1. The International Bank for Reconstruction and Development and the International Development Association (collectively, the “Bank”) and the International Finance Corporation (“IFC”) (the Bank and IFC collectively referred to as the “Participating WBG Organizations”) acknowledge that the United States of America, acting through the Department of State (the “Donor”, and together with the Participating WBG Organizations, the “Participants” and each a “Participant”) agrees to provide the sum of ten million United States dollars (US$10,000,000) for the BioCFplus Initiative for Sustainable Forest Landscapes – USDOS Single-Donor Trust Fund, TF No. 072503 (the “Trust Fund”) in accordance with the provisions of this Administration Arrangement. Additionally, the Participants acknowledge that, consistent with the Administration Arrangement between the United States of America, acting through the Department of State, and the International Bank for Reconstruction and Development, as trustee of the BioCarbon Fund regarding the BioCF Technical Assistance Trust Fund (TF No. 052033), as amended (State Grant Award S-LMAQM-14-GR-1112, as amended) the Donor’s pro rata share of any uncommitted balance in the amount of twenty three million six hundred sixty three thousand two hundred and eighty five United States dollars and eighty two cents (US$23,663,285.82) from the BioCF Technical Assistance Trust Fund (TF No. 052033) may be transferred by the Bank to this Trust Fund following signature by the Participants of this Administration Arrangement. Any funds provided or transferred under this Administration Arrangement (together the “Contribution”) will be subject to the terms of this Administration Arrangement.

2. The Contribution will be used to finance the activities set forth in the “BioCFplus Initiative for Sustainable Forest Landscapes – USDOS Single-Donor Trust Fund Description” attached hereto as Annex 1, and will be administered by the Bank on behalf of the Donor in accordance with the terms of this Administration Arrangement, including the “Standard Provisions” attached hereto as Annex 2 and the provisions on “Governance” attached hereto as Annex 3.

3. The Donor will deposit the sum of ten million United States dollars (US$10,000,000) promptly following signature by the Participants of this Administration Arrangement into such bank account designated by the Bank upon submission of a payment request by the Bank (such deposit being an “Installment”).

4. 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 TF No. 072503 (BioCFplus Initiative for Sustainable Forest Landscapes – USDOS Single-Donor 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.

5. 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 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 (the “Bank Contact”):

Dan Radack
Fund Manager, BioCarbon Fund
6. 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, unless otherwise mutually decided with the Bank. When making any deposit, the Bank will 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 Bank in relation to TF No. 072503 (the BioCFplus Initiative for Sustainable Forest Landscapes – USDOS Single-Donor Trust Fund), and the date of the deposit. The Bank will provide a copy of such information to the Donor.

7. At the date of Bank’s signature of this Administration Arrangement, the indirect rate applicable to the Bank (referred to in Annex 1 to this Administration Arrangement) is 17%.

8. All annexes hereto constitute an integral part of this Administration Arrangement, whose terms taken together will constitute the entire arrangement between the Donor and the Participating WBG Organizations. Unless otherwise specified in an annex hereto, this Administration Arrangement may be amended only by written amendment between the Donor and the Participating WBG Organizations.

9. It is understood that only information marked “confidential pursuant to Section 6.2 of Annex 2 to the Administration Arrangement concerning TF No. 072503” will be subject to that Section 6.2.

10. It is understood that this Administration Arrangement, including any annexes, is not an international treaty and is not eligible for registration as a treaty under Article 102 of the United Nations Charter. It is an administrative arrangement between the Participating WBG Organizations and the Donor.
11. All references made in the Annexes to “shall”, “Administration Agreement” and “Parties” will have the same meaning as the term “will”, “Administration Arrangement” and “Participants” herein. In addition, references in the Annexes to “agreements” or to tenses of the verb “to agree” will be deemed to constitute references to “decisions” or to tenses of the verb “to decide”.

12. 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 its provisions. The Participating WBG Organizations and the Donor are each requested to sign and date this Administration Arrangement, and upon possession by the Participating WBG Organizations of this fully signed Administration Arrangement, this Administration Arrangement will come into effect as of the date of the last signature.

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION

By: 
Name: Stephen Hammer
Title: Acting Manager
Forest and Landscapes Climate Finance
Climate Change Group
Date: 6/20/16

INTERNATIONAL FINANCE CORPORATION

By: 
Name: Mary Porter Peschka
Title: Director
Cross Cutting Advisory Department
Date: 6/23/2016

UNITED STATES OF AMERICA, ACTING THROUGH THE DEPARTMENT OF STATE

By: 
Name: Anne Hall
Title: PNAS, OES
Date: 7/5/2014
This Annex shall be applicable to and form an integral part of the Administration Agreement for the Trust Fund between each of the Participating WBG Organizations and the Donor.

