

**OFFICIAL
DOCUMENTS**

TRUST FUND NUMBER TF073024

Administration Arrangement

**(concerning the Sint Maarten Hurricane Irma Reconstruction, Recovery and Resilience
Program Single-Donor Trust Fund)**

between

THE GOVERNMENT OF THE NETHERLANDS

and

**INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT**

April 16, 2018

Administration Arrangement between the Government of the Netherlands and the International Bank for Reconstruction and Development concerning the Sint Maarten Hurricane Irma Reconstruction, Recovery and Resilience Program Single-Donor Trust Fund (TF073024); Donor Reference No. H4-251605-10078-49010

WHEREAS, Sint Maarten sustained severe damage caused by Hurricane Irma on September 6, 2017;

WHEREAS, the Government of the Netherlands, through the International Bank for Reconstruction (“World Bank”), seeks to provide trust fund financing to support the reconstruction and recovery efforts in Sint Maarten as described in this Arrangement;

WHEREAS, the Government of the Netherlands internally endorsed for the carrying out of its own role as a member of the Steering Committee, a document dated March 6, 2018, titled, *Guiding Principles of The Netherlands Regarding the Execution of the Trust Fund for the Recovery of Sint Maarten*, which is included as an appendix to this Arrangement at the request of the Government of Netherlands solely for reference, as may be relevant, without prejudice to the decisions of the Steering Committee to be established for this Trust Fund, or the determination of the Bank as to the relevance of the individual principles and their consistency with the terms of this Arrangement and its annexes and with the World Bank’s policies and procedures, including its Articles of Agreement; and

NOW, therefore, the Government of the Netherlands and the World Bank decide to the following arrangement:

1. The International Bank for Reconstruction and Development (the “World Bank” or “Bank”) acknowledge that the Government of the Netherlands as represented by the State Secretary of the Interior and Kingdom Relations (the “Donor”, and together with the Bank, the “Participants” and each a “Participant”) has decided to provide the sum of four hundred seventy million Euros (€470,000,000) (the “Contribution”) for the Sint Maarten Hurricane Irma Reconstruction, Recovery and Resilience Program Single-Donor Trust Fund (TF073024) (the “Trust Fund”) in accordance with the provisions of this Administration Arrangement.

2. The Contribution will be used to finance the activities set forth in the “Sint Maarten Hurricane Irma Reconstruction, Recovery and Resilience Program Single-Donor Trust Fund Description” attached hereto as Annex 1, and will be administered by the Bank on behalf of the Donor in accordance with the provisions of this Administration Arrangement, including the “Standard Provisions” attached hereto as Annex 2 and the provisions on “Governance” attached hereto as Annex 3.

3. The Donor will deposit the Contribution in accordance with the following schedule and in the currency specified in paragraph 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: EUR 112,000,000
- (B) By October 15, 2018: EUR 150,000,000
- (C) By April 15, 2019: EUR 120,000,000
- (D) By October 15, 2019: EUR 88,000,000

4. The Contribution is being provided in Installments on the basis of financial needs of the Trust Fund. If the Bank determines, on the basis of the speed of the implementation of the activities and availability of funds in the Trust Fund, that it is necessary to either bring Installments forward or delay them, the Bank and the Donor will mutually decide to revise the Installment schedule, as confirmed by the Bank to the Donor in writing.

5. When making any deposit, the Donor will 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 Sint Maarten Hurricane Irma Reconstruction, Recovery and Resilience Program Single-Donor Trust Fund (TF073024), and the date of the deposit (the "Deposit Instructions"). In addition, the Donor will provide a copy of the Deposit Instructions to the Bank's Accounting Trust Funds Division by e-mail sent to tfremittadvice@worldbank.org or by fax sent to +1 (202) 614-1315.

