
Trust Fund Administration Agreement

*among the Government of Australia, acting
through the Australian Agency for
International Development, the International
Bank for Reconstruction and Development and
the International Development Association, and
the United Nations Office on Drugs and Crime*

concerning

*the Stolen Asset Recovery Initiative (“StAR”)
Multi-Donor Trust Fund (TF No. 071149)*

Dated

2009

WHEREAS, this Administration Agreement (the "Administration Agreement") is entered into by the International Bank for Reconstruction and Development ("IBRD") and the International Development Association ("IDA") (collectively, the "Bank"), the Australian Government, acting through the Australian Agency for International Development (the "Donor"), and the United Nations Office on Drugs and Crime ("UNODC") (the Bank, the Donor, and UNODC jointly referred to as the "Parties"), concerning the Stolen Asset Recovery Initiative ("StAR");

WHEREAS, StAR was launched as a collaborative arrangement with the Bank and UNODC as principal partners under a Charter adopted by them for purposes of outlining the structure and management of StAR; and

WHEREAS, to meet StAR's goals, the Bank and UNODC are joining with advisory experts through the Friends of StAR and with members of the donor community interested in supporting the StAR Multi-Donor Trust Fund (TF No. 071149) administered by the Bank (the "StAR Trust Fund");

NOW THEREFORE, the Parties hereto agree as follows:

1. The Donor hereby declares its intention to make available as a grant an amount of six hundred thousand Australian dollars (AUD 600,000.00) (the "Contribution"). Other donors are also expected to contribute to the StAR Trust Fund according to the terms and conditions specified in the annexes to this Administration Agreement.
2. The Contribution shall be used to finance the activities and the categories of expenditure set forth in the "Description of Activities and Expenditures under the StAR Trust Fund" ("Activities and Expenditures") attached hereto as Annex 1. Annex 1 constitutes an integral part of this Administration Agreement.
3. The Contribution shall be administered by the Bank on behalf of the Donor in accordance with the terms of this Administration Agreement and (i) the "Standard Provisions Applicable to the StAR Trust Fund" (the "Standard Provisions") attached hereto as Annex 2, (ii) the "Description of the Donor Consultative Group for StAR" (the "Donor Group Description") attached hereto as Annex 3, and (iii) the Transfer Agreement signed by the Bank and UNODC on December 10, 2008 (the "Transfer Agreement") attached hereto as Annex 4. Annexes 2, 3 and 4 constitute integral parts of this Administration Agreement.
4. The Contribution will use funds from the Donor Balance Account for the Australian Agency for International Development (the "Donor Balance Account"). Accordingly, the Donor hereby authorizes the Bank, promptly following countersignature of this Agreement, to transfer the sum of six hundred thousand Australian dollars (AUD 600,000.00) from the Donor Balance Account (TF 029047) to the Multi-Donor Trust Fund for the Stolen Asset Recovery Initiative (TF071149).

5. Immediately upon receipt of the Contribution funds, the Bank shall convert such funds into United States dollars. The Bank shall provide the Donor access to current financial information relating to the trust fund via the Bank's Trust Funds Donor Center secure website.

6. The offices responsible for coordination of all matters related to the implementation of this Administration Agreement are, except as may be notified in writing to the other Parties:

For the Bank (the "Bank Contact"):

Adrian Fozzard
StAR Coordinator and Lead Public Sector Specialist
PRMPS
The World Bank
1818 H Street, NW
Washington, DC 20433, USA
Tel: 202-473-8950
Fax: 202-522-7132

For the Donor (the "Donor Contact"):

Mr Joe Hedger
Director Governance and Anti-Corruption Unit
Governance and Service Delivery Branch
The Australian Agency for International Development
GPO Box 887
Canberra ACT 2601
Australia
Tel: +61 6206 3800
Fax: +61 6206 4589

For UNODC (the "UNODC Contact"):

Dimitri Vlassis
Chief, Corruption and Economic Crime Section,
Division of Treaty Affairs
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Tel: +43 1 26060 4534
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7. This Administration Agreement may be amended only by written agreement between the Bank and Donor; provided, however, that Annex 1 (Activities and Expenditures), Annex 2 (Standard Provisions), and Annex 3 (Donor Group Description) may be amended only with the written agreement of all Donors contributing to the StAR Trust Fund; and provided further than any amendment to paragraph 8 below, or any other aspect of this Administration Agreement that may affect the terms of the Transfer Agreement, shall additionally require the written agreement of UNODC.

8. UNODC agrees to all terms, including all of its obligations, described in the Transfer Agreement. UNODC further agrees that the Donor has the rights specified in paragraph 15 of the Transfer Agreement as a third party beneficiary and is entitled to seek direct recourse against UNODC at any time for enforcement of any unmet or breached obligations under the Transfer Agreement.

9. This Administration Agreement can be executed in separate counterparts and by each party separately on a separate counterpart, and each such counterpart, when so executed, shall be an original. Such counterparts shall together constitute one and the same instrument.

