Memorandum of Understanding concerning the State- and Peace-Building Multi-Donor Trust Fund (TF No. 071021) Contribution to the Lebanon Syrian Crisis Multi-Donor Trust Fund (TF No. 072143)

(A) This Memorandum of Understanding (the “Memorandum”) is entered into between the Operations Policy & Country Services (OPCS) and the Office of the Regional Vice Presidency of Middle East and North Africa (MNAVP) of the International Bank for Reconstruction and Development (IBRD) and the International Development Association (IDA) (collectively, the “Bank”) in their respective capacities as representative of the Bank as trustee (the “SPF Trustee”) of the State- and Peace-Building Multi-Donor Trust Fund (TF No. 071021) (the “SPF” or the “Donor”) and representative of the Bank as administrator (the “LSCTF Administrator”) of the Lebanon Syrian Crisis Multi-Donor Trust Fund (TF No. 072143) (the “LSCTF” or “Trust Fund”), for the transfer of the sum of ten million United States dollars (USD10,000,000) (the “Contribution”) from the SPF to the LSCTF in accordance with the terms of this Memorandum.

(B) The SPF was established by IBRD Resolution No. 2008-0002 and IDA Resolution No. 2008-0001 of the Executive Directors of IBRD and IDA respectively on April 22, 2008 (the “SPF Resolutions”).

(C) The SPF Resolutions provide that the SPF Trustee is authorized to make contributions from the SPF to Bank-administered MDTFs (as defined in the SPF Resolutions) and such contributions shall be managed in accordance with the applicable requirements of such MDTFs.

(D) The Contribution to the LSCTF is consistent with the terms of the SPF Resolutions and will finance activities that are in line with one of the SPF’s objectives, namely, support the reconstruction and development of countries prone to, in, or emerging from conflict. This SPF objective is also consistent with the objective of the LSCTF which is to help alleviate the impact on Lebanese host communities of displaced persons affected by the Syrian crisis.

(E) The SPF Committee has approved the transfer of the Contribution to the LSCTF as recorded in the SPF Committee Meeting Minutes dated February 27, 2014.

The SPF Trustee and the LSCTF Administrator (collectively, the “Parties”) agree as follows:

1. The Contribution shall be used to finance the activities and the categories of expenditure set forth in the “Lebanon Syrian Crisis Multi-Donor Trust Fund Description” attached hereto as Annex 1, and shall be administered by the LSCTF Administrator on behalf of the Donor in accordance with the terms of this Memorandum including the “Standard Provisions” attached hereto as Annex 2, except that the administrative fee referred to in paragraph 3.1 shall not be charged to the Contribution from the SPF, “Governance” attached hereto as Annex 3, and the “Standard Provisions Applicable to Grants Made by the World Bank, as Administrator of Various Trust Funds, to UN Organizations that are Signatories to the Fiduciary Principles Accord concluded in December 2008”, dated April 2009 (the “FPA Standard Provisions”).
2. Other donors are also expected to contribute to the LSCTF on the terms and conditions specified in the annexes attached hereto.

3. The SPF Trustee shall transfer the Contribution from the SPF to the LSCTF promptly following this Memorandum becoming effective pursuant to paragraph 6 of this Memorandum.

4. All references made in the annexes attached hereto and related documents to “this Administration Agreement” will have the same meaning as the term “this Memorandum” used herein.

5. All annexes attached hereto and the FPA Standard Provisions constitute an integral part of this Memorandum. This Memorandum may be amended only in writing between the Parties; provided, however, that such annexes and the FPA Standard Provisions may be amended only with the agreement of all donors contributing to the LSCTF.

6. The Parties agree that this Memorandum will become effective as of the date of signature of the last signing Party.

FOR THE INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT AND THE INTERNATIONAL DEVELOPMENT
ASSOCIATION, AS TRUSTEE OF THE STATE- AND PEACE-BUILDING MULTI-
DONOR TRUST FUND

R. Kyle Peters
Vice President
Operations Policy & Country Services

Date: 5/5/14

FOR THE INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT, AS ADMINISTRATOR OF THE LEBANON SYRIAN CRISIS
MULTI-DONOR TRUST FUND

Inger Andersen
Vice President
Middle East and North Africa Region

Date: 5/5/2014
Lebanon Syrian Crisis Trust Fund (LSCTF)  
Description of Activities

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 main objective of the Multi-Donor Trust Fund is to help mitigate the impact of the Syrian conflict on Lebanese families and hosting communities.

2. **Activities**

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

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

   The TF will also finance Bank-executed activities which will mainly involve trust fund administration, program management, appraisal, supervision, and implementation support.

