

The World Bank

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION

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October 9, 2009

Joe Hedger
Director
Governance and Service Delivery Branch
Australian Agency for International Development (AusAID)
255 London Circuit
Canberra City ACT 2601
Australia

Dear Joe:

For Countersignature: Amendment to the Amended and Restated Administration Agreement between the Commonwealth of Australia, acting through the Australian Agency for International Development, and the International Bank for Reconstruction and Development and the International Development Association concerning the Multi-Donor Trust Fund for EITI Implementation Support (TF053509)

Please find attached two copies of the signed Amendment to the Amended and Restated Administration Agreement for Australia, for countersignature by Mr. Versegi. Please have him sign both copies, send one countersigned original back to me, and keep one for your files.

Thank you again for your continued support for the EITI Multi-Donor Trust Fund.

Sincerely,



Diana M. Corbin
Operations Officer – Donor Relations
Oil, Gas and Mining Policy Division

The World Bank

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October 9, 2009

Mr. Peter Versegi
Assistant Director General
Governance and Service Delivery Branch
Australian Agency for International Development (AusAID)
255 London Circuit
Canberra City ACT 2601
Australia

Dear Mr. Versegi:

Amendment to the Amended and Restated Administration Agreement between the Commonwealth of Australia, acting through the Australian Agency for International Development, and the International Bank for Reconstruction and Development and the International Development Association concerning the Multi-Donor Trust Fund for EITI Implementation Support (TF053509)

1. Reference is made to the Amended and Restated Administration Agreement between the Commonwealth of Australia, acting through the Australian Agency for International Development (the "Donor"), on the one hand, and the International Bank for Reconstruction and Development ("IBRD") and the International Development Association ("IDA") (collectively, the "Bank"), on the other hand, concerning the Multi-Donor Trust Fund for Extractive Industries Transparency Initiative ("EITI") Implementation Support (TF No.053509) ("TF053509") dated August 7, 2007, as amended (the "Agreement").
2. This Amendment amends and restates all of the annexes to the Agreement (the "Annexes") pursuant to recent discussions between the Donor and the Bank concerning: (a) the establishment of the EITI Implementation Support Facility (the "Facility"), of which TF053509 is one of the trust funds; (b) the alignment of all trust funds in the Facility to make them operationally equivalent; (c) the extension of the term of TF053509; and (d) the expansion of the Management Committee to include all donors of trust funds in the Facility; and (e) the inclusion of certain additional terms.
3. The Bank and the Donor have accordingly agreed to delete and replace in their entirety the Annexes effective as of the Effective Date (as defined below) with respect to any existing uncommitted balances in TF053509 and any future funds contributed to TF053509 (for clarity, excluding any funds committed through Grant Agreements (as defined in Annex 2) effective prior to the Effective Date) as follows:

- (a) Annex 1 shall be replaced by the new Annex 1 attached hereto entitled "Description of Activities and Expenditures of the EITI Implementation Support Facility".
 - (b) Annex 2 shall be replaced by the new Annex 2 attached hereto entitled "Standard Provisions Applicable to TF053509".
 - (c) Annex 3 shall be replaced by the new Annex 3 attached hereto entitled "Governance Terms Applicable to the EITI Implementation Support Facility".
4. The Annexes, as amended and restated hereunder, constitute an integral part of the Agreement and shall be consistent for all donors contributing to TF053509.
5. The offices responsible for coordination of all matters related to the implementation of this Amendment and the Agreement shall be as specified in the Agreement, unless otherwise notified by the one Contact to the other Contact in writing.
6. All other terms of the Agreement remain unchanged.

7. Please confirm your agreement with the foregoing, on behalf of the Donor, by signing, dating, and returning to us the enclosed copy of this Amendment. This Amendment shall become effective as of the date that the last of the then-current donors to TF053509 provides to the Bank its countersignature to its respective amendment to its administration agreement/arrangement with the Bank for TF053509 (the "Effective Date").