10. IN WITNESS WHEREOF, the Parties hereto, acting through their duly authorized representatives, have caused this Administration Agreement to be signed in their respective names. Upon receipt by the Bank of a copy of this Administration Agreement duly signed by each of the Donor and UNODC, this Administration Agreement shall (retroactively) become effective as of November 3, 2008.

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



Otaviano Canuto
Vice-President and Head of Network
Poverty Reduction and Economic Management Network

Date _____

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



Mr Peter Versegi
Assistant Director General
Governance and Service Delivery Branch
AusAID

Date: _____

UNITED NATIONS OFFICE ON DRUGS AND CRIME

Mr. John Sandage
Deputy Director
Division for Treaty Affairs

Date: _____

Description of Activities and Expenditures under the StAR Trust Fund (TF No. 071149)

The following description (the “Description of Activities and Expenditures”) shall be applicable to and form an integral part of all agreements (the “Administration 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 funds (referred to as the “Contributions”) to be administered by the Bank as part of the Stolen Asset Recovery Initiative (“StAR”) Multi-Donor Trust Fund (the “StAR Trust Fund”).

A. INTRODUCTION

1. StAR is a collaborative arrangement whose goal is to help ensure that there are no havens for the proceeds of corruption. StAR intends to encourage and facilitate more systematic and timely return of assets stolen by politically exposed persons through acts of corruption. To do this, StAR consists of a partnership between the UNODC and the World Bank, with the support of Donors to the StAR Trust Fund and advisory experts.

B. PRINCIPLES

1. The following principles guide implementation of the StAR Trust Fund (“Principles”):

- (i) **The UN Convention Against Corruption provides the framework for StAR.** The UN Convention against Corruption (the “UNCAC”) provides the international legal framework underpinning international collaboration in anti-corruption activities and asset recovery. Activities under StAR should encourage and promote the ratification, domestication and implementation of the Convention.
- (ii) **StAR is focused on international asset recovery.** Activities under StAR should have a direct or indirect effect in stemming the cross-border flow of corruptly acquired assets and facilitating countries’ efforts to recover stolen assets that have been hidden in foreign jurisdictions. This may entail working on domestic issues that have international dimensions, such as national forfeiture and anti-money-laundering regimes. It will also require StAR’s engagement in efforts to raise awareness about and promote the lowering of barriers to asset recovery that may exist in developed countries and financial centers.
- (iii) **Asset recovery is a demand-driven, country-led activity.** The Trust Fund will support individual countries in their efforts to recover assets so they can

build institutional capacity. StAR should only engage in countries where the Government has requested StAR's assistance, and this assistance should support the Government's broader governance and anticorruption agenda.

- (iv) **StAR will provide assistance in the technical dimensions of asset recovery.** Asset recovery can be a politically charged issue. StAR will support countries committed to good governance and to fighting corruption, taking into account the risks and benefits of engagement and the need to avoid interference in the political affairs of participating states. In providing assistance, StAR should draw on good practice, international experience and sound technical analysis to help inform the national authorities' decisions.

C. OBJECTIVES

1. The specific objectives for the StAR Trust Fund (the "Objectives") are to:
 - (i) Promote commitment at the highest level in both recipient and sending jurisdictions to recover stolen assets and deter asset theft.
 - (ii) Develop knowledge products, procedures and tools that facilitate asset recovery and support their systematic, global adoption.
 - (iii) Promote networks of practitioners in the field of asset recovery as a means of facilitating the exchange of information, knowledge and collaboration at an operational level.
 - (iv) Support partner countries' efforts to build institutional capacity for asset recovery as a routine part of its anti-corruption strategy.
 - (v) Facilitate progress in partner countries' asset recovery efforts.

D. ACTIVITIES

1. StAR undertakes activities consistent with the Principles and Objectives. These activities are grouped into three components:

(a) Component One: Global Knowledge Sharing and Advocacy. Activities under this component may include:

- (i) Research and consultations with stakeholders to inform the policy dialogue on UNCAC implementation, asset recovery, and related legal innovations;
- (ii) Development of diagnostic tools to support and assess progress in the implementation of the UNCAC provisions on mutual legal assistance, dual criminality, and other innovative elements in the Convention related to asset recovery;
- (iii) Research to expand knowledge and develop best practices in asset recovery, and disseminate this knowledge broadly;

- (iv) Support to international networks engaged in asset recovery, including the creation of single points of contact in each country to facilitate communication and work on asset recovery;
- (v) Research and advice to identify and lower institutional and legislative obstacles to asset recovery in the major financial centers, particularly regarding their ability to respond to requests for mutual legal assistance in corruption cases.

(b) Component Two: Building National Capacity. Activities under this component will support the development of institutional capacity to undertake asset recovery activities as part of governments' anti-corruption strategies and may include:

- (i) Analytical work on the asset recovery process, including legal analysis of successful and unsuccessful asset recovery cases;
- (ii) Analysis of a country's overall anticorruption institutional arrangements, capacities, and vulnerabilities in the area of asset recovery;
- (iii) Advisory services to assist countries in developing coherent policies on asset recovery;
- (iv) Advisory services for the design of best-fit models that integrate asset recovery into existing institutional arrangements within the judiciary, anticorruption agencies, and financial intelligence units;
- (v) Advisory services in drafting or amending the legislative and regulatory framework necessary for successful asset recovery, including anti-money laundering, asset forfeiture, and income and asset declaration laws;
- (vi) Development and implementation of information systems to support investigative, legal documentation, and case management aspects of asset recovery;
- (vii) Training, mentoring, and advisory services on asset recovery to enable recipient agencies to identify and handle suspicious transactions, prepare cases, as well as manage and handle mutual legal assistance requests.
- (viii) Advisory services in managing and monitoring recovered assets if requested by national authorities.

