

The logo of the Asian Development Bank (ADB) is a black square with the letters 'ADB' in white, bold, serif font.

Asian Development Bank

6 November 2008

Ms. Andrina Ambrose  
Senior Finance Officer  
Multilateral and Innovative Financing  
Concessional Finance and Global Partnerships  
The World Bank  
1818 H. Street, N.W.  
Washington, D.C. 20433  
U.S.A.

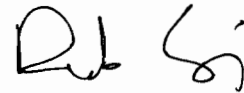
Dear Ms. Ambrose,

**Subject: Financial Procedures Agreement (23 October 2008)**

Please find attached one original of the signed Financial Procedures Agreement between the Asian Development Bank and the International Bank for Reconstruction and Development, as trustee of the Global Environment Facility Trust Fund.

Best regards.

Sincerely yours,

A handwritten signature in black ink, appearing to read 'RL Loi'.

Riccardo Loi  
Principal Financing Partnerships Specialist  
Office of Cofinancing Operations

Enclosure: a/s

**FINANCIAL PROCEDURES AGREEMENT**

between

**ASIAN DEVELOPMENT BANK**

and

**THE INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT,**

as Trustee of

**THE GLOBAL ENVIRONMENT FACILITY TRUST FUND**

October 23, 2008

## FINANCIAL PROCEDURES AGREEMENT

**FINANCIAL PROCEDURES AGREEMENT** (hereinafter the “Agreement”), dated as of October 23, 2008 made between the International Bank for Reconstruction and Development (the “World Bank”) as Trustee (the “Trustee”) of the Global Environment Facility Trust Fund (the “GEF Trust Fund”), and the Asian Development Bank (“ADB”);

### PREAMBLE

**WHEREAS**, pursuant to paragraphs 20(f) and 28 of the *Instrument for the Establishment of the Restructured Global Environment Facility*, approved by Resolution No. 94-2 of the Executive Directors of the World Bank dated May 24, 1994 (the “Instrument”), the Council of the Global Environment Facility (the “GEF”)(the “Council”) has the authority to approve and periodically review operational modalities for the GEF, including means to facilitate arrangements for project preparation and execution by multilateral international organizations;

**WHEREAS**, effective October 15, 2002, and pursuant to the powers granted to it under paragraphs 20(f) of the Instrument, the Council, at its October 2002 meeting, approved a proposal to expand ADB’s direct access to GEF resources to include direct access to allocations of GEF resources approved by the Council and the CEO for the implementation of GEF projects (the “Direct Access Decision”);

**WHEREAS**, ADB and the Secretariat of the GEF (the “Secretariat”) have entered into a Memorandum of Understanding dated July 7, 2004, setting forth the manner in which ADB will secure access to GEF resources under the Direct Access Decision and the respective duties and responsibilities of the Secretariat and ADB with respect to allocations of such resources made to ADB (the “MOU”); and

**WHEREAS**, ADB and the Trustee have entered into a Financial Procedures Agreement dated July 7, 2004 (the “2004 Financial Procedures Agreement”) to govern arrangements for the administration, commitment and disbursement of all GEF resources allocated to ADB pursuant to the Direct Access Decision and the MOU;

**WHEREAS**, the Council has approved certain amendments to the operational policies of the GEF, which affect the arrangements set out in the 2004 Financial Procedures Agreement;

**WHEREAS**, the Trustee and ADB now desire to replace the 2004 Financial Procedures Agreement with a new Financial Procedures Agreement to reflect the new operational policies of the GEF.

**NOW, THEREFORE**, the Trustee and ADB hereby agree as follows:

## 1. DEFINITIONS

**Section 1.1.** Unless the context otherwise requires, the several terms defined in the Preamble to this Agreement shall have the respective meanings set forth therein and the following additional terms shall have the following meanings:

“ADB Fee” means the fee payable to ADB, in accordance with the policies and procedures of the GEF, to cover ADB’s costs in respect of services performed by ADB in connection with ADB’s GEF Project;

“ADB/GEF Fund” means the trust fund established and administered by ADB to receive, hold and administer GEF Trust Fund funds transferred to ADB by the Trustee;

“Administrative Budget” means a portion of the GEF’s administrative budget (other than Special Initiatives and ADB Fees), which is allocated to ADB, if applicable, in accordance with the applicable policies and procedures of the GEF;

“Authorized Officer” means a person who is authorized to sign in the name and on behalf of ADB for the purposes of this Agreement;

“Cash Transfer Request for Fees” means a request submitted by ADB to the Trustee for the transfer of GEF funds to ADB for ADB Fees;

“Cash Transfer Request for GEF Projects” means a request submitted by ADB to the Trustee for the transfer of GEF Trust Fund funds to the ADB/GEF Fund for GEF Projects;

“Cash Transfer Request for Special Initiatives/Administrative Budgets” means a request submitted by ADB to the Trustee for the transfer of GEF Trust Fund funds to the ADB/GEF Fund for Special Initiatives and Administrative Budgets, if any;

“Dollars” or “\$” means dollars in the currency of the United States of America;

“GEF Fiscal Year” means July 1 through June 30 of each calendar year;

“GEF Project” means a project, project component(s), or project preparation activity, for which funding from the GEF Trust Fund has been approved;

“Letter of Commitment” means a letter from the Trustee to ADB confirming the commitment of GEF Trust Fund funds to ADB;

“Letter of Commitment Cancellation” means a letter from the Trustee to ADB confirming the cancellation of the commitment of GEF Trust Fund funds to ADB; and “Special Initiative” means activities to be performed by ADB, if applicable, as special initiative, approved by the Council as part of the GEF’s administrative budget.

