

The World Bank

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION

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CONFORMED COPY

November 15, 2011

Mr. David Capper
Deputy Director - International Climate Change – Policy and Finance
UK Department of Energy and Climate Change
3 Whitehall Place
London SW1A 2AW
UK

Dear Mr. Capper:

Trust Fund Administration Arrangement between the United Kingdom of Great Britain and Northern Ireland and the International Bank for Reconstruction and Development concerning the Partnership for Market Readiness Multi-Donor Trust Fund (TF071670)

1. We are pleased to acknowledge on behalf of the International Bank for Reconstruction and Development (“IBRD” or the “Bank”) that the United Kingdom of Great Britain and Northern Ireland, acting through its Department of Energy and Climate Change (the “Contributor”), will make available as a grant the sum of seven million Pounds Sterling (£7,000,000) (the “Contribution”) for the Partnership for Market Readiness Multi-Donor Trust Fund (the “Trust Fund”) in accordance with the terms of this Arrangement. Other contributors are also expected to contribute to the Trust Fund on the terms and conditions specified in the Annexes to this Arrangement.
2. The Contribution will be used to finance the activities and the categories of expenditure in accordance with the terms set forth in the “Description of Activities, Expenditures and Governance Arrangements for the Partnership for Market Readiness Multi-Donor Trust Fund” attached hereto as Annex 1, and will be administered by the Bank on behalf of the Contributor in accordance with the terms of this Arrangement including the “Standard Provisions Applicable to the Partnership for Market Readiness Multi-Donor Trust Fund” attached hereto as Annex 2.
3. The Contributor will deposit with the Bank of England the Contribution in the form of one (1) non-interest-bearing demand promissory note of the Contributor, in form and substance acceptable to the Bank, promptly following countersignature of this Arrangement. The Contributor will promptly notify the Bank when the promissory note has been deposited with the Bank of England, and provide the Bank with a copy of such promissory note deposited.
4. The Bank may submit one or more demands for payment of Contribution funds under the promissory note, which will be made in accordance with the following schedule:

- (a) promptly following countersignature of this Arrangement, three million five hundred thousand Pounds Sterling (£3,500,000); and
- (b) before 31st December 2012, the remaining three million five hundred thousand Pounds Sterling (£3,500,000).

The Contributor will be given fifteen (15) days notice of any payment demands.

5. When making each deposit of cash, the Contributor will 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 made by the Contributor for TF071670 (Partnership for Market Readiness Multi-Donor Trust Fund), and the date of the deposit (the "Deposit Instruction"). In addition, the Contributor will provide a copy of the Contributor's Deposit Instruction to the Bank's Accounting Trust Funds Division by e-mail sent to tfremiadvice@worldbank.org or by fax sent to (202) 614-1315.

6. The Bank will convert the Contribution funds into the holding currency of the Trust Fund, namely United States Dollars, promptly upon receipt of the Contribution funds in cash and the Deposit Instruction containing the information specified in paragraph 5 at the exchange rate obtained by the Bank on the date of the conversion. Where the Contribution proves to be insufficient to complete the activities as a result of an exchange rate fluctuation, neither the Bank nor the Contributor will bear any responsibility for providing any additional financing.

7. Except as provided for in paragraph 5 above, any notice, request or other communication to be given or made under this Arrangement will 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:

Task Team Leader for Partnership for Market Readiness
Carbon Finance Unit, Environment Department (ENVCF)
International Bank for Reconstruction and Development
1818 H Street, NW
Washington, DC 20433
U.S.A.

Tel: +1 202 458 5831

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For the Contributor:

David Capper
Deputy Director – International Climate Change – Policy and Finance
UK Department of Energy and Climate Change
3 Whitehall Place
London SW1A 2AW
UK

Tel: +44 300 068 5263
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E-mail: david.capper@decc.gsi.gov.uk

8. Annexes 1 and 2 to this Arrangement constitute an integral part of this Arrangement. This Arrangement may be amended only in writing between the Bank and the Contributor; provided, however, that Annexes 1 and 2 may be amended only with the acceptance of the Bank and all contributors contributing to the Trust Fund.

