Amended and Restated Administration Arrangement between the Government of Australia, acting through the Department of Foreign Affairs and Trade, and the International Bank for Reconstruction and Development and the International Development Association concerning the Australian Trust Fund for DFAT-World Bank Partnership for South Asia (TF No. TF071677)


The Government of Australia and the International Bank for Reconstruction and Development and the International Development Association mutually determined through the amendment dated February 7, 2014 that the Government will no longer be represented by AusAID under the Administration Agreement but will be represented by the Department of Foreign Affairs and Trade (DFAT).

Pursuant to the Administrative Agreement, the Government of Australia contributed eighty-eight million five hundred sixty-one thousands Australian Dollars (AUD 88,561,000) (the "Contribution") to the International Bank for Reconstruction and Development and the International Development Association (the "World Bank"). The Government has contributed the sum of sixty-two million nine hundred eleven thousand Australian Dollars (AUD 62,911,000) and will contribute the remaining twenty-five million six hundred fifty thousand Australian Dollars (AUD 25,650,000) in accordance with the deposit schedule in the Amendments dated May 13, 2015 and May 25, 2015.

The Government of Australia and the World Bank now desire to make certain revisions to the Administration Agreement including restating it as an Administration Arrangement, and amending the Objectives, the Activities, the Eligible Expenditures, the Standard Provisions, and the Governance Structure, as stated below.

NOW THEREFORE:

1. The International Bank for Reconstruction and Development and the International Development Association (collectively, the "Bank") and the Government of Australia, acting through the Department of Foreign Affairs and Trade (the "Donor" and together with the Bank, the "Parties" and each a "Party"), hereby amend and restate the provisions of the Administration Agreement to conform to the provisions of this Amended and Restated Arrangement. The provisions of this Amended and Restated Arrangement therefore apply to any existing funds contributed and funds remaining to be contributed under this Amended and Restated Administration Arrangement.
2. The Contribution will be used to finance the activities set forth in the “Australia Trust Fund for DFAT-World Bank Partnership for South Asia Single-Donor Trust Fund Description” attached hereto as Annex 1, and will be administered by the Bank on behalf of the Donor in accordance with the provisions of this Amended and Restated Administration Arrangement, including the “Standard Provisions” attached hereto as Annex 2, and “Governance” attached hereto as Annex 3.

3. The Donor will deposit the Contribution in Australian Dollars (“Contribution Currency”) into such bank account as designated by the Bank (hereinafter referred to as an “Installment”) promptly following countersignature of a Supplemental Contribution Amendment by the Donor and submission of a payment request by the Bank.

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 TF No. 071677 (Australia Trust Fund for DFAT- World Bank Partnership for South Asia), and the date of the deposit (the “Deposit Instructions”). In addition, the Donor will provide a copy of the Deposit Instructions to the Bank’s Accounting Trust Funds Division by e-mail sent to tfremitadvice@worldbank.org or by fax sent to +1 (202) 614-1315.

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 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 (the “Bank Contact”):

Name: Nicolette Bowyer (or successor thereto)
Title: Operation Adviser
Name of GP/Region: South Asia Region

The World Bank
1818 H Street, NW
Washington, DC 20433
U.S.A.

Tel: +1-202-473-8724
E-mail: Nbowyer@worldbank.org

For the Donor (the “Donor Contact”):

Name: Naomi Dumbrell (or successor thereto)
Title: Director, South Asia Regional Section
Name of the Office: South and West Asia Division

Address: Australian Department of Foreign Affairs and Trade
RG Casey Building
John McEwen Crescent
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 Balance Account, unless otherwise mutually determined by the Bank and the Donor.

7. All annexes hereto constitute an integral part of this Administration Arrangement, whose provisions 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 and is not eligible for registration as a treaty under Article 102 of the United Nations Charter, nor is it, in the Donor’s understanding, any other form of international agreement. It is an administrative arrangement between the Bank and the Donor.