6. Except with respect to the Deposit Instructions, any notice, request or other communication to be given or made under this Administration Arrangement will be in writing and delivered by mail, fax or e-mail to the respective Participant's address specified below or at such other address as such Participant notifies in writing to the other Participant from time to time:

For the Bank (the "Bank Contact"):

Tahseen Sayed Khan
Country Director
LCC3C - Caribbean Countries CMU
The World Bank
1818 H Street NW Washington DC 20433
Tel: +1 202 473-1238
E-mail: TSayed@worldbank.org

For the Donor (the "Donor Contact"):

Hans van der Stelt
Program Director
Ministry of the Interior and Kingdom Relations
Turfmarkt 147 , 2511 DP, Den Haag
Tel: +31621802258
E-mail: hans.stelt@minbzk.nl

7. In the event any amounts are to be returned to the Donor under this Administration Arrangement, the Bank will transfer such amounts to the Donor, unless otherwise mutually decided with the Bank. When making any deposit, the Bank will 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 Bank in relation to TF073024 (the Sint Maarten Hurricane Irma Reconstruction, Recovery and Resilience Program Single-Donor Trust Fund), and the date of the deposit. The Bank will provide a copy of such information to the Donor.

8. At the date of Bank's signature of this Administration Arrangement, the Indirect Rate (as defined in Annex 1 to this Administration Arrangement) is 17%.

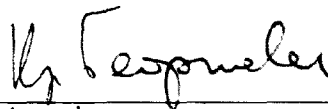
9. All annexes hereto constitute an integral part of this Administration Arrangement, whose terms taken together will constitute the entire arrangement between the Donor and the Bank. Unless otherwise

specified in an annex hereto, this Administration Arrangement may be amended only by written amendment between the Bank and the Donor.

10. It is understood that this Administration Arrangement, including any annexes, is not an international treaty and is not eligible for registration as a treaty under Article 102 of the United Nations Charter. It is an administrative arrangement between the Bank and the Donor. All references made in the Annexes to "shall", "Administration Agreement" and "Parties" will have the same meaning as the term "will", "Administration Arrangement" and "Participants" herein. In addition, references in the Annexes to "agreements" or to tenses of the verb "to agree" will be deemed to constitute references to "decisions" or to tenses of the verb "to decide", and references to "comply", "non-compliance" and "obligations" will be deemed to constitute references to "adhere", "non-adherence" and "terms".

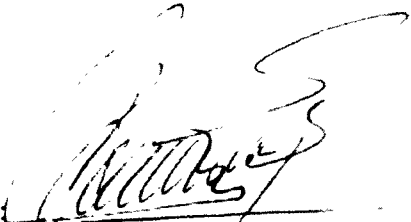
11. Each of the Participants represents, by confirming its acceptance below, that it is authorized to enter into this Administration Arrangement and act in accordance with its provisions. The Bank and the Donor are each requested to sign and date this Administration Arrangement, and upon possession by the Bank of this fully signed Administration Arrangement, this Administration Arrangement will come into effect as of the date of the last signature.

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By: 
Name: Kristalina Georgieva
Title: CEO

Date: April 16, 2018

THE GOVERNMENT OF THE NETHERLANDS

By: 
Name: R.W. Knops
Title: State Secretary of the Interior and Kingdom Relations

Date: April 16, 2018

**Sint Maarten Hurricane Irma Reconstruction, Recovery and Resilience Program Single-Donor
Trust Fund Description**

This Annex shall be applicable to and form an integral part of the Administration Arrangement for the Trust Fund between the Bank and the Donor.

1. Objectives

The objectives of the Trust Fund are to: (a) support the recovery, reconstruction, and resilience of Sint Maarten following the effects of Hurricane Irma; and (b) enhance the capacity of the government of Sint Maarten for recovery, reconstruction and resilience.

Activities

The activities to be financed by the Trust Fund are:

1.1. Bank-executed activities, for which the Bank has implementation responsibility:

Component 1: Strengthening of the Institutional Framework and Operational Capacity for Recovery and Reconstruction, and Mainstreaming of Resilience in Investments

Provision of support to Sint Maarten in establishing the institutional arrangements for the implementation of its recovery framework and for resilient governance, including, *inter alia*, enhancing the institutional and operational capacity of Sint Maarten to respond to key aspects related to the formulation and implementation of the recovery and reconstruction activities, from activity formulation to procurement of works and large equipment, contract management, financial management, and management of environmental and social impacts, and any other aspects of sustainable governance deemed relevant. This component would also extend technical assistance and promote the use of best practices for disaster risk management and mainstreaming disaster risk reduction into sectoral investments.