Sincerely,

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



William Bulmer

Acting Director

Oil, Gas, Mining & Chemicals Department

CONFIRMED AND AGREED:

**COMMONWEALTH OF AUSTRALIA, ACTING THROUGH THE AUSTRALIAN
AGENCY FOR INTERNATIONAL DEVELOPMENT**

By: Peter Verseci

Name: PETER VERSECI

Title: Ag OGG PED

Date: 27/10/09

ANNEX 1

**Description of Activities and Expenditures of the
EITI Implementation Support Facility**

I. Description of Activities

1.1. The Facility is intended to provide implementation support to the EITI, an association established under the laws of the Kingdom of Norway, through country, regional and global activities consistent with the principles articulated in the Statement of Principles and Agreed Actions adopted at the first plenary conference in London in June 2003 and the criteria articulated in the Statement of Outcomes adopted at the second plenary conference in London in March 2005 (the "EITI Principles and Criteria") by the partnership that has now become the EITI. The Bank, acts as financial and program administrator for the Facility (the "Administrator"), which consists of multiple trust funds established by the Administrator in its sole discretion that are expected to be operationally equivalent (collectively, the "Facility Trust Funds" and each, a "Facility Trust Fund"). The funds from the Facility Trust Funds (the "Contribution Funds") will be used to develop, broaden and increase transparency over payments and revenues in the extractive sectors in countries needing these resources.

1.2. Activities funded by the Facility that are to be proposed by the Bank and approved by the Management Committee (as defined in Annex 3) in accordance with the governance terms set forth in Annex 3 will be assessed for their responsiveness to the following standards:

- (i) the EITI Principles and Criteria, as those may be amended and ratified in accordance with Annex 3 to this Agreement; and
- (ii) Guidelines for Activity and Country Selection adopted by the Management Committee, as those may be amended by the Management Committee from time to time in accordance with Annex 3 to this Agreement.

II. Categories of Expenditure

2.1 Where the Bank executes activities under TF053509, the Contributions (as defined in Annex 2) may be used to finance only the following categories of expenditure: associated overheads, short term consultant fees, extended term consultants' salaries and benefits, contractual services, temporary staff costs, staff costs without indirects, travel expenses, field benefits, and media and workshop costs. The amount used for financing staff costs (temporary staff costs, staff costs without indirects, travel expenses of staff and media and workshop costs of staff) and associated overheads will not exceed 15% of the total amount of the Contributions (the "Bank Execution Costs"). As part of the Facility reporting, the Bank will provide the Donors with periodic reports showing actual and anticipated Bank Execution Costs. At the start of 2011, the Donors and the Bank agree to review the percentage amount allowed for Bank Execution Costs based on experience during the period commencing on the Effective Date and ending December 31, 2010.

2.2 Where a Recipient executes activities under TF053509, the Contributions may be used to finance only the following categories of expenditure: works, goods, consultant services including audits, training, workshops, study tours, and operating costs.

ANNEX 2

Standard Provisions Applicable to TF053509

The following provisions (hereinafter referred to as the "Standard Provisions") will be applicable to and form an integral part of all agreements entered into between the Bank and donor countries and/or organizations (hereinafter referred to as the "Donors") that provide funds to TF053509 (referred to as "Contributions") to be administered by the Bank.

1. Administration of the Contributions

1.1. The Bank will be responsible only for performing those functions specifically set forth in this Agreement and will 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 will 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.

2. Commingling, Exchange and Investment of the Contributions

2.1. The Contributions will be accounted for as a single trust fund and will 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 will 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 will credit all income from such investment to the trust fund established under this Agreement to be used for the same purposes as the Contributions.

3. Administrative Cost Recovery

3.1. 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 Contributions, deduct from such funds and retain for the Bank's own account an amount equal to five percent (5%) of the Contributions.

4. Grants to Recipients:

4.1. Where the Contributions will be used for financing Recipient activities, the Bank will, as Administrator, enter into grant agreement(s) (the "Grant Agreement(s)") with one or more entities (the "Recipient(s)") for the provision of funds for the purposes of this

Agreement and on the terms and conditions set forth in the Grant Agreements. The Bank will furnish a copy of the Grant Agreement(s) to the Donors.

4.2. The Bank will be solely responsible for the supervision of Facility activities financed under the Grant Agreements.

5. Employment of Consultants and Procurement of Goods

5.1. Where the Bank executes the activities financed by the Contributions, the employment and supervision of consultants and the procurement of goods financed by the Contributions will be the responsibility solely of the Bank and will be carried out in accordance with its applicable policies and procedures. Where Recipients execute the activities financed by the Contributions, the Grant Agreements will provide that the Contributions will be used by the Recipients to finance expenditures for goods and services, as the case may be, in accordance with the World Bank's Guidelines on "Procurement under IBRD Loans and IDA Credits" and the World Bank's Guidelines on the "Selection and Employment of Consultants by World Bank Borrowers," as in effect at the date of the respective Grant Agreements. The Donors will not be responsible for the activities of any person or third-party engaged by the Bank as a result of this Agreement, nor will the Donors be liable for any costs incurred by the Bank in terminating the engagement of any such person.

