

World Bank Trust Fund No. TF054035
European Commission Trust Fund Number: DCI-ASIE/2009/211-762

Amended and Restated Administration Agreement

(Multi-donor Mindanao Trust Fund and Reconstruction and Development Programme)

Between

European Union, Represented by the European Commission

and

International Bank for Reconstruction and Development

AMENDED AND RESTATED ADMINISTRATION AGREEMENT FOR EUROPEAN UNION (AS REPRESENTED BY THE EUROPEAN COMMISSION) CONTRIBUTION TO THE MULTI-DONOR TRUST FUND FOR THE REPUBLIC OF THE PHILIPPINES' MINDANAO RECONSTRUCTION AND DEVELOPMENT PROGRAM

WBG Trust Fund No and Name before Amendment and Restatement: TF071426 / Mindanao Trust Fund – EU 3

WBG Trust Fund No and Name after Amendment and Restatement: TF054035 / Multi-Donor Trust Fund for the Republic of the Philippines' Mindanao Reconstruction and Development Program

European Commission Trust Fund Contribution Number: DCI-ASIE/2009/211-762

The European Union, represented by the Commission of the European Union, ("the Contracting Authority")

of the one part,

and

The International Bank for Reconstruction and Development with its Head Office at 1818 H. Street N.W. Washington, D.C. 20433 U.S.A., represented by The World Bank Philippines Country Director Mr. Bert Hofman, ("the Organisation")

of the other part,

have agreed as follows:

The Administration Agreement concluded between the Contracting Authority and the Organisation on 28 December 2009 (the "Contract") for a European Union contribution to the Mindanao Trust Fund in the form of Single Donor Trust Fund No. 071426 is hereby transformed into a contribution to Multi Donor Trust Fund No. 054035 under this Amended and Restated Administration Agreement (the "Restated Agreement").

The attached documents listed hereunder replace the Administration Agreement that was concluded on 28 December 2009 and its annexes.

- Attachment 1: Annex I to Amended and Restated Administration Agreement: Description of the Program
- Attachment 2: Annex II to Amended and Restated Administration Agreement: General Conditions applicable to European Union Contributions to Trust Funds
- Attachment 3: Annex III to Amended and Restated Administration Agreement: Standard Provisions Applicable to the Multi-Donor Trust Fund for the Republic of the Philippines' Mindanao Reconstruction and Development Program

Attachment 4: Annex IV to Amended and Restated Administration Agreement:
Indicative Budgetary Breakdown for the Program

This Restated Agreement is drawn up in three originals, two for the Commission and one for the World Bank Group.

For the Organisation

Name Mark Woodward
Title Acting Country Director
Signature /s/ Mark Woodward
Date December 1, 2010

For the Contracting Authority

Name Alistair Mac Donald
Title Head of Delegation
Signature /s/ Alistair Mac Donald
Date December 7, 2010

AMENDED AND RESTATED ADMINISTRATION AGREEMENT FOR EUROPEAN UNION (AS REPRESENTED BY THE EUROPEAN COMMISSION) CONTRIBUTION TO THE MULTI-DONOR TRUST FUND FOR THE REPUBLIC OF THE PHILIPPINES' MINDANAO RECONSTRUCTION AND DEVELOPMENT PROGRAM

**Article 1
Subject**

Section 1.01. In pursuance of the Trust Funds and Cofinancing Framework Agreement between the European Union, represented by the European Commission (the "Commission"), and the International Bank for Reconstruction and Development ("IBRD"), the International Development Association ("IDA"), and the International Finance Corporation ("IFC") (collectively, the World Bank Group) dated March 20, 2009 (the "Framework Agreement"), the Commission hereby agrees to make available a Contribution for an amount referred to in Section 3.02, and to be administered by the IBRD for the multi-donor Trust Fund for the Republic of the Philippines' Mindanao Reconstruction and Development Programme, Trust Fund number TF054035 (the "Program").

Section 1.02. The Contribution shall be used exclusively for the purposes set out in Annex I which includes a Description of the Program as well as, where required, the expenditures eligible for financing from the Commission, and the relevant indicators.

Section 1.03. The IBRD shall administer the Contribution in accordance with the provisions of:

- the Framework Agreement; and
- this Restated Agreement; and
- the attached General Conditions applicable to European Union Contributions to Trust Funds (the "General Conditions"), and
- the standard provisions agreed between the IBRD and the donors (the "Standard Provisions").

Section 1.04. The Contribution *is* provided under Joint Management for all purposes of this Restated Agreement.

Section 1.05. The Program *is* a Multi-Donor Trust Fund for all purposes of this Restated Agreement.

Section 1.06. The Trust Fund *is not* an exceptionally large trust fund for the purposes of Section 16.03 of the General Conditions.

**Article 2
Entry into force and Implementation Period**

Section 2.01. This Restated Agreement shall enter into force when the last of the two Parties signs and will remain in force until the End Date.

Section 2.02. Expenses financed under the Contribution must be incurred after the date following that on which the last of the two parties signs.

Section 2.03. It is expected that an amount of the trust fund equal to the Contribution will be fully utilized in accordance with the provisions of this Restated Agreement by June 30, 2017. The End Disbursement Date can only be modified with the agreement of both Parties pursuant to Article 9 of the General Conditions.

Section 2.04. The IBRD shall only disburse the European Union's pro rata share of the funds remaining in the trust fund, including any investment income added thereto for the purposes of this Restated Agreement after the End Disbursement Date with the prior written agreement of the Commission.

Article 3 Amount of the Contribution

Section 3.01. The budget of the Program is estimated to be fifty million United States dollars (US\$50,000,000) as set out in Annex I.

Section 3.02. The Commission undertakes to finance EUR 4 000 000 for the Trust Fund.

Section 3.03. Indirect Costs under this Restated Agreement shall not exceed 7% of the final amount of eligible Direct costs of the Contribution.

The IBRD may, following deposit of the Contribution by the Commission, deduct from the Contribution of the Commission and retain for the IBRD's own account an amount up to 7% of the total multi-donor contribution funds.

Section 3.04. The categories of costs indicated in Annex I shall be considered eligible provided they comply with Section 14.01 of the General Conditions.

Article 4 Payment schedule and Reporting

Section 4.01. The Payment will be made in accordance with Option 2 of Section 15.01 of the General Conditions attached as Annex II to this Restated Agreement, and in accordance with the following schedule:

Advance payment	EUR 2 000 000
Intermediate payment	EUR 1 600 000
Final payment	EUR 400 000

The World Bank Group shall convert such funds into US Dollars promptly following receipt of the funds, and receipt of all the appropriate legal documentation and the payment details information.

Section 4.02. Narrative progress report(s) and financial information shall be provided consistent with Article 2 of the General Conditions, and in accordance with the following schedule:

- a narrative progress report shall be forwarded to the Commission on an annual basis following signature of this Restated Agreement. A final narrative report shall be forwarded to the Commission within six (6) months after the End Disbursement Date; and
- the progress financial information shall be made available via the Bank's Trust Funds Donor Center secure website following the signature of this Restated Agreement. The final financial information shall be made available via the Bank's Trust Funds Donor Center secure website within six (6) months after the End Disbursement Date.

