

CONFORMED COPY

FINANCIAL PROCEDURES AGREEMENT

between

FOOD AND AGRICULTURE ORGANIZATION OF THE UNITED NATIONS

and

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

as Trustee of

THE GLOBAL ENVIRONMENT FACILITY TRUST FUND

Dated February 8, 2011

FINANCIAL PROCEDURES AGREEMENT

FINANCIAL PROCEDURES AGREEMENT (hereinafter the “Agreement”), dated February 8, 2011 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 Food and Agriculture Organization of the United Nations (“FAO”);

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 November 21, 2003, and 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 provide all executing agencies, acting within their agreed scope for GEF operations, with direct access to allocations of GEF resources from the Council and the Chief Executive Officer/Chairperson of the GEF (the “CEO”) for the implementation of GEF projects (the “Executing Agencies Direct Access Decision”);

WHEREAS, FAO and the Secretariat of the GEF (the “Secretariat”) have entered into a Memorandum of Understanding dated January 4, 2005, setting forth the manner in which FAO will secure access to GEF resources under the Executing Agencies Direct Access Decision and the respective duties and responsibilities of the Secretariat and FAO with respect to allocations of such resources made to FAO (the “MOU”); and

WHEREAS, FAO and the Trustee have entered into a Financial Procedures Agreement dated January 4, 2005, as amended (the “2005 Financial Procedures Agreement”) to govern arrangements for the administration, commitment and disbursement of all GEF resources allocated to FAO pursuant to the Executing Agencies Direct Access Decision and the MOU;

WHEREAS, the Council has approved certain amendments to the operational policies of the GEF, which affect the arrangements set out in the 2005 Financial Procedures Agreement;

WHEREAS, the Trustee and FAO now desire to replace the 2005 Financial Procedures Agreement with a new Financial Procedures Agreement to reflect the new operational policies of the GEF.

NOW, THEREFORE, the Trustee and FAO 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 FAO Fees), which is allocated to FAO, 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 FAO for the purposes of this Agreement;

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

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

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

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

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

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

“**GEF Fiscal Year**” means July 1 through June 30 of each calendar year;

“**GEF Project**” means a project, project component(s), or project preparation activity, for which funding from the GEF Trust Fund has been approved;

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

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

“**Special Initiative**” means activities to be performed by FAO, 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 FAO

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

3. COMMITMENT OF FUNDS BY THE TRUSTEE

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

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

Section 4.1. GEF Projects

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

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

Section 4.2. FAO Fees

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

- (a) FAO may request transfer of GEF Trust Fund funds for any FAO Fee after the GEF Trust Fund funds have been committed by the Trustee for the FAO Fee pursuant to Section 3.1. above; provided that the request by FAO 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 FAO may agree) FAO 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 FAO of FAO 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 FAO Fees as of the date of the request. The amount of funds requested by FAO

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 FAO Fees less (ii) the cumulative GEF Trust Fund funds transferred by the Trustee to FAO for the FAO 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 FAO the amount of funds requested for the FAO Fees.
- (e) Notwithstanding Sections 4.2.(b), (c) and (d) above, upon the request of the Trustee, FAO shall return to the GEF Trust Fund, to such account as the Trustee may designate, funds transferred to FAO as FAO 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 FAO 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 FAO for Special Initiatives and Administrative Budgets, if any.

- (a) FAO 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 FAO 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, FAO 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 FAO 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 FAO/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 FAO/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 FAO shall be made to such account as FAO may from time to time designate for such purposes. The Trustee shall notify FAO of each such transfer.

5. USE OF FUNDS

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

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

7. REFLOWS

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

9. STANDARD OF CARE

Section 9.1. FAO 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), FAO shall do any and all such acts as may be necessary or appropriate for the proper administration of the FAO/GEF Fund, and shall be accountable to the Council for its GEF-financed activities.

