

Amb. Addis Ababa

26 AUG 2013

The World Bank

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION

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AUGUST 21, 2013

Royal Norwegian Embassy
Buna Board, Mekanissa
Addis Ababa
Ethiopia

Trust Fund Administration Agreement between the Norwegian Ministry of Foreign Affairs and the International Bank for Reconstruction and Development as trustee of BioCarbon Fund concerning the BioCF Technical Assistance Trust Fund (TF No.052033)

Dear Mr. Ambassador Odd-Inge Kvalheim,

1. We are pleased to acknowledge on behalf of the International Bank for Reconstruction and Development (“IBRD” or the “Bank”) as trustee of the BioCarbon Fund (“BioCF”) that the Norwegian Ministry of Foreign Affairs (the “Donor”) will make available as a grant the sum of not exceeding **eighty-four million five hundred thousand Norwegian kroner (NOK 84,500,000)** (the “Contribution”) for the BioCF Technical Assistance Trust Fund, TF No. 052033 (the “Trust Fund”) in accordance with the terms of this Administration Agreement (the “Agreement”) for the period 2013-2015. Other donors are also expected to contribute to the Trust Fund on the terms and conditions specified in the Annexes to this Agreement.
2. 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 BioCF Technical Assistance Trust Fund” attached hereto as Annex 1, and will be administered by the Bank on behalf of the Donor in accordance with the terms of this Agreement including the “Standard Provisions Applicable to the BioCF Technical Assistance Trust Fund” (the “Standard Provisions”) attached hereto as Annex 2.
3. The Donor will deposit the Contribution into such bank account designated by the Bank and following receipt of a payment request by the Bank and in accordance with the following schedule (each amount deposited hereinafter referred to as an “Installment”):
 - (A) Promptly following countersignature: **fifty two million Norwegian kroner (NOK 52,000,000)**
 - (B) By **July 1, 2014** and upon submission of a payment request by the Bank: **seventeen million and five hundred thousand Norwegian kroner (NOK 17,500,000)**
 - (C) By **July 1, 2015** and upon submission of a payment request by the Bank: **fifteen million Norwegian kroner (NOK 15,000,000)**

4. Any transfer into the Trust Fund to be made under this Administration Agreement is subject to there being an appropriation by the Parliament of Norway for funds to make such transfer.
5. The Contribution is being provided in Installments on the basis of financial needs of the Trust Fund, such that if the speed of the implementation of the activities to be financed by the Trust Fund makes it necessary either to bring Installments forward or to delay them, the Installment schedule shall be amended as agreed by the Bank and the Donor.
6. When making such 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 TF No. 052033 (the *BioCF Technical Assistance 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 tfremittanceadvice@worldbank.org or by fax sent to (202) 614-1315.
7. The Bank will convert the Contribution funds into the holding currency of the Trust Fund, namely United States dollars, promptly upon receipt of the Contribution funds and the Deposit Instruction containing the information specified in paragraph 4 at the exchange rate obtained by the Bank on the date of the conversion. Where the Contribution proves to be insufficient to complete the activities as a result of an exchange rate fluctuation, neither the Bank nor the Donor will bear any responsibility for providing any additional financing.
8. Except as provided for in paragraph 6 above, any notice, request or other communication to be given or made under this Agreement 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:

Joëlle Chassard
Manager
Carbon Finance Unit
The World Bank
1818 H Street, NW
Washington, DC 20433
U.S.A.

Tel: (202) 458-1873
Fax: (202) 522-7432
E-mail: Jchassard@worldbank.org

For the Donor:

Odd Inge Kvalheim
Ambassador
Royal Norwegian Embassy
Addis Ababa
Ethiopia

Telephone:
Facsimile:
E-mail:

9. In the event any amounts are to be returned to the Donor under this Administration Agreement, the Bank shall transfer such amounts to the bank account indicated by the Donor. When making such transfer, the Bank will instruct its bank to include in the information field of its SWIFT payment message, information indicating: the amount transferred, that the payment is made by the Bank for the BioCF Technical Assistance TF No. 052033 and the date of the deposit.

10. All annexes hereto constitute an integral part of this Agreement. This Agreement may be amended only in writing between the Bank and the Donor; provided, however, that such annexes may be amended only with the agreement of all donors contributing to the Trust Fund.

11. It is understood that this Administration Agreement, including any annexes, is not an international treaty and is not eligible for registration as a treaty under Article 102 of the UN Charter. It is an administrative agreement between the Trustee and the Donor.

12. Each of the undersigned represents, by confirming its acceptance below, that it is authorized to enter into this Administration Agreement and act in accordance with its provisions. The Bank and Donor are each requested to sign and date this Administration Agreement, and upon possession by the Bank of this fully signed Administration Agreement, this Administration Agreement will become effective as of the date of the last signature.

