGAP and the World Bank where appropriate. Activities under this component will mainly include the following:
(a) Develop, test and roll-out high impact, scalable, and sustainable financial products via
technology to low-income clients.
(b) Scale innovative business models to deliver commercially sustainable financial services
to low-income clients.
(c) Develop and train agent networks.
(d) Carry out financial education and marketing campaigns for responsible finance to build
the low-income clients’ trust in technology enabled services accelerating uptake and
usage.

It is expected that activities under this component will be carried out in the following countries
and may be revised by IFC by agreement between the Donor and IFC:

(i) Afghanistan
(ii) Bangladesh
(iii) Cote d’Ivoire
(iv) Ghana
(v) India
(vi) Kenya
(vii) Myanmar
(viii) Nepal
(ix) Nigeria
(x) Pakistan
(xi) Tanzania
(xii) Uganda.

3. Component 3: Technical assistance for modernization of payment systems: The objective of
this component is to provide support to selected countries to modernize and develop their national
payment systems and enhance the synergies between payment services and broader financial
inclusion in their economies. This component will be implemented by the World Bank in
consultation with CGAP as appropriate. Activities under this component will mainly include the
following:

(a) Provision of technical assistance to support the client government’s efforts to develop and
launch national payment system modernization strategies and to facilitate efficiency of
the remittances market.
(b) Provision of technical assistance to governments to enhance the governance, regulation
and oversight of the national payments system, with consultation with CGAP where
appropriate.
(c) Provision of technical assistance to regulators and, in coordination with the regulators,
to payment system operators and industry bodies to advance greater accessibility and
interoperability of the payments infrastructure.
(d) Carrying out knowledge management activities and initiatives.
It is expected that activities under this component may be carried out in the following countries, and may be revised by agreement between the Donor and the World Bank:

(i) Bangladesh  
(ii) Ethiopia  
(iii) Kyrgyz Republic  
(iv) Mozambique  
(v) Somalia  
(vi) West Bank and Gaza  
(vii) Yemen.

IV. Programme Management Arrangements

A. Steering Committee

A Steering Committee will be established to be responsible for: (a) providing strategic guidance and direction on the implementation of the Programme; (b) reviewing, monitoring, and evaluating HiFi’s overall performance, including reviewing progress against the Programme’s results framework; and (c) reviewing and approving HiFi annual work plans and budgets, and monitoring the implementation of the annual work plans. The Steering Committee will be comprised of a representative of DFID, IFC the World Bank’s Finance and Markets Global Practice and CGAP. The Steering Committee will meet twice per year and/or on an ad-hoc basis if necessary. Meetings will be conducted in person, by audio and by video.

B. Coordination Group

A Coordination Group will be responsible for coordinating and ensuring smooth implementation of the three components of the Programme, including the Programme’s work plan. The Coordination Group will be comprised of representatives from IFC and the World Bank, including CGAP.

C. Secretariat

A Secretariat will be housed in IFC. The responsibilities of the Secretariat include: (a) providing progress reports to the Donor on the implementation of the components of the Programme, including compiling information received from IFC, and the World Bank, including CGAP; (b) consolidating draft annual work plans and budgets with inputs from IFC, and the World Bank, including CGAP, for submission to the Steering Committee; (c) providing administrative support to the Steering Committee including convening and coordination of meetings, and maintaining records of the Steering Committee business, including meeting minutes and decisions; and (d) providing the final report of the Programme, including monitoring and evaluation results for the Programme.

V. Progress Reporting

Consistent with their respective administration arrangements with the Donor, IFC and the World Bank, including CGAP, will provide to the Donor, through the Secretariat, semi-annual reports which will be compiled in accordance with section C above: (i) semi-annual reports on the progress of the activities financed by each trust fund; and (ii) final report of the activities financed by each trust fund.

The format of the semi-annual reports on the progress of Activities, including against the Programme results framework, will be agreed upon by IFC, and the World Bank including CGAP, and
the Donor. The semi-annual reports, or additional reports as necessary for each installment, will include information with respect to funds approved in accordance to World Bank and IFC standard procedures.

VI. Other

Each the World Bank and IFC will use reasonable efforts to cooperate with DFID with respect to DFID's requests for information directly related to the HIFI trust funds, subject to their respective policies and procedures, including Access to Information policies.