

Public Disclosure Authorized

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**ADMINISTRATION AGREEMENT**  
**between**  
**the EUROPEAN UNION**  
**(represented by the European Commission)**  
**and**  
**the INTERNATIONAL DEVELOPMENT ASSOCIATION**  
**and the**  
**the INTERNATIONAL BANK OF RECONSTRUCTION AND DEVELOPMENT**  
**concerning the**  
**KP/FATA/BALUCHISTAN MULTI-DONOR TRUST FUND**

*World Bank TF No.071424*

*European Commission TF No. IFS-RRM/2010/249-232*

**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 International Bank for Reconstruction and Development ("IBRD") and the International Development Association ("IDA") (collectively, the "Bank") for the KP/FATA/Balochistan Multi-Donor Trust Fund (TF No.071424) (the "MDTF").

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

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

- i. the Framework Agreement;
  - ii. this Administration Agreement and;
  - iii. the attached General Conditions applicable to European Union Contributions to Trust Funds (the "General Conditions"); and
  - iv. the Standard Provisions Applicable to the KP/FATA/Balochistan Multi-Donor Trust Fund agreed between the Bank and the donors (the "Standard Provisions")
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**Section 1.04.** The Contribution is provided under Joint Management for all purposes of this Administration Agreement.

**Section 1.05.** The Project is a Multi-Donor Trust Fund for all purposes of this Administration 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 Administration 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 MDTF may be incurred on or after January 28, 2010, as provided for in Section 8.1 of the Standard Provisions. The funds contributed by the donors to the MDTF are expected to be fully disbursed by the Bank by December 31, 2015, in conformity with Section 8.2 of the Standard Provisions ("End Disbursement Date"). The End Disbursement Date can only be modified with the agreement of both Parties pursuant to Article 9 of the General Conditions and Section 8.2 of the Standard Provisions.

**Section 2.03.** Notwithstanding Section 2.02 above, the Bank will make reasonable efforts to disburse from the MDTF, within eighteen (18) months as of the date of countersignature of this Administration Agreement, an amount equal to the Contribution. Upon the expiration of the aforementioned eighteen (18) months, the Commission shall be entitled to terminate this Agreement and cancel any outstanding not integrated (i.e. unpaid to the MDTF) portion of the Contribution.

**Section 2.04.** The Bank 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 Administration 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 MDTF is estimated to be USD 134.6 million as set out in Annex IV.

**Section 3.02** The Commission undertakes to finance EUR 15.000.000 for the MDTF.

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

Within the above limit the Bank may, following deposit of the Contribution by the Commission, deduct from each Contribution of the Commission and retain for the Bank's own account an amount equal to three quarter of one percent (0.75%) of each such Contribution.

Subject to the limits set forth in the first paragraph of this Section, staff costs for program management, preparation, administration and Supervision by the Bank's managing unit (including the establishment and operation of a Trust Fund Secretariat) will be charged to

the MDTF on an actual basis as a Direct Costs up to a maximum of –i.e. not to exceed– one and one half percent (1.5%) of the donors’ aggregate contributions to the MDTF, provided they comply with Section 14.01 of the General Conditions.

The final amount that the Bank is entitled for Indirect Costs shall be adjusted to the actual disbursed amounts of the Contribution in accordance with Articles 14 and 17 of the General Conditions.

**Section 3.04** The categories of costs as specified in point B of Annex I shall be considered eligible under this Administration Agreement provided they comply with Section 14 of the General Conditions.

**Article 4**

**Payment schedule and Reporting**

**Section 4.01.** Payments will be made in accordance with Article 15 of the General Conditions, and in accordance with the following payment schedule:

Advance Payment (promptly following countersignature of this Administration Agreement)	EUR 5.000.000
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Final payment equal to the amounts disbursed out of the MDTF in excess of the Advance Payment, as of the date of this Agreement to the date indicated in Section 2.03 above, but not to exceed:	EUR 10.000.000
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The Bank shall convert such funds into USD 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 accompany every request for a further instalment of financing. A final narrative report shall be forwarded to the Commission within six (6) months after the End Disbursement Date;
- the progress financial information shall be made available via the Bank's Trust Funds Donor Center secure website following the signature of this Administration 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 an updated workplan shall be provided with each report.

**Article 5**

**Communications and addresses**

Any communication relating to this Administration Agreement shall be in writing, shall state the number and title of the trust fund, and shall use the following addresses.

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

For the Commission:

Delegation of the European Union to Pakistan  
House No. 9, Street No. 88, Sector G-6/3  
PO BOX 1608, Islamabad  
Pakistan  
Tel: +92 51 227 18 28  
Fax: +92 51 282 2604  
E-mail: delegation-pakistan-hod@ec.europa.eu

For the Bank:

Mr. Thomas Buckley  
Task Team Leader / Senior Country Officer  
SACPA  
c/o Mahmood Ayub  
KP/FATA/Balochistan MDTF Coordinator  
SACPA  
The World Bank  
1818 H Street, NW  
Washington, DC 20433  
U.S.A.

Tel: +1 (202) 473-0075  
Fax: +1 (202) 522-7480  
E-mail: tbuckley@worldbank.org

## **Article 6**

### **Annexes**

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

- Annex I: Description of the Project.
- Annex II: General Conditions applicable to European Union Contributions to Trust Funds.
- Annex III: The Standard Provisions agreed between the Bank and the Donors
- Annex IV: Indicative Budget for the Project.
- Annex V: FPA 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.

**Section 6.02** In the event of a conflict between the provisions of the Annexes and those of this Administration Agreement, the provisions of this Administration Agreement shall take precedence. The provisions of Annexes II and III shall be construed as to avoid any contradiction or rendering them ineffective.

## Article 7

### Other conditions applying to the Project

**Section 7.01.** Section 14.03 of the General Conditions shall be deemed to have been complied with, provided the amount contributed by the other donors to the Multi-Donor Trust Fund is sufficient to cover those amounts which are ineligible under the European Union rules including cost recovery fees.

**Section 7.02.** Where appropriate, all references to the “(European) Community/(European) Communities” in this contract, including its Annexes, should be read as referring to the European Union.

**Section 7.03** This Administration Agreement will become effective on the date in which: (i) this Agreement has been duly countersigned by authorized representatives of the Commission and the Bank; and (ii) the Government of the United Kingdom of Great Britain and Northern Ireland, represented by the Department for International Development, the Government of Australia, acting through its Agency for International Development, and the United States Agency for International Development, have all duly countersigned the amendment letters to their respective Administration Agreements for this MDTF, thereby expressing their concurrence with the revised Description of the Project attached as Annex I hereto.

\* \* \* \* \*

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

<b>For the European Union, represented by the Commission of the European Communities</b>	<b>For the International Bank for Reconstruction and Development and International Development Association</b>
Name: JAN DE KOK	Name: Rachid Benmessaoud
Position: Head of EU Delegation to Pakistan	Position: Country Director for Pakistan
Signature By/s/ Jan De Kok	Signature By/s/ Rachid Benmessaoud
Date: September 1, 2010	Date: September 2, 2010