

Amendment No.63 to the Letter Arrangement between Canada, acting through the Department of Foreign Affairs, Trade and Development and the International Bank for Reconstruction and Development and the International Development Association regarding the Afghanistan Reconstruction Trust Fund (Trust Fund No. TF050576)

1. Reference is made to the Letter Arrangement between Canada, acting through the Department of Foreign Affairs, Trade and Development (the “Donor”) and the International Bank for Reconstruction and Development and the International Development Association (collectively, the “Bank” and together with the Donor, the “Participants” and each a “Participant”) regarding the Afghanistan Reconstruction Trust Fund (Trust Fund No. TF050576) (the “Trust Fund”) dated September 11, 2002, as amended (the “Letter Arrangement” or “Administration Arrangement”).
2. The Participants mutually decide to amend the Letter Arrangement as follows:
 - (a) The “Standard Terms and Conditions Governing Contributions to the Afghanistan Reconstruction Trust Fund”, attached to the Letter Arrangement as the Annex will be deleted and replaced with the Attachment hereto.
3. All other terms of the Letter Arrangement will remain the same.
4. All references made in the “Standard Terms and Conditions Governing Contributions to the Afghanistan Reconstruction Trust Fund” to “shall”, “Administration Agreement”, “Parties”, and “Letter Agreement” will have the same meaning as the term “will”, “Administration Arrangement”, “Participants”, and “Letter Arrangement” herein. In addition, references in the “Standard Terms and Conditions Governing Contributions to the Afghanistan Reconstruction Trust Fund” to “agreements” or to tenses of the verb “to agree” will be deemed to constitute references to “decisions” or to tenses of the verb “to decide”, and references to “comply”, “non-compliance” and “obligations” will be deemed to constitute references to “adhere”, “non-adherence” and “terms”.
5. Each of the Participants represents, by confirming its acceptance below, that it is authorized to enter into this Amendment and act in accordance with its provisions. The Participants are each requested to sign and date this Amendment, and upon possession by the Bank of this fully signed Amendment and respective amendments signed by all other donors to the Trust Fund, this Amendment will come into effect as of the date of the last signature.

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

By: Henry Kerali
Name: Henry Kerali
Title: Country Director
Date: 07-Oct-2020

CANADA, ACTING THROUGH THE DEPARTMENT OF FOREIGN AFFAIRS, TRADE AND DEVELOPMENT

By: Christopher Gibbins

Name: Christopher Gibbins

Title: Executive Director, Afghanistan-Pakistan Division

Date: 21-Oct-2020

For ease of reference, the proposed changes are in bold font and underlined

**Standard Terms and Conditions Governing Contributions to the
Afghanistan Reconstruction Trust Fund**

This Annex shall be applicable to and form an integral part of all administration agreements for the Trust Fund (collectively, the “Administration Agreements” and each an “Administration Agreement”) between the Bank and any entities that provide any funds to the Trust Fund (collectively, the “Donors”).

1. **General**

The following terms and conditions will govern all agreements entered into between the Bank and donor countries or agencies (individually referred to herein as the “Donors”; each a “Donor”) that provide grants to the Bank as contributions to the Trust Fund (the “Grant Funds” or “Contribution”).

2. **Objective of the Trust Fund**

The objective of the Trust Fund is to provide a vehicle for Donors to pool resources and coordinate their support to the programme of the Government of the Islamic Republic of Afghanistan for the reconstruction of Afghanistan.

3. **Definitions**

Unless the context otherwise requires, the several terms defined in the Letter Agreement and in paragraph 1 above have the respective meanings therein set forth, and the following additional terms have the following meanings:

- (a) “Administration” means the Administration of the Islamic Republic of Afghanistan or any successor thereto;
- (b) “Capital Expenditures” means expenditures on account of goods, including, without limitation, office furniture and equipment, as set forth in the Administration’s budget, the eligibility for financing of which will have been approved by the Management Committee;
- (c) “Partnership Framework and Financing Program” means a three year rolling framework for planning the use of Grant Funds, agreed annually by the Steering Committee on the basis of a recommendation from the Strategy Working Group;
- (d) “Incentive Program” means a performance based program that allocates a certain portion of recurrent cost financing based on the Administration’s meeting of reform benchmarks, set and reviewed by the Incentive Program Working Group;

