

Administration Agreement for the Australia World Bank Philippines Development Trust Fund (World Bank Ref: Trust Fund No. TF071200; AusAID Ref: Agreement No. 50845)

Article 1
Subject and amount of the Grant

Section 1.01 In pursuance of the Cofinancing and Trust Funds Framework Agreement between the Government of Australia ("Donor"), represented by the Australian Agency for International Development ("AusAID") and the International Bank for Reconstruction and Development ("IBRD") (the "Bank") dated June 2, 2004, as amended on December 14, 2004 (the "Framework Agreement"), I am pleased to inform you of the intention of the Donor, represented by AusAID, to make available a grant (the "Grant") of up to fifty million Australian Dollars (AUD50,000,000), to be administered by the Bank for the Australia World Bank Philippines Development Trust Fund (Trust Fund No. TF071200) ("Trust Fund") for the benefit of the Republic of the Philippines (the "Recipient").

Section 1.02 The terms of the Framework Agreement shall apply to the Grant. The Bank shall administer the Grant in accordance with the provisions of the Framework Agreement, except as otherwise provided herein.

Section 1.03 The Grant shall be used for the eligible activities identified and approved in accordance with the Program Description described in the Annex hereto, which forms an integral part of this Agreement.

Section 1.04 In addition to the financial reporting of the Grant to be provided pursuant to Section 11.01 of the Framework Agreement, the Bank shall provide an annual report on the activities financed by the Grant and a final report on the activities following the Completion Date.

Article 2
Payment schedule and modalities

Section 2.01 The Donor, represented by AusAID, shall deposit the Grant funds with the Bank, upon request from the Bank, in IBRD's Cash Account "T" No. 011-796208-042, Swift Bic Code: HKBAU2SXXX maintained with the HSBC Bank Australia Ltd., HSBC Centre, Floor 11, 580 George Street, Sydney, Australia in accordance with the following schedule:

- upon Australian Government, World Bank signing of this Administration Agreement

AUD 7,513, 746 (composed as follows: Mindanao Rural Development Program AUD3,900,000; Conditional Cash Transfer Technical Assistance AUD1,564,000; Policy Analytical Fund AUD1,875,000; and program management fees).

- from July 2009 through June 2013, subject to budgetary appropriations by the Australian Parliament, upon submission of a payment request by the Bank, in whole or in part

AUD42,486,254

Section 2.02 When making each deposit, the Donor, represented by AusAID, 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 from the Donor, represented by AusAID, for TF071200 – Australia-World Bank Philippines Development Trust Fund, and the date of deposit. In addition, the Donor, represented by AusAID, shall send a copy of its deposit instruction to the Bank's Accounting Trust Funds Division by e-mail sent to "tfremittanceadvice@worldbank.org" or by fax sent to (202) 614-1315.

Section 2.03. Upon receipt of the funds, the Bank shall convert them into United States dollars.

Section 2.04. 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, following deposit of the Grant by the Donor, deduct from the Grant and retain for the Bank's own account an amount equal to one percent (1%) of the Grant. In addition, the Bank shall charge actual administration and program management costs up to a maximum of USD 295,891 (Two hundred ninety five thousand eight hundred and ninety one United States Dollars.)

Section 2.05. The Bank shall invest and reinvest the funds provided by the Donor under this Agreement 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 fund itself.

Article 3

Completion date

Section 3.01 The Grant funds may be used to finance expenditures for the Project commencing on the latest countersignature of this Agreement and ending on December 30, 2012. The Bank may make disbursements of the Grant funds for up to six (6) months after such latter date for expenditures incurred on or before such date, in accordance with the Bank's applicable policies and procedures.

Article 4

Cancellation

Section 4.01. Either party may, upon giving the other party three (3) months' prior written notice, cancel that part, if any, of the Grant funds provided under this Administration Agreement that the Bank has not committed prior to receipt of such notice under agreements entered into by the Bank with any third party, including any Grant Agreement. Upon such cancellation, and unless the parties hereto agree on another arrangement, the Bank shall credit the uncommitted balance of the Grant funds to the trust fund account specified in Section 9.01 of the Framework Agreement.

Article 5 Communications

Section 5.01 The offices responsible for coordination of all matters related to this Administration Agreement are:

For the Government of Australia:

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This Administration Agreement is drawn up in two originals, one for each party. It may be amended only by written agreement of the parties hereto.

**GOVERNMENT OF AUSTRALIA, REPRESENTED BY THE AUSTRALIAN
AMBASSADOR TO THE PHILIPPINES**

By: 

Name: Ambassador Rod Smith

Date: 04 June 2009

**INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT/INTERNATIONAL DEVELOPMENT
ASSOCIATION**

By: 

Name: Mr. Bert Hofman

Date: 29 May 2009

AusAID World Bank Partnership to Support Philippine Development Program Description

The Australian Agency for International Development (AusAID) and the World Bank have agreed to pursue a strategic partnership to support the development program of the Philippine Government in the context of the two institutions' respective strategies for the Philippines, and in conformity with the Medium Term Philippines Development Plan (MTPDP)¹. This Trust Fund would help the Philippine Government, the Bank and AusAID plan and collaborate on a medium-to-longer term program of financing and technical assistance that is more closely aligned with the strategic priorities of the country.

