Administration Arrangement between the Government of the Commonwealth of Australia represented by the Department of Foreign Affairs and Trade and the International Bank for Reconstruction and Development and the International Development Association concerning the Papua New Guinea Strategic Partnership Multi-Donor Trust Fund (No. TF072427) DFAT Agreement #71750

1. The International Bank for Reconstruction and Development and the International Development Association (collectively, the “Bank”) acknowledge that the Commonwealth of Australia represented by the Department of Foreign Affairs and Trade (the “Donor” or “Development Partners”, and together with the Bank, the “Parties” and each a “Party”) has decided to provide the sum of thirty million Australian Dollars (AUD30,000,000) (the “Contribution”) for Papua New Guinea Strategic Partnership Multi-Donor Trust Fund (TF072427) (the “Trust Fund”) in accordance with the terms of this Administration Arrangement. Other donors are also expected to contribute to the Trust Fund on the terms and conditions specified in the Annexes to this Administration Arrangement.

2. The Contribution will be used to finance the activities set forth in the “Papua New Guinea Strategic Partnership Multi-Donor Trust Fund Description” attached hereto as Annex 1, and will be administered by the Bank on behalf of the Donor in accordance with the terms of this Administration Arrangement, including the “Standard Provisions” attached hereto as Annex 2 and “Governance” attached hereto as Annex 3.

3. The Donor will deposit the Contribution in accordance with the following schedule and in the currency specified in Section 1 above (“Contribution Currency”) into such bank account designated by the Bank (each amount deposited hereinafter referred to as an “Installment”) upon submission of a payment request by the Bank:

<table>
<thead>
<tr>
<th>Calendar Year</th>
<th>Contribution in AUD</th>
</tr>
</thead>
<tbody>
<tr>
<td>(A) On or before July 31, 2015</td>
<td>AUD 6,000,000</td>
</tr>
<tr>
<td>(B) On or before December 31, 2015</td>
<td>AUD 14,000,000</td>
</tr>
<tr>
<td>(C) On or before December 31, 2017</td>
<td>AUD 10,000,000</td>
</tr>
</tbody>
</table>

4. When making any deposit, the Donor will instruct its bank to include in its deposit details information (remittance advice) field of its SWIFT deposit message, information indicating: the amount deposited, that the deposit is made by the Donor for TF072427 (Papua New Guinea Strategic Partnership Multi-Donor Trust Fund), and the date of the deposit (the “Deposit Instructions”). In addition, the Donor will provide a copy of the Deposit Instructions to the Bank’s Accounting Trust Funds Division by e-mail sent to tfremitadvice@worldbank.org or by fax sent to +1 (202) 614-1315.
5. Except with respect to the Deposit Instructions, any notice, request or other communication to be given or made under this Administration Arrangement will be in writing and delivered by mail, fax or e-mail to the respective Party’s address specified below or at such other address as such Party notifies in writing to the other Party from time to time:

For the Bank (the “Bank Contact”):

Stefanie Stallmeister  
Country Manager  
Papua New Guinea  
The World Bank  
Deloitte Tower, Level 13, Port Moresby NCD

Tel: + (675) 321-7111  
Fax: + (675) 321-7730  
E-mail: sstallmeister@worldbank.org

For the Donor (the “Donor Contact”):

Edward Vrkic  
Counsellor – Operations  
Australian High Commission  
Locked bag 129  
Godwit Road, Waigani NCD  
Port Moresby  
Papua New Guinea

Phone: +675 7090 0266  
Fax: +675 321 6455  
E-mail: edward.vrkic@dfat.gov.au

6. In the event any amounts are to be returned to the Donor under this Administration Arrangement, the Bank will transfer such amounts to the Donor, unless otherwise agreed with the Bank.

7. All annexes hereto constitute an integral part of this Administration Arrangement, whose terms taken together will constitute the entire agreement and understanding between the Donor and the Bank. Unless otherwise specified in an annex hereto, this Administration Arrangement may be amended only by written amendment between the Bank and the Donor; provided, however, that any annexes to this Administration Arrangement may be amended only by written amendment of all donors contributing to the Trust Fund.
8. It is understood that this Administration Arrangement, including any annexes, is not an international treaty. It is an administrative arrangement between the Trustee and the Donor.

