

**FINANCIAL PROCEDURES AGREEMENT**

between

**EUROPEAN BANK  
FOR RECONSTRUCTION AND DEVELOPMENT**

and

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

as Trustee of

**THE GLOBAL ENVIRONMENT FACILITY TRUST FUND**

Dated as of September 30, 2009

## **FINANCIAL PROCEDURES AGREEMENT**

**FINANCIAL PROCEDURES AGREEMENT** (hereinafter the "Agreement"), dated as of September 30, 2009 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 European Bank for Reconstruction and Development ("EBRD");

### **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 organizations;

**WHEREAS**, effective November 21, 2003, and pursuant to the power granted to it under paragraph 20(f) of the Instrument, and on the basis of document GEF/C.22/12 *Review of Experiences of Executing Agencies under Expanded Opportunities*, the Council approved a proposal to provide all executing agencies, acting within their agreed scope for GEF operations, with direct access to allocations of GEF resources from the Council and the Chief Executive Officer/Chairperson of the GEF (the "CEO") for the implementation of GEF projects (the "Executing Agencies Direct Access Decision");

**WHEREAS**, EBRD and the Secretariat of the GEF (the "Secretariat") have entered into a Memorandum of Understanding dated November 6, 2006, setting forth the manner in which EBRD will secure access to GEF resources under the Executing Agencies Direct Access Decision and the respective duties and responsibilities of the Secretariat and EBRD with respect to allocations of such resources made to EBRD (the "MOU"); and

**WHEREAS**, EBRD and the Trustee have entered into a Financial Procedures Agreement dated November 6, 2006 (the "2006 Financial Procedures Agreement") to govern arrangements for the administration, commitment and disbursement of all GEF resources allocated to EBRD pursuant to the Executing Agencies 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 2006 Financial Procedures Agreement;

**WHEREAS**, the Trustee and EBRD now desire to replace the 2006 Financial Procedures Agreement with a new Financial Procedures Agreement to reflect the new operational policies of the GEF.

**NOW, THEREFORE**, the Trustee and EBRD 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:

“Administrative Budget” means a portion of the GEF’s administrative budget (other than Special Initiatives and EBRD Fees), which is allocated to EBRD, 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 EBRD for the purposes of this Agreement;

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

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

“Cash Transfer Request for Special Initiatives/Administrative Budgets” means a request submitted by EBRD to the Trustee for the transfer of GEF Trust Fund funds to the EBRD/GEF Fund for Special Initiatives or its Administrative Budget;

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

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

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

“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 EBRD confirming the commitment of GEF Trust Fund funds to EBRD;

“Letter of Commitment Cancellation” means a letter from the Trustee to EBRD confirming the cancellation of the commitment of GEF Trust Fund funds to EBRD; and

“Special Initiative” means any activities to be performed by EBRD as a special initiative and approved as such by the Council as part of the GEF’s administrative budget.

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

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

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

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

(a) In the case of a GEF Project to be managed and administered by EBRD or an EBRD 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 such GEF Project or EBRD 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 EBRD Fee, for which approval 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 such GEF Project or EBRD 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 EBRD 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 EBRD Fee.

(d) Subject to the availability of resources in the GEF Trust Fund, the Trustee shall, on a monthly basis (or such other frequency as the Trustee and EBRD may agree), commit GEF Trust Fund funds to EBRD for GEF Projects to be managed

and administered by EBRD, EBRD Fees, Special Initiatives and/or Administrative Budgets, if any, approved in the preceding month. The amount of funds committed by the Trustee shall be in 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 EBRD 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, EBRD Fee or Special Initiative is decreased, as a result of a subsequent cancellation or amendment of the GEF Project/Special Initiative or an EBRD-agreed reallocation of GEF funding to any other agency, after the Trustee has committed the funds for such GEF Project, EBRD Fee or Special Initiative under Section 3.1(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 EBRD 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 EBRD), or based on the information provided by EBRD referred to in Sections 12.2.(b) and (c) below. Further, in the case of a decrease of GEF funding as a result of and EBRD-agreed 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 EBRD 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 EBRD, 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 EBRD in the EBRD/GEF Fund in accordance with Section 6.2 below. Such cancellation shall be made based on the information provided by EBRD referred to in Section 12.2.(d) below.