- (e) “Incentive Program Working Group” means the technical advisory body whose responsibilities are described in paragraph 5(b)(ii) of this Annex, and whose membership consists of representatives of (i) the Bank; (ii) the Ministry of Finance, and (iii) representatives of no more than six Donors to be reviewed on an annual basis by the Steering Committee;
- (f) “Investment and Program Activity” means activities, the purpose of which will be to meet a recognized development objective and which is part of an investment or sector program of the Administration that will have been approved by the Management Committee. Such activities will include, without limitation, activities in agriculture, infrastructure, micro-finance and the social sectors, as well as reintegration of combatants into society and programs to facilitate the return of private business to Afghanistan, together with pre-feasibility and other studies related thereto. The expression “Investment and Program Activity” includes a Law and Order Project (as this expression is hereinafter defined);
- (g) “Law and Order Project” means an Investment Project, the purpose of which, in whole or in part, will be the carrying out, in connection with the civil branch of the police force of the Government of the Islamic Republic of Afghanistan, of one or more of the following activities: (i) payment of salaries and benefits; (ii) provision of uniforms; (iii) provision of nonmilitary or non-paramilitary vehicles; (iv) provision of computer and two way communications equipment; (v) provision of fuel; and (vi) payment of operating and maintenance costs associated with said vehicles and computer and communications equipment;
- (h) “Management Committee” means the committee whose responsibilities are described in paragraph 5(a)(ii) of this Annex, and whose membership will consist of representatives of the Asian Development Bank, the Islamic Development Bank, the Ministry of Finance, the United Nations Development Programme and the Bank;
- (i) “Ministry of Finance” means the Administration’s Ministry of Finance or any successor thereto;
- (j) “Monitoring Agent” means an independent firm to be engaged by the Bank in accordance with the provisions of paragraph 6(a) of this Annex.
- (k) “Recurrent Expenditures” means those recurrent expenditures set forth in the Administration’s budget, whose eligibility for financing hereunder will have been determined by the Management Committee, relating to wages, benefits and other payments for civil servants, pension payments, debt service obligations, including the payment of interest, fees and other charges, and operation and maintenance costs, but excluding military and paramilitary expenditures and police-related expenditures, other than the activities contemplated under paragraph 3(h);
- (l) “Steering Committee” means the committee whose responsibilities are described in paragraph 5(a)(iii) of this Annex, and whose membership (to be reviewed on an annual basis) consists of representatives of: (i) the Bank; (ii) each Donor; (iii) the

Ministry of Finance; and which may be attended by the other members of the Management Committee as observers;

- (m) “Strategy Working Group” means the technical advisory body whose responsibilities are described in paragraph 5(b) (i) of this Annex, and whose membership (to be reviewed on an annual basis) consists of representatives of: (i) the Bank; (ii) the Ministry of Finance; (iii) Donors whose contributions to the Trust Fund equals or exceeds ten million United States Dollars (US\$10,000,000) per annum and that have adequate technical expertise at the local level; (iv) Donors whose contributions to the Trust Fund are less than ten million United States Dollars (US\$10,000,000) per annum and that have adequate technical expertise at the local level, will share a membership that will rotate semi-annually pursuant to a rotation schedule to be agreed amongst said Donors; and (v) any such sector Ministries of the Administration as the Strategy Working Group may decide to invite to its meetings on an ad hoc basis;
- (n) “Sub-grant” means a grant made or proposed to be made by the Bank using Trust Funds allocated to Window 2 (Sub-grants for Investment Projects), herewith to any public or private entity to carry out an Investment and Program Activity;
- (o) “Sub-grant Recipient” means a public or private entity to which the Bank proposes to make, or has made, a Sub-grant;
- (p) “Sub-grant Agreement” means an agreement entered into, or proposed to be entered into, between the Bank and a Sub-grant Recipient;
- (q) “Recipient-executed activities” means activities for which one or more Sub-grant Recipients have implementation responsibility, and to carry out such activities the Sub-grant Recipient has received a Sub-grant under a Sub-grant Agreement.
- (r) “Window” means any of the windows set forth in paragraph 4 of this Annex describing the activities to be financed by the Trust Fund.

