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OFFICIAL DOCUMENTS

TF071824

Kseniya Lvovsky
Country Manager
World Bank Office Tirana
Europe & Central Asia Region

The World Bank
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION

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November 12, 2012

Ambassador Brigitte Öppinger-Walchshofer
Managing Director
Austrian Development Agency GmbH
Zelinkagasse 2
1010 Vienna
AUSTRIA

Dear Ms. Ambassador Öppinger-Walchshofer:

Trust Fund Administration Agreement between the Austrian Development Agency and the International Bank for Reconstruction and Development and the International Development Association concerning the Albania Second Multi-Donor Trust Fund for Capacity Building Support to Implement the Integrated Planning System (IPS) 2 (TF071824)

1. 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") that the Austrian Development Agency GmbH (the "Donor") shall make available as a grant the sum of Euros one hundred thirty eight thousand four hundred eighty three and twenty eight cents (€ 138,483.28) (the "Contribution") from its Donor Balance Account, as funds remaining from the Albania First Multi-Donor Trust Fund for Capacity Building Support to Implement the Integrated Planning System **(IPS) 1** as a transfer and contribution to the Albania Second Multi-Donor Trust Fund for Capacity Building Support to Implement the Integrated Planning System **(IPS) 2** (the "Trust Fund") in accordance with the terms of this Agreement. Other donors are also expected to contribute to the Trust Fund on the terms and conditions specified in the Annexes to this 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 Albania Second Multi-Donor Trust Fund for Capacity Building Support to Implement the Integrated Planning System (IPS) 2" attached hereto as Annex 1 and shall be administered by the Bank on behalf of the Donor in accordance with the terms of this Agreement including the "Standard Provisions Applicable to the Albania Second Multi-Donor Trust Fund for Capacity Building Support to Implement the Integrated Planning System (IPS) 2" (the "Standard Provisions") attached hereto as Annex 2. The finally adopted Project Appraisal Document (PAD) shall be enclosed to the Administrative Agreement, upon signature of the Grant Agreement with Albania.

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3. Except as provided for above, any notice, request or other communication to be given or made under this Agreement shall be in writing and delivered by mail, facsimile 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:

Ms. Kseniya Lvovsky
Country Manager
Country Office Albania
Europe and Central Asia Region
Tel: +355-4-228-0661
E-mail: klvovsky@worldbank.org

For the Donor:

Mr. Hubert Neuwirth
Country Desk Albania
Austrian Development Agency GmbH
Zelinkagasse 2
1010 Vienna, Austria
Tel.: +43 (1) 90399 2541
Fax.: +43 (1) 90399 1541
E-mail: hubert.neuwirth@ada.gv.at

4. All annexes hereto constitute an integral part of this Agreement. This Agreement may be amended only in writing between the Bank and the Donor; provided, however, that such annexes may be amended only with the agreement of all donors contributing to the Trust Fund.

5. 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

Greta Minxhozi
Acting Country Manager
Country Office Albania

CONFIRMED AND AGREED:

AUSTRIAN DEVELOPMENT AGENCY GmbH

By: _____ Date: November 15, 2012

Name: Astrid Wein

Title: Head of Office – Counselor

Coordination Office for Technical Cooperation

Austrian Embassy in Tirana

On behalf of the Austrian Development Agency

ANNEX 1

Description of Activities and Expenditures under the Albania Second Multi-Donor Trust Fund for Capacity Building Support to Implement the Integrated Planning System (IPS) 2

This Annex shall be applicable to and form an integral part of all agreements entered into between the Bank and entities (collectively, the "Donors") that provide contributions (the aggregate of all contributions from the Donors, the "Contributions") to be administered by the Bank for the Trust Fund.

DEVELOPMENT OBJECTIVE

The development objective is to strengthen the implementation of the Integrated Planning System (IPS) 2, by creating the conditions for introducing a performance orientation in the policy planning and budgetary processes and by improving institutional capacity to monitor results at the strategy and program levels.

A. DESCRIPTION OF ACTIVITIES

(i) **Bank-Executed Trust Fund Activities:**

(a) Trust Fund Administration
(b) Program Management
(c) Technical Support for Project Preparation
(d) Technical Support for Project Implementation in the form of supervision

(ii) **Recipient-Executed Trust Fund Activities:**

(a) Strengthening Public Financial Management
- Developing the capacity of selected line ministries to implement the IPS
- Strengthening the capacity of macro-fiscal management
- Strengthening Public Financial Management training, including for management of donor funds

(b) Improving Policy Coordination and Aid Management
- Optimizing the IPS process, including through better alignment with the EU agenda;
- Strengthening monitoring of policy implementation;
- Applying policy impact assessment
- Strengthening aid management

(c) IPS Management Information Systems
- Preparation of IT Modernization Strategy
- AFMIS development
- Development of Debt Management System

(d) Project Management

B. CATEGORIES OF EXPENDITURE

(i) For Bank-Executed activities the Contributions may be used to finance:

(a) Associated overheads
(b) Consultant fees (individuals and firms)
(c) Contractual services
(d) Extended term consultants
(e) Media, workshop, conference and meeting
(f) Staff costs – with indirect costs
(g) Temporary support staff costs; and
(h) Travel expenses

(ii) For Recipient-Executed activities, the Contributions may be used to finance:

(a) Consultants' services
(b) Goods
(c) Operating costs
(d) Training

The foregoing categories of expenditures may include the financing of taxes.

