

The World Bank

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION

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December 15, 2010

Mr J. Ibister
Assistant Director General, Africa, and Middle East
Australian Agency for International Development (AusAID)
255 London Circuit
Canberra ACT 2601
Australia

**Amendment to Administration Arrangement
between Government of Australia (Donor) and
International Development Association (IDA) concerning the
Multi-Donor Trust Fund for Zimbabwe
(TF No. 070941) (Succeeded by TF No. 071603)**

Dear Sir,

I refer to the Administration Arrangement between the Government of Australia (Donor) and the International Development Association (World Bank) dated October 23, 2008 (“Arrangement”), concerning the above captioned Multi-donor Trust Fund (MDTF) for Zimbabwe (TF070941), and to the recent discussions of the Policy Committee for the MDTF regarding restructuring of the MDTF.

In this connection, I am particularly pleased to learn of the Donor’s intention to make a supplemental contribution to the MDTF in the amount of one million five hundred thousand Australian Dollars (AUD1,500,000) (“Supplemental Contribution”). For administrative purposes and in an effort to maintain proper controls, the World Bank has assigned a new trust fund reference number, Trust Fund Number TF071603 to this Supplemental Contribution. All future correspondence and financial reporting regarding this Supplemental Contribution shall refer to this new Trust Fund reference number.

In view of the above, the World Bank hereby proposes to amend the Agreement as follows (all paragraphs and Annexes refer to paragraphs of and Annexes to the Agreement):

1. Paragraph 1 is amended to read as follows:

“1. We are pleased to acknowledge on behalf of the International Development Association (“IDA” or the “Bank”) that the Australian Agency for International Development (“AusAID”) (the “Donor”) shall make available as a grant the aggregate sum of two million five hundred thousand Australian Dollars (AUD2,500,000) (the “Contribution”), representing an original contribution of one million Australian Dollars (AUD 1, 000,000) (the “Original Contribution”) plus a supplemental contribution of one million five hundred thousand Australian Dollars (AUD1,500,000) (the “Supplemental Contribution”), all for the Analytical Multi-donor Trust Fund for Zimbabwe (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. In paragraphs 4 through 6 the term “Contribution” is amended to read “Original Contribution”.

3. A new paragraph 6(a) is added to read as follows:

“_____. The Donor shall deposit the Supplemental Contribution into such bank account as shall be designated by the Bank promptly following countersignature of this amending agreement by the Donor and submission of a payment request by the Bank. 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 the TF No. 071603 (Analytical Multi-donor Trust Fund for Zimbabwe), and the date of the deposit. In addition the Donor shall provide a copy of the 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. Immediately upon receipt of the Supplemental Contribution funds, the Bank will convert such funds into United States dollars.

4. Annex 1 is amended to read as set forth in the Annex to this amending letter.

5. Section 3 of Annex 2 is amended to read as follows:

“3. Administrative Cost Recovery

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: (a) following deposit of the Original Contribution funds, deduct from such funds and retain for its own account an amount equal to five percent (5 %) of each Original Contribution; (b) deduct and retain for its own account an

amount equal to two percent (2%) of each Supplemental Contribution. In addition, costs for Trust Fund program management and administration up to a maximum of USD 1,762,216 will be charged to the Trust Fund on an actual basis.”

6. Section 8.1 of Annex 2 is amended to read as follows:

“8.1. It is expected that the Contributions will be fully disbursed by the Bank by June 30, 2013. The Bank shall only disburse Contributions for the purposes of this Arrangement after such date with the written approval of the Donors.”

In all other respects, the Arrangement will remain in full force and effect.

The World Bank will disclose this Arrangement and related information on this Trust Fund in accordance with the World Bank Policy on Access to Information. By entering into this Arrangement, the Donor consents to disclosure of this Arrangement and related information on this Trust Fund.

Please confirm your agreement to these proposed amendments by countersigning and dating a copy of this letter in the space provided and returning the countersigned copy to the World Bank.

Pursuant to the provisions of the Arrangement, which require agreement by all the donors contributing to the MDTF (Donors) of any amendment to Annex 1 to the Arrangement, a similar letter to this one is being sent to all Donors. These amendments will take effect upon receipt by the World Bank of a countersigned copy of such letter from each of the Donors. The World Bank will promptly inform you when it has received all such countersigned copies and the above amendments have entered into effect.

