

The World Bank

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION

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August 7, 2007

Ms. Caitlin Wilson
Director
Anti-Corruption and Political Governance Section
Australian Agency for International Development
GPO Box 887
Canberra ACT 2601
AUSTRALIA

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 (TF No. 053509)

Dear Ms. Wilson:

1. Reference is made to the Administration Agreement between the Commonwealth of Australia, acting through the Australian Agency for International Development (the "Donor") and the International Bank for Reconstruction and Development ("IBRD") and the International Development Association ("IDA") (collectively, the "Bank") concerning the Multi-Donor Trust Fund for the Extractive Industries Transparency Initiative ("EITI") (TF No. 053509) (the "MDTF") dated March 8, 2007 and countersigned by the Donor on March 15, 2007 (the "Agreement").
2. Pursuant to recent discussions between the Donor and the Bank concerning (a) establishment of EITI as an independent legal entity and related clarifications of EITI's relationship to the MDTF; (b) the restructuring and renaming of the MDTF; (c) extension of the term of the MDTF; and (d) the Donor's additional contribution, the Bank and the Donor have agreed to the following amendments:
3. The title of the Agreement is hereby amended to read "Amended and Restated Administration Agreement between the Government 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 (TF No. 053509)" (the "Amended and Restated Agreement").
4. As of the Effective Date of this Amended and Restated Agreement:

- (a) Any existing uncommitted balances in the MDTF and any future funds contributed to the MDTF shall be used in accordance with Annex 1 attached hereto (Description of Activities and Expenditures of the Multi-Donor Trust Fund for EITI Implementation Support).
- (b) The MDTF shall be administered by the Bank on behalf of the Donor in accordance with the terms of this Amended and Restated Agreement, including the standard provisions set forth in Annex 2 attached hereto (Standard Provisions Applicable to the Multi-Donor Trust Fund for EITI Implementation Support).
- (c) Allocations of funds in the MDTF shall be made in accordance with the procedures set forth in Annex 3 attached hereto (Governance Terms Applicable to the Multi-Donor Trust Fund for EITI Implementation Support).

Annexes 1, 2 and 3 constitute an integral part of this Amended and Restated Agreement and shall be consistent for all donors contributing to the MDTF (the "Donors").

5. We are pleased to acknowledge on behalf of the Bank, the intention of the Donor to make available as a grant the additional sum of Five Hundred Thousand Australian dollars (AUD 500,000) (the "Additional Contribution") for the MDTF.

6. The Donor shall deposit the Additional Contribution into the IBRD's Cash Account "T" No. 011-796208-042, Swift Bic Code HKBAU2SXXX, maintained with HSBC Bank Australia Ltd. HSBC Centre, Floor 11, 580 George Street Sydney, Australia promptly following countersignature of this Amended and Restated Agreement by the Donor and submission of a payment request by the Bank but not later than September 30, 2007.

7. When making the 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 TF053509, the Multi-Donor Trust Fund for the Extractive Industries Transparency Initiative, and the date of the deposit. 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.

8. Immediately upon receipt of the Contribution funds, the Bank shall convert such funds into United States dollars.

9. The offices responsible for coordination of all matters related to the implementation of this Amended and Restated Agreement and the MDTF are:

For the Bank (the Bank Contact):

Anwar Ravat
The Program Manager
COCPO
The World Bank
1818 H Street, NW
Washington, DC 20433
U.S.A.
Tel: 202 473 2028
Fax: 202 522 0395
Email: aravat@worldbank.org

For the Donor (the Donor Contact):

Christina Landsberg
Adviser
Anti-Corruption and Political Governance Section
Australian Agency for International Development
GPO Box 887
Canberra ACT 2601 AUSTRALIA
Tel: + 61 2 6206 4663
Fax: + 61 2 6206 4864
Email: Christina.Landsberg@ausaid.gov.au

6. This Amended and Restated Agreement may be amended only by written agreement between the Bank and the Donor; provided, however, that the annexes to this Amended and Restated Agreement may only be amended with the written agreement of all Donors.

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 Amended and Restated Agreement. This Amended and Restated Agreement will become effective as of the date that the last of the then-current Donors provides to the Bank its countersignature to its Amended and Restated Agreement containing the annexes set forth herein (the "Effective Date").

Ms. Caitlin Wilson

-4-

August 7, 2007

Sincerely,

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




Somit Varma

Director

Oil, Gas, Mining & Chemicals Department

CONFIRMED AND AGREED:

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

By: 

Date: 20 August 2007

Ms. Caitlin Wilson
Director
Anti-Corruption and Political Governance Section

ANNEX 1

Description of Activities and Expenditures of the Multi-Donor Trust Fund for EITI Implementation Support

I. Description of Activities

1.1. The Multi-Donor Trust Fund TF053509 (the "MDTF") is intended to provide implementation support to the Extractive Industries Transparency Initiative, an association established under the laws of the Kingdom of Norway, ("EITI") 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 MDTF 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 MDTF that are to be proposed by the Administrator (as defined in Annex 2) 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 the MDTF, the Contribution funds 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, 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 10% of the total amount of the Contribution funds.

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

**Standard Provisions Applicable to the Multi-Donor Trust Fund
for EITI Implementation Support**

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 International Bank for Reconstruction and Development ("IBRD") and the International Development Association ("IDA") (collectively, the "Bank"), acting as financial and program administrator (the "Administrator"), and donor countries and/or organizations (hereinafter referred to as the "Donors") that provide funds (referred to as "Contributions") to be administered by the Administrator to the Multi-Donor Trust Fund TF053509 (the "MDTF") that is intended to provide implementation support to the Extractive Industries Transparency Initiative, an association established under the laws of the Kingdom of Norway, ("EITI") in accordance with the terms of this Agreement.

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 Project 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. Within ninety (90) days of each March 31, June 30, September 30 and December 31, the Bank will furnish to the Donors an unaudited cash-based statement of receipts, disbursements and fund balance in United States dollars with respect to the Contributions. Within six (6) months of the final disbursement date specified in Section 8.1, the Bank will furnish to the Donors a final unaudited cash-based statement of receipts, disbursements and fund balance in United States dollars with respect to the Contributions.

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, 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 trust funds as a whole. The cost of such attestations will 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 Project 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 Contributions (the "Annual MDTF 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 Project 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 committed by the Bank in accordance with the provisions of this Agreement by December 31, 2010, and fully disbursed by the Bank in accordance with the provisions of this Agreement by April 30, 2011. The Bank will only disburse Contributions for the purposes of this Agreement after April 30, 2011 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 the MDTF in accordance with the Bank's policy on disclosure of information.

**Governance Terms Applicable to the Multi-Donor Trust Fund
for EITI Implementation Support**

A management committee (the "Management Committee") will define the allocation strategy and direct the allocation of funds in accordance with the procedures set out below, which will apply to all Administration Agreements for the MDTF.

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 the MDTF (each a "Primary Donor") and one senior representative from the Bank.

1.2. Each Primary 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 Contributions (the "MDTF 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 Administrator in preparing draft work programs as set forth below, which Guidelines may be reviewed and revised periodically by the Management Committee.
- (b) The Administrator will prepare a draft work program every six months as an update of the prior MDTF 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 Contributions by setting forth brief descriptions of projects and tasks along with estimated costs;
- (c) The Administrator 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 Administrator to the members of the