Section 4.03. For the purposes of Section 2.03 of the General Conditions a schedule of anticipated activities shall be provided with each report.

Article 5 Communications and addresses

Any communication relating to this Restated Agreement shall be in writing, shall state the number and title of the Trust Fund, and shall use the following addresses.

For the Commission:

Payment requests and attached reports, including requests for changes to bank account arrangements pursuant to Section 9.02 of the General Conditions, shall be sent to:

*Delegation of the European Union to the Philippines
30/F Tower 2, RCBC Plaza
6819 Ayala Avenue
Makati City 1200, Philippines*

A copy of the reports referred to in Section 4.02 shall be sent to the European Commission Delegation in charge of monitoring the Program, at the following address:

For the Commission:

*Delegation of the European Union to the Philippines
30/F Tower 2, RCBC Plaza
6819 Ayala Avenue
Makati City 1200, Philippines*

For the IBRD:

*The World Bank Office Manila
23rd Floor Taipan Place
F. Ortigas Jr. Road
Pasig City, Philippines*

Article 6
Annexes

Section 6.01. The following documents are annexed to this Restated Agreement and form an integral part thereof:

- Annex I: Description of the Program.
- Annex II: General Conditions applicable to European Union Contributions to Trust Funds.
- Annex III: Standard Provisions Applicable to the Multi-Donor Trust Fund for the Republic of the Philippines' Mindanao Reconstruction and Development Program
- Annex IV: Indicative Budgetary Breakdown for the Program

Section 6.02. In the event of a conflict between the provisions of the Annexes and those of this Restated Agreement, the provisions of this Restated Agreement shall take precedence. In the event of a conflict between the provisions of Annex II and those of the other Annexes, the provisions of Annex II shall take precedence.

Article 7

Section 7.1. Where appropriate, all references to the "(European) Community/(European) Communities" in this Restated Agreement and its annexes should be read as referring to the "European Union".

Section 7.2. This Restated Agreement is drawn up in three originals, two for the Commission and one for the World Bank Group entity.

For the European Union, represented by the European Commission	For the IBRD
Name: ...	Name: Bert Hofman
Position: Head of Delegation	Position: Country Director, Philippines
Signature:	Signature:
Date:	Date:

ANNEX I to Amended and Restated Administration Agreement

DESCRIPTION OF THE PROGRAM

(A) Program Purpose and Objective

The Mindanao Reconstruction and Development Program aims to improve prospects for peace and development in conflict-affected areas in Mindanao by improving the social and economic recovery in conflict-affected communities of Mindanao through activities that support the Government of the Philippines' peace and development framework which promotes peace, self-reliance and good governance. The Program's major activities include:

- (1) *Undertaking of economic and social recovery* through the provision of grants to communities, internally displaced people, non-government organizations, barangays, municipalities and provinces for improvement of basic services, livelihood, peace promotion activities and strategic investments. Grants will also fund technical assistance and feasibility studies as identified in the Joint Needs Assessment. Access to funding will be contingent on compliance with defined standards regarding socially inclusive planning, equitable access to benefits, contribution towards capital as well as operations and maintenance costs, and adherence to technical standards.
- (2) *Promotion and practice of inclusive governance processes* with the involvement of key Mindanao stakeholders at all levels of Program management through participatory planning, implementation and management of local development activities.
- (3) *Promotion and practice of effective governance* through the learning process of inclusive multi-stakeholder consultation in a timely and responsive manner to community needs. This is supplemented by capacity-building at all levels of the Program.

(B) Program Components

1. Block Grants (Recipient-executed activities)
 - (a) Community-Driven Development (Small Infrastructure, Livelihood, Productive Asset Subprojects and Core Shelters for Internally Displaced Households): Small block grants would be provided to People's Organizations in barangays, to fund community-driven development investment activities according to subprojects identified by the communities themselves to meet immediate or short-term needs. Grants would be provided to communities over three cycles in the initial phase, and in-line with past experiences, it can be expected that the complexity and/or funding requirement of subproject activities would grow with each cycle, as experience is gained with implementation. Additional cycles are possible if funding permits and if certain criteria (to be developed in the operations manual) are met by the communities. Cost-sharing averaged around 15% for such subprojects in the

first phase of the MTF-RDP (5% from POs and 10% from local government units (“LGUs”). For the expanded phase, this could be expected to increase to about 15% to 25% overall, as more LGUs participate in the Program.

- (b) Strategic Investments to Support Peace and Development: Funding for undertaking investments beyond the community level would be provided, if benefits accruing to the communities are judged to be substantial. Strategic investments are likely to fall into one of two categories: (i) inter-barangay, municipal and provincial subprojects; or (ii) technical assistance and feasibility studies for larger scale subprojects. This could be at the following levels: (a) shared financing and implementation of community assisted subprojects across two or more barangays as identified in participatory community investment plans (e.g., water supply system, small bridges, small-scale food processing facilities, small farm-to-market road, etc.); and (b) sub-projects of local partners and organizations that promote opportunities for dialogue among diverse groups and present the potential for greater economic impact than community-based interventions.

Selection of strategic investment subprojects will be based on participatory barangay, municipal or provincial planning. The process for identifying and selecting sub-projects under this sub-component will be developed as part of the MTF annual work plan and submitted to the Interim Steering Committee for approval.

2. Capacity and Institution Building (Recipient and IBRD-executed activities)

- (a) Technical Support for Implementing Partners (IBRD-executed activities). As in the first phase of the MTF-RDP, technical assistance will continue to be provided for the Program management office, service providers, and LGUs to support the planning, management, implementation and maintenance of Program activities. The Bangsamoro Development Agency (BDA), or the entity organization jointly agreed by the Philippine Government and the Bangsamoro leadership, would continue to be a key partner in providing Program management and technical assistance to communities, local government and other local organizations. The Program management office’s M&E capacity would also be further strengthened under the Program to help manage and ensure the success of the expanded phase of the Program. Technical assistance for national government agencies working on peace and development activities in Mindanao can also be considered.
- (b) Implementation and Operating Costs for Local Partners and Support for Communities and People’s Organizations (Recipient-executed activities). The success of the expanded program will continue to require a large component of: a) information dissemination; b) social mobilization and guidance for communities, municipalities, and stakeholders on the goals of the Program; and c) training of municipal teams, multi-sectoral committees, and local beneficiaries to undertake the planning, implementation, and maintenance of grant investments. The nature of the CDD approach and the steep learning curve for each new community that participates will require that a considerable level of resources will still need to be allocated to this component. However, it is expected that increasingly LGUs and local partners will take on implementation responsibility, allowing Program management office to

assume a more managerial role of providing the institutional training and support to LGUs and other agencies that may be contracted to assist with project implementation.

- (c) Workshops and Studies (Recipient-executed activities). Such activities that would be undertaken for facilitating the achievement of the objectives of the MTF-RDP, could include, among others, the following: feasibility studies for the regional infrastructure and strategic investments; training in participatory local development planning and policy development for LGUs; forums and workshops to develop regional proposals under the strategy of economic integration; and advocacy and communication meetings on peace discussions.

