**AusAID – World Bank Partnership for South Asia (Trust Fund No.TF071677)
Infrastructure for Growth Window
Program Description**

As part of its "Infrastructure for Growth Initiative", AusAID intends to provide A$20 million over two years (2011/12 – 2012/13), for use on infrastructure activities in the countries of South Asia (India, Bangladesh, Pakistan, Afghanistan, Nepal, Bhutan, Sri Lanka and Maldives). The funds are intended to support the South Asia Region's (SAR) sector strategies in energy, transport, urban development (including water and sanitation), irrigation and telecommunications.

**Proposed Strategic Partnership and Development Objectives**

*Objective:* With an overarching and higher level goal to contribute to reduced poverty and sustainable development by accelerating economic growth through improved infrastructure in the SAR countries, the specific objectives of the proposed Trust Fund are:

1. Development Aspects: to foster an enabling environment for infrastructure development and facilitating infrastructure service delivery; and
2. Partnership Aspect: to enhance cooperation between AusAID and the Bank in improving aid effectiveness in SAR.

These objectives are expected to be achieved by:

1. financing activities that will strengthen policy and regulatory environments and systems for infrastructure management and their implementation in areas including: planning, budgeting and prioritization processes; financing, regulatory systems, private sector participation, regional integration, mainstreaming low-carbon and climate change resilient investments, and mainstreaming gender equity;
2. financing activities that lead to investment in priority infrastructure, improved maintenance of infrastructure, improved operation, quality and reliability of services, enhanced infrastructure planning and management, particularly in fragile states, and fostering infrastructure service provision by the private sector, community participation, and sub-national governments among others;
3. strengthening collaboration between AusAID and SAR through staff involvement in individual or joint activities of both institutions (e.g., as task team member and peer/technical reviewer) particularly those financed by the TF, information sharing, working in partnership with clients, other donor agencies and regional institutions and stakeholders; and
4. reporting every six months against a monitoring and results framework that will be developed to guide implementation, make course corrections as needed, measure impact and record lessons learned.

*Managing Unit:* South Asia Sustainable Development Department.

*Beneficiary:* The funds may be used for activities which would benefit the countries of the South Asia region.Custom fee for meeting administrative and other expenses incurred will be up to 10% of the grant amount. In addition to supporting the currently agreed administrative activities, this custom fee will be used for developing and reporting on the monitoring and results framework, including payment for all travel and logistics of World Bank staff for the purpose, and for payment of all fees, travel and logistics of independent consultants contracted for the purpose.

**Eligible Activities**

The work program will include a mix of types of activities, including:

* Bank-executed analytical and advisory assistance
* Bank-executed activities, project appraisal and supervision activities
* Recipient-executed technical assistance including project preparation
* Recipient-executed investments.

Bank-executed grant funds may be used for the following category of expenditures:

* Short term consultant fees
* Contractual services
* Extended term consultants
* Temporary staff costs
* Staff costs (Salary + Benefits + Indirects)
* Staff costs (Salary + Benefits)
* Associated overheads
* Travel Expenses
* Media and Workshop Costs

Recipient-executed grant funds may be used for the following category of expenditures:

* Consultant services
* Goods and works
* Workshops and training
* Incremental operating costs.

**Selection Criteria**

The funds may be used to support work of benefit to any Bank client country in the South Asia region, through activities in respect of infrastructure, including:

* electricity generation, transmission and distribution
* natural gas transmission and distribution
* piped water and sanitation services
* roads
* other transport infrastructure, including airports, ports, railways, and urban mass transit systems
* irrigation
* telecommunications

with specific focus on improving intra-regional trade and investment; facilitating long-term planning and innovations in the area of financing infrastructure investments; and/or implementing public-private partnerships.

AusAID and the Bank will agree on a work program in line with the following indicative guidelines:

* analytical activities of regional significance — up to 25 percent of commitments.
* development lending, appraisal and supervision — up to 50 percent.
* country-specific analytical and policy activities — up to 25 percent.

AusAID and the Bank will also agree on a work program in which at least 25 percent of commitments are directed to activities aimed at building capacity in low capacity environments (fragile states and sub-national governments).

**Governance Structure**

The designated Program Manager within the Bank, will develop the annual work program based on inputs from country and sector management units. The South Asia Sustainable Development Departmental Management Team will provide strategic guidance to the Program Manager in the development of the draft annual work program. The Director of the South Asia Sustainable Development Department will be responsible for approving activities for inclusion in the list of proposed activities. AusAID will be consulted on the development of the annual work program by the Program Manager. Approval of the annual work program, and any necessary amendment, will be given by exchange of letters/ emails between AusAID and Program Manager on behalf of the SASSD Director.

Individual task managers will be assigned to manage each grant-funded activity under the trust fund.

**Coordination with AusAID**

Annual discussions between the Bank and AusAID on the trust fund work program will occur at a time that enables inclusion of activities within annual Bank work programs. The annual discussions will review progress over the past year, and identify areas of focus for the coming year.