9. Please confirm your acceptance with the foregoing, on behalf of the Contributor, by signing and dating the two originals, retaining one original for your record and returning the other original to the Bank. Upon receipt by the Bank of the original Arrangement countersigned by you, this Arrangement will become effective as of the date of the countersignature. It is understood that this Arrangement is not an international treaty. It is an administrative arrangement between the Contributor and the Bank.

Sincerely,
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

/s/ Mary A. Barton-Dock
Sector Director
Environment Department
Sustainable Development Network

CONFIRMED AND ACCEPTED:

**UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND,
acting through its DEPARTMENT OF ENERGY AND CLIMATE CHANGE**

By: /s/ David Capper

Date: November 16, 2011

David Capper
Deputy Director
Department of Energy and Climate Change

Description of Activities, Expenditures and Governance Arrangements for the Partnership for Market Readiness Multi-Donor Trust Fund

This Annex will be applicable to and form an integral part of all agreements/arrangements entered into between the Bank and contributing countries and/or entities (collectively, the “Contributors”) that provide contributions (the aggregate of all contributions from the Contributors, the “Contributions”) to be administered by the Bank for the Partnership for Market Readiness Multi-Donor Trust Fund (the “Trust Fund”).

1. Description of Activities and Governance Arrangements

1.1 The objectives, operating principles, activities and governance arrangements of the Trust Fund are described in the PMR Governance Framework, which was adopted at the organizational meeting of the Trust Fund on April 11, 2011, as such framework may be amended from time to time in accordance with its terms (the “PMR Governance Framework”). The PMR Governance Framework, as originally adopted, is provided as Attachment 1 to this Annex 1. It is attached here for informational purposes only, as any amendments to the PMR Governance Framework, made in accordance with its terms, will become applicable to this Arrangement as such amendments take effect without further need to amend this Arrangement; provided that, in the event of any conflict with other parts of this Arrangement, the terms of this Arrangement will prevail.

1.2 The activities financed by the Trust Fund may be: (a) implemented by the Bank (“Bank-Executed Activities”); (b) implemented by the eligible recipients that enter into grant agreements with the Bank as the principal delivery partner under the Trust Fund (“Recipient-Executed Activities”), which are under the Bank’s monitoring and supervision; and (c) on a case-by-case basis, handled by other multilateral development banks or UN agencies that serve as additional delivery partners under the Trust Fund (the “Additional Delivery Partners”), as described in the PMR Governance Framework (“Additional Delivery Partner-Executed Activities”).

1.3 Under the Bank-Executed Activities, the Bank will provide assistance to facilitate the work of the Trust Fund and to support the implementing countries in undertaking the activities under the Trust Fund, which may include, but not limited to, providing technical assistance to the countries for the preparation of market readiness proposals and for grant implementation; hiring of experts; providing advisory services; carrying out grant preparation and supervision work; and carrying out trainings, meetings, workshops and feasibility studies.

1.4 Under the Recipient-Executed Activities, grants will be provided by the Bank, as the principal delivery partner under the Trust Fund, to the implementing countries to carry out the agreed activities under the Trust Fund.

1.5 Under the Additional Delivery Partner-Executed Activities, the Bank will, subject to the availability of applicable resources in the Trust Fund and the terms of the administration agreements/arrangements between the Bank and the Contributors, make commitments and transfers of the Trust Fund resources to the Additional Delivery Partners, in accordance with the decisions of the Partnership Assembly and/or Partnership Committee (as described in the PMR Governance Framework) and provisions of the transfer agreement to be agreed between the Bank and the respective Additional Delivery Partners. Each Additional Delivery Partner will be responsible for the use of funds transferred to it under the Trust Fund and the activities carried out therewith in accordance with its own fiduciary, safeguard and operational policies and

procedures. Each Additional Delivery Partner will report, and be directly accountable, to the Partnership Assembly and/or the Partnership Committee, as applicable.

2. Categories of Expenditures

2.1 For Bank-Executed Activities, the Contributions may be used to finance: (a) consultant fees; (b) media and workshop costs; (c) travel expenses; (d) associated overheads; (e) staff costs; (f) contractual services; (g) equipment costs lease; (h) extended term consultants; (i) field assignment benefits; (j) temporary support staff costs; and (k) staff costs: no indir.

