

**CONFORMED COPY**

Dated: July 12, 2011

His Excellency Geert Aagaard Andersen  
Danish Ambassador to Kenya  
Royal Danish Embassy  
13 Runda Drive, Nairobi,  
P.O. Box 40412-00100 GPO, Kenya

***Trust Fund Administration Agreement (the "Agreement") between Ministry of Foreign Affairs of Denmark and the International Bank for Reconstruction and Development and the International Development Association concerning the Climate Innovation Multi-Donor Trust Fund (TF No. TF071681)***

His Excellency:

1. We are pleased to acknowledge on behalf of the International Bank for Reconstruction and Development ("**IBRD**") and the International Development Association ("**IDA**", and together with IBRD, the "**Bank**") that the Ministry of Foreign Affairs of Denmark (the "**Donor**"), represented by the Embassy of Denmark in Kenya, shall make available as a grant the sum of fifty million Danish Kroner (DKK 50,000,000) (the "**Contribution**") for the Climate Innovation Trust Fund (the "**Trust Fund**") in accordance with the terms of this Agreement. Other donors are also expected to contribute to the Trust Fund on the terms and conditions specified in the Annexes to this Agreement.

2. The Contribution shall be used to finance the activities and the categories of expenditure in accordance with the terms set forth in the "*Description of Activities, Expenditures and Governance Arrangements for the Climate Innovation Trust Fund*" attached hereto as Annex 1, and shall be administered by the Bank on behalf of the Donor in accordance with the terms of this Agreement including the "*Standard Provisions Applicable to the Climate Innovation Trust Fund*" (the "**Standard Provisions**") attached hereto as Annex 2.

3. The Donor shall deposit the Contribution into such bank account designated by the Bank in installments in accordance with the following schedule:

- (a) promptly following countersignature of this Agreement by the Donor and submission of a payment request by the Bank, fifteen million Danish Kroner (DKK 15,000,000);
- (b) on or before January 31, 2012, and upon submission of a payment request by the Bank, ten million Danish Kroner (DKK 10,000,000);
- (c) on or before January 31, 2013, and upon submission of a payment request by the Bank, fifteen million Danish Kroner (DKK 15,000,000); and
- (d) on or before January 31, 2014, and upon submission of a payment request by the Bank, ten million Danish Kroner (DKK 10,000,000).

4. When making each such deposit, the Donor shall 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 Donor for TF071681 (the Climate Innovation Trust Fund), and the date of the deposit (the “*Deposit Instruction*”). In addition, the Donor shall provide a copy of the Donor’s Deposit Instruction to the Bank’s Accounting Trust Funds Division by e-mail sent to [tfremiadvice@worldbank.org](mailto:tfremiadvice@worldbank.org) or by fax sent to (202) 614-1315.

5. The Bank shall convert the Contribution funds into the holding currency of the Trust Fund, namely United States Dollars, promptly upon receipt of the Contribution funds and the Deposit Instruction containing the information specified in paragraph 4 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 Donor shall bear any responsibility for providing any additional financing.

6. Except as provided for in paragraph 4 above, any notice, request or other communication to be given or made under this Agreement shall be in writing and delivered by mail, facsimile or e-mail to the respective party’s address specified below or at such other address as such party notifies in writing to the other party from time to time:

For the Bank:

Josef S. Trommer  
Senior Operations Officer  
*infoDev* Program  
The World Bank  
1818 H Street, NW  
Washington, DC 20433  
U.S.A.  
Tel: (202) 473-6242  
Fax: (202) 522-3186  
E-mail: [jtrommer@worldbank.org](mailto:jtrommer@worldbank.org)

For the Donor:

Kim Kristmoen  
Counsellor/Business  
Royal Danish Embassy  
13 Runda Drive, Nairobi,  
P.O. Box 40412-00100 GPO, Kenya  
Tel: +254 20 7122848/49/50  
Fax: +254 20 7120638  
E-mail: [nboamb@um.dk](mailto:nboamb@um.dk)

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

8. Please confirm your agreement with the foregoing, on behalf of the Donor, by signing, dating, and returning to us the enclosed copy of this Agreement. Upon receipt by the Bank of the copy of this Agreement countersigned by you, this Agreement will become effective as of the date of the countersignature.

Sincerely,  
**INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT  
INTERNATIONAL DEVELOPMENT ASSOCIATION**

/s/ Gerardo Corrochano  
Sector Director  
Finance and Private Sector Development

**AGREED:**

**MINISTRY OF FOREIGN AFFAIRS OF DENMARK, REPRESENTED BY THE  
EMBASSY OF DENMARK**

By: /s/ Geert Aagaard Andersen

Date: July 14, 2011

Name: Geert Aagaard Andersen

Title: Ambassador

**Description of Activities, Expenditures and Governance Arrangements for the  
Climate Innovation Trust Fund**

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

**A. DESCRIPTION OF ACTIVITIES**

The objective of the Climate Innovation Trust Fund is to support green growth through strengthened domestic capacity and financing for the transfer, development and deployment of innovative climate solutions by funding comprehensive in-country programs that provide technologists, entrepreneurs and new ventures with technical assistance for capacity building and access to early-stage financing to over-come market barriers to rapidly scale and deploy innovative products and services. The program will contribute to: (i) ensuring resource, energy and water demand, access and security needs are met; (ii) assisting in combating climate change mitigation and adaption; and (iii) catalyzing competitive domestic industries through promoting enterprise creation and employment opportunities.