Provision of assistance to Sint Maarten in establishing a comprehensive recovery framework, by conducting the following interrelated activities based on Sint Maarten's National Recovery and Resilience Plan ("National Recovery and Resilience Plan"):

- (a) Building on the damage analysis carried out by the various United Nations agencies (UNDP, ECLAC, UNDAC and UNICEF) and the Dutch Ministries of Defense and Infrastructure and Environment, complement and update the existing damage and loss assessment of Sint Maarten to address potential information gaps and to formulate a comprehensive damage and loss assessment as well as a consensus-based national recovery and reconstruction program of Sint Maarten that prioritizes short-, medium- and long-term priorities including estimates of possible financial requirements, costs and investments;
- (b) In close collaboration with Sint Maarten, define an institutional framework that sets forth the institutional arrangements to manage, finance, supervise, monitor and evaluate the consensus-based national recovery and reconstruction program; and
- (c) Formulate a capacity development plan and deliver training programs to familiarize the Sint Maarten officials with the World Bank fiduciary and safeguards policies and procedures

required for the implementation of investments related to the consensus-based national recovery and reconstruction program.

Component 2: Program Management and Administration Activities

Program management and administration activities for the Trust Fund, including but not limited to: supporting any program governance arrangements and Trust Fund related meetings; planning and executing work plans and budgets; managing communications and conducting outreach; disseminating lessons learned; reporting on progress; and monitoring and evaluating the program.

Component 3: Project Implementation Support

Provision of Project implementation support for Recipient-executed activities, including capacity building of the Recipient.

1.2. *Recipient-executed activities, for which one or more Recipients (as defined in Annex 2) have implementation responsibility:*

Component 4: Implementation of a Recovery, Reconstruction and Resilience Program

Operationalize the implementation of a recovery, reconstruction and resilience program in Sint Maarten, through the implementation of activities focused – in line with Sint Maarten’s National Recovery and Resilience Plan – on the three areas of: (1) community recovery through resilient recovery of social sectors in affected communities; (2) economic recovery through resilient rehabilitation and reconstruction of critical infrastructure and businesses; and (3) governance recovery through the strengthening of Sint Maarten’s readiness to reduce and address future impacts of natural disasters and climate change; and said activities may include, *inter alia*: (a) resilient construction and/or reconstruction of critical infrastructure up to newly established hurricane proof standards in all sectors of the economy; (b) restoration of basic social services, in particular, in the education, health, livelihoods, social protection and public sectors; (c) implementation of a cost-effective and sustainable recovery (building back better) in the housing sector; (d) recovery of productive sectors, through activities that revive and ensure an improved delivery of services in the trade, finance/insurance, tourism and industry sectors; (e) strengthening of disaster risk management and climate change adaptation capacities, including protecting the environment and addressing gender and poverty aspects of recovery; and (f) building of administrative capacity and institutional framework to enhance recovery, reconstruction and resilience processes.

2. Eligible Expenditures

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

- (a) staff costs (excluding short term consultants and temporaries);
- (b) short-term consultants and temporaries;
- (c) contractual services;
- (d) equipment (including vehicles) and office premise lease costs;
- (e) equipment purchased (including vehicles);
- (f) media, workshops, conferences and meetings; and
- (g) travel expenses.

2.2. For purposes of this paragraph 2: (i) “staff costs (excluding short term consultants and temporaries)” includes salaries, benefits and the Indirect Rate charged to the Trust Fund as applicable under Bank policies and procedures; (ii) “short term consultants and temporaries” includes fees and the Indirect

Rate charged to the Trust Fund as applicable under Bank policies and procedures; and (iii) any equipment or vehicle purchased under paragraph 2.1 (e) above shall be transferred to the Sint Maarten upon closure of the Trust Fund or earlier when no longer required to support Trust Fund operations, management or administration; provided such transfer is at no cost to the Bank and is on an “as-is, where-is” basis without any warranty or guarantee from the Bank. If such disposal method is not feasible, the Bank shall seek another means of disposal in conformity with Bank policies and procedures, including potentially donation to organizations that have a charitable or non-profit status.

2.3. The “Indirect Rate” means the indirect rate, defined as a percentage of personnel costs and available at the *Development Partner Center* website, as such rate may be revised from time to time by the Bank and applied to this Trust Fund, in accordance with its policies and procedures.

