June 22, 2012

Ms. Vicki Poole  
Deputy Director  
New Zealand Aid Programme  
Ministry of Foreign Affairs and Trade  
Private Bag 18-901  
Wellington  
NEW ZEALAND

Trust Fund Administration Agreement between the New Zealand Ministry of Foreign Affairs and Trade, New Zealand Aid Programme and the International Bank for Reconstruction and Development and the International Development Association concerning the Multi-Donor Trust Fund for the Pacific Regional Infrastructure Facility (TF No. TF071309)

Dear Ms. Poole,

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”) the intention of the New Zealand Ministry of Foreign Affairs and Trade, New Zealand Aid Programme (the “Donor”) to make available as a grant the sum of one million ninety five thousand United States dollars (USD 1,095,000) (the “Contribution”) for the Pacific Regional Infrastructure Facility (the “Trust Fund”). 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 Multi-Donor Trust Fund” attached hereto as Annex 1. Annex 1 constitutes an integral part of this Agreement.

3. The Contribution shall be administered by the Bank on behalf of the Donor in accordance with the terms of this Agreement and the “Standard Provisions Applicable to the Multi-Donor Trust Fund” (the “Standard Provisions”) attached hereto as Annex 2. The Standard Provisions constitute an integral part of this Agreement.
4. The Donor shall deposit the Contribution in the amount of one million ninety five thousand United States dollars into such bank account designated by the World Bank in installments in accordance with the following schedule.

<table>
<thead>
<tr>
<th>Payment Schedule</th>
<th>Amount in USD</th>
</tr>
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<tbody>
<tr>
<td>Fiscal Year [2012]</td>
<td>1,095,000</td>
</tr>
</tbody>
</table>

5. When making such deposit, the New Zealand Ministry of Foreign Affairs and Trade, New Zealand Aid Programme 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 from the New Zealand Ministry of Foreign Affairs and Trade, New Zealand Aid Programme for TF071309 (Pacific Region Infrastructure Facility) and the date of deposit. In addition, the New Zealand Ministry of Foreign Affairs and Trade, New Zealand Aid Programme, shall send a copy of its 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.

6. The offices responsible for coordination of all matters related to the implementation of this Agreement are:

For the Bank:

Joel Maweni  
Operations Advisor, EASSD  
The World Bank  
MC 9-517  
1818 H Street, N.W.  
Washington D.C. 20433 USA

Tel: +1 202 473 4089  
Fax: +1 202-614 0620

For the Donor:

John Claasen  
Kiribati Development Manager  
New Zealand Aid Programme  
Ministry of Foreign Affairs & Trade  
Private Bag 18-901  
Wellington 5045, New Zealand

Tel: +644-4398473;  
Fax: +644-4398513
7. This Agreement may be amended only by written agreement between the Bank and the Donor; provided, however, that Annex 1 (Description of Activities and Expenditures) and Annex 2 (Standard Provisions) to this Agreement may only be amended with the agreement of all Donors contributing to this 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,

[Signature]

Ferid Belhaj
Country Director
Papua New Guinea, Timor-Leste and Pacific Islands
East Asia and Pacific Region

AGREED:

THE NEW ZEALAND MINISTRY OF FOREIGN AFFAIRS AND TRADE, NEW ZEALAND AID PROGRAMME

By: [Signature] Date: 25 June 2012

Name: Vicki Poole
Title: Acting Director Public Development
ANNEX 1

Description of Activities and Expenditures under the Multi-Donor Trust Fund for the Pacific Regional Infrastructure Facility

1. The objective of the Trust Fund is to provide flexible, transparent, long-term support and increased rate of investment and performance of infrastructure sectors in Pacific Island Countries.

2. The Activities to be financed by the Trust Fund are:

   (a) Strengthening of infrastructure programs in the Pacific Island Countries through, *inter alia*,: (i) the carrying out of analytical work; (ii) the provision of project preparation support; (iii) building the capacity of staff in the Pacific Island Countries dealing with infrastructure projects; (iv) provision of technical assistance for project preparation and implementation; (v) carrying out of civil works for infrastructure projects in sectors such as transport, energy and telecoms; and (vi) provision of operating and maintenance costs for infrastructure service delivery.

   Co-financing existing infrastructure operations in the Pacific Island Countries including: (i) Tonga Transport Sector Consolidation Project – IDA H4146 (ii) Samoa Infrastructure Management Project- IDA 50890; (iii) Solomon Islands Rapid Employment Project-ID 50890; (iv) Solomon Islands Telecom and ICT Development Project- IDA H5750; (v) Kiribati Road Rehabilitation project- IDA H6450; (vi) Samoa Post Tsunami Project- IDA 489310; (vii) Third Kiribati Adaptation Project- TF11448; (viii) Pacific Aviation Project Tonga- IDA H7438; (ix) Pacific Aviation Project Kiribati –IDA H7420; (x) Pacific Aviation Project Tuvalu - IDA H7490; (xi) Tonga-Fiji Connectivity project- IDA H7310; (xii) Solomon Islands Tina River Hydropower Development Project; (xiii) Kiribati Telecommunication and ICT Development Project IDA H7800; (xiv) Tonga Energy Roadmap; and (xv) Vanuatu Telecom Support.

   A program of specific activities in these areas will be developed annually and approved in accordance with paragraph 5 of this Annex 1 below.

