

FINANCIAL PROCEDURES AGREEMENT

between

THE AFRICAN DEVELOPMENT BANK,

THE AFRICAN DEVELOPMENT FUND

and

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

as Trustee of

THE GLOBAL ENVIRONMENT FACILITY TRUST FUND

Dated as of June 30, 2010

FINANCIAL PROCEDURES AGREEMENT

FINANCIAL PROCEDURES AGREEMENT (hereinafter the "Agreement"), dated as of June 30, 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 African Development Bank ("AfDB") and the African Development Fund ("AfDF");

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, AfDB, AfDF and the Secretariat of the GEF (the "Secretariat") have entered into a Memorandum of Understanding (the "MOU") dated February 9, 2005, setting forth the manner in which AfDB and AfDF will secure access to GEF resources under the Executing Agencies Direct Access Decision and the respective duties and responsibilities of the Secretariat, AfDB and AfDF with respect to allocations of such resources made to AfDB and/or AfDF; and

WHEREAS, AfDB, AfDF and the Trustee have entered into a Financial Procedures Agreement dated February 9, 2005, as amended (the "2005 Financial Procedures Agreement") to govern arrangements for the administration, commitment and disbursement of all GEF resources allocated to AfDB and/or AfDF 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, AfDB and AfDF 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, AfDB and AfDF 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:

“Agency” means AfDB or AfDF, as the context requires;

“Agency Fee” means the fee payable to the Agency, or otherwise approved by the GEF Council for the Agency’s GEF Project from time to time, in accordance with the policies and procedures of the GEF, to cover Agency’s costs in respect of services performed by the Agency in connection with Agency’s GEF Project;

“Administrative Budget” means a portion of the GEF’s administrative budget (other than Special Initiatives and Agency Fees), which is allocated to the Agency, 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 the Agency for the purposes of this Agreement;

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

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

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

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

“GEF Account” means the trust account(s) established and administered jointly by AfDB and AfDF to receive, hold and administer GEF Trust Fund funds transferred to AfDB and/or AfDF 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;

“GEF/AfDB Sub-Account” means the sub-account(s) of the GEF Account to receive, hold and administer GEF Trust Fund funds transferred to AfDB by the Trustee;

“GEF/AfDF Sub-Account” means the sub-account(s) of the GEF Account to receive, hold and administer GEF Trust Fund funds transferred to AfDF by the Trustee;

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

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

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

2. A GEF TRUST ACCOUNT BY AFDB AND AFDF

Section 2.1. AfDB and AfDF shall jointly maintain the GEF Account, and the GEF/AfDB Sub-Account and the GEF-AfDF Sub-Account thereunder to receive, hold and administer GEF Trust Fund funds (other than Agency Fees) transferred to them by the Trustee. In administering the GEF Account, AfDB and AfDF shall maintain separate records and ledger accounts in respect of the GEF Trust Fund funds in the GEF Account and the GEF/AfDB Sub-Account and the GEF-AfDF Sub-Account thereunder and disbursements made therefrom.

3. COMMITMENT OF FUNDS BY THE TRUSTEE

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

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

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

(f) The Trustee shall notify the Agency 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 THE AGENCY

Section 4.1. GEF Projects

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

(a) The Agency 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 the Agency in accordance with its policies and procedures; provided that the request by the Agency 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 the Agency may agree), the Agency 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 the Agency 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 the Agency for GEF Projects) of the GEF/AfDB Sub-Account or the GEF-AfDF Sub-Account, as appropriate, as of the date of the request.

(d) The amount of funds requested by the Agency 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 the Agency 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 the Agency does not exceed the amount equal to (i) the net cumulative GEF Trust Fund funds committed by the Trustee and approved by the Agency for the GEF Projects (based on the information provided by the Agency referred to in Section 12.2.(a) below), less (ii) the net cumulative GEF Trust Fund funds transferred by the Trustee to the Agency 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 GEF/AfDB Sub-Account or the GEF-AfDF Sub-Account, as applicable, 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 pertinent sub-account; and consultation with the Agency on the purposes for which any such undisbursed funds may be used.