2.2 For Recipient-Executed Activities, the Contributions may be used to finance: (a) goods; (b) consulting services; (c) operating costs; (d) trainings; and (e) other expenditures allowable under the Bank's policies and procedures for Recipient-Executed Activities.

2.3 For Additional Delivery Partner-Executed Activities, categories of expenditures applicable to Contribution funds transferred to an Additional Delivery Partner will follow such Additional Delivery Partner's own applicable policies and procedures. Following disbursement by the Bank of funds from the Trust Fund to an Additional Delivery Partner, the Bank will have no further responsibility for the Additional Delivery Partner's use of the funds and activities carried out therewith.

PMR Governance Framework

Adopted on April 11, 2011

(provided for informational purposes only)

PARTNERSHIP FOR MARKET READINESS (PMR)

PMR Governance Framework

1. Objectives of the PMR

1.1 The PMR aims to provide a platform for technical discussions and the exchange of information on market instruments for mitigation, and to help interested countries build capacity for scaling up their mitigation efforts through market instruments¹, and to pilot instruments appropriate to their domestic context.

1.2 The PMR intends to achieve the following objectives:

- (a) to provide grant financing to countries for building market readiness components;
- (b) to pilot, test and sequence new concepts for market instruments, both for domestic and new international mechanisms, and to identify potential synergies between national market based instruments at an early stage;
- (c) to create a platform to enable policy makers of government agencies, practitioners, and public and private entities to share experiences and information regarding elements of market readiness, to learn from one another, promote south-south cooperation, and explore and innovate together on new instruments and approaches;
- (d) to create and disseminate a body of knowledge on market instruments that could be tapped for country-specific requirements; and
- (e) to share lessons learned, including with the UNFCCC.

2. Operating Principles

2.1 Building on the objectives, the PMR will operate in accordance with the following principles:

- (a) to be country-led and to build on nationally defined and prioritized mitigation policies, according to each implementing country's national circumstances;
- (b) to coordinate with other readiness efforts to avoid duplication and ensure effective use of resources;

¹ For the purpose of the PMR, market instruments refer to domestic instruments (e.g., emissions trading scheme) and, without prejudging the outcomes under the United Nations Framework Convention on Climate Change (UNFCCC) negotiations, scaled-up market mechanisms.

- (c) to cooperate with other actors and processes that are undertaking similar initiatives, such as UN agencies and other multilateral development banks; and
- (d) to promote learning-by-doing through early and integrated efforts.

3. Activities for Support

3.1 The activities to be supported by the PMR will be developed on a country-specific basis and will build on the country's existing initiatives to meet nationally defined priorities. As countries' technical and institutional capacities differ, the PMR resources may be used to undertake the activities that serve the objectives of the PMR set out in Section I (*Objectives of the PMR*) above, which may include some or all of the following activities:

(a) *Assessment* – Carrying out a feasibility and capacity assessment for utilizing market mechanisms within a portfolio of policy instruments in the context of the country's mitigation strategies, including analysis and appraisal of national, sub-national and sectoral approaches.

(b) *Data* – Building or enhancing capacity of data collection systems and institutional capacity for data reporting and management and for setting up activity reference level.

(c) *Measurement, Reporting and Verifying (MRV)* – Designing or enhancing existing MRV frameworks to ensure transparency, quality, credibility and consistency with international good practice.

(d) *Institutional capacity* – Carrying out capacity building activities that aim to engage with key stakeholders early in the planning process and help the responsible government agencies organize cross-agency dialogues and broader consultations.

(e) *Policy and legal frameworks* – Facilitating the design of policy and legal frameworks for implementation of market instruments.

(f) *Piloting and testing* – Learning-by-doing is one of the most efficient means to gain experience, improve capacity and develop effective instruments. If a country so wishes, a pilot program could be set up to test a market instrument selected by the country.

4. Participation and Governance Structure

4.1 The participation and governance structure of the PMR include a Partnership Assembly, a Partnership Committee (if established by the Partnership Assembly), Observers, Experts, a Secretariat, a Trustee and Delivery Partners.

