

**TRANSMITTAL OF OFFICIAL DOCUMENTS**

TO: Official Documents Desk, MSN MC 6-340

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FROM: Andrea Stump, Senior Counsel, LEGCF ~~4~~ 4/28/05

EXTENSION: 88654

SUBJECT: **Global Environment Facility (GEF): Direct Access to GEF Resources  
Memorandum of Understanding between the Food and Agriculture Organization  
of the United Nations and the GEF Secretariat**

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Attached is/are the original of Official Document(s) described below for safekeeping and IRIS4 filing.

Description of Document	Notes/Comments
Memorandum of Understanding dated January 4, 2005 between the Food and Agriculture Organization of the United Nations and the Secretariat of the Global Environment Facility on Direct Access to GEF Resources.	
No. of Pages: 10	

**MEMORANDUM OF UNDERSTANDING**

between

**FOOD AND AGRICULTURE ORGANIZATION OF THE  
UNITED NATIONS**

and

**THE SECRETARIAT OF  
THE GLOBAL ENVIRONMENT FACILITY**

on

**DIRECT ACCESS TO GEF RESOURCES**

**Dated January 4, 2005**

## MEMORANDUM OF UNDERSTANDING

MEMORANDUM OF UNDERSTANDING, dated January 4, 2005, between the SECRETARIAT OF THE GLOBAL ENVIRONMENT FACILITY (respectively, "the Secretariat" and "GEF") and the FOOD AND AGRICULTURE ORGANIZATION OF THE UNITED NATIONS ("FAO").

**WHEREAS**, pursuant to paragraphs 20(f) and 28 of the *Instrument for the Establishment of the Restructured Global Environment Facility* ("the Instrument"), the Council of 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 May 7, 1999, pursuant to such authority, and on the basis of document GEF/C.13/3, *Expanded Opportunities for Executing Agencies*, the Council approved a proposal to allow for the participation of four regional development banks in the preparation of GEF projects and for their direct access from the Chief Executive Officer/Chairperson of the GEF (the "CEO") to certain Project Preparation and Development Facility ("PDF") resources, namely PDF-B resources (the "Expanded Opportunities Decision");

**WHEREAS**, effective May 11, 2000, on the basis of document GEF/C.15/4, *Review of Progress in Expanded Opportunities for Executing Agencies*, the Council also approved the participation of FAO in the preparation of GEF projects and for its direct access to PDF-B resources pursuant to the Expanded Opportunities Decision;

**WHEREAS**, effective May 11, 2001, on the basis of document GEF/C.17/4, *Initial Guidelines for Enabling Activities for the Stockholm Convention on Persistent Organic Pollutants*, the Council approved the direct access of FAO to GEF resources for expedited enabling activities on persistent organic pollutants;

**WHEREAS**, following the above-mentioned Council decisions, the Secretariat and FAO entered into a Letter Agreement and Memorandum of Understanding dated May 16, 2002 concerning the manner in which FAO would request such GEF resources from the Secretariat and the respective duties and responsibilities of the Secretariat and FAO with respect to allocations of such resources made to FAO;

**WHEREAS**, effective November 21, 2003, pursuant to the powers granted to it under paragraphs 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 expand direct access of all executing agencies, acting within their agreed scope for GEF operations, to GEF resources to include, (i) direct access to allocations of GEF resources from the Council and the CEO for the implementation of GEF projects (medium and full size projects); and (ii), on a case-by-case basis,

allocations from the CEO of certain PDF resources, namely "PDF-A" grants,(the "Executing Agencies Direct Access Decision"); and

**WHEREAS**, the Secretariat and FAO now desire to replace the Letter of Agreement and Memorandum of Understanding of May 16, 2002 with a new Memorandum of Understanding which will govern the manner in which FAO will seek allocations of GEF resources for the preparation and implementation of GEF projects from the Council and the CEO, as appropriate, and the respective duties and responsibilities of the Secretariat and FAO with respect to allocations of such resources made to FAO (the "MOU").