1. **Objectives**

The objectives of the Trust Fund are:

To promote and reward reduced greenhouse gas emission reductions and increased sequestration in forest landscapes at a jurisdictional scale, achieved through improved land management, climate smart agriculture, smarter land use planning and policies, and development of sustainable livelihood alternatives for rural communities. It aims to demonstrate new approaches that can be applied globally and share its lessons learned (e.g. in national low-carbon strategies and global mechanisms of donor support such as REDD+).

The Trust Fund, through its grant funding for technical assistance, capacity building, and implementation activities, intends to support enabling environments that change the way land use decisions are made, improve the implementation of a country’s REDD+ and land management strategies and prepare jurisdictions for results-based payments for emission reductions. The knowledge gained by each of the Participating WBG Organizations in the development of the BioCFplus-ISFL and the implementation of ISFL Programs will be disseminated broadly.

To achieve these impacts, the ISFL supports forest nations to improve land management, maintain and improve livelihoods, conserve biodiversity and leverage significant private and public sector finance to achieve sustainable rural development.

2. **Activities**

The activities to be financed by the Trust Fund are:

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

   (a) Program preparation, implementation, and supervision support, workshops and exchanges, evaluations, and technical support, including methodology, communications and knowledge management, and private sector engagement.

   (b) Program management and administration activities for the Trust Fund, including but not limited to, supporting any program governance arrangements and Trust Fund related meetings; planning and executing work plans and budgets; managing communications and conducting outreach; disseminating lessons learned; reporting on progress; and monitoring and evaluating the program.

2.2 Recipient-executed activities, for which one or more Recipients (as defined in Annex 2) have implementation responsibility:
Grants for technical assistance, capacity building, and/or implementation activities, potentially including civil works.

2.3 IFC-executed activities, for which IFC has implementation responsibility:

(a) Project preparation and supervision, capacity building, training;
(b) Project implementation, communications, monitoring and evaluation of project, financial and progress reporting to Trustee.

3. **Eligible Expenditures**

3.1 For Participating WBG Organizations-executed activities, the Trust Fund funds may be used to finance:

(a) contractual services;
(b) equipment and office premises lease cost;
(c) media, workshops, conferences and meetings;
(d) travel expenses;
(e) short-term consultants and temporaries;
(f) extended term consultants and temporaries; and
(g) staff costs (excluding short term consultants and temporaries, and also excluding extended term consultants and temporaries);
(h) IFC field benefits; and
(i) grants executed by IFC in accordance with IFC’s policies and procedures.

3.2 For purposes of this section: (i) “staff costs (excluding short term consultants and temporaries, and also excluding extended term consultants and temporaries)” includes salaries, benefits (excluding IFC field benefits) and indirect rates charged to the Trust Fund as applicable under Bank policies and procedures; (ii) “extended term consultants and temporaries” includes fees, benefits (excluding IFC field benefits) and indirect rates charged to the Trust Fund as applicable under Bank policies and procedures; and (iii) “short term consultants and temporaries” includes fees and indirect rates charged to the Trust Fund as applicable under Bank policies and procedures.

3.3 The indirect rate applicable to the Bank under expenditure categories (e), (f) and (g) above is defined as a percentage of personnel costs and available at the World Bank’s Donor center secure website, as such rate may be revised from time to time by the Bank and applied to this Trust Fund, in accordance with its policies and procedures.

3.4 For Recipient-executed activities, the Trust Fund funds may be used to finance:

(a) civil works;
(b) consulting;
(c) goods;
(d) operating costs; and
(e) training.

4. **Taxes**

4.1 The foregoing activities and categories of expenditures may include the financing of taxes in accordance with the relevant Participating WBG Organization’s applicable policies and procedures.
5. **Retroactive Financing**

5.1 The Trust Fund funds may be used to retroactively finance payments for eligible expenditures made as of November 10, 2015 in accordance with each of the Participating WBG Organizations’ applicable policies and procedures.
Standard Provisions

This Annex shall be applicable to and form an integral part of the Administration Agreement for the Trust Fund among the Participating WBG Organizations and the Donor, it being understood that any plural references in the annexes to Donors, Administration Agreements, Contributions and pro rata shares shall be read as singular references to the Donor, its Administration Agreement, its Contributions thereunder and the remaining uncommitted balance of the Trust Fund, respectively.

