

**ADMINISTRATION AGREEMENT FOR EUROPEAN UNION CONTRIBUTIONS, AS
REPRESENTED BY THE EUROPEAN COMMISSION AND THE INTERNATIONAL
BANK FOR RECONSTRUCTION AND DEVELOPMENT CONCERNING
THE GLOBAL PARTNERSHIP FOR EDUCATION FUND II:
WORLD BANK AS EXCLUSIVE SUPERVISING ENTITY OR IMPLEMENTER**

TF071820

European Commission Ref No DCI-EDUC/2011/261-278

**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 "*Global Partnership for Education Fund II: World Bank as exclusive Supervising Entity or Implementer*" TF071820 (the "Trust Fund").

Section 1.02. The Contribution shall be used exclusively for the purposes set out in the document attached hereto as Attachment 1: "Description of the Action", the European Commission authorizing document for the establishment of a trust fund to be administered by the IBRD in support of the Global Partnership for Education activities ("the Project").

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

- the Framework Agreement;
- this Administration Agreement;
- the "Standard Provisions Applicable to the Global Partnership for Education Fund II: World Bank as exclusive Supervising Entity or Implementer" (the "Standard Provisions"). For the purpose of this Administration Agreement, the term "Contribution Agreement" used in the Standard Provisions is deemed to refer to this Agreement; and
- the attached General Conditions applicable to European Union Contributions to Trust Funds (the "General Conditions").

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 December 31, 2018, 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 Administration Agreement by December 31, 2016 ("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.

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 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 Commission undertakes to finance EUR 31,800,000 for the trust fund.

Section 3.02 Indirect Costs under this Administration Agreement shall not exceed seven percent (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 each Contribution of the Commission and retain for the IBRD's own account an amount equal to two percent (2%) of the Contribution.

In addition, costs for program management and Trust Fund administration, up to a maximum of five percent (5%) of the Contribution in the holding currency, will be charged to the trust fund on an actual basis and as a Direct Cost provided they comply with Section 14.01 of the General Conditions.

The final amount that the IBRD 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 and in any case shall not exceed 7% of the final amount of eligible Direct Costs of the Contribution.

Section 3.03 The following categories of costs shall be considered eligible under this Administration Agreement provided they comply with the categories of costs described in Section 5.2 of Annex I and Section 14.01 of the General Conditions:

For Recipient-executed Activities, the Contribution may be used to finance all expenditures allowable under the Bank's policies and procedures needed to provide support for ESP and IEP implementation.

For Bank-Executed Activities, the Contribution may be used to finance: (a) staff costs; (b) associated overheads; (c) consultant fees (individuals and firms); (d) travel expenses; (e) contractual services; (f) extended term consultants; (g) media, workshops, conferences and meetings; and (h) temporary support staff costs¹.

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:

¹ The above listed categories of expenditures include only Direct Costs as these are defined in Article 14 of the General Conditions. In particular, Associated Overheads does not include any Indirect Costs which cannot be attributed to a specific Activity.

Advance payment	EUR 15,900,000
Intermediate payment	40% EUR 12,720,000
Final payment	10% EUR 3,180,000

The World Bank Group shall convert such funds into *United States 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 accompany every request for a further installment 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 indicative forecast of activities 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, shall be sent to:

For the Commission:

Directorate General for Development and Cooperation (DG DEVCO)

For the attention of:

Directorate-General for Development and Cooperation - EuropeAid
Financial Unit D6
Office SC 15 05/70
B-1049 Brussels
Belgium
Fax: + 32 2 29 79896

Copies of the documents referred to above, and correspondence of any other nature, shall be sent to:

Directorate-General for Development and Cooperation - EuropeAid
Thematic Unit D4
Office SC 15 05/70
B-1049 Brussels
Belgium
Fax: + 32 2 29 79896

For the IBRD

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Article 6
Annexes

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

Attachment 1: "Description of the Action", European Commission authorizing document for the establishment of a trust fund to be administered by the IBRD in support of the Global Partnership for Education".

Annex I: "Standard Provisions Applicable to the Global Partnership for Education Fund II: World Bank as exclusive Supervising Entity or Implementer" (the "Standard Provisions").