(c) Component Three: Assistance in the Recovery of Stolen Assets. StAR may provide preparatory assistance aimed at collecting and sharing information to encourage the progress of a country's specific asset recovery efforts where requested to do so by national authorities. This could entail country dialogue and technical assistance, which may include:

- (i) Sponsoring meetings and workshops which bring together the parties involved at a national, regional, and international level as necessary;
- (ii) Advisory services to support the preparation of analytical reports, legal research, assistance with audits and financial analysis;

- (iii) Advisory services to support the preparation of mutual legal assistance requests.

2. To support the activities under Components One, Two and Three above and StAR generally, the Bank (including through the StAR Secretariat) and UNODC may engage in other activities financed by the StAR Trust Fund, such as monitoring and supervision of StAR activities, support of the StAR Management Committee (as described in the StAR Charter), Donor Group (as described in Annex 3 to the Administration Agreements) and the Friends of StAR (as described in the StAR Charter), maintenance of the StAR website, review and coordination of proposed activities, and reporting and evaluation of ongoing and completed activities.

E. APPROVAL, DESIGNATION AND MANAGEMENT OF ACTIVITIES

1. Each activity to be financed by funds from the StAR Trust Fund shall be approved by the StAR Management Committee, which comprises members representing the Bank and UNODC, and shall be designated as an activity managed either by the Bank (a "Bank-Managed Activity") or by UNODC (a "UNODC-Managed Activity"), including general approval and designation of support activities described in paragraph D.2 of this Annex 1.

2. Bank-Managed Activities shall be conducted under Bank responsibility, fiduciary and otherwise, in accordance with the Bank's policies and procedures. UNODC-Managed Activities shall be conducted under UNODC responsibility, fiduciary and otherwise, in accordance with UNODC's policies and procedures. StAR activities are either managed by the Bank or UNODC, meaning they are conducted under their respective fiduciary responsibilities, and may be implemented by the Bank, UNODC or another recipient, depending on the nature of the activity.

3. For activities financed by the StAR Trust Fund that are managed by the Bank, including costs of the StAR Secretariat ("Bank-Managed Activities"), the Bank applies Bank policies and procedures. For activities financed by the StAR Trust Fund that are managed by UNODC ("UNODC-Managed Activities"), UNODC applies UNODC policies and procedures.

F. CATEGORIES OF EXPENDITURE

1. Categories of expenditure eligible for Bank-Managed Activities are:

- (i) For activities implemented directly by the Bank ("Bank-Executed Activities"), the Contribution funds may be used to finance (a) associated overheads, (b) short term consultant fees, (c) contractual services, (d) extended term consultants, (e) staff costs without indirects, (f) travel expenses, (g) equipment costs, and (h) media and workshops costs.
- (ii) For activities implemented by an entity other than the Bank under the Bank's supervision ("Recipient-Executed Activities"), the Contribution

funds may be used to finance (a) technical assistance services, (b) contractual services, and (c) travel costs.

2. Categories of expenditure eligible for UNODC-Managed Activities follow UNODC policies and procedures. Following disbursement by the Bank of funds from the StAR Trust Fund to UNODC, the Bank shall have no further responsibility for UNODC's use of the funds.

G. AMENDMENTS TO THIS ANNEX 1

1. Any amendment to this Annex 1 shall directly apply on a prospective basis to (i) funds available to the Bank but not yet expended or committed by the Bank, (ii) funds already transferred to UNODC but not yet expended or committed by UNODC, and (iii) funds yet to be transferred to UNODC; provided that in the case of (ii) and (iii) the Bank notifies UNODC of any such amendment promptly following its effectiveness, under the terms of the Transfer Agreement, without requiring further amendment thereof.

ANNEX 2

Standard Provisions Applicable to the StAR Trust Fund (TF No. 071149)

The following provisions (the “Standard Provisions”) shall be applicable to and form an integral part of all agreements (the “Administration 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 funds (referred to in this Annex 2, for the period such funds are held by the Bank as the “Contributions”) to be administered by the Bank as part of the Stolen Asset Recovery Initiative (“StAR”) Multi-Donor Trust Fund (the “StAR Trust Fund”).

1. Administration of the Contributions

1.1 The Bank shall be responsible only for performing those functions specifically set forth in the Administration Agreements and shall not be subject to any other duties or responsibilities to the Donors, UNODC or any other partner of StAR, 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 the Administration Agreements shall 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.

1.2. The Contributions shall be administered in accordance with the applicable policies and procedures of the Bank, including its framework regarding anti-corruption, as the same may be amended from time to time.

