

**The World Bank**

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT  
INTERNATIONAL DEVELOPMENT ASSOCIATION

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Date: May 28, 2014

Mr. Bernardo Guillamon  
Manager  
Office of Outreach and Partnerships  
Inter-American Development Bank  
1300 New York Ave., NW  
Washington D.C. 20577  
USA

***Amendment No. 1 to the Financial Procedures Agreement between the Inter-American Development Bank and the International Bank for Reconstruction and Development concerning the Global Environment Facility Trust Fund***

Dear Mr. Guillamon:

1. Reference is made to the Financial Procedures Agreement (the "Agreement") between the Inter-American Development Bank ("IADB") and 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") dated April 5, 2010.

2. Reference is made to the decision of the Council of the Global Environment Facility (the "GEF") (the "Council") at its May 2012 meeting, on the basis of document GEF/C.42/04, *Clarifying the Responsibilities of the GEF's Key Actors with respect to the Use of GEF Resources*, to request the Trustee and the Implementing and Executing Agencies to prepare amendments to the existing Financial Procedures Agreements ("FPAs") to include appropriate provisions consistent with those described on such paper to address the return to the Trustee of funds that have not been used for the purposes provided in accordance with the Instrument and Council decisions.

3. Pursuant to Section 14.1 of the Agreement, both parties agree to amend the Agreement as follows:

3.1 Section 9.1. shall be amended by deleting it in its entirety and replacing it with the following:

**"Section 9.1.** Without prejudice to the IADB's right to invest all funds in the IADB/GEF Fund pending their disbursement in accordance with the IADB's guidelines and policies concerning the investment of funds in respect of which the IADB acts as a trustee, the IADB shall exercise the same degree of care and diligence in the discharge of its functions under this Agreement as it exercises with respect to the administration and management of resources under its administration. Subject to the terms of this Agreement and the MOU (as it may be amended from time to time), the IADB shall do any and all such acts as may be necessary or appropriate for the proper administration of the IADB/GEF Fund, and shall be accountable to the Council for its GEF-financed activities."

3.2 Section 12.7. shall be renumbered as Section 12.8.

3.3 A new Section 12.7. shall be inserted as follows:

**“Section 12.7.** (a) If any financial report provided to the Trustee by IADB under Section 12.2. or any auditor’s report provided to the Trustee by IADB under Sections 12.4. or 12.5. indicates that the resources provided to IADB for any GEF Project or Special Initiative were not used for the purposes provided under the Instrument and the decisions taken by the Council:

- (i) If the funds were not used for the purposes provided under the Instrument and/or the decisions taken by the Council due to IADB’s actions or due to the action of a third party as a result of IADB’s gross negligence or willful misconduct, IADB shall promptly return to the GEF Trust Fund, to such account as the Trustee may designate, the amount of GEF resources indicated by such report not to have been used for the purposes provided under the Instrument and/or the decisions taken by the Council; or
- (ii) If the funds were not used for the purposes provided under the Instrument and/or the decisions taken by the Council due to the action of a third party and not as a result of IADB’s gross negligence or willful misconduct, IADB shall take the necessary actions within its control to address the matter, including, in accordance with its policies and procedures, using reasonable efforts to recover from such third party the amount of GEF resources indicated by such report to not have been used for the purposes provided under the Instrument and/or the decisions taken by the Council and return such recovered GEF resources to the GEF Trust Fund, to such account as the Trustee may designate; it being understood that IADB shall not be required to return any such resources which are not so recovered.

(b) In the case of 12.7.(a)(i) above, IADB shall notify the CEO and the Trustee of the return of GEF resources to the GEF Trust Fund. In the case of 12.7(a)(ii) above, IADB shall notify (i) the CEO and the Trustee that it has determined that the funds were not used for the purposes provided under the Instrument and/or the decisions taken by the Council due to the action of a third party and not as a result of IADB’s gross negligence or willful misconduct and it will only return to the GEF Trust Fund any GEF resources to the extent they are recovered from such third party, and (ii) the CEO of any recovery actions.

(c) In the event IADB fails to comply with Section 12.7.(a)(i) above, the Trustee shall bring the matter to the attention of the CEO and request the CEO to consult with IADB, and after such consultation to inform the Council and request the Council to consult with and seek the views of IADB. In the event IADB fails to comply with Section 12.7.(a)(ii) above, the CEO shall consult with IADB, and after such consultation inform the Council and request the Council to consult with and seek the views of IADB.

If the Council determines, after consultation with IADB that such failure to comply with Section 12.7.(a) above continues, the Council may instruct the Trustee to suspend any further commitment and/or cash transfer of GEF Trust Fund resources to IADB. In such case, the Trustee shall suspend any further commitment and/or cash transfer of GEF Trust Fund resources to IADB until such time as the Council otherwise instructs the Trustee.”

3.4 A Section 13.1.(b) shall be amended by deleting in its entirety and replacing it with the following:

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

Address: Attention: Manager

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

Telephone: 202.623.1583  
Facsimile: 202.623.2543  
Electronic mail: [partnerships@iadb.org](mailto:partnerships@iadb.org)

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

Address: Attention: Chief

Grants and Co-financing Management Unit  
Office of Outreach and Partnerships  
1300 New York Ave., NW  
Washington, D.C. 20577

Telephone: 202.623.2018  
Facsimile: 202.623. 3171  
Electronic mail: [orp-gcm@iadb.org](mailto:orp-gcm@iadb.org)”

3.5 Section 15.1. shall be amended by deleting it in its entirety and replacing it with the following:

“Section 15.1. This Agreement will terminate on December 31, 2017, unless extended by mutual agreement of the parties to this Agreement. This Agreement may be terminated before December 31, 2017 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.”

3.6 A new Section 16.3. shall be inserted as follows:

“**Section 16.3.** The Trustee and the IADB may disclose this Agreement and related information on the GEF in accordance with their respective policies on Access to Information. By entering into this Agreement, the Trustee and the IADB consent to disclosure of this Agreement and related information on the GEF.”

4. All other terms of the Agreement remain unchanged.

5. Please confirm your agreement with the foregoing by signing, dating, and returning to us the enclosed copy of this Amendment. Upon receipt by the Trustee of the copy of this Amendment countersigned by you, this Amendment shall enter into effect as of the date of countersignature.

Sincerely,

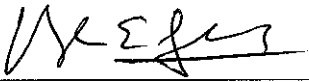
**INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT**



\_\_\_\_\_  
Jaehyang So  
Director, Multilateral Trusteeship and Innovative Financing  
Concessional Finance and Global Partnerships

**CONFIRMED AND AGREED:**

**THE INTER-AMERICAN DEVELOPMENT BANK**

By: \_\_\_\_\_

Bernardo Guillamon  
Manager  
Office of Outreach and Partnerships

Date: MAY 30, 2014