10. Each of the undersigned represents, by confirming its acceptance below, that it is authorized to enter into this Administration Arrangement and act in accordance with its provisions. The Bank and the Donor are each requested to sign and date this Administration Arrangement, and upon possession by the Bank of this fully signed Administration Arrangement, this Administration Arrangement will become carried out as of the date of the last signature.

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION

By: FRANZ R. DREES-GROSS
Name: FRANZ R. DREES-GROSS
Title: COUNTRY DIRECTOR, EACNF
Date: 5 June, 2015

COMMONWEALTH OF AUSTRALIA REPRESENTED BY
THE DEPARTMENT OF FOREIGN AFFAIRS AND TRADE

By: James Hall
Name: James Hall
Title: Minister Counselor, AHC 1st Secretary
Date: 1/6/2015
Papua New Guinea Strategic Partnership Multi-Donor Trust Fund Description

This Annex will be applicable to and form an integral part of all administration arrangements for the Trust Fund (collectively, the “Administration Arrangement” and each an “Administration Arrangement”) between the Bank and any entities that provide any funds to the Trust Fund (collectively, the “Donors”).

1. **Objectives**

The objectives of the Trust Fund are:

The objective of the Trust Fund is to support the Independent State of Papua New Guinea’s (PNG’s) development agenda and aid effectiveness by leveraging Development Partners’ and Bank’s country programs.

2. **Activities**

The activities (which may be described as “components” of activities) to be financed by the Trust Fund are:

2.1 Bank-executed activities, for which the Bank has implementation responsibility:

Supporting Trust Fund administration and program management activities, including *inter alia*: (A) coordination and organization of Trust Fund management meetings, and communication/dissemination activities; and (B) preparation of Trust Fund monitoring and evaluation reports.

2.2 Recipient-executed activities, for which one or more Recipients (as defined in Annex 2) have implementation responsibility:

(i) Supporting PNG’s development agenda and aid effectiveness by leveraging Development Partners’ and Bank’s country programs; and

(ii) Financing operations in PNG including, for example, youth inclusion and infrastructure projects.

3. **Eligible Expenditures**

3.1 For Bank-executed activities, the Trust Fund funds may be used to finance:

(a) Associated Overheads
(b) Consultant Fees Individuals and Firms with Indirect Costs
(c) Contractual Services
(d) Equipment and Office Premises Lease Cost
(f) Extended Term Consultants with Indirect Costs
Field Assignment Benefits
Media, Workshop, Conference and Meeting
Staff Costs - with Indirect Costs
Temporary Support Staff Costs with Indirect Costs
Travel Expenses

3.2 For Recipient-executed activities, the Trust Fund funds may be used to finance:

(a) Civil Works
(b) Consulting
(c) Goods
(d) Operating Costs
(e) Training
(f) Other eligible expenditures in accordance with the Bank's applicable policies and procedures.

4. Taxes

4.1 The foregoing activities and categories of expenditures may include the financing of taxes in accordance with the Bank’s applicable policies and procedures.

5. Program Criteria

5.1 Activities are to be financed in accordance with the following program criteria:

(a) alignment with the Bank's Country Partnership Strategy;
(b) alignment with contributing Development Partners' strategies, in accordance with the Bank’s mandate;
(c) contribution to the achievement of overall trust fund objective; and
(c) evidence of country ownership, for example, through a government request letter.

The standard Bank review process for Recipient-executed activities will be the vehicle to ensure that the above criteria are met.
Standard Provisions

This Annex will be applicable to and form an integral part of all Administration Arrangements between the Bank and the respective Donors.

1. **Administration of the Contributions**

1.1 The Bank will be responsible only for performing those functions specifically set forth in this Administration Arrangement 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 Administration Arrangement will be considered a waiver of any privileges or immunities of the Bank under its Articles of Agreement or any applicable law, all of which are expressly reserved.

1.2 Each Donor's Contribution (collectively, the "Contributions") will be administered in accordance with the Bank's applicable policies and procedures, as the same may be amended from time to time, including its procurement, financial management, disbursement and safeguard policies, its framework to prevent and combat fraud and corruption and its screening procedures to prevent the use of Bank resources to finance terrorist activity, in line with the Bank's obligations to give effect to the relevant decisions of the Security Council taken under Chapter VII of the Charter of the United Nations. The Donors acknowledge that this provision does not create any obligations of the Bank under the anti-terrorist financing and asset control laws, regulations, rules and executive orders of an individual member country that may apply to a Donor.