## **2. A GEF TRUST FUND ACCOUNT ADMINISTERED BY ADB**

**Section 2.1.** ADB shall maintain the ADB/GEF Fund, to receive, hold and administer GEF Trust Fund funds (other than ADB Fees) transferred to it by the Trustee. In administering the ADB/GEF Fund, ADB shall maintain separate records and ledger accounts in respect of the GEF Trust Fund funds in the ADB/GEF Fund and disbursements made therefrom.

## **3. COMMITMENT OF FUNDS BY THE TRUSTEE**

**Section 3.1.** Unless otherwise agreed between the Trustee and ADB, the following procedures shall apply to the commitment of GEF Trust Fund funds by the Trustee to ADB.

(a) In the case of a GEF Project or an ADB Fee, for which approval by the Council and endorsement by the CEO are required pursuant to the policies and procedures of the GEF, the Trustee shall, upon approval by the Council and subject to the availability of resources in the GEF Trust Fund, set aside the GEF Trust Fund funds in the amount approved by the Council for the GEF Project or ADB Fee, to be made available for a commitment by the Trustee pursuant to Section 3.1(d) below.

(b) In the case of a GEF Project or an ADB Fee, for which approval by the CEO and subsequent endorsement by the CEO are required pursuant to the policies and procedures of the GEF, the Trustee shall, upon approval by the CEO and subject to the availability of resources in the GEF Trust Fund, set aside the GEF Trust Fund funds in the amount approved by the CEO for the GEF Project or ADB Fee, to be made available for a commitment by the Trustee pursuant to Section 3.1(d) below.

(c) In the event that any GEF Project or ADB Fee, for which the Trustee has set aside the GEF Trust Fund funds under Section 3.1(a) or (b) above, is cancelled in whole or in part prior to a commitment by the Trustee pursuant to Section 3.1(d) below, the Trustee shall release the amount of the GEF Trust Fund funds corresponding to such cancelled amount, which was previously set aside for such GEF Project or ADB Fee.

(d) Subject to the availability of resources in the GEF Trust Fund, the Trustee shall commit GEF Trust Fund funds to ADB on a monthly basis (or such other frequency as the Trustee and ADB may agree) for GEF Projects, ADB Fees, Special Initiatives and/or Administrative Budgets, if any. The amount of funds committed shall be based upon the amounts (i) endorsed by the CEO (in the case of GEF funding, for which approval by the Council or the CEO, and endorsement by the CEO are required), (ii) approved by the CEO (in the case of GEF funding, for which only approval by the CEO is required), or (iii) approved by the Council (in the case of GEF funding, for which only approval by the Council is required), as reflected in the information provided to the Trustee by the Secretariat pursuant

to Section 11.1. below. The Trustee shall commit the funds to ADB by means of a Letter of Commitment, substantially in the form attached to this Agreement as Annex A.

(e) The amount of the GEF Trust Fund funds committed by the Trustee may be adjusted as follows:

(i) In the event that the GEF funding allocated for any GEF Project, ADB Fee or Special Initiative is decreased, as a result of a subsequent cancellation or amendment of the GEF Project/Special Initiative or reallocation of GEF funding to any other agency, after the Trustee has committed the funds for such GEF Project, ADB Fee or Special Initiative under Section 3(d) above, the corresponding amount of funds committed by the Trustee pursuant to Section 3.1.(d) above shall be cancelled to reflect such decrease of the GEF funding allocated. Such cancellation shall be made based on any cancellation notification provided by ADB to the Trustee pursuant to paragraph 30(a) of the Joint Summary of the Chairs of the GEF Council Meeting in December 2006 (in case of cancellation prior to approval by ADB), or otherwise the information provided by ADB referred to in Sections 12.2.(b) and (c) below. Further, in the case of the decrease of the GEF funding as a result of reallocation of GEF funding or cancellation of the CEO approval or endorsement, the Trustee may verify such reallocation or cancellation against the information provided by the Secretariat pursuant to Section 11.1 below with a view to reconciling any discrepancy between the information provided by ADB and the Secretariat.

(ii) In the event that there are any unused funds from GEF Projects, Special Initiatives or Administrative Budgets, for which no further disbursements are due to be made by ADB, the amount of funds committed by the Trustee pursuant to Section 3.1.(d) above shall be cancelled to reflect the amount of unused funds held by ADB in the ADB/GEF Fund in accordance with Section 6.2 below. Such reduction shall be made based on the information provided by ADB referred to in Section 12.2.(d) below.

(f) The Trustee shall notify ADB of the cancellation of the GEF Trust Fund funds committed by the Trustee by means of a Letter of Commitment Cancellation, substantially in the form attached to this Agreement as Annex B.

