Dear Mr. Kilby:

1. We are pleased to acknowledge on behalf of the International Bank for Reconstruction and Development (“IBRD”) and the International Development Association (“IDA”) (collectively, the “Bank”) that the Government of the United Kingdom of Great Britain and Northern Ireland (the “Donor”), acting through the Department of International Development (“DFID”), shall make available as a grant the sum of Great Britain Pounds Sterling Nine Hundred and Thirty Thousand (GBP 930,000) (the “Contribution”) for the Central Asia Poverty Analysis Support Trust Fund (the “Trust Fund”) in accordance with the terms of this Arrangement.

2. Activities and Expenditures Financed by the Contribution

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 Central Asia Poverty Analysis Support 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 Arrangement.

3. Administration of the Contribution

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

3.2. 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 of 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.

4. Deposit of the Contribution

4.1. 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, Four Hundred and Sixty Five Thousand Great Britain Pound Sterling (GBP 465,000);

(b) on or before December 31, 2011, Two Hundred and Thirty Two Thousand Five Hundred Great Britain Pound Sterling (GBP 232,500) and submission of a payment request by the Bank; and.

(c) on or before December 31, 2012, Two Hundred and Thirty Two Thousand Five Hundred Great Britain Pound Sterling (GBP 232,500) and submission of a payment request by the Bank.

4.2. When making 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 [state TF number] (the Central Asia Poverty Analysis Support 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 tfremitadvice@worldbank.org or by fax sent to (202) 614-1315.

4.3. 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 4.2 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.

5. **Commingling, Exchange and Investment of the Contributions**

5.1. 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.

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

5.3. 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 Donor Balance Account.

6. **Administrative Cost Recovery**

6.1. In order to assist in the defrayment of the costs associated with the establishment of the Trust Fund, the Bank may, following deposit of the Contribution by the Donor to the Trust Fund, deduct and retain for its own account from that Contribution an amount equal to and not greater than United States Dollars thirty-five thousand (US$35,000).

6.2. 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, following deposit of the Contribution, deduct and retain for its own account an amount equal to five percent (5%) of each Contribution. If the contributions increase beyond what was originally expected at the time of counter-signature of this Agreement, and the administrative costs increase as a result, the Donor acknowledges that an additional administrative fee may be applied to such new contributions.

7. **Procurement**

7.1. 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.

8. **Accounting and Financial Reporting**

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

8.2. The Bank shall furnish to the Donor 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 Donor via the World Bank’s Trust Funds Donor Center secure website.

8.3. The Bank shall provide to the Donor, 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.

8.4. If the 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 Donor.

9. Progress Reporting

9.1. The Bank shall provide the Donor with progress reports in March 2011 and March 2012 setting out the activities financed by the Contributions in the previous year and setting out the challenges and the prospective activities to be financed by the Contributions in the forthcoming year. Within six (6) months of the final disbursement date specified in paragraph 10.1, the Bank shall furnish to the Donor a final report on the activities financed by the Trust Fund.

9.2. The 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.

10. Disbursement; Cancellation; Refund

10.1. It is expected that the Contributions will be fully disbursed by the Bank by April 30, 2013. The Bank shall only disburse Contributions for the purposes of this Arrangement after such date with the written approval of the Donor.

10.2. The Donor or the Bank may, upon three (3) months’ prior written notice, cancel all or part of any remaining balance of the Contributions 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 Arrangement prior to the receipt of such notice.

10.3. Following the final disbursement date specified in paragraph 10.1, the Bank shall return any remaining balance of the Contributions to the Donor based on the Donor’s paid Contributions. In the event of a cancellation the Bank shall promptly return to the Donor the uncommitted Contributions in accordance with paragraph 10.2.

11. Communication and Addresses

Except as provided for in paragraph 4.2 above, any notice, request or other communication to be given or made under this Arrangement 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:

Salman Zaidi  
Lead Economist  
ECSP1  
The World Bank  
1818 H Street, NW  
Washington, DC  20433  
U.S.A.

Tel: 7 727 2980 580 ext 224  
Fax: 7 727 2980 581  
E-mail: szaidi5@worldbank.org

For the Donor:

Bill Kilby  
Team Leader Central Asia  
Asia Division  
Department for International Development  
1 Palace Street  
London SW1E 5HE

Tel: 0207 023 1004  
Fax: 0207-023-1010  
E-mail: b-kilby@dfid.gov.uk
12. Amendment

All annexes hereto constitute an integral part of this Agreement. This Arrangement may be amended only in writing between the Bank and the Donor.

13. 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, the Donor consents to disclosure of this Arrangement and related information on this Trust Fund.

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

Sincerely,

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION

By: /s/ Mr. Motoo Konishi
Regional Director
Central Asia

AGREED:

GOVERNMENT OF THE UNITED
KINGDOM OF GREAT BRITAIN
AND NORTHERN IRELAND

By: /s/ Bill Kilby Date: 12/12/10
Name: Mr. Bill Kilby
Title: Team Leader Central Asia, Asia Division
Description of Activities and Expenditures under the Central Asia Poverty Analysis Support Trust Fund

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

A. DESCRIPTION OF ACTIVITIES

The Contributions will be used to finance the improvement of social policies in Tajikistan and the Kyrgyz Republic by strengthening national poverty monitoring systems through:

1. **Policy Dialogue and Human Resource Development.** This component will increase the poverty team’s in-country presence by adding one or two locally or internationally recruited fixed term coterminous staff in the region, as well as providing complementary analytical and advisory inputs from international Bank staff, to (i) facilitate greater information exchange and interaction between data producers, researchers, and policy makers, (ii) respond in a timely manner to requests for technical assistance and advisory services, and (iii) increase the amount of analytical work carried out in partnership with the client.

2. **Community of Practitioners for Poverty Monitoring and Analysis.** This component will establish a community of practitioners (CoP) to facilitate peer-to-peer learning and knowledge transfer. The CoP will comprise of participants mainly from the Kyrgyz Republic and Tajikistan, but may also include (where relevant) participants from other low-income countries in the Commonwealth of Independent States (CIS). The CoP will comprise a network of (i) policymakers, (ii) researchers, and (iii) data producers involved in designing, implementing, and evaluating the distributional impacts of various government programs and policies, monitoring and evaluating changes in poverty, and supporting and undertaking research for evidence-based policymaking.

3. **Policy Notes and Studies.** This component will help fill key identified knowledge gaps. To the maximum extent possible, this work will be done in partnership with government counterparts and local researchers.
B. CATEGORIES OF EXPENDITURE

The categories of expenditure eligible for financing from the Contribution are as follows:

1. Consultant fees
2. Staff costs (including extended term consultants and short term consultants)
3. Media and workshop costs
4. Travel expenses
5. Equipment costs (lease)
6. Contractual services
7. Associated overheads

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