Administration Arrangement between the Department of Energy and Climate Change of Her Majesty's Government of the United Kingdom of Great Britain and Northern Ireland and the International Bank for Reconstruction and Development concerning the Colombia Mainstreaming Sustainable Cattle Ranching Additional Financing Project Single-Donor Trust Fund (No. TF071996)

1. The International Bank for Reconstruction and Development (the “Bank”) acknowledges that the Department of Energy and Climate Change of Her Majesty’s Government of the United Kingdom of Great Britain and Northern Ireland (the “Donor”, and together with the Bank, the “Participants” and each a “Participant”) agrees to provide the sum of fifteen million British Pounds Sterling (GBP 15,000,000) (the “Contribution”) for the Colombia Mainstreaming Sustainable Cattle Ranching Additional Financing Project Single-Donor Trust Fund, No. TF071996 (the “Trust Fund”) in accordance with the provisions of this Administration Arrangement.

2. The Contribution will be used to finance the activities set forth in the “Colombia Mainstreaming Sustainable Cattle Ranching Additional Financing Project Trust Fund Description” attached hereto as Annex 1, and will be administered by the Bank on behalf of the Donor in accordance with the provisions of this Administration Arrangement, including the “Standard Provisions” applicable to the “Colombia Mainstreaming Sustainable Cattle Ranching Additional Financing Project Trust Fund” attached hereto as Annex 2.

3. The Donor will deposit with the Bank of England the Contribution in the form of one (1) non-interest-bearing demand promissory note of the Donor, in form and substance acceptable to the Bank, promptly following countersignature of this Arrangement. The Donor 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 deposited promissory note.

4. The Bank may submit one or more demands for payment of Contribution funds under the promissory note (each one referred to as an “Installment”), which will be made in accordance with the following schedule:

   (A) Promptly following countersignature of this Administration Arrangement, one hundred fifty thousand British Pounds Sterling (GBP 150,000);

   (B) on or before June 30, 2013, based on the financial needs of the Trust Fund and upon submission of a payment request by the Bank, two million six hundred fifty thousand British Pounds Sterling (GBP 2,650,000);

   (C) on or before December 31, 2013, based on the financial needs of the Trust Fund and upon submission of a payment request by the Bank, three million eight hundred thousand British Pounds Sterling (GBP 3,800,000);

   (D) on or before December 31, 2014, based on the financial needs of the Trust Fund and upon submission of a payment request by the Bank, three million five hundred thousand British Pounds Sterling (GBP 3,500,000);

   (E) on or before December 31, 2015, based on the financial needs of the Trust Fund and upon submission of a payment request by the Bank, three million four hundred thousand British Pounds Sterling (GBP 3,400,000); and
5. When making any deposit, the Donor will instruct its bank to include in its deposit details information (remittance advice) field of its SWIFT deposit message, information indicating: the amount deposited, that the deposit is made by the Donor for TF071996 (the Colombia Mainstreaming Sustainable Cattle Ranching Additional Financing Project Trust Fund), and the date of the deposit (the “Deposit Instructions”). In addition, the Donor will provide a copy of the Deposit Instructions to the Bank’s Accounting Trust Funds Division by e-mail sent to tfremitadvice@worldbank.org or by fax sent to +1 (202) 614-1315.

6. Except with respect to the Deposit Instructions, any notice, request or other communication to be given or made under this Administration Arrangement will be in writing and delivered by mail, fax or e-mail to the respective Participant’s address specified below or at such other address as such Participant notifies in writing to the other Participant from time to time:

For the Bank (the “Bank Contact”):

Natalia Gomez  
The World Bank  
1818 H Street, NW  
Washington, DC 20433  
USA  
Tel: (202) 477-1234  
Fax: (202) 477-6391  
E-mail: ngomez@worldbank.org

For the Donor (the “Donor Contact”):

David Capper  
UK Department of Energy and Climate Change  
3 Whitehall Place  
London SW1A 2AW  
UK  
Tel: +44 300 068 5263  
Fax: +44 (0) 300 068 5002  
E-mail: david.capper@decc.gsi.gov.uk

7. In the event any amounts are to be returned to the Donor under this Administration Arrangement, the Bank will transfer such amounts to the Donor’s applicable donor balance account with the Bank.