1. Administration of the Contributions

1.1 The Contributions shall be administered in the Trust Fund by the Bank on behalf of the Donor and used by the Participating WBG Organizations to implement or supervise, as the case may be, activities in accordance with the terms of this Administration Agreement. Each Participating WBG Organizations shall be responsible only for performing those functions specifically set forth in this Administration Agreement, including its annexes, 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 Administration Agreement shall be considered a waiver of any privileges or immunities of the Participating WBG Organizations under their respective Articles of Agreement or any applicable law, all of which are expressly reserved.

1.2 Each Donor’s Contribution (collectively, the “Contributions”) shall be administered or used in accordance with the Participating WBG Organizations’ applicable policies and procedures, as the same may be amended from time to time, including their procurement, financial management, disbursement and safeguard policies, their framework to prevent and combat fraud and corruption and their screening procedures to prevent the use of Participating WBG Organizations resources to finance terrorist activity, in line with the Participating WBG Organizations’ 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 Participating WBG Organizations 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.

1.3 The Contributions may fund activities undertaken by IFC that have a potential to generate fees from clients in the future. The client fees paid to IFC, to the extent they result from the activities funded by the Contributions, will be set aside and used by IFC for the same purposes as the Contributions. Upon termination of the Administration Agreements, any unused portion of such client fees may then be used by IFC in accordance with its sole discretion.

2. Management of the Contributions

2.1 The funds deposited in the Trust Fund shall be accounted for as a single trust fund by the Bank and shall 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 shall be held is United States dollars (the “Holding Currency”).

2.3 Donors agree to deposit their Contributions in the Contribution Currency stated in their respective Administration Agreements. 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 shall 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 Participating WBG Organizations nor the Donor shall bear any responsibility for providing any additional financing.

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

2.5 The Bank shall 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 shall credit all income from such investment to the Trust Fund to be used for the same purposes as the Contributions.

3. Accounting and Financial Reporting

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

3.2 The Bank shall 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 which will be updated quarterly. 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 shall be made available to the Donors via the World Bank’s Trust Funds Donor Center secure website.

3.3 The Bank shall 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 shall be borne by the Bank.

3.4 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 borne by the requesting Donor.

3.5 The Bank shall 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.

4. Progress Reporting

4.1 The Bank shall provide the Donors with annual written progress reports prepared by the relevant Participating WBG Organizations by the end of each Bank fiscal year. The progress reports shall be provided with reference to the results framework agreed by the Participating WBG Organizations and the
Donors, as such results framework may be reviewed by the Parties from time to time. Within six (6) months of the End Disbursement Date (as defined below), the Bank shall provide to the Donors with a final narrative report for the Trust Fund prepared by the relevant Participating WBG Organizations.

4.2 Any Donor may review or evaluate activities financed by the Trust Fund at any time up to closure of the Trust Fund. The Donor and the relevant Participating WBG Organizations shall agree on the scope and conduct of such review or evaluation, and the relevant Participating WBG Organizations shall provide all relevant information within the limits of the Participating WBG Organizations’ applicable policies and procedures. All associated costs, including any costs incurred by the relevant Participating WBG Organizations, 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.

5. **Disbursement; Cancellation; Refund**

5.1 It is expected that the funds deposited in the Trust Fund will be fully disbursed by the Bank by December 31, 2030 (the “End Disbursement Date”). The Bank shall only disburse funds deposited in the Trust Fund for the purposes of this Administration Agreement (other than returns to Donors) after such date to the extent such date is changed in accordance with amendments made to the Administration Agreements of all the Donors. Following the End Disbursement Date, the Bank shall return any remaining balance of the Trust Fund to each Donor in the Holding Currency in the manner specified in its respective Administration Agreement 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.

5.2 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 Participating WBG Organizations and any consultants and/or other third parties for the purposes of this Administration Agreement, including any Grant Agreements, prior to the receipt of such notice. In the event of a cancellation, the Bank shall return to the Donor its pro-rata share in the Holding Currency as specified in paragraph 2.2 of this Annex 2; unless otherwise agreed between the Bank and the Donor.

6. **Disclosure; Dispute Resolution**

6.1 The Bank and IFC shall disclose the Administration Agreements and related information on this Trust Fund in accordance with their respective policies on access to information. By entering into Administration Agreements, the Donors consent to such disclosure of their respective Administration Agreements and such related information.

6.2 Notwithstanding paragraph 6.1 above, the Parties shall not publicly disclose the information that the Donors or IFC or the Bank have provided as a result of this Agreement and has explicitly indicated in writing and marked as confidential except having obtained the relevant Party’s prior written consent. Each Donor shall also ensure that any access to such confidential information granted to its officers, directors, employees, attorneys, independent auditors, rating agencies, contractors, and consultants will be only on a need-to-know basis and provided that such persons are subject to a similar or equivalent confidentiality obligation.

