July 8, 2014

Dear Sir/Madam,

The purpose of this letter is to inform you of the Bank’s intention to continue to improve its current cost recovery framework for Trust Funds and to provide additional clarifications with respect to the email sent by Sandra Bloemenkamp, Acting Director, Concessional Finance and Global Partnerships on March 7, 2014.

In March, we informed your Government of changes in our internal charging processes that formed part of the implementation of the trust fund management reform endorsed by the Bank’s Board in July 2013. Underlying the trust fund reforms is the aim of significantly improving cost recovery, as recognized in the new planning and budgeting framework endorsed by the Board in June 2014. As described in our March 2014 communication, in order to move towards full cost recovery, the Bank will now seek to recover the indirect costs related to Bank Short Term Consultants and Temporaries (STCs/STTs) as we do for Bank staff and Extended Term Consultants. This recognizes the fact that indirect costs are incurred for all categories of Bank personnel. As a result of introducing an indirect rate for STCs/STTs, the rate for staff and ETCs/ETTs was reduced, thereby achieving a more equitable treatment across all categories of Bank personnel.

In reviewing your trust fund portfolio, it was noted that the Administration Agreements for the trust funds listed in the attached document provide for STCs/STTs as an eligible category of expenditure. However, these agreements are mostly silent with respect to indirect costs for STTs/STCs. In the interest of clarity, this letter seeks your written consent to apply the rate for indirect costs to STCs/STTs (as described in the March email). In addition, as the Bank introduced this change in methodology on February 16, 2014, we would also request that you authorize the Bank to apply indirect costs to STCs/STTs as of that date. Doing so would support the Bank’s efforts to move towards full cost recovery and would be consistent with the trust fund management reforms.

Kindly let us know in writing, as soon as possible and no later than July 31, 2014 if, with respect to the trust funds listed in the attachment, you agree to the approach outlined in the paragraph above by countersigning the attached document listing the affected trust funds.

Sincerely,

Jachyang So
Director, Trust Funds and Partnerships (DFPTF)

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OFFICIAL DOCUMENTS
The Administration Agreements for the trust funds listed below are amended to specifically allow for the charging of indirect costs on STCs/STTs with effect from February 16, 2014.

<table>
<thead>
<tr>
<th>TF Number</th>
<th>Trust Fund Name</th>
<th>Fund Type</th>
<th>Agency Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>TF071953</td>
<td>Global Knowledge Program on Migration and Development</td>
<td>Multi Donor</td>
<td>Sweden - Ministry of Justice</td>
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</tbody>
</table>

By: Ministry for Foreign Affairs, Dept. of Multilateral Development Cooperation  
Name: [Signature] J. FROTZLER  
Title: Deputy Director  
Date: 24.9.2014

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