3. Monitoring, Evaluation, Secretariat Support, Supervision. (IBRD-executed activities)

- (a) This component will be further strengthened and better integrated with the management and decision making process of the Program management office. The expanded program will be based on the logframe that outlines key outcomes. Outcomes are operationalized by sets of indicators that aim to provide a stronger linkage to the project purpose/objective. Formative evaluations, process monitoring and impact evaluation techniques will be undertaken to determine and help refine the Program as to the impact of the MTF-RDP. The results of the M&E and impact assessments undertaken as part of the first phase program will assist in constructing a baseline and comparison groups on which subsequent impact assessments would be done during the expanded phase.
- (b) Program support will be provided by the MTF Secretariat which will include among others, the following activities: Steering Committee meetings, quarterly and annual reports, grant preparation for trust fund recipients, preparation and contracting of technical specialists, processing reimbursements and claims, appraisal of proposals, and supervision of Program activities in the field.

(C) Eligible Expenditures

- (1) For all Recipient-executed activities, the categories of expenditures will include the following: goods, works and services under sub-grants to communities, civil society organizations and government units; goods, consultant's services, travel expenses, training and workshops, technical assistance and incremental operating costs and management fee pursuant to a grant agreement to be entered between the World Bank and the Recipient. The forgoing expenditures may include financing of taxes.
- (2) For all Bank-executed activities, the categories of expenditures will include the following: short-term consultants, extended-term consultants, temporary staff costs, contractual services, staff costs (salaries, benefits and indirect), associated overheads, travel expenses, equipment rental/purchase, media/workshop/ meeting/training and publication costs.
- (3) The equipment, vehicles and supplies paid for by the Contribution shall be transferred to Recipients, local authorities or to the final recipients (excluding

commercial contractors), of the activities financed by the Program by the end of the Project, in accordance with the Bank's policies on asset management.

ANNEX II to Amended and Restated Administration Agreement

**GENERAL CONDITIONS APPLICABLE TO EUROPEAN UNION
CONTRIBUTIONS TO TRUST FUNDS**

GENERAL PROVISIONS TO THE ADMINISTRATION AGREEMENT

ARTICLE 1

General obligations of the World Bank Group entity

Section 1.01. The World Bank Group entity may, according to the Description of the Project in Annex I, execute the funds directly or may provide them to a Recipient for execution in accordance with the World Bank Group entity's policies and procedures.

Section 1.02. In case of a BETF, the World Bank Group entity shall carry out the Project in accordance with the Administration Agreement, including the Description of the Project contained in Annex I, and in accordance with the World Bank Group entity's policies and procedures. The World Bank Group entity shall report on the indicators specified in the Description of the Project.

Section 1.03. In case of a RETF, the World Bank Group entity shall be responsible, as administrator on behalf of the Commission, for making arrangements to ensure that the Contribution is used only for the purposes for which it was granted, with due attention to considerations of economy and efficiency. For this purpose, the World Bank Group entity shall monitor, evaluate, report and, where applicable, provide technical assistance, in accordance with the Administration Agreement, including the Description of the Project contained in Annex I, the Grant Agreement and the World Bank Group entity's policies and procedures. The World Bank Group entity shall report on the Indicators specified in the Description of the Project.

The World Bank Group entity shall enter into a Grant Agreement with the Recipient for the provision of such funds to the Recipient for the purposes set forth in the Administration Agreement. Grant Agreements may be entered into up to the maximum amount of the contributions that all donors including the European Union intend to make available in the Administration Agreement(s). The World Bank Group entity shall provide a copy of the Grant Agreement to the Commission. The World Bank Group entity shall be solely responsible for the administration of such Grant Agreement and shall carry out such administration in accordance with its applicable policies and procedures without prejudice to Section 1.06.

Section 1.04. The World Bank Group entity will be responsible only for performing those functions specifically set forth in the Administration Agreement, in these General Conditions, unless agreed otherwise with the Commission, and in case of a Multi-Donor Trust Fund, of the relevant Resolution or the Standard Provisions or the Terms and Conditions, and will not be subject to any other duties or responsibilities to the Commission, 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 the Administration Agreement, in these General Conditions, and in case of a Multi-Donor Trust Fund, in the relevant Resolution or the Standard Provisions or the Terms and Conditions, will be considered a waiver of any

privileges or immunities of the relevant World Bank Group entity under its Articles of Agreement or any applicable law, all of which are expressly reserved.

Section 1.05. The World Bank Group entity shall take measures to prevent irregularities, fraud, corruption or any other illegal activity in the management of the Project in accordance with its policies and procedures.

In accordance with applicable World Bank Group policies and procedures, including those pertaining to protection of confidential information and the integrity of the investigative process, the World Bank Group entity shall keep the Commission informed of the progress of any formal World Bank Group entity investigation concerning the misuse of funds provided under this Administration Agreement and will report to the Commission without delay the conclusions of such findings as well as measures taken to address the fraud and corruption consistent with its policies and procedures on anti-corruption.

In accordance with the World Bank Group's policies and procedures, the World Bank Group entity shall, for BETFs, terminate contracts with Beneficiaries and, for RETFs, terminate the Grant Agreement or the financing to the Recipient for contracts with Beneficiaries, when either the Beneficiaries and/or the Recipient have been found by the World Bank Group entity to have been involved in fraud or corruption in connection with this trust fund financed by the Commission. In such cases, the World Bank Group entity shall apply its applicable policies and procedures in consultation with the donor(s) to recover the ineligible expenditures.

Section 1.06. The World Bank Group entity undertakes to ensure that the principles set forth under Section 1.05, and Articles 4, 5, 6, 10, 14 and 16 of these General Conditions also apply to the Recipient and, where applicable, to Beneficiaries involved. The World Bank Group entity shall indicate to the Recipient in the Grant Agreement the possibility that the Commission may adopt measures vis-à-vis the Recipient, should the latter not reimburse the World Bank Group entity under Section 1.05.

ARTICLE 2

Obligations regarding financial information and narrative reports

Section 2.01. The World Bank Group entity shall provide the Commission with information on the progress and results of the Projects financed under the Contribution. To that end the World Bank Group entity shall prepare narrative progress report(s) and a final report containing information set forth in Section 2.03 and 2.04. The World Bank Group will also provide the Commission with progress and final financial information regarding the Project. The narrative report(s) as well as the financial information shall cover the entire Project described in the Administration Agreement regardless of whether or not the Project is entirely financed by the Commission.

Section 2.02. The World Bank Group entity shall send to the Commission narrative progress report(s) and make available progress financial information in accordance with the provisions below. Every report and information shall include all Project activities for the period covered. The financial information will be made available via the Bank's Trust Funds Donor Center secure website.

Section 2.03. The narrative progress report(s) shall provide for comparison of the objective(s) of the trust fund, the results expected and obtained and the budget details for the

Project. The level of detail in the narrative report(s) should match that of the Description of the Project and of the indicative budget of the Project.