Annex II: "General Conditions applicable to European Union Contributions to Trust Funds".

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. 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
Other conditions applying to the Project

Section 7.01. The measures taken to identify the European Union as the source of financing shall be: the Secretariat of the Global Partnership for Education and the IBRD shall list individual contributions received by the Trust Fund from the European Union member states and from the European Commission as well as provide collective total amount received from them.

This 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 Commission of the European Communities	For the International Bank for Reconstruction and Development
Name: Elisabeth Ferét	Name: Tamar Manuelyan Atinc
Position: Head of Unit D4, Directorate General of Development and Cooperation	Position: Vice-President and Head of the Human Development Network
Signature: /s/ Elisabeth Ferét	Signature: /s/ Tamar Manuelyan Atinc
Date: December 21, 2011	Date: December 21, 2011

DESCRIPTION OF THE ACTION***CONTRIBUTION TO THE GLOBAL PARTNERSHIP FOR EDUCATION (GPE)*****1. IDENTIFICATION**

Title/Number	Contribution to the Global Partnership for Education (GPE) DCI-EDUC/2011/261-278		
Total cost	EU contribution: EUR 31 800 000		
Method/ mode	Management	Project approach — Joint management with an international organisation (World Bank)	
DAC code	11110	Sector	Education policy and administrative management

2. RATIONALE

The thematic programme ‘Investing in People’ pursues a broad approach to development and poverty reduction, with the general aim of improving human and social development levels in partner countries in accordance with the *United Nations Millennium Declaration* and the Millennium Development Goals (MDGs). It is based on Article 12 of the Development Cooperation Instrument (DCI)², and is detailed in the *Strategy Paper for the Thematic Programme 2007-2013*.³ The second theme of the programme — ‘Education, knowledge and skills’ — focuses on promoting universal access to quality basic education by boosting enrolment rates and promoting equal access among boys and girls and children from hard-to-reach groups. *The mid-term review of the Strategy Paper* adopted on 5 November 2010⁴ confirmed that there is still a long way to go to achieve basic education for all as well as even universal primary education. Although there has been progress on achieving the education MDG, some regions are still far from gender parity in school enrolments and school completion. There is a need to improve the quality of basic education services and to raise the quality and quantity of teachers.

2.1 Global Partnership for Education

The Global Partnership for Education is a global partnership of developing and donor countries, multilateral agencies, civil society organizations and the private sector and private foundations supporting the education sector in developing countries, with a particular focus on accelerating progress toward the Education for All goals.⁵ The scope of GPE is likely to continue to broaden focusing on a whole sector approach.

All low-income countries, including fragile states, that demonstrate a serious commitment to achieving quality basic education can receive support from the GPE on the basis of national education plans endorsed by local donors. Strategic priorities include quality of education, girls’ education and education in fragile states.

² Regulation (EC) No 1905/2006 of the European Parliament and of the Council of 18 December 2006 establishing a financing instrument for development cooperation (OJ L 378, 27.12.2006, p. 41). Regulation amended by Commission Regulation (EC) No 960/2009 (OJ L 270, 15.10.2009, p. 8).

³ http://ec.europa.eu/development/icenter/repository/how_we_do_strategy_paper_en.pdf.

⁴ http://ec.europa.eu/development/icenter/repository/investing_people_mid-term_review.pdf.

⁵ Expanding early childhood education; providing free and compulsory basic education for all; promoting learning and life skills for young people and adults; increasing adult literacy; achieving gender parity and gender equality; improving the quality of education.

The GPE is a platform for collaboration at global and country levels. Developing countries commit themselves to designing and implementing sound national education plans while donor partners commit themselves to aligning and harmonising additional support for the plans. To date, funding to support GPE-endorsed national education sector plans or interim plans has been channelled through bilateral and multilateral schemes and the FTI Catalytic Fund (CF⁶), multi-donor, multi-recipient trust funds managed by the World Bank, set up to provide financial assistance to low-income countries facing funding gaps for basic education.

