

Draft dated: December 3, 2007

**FIAS MODEL AGREEMENT
FOR CONTRIBUTIONS TO FIAS MASTER TRUST FUND
[FUNDING CYCLE FY08-11]
[REVISION #1]**

TF070810

**ADMINISTRATION AGREEMENT
BETWEEN
[OFFICIAL NAME OF DONOR]
AND
INTERNATIONAL FINANCE CORPORATION
ON
FINANCIAL SUPPORT
RELATING TO
FOREIGN INVESTMENT ADVISORY SERVICE**

Dated _____, 200_

ADMINISTRATION AGREEMENT

Agreement dated _____, 200____ between [*OFFICIAL NAME OF DONOR*] (the “Donor”) and the International Finance Corporation (“IFC”), an international organization established by Articles of Agreement among its member countries (including [*COUNTRY OF DONOR*]) and a member of the World Bank Group¹ (“WBG”), to provide for the creation of a master trust fund (the “Master Trust Fund”) and several operational trust funds (the “Operational Trust Funds”) to be set up specifically to finance the various operations of the Foreign Investment Advisory Service (“FIAS”), a joint program of the IFC, the International Bank for Reconstruction and Development (“IBRD”) and the Multilateral Investment Guarantee Agency (“MIGA”). In addition to the Donor, other donors and IBRD, MIGA and IFC, are expected to contribute funds (collectively the “Donors’ Funds”) to the Master Trust Fund and/or any of the Operational Trust Funds.

WHEREAS:

- (A) IFC, IBRD and MIGA have jointly set up FIAS as a partially donor-funded program to provide advisory and technical assistance services aimed at helping developing countries improve their business environment to increase private sector activity and investments with positive development impact. FIAS is not a separate legal entity, but rather is a joint program of IFC, IBRD and MIGA, administered by IFC as implementing agency.
- (B) IFC will consult with the donor community and the private sector in donor countries about existing and proposed activities of FIAS.
- (C) The Donor has expressed strong support for FIAS, and IFC is prepared to utilize funds provided by the Donor for the purpose of financing FIAS’ advisory and technical assistance services. IFC will utilize such funds in accordance with IFC’s standard policies and procedures and in accordance with the terms and conditions set forth in this Agreement.

NOW THEREFORE, the parties hereto agree as follows:

1 The Grant

- 1.1 The initial contribution of the Donor under this Agreement is [AMOUNT & CURRENCY] ([CURRENCY] AMOUNT IN NUMERICALS).
- 1.2 The Donor may later agree with IFC to subsequently contribute additional funding support for FIAS, which will be governed in all respects by this Agreement, unless otherwise agreed.

¹ The World Bank Group consists of the International Finance Corporation (IFC), the International Bank for Reconstruction and Development (IBRD), the International Development Association (IDA), the Multilateral Investment Guarantee Agency (MIGA), and the International Centre for Settlement of Investment Disputes (ICSID).

- 1.3 The initial contribution and any subsequent funding from the Donor under this Agreement together with any income from investment and reinvestment will be referred to as the “Grant Funds” in this Agreement.