#### 4. TRANSFER OF FUNDS BY THE TRUSTEE TO ADB

##### Section 4.1. GEF Projects

The following procedures shall apply to the transfer of GEF Trust Fund funds by the Trustee to ADB for GEF Projects.

(a) ADB may request transfer of GEF Trust Fund funds for a GEF Project, after (i) the GEF Trust Fund funds have been committed by the Trustee for the GEF Project pursuant to Section 3.1 above, and (ii) the GEF Project has been approved by ADB in accordance with its policies and procedures; provided that the request by ADB shall be submitted to the Trustee in accordance with Sections 4.1.(b) and (c) below.

(b) Every six months (or at such other frequency as the Trustee and ADB may agree) ADB shall submit, by email, facsimile or as otherwise agreed with the Trustee, a Cash Transfer Request for GEF Projects to the Trustee.

(c) Each Cash Transfer Request for GEF Projects shall be substantially in the form attached to this Agreement as Annex C, signed by an Authorized Officer, and shall indicate:

(i) the projected cash requirements for GEF Projects for the six -month period (or such other frequency as the Trustee and ADB may agree) following the date of the request; and

(ii) a statement of the net cash position (net cumulative GEF Trust Fund funds received from the Trustee for GEF Projects less net cumulative disbursements by ADB for GEF Projects of the ADB/GEF Fund) as of the date of the request.

(d) The amount of funds requested by ADB in each Cash Transfer Request for GEF Projects for activities to be carried out under GEF Projects shall be based on the six-month projections (or such other frequency as the Trustee and ADB may agree) referred to in Section 4.1.(c)(i) above, adjusted to reflect the net cash position referred to in Section 4.1.(c)(ii) above.

(e) Upon receipt of a Cash Transfer Request for GEF Projects, the Trustee shall verify that the amount requested by ADB does not exceed the amount equal to (i) the net cumulative GEF Trust Fund funds committed by the Trustee and approved by ADB for the GEF Projects (based on the information provided by ADB referred to in Section 12.2.(a) below), less (ii) the net cumulative GEF Trust Fund funds transferred by the Trustee to ADB for the GEF Projects.

(f) Upon the verification referred to in Section 4.1.(e) above and subject to the receipt of the information required in Annex C and the availability of resources in the GEF Trust Fund, the Trustee shall transfer to the ADB/GEF Fund the amount of funds requested for GEF Projects in each Cash Transfer Request for GEF Projects, or such other amount as the Trustee, in its discretion, deems appropriate, based on; the information received from the Secretariat under Section 11.1; the relevant Council documents, the Trustee's review of the amount of undisbursed funds in the ADB/GEF Fund; and consultation with ADB on the purposes for which any such undisbursed funds may be used.

#### **Section 4.2. ADB Fees**

The following procedures shall apply to the transfer of the GEF Trust Fund funds by the Trustee to ADB for ADB Fees.

(a) ADB may request transfer of GEF Trust Fund funds for any ADB Fee after the GEF Trust Fund funds have been committed by the Trustee for the ADB Fee pursuant to Section 3.1 above; provided that the request by ADB shall be submitted to the Trustee in accordance with Sections 4.2.(b) and (c) below.

(b) Every three months (or at such other frequency as the Trustee and ADB may agree) ADB shall submit, by email, facsimile or as otherwise agreed with the Trustee, a Cash Transfer Request for Fees to the Trustee for the transfer to ADB of ADB Fees.

(c) Each Cash Transfer Request for Fees shall be substantially in the form attached to this Agreement as Annex D, signed by an Authorized Officer, and shall indicate the net cumulative GEF Trust Fund funds received from the Trustee for ADB Fees as of the date of the request. The amount of funds requested by ADB in such request shall not exceed the amount equal to the net cumulative amount of the GEF Trust Fund funds committed by the Trustee less the net cumulative amount of the GEF Trust Fund funds received from the Trustee, both as of the date of the request.

(d) The Trustee shall verify that the amount of funds requested to be transferred does not exceed the amount equal to (i) the cumulative GEF Trust Fund funds committed by the Trustee for the ADB Fees less (ii) the cumulative GEF Trust Fund funds transferred by the Trustee to ADB for the ADB Fees as of the date of the request. Upon such verification and subject to the receipt of the information required in Annex D and the availability of resources in the GEF Trust Fund, the Trustee shall transfer to ADB the amount of funds requested for the ADB Fees.

(e) Notwithstanding Sections 4.2. (b), (c) and (d) above, upon the request of the Trustee, ADB shall return to the GEF Trust Fund, to such account as the Trustee may designate, funds transferred to ADB as ADB Fees for any GEF



Project, which is cancelled, amended or reallocated, after such funds have been transferred, resulting in a decrease in the amount of GEF funding approved for ADB for such project. The amount to be returned to the Trustee shall be determined in accordance with the policies and procedures established for the determination and payment of agency fees payable approved by the Council, as such policies and procedures may be amended from time to time.

**Section 4.3. Special Initiatives and Administrative Budgets**

The following procedures shall apply to the transfer of the GEF Trust Fund funds by the Trustee to ADB for Special Initiatives and Administrative Budgets, if any.

