Administration Agreement between the Royal Ministry of Foreign Affairs of the Government of Norway and the International Development Association concerning the Ethiopia Sustainable Land Management Project (Phase 2) Multi Donor Trust Fund (No. TF072090)

1. International Development Association (the “Bank”) acknowledges that the Royal Ministry of Foreign Affairs of the Government of Norway (the “Donor”, and together with the Bank, the “Parties” and each a “Party”) agrees to provide the sum of three hundred five million Norwegian kroner (NOK 305,000,000) (the “Contribution”) for the Ethiopia Sustainable Land Management Project (“Phase 2”) Multi Donor Trust Fund (TF072090) (the “Trust Fund”) in accordance with the terms of this Administration Agreement for the planned period 2013-2018. Other donors are also expected to contribute to the Trust Fund on the terms and conditions specified in the Annexes to this Administration Agreement.

2. The Contribution shall be used to finance the activities set forth in the “Ethiopia Sustainable Land Management Project (Phase 2) Multi Donor Trust Fund Description” attached hereto as Annex 1, and shall be administered by the Bank on behalf of the Donor in accordance with the terms of this Administration Agreement, including the “Standard Provisions” attached hereto as Annex 2.

3. The Donor shall deposit the Contribution in accordance with the following tentative schedule and in the currency specified in Section 1 above (“Contribution Currency”) into such bank account designated by the Bank (each amount deposited hereinafter referred to as an “Installment”) upon submission of a payment request by the Bank:

   (A) Promptly following countersignature by November 27, 2013, forty million Norwegian kroner (NOK 40 million)
   (B) By November 27, 2014 and upon submission of a payment request by the Bank, sixty million Norwegian kroner (NOK 60 million)
   (C) By November 27, 2015 and upon submission of a payment request by the Bank, sixty million Norwegian kroner (NOK 60 million)
   (D) By November 27, 2016 and upon submission of a payment request by the Bank, sixty million Norwegian kroner (NOK 60 million)
   (E) By November 27, 2017 and upon submission of a payment request by the Bank, sixty million Norwegian kroner (NOK 60 million)
   (F) By June 20, 2018 and upon submission of a payment request by the Bank, twenty-five million Norwegian kroner (NOK 25 million)

4. When making any deposit, the Donor shall instruct its bank to include in its deposit details information (remittance advice) field of its SWIFT deposit message, information indicating: the amount deposited, that the deposit is made by the Donor for TF072090 (the “Ethiopia Sustainable Land Management Project (Phase 2) Multi Donor Trust Fund”), and the date of the deposit (the “Deposit Instructions”). In addition, the Donor shall provide a copy of the Deposit Instructions to the Bank’s Accounting Trust Funds Division by e-mail sent to tfremitadvice@worldbank.org or by fax sent to +1 (202) 614-1315.

5. Any transfer into the Trust Fund to be made under this Administration Agreement is subject to there being an appropriation by the Parliament of Norway for funds to make such transfer.
6. The Contribution is being provided in Installments on the basis of financial needs of the Trust Fund, such that if the speed of the implementation of the activities to be financed by the Trust Fund makes it necessary either to bring Installments forward or to delay them, the Installment schedule shall be amended as agreed by the Bank and the Donor.

7. Except with respect to the Deposit Instructions, any notice, request or other communication to be given or made under this Administration Agreement shall be in writing and delivered by mail, fax 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 (the “Bank Contact”):

Guang Zhe Chen  
Country Director for Ethiopia  
The World Bank  
P. O. Box 5515  
Addis Ababa, Ethiopia  
Tel: +251-11-517-6000  
Fax: +251-11-627-717  
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and

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Senior Environmental Specialist  
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Addis Ababa, Ethiopia  
Tel: +251-11-517-6000  
Fax: +251-11-627-717  
E-mail: edwumfour@worldbank.org

For the Donor (the “Donor Contact”):

Odd-Inge Kvalheim  
Ambassador  
Royal Norwegian Embassy, Addis Ababa, Ethiopia  
Tel: +251 (0)11 371 0799, Cell: +251 (0)911 224191  
Fax: +251-113713605/113711255  
oik@mfa.no  
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and

Håvard Hoksnes  
Counsellor/Head of Development Cooperation  
Royal Norwegian Embassy  
Addis Ababa, Ethiopia  
Tel: +251 11 371 07 99  
Fax: +251-113713605/113711255
8. In the event any amounts are to be returned to the Donor under this Administration Agreement, the Bank shall transfer such amounts to the bank account indicated in writing by the Donor.