The Local Education Group (LEG) is the foundation for the Partnership governance at the country level. It comprises the government of the developing country partner, donors, multilateral agencies, CSOs, etc. These partners work together to develop, appraise, endorse, implement, monitor, and evaluate education plans.

The Board of Directors is the supreme governing body of the Partnership. It sets policies and strategies and takes the decisions on grants awarded from the GPE trust funds. For financial decisions it is assisted by the Financial Advisory Committee, which makes recommendations on allocations from GPE trust funds. The Board is constituted based on a constituency model with seats for constituencies of donors, partner countries, civil society, private sector, multilateral organisations.

The European Commission is in a constituency with France, Germany and Italy. This constituency is involved in the decision-making processes of grant allocations and oversight of GPE trust funds.

Two new funds – the GPE Fund, and this trust fund, the GPE Fund II: World Bank as Exclusive Supervising Entity or Implementer (GPE Fund II) – have been established to replace the previous ones (Catalytic Fund, Education Programme Development Fund and the Secretariat Trust Fund).

At the Country Level:

- Education Sector Plan (ESP) or Interim Education Plan (IEP) development/revision;
- GPE Fund II proposal development;
- Support for ESP and IEP implementation;
- Support for Strengthening the Local Education Group (LEG) and Joint Sector Review (JSR) Processes
- Support for grant supervision

At the Global and Regional Level:

- Knowledge and/or practice gap-filling initiatives and programs that address GPE's priority thematic areas and enhance the capacity of the GPE developing country partners to meet their education goals
- Activities enabling scale-up of Global Good Practices
- Activities focused on improving GPE accountability by strengthening availability and quality of data

Other Eligible Activities:

- The annual GPE Secretariat Work Program and Budget
- Any other Activity approved by the GPE Board of Directors and the European Commission

⁶ The “Catalytic Fund” refers to three separate trust funds administered by the World Bank on behalf of the EFA FTI partnership (now the GPE). The EC is party to two of the three funds. All of the Catalytic Funds are governed under a common governance arrangement.

2.2. Sector Context

According to the 2010 EFA Global Monitoring Report, primary school enrolment increased across the developing world from 80% in 1999 to 87% in 2008 and secondary school enrolment rose from 51% to 62%. The 2005 gender parity target was missed, but significant improvements were made in gender parity, with two out of three countries achieving gender parity at primary level.

12% (67 million) of the world's primary school-age population are not in school; 53% of them are girls. There are huge differences both within and across countries. Children out of school tend to be poor, from rural areas and live in the most disadvantaged regions of their country. Half of all children out of school live in countries affected by conflict. These countries have some of the lowest enrolment rates and will be largely responsible for not achieving the MDG globally.

The Education for All (EFA) Development Index, calculated for 125 countries, shows improvements in many of the lowest-ranking countries. Countries with no data — many in conflict or post-conflict situations — are not included, but are likely to suffer from low levels of educational development, compounding the continuing global EFA challenge. Recent developments, with high volatility in global financial markets and the re-emergence of chronic challenges for low-income countries, such as escalating food crises and increases in the price of oil and other commodities, indicate that millions of people could be pushed into poverty. This could result in families being increasingly unable to keep their children in school and potentially increase challenges for the GPE partnership.

International aid is essential to consolidate progress and to meet this goal on time. Both actual and pledged levels of aid for basic education have started to decline. Aid commitment to basic education fell by 22% in 2007, according to the 2010 EFA Global Monitoring Report. Aid for basic education in low-income countries should at least double. It should include aid for literacy, be more predictable over the longer term and be reallocated to the countries most in need.

The 2010 EFA Global Monitoring Report underlined the need for the international community to recognise the threat to education posed by the economic crisis and develop a response to provide up-front, sustained and predictable aid to counteract the loss of revenue, prioritise social spending and support progress in education.

The GPE has become a key vehicle in this endeavour. The GPE helps to mobilise financial resources to support development and implementation of countries' education plans. Ideally, additional resources are made available directly from domestic resources and bilateral and multilateral partners. Where this is not possible, the GPE can provide transitional support via its multi-donor trust funds.

