March 8, 2016

Mr. Jonathan Schwass
New Zealand Ambassador
New Zealand Embassy Dili
19 Rua Ermera, Motael
Dili
Timor-Leste

Administration Agreement between the New Zealand Ministry of Foreign Affairs and Trade and the International Bank for Reconstruction and Development and the International Development Association concerning the Timor-Leste Strategic Partnership Multi-Donor Trust Fund
Trust Fund No. TF072560, parallel to original Trust Fund No. TF072069

Dear Mr. Schwass:

1. We are pleased to acknowledge on behalf of the International Bank for Reconstruction ("IBRD") and the International Development Association ("IDA") (collectively, the "Bank") the intention of the New Zealand Ministry of Foreign Affairs and Trade¹ (the "Donor", and together with the Bank, the "Parties" and each a "Party") to make available a sum of one million seven hundred forty two thousand and eight hundred ninety one United States Dollars (U.S. $1,742,891) (the "Contribution") for the Timor-Leste Strategic Partnership Multi-Donor Trust Fund, TF072560 (the "Trust Fund") in accordance with the terms of this Administration Agreement. Other donors may also contribute to the Trust Fund on the terms and conditions specified in the Annexes to this Agreement.

2. The Donor authorizes the Bank to transfer a sum of one million seven hundred forty two thousand and eight hundred ninety one United States Dollars (U.S. $1,742,891) from the Donor’s Balance Account at

¹ Ministry of Foreign Affairs and Trade is responsible for managing the New Zealand Aid Program. The New Zealand Aid Program is the New Zealand Government’s international aid and development program.
8. Each of the Parties represents, by confirming its agreement below, that it is authorized to enter into this Administration Agreement and act in accordance with these terms and conditions. The Parties are requested to sign and date this Administration Agreement, and upon possession by the Bank of this fully signed Administration Agreement, this Administration Agreement shall become effective as of the date of the last signature.

Sincerely yours

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION

Franz R. Drees-Gross
Country Director
Timor-Leste, Papua New Guinea & Pacific Islands
East Asia and Pacific Region

AGREED:

NEW ZEALAND MINISTRY OF FOREIGN AFFAIRS AND TRADE

By

Name: Jonathan Schwass
Title: New Zealand Ambassador
Date: 11/3/16
3. **Eligible Expenditures**

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

(a) contractual services;
(b) media, workshops, conferences and meetings;
(c) travel expenses;
(d) short-term consultants and temporaries;
(e) extended term consultants and temporaries; and
(f) 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)” 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.

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.

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.

5. **Program Criteria**

5.1 Activities are to be financed in accordance with the following program criteria: (a) alignment with the Republic of Timor-Leste’s Strategic Development Plan and the Bank’s Country Partnership Strategy; (b) likely contribution to the achievement of objectives of the respective Window (Social Capital, Infrastructure, Economic Development, Institutions and Operational Support) and the Trust Fund results framework as outlined in the Trust Fund operational manual; and (c) alignment with strategic priorities as defined by the Trust Fund Steering Committee.
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. Accounting and Financial Reporting

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

3.2 The Bank shall 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 shall be made available to the Donors via the World Bank’s Trust Funds Donor Center secure website.

3.3 The Bank shall 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 shall 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 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 borne by the requesting Donor.

4. Progress Reporting

4.1 The Bank shall provide the Donors with semi-annual reports on the progress of activities financed by the Contributions. Within six (6) months of the End Disbursement Date (as defined below), the Bank shall furnish to the Donors a final report on the activities financed by the Trust Fund.

4.2 Any 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 shall agree on the scope and conduct of such review or evaluation, and the Bank shall 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, 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.

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 March 31, 2020 (the “End Disbursement Date”). The Bank shall only disburse funds deposited in the Trust Fund for the purposes of this Administration Agreement (other than returns to Donors) after such date to the extent such date is changed in accordance with amendments made to the Administration Agreements of all the Donors. Following the End Disbursement Date, the Bank shall return any remaining balance of the Trust Fund to each Donor in the Holding Currency in the manner specified in its respective Administration Agreement on a pro rata basis with regard to the total funds deposited in the
ANNEX 3

Governance

This Annex shall be applicable to and form an integral part of all Administration Agreements between the Bank and the respective Donors.

1. Steering Committee

1.1 A Steering Committee shall be established, made up of two representatives each from the Bank and the Donors ("Steering Committee") to give overall strategic guidance and approval on activities and funding levels to be financed through the Trust Fund and monitor Trust Fund implementation progress as a whole and in specific activities in close consultation with the Republic of Timor-Leste. The Steering Committee will meet semi-annually. The Steering Committee will decide on the admission of a new Party to the Trust Fund.

2. Changes to Existing Activities

2.1 For each reallocation between child trust funds for which the reallocation amount is less than USD50,000, the reallocation may be done by the World Bank and will be reported in the next Semi-Annual Report. However, if the cumulative amount of reallocations for the child trust fund in question (including the then-proposed reallocation) exceeds USD50,000, then the provisions of paragraphs 2.2 and 2.3 below apply.

2.2 For (i) each reallocation between child trust funds for which the reallocation amount is more than USD50,000 but less than USD1,000,000; and (ii) for each reallocation which may itself be less than USD50,000 but for which the cumulative reallocations for the child trust fund in question (including the then-proposed reallocation) exceeds USD50,000, the proposed reallocation will be circulated by the World Bank to the Steering Committee for approval on an absence of objection basis after five days. The World Bank will record the expiration of each absence of objection period by email.

2.3 For reallocations among child trust funds over USD1,000,000, the proposed reallocation will be circulated by the World Bank to the Steering Committee for approval. The approval may be by virtual endorsement, or at the request of any member of the Steering Committee, through a meeting.

2.4 Each reallocation will be reported in the next Semi-Annual Report to be issued after the date of the reallocation.

3. Operational Manual

3.1 The Trust Fund Operational Manual endorsed by the Steering Committee on February 12, 2015 sets out the partnership principles and Trust Fund procedures. The Operational Manual may be revised by the Steering Committee from time to time as needed.