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August 3, 2009

Mr. Chris Austin  
Country Representative  
Department for International Development  
Dhaka-1212

Dear Mr. Austin:

***Trust Fund Administration Agreement between the Department for International  
Development of the United Kingdom of Great Britain and Northern Ireland and the  
International Development Association concerning the Multi-Donor  
Trust Fund for the Climate Change  
Program in the People's Republic of Bangladesh (TF071208)***

1. We are pleased to acknowledge, on behalf of the International Development Association (“IDA”), the intention of the Department for International Development of the United Kingdom of Great Britain and Northern Ireland (the “Donor”) to make available, as a grant, the sum of sixty million Pound Sterling (GBP 60,000,000) (the “Contribution”) for the Multi-Donor Trust Fund for the Climate Change Program (the “Program”) in the People’s Republic of Bangladesh (the “Recipient”). Other donors are also expected to contribute to this trust fund on the terms and conditions specified in the Annexes to this Agreement.

2. 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 Multi-Donor Trust Fund” attached hereto as Annex 1. Annex 1 constitutes an integral part of this Agreement.

3. The Contribution shall be administered by IDA, on behalf of the Donor, in accordance with the terms of this Agreement and the “Standard Provisions Applicable to the Multi-Donor Trust Fund” (the “Standard Provisions”) attached hereto as Annex 2. The Standard Provisions constitute an integral part of this Agreement.

4. The Donor shall deposit the Contribution into the International Bank for Reconstruction and Development’s (IBRD’s) Cash Account “T” 39729123, *Swift Code MIDLGB22* maintained with *HSBC Bank PLC, International Division, P.O. Box 181, 27-32 Poultry, London EC2P 2BX, United Kingdom* or other such account as notified by IDA to the Donor in writing. This shall be in accordance with the following schedule or as agreed between IDA and the Donor:

- (a) Upon countersignature of this Agreement by the Donor and submission of a payment request by IDA, GBP 1,000,000.
- (b) Subsequent installments of the Contribution with each installment amounting to GBP 14,750,000, at a minimum, will be made, at least, at annual intervals, with effect from October 2009. This shall be upon submission of a payment request by IDA and of an unaudited financial statement on the use of the previous payment.

5. When making such deposit, the Donor shall instruct its bank to include, in addition to the payment detail information (remittance advice) field of its SWIFT payment message, information indicating: the amount paid, verification that the payment is made by the Donor for TF071208 (Climate Change Program in the People's Republic of Bangladesh), and the date of the deposit. In addition, the Donor shall provide a copy of the Donor's deposit instruction to IDA's Accounting Trust Funds Division by e-mail sent to [tfremitadvice@worldbank.org](mailto:tfremitadvice@worldbank.org) or by fax sent to (202) 614-1315.

Immediately upon receipt of the Contribution funds, IDA shall convert such funds into United States Dollars.

6. The offices responsible for coordination of all matters related to the implementation of this Agreement are:

For IDA:

Maria Sarraf  
Senior Environmental Economist  
South Asia Region  
The World Bank  
1818 H Street, NW  
Washington, DC 20433  
U.S.A.

Tel: 202 473 0726  
Fax:

For the Donor:

Name: Anirban Bhowmik  
Title: Deputy Programme Manager  
Office: DFID Bangladesh  
United House, 10 Gulshan Avenue  
Gulshan 1, Dhaka 1212  
Bangladesh  
Tel: +88 2 8820204 ext. 2050  
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7. This Agreement may be amended only by written agreement between IDA and the Donor provided, however, that Annex 1 (Description of Activities and Expenditures) and Annex 2 (Standard Provisions) to this Agreement may only be amended with the agreement of all Donors contributing to this trust fund.

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

Sincerely,

/s/ Robert L. Floyd  
Robert L. Floyd  
Acting Country Director

**AGREED:**

*Department for International Development of the United Kingdom  
of Great Britain and Northern Ireland*

By: /s/ Chris Austin  
Date: August 3, 2009  
Name: Chris Austin  
Title: Country Representative

**Description of Activities and Expenditures under the Multi-Donor Trust Fund  
for the Climate Change Program in the People's Republic of Bangladesh**

**1. Purposes and Objectives**

The objective of the Climate Change Program (the "Program") is to support the implementation of Bangladesh's climate change strategy and action plan, which aims at building a climate resilient economy and society in Bangladesh through adaptation to climate change as well as mitigation for a low carbon development path.

