

Draft dated: December 3, 2007

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

[TFxxxxxxx]

**ADMINISTRATION AGREEMENT
BETWEEN
[OFFICIAL NAME OF DONOR]
AND
INTERNATIONAL FINANCE CORPORATION
ON
FINANCIAL SUPPORT
RELATING TO
[NAME OF PROGRAM/REGION/PRIORITY AREA]
UNDER
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 an operational trust fund (the “Operational Trust Fund”) to be set up specifically to finance the operations of the Foreign Investment Advisory Service (“FIAS”) with regard to [*NAME OF PROGRAM/REGION/PRIORITY AREA*] (the “Program”). FIAS is 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 are expected to contribute funds (collectively the “Donors’ Funds”) to the Operational Trust Fund.

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 the Program, and IFC is prepared to utilize funds provided by the Donor for the purpose of financing the Program under FIAS. 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 the Program, which will be governed in all respects by this Agreement, unless otherwise agreed.

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.

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).

2 The Program

- 2.1 IFC will utilize the Donors' Funds in the Operational Trust Fund to meet the costs of the Program, as described in Annex A, incurred since the beginning of the FY08-11 funding cycle, which runs from July 1, 2007 until June 30, 2011, 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 the Program, 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 execution of the Program. The Donors' Funds in the 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 that their work is not dedicated to the Program.
- 2.2 The Donors' Funds will be held by IFC in the Operational Trust Fund for the Program (TFXXXXXX) (to be provided before signing).
- 2.3 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) and will be carried out in accordance with their respective usual procedures and will not be tied by nationality.
- 2.4 IFC may seek funding from sources other than the Donor for the Program and/or for specific projects or components of the Program.

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 the Program does 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: PNBPU33NNYC; 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 FIAS, [NAME] Operational Trust Fund, Trust Fund number **TFXXXXXX** [to be provided before signing this Agreement], 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 tfremiadvice@worldbank.org), and to the General Manager, FIAS, Washington, D.C. (by fax to +1-202-522-3262 or by e-mail to [gmfiass@ifc.org](mailto: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”). All financial reports will be prepared in United States Dollars. All Donors’ Funds may be freely exchanged into other currencies as may facilitate their disbursement by IFC.
- 3.5 The Donors’ Funds will be accounted for as a single trust fund. IFC will have the right to commingle the funds in the 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 the Operational Trust Fund for each project or activity under the Program. IFC will allocate and reallocate the Donors’ Funds to these sub-accounts as needed from time to time for the relevant projects and activities under the Program.
- 3.7 At the time of receipt of each disbursement from the Donor, three and one half of one percent (3.5%) of the amount received will be deducted from the amount received 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.
- 3.8 IBRD, on behalf of IFC, may invest and reinvest the Donors’ Funds pending their application. The income from such investment and reinvestment will be credited to the Operational Trust Fund for use for the purposes of the Program.

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)

4 General Provisions, Reporting and Auditing

- 4.1 It is the intention of IFC that a review meeting involving all the donors contributing to the Program or FIAS will be held at least once every year at a venue and time to be agreed between IFC and the donors. Progress reports on the Program 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 supervision and execution of the Program and will keep the Donor informed, via the FIAS Annual Report, of the progress of the Program activities. The FIAS Annual Report 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 for all programs of FIAS, including the Program. The format and content of financial reports will be consistent with the IFC's accounting system.
- 4.4 IBRD, on behalf of IFC, will maintain separate records and accounts in respect of the Donors' Funds in the Operational Trust Fund and funds disbursed from it 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 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 Operational Trust Fund, 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 and 5.3 below, this Agreement will continue in effect until all the funds in the Operational Trust Fund 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 the Program 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) the Program was not unilaterally terminated by IFC without consultation with the Donor.

- 5.3 If any portion of the Donors' Funds remains in the Operational Trust Fund after June 30, 2011, or in the event of an earlier termination of the Operational Trust Fund or in the event of an earlier termination of FIAS or of this Agreement, IFC and the Donor shall agree on the disposition of the Donor's Portion (as defined below) of these funds. In the event that IFC and the Donor do not reach any agreement on the disposition of any remaining funds, IFC shall 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, in the Operational Trust Fund as the total amount received from the Donor pursuant to this Agreement bears to the total amount of funds made available to the Operational 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 unutilized and uncommitted Donors' Funds in any prior distribution) (such portion the "Donor's Portion"), and shall provide a final report to the Donor promptly thereafter. IFC shall 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, contemplated under this Agreement.
- 5.4 Following completion or termination of the Program, any equipment purchased for the Program will be either transferred to the Program 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 Program or to FIAS in general 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 the Program.
- 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

[NAME OF PROGRAM/REGION/PRIORITY AREA]

UNDER

FOREIGN INVESTMENT ADVISORY SERVICE

Dated _____, 200__

[TFXXXXXX]

**Summary/Scope of Work of Program
(to be attached)**