

CONFORMED COPY

August 23, 2010

Ms. Edith Frauwallner
Deputy Director General
Federal Ministry of Finance
Hintere Zollamtsstrasse 2b
A-1030 Vienna
Austria

Trust Fund Administration Agreement between the Republic of Austria and the International Bank for Reconstruction and Development and the International Development Association concerning the Energy Sector Management Assistance Program's Multi-Donor Trust Fund (TF No. 071398)

Dear Ms. Frauwallner:

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 Republic of Austria acting through the Ministry of Finance of Austria (the "Donor") shall make available as a grant the sum of One Million Nine Hundred Thousand Euros (EUR 1,900,000) (the "Contribution") for the Energy Sector Management Assistance Program 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 Energy Sector Management Assistance Program 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 Energy Sector Management Assistance Program Trust Fund" (the "Standard Provisions") attached hereto as Annex 2 and the "Governance Terms Applicable to the Energy Sector Management Assistance Program" (the "Governance Terms") attached hereto as Annex 3.
3. The Donor shall deposit the Contribution into such bank account designated by the Bank promptly following countersignature of this Agreement by the Donor and submission of a payment request by the Bank.

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 TF 071398 (the Energy Sector Management Assistance Program 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 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:

Rohit Khanna
Program Manager
Energy Sector Management Assistance Program
The World Bank
1818 H Street, NW
Washington, DC 20433
U.S.A.

Tel: +1 (202) 458-2685
Fax: +1 (202) 522-3018
E-mail: Rkhanna2@worldbank.org

For the Donor:

Günther Schönleitner
Head of Department for International Financial Institutions
Federal Ministry of Finance
Hintere Zollamtsstrasse 2b
A-1030 Vienna
Austria

Tel: +43 (01) 1 51433-503080
Fax: +43 (01) 1 51433-5903080
E-mail: guenther.schoenleitner@bmf.gv.at

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
AND
INTERNATIONAL DEVELOPMENT ASSOCIATION**

/s/ By: Marc Juhel
Acting Director
Energy, Transport and Water Department

CONFIRMED AND AGREED:

Republic of Austria acting through the Ministry of Finance

/s/ By: Edith Frauwallner

Date: August 27, 2010

Title: Deputy Director General

Description of Activities and Expenditures under the Energy Sector Management Assistance Program 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

(i) Bank-executed Activities

The Energy Sector Management Assistance Program (ESMAP) assists client countries to increase know-how and institutional capacity to achieve environmentally sustainable energy solutions for poverty reduction and economic growth. The objective of the ESMAP Programmatic Multi-Donor Trust Fund currently under preparation is to provide multi-year funding support to implement the new ESMAP 2008-2013 Strategic Business Plan (SBP), endorsed by the ESMAP governing body, the Consultative Group for the Energy Trust Funded Programs, in April 2009.

The SBP presents the core set of: i) continuing and proposed programs through which ESMAP will continue supporting client countries to better address the energy security and poverty reduction nexus; and ii) newly identified ESMAP initiatives that address all three thematic challenges and thereby strengthen ESMAP's comparative advantage as a global knowledge and technical assistance partnership.

Specifically, ESMAP's activities are developed around the following areas of focus:

Component 1: Energy Assessments and Strategy TA Programs (EAS-TAP) will enhance institutional capacity of client countries to conduct energy assessments, develop strategies and investment programs and designing robust frameworks to track, monitor, and evaluate intervention costs and benefits of: i) measures to mitigate national energy systems vulnerabilities; ii) regional energy integration; and/or iii) low carbon growth.

Component 2: Pro-poor Energy Access TA Programs (PEA-TAP) will assist client countries to formulate and implement policy reform measures and strategies to: i) close the energy access gap for the poor through enhancing the productivity of SMEs both as providers and users of modern energy services to the poor in rural and urban communities; ii) enhance poverty reduction impacts of

national/rural electrification programs; and iii) achieve gender sensitive energy sector development.

Component 3: Energy Efficient Cities Initiative (EECI) to assist cities to deploy energy efficient solutions for the delivery of basic urban services.

Component 4: Renewable Energy Market Transformation Initiative (REMTI) to assist client countries to diversify their energy supply mix and scale up deployment of renewable energy technology.

Component 5: Activities relating to overall general program management and administration functions required for efficient management of the program.

(ii) **Recipient-executed Activities**

Recipient-executed activities fall within the context of the Energy Assessments and Strategy TA Programs and will entail conducting global energy assessments through partnership arrangements with ESMAP.