It is anticipated that the activities will be undertaken in countries and regions as determined by the Bank, including initially Kenya.

The objectives of the Climate Innovation Trust Fund will be achieved through a suite of program activities aimed at catalyzing private sector entrepreneurs and ventures to innovate and find profitable ways of improving market access to climate solutions. The activities to be supported under the Climate Innovation Trust Fund include the following:

- a) Recipient Executed Activities include:
  - 1. Financing of climate technology innovation through grants, seed investments and other financial mechanisms to start-up business ventures and small-to-medium-sized enterprises including strengthening local financial services providers;
  - 2. Providing technical assistance for the purposes of building domestic innovation capacity to:
    - i. enhance the innovation ecosystem and enabling environment through local and global knowledge sharing, training and education, access to market information and green growth policy awareness raising; and
    - ii. deliver advisory services in the form of business and technical capacity building and access to professional services.
- b) Bank Executed Activities include:

Program Management, including feasibility, appraisal and implementation oversight, supervision, monitoring and evaluation, knowledge dissemination, technical assistance and facilitation of regional and international networks.

In addition, the Trust Fund will finance the actual cost of Trust Fund administration and program management.

## **B. CATEGORIES OF EXPENDITURE**

For Recipient-Executed activities, the Contributions may be used to finance goods, works, services and grants, including: (a) grants to other organizations for financing climate technology innovation; and (b) grants to other organizations to provide capacity building.

For Bank-Executed activities the Contributions may be used to finance: (a) staff costs; (b) consultant fees; (c) travel expenses; (d) media and workshop costs; (e) associated overheads; (f) contractual services; and (g) temporary support staff costs.

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

## **C. GOVERNANCE ARRANGEMENTS**

1. The Climate Innovation Trust Fund will have a two-tiered governance structure consisting of a: (1) Steering Committee (the “*SC*”); and (2) the Project Management & Implementation Team (the “*PMIT*”), which includes the Country Implementation Team (the “*CIT*”). This structure will help to provide strong strategic guidance along with an effective local implementation capacity.

2.1 Steering Committee: The SC will meet at least once a year and will: (i) provide overall strategic direction to the program; (ii) endorse the annual work plan and budget for Climate Innovation Trust Fund; and (iii) periodically review overall progress of activities conducted under the program and provide guidance to the PMIT and CIT. Key decisions of the SC will be communicated to the Program Management and Implementation Team in writing.

2.2 The Steering Committee will be chaired by the World Bank’s Financial & Private Sector Development Vice President, or designee. Other members will include Donors to the Climate Innovation Trust Fund and Donors will become members as soon as they sign trust fund administration agreements with the World Bank. In addition, the SC may invite representatives of other institutions to assist the SC from time to time as observers or advisors. It is anticipated that the role of advisors to the Steering Committee would be to impart technical information relating to the subject matter of work plans and other ongoing activities. Neither advisors nor observers will be decision makers. The advisors and observers may include, for example, representatives from the national government and local World Bank offices, as jointly agreed by the SC members, based on their motivation and willingness to put in the required time and effort to support the program, their knowledge and leadership in financing Climate Technology Innovation, and their ability to give advice on ongoing issues before the SC.

3.1 Program Management and Implementation Team: The PMIT will be established by the World Bank and will be located at the World Bank within the Financial and Private Sector Development Vice-Presidency. It will report to *infoDev*’s Program Manager (who will be working part-time with the PMIT,) and who will be assisted by suitably qualified and experienced staff in adequate numbers. The day-to-day coordination of the PMIT will be handled by a

Program Coordinator who will work under the supervision of *infoDev*'s Program Manager. In addition, it is anticipated that the PMIT will include: (a) technical specialists (support from Bank specialists), a program analyst; (b) a financial management analyst; and (c) a communications specialist.

3.2 The PMIT will be responsible for, *inter alia*: (i) preparing/presenting annual work plans (together with a budget and financing plans) for endorsement by the Steering Committee; (ii) appraising Recipient-executed Projects proposed for financing out of Trust Fund proceeds; (iii) supervising and reporting on the progress of Recipient-executed Projects; (iv) reporting on Bank-executed Activities; and (v) monitoring and evaluating the Trust Fund.

4.1 Country Implementation Team: It is anticipated that each CIT will be comprised of a Country Project Coordinator and a small support team. The PMIT will complete the first stages of Program implementation with the CIT expected to progressively assume implementation responsibility over time. However quality control will remain the responsibility of the Washington based PMIT throughout the life of the program.