The narrative reports should include:

- Summary and context of the Project;
- Activities carried out during the reporting period (i.e. directly related to the description of the Project and activities foreseen in this Administration Agreement, including information on the measures taken to identify the European Union as source of financing);
- Difficulties encountered and measures taken to overcome challenges;
- Changes introduced in implementation, including changes in the procurement plan pursuant to Section 10.01;
- Achievements/results by using indicators specified in the Description of the Project contained in Annex I;
- Work plan or schedule of Project activities (as described in the Administration Agreement) for the following period. If the report is sent after the end of the period covered by the preceding work plan or schedule, a provisional work plan or schedule shall be submitted before the end of the period covered by the preceding work plan or schedule.

The progress financial information shall provide for a history of contributions received and the expenditures. It shall allow the Commission to assess whether the incurred expenditures generally comply with the Administration Agreement.

Section 2.04. The final narrative report shall contain the above information (excluding the future work plan or schedule of Project activities) covering the entire Project implementation, information on the visibility measures taken to identify the European Union as a/the source of financing, details on the transfers of assets mentioned in Section 7.02 if relevant, and information on the final procurement plan mentioned in Section 10.01. The final financial information shall provide for a history of the contributions received and the expenditures. It shall allow the Commission to assess whether the incurred expenditures generally comply with the Administration Agreement.

Section 2.05. The reports shall be presented in English.

Section 2.06. The narrative progress report(s) shall be submitted at the following intervals: if payments follow option 1 of Section 15.01 of these General Conditions:

- a narrative progress report shall be forwarded to the Commission on an annual basis following the signature of the Administration Agreement.
- a final report shall be forwarded to the Commission within six (6) months after the End Disbursement Date specified in Section 2.03 of the Administration Agreement.

if payments follow option 2 of Section 15.01 of these General Conditions:

- a narrative progress report shall accompany each payment request for a further instalment of financing ;

- a final report shall be forwarded to the Commission within six (6) months after the End Disbursement Date specified in Section 2.03 of the Administration Agreement.

Section 2.07. The progress financial information shall be made available pursuant to Section 2.02 following the signature of the Administration Agreement. The final financial information shall be made available pursuant to Section 2.02 within six (6) months after the End Disbursement Date specified in Section 2.03 of the Administration Agreement without prejudice to the obligations set out in Section 16.06 of these General Conditions.

Section 2.08. The Commission may request clarification on the narrative or financial information providing the reasons for the request. Such information shall be provided as soon as available but no later than forty-five days (45) days of the request.

Section 2.09. In addition to the above mentioned reports, the World Bank Group entity will ensure that other reports, publications, press releases and updates, relevant to the Administration Agreement are communicated to the Commission promptly following their issuance. Other reports may be made available on the Donor Centre secure website.

The Commission may request reasonable additional information on a case by case basis, providing the reasons for the request. Such information shall be supplied within forty-five days (45) days of the request and where applicable, the Commission will be provided the website address for the trust fund.

The World Bank Group entity and the Commission will endeavour to promote close collaboration and exchange of information on the Project.

Section 2.10. The World Bank Group entity shall promptly inform the Commission of any event which, in its opinion, interferes or threatens materially to delay or interfere with the successful implementation of any Project financed by the Contribution.

ARTICLE 3

Liability

Other than for failure to perform its obligations set forth in these General Conditions, in the Administration Agreement, and in the case of a Multi-Donor Trust Fund, in the relevant Resolution or the Standard Provisions or the Terms and Conditions, the Commission shall not under any circumstances whatever be liable for damages caused either to or by the World Bank Group entity or third parties, during the performance of the Administration Agreement. No claim can be submitted to the Commission for compensation or for restoration of any such damage or loss. The Commission will not be responsible for the activities of any person or third party engaged by the World Bank Group and/or the Recipient as a result of the Administration Agreement, nor will the Commission be liable for any costs incurred by the World Bank Group and/or the Recipient in terminating the engagement of any such person.

ARTICLE 4

Conflict of interest

The World Bank Group entity undertakes to take necessary precautions to avoid conflicts of interest in accordance with the applicable policies and procedures of the World Bank Group.

ARTICLE 5
Disclosure

The obligations on confidentiality and disclosure of information are included in Article 10 of the Framework Agreement.

ARTICLE 6
Visibility and Transparency

Section 6.01. The measures taken to identify the European Union as a/the source of financing are subject to Article 8 and Attachment 4 of the Framework Agreement and will be specified in the Administration Agreement.

Section 6.02. With due regard to the World Bank Group entity's applicable rules on confidentiality, security and protection of personal data, the obligations on publication of Beneficiaries shall be governed by Article 9 of the Framework Agreement.

ARTICLE 7
Ownership/use of results and equipment

Section 7.01. The relevant World Bank Group entity shall own all rights, title and interest to all industrial and intellectual property rights and materials used for and produced by a Project in relation to this Administration Agreement. However the World Bank Group hereby grants the Commission a non-exclusive right to use free of charge and as it sees fit any of these materials produced by a Project provided said use does not thereby breach existing industrial and intellectual property rights and the World Bank Group entity's policies and Article 5 of these General Conditions.

Section 7.02. Unless otherwise agreed in the Administration Agreement the equipment, vehicles and supplies paid for by the Contribution shall be transferred to Recipients, local authorities or to the final recipients (excluding commercial contractors) of the activities financed by the trust fund by the end of the Project in accordance with World Bank Group policies on asset management. The documentary proof of those transfers shall be kept for verification along with the documents mentioned in Section 16.06.

ARTICLE 8
Participation in Supervision of the Project

Section 8.01. Representatives of the Commission shall be invited to participate in Supervision missions, when applicable, led by the World Bank Group entity relating to the Project financed under the Contribution. The World Bank Group entity shall keep the Commission informed of the findings of such missions and regularly provide the Commission with summaries of any reports resulting from such missions.

Section 8.02. Notwithstanding the Commission's participation in a World Bank Group entity's Supervision mission, the Commission as a donor may wish to carry out Supervision missions independently at its own cost. Supervision missions by representatives of the Commission should be planned and carried out in a collaborative manner between the World Bank Group entity's staff and the Commission's representatives, keeping in mind the commitment of both to coordination and collaboration for the effective and efficient implementation of the Project included in the Administration Agreement. These missions are

to be planned ahead with reasonable notice and procedural matters are to be agreed upon by the Commission and by the World Bank Group entity in advance. The mission will make a draft of its report available to the World Bank Group entity for comments prior to final issuance.

ARTICLE 9

Amendment of the Administration Agreement

Section 9.01. Any modification of the Administration Agreement, including the Annexes thereto, shall be in writing in an amendment.

The request for amendment shall be submitted by either the World Bank Group entity or the Commission one (1) month before the amendment is intended to enter into force, unless otherwise agreed by the World Bank Group entity and by the Commission.

Section 9.02. Notwithstanding Section 9.01, changes of address and changes of bank account may simply be notified in writing to the Commission. Changes of bank account must be specified in the request for payment using a financial identification form.

