

**CONFORMED COPY**

Letter No: JA-292/ID-Pov/VI/2010

June 10, 2010

Mr. Richard Moore  
Deputy Director General - Asia  
Australian Agency for International Development  
PO Box 887  
Canberra ACT 2601  
Australia

Dear Mr. Moore:

**Trust Fund Administration Agreement**  
**between**  
**GOVERNMENT OF AUSTRALIA ACTING THROUGH THE**  
**AUSTRALIAN AGENCY FOR INTERNATIONAL DEVELOPMENT**  
**and**  
**INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT**  
**Partnership for Knowledge-based Poverty Reduction**  
**Multi-Donor Trust Fund (TF No. 071514) (AusAID No. 56043)**

1. We are pleased to acknowledge on behalf of the International Bank for Reconstruction and Development (“IBRD” or the “Bank”) that the Government of Australia (the “Donor”) shall make available as a grant the sum of seven million five hundred thousand Australian dollars (AUD7,500,000) (the “Contribution”) for the Partnership for Knowledge-based Poverty Reduction Trust Fund (the “Trust Fund”) in accordance with the terms of this Agreement. Other donors are also expected to contribute to the Trust Fund on the terms and conditions specified in the Annexes to this Agreement.

2. The Contribution shall be used to finance the activities and the categories of expenditure set forth in the “Description of Activities and Expenditures under the Partnership for Knowledge-based Poverty Reduction Trust Fund” attached hereto as Annex 1 and shall be administered by the Bank on behalf of the Donor in accordance with the terms of this Agreement including the “Standard Provisions Applicable to the Partnership for Knowledge-based Poverty Reduction Trust Fund” (the “Standard Provisions”) attached hereto as Annex 2.

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

- (a) promptly following countersignature of this Agreement by the Donor, one million five hundred thousand Australian dollars (AUD1,500,000);
- (b) on or before January 31, 2011, two million Australian dollars (AUD2,000,000) and submission of a payment request by the Bank;

(c) on or before September 30, 2011, two million Australian dollars (AUD2,000,000 and submission of a payment request by the Bank); and

(d) on or before July 31, 2012, two million Australian dollars (AUD2,000,000) and submission of a payment request by the Bank.

4. 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 071514* (Partnership for Knowledge-based Poverty Reduction Trust Fund), 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](mailto:tfremitadvice@worldbank.org) or by fax sent to (202) 614-1315.

5. The Bank shall convert the Contribution funds into the holding currency of the Trust Fund, namely United States dollars, promptly upon receipt of the Contribution funds and the Deposit Instruction containing the information specified in paragraph 4 at the exchange rate obtained by the Bank on the date of the conversion. Where the Contribution proves to be insufficient to complete the activities as a result of an exchange rate fluctuation, neither the Bank nor the Donor shall bear any responsibility for providing any additional financing.

6. Except as provided for in paragraph 4 above, 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:

Vivi Alatas  
Senior Economist, Poverty Reduction and Economic Management  
EASPR – East Asia Pacific Region  
The World Bank  
Jakarta Stock Exchange Building, Tower 2, 12<sup>th</sup> Floor  
Jl. Jenderal Sudirman Kav. 52-53  
Jakarta 12190  
Indonesia

Tel: (62) (21) 5299-3051  
Fax: (62) (21) 5299-3111

For the Donor:

Lisa Hannigan  
Unit Manager, Social Protection  
Australian Agency for International Development  
Australian Embassy Jakarta  
Jl. H.R Rasuna Said Kav. C15-16  
Jakarta 12940

Tel: +62 21 392 4322

Fax: +62 21 392 4373

7. All annexes hereto constitute an integral part of this Agreement. This Agreement may be amended only in writing between the Bank and the Donor; provided, however, that such annexes may be amended only with the agreement of all donors contributing to the Trust Fund.

8. 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**

/s/ Joachim von Amsberg  
Country Director, Indonesia

**AGREED:**

**GOVERNMENT OF AUSTRALIA, acting through the  
AUSTRALIAN AGENCY FOR INTERNATIONAL DEVELOPMENT**

By: /s/ James Gilling

Name: James Gilling

Title: Acting for Deputy Director General

Date: June 15, 2010

**ANNEX 1**

**Description of Activities and Expenditures under the  
Partnership for Knowledge-based Poverty Reduction Trust Fund**

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

**A. DESCRIPTION OF ACTIVITIES**

**Component 1 – Poverty analysis, advice and research**

Support for the provision of analytical and advisory services on poverty-related issues, including qualitative and quantitative research and knowledge-sharing activities.

