

The World Bank
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION

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CONFORMED COPY

March 31, 2011

Mr. Murray Proctor
First-Assistant Director General
Sectoral Policy Division
Australian Agency for International Development (AusAID)
20 Allara Street
PO Box 887, Canberra ACT 2601
Australia

Trust Fund Administration Agreement between the Australian Agency for International Development (AusAID) and the International Bank for Reconstruction and Development and the International Development Association concerning the Trust Fund for the Public-Private Infrastructure Advisory Facility Sub-National Technical Assistance Program - TF No. 070804 – AusAID Agreement No 58761

Dear Mr. Proctor:

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 Australian Agency for International Development (AusAID) (the “Donor”) will make available as a grant the sum of two million Australian Dollars (**AUD2,000,000**) (the “Contribution”) for the Public-Private Infrastructure Advisory Facility (PPIAF) Sub-National Technical Assistance Program (SNTA) (TF No.070804) (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 1 and 2** to this Agreement.
2. The Contribution will be used to finance the activities and the categories of expenditure set forth in the “Description of Activities and Expenditures under the PPIAF Sub-National Technical Assistance Program” attached hereto as Annex 1, and will 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 Trust Fund for the Sub-National Technical Assistance Program” (the “Standard Provisions”) attached hereto as Annex 2. The Standard Provisions constitute an integral part of this Agreement.
3. The Donor will deposit the Contribution in the amount of two million Australian Dollars (**AUD2,000,000**) into such bank account designated by the Bank in accordance with the following schedule:

- (a) A first installment in the amount of one million Australian Dollars
- (b) **(AUD1,000,000)** will be deposited by the Donor on or before June 30, 2012 upon effectiveness of this Agreement.

- (c) A second installment in the amount of one million Australian Dollars **(AUD1,000,000)** will be deposited by the Donor on or before June 30, 2013 upon submission by the Bank of a payment request together with an unaudited financial statement on the use of the previous fund payment.

4. When making 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 TF070804 (PPIAF SUB-NATIONAL TECHNICAL ASSISTANCE FUND) and the date of deposit (the "Deposit Instruction"). In addition, the Donor shall provide a copy of the Donor's Deposit Instruction to the Bank's Trust Funds Accounting Division by e-mail sent to "tfremiadvice@worldbank.org" or by fax to (202) 614-1315.

5. The Bank will 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 will bear any responsibility for providing any additional financing

6. Any notice, request or other communication to be given or made under this Agreement will 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. Zoubida Allaoua
Director
Finance, Economics and Urban Development Department (FEU)
The World Bank
1818 H Street, N.W.
Washington, DC 20433, United States of America
Tel: +1 202 458-0993
Fax: +1 202 522-3481
Email: zallaoua@worldbank.org

For the Donor:

Mr. Murray Proctor
First-Assistant Director General
Sectoral Policy Division
Australian Agency for International Development (AusAID)
20 Allara Street
PO Box 887, Canberra ACT 2601
Australia

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. 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, the Donor consents to disclosure of this Agreement and related information on this Trust Fund.

9. 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**

/s/ Zoubida Allaoua
Director
Finance, Economics and Urban Department
Sustainable Development Network

CONFIRMED AND AGREED:

AUSTRALIAN AGENCY FOR INTERNATIONAL DEVELOPMENT

/s/ Murray Proctor
(Authorized Representative)
Name: Mr. Murray Proctor
Title: First-Assistant Director General

Date: April 12, 2011

ANNEX 1

Description of Activities and Expenditures under the Trust Fund for the Public-Private Infrastructure Advisory Facility (PPIAF) Sub-National Technical Assistance Program (SNTA) (TF No. 070804)

1. Description of Activities
 - 1.1 The Trust Fund for the Public-Private Infrastructure Advisory Facility (PPIAF) Sub-National Technical Assistance Program (SNTA) (TF No.070804) (the “Trust Fund”) shall finance activities of the SNTA under the PPIAF.
 - 1.2 The PPIAF is a multi-donor technical assistance facility aimed at helping developing country governments improve the quality of their infrastructure through private sector involvement. PPIAF’s mission is to help eliminate poverty and achieve sustainable development in developing countries by facilitating private sector involvement in infrastructure. In particular, PPIAF’s objectives are to:
 - (a) Mobilize and leverage donor resources;
 - (b) Exploit the expertise and economies of scale and scope available from an integrated, multi-donor work program;
 - (c) Promote the exchange of lessons of experience between sectors, regions, and donors; and
 - (d) Facilitate coordination between bilateral and multilateral programs addressing the same concerns.
 - 1.3 PPIAF supports a program of country-specific and multi-country advisory and related activities in the following areas
 - (a) Framing infrastructure development strategies to take full advantage of the potential for private sector involvement;
 - (b) Building consensus for appropriate policy, regulatory and institutional reforms;
 - (c) Designing and implementing specific policy, regulatory and institutional reforms;
 - (d) Supporting the design and implementation of pioneering projects and transactions; and
 - (e) Building government capacity in the design and execution of private infrastructure arrangements and in the regulation of private service providers.
 - 1.4 PPIAF also supports identifying and disseminating best practices in private involvements in infrastructure.