2 FIAS Program

- 2.1 The Grant Funds will be utilized to finance the activities of FIAS under its FY08-11 strategy (as described in Annex A) during FIAS’ FY08-11 funding cycle which runs from July 1, 2007, until June 30, 2011.
- 2.2 The Donors’ Funds will be held initially by IFC in the Master Trust Fund. IFC may transfer at any time and from time to time any portion of the Donors’ Funds from the Master Trust Fund to any Operational Trust Fund as needed. Operational Trust Funds are trust funds established by IFC to fund specific operations or programs of FIAS. IFC may reallocate any portion of the Donors’ Funds from any Operational Trust Fund back to the Master Trust Fund for further reallocation.
- 2.3 IFC will utilize the Donors’ Funds in the Operational Trust Funds to meet the costs of the relevant FIAS activities and operations incurred since the beginning of the FY08-11 funding cycle in accordance with IFC’s applicable procedures. Such costs will include those of IFC’s, IBRD’s and MIGA’s consultants and staff dedicated to FIAS, equipment, workshops/training, grants, office space and furniture, travel and communications, public relations and business development expenses, termination costs as specified in paragraph 5.2, and any other costs incurred in the operation of FIAS. The Donors’ Funds in any Operational Trust Fund will not be utilized for the payment of salaries and benefits for IFC’s, IBRD’s and MIGA’s staff and consultants to the extent their work is not dedicated to FIAS.
- 2.4 The selection and recruitment of consultants, consulting firms, experts, staff and other suppliers of services will be the responsibility solely of IFC (and to the extent necessary, IBRD and/or MIGA), will be carried out in accordance with their respective usual procedures, and will not be tied by nationality.
- 2.5 IFC may seek funding from sources other than the Donor for FIAS and/or for specific projects or program components of FIAS.

3 Disbursement and Deposit of Funds

- 3.1 Unless agreed otherwise by the parties, the initial contribution under the Grant Funds will be disbursed as follows:

<u>Amounts:</u>	<u>To be disbursed to IFC on or before:</u>
[AMOUNT & CURRENCY]	_____, 200_
[AMOUNT & CURRENCY]	_____, 200_
[AMOUNT & CURRENCY]	_____, 200_

- 3.2 Save in respect of the initial disbursement, a disbursement request may be submitted by IFC before full utilization of the previous disbursement, and will be processed

expeditiously by the Donor to ensure that FIAS' operations and projects do not face any funding shortfalls or delays.

- 3.3 All amounts disbursed by the Donor will be deposited into the IBRD Cash Account "T" [(Account No. 2000192003489, Swift Bic Code: PNBPUS3NNYC; Internal Route Code: PNBPNY; Fed ABA Number: 026005092) maintained with Wachovia Bank NA 11 Penn Plaza, Floor 4 New York, New York, 10038 (the "T-Account") for payments in US Dollars]².

When making deposits, the Donor will instruct their bank to include in their payment details information (remittance advice) field of their SWIFT payment message, information indicating:

- a. the amount paid,
- b. that the payment is from the Donor for the FIAS Master Trust Fund TF070810 and
- c. the date of the deposit.

In addition, the Donor will send a copy of its payment request to IBRD's Trust Funds Division (by fax to +1-202-614-1315 or by e-mail to tfremitadvice@worldbank.org), and to the General Manager, FIAS, Washington, D.C. (by fax to +1-202-522-3262 or by e-mail to gmfias@ifc.org).

- 3.4 Upon receipt of the Grant Funds, if funds are received in a currency other than United States Dollars, the funds will be converted into United States Dollars and transferred to the IBRD's cash account "T" (account no. 2000192003489) maintained with Wachovia Bank NA in New York City or such other account that IFC or IBRD may indicate in writing (the "T-Account"). In principle, all financial reports will be prepared in United States Dollars. However, certain Operational Trust Funds may be kept in a currency other than United States Dollars, and therefore the financial reports for any such Operational Trust Fund will instead be prepared in such other holding currency. All Donors' Funds may be freely exchanged into other currencies as may facilitate their disbursement by IFC.
- 3.5 The Donors' Funds in the Master Trust Fund and in each of the Operational Trust Funds will be accounted for in each case as a single trust fund. IFC will have the right to commingle the funds in the Master Trust Fund and in each Operational Trust Fund with other trust funds assets maintained by IBRD and IFC, provided however that all such assets will be kept separate and apart from those of IBRD and IFC.
- 3.6 IFC may establish sub-accounts within any of the Operational Trust Funds for any project or activity to be financed by the relevant Operational Trust Fund. IFC will allocate the Donors' Funds in such Operational Trust Fund to these sub-accounts as needed from time to time for the relevant projects and activities under such Operational Trust Fund.