Sincerely,

By: Nginya Mungai Lenneiye
Nginya Mungai Lenneiye
Country Manager for Zimbabwe
Africa Region

AGREED:

AUSTRALIAN AGENCY FOR INTERNATIONAL DEVELOPMENT

By: K. Anderson

Title: Assistant Director General, Africa, and Middle East

Date: December 16, 2010

Annex 1 (Amended)

**Description of Activities and Expenditures under the
Multi-Donor Trust Fund for Zimbabwe**

Section 1. Objectives

The objectives of the MDTF are to lay the groundwork for re-engagement by donors and the World Bank in Zimbabwe through: (i) analytical work on the key development challenges facing Zimbabwe; (ii) development of suitable instruments enabling the Government of Zimbabwe and donors to respond quickly to changing country conditions; and (iii) facilitating donor coordination.

Section 2. Governance Structure

(a) Policy Committee

A policy committee (Policy Committee) comprised of a representative of each of the donors contributing to this Trust Fund (Donors) and by a representative of the World Bank, will provide strategic guidance on the activities to be financed under the MDTF and review progress on resource utilization.

The Policy Committee will be co-chaired by the representative of the World Bank, and by the representative of one of the Donors, who will serve on a rotating basis for a period of six months. The Policy Committee will be supported by the Secretariat.

The Policy Committee will determine its procedures, including the timing and venue of its meetings. Participants in the Policy Committee meetings will be expected to pay their own transportation, lodging and other expenses to and during the meetings.

(b) Technical Review Groups

To facilitate the implementation of the MDTF, the Policy Committee may establish one or more technical review groups (Technical Review Group) comprised of experts in areas of priority focus of the MDTF. Initially, there will be three Technical Review Groups, with expertise, respectively, in (i) economic analysis, including private sector development, public sector management, public finance management and governance; (ii) infrastructure; and (iii) agrarian issues.

Each Technical Review Group will be chaired by an expert in the area of focus of such group, designated by one of the Donors, and will comprise technical experts appointed by the Donors. The chair of each Technical Review Group will serve for a period of six months. Each Technical Review Group will be supported by the Secretariat.

Each Technical Review Group will determine its own procedures, including the timing and venue of its meetings. Participants in the Technical Review Group meetings will be expected to pay their own transportation, lodging and other expenses to and during the meetings.

Each Technical Review Group will be responsible for: (i) sharing knowledge in the area of its expertise and identifying priorities in such area for MDTF financing; (ii) developing terms of reference and concept notes for studies and technical assistance interventions in its area of expertise proposed to be carried out by experts recruited by the Secretariat and to be financed under the MDTF; (iii) monitoring progress in the carrying out of such studies and TA interventions which are so financed; (iv) providing quality assurance and reviewing the outputs of such studies and TA interventions before their review by the Secretariat for approval and finalization; (v) liaising with the Government Sector Working Group, with Government officials as appropriate and other donor groups in Zimbabwe dealing with matters covered by the Technical Review Group and promoting synergies among individual donor initiatives in Zimbabwe.

(c) Secretariat

The Policy Committee and Technical Review Groups will be supported by a secretariat comprised of World Bank staff and located in the World Bank's office in Harare, Zimbabwe.

The Secretariat will be responsible for: (i) organizing meetings of the Policy Committee and Technical Review Groups, and preparing minutes of such meetings; (ii) preparing and implementing annual work programs for the MDTF; (iii) managing the MDTF resources, budgets and programs; (iv) reviewing proposals furnished by the Technical Review Groups for financing under the MDTF to ensure their suitability for such financing and consistency with the objectives and priorities of the MDTF, and approving such proposals; (v) monitoring the activities so financed; (vi) maintaining a procurement planning and monitoring system for such activities; and (vii) handling communications and logistics regarding the MDTF, and together with the TRGs keeping the Zimbabwe Ministry of Finance and other Government agencies informed of the activities of the MDTF.

The Secretariat's costs will be funded out of the MDTF, as described in Section 4 below.

Section 3. Activities

The activities to be financed under the MDTF consist of demand-driven activities of the following nature, carried out in furtherance of the objectives and themes of the Interim Strategy Note of enhanced country knowledge, economic regulation, and development of mechanisms for quick re-engagement:

Bank executed activities consisting of: (i) stand-alone analytical studies designed to enhance country knowledge and prepare a framework for future development assistance; (ii) development of data and information management systems designed to further such knowledge; (iii) knowledge exchanges (e.g., workshops, conferences and field visits) designed to facilitate the coordination and contributions of development partners to address priority development issues in Zimbabwe; (iv) technical assistance and experts placement (v) support to the Policy Committee and Technical Review Groups; and (v) operation of the Secretariat.

Section 4. Categories of Expenditures

Bank-executed Activities: The Contribution funds may be used to finance the following categories of expenditures for Bank-executed activities: World Bank staff working for the Secretariat, including direct, indirect and sustaining costs, as well as field benefits, of such staff related to such work, consultants' fees, extended term consultants, temporary staff costs, contractual services, associated overheads, travel expenses, leasing of equipment, and media and workshops.