9. All annexes hereto constitute an integral part of this Administration Agreement, whose terms taken together shall constitute the entire agreement and understanding between the Donor and the Bank. Unless otherwise specified in an annex hereto, this Administration Agreement may be amended only by written amendment between the Bank and the Donor.

10. Each of the Parties represents, by confirming its agreement below, that it is authorized to enter into this Administration Agreement and act in accordance with these terms and conditions. The Parties are requested to sign and date this Administration Agreement, and upon possession by the Bank of this fully signed Administration Agreement, this Administration Agreement shall become effective as of the date of the last signature.

INTERNATIONAL DEVELOPMENT ASSOCIATION

By: [Signature]
Name: Guang 2he CHEN
Title: Country Director
Date: August 30, 2013

ROYAL MINISTRY OF FOREIGN AFFAIRS OF THE GOVERNMENT OF NORWAY

By: [Signature]
Name: Tove Sturup
Title: Chargé d'affaires a.i.
Date: 30, 09, 13
ANNEX 1

Ethiopia Sustainable Land Management Project (Phase 2) Multi Donor Trust Fund

(Trust Fund Description)

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

1. Objectives

The objectives of the Ethiopia Sustainable Land Management Project (Phase 2) (“Project”) supported by the Trust Fund is to reduce land degradation and improve land productivity in selected watersheds in targeted Regions of the Federal Democratic Republic of Ethiopia’s (“Recipient”) territory, for which the Bank intends to provide to the Recipient: (a) a Credit in the amount of US$50 million, pursuant to a Financing Agreement to be signed between the Bank and the Recipient (the “Financing Agreement”); (b) a Global Environment Facility (GEF) Trust Fund Grant in the amount of US$8.33 million, pursuant to a GEF Trust Fund Grant Agreement to be signed between the Bank and the Recipient (the “GEF Trust Fund Grant Agreement”); and (c) a Least Developed Countries Fund Trust Fund (LDCF) in the amount of US$4.62 million, pursuant to a LDCF Trust Fund Grant to be signed between the Bank and the Recipient (the “LDCF Trust Fund Grant Agreement”).

2. Activities

The proposed higher objective level results indicators for the Project include:

- Total incremental land area brought under sustainable and climate-smart/resilient land management practices (ha).
- Total area restored or reforested/afforested on both individual and communal land (ha).
- Increase in the amount of biomass in the intervention areas (ton/ha).

2.1 Bank-executed Trust Fund (BETF) activities, for which the Bank has implementation responsibility:

(a) Climate-smart/resilient Sustainable Watershed and Land Management: Provide technical assistance to the Recipient and farmers about climate-smart/resilient and sustainable watershed and land management technologies and tools including advice on integrating climate adaptation and mitigation measures into small holder farming systems.

(b) Climate Smart Agriculture and Agroforestry Practices: Provide technical assistance to the Recipient and farmers about climate smart agriculture, agroforestry practices, climate resilient silvopastoral technologies, participatory forest management and soil and water conservation measures.

(c) Baseline Data Collection (Mapping), Monitoring and Evaluation and Institutional Development: Provide technical assistance to the Recipient to build and strengthen its baseline data collection, monitoring and evaluation and impact evaluation capabilities.

(d) Implementation Support: Carrying out enhanced supervision aimed at providing incremental support to the Recipient for the implementation of the Project activities.
2.2 Recipient-executed activities, for which the Recipient has implementation responsibility:

(a) Definitions: Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in this Agreement, Financing Agreement, and the following additional terms and expressions have the following meanings:

(i) “BoA” means any Bureau of Agriculture in the six Regional States of Amhara, Oromia, Tigray, Southern Nations, Nationalities and Peoples, Benshangul/Gumuz and Gambela within the Recipient’s territory.

(ii) “Kebele” means the lowest tier of government in the Recipient’s administrative system as established under the relevant Regional legislation.