² *This is for US Dollars, if the Donor's contribution is in a different currency, see the following Weblink to determine the correct address for payment:*
[http://wbln0023/rmc/rmc.nsf/DOCs/TFOverview+Files/\\$File/DepositoryAccountDetails.pdf](http://wbln0023/rmc/rmc.nsf/DOCs/TFOverview+Files/$File/DepositoryAccountDetails.pdf)

- 3.7 At the time of transfer of any portion of the Donors' Funds from the Master Trust Fund to any Operational Trust Fund, an amount equal to three and one half of one percent (3.5%) of the amount transferred will be deducted from the amount transferred and will be transferred to TF054105, a trust fund established for IFC and used to help cover the costs of administration and other expenses incurred by IFC. In the event any amount of Donors' Funds is transferred from any Operational Trust Fund back to the Master Trust Fund (except in the event of termination of both the Operational Trust Fund and the Master Trust Fund as described in paragraphs 5.5. and 5.6. below), an amount equal to three and one half of one percent (3.5%) of the amount transferred will be re-credited to the Master Trust Fund from TF054105. Therefore, in no case will any portion of the Donors' Funds be subject to more than one trust fund administration fee.
- 3.8 IBRD, on behalf of IFC, may invest and reinvest the Donors' Funds:
- a) in the Master Trust Fund pending their application, and the income from such investment and reinvestment will be credited to the Master Trust Fund for use for the purposes of FIAS; and
 - b) in each Operational Trust Fund pending their application, and the income from such investment and reinvestment will be credited to the relevant Operational Trust Fund for use for the purposes of the relevant Operational Trust Fund.

4 General Provisions, Reporting and Auditing

- 4.1 It is the intention of IFC that a review meeting involving all the donors contributing to FIAS will be held at least once every year at a venue and time to be agreed between IFC and the donors. Progress reports will be delivered annually in accordance with the provisions of paragraph 4.3.
- 4.2 IFC will exercise the same care in the discharge of its function under this Agreement as it exercises with respect to the administration and management of its own affairs and will have no further liability to the Donor.
- 4.3 IFC will have sole responsibility for the operation of FIAS and will keep the Donor informed annually of the progress of FIAS' activities. These reports will include a concise review of activities and results (including final reports when applicable), actual and forecast expenditures, a projected disbursement schedule, and an evaluation of project impact achieved so far. The format and content of financial reports will be consistent with the IFC's accounting system.
- 4.4 Within six (6) months after the end of the FY08-11 funding cycle (June 30, 2011), or in the event of an earlier termination of FIAS promptly after the termination, IFC will issue a final report covering all important aspects of the utilization of the Donors' Funds, including the Donor's Grant Funds under this Agreement. The report shall cover the entire FIAS program executed during the FY08-11 funding cycle or, in the event of an earlier termination of FIAS, until the time of the termination of FIAS. It shall also assess the degree to which the agreed objectives of FIAS' strategy for FY08-11 have been achieved.

- 4.5 IBRD, on behalf of IFC, will maintain separate records and accounts in respect of the Donors' Funds in the Master Trust Fund and in each Operational Trust Fund and funds disbursed from them by IFC pursuant to the provisions of this Agreement. Within ninety (90) days of each March 31, June 30, September 30 and December 31, IBRD, on behalf of IFC, will prepare and forward to the Donor a cash-based unaudited statement of receipts, disbursements and fund balance with respect to the Master Trust Fund and each Operational Trust Fund. Within six (6) months following the end of each of IBRD's fiscal years, IBRD, on behalf of IFC, will provide the Donor a management assertion together with an attestation from IBRD's external auditors concerning the adequacy of internal control over cash-based financial reporting for trust funds as a whole. The costs of such attestations will be borne by IBRD. FIAS will be subject to the auditing policies and procedures of IFC. In addition if the Donor wishes to request, on an exceptional basis, a financial statement audit by IFC's external auditors of the Master Trust Fund or any of the Operational Trust Funds, the Donor and IFC will first consult as to whether such an external audit is necessary. The Donor and IFC will agree on the most appropriate scope and terms of reference of such audit. Following agreement on the scope and terms of reference, IFC will arrange for such external audit. The costs of such an audit, including the internal costs of IFC with respect to such audit, will be borne by the Donor.