1.3 For funds from the StAR Trust Fund to finance UNODC-Managed Activities (the “UNODC Funds”), the Bank shall transfer funds to UNODC under the Transfer Agreement between the Bank and UNODC (“Transferred Amounts”); provided that in the event of conflict, the terms of the Administration Agreements shall prevail over the terms of the Transfer Agreement.

1.4 It is understood that unless otherwise specified, any amendments to the originally signed Administration Agreements that affect the terms of the Transfer Agreement shall additionally require UNODC’s consent to be effective and any amendments to the originally signed Transfer Agreement shall require the Donors’ consent to be effective.

1.5 The transfers of funds to finance UNODC-Managed Activities shall be in response to requests by UNODC to the Bank through the StAR Secretariat for the transfer of specific amounts to be used in accordance with the budget and disbursement schedule presented in Concept Notes and Country Strategies approved by the Management Committee; provided that any amount to be transferred by the Bank to UNODC is consistent with and does not exceed the funding allocations from the StAR Trust Fund approved by the StAR Management Committee for specific UNODC-managed activities. Following the transfer

of funds by the Bank to UNODC, and notwithstanding the StAR Management Committee's role in approving StAR's work plan, budget, specific activity proposals and annual report, or its role in overseeing StAR activities, the Bank shall have no responsibility, fiduciary or otherwise, to the Donors or UNODC or otherwise, for the implementation or supervision of activities financed by such funds.

1.6. The Donors acknowledge and agree that the Bank has no responsibility, under the Administration Agreements or otherwise for (i) confirming the use of UNODC Funds; (ii) implementing, monitoring, supervising, evaluating, or providing quality assurance for activities financed by UNODC Funds; (iii) providing Donors with financial, progress, results or impact reporting for activities financed by UNODC Funds, other than transferring reports provided by UNODC as a facilitating activity by the StAR Secretariat; (iv) any misuse or misprocurement with respect to UNODC Funds; or (v) pursuing any Donor interests or UNODC undertakings with respect to UNODC Funds. The Donors acknowledge and agree that any financial statements with respect to the use of UNODC funds are the responsibility of UNODC. The Donors further acknowledge and agree that any Donor remedy or pursuit of Donor interests with respect to UNODC Funds shall arise directly between each Donor and UNODC, without involvement of the Bank.

2. Commingling, Exchange and Investment of the Contributions

2.1 The Contributions shall be accounted for as a single trust fund and shall 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 shall 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 shall credit all income from such investment to the StAR Trust Fund 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 the Administration Agreements, the Bank may, following deposit of a Contribution by a Donor, deduct from the total Contribution of the Donor and retain for the Bank's own account an amount equal to two percent (2 %) of the Contribution. In addition, the Bank may charge actual costs for supervision of all Bank Grant Agreements (as defined below) up to a maximum of one hundred thousand United States dollars (US\$ 100,000).

3.2 In order to assist in the defrayment of the costs of administration and other expenses incurred by UNODC under the Transfer Agreement, UNODC may levy a charge

for programme support costs equivalent to seven percent (7%) of expenditures of any Transferred Amount, and retain the funds recovered through this charge for UNODC's own account.

4. Grants and Transfers of Funds

4.1 For Bank-Managed Activities to be implemented by entities other than the Bank, the Bank shall, as administrator on behalf of the Donors, enter into grant agreements ("Bank Grant Agreements") with such entities ("Recipients") for the provision of funds from the StAR Trust Fund consistent with the purposes, terms and conditions of the Administration Agreements. The Bank shall be responsible for the supervision of activities financed under Bank Grant Agreements. The Bank shall furnish a copy of each Bank Grant Agreement to the Donors. The Bank shall promptly inform the Donors of any significant modification to the terms of Bank Grant Agreements and of any contractual remedy that is exercised by the Bank under Bank Grant Agreements. To the extent practicable, the Bank shall afford the Donors the opportunity to exchange views before effecting any such modification or exercising any such remedy.

4.2 For UNODC-Managed Activities, the Bank shall, as administrator on behalf of the Donors, transfer funds to UNODC through the Transfer Agreement. UNODC shall be responsible for the supervision of activities financed under the Transfer Agreement implemented by entities other than the UNODC.

5. Employment of Consultants and Procurement of Goods

5.1 For Bank-Managed Activities, the employment and supervision of consultants and the procurement of goods financed by the StAR Trust Fund shall be the responsibility of the Bank and shall be carried out in accordance with the Bank's policies and procedures. Bank Grant Agreements shall provide that funds from the StAR Trust Fund shall be used by 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 Bank Grant Agreements.

5.2 For UNODC-Managed Activities, the employment and supervision of consultants and the procurement of goods financed by the StAR Trust Fund shall be the responsibility of UNODC and shall be carried out in accordance with UNODC's policies and procedures.

6. Accounting and Financial Reporting

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

6.2 The Bank shall provide the Donor access to current financial information relating to the trust fund via the Bank's Trust Funds Donor Center secure website. Within six (6) months after all commitments and liabilities to be met by the Administrator (including any obligations to UNODC under the Transfer Agreement) under the StAR Trust Fund have been satisfied and the StAR Trust Fund has been closed, the final financial information relating to the StAR Trust Fund will be made available to the Donor via the World Bank's Trust Funds Donor Center secure website.