(a) ADB may request transfer of GEF Trust Fund funds for Special Initiatives or Administrative Budgets after the GEF Trust Fund funds have been committed by the Trustee for the Special Initiatives or Administrative Budgets pursuant to Section 3.1 above; provided that the request by ADB shall be submitted to the Trustee in accordance with Sections 4.3.(b) and (c) below.

(b) At anytime after the commitment by the Trustee, ADB may submit, by email, facsimile or as otherwise agreed with the Trustee, a Cash Transfer Request for Special Initiatives/Administrative Budgets to the Trustee for each Special Initiative or Administrative Budget for which the cash transfer is requested.

(c) Each Cash Transfer Request for Special Initiatives/Administrative Budgets shall be substantially in the form attached to this Agreement as Annex E, signed by an Authorized Officer, and shall indicate the net cumulative GEF Trust Fund funds received from the Trustee for Special Initiatives (in case of a request for the Special Initiative) or Administrative Budgets (in case of a request for the Administrative Budget) as of the date of the request. The amount of funds requested in such request shall not exceed the amount equal to the net cumulative amount of the GEF Trust Fund funds committed by the Trustee less the net cumulative amount of the GEF Trust Fund funds transferred from the Trustee, both as of the date of the request.

(d) Upon receipt of a Cash Transfer Request for Special Initiative/Administrative Budgets, the Trustee shall verify that the amount requested by ADB does not exceed the amount equal to (i) the net cumulative GEF Trust Fund funds committed by the Trustee for the Special Initiatives or Administrative Budgets, as applicable, less (ii) the net cumulative GEF Trust Fund funds transferred by the Trustee to the ADB/GEF Fund for the Special Initiatives or Administrative Budgets, as applicable. Upon such verification and subject to the receipt of the information required in Annex E and the availability of resources in the GEF Trust Fund, the Trustee shall transfer to the ADB/GEF Fund the amount of funds requested for the Special Initiative or Administrative Budgets, as applicable.

**Section 4.4.** Transfer of Funds

Transfer of the GEF Trust Fund funds from the Trustee to ADB shall be made to such account as ADB may from time to time designate for such purposes. The Trustee shall notify ADB of each such transfer.

**5. USE OF FUNDS**

**Section 5.1.** The funds transferred to ADB under this Agreement shall be used for the purpose for which they have been provided.

**Section 5.2.** Subject to the terms of this Agreement, ADB may invest all funds in the ADB/GEF Fund pending their disbursement in accordance with ADB's guidelines and policies concerning the investment of funds in respect of which ADB acts as trustee. ADB shall have the right to convert all funds received by the ADB/GEF Fund into other currencies to facilitate the administration of the ADB/GEF Fund.

**Section 5.3.** The Trustee shall have no responsibility for collection of funds due to ADB from the project recipient or such other entity under any GEF Project or Special Initiative. When ADB has received any unused funds or reflow of funds, ADB shall report and return such funds to the GEF Trust Fund in accordance with Sections 6 and 7 below.

**6. DISBURSEMENT OF FUNDS**

**Section 6.1.** Implementation of GEF activities by ADB shall be dependent upon the receipt by ADB of GEF funds in accordance with this Agreement. Disbursement of funds from the ADB/GEF Fund to recipients shall be made in accordance with ADB's rules and policies and its applicable disbursement procedures.

**Section 6.2.** Unused funds from GEF Projects, Special Initiatives or Administrative Budgets, for which no further disbursements are due to be made, shall be held by ADB (following their return to ADB by the project recipient or such other party) in the ADB/GEF Fund; provided, however, that in the case of unused funds from GEF Projects, any such funds held by ADB shall be reflected in the net cash position referred to in Section 4.1.(c)(ii) above, so that the amount of the unused funds shall be taken into account to determine the amount of transfer of the GEF Trust Fund funds to ADB. ADB will maintain a record of any such unused funds and report to the Trustee pursuant to Section 12.2 (d) below. Any unused funds reported by ADB shall be reflected in cancellation of commitments by the Trustee pursuant to Section 3.1.(e)(ii).

**Section 6.3.** Notwithstanding Section 6.2. above, upon the request of the Trustee, ADB shall return to the GEF Trust Fund, to such account as the Trustee may designate, any

unused funds from GEF Projects, Special Initiatives or Administrative Budgets held by ADB in the ADB/GEF Fund.

## **7. REFLOWS**

**Section 7.1.** If any GEF Trust Fund funds transferred to ADB for GEF Projects are used to provide financing, which generates any reflow of funds, and such reflow of funds are required to be returned to the GEF Trust Fund pursuant to the applicable policies and procedures of the GEF, ADB shall credit and hold the funds in the ADB/GEF Fund (following their receipt by ADB), until the Trustee requests ADB to return them to such account as the Trustee may designate. ADB will maintain a record of any such reflow of funds and report them to the Trustee pursuant to Section 12.2.(e) below. For the avoidance of doubt, the reflow of funds does not include unused funds from GEF Projects. Any unused funds from the GEF Projects shall be administered by ADB in accordance with Sections 6.2 and 6.3 above.

## **8. INVESTMENT INCOME**

**Section 8.1.** Income earned on the investment of GEF Trust Fund funds transferred to ADB (except for income earned on the investment of GEF Trust Fund funds transferred as ADB Fees) may be held by ADB in the ADB/GEF Fund until the Trustee requests ADB to return it to such account as the Trustee may designate. ADB will maintain a record of any such income and report to the Trustee pursuant to Section 12.2 below.