(iii) “MoA” means the Recipient’s Ministry of Agriculture.

(iv) “Operating Costs” means the incremental costs incurred by MoA, BoA, WoA and WoFED based on annual budgets approved by the Bank, on account of Project implementation, management and monitoring, including fuel and operation and maintenance costs for vehicles; stationary and sundries; advertising and office running costs including services of office machines and equipment; purchase of materials for workshops; office supplies; communication charges; and venues for workshops and Training.

(v) “Region” means the following six Regional States: Amhara, Oromia, Tigray, Southern Nations, Nationalities and Peoples, Benshangul/Gumuz and Gambela within the Recipient’s territory as defined under the Recipient’s Constitution.

(vi) “SLM” means sustainable land management.

(vii) “SLM Support Unit” means the unit established within the MoA for the coordination of activities to be carried out under the Project, as referred to in paragraph (c) of Section I.A.1 of Schedule 2 to the Financing Agreement or the successor thereto.

(viii) “Training” means the Project-related expenses incurred by MoA, BoA, WoA and WoFED based on annual budgets approved by the Bank, for per diem, travel, purchase of Training materials and rental of facilities, and includes workshops and seminars.


(x) “WoFED” means the finance and economic development office in a selected Woreda.

(xi) “Woreda” means the third tier of government in the Recipient’s administrative system as established under the relevant Regional legislation.
(b) **Activities:** The Trust Fund shall provide support for the Project activities as follows:

**Part A. Integrated Watershed and Landscape Management**

Support for scaling up and adoption of appropriate sustainable land and water management technologies and practices by smallholder farmers and communities in selected watersheds and Woredas in the Recipient’s territory as follows:

1. **Sustainable Natural Resource Management in Public and Communal Lands**

   Implementation of a set of environmental measures required for the rehabilitation of degraded lands with the aim of stabilizing the highland areas of the watersheds and increasing their ecological services and productivity mainly through communal infrastructure and income generating activities, including, *inter alia,* adoption of suitable biological and physical conservation measures, such as soil and water conservation measures.

2. **Homestead and Farmland Development, Livelihood Improvements and Climate-smart Agriculture**

   Enhancing the incomes and livelihood of the communities and farmers through income generating and value added activities both at the homestead and farm level, through increased adaptation of the watershed to rainfall patterns and adverse climatic events, combined with reduced degradation-related risks to provide suitable conditions for adoption of improved, climate-smart farming practices.

**Part B. Institutional Strengthening, Capacity Development and Knowledge Generation and Management**

Strengthening and enhancing capacity at the institutional level and building relevant skills and knowledge of key stakeholders including the Recipient’s agencies, research organizations and academia involved in the sustainable management of natural resources, as well as the private sector, community leaders and smallholder farmers, through:

1. **Improvements to Policy Framework Conditions**

   Review, harmonization, and revision of the legislative, policy and regulatory frameworks for sustainable land and water management at the federal, regional, and Woreda levels with the aim to combat land degradation and encourage sustainable land and water management.

2. **Institutional Strengthening and Capacity Development**

   (a) Development of capacity of relevant stakeholders, including relevant public sector organizations research and academia, rural communities and smallholder farmers for successful implementation of sustainable and climate-smart land water management activities; and

   (b) Development of a harmonized land information system and strengthening of institutional and policy frameworks for geo-referenced rural land administration, carbon stock sequestration in bio-mass and soils, land use and certification, and sustainable and climate resilient land and water management.
3. **Knowledge Generation and Management**

Enhancement of the knowledge and information sharing of shareholders regarding the adoption of sustainable natural resource management, sustainable land and water management practices, climate-smart and conservation agricultural technologies and practices in the selected water sheds and throughout the Recipient’s territory.

**Part C: Rural Land Administration, Certification and Land Use**

Improvement of tenure security of small-holder farmers through support of the on-going program of the Recipient providing land certificates to landholders, Recipient, by enhancing rural land certification and administration as well as local level land use planning at watersheds or Kebeles, through:

1. **Rural Land Administration and Certification**

Enhancing of security of tenure for smallholder farmers in water sheds under the project, by supporting the process of awarding individual land certifications.

