

OIL, GAS, MINING AND CHEMICALS DEPARTMENT

RASHAD-RUDOLF KALDANY
DIRECTOR

March 8, 2007

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

Dear Ms. Wilson,

***Trust Fund Administration Agreement between the Government of
Australia and the International Bank for Reconstruction and
Development and the International Development Association
concerning the Multi-Donor Trust Fund for the Extractive Industries
Transparency Initiative (TF053509)***

We are pleased to acknowledge on behalf of the International Bank for Reconstruction and Development ("IBRD") and the International Development Association ("IDA") (collectively, the "Bank") the intention of the Government of Australia (the "Donor"), acting through the Australian Agency for International Development, to make available as a grant the sum of two hundred and fifty thousand Australian Dollars (AUD 250,000) (the "Contribution") before September 2007 for the Multi-Donor Trust Fund for the Extractive Industries Transparency Initiative (the "Project"). Other donors are also expected to contribute to this trust fund on the terms and conditions specified in the Annexes to this Agreement.

The Contribution shall be used to finance the activities and the categories of expenditure set forth in the "Revised Description of Activities and Expenditures under the Multi-Donor Trust Fund" attached hereto as Annex 1.

The Contribution shall be administered by the Bank on behalf of the Donor in accordance with the terms of this Agreement and the "Revised Standard Provisions Applicable to the Multi-Donor Trust Fund" attached hereto as Annex 2 and "The Trust Fund Management Committee" attached hereto as Annex 3.

All of the annexes attached hereto constitute an integral part of this Agreement.

The Donor shall deposit the 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 in accordance with the following schedule:

- Upon countersignature of this Agreement by the Donor and submission of a payment request by the Bank, AUD 250,000.

The parties agree that the payment schedule will be subject to adjustment in the event of any significant delay in the implementation of the program activities.

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.

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

The offices responsible for coordination of all matters related to the implementation of this Agreement are:

For the Bank:

John Strongman
Mining Adviser
COCPO
The World Bank
1818 H Street, NW
Washington, DC 20433
United States of America

Tel: (202) 473-6165
Fax: (202) 522-0395

For the Donor:

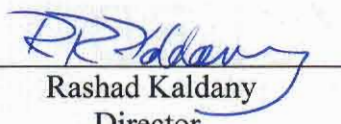
Christina Landsberg
Adviser
Anti-Corruption and Political Governance Section
Australian Agency for International Development
GPO Box 887
Canberra ACT 2601 AUSTRALIA

Tel: + 61 2 6206 4663
Fax: + 61 2 6206 4864

This Agreement may be amended only by written approval of the Bank and the Donor; provided, however, that Annex 1 (Revised Description of Activities and Expenditures under the EITI Multi-Donor Trust Fund) and Annex 2 (Revised Standard Provisions Applicable to the EITI Multi-Donor Trust Fund) to this Agreement may be amended only with the written approval of all Donors contributing to this trust fund and Annex 3 (The Trust Fund Management Committee) to this Agreement may be amended only with written approval of the Bank and all Primary Donors (as defined therein).

Please confirm your agreement with the foregoing, on behalf of the Donor, by signing, dating, and returning to us the enclosed copy of this Agreement. Upon receipt by the Bank of the copy of this Agreement countersigned by you, this Agreement will become effective as of the date of the countersignature.

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

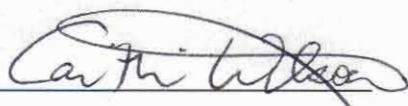

Rashad Kaldany

Director

Oil, Gas, Mining and Chemicals Department

AGREED:

**THE GOVERNMENT OF AUSTRALIA
THROUGH
THE AUSTRALIAN AGENCY FOR INTERNATIONAL DEVELOPMENT**

By: 

Date: 15th MARCH 2007

Name: Caitlin Wilson

Director

Australian Agency for International Development

GPO Box 887

Canberra ACT 2601

AUSTRALIA

**Revised Description of Activities and Expenditures under
the EITI Multi-Donor Trust Fund**

I. Description of Activities

1.1. The Multi-Donor Trust Fund for the Extractive Industries Transparency Initiative (EITI) as part of the EITI will harness donor resources to develop and broaden the EITI process. The objective of the EITI is to increase transparency over payments and revenues in the extractives sector in countries heavily dependent on these resources in line with the Statement of Principles and Agreed Actions agreed at the London Conference on EITI on June 17, 2003 and the Statement of Outcomes agreed at the London Conference on EITI on March 17, 2005 (the "EITI Statements").