Partnership Assembly

4.2 The Partnership Assembly will consist of the following participants:

- (a) all donors that have contributed financially to the PMR and that have entered into an administration agreement with the International Bank for Reconstruction and Development (the Bank) (the Contributing Participants); and

(b) all countries that have submitted an expression of interest to participate in the PMR and whose participation have been confirmed at the organizational meeting or any meeting of the Partnership Assembly (the Implementing Country Participants) (the Contributing Participants and the Implementing Country Participants will be collectively referred to as the PMR Participants).

4.3 The Partnership Assembly will have the following roles and responsibilities:

- (a) provide strategic guidance for the operation of the PMR;
- (b) confirm the participation of countries that have submitted an expression of interest to participate in the PMR as described in Section 4.2(b) above;
- (c) in the absence of the establishment of a Partnership Committee described in Sections 4.6 and 4.7 below, approve the allocation of PMR resources to the Implementing Country Participants;
- (d) approve the budget for the operation of the PMR;
- (e) monitor the operation of the PMR;
- (f) decide on other matters related to the operation of the PMR;
- (g) provide guidance to the Partnership Committee, if established; and
- (h) exercise such other functions as the Partnership Assembly may deem appropriate to fulfill the purposes of the PMR.

4.4 The Partnership Assembly will meet twice a year or at any other frequency as may be decided by the Partnership Assembly on the basis of recommendation by the Secretariat.

4.5 (a) Decisions of the Partnership Assembly will be made by PMR Participants on a consensus basis, and any PMR Participant who holds a different view may request to record its view as a note to the decisions. If all efforts to reach a consensus have been exhausted and no decision has been reached, decision will be taken by two-thirds (2/3) majority of the Contributing Participants and two-thirds (2/3) majority of the Implementing Country Participants, present and voting at the meeting of the Partnership Assembly, on the basis of one (1) vote per PMR Participant.

(b) Unless the Partnership Assembly decides otherwise, the Bank will chair the meetings of the Partnership Assembly at the initial stage of the operation of the PMR, which may cover the first two (2) meetings, and subsequent meetings will be co-chaired by a representative elected from the Contributing Participants and another representative elected from the Implementing Country Participants.

(c) Further details on the conduct of the meetings of the Partnership Assembly will be set forth in the Rules of Procedure, to be adopted at the organizational meeting or any subsequent meeting of the Partnership Assembly.

Partnership Committee

4.6 Once there are ten (10) Contributing Participants and ten (10) Implementing Country Participants in the Partnership Assembly, the Partnership Assembly may consider establishing a Partnership Committee to perform the functions identified in Section 4.3(c) above and other functions as may be designated by the Partnership Assembly.

4.7 (a) The Partnership Committee will consist of an equal number of representatives from the Contributing Participants and the Implementing Country Participants. The Partnership Assembly will decide on the size of the Partnership Committee. In order to be elected as a member of the Partnership Committee representing the Contributing Participants, the Contributing Participant will be required to make a financial contribution to the PMR in no less than the minimum amount of five million United States dollars (US\$ 5,000,000) or equivalent.

(b) Decisions of the Partnership Committee will be made by its members on a consensus basis, and any member of the Partnership Committee who holds a different view may request to record its view as a note to the decisions. If all efforts to reach a consensus have been exhausted and no decision has been reached, decision will be taken by two-thirds (2/3) majority of the members of the Partnership Committee representing the Contributing Participants and two-thirds (2/3) majority of the members of the Partnership Committee representing the Implementing Country Participants, present and voting at the meeting of the Partnership Committee, on the basis of one (1) vote per member.

(c) Further details on the conduct of the meetings of the Partnership Committee will be set forth in the Rules of Procedure, to be adopted at the organizational meeting or any subsequent meeting of the Partnership Assembly.

Observers

4.8 The countries, organizations and entities relevant to the activities of the PMR and the Delivery Partners described in Sections 4.13 to 4.15 below may be invited to attend the meetings of the PMR as observers (the Observers), and may participate in the meetings without the right to vote. Further details on the Observers' participation in the meetings of the PMR will be set forth in the Rules of Procedure, to be adopted at the organizational meeting or any subsequent meeting of the Partnership Assembly and, where necessary, in the decisions of the Partnership Assembly.

