

FINANCIAL PROCEDURES AGREEMENT

between

THE UNITED NATIONS ENVIRONMENT PROGRAMME,

- acting as Implementing Agency of the Global Environment Facility

and

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

as Trustee of

THE GLOBAL ENVIRONMENT FACILITY TRUST FUND

April 10, 2012

FINANCIAL PROCEDURES AGREEMENT

FINANCIAL PROCEDURES AGREEMENT (hereinafter the “Agreement”), dated as of April 10, 2012, 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 United Nations Environment Programme (“UNEP”);

PREAMBLE

WHEREAS pursuant to paragraph 8 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 GEF Trust Fund was established;

WHEREAS pursuant to paragraph 8 and in accordance with Annex B of the Instrument, the World Bank serves as the Trustee of the GEF Trust Fund;

WHEREAS pursuant to paragraph 22 of the Instrument, UNEP acts as an Implementing Agency of the Global Environment Facility (the “GEF”);

WHEREAS pursuant to paragraph 4(b) of Annex B of the Instrument, all GEF funds authorized by the Council of the GEF (the “Council”), or by the Chief Executive Officer/Chairperson of the GEF (the “CEO”) (where such authority has been delegated to the CEO by the Council) to be allocated to an Implementing Agency in accordance with paragraph 20 of the Instrument, are committed and transferred to the Implementing Agency by the Trustee;

WHEREAS following the financial consultation meeting held in Paris, France in January, 2008 among the Trustee, the Secretariat of the GEF (the “Secretariat”), the Implementing Agencies and the executing agencies, the parties agreed to make certain revisions in the procedures for the administration, commitment and transfer of GEF funds to reflect certain amendments to the operational policies of the GEF;

WHEREAS the Trustee and UNEP now desire to enter into a Financial Procedures Agreement, which sets out the new procedures for the administration, commitment and transfer of GEF funds;

NOW, THEREFORE, the Trustee and UNEP 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 STAP Budget, Special Initiatives and UNEP Fees), which is allocated to UNEP, 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 UNEP for the purposes of this Agreement;

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

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

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

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

“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;

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

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

“STAP” means the Scientific and Technical Advisory Panel established pursuant to paragraph 24 of the Instrument.

“STAP Budget” means a portion of the GEF’s administrative budget, which is allocated to STAP in accordance with the applicable policies and procedures of the GEF.

“Special Initiative” means activities to be performed by UNEP, if applicable, as special initiative, approved by the Council as part of the GEF’s administrative budget;

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

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

2. A GEF TRUST FUND ACCOUNT ADMINISTERED BY UNEP

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

3. COMMITMENT OF FUNDS BY THE TRUSTEE

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

(a) In the case of a GEF Project or a UNEP 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 UNEP 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 a UNEP 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

UNEP 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 UNEP 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 UNEP Fee.

(d) Subject to the availability of resources in the GEF Trust Fund, the Trustee shall commit GEF Trust Fund funds to UNEP on a monthly basis (or such other frequency as the Trustee and UNEP may agree) for GEF Projects, UNEP Fees, STAP Budgets, and 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 UNEP 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, UNEP 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, UNEP 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 UNEP 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 UNEP), or otherwise the information provided by UNEP 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 UNEP and the Secretariat.

(ii) In the event that there are any unused funds from GEF Projects, STAP Budgets, Special Initiatives or Administrative Budgets, for which no further disbursements are due to be made by UNEP, 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 UNEP in the UNEP/GEF Trust Fund in accordance with Section 6.2 below. Such reduction shall be made based on the information provided by UNEP referred to in Section 12.2.(d) below.

(f) The Trustee shall notify UNEP 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 UNEP

Section 4.1. GEF Projects

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

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

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

Section 4.2. UNEP Fees

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

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

cumulative amount of the GEF Trust Fund funds received from the Trustee, 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 UNEP Fees less (ii) the cumulative GEF Trust Fund funds transferred by the Trustee to UNEP for the UNEP 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 UNEP the amount of funds requested for the UNEP Fees.

(e) Notwithstanding Sections 4.2. (b),(c) and (d) above, upon the request of the Trustee, UNEP shall return to the GEF Trust Fund, to such account as the Trustee may designate, funds transferred to UNEP as UNEP 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 UNEP 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. For the avoidance of doubt, the amount returned to the Trustee under this Section 4.2 (e) shall be excluded from the amount of the cumulative GEF Trust Fund funds received from the GEF Trustee referred to in Section 4.2 (c) above.

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 UNEP for Special Initiatives and Administrative Budgets, if any.

