Administration Arrangement between the Government of the Commonwealth of Australia Represented by the Department of Foreign Affairs and Trade and The International Bank for Reconstruction and Development and the International Development Association Concerning the Australia-Pacific Islands Partnership Trust Fund (Trust Fund No. TF072517) Single-Donor Trust Fund DFAT Agreement #72053

1. The International Bank for Reconstruction and Development and the International Development Association (collectively, the “Bank”) acknowledge that the Government of the Commonwealth of Australia Represented by the Department of Foreign Affairs and Trade (the “Donor”, and together with the Bank, the “Participants” and each a “Participant”) accept to provide the sum of four million Australian Dollars (AUD 4,000,000) (the “Contribution”) for the Australia-Pacific Islands Partnership Trust Fund, TF072517 (the “Trust Fund”) in accordance with the terms of this Administration Arrangement.

2. The Contribution will be used to finance the activities set forth in the “Australia-Pacific Islands Partnership Trust Fund Description” attached hereto as Annex 1, and will be administered by the Bank on behalf of the Donor in accordance with the terms of this Administration Arrangement, including the “Standard Provisions” attached hereto as Annex 2 and the provisions on “Governance” attached hereto as Annex 3.

3. The Donor will deposit the Contribution in accordance with the following schedule and in the currency specified in Section 1 above (“Contribution Currency”) into such bank account designated by the Bank (each amount deposited hereinafter referred to as an “Installment”) upon submission of a payment request by the Bank:

<table>
<thead>
<tr>
<th>Payment Schedule</th>
<th>Contribution Amount in AUD¹</th>
</tr>
</thead>
<tbody>
<tr>
<td>Promptly following countersignature</td>
<td>4,000,000</td>
</tr>
<tr>
<td>Total</td>
<td>4,000,000</td>
</tr>
</tbody>
</table>

4. When making any deposit, the Donor will instruct its bank to include in its deposit details information (remittance advice) field of its SWIFT deposit message, information indicating: the amount deposited, that the deposit is made by the Donor for TF072517 (the Australia-Pacific

¹ The Contribution amounts are allocated among the projects/activities described in Annex 1 of the Administration Arrangement.
5. Except with respect to the Deposit Instructions, any notice, request or other communication to be given or made under this Administration Arrangement will be in writing and delivered by mail, fax or e-mail to the respective Participant’s address specified below or at such other address as such Participant notifies in writing to the other Participant from time to time:

For the Bank (the “Bank Contact”):

Franz R. Drees-Gross  
Country Director  
Timor-Leste, Papua New Guinea & Pacific Islands  
East Asia and Pacific Region  
The World Bank  
Level 19, 14 Martin Place  
Sydney NSW 2000, Australia  
Tel: +612 9223 7773  
Fax: +612 9235 6593  
E-mail: fdrees@worldbank.org

For the Donor (the “Donor Contact”):

Daniel Sloper  
First Assistant Secretary  
Pacific Development Division  
Department of Foreign Affairs and Trade  
255 London Circuit, Canberra ACT 2601, Australia  
Tel: +612 6206 4000  
Fax: +612 6206 4880  
E-mail: daniel.sloper@dfat.gov.au

6. In the event any amounts are to be returned to the Donor under this Administration Arrangement, the Bank will transfer such amounts to the Donor’s applicable donor balance account with the Bank, unless otherwise mutually decided with the Bank.

7. All annexes hereto constitute an integral part of this Administration Arrangement, whose terms taken together will constitute the entire arrangement and understanding between the Donor and the Bank. Unless otherwise specified in an annex hereto, this Administration Arrangement may be amended only by written amendment between the Bank and the Donor.

8. It is understood that this Administration Arrangement, including any annexes, is not an international treaty. It is an administrative arrangement between the Bank and the Donor.
9. Each of the Participants represents, by confirming its acceptance below, that it is authorized to enter into this Administration Arrangement and act in accordance with these provisions. The Participants are requested to sign and date this Administration Arrangement, and upon possession by the Bank of this fully signed Administration Arrangement, this Administration Arrangement will become effective as of the date of the last signature.

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION

By: \underline{Franz R. Drees Gross}
Name: \textbf{Franz R. Drees Gross}
Title: \textbf{Country Director, EACUF}
Date: \textbf{14 December, 2015}

THE GOVERNMENT OF THE COMMONWEALTH OF AUSTRALIA
REPRESENTED BY THE DEPARTMENT OF FOREIGN AFFAIRS AND TRADE

By: \underline{\ldots\ldots}
Name: \textbf{Robert Christie}
Title: \textbf{A/S, AEP}
Date: \textbf{18 December 2015}
ANNEX 1

Australia - Pacific Islands Partnership Trust Fund Description

This Annex will be applicable to and form an integral part of the Administration Arrangement for the Trust Fund between the Bank and the Donor.

