

FINANCIAL PROCEDURES AGREEMENT

between

THE INTER-AMERICAN DEVELOPMENT BANK

and

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

as Trustee of

THE GLOBAL ENVIRONMENT FACILITY TRUST FUND

April 5, 2010

FINANCIAL PROCEDURES AGREEMENT

FINANCIAL PROCEDURES AGREEMENT (hereinafter the "Agreement"), dated as of April 5, 2010 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 Inter-American Development Bank ("IADB");

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 IADB'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, IADB and the Secretariat of the GEF (the "Secretariat") have entered into a Memorandum of Understanding dated May 19, 2004, setting forth the manner in which IADB will secure access to GEF resources under the Direct Access Decision and the respective duties and responsibilities of the Secretariat and IADB with respect to allocations of such resources made to IADB (the "MOU"); and

WHEREAS, IADB and the Trustee have entered into a Financial Procedures Agreement dated May 19, 2004 (the "2004 Financial Procedures Agreement") to govern arrangements for the administration, commitment and disbursement of all GEF resources allocated to IADB 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 IADB 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 IADB 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 IADB Fees), which is allocated to IADB, 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 IADB for the purposes of this Agreement;

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

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

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

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

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

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

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

“Special Initiative” means activities to be performed by IADB, 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 IADB

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

3. COMMITMENT OF FUNDS BY THE TRUSTEE

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

(a) In the case of a GEF Project or a IADB 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 IADB 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 IADB 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 IADB 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 IADB 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 IADB Fee.

(d) Subject to the availability of resources in the GEF Trust Fund, the Trustee shall commit GEF Trust Fund funds to IADB on a monthly basis (or such other frequency as the Trustee and IADB may agree) for GEF Projects, IADB 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 IADB 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, IADB 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, IADB 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 IADB 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 IADB), or otherwise the information provided by IADB 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 IADB 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 IADB, 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 IADB in the IADB/GEF Fund in accordance with Section 6.2 below. Such reduction shall be made based on the information provided by IADB referred to in Section 12.2.(d) below.

(f) The Trustee shall notify IADB 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 IADB

Section 4.1. GEF Projects

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

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

(d) The amount of funds requested by IADB 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 IADB 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 IADB does not exceed the amount equal to (i) the net cumulative GEF Trust Fund funds committed by the Trustee and approved by IADB for the GEF Projects (based on the information provided by IADB referred to in Section 12.2.(a) below), less (ii) the net cumulative GEF Trust Fund funds transferred by the Trustee to IADB 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 IADB/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 IADB/GEF Fund; and consultation with IADB on the purposes for which any such undisbursed funds may be used.

Section 4.2. IADB Fees

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

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

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

IADB 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 IADB for Special Initiatives and Administrative Budgets, if any.

(a) IADB 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 IADB 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, IADB 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 for Special Initiatives/Administrative Budgets less the net cumulative amount of the GEF Trust Fund funds transferred from the Trustee for Special Initiatives/Administrative Budgets, 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 IADB 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 IADB/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 IADB/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 IADB shall be made to such account as IADB may from time to time designate for such purposes. The Trustee shall notify IADB of each such transfer.

5. USE OF FUNDS

Section 5.1. The funds transferred to IADB 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, IADB may invest all funds in the IADB/GEF Fund pending their disbursement in accordance with IADB's guidelines and policies concerning the investment of funds in respect of which IADB acts as trustee. IADB shall not be held liable for any loss which may arise from such investment, provided that such investment was made in accordance with IADB's guidelines and policies concerning the investment of funds in respect of which IADB acts as a trustee. IADB shall have the right to convert all funds received by the IADB/GEF Fund into other currencies to facilitate the administration of the IADB/GEF Fund.

Section 5.3. The Trustee shall have no responsibility for collection of funds due to IADB from the project recipient or such other entity under any GEF Project or Special Initiative. When IADB has received any unused funds or reflow of funds, IADB 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 IADB shall be dependent upon the receipt by IADB of GEF funds in accordance with this Agreement. Disbursement of funds from the IADB/GEF Fund to recipients shall be made in accordance with IADB'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 IADB (following their return to IADB by the project recipient or such other party) in the IADB/GEF Fund; provided, however, that in the case of unused funds from GEF Projects, any such funds held by IADB 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 IADB. IADB 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 IADB 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, IADB 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 IADB in the IADB/GEF Fund.