**Standard Provisions Applicable to the Climate Innovation Trust Fund**

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

1. Administration of the Contributions

1.1. The Bank shall be responsible only for performing those functions specifically set forth in this Agreement and shall not be subject to any other duties or responsibilities to the Donors, including, without limitation, any duties or obligations that might otherwise apply to a fiduciary or trustee under general principles of trust or fiduciary law. Nothing in this Agreement shall be considered a waiver of any privileges or immunities of the IBRD and IDA under their Articles of Agreement or any applicable law, all of which are expressly reserved.

1.2. The Contribution shall be administered in accordance with the Bank's applicable policies and procedures, as the same may be amended from time to time, including its framework to prevent and combat fraud and corruption and its screening procedures to prevent the use of Bank resources to finance terrorist activity, in line with the Bank's obligations to give effect to the relevant decisions of the Security Council, taken under Chapter VII of the Charter of the United Nations. The Donor acknowledges that this provision does not create any obligations of the Bank under the anti-terrorist financing and asset control laws, regulations, rules and executive orders of an individual member country that may apply to the Donor, nor shall it be deemed a waiver, express or implied, of any of the privileges and immunities of the Bank.

2. Commingling, Exchange and Investment of the Contributions

2.1. The Contributions shall be accounted for as a single trust fund and shall be kept separate and apart from the funds of the Bank. The Contributions may be commingled with other trust fund assets maintained by the Bank.

2.2. The Contributions may be freely exchanged by the Bank into other currencies as may facilitate their disbursement.

2.3. The Bank shall invest and reinvest the Contributions pending their disbursement in accordance with the Bank's policies and procedures for the investment of trust funds administered by the Bank. The Bank shall credit all income from such investment to the Trust Fund to be used for the same purposes as the Contributions.

3. Administrative Cost Recovery

3.1. In order to assist in the defrayment of the costs of administration and other expenses incurred by the Bank under this Agreement, the Bank may deduct and retain for its own account an amount equal to two percent (2%) of each Contribution. In addition, costs for program management and administration as described in Annex 1 up to a maximum of seven percent (7%) of the Contribution will be charged to the Trust Fund on an actual basis. If the contributions increase beyond what was originally expected at the time of counter-signature of the first administration agreement and the administrative costs increase as a result, the Donors acknowledge that an additional administrative fee may be applied to such new contributions.

4. Grants to Recipients

4.1. The Bank shall, as administrator of the Trust Fund on behalf of the Donors, enter into grant agreements (the “*Grant Agreements*”) with eligible recipients (the “*Recipients*”) consistent with the purposes of this Agreement 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 (less applicable Bank fees and charges) that all Donors have agreed to make available under the Administration Agreements between the Bank and the Donors. Upon request by a Donor, the Bank shall furnish a copy of the Grant Agreements to the Donors.

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

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

5. Procurement

5.1. For Recipient-executed activities, the Grant Agreements shall provide that the Contributions shall 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 of Goods, Works, and Non-Consulting Services under IBRD Loans and IDA Credits & Grants by World Bank Borrowers” and the Bank’s Guidelines on the “Selection and Employment of Consultants under IBRD Loans and IDA Credits & Grants by World Bank Borrowers,” as in effect at the date of entry into the respective Grant Agreements.

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

6. Accounting and Financial Reporting

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

6.2. The Bank shall furnish to the Donors current financial information relating to receipts, disbursements and fund balance *in the holding currency* of the Trust Fund with respect to the Contributions via the World Bank’s Trust Funds Donor Center secure website. Within six (6) months after all commitments and liabilities under the Trust Fund have been satisfied and the Trust Fund has been closed, the final financial information relating to receipts, disbursements and fund balance *in the holding currency* of the Trust Fund with respect to the Contributions will be made available to the Donors via the World Bank’s Trust Funds Donor Center secure website.

6.3. The Bank shall provide to the Donors, within six (6) months following the end of each Bank fiscal year, an annual single audit report, comprising: (1) a management assertion together with an attestation from the Bank’s external auditors concerning the adequacy of internal control



over cash-based financial reporting for all cash-based trust funds as a whole; and (2) a combined financial statement for all cash-based trust funds together with the Bank's external auditor's opinion thereon. The cost of the single audit shall be borne by the Bank.

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

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

## 7. Progress Reporting

7.1. The Bank shall provide the Donors with an annual report on the progress of activities financed by the Contributions. Within six (6) months of the final disbursement date specified in paragraph 8.1, the Bank shall furnish to the Donors a final report on the activities financed by the Trust Fund.

7.2. Any Donor may review or evaluate activities financed by the Trust Fund. The Donor and the Bank shall agree on the scope and conduct of such review or evaluation, and the Bank shall provide all relevant information within the limits of its policies and procedures. All associated costs shall be borne by the Donor. It is understood that any such review or evaluation will not constitute a financial, compliance or other audit of the Trust Fund.

## 8. Disbursement; Cancellation; Refund

8.1. It is expected that the Contributions will be fully disbursed by the Bank by December 1, 2016. The Bank shall only disburse Contributions for the purposes of this Agreement after such date with the written approval of the Donors.

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

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

9. Disclosure

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