4. Activities and Eligible Expenditures

4.1. The activities to be financed by the Trust Fund are:

4.1.1. Recipient-executed activities, for which one or more Sub-grant Recipient has implementation responsibility:

(a) Window 1: Financing for Recurrent and Capital Expenditures

Activities, for which the Administration has implementation responsibility, including, but not limited to, activities in the separate agreement(s) that the Bank has entered into with the Administration to finance the Recurrent and Capital Expenditures.

(b) Window 2: Sub-grants for Investment Projects

Activities, for which one or more Sub-grant Recipients (as defined herein) have implementation responsibility, include, but not limited to, carrying out an Investment and Program Activity, financing of expert services and training, and activities which complement, and leverage Bank financed investment programs and development policy operations; stand-alone and co-financed projects/operations; analytical work and technical assistance in support of improved development outcomes.

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

(a) Window 3: Advisory Services, Implementation Support, and Technical Assistance (ASIST) Facility

Provision of advisory services, implementation support, and technical assistance to the Government of the Islamic Republic of Afghanistan in selected areas of national priority, including improving fiscal performance, promoting extractives for development, and strengthening poverty monitoring and evaluation systems.

(b) Window 4: Anti-Corruption and Results Monitoring Action Plan (ACReMAP)

Provision of enhanced results monitoring and fiduciary oversight support to Recipient-executed activities (as defined below), including:

- (i) risk-based, heightened fiduciary oversight, environmental and social safeguards, and results monitoring and reporting;
- (ii) third-party monitoring for both physical performance verification of Recipient-executed activities and financial and fiduciary checks of eligibility of expenditures financed under the Trust Fund, including detection of possible misuse of funds;
- (iii) In-depth reviews of fiduciary and performance risks in Trust Fund-financed projects using a risk-based approach; and
- (iv) measures to facilitate broad citizen monitoring of Trust Fund-funded activities.

(c) Window 5: Research and Analysis Program (RAP)

Provision of advisory services and technical assistance to strengthen analysis and research and inform the Trust Fund's strategic focus and work, through in-depth studies, impact evaluations, and other

analytical work upon approval of the Management Committee. Such activities will include, without limitation, pre-feasibility and other studies, and analytical work.

4.2. The Eligible Expenditures to be financed by the Trust Fund are:

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

- Associated overheads
- Staff costs with indirect costs
- Extended term consultants with indirect costs
- Short term consultants with indirect costs
- Consultant fees for firms
- Contractual services
- Temporary support staff costs with indirect costs
- Field assignment benefits
- Travel expenses
- Equipment and office premises lease costs
- Media, workshops, conferences and meetings costs

4.2.2. For Recipient-executed activities, the Trust Fund funds may be used to finance eligible expenditures in accordance with the Bank's applicable policies and procedures.

4.3. Indicative Results Framework. An indicative Results Framework for the activities financed by the Trust Fund prepared by the Bank (the "Results Framework"), in consultation with the Donors, shall be available at the *Development Partner Center* website. Such Results Framework, may be revised by the Bank from time to time, in consultation with the Donors, and shall be used for monitoring and evaluation purposes only.

5. Governance Structure of the Trust Fund

(a) The Trust Fund will have the following three-tier governance structure:

- (i) The Bank will be the administrator of the Trust Fund. In this capacity, the Bank will establish and maintain appropriate records and accounts to identify the contributions to the Trust Fund, the commitments to be financed out of the Grant Funds and the receipt and disbursement of the Grant Funds. The Bank will also be responsible to supervise the performance of the Monitoring Agent(s) subject to the proviso set forth at the end of paragraph 8(a) of this Annex.
- (ii) The Management Committee will be responsible, inter alia, for resource allocation decisions with respect to the Trust Fund, including RAP activities. In allocating Grant Funds, the Management Committee will be guided by the Partnership Framework and Financing Program. The Management Committee will be chaired by the Bank as administrator and, on a monthly basis, meet in Kabul, Afghanistan,

or in such other location as the Management Committee may decide from time to time, or by teleconference and, will following such meeting, report in writing to each Donor on operations and activities financed by disbursements made by the Trust Fund and decisions taken by the Management Committee. The Management Committee will, on a quarterly basis, prepare and submit to the Steering Committee a report which will describe in detail the operations of the Trust Fund, including the receipt and use of donor contributions to the Trust Fund and the activities financed therefrom, together with minutes of the monthly meetings of the Management Committee. The Management Committee will act collectively and, to the extent practicable, make decisions by consensus.

- (iii) The Steering Committee will be responsible for overseeing and supervising the performance of the Management Committee. The Steering Committee will, on a quarterly basis, meet in Kabul, Afghanistan, or in such place as the Committee may decide, to review progress in the implementation of activities financed under the Trust Fund, and approve the Partnership Framework and Financing Program to provide guidance to the Management Committee on Grant Fund allocation. At the start of each solar year and on the basis of a proposal from the Strategy Working Group, the Steering Committee will (A) review and assess how well funding decisions on individual projects, recurrent cost support and the Incentive program met the existing Partnership Framework and Financing Program, and (B) revise the Partnership Framework and Financing Program as needed to guide Grant Fund allocations for the upcoming annual period.

(b) The following technical advisory bodies will report to the Steering Committee:

- (i) The Strategy Working Group, which will meet from time to time in Kabul, Afghanistan, under the chairmanship of the Bank, to: (A) make recommendations to the Steering Committee on the Partnership Framework and Financing Program at the start of each solar year; (B) inform the annual review (by the Steering Committee) of the implementation of the Partnership Framework and Financing Program, and highlight issues that arose in the course of implementation; (C) hold ad-hoc review meetings as needed to discuss particular issues or bottlenecks; (D) ensure that the Partnership Framework and Financing Program is coordinated with the Ministry of Finance Fiscal Policy unit (and therefore the Medium Term Fiscal Framework) as well as with the Ministry of Finance Budget Department; and (E) support the development of a results matrix for the Partnership Framework and Financing Program; and
- (ii) The Incentive Program Working Group, which will meet from time to time in Kabul, Afghanistan, under the chairmanship of the Bank, to discuss policy benchmarks with the Administration and report thereon to the Steering Committee as part of the Incentive Program Framework.

6. Implementation of Activities under the Trust Fund

(a) The Administration will be responsible for implementing the activities to be financed under Window 1 (Financing for Recurrent and Capital Expenditures). Implementation of

the activities to be financed under Window 2 (Sub-grants for Investment Projects), is governed by the provisions of paragraph 9 of this Annex. The Bank will engage one or more Monitoring Agents to monitor expenditures related to the activities financed under Window 1 (Financing for Recurrent and Capital Expenditures) and Window 2 (Sub-grants for Investment Projects). Each Monitoring Agent will be selected and retained by the Bank on the basis of terms of reference/scope of work agreed by the Management Committee and the Bank. The responsibilities of each Monitoring Agent will include monitoring the procurement of goods, services and other items, screening and recommending withdrawal applications for the Bank's approval and payment, monitoring all expenditures financed by the Grant Funds and pre-screening the financial management capacity of potential Sub-grant Recipients so as to ensure that Grant Funds are disbursed only for the purposes specified in paragraph 4 of this Annex and according to applicable Bank procedures.

(b) Monitoring Agents will report to the Bank. Subject to the approval of the Management Committee, the Bank will have the authority to change the terms of reference/scope of work of each Monitoring Agent and, where justified, to replace each Monitoring Agent with another firm or agency. The Bank will give advance notice to the Administration, the Management Committee and the Donors of changes to the terms of reference/scope of work of each Monitoring Agent. The Bank will perform ex-post evaluations of the activities undertaken by the Monitoring Agents, and will, upon completion of the activities financed under the Trust Fund, arrange for an independent review of the performance of the Monitoring Agents and report its findings to the Donors.