7. REFLOWS

Section 7.1. If any GEF Trust Fund funds transferred to IADB 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 terms of the financing approved by the GEF Council or the CEO, as applicable, in accordance with the policies and procedures of the GEF, IADB shall credit and hold the funds in the IADB/GEF Fund (following their receipt by IADB), until the Trustee requests IADB to return them to such account as the Trustee may designate. If the reflows are required to be returned to the GEF, IADB 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 IADB 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 IADB (except for income earned on the investment of GEF Trust Fund funds transferred as IADB Fees) may be held by IADB in the IADB/GEF Fund until the Trustee requests IADB to return it to such account as the Trustee may designate. IADB 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 IADB as IADB Fees may be retained by IADB and is not required to be reported or returned to the Trustee.

9. STANDARD OF CARE

Section 9.1. Without prejudice to IADB's right to invest all funds in the IADB/GEF Fund pending their disbursement in accordance with IADB's guidelines and policies concerning the investment of funds in respect of which IADB acts as a trustee, IADB 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), IADB shall do any and all such acts as may be necessary or appropriate for the proper administration of the IADB/GEF Fund, and shall be accountable to the Council for its GEF-financed activities, as contemplated in Section 5.02 of the MOU.

10. OWNERSHIP OF EQUIPMENT, SUPPLIES AND OTHER PROPERTY

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

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 IADB (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 IADB (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 IADB of the GEF Project, during the period reported,
- (d) the amount of each GEF Project which has been, after approval by IADB, reallocated to another agency, resulting in a decrease in the amount of GEF Trust Fund funds approved for IADB for such project, during the period reported;

- (e) the amount of each IADB Fee approved by the Council as payable to IADB (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 IADB Fee approved or endorsed by the CEO, as payable to IADB (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 IADB 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 IADB, during the period reported; and
- (i) any other funding from the GEF Trust Fund, allocated to IADB by the Council or the CEO, during the period reported.

Section 11.2 The Trustee is to verify the information received from the Secretariat, with a view of reconciling any discrepancy arising between the information provided by the IADB, if any, against the information provided by the GEF Secretariat.

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

- (a) on a [quarterly/monthly] basis (or such other frequency agreed with the Trustee), the dates and amounts of approvals by IADB 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 IADB 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 IADB Fees, for the period reported, broken down by each IADB 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 IADB from GEF Projects, for the period reported, broken down by each GEF Project, if such reflows are required to be returned to the GEF Trust Fund, as provided in Section 7.1 of this Agreement;
- (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 IADB/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 IADB's fiscal year, an annual financial statement of the IADB/GEF Fund;
- (h) within six months after termination of this Agreement, a final financial statement for the IADB/GEF Fund; and
- (i) such other reports related to the GEF funds transferred to IADB, 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 IADB/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 IADB an annual report for reconciliation between the Trustee and IADB in respect of GEF Trust Fund funds approved as allocable to IADB, substantially in the form of attached to this Agreement as Annex F. IADB shall

confirm its agreement to the information contained in the report, no later than 45 days after receipt by IADB 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 IADB, IADB 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 IADB, IADB's external auditors shall audit the financial statements of the IADB/GEF Fund referred to in Sections 12.2.(g) and (h) above. The costs of such audits shall be borne by the IADB Fees provided to the IADB; provided, however, in the event that IADB has received IADB 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 IADB 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 IADB, the Trustee continues to have a concern as to the manner in which the GEF resources provided to IADB for such GEF Project or Special Initiative have been used, the Trustee may request IADB to cause accounts and reports of such individual GEF Project or Special Initiative to be audited by IADB'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 IADB. The costs of such audits will be borne by IADB; however, should the additional audit by IADB'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 IADB fails to comply with Sections 12.1, 12.2, 12.3, 12.4 and 12.5, the Trustee shall promptly notify IADB 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 IADB until such time as the non-compliance is resolved to the reasonable satisfaction of the Trustee.

Section 12.7. IADB shall provide the Trustee with a list containing the names and signatures of IADB'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 IADB:

All communications pertaining to institutional relation with the Trustee and resource mobilization will be directed to:

Address: Attention: Advisor
Office of Outreach and Partnerships
Inter-American Development Bank
1300 New York Ave., NW
Washington, D.C. 20577 U.S.A.

