

**The World Bank**

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT  
INTERNATIONAL DEVELOPMENT ASSOCIATION

1818 H Street N.W.  
Washington, D.C. 20433  
U.S.A.

(202) 473-1000  
Cable Address: INTBAFRAD  
Cable Address: INDEVAS

CONFORMED COPY

Date: May 25, 2011

Ambassador Beatrice Maser  
Delegate for Trade Agreements  
State Secretariat for Economic Affairs SECO  
Federal Department of Economy  
Holzikofenweg 36  
3003 Bern  
Switzerland

***Trust Fund Administration Agreement (the "Agreement") between the Government of the Swiss Confederation and the International Bank for Reconstruction and Development and the International Development Association concerning the Disaster Risk Financing and Insurance Multi-Donor Trust Fund (TF071667)***

Dear Ms. Maser:

1. We are pleased to acknowledge on behalf of the International Bank for Reconstruction and Development ("**IBRD**") and the International Development Association ("**IDA**", and together with IBRD, the "**Bank**") that the Government of the Swiss Confederation acting through the State Secretariat for Economic Affairs (the "**Donor**") shall make available as a grant the sum of five million three hundred seventy- five thousand United States dollars (US\$5,375,000.00) (the "**Contribution**") for the Disaster Risk Financing and Insurance Trust Fund (the "**Trust Fund**") in accordance with the terms of this Agreement. Other donors are also expected to contribute to the Trust Fund on the terms and conditions specified in the Annexes to this Agreement.

2. The Contribution shall be used to finance the activities and the categories of expenditure set forth in the "*Description of Activities and Expenditures under the Disaster Risk Financing and Insurance Trust Fund*" attached hereto as Annex 1, and shall be administered by the Bank on behalf of the Donor in accordance with the terms of this Agreement including the "*Standard Provisions Applicable to the Disaster Risk Financing and Insurance Trust Fund*" (the "**Standard Provisions**") attached hereto as Annex 2.

3. The Donor shall deposit the Contribution into such bank account designated by the Bank in installments in accordance with the following schedule:

- (a) promptly following countersignature of this Agreement by the Donor and submission of a payment request by the Bank, one million four hundred seventy five thousand United States Dollars (US\$1,475,000);
- (b) on or before September 1, 2012, one million two hundred thousand United States Dollars (US\$1,200,000) and submission of a payment request by the Bank;
- (c) on or before September 1, 2013, one million two hundred thousand United States Dollars (US\$1,200,000) and submission of a payment request by the Bank;
- (d) on or before September 1, 2014, seven hundred fifty thousand United States Dollars (US\$750,000) and submission of a payment request by the Bank; and

- (e) on or before September 1, 2015, seven hundred fifty thousand United States Dollars (US\$750,000) and submission of a payment request by the Bank.

4. When making each such deposit, the Donor shall instruct its bank to include in its payment details information (remittance advice) field of its SWIFT payment message, information indicating: the amount paid, that the payment is made by the Donor for TF071667 (the *Disaster Risk Financing and Insurance Trust Fund*), and the date of the deposit (the “**Deposit Instruction**”). In addition, the Donor shall provide a copy of the Donor’s Deposit Instruction to the Bank’s Accounting Trust Funds Division by e-mail sent to [tfremitadvice@worldbank.org](mailto:tfremitadvice@worldbank.org) or by fax sent to (202) 614-1315.

5. Except as provided for in paragraph 4 above, any notice, request or other communication to be given or made under this Agreement shall be in writing and delivered by mail, facsimile or e-mail to the respective party’s address specified below or at such other address as such party notifies in writing to the other party from time to time:

For the Bank:

Olivier Mahul  
Program Coordinator, GCMNB  
Coordinator, Catastrophe Risk Insurance Working Group  
The World Bank  
2121 Pennsylvania Avenue NW, NW  
Washington, DC 20433  
U.S.A.

Tel: (202) 458-8955  
E-mail: [omahul@worldbank.org](mailto:omahul@worldbank.org)

For the Donor:

Head  
Macroeconomic Support Division  
State Secretariat for Economic Affairs SECO  
Federal Department of Economy  
Holzikofenweg 36  
3003 Bern  
Switzerland

Tel: +41 31 324 07 94  
Fax: +41 31 324 09 62  
E-mail: [wemu.sekretariat@seco.admin.ch](mailto:wemu.sekretariat@seco.admin.ch)

6. All annexes hereto constitute an integral part of this Agreement. This Agreement may be amended only in writing between the Bank and the Donor; provided, however, that such annexes may be amended only with the agreement of all donors contributing to the Trust Fund.