8. All annexes hereto constitute an integral part of this Administration Arrangement, whose provisions taken together will constitute the entire Arrangement and understanding between the Donor and the Bank, it being understood that any plural references in the annexes to Donors, Administration Arrangements, Contributions and pro rata shares will be read as
singular references to the Donor, its Administration Arrangement, its Contributions thereunder and the remaining uncommitted balance of the Trust Fund, respectively. Unless otherwise specified in an annex hereto, this Administration Arrangement may be amended only by written amendment between the Bank and the Donor.

9. Each of the Participants represents, by confirming its acceptance below, that it is authorized to enter into this Administration Arrangement and act in accordance with these provisions. The Participants are requested to sign and date this Administration Arrangement, and upon possession by the Bank of this fully signed Administration Arrangement, this Administration Arrangement will become effective as of the date of the last signature. It is understood that this Administration Arrangement is not an international treaty; it is an administrative arrangement between the Donor and the Bank.

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By: [Signature]
Name: Gloria M. Grandolini
Title: Director, Colombia and Mexico
Date: December 19, 2012

DEPARTMENT OF ENERGY AND CLIMATE CHANGE OF HER MAJESTY'S GOVERNMENT OF THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND

By: [Signature]
Name: David Capper
Title: Deputy Director, International Climate Change, Policy and Finance
Date: 21 December 2012.
ANNEX 1

Colombia Mainstreaming Sustainable Cattle Ranching Additional Financing Project
Single-Donor Trust Fund Description

1. **Objective**

The objective of the Trust Fund is to finance activities designed to promote the adoption of environment-friendly Silvopastoral Production Systems (SPS) for cattle ranching in Colombia’s project areas, to improve natural resource management, enhance the provision of environmental services (biodiversity, land, carbon, and water) and raise productivity in participating farms (the “Project”).

2. **Activities**

The activities to be financed by the Trust Fund will focus on climate change mitigation and poverty reduction through carbon sequestration and increased productivity in small farms through the establishment of SPS.

The activities (which may be described as “components” of activities) to be financed by the Trust Fund are:

2.1 **Bank-executed activities**, for which the Bank has implementation responsibility:

(a) Provision of technical assistance for Project preparation activities including, *inter alia:* support during the preparation of environmental and social assessments.

(b) Carrying out of the supervision of Recipient-executed activities.

(c) Provision of technical assistance during Project implementation including, *inter alia:* (i) the monitoring of climate change adaptation and mitigation measures; (ii) the carrying out of impact assessments; and (iii) the carrying out of mid-term and final evaluations and/or reviews, including the support of independent experts to prepare the final evaluation.

2.2 **Recipient-executed activities**, for which one or more Recipients (as defined in Annex 2) have implementation responsibility:

1. **Improving Productivity in Participating Cattle Ranching Farms in Project Areas through SPS**

(a) Promotion of SPS in selected Project areas.

(b) Provision of training to Project beneficiaries, including, *inter alia:* peer to peer exchanges in demonstration SPS farms.

(c) Provision of training to technical assistance providers (TAP) on the establishment and management of SPS.
(d) Provision of financial management training to Project beneficiaries aimed at increasing their access to financing for SPS.

2. Increasing Connectivity and Reducing Land Degradation in Participating Cattle Ranching Farms through Differentiated Payments for Environmental Services (PES) Schemes

(a) Selection and screening of Project beneficiaries and preparation of farm’s baseline assessments.

(b) Design and implementation of a PES scheme for carbon sequestration services.

(c) Use of geographical information systems (GIS) as a tool to monitor the selected Project areas.

(d) Design and implementation of a PES scheme for natural resources management services.

(e) Provision of technical assistance to Project beneficiaries for the implementation of SPS in selected Project areas.

(f) Provision of goods to Project beneficiaries to promote the use of SPS, including, inter alia, seedlings, and fertilizers.

(g) Provision of technical assistance to verify the adoption of land-use change.

3. Strengthening Subsector Institutions, Dissemination and Monitoring and Evaluation Efforts Contributing to the Broader Adoption of Environmentally Friendly SPS in Colombian Cattle Ranching

(a) Carrying out of a communication strategy to promote the adoption of environmentally friendly SPS in Colombia.

(b) Establishment of a monitoring and evaluation system for: (i) Project activities (climate change and biodiversity, productivity and land use changes); and (ii) PES schemes; generating, inter alia, data which can be used to report on agreed results framework.

(c) Carrying out of measurements to determine biomass variations in selected Project areas.

(d) Monitoring of the socio-economic indicators of Project’s beneficiaries.

(e) Promotion and monitoring of SPS outside the selected Project areas.

(f) Development and implementation of market initiatives to promote a broader adoption of SPS.
4. **Project Management**

Carrying out of the fiduciary (including financial audits), technical and administrative aspects of the Project.