1. **Objectives**

1.1 The objective of the Trust Fund is to support broad based and inclusive growth in Papua New Guinea and the Pacific Islands through the development of a robust pipeline of activities that will contribute to sustainable development, human development and macroeconomic and fiscal management in the Pacific.

2. **Activities**

2.1 Bank-executed activities, for which the Bank has implementation responsibility

The activities to be financed by the Trust Fund include all aspects of Bank-executed activities within the Bank’s work program for which the Bank has implementation responsibility, including but not limited to, program management and administration activities for the Trust Fund; project preparation, implementation and supervision support; advisory and analytical activities; program governance arrangements and Trust Fund related meetings; planning and executing work plans and budgets; managing communications and conducting outreach; disseminating lessons learned; reporting on progress; and monitoring and evaluating the program.

**Recipient-executed activities, for which one or more Recipients (as defined in Annex 2) have implementation responsibility**

2.2 The activities to be financed by the Trust Fund include all aspects of Recipient-executed activities for which one or more Recipients have implementation responsibilities, including but not limited to, activities which will complement and leverage Bank financed investment programs and development policy operations; stand-alone and co-financed projects/operations; analytical work and technical assistance in support of improved development outcomes.

3. **Project Co-financing**

3.1 Without limitation upon the financing of the Activities described above in paragraph 2, the Contribution is allocated among the projects as follows:

(a) Tina River Hydropower Development Project – AUD 1,200,000

(b) Samoa Connectivity Project – AUD 2,800,000
4. **Eligible Expenditures**

4.1 For Bank-executed activities, the Trust Fund funds may be used to finance:

(a) contractual services;
(b) equipment and office premises lease cost;
(c) equipment purchased;
(d) media, workshops, conferences, meetings and other;
(e) travel expenses;
(f) short-term consultants and temporaries;
(g) extended term consultants and temporaries; and
(h) staff costs (excluding short term consultants and temporaries, and also excluding extended term consultants and temporaries).

For purposes of this section: (i) "staff costs (excluding short term consultants and temporaries, and also excluding extended term consultants and temporaries)" includes salaries, benefits and indirect rates charged to the Trust Fund as applicable under Bank policies and procedures; (ii) "extended term consultants and temporaries" includes fees, benefits and indirect rates charged to the Trust Fund as applicable under Bank policies and procedures; and (iii) "short term consultants and temporaries" includes fees and indirect rates charged to the Trust Fund as applicable under Bank policies and procedures.

4.2. For Recipient-executed activities, the Trust Fund funds may be used to finance eligible expenditures in accordance with the Bank’s applicable policies and procedures.

5. **Taxes**

5.1 The foregoing activities and categories of expenditures may include the financing of taxes in accordance with the Bank’s applicable policies and procedures.

6. **Retroactive Financing**

6.1 The Trust Fund funds may be used to retroactively finance payments for eligible expenditures made as of December 2, 2015 in accordance with the Bank’s applicable policies and procedures.
ANNEX 2

Standard Provisions

This Annex will be applicable to and form an integral part of the Administration Arrangement for
the Trust Fund between the Bank and the Donor, it being understood that any plural references in
the annexes to Donors, Administration Arrangement, Contributions and pro rata shares will be read
as singular references to the Donor, its Administration Arrangement, its Contributions thereunder
and the remaining uncommitted balance of the Trust Fund, respectively.

1. Administration of the Contributions

1.1 The Bank will be responsible only for performing those functions specifically set forth in
this Administration Arrangement and will 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 Administration
Arrangement will be considered a waiver of any privileges or immunities of the Bank under its
Articles of Agreement or any applicable law, all of which are expressly reserved.

1.2 Each Donor’s Contribution (collectively, the “Contributions”) will be administered in
accordance with the Bank’s applicable policies and procedures, as the same may be amended from
time to time, including its procurement, financial management, disbursement and safeguard policies,
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 Donors acknowledge 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 a Donor.

2. Management of the Contributions

2.1 The funds deposited in the Trust Fund will be accounted for as a single trust fund and will
be kept separate and apart from the funds of the Bank. The funds deposited in the Trust Fund may
be commingled with other trust fund assets maintained by the Bank. The Bank, in its capacity as
trustee, has legal title to the funds deposited in the Trust Fund.