The Program consists of the following Parts, subject to such modifications thereof, as the Recipient and IDA may agree upon from time to time to achieve such objectives.

**Part A. Food Security, Social Protection and Health**

Carrying out of a series of activities related to food security, safe housing, livelihood, employment and access to basic services, including inter alia:

(a) Increasing the resilience of vulnerable groups including women and children, through scaling up of community-level adaptation, livelihood diversification, better access to basic services and social protection.

(b) Developing and implementing climate change resilient cropping systems, fisheries and livestock system to ensure local and national food security.

(c) Implementing surveillance systems of existing and new disease risks and ensuring that health systems are geared up to meet future demands.

(d) Implementing drinking water and sanitation programs in areas at risk from climate change, including the coastal zone.

**Part B. Comprehensive Disaster Management**

Carrying out of a series of activities related to the strengthening of comprehensive disaster management systems to deal with the increasingly frequent and severe natural catastrophes that are likely to occur as a result of climate change, including inter alia:

(a) Strengthening the capacity of the government, civil society and communities to manage natural disasters and ensuring that appropriate policies, laws, and regulations are in place.

(b) Strengthening community-based adaptation programs and establishing them in each of the disaster prone parts of the country, including coastal areas.

(c) Strengthening Bangladesh's cyclone, storm surge and flood early warning systems to enable more accurate short, medium and long-term forecasts.

**Part C. Building Resilient Infrastructure**

Carrying out of a series of activities to climate proof existing infrastructure and build new infrastructure necessary to deal with the short and medium-term impacts of climate change in climate-risk areas, including the coastal zone, through inter alia:

(a) Repair and rehabilitation of existing infrastructure and effective operation and maintenance systems.

(b) Planning, design and construction of urgently needed new infrastructure to meet the changing conditions expected with climate change.

(c) Undertaking strategic planning of future infrastructure needs, taking into account the likely: (i) future patterns of urbanization and socio-economic development; and (ii) the changing hydrology of the country that is likely to be induced by climate change.

#### **Part D. Increasing the Knowledge Base**

Carrying out of a series of activities to estimate the likely scale and timing of climate change impacts on different sectors of the economy in order to better plan future investment strategies, including inter alia:

(a) Modeling climate change scenarios of Bangladesh by applying global climate change models and methodologies; modeling the hydrological impacts of climate change on the Ganges-Brahmaputra-Meghna system to assess likely future discharges and river levels in order to design flood protection embankment; researching the impact of climate change on ecosystems and biodiversity; researching the impacts of climate change on the macro-economy and key sectors; researching the linkages between climate change, poverty, vulnerability and health.

(b) Establishing an International Center for Adaptation, Research and Knowledge Management on Climate Change, or a network of centers, to ensure that Bangladesh has access to the latest ideas and technologies from around the world and to ensure that data are widely and freely available to researchers.

#### **Part E. Mitigation and Low Carbon Development**

Carrying out of a series of activities to lower carbon development and reduce carbon emissions, including inter alia:

(a) Developing a strategic energy plan and investment portfolio to ensure national energy security, energy efficiency and lower greenhouse gas emissions; transfer state of the art technologies to help Bangladesh follow a low-carbon path (e.g. clean coal); reviewing energy and technology policies and incentives to promote, when feasible, efficient production, consumption, distribution and use of energy.

(b) Expanding the social forestry program on government and community lands throughout the country.

(c) Expanding the “greenbelt” coastal afforestation program with mangrove planting along the shoreline and lowering emissions from agricultural land.

(d) Piloting renewable off grid energy in scattered costal settlements.

(e) Piloting multi-purpose use of irrigation water for energy efficient water management.