**Section 8.2.** Income earned on the investment of GEF Trust Fund funds transferred to ADB as ADB Fees may be retained by ADB and is not required to be reported or returned to the Trustee.

## **9. STANDARD OF CARE**

**Section 9.1.** ADB shall exercise the same degree of care and diligence in the discharge of its functions under this Agreement as it exercises with respect to the administration and management of its own resources. Subject to the terms of this Agreement and the MOU (as it may be amended from time to time), ADB shall do any and all such acts as may be necessary or appropriate for the proper administration of the ADB/GEF Fund, and shall be accountable to the Council for its GEF-financed activities.

## **10. OWNERSHIP OF EQUIPMENT, SUPPLIES AND OTHER PROPERTY**

**Section 10.1.** Ownership of equipment, supplies and other property financed with funds from the ADB/GEF Fund may vest in ADB, the recipient of the funds or such other entity as may be permitted to retain ownership under the rules and policies of ADB.

## **11. VERIFICATION**

**Section 11.1.** For the purposes of verifying amounts in connection with the set aside, commitment and transfer of GEF Trust Fund funds by the Trustee under this Agreement, the Trustee shall rely upon the information provided by the Secretariat to the Trustee indicating:

- (a) the amount of GEF Trust Fund funds and the type of financing instrument for each GEF Project approved by the Council as allocable to ADB (including (i) the amount approved for any amendment to the previously approved GEF Project or any reallocation of the funds which were previously allocated to any other agency and (ii) the amounts and schedule of expected reflow of funds, if applicable), during the period reported;
- (b) the amount of GEF Trust Fund funds and the type of financing instrument for each GEF Project approved or endorsed by the CEO, as allocable to ADB (including (i) the amount approved or endorsed for any amendment to the previously approved GEF Project or any reallocation of the funds which were previously allocated to any other agency and (ii) the amounts and schedule of expected reflow of funds, if applicable), and the date of the CEO approval or endorsement, during the period reported;
- (c) the date and amount of cancellation of CEO endorsement or approval of each of the GEF Projects prior to approval by ADB of the GEF Project, during the period reported,
- (d) the amount of each GEF Project which has been, after approval by ADB, reallocated to another agency, resulting in a decrease in the amount of GEF Trust Fund funds approved for ADB for such project, during the period reported;
- (e) the amount of each ADB Fee approved by the Council as payable to ADB (including the amount approved for any amendment to the previously approved GEF Project or any reallocation of the funds which were previously allocated to any other agency), during the period reported;
- (f) the amount of each ADB Fee approved or endorsed by the CEO, as payable to ADB (including the amount approved or endorsed for any

amendment to the previously approved GEF Project or any reallocation of the funds which were previously allocated to any other agency), during the period reported;

- (g) the amount of the ADB Fee, which shall be returned to the GEF Trust Fund, as a result of subsequent cancellation, amendment or reallocation of the GEF Project for which such fee was provided, resulting in a decrease in the amount of GEF funds approved for such fee, during the period reported;
- (h) the amount of each Special Initiative and Administrative Budget, if any, approved by the Council, as payable to ADB, during the period reported; and
- (i) any other funding from the GEF Trust Fund, allocated to ADB by the Council or the CEO, during the period reported.

## **12. RECORDS AND REPORTING**

**Section 12.1.** Unless the parties hereto agree otherwise, all financial accounts and reports related to the GEF Trust Fund funds shall be expressed in Dollars.

**Section 12.2.** ADB shall provide the following information to the Trustee, prepared in accordance with ADB's accounting and reporting procedures and provided in a form and means agreed with the Trustee:

- (a) on a semi-annual basis (or such other frequency agreed with the Trustee), the dates and amounts of approvals by ADB of GEF Projects, if applicable, for the period reported, broken down by each GEF Project;
- (b) within thirty (30) days after the end of each quarter of the GEF Fiscal Year (or such other frequency agreed with the Trustee), the dates and amounts of the cancellations of the GEF funding approved as allocable to ADB for GEF Projects and Special Initiatives, for the period reported, broken down by each GEF Project and Special Initiative;
- (c) within thirty (30) days after the end of each quarter of the GEF Fiscal Year (or such other frequency agreed with the Trustee), the dates and amounts of the cancellations, in whole or in part, of the GEF funding approved for ADB Fees, for the period reported, broken down by each ADB Fee;
- (d) within thirty (30) days after the end of each quarter of the GEF Fiscal Year (or such other frequency agreed with the Trustee), the date on which any GEF Project is financially closed, the final amount disbursed and the amount of any unused funds from such project, for the period reported,

broken down by each GEF Project, Special Initiative and Administrative Budget;

- (e) within thirty (30) days after the end of each quarter of the GEF Fiscal Year (or such other frequency agreed with the Trustee), the dates and amounts of reflows of funds received by ADB from GEF Projects, for the period reported, broken down by each GEF Project;
- (f) within sixty (60) days after the end of each semester of the GEF Fiscal Year (or such other frequency agreed with the Trustee), statements of (i) investment income earned on the GEF funds transferred to the ADB/GEF Fund for GEF Projects, Special Initiatives and Administrative Budget and (ii) investment income returned to the GEF Trust Fund;
- (g) within six months after the end of the ADB's fiscal year, an annual financial statement of the ADB/GEF Fund;
- (h) within six months after termination of this Agreement, a final financial statement for the ADB/GEF Fund; and
- (i) such other reports related to the GEF funds transferred to ADB, as may reasonably be requested by the Trustee from time to time.