Experts

4.9 Experts, including those drawn from a roster of experts established by the Secretariat (the Experts), will facilitate the work of the PMR, including attending the meetings of the PMR to provide expert advice, and may provide technical assistance to the Implementing Country Participants for readiness preparation and implementation. Where necessary, the modality of the expert support to the work of the PMR may be further developed by the Secretariat for consideration by the Partnership Assembly.

Secretariat

4.10 The Bank will serve as the secretariat of the PMR (the Secretariat) to provide secretariat services and technical support for day-to-day operations of the PMR.

4.11 The Secretariat will have the following roles and responsibilities:

- (a) to propose a provisional agenda for the meetings of the PMR;
- (b) to provide secretariat services to meetings of the PMR;
- (c) to develop guidelines for allocation of funding for consideration by the Partnership Assembly;
- (d) to review funding proposals for completeness and quality;
- (e) to propose a budget for approval by the Partnership Assembly;
- (f) to prepare updates or consolidated progress reports on the individual activities of the PMR and on the PMR as a whole, for the meetings of the Partnership Assembly;
- (g) to maintain a website with details and relevant documentation about the PMR;
- (h) to disseminate knowledge gained under the PMR; and
- (i) to perform other functions necessary for facilitating the operation of the PMR.

Trustee of PMR trust fund

4.12 The Bank will serve as the trustee of the trust fund for the PMR (the Trustee). The Bank as Trustee will establish a trust fund to receive contributions from donors to the PMR, and will hold in trust, as a legal owner and administer the funds, assets and receipts that constitute the trust fund, pursuant to the terms of the administration agreements entered into with the donors with respect to their contributions to the PMR.

Delivery Partners

4.13 The delivery partners of the PMR (the Delivery Partners) will be responsible for (a) collaborating with the agreed Implementing Country Participants to assist them in carrying out the activities of the PMR, including providing technical assistance for preparing market readiness proposals and grant implementation; (b) supervising grant implementation in such Implementing Country Participants; and (c) providing technical support as needed for activities financed by the PMR. Each Delivery Partner will be responsible for the use of funds transferred to it under the PMR and the activities carried out therewith in accordance with its own fiduciary, safeguard and operational policies and procedures. Each Delivery Partner will report, and be directly accountable, to the Partnership Assembly and/or the Partnership Committee, as applicable.

4.14 The Bank will serve as the principal Delivery Partner. Where the Bank agrees to serve as the Delivery Partner for an Implementing Country Participant, the Bank may, at its discretion, enter into grant agreement(s) with such Implementing Country Participant to implement the agreed activities.

4.15 At the request of the Implementing Country Participant, the Partnership Assembly may decide, with agreement of the Bank as the Trustee, on a case-by-case basis for one or more multilateral development banks and UN agencies other than the Bank to serve as additional Delivery Partners. In the event an additional Delivery Partner has been agreed upon, the Bank as the Trustee will enter into a transfer agreement with such additional Delivery Partner to set forth

the terms and conditions of the arrangement and the transfer of PMR funds, based on the decision of the Partnership Assembly and/or the Partnership Committee, as applicable. Following disbursement by the Trustee of the funds from the PMR trust fund to an additional Delivery Partner, the additional Delivery Partner will be responsible for the use of the funds transferred to it and the activities carried out therewith as described in Section 4.13 above, and the Trustee will have no further responsibility for the additional Delivery Partner's use of the funds and activities carried out therewith.

5. Amendment to the PMR Governance Framework

5.1 The provisions of this PMR Governance Framework may be amended with the prior consent of all PMR Participants; provided that, any amendments that would affect the rights or obligations of the Bank or the additional Delivery Partners will only be effective upon the agreement of the Bank or the additional Delivery Partners, respectively.

Standard Provisions Applicable to the Partnership for Market Readiness Multi-Donor Trust Fund

The following provisions (hereinafter referred to as the “Standard Provisions”) will be applicable to and form an integral part of all agreements/arrangements entered into between the International Bank for Reconstruction and Development (the “Bank”) and contributing countries and/or entities (collectively, the “Contributors”) that provide contributions (the aggregate of all contributions from the Contributors, the “Contributions”) to be administered by the Bank for the Partnership for Market Readiness Multi-Donor Trust Fund (the “Trust Fund”).

