Ms. Anneli Lindahl Kenny
Ambassador
Embassy of Sweden
House Nr. 1, Road 51
Guishan, Dhaka 1212
Bangladesh

Trust Fund Administration Agreement between Swedish International Development Cooperation Agency and the International Development Association concerning the Bangladesh Health Sector Development Program Multi-Donor Trust Fund (TF No. TF071778)

Dear Ambassador Kenny:

1. We are pleased to acknowledge on behalf of the International Development Association ("IDA" or the "Bank") that the Swedish International Development Cooperation Agency (the "Donor") shall make available as a grant the sum of four hundred million Swedish Kroner (SEK 400,000,000) (the "Contribution") for the Bangladesh Health Sector Development Program Multi-Donor 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 set forth in the "Description of Activities and Expenditures under the Bangladesh Health Sector Development Program Multi-Donor 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 Bangladesh Health Sector Development Program Multi-Donor 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 installment payment schedule:

   (a) promptly following countersignature of this Agreement by the Donor and submission of a payment request by the Bank, eighty million Swedish Kroner (SEK 80,000,000).

   (b) on or before January 31, 2012, eighty million Swedish Kroner (SEK 80,000,000) and submission of a payment request by the Bank, along with unaudited statement of Receipts, Disbursements and Fund Balance immediately prior.
(c) on or before January 31, 2013, eighty million Swedish Kroner (SEK 80,000,000) and submission of a payment request by the Bank, along with unaudited statement of Receipts, Disbursements and Fund Balance immediately prior.

(d) on or before January 31, 2014, eighty million Swedish Kroner (SEK 80,000,000) and submission of a payment request by the Bank, along with unaudited statement of Receipts, Disbursements and Fund Balance immediately prior.

(e) on or before January 31, 2015, eighty million Swedish Kroner (SEK 80,000,000) and submission of a payment request by the Bank, along with unaudited statement of Receipts, Disbursements and Fund Balance immediately prior.

(f) Any change to this payment schedule may be subject to a notification to the Bank from the Donor.

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 TF071778 (the Bangladesh Health Sector Development Program Multi-Donor Trust Fund), and the date of the deposit (the “Deposit Instruction”). In addition to the MoHFW and the Bangladesh Ministry of Finance, 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 tfremitadvice@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:

Name: Ellen A. Goldstein
Title: Country Director, Bangladesh
Unit/Department: South Asia Region
The World Bank
Plot E32, Agargaon
Sher-e Bangla Nagar
G.P.O. Box 97
Dhaka 1207, Bangladesh
Tel: 880-2-815-9001
Fax:
E-mail: egoldstein@worldbank.org

For the Donor:

Name: Ylva Sörman Nath
Title: First Secretary
Swedish International Development Cooperation Agency
Address: Embassy of Sweden
House Nr. 1, Road 51
Gulshan, Dhaka 1212
Bangladesh
Tel: 880 2 883 3144 - 47
Fax: 880 2 8823 948
E-mail: ylva.sorman-nath@foreign.ministry.se

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. It is understood that this Agreement, including its annexes, does not constitute an international treaty. It is an agreement between the Donor and IDA.

9. The entities (collectively, the "Donors") that provide contributions to be administered by IDA for the Trust Fund, and IDA may agree to set out the principles and modalities of their coordination and of the implementation of the Trust Fund, to the extent that these are not governed by, and are not inconsistent with, the provisions of this Agreement, in a memorandum of understanding, and the memorandum of understanding may be amended upon agreement of IDA and the Donors.

10. 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 DEVELOPMENT ASSOCIATION

/s/: Ellen Goldstein

Ellen Goldstein
Country Director
Bangladesh

AGREED:

SWEDISH INTERNATIONAL DEVELOPMENT COOPERATION AGENCY

By: /s/: Anneli Lindahl Kenny
Name: Anneli Lindahl Kenny
Title: Ambassador
         Embassy of Sweden
         Dhaka, Bangladesh

Date: 5 Dec 2011
ANNEX I

Description of Activities and Expenditures under the Bangladesh Health Sector Development Program Multi-Donor Trust Fund

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

The Bank and the Donors will regularly meet to discuss the Health Sector Development Program progress and to define additional activities.

A. DESCRIPTION OF ACTIVITIES

The purpose of the Trust Fund is to support the implementation of the People’s Republic of Bangladesh’s health sector program, particularly for the poor, as set forth in the Program Implementation Plan (PIP) for the Health, Populations and Nutrition Sector Development Program 2011-2016 (the “Program”).