2. **Local level Participatory Land Use Planning**

Preparation of local land use plans for decision making on the best uses of land and its resources for improved, alternative, sustainable and productive development at the grass root level.

**Part D: Project Management**

Provision of technical assistance and Operating Costs: (i) to support the operation of the SLM Support Unit including Project management, and monitoring and evaluation of the Project; (ii) for all public agencies involved in Project implementation at the central, regional, and district level; and (iii) for coordination with other SLM partners. The key output/outcome of this component would be the active and full participation of key stakeholder groups (including women, youth, underserved, etc.) and effective coordination among these various players as well as satisfactory implementation of Project activities with due diligence and integrity in terms of fiduciary aspects (procurement and financial management), environmental and social safeguard implementation and reliable and accurate reporting on project performance.

3. **Trust Fund Eligible Expenditures**

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

(a) Associated overheads  
(b) Consultant fees individuals and firms  
(c) Contractual services  
(d) Equipment and office premises lease cost  
(e) Extended term consultants (with no indirect costs)  
(f) Extended term consultants (with indirect costs)  
(g) Field Assignment benefits  
(h) Media, Workshop, conference and meeting costs  
(i) Staff costs (with indirect costs)  
(j) Staff costs (with no indirect costs)  
(k) Temporary support staff costs (with indirect costs)  
(l) Temporary staff costs (with no indirect costs)
(m) Travel expenses.

3.2 For Recipient-executed activities, the Trust Fund funds may be used to finance:

(a) Civil works
(b) Consultant services
(c) Goods
(d) Operating Costs
(e) Training
(f) Other (non-consulting services)

4. Taxes

4.1 The foregoing activities and categories of expenditures may include the financing of taxes in accordance with the Bank’s applicable policies and procedures.
Standard Provisions

This Annex shall be applicable to and form an integral part of all Administration Agreements between the Bank and the respective Donors.

1. Administration of the Contributions

1.1 The Bank shall be responsible only for performing those functions specifically set forth in this Administration 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 trustee under general principles of trust or fiduciary law. Nothing in this Administration 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.

1.2 Each Donor’s Contribution (collectively, the “Contributions”) 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 procurement, financial management, disbursement and safeguard policies, 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 Donors acknowledge 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 a Donor.

2. Management of the Contributions

2.1 The funds deposited in the Trust Fund shall be accounted for as a single trust fund and shall be kept separate and apart from the funds of the Bank. The funds deposited in the Trust Fund may be commingled with other trust fund assets maintained by the Bank. The Bank, in its capacity as trustee, has legal title to the funds deposited in the Trust Fund.

2.2 The currency in which the funds in the Trust Fund shall be held is the United States Dollars (the “Holding Currency”).

2.3 Donors agree to deposit their Contributions in the Contribution Currency stated in their respective Administration Agreements. In the case of deposits received in a Contribution Currency other than the Holding Currency, promptly upon the receipt of such amounts and the accompanying Deposit Instructions, 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 deposits prove to be insufficient to complete activities as a result of exchange rate fluctuations, neither the Bank nor the Donor shall bear any responsibility for providing any additional financing.

2.4 The funds deposited in the Trust Fund may be freely exchanged by the Bank into other currencies as may facilitate their disbursement at the exchange rate obtained by the Bank on the date of the conversion.

2.5 The Bank shall invest and reinvest the funds deposited in the Trust Fund pending their disbursement in accordance with the Bank’s applicable 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 same purposes as the Contribution.

3. **Trust Fund Fees and Costs**

3.1 The Bank shall deduct and retain for its own account, as a deduction from each Installment, an amount equal to two percent (2%) per Installment as an administrative fee for the Trust Fund.

3.2 In addition, costs incurred by the Bank for other expenses, such as for program management and Trust Fund administration, that are: (i) not covered by the percentage deduction specified above as an administrative fee; and (ii) not included under Annex 1 of the Administration Agreements in accordance with the Bank’s applicable policies and procedures shall be charged to the Trust Fund on an actual basis up to a maximum of zero point nine six percent (.96%) of the total Contributions under all Administration Agreements.