**NOW, THEREFORE**, the Secretariat and FAO agree as follows:

## **ARTICLE 1**

### **Definitions**

**Section 1.01.** Unless the context otherwise requires, the several terms defined in the Preamble to this MOU shall have the respective meanings set forth therein and the following additional terms shall have the following meanings:

- (a) "Allocation" means the GEF resources approved by the Council or the CEO, as appropriate, as allocable to FAO on the basis of a Project Document;
- (b) "Executing Agencies" means the executing agencies who implement GEF Projects under the Expanded Opportunities Decision and/or the Executing Agencies Direct Access Decision;
- (c) "FAO/GEF Fund" means the fund established and maintained by FAO in accordance with the terms of the Financial Procedures Agreement, for purposes of receiving, holding and administering GEF funds;
- (d) "Financial Procedures Agreement" means the Financial Procedures Agreement between FAO and the International Bank for Reconstruction and Development as Trustee of the Global Environment Facility Trust Fund, dated as of the date hereof;
- (e) "GEF Project" means a project, project component(s) or project preparation activities for which GEF funding has been approved;
- (f) "GEF Trust Fund" means the Global Environment Facility Trust Fund established in accordance with the Instrument;

- (g) "Major Changes" has the meaning assigned to the term in Annex D of Document, GEF/C.22/Inf.9, *GEF Project Cycle: An Update*;
- (h) "Project Document" means a document submitted by FAO to the Secretariat seeking approval of an allocation of GEF resources to FAO from the Council or the CEO, as appropriate, for a project, project component(s) or project preparation activities that promote(s) achievement of the purposes of the GEF; and
- (i) "Trustee" means the International Bank for Reconstruction and Development acting as Trustee of the GEF Trust Fund in accordance with paragraph 8 and Annex B of the Instrument.

## ARTICLE II

### General Principles

**Section 2.01.** All provisions of this MOU shall be interpreted and carried out in accordance with the Instrument and policies and decisions of the Council and the Constitution of the Food and Agriculture Organization of the United Nations, and in a manner consistent with the regulations and rules, guidelines, directives and procedures of the Secretariat and FAO.

**Section 2.02.** If any decisions or guidance referred to under section 2.01 are inconsistent with the pertinent policy or practice of the GEF or FAO, the Secretariat and FAO shall promptly take all appropriate actions to resolve any such inconsistency.

## ARTICLE III

### Administration of GEF Funds

**Section 3.01.** From time to time FAO shall submit proposals to the Secretariat seeking the allocation of GEF resources to FAO for projects or project preparation activities that promote achievement of the purposes of the GEF. Each proposal shall be set out in a Project Document, in a form agreed between the Secretariat and FAO, which shall contain a description of the activities to be funded by the GEF, a specific budget for such activities and a proposed Allocation amount.

**Section 3.02.** The proposals submitted by FAO to the Secretariat shall be reviewed by the Secretariat and forwarded to the Council or the CEO, as appropriate, for approval in accordance with GEF policies and practices. Any proposal approved by the Council shall be submitted as a final project proposal by FAO to the CEO for endorsement before final project approval by FAO. The final Allocation amount to be provided to FAO for each proposal shall be the amount specified in the final project proposal approved or

endorsed, as appropriate, by the CEO.

**Section 3.03.** All Allocations shall be denominated in US Dollars. GEF resources received by FAO pursuant to this MOU may be freely converted by FAO into any other currency as may facilitate their disbursement.

**Section 3.04.** The commitment and transfer of funds to FAO pursuant to this MOU shall be effected in accordance with the terms of the Financial Procedures Agreement.

**Section 3.05.** GEF funds made available to FAO in respect of each Allocation shall be disbursed by FAO in accordance with FAO's standard rules and procedures.

**Section 3.06.** Notwithstanding the amount specified for a specific budget line item set out in a Project Document approved by the Council or the CEO, as appropriate, for a given Allocation, FAO may reallocate funds provided for a specific budget line item under a given Allocation among the categories of items to be funded by such Allocation in accordance with FAO's standard procedures so long as such reallocation does not effect Major Changes to the GEF Project for which the Allocation is provided. FAO shall inform the Secretariat of any such modifications in accordance with the GEF's operational policies and procedures.

**Section 3.07.** In the event that any proposed modification to the specific budget set out in an approved Project Document is likely to effect Major Changes to the GEF Project for which the Allocation is provided, FAO shall inform the Secretariat of any such proposed modification and seek the Secretariat's guidance on the necessary steps to be taken to effect such proposed modification.

