
Dear Mr. Ulbrich:


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 15.1 of the Agreement, both parties agree to amend the Agreement as follows:

3.1 Section 12.7 shall be renumbered as Section 12.8.

3.2 A new Section 12.7 shall be inserted as follows:

“Section 12.7. (a) If any financial report provided to the Trustee by UNIDO under Section 12.2 or any auditor’s report provided to the Trustee by UNIDO under Sections 12.4 or 12.5 indicates that the resources provided to UNIDO 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 UNIDO's actions or due to the action of a third party as a result of UNIDO's gross negligence or willful misconduct, UNIDO 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 UNIDO's gross negligence or willful misconduct, UNIDO 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 UNIDO shall not be required to return any such resources which are not so recovered.

(b) In the case of 12.7(a) (i) above, UNIDO 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, UNIDO shall notify 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 UNIDO'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 UNIDO 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 UNIDO, and after such consultation to inform the Council and request the Council to consult with and seek the views of UNIDO. In the event UNIDO fails to comply with Section 12.7(a) (ii) above, the CEO shall consult with UNIDO, and after such consultation inform the Council and request the Council to consult with and seek the views of UNIDO.

If the Council determines, after consultation with UNIDO 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 UNIDO. In such case, the Trustee shall suspend any further commitment and/or cash transfer of GEF Trust Fund resources to UNIDO until such time as the Council otherwise instructs the Trustee.
3.3 Sections 16.1 and 16.2 shall be amended by deleting them in their entirety and replacing them with the following:

"Section 16.1. Subject to Section 16.2 below,

(a) unless otherwise agreed between the Trustee and UNIDO, this Agreement shall terminate upon any decision by the GEF Council to terminate UNIDO's access to GEF funds for any reason; and

(b) this Agreement may be terminated by either party giving to the other party a sixty (60) calendar days' prior notice in writing.

Section 16.2. Notwithstanding termination of this Agreement, unless the Trustee and UNIDO agree on another course of action:

(a) if there are outstanding commitments or liabilities incurred by UNIDO in the implementation of GEF Projects or such other activities of UNIDO, for which GEF funds had been committed or transferred by the Trustee under the Agreement prior to the termination of the Agreement, the provisions of the Agreement shall, subject to Sections 16.2.(b) and (c) below, continue to apply to any such GEF funds committed or transferred until the relevant outstanding commitments, liabilities and activities, for which the GEF funds had been committed or transferred, have been fully satisfied;

(b) UNIDO and the Trustee shall take any necessary actions for winding up their affairs in relation to the outstanding commitments or liabilities in an expeditious and reasonable manner; and

(c) UNIDO shall continue to receive and hold in the UNIDO/GEF Fund unused or undisbursed funds or reflow of 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, including reflows of funds if any, which are due to be returned to the Trustee under the terms of this Agreement."

4. All other terms of the Agreement remain unchanged.

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

6. 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

[Signature]

Joachim von Amsberg
Vice President, CFPVP
Concessional Finance and Global Partnerships

CONFIRMED AND AGREED:

THE UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION

[Signature]  

Peter Ulbrich
Director, Financial Services Branch

Date: 6/2/2019