Mr. Harald Waiglein  
Director General for Economic Policy and Financial Markets  
Austrian Federal Ministry of Finance  
Johannesgasse 5, 1010 Vienna  
Austria


(Trust Fund No. TF072737 parallel to original Trust Fund No. TF071422)

Dear Mr. Waiglein:

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") that the Austrian Federal Ministry of Finance (the "Donor") shall make available as a grant the sum of two million EURO (EUR 2,000,000) (the "Contribution") for the Multi-Donor Trust Fund for Strengthening Accountability and the Fiduciary Environment in South East Europe and Central Asia (the "Trust Fund") in accordance with the terms of this Administration Agreement ("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. 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 for Strengthening Accountability and the Fiduciary Environment in South East Europe and Central Asia" attached hereto as Annex 1, and shall be administered by the Bank on behalf of the Donor in accordance with the terms of this Agreement including the "Standard Provisions Applicable to the Multi-Donor Trust Fund for Strengthening Accountability and the Fiduciary Environment in South East Europe and Central Asia" (the "Standard Provisions") attached hereto as Annex 2.
3. The Donor will deposit the Contribution in accordance with the following schedule and in the currency specified in Section 1 above ("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 in accordance with the following schedule:

  two million EURO (EUR 2,000,000) in and no later than December 31, 2016.

4. 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 TF No. 072737 (the Multi-Donor Trust Fund for Strengthening Accountability and the Fiduciary Environment in South East Europe and Central Asia), and the date of the deposit (the "Deposit Instruction"). In addition, the Donor shall provide a copy of the Donor’s 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.

5. Except as provided for in paragraph 4 above, any notice, request or other communication to be given or made under this Agreement shall be in writing and delivered by mail, facsimile 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:

Mr. Arman Vatyan  
Sr Financial Management Specialist  
Governance Global Practice  
Europe and Central Asia  
The World Bank  
9 G. Lousavorich Street, Yerevan, Armenia  
Tel: +37410544221  
Fax: +37410594211  
E-mail: avatyan@worldbank.org

For the Donor:

Mr. Harald Waiglein  
Director General for Economic Policy and Financial Markets  
Austrian Federal Ministry of Finance  
Johannesgasse 5, 1010 Vienna  
Austria  
Tel: +43 1 51433 503000  
E-mail: harald.waiglein@bmf.gv.at
6. At the date of Bank’s signature of this Agreement, the Indirect Rate (as defined in the Annex 1 to this Administration Agreement) is 17%.

7. All annexes hereto constitute an integral part of this Agreement. This Agreement may be amended only in writing between the Bank and the Donor; provided, however, that such annexes may be amended only with the agreement of all donors contributing to the 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. This Agreement is executed in two originals in English.

Sincerely,

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION

Samia Msadek
Director
Governance Global Practice

AGREED:

AUSTRIAN FEDERAL MINISTRY OF FINANCE

Name: Harald Waiglein
Title: Director General
Date: 12. December 2016
ANNEX 1

Description of Activities and Expenditures under the Multi-Donor Trust Fund for Strengthening Accountability and the Fiduciary Environment in South East Europe and Central Asia

This Annex shall be applicable to and form an integral part of all agreements entered into between the Bank and entities (collectively, the "Donors") that provide contributions (the aggregate of all contributions from the Donors, the "Contributions") to be administered by the Bank for the Trust Fund.

A. DESCRIPTION OF ACTIVITIES

1. The objective of the Trust Fund is to provide support for the improvement of public financial management and accountability in the South East Europe and Central Asia. The eligible beneficiary countries under (a) the public financial management aspects of the Trust Fund are Albania, Armenia, Azerbaijan, Belarus, Bosnia and Herzegovina, Georgia, Kazakhstan, Kosovo, Kyrgyz Republic, the former Yugoslav Republic of Macedonia, Moldova, Montenegro, Serbia, Tajikistan, Turkey, Turkmenistan, Ukraine and Uzbekistan; and (b) the public sector accounting aspects of the Trust Fund are Albania, Armenia, Azerbaijan, Belarus, Bosnia and Herzegovina, Croatia, Georgia, Kosovo, the former Yugoslav Republic of Macedonia, Moldova, Montenegro, Serbia, and Ukraine, all jointly referred to as the "Beneficiaries".

(a) Bank-executed Activities:

(i) Provision of technical assistance for:

- carrying out diagnostic assessments on the status and performance of Public Sector Accounting (PSA) and Public Financial Management (PFM) performance reviews using the international Public Expenditure and Financial Accountability (PEFA) framework;
- improving PSA and PFM performance, including training and workshops on PFM and PSA characteristics, assessment and implementation, benchmarking and change management; and
- supporting the Recipient in the preparation and implementation of PFM and PSA reform action plans.

(ii) Carry out (A) program management and administration activities for the Trust Fund, including but not limited to, supporting any program governance arrangements and Trust Fund related meetings; planning and executing work plans and budgets; managing communications and conducting outreach; disseminating lessons learned; reporting on progress; and monitoring and evaluating the program; and (B) supervision activities.