6.3 The Donors and the Participating WBG Organizations shall use their best efforts to amicably settle any dispute, controversy, or claim arising out of or relating to the Administration Agreements.
7. **Grants to Recipients**

7.1 The Bank shall, as administrator of the Trust Fund on behalf of the Donors, enter into one or more grant agreements (the “Grant Agreements”) with recipients (the “Recipients”) consistent with the purposes of this Administration 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.

7.2 The Bank shall 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.

7.3 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 such 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.

8. **Trust Fund Fee**

8.1 The Bank shall calculate a fee each time funds (the “Grant Amount”) from the Trust Fund become committed under a Grant Agreement. Such commitment shall occur when such Grant Agreement is fully countersigned (the “Calculation Date”). The fee so calculated by the Bank shall be based on the cumulative total of funds from the Trust Fund committed under all Grant Agreements that have been fully countersigned on or prior to the Calculation Date (the “Cumulative Grant Total”). The calculated fee shall depend on where the Cumulative Grant Total stands as the Grant Amount is added and shall be determined in accordance with the following schedule:

(i) 5% of any portion of the Grant Amount that results in a Cumulative Grant Total below or equal to US$ 50 million (or equivalent); plus
(ii) 4% of any portion of the Grant Amount that results in a Cumulative Grant Total above US$ 50 million (or equivalent) and below or equal to US$ 500 million (or equivalent); plus
(iii) 3% of any portion of the Grant Amount that results in a Cumulative Grant Total above US$ 500 million (or equivalent) and below or equal to US$ 1 billion (or equivalent); plus
(iv) 2% of any portion of the Grant Amount that results in a Cumulative Grant Total above US$ 1 billion (or equivalent).

8.2 Following each Calculation Date, the Bank shall deduct from the Trust Fund, and retain for its own account, the fee as set forth above. Grant Amounts may not exceed the balance of uncommitted funds in the Trust Fund net of the related fee.

8.3 Paragraphs 7.1, 7.2, 7.3, 8.1 and 8.2 above shall not apply to grants executed by IFC under its policies and procedures.
 ANNEX 3

Governance

This Annex will be applicable to and form an integral part of the Administration Agreement for the Trust Fund between the Participating WBG Organizations and the Donor.

Definitions

“Allocated Amount for the ISFL Initiative Activities” means the amount of annual allocation for the ISFL Initiative Activities in accordance with clause 3.3 below.

“Bank” means IBRD and IDA.

“BioCF” means the BioCarbon Fund established by the Board of Executive Directors of the IBRD through its Resolution No. 2003-2006 (dated September 11, 2003), which is governed by the BioCF Instrument.


“BioCF T3” means the third tranche of the BioCF.

“BioCF T3 Participant” means a participant to the BioCF T3.

“BioCF T3 Program” means any ISFL Program funded by the BioCF T3 Trust Fund to cover payments for carbon emission reductions and, unless fully recovered under an Emission Reductions Purchase Agreement, costs and expenses related to verification of carbon emission reductions and supervision of IBRD programs during the period in which emission reductions are generated, measured, verified and paid for.

“BioCF T3 Program Participant” means a participant that provides funding for a BioCF T3 Program.

“BioCF T3 Trust Fund” means the trust fund established to fund BioCF T3 Programs.

“BioCFplus-ISFL Donor” means a donor to the BioCFplus-ISFL Trust Fund.

“BioCFplus-ISFL Initiative Window” means a window of a trust fund or trust funds under the hierarchy of the BioCFplus-ISFL Trust Fund to which funds are allocated in support of ISFL Initiative Activities.

“BioCFplus-ISFL Program Activities” means any preparation or implementation activity for relevant ISFL Programs funded by the BioCFplus-ISFL Trust Funds, including, but not limited to, activities executed by the Bank or grant receiving recipients, IFC advisory services, preparation, implementation, and supervision of Bank programs and IFC advisory services.

“BioCFplus-ISFL Program Donor” means any BioCFplus-ISFL Donor, a portion of whose contribution is allocated to a BioCFplus-ISFL Program Window to fund relevant BioCFplus-ISFL Program Activities.
“BioCFplus-ISFL Program Window” means a window of a trust fund or trust funds under the hierarchy of a BioCFplus-ISFL Trust Fund to which funds are allocated in support of the BioCFplus-ISFL Program Activities.

“BioCFplus-ISFL Trust Fund” means any trust fund established to implement ISFL Initiative Activities and BioCFplus-ISFL Program Activities.

“Fiscal Year” means the year starting on July 1 and ending on June 30.

“IBRD” means the International Bank for Reconstruction and Development.

“IDA” means the International Development Association.

“IFC” means the International Finance Corporation.

