

OFFICIAL DOCUMENTS

TF 071865

The World Bank

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION

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

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

Date: 3 December 2012

Mr. Stephan Raes
Minister (Economic)
Royal Netherlands Embassy
4200 Linnean Avenue, NW
Washington, D.C. 2008

Trust Fund Administration Arrangement between the Kingdom of the Netherlands, through its Ministry of Foreign Affairs and the International Bank for Reconstruction and Development and the International Development Association concerning the Multi-Donor Trust Fund for Trade and Development 2 (TF No. 071865)

Dear Mr. Raes:

1. We are pleased to acknowledge on behalf of the International Bank for Reconstruction and Development ("IBRD") and the International Development Association ("IDA") (collectively, the "Bank") that the Kingdom of the Netherlands, through its Ministry of Foreign Affairs (the "Donor") will make available as a grant the sum of six million four hundred twenty-eight thousand one hundred United States Dollars (USD 6,428,100) (the "Contribution") for the Multi-Donor Trust Fund for Trade and Development 2 (TF No. 071865) (the "Trust Fund") in accordance with the terms of this Arrangement. Other donors are also expected to contribute to the Trust Fund on the terms and conditions specified in the Annexes to this Arrangement.

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

3. The Contribution will also be administered in accordance with the Governance Structure under the Trust Fund (the "Governance Structure") attached hereto as Annex 3. The Governance Structure, as amended from time to time, constitutes an integral part of the Arrangement.

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

- (a) promptly following countersignature of this Arrangement by the Donor and submission of a payment request by the Bank, two million one hundred forty-two thousand seven hundred United States Dollars (USD 2,142,700);
- (b) on or before June 30, 2013, and upon submission of a payment request by the Bank, two million one hundred forty-two thousand seven hundred United States Dollars (USD 2,142,700); and
- (c) on, or before June 30, 2014, and upon submission of a payment request by the Bank, two million one hundred forty-two thousand seven hundred United States Dollars (USD 2,142,700).

5. When making each such deposit, the Donor will instruct its bank to include in its payment details information (remittance advice) field of its SWIFT payment message, information indicating: the amount paid, that the payment is made by the Donor for TF071865 (the Multi-Donor Trust Fund for Trade and Development 2), and the date of the deposit (the "Deposit Instruction"). In addition, the Donor will provide a copy of the Donor's Deposit Instruction to the Bank's Accounting Trust Funds Division by e-mail sent to tfremitadvice@worldbank.org or by fax sent to (202) 614-1315.

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

For the Bank:

Ian Gillson
Senior Trade Economist
International Trade Department
The World Bank
1818 H Street, NW
Washington, DC 20433
U.S.A.

Tel: (202) 458-9366
Fax: (202) 522-7551
E-mail: igillson@worldbank.org

For the Donor:

N. Olijslager-Jaarsma
Head Business Climate and Markets Division
Sustainable Economic Development Department
PO box 20061
2500 EB The Hague
The Netherlands


Tel: +31 70 3485276
Fax: +31 70 3485956
E-mail: dde@minbuza.nl

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

8. Please confirm your agreement with the foregoing, on behalf of the Donor, by signing, dating, and returning to us the enclosed copy of this Arrangement. Upon receipt by the Bank of the copy of this Arrangement countersigned by you, this Arrangement will become effective as of the date of the countersignature.

Sincerely,

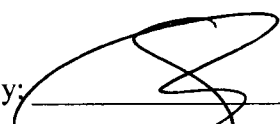
**INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION**



Bernard Hoekman
Director
International Trade Department

AGREED:

**THE KINGDOM OF THE NETHERLANDS,
THROUGH ITS MINISTRY OF FOREIGN AFFAIRS**

By: 

Stephen Raes
Minister (Economic)