(c) The Grant Funds may be used by the Bank to: (i) pay the reasonable fees, travel and other reimbursable costs of Monitoring Agents; and (ii) pay the cost of goods, services and other items of expenditure in furtherance of the Trust Fund activities, all in accordance with the provisions of the Grant, including this Annex.

(d) The selection and recruitment of Monitoring Agents by the Bank, and the procurement and financing of expenditures for goods and services to be carried out by the Administration, in connection with goods and services financed under Window 1 (Financing for Recurrent and Capital Expenditures), and by each Monitoring Agent, will take place on an untied basis, in accordance with the Bank's "Guidelines for Procurement under IBRD Loans and IDA Credits" and the "Guidelines for the Use of Consultants by World Bank Borrowers and by the World Bank as Executing Agency."

7. The Bank's Use of Grant Funds and Administrative Cost Recovery

(a) The Grant Funds will be accounted for as part of a single Trust Fund which will be kept separate and apart from other funds of the Bank. Donor contributions to the Trust Fund may not be earmarked for one or more specific Windows and will instead be allocated among all Windows in accordance with the decisions of the Management Committee. A Donor may state a preference that its contribution be used to finance one or more Windows, or certain activities in a given sector, with the understanding that neither the Management Committee nor the Bank will be in a position to guarantee that total spending with respect to any given Window or sector will match or exceed the level of the contribution in connection with which a preference will have been stated. Undesignated contributions will be allocated among Windows in accordance with the decisions of the Management Committee. No contribution to the Trust Fund will be accepted unless it equals or exceeds two hundred thousand United States dollars (US\$200,000).

(b) The Bank may invest the Grant Funds pending their disbursement in any instrument in which the Bank is authorized to invest its own funds. The investment income earned on the Grant Funds pending disbursement will be added to the account to be used for purposes of the Trust Fund.

(c) In order to assist in the defrayment of its administrative costs, the Bank may upon receipt of the Grant Funds, deduct from the T-Account and transfer to itself:

- (i) as of January 1, 2016, an amount equivalent to three percent (3.0%) of the amount of the Grant Funds (other than for ad hoc payments);
- (ii) as of January 1, 2017, an amount equivalent to four percent (4.0%) of the amount of the Grant Funds (other than for ad hoc payments); and
- (iii) an amount equal to two percent (2%) of the amount of the Grant Funds allocated to Window 1 (Financing of the Recurrent and Capital Expenditures) for the purposes of ad hoc payments.

The Bank may also deduct from the T-Account and transfer to itself the actual costs of the Bank's contract with the Monitoring Agent(s), as well as the cost of the independent review of the Monitoring Agent(s)'s performance referred to under paragraph 6(b) of this Annex.

8. Fiduciary Responsibilities of the Bank

(a) The Bank will be responsible only for performing those functions specifically set forth in this Letter Agreement, including this Annex, and will not be subject to any other duties or responsibilities to 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 Letter Agreement will be considered a waiver of any privileges or immunities of the Bank under its Articles of Agreement or any applicable law, all of which are expressly reserved. The Bank will have no responsibility to Donors with respect to the performance of the Monitoring Agent(s) and will have no obligation to reimburse the Trust Fund or provide any compensation to any Donor if the Grant Funds are not disbursed for the purposes specified in this Annex as a result of actions of the Monitoring Agent(s).

(b) Unless otherwise provided in this Letter Agreement, the Bank will apply its normal financial management procedures to the Trust Fund. Such procedures applicable to the operation of the Trust Fund will be communicated to the Donors without delay.

(c) Unless otherwise provided in this Letter Agreement, the Bank will apply to the Trust Fund 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 will it be deemed a waiver, express or implied, of any of the privileges and immunities of the Bank.

