

November 8, 2013

Mr. Alex Rugamba
Director, Energy, Environment and Climate Change
African Development Bank
B.P. 323
1002 Tunis Belvedere
Tunisia

Dear Mr. Rugamba:

Amendment No. 1 to the Financial Procedures Agreement between the African Development Bank and the International Bank for Reconstruction and Development concerning the Global Environment Facility Trust Fund

1. Reference is made to the Financial Procedures Agreement (the “Agreement”) between the African Development Bank (“AfDB”) and 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”) dated June 30, 2010.
2. Reference is made to the decision of the Council of the Global Environment Facility (the “GEF”) (the “Council”) at its May 2012 meeting, on the basis of document GEF/C.42/04, *Clarifying the Responsibilities of the GEF’s Key Actors with respect to the Use of GEF Resources*, to request the Trustee and the Implementing and Executing Agencies to prepare amendments to the existing Financial Procedures Agreements (“FPAs”) to include appropriate provisions consistent with those described on such paper to address the return to the Trustee of funds that have not been used for the purposes provided in accordance with the Instrument and Council decisions.
3. Pursuant to Section 14.1 of the Agreement, both parties agree to amend the Agreement as follows:
 - 3.1 Section 12.7 shall be renumbered as Section 12.8.
 - 3.2 A new Section 12.7 shall be inserted as follows:
 - (a) “**Section 12.7.** (a) If any financial report provided to the Trustee by AfDB under Section 12.2 or any auditor’s report provided to the Trustee by AfDB under Sections 12.4 or 12.5 indicates that the resources provided to AfDB for any GEF Project or Special Initiative were not used for the purposes provided under the Instrument and the decisions taken by the Council:
 - (i) If the funds were not used for the purposes provided under the Instrument and/or the decisions taken by the Council due to AfDB’s

actions or due to the action of a third party as a result of AfDB's gross negligence or willful misconduct, AfDB shall promptly return to the GEF Trust Fund, to such account as the Trustee may designate, the amount of GEF resources indicated by such report not to have been used for the purposes provided under the Instrument and/or the decisions taken by the Council; or

- (ii) If the funds were not used for the purposes provided under the Instrument and/or the decisions taken by the Council due to the action of a third party and not as a result of AfDB's gross negligence or willful misconduct, AfDB shall take the necessary actions within its control to address the matter, including, in accordance with its policies and procedures, using reasonable efforts to recover from such third party the amount of GEF resources indicated by such report to not have been used for the purposes provided under the Instrument and/or the decisions taken by the Council and return such recovered GEF resources to the GEF Trust Fund, to such account as the Trustee may designate; it being understood that AfDB shall not be required to return any such resources which are not so recovered .

(b) In the case of 12.7(a) (i) above, AfDB shall notify the CEO and the Trustee of the return of GEF resources to the GEF Trust Fund. In the case of 12.7(a)(ii) above, AfDB shall notify (i) the CEO and the Trustee that it has determined that the funds were not used for the purposes provided under the Instrument and/or the decisions taken by the Council due to the action of a third party and not as a result of AfDB's gross negligence or willful misconduct and it will only return to the GEF Trust Fund any GEF resources to the extent they are recovered from such third party, and (ii) the CEO of any recovery actions.

(c) In the event AfDB fails to comply with Section 12.7(a)(i) above, the Trustee shall bring the matter to the attention of the CEO and request the CEO to consult with AfDB, and after such consultation to inform the Council and request the Council to consult with and seek the views of AfDB. In the event AfDB fails to comply with Section 12.7(a) (ii) above, the CEO shall consult with AfDB, and after such consultation inform the Council and request the Council to consult with and seek the views of AfDB.

If the Council determines, after consultation with AfDB that such failure to comply with Section 12.7(a) above continues, the Council may instruct the Trustee to suspend any further commitment and/or cash transfer of GEF Trust Fund resources to AfDB. In such case, the Trustee shall suspend any further commitment and/or cash transfer of GEF Trust Fund resources to AfDB until such time as the Council otherwise instructs the Trustee.”

3.3 Section 15.1 shall be amended by deleting it in its entirety and replacing it with the following:

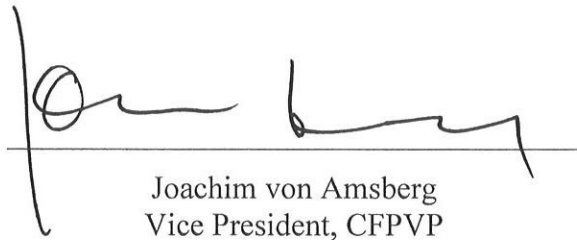
“Section 15.1. This Agreement will terminate on June 30, 2017, unless extended by mutual agreement of the parties to this Agreement. This Agreement may be

terminated before June 30, 2017 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.”

4. All other terms of the Agreement remain unchanged.
5. The Trustee will disclose this Amendment and related information on the GEF Trust Fund in accordance with the World Bank Policy on Access to Information. By entering into this Amendment, AfDB consents to disclosure of this Amendment and related information on the GEF Trust Fund.
6. Please confirm your agreement with the foregoing by signing, dating, and returning to us the enclosed copy of this Amendment. Upon receipt by the Trustee of the copy of this Amendment countersigned by you, this Amendment shall enter into effect as of the date of countersignature.

Sincerely,

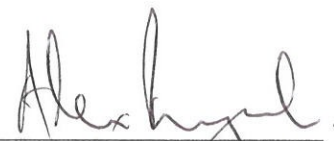
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT



Joachim von Amsberg
Vice President, CFPVP
Concessional Finance and Global Partnerships

CONFIRMED AND AGREED:

THE AFRICAN DEVELOPMENT BANK

By: 

Date: 22/11/2013

Alex Rugamba
Director, Energy, Environment and Climate Change Department
African Development Bank