Proposed Strategic Partnership and Development Objectives

Objectives

The strategic partnership's overarching and higher level goal is to improve governance and support investments that contribute to a stronger foundation for sustainable economic growth in the Philippines. The Grant shall be used to support various sectors under MTDTP, and shall, include the following activities:

- Bank executed analytical and advisory activities.
- Bank executed project development, appraisal and supervision activities.
- Recipient executed technical assistance, including project preparation.
- Recipient executed investments linked to Bank supported investment operations.

Expected Outcomes

- (i) Leveraging the assistance programs of AusAID and the Bank in support of the Philippines development agenda.
- (ii) Promoting greater harmonization among the Philippines Government and its development partners.
- (iii) Improving governance arrangements in agencies executing Bank supported operations.
- (iv) Strengthening collaboration and promoting more strategic use of resources provided by the two funding institutions.
- (v) Promoting harmonization in policies and procedures of AusAID, the Bank and the Philippine government.

¹ The MTPDP is a detailed road map laid out by the Philippine Government for reducing poverty through job creation and enterprise.

Categories of Expenditures

Eligible expense categories for recipient executed grants will be provided for in the relevant Grant Agreements between the Bank and the Recipients following Bank policies and procedures.

Bank-executed activities would primarily be of an advisory and technical assistance nature, in support of the Trust Fund. The Bank executed trust funds will have the following categories of expenditures:

- Bank staff costs (Salary + Benefits + Indirects)
- Associated overheads
- Extended term consultants
- Short term consultant fees
- Contractual services
- Travel expenses
- Media and Workshop Costs

Beneficiaries

The Trust Fund proceeds will be used for activities to benefit all sectors in the Philippines.

Cost Recovery Arrangements

A customized administration fee would be charged by the Bank against the Trust Fund principal, based on full recovery of the incremental costs to be incurred in administering the Trust Fund, including central unit costs, managing unit costs and program administration costs. Given that most of the projects to be supported by the Trust Fund are expected to be quite complex, an amount would be set-aside for Bank executed grants to meet incremental costs of project development, appraisal and supervision and for stand alone analytical and advisory work and technical assistance activities. The Trust Fund is expected to complement Bank resources allocated to these tasks and will under no circumstances substitute for IBRD resources allocated to oversee its own investment operations and advisory and analytical activities.

Grant Recipients

Recipients of the Trust fund proceeds may include Philippines government agencies, eligible non-government entities, including civil society organizations, in accordance with a work program agreed between AusAID and the Bank.

Managing Unit

The World Bank's Country Management Unit for the Philippines (EACPF) will manage the programmatic Trust Fund, under the overall direction of the Country Director and the Portfolio and Operations Manager.

Governance Structure

AusAID and the World Bank will establish a Steering Committee made up of two representatives each from AusAID Manila and World Bank Manila to decide on the strategic areas and themes to be supported by the Trust Fund and confirm alignment with the respective strategies of the Australian Government and World Bank and with country priorities. The Steering Committee will also decide on the priorities for Bank executed analytical work, and recipient-executed activities aimed at co-financing other Bank operations that will be supported by the proposed TF for a given year.

Grant amounts will be confirmed by the Steering Committee based on regional coefficients for project preparation and supervision, the recommendations of the World Bank's Philippines country management unit and annual Australian aid program allocations. The Steering Committee will meet at least every six months, or as needed, to align with the Bank's Work Program Allocation Processes and will arrive at decisions by consensus.

Activities under Recipient-Executed Trust Funds will be covered by a Grant Agreement between the Bank and the recipient and will be implemented under operational policies and procedures that apply to IBRD and IDA financing, with smaller-size grants being subject to simplified and more cost-effective procedures. Bank-Executed Trust Funds will be administered in accordance with the provisions of the Administrative Manual that apply to the Bank's administrative budget.

Individual task team leaders will be assigned to manage each grant funded activity under the Trust Fund. The Bank's standard due diligence and quality assurance procedures will be applied for each grant funded activity, as applicable. Within the scope of the objectives and activities of the project as agreed by the Steering Committee, disbursement decisions would be governed by the grant agreement and the disbursement letter.

Amendments and reallocations, which could affect the attainment of grant objectives and/or associated outcome targets and/or target beneficiaries, will require the endorsement of the Steering Committee prior to securing required internal Bank clearances. Other amendments, reallocations and extensions of grant closing dates will follow applicable World Bank policies and procedures adopted for IBRD operations.

Reporting Arrangements

The World Bank will provide the Steering Committee with regular reports, as referred to in Section 1.04 of this Agreement, relating to all transactions incurred by the Trust Fund over the reporting period. The monitoring and evaluation indicators for the individual activities to be supported by the trust fund shall be developed jointly by the World Bank task team and AusAID in the course of project preparation and shall be cleared by the Steering Committee at the time of grant approval.