6. Accounting and Financial Reporting

6.1. The Bank will maintain separate records and ledger accounts in respect of the Contributions deposited in the trust fund account and disbursements made therefrom.

6.2. The Bank will furnish to the Donors current financial information relating to TF053509 in United States Dollars 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 TF053509 have been satisfied and TF053509 has been closed, the final financial information relating to TF053509 in United States Dollars with respect to the Contributions will be made available to the Donors via the World Bank's Trust Funds Donor Center secure website.

6.3. The Bank will also provide the Donors with copies of all financial statements and auditors' reports received by the Bank from the Recipients pursuant to the Grant Agreements.

6.4. The Bank will 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 auditors' opinion thereon. The cost of the single audit shall be borne by the Bank.

6.5. If a Donor wishes to request, on an exceptional basis, a financial statement audit by the Bank's external auditors of the trust fund established under this Agreement, the Donor and the Bank will first consult as to whether such an external audit is necessary. The Bank and the Donor will jointly decide on the most appropriate scope and terms of reference of such audit. Following approval of the scope and terms of reference, the Bank will arrange for such external audit. The costs of any such audit, including the internal costs of the Bank with respect to such audit, will be paid by the Donor.

7. Coordination and Progress Reporting

7.1. The Bank will maintain close consultation and coordination with the Donors in accordance with the governance terms of Annex 3.

7.2. The Bank will provide the Donors with an annual report on the progress of activities financed by the Facility (the "Annual Facility Progress Report"). Within six (6) months of the final disbursement date specified in Section 8.1., the Bank will furnish to the Donors a final report on the Facility activities.

7.3. The Bank will promptly inform the Donors of any significant modification to the terms of the Grant Agreements and of any contractual remedy that is exercised by the Bank under the Grant Agreements. To the extent practicable, the Bank will afford the Donors the opportunity to exchange views before effecting any such modification or exercising any such remedy.

8. Disbursement Deadline; Cancellation; Refund

8.1. It is expected that the Contributions will be fully disbursed by the Bank in accordance with the provisions of this Agreement by April 22, 2013. The Bank will only disburse Contributions for the purposes of this Agreement after such date with the written approval of the Donors.

8.2. 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.

8.3. Upon the final disbursement date specified in Section 8.1., the Bank will return any remaining balance of the Contributions to the Donors on a pro rata basis. In the event of a cancellation of an individual Donor's pro rata share of uncommitted Contributions in accordance with Section 8.2., the Bank will return such cancelled balance to the Donor.

9. Disclosure

9.1. The Bank may disclose this Agreement and information on TF053509 and the Facility in accordance with the Bank's policy on disclosure of information.

10. Use of Funds

10.1. The Contributions shall be administered in accordance with the Bank's applicable policies and procedures, including its framework for preventing and combating fraud and corruption, as the same may be amended from time to time.

10.2. Recognizing the obligations of the Bank's member countries under the various United Nations Security Council Resolutions to take measures to prevent financing of terrorists, the Bank undertakes to use reasonable efforts, consistent with the Bank's Articles of Agreement and policies, including those pertaining to combating financing of terrorists, to ensure that the Contributions are used for their intended purposes and are not diverted to terrorists and their agents.

10.3. To the extent that the Contributions will be used for financing Recipient activities, the Bank will include a provision in each Grant Agreement between the Bank and each such Recipient that the Recipient will: (a) not use the proceeds of the grant for the purpose of any payment to persons or entities, or for the import of goods, if such payment or import, to the Recipient's knowledge or belief, is prohibited by a decision of the United Nations Security Council taken under Chapter VII of the Charter of the United Nations, including under United Nations Security Council Resolution 1373 and related resolutions, and (b) include a corresponding provision in any sub-grant agreements that the Recipient enters into with entities to which the Recipient make the grant funding available.

11. Visibility

11.1. All contracts or Grant Agreements entered into by the Bank in relation to activities financed under the Facility, all publications, training programs, seminars or symposia financed by the Facility, and all press releases or other information materials issued by the Bank with respect to the Facility shall clearly indicate that the activities in question have received funding from the donors to the Facility.