10. OWNERSHIP OF EQUIPMENT, SUPPLIES AND OTHER PROPERTY

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

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

- (a) on a monthly basis (or such other frequency agreed with the Trustee), the dates and amounts of approvals by FAO 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 FAO 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 FAO Fees, for the period reported, broken down by each FAO 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 FAO from GEF Projects, for the period reported, broken down by each GEF Project;
- (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 FAO/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 FAO's fiscal year, an annual financial statement of the FAO/GEF Fund;
- (h) within six months after termination of this Agreement, a final financial statement for the FAO/GEF Fund; and
- (i) such other reports related to the GEF funds transferred to FAO, 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 FAO/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 FAO an annual report for reconciliation between the Trustee and FAO in respect of GEF Trust Fund funds approved as allocable to FAO, substantially in the form of attached to this Agreement as Annex F. FAO shall confirm its agreement to the information contained in the report, no later than 45 days after receipt by FAO 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 FAO, FAO 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 FAO, FAO's external auditors shall audit the financial statements of the FAO/GEF Fund referred to in Section 12.2.(g) and (h) above. The costs of such audits shall be borne by the FAO Fees provided to FAO; provided, however, in the event that FAO has received FAO 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. Notwithstanding Section 12.2(g) and Section 12.4 above, FAO may cause FAO's external auditors to audit the financial statements of the FAO/GEF Fund referred to in Section 12.2.(g) above only in respect of each biennial financial period of FAO until the earlier of the year beginning January 1, 2012 or the year FAO adopts International Public Sector Accounting Standards (IPSAS); provided that, for the first year of a biennial financial period for which year an external audit of FAO's financial statement is not obtained, FAO shall furnish the Trustee, within six months after the end of FAO's fiscal year and in lieu of an audited financial statement for the relevant year, with an FAO management certification as to the satisfactory performance of internal controls and procedures over FAO's financial reporting of the FAO/GEF Fund activities. In such case, the costs of audits obtained with respect to the financial statements referred to Section 12.2.(g) shall be borne by the FAO Fees provided to the FAO; provided, however, in the event that FAO has received FAO Fees in the amount of less than US\$200,000 for the two years which the financial statements relate to, the costs of the audits shall be borne by the GEF Trust Fund. Further, the costs of any certification provided by FAO to the Trustee in lieu of an audited financial statement pursuant to this Section shall be borne by FAO.

Section 12.6. 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 FAO 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 FAO, the Trustee continues to have a concern as to the manner in which the GEF resources provided to FAO for such GEF Project or Special Initiative have been used, the Trustee may request FAO to cause accounts and reports of such individual GEF Project or Special Initiative to be audited by FAO'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 FAO. The

costs of such audits will be borne by FAO; however, should the additional audit by FAO'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 12.7. In the event that FAO fails to comply with Sections 12.1, 12.2, 12.3, 12.4, 12.5 and 12.6, the Trustee shall promptly notify FAO 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 FAO until such time as the non-compliance is resolved to the reasonable satisfaction of the Trustee.

Section 12.8. FAO shall provide the Trustee with a list containing the names and signatures of FAO'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 Bender McAdams,
Director,
Multilateral Trusteeship and Innovative Financing Department
Telephone: (202) 458 0019
Facsimile: (202) 614 0795
Electronic mail: geftrustee@worldbank.org

(b) For FAO:

Name: Food and Agriculture Organization of the United Nations
Address: Viale delle Terme di Caracalla
00100 Rome, Italy
Attention: Mr. Nicholas Nelson
Director, Corporate Services
Human Resources and Finance Department
Telephone: +39 06 5705 6040
Facsimile: +39 06 5705 5675
Electronic mail: Nicholas.Nelson@fao.org

14. AMENDMENT

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

15. TERMINATION

Section 15.1. This Agreement will terminate on February 8, 2015, unless extended by mutual agreement of the parties to this Agreement. This Agreement may be terminated before February 8, 2015 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, FAO shall continue to receive and hold in the FAO/GEF Fund unused or undisbursed funds from any GEF Project, Special Initiative or Administrative Budget, income earned by the FAO/GEF Fund and any other amounts due to FAO 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 FAO's activities have been satisfied. FAO shall return to the Trustee, on terms agreed with the Trustee, (i) any portion of the FAO/GEF Fund and any income earned thereon (other than the income earned on FAO 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 FAO after the termination of this Agreement, which are otherwise due to be returned to the Trustee under the terms of this Agreement.

