July 29, 2010

Ms. Elena Salgado  
Second Vice-president of the Government of Spain  
Minister of Economy and Finance  
Calle Alcalá, 9  
28071 Madrid  
Spain  

Trust Fund Agreement between the Government of the Kingdom of Spain and the International Bank for Reconstruction and Development concerning the Global Agriculture and Food Security Program (GAFSP) (MTO No. 069015)

Dear Ms. Salgado:

1. We are pleased to acknowledge on behalf of the International Bank for Reconstruction and Development (“IBRD”), as trustee (the “Trustee”) of the trust fund for Global Agriculture and Food Security Program (“GAFSP”) (MTO No. 069015) (the “Trust Fund”) the decision of the Government of the Kingdom of Spain, (the “Donor”), to make available as a grant the sum of Seventy Million Euros (EUR 70,000,000) as a contribution to the Trust Fund (the “Contribution”). Other donors are also expected to contribute to the Trust Fund on the terms and conditions specified in Annex 1 to this agreement (the “Agreement”).

2. The Contribution shall be administered by the Trustee on behalf of the Donor in accordance with the terms of this Agreement and the “Standard Provisions Applicable to the Public Sector Window of the Global Agriculture and Food Security Program” (“GAFSP Standard Provisions”) attached hereto as Annex 1. The GAFSP Standard Provisions constitute an integral part of this Agreement. Capitalized terms used in this Agreement and not defined herein shall have the meanings given to them in the GAFSP Standard Provisions. In the event of any conflict between the provisions of this Agreement, the Framework Document and/or the Governance Document, the provisions of this Agreement shall prevail over the Framework Document and the Governance Document, and the Governance Document shall prevail over the Framework Document.

3. The Donor hereby elects to provide the total amount of the contribution to the Public Sector Window.
4. The Donor acknowledges that the above mentioned amount has been transferred from the Balance Account of the Ministry of Foreign Affairs and Cooperation of Spain (TF071421), at the instruction of said ministry, to the Global Agriculture and Food Security Program (MTO No. 069015) Trust Fund.

5. The Trustee shall convert such funds into United States dollars at the exchange rate obtained by the Trustee on the date of the conversion. In all cases, where the contribution proves to be insufficient to complete the GAFSP activities as a result of an exchange rate fluctuation, neither the Trustee nor the Donor shall bear any responsibility for additional financing.

6. All references made in Annexes and related documents to “Contribution Agreement” will have the same meaning as the term “Trust Fund Agreement” used therein.

7. All references made in Annexes and related documents to “Contributor” will have the same meaning as the term “Donor” used therein.

8. The offices responsible for coordination of all matters related to the implementation of this Agreement as of the date hereof are set forth below. Either party may notify the other in writing of a change in responsible officer.

For the Trustee:

Susan McAdams
Director
Multilateral Trusteeship and Innovative Financing
The World Bank
1818 H Street, NW
Washington, DC  20433
U.S.A.

Tel: + 1 202 458 0019
Fax: + 1 202 614 0249

For the Donor:

María Jesús Fernandez García
Director General for International Finance
Ministry of Economy and Finance
Paseo de la Castellana 162
28046 Madrid
Spain

Tel: +34 91 583 7659
Fax: +34 91 583 5211
The Donor has requested that in addition to the above mentioned contact, the person listed below should also be copied on all correspondence related to this Agreement.

Juan López-Dóriga Pérez  
Director-General of Development Policy Planning and Evaluation  
Ministry of Foreign Affairs and Cooperation  
Beatriz de Bobadilla, 18  
28040 Madrid,  
Spain  
Tel: +34 91 379 93 30  
Fax: +34 91 394 89 48

9. This Agreement may be amended only by written agreement between the Trustee and the Donor; provided, however, that Annex 1 may only be amended with the agreement of all contributors to the Trust Fund.

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 Trustee of the copy of this Agreement countersigned by you, this Agreement will become effective as of the date of the countersignature.

Sincerely,

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT  
as Trustee of the Global Agriculture and Food Security Program

/s/ Antonella Bassani  
Acting Vice President  
Concessional Finance and Global Partnerships

AGREED:

THE GOVERNMENT OF THE KINGDOM OF SPAIN

By: /s/ Elena Salgado  
Second Vice-president of the Government of Spain  
Minister of Economy and Finance  
Date: September 22, 2010
ANNEX 1

Standard Provisions Applicable to the Public Sector Window of the Global Agriculture and Food Security Program (GAFSP)

The following provisions shall be applicable to and form an integral part of all Contribution Agreements entered into between the Trustee, acting not for its own account but solely in its capacity as trustee of the Trust Fund, and the Contributors.