3. **Eligible Expenditures**

3.1 The Trust Fund will finance eligible expenditures related to the delivery of the Project. For Bank-executed activities, the Trust Fund funds may be used to finance: (a) Consultant Fees Individuals and Firms; (b) Contractual Services; (c) Extended Term Consultants (d) Media, Workshop, Conference and Meeting; (e) Staff Costs – with Indirect Costs; (f) Temporary Support Staff Costs; and (g) Travel Expenses.

3.2 For Recipient-executed activities, the Trust Fund funds may be used to finance eligible expenditures in accordance with the Bank’s applicable policies and procedures.

3.3 Bank-executed activities on supervision related costs described in Section 2.1.(b) of this Annex 1 will be charged to the Trust Fund up to two point fifty-three percent (2.53%) of the total Contributions under all Administration Arrangements.

4. **Taxes**

4.1 The foregoing activities and categories of expenditures may include the financing of taxes in accordance with the Bank’s applicable policies and procedures.

5. **Implementation Arrangements**

5.1 A team within the Agriculture and Rural Development Unit in the Latin America and Caribbean Region of the Bank (LCSAR) will be responsible for administering and managing the Trust Fund (the “Trust Fund Team”). The Trust Fund Team will exchange views with the Donor on any relevant technical documents necessary for the preparation of Grant Agreements and will take the Donor’s reasonable comments into account to the extent that these are in line with the Bank’s applicable policies and procedures. The Grant Agreements will reflect the contents of the relevant technical documents approved by the Bank.
ANNEX 2

Standard Provisions

1. Administration of the Contributions

1.1 The Bank will be responsible only for performing those functions specifically set forth in this Administration Arrangement and will 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 Administration Arrangement will be considered a waiver of any privileges or immunities of the Bank under its Articles of Arrangement or any applicable law, all of which are expressly reserved.

1.2 The Contribution 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 procurement, financial management, disbursement and safeguard policies, 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 Donors acknowledge 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 a Donor.

2. Management of the Contribution

2.1 The funds deposited in the Trust Fund will be accounted for as a single trust fund and will be kept separate and apart from the funds of the Bank. The funds deposited in the Trust Fund may be commingled with other trust fund assets maintained by the Bank. The Bank, in its capacity as trustee, has legal title to the funds deposited in the Trust Fund.

2.2 The currency in which the funds in the Trust Fund will be held is United States of America Dollars (the “Holding Currency”).

2.3 Donors agree to deposit their Contributions in the Contribution Currency stated in their respective Administration Arrangements. In the case of deposits received in a Contribution Currency other than the Holding Currency, promptly upon the receipt of such amounts and the accompanying Deposit Instructions, the Bank will convert such amounts into the Holding Currency at the exchange rate obtained by the Bank on the date of the conversion. Where deposits prove to be insufficient to complete activities as a result of exchange rate fluctuations, neither the Bank nor the Donor will bear any responsibility for providing any additional financing.

2.4 The funds deposited in the Trust Fund may be freely exchanged by the Bank into other currencies as may facilitate their disbursement at the exchange rate obtained by the Bank on the date of the conversion.

2.5 The Bank will invest and reinvest the funds deposited in the Trust Fund pending their disbursement in accordance with the Bank’s applicable 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 Contribution.

3. **Trust Fund Fees and Costs**

3.1 The Bank may deduct and retain for its own account, as a deduction from each Installment, an amount equal to two percent (2%) per Installment as an administrative fee for the Trust Fund.

3.2 In addition, costs incurred by the Bank for other expenses, such as for program management and Trust Fund administration, that are (i) not covered by the percentage deduction specified above as an administrative fee and (ii) not included under Annex 1 of the Administration Arrangements in accordance with the Bank’s applicable policies and procedures will be charged to the Trust Fund on an actual basis up to point forty-seven percent (0.47%) of the total Contributions under all Administration Arrangements.

3.3 Each Donor acknowledges and agrees that the percentage deductions for fees in this Trust Fund Fees and Costs section are estimated on the basis of anticipated Contributions. If actual Contributions significantly differ from what was originally anticipated at the time of signature of the first Administration Arrangement, or if other circumstances affecting Trust Fund fees or costs change, the Bank reserves the right to request a change to the terms of this Trust Fund Fees and Costs section, which would be effectuated by amendments made to the Administration Arrangements of all Donors and which would thereafter be applicable to all new Contributions that are provided either as amendments to supplement existing Administration Arrangements or from new Donors under new Administration Arrangements.

