CONFORMED COPY

Dated 18 Mar 2011

Ms. Fiona Louise Lappin
Head, DFID
Hanoi
Socialist Republic of Vietnam

Trust Fund Administration Arrangement between the Government of the
United Kingdom of Great Britain and Northern Ireland, acting through the
Department for International Development, and the International Bank for
Reconstruction and Development and the International Development
Association concerning the Vietnam Climate Change Partnership (VNCLIP)
Single-Donor Trust Fund (TF No.71651)

Dear Ms. Lappin:

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, acting through the Department for International Development (the "Donor")
   will make available as a grant the sum of two million eight hundred thousand Pounds Sterling
   (£2,800,000) (the "Contribution") for the Vietnam Climate Change Partnership Trust Fund (the
   "Trust Fund") in accordance with the provisions of this Arrangement.

2. Activities and Expenditures Financed by the Contribution

   The Contribution will be used to finance the activities and the categories of expenditure
   set forth in the "Description of Activities and Expenditures under the Vietnam Climate Change
   Partnership Trust Fund" attached hereto as Annex 1, and will be administered by the Bank on
   behalf of the Donor in accordance with the provisions of this Arrangement.

3. Administration of the Contribution

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

   3.2. 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 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

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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 will 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 will 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 Arrangement by the Donor and submission of a payment request by the Bank, £500,000.
(b) on or before September 2011, £500,000, and submission of a payment request by the Bank.
(c) on or before March 2012, £500,000, and submission of a payment request by the Bank.
(d) on or before September 2012, £500,000, and submission of a payment request by the Bank.
(e) on or before March 2013, £500,000, and submission of a payment request by the Bank.
(f) on or before September 2014, £300,000, and submission of a payment request by the Bank.

4.2. When making each deposit, the Donor will 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 TF071651 (the Vietnam Climate Change Partnership Trust Fund), and the date of the deposit (the “Deposit Instruction”). In addition, the Donor will 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.

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

5.1. The Contribution will be accounted for as a single trust fund and will be kept separate and apart from the funds of the Bank. The Contribution may be commingled with other trust fund assets maintained by the Bank.

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

5.3. The Bank will invest and reinvest the Contribution pending their disbursement in accordance with the Bank’s 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 Contributions.

6. **Administrative Cost Recovery**

6.1. 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 3% of each Contribution. In addition, costs
for program management as defined in Annex 1 up to a maximum of 1.8% will be charged to the Trust Fund on an actual basis. If the Contribution increase beyond what was originally expected at the time of counter-signature of this Arrangement, and the administrative costs increase as a result, the Donor acknowledges that an additional administrative fee may be applied to such new contributions.

7. **Grant to Recipient**

7.1. The Bank will, as administrator of the Trust Fund on behalf of the Donor, sign a grant agreement (the “Grant Agreement”) with the Socialist Republic of Vietnam (the “Recipient”) consistent with the purposes of this Arrangement and on the provisions set forth in the Grant Agreement. Grant Agreement may accept up to the maximum amount of the Contribution that the Donor has decided to make available under this Arrangement. Upon request by the Donor, the Bank will furnish a copy of the Grant Agreement to the Donor.

7.2. The Bank will be responsible for the supervision of the activities financed under the Grant Agreement. Subject to the consent of the Recipient, representatives of the Donor may be invited by the Bank to participate in Bank supervision missions related to the Trust Fund.

7.3. The Bank will promptly inform the Donor of any significant modification to the provisions of the Grant Agreement and of any contractual remedies that are exercised by the Bank under the Grant Agreement. To the extent practicable, the Bank will afford the Donor the opportunity to exchange views before effecting any such modification or exercising any such remedy.

8. **Procurement**

8.1. For Recipient-executed activities, the Grant Agreement will provide that the Contribution will be used by the Recipient to finance expenditures for goods and services, as the case may be, in accordance with the Bank’s Guidelines on “Procurement under IBRD Loans and IDA Credits” and the Bank’s Guidelines on the “Selection and Employment of Consultants by World Bank Borrowers,” as in effect at the date of entry into the respective Grant Agreement.

8.2. For Bank-executed activities, the employment and supervision of any consultants and the procurement of any goods financed by the Contribution will be the responsibility of the Bank and will be carried out in accordance with its applicable policies and procedures.

9. **Accounting and Financial Reporting**

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

9.2. The Bank will 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 Contribution 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 Contribution will be made available to the Donor via the World Bank’s Trust Funds Donor Center secure website.
9.3. The Bank will 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 will be borne by the Bank.

9.4. 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 will first consult as to whether such an external audit is necessary. The Bank and the Donor will decide on the appropriate scope and terms of reference of such audit. Following joint acceptance of 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 paid by the Donor.

9.5. The Bank will provide the Donor with copies of all financial statements and auditors’ reports received by the Bank from the Recipient pursuant to the Grant Agreement.