Telephone: 202.623.2107
Facsimile: 202.623.4072
Electronic mail: partnerships@iadb.org

Day-to-day communications regarding the implementation of this Agreement and management of resources shall be directed to:

Address: Attention: Chief
Grants and Co-financing Management Unit
Vice Presidency for Countries
1300 New York Ave., NW
Washington, D.C. 20577

Telephone: 202.623.1774
Facsimile: 202.623.3171
Electronic mail: vpc-gcm@iadb.org

14. AMENDMENT

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

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, IADB shall continue to receive and hold in the IADB/GEF Fund unused or undisbursed funds from any GEF Project, Special Initiative or Administrative Budget, income earned by the IADB/GEF Fund and any other amounts due to IADB 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 IADB's activities have been satisfied. IADB shall return to the Trustee, on terms agreed with the Trustee, (i) any portion of the IADB/GEF Fund and any income earned thereon (other than the income earned on IADB 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 IADB after the termination of this Agreement, including reflows if applicable, 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.

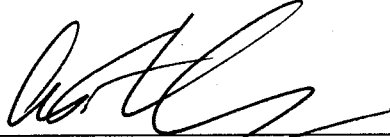
Section 16.2. This Agreement shall be effective as of the date aforementioned on the first page of this Agreement, and shall supersede and replace the Financial Procedures Agreement between IADB and the Trustee dated May 19, 2004.

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: Axel van Trotsenburg
Title: Vice President, Concessional Finance and Global Partnerships

INTER-AMERICAN DEVELOPMENT BANK



Name: Bernardo Guillamon
Title: Advisor, Office of Outreach and Partnerships

mab

Letter of Commitment

[date]

Inter-American Development Bank
1300 New York Avenue, NW (Stop W-0500)
Washington, D.C. 20577
U.S.A.

Global Environment Facility Trust Fund
Commitment of Funds to the Inter-American Development Bank

Dear Sir or Madam:

Reference is made to the Financial Procedures Agreement dated April 5, 2010, between the International Bank for Reconstruction and Development, as Trustee of the Global Environment Facility (the "GEF") Trust Fund (the "Trustee") and the Inter-American Development Bank ("IADB") (the "Agreement").

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

Funds will be transferred by the Trustee to IADB 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]

Inter-American Development Bank
1300 New York Avenue, NW (Stop W-0500)
Washington, D.C. 20577
U.S.A.

**Global Environment Facility Trust Fund
Cancellation of Commitment of Funds to
the Inter-American Development Bank**

Dear Sir or Madam:

Reference is made to the Financial Procedures Agreement dated April 5, 2010, between the International Bank for Reconstruction and Development, as Trustee of the Global Environment Facility (the "GEF") Trust Fund (the "Trustee") and the Inter-American Development Bank ("IADB") (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 the [GEF Projects, IADB 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

IADB Ref. No. _____
 Cash Transfer Request Number _____

Inter-American Development Bank (IADB)
 Cash Transfer Request for GEF Projects a/

As of [date] _____
 (in US dollars)

Net Cumulative Cash received from the Trustee in the IADB/GEF Fund b/ (1)	Net Cumulative Disbursements from the IADB/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 IADB Fees, Administrative Budget or Special Initiatives.
 b/ This column represents the cumulative amount transferred to the IADB less return of funds to the Trustee since the inception of the IADB/GEF Fund.
 c/ This column represents the cumulative amount disbursed from the IADB/GEF Fund less subsequent return of funds by project recipients to the IADB since the inception of the IADB/GEF fund.

GLOBAL ENVIRONMENT FACILITY TRUST FUND

IADB Ref. No. _____

Cash Transfer Request Number _____

Inter-American Development Bank (IADB)

Cash Transfer Request for Fees

As of [date] _____

(in US dollars)

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

Bank Account details:

Signed _____

Name _____

Title _____

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

GLOBAL ENVIRONMENT FACILITY TRUST FUND

IADB Ref. No. _____

Cash Transfer Request Number _____

Inter-American Development Bank (IADB)

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

As of [date] _____

(in US dollars)

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

Bank Account details

Signed _____

Name _____

Title _____

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

GLOBAL ENVIRONMENT FACILITY TRUST FUND
Inter-American Development Bank (IADB)
Agency Annual Report for Reconciliation in respect of GEF Trust Fund funding approved for the IADB

As of [date] _____
 (in US dollars)

Trustee ID	GEF SEC 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), IADB 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, IADB 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

**Re: Financial Procedures Agreement between the Trustee and the Inter-American
Development Bank**

Dear Director:

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 Inter-American Development Bank (“IADB”), dated April 5, 2010. For the purposes of the Agreement, any [one] of the persons whose authenticated specimen signatures appear below is authorized on behalf of IADB 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]

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