6.3 The Bank shall 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 shall be borne by the Bank.

6.4 If a Donor wishes to request, on an exceptional basis, a financial statement audit by the Bank's external auditors of the StAR Trust Fund with respect to the Contributions, the Donor and the Bank shall first consult as to whether such an external audit is necessary. The Bank and the Donor shall agree on the most appropriate scope and terms of reference of such audit. Following agreement on the scope and terms of reference, the Bank shall arrange for such external audit. The costs of any such audit, including the internal costs of the Bank with respect to such audit, shall be paid by the Donor.

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

6.6 For UNODC-Managed Activities, UNODC shall (under the terms of the Transfer Agreement) provide on an annual basis, copies of all financial statements and auditors' reports, in accordance with UNODC's policies and procedures to the StAR Secretariat, subject to paragraph 1.6 in this Annex, for distribution to the Donors.

6.7 Upon request by the Donor to review or evaluate activities financed by the StAR Trust Fund, the Donor, the Bank, and UNODC shall agree on the most appropriate scope and conduct of such review or evaluation; provided that any information provided by the Bank and UNODC shall be consistent with their respective policies and procedures. All associated costs will be borne by the Donor, unless otherwise agreed. It is understood that any such review or evaluation will not constitute a financial, compliance or other audit of the StAR Trust Fund or any Transferred Amounts.

7. Activity Reporting

7.1 The Bank and UNODC (under the terms of the Transfer Agreement) will each prepare semi-annual summary reports on progress in carrying out their respective Bank-Managed Activities and UNODC-Managed Activities, including an assessment of impacts,

outputs and results, and will each submit those reports, subject to paragraph 1.6 in this Annex, to the StAR Secretariat for distribution to the Donors.

7.2 The Bank and UNODC (under the terms of the Transfer Agreement) will each prepare a final report on their respective Bank-Managed Activities and UNODC-Managed Activities and submit those reports, subject to paragraph 1.6 in this Annex, to the StAR Secretariat within six months of June 30, 2011 for distribution to the Donors.

8. Start Date; Disbursement Deadline; Cancellation; Refund

8.1 No disbursements from the StAR Trust Fund will be made for payments for expenditures prior to all signatures of this Administration Agreement, except for eligible categories of expenditures incurred on or after November 3, 2008, for Bank-Managed Activities. No funds for UNODC-Managed Activities may be used prior to the date of the transfer of the first Transferred Amount and no transfer of funds for UNODC-Managed Activities will be made prior to approval by the StAR Management Committee in accordance with paragraph 1.5 in this Annex.

8.2 It is expected that the Contribution will be fully disbursed by the Bank in accordance with the provisions of the Administration Agreements by June 30, 2011. The Bank shall only disburse Contribution for the purposes of the Administration Agreements after such date with the written approval of the Donors.

8.3 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 StAR Trust Fund that is not committed pursuant to any agreements entered into between the Bank or UNODC, as the case may be, and any consultants and/or other third parties for the purposes of the Administration Agreements prior to the receipt of such notice, including Bank Grant Agreements and the Transfer Agreement.

8.4 Upon the final disbursement date specified in paragraph 8.2 in this Annex, the Bank shall return any remaining balance of the StAR Trust Fund, and any funds returned by UNODC in accordance with the Transfer Agreement, to the Donors on a pro rata basis based on each Donor's Contributions relative to the sum of all Donors' Contributions. In the event of a cancellation of an individual Donor's pro rata share of uncommitted funds in the StAR Trust Fund in accordance with paragraph 8.3 in this Annex, the Bank shall return such cancelled balance in the StAR Trust Fund at the time to the Donor on the same pro rata basis.

9. Disclosure; Certain Remedies

9.1 The Bank may disclose the Administration Agreements, the Transfer Agreement and information on the StAR Trust Fund in accordance with the Bank's policy on disclosure of information. This provision shall continue in full force and effect following

completion of all StAR Trust Fund disbursements and termination of the Administration Agreements and Transfer Agreement.

9.2 UNODC shall immediately inform all Donors, with a copy to the Bank, of any illegal or corrupt practice in any activity financed under the Transfer Agreement. After consultation with UNODC, the Donors collectively based on consensus (but not individually) may ask the Bank to withhold disbursements on the Transfer Agreement in case of (a) a substantial deviation from work plans and budgets approved by the StAR Management Committee; (b) failure of UNODC to provide reports required under the Transfer Agreement; or (c) evidence of financial mismanagement of UNODC-Managed Activities. The Donors may collectively based on consensus or individually (up to their respective pro rata shares of uncommitted in the StAR Trust Fund in accordance with paragraph 8.3 in this Annex with respect to the funds in question under (a), (b) or (c) above) claim repayment in full or in part directly from UNODC to the extent UNODC has been able to obtain repayment from the negligent party if the funds are found to be misused or not satisfactorily accounted for. Such repayment shall be in accordance with the UNODC's financial regulations and rules. Before withholding disbursement or claiming repayment, UNODC and the Donors shall consult with a view to resolving the matter promptly.

