

No. 24673

AUSTRALIA
and
INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT
AND
INTERNATIONAL DEVELOPMENT ASSOCIATION

Agreement for the cofinancing of development projects.
Signed at Washington on 2 June 1986

Authentic text: English.

Registered by Australia on 10 April 1987.

AUSTRALIE
et
BANQUE INTERNATIONALE POUR
LA RECONSTRUCTION ET LE DÉVELOPPEMENT
ET
ASSOCIATION INTERNATIONALE DE
DÉVELOPPEMENT

Accord relatif au cofinancement de projets de développe-
ment. Signé à Washington le 2 juin 1986

Texte authentique : anglais.

Enregistré par l'Australie le 10 avril 1987.

AGREEMENT¹ BETWEEN THE GOVERNMENT OF AUSTRALIA AND INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT AND INTERNATIONAL DEVELOPMENT ASSOCIATION FOR THE COFINANCING OF DEVELOPMENT PROJECTS

June 2, 1986

AGREEMENT between the GOVERNMENT OF AUSTRALIA (hereinafter referred to as “the Government”), the INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter referred to as “the Bank”) and the INTERNATIONAL DEVELOPMENT ASSOCIATION (hereinafter referred to as “the Association”).

Whereas the Government, the Bank and the Association have cooperated and intend to continue to cooperate in the cofinancing of development projects in member countries of the Bank and the Association;

Whereas the Government wishes to make available development aid funds (hereinafter referred to as “Development Aid Funds”) for the cofinancing of projects (hereinafter referred to as “projects”) which the Bank or the Association assists in financing, in countries and in social and economic sectors which the Government considers to have a high developmental priority;

Whereas the Government wishes the Development Aid Funds to be used primarily for the provision of Australian goods and technical services and to meet associated costs;

Whereas the Government intends that the Development Aid Funds be made available through the services of the Bank or the Association for purposes which, in the judgment of the Bank or the Association, make effective use of Australian technical capacities;

Whereas the Bank and the Association are willing to accept such cofinancing and to undertake the administration of the Development Aid Funds on the terms and conditions hereinafter set forth or otherwise mutually arranged between the Government, the Bank and the Association;

Now therefore the parties hereto have agreed as follows:

Article I. DEFINITIONS

In respect of each instance where the Government makes financing available pursuant to this Agreement in connection with a Bank loan, the term “Association” shall be deemed to refer to the Bank and the term “credit” shall be deemed to refer to a Bank loan wherever such terms are used in the following provisions of this Agreement.

Article II. METHODS OF COFINANCING AND SELECTION OF PROJECTS

1. The Government intends to enter into commitments with the Association and with beneficiaries for the provision of Development Aid Funds to assist in the

¹ Came into force on 2 June 1986 by signature, in accordance with article VII (4).

financing of the preparation and implementation of development projects that are selected in accordance with the provisions of this Article. At the beginning of each financial year commencing 1 July, the Government shall advise the Association of the estimated amount of Australian dollars that the Government expects to commit to such cofinancing during that financial year.

2. The Development Aid Funds shall be made available in the form of grants:

- (a) By crediting an account of, and administered by, the Association to finance, in a joint or parallel manner or both, projects as provided in Article III below; or
- (b) By way of participations in credits of the Association as provided in Article IV below; or
- (c) Directly to the beneficiary as provided in Article V below; or
- (d) In such other manner as may be mutually arranged between the Government, the beneficiary and the Association.

3. The Government shall inform the Association in July of each year of the countries, sectors and sub-sectors that the Government considers of priority for cofinancing with the Association. Within operational guidelines as may from time to time be mutually arranged between the Government and the Association, the Association shall, at its discretion allocate the available Development Aid Funds to projects identified on the basis of this information.

4. The Government may bring to the attention of the Association other projects which the Government considers may be of interest to the Association and provide suggestions concerning the possible extent of participation of both parties in such projects.

Article III. ADMINISTRATION OF DEVELOPMENT AID FUNDS BY THE ASSOCIATION

1. For the purposes of cofinancing projects selected in accordance with Article II hereof, the Government may provide Development Aid Funds to be administered by the Association on terms and conditions as may be mutually arranged between the Government, the beneficiary and the Association. The Association shall carry out such administration in accordance with paragraph 4 of this Article, with the same degree of care as it uses in the administration of its own credits.