2.2 The currency in which the funds in the Trust Fund will be held is United States Dollar (the
“Holding Currency”).

2.3 Donors will deposit their Contributions in the Contribution Currency stated in their
respective Administration Arrangements. In the case of deposits received in a Contribution Currency
other than the Holding Currency, promptly upon the receipt of such amounts and the
accompanying Deposit Instructions, the Bank will convert such amounts into the Holding Currency
at the exchange rate obtained by the Bank on the date of the conversion. Where deposits prove to
be insufficient to complete activities as a result of exchange rate fluctuations, neither the Bank nor
the Donor will bear any responsibility for providing any additional financing.
2.4 The funds deposited in the Trust Fund may be freely exchanged by the Bank into other currencies as may facilitate their disbursement at the exchange rate obtained by the Bank on the date of the conversion.

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

3. **Accounting and Financial Reporting**

3.1 The Bank will maintain separate records and ledger accounts in respect of the funds deposited in the Trust Fund and disbursements made therefrom.

3.2 The Bank will furnish to the Donors current financial information relating to receipts, disbursements and fund balance in the Holding Currency 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 with respect to the Contributions will be made available to the Donors via the World Bank’s Trust Funds Donor Center secure website.

3.3 The Bank will provide to the Donors via the World Bank’s Trust Fund Donor Center secure website, within six (6) months following the end of each Bank fiscal year, an annual single audit report, comprising (i) 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 (ii) 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 will be borne by the Bank.

3.4 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 will first consult as to whether such an external audit is necessary. The Bank and the Donor will decide on the appropriate scope and terms of reference of such audit. Following a decision on the scope and terms of reference, the Bank will arrange for such external audit. The costs of any such audit, including the internal costs of the Bank with respect to such audit, will be borne by the requesting Donor.

3.5 The Bank will make available to the Donors copies of all financial statements and auditors’ reports received by the Bank from Recipients pursuant to any Grant Agreements (as defined below) in accordance with the Bank’s Access to Information Policy.

4. **Progress Reporting**

4.1 The Bank will provide the Donor with semi-annual progress reports. The progress reports will be in the form of a Power Point presentation summarizing progress under the Trust Fund and
result achieved. An annual report will also be prepared, including a 2-3 page overview summary of overall achievements under the Trust Fund and one page briefs on each of the recipient executed activities covering key implementation issues, results achieved, and the work program for the next twelve (12) months. The report will include an annex on visibility. Within (6) months of the End Disbursement Date (as defined below), the Bank will provide to the Donors with a final report for the Trust Fund.

4.2 Any Donor may review or evaluate activities financed by the Trust Fund at any time up to closure of the Trust Fund. The Donor and the Bank will decide on the scope and conduct of such review or evaluation, and the Bank will provide all relevant information within the limits of the Bank’s applicable policies and procedures. All associated costs, including any costs incurred by the Bank, will 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.

5. **Disbursement; Cancellation; Refund**

5.1 It is expected that the funds deposited in the Trust Fund will be fully disbursed by the Bank by December 31, 2027 (the “End Disbursement Date”). The Bank will only disburse funds deposited in the Trust Fund for the purposes of this Administration Arrangement (other than returns to Donors) after such date to the extent such date is changed in accordance with amendments made to the Administration Arrangement of all the Donors. Following the End Disbursement Date, the Bank will return any remaining balance of the Trust Fund to each Donor in the Holding Currency in the manner specified in its respective Administration Arrangement on a pro rata basis with regard to the total funds deposited in the Trust Fund by each Donor relative to the total funds deposited in the Trust Fund by all Donors, all calculated as Holding Currency amounts.

5.2 Any Donor may cancel all or part of such Donor’s pro rata share, and the Bank may cancel all or any Donors’ pro rata shares, upon three (3) months’ prior written notice, of any Contributions (paid and not yet paid) that are not committed pursuant to any agreements entered into between the Bank and any consultants and/or other third parties for the purposes of this Administration Arrangement, including any Grant Agreements, prior to the receipt of such notice. In the event of a cancellation, the Bank will return to the Donor its pro-rata share in the Holding Currency as specified in the Administration Arrangement; unless otherwise decided between the Bank and the Donor.

6. **Disclosure; Dispute Resolution**

6.1 The Bank will disclose the Administration Arrangement and related information on this Trust Fund in accordance with the Bank’s Policy on Access to Information. By entering into Administration Arrangements, the Donors consent to such disclosure of their respective Administration Arrangements and such related information.

6.2 The Donors and the Bank will use their best efforts to amicably settle any dispute, controversy, or claim arising out of or relating to the Administration Arrangements.
7. **Grants to Recipients**

7.1 The Bank will, as administrator of the Trust Fund on behalf of the Donors, enter into one or more grant agreements (the “Grant Agreements”) with recipients (the “Recipients”) consistent with the purposes of this Administration Arrangement 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 decided to make available under the Administration Arrangement between the Bank and the Donors.