ARTICLE 10

Procurement and Grants

Section 10.01. If parts of the Project are contracted by the World Bank Group, the relevant procurement plan will be specified in the Description of the Project. If it is not specified therein, the World Bank Group entity will present it to the Commission as soon as it is available.

Section 10.02. Unless otherwise agreed by the Parties in writing, the procurement of any goods, works or services and the award of Grants to Beneficiaries by the World Bank Group entity or the Recipient in the context of the Project shall be carried out in accordance with the applicable policies and procedures adopted by the World Bank Group entity, as previously assessed by the Commission.

The administration and enforcement of all provisions entered into between the World Bank Group entity and a third party that is financed by the trust fund shall be the responsibility solely of the World Bank Group entity and shall be carried out in accordance with its applicable procedures, except as otherwise specified in this Article 10 and Section 1.06.

Without prejudice to the specific procedures and exceptions applied by the World Bank Group entity, the award of Grants to Beneficiaries shall apply the following principles:

- No single Beneficiary may receive more than one Grant financed by the European Union for the same activity. For additional activities, a Beneficiary may receive supplemental Grants;
- Grants may only cover costs incurred after the date on which the Grant contract with the Beneficiary enters into force;
- No portion of any Grant shall be used to provide a direct profit out of the proceeds of the Grant to the Grant Beneficiary unless the objective of the Grant is to reinforce the financial capacity of the Beneficiary; and

- Grants may not as a rule finance the entire cost of the activities carried out by the Beneficiary.

Section 10.03. The origin of the goods and the nationality of the organisations, companies and experts selected for carrying out activities in the Project shall be determined in accordance with the World Bank Group entity's relevant rules. The World Bank Group entity's policies and procedures on procurement and Grants to Beneficiaries are untied.

Section 10.04. The World Bank Group entity shall take into consideration as provided for under the World Bank Group's policies and procedures the following or similar situations as factors for determining qualification or eligibility of:

- Beneficiaries that are bankrupt or being wound up, are having their affairs administered by the courts, have entered into arrangement with creditors, have suspended business activities, are the subject of proceedings concerning those matters, or are in any analogous situation arising from a similar procedure provided for in national legislation or regulations;
- Beneficiaries that have been convicted of an offence concerning their professional conduct by a judgment which has the force of *res judicata*;
- Beneficiaries that have been the subject of a judgment which has the force of *res judicata* for fraud, corruption involvement in a criminal organisation or any other illegal activity;
- Beneficiaries that are guilty of misrepresentation in supplying the information required as a condition of participation in the procedure or fail to supply this information;
- Beneficiaries that are subject to a conflict of interest.

Section 10.05. The World Bank Group entity may be given access whatever its medium (written on paper or stored in electronic form) to the central exclusion database set up and operated by the Commission (the "Central Exclusion Database"). The foregoing shall be applied in accordance with the provisions that may be provided for in Attachment 5 of the Framework Agreement including any condition under which the World Bank Group would communicate to the Commission any judgment rendered after 1 January 2009 which has the force of *res judicata* for fraud, corruption, involvement in a criminal organization or any other illegal activity against a Beneficiary receiving funds from a trust fund financed by the European Union.

ARTICLE 11

Suspension of the Administration Agreement

Section 11.01. The World Bank Group entity may suspend implementation of all or part of the Project in accordance with its policies and procedures including when circumstances make it too difficult or dangerous to continue. It shall inform the Commission without delay and provide all the necessary details should a project be suspended. The Administration Agreement may be terminated in accordance with Section 12.01. If the Administration Agreement is not terminated, the World Bank Group entity shall endeavour to minimise the duration of the suspension and may resume implementation of the Project once the conditions allow, and shall inform the Commission accordingly.

Section 11.02. Upon removal of the suspension, the implementation period of the Administration Agreement shall be automatically extended by an amount of time equivalent to the duration of the suspension. This is without prejudice to any amendments to the Administration Agreement which may be necessary to adapt the Project to the new implementing conditions.

ARTICLE 12

Termination of the Administration Agreement

Section 12.01. If, at any time, either party believes that the purposes of the Administration Agreement can no longer be effectively or appropriately carried out, it shall consult the other party. The Administration Agreement may be terminated at the initiative of either party by giving the other party three (3) months' prior written notice to cancel all or part of the Commission's pro rata share of any remaining balance of the Contribution funds that is not committed pursuant to any agreements entered into between the World Bank Group entity and any consultants and/or other third parties for the purposes of the Administration Agreement prior to the receipt of such notice, including the Grant Agreement[s]. The World Bank Group entity shall return such cancelled balance to the Commission including any investment income in accordance with Article 18.

Section 12.02. Where the World Bank Group entity:

- fails, without justification, to fulfil any of the obligations set out in Sections 1.02 and 1.03 incumbent on it, including the presentation of a final narrative report and/or making available final financial information within the deadlines laid down in Sections 2.06 and 2.07, after being given notice by letter to comply with those obligations, still fails to do so or to furnish a satisfactory explanation within thirty (30) days of sending of the letter; and, in case of narrative progress reports, after failing to provide, together with a satisfactory explanation, a summary of the state of the progress of the Project;
- fails to comply with Section 1.05 or Article 4;
- provides false reports or makes false or incomplete statements to obtain the Contribution provided for in the Administration Agreement;
- commits financial irregularities or is guilty of grave professional misconduct;
- undergoes legal, financial, technical or organisational change that is likely to substantially affect negatively the Administration Agreement or to call into question the decision by which a direct financial contribution is awarded to the World Bank Group by the Commission following a Call for proposals;

After prior consultation with the World Bank Group entity the Commission may terminate the Administration Agreement. In that event the Commission may request full or partial repayment of any amounts that should have not been considered eligible, after allowing the World Bank Group entity to submit its observations.

Section 12.03. Prior to or instead of terminating the Administration Agreement as provided for in Section 12.02, the Commission may suspend payments or (exceptionally) the eligibility of expenses as a precautionary measure, informing the World Bank Group entity immediately.

Section 12.04 This Administration Agreement shall be automatically terminated if no payment has been made by the Commission within three (3) years of its signature.

ARTICLE 13 **Dispute resolution**

Section 13.01. The Parties shall endeavour to settle amicably any dispute or complaint relating to the interpretation, application or fulfilment of the Administration Agreement, including its existence, validity or termination. In default of amicable settlement, any party may refer the matter to arbitration in accordance with the Permanent Court of Arbitration Optional Rules for Arbitration Involving International Organisations and States in force at the date of the Administration Agreement.

Section 13.02. The language to be used in the arbitral proceedings shall be English. The appointing authority shall be the Secretary General of the Permanent Court of Arbitration following a written request submitted by any party. The Arbitrator's decision shall be binding on all parties to the arbitral proceedings and there shall be no appeal.

Section 13.03. Nothing in the Administration Agreement shall be interpreted as a waiver of any privileges or immunities accorded to any party hereto by its constituent documents or international law.

