

ADMINISTRATION AGREEMENT

between

THE INTER-AMERICAN DEVELOPMENT BANK

and

**THE GOVERNMENT OF SWITZERLAND, represented by the Swiss Agency
for Development and Cooperation**

regarding

a

**Non-reimbursable Grant Contribution to
the Inter-American Development Bank**

THIS ADMINISTRATION AGREEMENT is entered into between the Inter-American Development Bank (the "Bank") and the Government of Switzerland, represented by the Swiss Agency for Development and Cooperation (the "Donor") (hereinafter together referred to as the "Parties").

WHEREAS, the Donor has agreed to a non-reimbursable grant contribution to be administered by the Bank for the purposes described in the attached document (the "Annex"); and

WHEREAS, the Bank is prepared to receive and administer the contribution funds to be made available by the Donor.

NOW, THEREFORE, the Parties hereby agree as follows:

1. The Donor will make available to the Bank a non-reimbursable grant contribution in the amount of CHF1,980,000.00 (one million nine hundred eighty thousand Swiss Francs) (the "Contribution") to be administered by the Bank.
2. The Contribution will be used solely for the purposes indicated in the Annex.
3. (a) The Donor will transfer the Contribution to the Bank according to the following payment schedule:

Date:

Amount:

Upon signature of this Administration Agreement
by the Parties:

CHF660,000.00 (six hundred
sixty thousand Swiss Francs)

In the year 2014, after (i) the Donor has received
the annual report including a draft work program
for the subsequent year; and (ii) the Partnership
Committee (as defined in the Annex) has met to
review progress and decide on the program of
activities for the succeeding year:

CHF660,000.00 (six hundred
sixty thousand Swiss Francs)

In the year 2015, after (i) the Donor has received
the annual report including a draft work program
for the subsequent year; and (ii) the Partnership
Committee met to review progress, and decide on
the program of activities for the succeeding year:

CHF660,000.00 (six hundred
sixty thousand Swiss Francs)

- (b) The Donor will deposit the Contribution installments, upon the Bank's written request, into an account indicated by the Bank in writing. Upon receipt of such

deposit, the Bank will convert the Swiss Francs into United States dollars and will deposit the resulting amount (subject to the exchange rate prevailing at the time of conversion) into the account #04404221 "Inter-American Development Bank - Cofinancing Account" opened by the Bank at Deutsche Bank America Trust, New York (swift #BKTRUS33XXX) (the "Account"). The Account is denominated in U.S. dollars and includes resources provided as grant funds by other donors for Bank projects. The Contribution will be administered in the Account without distinction from other donors' contributions.

4. The Bank will administer the Contribution in accordance with the provisions of this Administration Agreement and the Bank's applicable policies and procedures. The Bank will exercise the same care in the discharge of its functions, as described in this Administration Agreement, as it exercises with respect to the administration and management of resources from other donors, and will have no further liability to the Donor in respect thereof.
5. The Contribution will be accounted for separately from the Bank's assets, and will be administered together with other contributions received by the Bank. The Bank may freely exchange the Contribution funds into other currencies as may facilitate their administration and disbursement. The Bank will not be responsible for foreign exchange risk in the receipt, conversion or administration of Contribution funds. Further, the Bank may at its discretion invest and reinvest the resources of the Contribution pending their disbursement in connection with the purposes described in the Annex.
6. To assist in the defrayment of the administrative costs in relation to the Contribution, the Bank will charge and retain:
 - (a) a fee equal to five percent (5%) of the total amount of the Contribution at the time the initial installment of the Contribution is deposited by the Donor into the account indicated by the Bank in writing; and
 - (b) any investment income generated by the Contribution pending its disbursement towards the purposes contemplated in the Annex.
7. The Bank's procurement policies and procedures will be applicable to the procurement of goods and services, as well as the contracting of consulting services, carried out with the Contribution. Further, the Donor accepts that:
 - (a) the resources of the Contribution will be completely untied; and
 - (b) the consultancy services financed with the Contribution may be provided and executed by companies, specialized institutions or individuals from any Bank member country.