7. Please confirm your agreement with the foregoing, on behalf of the Donor, by signing, dating, and returning to us the enclosed copy of this Agreement. Upon receipt by the Bank of the

copy of this Agreement countersigned by you, this Agreement will become effective as of the date of the countersignature.

Sincerely,

**INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT  
INTERNATIONAL DEVELOPMENT ASSOCIATION**

---

/s/ Janamitra Devan

Vice President & Head of Network  
Finance and Private Sector Development

**AGREED:**

**GOVERNMENT OF THE CONFEDERATION  
acting through the State Secretariat for Economic Affairs**

Date: June 21, 2011

/s/ Name: Beatrice Maser

Title: Delegate of the Swiss Government for Trade Agreement

**Description of Activities and Expenditures under the Disaster Risk Financing and Insurance Trust Fund**

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

**A. DESCRIPTION OF ACTIVITIES**

The objective of the Trust Fund is to reduce the financial vulnerability of low- and middle-income countries to natural disasters by: (i) improving their financial response capacity in the aftermath of natural disasters while protecting their long term fiscal balance; and (ii) deepening the domestic catastrophe risk insurance markets.

The Trust Fund will support activities required to design and implement disaster risk financing and insurance strategies, including the following activities:

1. carrying out catastrophe risk assessment and modeling;
2. carrying out fiscal risk assessment and management of natural disasters;
3. carrying out private catastrophe risk insurance market assessment and development;
4. capacity building of various stakeholders through training and workshops related to disaster risk financing and insurance strategies; and
5. coordination of trust fund activities, carrying out of knowledge management activities, and dissemination of lessons learned and best practices.

**B. CATEGORIES OF EXPENDITURE**

The Contributions may be used to finance: (a) staff costs; (b) consultant fees; (c) contractual services; (d) extended term consultants; (e) media and workshop costs; (f) temporary support staff costs; (g) travel expenses; and (h) associated overheads.

**Standard Provisions Applicable to the Disaster Risk Financing and Insurance Trust Fund**

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

1. Administration of the Contributions

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

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

2. Commingling, Exchange and Investment of the Contributions

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

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

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

3. Administrative Cost Recovery

3.1. In order to assist in the defrayment of the costs associated with the establishment of the Trust Fund, the Bank may, following deposit of the first Contribution from any Donor to the Trust Fund, deduct and retain for its own account from that Contribution an amount equal to and not greater than thirty-five thousand United States Dollars (US\$35,000).

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

#### 4. Procurement

The employment and supervision of any consultants and the procurement of any goods financed by the Contributions shall be the responsibility of the Bank and shall be carried out in accordance with its applicable policies and procedures.

#### 5. Accounting and Financial Reporting

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

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

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

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

#### 6. Progress Reporting

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

6.2 Any Donor may review or evaluate activities financed by the Trust Fund. The Donor and the Bank shall agree on the scope and conduct of such review or evaluation, and the Bank shall provide all relevant information within the limits of its policies and procedures. All associated

costs shall be borne by the Donor. It is understood that any such review or evaluation will not constitute a financial, compliance or other audit of the Trust Fund.

7. Disbursement; Cancellation; Refund

7.1. It is expected that the Contributions will be fully disbursed by the Bank by December 31, 2016. The Bank shall only disburse Contributions for the purposes of this Agreement after such date with the written approval of the Donors.

7.2. Any Donor or the Bank may, upon three (3) months' prior written notice, cancel all or part of the Donor's *pro rata* share, of any remaining balance of the Contributions that is not committed pursuant to any agreements entered into between the Bank and any consultants and/or other third parties for the purposes of this Agreement prior to the receipt of such notice.

7.3. Following the final disbursement date specified in paragraph 7.1, the Bank shall return any remaining balance of the Contributions to the Donors or to the relevant Donor Balance Account on a *pro rata* basis based on the Donors' paid Contributions. In the event of a cancellation the Bank shall promptly return to the relevant Donor or Donors or to the relevant Donor Balance Account the Donor's *pro rata* share of uncommitted Contributions in accordance with paragraph 7.2.

8. Disclosure

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