2.3. Lessons learnt

The predecessor fund to the GPE Fund and the GPE Fund II, the Catalytic Fund (CF), has allocated more than USD 2,018.4 million to 37 countries (2003 – November 2010) whose national education sector plans have been endorsed by local donors through a GPE process but who have insufficient domestic or external aid resources to implement them.

The GPE is not only about financing: it helps donors and developing country partners work together to ensure that education aid is better coordinated and more effective, based on countries' own education strategies. However, financing from the GPE Fund and the GPE Fund II has become an increasingly important source of funds for implementing GPE-endorsed education sector plans.

The external mid-term evaluation of the GPE (Oct 2008-Feb 2010) reconfirmed the founding principles of the GPE in terms of focusing on the education MDG and the Education for All goals and in terms of the four gaps — policy, data, capacity, financing — aid effectiveness and donor coordination. The GPE has helped to keep the issue of Universal Primary Completion/Education For All visible. It has championed the Paris Declaration principles of aid effectiveness in the education

sector and has contributed to improving partner countries' policies on education. However, the evaluation also concludes that the GPE has fallen short of its ambitious goals. The Board welcomed the evaluation and its recommendations and has, since June 2010, carried out a strategic reform process. Substantial progress on clarification, quality assurance and strengthening of country level processes is under way with the development of the new Process Guide.

2.4. Donor coordination

The GPE plays an important role as a forum for aid effectiveness, particularly in its approach to ownership, harmonisation, alignment, management for results and mutual accountability. The Paris Declaration on aid effectiveness lies at the heart of the GPE, not only at country level but also at global meetings, including:

- GPE partnership meetings (donor and recipient countries, development agencies and civil society), which discuss and assess progress and review and address issues affecting progress on universal primary education;
- GPE Board of Directors' Meetings, which set the policies and strategies, review the objectives of the initiative, give direction to the Secretariat and help ensure coordination;
- Task teams, which are set up as needed to carry out in-depth analyses and to develop strategies on specific issues. The Commission participates actively in these teams.

There is broad agreement that emerging mechanisms and fora for supporting education in fragile states need to be located within the wider education aid architecture offered by the GPE. The GPE has a strategic priority to address the needs of these countries.

3. Description

3.1. Objectives

The objective of this contribution is to help low-income countries achieve quality basic education, meet the Education for All goals and more specifically the MDG goal that all children complete a full cycle of primary education by 2015.

3.2. Stakeholders

The GPE encompasses all major donors to education — about 30 bilateral, regional and international agencies and development banks. A number of major civil society organisations are involved in the partnership. A total of 46 developing countries have joined the GPE to date.

The immediate beneficiaries of support to the GPE include governments and ministries of education that are either in the partnership already or that join it in the years ahead. Donors at both global and national levels will also benefit from the work of the Secretariat. Ultimate or indirect beneficiaries will include the children, teachers, school managers and communities who should benefit from increased and improved national and external support to national sectoral strategies.

3.3. Expected results and main activities

The GPE will continue to make additional resources available to beneficiary countries to scale up national strategies to achieve the following results:

- increased financial resources for education in countries with a financial gap to implement their education sector plan;
- more effective sectoral policies and efficient public finance management, using systematic review and indicative benchmarking of the recipient countries' education policies and performance;

- increased accountability for sectoral results, with the aid of the Results Framework and annual reporting on policy progress and key sectoral outcomes set out in the sectoral plans and transparent sharing of results;
- improved domestic financing for education, within the framework of a country's national Poverty Reduction Strategy, medium-term expenditure framework or other country statements, as appropriate;
- more efficient aid delivery mechanisms for education, with new or consolidated national coordination methods leading to greater complementarity and harmonisation between donors and governments and therefore reducing transaction costs for recipient countries;
- faster pace of school enrolment and improved quality of teaching and learning.

The Board makes decisions on strategy and resource allocation to support national sectoral strategic plans. These funds are then managed by the World Bank as the trustee and planned accordingly, using the most suitable method of delivery to achieve the agreed objectives and support sectoral programmes. The primary goal of the GPE Fund and the GPE Fund II is to reduce financing gaps that cannot otherwise be filled. GPE-endorsed countries are encouraged to identify basic education as a priority for new funding from all bilateral and multilateral donors.