FINANCIAL PROVISIONS TO THE ADMINISTRATION AGREEMENT

ARTICLE 14

Eligible costs

Section 14.01. To be considered eligible as Direct Costs under the Administration Agreement costs must:

- be necessary for carrying out the activities financed by the trust fund, fall within the scope of the Administration Agreement, and comply with the principles of sound financial management, in particular value for money and cost effectiveness;
- have actually been incurred after the date specified in Section 2.02 of the Administration Agreement and before the End Disbursement Date specified in Section 2.03 of the Administration Agreement;
- be recorded in the World Bank Group or Recipient's accounts, be identifiable, backed by originals of supporting evidence and verifiable pursuant to the provisions on the verification provision set out in Section 16.07.

Section 14.02. Subject to the above and without prejudice to Section 14.04, the following Direct Costs related to the activities of the trust fund of the World Bank Group entity, or its Recipient may be eligible provided they are consistent with the World Bank Group entity's policies:

- the cost of staff, including those at headquarters, assigned to the activities funded by the trust fund, corresponding to salaries and other benefits costs;
- travel and subsistence costs for staff and consultants;
- cost of purchase or lease for goods and services (including consultant services, transport, storage and distributing, lease of equipment, etc.);
- costs directly arising out of, or related to, distributing consumables, supplies and communications;
- expenditure on contracting (including works);
- the proportion of field office costs that corresponds to the amount of activity directly attributable to the activities financed by the trust fund or to the proportion of the amount deposited by the European Union;
- media workshops, conferences, meetings and other costs including dissemination of information, translation, reproduction, publication;
- training;
- Supervision/project management activities, project preparation activities, and specific reporting for the needs of the Commission;
- financial service costs (in particular bank fees for transfers) and insurance;
- costs related to carrying out visibility activities.

Section 14.03. The following costs of the World Bank Group entity or its Recipient shall not be considered eligible:

- expenditures and provisions for possible future losses or debts;
- interest owed to any third party;
- items already financed from other sources;
- purchases of land or buildings;
- currency exchange losses;

Section 14.04. In order to assist in the defrayment of the costs of administration and other expenses incurred by the World Bank Group entity in administering the trust funds provided to it hereunder, a fixed percentage of Direct Costs, not exceeding 7%, may be deducted from each Contribution and retained as Indirect Costs by the World Bank Group entity. The 7% includes any set up fee that the World Bank governing bodies' decision may establish. Indirect Costs are eligible provided that they do not include Direct Costs specifically charged including preparation and supervision costs.

Where the administrative costs charged by the World Bank Group exceed 7%, the World Bank Group entity may recover the balance as Direct Costs, subject to meeting the requirements governing direct eligible costs referred to in Section 14.01. Indirect Costs shall not be eligible where the Administration Agreement concerns the financing of a Project where the World Bank Group entity is already receiving funding for its functioning from the European Union during the same period in question.

ARTICLE 15

Payments

Section 15.01. Payment schedule is set out in Article 4 of the Administration Agreement and follow one of the options below.

- Option 1 will be applicable in case of Single Donor Trust Funds or Multi-Donor Trust Funds where the trust fund has an anticipated duration of one year or less:

An advance payment, representing 100% of the total Contribution referred to in Section 3.02 of the Administration Agreement shall be payable by the Commission within forty-five (45) days following receipt of the Administration Agreement signed by both Parties and receipt by the Commission of a payment request conforming to the model agreed between the Parties.

- Option 2 will be applicable in case of Single Donor Trust Funds or Multi-Donor Trust Funds where the trust fund has an anticipated duration of more than one year:

An advance payment representing 50% of the total Contribution referred to in Section 3.02 of the Administration Agreement shall be payable within forty-five (45) days following receipt of the Administration Agreement signed by both Parties and receipt by the Commission of a payment request conforming to the model agreed between the Parties.

One or several intermediate payments representing X% of the total Contribution referred to in Section 3.02 of the Administration Agreement and specified in Section 4.01 of the Administration Agreement, shall be payable within forty-five (45) days of approving the narrative progress report and the financial information provided the payment request is accompanied by written confirmation that 50% of the total funds received to-date by the trust fund have been subject to a Commitment.

A final payment representing $100-(50 + X)\%$ of the total Contribution referred to in Section 3.02 of the Administration Agreement and specified in Section 4.01 of the Administration Agreement, shall be payable within forty-five (45) days following receipt by the Commission of a payment request accompanied by written confirmation that $(50 + X)\%$ of the total funds received to-date by the trust fund have been subject to a Commitment.

Section 15.02. Narrative progress reports and the up to date financial information shall be deemed approved if the Commission has not reacted within forty-five (45) days of receiving the narrative progress report. If the Commission does not intend to approve a narrative report and/or financial information, as submitted or made available, it shall revert to the World Bank Group entity specifying the additional information it requires in accordance with Section 2.08.

The deadline for approving the narrative report and financial information shall be suspended pending the receipt of the requested information.

If the Commission deems that a payment request cannot be met, it shall revert to the World Bank Group entity with a request specifying the additional information it requires within the forty-five (45)-day payment period. The payment period shall be suspended pending the payment request being made available in accordance with Section 15.01.

Approval of a report does not imply recognition of the regularity, authenticity, completeness and correctness of the declarations and information contained therein.

Section 15.03. All payments shall be made in Euro, to the following bank account:

Bank of America NT and SA

Main Branch

P.O. Box 407

1 Alie Street

London E1 8DE

United Kingdom

Swift Bic Code: BOFAGB22

Account Number: 165050-62952017

IBAN Number: GB37BOFA16505062952017

Or to any other bank account pursuant to Section 9.02.

When making deposits pursuant to this Section 15.03, the Commission will instruct the bank with which the deposit is made to include in its payment details information (remittance advice) field of its SWIFT payment message information indicating the amount and date of the deposit, the name and World Bank reference number of the trust fund for which the deposit is made (as set forth in the Administration Agreement), the Commission internal reference number (as set forth in the Administration Agreement), name of the project for which the funds are intended, name of the Commission's department responsible for the trust fund, date of the Administration Agreement or amendment. The Commission will also send a copy of its instruction to the IBRD's Trust Funds Division via e-mail using address "TFremitadvice@worldbank.org or via fax utilizing fax number 1-202-614-1315.

Section 15.04. In case of Single Donor Trust Funds except as the Commission and the World Bank Group entity may otherwise agree and subject to Section 15.06, any funds so deposited by the Commission shall be maintained in Euro. In case of Multi-Donor Trust Funds, in the event that holding currency of the Multi-Donor Trust Fund is not Euro, the World Bank Group entity, shall convert the funds into the holding currency of the trust fund promptly following receipt of the funds, provided that all the necessary documentation has been received, at the exchange rate applicable to the World Bank Group on the date of the conversion unless the parties agree otherwise in Section 7.02 of the Administration Agreement. In all cases, where the Contribution proves to be insufficient to complete the Project as a result of an exchange rate fluctuation, the Commission will not bear any responsibility for additional financing.

Section 15.05. The funds deposited pursuant to Section 15.04 above may be commingled with other trust fund assets administered by any World Bank Group entity, provided they may still be identified as such in the records of the World Bank Group entity but shall be kept separate and apart from the funds of each of the World Bank Group entities.