2. **Management of the Contributions**

2.1 The funds deposited in the Trust Fund will be accounted for as a single trust fund and will be kept separate and apart from the funds of the Bank. The funds deposited in the Trust Fund may be commingled with other trust fund assets maintained by the Bank. The Bank, in its capacity as trustee, has legal title to the funds deposited in the Trust Fund.

2.2 The currency in which the funds in the Trust Fund will be held is United States Dollars (the "Holding Currency").

2.3 Donors agree to deposit their Contributions in the Contribution Currency stated in their respective Administration Arrangements. In the case of deposits received in a Contribution Currency other than the Holding Currency, promptly upon the receipt of such amounts and the accompanying Deposit Instructions, the Bank will convert such amounts into the Holding Currency at the exchange rate obtained by the Bank on the date of the conversion. Where deposits prove to be insufficient to complete activities as a result of exchange rate fluctuations, neither the Bank nor the Donor will bear any responsibility for providing any additional financing.

2.4 The funds deposited in the Trust Fund may be freely exchanged by the Bank into other currencies as may facilitate their disbursement at the exchange rate obtained by the Bank on the date of the conversion.
2.5 The Bank will invest and reinvest the funds deposited in the Trust Fund pending their disbursement in accordance with the Bank’s applicable policies and procedures for the investment of trust funds administered by the Bank. The Bank will transfer all income from such investment to the Donor’s applicable donor balance account with the Bank.

3. **Trust Fund Fees and Costs**

3.1 The Bank will deduct and retain for its own account, as a deduction from each Installment, an amount equal to two percent (2%) per Installment as an administrative fee for the Trust Fund.

3.2 In addition, costs incurred by the Bank for other expenses, such as for program management and Trust Fund administration, that are (i) not covered by the percentage deduction specified above as an administrative fee and (ii) not included under Annex 1 of the Administration Arrangement in accordance with the Bank’s applicable policies and procedures will be charged to the Trust Fund on an actual basis up to a maximum of one percent (1%) of the total Contributions under all Administration Arrangements.

3.3 Each Donor acknowledges and agrees that the percentage deductions for fees in this Trust Fund Fees and Costs section are estimated on the basis of anticipated Contributions. If actual Contributions significantly differ from what was originally anticipated at the time of signature of the first Administration Arrangement, or if other circumstances affecting Trust Fund fees or costs change, the Bank reserves the right to request a change to the terms of this Trust Fund Fees and Costs section, which would be effectuated by amendments made to the Administration Arrangements of all Donors and which would thereafter be applicable to all new Contributions that are provided either as amendments to supplement existing Administration Arrangements or from new Donors under new Administration Arrangements.

4. **Accounting and Financial Reporting**

4.1 The Bank will maintain separate records and ledger accounts in respect of the funds deposited in the Trust Fund and disbursements made therefrom.

4.2 The Bank will furnish to the Donors current financial information relating to receipts, disbursements and fund balance in the Holding Currency with respect to the Contributions via the World Bank’s Trust Funds Donor Center secure website. Within six (6) months after all commitments and liabilities under the Trust Fund have been satisfied and the Trust Fund has been closed, the final financial information relating to receipts, disbursements and fund balance in the Holding Currency with respect to the Contributions will be made available to the Donors via the World Bank’s Trust Funds Donor Center secure website.

4.3 The Bank will provide to the Donors via the World Bank’s Trust Fund Donor Center secure website, within six (6) months following the end of each Bank fiscal year, an annual single audit report, comprising (i) a management assertion together with an attestation from the Bank’s external auditors concerning the adequacy of internal control over cash-based financial reporting for all cash-based trust funds as a whole; and (ii) a combined financial statement for all cash-based trust funds together with the Bank’s external auditor’s opinion thereon. The cost of the single audit will be borne by the Bank.
4.4 If a Donor wishes to request, on an exceptional basis, a financial statement audit by the Bank’s external auditors of the Trust Fund, the Donor and the Bank will first consult as to whether such an external audit is necessary. The Bank and the Donor will agree on the appropriate scope and terms of reference of such audit. Following agreement on 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 borne by the requesting Donor.

4.5 The Bank will make available to the Donors copies of all financial statements and auditors’ reports received by the Bank from Recipients pursuant to any Grant Agreements (as defined below) in accordance with the Bank’s Access to Information Policy.