1.2. The Multi-Donor Trust Fund for the EITI supports the EITI principles, objectives and criteria as further specified in the EITI Statements and focuses on, inter alia

A: Establishment of EITI in countries (the "EITI Countries") through programs of cooperation between governments, the private sector and civil society, supported by the international community, to include activities in support of the 6 EITI criteria agreed at the London Conference on EITI on March 17, 2005, such as:

- Production and publication of reports on payments made by companies and revenues received by the governments of the EITI Countries to a wide audience in a publicly accessible, comprehensive and comprehensible manner;
- Audit of EITI data (including of state owned companies) where such audits do not exist already including: collection of EI tax payment data from companies and EI revenues data from governments by a credible, independent administrator, applying international auditing standards; and advisory services on auditing standards
- Reconciliation of audited data and publication of the administrator's opinion regarding that reconciliation including discrepancies, should any be identified; and advisory services on reconciliations.
- Support to ensure civil society is actively engaged as a participant in the design, monitoring and evaluation of the EITI process.
- Support for Government preparation of a public, financially sustainable work plan; and activities specified within that work plan (including training, workshops, data publication etc.)
- Capacity building for EITI stakeholders within EITI countries (including funding of operating costs of EITI country Secretariats)

B: Support for improving transparency in the extractive industries to other countries whose governments have given the EITI Management Committee reasonable grounds to believe that they will endorse and implement EITI before the Closing Date of the Trust Fund.

C: Support of global EITI Information-Coordination including (but not exclusively) (i) Organizing and conducting international conferences and workshops on EITI; (ii) presentation of EITI at international events, (iii) global coordination of EITI activities; (iv) publication of policy recommendations for Extractive Industries transparency; (v) production of country and sector specific guidelines and templates for reporting;

II. Categories of Expenditure

Where the Bank executes the activities under the Multi-Donor Trust Fund for the EITI the Contribution funds will be used to finance 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.

Where a Recipient executes the activities under the Multi-Donor Trust Fund for the EITI the Contribution funds will be used to finance the following categories of expenditure: works, goods, consultant services including audits, training, workshops, study tours, and operating costs.

Revised Standard Provisions Applicable to the EITI Multi-Donor Trust Fund

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") and donor countries and/or organizations (hereinafter referred to as the "Donors") that provide grants (referred to as the "Contributions") to be administered by the Bank for the Multi-Donor Trust Fund for the Extractive Industries Transparency Initiative (the "Project").

1. Administration of the Contributions

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 Contribution funds will be accounted for as a single trust fund and will be kept separate and apart from the funds of the Bank. The Contribution funds may be commingled with other trust fund assets maintained by the Bank.

2.2. The Contribution funds may be freely exchanged by the Bank into other currencies as may facilitate their disbursement.

2.3. The Bank will invest and reinvest the Contribution funds 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 Contribution funds.

3. Administrative Cost Recovery

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 Contribution funds, 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 on behalf of the Donors, enter into grant agreement(s) (the "Grant

Agreement(s)”) with one or more entities (the “Recipient(s)”) for the provision of Contribution funds for the purposes of this Agreement and on the terms and conditions set forth in the Grant Agreement(s). 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 Agreement(s).

5. Employment of Consultants and Procurement of Goods

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 Recipient(s) execute(s) the activities financed by the Contribution funds, the Grant Agreement(s) will provide that the Contributions will be used by the Recipient(s) 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 Grant Agreement(s). 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 paragraph 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 Contribution funds.

6.3. The Bank will also provide the Donors with copies of all financial statements and auditors’ reports received by the Bank from the Recipient(s) pursuant to the grant agreement(s).

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.

7.2. The Bank will provide the Donors with an annual report on the progress of activities financed by the Contributions. Within six (6) months of the final disbursement date specified in paragraph 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 Agreement(s) and of any contractual remedy that is exercised by the Bank under the Grant Agreement(s). 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 Contribution funds will be fully committed by the Bank in accordance with the provisions of this Agreement by September 28, 2007, and fully disbursed by the Bank in accordance with the provisions of this Agreement by January 28, 2008. The Bank will only disburse Contribution funds for the purposes of this Agreement after January 28, 2008 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 Contribution funds 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 Agreement(s).

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

9. Disclosure

The Bank may disclose this Agreement and information on this trust fund in accordance with the Bank's policy on disclosure of information on the presumption of as transparent disclosure as possible, to include publication of this Agreement on the EITI website.