## ARTICLE IV

### Fees

**Section 4.01.** In accordance with the policies and procedures approved by the Council for the determination and payment of project cycle management services fees payable to the Executing Agencies, as such policies and procedures may be amended from time to time and implemented by the Secretariat, FAO shall receive a fee for project cycle management services performed pursuant to this MOU.

## ARTICLE V

### Standard of Care

**Section 5.01.** FAO shall be solely responsible for the administration of GEF funds made available to it and will carry out such administration in accordance with its

regulations and rules, standard practices and procedures and with the same degree of care as it uses in the administration of its own funds, taking into account the provisions of this MOU.

**Section 5.02.** FAO shall take all appropriate measures to ensure that each Allocation is used for the purposes for which it was provided, as set out in the pertinent Project Documents, and shall be accountable to the Council for all activities funded by the Allocations, including the preparation and cost-effectiveness of GEF Projects, and for the implementation of the operational policies, strategies and decisions of the Council with respect to such activities.

## **ARTICLE VI**

### **Procurement**

**Section 6.01.** The procurement of goods and services (including consultants' services) for activities financed by the Allocations shall be done in accordance with FAO regulations and rules, policies, guidelines and procedures. The recording and reporting to the Secretariat on such procurement shall be done in a manner agreed between FAO and the Secretariat.

## **ARTICLE VII**

### **Records and Reporting**

**Section 7.01.** FAO shall provide the Secretariat with the following reports and financial statement on the FAO/GEF Fund prepared in accordance with FAO's accounting and reporting procedures:

- (a) annual report on status of GEF Projects in FAO's portfolio for the FAO/GEF Fund, substantially in the form of Attachment 1 attached hereto;
- (b) as soon as practicable after the termination of this MOU, a final audited financial statement for the FAO/GEF Fund; and
- (c) such other reports, including reports on procurement of goods and services for activities financed by the Allocation, as may reasonably be requested by the Secretariat from time to time.

The financial statement referred to in paragraph (b) above will be identical in form and content to the report to be furnished to the Trustee pursuant to Section 12.2 (f) of the Financial Procedures Agreement.

**Section 7.02.** FAO shall provide the Monitoring and Evaluation Unit of the GEF with such reports as may reasonably be requested by such unit from time to time.

## ARTICLE VIII

### GEF Activities

**Section 8.01.** FAO shall be solely responsible for:

- (a) Ensuring that the documentation (including but not limited to Project Documents) submitted by FAO to the Secretariat for review and/or approval meet GEF requirements, including consistency with the GEF's operational policies and procedures and the form required by the Secretariat;
- (b) Ensuring that the development, preparation, implementation, monitoring and evaluation of the activities financed by the Allocations are consistent with the GEF's operational policies and procedures, particularly those concerning eligibility criteria, the estimation of incremental costs, the definition of global benefits, the GEF project cycle, including project monitoring and evaluation, and the policy for stakeholder participation and disclosure of information;
- (c) Preparing FAO's Project Documents for consideration by the Secretariat and approval by the Council or the CEO, as appropriate;
- (d) Administering and managing the use of funds provided to it pursuant to this MOU;
- (e) Supervising activities performed under approved Project Documents;
- (f) Reporting to the Secretariat in accordance with Article VII hereof; and
- (g) Informing the Secretariat of any conditions it believes may interfere with its performance of its obligations under this MOU or the implementation of any activities due to be performed under any Project Document.

**Section 8.02.** At the request of FAO, the Secretariat shall provide guidance to FAO on GEF's operational policies and procedures and forms so as to assist FAO in the discharge of its responsibilities under Section 8.01.



## ARTICLE IX

### Consultation

**Section 9.01.** FAO and the Secretariat shall consult and share information with each other from time to time and at the request of either party on matters arising out of this MOU.