3.4. Implementation set-up

The GPE Fund and the GPE Fund II are in line with the guiding principles of the Global Partnership for Education: country ownership, benchmarking, support linked to performance, lower transaction costs and transparency. The goal is to make available a predictable source of funding that will enable eligible recipients to engage in long-term planning of their education programmes.

The Board allocates resources to countries to support their endorsed sectoral plan (or interim plan) and endorses the entity which will supervise the funds. In all cases of allocations from the GPE Fund II, this is the World Bank. Taking account of the guidance given by the Board, the World Bank will make every effort to channel all funds via the most suitable method of delivery, as agreed upon by the Local Donor Group in the education sector in the recipient country.

The GPE Fund II will be managed by the World Bank on behalf of the GPE partnership.

3.5. Risks and assumptions

The project is designed to ensure maximum country-level ownership of the diagnosis, policy recommendations and implementation of the programme. Existing coordination mechanisms and the reporting role given to the lead coordinating agency at country level will ensure smooth implementation of national plans and provide a means of agreeing mitigating measures when required.

The endorsement procedure ensures that the country has a consensus on the national priorities and the commitment of all stakeholders to the activities to be implemented to achieve the commonly agreed national results. The GPE seeks to increase coordination among donors and minimise transaction costs while maintaining safeguards to ensure that funds made available to eligible countries are used effectively and achieve results.

3.6. Cross-cutting issues

The Appraisal Guidelines for the endorsement of national education plans clearly state that these plans should include strategies to address HIV/AIDS, gender equality, equal access for all vulnerable groups, including children with disabilities, and other cross-cutting issues relevant to education. Environmental issues are usually covered by national sectoral strategies, and environmental impact assessments are included in the appraisal and endorsement process, where appropriate.

The GPE has, since its inception, had a strong gender perspective and girls' education is a strategic priority for the Partnership. The appraisal guidelines are quite clear regarding the need for gender disaggregation of data, analysis of gender disparities and the need to address gender issues through specific initiatives and mainstreaming.

4. IMPLEMENTATION ISSUES

4.1. Implementation method

The method is joint management under a contribution agreement with an international organisation (World Bank).

The contribution will be administered by the World Bank in accordance with the 'Standard Provisions Applicable to the Global Partnership for Education Fund II: World Bank as exclusive Supervising Entity or Implementer'.

4.2. Procurement and grant award procedures

All contracts implementing the action must be awarded and implemented in accordance with the procedures and standard documents laid down and published by the international organisation concerned.

4.3. Budget and timeframe

A contribution of EUR 31 800 000 will be made in 2011 to the GPE Fund II.

The indicative timeframe will be 60 months as from signature of the contribution agreement with the World Bank.

4.4. Performing monitoring

In line with the basic GPE principles, there will be an in-country monitoring mechanism. In no case should there be any parallel processes for performance monitoring and evaluation. Each GPE-endorsed country should conduct an Annual Sector Review jointly with all key partners. The World Bank, as a member of the Local Donor Group, will participate in these reviews. Monitoring and annual reviews should focus on agreed performance, aid effectiveness indicators and development results rather than following a year-to-year micro-management and project-type approach.

The GPE Secretariat will also prepare regular reports to the GPE partners on recipient countries' performance and the lessons learnt from the GPE, based on information drawn from annual country-level sectoral reviews. The GPE Secretariat will send all partners an annual report on the activities financed by the GPE trust funds.

4.5. Evaluation and audit

The annual reports prepared by the GPE Secretariat, the results of the annual sectoral reviews of the recipient countries and the information provided by UNESCO (including the EFA Global Monitoring Report) are expected to be sufficient to form an opinion on the progress with, and results of, the GPE and the GPE trust funds including the GPE Fund II. If required, within the Board of Directors, donors may call for in-depth assessments of the GPE trust fund activities.

EU support to the FTI Secretariat in 2008 contributed to the jointly funded independent mid-term evaluation of the FTI.

The World Bank will serve as Trustee for the GPE Fund II and will provide a standard single audit to all donors.