8. The Donor will not be responsible for the activities of any person or third-party engaged by the Bank as a result of this Administration Agreement, nor will the Donor be liable for any costs incurred by the Bank in terminating the engagement of any such person.
9. Promptly following the completion of the activities contemplated in the Annex, the Bank will submit to the Donor a report. The Donor may also request a copy of the non-audited financial statements of the activities contemplated in the Annex. In addition, the Donor may request an "agreed upon procedures" report issued by the Bank's external auditor on the use of the Contribution resources. The cost of such auditor's report will be borne by the Donor and will not be deducted from the Contribution. The Donor will reimburse the Bank for the cost of this report promptly after receiving a written request from the Bank. The Bank will not provide audited financial statements for the Account.
10. As soon as possible upon completion of the activities contemplated in the Annex, the Bank will return to the Donor any remaining uncommitted Contribution funds, unless otherwise agreed to in writing by the Parties.
11. The Donor further acknowledges that the Bank's commitment to use the Contribution as contemplated herein will be subject to the Bank's formalization of all internal approvals necessary for the use of the Contribution.
12. The offices responsible for coordination of all matters and receiving any notice or request in writing in connection with this Administration Agreement are as follows:

(a) **For the Bank:**

- i. Communications regarding the implementation of this Administration Agreement will be directed to:

Office of Evaluation and Oversight
 Inter-American Development Bank
 1300 New York Avenue, NW
 Washington, D.C. 20577
 UNITED STATES OF AMERICA
 Attention: Director, Office of Evaluation and Oversight (OVE)
 Tel.: +1 (202) 623-1241
 Fax: +1 (202) 312-4104
 E-mail: cgray@iadb.org

- ii. Communications regarding the contribution management and payment requests will be directed to:

Inter-American Development Bank
 1300 New York Avenue, NW
 Washington, D.C. 20577
 UNITED STATES OF AMERICA

Attention: Chief, Grants and Co-financing Management Unit
Office of Outreach and Partnerships (ORP/GCM)
Tel.: +1 (202) 623-2018
Fax: +1 (202) 623-3171
E-mail: crp-gcm@iadb.org

(b) For the Donor:
Swiss Agency for Development and Cooperation (SDC)
Federal Department of Foreign Affairs FDFA
Freiburgstrasse 130, 3003 Bern
Switzerland
Attention: Sybille Suter, Head of Latin America
and Caribbean Division
Tel.: +41 31 322 3420
Fax: +41 31 324 1693
E-mail: sybille.suter@deza.admin.ch

13. This Administration Agreement will come into force on the date of its signature by each of the Parties and will remain valid until all Parties have fulfilled their obligations arising from it, no later than March 31, 2016.
14. The Parties may amend any provision of this Administration Agreement in writing.
15. Subject to their respective policies and procedures with respect to the disclosure of information, the Parties may make this Administration Agreement publicly available. The Parties confirm that, notwithstanding the obligations expressly provided for in the Administration Agreement, the provision of the Contribution does not represent a payment or establish another form of relationship that would direct or otherwise influence the activities of the Bank's Office of Evaluation and Oversight (the "Office") or otherwise affect the Office's ability to independently carry out evaluations as described in the Annex.
16. Nothing in this Administration Agreement may be construed as creating an agency relationship between the Parties.

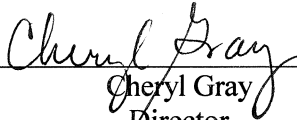
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17. The Parties will seek to settle amicably any disputes that may arise from or relate to this Administration Agreement.

IN WITNESS WHEREOF, the Inter-American Development Bank and Government of Switzerland, represented by the Swiss Agency for Development and Cooperation, each acting through its duly authorized representative, have signed this Administration Agreement in two (2) original counterparts in the English language as of this 6th day of June, 2013.

**INTER-AMERICAN
DEVELOPMENT BANK**

**GOVERNMENT OF
SWITZERLAND**


Cheryl Gray
Director


Sybille Suter
Head

Office of Evaluation and Oversight

Latin America and the Caribbean Division
Swiss Agency for Development and
Cooperation

***Pilot partnership between the
Office of Evaluation and
Oversight of the Inter-American
Development Bank and The
Swiss Agency for Development
and Cooperation***

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I. BASIC INFORMATION

▪ Partnership Name:	Evaluation for Development Results in Latin America and Caribbean
▪ Grant Number:	RG-X1176
▪ Team Leader/Members:	Monika Huppi, OVE, Principal Advisor
▪ Beneficiary	Office of Evaluation and Oversight, OVE
▪ Executing Agency	Office of Evaluation and Oversight, OVE
▪ Donors providing funding:	Swiss Agency for Development and Cooperation (SDC)
▪ IDB Funding Requested	Swiss Francs 1,980,000 ¹ .
▪ Disbursement period:	June 2013-March 2016
▪ Required start date:	June 2013
▪ Prepared by Unit:	OVE
▪ Unit of Disbursement Responsibility:	OVE

¹ These funds will be administered by the IDB through a non-reimbursable grant. The Swiss Agency for Development and Cooperation (SDC) will contribute Swiss Franc 1,980,000 (US\$ 2,178,000 equivalent at the XE Universal Currency Converter exchange rate of 1 Swiss Franc=1.1 US\$ of February 4, 2013)