2. The Development Aid Funds so provided by the Government shall be credited quarterly in advance to a designated account with the Reserve Bank of Australia.

3. Subject to paragraph 4 of this Article, the Association shall administer and disburse the Development Aid Funds for the purposes of each such project consistent with the terms and conditions (including the procurement procedures) of the Association's credit agreement for the project. To that end, the Association may enter into an agreement with the intended beneficiary of the Development Aid Funds, as administrator on behalf of the Government. The Development Aid Funds shall be freely exchangeable by the Association with other currencies as may facilitate such administration.

4. If the Government so requires, the Association shall apply the Development Aid Funds to meet certain defined expenditures on the project for goods and services that are procured in accordance with procedures other than those set

forth or referred to in the Association's credit agreement for the project, including, for example, expenditures in respect of goods produced in, or services supplied from, Australia or the recipient country. In these circumstances, the Association, if so requested by the Government, shall assist the intended beneficiary in respect of the Development Aid Funds in:

- (a) Designing the scope of feasibility studies and in preparing consultants' terms of reference, budgets and staff estimates;
- (b) Preparing/approving short lists of consultants, and evaluating their proposals;
- (c) Reviewing draft contracts between the beneficiary and consultants, including judging the appropriateness of fees and manpower inputs for the work to be performed;
- (d) Supervising the work of the consultants to ensure that it meets the standards and requirements of consultant services in Bank-financed projects; and
- (e) Handling the financial administration of consultant contracts by reviewing withdrawal applications and disbursing the Development Aid Funds to meet eligible expenditures under such contracts.

Procurement of goods and works (including related services) to be financed by the Government shall be subject to terms and conditions mutually arranged between the Government and the beneficiary, and the Association may, if so requested by the Government, assist the intended beneficiary of such procurement in the manner indicated in sub-paragraphs 4(a) to (e) of this Article *mutatis mutandis*.

5. Selection of consultants and suppliers, and the award and negotiation of contracts, shall be the responsibility of the beneficiary except in respect of those activities where the Association may indicate to the Government its willingness to undertake those functions. The Government shall assist the beneficiary as required by advertising for and shortlisting consultant proposals for consideration by the beneficiary, subject to approval by the Association as in paragraph 4(b) of this Article.

6. The Government shall compensate the Association for costs incurred in administering the Development Aid Funds as provided above, and in performing other services on the Government's behalf, on terms and conditions as may be mutually arranged between the Government and the Association.

7. The Association shall maintain separate records and accounts of the Development Aid Funds provided by the Government and disbursed by the Association under this Agreement and shall make such of these records and accounts available to the Government as the latter may reasonably request. The Association shall furnish to the Government (a) a quarterly statement of receipts, disbursements and cash balances under this Agreement for the preceding calendar quarter, and (b) within three months after the end (30 June) of each financial year of the Government, a detailed statement of account, including the status of each grant made hereunder with the Development Aid Funds so provided under this Agreement, together with an opinion of the Association's own external auditors on such statement of account. If, upon the completion of the project for which the Development Aid Funds were provided, there remains an unused balance of such Funds, the Association shall return the balance to the Government or shall apply the balance for such other purposes as may be mutually arranged between the Government and the Association.

Article IV. PARTICIPATIONS BY THE GOVERNMENT
IN ASSOCIATION CREDITS

1. Whenever the Government wishes to participate with the Association in the financing of projects for which an Association credit has been arranged, the Government and the Association may enter into a participation arrangement on terms and conditions to be mutually arranged between them in respect of each such project.

2. The participation arrangement would normally provide that:

- (a) The Government would remit the amount of its participation on terms and conditions as may be mutually arranged, to a designated account of the Association with the Reserve Bank of Australia. The Association would use the amount so credited to reimburse itself for disbursements that the Association has effected on the project out of its own funds; and
- (b) Amounts disbursed out of the Government's participation shall bear no service charge or interest and, as of the date of disbursement, shall be deemed to have been applied by the Association towards discharging the liability of the beneficiary to the Association for the repayment of an equal amount of the credit.