ANNEX 3

Description of the Donor Consultative Group for StAR

The following description (the “Donor Group Description”) shall be applicable to and form an integral part of all agreements (the “Administration 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 funds (referred to as the “Contributions”) to be administered by the Bank as part of the Stolen Asset Recovery Initiative (“StAR”) Multi-Donor Trust Fund (the “StAR Trust Fund”).

1. The Donor Group, comprising representatives of the partners contributing to the StAR Trust Fund, reviews StAR Trust Fund implementation.
2. The Donor Group meets annually in the last quarter of the calendar year, and may meet more often in special meetings. Meetings may be in person, by videoconference or by audioconference.
3. The Chair of the Donor Group is selected by the members of the Donor Group.
4. The StAR Secretariat provides semi-annual reports detailing progress in implementing StAR activities financed by the StAR Trust Fund. The Donor Group has a consultative role regarding future plans and past activities, but is not to be involved in the approval of StAR’s work plan, budget, reports, operations, deliverables or products.
5. The Donor Group may make recommendations to the StAR Management Committee regarding the strategic direction and implementation of StAR.
6. The StAR Secretariat provides each Donor Group member with a written notice of a Donor Group meeting not less than thirty days before the date of the meeting unless such notice has been waived by the intended recipient. Such notice states the date, place and time of the meeting and, in the case of a special meeting, the purpose(s) for which the meeting is being called.
7. The StAR Management Committee or StAR Secretariat may consult with the Donor Group by email, telephone or video conference between in-person meetings.
8. The Chair of the Donor Group will be responsible for the preparation of the minutes of each Donor Group meeting and will submit a draft to the Donors within 2 weeks of the meeting, after which the final draft will be provided to the StAR Secretariat for record keeping.

**TRANSFER AGREEMENT UNDER THE STOLEN ASSET
RECOVERY INITIATIVE MULTI-DONOR TRUST FUND
(TF No. 071149)**

WHEREAS the International Bank for Reconstruction and Development and the International Development Association (together, the Bank) and the United Nations, represented by the United Nations Office on Drug and Crime (UNODC, and together with the Bank, the Parties) are entering into this Transfer Agreement for the transfer of funds from the Stolen Asset Recovery Initiative Multi-Donor Trust Fund (TF No. 071149) (the StAR Trust Fund);

WHEREAS the StAR Trust Fund will be established through certain Administration Agreements among the Bank, as Administrator (the Administrator), each of the donors (collectively, the Donors) contributing funds to the StAR Trust Fund, and UNODC (the Administration Agreements). All defined terms used herein not otherwise defined herein are as defined in the Administration Agreements;

WHEREAS each activity to be financed by funds from the StAR Trust Fund must be approved by the StAR Management Committee and designated as an activity managed either by the Bank (a Bank-Managed Activity) or by UNODC (a UNODC-Managed Activity). Bank-Managed Activities and UNODC-Managed Activities are conducted under the Bank's and UNODC's respective responsibilities in accordance with their respective policies and procedures; and

WHEREAS, under the Administration Agreements, UNODC may provide requests to the Administrator for the transfer of funds from the StAR Trust Fund to finance UNODC-Managed Activities, which the Bank shall transfer under this Transfer Agreement in accordance with the terms set forth herein;

NOW THEREFORE, the Parties hereto agree as follows:

1. In the event UNODC requires specific funds from the StAR Trust Fund to conduct specific UNODC-Managed Activities, as designated and approved by the StAR Management Committee, UNODC (through the UNODC Contact, as defined in paragraph 10 below) shall present a request in substantially in the form of Schedule 1 attached hereto (a Request) to the Coordinator of the StAR Secretariat, for use in accordance with the budget and disbursement schedules presented in Concept Notes and Country Strategies, provided that any amount to be transferred by the Bank to UNODC is consistent with and does not exceed the specific funding allocations from the StAR Trust Fund approved by the StAR

Management Committee for specific UNODC-Managed Activities. The Coordinator of the StAR Secretariat shall in turn notify the Administrator of such request. Upon receipt of such a request from the Coordinator of the StAR Secretariat, the Administrator shall, on behalf of the Donors, subject to paragraph 2 below, transfer such funds to UNODC (a Transferred Amount).

2. Subject to paragraph 1 above, the Administrator shall, in response to a Request, transfer the requested amount to UNODC by wire transfer to the account specified in such Request, provided the amount of available uncommitted funds in the StAR Trust Fund exceeds such amount and such transfer is made prior to June 30, 2011.

3. UNODC agrees that any Transferred Amounts, and any income earned thereon, (the Funds) shall be used by UNODC only for the activities and expenditures described in Annex 1 of the Administration Agreements, as may be amended from time to time (the AA Annex 1), and shall be governed by the terms and conditions of this Transfer Agreement. Any amendment to the AA Annex 1 shall directly apply to this Transfer Agreement, without requiring further amendment hereof, on a prospective basis as of the effectiveness of such amendment to (i) funds already transferred to UNODC but not yet expended or committed by UNODC, and (ii) funds yet to be transferred to UNODC; provided that the Administrator notifies UNODC of any such amendment promptly following its effectiveness.