Component 1 will be Bank-executed.

**Component 2 – Building capacity for poverty analysis**

Building the quantitative and qualitative analytical capacity of local universities and think tanks for research on poverty-related issues.

Component 2 will be Recipient-executed.

**Component 3 – Analytical and advisory work on the design, implementation and integration of poverty programs**

Support for the analytical and advisory work supporting improvements and innovations in the design, implementation and integration of poverty programs, including knowledge-sharing activities.

Component 3 will be Bank-executed.

**Component 4 – Building capacity for monitoring and assessing social protection programs, pilots and systems**

Building the capacity of local universities and think tanks for monitoring and assessing poverty programs.

Component 4 will be Recipient-executed.

**Component 5 – Analysis, advisory work and knowledge sharing for improving data quality and accessibility**

Support for analytical and advisory services to improve the quality and accessibility of poverty-related data, including knowledge-sharing activities.

Component 5 will be Bank-executed.

**Component 6 – Bank operational work - supervision**

Support the Bank supervision of Recipient- and Bank-executed activities and quality control, including fiduciary assessments, task level monitoring and evaluation, implementation reviews, performance audit, and quality assurance carried out under the Trust Fund.

Component 6 will be Bank-executed.

### **Component 7 – Program management and Trust Fund administration**

Support for the Bank's program management and Trust Fund administration works.

Component 7 will be Bank-executed.

## **B. CATEGORIES OF EXPENDITURE**

For Bank-executed activities the Contributions may be used to finance: (a) Consultant Fees; (b) Contractual Services; (c) Extended Term Consultants; (d) Media and Workshops Costs; (e) Staff Costs; (f) Temporary Support Staff Costs; (g) Travel Expenses; (h) Associated Overheads; and Equipment Costs Purchase\*. Training of staff, including extended term consultants) on Bank processes required for trust fund operation may be financed from the Contributions.

\* The Donor and the Bank agree to transfer assets procured from the Equipment Costs Purchase category to the Republic of Indonesia upon the completion of the Trust Fund activities.

For Recipient-executed activities, the Contributions may be used to finance: (a) Goods; (b) Consultant Services; (c) Training and Workshops; (d) Incremental Operating Costs; and (e) Management Fee.

The foregoing categories of expenditures may include the financing of taxes.

**ANNEX 2**

**Standard Provisions Applicable to the  
Partnership for Knowledge-based Poverty Reduction Trust Fund**

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

1. Administration of the Contributions

1.1. The Bank 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 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 any privileges or immunities of the IBRD under its Articles of Agreement or any applicable law, all of which are expressly reserved.

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

2. Commingling, Exchange and Investment of the Contributions

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

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

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

3. Administrative Cost Recovery

3.1. In order to assist in the defrayment of the costs of administration and other expenses incurred by the Bank under this Agreement, the Bank may deduct and retain for its own account an amount equal to two percent (2 %) of each Contribution from the Contributions. In addition, costs for program management and administration as defined in Annex 1 not to exceed 3.35% will be charged to the Trust Fund on an actual basis. If the contributions increase beyond what was originally expected at the time of counter-signature of the first administration agreement, and the administrative costs increase as a result, the Donors acknowledge that an additional administrative fee may be applied to such new contributions.

#### 4. Management of Trust Fund Operations

4.1. Joint Management Committee. There shall be established a Joint Management Committee to be co-chaired by the National Planning and Development Board (Bappenas) and the Executive Secretariat (Office of the Vice-President), and consisting of representatives of Republic of Indonesia, World Bank, and donors contributing to poverty reduction trust funds as identified from time to time by the co-chairs of the Joint Management Committee.

4.2 The Joint Management Committee will be responsible for: (a) reviewing overall trust fund strategies; (b) identifying policy priorities; (c) reviewing progress of trust funded programs; (d) clearing selection of each grantee for recipient-executed projects; and (e) approving the Operations Manual (described in Section 4.4).