(f) The Trustee shall notify EBRD 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 EBRD**

##### **Section 4.1. GEF Projects**

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

(a) EBRD 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 EBRD in accordance with its policies and procedures; provided that the request by EBRD 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 EBRD may agree) EBRD 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 period as the Trustee and EBRD 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 EBRD for GEF Projects of the EBRD/GEF Fund) in respect of GEF Projects as of the date of the request.

(d) The amount of funds requested by EBRD 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 period as the Trustee and EBRD 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 EBRD does not exceed the amount equal to (i) the net cumulative GEF Trust Fund funds committed by the Trustee and approved by EBRD for GEF Projects (based on the information provided by

EBRD referred to in Section 12.2.(a) below), less (ii) the net cumulative GEF Trust Fund funds transferred by the Trustee to EBRD for 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 EBRD/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 EBRD/GEF Fund; and consultation with EBRD on the purposes for which any such undisbursed funds may be used.

#### **Section 4.2. EBRD Fees**

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

(a) EBRD may request transfer of GEF Trust Fund funds for any EBRD Fee after GEF Trust Fund funds have been committed by the Trustee for the EBRD Fee pursuant to Section 3.1 above; provided that the request by EBRD 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 EBRD may agree) EBRD 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 EBRD of EBRD 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 EBRD Fees as of the date of the request. The amount of funds requested by EBRD in such request shall not exceed the amount equal to the net cumulative amount of the GEF Trust Fund funds committed by the Trustee to EBRD less the net cumulative amount of the GEF Trust Fund funds received from the Trustee by EBRD, 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 EBRD Fees less (ii) the cumulative GEF Trust Fund funds transferred by the Trustee to EBRD for the EBRD 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 EBRD the amount of funds requested for the EBRD Fees.

(e) Notwithstanding Sections 4.2. (b), (c) and (d) above, upon the request of the Trustee, EBRD shall return to the GEF Trust Fund, to such account as the Trustee may designate, funds transferred to EBRD as EBRD Fees for any GEF Project, which is cancelled, or amended or reallocated, after such funds have been transferred, resulting in a decrease in the amount of GEF funding approved for EBRD 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 GEF Trust Fund funds by the Trustee to EBRD for Special Initiatives and the Administrative Budget, if any.

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

(b) At any time after the commitment by the Trustee, EBRD 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 the 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 a Special Initiative) or the Administrative Budget (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 to EBRD less the net cumulative amount of the GEF Trust Fund funds transferred from the Trustee to EBRD, both as of the date of the request.

(d) Upon receipt of a Cash Transfer Request for Special Initiatives/Administrative Budgets, the Trustee shall verify that the amount requested by EBRD does not exceed the amount equal to (i) the net cumulative GEF Trust Fund funds committed by the Trustee to EBRD for the Special Initiatives or Administrative Budget, as applicable, less (ii) the net cumulative GEF Trust Fund funds transferred by the Trustee to the EBRD/GEF Fund for the Special Initiatives or Administrative Budget, 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 EBRD/GEF Fund the amount of funds requested for the Special Initiatives or Administrative Budget, as applicable.

**Section 4.4. Transfer of Funds**

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

**5. USE OF FUNDS**

**Section 5.1.** The funds transferred to EBRD 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, EBRD may invest all funds in the EBRD/GEF Fund pending their disbursement in accordance with EBRD's guidelines and policies concerning the investment of funds in respect of which EBRD acts as manager and administrator and with such standard of care as it uses with respect to its own funds. EBRD shall have the right to convert all funds received by the EBRD/GEF Fund into other currencies to facilitate the administration of the EBRD/GEF Fund.

**Section 5.3.** The Trustee shall have no responsibility for collection of funds due to EBRD from the project recipient or such other entity under any GEF Project or Special Initiative. When EBRD has received any unused funds or reflow of funds, EBRD 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 EBRD shall be dependent upon the receipt by EBRD of GEF Trust Fund funds in accordance with this Agreement. Disbursement of funds from the EBRD/GEF Fund to recipients shall be made in accordance with EBRD's policies and rules and its applicable disbursement procedures.

