The World Bank
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION

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Date: June 26, 2013

OFFICIAL DOCUMENTS

M.: Stephan Raes
Minister (Economic)
Royal Netherlands Embassy
4200 Linnan Ave. N.W.
Washington DC 20008

Trust Fund Administration Arrangement between the Netherlands Minister for Foreign Trade and Development Cooperation and the International Bank for Reconstruction and Development and the International Development Association concerning the Responsible Financial Inclusion and Financial Infrastructure Multi-Donor Trust Fund (TF 071874)

Dear Mr. Raes:

1. We are pleased to acknowledge on behalf of the International Bank for Reconstruction and Development ("IBRD") and the International Development Association ("IDA"), and together with IBRD, the "Bank") that the Netherlands, acting through the Minister for Foreign Trade and Development Cooperation (the "Donor") will make available as a grant the sum of twenty five million United States Dollars (USD 25,000,000) (the "Contribution") for the Responsible Financial Inclusion and Financial Infrastructure Multi-Donor Trust Fund (also known as the Financial Inclusion Support Framework (TF 071874) (the "Trust Fund") in accordance with the terms of this Arrangement. Other donors are also expected to contribute to the Trust Fund on the terms and conditions specified in the Annexes to this Arrangement.

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

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

   (a) promptly following countersignature of this Arrangement by the Donor and submission of a payment request by the Bank, six million two hundred and fifty thousand United States Dollars (USD 6,250,000);

   (b) on or before December 31, 2014, and upon submission of a payment request by the Bank, six million two hundred and fifty thousand United States Dollars (USD 6,250,000);

   (c) on or before December 31, 2015, and upon submission of a payment request by the Bank, six million two hundred and fifty thousand United States Dollars (USD 6,250,000); and
(d) on or before December 31, 2016, and upon submission of a payment request by the Bank, six million two hundred and fifty thousand United States Dollars (USD 6,250,000).

The Contribution is being provided in tranches on the basis of financial needs of the Trust Fund, such that if the speed of implementation of activities to be financed by the Trust Fund makes it necessary either to bring tranche forward or to delay them, the payment schedule will be amended as agreed by the Bank and the Donor.

4 When making such deposit, the Donor will instruct its bank to include in its payment details information (remittance advice) field of its SWIFT payment message, information indicating: the amount paid, that the payment is made by the Donor for TF 071874 (the Responsible Financial Inclusion and Financial Infrastructure Multi-Donor Trust Fund), and the date of the deposit (the “Deposit Instruction”). In addition, the Donor will provide a copy of the Donor’s Deposit Instruction to the Bank’s Accounting Trust Funds Division by e-mail sent to ttremitadvice@worldbank.org or by fax sent to (202) 614-1315.

5 In providing funds under this Arrangement, and without creating additional obligations on the part of the Bank, the Donor does not accept any responsibility or liability towards any third parties for any claims, debts, demands, damage or loss as a result of the implementation of the activities under the Trust Fund.

6 Except as provided for in paragraph 4 above, any notice, request or other communication to be given or made under this Arrangement will be in writing and delivered by mail, facsimile or e-mail to the respective party’s address specified below or at such other address as such party notifies in writing to the other party from time to time:

For the Bank:

Klaus Tilmes
Director
The World Bank
1818 H Street NW
Washington, DC 20433
U.S.A.

Tel: +1 202 434-903
E-mail: ktlnes@worldbank.org

For the Donor:

Bert van Geel
Strategic Policy Adviser
Ministry of Foreign Affairs
Bezuidenhoutseweg 64 | 2500 EB
The Hague | The Netherlands

Tel: +31(70) 484-429
Mobile: +31 611 986-3070
E-mail: Bert-van.geel@minbuza.nl
7. All annexes hereto constitute an integral part of this Arrangement. This Arrangement may be amended only in writing between the Bank and the Donor; provided, however, that such annexes may be amended only with the agreement of all donors contributing to the Trust Fund.

8. The Donor and the Bank will use their best efforts to amicable settle any dispute, controversy, or claim arising out of or relating to the Arrangement.

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

Sincerely,

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION

[Signature]

Janamitra Devan
Vice President and Head of Network
Financial Aid Private Sector Development

AGREED:

THE NETHERLANDS, acting through the
MINISTER FOR FOREIGN TRADE AND DEVELOPMENT COOPERATION

[Signature]

By: Stephan Raes
Minister (Economic)

Date: July 3, 2013
ANNEX 1

Description of Activities, Expenditures and Governance Arrangements for the Responsible Financial Inclusion and Financial Infrastructure Multi-Donor Trust Fund

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

A. DESCRIPTION OF ACTIVITIES

The development objective of the Trust Fund is to support policymakers and regulators in developing countries to significantly expand access to financial services for low income households and micro, small and medium enterprises, build essential financial infrastructure, and strengthen consumer protection and financial literacy frameworks.