2.4. For Recipient-executed activities, the Trust Fund funds may be used to finance eligible expenditures in accordance with the Bank’s applicable policies and procedures.

3. Taxes

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

4. Indicative Results Framework

4.1. An indicative Results Framework for the activities financed by the Trust Fund prepared by the Bank (the “Results Framework”), in consultation with the Donors, shall be available at the *Development Partner Center* website. Such Results Framework, may be revised by the Bank from time to time, in consultation with the Donors, and shall be used for monitoring and evaluation purposes only.

5. Indicative Budget

5.1. The Bank shall provide indicative budget information for the Trust Fund at the *Development Partner Center* website, which may be updated periodically by the Bank in consultation with the Donors. Such budget information is for informational purposes only.

6. Retroactive Financing

6.1. The Trust Fund funds may be used to retroactively finance payments for eligible expenditures made as of *December 13, 2017* in accordance with the Bank’s applicable policies and procedures.

Standard Provisions
Sint Maarten Hurricane Irma Reconstruction, Recovery and Resilience Program Single-Donor

This Annex shall be applicable to and form an integral part of the Administration Agreement for the Trust Fund between the Bank and the Donor, it being understood that any plural references in the annexes to Donors, Administration Agreements, Contributions and pro rata shares shall be read as singular references to the Donor, its Administration Agreement, its Contributions thereunder and the remaining uncommitted balance of the Trust Fund, respectively.

1. Administration of the Contributions

1.1. The Bank shall be responsible only for performing those functions specifically set forth in this Administration Agreement, including its annexes, 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 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 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 Contributions.

3. Accounting and Financial Reporting

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

3.2. 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 *Development Partner Center* website which will be updated quarterly. 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 *Development Partner Center* website.

3.3. The Bank shall provide to the Donors via the *Development Partner Center* website, within six (6) months following the end of each Bank fiscal year, an annual single audit report, comprising (i) a management report together with an audit opinion 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.

3.4. 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.

3.5. 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.

4. Progress Reporting; Review or Evaluation of Activities; Financial Management

4.1. The Bank shall provide the Donors with annual written progress reports by January 31. progress reports shall be provided with reference to the results framework agreed by the Bank and the Donors, as such Results Framework may be reviewed by the Parties from time to time. Within six (6) months of the End Disbursement Date (as defined below), the Bank shall provide to the Donors with a final narrative progress report for the Trust Fund.

4.2. Any Donor may review or evaluate activities financed by the Trust Fund at any time up to closure of 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 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 will not constitute a financial, compliance or other audit of the Trust Fund.

4.3. The Bank shall, consistent with its policies and procedures, take all appropriate measures to prevent corrupt, fraudulent, collusive, coercive and obstructive practices in connection with the use of the Trust Fund funds, and include provisions in its agreements with Recipients to give full effect to the relevant Bank guidelines on fraud and corruption.

4.4. In the event that the Bank determines that there are credible and material allegations of fraud, corruption, collusion or coercion in relation to Recipient-executed and/or Bank-executed activities financed by the Trust Fund that result in the Bank opening an investigation into such allegations (an "Investigation"), the Bank shall, in accordance with its applicable policies and procedures:

- (i) take timely and appropriate action with respect to such allegations and, where relevant, seek appropriate redress, including potential sanctions;
- (ii) as soon as practicable, inform the Donors of the outcome of the Investigation, provided that the Donors agree to keep such information confidential pursuant to paragraph 6.3 of Annex 2, unless such information is already publicly available;
- (iii) on a case by case basis, decide whether to share information with Donors on an active Investigation, and provided that the Donors agree to keep such information confidential pursuant to paragraph 6.3 of Annex 2;
- (iv) take all necessary actions to recover funds that are the subject of an Investigation where the Bank has determined it as appropriate; and
- (v) to the extent that any funds are refunded to the Trust Fund following an Investigation, the Bank shall use such funds for the same purposes as the Contributions, unless otherwise agreed between the Bank and each Donor.

5. Disbursement; Cancellation; Withholding of Payments

5.1. It is expected that the funds deposited in the Trust Fund will be fully disbursed by the Bank by December 31, 2025 (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.