3. Under the participation arrangement, the Association shall be solely responsible for the administration and enforcement of its credit documents and shall exercise, in respect of the Government's participation, the same care as it exercises with respect to its own resources, but shall have no further responsibility to the Government in respect thereof. However, the participation arrangement shall provide for the right of the Government to be kept informed of the progress of disbursement of its participation, to be afforded a reasonable opportunity for exchange of views with the Association before the Association exercises its rights to suspend withdrawals or to cancel, or accelerate the maturity of, any portion of its credit, and to be furnished with such other information concerning the participation as the Government may from time to time reasonably request, including an annual statement of withdrawals from the special account referred to in paragraph 2(a) of this Article, certified by the Association's external auditors, in such detail as the Government may reasonably request.

Article V. DIRECT GRANTS BY THE GOVERNMENT

1. The Government may provide Development Aid Funds directly to the beneficiary for cofinancing of projects on terms and conditions as may be mutually arranged between the Government, the beneficiary and the Association.

2. If the Government's cofinancing takes the form of such a direct grant:

- (a) The Association shall request the other parties to its credit documentation to consent to amendments, if any, required in that documentation to reflect the cofinancing; and
- (b) The Government and the Association shall enter into a written arrangement concerning coordination and consultation in respect of the project and their respective financing thereof. Except as the Government and the Association may otherwise arrange, the arrangement may provide for, but need not be limited to, the services described in paragraphs 4 [(a) to (d)] of Article III of this Agreement.

3. If the Government and the Association so arrange, the Association may undertake the review of applications for withdrawal of the Development Aid Funds, conducting such review in accordance with the Association's normal practices and notifying the Government of the amounts eligible for payment from the Development Aid Funds, consistent with the terms and conditions of any applicable agreements or arrangements concerning disbursements as may exist between the Government and the Association. The Government shall reimburse the costs incurred by the Association in conducting such review on appropriate terms and conditions to be arranged between the Government and the Association.

Article VI. COOPERATION AND CONSULTATION

1. The preparation, appraisal and supervision of the projects which the Government may assist in financing pursuant to Article III, IV and V of this Agreement shall be undertaken by the Association in accordance with its normal policies and procedures. The Association shall keep the Government informed of the preparation and appraisal of such projects and, subject to the consent of the beneficiary, shall provide representatives of the Government with the opportunity to participate in preparation and appraisal missions, if the Government so requests.

2. By arrangement with the beneficiary, the Association shall keep the Government informed of the progress of such projects. To that end, the Association shall furnish to the Government reports thereon, and shall provide representatives of the Government with the opportunity to participate in supervision missions relating to those projects.

3. The Government and the Association shall from time to time, at the request of any party, exchange views through their representatives with regard to the progress of the projects and any other matters relating to the cofinancing of projects under this Agreement.

4. The Government and the Association shall inform each other promptly of any significant modification in the terms of their respective financing and of any contractual remedy applied in respect thereof. To the extent practicable, each party shall afford the other a reasonable opportunity to comment on the proposed course of action in this respect.

5. The Government and the Association shall consult with each other from time to time on all matters arising out of this Agreement. In order to promote a regular exchange of information, the Government and the Association shall hold consultative meetings from time to time and at least once a year.

6. This Agreement supersedes the interim arrangements on cofinancing entered into by the Governments and the Association, but projects initiated under those cofinancing arrangements shall continue to be covered by them.

Article VII. MISCELLANEOUS

1. All written communications required or permitted by this Agreement shall be directed through the Australian Executive Director, World Bank, Washington.

2. This Agreement may be amended at any time by further agreement in writing between the Government, the Bank and the Association.

3. This Agreement may be terminated by any party giving three months' written notice to the other parties provided, however, that, unless all parties mutually arrange otherwise, the activities carried on by the Association under this Agreement and the financial undertakings of the Government in relation to a particular project shall not be affected by such notice of termination.

4. This Agreement shall enter into force on the date of signature by the parties hereto.

SIGNED at Washington, D.C., United States of America, on this 2nd day of June, 1986.

For the Government
of Australia:

[Signed]

F. R. DALRYMPLE

For:
International Bank for Reconstruction
and Development:

International Development
Association:

[Signed]

A. W. CLAUSEN