1. Definitions

1.1. Capitalized terms used hereinafter, but not otherwise defined in the Contribution Agreement, shall have the meanings ascribed to them below:

(a) "Administrative Costs" means the administrative and other costs incurred by the Trustee, the Coordination Unit or the Technical Advisory Committee, in connection with the performance of their administrative services and other activities in support of the Trust Fund;

(b) “Administrative Fees” means the administrative and other costs, including but not limited to costs for Project preparation, Project supervision, preparation of reports and unaudited or audited financial reports, incurred by the Supervising Entities in connection with the management of the Projects;

(c) “Allocation” means the portion of the Trust Fund funds, including the Contributions, that has been allocated to Projects, Administrative Costs and Administrative Fees that have been approved by the Steering Committee;

(d) “Contribution” means each Contributor’s respective contribution to the Trust Fund, and “Contributions” means the aggregate of all the contributions to the Trust Fund;

(e) “Contribution Agreement” means any contribution agreement entered into between the Trustee and any Contributor in respect of the Contributor’s Contribution;

(f) “Contributor” means any country (including any ministry and agency thereof) or, if agreed by the Steering Committee and the Trustee, such other entity, that provides a Contribution;

(g) “Coordination Unit” means the coordination unit established within IBRD to support the work of the Steering Committee and the Technical Advisory Committee;

(h) “End Contribution Date” means June 30, 2015, unless otherwise determined by the Steering Committee;
(i) “FAO” means the Food and Agriculture Organization;


(k) “Governance Document” means the document to be adopted by the Steering Committee as may be amended from time to time in accordance with its terms;

(l) “IFAD” means the International Fund for Agricultural Development;

(m) “Initial Contributors” means Canada, Spain, the United States of America, the Bill & Melinda Gates Foundation and the Republic of Korea;

(n) “MDBs” means multilateral development banks;

(o) “MOU” means the memorandum of understanding entered into between the Trustee and the IBRD in its role as the Coordination Unit in the form approved by the Steering Committee;

(p) “Project” means a project, program or activity, or a part thereof, which is to be financed with funds from the Trust Fund, as approved by the Steering Committee based upon a Proposal.

(q) “Proposal” means any proposal submitted by, or on behalf of, countries and regional organizations with legal personality, to the Steering Committee seeking an Allocation of funds from the Trust Fund;

(r) “Public Sector Window” means the public sector window established under the Trust Fund;

(s) “Steering Committee” means the committee of the Trust Fund, which shall initially include a representative of each of the Initial Contributors, and shall be established as set forth in the Framework Document to oversee the operations and activities of GAFSP and to act as the decision-making body of GAFSP;

(t) “Supervising Entities” means IFAD, FAO, WFP, the World Bank and other MDBs;

(u) “Technical Advisory Committee” means the external committee to be established and appointed by the Steering Committee to provide technical input for decisions to be taken by the Steering Committee;

(v) “Transfer Agreements” means any transfer agreement to be entered into between the Trustee and any Supervising Entity in the form approved by the Steering Committee;
“WFP” means the World Food Programme;

“World Bank” means IBRD and the International Development Association; and

“World Bank Group” means the World Bank, the International Finance Corporation, the Multilateral Investment Guarantee Agency and the International Center for the Settlement of Investment Disputes.

2. Establishment of the Trust Fund

2.1. The Trust Fund is established to support the purpose and objectives of the GAFSP as set forth in the Framework Document. The principles of the governance and operational framework to be applied initially to the GAFSP are set forth in the Framework Document. In case of any conflicts, the provisions of the Governance Document once adopted, shall supersede the provisions of the Framework Document.

3. Administration of the Contributions

3.1. The Trustee shall be responsible only for performing those functions specifically set forth in the Contribution Agreement and shall not be subject to any other duties or responsibilities to the Contributors, 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 Contribution Agreement shall be considered a waiver of any privileges or immunities of the IBRD under its Articles of Agreement or any applicable law, all of which are expressly reserved.

4. Commingling, Exchange and Investment of the Contributions

4.1. The Contribution funds in the Trust Fund shall be accounted for as a single trust fund and shall be kept separate and apart from the funds of the IBRD. The Contribution funds may be commingled with other trust fund assets maintained by the IBRD.

4.2. The Contribution funds may be freely exchanged by the Trustee into other currencies as may facilitate their disbursement.