5.2. 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 return to the Donor its pro-rata share in the Holding Currency as specified in paragraph 2.2 of this Annex 2; unless otherwise agreed between the Bank and the Donor.

5.3. If in the reasonable opinion of a Donor, the Bank has failed to comply to a material extent with its obligations under this Administration Agreement, the Donor and the Bank agree to discuss the non-compliance with a view to resolving the matter. If the Bank and the Donor fail to agree on the measures to

be taken or the Bank fails to take relevant measures as may be agreed between the Donor and the Bank, the Donor may, upon thirty (30) days prior written notice, withhold all or any portion of an Installment that has not yet been disbursed to the Bank, until such time as the measures have been taken.

6. Disclosure; Visibility

6.1. The Bank and the Donors agree that the Administration Agreements will be made publicly available and that any related information on this Trust Fund in the Bank's and the Donor's possession may be publicly disclosed in accordance with (i) the Bank's policies and procedures with respect to any such information in the Bank's possession; and (ii) the Donors' applicable laws with respect to any such information in the Donors' possession.

6.2. Notwithstanding paragraph 6.1 above, neither the Bank nor any of the Donors shall publicly disclose information in their respective possession related to the Trust Fund that has been indicated or marked in writing by either Party as confidential, unless prior written consent has been obtained from the Party providing the information or the Donors are otherwise obliged to do so under applicable laws with respect to information in their possession.

6.3. Notwithstanding paragraphs 6.1 and 6.2 above, the information provided under paragraphs 4.4 (ii) and 4.4 (iii) shall be subject to the terms of confidentiality accompanying such information, and the Donors shall not disclose such information outside the office to which the information is provided, unless: (i) prior written consent has been obtained from the Bank; or (ii) the Donors are obliged to do so in accordance with applicable laws, in which case the Donors will notify the Bank accordingly prior to such disclosure. If a Donor is not able to commit to keep such information confidential in accordance with its applicable laws, then the Donor shall inform the Bank accordingly.

6.4. Where appropriate to do so, the Bank will acknowledge, the Donors' contributions in references made by the Bank with respect to the Trust Fund in publications, press releases or other similar written materials.

7. Dispute Resolution; Limitation on Donor Liability

7.1. 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.

7.2. In providing funds under this Administration Agreement, the Donors do not accept any responsibility or liability towards any third parties including any claims, debts, demands, damage or loss as a result of the implementation of the activities under the Trust Fund.

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.

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.

9. Trust Fund Fee

9.1. The Bank shall deduct a 3% (three percent) fee each time funds (the "Grant Amount") from the Trust Fund become committed under a Grant Agreement. Such commitment shall occur when such Grant Agreement is fully countersigned. Grant Amounts may not exceed the balance of uncommitted funds in the Trust Fund net of the related fee.

Governance

Sint Maarten Hurricane Irma Reconstruction, Recovery and Resilience Program Single-Donor

This Annex shall be applicable to and form an integral part of the Administration Arrangement for the Trust Fund between the Bank and the Donor. To facilitate the implementation of the Program, the World Bank and the Donor agree on governance arrangements as follows:

1. **Steering Committee.** A Steering Committee (“SC”) will be established as the governance body of the Trust Fund and it is envisaged that the SC will consist of a representative of the World Bank (the Country Director of the World Bank’s Caribbean Country Management Unit or his/her designee), a representative from the Netherlands Ministry of Interior and Kingdom Relations, and a representative from Sint Maarten (the Prime Minister or his/her designee). SC meetings may be conducted physically or virtually, at least bi-annually (it is envisaged that the first of such meeting will address the annual work program and the second of such meeting will be to receive a progress report on the preparation and implementation of work program/s). The Bank, as the Program Secretariat, may also call ad-hoc meetings. The role of the SC will be to: (a) endorse strategic priorities and annual work plans and budgets of the Trust Fund financed program; and (b) monitor the program’s annual progress. For these purposes, the World Bank will prepare annual work plans, in coordination with Sint Maarten, and will develop annual budgets that will be shared with the SC for endorsement. The decisions of the SC will be made by consensus, preferably on a no-objection basis.

