Ms. María Erla Marelsdóttir  
Director General  
Directorate for International Development Cooperation  
Ministry for Foreign Affairs  
Rauðarárstígur 25, IS-150 Reykjavík  
Iceland

administration agreement between the Ministry for Foreign Affairs of Iceland and the International Bank for Reconstruction and Development and the International Development Association for the Donor Funded Staffing Program ("DFSP") (TF 072033) (the "Fund")

Dear Ms. Marelsdóttir:

1. We are pleased to acknowledge on behalf of the International Bank for Reconstruction and Development ("IBRD") and the International Development Association ("IDA") (collectively, the "Bank") that the Ministry for Foreign Affairs of Iceland (the "Donor") shall make available as a grant the sum of One Million United States dollars (US$1,000,000.00) (the "DFSP Funds") for the Donor Funded Staffing Program (the "Trust Fund") (TF 072033) in accordance with the terms of this Agreement.

2. The DFSP Funds shall be used to finance the programs described in the "Description of the Junior Level Window" and the "Description of the Mid-Career Level Window" attached hereto as Annex 1 and 2, respectively.

3. The DFSP Funds shall be administered by the Bank on behalf of the Donor in accordance with the terms of this Agreement and the "Standard Provisions Applicable to the Donor Funded Staffing Program (DFSP)" (the "Standard Provisions for the DFSP") attached hereto as Annex 3.

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

   (a) promptly following countersignature of this Agreement by the Donor, the Bank will transfer out from the Donor’s balance account (TF 059105) USD 230,000 into this Trust Fund account,

   (b) on or before December 31, 2013, USD 270,000 and submission of a payment request by the Bank,

   (c) on or before December 31, 2014, USD 500,000 and submission of a payment request by the Bank.
5. When making each such deposit, the Donor shall 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 072033) (the “Donor Funded Staffing Program”), and the date of the deposit (the “Deposit Instruction”). In addition, the Donor shall provide a copy of the Donor’s Deposit Instruction to the Bank’s Accounting Trust Funds Division by e-mail sent to tfremitadvice@worldbank.org or by fax sent to (202) 614-1315.

6. Any income earned from investing and reinvesting any of the Donor’s DFSP Funds pending their disbursement in accordance with the Bank’s policies and procedures for the investment of funds administered by the Bank shall transferred to the Donor’s balance account (TF 059105).

7. It is expected that any existing DFSP Funds will be fully disbursed by the Bank in accordance with the provisions of this Agreement by October 31, 2020 (the “Final Disbursement Date”). The Bank shall only disburse such DFSP Funds for the purposes of this Agreement after the Final Disbursement Date with the written approval of the Donor.

8. Any notice, request or other communication to be given or made under this Agreement shall 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 (the Bank Contact):

Rosario Anna Zorrilla
Program Coordinator,
Donor Funded Staffing Program
Human Resources Services Partnerships Program
The World Bank
1818 H Street, NW
Washington, DC 20433
U.S.A.

Tel: +1-202-473-4218
Fax: +1-202-473-0901
E-mail: rzorrilla@worldbank.org

For the Donor (the Donor Contact):

Pállina Björk Matthíasdóttir
Adviser, Department for International Development Cooperation
Ministry for Foreign Affairs
Rauðarárstígur 25
IS-150 Reykjavik
Iceland

Tel: +354-545-7429
Fax: +354-545-7424
E-mail: pbm@mfa.is
9. All annexes hereto constitute an integral part of this Agreement. This Agreement may be amended only by written agreement between the Bank and the Donor; provided, however, that such annexes may only be amended with the agreement of all donors participating in the DFSP ("DFSP Donors"); and provided further that the Bank shall have the right to modify any of the annexes hereto from time to time as specified therein without an amendment to this Agreement.

10. All references to "Donor" in Annexes 1 and 2 shall refer to the Donor to this Agreement.

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

Sincerely,

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION

[Signature]
Sean T. McGrath
Vice President
Human Resources Services

CONFIRMED AND AGREED:

MINISTRY FOR FOREIGN AFFAIRS OF ICELAND

By: [Signature]  Date: 16 April 2013
María Erla Marelsdóttir
Director General
Description of the Junior Level Window

The DFSP junior level window shall be managed as a harmonized program in accordance with Bank policies and procedures. The description below may be modified from time to time to remain compliant with Bank rules, policies and procedures. The Bank will notify such modifications to the contacts of all DFSP Donors at that time.