4.3 The Bank, as the trustee of the Trust Fund, will be responsible for: (a) approving Bank-executed projects and activity plans; (b) approving recipient-executed projects, including project objectives, activities and budgets, and all changes to recipient-executed projects, subject to clearance for the selection of each grantee by the Joint Management Committee.

4.4 Operations Manual. There shall be an Operations Manual that includes details on the operation of the Trust Fund in accordance with this Agreement, including: (a) the roles, functions and mechanisms for calling, conducting and recording meetings of: (i) the Joint Management Committee and (ii) one or more technical committees that may be constituted from time to time by the Joint Management Committee to assist the Joint Management Committee and the Bank; (b) consultations with donors and stakeholders that may be held in addition to Joint Management Committee meetings; and (c) other implementation arrangements as agreed between the World Bank and the Joint Management Committee in line with this Agreement. The Operations Manual shall be approved by the Joint Management Committee prior to the submission to the Joint Management Committee of the first proposal for a recipient-executed project. The Joint Management Committee shall also approve any changes to the Operations Manual. In the event of any conflict between the Operations Manual and this Agreement, the terms of this Agreement shall prevail.

#### 5. Grant(s) to Recipient(s)

5.1. The Bank shall, as administrator of the Trust Fund on behalf of the Donors, enter into grant agreement(s) (the “Grant Agreement(s)”) with eligible recipients selected in accordance with the provisions of Section 4 of this Annex (the “Recipients”) consistent with the purposes of this Agreement and on the terms and conditions set forth in the Grant Agreement(s). Grant Agreement(s) may be entered into up to the maximum amount of the Contributions that all Donors have agreed to make available under the Administration Agreements between the Bank and the Donors. Upon request by a Donor, the Bank shall furnish a copy of the Grant Agreement(s) to the Donors.

5.2. The Bank shall be responsible for the supervision of the activities financed under the Grant Agreement(s). Subject to the consent of the Recipient(s), representatives of the Donors may be invited by the Bank to participate in Bank supervision missions related to the Trust Fund.

5.3. The Bank shall promptly inform the Donors of any significant modification to the terms of any Grant Agreement(s) and of any contractual remedies that are exercised by the Bank under any Grant Agreement(s). 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.

## 6. Procurement

6.1. For Recipient-executed activities, the Grant Agreement(s) shall provide that the Contributions shall be used by the Recipient(s) to finance expenditures for goods and services, as the case may be, in accordance with the Bank’s Guidelines on “Procurement under IBRD Loans and IDA Credits” and the Bank’s Guidelines on the “Selection and Employment of Consultants by World Bank Borrowers,” as in effect at the date of entry into the respective Grant Agreement(s).

6.2. For Bank-executed activities, the employment and supervision of any consultants and the procurement of any goods financed by the Contributions shall be the responsibility of the Bank and shall be carried out in accordance with its applicable policies and procedures.

## 7. Accounting and Financial Reporting

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

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

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



statement for all cash-based trust funds together with the Bank's external auditor's opinion thereon. The cost of the single audit shall be borne by the Bank.

7.4. 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 paid by the requesting Donor.

7.5. The Bank shall provide the Donors with copies of all financial statements and auditors' reports received by the Bank from the Recipient(s) pursuant to the Grant Agreement(s).

## 8. Progress Reporting

8.1. The Bank shall provide the Donors with an annual report on the progress of activities financed by the Contributions. Within six (6) months of the final disbursement date specified in paragraph 8.2, the Bank shall furnish to the Donors a final report on the activities financed by the Trust Fund.

8.2 Any Donor may review or evaluate activities financed by 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 its policies and procedures. All associated costs 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.

## 9. Disbursement; Cancellation; Refund

9.1 It is expected that the Contributions will be fully disbursed by the Bank by June 30, 2014. The Bank shall only disburse Contributions for the purposes of this Agreement after such date with the written approval of the Donors.

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

9.3. Following the final disbursement date specified in paragraph 8.1, the Bank shall return any remaining balance of the Contributions to the Donors on a pro rata basis based on the Donors' paid Contributions. In the event of a cancellation the Bank shall promptly return to the relevant Donor or Donors or to the relevant Donor Balance Account the Donor's pro rata share of uncommitted Contributions in accordance with paragraph 8.3.

## 10. Disclosure

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