4.6. Communication and visibility

As far as possible, the GPE partnership should identify potential areas where broader strategic communication could be sought. The European Commission – World Bank Group Joint Visibility Guidelines included in the Framework Agreement should be used as a reference.

“Standard Provisions Applicable to the Global Partnership for Education Fund II: World Bank as exclusive Supervising Entity or Implementer”

The following provisions shall be applicable to and form an integral part of all Contribution Agreements entered into between the IBRD (the “Bank”) and the Donors.

1. Definitions

1.1. Capitalized terms used hereinafter, but not otherwise defined in the Contribution Agreement, shall have the meanings ascribed to them below:

- (a) **“Activity” or “Activities”** means an activity, a set of activities, or a part thereof, to be financed with funds from the Trust Fund, as approved by the Board based upon a Proposal;
- (b) **“Allocation”** means the portion of the Trust Fund that has been approved by the Board for allocation to Activities and, where applicable, a Supervision Allocation;
- (c) **“Board”** means the Board of Directors of the Global Partnership for Education, as described in the Charter;
- (d) **“Chair”** means the independent, non-voting Chair of the Board and of the Global Partnership for Education as a whole, as described in the Charter;
- (e) **“Charter”** means the Charter of the Global Partnership for Education adopted by the Board, as may be amended from time to time in accordance with its terms, which establishes the governance arrangements and roles and responsibilities of the partners in the Global Partnership for Education;
- (f) **“Contribution”** means each Donor’s respective contribution to the Trust Fund, and **“Contributions”** means the aggregate of all the contributions to the Trust Fund;
- (g) **“Contribution Agreement”** means any agreement or arrangement entered into between the Bank and any Donor in respect of the Donor’s Contribution;
- (h) **“Donor”** means any country (including any ministry and agency thereof) or, if agreed by the Board and the Bank, such other public or private entity, that provides a Contribution;
- (i) **“Donor Balance Account”** means a trust fund maintained or to be maintained by the Bank to temporarily hold funds prior to being either refunded to a donor or transferred to an existing trust fund;
- (j) **“Developing Country Partner”** means a country: (i) that receives Trust Fund funds from the Supervising Entity through a Grant Agreement; or (ii) on whose behalf the Implementer implements an Activity;
- (k) **“Donor Country Partner”** means a country represented in a donor country constituency of the Board as described in the Charter.

- (l) **“Global Partnership for Education”** means the global partnership formerly known as the Education for All Fast Track Initiative, established in 2002, of developing and donor countries, agencies, civil society organizations, the private sector and private foundations and other development stakeholders, with the aim of accelerating progress towards the Education for All goals;
- (m) **“Grant Agreement”** means an agreement or other arrangement entered into between the Bank as Supervising Entity and a Developing Country Partner or other entity in respect of an Activity;
- (n) **“Holding Currency”** means the currency in which the Contributions in the Trust Fund account will be held, which is United States dollars;
- (o) **“IBRD”** means the International Bank for Reconstruction and Development;
- (p) **“IDA”** means the International Development Association;
- (q) **“Implementer”** means the Bank in its role of implementer of Activities as approved by the Board;
- (r) **“Multilateral Agency Partner”** means any multilateral agency represented in the multilateral agency constituency of the Board as described in the Charter;
- (s) **“Operational Manual”** means the manual prepared by the Secretariat, in consultation with the Bank, comprising the detailed procedures for accessing, and reporting on use of, Trust Fund funds as may be amended from time to time;
- (t) **“Proposal”** means any proposal submitted to the Board seeking Trust Fund funds for an Activity;
- (u) **“Secretariat”** means the unit established within the Bank to support the work of the Board and the Global Partnership for Education, as described in the Charter;
- (v) **“Secretariat Work Program and Budget”** means the work program and budget resources associated with delivery of the Secretariat’s roles and responsibilities, as approved by the Board;
- (w) **“Supervising Entity”** means the Bank in its role of supervising entity of an Activity, as approved by the Board;
- (x) **“Supervision Allocation”** means the portion of the Trust Fund allocated to the Bank as Supervising Entity to offset costs associated with supervising an Activity;
- (y) **“Trust Fund”** means the trust fund entitled the “Global Partnership for Education Fund II: World Bank as exclusive Supervising Entity or Implementer”; and
- (z) **“World Bank”** means IBRD and/or IDA.