ANNEX 2

Standard Provisions Applicable to the Albania Second Multi-Donor Trust Fund for Capacity Building Support to Implement the Integrated Planning System (IPS) 2

This Annex shall be applicable to and form an integral part of all agreements entered into between the Bank and the Donors that provide Contributions to be administered by the Bank for the Trust Fund.

1. Administration of the Contributions

1.1. The Bank shall be responsible only for performing those functions specifically set forth in this Agreement and shall 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 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 Contribution shall be administered in accordance with the Bank's applicable policies and procedures, as the same may be amended from time to time, including 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 of Charter of the United Nations. The Donor acknowledges 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 the Donor, nor shall it be deemed a waiver, express or implied, of any of the privileges and immunities 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 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 this Agreement, the Bank may deduct and retain for its own account an amount equal to two percent (2%) of each Contribution. In addition, costs for program management and administration as defined in Annex 1 up to a maximum of three percent (3%) will be charged to the Trust Fund on an actual basis. If the contributions increase beyond what was originally expected at the time of counter-signature of the first administration agreement, and the administrative costs increase as a result, the Donors acknowledge that an additional administrative fee may be applied to such new contributions.

4. Grant to Recipient

4.1. The Bank shall, as administrator of the Trust Fund on behalf of the Donor, enter into a grant agreement (the "Grant Agreement") with Albania (the "Recipient") consistent with the purposes of this Agreement and on the terms and conditions set forth in the Grant Agreement. The Grant Agreement may be entered into up to the maximum amount of the Contribution that all Donors have agreed to make available under the Administration Agreements between the Bank and the Donors. Upon request by a Donor, the Bank shall furnish a copy of the Grant Agreement to the Donors.

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

4.3. The Bank shall promptly inform the Donors of any significant modification to the terms of any Grant Agreement and of any contractual remedies that are exercised by the Bank under any Grant Agreement. 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.

5. Procurement

5.1. For Recipient-executed activities, the Grant Agreement shall provide that the Contributions shall be used by the Recipient to finance expenditures for goods and services, as the case may be, in accordance with the Bank's Guidelines on "Procurement under IBRD Loans and IDA Credits" and the Bank's Guidelines on the "Selection and Employment of Consultants by World Bank Borrowers," as in effect at the date of entry into the respective Grant Agreements.

5.2. For Bank-executed activities, the employment and supervision of any consultants and the procurement of any goods financed by the Contributions shall be the responsibility of the Bank and shall be carried out in accordance with its applicable policies and procedures.

6. Accounting and Financial Reporting

6.1. The Bank shall maintain separate records and ledger accounts in respect of the Contributions deposited in the Trust Fund account and disbursements made therefrom.

6.2. The Bank shall furnish to the Donors current financial information relating to receipts, disbursements and fund balance *in the holding currency* of the Trust Fund 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* of the Trust Fund with respect to the Contributions will be made available to the Donors 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, an annual single audit report, comprising (1) 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 (2) 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 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 Trust Fund, 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 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 requesting Donor.

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

7. Progress Reporting

7.1. The Bank shall 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 shall furnish to the Donors a final report on the activities financed by the Trust Fund.

7.2 Any Donor may review or evaluate activities financed by the Trust Fund. The Donor and the Bank shall agree on the scope and conduct of such review or evaluation, and the Bank shall provide all relevant information within the limits of its policies and procedures. All associated costs shall 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.

8. Disbursement; Cancellation; Refund

8.1 It is expected that the Contributions will be fully disbursed by the Bank by October 31, 2014. The Bank shall only disburse Contributions for the purposes of this Agreement after such date with the written approval of the Donor.

8.2 Any Donor or the Bank may, upon three (3) months' prior written notice, cancel all or part of the Donor's pro rata share, of any remaining balance of the Contributions that is not committed pursuant to any agreements entered into between the Bank and any consultants and/or other third parties for the purposes of this Agreement prior to the receipt of such notice, including the Grant Agreement.

8.3. Following the final disbursement date specified in paragraph 8.1, the Bank shall return any remaining balance of the Contributions to the Donors or to the relevant Donor Balance Account on a pro rata basis based on the Donors' paid Contributions. In the event of a cancellation the Bank shall promptly return to the relevant Donor or Donors or to the relevant Donor Balance Account the Donor's pro rata share of uncommitted Contributions in accordance with paragraph 8.2.

9. Disclosure

The Bank will disclose this Agreement and related information on this Trust Fund in accordance with the World Bank Policy on Access to Information. By entering into this Agreement, Donors consent to disclosure of this Agreement and related information on this Trust Fund.