(d) If in the reasonable opinion of a Donor, the Bank has failed to comply to a material extent with its obligations under this Administration Agreement, the Donor and the Bank agree to discuss the non-compliance with a view to resolving the matter. If the Bank and the Donor fail to agree on the measures to be taken or the Bank fails to take relevant measures as may be agreed between the Donor and the Bank, the Donor may, upon thirty (30) days prior written notice, withhold all or any portion of a Contribution that has not yet been disbursed to the Bank, until such time as the measures have been taken.

9. Terms and Conditions Governing Sub-Grants Under Window 2 (Sub-grants for Investment Projects)

In the event that the Bank deems it necessary execute a sub-grant to carry out an Investment and Program Activity eligible for financing under Window 2 (Sub-grants for Investment Projects), the following provisions will apply:

(a) The Bank will conclude a Sub-grant Agreement with each “Sub-grant Recipient”.

(b) Except as provided in paragraph (c) below, responsibility for the accounting and administration of Grant Funds made available by the Bank to Sub-grant Recipients will be decided upon on a case-by-case basis by the Management Committee, considering, inter alia, the recommendations made by the Monitoring Agent(s). Accordingly, the Management Committee will review proposals to carry out activities eligible for financing under Window 2 (Sub-grants for Investment Projects) and award Sub-grants in connection with proposals deemed by the Management Committee to be suitable for financing and consistent with the Partnership Framework and Financing Program. Proposals for financing under Window 2 (Sub-grants for Investment Projects) will be submitted for approval to the Administration which, when approved, will forward them to the Management Committee for consideration. Only proposals vetted by the Administration in the manner described in this sub-paragraph will be considered by the Management Committee. A proposal submitted to the Management Committee, through the Administration, will include an appraisal of the Investment and Program Activity sought to be financed. For those proposals that do not include an appraisal of the Investment Project sought to be financed, the Bank will carry out the appraisal of the Investment Project. The representative of a member organization of the Management Committee will recuse him or herself from deliberations over the suitability of proposal(s) submitted or co-financed by the organization that he or she represents.

(c) Notwithstanding the provisions of sub-paragraph (b) of this paragraph 9, proposals to carry out a Law and Order Project may only be made and carried out by the United Nations Development Programme. The latter will be the sole organization authorized to carry out Law and Order Projects financed hereunder. Sub-grants to finance Law and Order Projects will be made in accordance with terms and conditions acceptable to the Bank including, without limitation, those set forth in sub-paragraphs (a), (d), (e), (f) and (g) of this paragraph 9 whose provisions shall apply, mutatis mutandis, to any Sub-grant made or to be made by the Bank to the United Nations Development Programme for purposes of carrying out a Law and Order Project. UNDP, the Bank and the Management Committee will agree on detailed procedures including procurement, disbursements and audits for processing Law and Order Projects.

(d) Sub-grants will be used to finance expenditures for goods, works and services, as the case may be, in accordance with the Bank's "Guidelines for Procurement under IBRD Loans and IDA Credits" and the "Guidelines for the Use of Consultants by World Bank Borrowers and by the World Bank as Executing Agency", as in effect at the date of the relevant Sub-grant agreement (hereinafter collectively referred to as the "Bank's Guidelines"). Any departure from the Bank's Guidelines will have to be preapproved by the Bank.

(e) The fiduciary arrangements for an Investment and Program Activity to be financed under Window 2 (Sub-grants for Investment Projects) will be carried out in accordance with the guidelines and procedures specified in paragraph 8(b) including but not limited to an environmental and social screening and assessment framework approved by the Bank. Any departure from the guidelines contained in said framework will have to be pre-approved by the Bank.

