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ADMINISTRATION AGREEMENT

BETWEEN

THE GOVERNMENT OF AUSTRALIA
AND
THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

REGARDING

PHILIPPINES: SUPPORT TO PHILIPPINE BASIC EDUCATION REFORMS
(TF070813)

Article 1
Subject and amount of the Grant

Section 1.01 In pursuance of the Cofinancing and Trust Funds Framework Agreement between the Government of Australia, represented by the Australian Agency for International Development (the "Donor") and the International Bank for Reconstruction and Development ("IBRD") and the International Development Association (the "IDA") (collectively the "Bank"), dated June 2, 2004, as amended (the "Framework Agreement"), the Donor intends to make available a grant (the "Grant") of forty one million Australian Dollars (AUD41,000,000), to be administered by the Bank for the Support to Philippine Basic Education Reforms (SPHERE) (Trust Fund No.TF070813).

Section 1.02 The terms of the Framework Agreement shall apply to the Grant. The Bank shall administer the Grant in accordance with the provisions of the Framework Agreement, except as otherwise provided herein.

Section 1.03 The Grant shall be used for the eligible activities described in the Annex hereto, which forms an integral part of this Agreement. The Grant shall be used to finance the expenditures described in the Annex.

Section 1.04 In addition to the financial reporting of the Grant to be provided pursuant to Section 11.01 of the Framework Agreement, the Bank shall provide an annual report on the activities financed by the Grant and a final report on the activities following the Completion Date.

Article 2
Payment schedule and modalities

Section 2.01 Upon signature by the Donor of this Administration Agreement, the Donor authorizes the Bank to transfer AUD1,000,000 from the Donor Balance Account (TF029047) to this trust fund (TF070813). The Donor shall deposit the Grant funds into the Bank's Cash Account "T" Account No.011-796208-042, Swift Bic Code: HKBAAU2SXXX, HSBC Bank Australia Ltd, HSBC Center, Floor 11, 580, George Street, Sydney Australia, in accordance with the following schedule:

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		AUD
-	FY 2007 (2006/07)*	1,000,000 (already deposited in the balance Account)
-	FY 2008 (2007/08)	10,000,000
-	FY 2009 (2008/09)	10,000,000
-	FY 2010 (2009/10)	10,000,000
-	FY 2011 (2010/11)	10,000,000
	Total:	41,000,000

* Years in brackets refer to Australian financial year.

Section 2.02 When making each 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 by AusAID for TF070813 - Support for Basic Education Sector Reform Project in the Republic of the Philippines and the date of deposit. In addition, AusAID will send a copy of their deposit instruction to the Bank's Trust Funds Accounting Division by e-mail to "tfremitadvice@worldbank.org" or by fax to (202) 614-1315.

Article 3
Administrative Cost Recovery

Section 3.01 In order to assist in the defrayment of the costs of administration expenses incurred by the Bank under this Agreement, the Bank shall deduct from the Contribution and retain for the Bank's own account an amount equal to point six (0.60%) of the Contribution. In addition, the Bank shall recover actual costs for incremental supervision of up to an equivalent of US$470,000, for which a separate disbursing fund will be established.

Article 4
Completion date

Section 4.01 The Grant funds may be used to finance expenditures for the Project commencing from the effective date of the Grant Agreement and ending on June 30, 2011. The Bank may make disbursements of the Grant funds for up to four (4) months after such latter date for expenditures incurred on or before such date, in accordance with the Bank's applicable policies and procedures.

Article 5
Cancellation

Section 5.01 Either party may, upon giving the other party three (3) months' prior written notice, cancel that part, if any, of the Grant funds provided under this Administration Agreement that the Bank has not committed prior to receipt of such notice under agreements entered into by the Bank with any third party, including any Grant Agreement. Upon such cancellation, and unless the parties hereto agree on another arrangement, the Bank shall credit the uncommitted balance of the Grant funds to the trust fund account specified in Section 9.01 of the Framework Agreement.

Article 6
Communications

Section 6.01 The offices responsible for coordination of all matters related to this Administration Agreement are:

For the Donor:
Sam Zappia
Counsellor (Development Cooperation)
Tel: (632) 7578 235
Fax: (632) 7578 265
E-mail: sam.zappia@dfat.gov.au

For the Bank:
Dingyong Hou
Task Team Leader
Tel: (202) 458-2775
Fax: (202)522-7108
E-mail: Dhou1@worldbank.org

This Administration Agreement is drawn up in two originals, one for each party. It may be amended only by written agreement of the parties hereto.

/S/ Sam Zappia

Name: Sam Zappia
Title: Counsellor (Development Cooperation)
Date: 31 July 2007

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT/INTERNATIONAL DEVELOPMENT ASSOCIATION

/S/ Vera Songwe

Title: Acting Country Director (Philippines)
Date: 31 July 2007

ANNEX

Description of Activities and Expenditures under the Trust Fund

1. Purposes and Activities

1.1 The objective of the grant is to support implementation of the basic education sector reform agenda (BESRA) that contributes to the achievement of improved quality and equity in learning outcomes for all Filipinos.

1.2 The activities for which the Grant is provided shall include the following, which may be adjusted by the partners (the Bank, the Donor and the Grant recipient) in the annual work planning processes, during the project implementation:

Recipient Executed

(a) Translation of System-level Policies into Actions: (i) Provision of technical assistance for strategic policy areas and to built the capacity of DepEd to implement and manage change in line with BESRA reforms; (ii) capacity building in regional offices by supporting them to undertake quality assurance functions; (iii) construction and refurbishment of Teaching and Learning Resource Centers across the country, including ICT support to support quality assurance functions and improve teaching learning and assessment; and (iv) reproduction and dissemination of teaching and learning materials (except textbooks) and training programs.

(b) Support for School-Based Management (SBM): provision of SBM grants to disadvantaged elementary schools for implementation of school improvement plans.

(c) Classroom Construction in Southern Philippines: this would involve the construction of academic classrooms in identified priority schools under the Department of Education-managed School Building Program.

Bank-Executed

(a) Demand driven Analytical and Advisory Activities in the sector.

(b) Incremental Supervision.

2. Eligible Categories of Expenditure

The Grant will be used exclusively for the financing of the following categories:

(a) For Recipient-Executed Activities: consultant services, training and workshops, civil works, goods, and school grants.

(b) For Bank-Executed Activities: Consultants' Fees, Extended term consultants, Associated overhead, Travel expenses, Media and workshops costs and staff costs (salary + benefits + indirect costs).