#### **Part F. Capacity Building and Institutional Strengthening**

Carrying out of a series of activities to strengthen the capacity of Recipient’s ministries and agencies, civil society and the private sector, including inter alia:

(a) Review and revision, where appropriate, of government policies (by sector) to ensure that they take full account of climate change and its impacts; mainstreaming climate change in national, sectoral and spatial development planning as well as in the media; and ensuring that impacts on vulnerable groups and women are priorities in such plans.

(b) Implementation of the climate change strategy and action plan; undertaking of international and regional negotiations on climate change; and improvement of the ability to access various global climate funds.

## 2. Use of Contribution Funds: Program and Activities to be financed

Proceeds from the MDTF Contribution will be used exclusively for the following purposes:

- (a) Facilitating the carrying out of activities for the Climate Change Program in People's Republic of Bangladesh, as reflected in paragraph 1 of this Annex 1 (to be carried out by Bangladesh), through the provision of goods (including commodities, raw material, machinery, equipment and industrial plant and services which are bid and contracted on the basis of performance of a measurable physical output, transportation, insurance, installation, commissioning, training and initial maintenance); works (including construction of public infrastructure and services which are bid and contracted on the basis of performance of a measurable physical output, transportation, insurance, installation, commissioning, training and initial maintenance); consultant services rendered by a wide variety of private and public entities; training or transfer of knowledge to staff and/or national consultants of the agencies implementing the program or sub-program and other stakeholders; and incremental operating costs (incurred in implementing a specific activity or group of activities).
- (b) Carrying out analytical work and capacity building activities in support of the Climate Change Program (to be carried out by IDA). Expenses to carry out program administration and management, secretariat, and projects administration and oversight may also be charged to the Trust Fund.

3. The table below sets forth the Categories of items to be financed out of the proceeds of the total Contribution of all Donors contributing to this Trust Fund and the approximate share percentage of the total Contribution for each Category:

Category	Approximate % of Amount of Contribution Allocated
(1) Goods	35%
(2) Works	35%
(3) Services	15%
(4) Training	5%
(5) Operating Costs	10%

## 4. Governance and Operating Procedures of the MDTF

(a) The governance arrangements for the MDTF will consist of: (i) a Policy Council, responsible for ensuring that the MDTF provides coherent support to the climate change strategy and action plan of Bangladesh; (ii) a Management Committee, responsible for reviewing the MDTF

activities; and (iii) a Secretariat, responsible for coordinating the MDTF and supporting the Policy Council and Management Committee.

(i) The Policy Council shall be responsible for: (A) providing advisory guidance on the MDTF's strategy and ensuring its alignment with the Climate Change Program as well as on grant criteria and high-level issues; (B) reviewing the achievement of results envisaged by the MDTF; (C) providing advocacy support; and (D) issuing resolutions at close of Policy Council meetings endorsed by all members or by the majority. The Policy Council's membership shall consist of ministerial level representatives of ministries determined by the Government of Bangladesh, representatives of the donors contributing to the MDTF, representatives of civil society as well as other institutions on observer status in accordance with the rules and procedures that the Policy Council shall prescribe from time to time. The Policy Council shall: (A) meet on a regular basis – at least once a year – and in such location as it shall decide; and (B) act collectively and, to the extent practicable, make decisions by consensus. In the absence of a consensus, matters shall be decided according to such voting rules and procedures as the Policy Council shall prescribe from time to time.

(ii) The Management Committee shall be responsible for reviewing and endorsing: (A) the Implementation Manual: IDA as Administrator; (B) the MDTF's work program and budget allocations; (C) the initiating grant requests submitted by a Bangladesh Government Ministry or Agency, or other eligible institutions; and (D) the reports prepared by the Secretariat for submission to the Policy Council as well as for public dissemination. The Management Committee's membership shall consist of: (A) a designated ministerial level representative of the Government of Bangladesh as Chair; (B) a designated ministerial level representative of the Government of Bangladesh responsible for the Climate Change Program; (C) a representative of IDA; and (D) a representative of the MDTF donors. The donor representative shall be selected from among those donors contributing at least 25% to the total MDTF and in accordance with procedures prescribed by the Management Committee from time to time. The Management Committee shall meet on a regular basis – at least three times a year – in such a location as it may decide from time to time. To facilitate the operation of the MDTF and the implementation of the activities funded out of it, the Management Committee may take decisions by e-mail, audio or video conferences between in-person meetings. The Management Committee shall act collectively and, to the extent practicable, make decisions by consensus. In the absence of a consensus, matters requiring a decision of the Management Committee shall be decided according to such voting rules and procedures as the Management Committee shall prescribe from time to time.