II. BACKGROUND

- 2.1 The Latin America and Caribbean Region (LAC) is undergoing rapid change. LAC countries have enjoyed steady growth in recent years, with significant declines in poverty and recent reductions in income inequality (albeit from high levels). Many LAC countries have benefitted not only from favorable international commodity prices but also from careful macroeconomic management, increasing trade flows, and expanding human resources (including increasing opportunities for women). Yet important development challenges remain, and LAC countries must continue to improve public services, enhance their business environments, and strengthen governance and public safety if they are to continue to reduce poverty and inequality and enjoy continued economic growth in the years ahead.
- 2.2 LAC countries have shown a strong interest in developing evaluation capacity to learn from their experiences in implementing development programs. Countries such as Mexico and Chile are leading the developing world in adopting strong public systems of monitoring and evaluation, and leading universities and research institutions are developing an increasing capacity for evaluation, particularly impact evaluation. In the context of its recent capital increase, the Inter-American Development Bank (IDB) has also reaffirmed its strong focus on results. IDB management is substantially revising the Bank's system for monitoring and evaluating project outcomes, and the role of IDB's independent Office of Evaluation and Oversight (OVE) in evaluating IDB programs and ensuring effective results-monitoring systems has been strengthened.
- 2.3 The Swiss Agency for Development and Cooperation (SDC) is interested in supporting these efforts to learn from development experience in LAC. With this goal in mind, SDC has proposed to enter into a partnership with OVE to support selected evaluation activities in the LAC region conducted by OVE. The partnership will be established on a pilot basis and will be evaluated at its conclusion. In light of the importance of ensuring OVE's independence, the pilot does not serve as a precedent for other external funding of OVE's activities.
- 2.4 The partnership will be funded by a Swiss grant of CHF 1,980,000² (US\$ 2.178 million equivalent) to be administered by the Inter-American Development Bank through a non-reimbursable grant to support OVE's evaluation and capacity building activities. The partnership is expected to have a term of 3 years. SDC will transfer the funds in three equal annual tranches, one upon signing of the agreement, one in 2014 and one in 2015, following receipt of the annual progress report, including a draft work program for the subsequent year, and an annual meeting of the Partnership Committee comprising representatives of SDC and

² US\$ 2.178 million equivalent at the XE Universal Currency Converter exchange rate of 1 Swiss Franc=US\$ 1.1 as of February 4, 2013.

OVE management to review progress and decide on the program of activities for the succeeding year.

III. OBJECTIVES AND ACTIVITIES

3.1 The objectives of the partnership are:

- To promote learning by SDC, the IDB, and stakeholders in LAC by
 - providing additional resources to deepen OVE's evaluations of IDB programs and
 - providing resources to strengthen the dissemination of OVE's evaluation results; and
- To promote the development of evaluation capacity in Latin America and the Caribbean.

3.2 The funds will be used to support the following activities:

1. OVE Evaluation Work

3.3 SDC's support to OVE evaluation activities will allow to deepen certain aspects of OVE's evaluations. Evaluations to be supported by SDC funds will be selected jointly by OVE and SDC on an annual basis from among the evaluations in OVE's Board-approved work program. Among OVE's work program for 2013-14, the following have thus far been identified as being of particular interest to SDC: Environment and Climate Change, Agriculture and Food Security, Citizen Security. Further topics would be identified over the term of the partnership, based on OVE's Board-approved work programs over the period.

3.4 The grant funds are expected to fund supplemental aspects of some evaluations in OVE's Board-approved work program including (i) expanded coverage of gender, poverty, and indigenous and afro-latin peoples issues in OVE evaluations; (ii) additional in-depth project reviews and/or impact evaluations; (iii) expanded number of country case studies in the major sector evaluations, with a particular focus on case studies in lower-income countries including Bolivia, Haiti, Honduras, and Nicaragua; and (iv) background papers on sustainability of IDB interventions. In these ways the resources will deepen the analysis undertaken in OVE's evaluations beyond what would be feasible within OVE's task budgets for individual evaluations.

