July 18, 2013

Mr. Vincent Ashcroft
Minister Counselor (Development)
Country Head
Australian Agency for International Development (AusAID)
Australian Embassy
Rua dos Martires da Patria
Dili – Democratic Republic of Timor-Leste

Administration Agreement between the Commonwealth of Australia and the International Bank for Reconstruction and Development and the International Development Association concerning the Timor-Leste Strategic Partnership Multi-Donor Trust Fund (TF072069)

Dear Mr. Ashcroft:

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 Commonwealth of Australia, represented by the Australian Agency for International Development (AusAID) (the "Donor," and together with the Bank, the "Parties" and each a "Party"), to make available a sum of thirteen million six hundred fifty thousand Australian Dollars (AUD$13,650,000) (the "Contribution") for the Timor-Leste Strategic Partnership Multi-Donor Trust Fund, TF072069 (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.

The Contribution shall be used to finance the activities set forth in the “Timor-Leste Strategic Partnership Multi-Donor Trust Fund Description,” attached hereto as Annex 1, and shall be administered by the Bank on behalf of the Donor in accordance with the terms of this Administration Agreement, including the “Standard Provisions” attached hereto as Annex 2 and “Governance” as Annex 3.

Promptly following countersignature of this Administration Agreement by the Bank and the Donor, the Bank authorizes the Bank to transfer into the Trust Fund a sum of one million five hundred thousand Australian Dollars (AUD$1,500,000) from the Donor’s donor balance account at the Bank (TF029047). The Donor shall deposit the remaining Contribution in accordance with the following schedule and in the currency specified ("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:

(A) By 31 January 2014, an amount of three million Australian Dollars (AUD$3,000,000)

(B) By 31 January 2015, an amount of three million Australian Dollars (AUD$3,000,000)
(C) By 31 January 2016, an amount of three million Australian Dollars (AUD$3,000,000)

(D) By 31 January 2017, an amount of three million one hundred fifty thousand Australian Dollars (AUD$3,150,000)

When making any deposit, the Donor shall 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 TF072069 (the Timor-Leste Strategic Partnership Multi-Donor Trust Fund), and the date of the deposit (the "Deposit Instructions"). In addition, the Donor shall 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.

Except with respect to the deposit instructions, any notice, request, or other communication to be given or made under this Administration Agreement shall 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”):

Luis Constantino  
Country Manager  
EACDF  
The World Bank  
Avenida dos Direitos Humanos  
Dili  
Timor-Leste  
Tel: +670 332 2367  
Fax: +670 332 1178  
E-mail: lconstantino@worldbank.org

For the Donor (the “Donor Contact”):

Vincent Ashcroft  
Minister Counselor (Development)  
Country Head, AusAID  
Australian Embassy  
Rua dos Martires da Patria  
Dili  
Timor Leste  
Tel: +670 332 2111 Ext: 250  
Fax: +670 332 3261  
Mobile: +670 7730 4090  
E-mail: Vincent.Ashcroft@ausaid.gov.au

In the event any amounts are to be returned to the Donor under this Administration Agreement, the Bank shall transfer such amounts to the Donor’s applicable donor balance account with the Bank, unless otherwise agreed with the Bank.
All annexes hereto constitute an integral part of this Administration Agreement, whose terms taken together shall constitute the entire agreement and understanding between the Donor and the Bank. Unless otherwise specified in an annex hereto, this Administration Agreement may be amended only by written amendment between the Bank and the Donor; provided, however, that any annexes to this Administration Agreement may be amended only by written amendment of all donors contributing to the Trust Fund.

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

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

AGREED:

COMMONWEALTH OF AUSTRALIA

[Signature]
By: Vincent Ashcroft
Minister Counselor, Timor-Leste
Australian Agency for International Development (AusAID)

Date: 5/8/2015
Timor-Leste Strategic Partnership Trust Fund Description

This Annex shall be applicable to and form an integral part of all administration agreements for the Trust Fund (collectively, the “Administration Agreements” and each an “Administration Agreement”) between the Bank and any entities that provide any funds to the Trust Fund (collectively, the “Donors”).

1. **Purpose and Objectives**

1.1 The objective of the Trust Fund is to enhance the deployment of the Bank’s global knowledge and experience in support of achieving the Republic of Timor-Leste’s Strategic Development Plan goal of establishing the building blocks for inclusive growth and service delivery in a diversified economy.