(f) As required under regular Bank lending operations, a Sub-grant Agreement will obligate a Sub-grant Recipient, among other things, to maintain an appropriate and adequate financial management system, including records and accounts, and prepare financial statements adequate to separately reflect the operations, resources and expenditures related to the Investment and Program Activity financed under the Sub-grant. Within ninety (90) days of each June 30 and December 31, the Sub-grant Recipient will prepare unaudited financial statements with respect to such Sub-grant and forward a copy to the Bank. All financial statements appropriate to the size and purpose of the Sub-grant, as indicated in the Sub-grant agreement will be expressed in the currency in which the Sub-grant is made, as indicated in the Sub-grant Agreement, and will show the allocation of such funds among the activities financed by the Sub-grant. In addition, the Sub-grant Recipient will: (i) have the above-mentioned records, accounts and financial statements audited, in accordance with auditing standards acceptable to the Bank, by independent auditors acceptable to the Bank; (ii) furnish to the Bank, as soon as available, but in any case not later than six (6) months after the end of each calendar year: (A) certified copies of the financial statements referred to above for such year as so audited, and (B) an opinion on such statements, records and accounts and report of such audit, by said auditors, of such scope and in such detail as the Bank will have reasonably requested; and (iii) furnish to the Bank such other information concerning said records and accounts, and the audit thereof, as the Bank will from time to time reasonably request. In such cases where the Sub-grant is \leq US\$100,000 the Bank has the discretion to specify in the Sub-grant agreement that attestation from the Monitoring Agent will be sufficient to comply with the audit procedures above.

(g) The Bank will report quarterly to the Donors on the status of Grant Funds made available to a Sub-grant Recipient under a Sub-grant Agreement. In addition, at a Donor's request, the Bank will also make available, in accordance with its Policy on Access to Information, audited and unaudited financial statements of Sub-grant Recipients furnished under paragraph (f) above.

10. Accounting and Financial Reporting Responsibilities of the Bank

(a) The Bank will maintain separate records and ledger accounts in respect of the aggregate Grant Funds for the agreed activities and disbursements made therefrom to the Monitoring Agent(s). Within one hundred eighty (180) days of the completion of the activities financed by the Grant Funds, the Bank will prepare unaudited financial statements in United States dollars with respect to the Grant Funds and forward a copy to each Donor. The Bank will provide the Donors annually with a management assertion together with an attestation from the Bank's external auditors on the satisfactory performance of the procedures and controls used by the Bank in administering the Grant Funds.

(b) 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.

11. Progress Reporting Responsibilities of the Bank

(a) The Bank will maintain close consultation and coordination with the Donors. The Bank will provide each Donor with quarterly reports on its quarterly expost evaluation of the activities undertaken by the Monitoring Agent(s) including disbursements made out of the Grant Funds. Within (6) six months of the completion of the activities, or of full disbursement of the Grant Funds, whichever comes later, the Bank will provide a final progress report to each Donor, together with a copy of the independent review of the performance of the Monitoring Agent(s). Upon request by any Donor, the Bank will send to such Donor the draft and final reports received by the Bank from each Monitoring Agent on the activities financed by the Grant Funds.

(b) The Bank shall provide the Donors with annual written progress reports. The progress reports shall be provided with reference to the results framework agreed by the Bank and the Donors, as such Results Framework may be reviewed by the Parties from time to time. Within six (6) months of the End Disbursement Date (as defined below), the Bank shall provide to the Donors with a final narrative progress report for the Trust Fund.

(c) 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 and will be separate from any independent evaluation of the Trust Fund to be arranged by the Bank.

(d) The Bank shall, consistent with its policies and procedures, take all appropriate measures to prevent corrupt, fraudulent, collusive, coercive and obstructive practices in connection with the use of the Trust Fund funds, and include provisions in its agreements with Sub-grant Recipients to give full effect to the relevant Bank guidelines on fraud and corruption.

(e) In the event that the Bank determines that there are credible and material allegations of fraud, corruption, collusion or coercion in relation to Recipient-executed and/or Bank-executed activities financed by the Trust Fund that result in the Bank opening an investigation into such allegations (an “Investigation”), the Bank shall, in accordance with its applicable policies and procedures:

(i) take timely and appropriate action with respect to such allegations and, where relevant, seek appropriate redress, including potential sanctions;

(ii) as soon as practicable, inform the Donors of the outcome of the Investigation, provided that the Donors agree to keep such information confidential pursuant to sub-paragraph 14(c) below, unless such information is already publicly available;

(iii) on a case by case basis, decide whether to share information with Donors on an active Investigation, and provided that the Donors agree to keep such information confidential pursuant to sub-paragraph 14(c) below;

(iv) take all necessary actions to recover funds that are the subject of an Investigation where the Bank has determined it as appropriate; and

(v) to the extent that any funds are refunded to the Trust Fund following an Investigation, the Bank shall use such funds for the same purposes as the Contributions, unless otherwise agreed between the Bank and each Donor.