16. DISCLOSURE

Section 16.1. The Trustee will disclose this Agreement and related information on the GEF Trust Fund in accordance with the World Bank Policy on Access to Information. By entering into this Agreement, FAO consents to disclosure of this Agreement and related information on the GEF Trust Fund.

17. ENTIRE AGREEMENT

Section 17.1. 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 17.2. This Agreement shall be effective as of the date aforementioned on the first page of this Agreement, and shall supersede and replace the 2005 Financial Procedures Agreement.

18. EXECUTION IN COUNTERPARTS

Section 18.1. 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**

/s/ Michael Koch

Name: Michael F. W. Koch

Title: Acting Vice President, Concessional Finance and Global Partnerships

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

/s/ Jacques Diouf

Name: Jacques Diouf

Title: Director-General

Date: March 22, 2011

Letter of Commitment

[date]

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

**Global Environment Facility Trust Fund
Commitment of Funds to the Food and Agriculture Organization of the United Nations**

Dear Sir or Madam:

Reference is made to the Financial Procedures Agreement dated [], 2011, between the International Bank for Reconstruction and Development, as Trustee of the Global Environment Facility (the “GEF”) Trust Fund (the “Trustee”) and the Food and Agriculture Organization of the United Nations (“FAO”) (the “Agreement”).

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

Funds will be transferred by the Trustee to FAO 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]

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

**Global Environment Facility Trust Fund
Cancellation of Commitment of Funds to
the Food and Agriculture Organization of the United Nations**

Dear Sir or Madam:

Reference is made to the Financial Procedures Agreement dated [], 2011, between the International Bank for Reconstruction and Development, as Trustee of the Global Environment Facility (the “GEF”) Trust Fund (the “Trustee”) and the Food and Agriculture Organization of the United Nations (“FAO”) (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, FAO 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

Agency Ref. No. _____

The Food and Agriculture Organization of the United Nations (FAO)

Cash Transfer Request for GEF Projects a/

As of [date] _____
(in US dollars)

Net Cumulative Cash received from the Trustee in the FAO/GEF Fund b/ (1)	Net Cumulative Disbursements from the FAO/GEF Fund c/ (2)	Net Cash Position (3) = (1) - (2)	Projected Cash Requirements for Next [6] Months (4)	Projected Net Cash Position (5) = (3) - (4)	Amount of Cash Transfer Request (6)
0.00	0.00	0.00	0.00	0.00	0.00

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

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

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

Annex D

GLOBAL ENVIRONMENT FACILITY TRUST FUND

Agency Ref. No. _____

The Food and Agriculture Organization of the United Nations (FAO)

Cash Transfer Request for Fees

As of [date] _____
(in US dollars)

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

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

Annex E

GLOBAL ENVIRONMENT FACILITY TRUST FUND

Agency Ref. No. _____

The Food and Agriculture Organization of the United Nations (FAO)

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

As of [date] _____
(in US dollars)

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

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

GLOBAL ENVIRONMENT FACILITY TRUST FUND

The Food and Agriculture Organization of the United Nations (FAO)

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

As of [date] _____
(in US dollars)

Trustee ID	GEFSEC ID	Agency ID	Project Title	Joint Project or Programmatic Initiative	Use by	Component of	Council or CEO Approval date of	Amount Set Aside	Funding Approval Status	Agency Project Execution/Implementation Status	Agency Approval Date	CEO Endorsement/Approval Date of	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), FAO 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, FAO 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 Initiatives, 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.

[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 the United Nations Industrial
Development Organization

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 United Nations Industrial Development Organization (“FAO”), dated February 8, 2011. For the purposes of the Agreement, any [one] of the persons whose authenticated specimen signatures appear below is authorized on behalf of FAO 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.