2. Support to Learning and Evaluation Capacity Development (ECD)

3.5 Grant funds will also be used to support: (i) dissemination of OVE evaluation findings through conferences and other learning events; (ii) training, conferences, e-learning, or other activities designed to strengthen evaluation capacity in LAC countries, with a focus on activities in low-income countries with weaker

evaluation capacities. This may include funding of OVE consultants to organize and deliver evaluation training for LAC governments, or payments to LAC institutions to undertake joint evaluation work with OVE and thus “learn by doing.” It may also include support to the Evaluation Capacity Development activities of CIDE (“Center for Research and Teaching in Economics”) in Mexico, which has been chosen through a region-wide competition to be the Latin American Center for the CLEAR Initiative. CLEAR (“Centers for Learning on Evaluation and Results”) is a multi-donor program set up to support capacity-building centers in four world regions, and OVE is working with CIDE to promote evaluation capacity development throughout Latin America. Any contributions from the grant for Evaluation Capacity Development would be additional to OVE’s and IDB’s ongoing ECD support and would focus on promoting evaluation capacity-building in lower-income LAC countries to the extent feasible.

IV. USE OF FUNDS AND INDICATIVE BUDGET

- 4.1 The grant funds will be used by OVE to pay the fees, travel, and other reimbursable costs of consultants selected and hired by OVE to carry out selected evaluation activities, whether on a short-term or a longer-term basis. To ensure that core evaluation activities continue to be funded by OVE’s Board-approved budget, it is expected that no more than one-fourth of the preparation cost of any particular evaluation will be funded by the partnership, with the remainder funded by OVE’s Board-approved budgetary resources.
- 4.2 In addition to the preparation of evaluations, the grant funds may be used to finance consultants, participant travel, and other reimbursable costs related to dissemination seminars and workshops to share lessons from OVE’s evaluations and other research and evaluation work on the topic. These dissemination activities are expected to take place primarily in LAC countries and also, on an occasional basis, in Switzerland or another location of mutual interest to SDC and OVE. The funds may also be used to support innovative on-line or print-based feedback mechanisms to promote learning from evaluations. Short-term participation of SDC or OVE staff in each other’s evaluation or dissemination activities may also be considered if the two organizations see mutual benefit in learning from such activities.
- 4.3 Up to one-third of the annual disbursements of the grant may be devoted to evaluation capacity development and learning and dissemination events, with the other two-thirds spent on preparation of evaluation work. An indicative budget allocation is presented in Table 1. SDC and OVE will agree on a specific annual allocation in line with each year’s partnership program. The grant will be transferred by SDC in three equal annual tranches.

Table 1: SDC-OVE Partnership: Indicative Grant Allocation

	Annual Allocation (Swiss Francs)*	Total 3-Year Allocation (Swiss Francs)*
Evaluation Preparation [e.g. climate change, agriculture]	427,000	1,281,000
Evaluation #1	150,000	
Evaluation #2	150,000	
Evaluation #3	127,000	
Evaluation Dissemination and Capacity Development	200,000	600,000
OVE seminars/workshops/learning activities	100,000	
CIDE CLEAR activities	100,000	
Grant Administration Fee 5%		99,000
TOTAL	627,000	1,980,000

Note: 1 Swiss Franc=1.1 US\$, effective February 4, 2013

- 4.4 The Swiss Agency for Development and Cooperation expects to commit Swiss Francs 1,980,000 to this partnership, which is equivalent to US\$ 2,178,000 based on the exchange rate 1.1 found in XE (Universal Currency Converter), as of February 4, 2013. Final resources in US\$ will be dependent on the exchange rate of the date when the resources are received by the Bank from SDC in Swiss Francs and converted into US Dollars. If a significant adverse movement in the exchange rates reduces the amount of from SDC in US dollars contemplated in this budget, the allocations to various activities will be adjusted accordingly.
- 4.5 Resources for this partnership to be received from SDC will be provided through a grant. The commitment from SDC will be established through a separate Administration Agreement. The grant will be administered by the Bank in accordance with the provisions of the Administration Agreement and the Bank's applicable policies and procedures. The Bank will charge an administrative fee of 5% of the contribution, which is duly identified in the budget of this partnership. The 5% administrative fee will be charged after the contribution will have been received and converted into US dollars.

V. IMPLEMENTATION ARRANGEMENTS AND REPORTING

- 5.1 OVE will be responsible for the effective implementation of this partnership. OVE will assign the day-to-day responsibility for ensuring full and effective implementation of the partnership and communication with SDC to the Principal Advisor to OVE's Director.
- 5.2 The Partnership Committee comprising representatives of SDC and OVE management will meet at least once a year to discuss issues pertaining to the partnership, review progress and decide on the program of activities for the succeeding year based on OVE's Board-approved work program.
- 5.3 OVE will produce an annual Update Report for the partnership after the close of each year, showing grant resources used and outputs produced. The Partnership Committee will discuss the report to assess results and see if any changes are needed in the program going forward. The final annual report at the end of the three-year partnership period will discuss resource use, outputs produced and outcomes achieved (recognizing possible data limitations and time lags). An evaluation of the pilot will be undertaken at the end of the partnership period to assess results achieved.