10. Progress Reporting

10.1. The Bank will provide the Donor with an annual report on the progress of activities financed by the Contributions. Within six (6) months of the final disbursement date specified in paragraph 11.2, the Bank will furnish to the Donor a final report on the activities financed by the Trust Fund.

10.2. The Donor may review or evaluate activities financed by the Trust Fund. 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 its policies and procedures. All associated costs other than that associated with the Bank staff involvement 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.

11. Disbursement; Cancellation; Refund

11.1. It is expected that the Activities will be completed by March 31, 2014 and the Contribution funds fully disbursed by the Bank in accordance with the provisions of this Arrangement by September 30, 2014. The Bank will only disburse Contribution for the purposes of this Arrangement after such date with the written approval of the Donor.

11.2. The Donor or the Bank may, upon three (3) months’ prior written notice, cancel all or part of any remaining balance of the Contribution that are not committed pursuant to any arrangements signed between the Bank and any consultants and/or other third parties for the purposes of this Arrangement prior to the receipt of such notice, including the Grant Agreement.

11.3. Following the final disbursement date specified in paragraph 11.2, the Bank will return any remaining balance of the Contribution to the Donor or to the Donor Balance Account based on the Donor’s paid Contributions. In the event of a cancellation the Bank will promptly return to the Donor or to the Donor Balance Account the uncommitted Contribution in accordance with paragraph 11.3.
12. **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 will 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:**

   Name: Jennifer Sara  
   Title: Sector Manager, EASVS  
   Office: The World Bank  
   Address: 63, Ly Thai To, 8th Floor, Hoan Kiem District  
   Hanoi, Vietnam  
   Tel: 84 4 39346600  
   Fax: 84 4 39346597  
   E-mail: jsara@worldbank.org

   **For the Donor:**

   Name: Nguyen Van Kien  
   Title: Climate Change Advisor  
   Office: DFID Vietnam  
   Address: Central Building, 7th Floor  
   31 Hai Ba Trung  
   Hanoi, Vietnam  
   Tel: 84 4 39360555  
   Fax: 84 4 39360556  
   E-mail: nv-kien@dfid.gov.uk

13. **Amendment**

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

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

   Please confirm your acceptance with the foregoing, on behalf of the Donor, by signing and dating the two originals, retaining one original for your record and returning the other original to the Bank. Upon receipt by the Bank of the original Arrangement countersigned by you, this Arrangement will become effective as of the date of the countersignature. It is understood that this Arrangement is not an international treaty. It is an administrative Arrangement between Donor and the Bank.
Sincerely,

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT/
INTERNATIONAL DEVELOPMENT ASSOCIATION

Victoria Kwakwa

Authorized Representative

AGREED:

GOVERNMENT OF THE UNITED KINGDOM OF GREAT
BRITAIN AND NORTHERN IRELAND, ACTING THROUGH
THE DEPARTMENT FOR INTERNATIONAL DEVELOPMENT

By: Fiona Louise Lappin

Date: 18 March 2011

Name: Fiona Louise Lappin

Title: Head, DFID Vietnam
ANNEX 1

Description of Activities and Expenditures under the Vietnam Climate Change Partnership Trust Fund

This Annex will be applicable to and form an integral part of the Arrangement signed between the Bank and the Donor that provides contribution (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 objectives of the TF are to support the mainstreaming of climate change in Vietnam's development by building capacity on related policy agendas, carrying out analytical work, and promoting cross-sectoral coordination in the country,

(i) **Recipient-Executed Trust Fund Activities:** Capacity building on climate change policy formulation, implementation, monitoring, and evaluation in five key ministries and better coordination between them (Ministry of Natural Resources and Environment; Ministry of Agriculture and Rural Development, Ministry of Planning and Investment, Ministry of Industry and Trade, and Ministry of Finance).

(ii) **Bank-Executed Trust Fund Activities:** (a) research and knowledge sharing on climate change adaptation measures to serve as inputs into planning and policy instruments and to inform investment design of Bank financed projects, with priority given to natural resources management projects; (b) research and knowledge sharing to contribute to Government’s development of low carbon development strategy for Vietnam; (c) enhanced mainstreaming of climate change into lending and advisory products of World Bank and technical oversight of VNCLIP; (d) Program Management and Administration; and (e) Supervision of the Recipient Executed Trust Fund.

B. CATEGORIES OF EXPENDITURE

(i) **For Recipient-Executed activities:** the Contribution may be used to finance: (a) consultant services; (b) goods; (c) training and workshops; and (d) operating costs.

(ii) **For Bank-Executed activities:** the Contribution may be used to finance: (a) consultant fees; (b) extended term consultants; (c) media and workshop costs; (d) travel expenses; (e) contractual services; (f) staff costs; and (g) associated overhead.

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