Sincerely,

**INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
AS TRUSTEE TO THE BIOCARBON FUND**



Joëlle Chassard
Manager,
Carbon Finance Unit

CONFIRMED AND AGREED:

Name: Tove Stub
Tove Stub Tove Stub

Date: 23.08.2013

Title: chargé d'affaires a.i.

Description of Activities and Expenditures under the BioCF Technical Assistance Trust Fund

This Annex will be applicable to and form an integral part of all Agreements entered into between the Bank and entities (collectively, the "Donors") that provide contributions (the aggregate of all contributions from the Donors, the "Contributions") to be administered by the Bank for the Trust Fund.

A. DESCRIPTION OF ACTIVITIES

The Trust Fund is established for the purposes of funding capacity building activities designed to support the BioCarbon Fund ("BioCF").

The Fund Manager will consult with the donors on the type of technical assistance activities to be undertaken, the countries where these activities could be undertaken, and the technology focus. An annual work program will be prepared by the management, taking into account the outcome of these consultations, and to be approved by the donors meeting to be held at least once a year.

- (i) Bank-Executed Trust Fund Activities:
 - (a) Support of Project Development;
 - (b) Capacity Building of Local Intermediaries;
 - (c) Development of Monitoring Methodologies; and
 - (d) Trust Fund Administration; and
 - (e) Technical Assistance to the National and Sub-national Structures managing climate change funds.

- (ii) Recipient-Executed Trust Fund Activities:
 - (a) Conducting readiness activities and capacity building related to carbon emission reduction activities in the land use sector;
 - (b) Preparation of pilot activities for BioCF projects and programs; and
 - (c) Development of monitoring, reporting and verification systems and reference emissions level for land use activities.

B. CATEGORIES OF EXPENDITURE

- (i) For Bank-Executed activities the Contributions may be used to finance (a) Travel Expenses; (b) Staff Costs; (c) Consultant Fees; (d) Associated Overheads; (e) Contractual Services; and (f) Media & Workshop Costs.

- (ii) For Recipient-Executed activities, the Trust Fund funds may be used to finance: (a) Consulting; (b) goods; (c) Operating Costs; and (d) Training.

C. Taxes

4.1 The foregoing activities and categories of expenditures may include the financing of taxes in accordance with the Bank's applicable policies and procedures.

ANNEX 2

Standard Provisions Applicable to the BioCF Technical Assistance Trust Fund

This Annex will be applicable to and form an integral part of all Agreements entered into between the Bank and the Donors that provide Contributions to be administered by the Bank for the Trust Fund.

1. Administration of the Contributions

1.1. The Bank will be responsible only for performing those functions specifically set forth in this Agreement and will 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 will 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.

1.2. 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 Charter of the 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.

2. Commingling, Exchange and Investment of the Contributions

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

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

2.3. The Bank will invest and reinvest the Contributions 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.

3. Administrative Cost Recovery

3.1. In order to assist in the defrayment of the costs of administration and other expenses incurred by the Bank under this Agreement, the Bank may deduct and retain for its own account an amount equal to two percent (2 %) of each Contribution from the Contributions. In addition, costs for program management and supervision as defined in Annex 1 will be charged to the Trust Fund on an actual basis. 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.

4. Accounting and Financial Reporting

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

4.2. The Bank will furnish to the Donors current financial information relating to receipts, disbursements and fund balance *in the holding currency* of the Trust Fund with respect to the Contributions 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 Contributions will be made available to the Donors via the World Bank's Trust Funds Donor Center secure website.

4.3. The Bank will provide to the Donors, 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.

4.4. 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 will first consult as to whether such an external audit is necessary. The Bank and the Donor will agree on the appropriate scope and terms of reference of such audit. Following agreement on 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 requesting Donor.

5. Progress Reporting

5.1. The Bank will 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 6.2, the Bank will furnish to the Donors a final report on the activities financed by the Trust Fund.

5.2 Any 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 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.

6. Disbursement; Cancellation; Refund

6.1 It is expected that the Contributions will be fully disbursed by the Bank by December 31, 2020. The Bank will only disburse Contributions for the purposes of this Agreement after such date with the written approval of the Donors.

6.3 Any Donor or the Bank 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 Contributions that is not committed pursuant to any agreements entered into between the Bank and any consultants and/or other third parties for the purposes of this Agreement prior to the receipt of such notice.

6.4 Following the final disbursement date specified in paragraph 6.2, the Bank will return any remaining balance of the Contributions to the Donors or to the relevant Donor Balance Account on a pro rata basis based on the Donors' paid Contributions. In the event of a cancellation the Bank will promptly return to the relevant Donor or Donors or to the relevant Donor Balance Account the Donor's pro rata share of uncommitted Contributions in accordance with paragraph 6.3.

7. Disclosure

The Bank will disclose this Agreement and related information on this Trust Fund in accordance with the World Bank Policy on Access to Information. By entering into this Agreement, Donors consent to disclosure of this Agreement and related information on this Trust Fund.