2. Establishment of the Trust Fund

2.1. The Trust Fund is established as the Global Partnership for Education Fund II: World Bank as the exclusive Supervising Entity or Implementer to manage Contributions to support the eligible activities of the Global Partnership for Education as described in section 5 of this Annex I.

2.2 The governance arrangements of the Global Partnership for Education and its partners' roles and responsibilities are set forth in the Charter. The governance arrangements for this Trust Fund are detailed in section 6 of this Annex I. Both, the Charter and the governance arrangements for this Trust Fund may be amended from time to time in accordance with their respective terms, provided that no Donor shall be obligated to make any additional contributions following any such amendment. In the event of any conflict between the provisions of the Charter and the terms of this Contribution Agreement, the terms of this Contribution Agreement shall prevail.

3. Administration of the Contributions

3.1. The Bank shall be responsible only for performing those functions specifically set forth in the Contribution 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 Bank under general principles of trust or fiduciary law. Nothing in this Contribution Agreement shall 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.

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

4. Commingling, Exchange and Investment of the Contributions

4.1. The Contribution funds in the Trust Fund shall be accounted for as a single trust fund and shall be kept separate and apart from the funds of Bank. The Contribution funds may be commingled with other trust fund assets maintained by Bank.

4.2. The Contribution funds may be freely exchanged by the Bank into other currencies as may facilitate their transfer.

4.3. The Donor agrees to pay its Contribution in the currency stated in its respective Contribution Agreement or in the Holding Currency. In the event that Contributions are received in a currency other than the Holding Currency, promptly upon the receipt of such amounts, the Bank shall convert such amounts into the Holding Currency at the exchange rate obtained by the Bank on the date of the conversion. Where Contributions prove to be insufficient to complete Activities as a result of an exchange rate fluctuation, neither the Bank nor the Donor shall bear any responsibility for providing any additional financing.

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

5. Description of Activities and Categories of Expenditure to be financed by the Trust Fund

Subject to the availability of applicable funds held in the Trust Fund as determined by the Bank, the Bank shall make commitments and/or use the Trust Fund funds for any purpose approved and in the amount allocated by the Board, in accordance with the terms of the governance arrangements described in section 6 of this Annex I.

5.1. The Activities to be financed by the Trust Fund include, but are not limited to:

At the Country Level:

- Education Sector Plan (ESP) or Interim Education Plan (IEP) development/revision;
- GPE Fund proposal development;
- Support for ESP and IEP implementation;
- Support for Strengthening the Local Education Group (LEG) and Joint Sector Review (JSR) Processes
- Support for grant supervision

At the Global and Regional Level:

- Knowledge and/or practice gap-filling initiatives and programs that address GPE's priority thematic areas and enhance the capacity of the GPE developing country partners to meet their education goals
- Activities enabling scale-up of Global Good Practices
- Activities focused on improving GPE accountability by strengthening availability and quality of data

Other Eligible Activities:

- The annual GPE Secretariat Work Program and Budget
- Any other Activity approved by the GPE Board of Directors and agreed by the Donor.

5.2. The categories of expenditure to be financed by this Trust Fund are as follows:

For Recipient-executed Activities, the Contribution may be used to finance all expenditures allowable under the Bank's policies and procedures needed to provide support for ESP and IEP implementation.

For Bank-Executed Activities, the Contribution may be used to finance: (a) staff costs with indirects; (b) associated overheads; (c) consultant fees (individuals and firms); (d) travel expenses; (e) contractual services; (f) extended term consultants; (g) media, workshops, conferences and meetings; and (h) temporary support staff costs.

6. Governance/Decision Making Process for the Allocation of the Trust Fund Funds:

For specific purposes of this Trust Fund, the governance and organizational structure of the Trust Fund includes: the Board, the Secretariat, the Bank in its role as Trustee, and IBRD/IDA in its role as the Supervising Entity or Implementer.