(a) UNEP 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 UNEP 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, UNEP 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 less the net cumulative amount of the GEF Trust Fund funds transferred from the Trustee, 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 UNEP 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 UNEP/GEF Trust 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 UNEP/GEF Trust Fund the amount of funds requested for the Special Initiative or Administrative Budgets, as applicable.

Section 4.4 STAP Budget

The following procedures shall apply to the transfer of the GEF Trust Fund funds by the Trustee to UNEP for the STAP Budget.

- (a) UNEP may request transfer of GEF Trust Fund funds for the STAP Budget after the GEF Trust Fund funds have been committed by the Trustee for the STAP Budget pursuant to Section 3.1 above; provided that the request by UNEP shall be submitted to the Trustee in accordance with Sections 4.4.(b) and (c) below.
- (b) At anytime after the commitment by the Trustee, UNEP may submit, by email, facsimile or as otherwise agreed with the Trustee, a Cash Transfer Request for STAP Budget to the Trustee.
- (c) Each Cash Transfer Request for the STAP Budget 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 the STAP 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 less the net cumulative amount of the GEF Trust Fund funds transferred from the Trustee, both as of the date of the request.
- (d) Upon receipt of a Cash Transfer Request for the STAP Budget, the Trustee shall verify that the amount requested by UNEP does not exceed the amount equal to (i) the net cumulative GEF Trust Fund funds committed by the

Trustee for the STAP Budget, less (ii) the net cumulative GEF Trust Fund funds transferred by the Trustee to the UNEP/GEF Trust Fund for the STAP Budget. 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 UNEP, the amount of funds requested for the STAP Budget.

Section 4.5. Transfer of Funds

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

5. USE OF FUNDS

Section 5.1. The funds transferred to UNEP 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, UNEP may invest all funds in the UNEP/GEF Trust Fund pending their disbursement in accordance with UNEP's guidelines and policies concerning the investment of funds in respect of which UNEP acts as trustee. UNEP shall have the right to convert all funds received by the UNEP/GEF Trust Fund into other currencies to facilitate the administration of the UNEP/GEF Trust Fund.

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

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

7. REFLOWS

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

9. STANDARD OF CARE

Section 9.1. UNEP 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,

UNEP shall do any and all such acts as may be necessary or appropriate for the proper administration of the UNEP/GEF Trust Fund.

10. OWNERSHIP OF EQUIPMENT, SUPPLIES AND OTHER PROPERTY

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

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 UNEP (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 UNEP (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 UNEP of the GEF Project, during the period reported,
- (d) the amount of each GEF Project which has been, after approval by UNEP, reallocated to another agency, resulting in a decrease in the amount of GEF Trust Fund funds approved for UNEP for such project, during the period reported;
- (e) the amount of each UNEP Fee approved by the Council as payable to UNEP (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 UNEP Fee approved or endorsed by the CEO, as payable to UNEP (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 UNEP 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 the STAP Budget approved by the Council, as payable to UNEP, during the period reported;
- (h) the amount of each Special Initiative and Administrative Budget, if any, approved by the Council, as payable to UNEP, during the period reported; and
- (i) any other funding from the GEF Trust Fund, allocated to UNEP 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. UNEP shall provide the following information to the Trustee, prepared in accordance with UNEP's accounting and reporting procedures and provided in a form and means agreed with the Trustee:

- (a) on a quarterly basis (or such other frequency agreed with the Trustee), the dates and amounts of approvals by UNEP 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 UNEP 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 UNEP Fees, for the period reported, broken down by each UNEP 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;
- (e) within thirty (30) days after the end of each GEF Fiscal Year (or such other frequency agreed with the Trustee), (i) the cumulative amount of funds received by the UNEP for the Administrative Budget, Special Initiatives and STAP Budget during the period reported; and (ii) the final amount disbursed or used and the amount of any unused funds from the Administrative Budget, Special Initiatives and STAP Budget for the period reported, substantially in the form attached to this Agreement as Annex E-1;
- (f) 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 UNEP from GEF Projects, for the period reported, broken down by each GEF Project;
- (g) 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 UNEP/GEF Trust Fund for GEF Projects, Special Initiatives, Administrative Budget, and STAP Budget and (ii) investment income returned to the GEF Trust Fund;
- (h) within six months after the end of the UNEP's fiscal year, an annual financial statement of the UNEP/GEF Trust Fund; provided that the Trustee may agree to extend such six month period for up to three months upon request submitted by UNEP in writing including the reasons satisfactory to the Trustee for such request for extension;
- (i) no later than 30 June of the year following the year of termination of this agreement, a final financial statement for the UNEP/GEF Trust Fund; and
- (j) such other reports related to the GEF funds transferred to UNEP, as may reasonably be requested by the Trustee and as agreed with UNEP, with such agreement to not being unreasonably withheld.