(iii) The Secretariat shall: (A) carry out program administration, coordination, monitoring and reporting, and knowledge dissemination; and (B) serve the Policy Council and Management Committee as well as organize and call their meetings. To that end, the Secretariat shall be responsible for following up with individual TTLs on the status of their respective grants and providing information to the grant implementing agencies. The Secretariat will operate from IDA's Country Office in Dhaka, or in another location the Management Committee and IDA may decide, and shall be managed by IDA as the Trustee and Administrator of the MDTF. The Secretariat staff shall be IDA employees, competitively selected in accordance with IDA's policies, and shall be required to abide by IDA's Staff Rules, Principles of Employment and Standards of Professional Conduct.

(b) The activities financed by the MDTF shall be implemented in accordance with the Implementation Manual: IDA as Administrator which, inter alia, sets out detailed schedules and plans, as well as administrative, financial, procurement, reporting and organizational arrangements for the implementation of all activities financed out of the MDTF. Without limitations to the above, the approval and implementation procedures for all projects and programs financed by the MDTF, including inter alia, the program on community-based approaches to climate change that may be implemented by civil society shall follow all operational and administrative policies and procedures applicable to projects and programs financed by IDA credits and grants.

ANNEX 2**Standard Provisions Applicable to the Multi-Donor Trust Fund  
for the Climate Change Program in the People's Republic of Bangladesh**

The following provisions (hereinafter referred to as the "Standard Provisions") shall be applicable to and form an integral part of all agreements entered into between the International Development Association ("IDA") and donor countries and/or organizations (hereinafter referred to as the "Donors") that provide grants (referred to as the "Contributions") to be administered by IDA for the Multi-Donor Trust Fund for the Climate Change Program in the People's Republic of Bangladesh (the "Program").

**1. Administration of the Contributions**

IDA shall be responsible only for performing those functions specifically set forth in this Agreement 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 Agreement shall be considered a waiver of any privileges or immunities of IDA under its Articles of Agreement or any applicable law, all of which are expressly reserved.

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

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

2.2. The Contribution funds may be freely exchanged by IDA into other currencies as may facilitate their disbursement.

2.3 IDA shall invest and reinvest the Contribution funds pending their disbursement in accordance with IDA's policies and procedures for the investment of trust funds administered by IDA. IDA shall credit all income from such investment to the trust fund established under this Agreement to be used for the same purposes as the Contribution funds.

**3. Administrative Cost Recovery**

3.1 In order to assist in the defrayment of the costs of administration and other expenses incurred by IDA under this Agreement, IDA may, following deposit of the Contribution by the Donor, deduct from the total Contribution of the Donor and retain for the IDA's own account an amount equal to one percent (1%) of the Contribution. In addition, Program administration and management costs, secretariat costs, and costs related to project activities (including appraisal and supervision) will be charged to the Trust Fund based on actual costs, and up to a maximum of US\$ 4,148,518. If the Contributions increase beyond what was originally expected at the time of counter-signature of the first administration agreement, and the administrative costs increase as a result, the Donors acknowledge that an additional administrative fee may be applied to such new Contributions. The eligible categories of expenditures shall be associated overheads, short term consultants' fees, contractual services, equipment cost lease, temporary staff costs, extended term consultants, staff costs (including salary, benefits and indirects), travel expenses and media and workshop costs.



#### 4. Grant to Recipient

4.1. IDA shall, as administrator on behalf of the Donors, enter into grant agreement (the "Grant Agreements") with one or more entities (the "Recipients") for the provision of Contribution funds for the purposes of this Agreement and on the terms and conditions set forth in the Grant Agreement[s]. IDA shall furnish a copy of the Grant Agreement[s] to the Donors.