**Section 6.2.** Unused funds from GEF Projects, Special Initiatives or the Administrative Budget, for which no further disbursements are due to be made, shall be held by EBRD (following their return to EBRD by the project recipient or such other party) in the EBRD/GEF Fund; provided, however, that in the case of unused funds from GEF Projects, any such funds held by EBRD 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 EBRD. EBRD 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 EBRD 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, EBRD shall return to the GEF Trust Fund, to such account as the Trustee may designate, any such unused funds from GEF Projects, Special Initiatives or the Administrative Budget held by EBRD in the EBRD/GEF Fund.

## **7. REFLows**

**Section 7.1.** If any GEF Trust Fund funds transferred to EBRD for GEF Projects are used to provide financing, which generates any reflow of funds on any instrument other than grants, 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, EBRD shall credit and hold the funds in the EBRD/GEF Fund (following their receipt by EBRD), until the Trustee requests EBRD to return them to such account as the Trustee may designate. EBRD 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 EBRD 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 EBRD and held in the EBRD/GEF Fund (which for the avoidance of doubt, excludes GEF Trust Fund funds transferred to EBRD as EBRD Fees) may be held by EBRD in the EBRD/GEF Fund until the Trustee requests EBRD to return it to such account as the Trustee may designate. EBRD will maintain a record of any such income and report to the Trustee pursuant to Section 12.2 below.

**Section 8.2.** EBRD is not required to report on, or return to, the Trustee any income earned in respect of GEF Trust Fund funds transferred to EBRD as EBRD Fees.

## **9. STANDARD OF CARE**

**Section 9.1.** EBRD 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), EBRD shall do any and all such acts as may be necessary or appropriate for the proper administration of the EBRD/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 EBRD/GEF Fund may vest in EBRD, the recipient of the funds or such other entity as may be permitted to retain ownership under the rules and procedures of EBRD.

## **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 EBRD (including (i) any amount approved for an amendment to a previously approved GEF Project or any reallocation of the funds which were previously allocated to any other agency and (ii) any 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 EBRD (including (i) any amount approved or endorsed for an amendment to a previously approved GEF Project or any reallocation of the funds which were previously allocated to any other agency and (ii) any 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 EBRD of the GEF Project, during the period reported,
- (d) the amount of each GEF Project which has been, after approval by EBRD, reallocated to another agency, resulting in a decrease in the amount of GEF Trust Fund funds approved for EBRD for such GEF Project, during the period reported;
- (e) the amount of each EBRD Fee approved by the Council as payable to EBRD (including any amount approved for any amendment to a 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 EBRD Fee approved or endorsed by the CEO, as payable to EBRD (including any amount approved or endorsed for any amendment to a 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 EBRD 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 EBRD, during the period reported; and
- (i) any other funding from the GEF Trust Fund, allocated to EBRD 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.** EBRD shall provide the following information to the Trustee, prepared in accordance with EBRD's accounting and reporting procedures and provided in a form and means agreed with the Trustee:

- (a) on a monthly basis (or such other frequency agreed with the Trustee), the dates and amounts of approvals by EBRD 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 EBRD 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 EBRD Fees, for the period reported, broken down by each EBRD 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 EBRD from GEF Projects, for the period reported, broken down by each GEF Project;
- (f) within sixty (60) days after the end of each six (6)- month period 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 EBRD/GEF Fund for GEF Projects, Special Initiatives and the Administrative Budget and (ii) investment income returned to the GEF Trust Fund;
- (g) within six months after the end of EBRD's fiscal year, an annual financial statement of the EBRD/GEF Fund;
- (h) within six months after termination of this Agreement, a final financial statement for the EBRD/GEF Fund; and
- (i) such other reports related to the GEF funds transferred to EBRD, 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 EBRD/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 EBRD an annual report for reconciliation between the Trustee and EBRD in respect of GEF Trust Fund funds approved as allocable to EBRD, substantially in the form of attached to this Agreement as Annex F. EBRD shall confirm its agreement to the information contained in the report, no later than 45 days after receipt by EBRD 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 EBRD, EBRD 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 EBRD, EBRD's external auditors shall audit the financial statements of the EBRD/GEF Fund referred to in