“Initial ISFL Contributors” means the German Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety (BMUB); the Norwegian Ministry of Climate and Environment (MoCE); the United Kingdom Department of Energy and Climate Change (DECC); the United Kingdom Department for Environment, Food and Rural Affairs (DEFRA); and the United States Department of State (USDOS).

“ISFL” or “Initiative” means the Initiative for Sustainable Forest Landscapes.

“ISFL Contributors” means BioCFplus-ISFL Donors and BioCF T3 Participants.

“ISFL Initiative Activities” mean any activities benefitting the ISFL as a whole, including fund administration, communication and knowledge management, strategy and procedures for private sector engagement, evaluations, and any other activities that the Bank deems appropriate for the purpose of benefitting the Initiative as a whole.

“ISFL Program” means a specific jurisdictional landscape program that has been opened through a decision by ISFL Contributors and funded by BioCFplus-ISFL Program Donor(s) and/or BioCF T3 Program Participant(s).

“ISFL Program Contributors” means the BioCFplus-ISFL Program Donors and/or BioCF T3 Participants providing funding for the same ISFL Program.

“Participating WBG Organization” means IBRD, IDA and IFC.

“Recipient” means a recipient receiving funding from the BioCFplus-ISFL Trust Fund (i.e., national governments and other sub-national government entities).

1. Objective

The objective of the ISFL is to promote and reward reduced greenhouse gas emissions and increased sequestration through better land management, including REDD+ (Reduced Emissions from Deforestation and forest Degradation, and the role of conservation, sustainable management of forests and enhancement of forest carbon stocks), climate smart agriculture, and smarter land use planning and policies.
Global greenhouse gas emissions from land use account for nearly one-quarter of the total global greenhouse gas emissions. Agricultural expansion is the leading driver of deforestation globally, yet agriculture is also a major force for economic growth in developing countries. The ISFL works to incentivize alternative development pathways so that these replace existing practices and policies that are resulting in deforestation.

2. **Relationship between BioCFplus-ISFL and BioCF T3**

The ISFL is a multi-donor initiative which consists of both the BioCFplus-ISFL Trust Funds and the BioCF T3 Trust Fund.

The BioCFplus-ISFL Trust Funds are structured to include BioCFplus-ISFL Program Windows as well as BioCFplus-ISFL Initiative Windows. For this purpose, a separate dedicated trust fund is set up under each BioCFplus-ISFL Trust Fund. Each of these dedicated trust funds will include (i) BioCFplus-ISFL Program Windows for ISFL Programs and (ii) a BioCFplus-ISFL Initiative Window to support the ISFL as a whole by funding ISFL Initiative Activities.

The BioCF T3 Trust Fund is established as a trust fund to fund BioCF T3 Programs building on the upstream work and investments funded by BioCFplus-ISFL Trust Funds.

The BioCF T3 Trust Fund may also be structured to include windows for specific ISFL Programs to mirror the BioCFplus-ISFL Program Window structure under the BioCFplus-ISFL Trust Fund hierarchy, with the objective of ensuring that the ISFL’s upfront efforts and downstream payments are coordinated and focused on the jurisdictional level.

3. **ISFL Initiative Activities**

3.1 **Roles and Responsibilities**

3.1.1 **Role and Responsibilities of the Bank.** The Bank is responsible for the day-to-day operations of the Initiative as a whole and will assume a coordinating role on all operations, communications, external engagement and representation related to the Initiative. The Bank intends to work within a set framework agreed with ISFL Contributors and act in the best interest of the ISFL, ensuring its efficient operations and its focus on the Initiative’s objectives. Considering the above, the role of the Bank with regard to the ISFL Initiative Activities will include (but not be limited to):

- Preparing potential ISFL Programs to present to ISFL Contributors for approval;
- Coordination of all communication and external engagement, including representing the Initiative’s interests at international fora and maintaining contact with the ISFL Contributors;
- Additional fundraising for the Initiative and liaising with prospective ISFL Contributors (if needed);
- Collecting and disseminating knowledge obtained in the course of the Initiative’s operation;
- Initial engagement of potential private sector partners with interests in multiple jurisdictions; and
- Preparing and organizing meetings of ISFL Contributors.

3.1.2 **Role and Responsibilities of the ISFL Contributors.** ISFL Contributors will provide advice, guidance and feedback on the design and implementation of ISFL Initiative Activities, but will not
be involved in the day-to-day operations of the Initiative. The role of the ISFL Contributors will include:

- Liaising with the Bank on the overall operating principles of the Initiative;
- Approval of jurisdictional ISFL Programs to be included in the Initiative (including when and which new programs to consider);
- Endorsing a methodological approach for measuring carbon emission reductions;
- Reviewing and approving an annual business plan and budget for the following Fiscal Year to support ISFL Initiative Activities;
- Selecting target countries for potentially establishing new ISFL Programs;
- Opening new ISFL Programs;
- Providing guidance on overarching design and direction of the ISFL, but excluding decisions on specific ISFL Programs after their opening; and
- Liaising with the Bank on overall global policy trends, general information exchange, and specific developments of which the Bank should be aware for managing the ISFL.