Section 15.06. The World Bank Group entity may exchange any funds held hereunder for other currencies in order to facilitate their administration and disbursement at the exchange rate applicable to the World Bank Group on the date of the conversion unless the parties agree otherwise in Section 7.02 of the Administration Agreement.

Section 15.07. IBRD shall, on behalf of the World Bank Group entity, invest and reinvest the funds provided by the European Union hereunder pending their disbursement, in accordance with IBRD's policies and procedures for the investment of trust funds. For Multi Donor Trust Funds and/or Joint Management, IBRD shall credit all income earned on funds received from the Commission from such investment to the trust fund established under this Administration Agreement to be used for the same purposes as the Contribution funds. For Contributions which are not Multi-Donor Trust Funds and/or Joint Management, investment income earned on funds received from the Commission shall be identified as such, and IBRD shall credit such income to the Commission's Donor Balance Account to be reimbursed to the Commission annually upon receipt by IBRD of banking details and authorized instructions from the Commission. Such refund request shall be sent to the attention of the Division Manager, Trust Fund Division, Accounting Department of the World Bank

ARTICLE 16

Financial audits and checks

Section 16.01. The World Bank Group shall maintain separate records and ledger accounts in respect of the Contributions deposited by the Commission in the trust fund account and disbursements made therefrom. Separate records and ledger accounts shall be kept for each trust fund.

Section 16.02. The World Bank Group shall provide to the Commission, within six (6) months following the end of each World Bank Group fiscal year, the annual single audit, comprising (1) a management assertion together with an attestation from the World Bank Group's external auditors concerning the adequacy of internal control over cash-based financial reporting for trust funds as a whole; and (2) a combined financial statement for all cash-based trust funds together with the external auditor's opinion thereon. The cost of the single audit shall be borne by the World Bank Group.

Section 16.03. For Exceptionally large trust funds where a financial statement audit is deemed appropriate and necessary, the World Bank will include provisions in the Administration Agreement for the financial statements of the trust fund to be audited (either annually, periodically, or at the completion of the trust fund as agreed with the donor(s)), by the World Bank's external auditors in addition to the Single Audit Report. The costs with respect to such audits will be paid by the trust fund. These audited financial statements will be submitted to the Commission.

Section 16.04. If the Commission wishes to request, on an exceptional basis, a financial statement audit by the Bank's external auditors of a trust fund established under an Administration Agreement, the Commission and the Bank will first consult one another as to whether such an external audit is necessary. Following consultation, if the Commission wishes to proceed with the external audit, the Bank will arrange for such an audit. The cost of any such audit, including the Bank's internal costs related to such an audit, will be paid by the Commission.

Section 16.05. The Bank will provide the Commission with copies of all financial statements and auditors' reports received by the Bank from the Recipients pursuant to the Grant Agreements.

Section 16.06. The World Bank Group entity shall, until at least seven years after the End Disbursement Date of the Administration Agreement:

- (i) keep financial and accounting documents concerning the activities financed by the European Union hereunder; and
- (ii) make available to the competent bodies of the European Union upon request, all relevant financial information, including statements of accounts concerning the project or activity financed by the European Union hereunder (whether executed by such World Bank Group entity or by its subcontractor).

Section 16.07. In conformity with the European Union financial regulations, the European Union may undertake, including on-the-spot, checks related to the Projects and activities financed by the trust fund.

Section 16.08. The foregoing shall be applied in accordance with the verification provisions provided for in Attachment 3 of the Framework Agreement.

ARTICLE 17

Final amount of the Contribution by the Commission

Section 17.01. The total amount to be paid by the Commission to the World Bank Group entity may not exceed the maximum Contribution established by Section 3.02 of the Administration Agreement, even if the overall actual expenditure exceeds the estimated total budget set out in Section 3.01 of the Administration Agreement unless amended in accordance with Section 9.01.

Section 17.02 The World Bank Group entity accepts that the Contribution amount shall be limited to the amount required to balance income and expenditure for the Project and that it may not in any circumstances result in a surplus for the World Bank Group entity.

Section 17.03. In cases where the Project is not completed by the End Disbursement Date specified in Section 2.03 of the Administration Agreement, the funds that remain unexpended after all Commitments incurred have been satisfied, including investment income will be reimbursed to the relevant Balance Account.

Section 17.04. Where the Project is not carried out according to the Administration Agreement and without prejudice to its right to terminate the Administration Agreement pursuant to Section 12.02, the Commission may, after allowing the World Bank Group entity to submit its observations and without prejudice to Article 13, adjust its Contribution pro rata to the actual implementation of the Project on the terms laid down in the Administration Agreement giving three (3) months' prior written notice.

ARTICLE 18

Recovery

Section 18.01. Upon the completion or termination of the Project for which the European Union has provided funding hereunder, the World Bank Group entity, will refund to the Commission within forty-five (45) days of receiving a written request from the latter any amounts paid in excess of the final amount due for such project (including any investment income not previously reimbursed to the Commission or to the Balance Account).

Such refund request with banking details and authorized instruction from the Commission shall be sent to the attention of the Division Manager, Trust Fund Division, Accounting Department of the World Bank. Any refund to the Commission will be done in Euro, unless the Parties agree otherwise, at the exchange rate applicable to the World Bank Group on the date of the conversion unless the Parties agree to another exchange rate in Section 7.02 of the Administration Agreement. In the event the funds are received by the Commission before such refund request is sent, the Commission will issue a refund request acknowledging their receipt.

Section 18.02. If the World Bank Group entity fails to repay by the due date, the sum due shall bear interest in accordance with the rules of the Commission. In case of Contributions which are Multi-Donor Trust Funds and/or Joint Management the accrued investment income may be taken into account.

Section 18.03. Amounts to be repaid to the Commission may be offset against amounts of any kind due to the World Bank Group entity or the Recipient, after consulting it accordingly. This shall not affect the Parties' option to agree on payment in instalments.

Section 18.04. Bank charges incurred by the repayment of amounts due to the Commission shall be borne entirely by the World Bank Group entity.

ANNEX III to Amended and Restated Administration Agreement

Standard Provisions Applicable to the Multi-Donor Trust Fund for the Republic of the Philippines' Mindanao Reconstruction and Development Program

The following provisions (hereinafter referred to as the "Standard Provisions") shall be applicable to, and form an integral part of, all agreements entered into between the International Bank for Reconstruction and Development ("IBRD") and donor countries and/or organizations (hereinafter referred to as the "Donors") that provide grants (referred to as the "Contributions") to be administered by the IBRD for the multi-donor Trust Fund for the Republic of the Philippines' Mindanao Reconstruction and Development Program (the "Program").

1. Administration of the Contributions

1.1. Recognizing the obligations of Bank member countries under various United Nations Security Council Resolutions to take measures to prevent financing of terrorists, the IBRD undertakes to use reasonable efforts, consistent with the IBRD's Articles of Agreement and policies, including those pertaining to combating financing for terrorists, to ensure that the funds provided under any Administration Agreement are used for their intended purposes and are not diverted to terrorists or their agents.