4. **Accounting and Financial Reporting**

4.1 The Bank will maintain separate records and ledger accounts in respect of the funds deposited in the Trust Fund and disbursements made therefrom.

4.2 The Bank will furnish to the Donors current financial information relating to receipts, disbursements and fund balance in the Holding Currency 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 with respect to the Contributions will be made available to the Donors via the World Bank’s Trust Funds Donor Center secure website.

4.3 The Bank will provide to the Donors via the World Bank’s Trust Fund Donor Center secure website, within six (6) months following the end of each Bank fiscal year, an annual single audit report, comprising (i) 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 (ii) 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.

4.4 If a Donor wishes to request a financial statement audit by the Bank’s external auditors of the Trust Fund, the Donor and the Bank will first consult as to whether such an external audit is necessary. The Bank and the Donor will agree on the appropriate scope and terms of
reference of such audit. Following Arrangement 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 borne by the requesting Donor.

4.5 The Bank will make available to the Donors copies of all financial statements and auditors’ reports received by the Bank from Recipients pursuant to any Grant Agreements (as defined below) in accordance with the Bank’s Access to Information Policy.

5. Progress Reporting

5.1 The Bank will provide the Donors with semi-annual reports on the progress of activities financed by the Contribution. Within six (6) months of the End Disbursement Date (as defined below), the Bank will furnish to the Donors a final report on the activities financed by the Trust Fund.

5.2 Any Donor may review or evaluate activities financed by the Trust Fund at any time up to six (6) months following the End Disbursement Date. The Donor 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 the Bank’s applicable policies and procedures. All associated costs, including any costs incurred by the Bank, will 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.

6. Disbursement; Cancellation; Refund

6.1 It is expected that the funds deposited in the Trust Fund will be fully disbursed by the Bank by February 28, 2018 (the “End Disbursement Date”). The Bank will only disburse funds deposited in the Trust Fund for the purposes of this Administration Arrangement (other than returns to Donors) after such date to the extent such date is changed in accordance with amendments made to the Administration Arrangements of all the Donors. Following the End Disbursement Date, the Bank will return any remaining balance of the Trust Fund to each Donor in the Holding Currency in the manner specified in its respective Administration Arrangement on a pro rata basis with regard to the total funds deposited in the Trust Fund by such Donor relative to the total funds deposited in the Trust Fund by all Donors, all calculated as Holding Currency amounts.

6.2 Any Donor may cancel all or part of such Donor’s pro rata share, and the Bank may cancel all or any Donors’ pro rata shares, upon three (3) months’ prior written notice, of any Contributions (paid and not yet paid) that are not committed pursuant to any agreements entered into between the Bank and any consultants and/or other third parties for the purposes of this Administration Arrangement, including any Grant Agreements, prior to the receipt of such notice. In the event of a cancellation, the Bank will return to the relevant Donor or Donors in the Holding Currency in the manner specified by each such Donor in its respective Administration Arrangement the pro rata share(s) of any such uncommitted balance of the Trust Fund, in accordance with any additional provisions that may be agreed between the Bank and each such Donor.
7. Disclosure; Dispute Resolution

7.1 The Bank will disclose the Administration Arrangements and related information on this Trust Fund in accordance with the Bank’s Policy on Access to Information. By entering into Administration Arrangements, the Donors consent to such disclosure of their respective Administration Arrangements and such related information.

7.2 The Donors and the Bank will use their best efforts to amicably settle any dispute, controversy, or claim arising out of or relating to the Administration Arrangements.

8. Grants to Recipients

8.1 The Bank will, as administrator of the Trust Fund on behalf of the Donors, enter into one or more grant agreement (the “Grant Agreements”) with recipients (the “Recipients”) consistent with the purposes of this Administration 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 that all Donors have agreed to make available under the Administration Arrangements between the Bank and the Donors.

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

8.3 The Bank will 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 will afford the Donors the opportunity to exchange views before effecting any such modification or exercising any such remedy.

9. Liabilities

9.1 In providing funds under the Administration Arrangements, the Donors do not intend to accept any responsibility or liability towards third parties for any claims, debts, demands, damage or loss as a result of the implementation of activities under the Trust Fund, including the parties to any Grant Agreements and any persons or third parties engaged by the Bank as a result of the Administration Arrangement, nor will the Donor be liable for any costs incurred by the Bank in terminating the engagement of such person. In any event, the Donor will not carry any liability beyond the sums committed pursuant to this Administration Arrangement.