1. Any funds contributed to the DFSP (DFSP Funds) shall be used to finance the appointment of Bank staff who are:

   a) Persons not over 32 years old at entry on duty, with at least two years of relevant experience.
   b) Fully compliant with the selection criteria listed in the relevant terms of reference (TOR).
   c) Hired for positions in the Bank’s operational and core units and based in the Bank’s headquarters, country or field offices or in the headquarters of the Multilateral Investment Guarantee Agency.
   d) The title for the positions funded under the DFSP junior level window shall be Junior Professional Officer (JPO).
   e) Donor nationals.
   f) Hired for certain sectors if specified by the Donor and approved by the Bank.

2. Donor support shall be solicited in accordance with the following procedure:

   a) On a yearly basis the Bank will solicit Donor preferences as to whether the Donor will fund positions in certain specific sectors or regions. The Donor may notify any changes to its preferences to the Bank Contact at any time; provided that no such change will affect positions previously approved by the Donor.
   b) The Bank shall notify the Donor Contact in writing of positions for the Donor to consider. Such notification shall include the relevant Terms of Reference (TOR), based solely on business needs, for Donor review.
   c) The Donor Contact shall notify the Bank Contact within a specified time period of its approval for funding the position.

3. If the Donor expresses interest in funding a position, the Donor will provide a list of potential candidates for the position to the Bank Contact following public advertisement (at the Donor’s cost), such as through the Donor’s web site, placement agencies, national newspapers, and publications or directly from the Donor’s own pipeline.

4. The pool of candidates assembled under point 3 shall be reviewed in accordance with the following procedure:

   a) The Donor shall select three or more candidates meeting the requirements in point 1 and notify them to the Bank Contact in writing.
   b) The Bank shall decide on the final shortlist, and the Bank Contact will communicate such decision to the Donor.
5. The final selection shall occur as follows:
   a) The Bank shall interview the final shortlisted candidates. The Bank shall in its
discretion make the final selection in accordance with Bank rules, policies and
procedures, including the Bank’s rules and practices regarding conflicts of interest,
disclosure and use of confidential information.
   b) The Bank shall notify the Donor Contact of the final selection.
   c) The Donor shall ensure that the necessary DFSP Funds (i.e., as specified in the
selection notification and cost estimate) are available in such Donor’s DFSP Fund for
the agreed position and candidate prior to the Bank’s Letter of Appointment being
issued (as defined below) for such staff. DFSP Funds may be (i) used from any
remaining balance in the Donor’s DFSP, (ii) directly transferred by the Donor to the
Bank in accordance with an agreement or amendment thereto, and/or (iii) transferred
by the Bank from the Donor’s Balance Account with the Bank to the Donor’s DFSP
under the terms of any agreement pertaining to such balance account and in
accordance with an agreement or amendment thereto.

6. Bank staff funded under the DFSP shall be appointed in accordance with the following
criteria:
   a) Appointments shall be made under a coterminous term appointment in accordance
with Bank Staff Rule 4.01, paragraph 2.02.
   b) The length of appointment shall not exceed the term of the DFSP Funds and the total
cost for the appointment, including salary and benefits and, shall not exceed the
available deposited Funds net of the administrative fee.
   c) Eligible expenditures for DFSP staff appointments are the full costs of (i) annual
salary; (ii) annual benefits; and overseas assignment benefits.
   d) DFSP junior level staff appointments are initially for twenty four months (24). An
extension for a further period of twelve (12) months (for a total of 36 months) may be
provided upon agreement by Bank and Donor if the Bank has committed to a non-
coterminous appointment for a period of no less than twenty-four (24) months.
   e) DFSP staff appointments shall be subject to satisfactory completion of all Bank
selection procedures, including any relevant reference checks and security clearances.
   f) Ineligible expenditures are indirect costs, mission travel and training, as defined
under Bank rules.
   g) DFSP staff may apply for advertised vacancies at the Bank at any time during their
assignment. If Bank offers an appointment, the Donor shall be informed by the
Bank.