1. Administration of the Contributions by the Bank and the Additional Delivery Partners

1.1 The Bank will be responsible only for performing those functions specifically set forth in this Arrangement and will not be subject to any other duties or responsibilities to the Contributors, 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 Arrangement will be considered a waiver of any privileges or immunities of the IBRD under its Articles of Agreement or any applicable law, all of which are expressly reserved.

1.2 The Bank will, in accordance with the terms of this Arrangement and its applicable policies and procedures, serve as the trustee of the Trust Fund (the “Trustee”), the secretariat of the Trust Fund (the “Secretariat”) and the principal delivery partner under the Trust Fund (the “Principal Delivery Partner”), pursuant to the provisions of the PMR Governance Framework. For the purpose of these Standard Provisions, the “PMR Governance Framework” will mean the PMR Governance Framework, adopted at the organizational meeting of the Trust Fund on April 11, 2011, as such framework may be amended from time to time in accordance with its terms.

1.3 At the request of the implementing country, the Partnership Assembly (as described in the PMR Governance Framework) may decide, with agreement of the Bank as Trustee, on a case-by-case basis for one or more multilateral development banks and UN agencies, other than the Bank, to serve as additional delivery partners under the Trust Fund (the “Additional Delivery Partners”), pursuant to the provisions of the PMR Governance Framework.

1.4 The Bank as Principal Delivery Partner and each of the Additional Delivery Partners will respectively be responsible for the use of funds transferred to it under the Trust Fund and the activities carried out therewith in accordance with its own fiduciary, safeguard and operational policies and procedures. Each of them will report, and be directly accountable, to the Partnership Assembly and/or the Partnership Committee (as described in the PMR Governance Framework), as applicable.

1.5 In the event an Additional Delivery Partner has been agreed upon, the Bank as Trustee will enter into a transfer agreement with such Additional Delivery Partner (the “Transfer Agreement”) to set forth the terms and conditions of the arrangement and the transfer of the Trust Fund funds, based on the decision of the Partnership Assembly and/or the Partnership Committee, as applicable. Following disbursement by the Bank as Trustee of the funds from the Trust Fund to an Additional Delivery Partner, the Additional Delivery Partner will be responsible for the use of the funds transferred to it and the activities carried out therewith as specified in Section 1.4, and the Bank will have no further responsibility for the Additional Delivery Partner’s use of the funds and activities carried out therewith.

1.6 Except for those Contributions transferred by the Bank to the Additional Delivery Partners which will be administered in accordance with the respective Additional Delivery Partner's own policies and procedures, the Contributions will 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 Charter of the United Nations. The Contributor 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 Contributor, nor will 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 will be accounted for as a single trust fund and will 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 will 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 will credit all income from such investment to the Trust Fund to be used for the same purposes as the Contributions.

3. Administrative Cost and Fee Recovery

3.1 In order to assist in the defrayment of the costs of administration and other expenses incurred by the Bank under this Arrangement, the Bank may deduct and retain for its own account an amount equal to one percent (1%) of each Contribution. In addition, costs for program management and Trust Fund administration expenses 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/arrangement, and the administrative costs increase as a result, the Contributors acknowledge that an additional administrative fee may be applied to such new contributions.

4. Grants to Recipients

4.1 The Bank, as Principal Delivery Partner on behalf of the Contributors, if so decides, may enter into grant agreements (the "Grant Agreements") with eligible recipients (the "Recipients") consistent with the purposes of this Arrangement and on the terms and conditions set forth in the Grant Agreements. Grant Agreements may be entered into up to the maximum amount of the Contributions allocated by the Partnership Assembly or Partnership Committee, as applicable, for the Bank to enter into the Grant Agreements. Upon request by a Contributor, the Bank will furnish a copy of the Grant Agreements to the Contributors.

4.2 The Bank will be responsible for the supervision of the activities financed under the Grant Agreements. Subject to the consent of the relevant Recipients, representatives of the

Contributors may be invited by the Bank to participate in Bank supervision missions related to the Trust Fund.