For the purposes of the financial reports and statements required under Sections 12.2.(f), (g) and (h) above, investment income earned by the ADB/GEF Fund shall be reported as aggregate investment income and shall not be allocated between individual GEF activities.

**Section 12.3.** As soon as practicable after the end of the GEF Fiscal Year, the Trustee shall furnish with ADB an annual report for reconciliation between the Trustee and ADB in respect of GEF Trust Fund funds approved as allocable to ADB, substantially in the form of attached to this Agreement as Annex F. ADB shall confirm its agreement to the information contained in the report, no later than 45 days after receipt by ADB of the report, by signing, dating and returning to the Trustee a copy of the report. In the event that there is any discrepancy between the information provided by the Trustee in the report and the information used by ADB, ADB shall promptly inform the Trustee of such discrepancy and reconcile with the Trustee the information contained in the report.

**Section 12.4.** Unless otherwise agreed between the Trustee and ADB, ADB's external auditors shall audit the financial statements of the ADB/GEF Fund referred to in Sections 12.2.(g) and (h) above. The costs of such audits shall be borne by the ADB Fees provided to the ADB; provided, however, in the even that ADB has received ADB Fees in the amount of less than US\$100,000 for the year which the financial statements relate to, the costs of the audits shall be borne by the GEF Trust Fund.

**Section 12.5.** Where the Trustee has reason for concern that GEF resources provided for any GEF Project or Special Initiative may not have been used in accordance with the Instrument and the decisions taken by the Council, the Trustee will ask ADB to provide it with information concerning the use of GEF resources in respect of the GEF Project or Special Initiative concerned. If after reviewing any such information provided by ADB, the Trustee continues to have a concern as to the manner in which the GEF resources provided to ADB for such GEF Project or Special Initiative have been used, the Trustee may request ADB to cause accounts and reports of such individual GEF Project or Special Initiative to be audited by ADB's external auditors on terms agreed with the Trustee. The Trustee would require such additional audits only in these exceptional circumstances, and will communicate fully its reasons for such request to ADB. The costs of such audits will be borne by ADB; however, should the additional audit by ADB's external auditors disclose that the resources were used in accordance with the Instrument and the decisions taken by the Council, the cost of such audits shall be borne by the GEF Trust Fund.

**Section 12.6.** In the event that ADB fails to comply with Sections 12.1, 12.2, 12.3, 12.4 and 12.5, the Trustee shall promptly notify ADB in writing of such non-compliance. If the non-compliance has continued for a period of not less than thirty days after the written notification from the Trustee, the Trustee may suspend any further commitment and/or cash transfer of GEF Trust Fund funds to ADB until such time as the non-compliance is resolved to the reasonable satisfaction of the Trustee.

**Section 12.7.** ADB shall provide the Trustee with a list containing the names and signatures of ADB's Authorized Officers, substantially in the form attached to this Agreement as Annex G.

### 13. NOTICES

**Section 13.1.** All communications concerning this Agreement shall be made to the relevant person at the address, facsimile number, telephone number or electronic mail address, from time to time designated by that party to the other for that purpose. The address, facsimile number, telephone number and electronic mail address so designated are set out below:

(a) For the Trustee:

Name:	International Bank for Reconstruction and Development, as Trustee of the Global Environment Facility Trust Fund
Address:	1818 H. Street, N.W. Washington, D.C. 20433 U.S.A.

Attention: Ms. Susan McAdams  
Director  
Multilateral Trusteeship and Innovative Financing

Telephone: (202) 458 0019  
Facsimile: (202) 614 0795  
Electronic mail: geftrustee@worldbank.org

(b) For ADB:

Name: Asian Development Bank  
Address: 6 ADB Avenue, Mandaluyong City  
1550, Metro Manila, Philippines

Attention: Principal Director  
Office of Cofinancing Operations

Telephone: +63 (2) 632-6314  
Facsimile: +63 (2) 636-2456  
Electronic mail: wliepach@adb.org

#### 14. AMENDMENT

**Section 14.1.** This Agreement may be amended at any time by the written agreement of the Trustee and ADB.

#### 15. TERMINATION

**Section 15.1.** This Agreement will terminate on June 30, 2014, unless extended by mutual agreement of the parties to this Agreement. This Agreement may be terminated before June 30, 2014 by either party, and shall cease to be in force sixty (60) days after either party gives to the other written notice of its desire to terminate the Agreement.