3.3 Each Donor acknowledges and agrees that the percentage deductions for fees in this Trust Fund Fees and Costs section are estimated on the basis of anticipated Contributions. If actual Contributions significantly differ from what was originally anticipated at the time of signature of the first Administration Agreement, or if other circumstances affecting Trust Fund fees or costs change, the Bank reserves the right to request a change to the terms of this Trust Fund Fees and Costs section, which would be effectuated by amendments made to the Administration Agreements of all Donors and which would thereafter be applicable to all new Contributions that are provided either as amendments to supplement existing Administration Agreements or from new Donors under new Administration Agreements.

4. **Accounting and Financial Reporting**

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

4.2 The Bank shall furnish to the Donors current financial information relating to receipts, disbursements and fund balance in the Holding Currency 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 with respect to the Contributions shall be made available to the Donors via the World Bank’s Trust Funds Donor Center secure website.

4.3 The Bank shall provide to the Donors via the World Bank’s Trust Fund Donor Center secure website, within six (6) months following the end of each Bank fiscal year, an annual single audit report, comprising (i) 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 (ii) 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.

4.4 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 borne by the requesting Donor.
4.5 The Bank shall make available to the Donors copies of all financial statements and auditors' reports received by the Bank from Recipients pursuant to any Grant Agreements (as defined below) in accordance with the Bank's Access to Information Policy.

5. **Progress Reporting**

5.1 The Bank shall provide the Donors with semi-annual reports on the progress of activities financed by the Contributions. Within six (6) months of the End Disbursement Date (as defined below), the Bank shall furnish to the Donors a final report on the activities financed by the Trust Fund.

5.2 Any Donor may review or evaluate activities financed by the Trust Fund at any time up to six (6) months following the End Disbursement Date. 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 the Bank's applicable policies and procedures. All associated costs, including any costs incurred by the Bank, shall be borne by the Donor. It is understood that any such review or evaluation shall not constitute a financial, compliance or other audit of the Trust Fund.

6. **Disbursement; Cancellation; Refund**

6.1 It is expected that the funds deposited in the Trust Fund shall be fully disbursed by the Bank by June 30, 2019 (the “End Disbursement Date”). The Bank shall only disburse funds deposited in the Trust Fund for the purposes of this Administration Agreement (other than returns to Donors) after such date to the extent such date is changed in accordance with amendments made to the Administration Agreements of all the Donors. Following the End Disbursement Date, the Bank shall return any remaining balance of the Trust Fund to each Donor in the Holding Currency in the manner specified in its respective Administration Agreement on a pro rata basis with regard to the total funds deposited in the Trust Fund by such Donor relative to the total funds deposited in the Trust Fund by all Donors, all calculated as Holding Currency amounts.

6.2 Any Donor may cancel all or part of such Donor’s pro rata share, and the Bank may cancel all or any Donors’ pro rata shares, upon three (3) months’ prior written notice, of any Contributions (paid and not yet paid) that are not committed pursuant to any agreements entered into between the Bank and any consultants and/or other third parties for the purposes of this Administration Agreement, including any Grant Agreements, prior to the receipt of such notice. In the event of a cancellation, the Bank shall promptly return to the relevant Donor or Donors in the Holding Currency in the manner specified by each such Donor in its respective Administration Agreement the pro rata share(s) of any such uncommitted balance of the Trust Fund, in accordance with any additional terms that may be agreed between the Bank and each such Donor.

7. **Disclosure; Dispute Resolution**

7.1 The Bank shall disclose the Administration Agreements and related information on this Trust Fund in accordance with the Bank's Policy on Access to Information. By entering into Administration Agreements, the Donors consent to such disclosure of their respective Administration Agreements and such related information.

7.2 The Donors and the Bank shall use their best efforts to amicably settle any dispute, controversy, or claim arising out of or relating to the Administration Agreements.
8. **Grants to Recipients**

8.1 The Bank shall, as administrator of the Trust Fund on behalf of the Donors, enter into one or more grant agreements (the “Grant Agreements”) with recipients (the “Recipients”) consistent with the purposes of this Administration 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 Administration Agreements between the Bank and the Donors. Upon request by a Donor, the Bank shall furnish a copy of the Grant Agreement to the Donors.

8.2 The Bank shall be responsible for the supervision of the activities financed under any Grant Agreements. Subject to the consent of any relevant Recipients, 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.