(b) Recipient-executed Activities:

(i) Provision of support to the Beneficiaries in:

- conducting reviews on the status and performance of PFM using PEFA and PSA framework or related diagnostic and analytical tools;
• preparing and disseminating reports on the performance of PFM and PSA;
• conducting research and analysis on PFM and PSA reforms, including research and analysis on the results of PFM and PSA diagnostic assessments to identify the achievements and weaknesses as well as the actions needed to address the weaknesses and to strengthen the achievements;
• designing PFM and PSA reform action plans, and establishing and facilitating networks of government officials, private sector and other non-government bodies for consultation, cooperation and implementation of PFM and PSA reform activities;
• development and design of public sector accounting standards, instructions, charts of account and legislative documents; and
• design and delivery of public sector accounting syllabus, training courses and/or examinations.

(ii) Provision of support to facilitate wider experience and knowledge sharing between Beneficiaries on good practices in public financial management, including exchange of information and experience through workshops, training, study tours, research, reports, and joint activities to address common priorities.

B. CATEGORIES OF EXPENDITURE

1. (i) The following eligible expenditures categories may be used to finance Bank-executed activities:
   (a) staff costs (excluding short term consultants and temporaries, and also excluding extended term consultants and temporaries);
   (b) extended term consultants and temporaries;
   (c) short-term consultants and temporaries;
   (d) contractual services;
   (e) media, workshops, conferences and meetings; and
   (f) travel expenses.

   (ii) For purposes of the above expenditure categories: (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.

   (iii) 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.

2. For Recipient-Executed activities, the contributions may be used to finance (a) consulting services, (b) training and study tours, (c) workshop and (d) operating costs.
The foregoing categories of expenditures may include the financing of taxes.

C. GOVERNANCE TERMS

1. The Bank manages and administers the Trust Fund, and provides monitoring and supervision for Recipient-executed activities. The PFM and PSA Activities will have different administration arrangements.

2. With regard to the PFM Activities of the Trust Fund, a Project Steering Committee (PSC) chaired by the Bank, which consists of representatives of the Bank and the Donors contributing to the Trust Fund, is established to carry out the following functions:

(a) defining strategic directions and priorities of the Trust Fund;
(b) mobilizing resources for the Trust Fund;
(c) making decisions on regional and/or country specific Trust Fund activities;
(d) deciding the amount of fund to be allocated per fiscal year (January 1-December 31) for each Component;
(e) approving the criteria for selection of projects to be funded under the Trust Fund, which would include, at a minimum:
   (i) Existence of demonstrable improvement in understanding, standards or capability in relation to one or more indicators of the PEFA or associated aspects of PFM;
   (ii) Consistency with the development priorities, policies and plans of a potential Beneficiary;
   (iii) No conflict and/or duplication of activities with projects funded from other sources;
   (iv) Having benefits for more than one Beneficiary in relation to comparative assessment and knowledge and/or experience sharing activities;
   (v) Beneficiaries have to demonstrate the existence of implementation capacities and the project’s contribution to mid-to long term development objectives.
   (vi) Beneficiaries have to demonstrate that there is a high likelihood that results achieved through the project will be sustainable and/or will enhance the effectiveness of the other PFM/PSA reform initiatives.
(f) Adding new countries to the eligible beneficiary countries' list;
(g) Reviewing the progress of the Trust Fund operation in every six months against the objective and strategic direction of the Trust Fund.

3. The decisions of the PSC shall be made on the basis of majority voting. The Bank shall be responsible to select Recipient-executed activities to be funded under the Trust Fund based on the criteria and within the annual budget approved by the PSC. The PSC shall, based on an explicit request of a Beneficiary, make decisions on Bank-executed activities to be funded under the Trust Fund, excluding, however, activities concerning Trust Fund management, administration, and monitoring and supervision of Recipient-executed activities.

4. With regard to the PSA Activities of the Trust Fund, a Program Window Steering Committee (PWSC) chaired by the Bank, which consist of representatives of the Bank and
the Donors contributing to the Trust Fund, is established to carry out the following functions:

(a) approving Trust Fund strategic directions, priorities, work plan, allocation of funds and administration arrangements;
(b) mobilizing resources for the Trust Fund;
(c) approving regional or country specific Trust Fund financed activities;
(d) reviewing financial; and non-financial reports and progress on implementation of the Trust Fund; and
(e) ensure maximum coordination with other assessments of other Donors/international organizations on the Trust Fund.
ANNEX 2

Standard Provisions Applicable to the
Strengthening Accountability and the Fiduciary Environment in
South East Europe and Central Asia Multi-Donor Trust Fund

This Annex shall be applicable to and form an integral part of all agreements entered into between the Bank and the Donors that provide Contributions to be administered by the Bank for the Trust Fund.

1. Administration of the Contributions

1.1. 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 the IBRD and IDA under their Articles of Agreement or any applicable law, all of which are expressly reserved.

1.2. The Contribution 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 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 Donor acknowledges 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 the Donor, nor shall it be deemed a waiver, express or implied, of any of the privileges and immunities of the Bank.