5 Duration and Termination

- 5.1 Subject to paragraphs 5.2, 5.3, 5.4, 5.5 and 5.6 below, this Agreement will continue in effect until all the funds in the Master Trust Fund and each of the Operational Trust Funds will have been fully utilized by IFC in accordance with the terms of this Agreement and all resulting obligations have been fulfilled in accordance with this Agreement, unless otherwise agreed between the Donor and IFC.
- 5.2 Either party may at any time, by ninety (90) days' notice in writing, terminate this Agreement in whole or cancel any portion of the undisbursed and uncommitted Grant Funds, in which event IFC will have no claim against the Donor by reason of such termination or cancellation other than payment of expenses actually incurred or committed under this Agreement prior to the date of such termination or cancellation, less any sums previously paid on account thereof. Such expenses will include, but not necessarily be limited to, all shutdown costs and final report, payout of staff and consultant contractual salaries and benefits, and repayment of bridge financing that may have been advanced to FIAS by the WBG (collectively, "Termination Costs"). IFC may deduct these Termination Costs from the Donors' Funds. Such termination or cancellation will not affect any agreements entered into between IFC, IBRD or MIGA and staff and consultants, other persons or third parties prior to IFC's giving or receiving such notice of termination or cancellation, and where such agreements cannot be cancelled IFC will be entitled to continue to make disbursements and receive further disbursements from the Donor in respect of such agreements as if this Agreement had not been so terminated or any portion of the Grant Funds not been cancelled, provided that: (i) IFC has fulfilled all its duties, responsibilities and obligations to the date of termination or cancellation, as specified in this Agreement and; (ii) this Agreement was not unilaterally terminated by IFC without consultation with the Donor.
- 5.3 Upon termination of this Agreement, or any of the Master Trust Fund or the Operational Trust Funds, or of FIAS, the Donor will be entitled in principle to a pro rata portion of

any unutilized and uncommitted portion of the Donors' Funds affected by such termination, which will be determined and disposed of in accordance with the terms and conditions of paragraphs 5.4, 5.5 and 5.6.

- 5.4 If any portion of the Donors' Funds remains in any of the Master Trust Fund or the Operational Trust Funds, in the event of an earlier termination of this Agreement, IFC and the Donor will agree on the disposition of the Donor's Portion (as defined below for each trust fund) of these funds with respect to each trust fund. In the event that IFC and the Donor do not reach any agreement on the disposition of the Donor's Portion in the Master Trust Fund or the Operational Trust Funds, IFC will return to the Donor:
- a) such portion of any unutilized and uncommitted portion of the Donors' Funds, including any unutilized and uncommitted income derived from investment of the Donors' Funds, remaining in the Master Trust Fund as the aggregate amount disbursed by the Donor pursuant to this Agreement bears to the total amount of Donors' Funds made available to the Master Trust Fund (but deducting from that total amount of Donors' Funds the corresponding contribution of any donor who has received any portion of the then remaining Donors' Funds in any prior distribution) (such portion the "Donor's Portion"); and
 - b) such portion of any unutilized and uncommitted portion of the Donors' Funds, including any unutilized and uncommitted income derived from investment of the Donors' Funds, remaining in an Operational Trust Fund as the aggregate amount transferred from the Master Trust Fund to such Operational Trust Fund bears to the total amount of Donors' Funds made available to such Operational Trust Fund and multiplied by the ratio equal to (i) the aggregate amount disbursed by the Donor pursuant to this Agreement divided by (ii) the total amount of Donors' Funds made available to the Master Trust Fund, (but deducting from the total amount of Donors' Funds in such Operational Trust Fund and in the Master Trust Fund the corresponding contribution of any donor who has received any portion of the then remaining Donors' Funds in any prior distribution) (such portion the "Donor's Portion").
- 5.5 If any portion of the Donors' Funds remains in any of the Operational Trust Funds after June 30, 2011 or in the event of an earlier termination of the relevant Operational Trust Fund or in the event of an earlier termination of FIAS, IFC will return to the Master Trust Fund such portion of any unutilized and uncommitted portion of the Donors' Funds, including any unutilized and uncommitted income derived from investment of the Donors' Funds, in the relevant Operational Trust Fund as the amount of Donors' Funds transferred from the Master Trust Fund to that Operational Trust Fund bears to the total amount of funds made available to the Operational Trust Fund, and will provide a final report to the Donor promptly thereafter.
- 5.6 If any portion of the Donors' Funds remain in the Master Trust Fund after June 30, 2011 or in the event of an earlier termination of the Master Trust Fund or in the event of an earlier termination of FIAS, IFC and the Donor will agree on the disposition of the Donor's Portion (as defined below) of these funds (which shall include any funds to be transferred from any Operational Trust Fund to the Master Trust Fund pursuant to paragraph 5.5 above). In the event that IFC and the Donor do not reach any agreement on the disposition of any remaining Grant Funds, IFC will return to the Donor such portion of any unutilized and uncommitted portion of the Donors' Funds, including any