7. In addition, the following terms shall apply to any DFSP staff appointments:
   a) All DFSP staff appointments shall be made in accordance with the Bank’s policies
and procedures, which in the case of conflict shall prevail over the terms of any
DFSP Agreements.
   b) The Bank shall retain final discretion over which candidates are selected and hired.
   c) The Bank shall have no obligation to extend or convert DFSP staff appointment
beyond the initial two (2) year term.
   d) The duration and specific terms of each DFSP staff appointment shall be detailed in
an employment contract signed by the Bank and the selected candidate for the DFSP
staff position (Letter of Appointment).
e) The Bank shall have the right to terminate a DFSP staff employment contract at any time if adequate DFSP Funds for the position are not available, as per Bank Staff Rule 4.01, paragraph 2.02.

f) If an individual filling a DFSP staff position separates from the Bank before the end date of the appointment duration, or if a DFSP staff position is completed at a cost less than the funds provided for such position, any residual funds shall be returned to the Donor’s DFSP fund to be made available in the Donor’s DFSP fund for approved DFSP staff positions.

g) Participation in the Bank’s Pension Plan is mandatory.

h) No Letter of Appointment shall be signed by the Bank before the necessary DFSP Funds for the position are confirmed as received in the Donor’s DFSP fund.

Notwithstanding any statement made herein, all DFSP appointments shall at all times be subject to all Bank rules, policies and procedures, including but not limited to orientation and induction programs, conflict of interest, performance evaluation, performance management, and salary increase.
Description of the Mid-Career Level Window

The DFSP mid-career level window shall be managed as a harmonized program in accordance with the Bank’s policies and procedures. The description below may be modified from time to time to remain compliant with Bank rules, policies and procedures.

The Bank will notify such modifications to the contacts of all DFSP Donors at that time.

1. Any funds contributed to the DFSP (DFSP Funds) shall be used to finance the appointment of Bank staff who are:
   a) At mid-career levels (GF and above under Bank rules).
   b) Fully compliant with the selection criteria listed in the relevant terms of reference (TOR).
   c) Hired for positions in the Bank’s operational and core units and based in the Bank’s headquarters, country or field offices, or in the headquarters of the Multilateral Investment Guarantee Agency.
   d) Donor nationals
   e) Hired for certain sectors if specified by the Donor and approved by the Bank.

2. Donor support shall be solicited in accordance with the following procedure:
   a) On a yearly basis, the Bank will solicit Donor preferences as to whether the Donor will fund positions in certain sectors or regions. The Donor may notify any changes to its above preferences to the Bank Contact at any time; provided that no such change will affect positions previously approved by the Donor.
   b) The Bank shall notify the Donor Contact in writing of the positions for the Donor to consider. Such notification shall include the relevant TOR, based solely on business needs, along with the applicable entry salary and market reference point (MRP) of the salary structure for the relevant grade level, for Donor review.
   c) The Donor Contact shall notify the Bank Contact within a specified time period of its approval for funding the position.

3. If the Donor expresses interest in funding a position, the Donor will provide a list of potential candidates for the position to the Bank Contact following public advertisement (at the Donor’s cost), such as through the Donor’s web site, placement agencies, national newspapers, and publications or directly from the Donor’s own pipeline.

4. The pool of candidates assembled under point 3 shall be reviewed in accordance with the following procedure:
   a) The Donor shall select three or more candidates meeting the requirements in point 1 and notify them to the Bank Contact in writing.
   b) The Bank shall decide on the final shortlist, and the Bank Contact will communicate such decision to the Donor.
   c) The Bank shall submit the final shortlist to the relevant Bank Sector Board for approval.
5. The final selection shall occur as follows:

a) The Bank shall interview the final shortlisted candidates. The Bank shall in its discretion make the final selection in accordance with Bank rules, policies and procedures, including the Bank’s rules and practices regarding conflicts of interest, disclosure and use of confidential information.