1.2. The IBRD 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 under its Articles of Agreement or any applicable law, all of which are expressly reserved.

2. Commingling, Exchange and Investment of the Contributions

2.1. The Contribution funds shall be accounted for as a single trust fund and shall be kept separate and apart from the funds of the IBRD.

2.2. Donors may state their preference for the use of the Contribution funds and such preference will be taken into account in the planning and implementation of the Activities. However, the Contribution funds may not be earmarked for one or more specific categories of expenditures and will instead be allocated by the Administrator in such a manner as it deems most appropriate.

2.3. The Contribution funds shall be kept in United States Dollars but may be freely exchanged by the IBRD into other currencies as may facilitate their disbursement.

2.4. The IBRD shall invest and reinvest the Contribution funds pending their disbursement in accordance with the IBRD's policies and procedures for the investment of trust funds administered by the IBRD. The IBRD shall credit all income from such investment to the trust fund established under this Agreement to be used for the same purposes as the Contribution funds.

3. Administrative Cost Recovery

3.1. In order to assist in the defrayment of the costs of administration and other expenses incurred by the IBRD under this Agreement, the IBRD may, following deposit of Contribution funds, deduct from such funds and retain for the IBRD's own account an amount representing the actual cost of administering the Contribution funds, and the cost of administering the Program (including the cost of appraisal and supervision), such deduction not to exceed 7% of the estimated US\$50,000,000 multi-donor contribution funds.

4. Grants to Recipients

4.1. The IBRD shall, as administrator on behalf of the Donors, enter into grant agreements (the "Grant Agreements") with one or more entities (the "Recipients") for the provision of Contribution funds for the purposes of this Agreement and on the terms and conditions set forth in the Grant Agreements. The IBRD shall furnish a copy of the Grant Agreements to the Donors.

4.2. The IBRD shall be solely responsible for the supervision of Program activities financed under the Grant Agreements.

4.3. If, in the IBRD's opinion, an amount of the Contribution funds allocated to any of the expenditure categories specified in Annex 1 to this Agreement will be insufficient to finance the expenditures for such category, the IBRD may reallocate to such category an amount of the Contribution funds then allocated to another category which, in the IBRD's opinion, will not be necessary to meet other expenditures. The IBRD will consult the Donors of such a reallocation.

4.4 The Administrator will include a provision in each grant agreement that the Recipient: (i) will not use the proceeds of the grant for the purpose of any payment to persons or entities, or for the import of goods, if such payment or import, to the Recipient's knowledge or belief, is prohibited by a decision of the United Nations Security Council taken under Chapter VII of the Charter of the United Nations, and, if applicable (ii) will include a corresponding provision in any sub-grant agreements that the Recipient enters into with entities to which the Recipient makes the grant funding available.

4.5. All contracts and agreements entered into by the IBRD in relation to activities financed under the Trust Fund, all publications, training programs, seminars financed under the Trust Fund, and all press releases or other information materials issued by the IBRD with respect to the Trust Fund shall clearly indicate that the activities in question have received funding from the specific donors.

5. Employment of Consultants and Procurement of Goods

Where the IBRD executes activities funded by the Contributions, the employment and supervision of consultants and the procurement of goods financed by the Contributions shall be the responsibility solely of the IBRD and shall be carried out in accordance with its applicable policies and procedures. Where Recipients execute activities funded by the Contributions, the Grant Agreements shall provide that the Contributions shall be used by the Recipients to finance expenditures for goods and services, as the case may be, in accordance with the World Bank's Guidelines on "Procurement under IBRD Loans and IDA Credits" and

the World Bank's Guidelines on the "Selection and Employment of Consultants by World Bank Borrowers," as in effect at the date of the Grant Agreements.

6. Accounting and Financial Reporting

6.1. The IBRD shall maintain separate records and ledger accounts in respect of the Contributions deposited in the trust fund account and disbursements made therefrom.

6.2. 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.

6.3. The Bank shall provide to the Donors, within six (6) months following the end of IBRD's 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 the Bank's external auditor's opinion thereon. The cost of the single audit shall be borne by the Bank.

6.4. The IBRD shall also provide the Donors with copies of all financial statements and auditors' reports received by the IBRD from the Recipients pursuant to the Grant Agreements.

6.5. If a Donor wishes to request, on an exceptional basis, a financial statement audit by the IBRD's external auditors of the trust fund established under this Agreement, the Donor and the IBRD shall first consult on such an external audit. The IBRD and the Donor shall agree on the most appropriate scope and terms of reference of such audit. Following agreement on the scope and terms of reference, the IBRD shall arrange for such external audit. The costs of any such audit, including the internal costs of the IBRD with respect to such audit, shall be paid by the Donor.

7. Coordination and Program Reporting

7.1. The IBRD shall provide the Donors with an annual report on the progress of activities financed by the Contributions. Within six (6) months of the final disbursement date specified in paragraph 8.1, the IBRD shall furnish to the Donors a final report on the Program activities.

7.2. The IBRD shall promptly inform the Donors of any significant modification to the terms of the Grant Agreements and of any contractual remedy that is exercised by the IBRD under the Grant Agreements. To the extent practicable, the IBRD shall afford the Donors the opportunity to exchange views before effecting any such modification or exercising any such remedy.

8. Disbursement Deadline; Cancellation; Refund

8.1. It is expected that the Contribution funds will be fully disbursed by the IBRD in accordance with the provisions of this Agreement by June 30, 2017. The IBRD shall only disburse Contribution funds for the purposes of this Agreement after such date with the written approval of the Donors.

8.2. Any Donor or the IBRD 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 Contribution funds that is not committed pursuant to any agreements entered into between the IBRD and any consultants and/or other third parties for the purposes of this Agreement prior to the receipt of such notice, including the Grant Agreements.

8.3. Upon the final disbursement date specified in paragraph 8.1, the IBRD shall return any remaining balance of the Contribution funds to the Donors on a pro rata basis. In the event of a cancellation of an individual Donor's Contribution, IBRD shall refund that Donor's *pro rata* share of the uncommitted Contribution funds in accordance with paragraph 8.2.

9. Disclosure

The IBRD may disclose this Agreement and information on this trust fund in accordance with the IBRD's policy on disclosure of information.

ANNEX IV to Amended and Restated Administration Agreement

INDICATIVE BUDGETARY BREAKDOWN OF THE PROGRAM FOR PLANNING PURPOSES

This is an indicative budget for planning of allocation of total available funds to the components of the Program. Proposed allocations may be revised from time-to-time based on realities on the ground.

Component 1: Block Grants

- CDD and Strategic Investments 46%
- Expenditures for Component 1 would consist of goods, works and services under sub-grants

Component 2: Capacity Building and Institution Building 37%

- Technical Support
- Implementation and Operating Costs
- Workshops and Studies

Component 3: Monitoring and Evaluation

- Monitoring and Evaluation 11%

Secretariat Support, Appraisal and Supervision 6%

Indirect Cost: maximum 7% of eligible Direct Project Costs of the Contribution

