

**CONFORMED COPY**

**FINANCIAL PROCEDURES AGREEMENT**

between

**UNITED NATIONS INDUSTRIAL DEVELOPMENT  
ORGANIZATION**

and

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

as Trustee of

**THE GLOBAL ENVIRONMENT FACILITY TRUST FUND**

May 6, 2010

## FINANCIAL PROCEDURES AGREEMENT

**FINANCIAL PROCEDURES AGREEMENT** (hereinafter the “Agreement”), dated as of May 6, 2010 made between the International Bank for Reconstruction and Development (the “World Bank”) as Trustee (the “Trustee”) of the Global Environment Facility Trust Fund (the “GEF Trust Fund”), and the United Nations Industrial Development Organization (“UNIDO”);

### 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**, UNIDO and the Secretariat of the GEF (the “Secretariat”) have entered into a Memorandum of Understanding dated July 20, 2004, setting forth the manner in which UNIDO will secure access to GEF resources under the Executing Agencies Direct Access Decision and the respective duties and responsibilities of the Secretariat and UNIDO with respect to allocations of such resources made to UNIDO (the “MOU”); and

**WHEREAS**, UNIDO and the Trustee have entered into a Financial Procedures Agreement dated July 20, 2004, as amended by the amendment letter dated September 21, 2007 (the “2004 Financial Procedures Agreement”) to govern arrangements for the administration, commitment and disbursement of all GEF resources allocated to UNIDO 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 2004 Financial Procedures Agreement;

**WHEREAS**, the Trustee and UNIDO now desire to replace the 2004 Financial Procedures Agreement with a new Financial Procedures Agreement to reflect the new operational policies of the GEF.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(f) The Trustee shall notify UNIDO 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 UNIDO**

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

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

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

(d) The amount of funds requested by UNIDO 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 UNIDO 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 UNIDO does not exceed the amount equal to (i) the net cumulative GEF Trust Fund funds committed by the Trustee

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

#### **Section 4.2. UNIDO Fees**

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

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

(e) Notwithstanding Sections 4.2. (b),(c) and (d) above, upon the request of the Trustee, UNIDO shall return to the GEF Trust Fund, to such account as the Trustee may designate, funds transferred to UNIDO as UNIDO 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 UNIDO 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 UNIDO for Special Initiatives and Administrative Budgets, if any.

(a) UNIDO 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 UNIDO shall be submitted to the Trustee in accordance with Sections 4.3.(b) and (c) below.

(b) At any time after the commitment by the Trustee, UNIDO 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 UNIDO 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 UNIDO/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 UNIDO/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 UNIDO shall be made to such account as UNIDO may from time to time designate for such purposes. The Trustee shall notify UNIDO of each such transfer.

## **5. USE OF FUNDS**

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

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

## **7. REFLOWS**

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

## **9. STANDARD OF CARE**

**Section 9.1.** UNIDO 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), UNIDO shall

do any and all such acts as may be necessary or appropriate for the proper administration of the UNIDO/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 UNIDO/GEF Fund may vest in UNIDO, the recipient of the funds or such other entity as may be permitted to retain ownership under the rules and regulations of UNIDO.