b) The final selected candidate must be cleared by the relevant Bank Sector Board. The Sector Board approval process will follow the rules of each specific Sector Board.

c) The Bank shall notify the Donor Contact of the final selection.

d) The Donor shall ensure that the necessary DFSP Funds (i.e., as specified in the selection notification and cost estimate) are available in such Donor’s DFSP Funds for the agreed position and candidate. Such funds shall be physically located in such Donor’s DFSP Funds prior to signature by the Bank of a Letter of Appointment (as defined below) for such staff and may be (i) used from any remaining balance in the Donor’s DFSP Funds, (ii) directly transferred from the Donor to the Bank in accordance with an agreement or amendment thereto, and/or (iii) internally transferred by the Bank from any previously existing funds remaining in the Donor’s balance account with the Bank to the Donor’s DFSP Funds under the terms of any agreement pertaining to such balance account and in accordance with an agreement or amendment thereto.

6. Bank staff funded under the DFSP shall be appointed in accordance with the following criteria:

a) Appointment of DFSP staff shall be made under a coterminous term appointment in accordance with Bank Staff Rule 4.01, paragraph 2.02.

b) The length of appointment shall not exceed the term of the DFSP Funds and the total cost for the appointment, including salary and benefits and, shall not exceed the available deposited Funds net of the administrative fee.

c) Eligible expenditures for DFSP staff appointments are the full costs of (i) annual salary, (ii) annual benefits, and (iii) overseas assignment benefits.

d) Ineligible expenditures are indirect costs, mission travel and training, all as defined under Bank rules.

e) DFSP staff appointments under the mid-career level window are initially for twenty four months (24). An extension for a further period of twelve (12) months (for a total of 36 months) may be provided upon agreement by Bank and Donor if Bank has committed to non-coterminous appointment for a period of no less than twenty-four (24) months.

f) DFSP staff appointments shall be subject to satisfactory completion of all Bank selection procedures, including any relevant reference checks and security clearances.

g) DFSP staff may apply for advertised vacancies at the Bank at any time during their assignment. If Bank offers an appointment, Donor shall be informed by the Bank.

7. In addition, the following terms shall apply to any DFSP staff appointments:

a) All DFSP staff appointments shall be made in accordance with the Bank’s rules, policies and procedures, which in the case of conflict shall prevail over the terms of any DFSP Agreements.

b) The Bank shall retain final discretion over which candidates are selected and hired.

c) The Bank shall have no obligation to extend or convert DFSP staff appointment beyond the initial two (2) year term.
d) The duration and specific terms of each DFSP staff appointment shall be detailed in an employment contract signed by the Bank and the selected candidate for the DFSP staff position (Letter of Appointment).

e) The Bank shall have the right to terminate a DFSP staff employment contract at any time if DFSP Funds for the position are stopped or unavailable, subject to Bank Staff Rule 4.01, paragraph 2.02

f) If an individual filling a DFSP staff position separates from the Bank before the end date of the appointment duration, or if a DFSP staff position is completed at a cost less than the funds provided for such position, any residual funds shall be returned to the Donor’s DFSP Funds to be made available in the Donor’s DFSP Funds for approved DFSP staff positions.

g) Participation in the Bank’s Pension Plan is mandatory.

h) No Letter of Appointment shall be signed by the Bank before the necessary DFSP Funds for the position are confirmed as received in the Donor’s DFSP Funds.

Notwithstanding any statement made herein, all DFSP appointments shall at all times be subject to all Bank rules, policies and procedures, including but not limited to orientation and induction programs, conflict of interest, performance evaluation, performance management, and salary increase.
Standard Provisions Applicable to the Donor Funded Staffing Program (DFSP)

The following provisions (hereinafter referred to as the “Standard Provisions”) shall be applicable to and form an integral part of all agreements entered into between the Bank and Donor countries and/or organizations (hereinafter referred to as the “DFSP Donors” and each a “Donor”) that provide funds (referred to as the “DFSP Funds”) to be administered by the Bank for the Donor Funded Staffing Program (hereinafter referred to as the “DFSP”). These Standard Provisions may be modified from time to time to remain compliant with Bank rules, policies and procedures. The Bank will notify such modifications to the donor contacts of all DFSP Donors at that time.