3.2. Decision Making for ISFL Initiative Activities

3.2.1 The Bank will provide required documentation, as agreed with ISFL Contributors, at least two weeks in advance for meetings in which the ISFL Contributors will make a decision for ISFL Initiative Activities. The Bank will employ, where possible, the same documentation that is commonly used for decision making under Participating WBG Organizations’ operations.

3.2.2 ISFL Contributors will review and make a decision to approve the annual business plan and budget for ISFL Initiative Activities for the following Fiscal Year.

3.2.3 ISFL Contributors will make every effort to make decisions by consensus. If all efforts to reach consensus have been exhausted, but no decision has been made, the matter will be decided by a double simple majority based on (1) a majority of votes based on one vote per ISFL Contributor; and (2) a majority of votes based on overall contributions to the ISFL, for which each ISFL Contributor is entitled to one vote per USD 100,000 of its overall contributions to the BioCF T3 Trust Fund and the BioCFplus-ISFL Trust Fund, calculated in USD on the date that the Contributor’s respective administration agreement for BioCFplus-ISFL or participation agreement for BioCF T3 was signed. A quorum is reached when the ISFL Contributors represented hold a double simple majority of all the votes.

3.2.4 For the purpose of calculating voting shares referred to in clause 3.2.1 above, any amount of contributions that a BioCFplus-ISFL Donor makes directly to the IFC, or via contributions to BioCFplus-ISFL that are subsequently cancelled and transferred to the IFC, to provide funding for an IFC investment for any ISFL Program will be added to its overall contributions from its respective BioCFplus-ISFL Trust Fund.

3.3. Funding for ISFL Initiative Activities

3.3.1 The funding for ISFL Initiative Activities, less cost-sharing arrangements with BioCF T3 Participants, will be provided through BioCFplus-ISFL Initiative Windows within BioCFplus-ISFL Trust Funds in equal shares among BioCFplus-ISFL Donors on an annual basis.
3.3.2 Following the approval of the annual budget and business plan for ISFL Initiative Activities, the Bank will transfer the Allocated Amount for the ISFL Initiative Activities from each BioCFplus-ISFL Trust Fund account to an associated BioCFplus-ISFL Initiative Window account.

4. BioCFplus-ISFL Program Activities

4.1 Roles and Responsibilities

4.1.1 Role and Responsibilities of the Bank. The Bank is responsible for the day-to-day operations of BioCFplus-ISFL Program Activities and will have a coordinating role on all operations, communications, external engagement and representation related to such activities. The Bank is responsible for ensuring sufficient in-house capacity to implement BioCFplus-ISFL Program Activities, and coordinating the overall support provided by specialized teams in the Participating WBG Organizations. Considering the above, the role of the Bank with regard to BioCFplus-ISFL Program Activities will include (but not be limited to):

- Leading the preparation and, if applicable, the implementation of BioCFplus-ISFL Program Activities in consultation with the Recipient;
- Advising the Recipient, if applicable, on the implementation of BioCFplus-ISFL Program Activities;
- Liaising with Recipients, private sector partners and other local stakeholders;
- Coordinating all communication and external engagement related to the BioCFplus-ISFL Program Activities, in cooperation with local teams, including coordinating the ad-hoc local Advisory Committee (where applicable) and facilitating the engagement with other key stakeholders, as necessary;
- Tracking private sector investments and commitments to ISFL Programs;
- Establishing and managing the monitoring and evaluation framework;
- Preparing and organizing meetings for ISFL Program Contributors; and
- Collecting and disseminating the knowledge obtained through BioCFplus-ISFL Program Activities.