Section 4.2. Agency Fees

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

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

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

(a) The Agency 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 the Agency 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, the Agency 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 the Agency 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 GEF/AfDB Sub-Account or the GEF-AfDF Sub-Account, 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 pertinent sub-account 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 the Agency shall be made to such account as the Agency may from time to time designate for such purposes. The Trustee shall notify the Agency of each such transfer.

5. USE OF FUNDS

Section 5.1. The funds transferred to the Agency 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, the Agency may invest all funds in the GEF Account pending their disbursement in accordance with Agency's guidelines and policies concerning the investment of funds in respect of which the Agency acts as trustee. The Agency shall have the right to convert all funds received by

the GEF Account into other currencies to facilitate the administration of the GEF Account.

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

7. REFLOWS

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

9. STANDARD OF CARE

Section 9.1. The Agency 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), the Agency shall do any and all such acts as may be necessary or appropriate for the proper administration of the GEF Account, 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 GEF Account may vest in the Agency, the recipient of the funds or such other entity as may be permitted to retain ownership under the rules and policies of the Agency.

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 the Agency (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 the Agency (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 the Agency of the GEF Project, during the period reported,
- (d) the amount of each GEF Project which has been, after approval by the Agency, reallocated to another agency, resulting in a decrease in the amount of GEF Trust Fund funds approved for the Agency for such project, during the period reported;
- (e) the amount of each Agency Fee approved by the Council as payable to the Agency (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 Agency Fee approved or endorsed by the CEO, as payable to the Agency (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 Agency 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 the Agency, during the period reported; and

- (i) any other funding from the GEF Trust Fund, allocated to the Agency 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. The Agency shall provide the following information to the Trustee, prepared in accordance with Agency'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 the Agency 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, in whole or in part, of the GEF funding approved as allocable to the Agency 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 Agency Fees, for the period reported, broken down by each Agency 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 the Agency from GEF Projects, for the period reported, broken down by each GEF Project;
- (f) within sixty (60) days after the end of each six (6) -month period 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 GEF Account 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 Agency's fiscal year, an annual financial statement of the GEF Account;
- (h) within six months after termination of this Agreement, a final financial statement for the GEF Account; and
- (i) such other reports related to the GEF funds transferred to the Agency, 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 GEF Account shall be reported as aggregate investment income in respect of each of the GEF/AfDB Sub-Account and the GEF-AfDF Sub-Account, 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 AfDB and AfDF an annual report for reconciliation between the Trustee, and AfDB and AfDF in respect of GEF Trust Fund funds approved as allocable to each of AfDB and AfDF, substantially in the form attached to this Agreement as Annex F. AfDB and AfDF shall confirm its agreement to the information contained in the report, no later than 45 days after receipt by them 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 AfDB and/or AfDF, AfDB and/or AfDF 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 on one side and AfDB and AfDF on the other side, external auditors of AfDB and/or AfDF shall audit the financial statements of the GEF Account referred to in Sections 12.2.(g) and (h) above. The costs of such audits shall be borne by the Agency Fees provided to AfDB and AfDF; provided, however, in the event that AfDB and AfDF have received Agency Fees in the amount of less than US\$100,000 in total 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 the relevant Agency 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 the Agency, the Trustee continues to have a concern as to the manner in which the GEF resources provided to the Agency for such GEF Project or Special Initiative have been used, the Trustee may request the Agency to cause accounts and reports of such individual GEF

Project or Special Initiative to be audited by Agency'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 the Agency. The costs of such audits will be borne by the Agency; however, should the additional audit by Agency'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 the Agency fails to comply with Sections 12.1, 12.2, 12.3, 12.4 and 12.5, the Trustee shall promptly notify the Agency 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 AfDB and AfDF until such time as the non-compliance is resolved to the reasonable satisfaction of the Trustee.