2. The Participants agree and understand that the Bank:
 - (a) does not, through this Arrangement, preempt or intend to preempt, in either whole or in part, any decision to be made by the SC for the carrying out of its work or any work in relation to this Trust Fund, including the SC’s approval of terms of reference and any principles to be applied in that respect; and

 - (b) shall bear no responsibility (i) for imposing specific terms of reference or obligations on the SC or its members, (ii) for enforcing the carrying out of responsibilities by the respective members of the SC, or (iii) for any delay in performance occasioned by either the Donor’s or Sint Maarten’s failure or inability to carry out their respective responsibilities as members of the SC or to mutually agree in respect to decisions to be made by the SC; any resulting impact on the Bank’s ability in whole or in part to deliver on the program activities shall not be deemed a breach of this Arrangement.

3. In recognizing the *Guiding Principles of The Netherlands Regarding the Execution of the Trust Fund for the Recovery of Sint Maarten* that the Donor has endorsed for itself, and without prejudice either to the decisions to be made by the SC, or to the Bank’s determination of the relevance of the individual principles and their consistency with the Bank’s policies and procedures as indicated in the preamble of this Arrangement, the Donor proposes that the SC, in its endorsement of strategic priorities and annual work plans and budgets, be guided by the following principles: (a) necessity, interpreted as lack of reasonable financing sources other than public funds (at least for part of the financing); (b) additionality, interpreted as trying to crowd-in potentially available private financing; (c) suitability, interpreted as adequate to the scale and size of Sint Maarten (including, for example, absorption capacity); (d) effectiveness, interpreted as consistency with Sint Maarten’s long development goals and financial sustainability; (e) efficiency and legitimacy, interpreted as having adequate financial management arrangements in place for the transparent and proper use of the allocated funds; and (f) pursuit of noticeable effects for the people of Sint Maarten

during the duration of the Trust Fund, enlargement of Sint Maarten's resilience, seeking of value for money (in a manner consistent with the World Bank Procurement Regulations), maximization of financing for development, innovation and a three-track approach for the implementation (interpreted as having either Sint Maarten, or international organizations, or non-governmental organizations as recipients of grant agreements under the Trust Fund).

4. **Program Secretariat.** The World Bank, as Program Secretariat, will undertake the following activities: (a) managing and participating in SC meetings; (b) managing donor/stakeholder meetings, discussions and other communications; (c) Program - work planning and execution; (d) managing communications (external / internal) and outreach activities (including program-related websites); (e) soliciting and evaluating activity proposals to be executed under the Recipient-executed activities of the Trust Fund; (f) allocating funds to projects/activities or programmatic allocations to units; (g) Program level resource related planning and budgeting; (h) if needed, development and implementation of Program-specific management tools and systems; and (i) Program monitoring and evaluation.

APPENDIX

Guiding principles of the Government of the Netherlands regarding the execution of the Trust Fund for the recovery of Sint Maarten

The objective of the Dutch government guiding the recovery of Sint Maarten: The Dutch contribution will support the material and non-material reconstruction and recovery of St Maarten wherever necessary, so as to restore vital infrastructure and sustainably boost the country's resilience to the effects of possible future disasters, natural and otherwise.

Explanation of the above paragraph:

After the devastation of hurricane Irma, 'Building Back Better' became the motto for rebuilding St Maarten. Among other things, this means that all new buildings must be able to withstand Category 5 hurricanes and that, wherever possible, new construction should be sustainable. To provide a more detailed framework for the reconstruction and recovery of St Maarten that goes beyond the dictum to 'build back better', an objective has been formulated which will guide all expenditure and activities undertaken or supported by the Dutch government in this area.