For the purposes of the financial reports and statements required under Sections 12.2.(g), (h) and (i) above, investment income earned by the UNEP/GEF Trust 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 UNEP an annual report for reconciliation between the Trustee and UNEP in respect of GEF Trust Fund funds approved as allocable to UNEP, substantially in the form of attached to this Agreement as Annex F. UNEP shall confirm its agreement to the information contained in the report, no later than 45 days after receipt by UNEP 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 UNEP, UNEP 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 UNEP, UNEP's external auditors shall audit the financial statements of the UNEP/GEF Trust Fund referred to in Sections 12.2(h) and (i) above.. The costs of such audits shall be borne by the UNEP Fees provided to the UNEP; provided, however, in the even that UNEP has received UNEP 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 UNEP 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 UNEP, the Trustee continues to have a concern as to the manner in which the GEF resources provided to UNEP for such GEF Project or Special Initiative have been used, the Trustee may request UNEP to cause accounts and reports of such individual GEF Project or Special Initiative to be audited by UNEP's external auditors. The Trustee would require such additional audits only in these exceptional circumstances, and will communicate fully its reasons for such request to UNEP. The costs of such audits will be borne by UNEP; however, should the additional audit by UNEP'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 UNEP fails to comply with Sections 12.1, 12.2, 12.3, 12.4 and 12.5, the Trustee shall promptly notify UNEP 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 UNEP until such time as the non-compliance is resolved to the reasonable satisfaction of the Trustee.

Section 12.7. UNEP shall provide the Trustee with a list containing the names and signatures of UNEP'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:	Director Multilateral Trusteeship and Innovative Financing Department
Telephone:	(202) 458-0019
Facsimile:	(202) 614 0795
Electronic mail:	geftrustee@worldbank.org

(b) For UNEP:

Name:	United Nations Environment Programme
Address:	Block 2, North Wing, Ground Floor UNEP PO Box 30552 Nairobi, Kenya
Attention:	Ms Maryam Niamir-Fuller. Director, GEF Coordination Office
Telephone:	(254 20) 762-4166
Facsimile:	(254 20) 762-4041
Electronic mail:	maryam.niamir-fuller@unep.org

14. AMENDMENT

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

15 DISPUTE RESOLUTION

Section 15.1 This agreement has been developed and finalized in the spirit of mutual cooperation and assistance. In accordance with Paragraph 11 of Annex B of the Instrument, if any dispute arising out of or relating to this Agreement cannot be settled by agreement of the Trustee and UNEP, the Trustee and UNEP, in consultation with the CEO, will inform the Council and may seek the Council's advice with respect to resolution.

16. TERMINATION

Section 16.1. This Agreement may be terminated 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 16.2. Notwithstanding termination of this Agreement, UNEP shall continue to receive and hold in the UNEP/GEF Trust Fund unused or undisbursed funds from any GEF Project, Special Initiative, Administrative Budget or STAP Budget, income earned by the UNEP/GEF Trust Fund and any other amounts due to UNEP under any GEF Project until all outstanding commitments and liabilities incurred in the implementation of the GEF Projects, Special Initiatives, or activities for which any Administrative Budget, STAP Budget and/or any other GEF Trust Fund funds are provided, have been satisfied. UNEP shall return to the Trustee, on terms agreed with the Trustee, (i) any portion of the UNEP/GEF Trust Fund and any income earned thereon (other than the income earned on UNEP 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 UNEP after the termination of this Agreement, which are otherwise due to be returned to the Trustee under the terms of this Agreement.

17. DISCLOSURE

Section 17.1. The Trustee and/or UNEP will make this Agreement and any related information on the GEF Trust Fund publicly available in accordance with their policies and procedures with respect to disclosure of information, in effect at the time of such disclosure.

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.

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



Axel van Trotsenburg
Vice President, Concessional Finance and Global Partnerships

UNITED NATIONS ENVIRONMENT PROGRAMME, AS
IMPLEMENTING AGENCY OF THE GLOBAL ENVIRONMENT
FACILITY



Achim Steiner
Executive Director

Letter of Commitment

[date]

United Nations Environment Programme
Block 2, North Wing, Ground Floor
UNEP
PO Box 30552 Nairobi, Kenya

Global Environment Facility Trust Fund
Commitment of Funds to the United Nations Environment Programme

Dear Sir or Madam:

Reference is made to the Financial Procedures Agreement dated April 10, 2012, between the International Bank for Reconstruction and Development, as Trustee of the Global Environment Facility (the “GEF”) Trust Fund (the “Trustee”) and the United Nations Environment Programme (“UNEP”), as Implementing Agency of the GEF (the “Agreement”).