Date: 4 December 2012

Description of Activities and Expenditures under the Trust Fund

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

A. DESCRIPTION OF ACTIVITIES

I. The Trust Fund will support the implementation of the Bank’s Trade Strategy which was discussed by the Bank’s Executive Board of Directors on June 9, 2011 (the the “Bank’s Trade Strategy”). The Trust Fund will help to finance work programs developed by the Bank’s regions, networks and other operational units that work on trade. The work programs will be designed to respond to client demand for assistance and to pro-actively analyze issues anticipating future demand and the provision of public goods (global analysis and advocacy), that fall under the four pillars of the Bank’s Trade Strategy, namely: (i) trade competitiveness and diversification; (ii) trade facilitation, transport logistics and trade finance; (iii) support for market access and international trade cooperation; and (iv) managing shocks and promoting greater inclusion. The work programs will be aligned to country and regional strategies to reflect development priorities. Cross-cutting issues of importance to developing countries, including trade linkages with gender, environment, regional integration and poverty will also be included in the work programs. Specific types of activities to be funded include, *inter alia*, the following:

- (a) Policy analysis and diagnostics to support country programs;
- (b) Technical assistance;
- (c) Research;
- (d) Capacity building and training at the country level;
- (e) Specific data collection/surveys and development of analytical tools at the country level, as well as global data initiatives on trade and market access;
- (f) Conferences and workshops;
- (g) Knowledge management and dissemination;
- (h) Project preparation; and
- (i) Program management and supervision.

II. The Trust Fund will finance mostly Bank-executed activities but, at the discretion of the Bank’s regions, Recipient-executed activities may also be financed where these are needed for follow-up support to Bank-executed work in order to help implement reforms.

- (a) For Bank-executed activities, the Bank will execute the activities financed under this Trust Fund, preparing terms of reference, hiring individual consultants or firms, procuring goods, negotiating contracts and making the respective payments.

(b) For Recipient-executed activities, the Trust Fund will provide grants that may be executed by different recipients (governmental, non-governmental, regional/international institutions or other entities acceptable to the Bank). Therefore, the recipients will prepare terms of reference, hire consultants or firms, procure goods, negotiate contracts, make payments, submit progress reports and audited financial reports to the Bank, all in accordance with the terms and conditions contained in a Grant Agreement signed between the Bank and the relevant recipient.

B. CATEGORIES OF EXPENDITURE

- I. For Bank-executed activities the Contributions may be used to finance:
- (a) Consultants' services (individuals and firms);
 - (b) Associated overheads (e.g., telephone, fax, internet connection expenses during mission travel, telecommunications for learning events, etc.);
 - (c) Contractual services;
 - (e) Staff costs with indirects (e.g., communications, use of office space and IT equipment by staff, etc.);
 - (f) Travel expenses (including travel related charges and subsistence for staff, consultants and workshop participants, etc.);
 - (g) Media, workshop, conference and meeting expenses (including external participant costs, honoraria, facilities for events, etc.);
 - (h) Equipment and office premises lease; and
 - (i) Temporary support staff costs.
- II. For Recipient-Executed activities, the Contributions may be used to finance:
- (a) Goods;
 - (b) Consultants' services; and
 - (c) Operating costs.

The foregoing categories of expenditures may include the financing of taxes.

Standard Provisions Applicable to the Trust Fund

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

1. **Administration of the Contributions**

1.1. The Bank will be responsible only for performing those functions specifically set forth in this Arrangement and will 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 Arrangement will be considered a waiver of any privileges or immunities of the IBRD and IDA under their Articles of Agreement or any applicable law, all of which are expressly reserved.

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

2. **Commingling, Exchange and Investment of the Contributions**

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

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

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

3. Administrative Cost Recovery

In order to assist in the defrayment of the costs of administration and other expenses incurred by the Bank under this Arrangement, the Bank may deduct and retain for its own account an amount equal to two percent (2 %) of each Contribution. In addition, costs for program management and supervision as defined in Annex 1 up to a maximum of two percent (2%) of each Contribution will be charged to the Trust Fund on an actual basis. If the contributions increase beyond what was originally expected at the time of counter-signature of the first administration agreement, and the administrative costs increase as a result, the Donors acknowledge that an additional administrative fee may be applied to such new contributions.