**Section 15.2.** Notwithstanding termination of this Agreement, ADB shall continue to receive and hold in the ADB/GEF Fund unused or undisbursed funds from any GEF Project, Special Initiative or Administrative Budget, income earned by the ADB/GEF Fund and any other amounts due to ADB under any GEF Project until all outstanding commitments and liabilities incurred in the implementation of the GEF Projects, Special Initiatives, activities for which any Administrative Budget is provided, or such other ADB's activities have been satisfied. ADB shall return to the Trustee, on terms agreed with the Trustee, (i) any portion of the ADB/GEF Fund and any income earned thereon (other than the income earned on ADB Fees described in Section 8.2), remaining after such commitments and liabilities have



been satisfied, and (ii) any other GEF Trust Fund funds received by ADB after the termination of this Agreement, which are otherwise due to be returned to the Trustee under the terms of this Agreement.

## **16. ENTIRE AGREEMENT**

**Section 16.1.** This Agreement constitutes the entire agreement and understanding of the parties with respect to its subject matter and supersedes all oral communication and prior writings with respect thereto.

**Section 16.2.** This Agreement shall be effective as of the date aforementioned on the first page of this Agreement, and shall supersede and replace the Financial Procedures Agreement between ADB and the Trustee dated July 7, 2004.

## **17. EXECUTION IN COUNTERPARTS**

**Section 17.1.** This Agreement may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument.

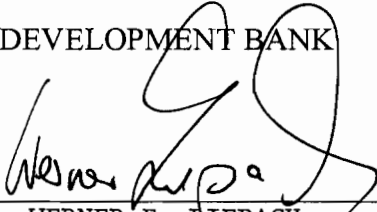
**IN WITNESS WHEREOF**, the undersigned, being duly authorized thereto, have signed this Agreement with effect from the date aforementioned on the first page of this Agreement

INTERNATIONAL BANK FOR RECONSTRUCTION  
AND DEVELOPMENT, AS TRUSTEE OF THE  
GLOBAL ENVIRONMENT FACILITY TRUST FUND



Name: Philippe Le Houérou  
Title: Vice President  
Concessional Finance and Global Partnerships

ASIAN DEVELOPMENT BANK



Name: WERNER E. DIEPACH  
Title: Principal Director  
Office of Cofinancing Operations

Letter of Commitment

[date]

Asian Development Bank  
6 ADB Avenue, Mandaluyong City,  
0401 Metro Manila  
Philippines

**Global Environment Facility Trust Fund  
Commitment of Funds to the Asian Development Bank**

Dear Sir or Madam:

Reference is made to the Financial Procedures Agreement dated [ ], 2008, between the International Bank for Reconstruction and Development, as Trustee of the Global Environment Facility (the “GEF”) Trust Fund (the “Trustee”) and the Asian Development Bank (“ADB”) (the “Agreement”).

In accordance with Section 3 of the Agreement, the Trustee hereby commits the sum of US\$ [ *insert amount* ] to ADB, such amount reflecting the amounts endorsed or approved by the Chief Executive Officer/Chairperson of the GEF (the “CEO”), as appropriate, during [period] for ADB activities to be carried out in connection with the [GEF Projects, ADB Fees, Special Initiatives, Administrative Budget *select as applicable*] listed in Annex attached hereto, pursuant to paragraph 20 (c) of the Instrument for the Establishment of the Restructured Global Environment Facility; provided, however, that pursuant to Sections 3.1(e) and (f) of the Agreement, the amount of the commitment hereunder may be subject to adjustment to reflect any subsequent decrease of GEF funding allocated for any GEF Project or ADB Fee for which the commitment was made by the Trustee.

Funds will be transferred by the Trustee to ADB to account, [*account details*], in accordance with the procedures set out in Section 4 of the Agreement.

International Bank for Reconstruction and Development, as  
Trustee of the Global Environment Facility Trust Fund

---

Name:  
Title:

Attachments

Letter of Commitment Cancellation

[date]

Asian Development Bank  
6 ADB Avenue, Mandaluyong City,  
0401 Metro Manila  
Philippines

**Global Environment Facility Trust Fund  
Cancellation of Commitment of Funds to  
the Asian Development Bank**

Dear Sir or Madam:

Reference is made to the Financial Procedures Agreement dated [ ], 2008, between the International Bank for Reconstruction and Development, as Trustee of the Global Environment Facility (the “GEF”) Trust Fund (the “Trustee”) and the Asian Development Bank (“ADB”) (the “Agreement”).

In accordance with Sections 3.1(e) and (f) of the Agreement, the Trustee hereby notifies you that the commitment made by the Trustee in the sum of US\$[ *insert amount*] for the [GEF Projects, ADB Fees and Special Initiatives *select as applicable*] listed in Annex attached hereto is cancelled pursuant to said sections.

