



TF070962

The World Bank

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION

1818 H Street, N.W.
Washington, D.C. 20433
U.S.A.

(202) 473-1000
Cable Address: INTBAFRAD
Cable Address: INDEVAS

Date: June 4, 2012

Mr. Ewen McDonald
Deputy Director General
Humanitarian and International Group
Australian Agency for International Development
255 London Circuit
Canberra ACT 2600
Australia

Trust Fund Administration Agreement between the Commonwealth of Australia, acting through the Australian Agency for International Development, and the International Bank for Reconstruction and Development and the International Development Association concerning the Water and Sanitation Program Core Funding Multi-Donor Trust Fund (TF070962) (AusAID Agreement Number 62782)

Dear Mr. McDonald:

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 Commonwealth of Australia, acting through the Australian Agency for International Development (AusAID) (the "Donor") shall make available as a grant the sum of twenty-seven million five hundred thousand Australian Dollars (AUD 27,500,000) (the "Contribution") for the Water and Sanitation Program Core Funding Multi-Donor 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 Water and Sanitation Program Core Funding MDTF" 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 Water and Sanitation Program Core Funding MDTF" (the "Standard Provisions") attached hereto as Annex 2 and the "Governance Terms Applicable to the Water and Sanitation Program (the "Governance Terms") attached hereto as Annex 3.

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 and submission of a payment request by the Bank, twelve million five hundred thousand Australian Dollars (AUD 12,500,000);
- (b) on or before June 30, 2014 and upon submission of a payment request by the Bank, five million Australian Dollars (AUD 5,000,000);
- (c) on or before June 30, 2015 and upon submission of a payment request by the Bank, five million Australian Dollars (AUD 5,000,000); and
- (d) on or before September 30, 2015 and upon submission of a payment request by the Bank, five million Australian Dollars (AUD 5,000,000).

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 TF070962 (the Water and Sanitation Program Core Funding Multi-Donor 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 tfremittadvice@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:

Ms. Jaehyang So
Manager
Water and Sanitation Program
The World Bank
1818 H Street, NW
Washington, DC 20433
U.S.A.

Tel: 202 473 2789
Fax: 202 522 3018
Email: jso@worldbank.org

For the Donor:

Mr. Julian Leibrandt
Policy Manager
Infrastructure and Water Policy Section
Australian Agency for International Development
255 London Circuit
Canberra ACT 2600
AUSTRALIA

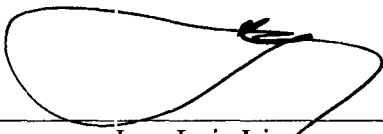
Tel: +61 2 6178 4216
Fax: +61 2 6178 4870
E-mail: julian.leibrandt@ausaid.gov.au

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
INTERNATIONAL DEVELOPMENT ASSOCIATION**

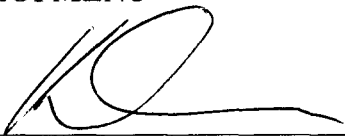


Jose Luis Irigoyen
Director

Transport, Water, Information and Communication Technologies

AGREED:

**COMMONWEALTH OF AUSTRALIA
ACTING THROUGH THE AUSTRALIAN AGENCY FOR INTERNATIONAL
DEVELOPMENT**

By: 

Date: 8/6/12

Name: ~~Ewen McDonald~~ James Gilling

Title: Deputy Director General, Humanitarian and International Group

**Description of Activities and Expenditures under the Water and Sanitation
Program Core Funding MDTF**

Objective and Scope

1. The objective of the Water and Sanitation Program (“WSP”) is to alleviate poverty by helping the poor gain sustained access to water and sanitation services. The Trust Fund will enable WSP to provide services to all regions where it operates consistent with its strategic documents and its three-year rolling business plan.

Description of the Activities

2. WSP refines activities including WSP Core MDTF activities and defines budget allocation in its annual business planning process. The WSP Council oversees the process, approves the annual work plan and reviews progress reporting.

3. Bank and recipient-executed activities supported by WSP include, *inter alia*:

- (a) Providing technical assistance to help countries adopt more effective policies and strategies and undertake policy and institutional reforms.
- (b) Providing strategic and implementation advice to clients and partners to support the design and implementation of investment projects and programs.
- (c) Carrying out knowledge management, generation and synthesis of innovative solutions to water, sanitation and hygiene problems.
- (d) Supporting sector professionals at the country and regional level by:
 - (i) developing communications plans and capacity building programs;
 - (ii) facilitating donor coordination activities in the water and sanitation sector;
 - (iii) sponsoring outcome-oriented conferences and learning events; and
 - (iv) improving sector monitoring and evaluation systems.
- (e) Carrying out analytical and advisory work and related activities to including, *inter alia*, research, assistance in harmonization efforts at the country level, and cross-sectoral issues, in response to emerging needs of the water, sanitation and hygiene sector.
- (f) Carrying out program management component relating to overall general program management and administration functions that are cost-shared across all WSP trust funds.

Categories of Expenditures

4. Contribution funds may be used to finance the following categories of expenditures for bank-executed activities:

- (a) staff salaries, benefits and indirects;
- (b) extended-term consultants;
- (c) temporary staff costs (short-term and extended-term);
- (d) short term consultants fees;
- (e) contractual services;
- (f) media and workshops / conferences / meeting costs;
- (g) non-capital equipment costs;
- (h) travel expenses, including travel expenses for staff, consultants, short-term and extended term consultants and workshop / conference participants; and
- (i) communication and translation costs.