## **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 UNIDO (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 UNIDO (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 UNIDO of the GEF Project, during the period reported,
- (d) the amount of each GEF Project which has been, after approval by UNIDO, reallocated to another agency, resulting in a decrease in the amount of GEF Trust Fund funds approved for UNIDO for such project, during the period reported;
- (e) the amount of each UNIDO Fee approved by the Council as payable to UNIDO (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 UNIDO Fee approved or endorsed by the CEO, as payable to UNIDO (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 UNIDO 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 UNIDO, during the period reported; and
- (i) any other funding from the GEF Trust Fund, allocated to UNIDO 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.** UNIDO shall provide the following information to the Trustee, prepared in accordance with UNIDO'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 UNIDO 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 UNIDO 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 UNIDO Fees, for the period reported, broken down by each UNIDO 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 UNIDO 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 UNIDO/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 UNIDO's fiscal year, an annual financial statement of the UNIDO/GEF Fund;
- (h) within six months after the end of UNIDO's fiscal year immediately following termination of this Agreement, a final financial statement for the UNIDO/GEF Fund; and
- (i) such other reports related to the GEF funds transferred to UNIDO, 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 UNIDO/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 UNIDO an annual report for reconciliation between the Trustee and UNIDO in respect of GEF Trust Fund funds approved as allocable to UNIDO, substantially in the form of attached to this Agreement as Annex F. UNIDO shall confirm its agreement to the information contained in the report, no later than 45 days after receipt by UNIDO 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 UNIDO, UNIDO 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 UNIDO, UNIDO's external auditors shall audit the financial statements of the UNIDO/GEF Fund referred to in Sections 12.2.(g) and (h) above. The costs of such audits shall be borne by the UNIDO Fees provided to UNIDO; provided, however, in the event that UNIDO has received UNIDO 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 UNIDO 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 UNIDO, the Trustee continues to have a concern as to the manner in which the GEF resources provided to UNIDO for such GEF Project (or Special Initiative) have been used, the Trustee may request UNIDO to cause accounts and reports of such individual GEF Project (or Special Initiative) to be audited by UNIDO'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 UNIDO. The costs of such audits will be borne by UNIDO; however, should the additional audit by UNIDO'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 UNIDO fails to comply with Sections 12.1, 12.2, 12.3, 12.4 and 12.5, the Trustee shall promptly notify UNIDO 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 UNIDO until such time as the non-compliance is resolved to the reasonable satisfaction of the Trustee.

**Section 12.7.** UNIDO shall provide the Trustee with a list containing the names and signatures of UNIDO's Authorized Officers, substantially in the form attached to this Agreement as Annex G.

### **13. NOTICES**

**Section 13.1.** All communications concerning this Agreement shall be made to the relevant person at the address, facsimile number, telephone number or electronic mail address, from time to time designated by that party to the other for that purpose. The address, facsimile number, telephone number and electronic mail address so designated are set out below:

(a) For the Trustee:

Name: International Bank for Reconstruction and Development, as  
Trustee of the Global Environment Facility Trust Fund  
Address: 1818 H Street, N.W.  
Washington, D.C. 20433  
U.S.A.  
Attention: Ms. Susan McAdams  
Director  
Multilateral Trusteeship and Innovative Financing  
Telephone: +1 202.458.0019  
Facsimile: +1 202.614.0795  
Electronic mail: geftrustee@worldbank.org

(b) For UNIDO:

Name: United Nations Industrial Development Organization  
Address: Vienna International Centre  
P.O. Box 300  
A-1400 Vienna  
Austria  
Attention: Peter Ulbrich  
Officer-in-Charge  
Financial Services Branch  
Telephone: +43 (1) 26026-3783  
Facsimile: +43 (1) 26026-6826  
Electronic mail: P.Ulbrich@unido.org

## **14. DISPUTE RESOLUTION**

**Section 14.1.** This Agreement has been developed and finalized in a spirit of mutual cooperation and assistance. If any dispute arising out of or relating to this Agreement cannot be settled by agreement of the Trustee and UNIDO, the Trustee and UNIDO, in consultation with the CEO, will inform the Council and may seek the Council's advice with respect to a resolution.

## **15. AMENDMENT**

**Section 15.1.** This Agreement may be amended at any time by the written agreement of the Trustee and UNIDO.

## **16. TERMINATION**

**Section 16.1.** This Agreement will terminate on June 30, 2014 unless extended by mutual agreement of the parties to this Agreement. This Agreement may be terminated before June 30, 2014 by either party, and shall cease to be in force sixty (60) days after either party gives to the other written notice of its desire to terminate the Agreement.

**Section 16.2.** Notwithstanding termination of this Agreement, UNIDO shall continue to receive and hold in the UNIDO/GEF Fund unused or undisbursed funds from any GEF Project, Special Initiative or Administrative Budget, income earned by the UNIDO/GEF Fund and any other amounts due to UNIDO 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 UNIDO's activities have been satisfied. UNIDO shall return to the Trustee, on terms agreed with the Trustee, (i) any portion of the UNIDO/GEF Fund and any income earned thereon (other than the income earned on UNIDO 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 UNIDO after the termination of this Agreement, which are otherwise due to be returned to the Trustee under the terms of this Agreement.