International Bank for Reconstruction and Development, as  
Trustee of the Global Environment Facility Trust Fund

\_\_\_\_\_  
Name:  
Title:

Attachment

**GLOBAL ENVIRONMENT FACILITY TRUST FUND**

**ADB Ref. No.** \_\_\_\_\_  
**Cash Transfer Request Number** \_\_\_\_\_

**Asian Development Bank (ADB)**

**Cash Transfer Request for GEF Projects a/**

As of [date] \_\_\_\_\_  
*(in US dollars)*

Net Cumulative Cash received from the Trustee in the ADB/GEF Fund b/ (1)	Net Cumulative Disbursements from the ADB/GEF Fund c/ (2)	Net Cash Position (3) = (1) - (2)	Projected Cash Requirements for Next [6] Months (4)	Projected Net Cash Position (5) = (3) - (4)	Amount of Cash Transfer Request (6)
0.00	0.00	0.00	0.00	0.00	0.00

**Bank Account Details**

Signed \_\_\_\_\_ Date \_\_\_\_\_  
 Name \_\_\_\_\_  
 Title \_\_\_\_\_

a/ This request includes cash transfers for GEF Projects, including project preparation activities, but excludes cash transfers for ADB Fees, Administrative Budget or Special Initiatives.  
 b/ This column represents the cumulative amount transferred to the ADB less return of funds to the Trustee since the inception of the ADB/GEF Fund.  
 c/ This column represents the cumulative amount disbursed from the ADB/GEF Fund less subsequent return of funds by project receipts to the ADB since the inception of the ADB/GEF fund.

**GLOBAL ENVIRONMENT FACILITY TRUST FUND**

ADB Ref. No. \_\_\_\_\_  
Cash Transfer Request Number \_\_\_\_\_

**Asian Development Bank (ADB)**

**Cash Transfer Request for Fees**

As of [date] \_\_\_\_\_  
(in US dollars)

Net Cumulative Cash received from the Trustee in the ADB/GEF Fund a/ (1)		Amount of Cash Transfer Request for Fees (2)
0.00		0.00

Bank Account details

Signed \_\_\_\_\_ Date \_\_\_\_\_  
Name \_\_\_\_\_  
Title \_\_\_\_\_

*a/ This column represents the cumulative amount transferred to the ADB less return of funds to the Trustee since the inception of the ADB/GEF Fund.*

**GLOBAL ENVIRONMENT FACILITY TRUST FUND**

ADB Ref. No. \_\_\_\_\_  
Cash Transfer Request Number \_\_\_\_\_

**Asian Development Bank (ADB)**

**Cash Transfer Request for [Administrative Budget]/[Special Initiatives]**

As of [date] \_\_\_\_\_  
(in US dollars)

Net Cumulative Cash received from the Trustee in the ADB/GEF Fund a/ (1)		Amount of Cash Transfer Request for [Administrative Budget]/[Special Initiative] (2)
0.00		0.00

Bank Account details

Signed \_\_\_\_\_ Date \_\_\_\_\_  
Name \_\_\_\_\_  
Title \_\_\_\_\_

*a/ This column represents the cumulative amount transferred to the ADB less return of funds to the Trustee since the inception of the ADB/GEF Fund.*



**Annex F**

**GLOBAL ENVIRONMENT FACILITY TRUST FUND**

**Asian Development Bank (ADB)**

**Agency Annual Report for Reconciliation in respect of GEF Trust Fund funding approved for the ADB**

As of (date) \_\_\_\_\_  
(in US dollars)

Trustee ID	GEFSEC ID	Agency ID	Project Title	Joint Project or Programmatic Initiative	Use by	Component of	Council or CEO Approval date d/	Amount Set Aside	Funding Approval Status	Agency Project Executive/ Implementation Status	Agency Approval Date	CEO Endorsement/ Approval Date e/	Cumulative Trustee Commitment	Cumulative Cancelled Amounts	Final Unused Amount	Final Used Amount	Financial Closure Date	Trustee Net Commitment
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17) = (14) - (15) - (16)	(18)	(19) = (17)

a/ This report includes GEF Projects (including project preparation activities), ADB Fee and Administrative Budget, Special Initiatives, if applicable.

b/ This column indicates the use for which the GEF Trust Fund funds are approved, such as GEF Project, ADB Fee, GEF administrative budget. In the case of Special Initiative, it shall be reported as GEF administrative budget for the purpose of this column.

c/ This column indicates the component of the GEF funding, such as full size, medium-size, expedited enabling activities, project preparation activities, in the case of GEF Projects, and Administrative Budget or Special Initiative, in the case of GEF administrative budgets.

d/ This column indicates the date of Council approval or, in case of GEF funding which requires both CEO approval and endorsement, the date of CEO approval.

e/ This column indicates the date of CEO endorsement or, in case of GEF funding which requires only CEO approval, the date of CEO approval.

**Annex G**

[DATE]

International Bank for Reconstruction and Development,  
As Trustee of the Global Environment Facility Trust Fund  
1818 H Street, N.W.  
Washington, D.C. 20433  
United States of America

Attention: Director, Multilateral Trusteeship and Innovative Financing Department

Dear Director:

Re: Financial Procedures Agreement between the Trustee and the Asian Development Bank

I refer to the Financial Procedures Agreement (“Agreement”) between the International Bank for Reconstruction and Development, as Trustee of the Global Environment Facility Trust Fund (the “Trustee”) and the Asian Development Bank (“ADB”), dated [ ], 2008. For the purposes of the Agreement, any [one] of the persons whose authenticated specimen signatures appear below is authorized on behalf of ADB to sign any request or report under the Agreement:

[Name], [position]      Specimen Signature: \_\_\_\_\_

[Name], [position]      Specimen Signature: \_\_\_\_\_

[Name], [position]      Specimen Signature: \_\_\_\_\_

Yours truly,

/ signed /

\_\_\_\_\_  
[Position]