5. The Contribution funds may be used to finance goods, works, services and operating costs and any other allowable expenditures provided under Recipient-Executed activities. Grants will be provided to private or public sector organizations for the benefit of developing member countries of the Bank.

**Standard Provisions Applicable to the
Water and Sanitation Program Core Funding MDTF**

The following provisions (hereinafter referred to as the “Standard Provisions”) shall be applicable to and form an integral part of all Agreements/Arrangements entered into between the International Bank for Reconstruction and Development (“IBRD”) and the International Development Association (“IDA”) (collectively, the “Bank”) and donor countries and/or organizations (hereinafter referred to as the “Donors”) that provide grants (referred to as the “Contributions”) to be administered by the Bank for the Water and Sanitation Program Core Funding Multi-Donor Trust Fund (the “Trust Fund”).

1. Administration of the Contributions

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 and IDA under their Articles of Agreement or any applicable law, all of which are expressly reserved.

2. Commingling, Exchange and Investment of the Contributions

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

2.2. The Contribution 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 Contribution funds 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 established under this Agreement to be used for the same purposes as the Contribution funds.

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, following deposit of Contribution funds, deduct from such funds and retain for the Bank’s own account an amount equal to five percent (5%) of the Contribution funds.

3.2. In addition to the aforementioned 5% administration fee, the Bank may, following deposit of Contribution funds, transfer an amount equal to nine percent (9%) of the net Contribution to operating expenses into the Water and Sanitation Program’s Global Program

Management Trust Fund (TF020992) for use to finance program management and administration.

4. Grants to Recipients

4.1. The Bank shall, as administrator on behalf of the Donors, enter into grant Agreements (the "Grant Agreements") with one or more entities (the "Recipients") for the provision of Contribution funds for the purposes of this Agreement and on the terms and conditions set forth in the Grant Agreements. The Bank shall furnish a copy of the Grant Agreements to the Donors.

4.2. The Bank shall be solely responsible for the supervision of activities financed under the Grant Agreements.

4.3. If, in the Bank's opinion, an amount of the Contribution funds allocated to any of the expenditure categories specified in Annex 1 to this Agreement shall be insufficient to finance the expenditures for such category, the Bank may reallocate to such category an amount of the Contribution funds then allocated to another category which, in the Bank's opinion, shall not be necessary to meet other expenditures. The Bank shall notify the Donors of such a reallocation.

5. Employment of Consultants and Procurement of Goods

The employment and supervision of consultants and the procurement of goods financed by the Contributions shall be the responsibility solely of the Bank and shall be carried out in accordance with its applicable policies and procedures. The Grant Agreements shall provide that the Contributions will be used by the Recipients 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 the Grant Agreements.

6. Accounting and Financial Reporting

6.1. The Bank shall maintain separate records and ledger accounts in respect of the Contributions deposited in the trust fund account and disbursements made therefrom.

6.2. The Bank shall provide the Donors access to current financial information relating to the trust fund via the World Bank's Trust Funds Donor Center secure website. Within six (6) months after all commitments and liabilities under this trust fund have been satisfied and the Trust Fund has been closed, the Bank shall furnish to the Donors a final unaudited cash-based statement of receipts, disbursements and fund balance in United States dollars with respect to the Contribution funds shall be made available to the Donor via the Bank's Trust Funds Donor Center secure website.

6.3. The Bank shall also provide the Donors with copies of all financial statements and auditors' reports received by the Bank from the Recipients pursuant to the Grant Agreements.

6.4. The Bank shall provide to the Donors, within six (6) months following the end of each Bank fiscal year, a management assertion together with an attestation from the Bank's external

auditor: concerning the adequacy of internal control over cash-based financial reporting for trust funds as a whole. The cost of such attestations shall be borne by the Bank.

6.5. If a Donor wishes to request, on an exceptional basis, a financial statement audit by the Bank's external auditors of the trust fund established under this Agreement, 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.

7. Coordination and Project Reporting

7.1 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 8.1, the Bank shall furnish to the Donors a final report on the Project activities.

7.2 The Bank shall promptly inform the Donors of any significant modification to the terms of the Grant Agreements and of any contractual remedy that is exercised by the Bank under the 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.

8. Disbursement deadline; Cancellation; Refund

8.1. It is expected that the Contribution funds shall be fully disbursed by the Bank in accordance with the provisions of this Agreement by December 31, 2015. The Bank shall only disburse Contribution funds for the purposes of this Agreement after such date with the written approval of the Donors.

8.2 Any Donor or the Bank may, upon six (6) months' prior written notice, cancel all or part of the Donor's pro rata share of any remaining balance of the Contribution funds 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 Agreements.

8.3. In the event of a cancellation of an individual Donor's pro rata share of uncommitted Contribution funds in accordance with paragraph 8.2, the Bank shall return such cancelled balance to the Donor.

9. Disclosure

The Bank may disclose this Agreement and information on this trust fund in accordance with the Bank's policy on disclosure of information.

Governance Applicable to the Water and Sanitation Program

1. The governance provisions applicable to the Water and Sanitation Program (“WSP”) are those set forth in the WSP Charter, as such charter may be amended from time to time in accordance with its terms, which is incorporated herein by reference. As specified in the WSP Charter, any amendments to the WSP Charter relevant to this Agreement, including its annexes, shall become applicable to this Agreement as such amendments take effect without further need to amend this Agreement.

2. In the event of a conflict between this Annex 3, or any other part of this Agreement, and the WSP Charter, the provisions of the WSP Charter shall prevail, provided, however, that this result does not require the Bank to violate its policies, rules, or contractual commitments or otherwise cause it to compromise its fiduciary position under the WSP.