

**Administration Agreement for the Australian Trust Fund for
Indonesia Infrastructure Support (Trust Fund No. TF071039)(AidWorks No. INH582)**

**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") and the International Bank for Reconstruction and Development ("IBRD") and the International Development Association ("IDA") (collectively the "Bank") dated June 2, 2004, as amended December 14, 2004 (the "Framework Agreement"), I am pleased to inform you of the intention of the Donor to make available a grant (the "Grant" or the "Contribution") of five million Australian Dollars (A\$5,000,000), to be administered by the Bank for the Indonesia Infrastructure Support Trust Fund (Trust Fund No. TF071039 (the "Project").

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 exclusively for the activities described in the Annex hereto, which forms an integral part of this Agreement. The Grant shall be used to finance eleven (11) categories of expenditures described in the Annex. Notwithstanding the foregoing, the Bank may reallocate the Grant funds between such categories of expenditure that are specified in the Administration Agreement in accordance with the Bank's applicable policies and procedures on reallocation, without the need to obtain Donor approval for any such reallocation.

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 shall deposit the Grant funds with the Bank, upon request from the Bank, in IBRD's Cash Account "T" 011-796208-042 Swift Bic code: HKBAAU2SXXX maintained with the HSBC Bank Australia Ltd., HSBC Centre, Floor 11, 580, George Street, Sydney, Australia, or such other account as the Bank shall notify to the Donor, in accordance with the following schedule:

- Within thirty (30) days of the Bank's countersignature of
this Administration Agreement A\$5,000,000

Section 2.02 When making each deposit, the Donor shall:

- (a) instruct the HSBC Bank Australia Ltd as to the amount deposited and the date of such deposit; and

- (b) forward the remittance advice by email to the Bank's Treasury Operations Department addressed to tris@worldbank.org indicating the amount deposited, the name and Trust Fund number of the Project for which such deposit has been made (as set forth in the Administration Agreement), and the date of such deposit; and
- (c) arrange to send a copy of the information in the remittance advice to the Bank's Trust Funds Division by e-mail addressed to "tfremiadvice@worldbank.org" or by fax to 202-614-1315.

Immediately upon receipt of the Grant funds, the Bank will convert such funds into United States Dollars.

Article 3

Completion date

Section 3.01 The Grant funds may be used to finance expenditures for the Project commencing on the date of countersignature of this Administration Agreement and ending on June 1, 2010. 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:
Australian Agency for International
Development

Andrew Dollimore
Manager, Infrastructure
Australian Embassy
Jl. H.R. Rasuna Said Kav C15 – 16
Jakarta 12940 Indonesia
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For the Bank:

Sally Burningham
Task Team Leader
World Bank Office Jakarta
Jl. Jenderal Sudirman Kav 52 – 53
Jakarta 12190 Indonesia
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E-mail: sburningham@worldbank.org

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.

Article 6
Cost Recovery

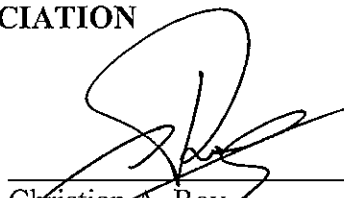
Section 6.01. Notwithstanding Section 9.02 of Article IX in the Framework Agreement: In order to assist in the defrayment of the costs of administration and other expenses incurred by the Bank under this Agreement, the Bank may, following deposit of the Contribution by the Donor, deduct from the total Contribution and retain for the Bank's own account an amount equal to 2.5% of the Contribution. In addition, the Bank may also charge actual costs of program management/administration up to a maximum of three hundred and eighty four thousand eight hundred and fifty nine United States dollars (US\$384,859).

GOVERNMENT OF AUSTRALIA

By: 
for Name: Richard Moore
Title: Deputy Director General ASIA, AusAID, Canberra

Date: 28/5/2008

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

By: 
Name: Christian A. Rey
Title: Acting Country Director

Date: 5-23-2008

Description of the Trust Fund

I. Project Objective and Activities

A. Objective.

The objective of the Project is to improve the quantity and quality of Indonesia's infrastructure through support for activities designed to harmonize current and planned World Bank and Government of Australia (AusAID) infrastructure initiatives consistent with Indonesia's infrastructure development plan.

B. Activities

Part 1. Cooperation in the Road Sector. Undertaking AusAID – World Bank activities with the Ministry of Public Works, and providing technical assistance to the Ministry of Public Works with project preparation and design, capacity building and asset management. Part 1 will be both World Bank and Recipient executed.

Part 2. Support to the Papua Provincial Government. Providing support for infrastructure development prioritization and planning in Papua Province, including in transport, power and telecommunications. Part 2 will be World Bank executed.

Part 3. Slum Upgrading and Low Income Housing. Providing support for slum-upgrading and low-income housing initiatives by the Republic of Indonesia. Part 3 will be World Bank executed.

Part 4. Public-Private Partnership (PPP) Support. Providing support for the PPP initiatives of the Republic of Indonesia, including the establishment and operation of the Indonesia Infrastructure Fund and the Guarantee Fund. Part 4 will be World Bank executed.

Part 5. Rapid Response Facility. Providing analytical and advisory services to the Republic of Indonesia for activities in its infrastructure portfolio, including as requested by line ministries from time to time. Part 5 will be World Bank executed.

II. Expenditures

A. World Bank-executed activities. The Grant will be used to finance the following categories of expenditure: associated overheads; consultant fees (individuals and firms); equipment purchase; leased office premises and equipment; extended term consultants; media and workshops, conferences and meetings; staff costs; temporary staff costs; travel expenses; and contractual services.

B. Recipient (Government of Indonesia)-executed activities. The Grant will be used to finance the following categories of expenditure: goods, services and other unallocated (including incremental operating costs).

C. Restrictions. The Grant will not be used to finance the following categories of expenditures: study tours; purchase of vehicles; salaries for civil servants.

III. Administrative Arrangements

The Donor, the World Bank and the Republic of Indonesia shall establish a Steering Committee, made up of one representative of the Donor, the Indonesia Country Director (or his designate) and the BAPPENAS Deputy for Infrastructure. The Steering Committee will, except as may be otherwise agreed, meet once every six months and will agree on the priorities of the Trust Fund for the upcoming six months.

The Annual Report and Final Report shall be of a format that meets the requirements of the donor to enable appropriate monitoring of Trust Fund activity outcomes. The reports shall demonstrate effective monitoring and evaluation to confirm outcomes.

All activity under the Trust Fund will be subject to the agreement of the Steering Committee. With respect to the administration contribution in Article 6 (Cost Recovery), 2.5% thereof is a fixed central unit cost and the use of the actual costs for program management/administration up to a maximum of three hundred and eighty four thousand eight hundred and fifty nine United States dollars (US\$384,859) by the managing unit will be agreed by the Donor and the World Bank in an annual work program.