ANNEX 3

Governance Terms Applicable to the EITI Implementation Support Facility

The following governance terms will apply to the Facility:

A management committee (the "Management Committee") will define the allocation strategy and direct the allocation of Contribution Funds in accordance with the procedures set out below.

1. Composition

1.1. The Management Committee will be composed of one senior representative from each donor that has committed the equivalent of US\$500,000 or more in the aggregate to a Facility Trust Fund (each a "Primary Facility Donor") and one senior representative from the Bank. Subject to the approval by the Chairperson of the Management Committee, additional representatives from any Primary Facility Donor, the Bank, or other entities may request participation in all or parts of a Management Committee meeting as observers.

1.2. Each Primary Facility Donor and the Bank may change its representative on the Management Committee, or appoint an alternate to the Management Committee; provided any such representative, or alternate, is an officer, director, employee or official of the entity appointing him or her.

1.3. The Bank representative will serve as Chairperson of the Management Committee.

2. Powers and Duties

2.1. The Management Committee will be responsible for reviewing and approving the overall work program for use of the Contribution Funds (the "Facility Work Program") in accordance with Annex 1 and the following procedures:

- (a) The Management Committee will adopt a set of Guidelines for Activity and Country Selection (the "Guidelines") to be used by the Bank in preparing draft work programs as set forth below, which Guidelines may be reviewed and revised periodically by the Management Committee.
- (b) The Bank will prepare a draft work program every six months as an update of the prior Facility Work Program to coincide with the Bank's fiscal year (i.e., for the periods July to December and January to June), which will describe the main identified uses of the Contribution Funds by setting forth brief descriptions of projects and tasks along with estimated costs;

- (c) The Bank will convene a Management Committee meeting every six months to review the new draft work program (the "Work Planning Meeting") with at least four weeks prior notice. The new draft work program will be provided by the Bank to the members of the Management Committee at least two weeks prior to the respective Work Planning Meeting;
- (d) Prior to the Work Planning Meeting, the Bank will hold preparatory discussions with EITI on the progress of the then-current Facility Work Program and likely impacts on the broad direction of the following new draft work program; provided that all decisions regarding the Facility Work Program and allocation of Contribution Funds will remain with the Management Committee and the Bank;
- (e) At each Work Planning Meeting, the Management Committee will review and approve a Facility Work Program. The Management Committee may also consider for discussion any Annual Facility Progress Report that may have reached the members prior to the Work Planning Meeting;
- (f) Following Management Committee approval, the Bank will implement the Facility Work Program using the Contribution Funds; provided that revisions of less than US\$50,000 to the cost of items in the Facility Work Program will be in the Bank's discretion.
- (g) The Administrator may in its discretion withdraw funds from one or the other Facility Trust Fund to implement the Facility Work Program in an operationally efficient manner.

2.2 The Management Committee members will coordinate their resource mobilization efforts with the Administrator and cooperate to encourage other potential donors of the Facility to contribute resources for advancement of the objectives of the Facility.

2.3 The Management Committee may, through the Bank, consult with EITI between Work Planning Meetings on matters of strategic importance regarding their activities to further the EITI Principles and Criteria. In the event of differences in views the Bank, on behalf of the Management Committee, may seek consultations with EITI.

3. Decision-Making

3.1 Any decisions of the Management Committee will be made by (i) consensus of all its members physically participating in a meeting, or (ii) affirmative approval or no objection (as specified in the request with a reasonable time period) on the part of all members by virtual (email) correspondence. The Management Committee may waive any of its meetings or convene additional meetings in accordance with (i) or (ii) above upon the request of one of its members, including the Bank. Each member may waive any notices for itself.

4. Coordination with EITI

4.1 A Memorandum of Understanding (the "Memorandum" or "MOU") has been entered into by members of the Management Committee, the Administrator, and EITI, effective as of March 27, 2008, representing a statement of intent among the parties. Any subsequent members of the Management Committee are expected to accept the terms of the MOU upon contributing to the Facility Trust Funds.

4.2 In the event of conflict between this Agreement and the MOU, this Agreement will prevail.

4.3 If EITI alters its principles and criteria, and the EITI Secretariat and the Bank propose a modification to or replacement of the EITI Principles and Criteria for purposes of the Memorandum and this Agreement, such modified or replaced terms shall become applicable to this Agreement and the Memorandum (if its terms so provide) upon a decision to accept such terms by the Management Committee in accordance with Section 3 above.