4.1.2 Roles and Responsibilities of the BioCFplus-ISFL Program Donors. BioCFplus-ISFL Program Donors may provide advice, guidance and feedback on the design and implementation of the BioCFplus-ISFL Program Activities, but will not be involved in the day-to-day operations of each BioCFplus-ISFL Program Activity. Since the Bank has the ultimate responsibility for BioCFplus-ISFL Program Activities, BioCFplus-ISFL Program Donors will not be able to override any decisions of the Participating WBG Organizations’ operational teams, including the application of the Participating WBG Organizations’ own policies and procedures. The role of the BioCFplus-ISFL Program Donors will include:

- Providing guidance on design of the proposed BioCFplus-ISFL Program Activities, which would guide key investment decisions made by the Bank in the respective jurisdiction (i.e., activities eligible for funding);
- Engaging with relevant local embassy, in coordination with the Bank, to build local support and alignment on relevant issues;
- Direct government-to-government contact, in coordination with the Bank, at official levels or, potentially ministerial levels, to facilitate progression of the ISFL Program (as long as aligned with agreed program of the Participating WBG Organizations);
- Direct engagement with private sector and non-government organizations in the ISFL Program jurisdiction with whom ISFL Program Contributors have existing working relationships, with the prior notification and agreement of the Bank;
- Facilitating linkages with relevant bilateral programs through the Bank;
- Liaising at regular intervals with the Bank and coordinating on potential missions to the ISFL Program country;
- Connecting the Bank to relevant contacts, including the private sector, for any work that is potentially related to the ISFL Program jurisdiction. The Bank will have primary responsibility for following up on leads and connecting them to the implementation team for BioCFplus-ISFL Program Activities;
- Updating the Bank on developments or any related discussions relevant to the BioCFplus-ISFL Program Activities;
- Reviewing and approving an annual business plan and budget for the following Fiscal Year to support BioCFplus-ISFL Program Activities; and
- Providing input to progress reports presented by the Bank.

4.1.3 **Advisory Committee.** An advisory body composed of leading experts from government, civil society and the private sector with a range of relevant knowledge (i.e., rural development, supply chains, smallholder engagement, etc.) may be established to provide input into the design and development of ISFL Programs, and work with Recipients to catalyze the implementation of ISFL Programs. The Advisory Committee will be ISFL Program country-specific, have no decision making power and will be called upon by the Bank as needed. The composition of the Advisory Committee may change as ISFL Program needs evolve. If ISFL Program Contributors and Recipients agree that an advisory body is necessary in a jurisdiction, the Bank will make an initial suggestion to the relevant ISFL Program Contributors and Recipients for their approval.

4.2 **Decision Making for BioCFplus-ISFL Program Activities**

4.2.1 The Bank will provide required documentation, as agreed with relevant BioCFplus-ISFL Program Donors, at least two weeks in advance for meetings in which the relevant BioCFplus-ISFL Program Donors will make a decision to approve the total funding for BioCFplus-ISFL Program Activities in each ISFL Program, as necessary (“BioCFplus-ISFL Program Funding Envelope”). The Bank will employ, where possible, the same documentation that is commonly used for decision making under Participating WBG Organizations’ operations.

4.2.2 BioCFplus-ISFL Program Donors for the relevant ISFL Program will review and make a decision to approve the annual business plan and budget for BioCFplus-ISFL Program Activities for the following Fiscal Year.

4.2.3 BioCFplus-ISFL Program Donors for the relevant ISFL Program will make every effort to make decisions by consensus. If all efforts to reach consensus have been exhausted, but no decision has been made, the matter will be decided by the majority of votes cast by BioCFplus-ISFL Program Donors. Each BioCFplus-ISFL Program Donor is entitled to one vote per USD 100,000 of its
contributions (in USD) made to the relevant ISFL Program from their BioCFplus-ISFL Trust Fund at the time of the vote. A quorum is reached when the BioCFplus-ISFL Program Donors represented hold a majority of all the votes. As BioCFplus-ISFL Program Activities are intended to lay the foundations for subsequent BioCF T3 investments in the same ISFL Program, relevant BioCF T3 Program Participants will also be provided with the required documentation for review and commenting purposes.

4.2.4 For the purpose of calculating voting shares referred to in clause 4.2.4 above, any amount of contributions that a BioCFplus-ISFL Program Donor makes directly to the IFC, or via contributions to BioCFplus-ISFL that are subsequently transferred to the IFC, to provide funding for an IFC investment on behalf of the relevant ISFL Program will be added to the funds allocated by the Bank from such donor’s contributions to the relevant ISFL Program from its associated BioCFplus-ISFL Trust Fund.

4.3 Funding for BioCFplus-ISFL Program Activities

4.3.1 BioCFplus-ISFL Program Activities will be funded through BioCFplus-ISFL Program Windows within BioCFplus-ISFL Trust Funds.

4.3.2 BioCFplus-ISFL Program Donors will review and approve the BioCFplus-ISFL Program Funding Envelope.

4.3.3 The Bank will, based on the concurrence of each relevant BioCFplus-ISFL Program Donor, transfer the respective share(s) of the BioCFplus-ISFL Program Funding Envelope from each relevant BioCFplus-ISFL Program Donor’s BioCFplus-ISFL Trust Fund parent account to the relevant BioCFplus-ISFL Program Window account.