2. Commingling, Exchange and Investment of the Contributions

2.1. The Contributions shall be accounted for as a single trust fund and shall be kept separate and apart from the funds of the Bank. The Contributions may be commingled with other trust fund assets maintained by the Bank.

2.2. The Contributions may be freely exchanged by the Bank into other currencies as may facilitate their disbursement.

2.3. The Bank shall invest and reinvest the Contributions 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 to be used for the same purposes as the Contributions.

3. Grants to Recipients

3.1. The Bank shall, as administrator of the Trust Fund on behalf of the Donors, enter into grant agreements (the “Grant Agreements”) with eligible recipients (the “Recipients”) consistent with the purposes of this Agreement 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 Contributions that all Donors have agreed to make available under the Administration Agreements between the Bank and the Donors. Upon request by a Donor, the Bank shall furnish a copy of the Grant Agreements to the Donors.

3.2. The Bank shall be responsible for the supervision of the activities financed under the Grant Agreements. Subject to the consent of the Recipients, representatives of the Donors may be invited by the Bank to participate in Bank supervision missions related to the Trust Fund.

3.3. The Bank shall promptly inform the Donors 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 shall afford the Donors the opportunity to exchange views before effecting any such modification or exercising any such remedy.

4. Procurement

4.1. For Recipient-executed activities, the Grant Agreements shall provide that the Contributions shall be used by the Recipients to finance expenditures for goods and services, as the case may be, in accordance with the Bank’s Guidelines on “Procurement under IBRD Loans and IDA Credits” and the Bank’s Guidelines on the “Selection and Employment of Consultants by World Bank Borrowers,” as in effect at the date of entry into the respective Grant Agreements.

4.2. For Bank-executed activities, the employment and supervision of any consultants and the procurement of any goods financed by the Contributions shall be the responsibility of the Bank and shall be carried out in accordance with its applicable policies and procedures.

5. Accounting and Financial Reporting

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

5.2. The Bank shall furnish to the Donors current financial information relating to receipts, disbursements and fund balance in the holding currency of the Trust Fund 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 of the Trust Fund with respect to the Contributions will be made available to the Donors via the World Bank’s Trust Funds Donor Center secure website.

5.3. 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 auditor’s opinion thereon. The cost of the single audit shall be borne by the Bank.

5.4. 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 paid by the requesting Donor.

5.5. The Bank shall provide the Donors with copies of all financial statements and auditors’ reports received by the Bank from the Recipient[s] pursuant to the Grant Agreements.

6. Progress Reporting

6.1. 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 8.2, the Bank shall furnish to the Donors a final report on the activities financed by the Trust Fund.

6.2. Any Donor may review or evaluate activities financed by the Trust Fund. 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 its policies and procedures. All associated costs 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.

7. Disbursement; Cancellation; Refund

7.1. It is expected that the Contributions will be fully disbursed by the Bank by December 31, 2020. The Bank shall only disburse Contributions for the purposes of this Agreement after such date with the written approval of the Donors.

7.2. 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 Contributions 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.

7.3. Following the final disbursement date specified in paragraph 7.1, the Bank shall return any remaining balance of the Contributions to the Donors on a pro rata basis based on the Donors’ paid Contributions. In the event of a cancellation the Bank shall promptly return to the relevant Donor or Donors the Donor’s pro rata share of uncommitted Contributions in accordance with paragraph 7.2.

8. Disclosure

The Bank may disclose this Agreement and information on this Trust Fund in accordance with the Bank’s policy on disclosure of information, in effect at the time of such disclosure. By entering into this Agreement, Donors consent to disclosure of this Agreement and information on this Trust Fund.

9. Trust Fund Fee

9.1. The Bank shall calculate a fee each time funds (the “Grant Amount”) from the Trust Fund become committed under a Grant Agreement. Such commitment shall occur when such Grant Agreement is fully countersigned (the “Calculation Date”). The fee so calculated by the Bank shall be based on the cumulative total of funds from the Trust Fund committed under all Grant
Agreements that have been fully countersigned on or prior to the Calculation Date (the “Cumulative Grant Total”). The calculated fee shall depend on where the Cumulative Grant Total stands as the Grant Amount is added and shall be determined in accordance with the following schedule:

(i) 5% of any portion of the Grant Amount that results in a Cumulative Grant Total below or equal to US$ 50 million or equivalent; plus
(ii) 4% of any portion of the Grant Amount that results in a Cumulative Grant Total above US$ 50 million or equivalent and below or equal to US$ 500 million or equivalent; plus
(iii) 3% of any portion of the Grant Amount that results in a Cumulative Grant Total above US$ 500 million or equivalent and below or equal to US$ 1 billion or equivalent; plus
(iv) 2% of any portion of the Grant Amount that results in a Cumulative Grant Total above US$ 1 billion or equivalent.

9.2 Following each Calculation Date, the Bank shall deduct from the trust fund account, TF No. TF072737, and retain for its own account, the fee as set forth above. Grant Amounts may not exceed the balance of uncommitted funds in such account net of the related fee.