The various elements of the objective:

- *'The contribution': this encompasses both the financial contribution and other contributions (capacity, administrative support, etc.).*
 - *'will support the material and non-material reconstruction and recovery of St Maarten wherever necessary': activities can be financed from the reconstruction fund if they are directly related to dealing with the damage caused by the hurricanes Irma and Maria. The Trust Fund can also be used to fund other activities supplementary to damage repair, provided they lead to significant improvements to the pre-hurricane situation on the island.*
 - *'so as to restore vital infrastructure': this term refers to facilities that are so critical that any disruption or breakdown in their functioning would result in serious social upheaval and constitute a threat to national security.*
 - *'the country's resilience': this refers, among other things, to crisis management and disaster preparedness, economic diversification, the enhancement of good governance and the strengthening of civil society.*
 - *'sustainably boost [resilience] to the effects of possible future disasters, natural and otherwise': investments should go to projects with a long-term vision that respect both people and the environment. It is advisable to consider the possible ripple effects of these investments. Expenditure on physical infrastructure should focus on hurricane-resistant construction, which should also take account of other types of natural disasters, if possible.*
1. Scope and effects: The scope of the Trust Fund shall be based on the above objective, the National Recovery and Resilience Plan (NRRP) of Sint Maarten and the following criteria will guide the execution of the Trust Fund, through the Steering Committee: Necessity, Suitability, Effectiveness, Efficient & Legitimate.

Explanation of the above paragraph:

- *Necessity: interpreted as lack of reasonable financing sources other than public funds (at least for part of the financing).*
- *Additionality: interpreted as trying to crowd-in potentially available private financing.*
- *Suitability: in terms of its substance, form and process, the project is consistent with the scale of St Maarten (as regards to absorption capacity and other types of capacity).*

- *Effectiveness: the project helps attain the objective and is consistent with St Maarten's long-term policy ambitions. This criterion also means that sustainable financing has been secured.*
- *Efficiency & legitimacy: safeguards must be in place to ensure the efficiency and legitimacy of all projects and expenditure.*

On top of these criteria, the Government of the Netherlands wishes to mark three policy objectives; it is highly desirable that the following is addressed in the Steering Committee when considering financing through the Trust Fund:

- (a) Achieving sustainable waste processing and water purification, in collaboration with France.
 - (b) Guaranteeing the accessibility of St Maarten with a view to supporting the economy.
 - (c) Good governance.
2. Governance: a tripartite governance structure (Steering Committee) will be set up between the Netherlands, St Maarten and the World Bank. It is desirable that the reconstruction and recovery involves St Maarten's civil society. The Netherlands will recommend to Sint Maarten to establish a sounding board. It is also part of the Bank's implementation arrangements of each project to involve stakeholders, including civil society.

The Steering Committee will endorse proposals for projects and for analytical work (and relevant budgets) and the bank will proceed on the basis of such endorsement.

3. Monitoring, reporting requirements and accountability: Monitoring practices will follow the standard working methods of the World Bank, with the frequency and content of reports to be determined based on the approach of the steering committee.

Explanation of the above paragraph:

In principle, we will work with annual working programs in line with the regular working methods of the World Bank. In addition, 6 months after the approval of an annual working program, there will be a SC meeting to assess progress in the implementation of the endorsed program.

The information and reporting cycle should be tripartite and coordinated for the purpose of having consistent information between the Netherlands and St. Maarten.

4. Implementation: The following principles should guide the execution of the Trust Fund be part of this Administration Arrangement: noticeable effects for the people of St Maarten during the term of the Trust Fund, enlarging the resilience, value for money, maximising financing for development, innovation and a three-track approach for the implementation.

Explanation of the above paragraph:

Goals for the Trust fund must be realistic, taking account of constraints in terms of time, money and other resources, this will be monitored by the Steering Committee. The following principles should be kept in mind:

- *The implementation programmes contain a mix of projects (economic, social and governmental), with both short- and long-term effects, with an emphasis on visible effects for the people of St Maarten.*
- *The aim of technical assistance will be to increase the self-reliance of St Maarten in a lasting way.*

- *The following two principles will be observed:*
 - *'value for money': local labour will be used to the greatest possible extent, and within the framework of the procurement regulations of the Bank, attention will be given to opportunities for local companies to take part in the implementation*
 - *'maximising finance for development': a variety of financial instruments will be reviewed in order to see which is the most appropriate for the implementing programmes.*
- *wherever and whenever possible and appropriate in the preparation and execution of projects and activities, scope for innovation is offered.*
- *To ensure a variety of options with regard to implementation, a three-track approach will be followed, drawing on recipients from the public sector, international organisations and non-governmental organisations. The authorities of St Maarten, IOs and NGOs can obtain direct access to the resources in the Trust Fund.*