4.3.4 If any funding from the contributions to the BioCFplus-ISFL Trust Fund are intended for the IFC for its investment activities, the BioCFplus-ISFL Program Donor must first cancel the exact amount for the IFC investment from its BioCFplus-ISFL Trust Fund. Such amount is then transferred to a different trust fund account, in accordance with a separate bilateral agreement executed between the BioCFplus-ISFL Donor and the IFC.

5. Initial and Additional Contributions for ISFL Programs

5.1 The Bank will estimate funding requirements at an early stage of preparation for each ISFL Program. The allocation of funds to each ISFL Program will be decided on a case-by-case basis based upon an assessment of needs and capacity of each ISFL Program.

5.2 Initial ISFL Contributors will have the opportunity to contribute to top-up and fill identified funding gaps for ISFL Programs.

5.3 Additional contributions may be accepted for additional ISFL Programs beyond the initial four should the Bank in consultation with ISFL Contributors determine that there is a need for them. ISFL Contributors will have the opportunity to contribute to fill identified funding gaps for BioCFplus-ISFL Program Activities and BioCF T3 Programs.
If a funding gap for BioCFplus-ISFL Program Activities and BioCF T3 Programs cannot be met by ISFL Contributors, then a new donor may provide a new contribution to the ISFL Program. The minimum threshold for contributions from a new donor is USD 25 million ("Minimum Contribution"). ISFL Contributors will consider flexible methods\(^1\) to reach the Minimum Contribution. The Minimum Contributions can be achieved through a contribution to a BioCFplus-ISFL Trust Fund alone, a contribution to the BioCF T3 Trust Fund alone or a combination of contributions to the BioCFplus-ISFL Trust Fund and the BioCF T3 Trust Fund.

### 6. Annual Meetings

6.1 An Annual Meeting of ISFL Contributors will be held each year the ISFL is operational, at such date and time and in such place as will be determined by the Bank in consultation with ISFL Contributors.

6.2 The Annual Meeting will be comprised of sub-meetings and serve as a decision-making forum for (1) ISFL Initiative Activities (all ISFL Contributors), (2) BioCFplus-ISFL Program Activities (all relevant BioCFplus-ISFL Program Donors for each ISFL Program) and (3) BioCF T3 Programs (all relevant BioCF T3 Program Participants for each ISFL Program). Relevant BioCFT3 Program Participants may participate as observers (without voting rights) in all discussions with BioCFplus-ISFL Program Donors on relevant BioCFplus-ISFL Program Activities.

6.3 The Bank will provide a single Annual Report to ISFL Contributors at least two weeks in advance of the Annual Meeting. The Annual Report will include as annexes: (a) annual business plans and budgets for the next Fiscal Year for ISFL Initiative Activities, BioCFplus-ISFL Program Activities and BioCF T3 Programs, (b) a financial report for the previous Fiscal Year on ISFL Initiative Activities, BioCFplus-ISFL Program Activities and BioCF T3 Programs, and (c) a progress report for the previous Fiscal Year on ISFL Initiative Activities, BioCFplus-ISFL Program Activities and BioCF T3 Programs.

6.4 Representatives of relevant ISFL Contributors (in their respective voting or observer capacity) may participate in such Annual Meetings either in person, by telephone or other communications facilities which permit all relevant ISFL Contributors participating in the Annual Meeting to hear each other, or by other electronic means.

### 7. Action Without a Meeting

7.1 An action required or permitted to be taken at an Annual Meeting may be taken without a meeting if such action intended to be taken has been described and circulated to all of the relevant ISFL Contributors in writing and, subject to clauses 3.2 and 4.2 above, such relevant ISFL Contributors have provided their written approval to such action.

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\(^1\) An example of a flexible methods that could be considered is a single Contributor making a contribution to meet or exceed the Minimum Contribution through an execution of series of contribution agreements/arrangements.
8. Special Meetings

8.1 Special Meetings of relevant ISFL Contributors for ISFL Initiative Activities, BioCF<em>plus</em>-ISFL Program Activities or BioCF T3 Programs may be held, as needed, at such date and time and in such place as will be determined by the Bank in consultation with relevant ISFL Contributors. Relevant BioCFT3 Program Participants may participate as observers (without voting rights) in all discussions with BioCF<em>plus</em>-ISFL Program Donors on relevant BioCF<em>plus</em>-ISFL Program Activities.

8.2 Representatives of relevant ISFL Contributors (in their respective voting or observer capacity) may participate in such Special Meetings either in person, by telephone or other communications facilities which permit all relevant ISFL Contributors participating in the Special Meeting to hear each other, or by other electronic means.