4. Grants to Recipients

4.1. The Bank will, as administrator of the Trust Fund on behalf of the Donors, enter into grant agreements (the "Grant Agreements") with one or more entities acceptable to the Bank (the "Recipients") consistent with the purposes of this Arrangement and on the terms and conditions set forth in the Grant Agreements. Grant Agreements may be entered into up to the maximum amount of the Contributions that all Donors have agreed to make available under the Administration Agreements/Arrangements between the Bank and the Donors. Upon request by a Donor, the Bank will furnish a copy of the Grant Agreements to the Donors.

4.2. The Bank will be responsible for the supervision of the activities financed under the Grant Agreements. Subject to the consent of the relevant Recipients, representatives of the Donors may be invited by the Bank to participate in Bank supervision missions related to the Trust Fund.

4.3. The Bank will promptly inform the Donors of any significant modification to the terms of any Grant Agreements and of any contractual remedies that are exercised by the Bank under any Grant Agreements. To the extent practicable, the Bank will afford the Donors the opportunity to exchange views before effecting any such modification or exercising any such remedy.

5. Procurement

5.1. For Recipient-executed activities, the Grant Agreements will provide that the Contributions will be used by the Recipients to finance expenditures for goods and services, as the case may be, in accordance with the Bank's Guidelines on "Procurement under IBRD Loans and IDA Credits" and the Bank's Guidelines on the "Selection and Employment of Consultants by World Bank Borrowers," as in effect at the date of entry into the respective Grant Agreements.

5.2. For Bank-executed activities, the employment and supervision of any consultants and the procurement of any goods financed by the Contributions will be the responsibility

of the Bank and will be carried out in accordance with its applicable policies and procedures.

6. Accounting and Financial Reporting

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

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

6.5. The Bank will provide the Donors with copies of all financial statements and auditors' reports received by the Bank from the Recipient[s] pursuant to the Grant Agreements.

7. Progress Reporting

7.1. The Bank will 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 Bank will furnish to the Donors a final report on the activities financed by the Trust Fund.

7.2 Any Donor may review or evaluate activities financed by the Trust Fund. The Donor and the Bank will agree on the scope and conduct of such review or evaluation,

and the Bank will provide all relevant information within the limits of its policies and procedures. All associated costs will 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.

8. Disbursement; Cancellation; Refund

8.1 It is expected that the Contributions will be fully disbursed by the Bank by April 30, 2016. The Bank will only disburse Contributions for the purposes of this Arrangement after such date with the written approval of the Donors.

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

8.3 Following the final disbursement date specified in paragraph 8.1, the Bank will return any remaining balance of the Contributions to the Donors or to the relevant Donor Balance Account on a pro rata basis based on the Donors' paid Contributions. In the event of a cancellation the Bank will promptly return to the relevant Donor or Donors or to the relevant Donor Balance Account the Donor's pro rata share of uncommitted Contributions in accordance with paragraph 8.2.

9. Disclosure

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

Governance Structure under the Trust Fund

The following governance terms will apply to the Trust Fund:

A. Bank Aid for Trade Partnership and Coordination Council

The Trust Fund is established as one of the components of the partnership (the "Partnership") convened through the Bank Aid for Trade Coordination Council (the "Council"). At its inception, the Partnership consisted of two components, the Multi-Donor Trust Fund for the Trade Facilitation Facility (TF071220) and the Multi-Donor Trust Fund for Trade and Development (TF No. 070745), but was expected to expand to include one or more additional trust funds established by the Bank in support of the Partnership (the "Partnership Trust Funds").

The Partnership represents a collaborative effort on the part of the Bank and Donors to make the international trading system more supportive of economic development and help countries use trade to achieve economic growth and reduce poverty.

The Council comprises a representative from the Bank and each of the Donors who have entered into administration agreements/arrangements with the Bank for Contributions to the Partnership Trust Funds, which includes all members of the respective trust fund Steering Committees, where applicable. The Council is chaired by the Director of the Bank's International Trade Department. The Council may invite representatives of other stakeholders, such as the Enhanced Integrated Framework for Trade-Related Assistance for Least Developed Countries, regional development banks, the World Customs Organization or other international organizations to its meetings to promote greater coordination.