Section 12.2.(g) and (h) above.. The costs of such audits shall be borne by EBRD Fees provided to EBRD; provided, however, in the even that EBRD has received EBRD 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 EBRD 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 EBRD, the Trustee continues to have a concern as to the manner in which the GEF resources provided to EBRD for such GEF Project or Special Initiative have been used, the Trustee may request EBRD to cause accounts and reports of such individual GEF Project or Special Initiative to be audited by EBRD'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 EBRD. The costs of such audits will be borne by EBRD; however, should the additional audit by EBRD'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 EBRD fails to comply with Sections 12.1, 12.2, 12.3, 12.4 and 12.5, the Trustee shall promptly notify EBRD 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 EBRD until such time as the non-compliance is resolved to the reasonable satisfaction of the Trustee.

**Section 12.7.** EBRD shall provide the Trustee with a list containing the names and signatures of EBRD'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  
Department  
  
Telephone: +1 (202) 458-0019  
Facsimile: +1 (202) 614-0795  
Electronic mail: [geftrustee@worldbank.org](mailto:geftrustee@worldbank.org)

(b) For EBRD:

Name: European Bank for Reconstruction and Development  
Address: One Exchange Square  
London EC2A 2JN  
United Kingdom  
  
Attention: Environmental Department  
Copy to Director, Official Co-Financing Unit  
  
Telephone: +44 207 338 6356  
Facsimile: +44 207 339 6528  
Electronic mail: [hughesm@ebrd.com](mailto:hughesm@ebrd.com)

## **14. DISPUTE RESOLUTION**

**Section 14.1.** This Agreement has been developed and finalized in a spirit of mutual cooperation and assistance. If any dispute arising out of or relating to this Agreement 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.

## **15. PRIVILEGES AND IMMUNITIES**

**Section 15.1.** Nothing in or relating to any provision of this Agreement 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.

## **16. AMENDMENT**

**Section 16.1.** This Agreement may be amended at any time by the written agreement of the Trustee and EBRD.

## **17. TERMINATION**

**Section 17.1.** This Agreement will terminate on December 31, 2012, unless extended by mutual agreement of the parties to this Agreement. This Agreement may be terminated before December 31, 2012 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 17.2.** Notwithstanding termination of this Agreement, EBRD shall continue to receive and hold in the EBRD/GEF Fund unused or undisbursed funds from any GEF Project, Special Initiative or Administrative Budget, income earned by the EBRD/GEF Fund and any other amounts due to EBRD 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 EBRD activities for which EBRD has received GEF Trust Fund funds have been satisfied. EBRD shall return to the Trustee, on terms agreed with the Trustee, (i) any portion of the EBRD/GEF Fund and any income earned thereon, remaining after such commitments and liabilities have been satisfied, and (ii) any other GEF Trust Fund funds received by EBRD after the termination of this Agreement, which are otherwise due to be returned to the Trustee under the terms of this Agreement.

## **18. ENTIRE AGREEMENT**

**Section 18.1.** 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 18.2.** 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 EBRD and the Trustee dated November 6, 2006.

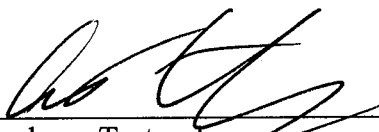


## **19. EXECUTION IN COUNTERPARTS**

**Section 19.1.** 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: Axel van Trotsenburg

Title: Vice President, Concessional Finance and Global Partnerships

EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT



Name: Richard Jones

Title: Director, Official Co-Financing Unit

## **Annex A**

### **Letter of Commitment**

[date]

European Bank for Reconstruction and Development  
One Exchange Square  
London EC2A 2JN  
United Kingdom

#### **Global Environment Facility Trust Fund** **Commitment of Funds to the European Bank for Reconstruction and Development**

Dear Sir or Madam:

Reference is made to the Financial Procedures Agreement dated as of September 30, 2009, between the International Bank for Reconstruction and Development, as Trustee of the Global Environment Facility (the "GEF") Trust Fund (the "Trustee") and the European Bank for Reconstruction and Development ("EBRD") (the "Agreement").