Section 12.7. The Agency shall provide the Trustee with a list containing the names and signatures of Agency'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 AfDB:

Name: African Development Bank
Address: Angle de trois rues: Avenue du Ghana
Rue Pierre de Courbertin, Rue Hedi Nouria
B.P 323
1002 Tunis Belvedere
TUNISIA

Attention: Mrs. Hela Cheikhrouhou
Director, Energy, Environment and Climate Change
Department

Telephone: (216) 71 10 2140
Facsimile: (216) 71 33 2015
Electronic mail: h.cheikhrouhou@afdb.org

(b) For AfDF:

Name: African Development Bank
Address: Angle de trois rues: Avenue du Ghana
Rue Pierre de Courbertin, Rue Hedi Nouria
B.P 323
1002 Tunis Belvedere
TUNISIA

Attention: Mrs. Hela Cheikhrouhou
Director, Energy, Environment and Climate Change
Department

Telephone: (216) 71 10 2140
Facsimile: (216) 71 33 2015
Electronic mail: h.cheikhrouhou@afdb.org

14. AMENDMENT

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

15. TERMINATION

Section 15.1. 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 any party, and shall cease to be in force sixty (60) days after the party gives to the others written notice of its desire to terminate the Agreement.

Section 15.2. Notwithstanding termination of this Agreement, each Agency shall continue to receive and hold in the GEF/AfDB Sub-Account or the GEF/AfDB Sub-Account, as applicable, unused or undisbursed funds from any GEF Project, Special Initiative or Administrative Budget, income earned by the GEF/AfDB Sub-Account or the GEF/AfDB Sub-Account, and any other amounts due to the Agency 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 Agency's activities have been satisfied. Each Agency shall return to the Trustee, on terms agreed with the Trustee, (i) any portion of the GEF/AfDB Sub-Account or the GEF/AfDB Sub-Account, as applicable, and any income earned thereon (other than the income earned on Agency 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 the Agency 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, AfDB and AfDF consent 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.

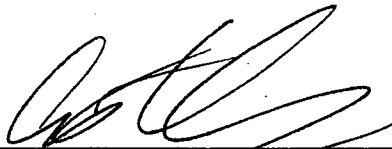
Section 17.2. This Agreement shall be effective as of the date aforementioned on the first page of this Agreement, and shall supersede and replace the 2005 Financial Procedures Agreement.

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.

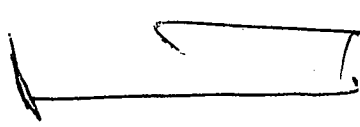
IN WITNESS WHEREOF, the undersigned, being duly authorized thereto, have signed this Agreement with effect from the date aforementioned on the first page of this Agreement

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT, AS TRUSTEE OF THE
GLOBAL ENVIRONMENT FACILITY TRUST FUND




Name: Axel van Trotsenburg
Title: Vice President, Concessional Finance and Global Partnerships

AFRICAN DEVELOPMENT BANK



12 August 2010
Name: Bobby J. Pittman
Title: Vice President, Operations III, Infrastructure, Private Sector &
Regional Integration

AFRICAN DEVELOPMENT FUND



12 August 2010
Name: Bobby J. Pittman
Title: Vice President, Operations III, Infrastructure, Private Sector &
Regional Integration

Letter of Commitment

[date]

[African Development Bank/African Development Fund]*
Angle de trios rues: Avenue du Ghana,
Rue Pierre de Coubertin,
Rue Hedi Nour, B.P. 323, 1002 Tunis Belvedere,
Tunisia

Global Environment Facility Trust Fund

Commitment of Funds to the [African Development Bank/African Development Fund]*

Dear Sir or Madam:

Reference is made to the Financial Procedures Agreement dated as of June 30, 2010, between the International Bank for Reconstruction and Development, as Trustee of the Global Environment Facility (the "GEF") Trust Fund (the "Trustee"), the African Development Bank ("AfDB") and the African Development Fund ("AfDF") (the "Agreement").