The Trust Fund Management Committee

A Trust Fund Management Committee (the "Management Committee") will be established upon effectiveness of the first Trust Fund Administration Agreement for the Project between the Bank and a Primary Donor (as defined below). The Management Committee will define and direct the fund allocation strategy in accordance with the procedures set out below, which will apply to all Trust Fund Administration Agreements for the Project relating to TF No. 053509 as a condition for participation in TF No. 053509, except to the extent amended under Section 3 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 the Fund (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, upon the giving of reasonable written notice to the other members of the Management Committee. Each such representative, or alternate, will be 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 "Work Program") in accordance with Annex 1 and the following:

- (a) The Bank will prepare a draft of the Work Program for the first year of the Fund (to coincide with the Bank's fiscal year 2005), which will describe the main identified uses of the Contribution funds by setting forth brief descriptions of projects and tasks along with estimated costs, and will thereafter prepare draft Work Programs on a six-monthly basis;
- (b) The Work Program will be provided by the Bank to the members of the Management Committee at least two weeks prior to the respective six-monthly Work-Planning meeting to be held as described under Section 4.1 below;

- (c) At each six-monthly Work-Planning meeting, the Management Committee will review and approve a final Work Program based on estimated aggregate allocations for approved projects or tasks, such approval to be recorded in minutes of the meeting in accordance with Section 5.2 below;
- (d) At bimonthly meetings (every two months) to be held as described in Section 4.2 below, the Management Committee may review and approve any revisions to the Work Program exceeding US\$50,000. Revisions of less than US\$50,000 to the cost of items in the Work Program will be in the Bank's discretion.
- (e) Except to the extent specified above, the Bank will administer Contribution funds and implement activities consistent with the Work Program, unless otherwise approved by the Management Committee at a six-monthly Work-Planning meeting or bimonthly meeting or otherwise in writing under Section 5.2 below.

3. Decision-making

Decisions of the Management Committee will be made jointly by all of the Primary Donors and the Bank, including any revisions to this Annex 3, provided such decisions are recorded in accordance with Section 5.2 below.

4. Meetings

4.1. The Bank will convene the first Work-Planning meeting of the Management Committee at the earliest opportunity and no later than two months after effectiveness of the first Primary Donor's Trust Fund Administration Agreement and thereafter on a six-monthly basis at such date and time and in such place as will be determined by the Bank in consultation with all members of the Management Committee, unless a specific six-monthly Work-Planning meeting is waived in writing by all members of the Management Committee.

4.2. The Bank will additionally convene bimonthly meetings of the Management Committee (except in the months of the six-monthly Work-Planning meetings) commencing after the first meeting at such date and time as will be determined by the Bank in consultation with all members of the Management Committee, unless a specific bimonthly meeting is waived in writing by all members of the Management Committee in accordance with Section 5.2 below.

4.3. Additional meetings ("Special Meetings") may be convened as deemed necessary by the Bank, or at the request of any other member of the Management Committee, at such date and time and in such place as will be determined by the Bank in consultation with all members of the Management Committee.

4.4. Action required or permitted to be taken at any meeting of the Management Committee may be taken without a meeting if a consent in writing, setting forth the action to be so taken, has been circulated to all members of the Management Committee and approved in writing by all members of the Management Committee in accordance with Section 5.2.

4.5. At any meeting of the Management Committee, any or all members of the Management Committee may, if all of the other members participating in the meeting consent, participate by means of such telephone or other communications facilities as permit all participants to hear each other, or by other electronic means agreed by all participants. Any members participating by such means will be deemed to be present at such meeting.

5. Notices

5.1. The Bank will provide each member of the Management Committee with written notice of a six-monthly Work-Planning meeting not less than thirty (30) days before the date of the meeting and of a bimonthly Management Committee meeting not less than seven (7) days before the date of the meeting, unless such notice has been waived by the intended recipient in accordance with Section 5.2. Such notice will state the date, place and time of the meeting or conference call and, in the case of a Special Meeting, the purpose(s) for which the meeting is being called.

5.2. Any notices, waivers, delegations of authority or other actions requiring notice by a member of the Management Committee may be submitted in electronic email format by a Coordinating Office (as defined in the Trust Fund Administration Agreement) and will be considered effective upon receipt thereof by the *other* Coordinating Office. Any jointly made decisions, revisions to the Work Program, revisions to annexes, recorded minutes of meetings and any other matters requiring approval of all members of the Management Committee may be made by exchanges between Coordinating Offices in electronic email format and will be considered effective upon confirmation without change by all other Coordinating Offices replying to an original email by a Coordinating Office. For purposes of this Annex 3, Coordinating Offices may be changed by notice in writing from the changing party to all other Coordinating Offices.

6. Expenses

Expenses on the part of the Bank arising in connection with its coordination and administration of the Management Committee will be recoverable by the Bank as part of the amount provided to the Bank under Section 3 of Annex 2.