## ARTICLE X

### Communications

**Section 10.01.** All communications concerning this MOU 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 FAO:

Food and Agriculture Organization of the United Nations  
Viale delle Terme di Caracalla  
00100 Rome  
Italy

Attention: Assistant Director-General, Technical Cooperation Department

Telephone: +39 06 5705 5953  
Fax: +39 06 5705 4385  
Electronic mail: TC-ADG@fao.org

(b) For the Secretariat:

Global Environment Facility  
1818 H Street, N.W.  
Washington, D.C. 20015  
USA

Attention: Deputy Chief Executive Officer

Telephone: +1 (202) 473 1075  
Fax: +1 (202) 522 3240/3245  
Electronic mail: kking@worldbank.org

## **ARTICLE XI**

### **Amendment**

**Section 11.01.** This MOU may be amended at any time by the written agreement of FAO and the Secretariat.

## **ARTICLE XII**

### **Termination**

**Section 12.01.** This MOU may be terminated by FAO or the Secretariat. This MOU shall cease to be in force sixty (60) days after either party gives to the other written notice of its desire to terminate the MOU.

**Section 12.02.** Upon the giving of such notice, unless otherwise agreed between them, FAO and the Secretariat shall consult on the most practical and effective means of terminating any uncompleted activities to be implemented under approved Project Documents. In the event the MOU is terminated, FAO shall continue to hold GEF funds provided pursuant to approved Project Documents until all outstanding commitments and liabilities incurred for the activities financed by GEF resources allocated to FAO have been satisfied. Following the satisfaction of such commitments and liabilities, FAO shall return any unused GEF funds to the Trustee in accordance with the terms of the Financial Procedures Agreement.

**Section 12.03.** If any dispute arising out of or relating to this MOU or any Project Document(s) cannot be settled by agreement of the parties, the CEO, in consultation with the Trustee, when appropriate, shall inform the Council and seek the Council's advice with respect to a resolution. The CEO shall invite FAO to submit its position on any such dispute in writing to the Council and shall invite FAO to participate in any Council meeting at which the resolution of any such dispute will be discussed.

## **ARTICLE XIII**

### **Effectiveness**

**Section 13.01.** This MOU shall be effective as of the date aforementioned on the first page of this MOU, and shall supersede and replace the Letter Agreement and the Memorandum of Understanding incorporated thereto between FAO and the Secretariat, dated May 16, 2002.

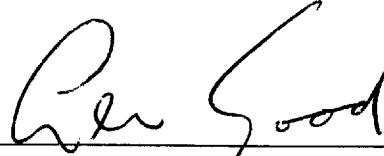
**ARTICLE XIV**

**Execution in Counterparts**

**Section 14.01.** This MOU may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument.

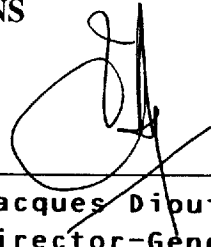
**IN WITNESS WHEREOF**, the undersigned, being duly authorized thereto, have signed this MOU with effect from the date aforementioned on the first page of this MOU.

**SECRETARIAT OF THE GLOBAL  
ENVIRONMENT FACILITY**



Name: Leonard Good  
Title: CEO/Chairman

**FOOD AND AGRICULTURE  
ORGANIZATION OF THE UNITED  
NATIONS**



Name: Jacques Diouf  
Title: Director-General

05.04.03

Annual Report on Status of GEF Projects in FAO's Portfolio for the FAO/GEF Fund

**Table 1 For ORGP**

Standard Information										Information Provided by Agency			
Agency GEF ID	Agency PMIS ID	Agency Name	Agency Country	Project Name	Project Type	Focal Area	Project Approval Date (Council/CEO)	Project Approval Amount (Council/CEO)	CEO Endorsement Date (FP and Non Expedited)	CEO Endorsed Amount (FP and Non Expedited)	Agency Approval Date	Project Description	Implementation Status

**Table 2 Disbursements**

Agency GEF ID	Agency PMIS ID	Agency Name	Agency Country	Project Name	Project Type	Focal Area	Project Approval Date (Council/CEO)	Project Approval Amount (Council/CEO)	CEO Endorsement Date (FP and Non Expedited)	CEO Endorsed Amount (FP and Non Expedited)	Agency Approval Date	Disbursement (Current FY)	Disbursement (Cumulative)
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Note: The following terms have the following meanings:  
 ORGP: Operational Report for GEF Projects; PMIS: Project Management Information System;  
 FP: Full-Sized Projects.