The Board makes funding decisions for the Trust Fund, monitors Trust Fund utilization and ensures that the Trust Fund is being used in line with the objectives and policies of the Global Partnership for Education, upon recommendations of committees established by the Board as relevant.

The functions of the Board with respect to this Trust Fund include (but are not limited to) the following:

(a) amending the specific governance arrangements for this Trust Fund described herein, the Charter, or any other document setting out the governance of the Global Partnership for Education and the operating procedures of the Board and its committee(s);

(b) For Allocations in support of all country-level and global and regional level activities listed in Section 5 above:

(i) approving operational guidelines relating to the eligibility and prioritization of Developing Country Partners and global and regional organizations to submit Proposals;

(ii) proving all Allocations and informing the Secretariat and Trustee thereof;

(iii) approving the role of the Bank as Supervising Entity or Implementer.

(iv) approving Allocations for the Secretariat Work Program and Budget on an annual basis;

(c) approving any new Eligible Activities in addition to the activities listed in Section 5 above.

The composition and voting rights of the members of the Board and the procedures for decision-making by the Board shall be governed by the relevant provisions of the Charter, as may be amended from time to time in accordance with its terms.

The Board may delegate its responsibilities and decision-making authority over the Trust Fund to a committee of the Board, the Secretariat or to any other entity by means of a decision in writing approved by the Board in accordance with the terms of the Charter.

7. Administrative Cost Recovery

7.1 In order to assist in the defrayment of the costs of administration and other expenses incurred by the Bank under this Agreement, the Bank may deduct and retain for its own account an amount equal to two percent (2%) of each Contribution.

7.2 In addition, costs for program management and Trust Fund administration up to a maximum of 5% (five percent) of the Contribution in the holding currency will be charged to the trust fund on an actual basis.

7.3. 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.

8. Grants to Recipients

8.1. The Bank shall enter into grant agreements (the “Grant Agreements”) with Developing Country Partners selected in accordance with the governance of the Trust Fund (consistent with the purposes of this Agreement 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 Contribution Agreements between the Bank and the Donors. Upon request by a Donor, the Bank shall furnish a copy of the Grant Agreements to the Donors.

8.2. The Bank shall be responsible for the supervision of the activities financed under the Grant Agreements. Subject to the consent of the relevant Developing Country Partners, representatives of the Donors may be invited by the Bank to participate in Bank supervision missions related to the Trust Fund.

8.3. The Bank shall 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 shall afford the Donors the opportunity to exchange views before effecting any such modification or exercising any such remedy.

9. Employment of Consultants and Procurement of Goods

9.1. For Recipient-executed activities, 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 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.

9.2. For Bank-executed activities, the employment and supervision of any consultants and the procurement of any goods financed by the Contributions shall be the responsibility of the Bank and shall be carried out in accordance with its applicable policies and procedures.

10. Accounting and Financial Reporting

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

10.2. 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.

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

cash-based trust funds together with the Bank's external auditor's opinion thereon. The cost of the single audit shall be borne by the Bank.

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

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

11. Progress Reporting

11.1. The Bank 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 12.1, the Bank shall furnish to the Donors a final report on the activities financed by the Trust Fund.

11.2. Any Donor may review or evaluate activities financed by the Trust Fund. The Donor and the Bank shall agree on the scope and conduct of such review or evaluation, and the Bank shall provide all relevant information within the limits of its policies and procedures. All associated costs shall be borne by the Donor. It is understood that any such review or evaluation will not constitute a financial, compliance or other audit of the Trust Fund.

12. Disbursement; Cancellation; Refund

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

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

12.3. Following the final disbursement date specified in paragraph 12.1, the Bank shall return any remaining balance of the Contributions to the relevant Donor Balance Account on a pro rata basis based on the Donors' paid Contributions. In the event of a cancellation the Bank shall promptly return to the relevant Donor Balance Account the Donor's pro rata share of uncommitted Contributions in accordance with paragraph 12.2.

13. Disclosure

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

**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 workplan 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;
- taxes, duties and charges (unless the World Bank Group entity or the Recipient is not able to reclaim them and if allowed by the applicable regulatory provisions of the European Union).

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.