2. **Activities and Expenditures to be Financed by the Contributions**

2.1 The Bank-executed activities (which may be described as “Components” of activities, or “Windows”) eligible for financing by the Trust Fund are those that influence the following in Timor-Leste:

   (a) **Window A - Social Capital**
       Improved public management and policy-making and analysis of programs for education and skills development, health and nutrition, violence against women and social protection;

   (b) **Window B – Infrastructure**
       Improved public management, policy-making and analysis, regulatory framework, and private sector and community participation in transport, telecommunications, community driven development and other infrastructure priorities that may arise;

   (c) **Window C - Economic Development**
       Improved regulatory framework including land policy, business services and better financing to lower the costs of doing business in the economy; and improved public management, policy making and analysis and capacity to deliver services to farmers in support of increased agricultural productivity;

   (d) **Window D - Institutions**
       Improved economic management, efficiency of public expenditures and policy and programs informed by data on poverty, equality and inclusion and improved mechanisms of transparency, and accountability;

   (e) **Window E – Operational Support**
       Implementation of areas of the New Deal for Engagement in Fragile States including in the analysis and use of country systems, aid effectiveness, donor coordination and
ANNEX 2

Standard Provisions

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

1. **Administration of the Contributions**

1.1 The Bank shall be responsible only for performing those functions specifically set forth in this Administration 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 Administration Agreement shall 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”) shall 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 of 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 shall be accounted for as a single trust fund and shall 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 shall be held is United States Dollars (USD) (the “Holding Currency”).

2.3 Donors agree to deposit their Contributions in the Contribution Currency stated in their respective Administration Agreements. 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 shall 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 shall bear any responsibility for providing any additional financing.
enhanced impact of other Bank activities in the Republic of Timor-Leste consistent with the Bank’s objectives as outlined in this Administration Agreement and its Country Partnership Strategy with the Republic of Timor-Leste.

2.2 For Bank-executed activities, the Trust Fund funds may be used to finance: (a) Associated Overheads; (b) Consultant Fees Individuals and Firms; (c) Contractual Services; (d) Extended Term Consultants; (e) Media, Workshop, Conference and Meeting; (f) Staff Costs with Indirect Costs; (g) Temporary Support Staff Costs; and (h) Travel Expenses.

3. **Taxes**

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

4. **Program Criteria**

4.1 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.

5. **Retroactive Financing**

5.1 The Trust Fund funds may be used to retroactively finance payments for eligible expenditures made as of 26 June 2013 in accordance with the Bank’s applicable policies and procedures.
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 shall 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 shall 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 shall deduct and retain for its own account, as a one-time deduction from the funds in the Trust Fund, an amount equal to and not greater than thirty-five thousand United States Dollars (US$35,000) as a set-up fee for the Trust Fund upon receipt of funds in the Trust Fund.

3.2 The Bank shall additionally deduct and retain for its own account, as a deduction from each Installment, an amount equal to five percent (5%) per Installment as an administrative fee for the Trust Fund.

3.3 Each Donor acknowledges and agrees that the percentage deductions for fees in this Trust Fund Fees and Costs section are estimated on the basis of anticipated Contributions. If actual Contributions significantly differ from what was originally anticipated at the time of signature of the first Administration Agreement, or if other circumstances affecting Trust Fund fees or costs change, the Bank reserves the right to request a change to the terms of this Trust Fund Fees and Costs section, which would be effectuated by amendments made to the Administration Agreements of all Donors and which would thereafter be applicable to all new Contributions that are provided either as amendments to supplement existing Administration Agreements or from new Donors under new Administration Agreements.

4. **Accounting and Financial Reporting**

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

4.2 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.

4.3 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.

4.4 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.

5. **Progress Reporting**

5.1 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.

5.2 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.

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 March 31, 2018 (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 Trust Fund by such Donor relative to the total funds deposited in the Trust Fund by all Donors, all calculated as Holding Currency amounts.

6.2 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 Agreement, including any Grant Agreements, prior to the receipt of such notice.
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 Donor ("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 paragraph 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 amount of 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 An Operational Manual comprising the partnership principles and Trust Fund procedures will be prepared during the first six months after the date of this Agreement through close collaboration between the Bank and AusAID. The Operational Manual will be endorsed by the Steering Committee and may be revised by the Steering Committee from time to time as needed.
In the event of a cancellation, the Bank shall return to the relevant Donor or Donors in the Holding Currency in the manner specified by each such Donor in its respective Administration Agreement the pro rata share(s) of any such uncommitted balance of the Trust Fund, in accordance with any additional terms that may be agreed between the Bank and each such Donor.

7. **Disclosure; Dispute Resolution**

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

7.2 The Donors and the Bank shall use their best efforts to amicably settle any dispute, controversy, or claim arising out of or relating to the Administration Agreements.