2.2. **Recipient-executed activities, for which the Recipient has the implementation responsibility:**

   The TF is expected to finance new and ongoing activities, as identified under the Roadmap of Priority Interventions for Stabilization from the Syrian Conflict.

2.3. **FPA Projects:** consisting of specific development projects to be carried out by UN FPA Signatories in support of the country priorities, consistent with the FPA.

3. **Eligible Expenditures**

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

   (a) Associated Overheads; (b) Consultant Fees Individuals and Firms; (c) Contractual Services; (d) Equipment and Office Premises Lease Cost; (e) Extended Term Consultants; (f) Media, Workshop, Conference and Meeting; (g) Staff Costs – with Indirect Costs; (h) Temporary Support Staff Costs; and (i) Travel Expenses.

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

   (a) Civil Works; (b) Consulting Services; (c) Goods; (d) Operating Costs; (e) Training; and (f) Non-consulting Services.

   For FPA activities, the proceeds of the Trust Fund allocated to finance FPA Projects may be used to finance expenditures in accordance with the FPA Standard Provisions.
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.
Lebanon Syrian Crisis Trust Fund

Standard Provisions

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

1. **Administration of the Contributions**

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

1.2 Each Donor's Contribution (collectively, the “Contributions”) shall be administered in accordance with the Bank's applicable policies and procedures, as the same may be amended from time to time, including its procurement, financial management, disbursement and safeguard policies, its framework to prevent and combat fraud and corruption and its screening procedures to prevent the use of Bank resources to finance terrorist activity, in line with the Bank's obligations to give effect to the relevant decisions of the Security Council taken under Chapter VII of the 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 two percent (2%) per Installment as an administrative fee for the Trust Fund.

3.2 In addition, costs incurred by the Bank for other expenses, such as for program management and Trust Fund administration, that are: (i) not covered by the percentage deduction specified above as an administrative fee; and (ii) not included under Annex 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 two point forty four percent (2.44%) 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. 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 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 August 31, 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.

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 relevant Donor or Donors in the Holding Currency in the manner specified by each such Donor in its respective Administration Agreement the pro rata share(s) of any such uncommitted balance of the Trust Fund, in accordance with any additional terms that may be agreed between the Bank and each such 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”) 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.

8.2. The Bank shall be responsible for the supervision of the activities financed under the Grant Agreements, other than FPA Projects. 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. Modifications to the terms of any FPA Disbursement Agreement shall be governed by the FPA Standard Provisions.


9.1 Notwithstanding any provision of this Administration Agreement to the contrary, the terms and conditions set out in the FPA Standard Provisions will apply to those proceeds of the Contributions to this Trust Fund that are made available to UN-FPA Signatories by the Bank under FPA Disbursement Agreements.
Lebanon Syrian Crisis Trust Fund (LSCTF)
Governance Structure

1. The LSCTF is overseen by a Steering Board (SB) which is established by decision of the Council of Ministers. The SB would provide overall strategic direction and priorities for the program financed by the LSCTF. The SB would comprise: (i) a Government of Lebanon representative; (ii) the World Bank; (iii) the UN, on behalf of its specialized agencies; and (iv) contributing donors. The Steering Board meetings would be co-chaired by the Government of Lebanon and a World Bank representative and would be scheduled bi-annually or as needed to assess the progress, strategy and priorities for the LSCTF.

2. The SB would be supported by a Technical Group (TG). The TG would be responsible for: (i) recommending specific projects; (ii) agreeing on projects’ implementation modalities; (iii) collating and presenting implementation status reports to the SB. The TG would comprise representation from: (i) Sector Ministries germane to LSCTF’s activities; (ii) Council for Development and Reconstruction; (iii) Ministry of Finance; (iv) the World Bank; (v) the UN; and (vi) representatives from contributing donors. The TG would meet quarterly or as needed. Meetings would be conducted in person, or virtually.

3. A World Bank Secretariat, comprised of World Bank staff, will support a World Bank Task Team Leader who will be responsible for the day-to-day management of the LSCTF. The World Bank Secretariat will be fully funded from the LSCTF. The World Bank Secretariat will develop an Operations Manual (OM) for managing the LSCTF and provide support to the TG in program implementation following World Bank policies and procedures as referenced in the OM.

4. For the Recipient-executed activities, the Bank’s policies and procedures will apply. In some cases, it may be agreed that a project may be implemented by a UN agency. Funds could then be transferred to the UN agency under the terms of the "World Bank-UN-Fiduciary Principles Accord", where the UN agency, a signatory to the Fiduciary Principles Accord, would apply its own procurement, fiduciary and safeguard policies. In such a case the UN agency, and not the World Bank, would be responsible for the use of these transferred funds.