12. Termination

Unless otherwise agreed by the Donors and the Bank, the Trust Fund arrangement provided for under the Letter Agreement and this Annex will expire on December 31, 2025 (“End Disbursement Date”). If at any time, either Party determines that the purposes of the Letter Agreement and this Annex can no longer be effectively or appropriately carried out, this Letter Agreement may be terminated at the initiative of either Party by giving the other Party thirty (30) days prior notice to this effect. Upon termination, unless otherwise agreed by the Donors and the Bank: (i) any agreement entered into among the Bank, the Monitoring Agent(s), and/or other third parties will not be affected by the termination, and the Bank will be entitled to continue permitting withdrawals of Grant Funds in respect of such agreements as if this arrangement had not been so terminated; and (ii) any remaining Grant Funds will be returned to the Donors on a pro-rata basis, and the Bank’s functions pursuant hereto will be considered terminated. Within six (6) months following such termination, the Bank will furnish to the Donors an unaudited financial statement with respect to the aggregate amount contributed by all Donors.

13. Legal Documentation

For purposes of channeling Grant Funds to their intended beneficiaries in accordance with the terms and conditions of the Letter Agreement and this Annex, the Bank will enter into a grant agreement with the Administration concerning Trust Funds allocated to Window 1 (Financing for Recurrent and Capital Expenditures) and Window 2 (Sub-grants for Investment Projects). Grant Funds allocated to Window 2 (Sub-grants for Investment Projects) will be governed by separate

Sub-grant Agreements to be entered into between the Bank, on the one part, and Sub-grant Recipients, on the other part, with each such agreement relating to one or more Investment and Program Activity. Without prejudice to the foregoing, Grant Funds allocated to Window 2 (Sub-grants for Investment Projects) for the specific purpose of financing Law and Order Projects will be governed by one or more grant agreements, as the case may be, to be entered into between the Bank, on the one part, and the United Nations Development Programme, on the other part.

14. Disclosure; Visibility

(a) The Bank and the Donors agree that the Administration Agreements will be made publicly available and that any related information on this Trust Fund in the Bank's and the Donor's possession may be publicly disclosed in accordance with (i) the Bank's policies and procedures with respect to any such information in the Bank's possession; and (ii) the Donors' applicable laws with respect to any such information in the Donors' possession.

(b) Notwithstanding sub-paragraph 14(a) above, neither the Bank nor any of the Donors shall publicly disclose information in their respective possession related to the Trust Fund that has been indicated or marked in writing by either Party as confidential, unless prior written consent has been obtained from the Party providing the information or the Donors are otherwise obliged to do so under applicable laws with respect to information in their possession.

(c) Notwithstanding sub-paragraphs 14(a) and 14(b) above the information provided under sub-paragraphs 11(e)(ii) and 11(e)(iii) above shall be subject to the terms of confidentiality accompanying such information, and the Donors shall not disclose such information outside the office to which the information is provided, unless: (i) prior written consent has been obtained from the Bank; or (ii) the Donors are obliged to do so in accordance with applicable laws, in which case the Donors will notify the Bank accordingly prior to such disclosure. If a Donor is not able to commit to keep such information confidential in accordance with its applicable laws, then the Donor shall inform the Bank accordingly.

(d) Where appropriate to do so, the Bank will acknowledge, the Donors' contributions in references made by the Bank with respect to the Trust Fund in publications, press releases or other similar written materials.

15. Dispute Resolution; Limitation on Donor Liability

(a) The Donors and the Bank shall use their best efforts to amicably settle any dispute, controversy, or claim arising out of or relating to the Administration Agreements.

(b) In providing funds under this Administration Agreement, the Donors do not accept any responsibility or liability towards any third parties including any claims, debts, demands, damage or loss as a result of the implementation of the activities under the Trust Fund.