9. Each of the undersigned represents, by confirming its acceptance below, that it is authorized to enter into this Administration Arrangement and act in accordance with its provisions. The Bank and the Donor are each requested to sign and date this Administration Arrangement, and upon possession by the Bank of this fully signed Administration Arrangement, this Administration Arrangement will come into effect as of the date of the last signature.

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION

By: ______________
Name: Akihiko Nishio
Title: Director, Strategy and Operations
       South Asia Regional Vice Presidency
Date: 4/6/2016

GOVERNMENT OF AUSTRALIA, acting through the DEPARTMENT OF FOREIGN AFFAIRS AND TRADE

By: ______________
Name: Kathy Klugman
Title: First Assistant Secretary, South and West Asia Division
Date: 13 APRIL 2016
ANNEX 1

Australia Trust Fund for DFAT-World Bank Partnership for South Asia (PFSA)

Single-Donor 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

The objective of the Trust Fund is to contribute to poverty reduction, and sustainable development that benefits both the men and women of the countries of South Asia – namely India, Pakistan, Bangladesh, Sri Lanka, Maldives, Nepal, Bhutan and Afghanistan. It also aims to build more innovative and effective approaches to development for Australia and the World Bank Group in their shared work in South Asia.

2. Activities

The activities to be financed by the Trust Fund are:

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

(a) Technical Assistance, Analytical and Advisory Activities;
(b) Project related Activities (such as identification, appraisal, and supervision); and
(c) Knowledge exchange, training and capacity building.

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

(a) Investments and technical assistance activities cofinanced through IBRD/IDA loans and credits;
(b) Project preparation; implementation and completion including safeguards and financial management;
(c) Policy support and implementation;
(d) Feasibility studies; and
(e) Capacity Building.

3. Eligible Expenditures

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

(a) Contractual services;
(b) Equipment and office premises lease cost;
(c) Media, workshops, conferences and meetings;
(d) Travel expenses;
(e) Short-term consultants and temporaries;
Extended term consultants and temporaries; and
Staff costs (excluding short term consultants and temporaries, and also excluding extended term consultants and temporaries).

3.2 For purposes of this section: (i) "staff costs (excluding short term consultants and temporaries, and also excluding extended term consultants and temporaries)" include 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.

3.3 The "Indirect Rate" means the indirect rate, defined as a percentage of personnel costs and available at the World Bank's Donor center secure website, as such rate may be revised from time to time by the Bank and applied to this Trust Fund, in accordance with its policies and procedures.

3.4 For Recipient-executed activities, the Trust Fund funds may be used to finance:

(a) Consulting;
(b) Goods;
(c) Works;
(d) Training;
(e) Operating costs; and
(f) Other eligible expenditures in accordance with Bank's applicable policies and procedures.

4. Taxes

4.1 The foregoing activities and categories of expenditures may include the financing of taxes in accordance with the Bank's applicable policies and procedures.
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. **Administration of the Contribution**

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 Donor, 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 The Donor’s Contribution 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 Donor 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 Contribution**

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 Dollars (the “Holding Currency”).

2.3 The Donor will deposit its Contribution in the Contribution Currency stated in Paragraph 3 of this Administration Arrangement. 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. **Trust Fund Fees and Costs**

3.1 The Bank will deduct and retain for its own account, as a deduction from each Installment, an amount equal to two percent (2%) per Installment as an administrative fee for the Trust Fund.

3.2 In addition, costs incurred by the Bank for other expenses, such as for program management and Trust Fund administration, that are (i) not covered by the percentage deduction specified above as an administrative fee and (ii) not included under Annex 1 of the Administration Arrangement in accordance with the Bank’s applicable policies and procedures will be charged to the Trust Fund on an actual basis up to a maximum of eight percent (8%) of the Contribution under the Administration Arrangement.

3.3 The Donor acknowledges that the percentage deductions for fees in this Trust Fund Fees and Costs section are estimated on the basis of anticipated Contribution. If actual Contribution significantly differs from what was originally anticipated at the time of signature of the Administration Arrangement, or if other circumstances affecting Trust Fund fees or costs change, the Bank reserves the right to request a change to the provisions of this Trust Fund Fees and Costs section, which would be effectuated by amendment made to this Administration Arrangement and which would thereafter be applicable to all new contributions that are provided as amendments to supplement existing Administration Arrangement.