To this end, the Trust Fund shall finance the Program which intends to (i) improve health services (approximately 70% of resources); and (ii) strengthen health systems in Bangladesh (approximately 30% of resources). "IDA will work together with other Donors to strengthen the government Financial Management Systems such that the government will be able to manage donor funds directly by 2016.

The Trust Fund will have a Recipient-executed window and a Bank-executed one, pursuant to the following description of activities:

I. Bank-Executed Trust Fund Activities:

Part 1. Establishing, managing and maintaining the Trust Fund; coordinating Donors’ support; complying with the reporting and fiduciary requirements applicable to the Trust Fund as per the Bank’s guidelines.

Part 2. Providing joint supervision and implementation support to the Health Sector Development Program including inter alia, supporting an annual program review led by the government and monitoring of program results; and

Part 3. Providing technical analysis and operations research in support of program implementation, including inter alia, preparing analytical reports, studies, policy notes, surveys and special audits.
II. Recipient-Executed Trust Fund Activities:

Part 1. Improving Health Services

A. Improving Health Programs:

Carrying out of activities, identified from the Program activities listed below, and included in Operational Plans:

(a) delivery of essential health services which seek to improve reproductive, maternal, neonatal, infant and child health and family planning services through improving the quality and reliability of antenatal care, scaling up essential emergency obstetric and newborn care services and ensuring 24/7 services in selected District hospitals, MCWCS and Upazila health complexes, expanding facility- and community-based integrated management of childhood illness services, strengthening routine immunization services, increasing demand and use of family planning services, and expanding the contraceptive method-mix;

(b) interventions to improve the nutritional status especially of pregnant women and children, by integrating nutritional services into those provided by MOHFW’s Directorate General of Health Services and Directorate General of Family Planning (mainstreaming nutrition strategy), conducting behavior change and communication interventions (breastfeeding, complementary feeding, and hygiene practices), micronutrient interventions (periodic vitamin A supplements, therapeutic zinc supplements for management of diarrhea, multiple micronutrient powders, de-worming drugs for children and adolescent girls, iron-folic acid supplements for pregnant women, lactating mothers and adolescent girls, therapeutic feeding interventions (treatment of severe acute malnutrition) and strengthening sectoral and national capacity for improved planning, supervision, implementation and coordination of nutrition actions across sectors;

(c) control and treatment of communicable and non-communicable diseases by, expanding quality DOTS services of TB, strengthening malaria control and treatment in the thirteen (13) highly endemic Districts, scaling up HIV/AIDS targeted preventive interventions for the most-at-risk groups, strengthening the diagnosis and management of STDs, strengthening the diagnosis and management of diabetes in primary and secondary care facilities, improving awareness about the cardio-vascular disease risks and their management, screening for early cancer detection, and strengthening of the disease surveillance system;

(d) interventions to promote healthy behavior in support of the above programs and priorities with particular focus on interpersonal communication and community level interventions; and

(e) any other priority activity as IDA may agree in consultation with the donor partners.
B. Improving Service Provision:

Carrying out of activities, identified from the Program activities listed below, and included in Operational Plans:

(a) provision of primary health care with focus on piloting the Upazila health system that would put in place a functional referral system at Upazila and District levels and improve the continuity of care across the different service delivery levels, upgrading and equipping at least one (1) Upazila health complex in each division and a commensurate number of Union health and family welfare centers, and rehabilitating the community clinics and ensuring a functional entry point to the health system;

(b) hospital management at the secondary and tertiary levels by improving the efficiency and quality of hospital services through development and implementation of clinical protocols, appropriate human resources and management structures; introducing hospital autonomy initially for tertiary level specialized hospitals; introducing an accreditation tool; ensuring safe blood transfusion and implementing medical waste management plans;

(c) provision of health, nutrition and family planning services to urban population by establishing a coordination mechanism between MOHFW and the Local Government Division of MOLGRDC, and expanding these services to urban areas currently not covered by such Division; and

(d) any other priority activity as IDA may agree in consultation with the donor partners.