unutilized and uncommitted income derived from investment of the Donors' Funds, remaining in the Master Trust Fund (including any funds to be transferred from any Operational Trust Fund to the Master Trust Fund pursuant to paragraph 5.5 above) as the aggregate amount disbursed by the Donor pursuant to this Agreement bears to the total amount of Donors' Funds made available to the Master Trust Fund (but deducting from that total amount of Donors' Funds the corresponding contribution of any donor who has received any portion of the then remaining Donors' Funds in any prior distribution) (such portion the "Donor's Portion"), and will provide a final report to the Donor promptly thereafter.

- 5.7 IFC will have no liability to the Donor under this Agreement except for the return of unutilized and uncommitted funds after application to costs, including Termination Costs, as contemplated under this Agreement.
- 5.8 Following completion or termination of the projects undertaken by FIAS, any equipment purchased for such projects will be either transferred to the project beneficiaries or disposed of in accordance with normal IFC procedures or retained by IFC for use in other parts of FIAS.

6 Acknowledgements

- 6.1 Where appropriate to do so in the opinion of IFC, IFC will acknowledge the Donor's contribution in any reference made by IFC with respect to the projects of FIAS in publications, speeches, press releases or other similar publications.

7 Other Provisions

- 7.1 This Agreement together with Annex A, as amended or supplemented from time to time, constitutes the entire agreement between IFC and the Donor with respect to FIAS.
- 7.2 This Agreement may be amended only by written agreement of the parties hereto.
- 7.3 The Donor and IFC will seek amicably to settle all differences and disputes arising out of or in connection with the implementation of this Agreement.
- 7.4 Any notice or request required or permitted to be given under this Agreement will be in writing and will be given at each party's address as follows:

For the Donor:

Attention: _____

Fax: + _____

For IFC:

International Finance Corporation
2121 Pennsylvania Avenue, N.W.
Washington, D.C. 20433
Attention: General Manager, FIAS
Fax: +1-202-522-3262

With copy to:

The Head, Trust Funds Unit
Small and Medium Enterprise Department
International Finance Corporation
2121 Pennsylvania Ave., N.W.
Washington, D.C. 20433
Fax: +1-202-974-4344

IN WITNESS WHEREOF, the authorized representatives of the parties hereto have signed this Agreement.

INTERNATIONAL FINANCE
CORPORATION

[OFFICIAL NAME OF DONOR]

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

**ANNEX A
TO THE ADMINISTRATION AGREEMENT
BETWEEN**

[OFFICIAL NAME OF DONOR]

AND

INTERNATIONAL FINANCE CORPORATION

ON

**FINANCIAL SUPPORT
RELATING TO
FOREIGN INVESTMENT ADVISORY SERVICE**

Dated _____, 200__

TF070810

FIAS Strategy for FY08-11
(attached)