4.3. The Trustee shall invest the Trust Fund funds including the Contributions pending their disbursement in accordance with the IBRD’s policies and procedures for the investment of trust funds administered by the IBRD. The Trustee shall credit all income from such investment to the Trust Fund to be used for the purposes of the Trust Fund.

5. Use and Purpose of the Trust Fund Funds

5.1. Subject to the availability of applicable funds held in the Trust Fund as determined by the Trustee, the Trustee shall commit, transfer and/or use the Trust Fund funds for any purpose approved and in the amount allocated by the Steering Committee, in accordance with the terms of the Governance Document and the Contribution Agreement.
6. **Administrative Costs and Fees**

6.1. The Trust Fund funds may be used to cover the Administrative Costs. Upon approval by the Steering Committee of any proposal for compensation for the Administrative Costs, the Trustee may transfer to the Coordination Unit, the Technical Advisory Committee or the Trustee, as applicable, the respective amount of compensation approved for that party; provided that such amount of compensation transferred shall be subject to an end of year adjustment based on actual costs incurred.

6.2. The Trust Fund funds may also be used to cover the Administrative Fees. The Administrative Fees of Projects will be allocated by the Steering Committee at the time of its approval of Projects, based on the submission of proposed Administrative Fees by the relevant Supervising Entity to the Steering Committee and on the agreed fee structure approved by the Steering Committee. The Administrative Fees of each Supervising Entity shall be provided for in each of the relevant Transfer Agreements.

7. **Procedures to Govern Transfer of Funds to the Supervising Entities and Coordination Unit**

7.1. The Trustee shall, subject to paragraph 5.1 above, commit up to the maximum amount of the Trust Fund funds allocated by the Steering Committee and transfer such amounts to the Supervising Entities, including the World Bank in its role as a Supervising Entity, in accordance with their respective Transfer Agreements.

7.2. The Transfer Agreements shall provide that each Supervising Entity shall be responsible for:

(i) the use of the Trust Fund funds transferred to it and activities carried out therewith in accordance with: (a) its policies and procedures (including those in respect of procurement of goods and services and reporting arrangements); and (b) the applicable decisions of the Steering Committee, including the purpose for which the Allocations of the funds have been approved;

(ii) maintaining books, records, documents, and other evidence in accordance with its usual accounting procedures to sufficiently substantiate the use of the Trust Fund funds transferred to it; and

(iii) reporting to the Steering Committee through the Coordination Unit on the Project activities and results based on a format agreed by the Steering Committee.

7.3. Recognizing the obligations of the Contributors under various United Nations Security Council Resolutions and the Contributors’ intent that the Trust Fund funds not be used to finance drug traffickers, the Trustee will include in each Transfer Agreement a requirement that the Supervising Entity:
(i) undertakes to use reasonable efforts, consistent with its policies and procedures, including those pertaining to combating financing for terrorists, to ensure that the Trust Fund funds provided to the Supervising Entity by the Trustee are used for their intended purposes and are not diverted to terrorists or their agents;

(ii) will not use Trust Fund funds for the purpose of any payment to persons or entities, or for the import of goods, if such payment or import is prohibited by a decision of the United Nations Security Council taken under Chapter VII of the Charter of the United Nations, including under United Nations Security Council Resolution 1373 and related resolutions;

(iii) will confirm that, given the activities to be funded with the funds provided to the Supervising Entity, the Supervising Entity does not believe that any such funds would be diverted to drug traffickers; and

(iv) will include provisions corresponding to subparagraphs (i) – (iii) above in any sub-grant agreements that the Supervising Entity enters into with entities to which the Supervising Entity makes Trust Fund funds available.

7.4. Each Transfer Agreement shall also name the Contributors as third party beneficiaries with direct rights on the part of the Contributors to seek recourse under the Transfer Agreement and will provide the Trustee with the rights of novation and assignment to enable the Contributors to seek direct recourse against a Supervising Entity.

7.5. The Trustee shall require, and accept from, the Supervising Entities that have received Trust Fund funds from the Trustee, periodic financial reports including annual audited financial statements, unless otherwise agreed by the Steering Committee. The Trustee shall furnish the Steering Committee and each Contributor with: (i) copies of all unaudited or audited financial reports; and (ii) any other relevant financial information, received from the Supervising Entities under the Transfer Agreements.

7.6. The Contributors assume no liability for any third party claims for damages arising out of the Trust Fund or the use of funds therefrom.

7.7. No disbursement shall be made by the Trustee until the Governance Document has been adopted by the Steering Committee.