7.2 The Bank will calculate a fee each time funds (the “Grant Amount”) from the Trust Fund become committed under a Grant Agreement. Such commitment will occur when such Grant Agreement is fully countersigned (the “Calculation Date”). The fee so calculated by the Bank will be based on the cumulative total of funds from the Trust Fund committed under all Grant Agreements that have been fully countersigned on or prior to the Calculation Date (the “Cumulative Grant Total”). The calculated fee will depend on where the Cumulative Grant Total stands as the Grant Amount is added and will be determined in accordance with the following schedule:

(i) 5% of any portion of the Grant Amount that results in a Cumulative Grant Total below or equal to US$ 50 million [(or equivalent)]; plus

(ii) 4% of any portion of the Grant Amount that results in a Cumulative Grant Total above US$ 50 million [(or equivalent)] and below or equal to US$ 500 million [(or equivalent)]; plus

(iii) 3% of any portion of the Grant Amount that results in a Cumulative Grant Total above US$ 500 million [(or equivalent)] and below or equal to US$ 1 billion [(or equivalent)]; plus

(iv) 2% of any portion of the Grant Amount that results in a Cumulative Grant Total above US$ 1 billion [(or equivalent)].

Following each Calculation Date, the Bank will deduct from the Trust Fund, and retain for its own account, the fee as set forth above. Grant Amounts may not exceed the balance of uncommitted funds in the Trust Fund net of the related fee.

7.3 The Bank will be responsible for the supervision of the activities financed under any Grant Agreements. Subject to the consent of any relevant Recipients, representatives of the Donor may be invited by the Bank to participate in Bank supervision missions related to the Trust Fund.

7.4 The Bank will 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 will afford the Donors the opportunity to exchange views before effecting any such modification or exercising any such remedy.
ANNEX 3

Governance

This Annex will be applicable to and form an integral part of the Administration Arrangement for the Trust Fund between the Bank and the Donor.

1. Trust Fund Oversight

1.1. The Trust Fund will be managed by the Bank’s Pacific Country Management Unit (CMU). The process for deciding on project priorities will be between the Bank CMU and the Donor regional program manager for multilateral development banks (MDB). The Bank’s technical teams and the Donor officers/thematic areas will work through their respective units or MDB program manager to identify potential activities to be included in the discussion on the work program during the Trust Fund Partnership Meetings (the “Trust Fund Partnership Meetings”) and Pacific Partnership Talks (the “Pacific Partnership Talks”) described below.

2. Trust Fund Partnership Meeting

(a) the Participants will conduct semi-annual Trust Fund Partnership Meetings to report on and provide oversight of Trust Fund progress, management and administration. Trust Fund Partnership Meetings will focus on Trust Fund matters aimed at:

   (i) reviewing the Trust Fund progress, including results, management and administration; and

   (ii) discussing and deciding on the work program in respect to activities that may be funded from the Trust Fund and the agenda for the Pacific Partnership Talks;

3. Pacific Partnership Talks

3.1 The Participants will strengthen the relationship by conducting annual strategic discussions with partners at the Country Director/Division Head level, during which the Pacific department’s overall priorities and work program will be discussed, including activities funded by the Bank budget as well as the Trust Fund. This mechanism will provide:

   (a) guidance to country and thematic teams on current and future joint priorities;

   (b) a channel to elevate issues of concern that cannot be resolved at the program level or Trust Fund Partnership Meetings; and

   (c) a forum to assess the effectiveness and results of joint collaboration, based on reporting by the Bank on progress towards overall development outcomes as described in Annex 1.

4. Open communication

4.1. Participants will meet at any other time (either face-to-face or via teleconference), by mutual decision, to discuss any aspect of the Trust Fund.
4.2. The Bank will communicate to the Donors any urgent issues, in writing (via letter or email), as soon as any issues become apparent.

5. Visibility

5.1. The Bank will work with the Australian Government to have its contributions acknowledged so as to ensure visibility of the Donor in the development and implementation of activities under the Trust Fund partnership in line with the Bank's guidelines for donors and partners, and associated arrangements such as the World Bank Group – Australian Government Partnership Framework.

5.2. The Bank will acknowledge the Donors' support for any analytical products, training workshops, discussion forums or any other initiative which is supported by the Trust Fund. Acknowledgement may come in the form of, but may not be limited to, media releases, project signings, speeches, project briefs and other promotional and communication materials. Such acknowledgement may include use of the Australian Aid identifier logo, or standard wording such as: "The World Bank's work in the Pacific is supported by Australia."

5.3. The Bank will consult with the Donor prior to releasing any communication material acknowledging the Donors contribution to Bank programs or the Bank’s work in the Pacific.