4. **Accounting and Financial Reporting**

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

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

4.3 The Bank will provide to the Donor 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.
4.4 If the 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 the appropriate scope and terms of reference of such audit. Following 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 Donor.

5. **Progress Reporting**

5.1 The Bank shall provide the Donor with an annual written progress report by June 30. The progress report shall be provided with reference to the results framework agreed by the Bank and the Donor, as such results framework may be reviewed by the Parties from time to time. Within (6) months of the End Disbursement Date (as defined below), the Bank shall provide to the Donor a final narrative report for the Trust Fund.

5.2 The Donor may review or evaluate activities financed by the Trust Fund at any time up to six (6) months following the End Disbursement Date. The Donor and the Bank will decide 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.

6. **Disbursement; Cancellation; Refund**

6.1 It is expected that the funds deposited in the Trust Fund will be fully disbursed by the Bank by December 31, 2020 (the “End Disbursement Date”). The Bank will only disburse funds deposited in the Trust Fund for the purposes of this Administration Arrangement after such date to the extent such date is changed in accordance with an amendment made to this Administration Arrangement. Following the End Disbursement Date, the Bank will return any remaining balance of the Trust Fund to the Donor in the Holding Currency in the manner specified in this Administration Arrangement.

6.2 The Donor or the Bank may, upon three (3) months prior written notice, cancel all or part of any remaining balance of the Contribution (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, prior to the receipt of such notice. In the event of a cancellation, the Bank will return to the Donor the uncommitted Contribution in the Holding Currency as specified in the Administration Arrangement, unless otherwise decided between the Bank and the Donor.

7. **Disclosure; Dispute Resolution**

7.1 The Bank will disclose this Administration Arrangement and related information on this Trust Fund in accordance with the Bank’s Policy on Access to Information. By entering into this Administration Arrangement, the Donor consent to such disclosure of this Administration Arrangement and such related information.
7.2 The Donor and the Bank will use their best efforts to amicably settle any dispute, controversy, or claim arising out of or relating to this Administration Arrangement.

8. **Grants to Recipients**

8.1 The Bank will, as administrator of the Trust Fund on behalf of the Donor, 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 Contribution that the Donor has decided to make available under the Administration Arrangement between the Bank and the Donor.

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

8.3 The Bank will promptly inform the Donor 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 Donor 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.

The Trust Fund will have a three tiered governance structuring including a Donor Steering Committee (DSC), an Internal Review Committee (IRC) and a Technical Review Panel and Secretariat.

Tier 1: Donor Steering Committee

This senior management-level committee is the highest governing body of the trust fund, composed of the World Bank South Asia Director of Strategy and Operations and DFAT Assistant Secretary South Asia Regional and Indian Ocean Branch. The DSC will convene at least once a year to review the progress of the Trust Fund, discuss and set the strategic direction of the Trust Fund; endorse the ensuing high level priorities, activity selection criteria, work program, and the related levels of funding.

Tier 2: Internal Review Committee

The IRC is a Management-level Internal World Bank Committee, chaired by South Asia Director of Strategy and Operations and comprised of PFSA-relevant representatives of Global Practices, Cross-Cutting Solutions Areas and Country Management Units. The role of the IRC, under the direction of the DSC, is to provide internal Bank oversight over the PFSA program, provide advice to the DSC and act as a supervisory committee of the Teams implementing the grant funding activities; it is assisted in both key responsibilities by the Secretariat.

Tier 3: Secretariat

The Secretariat oversees the day-to-day implementation of the program, provides TF Administration and Management, including but not limited to maintaining records, providing guidance on applications and eligibility of activities for funding, overseeing progress on disbursements, providing progress report, ensuring communication for the Trust Fund. The Secretariat comprises of World Bank Trust Fund Program Manager and Coordinator supported by a small team of professional and administrative staff and may receive support from window-specific teams as needed.

A companion PFSA Administration Manual will provide complementary details related to the functioning of the Trust Fund.