7.8. In the event that the Steering Committee shall have decided to withhold disbursements in the Transfer Agreements for reasons set out in the Governance Document, the Trustee shall claim repayment in full or in part directly from the Supervising Entity to the extent the Supervising Entity has been able to obtain repayment from the negligent party if the funds are found to be misused or not satisfactorily accounted for.
7.9. The Trustee shall transfer such amounts allocated by the Steering Committee to the IBRD in its role as the Coordination Unit in accordance with the MOU which shall include provisions corresponding to subparagraphs (i) – (iii) of Section 7.3.

8. Employment of Consultants and Procurement of Goods

8.1. Procurement of goods and services by the Trustee or the Coordination Unit for activities financed by the Trust Fund funds shall be made in accordance with the policies and procedures of the IBRD. Procurement of goods and services for activities financed by the Trust Fund funds transferred to the Supervising Entities shall be made in accordance with the policies and procedures of the respective Supervising Entity as set out in paragraph 7.2 above.

9. Accounting and Financial Reporting

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

9.2. The Trustee shall report to the Steering Committee annually unless otherwise agreed between the Trustee and the Steering Committee, on the status of Allocations of funding recorded by the Trustee, commitments and transfers from the Trust Fund and receipts of funds in the Trust Fund.

9.3. The Trustee shall cause a financial statement prepared by the Trustee with respect to the Trust Fund to be audited by the IBRD’s external auditors annually unless otherwise agreed between the Trustee and the Steering Committee; provided that the cost of any such audit, including the internal costs of the Trustee with respect to such audit, shall be included in the Trustee’s Administrative Costs. The Trustee shall furnish the Steering Committee and each Contributor with copies of such audited financial statement and auditor’s report as soon as practicable.

9.4. 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 audited financial information relating to receipts, disbursements and fund balance in the holding currency of the Trust Fund with respect to the Trust Fund funds will be made available to the Contributors.

10. Termination

10.1. In the event that the Steering Committee shall cease making Allocations from the outstanding balance of the Trust Fund pursuant to the terms of the Governance Document, the Trustee shall continue to administer the Trust Fund after the date of cessation of Allocations by the Steering Committee in accordance with the provisions of the Contribution Agreement and the Transfer Agreements until such time the obligations of the Trustee set forth in Section 10.6 of this Contribution Agreement are fulfilled.
10.2. In the event that all or part of a Project is cancelled by the Steering Committee pursuant to the Governance Document, the Trustee shall return to the Trust Fund any unused amount of compensation allocated for the Administrative Fees of the Supervising Entities and/or the Projects which has been returned to the Trustee from the relevant Supervising Entities.

10.3. The Trustee may terminate its role as trustee of the Trust Fund at any time after giving the Steering Committee six (6) months notice in writing. Following termination, the Trustee shall carry on no business for the Trust Fund except for the purpose of winding up its affairs. The Trustee shall, in consultation with the Steering Committee to the extent possible, take all necessary action for winding up its affairs in an expeditious manner, and for meeting the commitments already made by the Trustee.

10.4. Any Contributor may, upon three (3) months’ prior written notice, cancel all or part of such Contributor’s pro rata share, of any remaining balance of the Trust Fund funds that has not been allocated by the Steering Committee prior to the receipt of such notice. In the event of such cancellation, the Trustee shall, as instructed by the relevant Contributor in writing, promptly return directly to the relevant Contributor or to the relevant Donor Balance Account or transfer to any other trust fund or fund administered by the World Bank Group, an amount up to the Contributor’s pro rata share of any remaining balance of the Trust Fund funds that has not been allocated by the Steering Committee as set forth above in this paragraph.

10.5. It is expected that no new Contributions would be received by the Trustee after the End Contribution Date.

10.6. Within six (6) months following the decision by the Steering Committee to cease making Allocations from the Trust Fund, the Trustee shall, as instructed by each Contributor in writing, return directly to the Contributors, or, to the relevant Donor Balance Accounts, or, transfer such remaining balance to any other trust fund or fund administered by the World Bank Group, the Contributor’s pro rata share of the remaining balance of the Trust Fund funds including:

(i) any unused amount of compensation allocated for the Administrative Costs of the Trustee; and/or

(ii) any unused amount of compensation allocated for the Administrative Fees of the Supervising Entities and/or the Administrative Costs of the Coordination Unit and/or the Technical Advisory Committee which has been returned to the Trustee from the relevant Supervising Entities, Coordination Unit and/or the Technical Advisory Committee as the case may be.

11. Disclosure

11.1. The Trustee may disclose the Contribution Agreement and information on this Trust Fund in accordance with the IBRD policy on disclosure of information in effect at the time of such disclosure. Each Contributor may disclose its Contribution in accordance with its policies.