Part 2. Strengthening Health Systems

Carrying out of activities, identified from the Program activities listed below, and included in Operational Plans:

(a) carry out an institutional and regulatory analysis of the Recipient’s and parastatal organizations in order to establish an effective health sector regulatory framework; revising the Recipient’s Consumer Rights Protection Act and the Clients’ Charter of Rights; developing a regulatory framework for contracting out with NGOs, preparing the Recipient’s public and private partnership strategy and developing an action plan thereof, mainstreaming gender, equity and voice in the development and implementation of Operational Plans, and developing a local level accountability mechanism;

(b) review consistency of the Program with the Recipient’s medium term budgetary framework, facilitating the preparation of complementary development and revenue budgets, establishing monthly reviews of budget execution, introducing a resource allocation formula, decentralization of management of service delivery and delegation of commensurate financial power to the District level, as feasible, piloting the functionality of an Upazila’s health system, and updating the local level plans;
(c) develop a human resource plan, establishing a functional human resource information system, scaling up the production of the critical health workforce cadre, introducing incentive packages to deploy and retain critical health workforce in remote and rural areas, addressing the challenge of skilled-birth attendance by training skilled-birth attendants, nurse-midwives, midwives, and family welfare visitors, and streamlining the recruitment and promotion of nurses;

(d) develop a national health care financing framework to ensure equitable access of the poor to quality health services and decrease of out-of-pocket expenditure, and scaling up the demand side financing program based on its evaluation;

(e) develop and ensure the establishment of a monitoring and evaluation strategy and work plan in order to establish a sustainable monitoring and evaluation system with organizational mandate and institutional home, and conducting a comprehensive health information system assessment and a strategy with the aim of strengthening the Recipient's routine data management and information system that would integrate data from various systems and programs, and promote the use of data for decision making;

(f) development of a quality management strategy and policy for health care services, updating the existing standard operating procedures for public hospitals, and conducting periodic client and provider satisfaction surveys;

(g) strengthen the capacity of the Recipient's Directorate General of Drug Administration, modernizing the drug testing lab, and ensuring safety, efficacy and quality of registered medicines, and updating the list of essential drugs;

(h) strengthen the Recipient health system's procurement capacity to ensure an efficient storage, inventory, supply and distribution chain, introducing an online procurement tracking system, and exploring options for e-procurement and framework contracts with multiyear deliveries;

(i) develop a plan to guide the new construction and upgrading of health facilities with the required provision for equipment and human resources, and preparing a comprehensive plan for repair and maintenance of health facilities, equipment and vehicles along with budget requirement; and

(j) any other priority activity as IDA may agree in consultation with the donor partners
B. CATEGORIES OF EXPENDITURE

For Bank-Executed activities, the Contributions may be used to finance (a) staff costs\(^1\) (b) consultant fees (c) contractual services (d) extended term consultants (e) media and workshop costs (f) temporary support staff (program admin) (g) travel expenses (i) associated overheads and (j) equipment costs purchase.

For Recipient-Executed activities, the Contributions may be used to finance eligible expenditures for (a) improving health services; and (b) strengthening health systems.

IDA will retain a maximum of 3.8% of the total contribution, which consists of: (i) 1% for trust fund administration (as stipulated in Annex 2, paragraph 3.1); (ii) 0.3% for program management (as stipulated in Annex 2, paragraph 3.1); and (iii) 2.5% for supervision, and technical and operations research.

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\(^1\) MDTF staffing has been negotiated in October 2011 between IDA and the Donors, and agreement reached to strengthen the MDTF including an in-country Team Leader, and additional technical expertise on health economics, public financial management, nutrition and procurement.
ANNEX 2

Standard Provisions Applicable to the Bangladesh Health Sector Development Program Multi-Donor 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 IDA under its 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.

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2 IDA’s framework to prevent and combat fraud and corruption refer to its Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants, dated October 15, 2006 and revised in January 2011, which encompasses the following: no offer, gift or payment, consideration or benefit of any kind, which constitutes an illegal or corrupt practice, has been or will be made to anyone, either directly or indirectly, as an inducement or reward for the execution of this Administration Agreement.
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 one percent (1%) of each Contribution. In addition, costs for program management as defined in Annex 1 up to a maximum of 0.3% of total contributions 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 Recipient

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 that all Donors have agreed to make available under the Administration Agreements between the Bank and the Donors. 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. Representatives of the Donors shall be invited to participate in supervision missions related to the Trust Fund.

4.3. If there is need to modify the Grant Agreements, 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. The Bank shall afford the Donors the opportunity to exchange views before effecting any such modification or exercising any such remedy. Donors reserve the right to revoke, or terminate this agreement if significant modifications or contractual remedies conflict with their organizational policies.

5. Procurement

5.1. For Recipient-executed activities, the Grant Agreements shall provide that the Contributions shall be used by the Recipient 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, 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 shall 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.