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

Funds will be transferred by the Trustee to UNEP 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]

United Nations Environment Programme
Block 2, North Wing, Ground Floor
UNEP
PO Box 30552 Nairobi, Kenya

**Global Environment Facility Trust Fund
Cancellation of Commitment of Funds to
the United Nations Environment Programme**

Dear Sir or Madam:

Reference is made to the Financial Procedures Agreement dated April 10, 2012, between the International Bank for Reconstruction and Development, as Trustee of the Global Environment Facility (the “GEF”) Trust Fund (the “Trustee”) and United Nations Environment Programme (“UNEP”), as Implementing Agency of the GEF (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, UNEP Fees, STAP Budgets 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

UNEP Ref. No. _____
Cash Transfer Request Number _____

United Nations Environment Programme (UNEP)
Cash Transfer Request for GEF Projects a/

As of [date] _____
(in US dollars)

Net Cumulative Cash received from the Trustee in the UNEP/GEF Trust Fund b/ (1)	Net Cumulative Disbursements from the UNEP/GEF Trust 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 _____
Name _____
Title _____

a/ This request includes cash transfers for GEF Projects, including project preparation activities, but excludes cash transfers for UNEP Fees, Administrative Budget, Special Initiatives or STAP Budget.
b/ This column represents the cumulative amount transferred to the UNEP less return of funds to the Trustee since the inception of the UNEP/GEF Trust Fund.
c/ This column represents the cumulative amount disbursed from the UNEP/GEF Trust Fund less subsequent return of funds by project recipients to UNEP since the inception of the UNEP/GEF Trust Fund

Annex D

GLOBAL ENVIRONMENT FACILITY TRUST FUND

UNEP Ref. No. _____

Cash Transfer Request Number _____

United Nations Environment Programme (UNEP)

Cash Transfer Request for Fees

As of [date] _____

(in US dollars)

Net Cumulative Cash received from the Trustee in the UNEP/GEF Trust 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 UNEP less return of funds to the Trustee since the inception of the UNEP/GEF Trust Fund.

GLOBAL ENVIRONMENT FACILITY TRUST FUND

UNEP Ref. No. _____

Cash Transfer Request Number _____

United Nations Environment Programme (UNEP)

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

As of [date] _____
(in US dollars)

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

Bank Account details

Signed _____

Name _____

Title _____

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

GLOBAL ENVIRONMENT FACILITY TRUST FUND

UNEP Ref. No. _____

United Nations Environment Programme (UNEP)
Annual Actual Expense Report - Administrative budget, Special Initiatives and STAP Budget

As of [date] _____
(in [US dollars])

	Cash received from the Trustee in the UNEP/GEF Trust Fund a/	Used Amount	Balance
	(1)	(2)	(3) = (1) - (2)
Admin Budget			
	Initiatives name	Cash received from the Trustee in the UNEP/GEF Trust Fund b/	Balance
		(1)	(3) = (1) - (2)
Special Initiatives			
		Cash received from the Trustee in the UNEP/GEF Trust Fund c/	Balance
		(1)	(3) = (1) - (2)
STAP Budget			

a/ This column represents the amount transferred to the UNEP for the administrative budget
b/ This column represents the amount transferred to the UNEP for each special initiative.
c/ This column represents the amount transferred to the UNEP for STAP Budget fiscal year

Signed _____ Date _____
Name _____
Title _____

GLOBAL ENVIRONMENT FACILITY TRUST FUND
United Nations Environment Programme (UNEP)

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

As of [date] _____

(in US dollars)

[illegible]

[DATE]

International Bank for Reconstruction and Development,
As Trustee of the Global Environment Facility Trust Fund
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Attention: Director, Multilateral Trusteeship and Innovative Financing Department

Dear Director:

Re: Financial Procedures Agreement between the Trustee and United Nations Environment Programme, as Implementing Agency of the GEF

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 United Nations Environment Programme ("UNEP"), as Implementing Agency of the GEF, dated 10 Apr 2012. For the purposes of the Agreement, any [one] of the persons whose authenticated specimen signatures appear below is authorized on behalf of UNEP to sign any request or report under the Agreement:

Maryam Niamir-Fuller
Director/Executive Coordinator

Specimen Signature: _____

Sandeep Bhambra, FMO

Specimen Signature: _____

Christopher Taylor, SPMO

Specimen Signature: _____

Yours truly,

Maryam Niamir-Fuller
Director/Executive Coordinator

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