1. Administration of the DFSP Funds

1.1. The Bank shall be responsible only for performing those functions specifically set forth in this Agreement and shall not be subject to any other duties or responsibilities to the DFSP 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 Agreement shall be considered a waiver of privileges or immunities of the Bank under its Articles of Agreement or any applicable law, all of which are expressly reserved.

1.2. The DFSP Funds 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 of Charter of the United Nations. The DFSP 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 DSFP Donor, nor shall it be deemed a waiver, express or implied, of the privileges and immunities of the Bank.

2. Commingling, Exchange and Investment of the DFSP Funds

2.1. The DFSP shall be accounted for as a single trust fund and shall be kept separate and apart from the funds of the Bank. The Donor’s DFSP Funds may be commingled with other fund assets maintained by the Bank, but shall be kept separate and apart from the funds of the Bank.

2.2. The Donor’s DFSP Funds may be freely exchanged by the Bank into other currencies as may facilitate their disbursement.

2.3 The Bank shall invest and reinvest the Donor’s DFSP Funds pending their disbursement in accordance with the Bank’s policies and procedures for the investment of funds administered by the Bank.

3. Administrative Cost Recovery

3.1. In order to assist in the defrayment of the costs associated with the establishment of the DFSP, the Bank may, following deposit of the DFSP Funds by the DFSP Donor to the DFSP, deduct and retain for its own account from the DFSP Funds 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, the Bank shall, following deposit of any DFSP Funds, deduct from such funds and retain for the Bank’s own account an amount equal to five percent (5%) of the DSFP Funds.

4. **DFSP Staff Appointments**

4.1. The Bank shall, as administrator on behalf of the DFSP Donors, enter into employment contracts (“Letters of Appointment”) with candidates selected in accordance with the DFSP as specified in Annex 1 and Annex 2 of the Donor’s Agreement for the provision of DFSP Funds in accordance with such agreement and on the terms and conditions set forth in the Letters of Appointment.

4.2. The Bank shall be solely responsible for the supervision of the DFSP staff financed under Letters of Appointment.

5. **Accounting and Financial Reporting**

5.1. The Bank shall maintain separate records and ledger accounts in respect of the DFSP Funds deposited in the Donor’s DFSP funds account and disbursements made therefrom.

5.2. 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 DFSP Funds 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 DFSP Funds will be made available to the Donors via the World Bank’s Trust Funds Donor Center secure website.

5.3. The Bank shall provide to the Donor, via the World Bank’s Trust Funds Donor Center secure website, 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.

5.4. If a Donor wishes to request, on an exceptional basis, a financial statement audit by the Bank’s external auditors of the Donor’s DFSP Funds, 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 most 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 Donor.

6. **Disbursement; Cancellation; Refund**

6.1. It is expected that the DFSP Funds will be fully disbursed by the Bank in accordance with the provisions of its Agreement by the Final Disbursement Date. The Bank shall only disburse the
DFSP Funds for the purposes of such Donor’s Agreement after the Final Disbursement Date with the written approval of such Donor.

6.2. The Donor or the Bank may, upon three (3) months’ prior written notice, cancel all or part of any remaining balance of the DFSP Funds that are not committed pursuant to any agreements entered into between the Bank and any DFSP staff funder under this Agreement prior to the receipt of such notice. Unless the parties to the Agreement otherwise agree, any agreement entered into between the Bank and DFSP staff funded by the Donor’s DFSP Funds prior to receipt of the written notice of termination shall not be affected by the cancellation, and the Bank shall be entitled to continue to receive and disburse DFSP Funds to fulfill the Bank’s obligations to the DFSP staff.

6.3. Following the Final Disbursement Date, the Bank shall return any remaining balance of the DFSP Funds to the Donor (or to the Donor Balance Account) based on the Donor’s paid DFSP Funds. In the event of a cancellation the Bank shall promptly return to the Donor (or to the Donor Balance Account) the uncommitted DFSP Funds in accordance with paragraph 6.2.

7. Disclosure

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