4.2. IDA shall be solely responsible for the supervision of Program activities financed under the Grant Agreement[s].

4.3. If, in IDA's opinion, an amount of the Contribution funds allocated to any of the expenditure categories specified in Annex 1 to this Agreement will be insufficient to finance the expenditures for such category, IDA may reallocate to such category an amount of the Contribution funds then allocated to another category which, in IDA's opinion, will not be necessary to meet other expenditures. IDA will notify the Donors of such a reallocation.

#### 5. Employment of Consultants and Procurement of Goods

The employment and supervision of consultants and the procurement of goods financed by the Contributions shall be the responsibility solely of IDA and shall be carried out in accordance with its applicable policies and procedures. The Grant Agreement[s] shall provide that the Contributions shall be used by the Recipient to finance expenditures for goods and services, as the case may be, in accordance with the World Bank's Guidelines on "Procurement under IBRD Loans and IDA Credits" and the World Bank's Guidelines on the "Selection and Employment of Consultants by World Bank Borrowers," as in effect at the date of the Grant Agreement[s].

#### 6. Accounting and Financial Reporting

6.1. IDA shall maintain separate records and ledger accounts in respect of the Contributions deposited in the trust fund account and disbursements made therefrom. Separate records and ledger accounts shall be kept for each trust fund.

6.2. IDA 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 Contribution funds via the World Bank's Trust Funds Donor Center secure website. Within six (6) months after all commitments and liabilities under this 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 funds will be made available to the Donor via the World Bank's Trust Funds Donor Center secure website.

6.4. IDA shall provide to the Donors, within six (6) months following the end of each IDA fiscal year, the annual single audit comprising: (1) a management assertion together with an attestation from the World Bank Group's external auditors concerning the adequacy of internal control over cash-based financial reporting for trust funds as a whole; and (2) a combined financial statement for all cash-based trust funds together with the external auditor's opinion thereon. The cost of such attestations shall be borne by IDA.

6.5. If a Donor wishes to request, on an exceptional basis, a financial statement audit by IDA's external auditors of the trust fund established under this Agreement, the Donor and IDA shall first consult as to whether such an external audit is necessary. IDA and the Donor shall agree on the most 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 IDA with respect to such audit, shall be paid by the Donor.

6.6 IDA shall provide the Donor with copies of all financial statements and auditors' reports received by IDA from the Recipient pursuant to the Grant Agreement[s].

7. Coordination and Program Reporting

7.1. IDA shall provide the Donors 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 8.1, IDA shall furnish to the Donors a final report on the Program activities.

7.2. IDA shall promptly inform the Donors of any significant modification to the terms of the Grant Agreement[s] and of any contractual remedy that is exercised by IDA under the Grant Agreement[s]. To the extent practicable, IDA shall afford the Donors the opportunity to exchange views before effecting any such modification or exercising any such remedy.

8. Disbursement Deadline; Cancellation; Refund

8.1. It is expected that the Contribution funds will be fully disbursed by IDA in accordance with the provisions of this Agreement by June 30, 2015. IDA shall only disburse Contribution funds for the purposes of this Agreement after such date with the written approval of the Donors.

8.2. Any Donor or IDA may, upon three (3) months' prior written notice, cancel all or part of the Donor's pro rata share of any remaining balance of the Contribution funds that is not committed pursuant to any agreements entered into between IDA and any consultants and/or other third parties for the purposes of this Agreement prior to the receipt of such notice, including the Grant Agreement[s].

8.3. Upon the final disbursement date specified in paragraph 8.1, IDA shall return any remaining balance of the Contribution funds to the Donors on a pro rata basis, based upon the ratio of each Donor's paid-in Contributions to the sum of all Donors' paid-in Contributions. In the event of a cancellation of an individual Donor's pro rata share of uncommitted Contribution funds in accordance with paragraph 8.2, IDA shall return such cancelled balance to the Donor on the same pro rata basis.

9. Disclosure

IDA may disclose this Agreement and information on this trust fund in accordance with IDA's policy on disclosure of information.