3. Eligible Expenditure Categories for Recipient-Executed Activities: The Contribution shall be used, in part, to finance goods, works, consultant services, training, workshops, study tours and incremental operating costs and subsidies for Information and Communication Technology Providers. The categories of expenditures will be more explicitly provided in the Grant Agreements to be signed with individual recipients of Grant funds.

4. Eligible Expenditure Categories for Bank-Executed Activities: The Contribution shall be used, in part, to finance expenses related to the Bank’s supervision of project preparation and implementation under the Trust Fund including staff costs.
(salary, benefits and indirect costs), consultant fees, media and workshop costs, travel expenses, associated overheads, temp staff costs, extended term consultants, contractual services and equipment costs purchase.

5. **Governance Structure of the Trust Fund**

The Trust Fund will have the following three-tier governance structure:

(a) The Bank will be the administrator of the Trust Fund and will also act as a secretariat to the Infrastructure Working Group. In its capacity as administrator of the Trust Fund, the Bank will establish and maintain appropriate records and accounts to identify the Contributions to the Trust Fund, the commitments to be financed out of the Contribution and the receipt and disbursement of Contribution Funds. As secretariat to the Infrastructure Working Group, the Bank will assist the Infrastructure Working Group in carrying out its functions.

(b) The PRIF Senior Management Team will be responsible for: (i) providing strategic guidance and direction to the Bank in administering the Trust Fund and to the Infrastructure Working Group for the preparation of annual work programs; (ii) making key decisions regarding the work program; and (iii) for resource allocation decisions with respect to the Contribution funds. In allocating Contribution funds, the Senior Management Team will be guided by the overall program of expenditures and other relevant guidance to be provided to the Senior Management Team, on a quarterly basis, by the Bank. The Senior Management Team will meet at least on a semi-annual basis, in a location as the Senior Management Team may decide from time to time, or by video/teleconference.

(c) The Infrastructure Working Group will be responsible for preparing and leading the infrastructure work program, including: (i) design-related aspects of the Trust Fund; (ii) coordinating efforts to improve coordination and harmonization among donors, Pacific Island Countries and implementing agencies; (iii) preparing the annual work program and submitting it to the Senior Management Team for approval; and (iv) overseeing the implementation of Activities financed by the Trust Fund. The Infrastructure Working Group will call upon the services of the Bank in its capacity as secretariat to the Infrastructure Working Group in order to facilitate preparation of work programs, preparation of briefs for the Senior Management Team, and developing a system for regular monitoring and reporting.
Standard Provisions Applicable to the Multi-Donor Trust Fund for the Pacific Regional Infrastructure Facility

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 Multi-Donor Trust Fund for the Pacific Regional Infrastructure Facility (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 IBRD and IDA under their respective 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 the Contribution by the Donor, deduct from the total Contribution of the Donor and retain for the Bank’s own account an amount equal to two (2) percent of the Contribution. In addition, the Bank will charge the Trust Fund actual costs up to an amount of
USD125,913 per year, to cover the managing unit’s costs of administration of the Trust Fund.

3.2 The Bank may also charge the Trust Fund actual costs for Program Supervision and Secretariat Costs (Bank’s role as a secretariat to the Infrastructure Working Group) to be determined on the basis of periodic project pipeline submissions and authorized by the Senior Management Team. This allocation reflects the current requirements for Program Supervision and Secretariat costs and may be amended, from time to time, in agreement with all MDTF Donors to address any additional requirements for Program supervision and secretariat costs.

4. Grants to Recipients

4.1. The Bank shall, as administrator on behalf of the Donors, enter into grant agreements (the “Grant Agreements”) with Tonga, Samoa Kiribati and more Pacific Island Countries or entities to be identified during implementation of the Trust Fund (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 Project 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 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.

5. Employment of Consultants and Procurement of Goods and Works

The employment and supervision of consultants and the procurement of goods financed by the Contribution 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 shall be used by the Recipients to finance expenditures for goods, works and services, as the case may be, in accordance with the World Bank’s Guidelines on “Procurement under IBRD Loans and IDA Credits” and the World 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 furnish to the Donor current financial information relating to receipts, disbursements and fund balance in USD with respect to the Contribution funds 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 final financial information relating to receipts, disbursements and fund balance in USD with respect to the Contribution funds will be made available to the Donor 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 (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 auditors' 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 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.

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

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 Trust Fund 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 will be fully disbursed by the Bank in accordance with the provisions of this Agreement by December 31, 2020. 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 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.

8.3. Upon the final disbursement date specified in paragraph 8.1, the Bank shall return any remaining balance of the Contribution funds to the Donors on a pro rata basis based on each Donor’s paid Contribution. 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 on the same pro rata basis.

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.

10. **Use of Funds**

10.1. Recognizing the obligations of Bank member countries under various United Nations Security Council Resolutions 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 for terrorists, to ensure that the funds provided under any Administration Agreement are used for their intended purposes and are not diverted to terrorists or their agents.

10.2. The Bank will include a provision in each Grant Agreement that the Recipient (i) will not use the proceeds of the grant for the purpose of any payments to persons or entities, or for the import of goods, if such payment or import, to the Recipient’s knowledge or belief, is prohibited by a decisions of the United Nations Security Council taken under Chapter VII of the Charter of the United Nations, and, if applicable, (ii) will 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.
Appendix

Definitions

1. "Pacific Island Countries" means countries in the Pacific Islands who are members of the Bank and who are approved for funding out of this Trust Fund.