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

Funds will be transferred by the Trustee to [AfDB/AfDF]* 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

*Use as appropriate

Letter of Commitment Cancellation

[date]

[African Development Bank/African Development Fund]*
Angle de trios rues: Avenue du Ghana,
Rue Pierre de Coubertin,
Rue Hedi Nouira, B.P. 323, 1002 Tunis Belvedere,
Tunisia

**Global Environment Facility Trust Fund
Cancellation of Commitment of Funds to
the [African Development Bank/African Development Fund]***

Dear Sir or Madam:

Reference is made to the Financial Procedures Agreement dated as of June 30, 2010, between the International Bank for Reconstruction and Development, as Trustee of the Global Environment Facility (the "GEF") Trust Fund (the "Trustee"), the African Development Bank ("AfDB") and the African Development Fund ("AfDF") (the "Agreement").

In accordance with Sections 3.1(e) and (f) of the Agreement, the Trustee hereby notifies you that the commitment made to [AfDB/AfDF]* by the Trustee in the sum of US\$[*amount*] for the [GEF Projects, Agency 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

*Use as appropriate

Annex C

GLOBAL ENVIRONMENT FACILITY TRUST FUND

[African Development Bank (AfDB) / African Development Fund (AfDF)]* Agency Ref. No. _____

Cash Transfer Request for GEF Projects a/

As of [date] _____
(in US dollars)

Net Cumulative Cash received from the Trustee in the [GEF/AfDB Sub- Account / GEF/AfDF Sub-Account]* b/ (1)	Net Cumulative Disbursements from the [GEF/AfDB Sub-Account / GEF/AfDF Sub- Account]* 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 Agency Fees, Administrative Budget or Special Initiatives.

b/ This column represents the cumulative amount transferred to the [AfDB/AfDF]* less return of funds to the Trustee since the inception of [GEF/AfDB Sub-Account / GEF/AfDF Sub-Account]*.

c/ This column represents the cumulative amount disbursed from the [GEF/AfDB Sub-Account / GEF/AfDF Sub-Account]* less subsequent return of funds by project recipients to the [AfDB/AfDF]* since the inception of the [GEF/AfDB Sub-Account / GEF/AfDF Sub-Account]*.

* Use as appropriate.

Annex D

GLOBAL ENVIRONMENT FACILITY TRUST FUND

Agency Ref. No. _____

[African Development Bank (AfDB) / African Development Fund (AfDF)]*

Cash Transfer Request for Fees

As of [date] _____

(in US dollars)

Net Cumulative Cash received from the Trustee in the [GEF/AfDB Sub- Account / GEF/AfDF Sub- Account]* a/ (1)		Amount of Cash Transfer Request for Fees (2)
0.00		0.00

a/ This column represents the cumulative amount transferred to the Agency less return of funds to the Trustee since the inception of [GEF/AfDB Sub-Account / GEF/AfDF Sub-Account]*.

* Use as appropriate.

Annex E

GLOBAL ENVIRONMENT FACILITY TRUST FUND

Agency Ref. No. _____

[African Development Bank (AfDB) / African Development Fund (AfDF)]*

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

As of [date] _____
(in US dollars)

Net Cumulative Cash received from the Trustee in the [GEF/AfDB Sub- Account / GEF/AfDF Sub- Account]* 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 the [AfDB/AfDF] less return of funds to the Trustee since the inception of the [GEF/AfDB Sub-Account / GEF/AfDF Sub-Account]*.*

** Use as appropriate.*

Annex F

GLOBAL ENVIRONMENT FACILITY TRUST FUND

African Development Bank (AfDB) / African Development Fund (ADF)

Agency Annual Report for Reconciliation in respect of GEF Trust Fund funding approved for the AfDB and ADF

As of [date] _____
(in US dollars)

Trustee ID	GEFSEC ID	Agency ID	Project Title	Joint Project or Programmatic Initiative	Use to	Component of	Council or CEO Approval date d/	Amount Set Aside	Funding Approval Status	Agency Project Execution/ Implementation Status	Agency Approval Date	CEO Endorsement/NA 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), Agency 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, Agency 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 components 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 Initiative, 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, the African Development Bank and the African Development Fund

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"), the African Development Bank ("AfDB") and the African Development Fund ("AfDF"), dated as of June 30, 2010. For the purposes of the Agreement, any [one]¹ of the persons whose authenticated specimen signatures appear below is authorized on behalf of [AfDB/AfDF]² 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.

² Use as appropriate.