The Council meets annually, as convened by the Bank, in conjunction with Steering Committee/Consultative Group meetings of the Partnership Trust Funds. Any decisions are made by consensus. The Council has the following roles:

- To discuss the strategic directions of the Partnership and the programs supported by the Partnership Trust Funds (the "Partnership Programs")
- To exchange knowledge, views, ideas and lessons learned about the Partnership Programs, as well as members' respective Aid for Trade programs
- To discuss broader ways to collaborate on Aid for Trade issues among the Council members and with other stakeholders, such as international organizations, multilateral development banks, regional economic commissions, private sector organizations, and recipient governments

The Council does not make decisions regarding the Partnership Trust Funds, which are governed in accordance with the terms of their respective administration agreements/arrangements with the Bank. The Bank's International Trade Department will

provide administrative support to the Partnership and Council, including convening meetings, preparing minutes and keeping records.

B. Trade Council of the Bank's Trade Strategy (as defined in Annex 1)

The Trade Council of the Bank's Trade Strategy (the "Trade Strategy Council") oversees implementation of the Bank's Trade Strategy. The Trade Strategy Council comprises the leaders of Bank's regional trade practices/units, operational directors/managers of Bank's units that undertake significant trade activities, as well as central units. The Trade Strategy Council is chaired by the Director of the Bank's International Trade Department.

The Trade Strategy Council, as a whole, does not make decisions regarding the Trust Fund. However, a sub-committee of the Trade Strategy Council is the main governance body of the Trust Fund, as described below.

C. Sub-Committee of the Trade Strategy Council

A sub-committee of the Trade Strategy Council (the "Sub-Committee") acts as the main governance body of the Trust Fund. The Sub-Committee is chaired by the Chair of the Trade Strategy Council (the Director of the World Bank International Trade Department) and is comprised of Bank members of the Trade Strategy Council as determined by the Chair by making requests for membership to leaders of Bank units with active trade programs. Any decisions are made by consensus.

The Sub-Committee has the following roles:

- To decide on the allocation of resources of the Trust Fund to the Bank's regions, networks and other operational units
- To review, provide feedback, and approve the work programs of the regions, networks and other World Bank operational units receiving funding under the Trust Fund, ensuring coordination between the sectors
- To receive (from the TTL of the Trust Fund) and review annual reports on the outputs and outcomes from the work programs of the Bank's regions, networks and other operational units receiving funding under the Trust Fund.

D. Consultative Group

The Consultative Group is established for the purposes of annual progress reporting and stocktaking to the donors under the Trust Fund. The Consultative Group comprises representative(s) from each donor contributing to the Trust Fund, the Director of the Bank's International Trade Department, a senior staff member from DEC and a senior staff member(s) from the regions who will represent the rest of the Bank. At the discretion of the Director of the Bank's International Trade Department, other donors who may show an interest in contributing to Trust Fund will be invited to Consultative Group meetings with observer status. The Consultative Group is chaired by the Director of the International Trade Department.

The Consultative Group meets annually, as convened by the Bank. It receives (from the TTL of the Trust Fund) the work programs (including indicative budgets) of the regions, networks and other Bank operational units receiving funding from the Trust Fund, as well as annual reports on the outputs and outcomes. Members of the Consultative Group will be given an opportunity to comment on these documents, with the understanding that decisions on work programs and allocation of resources will be made by the Sub-Committee, as noted in Section C above.

E. Program Management

The Trust Fund will rely on the existing management structure of the Bank. The Bank's International Trade Department will be the managing unit and its Sector Manager will appoint the task team leader ("TTL") to administer the trust fund and to ensure that the following roles are carried out within the managing unit:

- Providing administrative services for the Sub-Committee and Consultative Group, including convening meetings, preparing minutes, keeping records, and administering the allocation of resources as approved by the Sub-Committee
- Monitoring all activities of the Trust Fund, including commitments and disbursements
- Compiling annual work programs (including indicative budgets) and output/outcome reports from the regions, networks and other Bank operational units and submitting them to the Sub-Committee for approval and to Consultative Group for information and comments (for consideration by the Sub-Committee)
- Serving as focal point for communications with members of the Sub-Committee and the Consultative Group
- Coordinating the process of bringing new donors into the trust fund