- 1.5 The SNTA is managed and implemented as a Non-Core Fund within the PPIAF in accordance with the Program Charter. Contributors to the Trust Fund as a PPIAF Non-Core Fund will be required to make at least the minimum contribution to the Core Fund of the PPIAF as set out in the Program Charter.
- 1.6 The objectives of the SNTA are to assist sub-national entities that demonstrate good governance and efficiency benchmarks to develop their capacity to access market based financing without recourse to sovereign guarantees.
- 1.7 The SNTA will support the above described areas of PPIAF activities, which promote capacity building designed to improve the credit worthiness of sub-national entities and their investment projects as measured by an appropriate credit rating and/or actual access to financing. Such capacity building will include technical assistance for improved financial management, strengthened governance and human resource capacity, best-practice procurement procedures as well as better corporate and business planning.
- 1.8 Additional information on PPIAF including its governance structure can be found in the PPIAF Program Charter, dated May 2001, as amended from time to time and available at www.ppiaf.org. Although this Trust Fund will be non-core PPIAF fund, all proposals will be circulated to PPIAF donors for information and coordination but with explicit approval requested only from the non-core donors to this Trust Fund.

2. Categories of Expenditure

- 2.1 The Contribution funds will be used to finance the following categories of expenditure:
- 2.2 For Recipient-executed activities, the Contribution funds may be used by Recipients (as defined in Annex 2, paragraph 6.1) to finance goods, works and services.
- 2.3 For Bank-executed activities, the Contribution funds may be used to finance the following categories of expenditures:
 - Associated overheads
 - Consultant fees
 - Contractual services
 - Equipment costs lease
 - Extended term consultants
 - Media and workshop costs
 - Staff costs
 - Temporary support staff costs (program administration)
 - Travel expenses

- 24 Pursuant to paragraph 3 of Annex 2, a maximum of 30% of the Contribution funds may be used for the costs associated with staff of the World Bank Group (as defined in Annex 2, paragraph 3) in identifying, supervising, and, in limited cases, delivering PPIAF assignments on behalf of the Program Management Unit of the PPIAF in connection with the SNTA.

ANNEX 2

Standard Provisions Applicable to the Trust Fund for the Sub-National Technical Assistance Program (SNTA) Public-Private Infrastructure Advisory Facility (PPIAF) Trust Fund (TF No. 070804)

1. The following provisions (hereinafter referred to as the “Standard Provisions”) shall be applicable to and form an integral part of all agreements entered into between the 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 Trust Fund for the Public-Private Infrastructure Advisory Facility (PPIAF) Sub-National Technical Assistance Program (SNTA) (TF No. 070804) (the “Trust Fund”).
2. Administration of the Contributions
 - 2.1 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 and IDA under their Articles of Agreement or any applicable law, all of which are expressly reserved.
3. Use of Contribution Funds
 - 3.1 The Bank may use the Contribution funds for any purpose that is:
 - (a) permissible under the Program Charter, as it may be amended from time to time; and
 - (b) authorized by the non-core donors group comprised of the Program Council members contributing to the SNTA (“SNTA Non-Core Donors Group”) in accordance with the Program Charter.
4. Use of PPIAF Trust Fund for World Bank Group Staff
 - 4.1 A maximum of thirty percent (30%) of the funds provided under the Agreement may be used for the costs associated with staff of the Bank, the International Finance Corporation, the Multilateral Investment Guarantee Agency, and the International Center for Settlement of Investment Disputes (collectively, the “World Bank Group”) involved in identifying, supervising, and, in limited cases, delivering PPIAF assignments on behalf of the Program Management Unit of the PPIAF (the “PMU”) in connection with the SNTA.

5. Commingling, Exchange and Investment of the Contributions

- 5.1. 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.
- 5.2. The Contribution funds may be freely exchanged by the Bank into other currencies as may facilitate their disbursement.
- 5.3. 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.

6. Administrative Cost Recovery

- 6.1 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 two percent (2%) of the Contributions.

7. Grants to Recipients

- 7.1. When so authorized by the SNTA Non-Core Donors Group, the Bank may use the Contribution funds to provide a grant to a member country of the IBRD or IDA or to another entity for the purposes specified in paragraph 2 above. In such cases, 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.
- 7.2. The Bank shall be solely responsible for the supervision of project activities financed under the Grant Agreements.
- 7.3. 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 will 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, will not be necessary to meet other expenditures. The Bank will notify the Donors of such a reallocation.

8. Employment of Consultants and Procurement of Goods

- 8.1 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. Where the Bank has entered into Grants Agreements, the Grant Agreements shall provide that the Contributions shall 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.

9. Accounting and Financial Reporting

- 9.1. The Bank shall maintain separate records and ledger accounts in respect of the Contributions deposited in the trust fund account and disbursements made thereof.
- 9.2. Within ninety (90) days of each March 31, June 30, September 30 and December 31, the Bank shall furnish to the Donors an unaudited cash-based statement of receipts, disbursements and fund balance in United States dollars with respect to the Contributions. Within six (6) months of the final disbursement date specified in paragraph 10.1, 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.
- 9.3. 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.
- 9.4. 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 auditors 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.
- 9.5. 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.

10. Project Reporting

- 10.1 Within ninety (90) days of each June 30 and December 31, for as long as any Contribution funds remain in the Trust Fund, the PMU will provide a report to the Donors and on the activities approved, the financial commitments made in respect of the activities and the implementation status of the activities.

11. Disbursement Deadline; Cancellation; Refund

- 11.1. It is expected that the Contribution funds will be fully disbursed by the Bank in accordance with the provisions of this Agreement by October 31, 2013. The Bank shall only disburse Contribution funds for the purposes of this Agreement after such date with the written approval of the Donors.
- 11.2. 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 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.
- 11.3. Upon the final disbursement date specified in paragraph 10.1, the Bank shall return any remaining balance of the Contribution funds to the Donors on a pro rata basis. In the event of a cancellation of an individual Donor's pro rata share of uncommitted Contribution funds in accordance with paragraph 10.2, the Bank shall return such cancelled balance to the Donor.

12. Disclosure

- 12.1 The Bank may disclose this Agreement and information on this Trust Fund in accordance with the Bank's policy on disclosure of information.