5. **Progress Reporting**

5.1 The Bank will provide the Donors with semi-annual reports on the progress of activities financed by the Contributions. Within six (6) months of the End Disbursement Date (as defined below), the Bank will furnish to the Donors a final report on the activities financed by the Trust Fund.

5.2 Any Donor may review or evaluate activities financed by the Trust Fund at any time up to six (6) months following the End Disbursement Date. The Donor and the Bank will agree on the scope and conduct of such review or evaluation, and the Bank will provide all relevant information within the limits of the Bank’s applicable policies and procedures. All associated costs, including any costs incurred by the Bank, will be borne by the Donor. It is understood that any such review or evaluation will not constitute a financial, compliance or other audit of the Trust Fund.

6. **Disbursement; Cancellation; Refund**

6.1 It is expected that the funds deposited in the Trust Fund will be fully disbursed by the Bank by June 30, 2021 (the “End Disbursement Date”). The Bank will only disburse funds deposited in the Trust Fund for the purposes of this Administration Arrangement (other than returns to Donors) after such date to the extent such date is changed in accordance with amendments made to the Administration Arrangements of all the Donors. Following the End Disbursement Date, the Bank will return any remaining balance of the Trust Fund to each Donor in the Holding Currency in the manner specified in its respective Administration Arrangement on a pro rata basis with regard to the total funds deposited in the Trust Fund by such Donor relative to the total funds deposited in the Trust Fund by all Donors, all calculated as Holding Currency amounts.

6.2 Any Donor may cancel all or part of such Donor’s pro rata share, and the Bank may cancel all or any Donors’ pro rata shares, upon three (3) months’ prior written notice, of any Contributions (paid and not yet paid) that are not committed pursuant to any agreements entered into between the Bank and any consultants and/or other third parties for the purposes of this Administration Arrangement, including any Grant Agreements, prior to the receipt of such notice. In the event of a cancellation, the Bank will return to the Donor its pro-rata share in the Holding Currency as specified in the Administration Arrangement; unless otherwise agreed between the Bank and the Donor.
7. Disclosure; Dispute Resolution

7.1 The Bank will disclose the Administration Arrangements and related information on this Trust Fund in accordance with the Bank's Policy on Access to Information. By entering into Administration Arrangements, the Donors consent to such disclosure of their respective Administration Arrangements and such related information.

7.2 The Donors and the Bank will use their best efforts to amicably settle any dispute, controversy, or claim arising out of or relating to the Administration Arrangements.

8. Grants to Recipients

8.1 The Bank will, as administrator of the Trust Fund on behalf of the Donors, enter into one or more grant agreements (the "Grant Agreements") with recipients (the "Recipients") consistent with the purposes of this Administration Arrangement and on the terms and conditions set forth in the Grant Agreements. Grant Agreements may be entered into up to the maximum amount of the Contributions that all Donors have agreed to make available under the Administration Arrangements between the Bank and the Donors.

8.2 The Bank will be responsible for the supervision of the activities financed under any Grant Agreements. Subject to the consent of any relevant Recipients, representatives of the Donors may be invited by the Bank to participate in Bank supervision missions related to the Trust Fund.

8.3 The Bank will promptly inform the Donors of any significant modification to the terms of any Grant Agreements and of any contractual remedies that are exercised by the Bank under any 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.
Governance

This Annex will be applicable to and form an integral part of all Administration Arrangements between the Bank and the respective Donors.

1. Steering Committee

(a) A Steering Committee ("SC") will be established for the purposes of the Trust Fund, composed of representatives of all contributing Development Partners and the Bank.

(b) The SC will meet virtually or as may be determined, at least twice a year. The SC will be responsible for: (i) providing strategic direction and general oversight of the progress of activities supported or proposed to be supported under the Trust Fund; and (ii) reviewing and providing in principle approval of project proposals to be considered for financing from the Trust Fund. The Bank will submit short project proposals, not more than three (3) pages in length to the SC for review and approval.

2. Decision-making

Decisions of the SC will be made by consensus. A consensus decision takes into account all of the proper concerns raised by each Development Partner. However, no contributing Development Partner has a veto power. When the members of the SC do not reach agreement, discussion on the associated issue(s) continues to take the process toward consensus. If no agreement is reached, the Bank makes the decision taking into account the views of the contributing Development Partners.