In accordance with Section 3 of the Agreement, the Trustee hereby commits the sum of US\$ [ *amount* ] to EBRD, such amount reflecting the amounts endorsed or approved by the Chief Executive Officer/Chairperson of the GEF (the "CEO"), as appropriate, during [ *period* ] for EBRD activities to be carried out in connection with the [GEF Projects, EBRD Fees, Special Initiatives, Administrative Budget *select as applicable*] listed in the 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 EBRD Fee for which the commitment was made by the Trustee.

Funds will be transferred by the Trustee to EBRD 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

**Annex B**

**Letter of Commitment Cancellation**

[date]

European Bank for Reconstruction and Development  
One Exchange Square  
London EC2A 2JN  
United Kingdom

**Global Environment Facility Trust Fund  
Cancellation of Commitment of Funds to  
European Bank for Reconstruction and Development**

Dear Sir or Madam:

Reference is made to the Financial Procedures Agreement dated as of September 30, 2009, between the International Bank for Reconstruction and Development, as Trustee of the Global Environment Facility (the "GEF") Trust Fund (the "Trustee") and the European Bank for Reconstruction and Development ("EBRD") (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\$[ *amount* ] for [GEF Project [specific project to be identified]], EBRD Fees and/or Special Initiatives *select as applicable* listed in the 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

EBRD Ref. No. \_\_\_\_\_

European Bank for Reconstruction and Development

## Cash Transfer Request for GEF Projects a/

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

Net Cumulative Cash received from the Trustee in the EBRD/GEF Fund b/ (1)	Net Cumulative Disbursements from the EBRD/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

a/ This request includes cash transfers for GEF Projects, including project preparation activities, but excludes cash transfers for EBRD Fees, Administrative Budget or Special.

b/ This column represents the cumulative amount transferred to the EBRD less return of funds to the Trustee since the inception of the EBRD/GEF Fund.

c/ This column represents the cumulative amount disbursed from the EBRD/GEF Fund less subsequent return of funds by project recipients to the EBRD since the inception of the EBRD/GEF fund.

## GLOBAL ENVIRONMENT FACILITY TRUST FUND

EBRD Ref. No. \_\_\_\_\_

European Bank of Reconstruction and Development

## Cash Transfer Request for Fees

As of [date] \_\_\_\_\_

*(in US dollars)*

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

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

## GLOBAL ENVIRONMENT FACILITY TRUST FUND

EBRD Ref. No. \_\_\_\_\_

European Bank for Reconstruction and Development

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

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

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

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

## GLOBAL ENVIRONMENT FACILITY TRUST FUND

## European Bank for Reconstruction and Development

## Agency Annual Report for Reconciliation in respect of GEF Trust Fund funding approved for the EBRD

As of [date] \_\_\_\_\_

(in US dollars)

Trustee ID	GEFSE C ID	Agency ID	Project Title	Joint Project or Programmatic Initiative	Use b/	Component c/	Council or CEO Approval date d/	Amount Set Aside	Funding Approval Status	Agency Project Execution/ 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	Reflow of funds, if applicable
(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), EBRD 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, EBRD 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  
Attention: Director, Multilateral Trusteeship and Innovative Financing Department  
1818 H Street, N.W.  
Washington, D.C. 20433  
United States of America

Dear Director:

**Re: Financial Procedures Agreement between the Trustee and the European Bank for  
Reconstruction and Development**

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 European Bank for Reconstruction and Development (“EBRD”), dated as of September 30, 2009. For the purposes of the Agreement, any [one]<sup>1</sup> of the persons whose authenticated specimen signatures appear below is authorized on behalf of EBRD 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]

<sup>1</sup> Stipulate if more than one person needs to sign requests or reports, and how many or which positions, and if any thresholds apply.