4.3 The Bank will promptly inform the Contributors of any significant modification to the terms of any Grant Agreements and of any contractual remedies that are exercised by the Bank under any Grant Agreements. To the extent practicable, the Bank will afford the Contributors the opportunity to exchange views before effecting any such modification or exercising any such remedy.

5. Procurement

5.1 For Recipient-Executed Activities (as defined in Annex 1 to this Arrangement), the Grant Agreements will provide that the Contributions will be used by the Recipients 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 (as defined in Annex 1 to this Arrangement), the employment and supervision of any consultants and the procurement of any goods financed by the Contributions will be the responsibility of the Bank and will be carried out in accordance with its applicable policies and procedures.

6. Accounting and Financial Reporting

6.1 The Bank will 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 will furnish to the Contributors current financial information relating to receipts, disbursements and fund balance in United States Dollars 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 United States Dollars of the Trust Fund with respect to the Contributions will be made available to the Contributors via the World Bank's Trust Funds Donor Center secure website.

6.3 The Bank will provide to the Contributors, 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 will be borne by the Bank.

6.4 If a Contributor wishes to request, on an exceptional basis, a financial statement audit by the Bank's external auditors of the Trust Fund, the Contributor and the Bank will first consult as to whether such an external audit is necessary. The Bank and the Contributor will agree on the appropriate scope and terms of reference of such audit. Following agreement on the scope and terms of reference, the Bank will arrange for such external audit. The costs of any such audit, including the internal costs of the Bank with respect to such audit, will be paid by the requesting Contributor.

6.5 Upon a Contributor's request, the Bank will provide such Contributor with copies of financial statements and auditors' reports received by the Bank from the Recipients pursuant to the Grant Agreements and from the Additional Delivery Partners pursuant to the Transfer Agreements.

7. Progress Reporting

7.1 The Bank as Principal Delivery Partner will provide the Bank as Secretariat with an annual report on the progress of the Bank-Executed Activities and Recipient-Executed Activities it carried out or supervised under the Trust Fund. Within six (6) months of the final disbursement date specified in Section 8.2, the Bank as Principal Delivery Partner will furnish to the Bank as Secretariat a final report on the Bank-Executed Activities and Recipient-Executed Activities it carried out or supervised under the Trust Fund.

7.2 The Additional Delivery Partners will provide the Bank as Secretariat with reports on the progress of the Additional Delivery Partner-Executed Activities (as defined in Annex 1 to this Arrangement) pursuant to the terms of the Transfer Agreements.

7.3 The Bank as Secretariat will provide the Contributors with updates or consolidated progress reports on the individual activities of the Trust Fund and on the Trust Fund as a whole at the meetings of the Partnership Assembly.

7.4 Any Contributor may review or evaluate Bank-Executed Activities and Recipient-Executed Activities financed by the Trust Fund. The Contributor and the Bank will agree on the scope and conduct of such review or evaluation, and the Bank will provide all relevant information within the limits of its policies and procedures. All associated costs will be borne by the Contributor. 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 The Contributions may be used to retroactively finance payments for eligible expenditures under the Bank-Executed Activities and Recipient-Executed Activities, which were incurred on or after September 1, 2010, in accordance with the Bank's policies and procedures.

8.2 It is expected that the Contributions will be fully disbursed by the Bank by June 30, 2021. The Bank will only disburse Contributions for the purposes of this Arrangement after such date with the written approval of the Contributors.

8.3 Any Contributor or the Bank may, upon three (3) months' prior written notice, cancel all or part of the Contributor'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, Additional Delivery Partners and/or other third parties for the purposes of this Arrangement prior to the receipt of such notice, including the Grant Agreements and the Transfer Agreements.

8.4 Following the final disbursement date specified in Section 8.2, the Bank will return any remaining balance of the Contributions then held by the Bank to the Contributors on a pro rata basis based on the Contributors' paid Contributions. In the event of a cancellation the Bank will promptly return to the relevant Contributor or Contributors the Contributor's pro rata share of uncommitted Contributions then held by the Bank in accordance with Section 8.3.

9. Disclosure

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