The Trust Fund will support activities aimed at furthering its objectives, namely the provision of technical assistance in support of policy and regulatory reforms and capacity building for government agencies and ministries, regulators, financial institutions, civil society, and other relevant entities through, inter alia: (i) providing advisory services, (ii) preparing and conducting surveys, (iii) conducting diagnostic, statistical and analytical activities, (iv) generating databases, (v) preparing reports, guides or resources materials, (vi) undertaking training seminars, workshops and conferences, (vii) developing and maintaining informational websites, and (viii) assisting in the establishment and monitoring of pilot programs; to:

(a) design and implement reforms and other measures to promote responsible finance, including through strengthening consumer protection frameworks, and through developing financial literacy initiatives;
(b) develop and strengthen remittance and payment systems;
(c) assist in the design and implementation of national strategies to promote financial inclusion;
(d) assist in the development of financial infrastructure (including credit reporting systems and secured transaction frameworks);
(e) assist in the development of programs to improve access to financial services for micro, small and medium enterprises (MSMEs), including through regulatory reforms and trade finance initiatives; and
(f) assist in the development of programs to promote agricultural finance.

B. CATEGORIES OF EXPENDITURE

The Contributions may be used to finance: (a) staff costs with indirects; (b) consultant fees, individuals and firms; (c) travel expenses; (d) media, workshops, conferences and meetings costs; (e) associated overheads; (f) extended term consultants and (g) contractual services.

C. GOVERNANCE ARRANGEMENTS

It is anticipated that a steering committee will be established to: (i) provide strategic guidance and direction on the implementation of the Trust Fund activities; and (ii) review and endorse the annual work plans relating to the Trust Fund. The steering committee would be comprised of qualified representatives from the Bank and, at the choice of each donor, a representative of each
The steering committee would be chaired by the Vice President of the Bank's Private Sector Development Vice-Presidency, or due designee. The steering committee would meet promptly following effectiveness of the Trust Fund. It is envisaged that the steering committee will meet at least once annually. Steering committee meetings may be conducted via email, phone or in-person.
ANNEX 2

Standard Provisions Applicable to the Responsible Financial Inclusion and Financial Infrastructure Multi-Donor Trust Fund

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

1. Administration of the Contributions

1.1. The Bank will be responsible only for performing those functions specifically set forth in this Arrangement and will not be subject to any other duties or responsibilities to the Donors, including, without limitation, any duties or obligations that might otherwise apply to a fiduciary or trustee under general principles of trust or fiduciary law. Nothing in this Arrangement will be considered a waiver or any privileges or immunities of the IBRD and IDA under their Articles of Agreement or any applicable law, all of which are expressly reserved.

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

2. Commingling, Exchange and Investment of the Contributions

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

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

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

3. Administrative Cost Recovery

3.1. In order to assist in the defrayment of the costs associated with the establishment of the Trust Fund, the Bank may, following deposit of the first Contribution from any Donor to the Trust Fund, deduct and retain for its own account from that Contribution an amount equal to and not greater than thirty-five thousand United States Dollars (US$35,000).

3.2. In order to assist in the defrayment of the costs of administration and other expenses incurred by the Bank under this Arrangement, the Bank may deduct and retain for its own
account an amount equal to five percent (5%) of each Contribution. If the contributions increase beyond what was originally expected at the time of counter-signature of the first administration agreement, and the administrative costs increase as a result, the Donors acknowledge that an additional administrative fee may be applied to such new contributions.

4. **Procurement**

The employment and supervision of any consultants and the procurement of any goods financed by the Contributions will be the responsibility of the Bank and will be carried out in accordance with its applicable policies and procedures.

5. **Accounting and Financial Reporting**

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

5.2. The Bank will furnish to the Donors current financial information relating to receipts, disbursements and fund balance in the holding currency of the Trust Fund with respect to the Contributions via the World Bank’s Trust Funds Donor Center secure website. Within six (6) months after all commitments and liabilities under the Trust Fund have been satisfied and the Trust Fund has been closed, the final financial information relating to receipts, disbursements and fund balance in the holding currency of the Trust Fund with respect to the Contributions will be made available to the Donors via the World Bank’s Trust Funds Donor Center secure website.

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

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

6. **Progress Reporting**

6.1. The Bank will provide the Donors with semi-annual reports on the progress of activities financed by the Contributions. Within six (6) months of the final disbursement date specified in paragraph 7.1, the Bank will furnish to the Donors a final report on the activities financed by the Trust Fund.

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

7.1. It is expected that the Contributions will be fully disbursed by the Bank by December 31, 2017. The Bank will only disburse Contributions for the purposes of this Arrangement after such date with the written approval of the Donors.

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

7.3. Following the final disbursement date specified in paragraph 7.1., the Bank will return any remaining balance of the Contributions to the Donors or to the relevant Donor Balance Account on a pro rata basis based on the Donors’ paid Contributions. In the event of a cancellation the Bank will promptly return to the relevant Donor or Donors or to the relevant Donor Balance Account the Donor’s pro rata share of uncommitted Contributions in accordance with paragraph 7.2.

8. **Disclosure**

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