

Date: February 24, 2014

Ms. Alessandra Pasian
Deputy Director
Donor Co-Financing
European Bank for Reconstruction and Development
One Exchange Square
London EC2A 2JN
United Kingdom.

Amendment No. 2 to the Financial Procedures Agreement between the European Bank for Reconstruction and Development and the International Bank for Reconstruction and Development concerning the Global Environment Facility Trust Fund (the "Amendment")

Dear Ms. Pasian:

1. Reference is made to the Financial Procedures Agreement between the European Bank for Reconstruction and Development ("EBRD") 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 September 30, 2009, as amended on December 28, 2012 (the "Agreement").
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. In addition, the parties wish to amend the Agreement to include disclosure provision.
4. Pursuant to Section 16.1 of the Agreement, both parties agree to amend the Agreement as follows:
 - 4.1 Section 12.7 shall be renumbered as Section 12.8.
 - 4.2 A new Section 12.7 shall be inserted as follows:
 - (a) **"Section 12.7. (a)** If any financial report provided to the Trustee by EBRD under Section 12.2 or any auditor's report provided to the Trustee by EBRD under Sections 12.4 or 12.5 indicates that the resources provided to EBRD 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 EBRD's actions or due to the action of a third party as a result of EBRD's gross negligence or willful misconduct, EBRD 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 EBRD's gross negligence or willful misconduct, EBRD 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 EBRD shall not be required to return any such resources which are not so recovered.

(b) In the case of 12.7(a)(i) above, EBRD 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, EBRD 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 EBRD'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 EBRD 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 EBRD, and after such consultation to inform the Council and request the Council to consult with and seek the views of EBRD. In the event EBRD fails to comply with Section 12.7(a) (ii) above, the CEO shall consult with EBRD, and after such consultation inform the Council and request the Council to consult with and seek the views of EBRD.

If the Council determines, after consultation with EBRD 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 EBRD. In such case, the Trustee shall suspend any further commitment and/or cash transfer of GEF Trust Fund resources to EBRD until such time as the Council otherwise instructs the Trustee."

4.3. Section 18 shall be renumbered as Section 19 and Section 19 shall be renumbered as Section 20.

4.4 A new Section 18 shall be inserted as follows:

18. DISCLOSURE

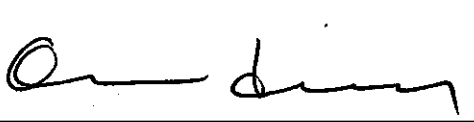
Section 18.1. The Trustee or the EBRD may disclose this Agreement in accordance with their applicable policies on disclosure of information. The Trustee may disclose, in

accordance with the World Bank Policy on Access to Information, any other information on the GEF Trust Fund submitted to the Trustee by the EBRD under this Agreement, except for any such information that EBRD provides to the Trustee in writing marked as "confidential information".

5. All other terms of the Agreement remain unchanged.
6. This Amendment has been developed and finalized in a spirit of mutual cooperation and assistance. If any dispute arising out of or relating to this Amendment cannot be settled by agreement of the Trustee and EBRD, the Trustee and EBRD, in consultation with the CEO, will inform the Council and may seek the Council's advice with respect to a resolution.
7. Nothing in or relating to any provision of this Amendment will be construed as constituting a waiver, either expressed or implied, of the policies, rules and regulations, or any of the privileges, immunities or exemptions accorded under its constituent documents, international law or any other applicable law, of either the Trustee or the EBRD.
8. 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,

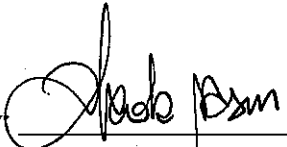
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT



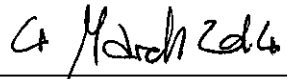
Joachim von Amsberg
Vice President, CFPVP
Concessional Finance and Global Partnerships

CONFIRMED AND AGREED:

EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT

By  _____

Alessandra Pasian
Deputy Director, Donor Co-Financing, EBRD

Date:  _____