4. UNODC agrees that the Funds shall be kept separate and apart from the funds of UNODC in one or more dedicated project accounts. The Funds in these dedicated project accounts may be commingled and may be freely exchanged by UNODC into other currencies as may facilitate their further disbursement.

5. In order to assist in the defrayment of the costs of administration and other expenses incurred by UNODC under this Transfer Agreement, UNODC may levy a charge for programme support costs equivalent to seven percent (7%) of expenditures of any Transferred Amount, and retain the funds recovered through this charge for UNODC's own account.

6. Following the transfer of any amounts requested by UNODC, (i) UNODC shall be responsible for the Funds and agrees to handle and use the Funds, including employment and supervision of consultants and the procurement of goods financed by the Funds, in accordance with UNODC's policies and procedures; and (ii) notwithstanding the StAR Management Committee's role in approving StAR's work plan, budget, specific activity proposals and annual report, or its role in overseeing StAR activities, the Bank shall have no responsibility, fiduciary or

otherwise, to the Donors or UNODC or otherwise, for the implementation and supervision of activities financed by the Funds

7. UNODC acknowledges and agrees that the Bank has no responsibility, under the Administration Agreements or otherwise for (i) confirming the use of the Funds; (ii) implementing, monitoring, supervising, evaluating, or providing quality assurance for activities financed by the Funds; (iii) providing Donors with financial, progress, results or impact reporting for activities financed by the Funds, other than transferring reports provided by UNODC as a facilitating activity by the StAR Secretariat; (iv) any misuse or misprocurement with respect to the Funds; or (v) pursuing any Donor interests or UNODC undertakings with respect to the Funds, it being understood that UNODC in turn has no responsibility for the aspects listed above with respect to funds in the StAR Trust Fund that are not transferred to UNODC. UNODC acknowledges and agrees that any financial statements with respect to use of the Funds are the responsibility of UNODC. UNODC further acknowledges and agrees that any Donor remedy or pursuit of Donor interests with respect to the Funds shall arise directly between each Donor and UNODC, without involvement of the Bank.

8. UNODC shall (i) maintain separate records and ledger accounts with respect to the Funds, and (ii) provide on an annual basis, copies of all financial statements and auditors' reports in accordance with UNODC's policies and procedures in United States dollars to the StAR Secretariat, subject to paragraph 7 above, for distribution to the Donors.

9. Subject to paragraph 7 above, (i) UNODC shall provide semi-annual summary reports on progress in carrying out activities financed by the Funds, each including an assessment of impacts, outputs and results, to the StAR Secretariat for distribution to the Donors; and (ii) UNODC shall provide a final report on all such activities to the StAR Secretariat within six months of June 30, 2011 for distribution to the Donors.

10. The persons listed below (the Administrator Contact and UNODC Contact, respectively, and each a Contact), or any other person authorized for the purpose in writing by one Contact and notified to the other Contact, may take any action required or permitted to be taken, and execute any documents required or permitted to be executed, pursuant to this Transfer Agreement on behalf of its respective organization; provided that any such Contact must be an employee of the respective organization. Any notice or request required or permitted to be given or made under this Transfer Agreement by a Contact shall be in writing delivered to the other Contact at the address set forth below or such other address

notified in writing by the Contact to which the notice or request is delivered, to the Contact issuing the notice or making the request.

Administrator Contact:

Adrian Fozzard
StAR Coordinator and Lead Public Sector Specialist
PRMPS
The World Bank
1818 H Street, NW
Washington, DC 20433, USA
Tel: 202-473-8950
Fax: 202-522-7132
Email: afozzard@worldbank.org

UNODC Contact:

Dimitri Vlassis
Chief, Corruption and Economic Crime Section,
Division of Treaty Affairs
Vienna International Center,
P.O. Box, 500, 1400 Vienna, Austria
Tel: +43 1 26060 4534
Fax: +43 1 26060 6711
Email: Dimitri.Vlassis@unodc.org

11. Each of the Bank and UNODC shall be responsible only for performing their respective functions specifically set forth in this Transfer Agreement and shall not be subject to any other duties or responsibilities, 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 Transfer Agreement shall be considered a waiver of any privileges or immunities of the International Bank for Reconstruction and Development, the International Development Association and UNODC under their respective Articles of Agreement or any applicable law, all of which are expressly reserved.

12. UNODC consents to disclosure of this Transfer Agreement and information on the StAR Trust Fund in accordance with the Bank's policy on disclosure of information. This provision shall continue in full force and effect following completion of all StAR Trust Fund disbursements and termination of the

Administration Agreements. The Administrator may furnish a copy of this Transfer Agreement and any amendments thereto to any Donor.

13. This Transfer Agreement may be terminated by either party upon three (3) months prior written notice. In the event of any such termination, unless the Parties agree on another course of action, (i) any agreement entered into prior to the termination between UNODC and any consultants and/or other third parties will remain in effect and be unaffected by the termination, and (ii) UNODC will be entitled to continue to disburse Funds in respect of such agreements to the extent necessary to fulfill UNODC's obligations thereunder as if this Transfer Agreement had not been terminated. All other Funds remaining with UNODC after such termination shall be returned to the Administrator for deposit in the StAR Trust Fund (or returned to the Donors pro rata to their respective contributions to the StAR Trust Fund if the StAR Trust Fund has been closed).