B. CATEGORIES OF EXPENDITURES

For Bank-executed Activities the Contributions may be used to finance:

- a) Staff salaries, benefits and indirects;
- b) Extended-term consultants, benefits and indirects;
- c) Temporary staff costs (short-term and extended-term);
- d) Short-term consultant 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.

For Recipient-executed Activities, the Contributions may be used to finance:

- a) 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. The foregoing categories of expenditures may include the financing of taxes.

**Standard Provisions Applicable to the Energy Sector Management Assistance
Program Trust Fund**

This Annex shall be applicable to and form 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 and IDA under their 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 one percent (1%) of each Contribution. In addition, costs for program management and trust fund administration as defined in Annex 1 will be charged to the Trust Fund on an actual basis based on an annual budget for Program Management and Trust Fund Administration submitted and approved by the Consultative Group.

4. Grants to Recipients

4.1. The Bank shall, as administrator of the Trust Fund on behalf of the Donors, enter into grant agreements (the “Grant Agreements”) with eligible recipients selected in accordance with the governance terms of Annex 1 (the “Recipients”) consistent with the purposes of this 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. Upon request by a Donor, the Bank shall furnish a copy of the Grant Agreements to the Donors.

4.2. The Bank shall be responsible for the supervision of the activities financed under the Grant Agreements. Subject to the consent of the Recipients, representatives of the Donors may be invited by the Bank to participate in Bank supervision missions related to the Trust Fund.

4.3. 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.

5. Procurement

5.1. For Recipient-executed activities, 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 entry into the respective Grant Agreements.

5.2. 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.

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 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.

6.3. 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 (a) 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 (b) 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.

6.4. 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.

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

7. Progress 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 activities financed by the Trust Fund.

7.2. 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.

8. Disbursement; Cancellation; Refund

8.1. It is expected that the Contributions will be fully disbursed by the Bank by December 31, 2013. The Bank shall only disburse Contributions 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 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 Agreements.

8.3 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 the Donor's pro rata share of uncommitted Contributions in accordance with paragraph 8.2.

9. Disclosure

9.1. The Bank may disclose this Agreement and information on this Trust Fund in accordance with the Bank's policy on disclosure of information, in effect at the time of such disclosure. By entering into this Agreement, Donors consent to disclosure of this Agreement and information on this Trust Fund.

10. Use of Funds

10.1. Recognizing the obligations of the Bank member countries under the various United Nations Security Council Resolution to take measures to prevent financing of terrorists, the Bank undertakes to use reasonable efforts, consistent with the Bank's Articles of Agreement and policies, including those pertaining to combating financing of terrorists, to ensure that the funds provided under any Administration Agreement are used for their intended purposes and are not diverted to terrorists and their agents. The Bank will include a provision in each Grant Agreement that the Recipient will: (a) not use the proceeds of the grant for the purposes of any payment to persons or entities, or for the import of goods, if such payment or import, to the Recipient's knowledge of belief, is prohibited by decisions of the United Nations Security Council take under Chapter VII of the Charter of the United Nations; and if applicable; (b) include a corresponding provision in any sub-grant agreements that the Recipient enters into with entities to which the Recipient makes the grant funding available.

Governance Terms Applicable to the Energy Sector Management Assistance Program (ESMAP)

The following Governance Structure applies to ESMAP:

1. Consultative Group (CG)

ESMAP is governed and funded by a Consultative Group (CG) composed of representatives of Australia, Austria, Denmark, Finland, France, Germany, Iceland, the Netherlands, Norway, Sweden, the United Kingdom, and the World Bank. The CG meets at least once a year and is chaired by a Vice President of the World Bank. This function is delegated to the Chair of the World Bank Energy and Mining Sector Board/Director of Energy, Transport and Water Department.

2. Technical Advisory Group (TAG)

2.1. A Technical Advisory Group (TAG) provides input to ESMAP's strategic agenda, and submits regular reports to the CG and to ESMAP Management.

3. The Energy and Mining Sector Board

3.1. The Energy and Mining Sector Board of the World Bank which includes the regional energy sector managers and ESMAP's manager ensure that ESMAP's strategy is consistent with the Bank's approach and priorities in the energy sector.

3.2. The ESMAP Manager, a senior official from the World Bank and a member of the Energy and Mining Sector Board, is responsible for administering the program, approving its activities, and overseeing their implementation.

3.3. The Manager is supported by a small staff responsible for donor relations, quality assurance, portfolio and financial management, and information dissemination. To conduct individual activities, ESMAP relies on a cadre of World Bank Group engineers, energy planners, economists and other development specialists, and on consultants.