## **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 it shall from such date supersede and replace the Financial Procedures Agreement between UNIDO and the Trustee dated July 20, 2004.

## **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/ By: Axel van Trotsenburg  
Title: Vice President, Concessional Finance and Global Partnerships

UNITED NATIONS INDUSTRIAL DEVELOPMENT  
ORGANIZATION

/s/ By: Peter Ulbrich  
Title: Officer-in-Charge, Financial Services Branch

Letter of Commitment

[date]

United Nations Industrial Development Organization  
Vienna International Centre  
P.O. Box 300  
A-1400 Vienna

**Global Environment Facility Trust Fund**  
**Commitment of Funds to the United Nations Industrial Development Organization**

Dear Sir or Madam:

Reference is made to the Financial Procedures Agreement dated May 6, 2010, 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 Industrial Development Organization (“UNIDO”) (the “Agreement”).

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

Funds will be transferred by the Trustee to UNIDO 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

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Name:  
Title:

Attachments

Letter of Commitment Cancellation

[date]

United Nations Industrial Development Organization  
Vienna International Centre  
P.O. Box 300  
A-1400 Vienna

**Global Environment Facility Trust Fund  
Cancellation of Commitment of Funds to  
the United Nations Industrial Development Organization**

Dear Sir or Madam:

Reference is made to the Financial Procedures Agreement dated May 6, 2010, 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 Industrial Development Organization (“UNIDO”) (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, UNIDO 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

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Name:  
Title:

Attachment

**GLOBAL ENVIRONMENT FACILITY TRUST FUND**

Agency Ref. No. \_\_\_\_\_

**The United Nations Industrial Development Organization (UNIDO)**

**Cash Transfer Request for GEF Projects a/**

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

Net Cumulative Cash received from the Trustee in the UNIDO/GEF Fund <i>b/</i> (1)	Net Cumulative Disbursements from the UNIDO/GEF Fund <i>c/</i> (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 UNIDO Fees, Administrative Budget or Special Initiatives.*

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

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

**Annex D**

**GLOBAL ENVIRONMENT FACILITY TRUST FUND**

**Agency Ref. No.** \_\_\_\_\_

**The United Nations Industrial Development Organization (UNIDO)**

**Cash Transfer Request for Fees**

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

*(in US dollars)*

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

**Annex E**

**GLOBAL ENVIRONMENT FACILITY TRUST FUND**

Agency Ref. No. \_\_\_\_\_

**The United Nations Industrial Development Organization (UNIDO)**

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

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

*(in US dollars)*

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

**GLOBAL ENVIRONMENT FACILITY TRUST FUND**

**The United Nations Industrial Development Organization (UNIDO)**

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

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

(in US dollars)

Trustee ID	GEFSEC ID	Agency ID	Project Title	Joint Project or Programmatic Initiative	Use b/	Component c/	Council or CEO Approval date d/	Amount Set Aside	Funding Approval Status	Agency Project Execution/ Implementation Status	Agency Approval Date	CEO Endorsement/Approval Date e/	Cumulative Trustee Commitment	Cumulative Cancelled Amounts	Final Unused Amount	Final Used Amount	Financial Closure Date	Trustee Net Commitment	Reflow of funds, if applicable
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17) = (14) - (15) - (16)	(18)	(19) = (17)	--

a/ This report includes GEF Projects (including project preparation activities), UNIDO 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, UNIDO 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  
Attn: Director, Multilateral Trusteeship and Innovative Finance  
1818 H Street, N.W.  
Washington, D.C. 20433  
United States of America

**Financial Procedures Agreement between the Trustee and the  
United Nations Industrial Development Organization**

Dear Director:

I refer to the Financial Procedures Agreement (“Agreement”) between the International Bank for Reconstruction and Development, as Trustee of the Global Environment Facility Trust Fund (the “Trustee”) and the United Nations Industrial Development Organization (“UNIDO”), dated May 6, 2010. For the purposes of the Agreement, any [one] of the persons whose authenticated specimen signatures appear below is authorized on behalf of UNIDO 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]

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