14. UNODC agrees that it shall not incur any expenditures (whether paid, disbursed or otherwise) with respect to the Funds after December 31, 2010 (the End Date). Any unexpended Funds remaining with UNODC after the End Date shall be returned to the Administrator for deposit in the StAR Trust Fund (or returned to the Donors pro rata to their respective contributions to the StAR Trust Fund if the StAR Trust Fund has been closed).

15. UNODC shall immediately inform all Donors, with a copy to the Bank, of any illegal or corrupt practice in any activity financed under the Transfer Agreement. After consultation with UNODC, the Donors collectively based on consensus (but not individually) may ask the Bank to withhold disbursements on the Transfer Agreement in case of (a) a substantial deviation from work plans and budgets approved by the StAR Management Committee; (b) failure of UNODC to provide reports required under the Transfer Agreement; or (c) evidence of financial mismanagement of UNODC-Managed Activities. The Donors may collectively based on consensus or individually (up to their respective pro rata shares of uncommitted in the StAR Trust Fund in accordance with paragraph 8.3 in this Annex with respect to the funds in question under (a), (b) or (c) above) claim repayment in full or in part directly from UNODC to the extent UNODC has been able to obtain repayment from the negligent party if the funds are found to be misused or not satisfactorily accounted for. Such repayment shall be in accordance with the UNODC's financial regulations and rules. Before withholding disbursement or claiming repayment, UNODC and the Donors shall consult with a view to resolving the matter promptly.


16. UNODC agrees that each of the Donors shall have the rights specified in this Transfer Agreement as third party beneficiaries with the ability to seek direct recourse against UNODC at any time for any enforcement or breach thereof. UNODC irrevocably consents to the novation and/or assignment by the Bank to any such Donor of any and all of such rights and further agrees to take any actions required by the Bank and/or any such Donor to give full effect and force to any such novation and/or assignment. UNODC agrees that the purpose of this clause is to enable each such Donor to seek direct enforcement or recourse against UNODC with respect to any unmet or breached obligations, including but not limited to the intended use of the Funds, hereunder.

17. This Transfer Agreement may be amended only by written agreement between the Bank and UNODC. In the event of conflict between this Transfer Agreement and the Administration Agreements, the Administration Agreements shall prevail.

18. This Transfer Agreement can be executed in separate counterparts and by each party separately on a separate counterpart, and each such counterpart, when so executed, shall be an original. Such counterparts shall together constitute one and the same instrument.

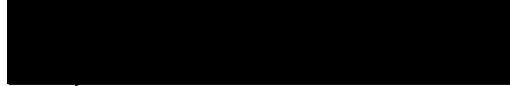
19. The Parties agree that this Transfer Agreement shall become an integral part of the Administration Agreements and further agree that this Transfer Agreement will become effective as of November 3, 2008.

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION



Danny M. Leipziger
Vice-President and Head of Network
Poverty Reduction and Economic Management Network
Date: _____

UNITED NATIONS, as represented by
UNITED NATIONS OFFICE ON DRUG AND CRIMES



Ms. Kuniko Ozaki
Director,
Division for Treaty Affairs,
Date: 10 Dec 2008

Schedule 1

Form of UNODC Request for Transfer of Funds

[UNODC letterhead]

[Date]

[name of Coordinator of the StAR Secretariat]
Coordinator of the StAR Secretariat
PRMPS
The World Bank
1818 H Street, NW
Washington, DC 20433, USA

RE: StAR Trust Fund (TF No. 071149)

Dear [name of Coordinator of the StAR Secretariat]:

Reference is made to the Transfer Agreement between the International Bank for Reconstruction and Development and the International Development Association (collectively, the Bank) and the United Nations, represented by United Nations Office on Drugs and Crime (UNODC), effective as of November 3, 2008 (the Transfer Agreement), in which the Bank has agreed to transfer funds to UNODC for the Stolen Asset Recovery Initiative (StAR) consistent with the terms of the Administration Agreements for the Multi-Donor Trust Fund for StAR (TF No. 071149).

Pursuant to paragraph 1 of the Transfer Agreement, UNODC hereby requests you to transmit _____ [insert amount] from the StAR Trust Fund for UNODC's use consistent with the terms of the Transfer Agreement, for the following UNODC-Managed Activities (as such term is defined in the Transfer Agreement) scheduled to be disbursed within the period from to in the July 2008 to June 2009 fiscal year; in accordance with Concept Notes approved by the StAR Management Committee and as may have been updated in an annual budget:

<u>UNODC-Managed Activity</u>	<u>Approved Amount \$</u>
.....
.....
.....
.....

Please make the payment by wire transfer to: _____ *[insert name of bank, account information and other transmittal details]*.

Sincerely,

UNITED NATIONS, as represented by
UNITED NATIONS OFFICE ON DRUG AND CRIMES

[name]

[title]

as UNODC Contact pursuant to the
Transfer Agreement