

**FINANCIAL PROCEDURES MEMORANDUM FOR
THE COMMITMENT, TRANSFER AND ADMINISTRATION OF GLOBAL
ENVIRONMENT FACILITY TRUST FUND FUNDS**

This Memorandum sets forth the financial procedures which have been agreed between the Development Finance Vice Presidency and the Sustainable Development Practice Group of the International Bank for Reconstruction and Development (the "World Bank" or the "Bank"), in their respective capacities as representative of the Bank as trustee (the "Trustee") of the Global Environment Facility Trust Fund (the "GEF Trust Fund") and as representative of the Bank as an Implementing Agency of the GEF (the "Bank/IA"), for the commitment and transfer of GEF Trust Fund funds by the Trustee to the Bank/IA and for the administration of such funds by the Bank/IA upon their receipt from the Trustee, with effect from 15 August, 2016.

BACKGROUND

(A) Pursuant to paragraph 8 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 GEF Trust Fund was established;

(B) Pursuant to paragraph 8 and in accordance with Annex B of the Instrument, the World Bank serves as the Trustee of the GEF Trust Fund;

(C) Pursuant to paragraph 22 of the Instrument, the Bank/IA acts as an Implementing Agency of the Global Environment Facility (the "GEF");

(D) Pursuant to paragraph 4(b) of Annex B of the Instrument, all GEF Trust Fund funds authorized by the Council of the GEF (the "Council"), or by the Chief Executive Officer/Chairperson of the GEF (the "CEO") (where such authority has been delegated to the CEO by the Council), to be allocated to an Implementing Agency in accordance with paragraph 20 of the Instrument are committed and transferred to the Implementing Agency by the Trustee;

(E) The Trustee and the Bank/IA agreed to financial procedures with effect from March 1, 2002 regarding the administration, commitment and disbursement of GEF Trust Fund resources allocated to the Bank/IA (the "2002 Financial Procedures"); and

(F) Following the financial consultation meeting held in Paris, France in January, 2008 among the Trustee, the Secretariat of the GEF (the "Secretariat"), the Implementing Agencies and the executing agencies, the parties agreed to make certain revisions in the procedures for the administration, commitment and transfer of GEF Trust Fund funds to reflect certain amendments to the operational policies and reporting requirements of the GEF and accordingly, the Trustee and the Bank/IA desire to replace the 2002 Financial Procedures with this Financial Procedures Memorandum (the "Memorandum").

1. DEFINITIONS

Section 1.1. Unless the context otherwise requires, the several terms defined in the Background to this Memorandum will have the respective meanings set forth therein and the following additional terms will have the following meanings:

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

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

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

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

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

“Cash Transfer Request for Special Initiatives/Administrative Budgets” means a request submitted by the Bank/IA to the Trustee for the transfer of GEF Trust Fund funds to the Bank/IA/GEF Trust 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, programs, cluster of projects/programs, 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 the Bank/IA confirming the commitment of GEF Trust Fund funds to the Bank/IA;

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

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

2. A GEF TRUST FUND ACCOUNT ADMINISTERED BY THE BANK/IA

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

3. COMMITMENT OF FUNDS BY THE TRUSTEE

Section 3.1. Unless otherwise agreed between the Trustee and the Bank/IA, the following procedures will apply to the commitment of GEF Trust Fund funds by the Trustee to the Bank/IA:

(a) In the case of a GEF Project or a Bank/IA 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 will, 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 the Bank/IA 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 Bank/IA Fee, for which approval by the CEO and subsequent endorsement, if applicable, by the CEO are required pursuant to the policies and procedures of the GEF, the Trustee will, 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 the Bank/IA 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 the Bank/IA 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 will release the amount of the GEF Trust Fund funds corresponding to such cancelled amount, which was previously set aside for such GEF Project or the Bank/IA Fee.

(d) Subject to the availability of resources in the GEF Trust Fund, the Trustee will commit GEF Trust Fund funds to the Bank/IA on a monthly basis (or such other frequency as the Trustee and the Bank/IA may agree) for GEF Projects/ the Bank/IA Fees, Special Initiatives and/or Administrative Budgets, if any. The amount of funds committed will 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 will commit the funds to the Bank/IA by means of a Letter of Commitment, substantially in the form attached to this Memorandum 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, the Bank/IA 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, the Bank/IA 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 will be cancelled to reflect such decrease of the GEF funding allocated. Such cancellation will be made based on any cancellation notification provided by the Bank/IA to the Trustee in accordance with the policies and procedures of the GEF, or otherwise the information provided by the Bank/IA 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 Bank/IA and the Secretariat.

(ii) In the event that there are any unused funds from GEF Projects or Special Initiatives or Administrative Budgets for which no further disbursements are due to be made by the Bank/IA, the amount of funds committed by the Trustee pursuant to Section 3.1.(d) above will be cancelled to reflect the amount of unused funds held by the Bank/IA in the Bank/IA/GEF Trust Fund in accordance with Section 6.2 below. Such reduction will be made based on the information provided by the Bank/IA referred to in Section 12.2.(d) below.

(f) The Trustee will notify the Bank/IA 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 Memorandum as Annex B.

4. TRANSFER OF FUNDS BY THE TRUSTEE TO THE BANK/IA

Section 4.1. GEF Projects

The following procedures will apply to the transfer of GEF Trust Fund funds by the Trustee to the Bank/IA for GEF Projects:

(a) The Bank/IA 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 Bank/IA in accordance with its policies and procedures; provided that the request by the Bank/IA will 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 Bank/IA may agree) the Bank/IA will 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 will be substantially in the form attached to this Memorandum as Annex C, signed by an Authorized Officer, and will indicate:

(i) the projected cash requirements for GEF Projects for the six month period (or such other frequency as the Trustee and the Bank/IA 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 Bank/IA for GEF Projects of the Bank/IA/GEF Trust Fund) as of the date of the request.

(d) The amount of funds requested by the Bank/IA in each Cash Transfer Request for GEF Projects for activities to be carried out under GEF Projects will be based on the six month projections (or such other frequency as the Trustee and the Bank/IA 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 will verify that the amount requested by the Bank/IA does not exceed the amount equal to (i) the net cumulative GEF Trust Fund funds committed by the Trustee and approved by the Bank/IA for the GEF Projects (based on the information provided

by the Bank/IA referred to in Section 12.2.(a) below) less (ii) the net cumulative GEF Trust Fund funds transferred by the Trustee to the Bank/IA 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 will transfer to the Bank/IA/GEF Trust 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 Bank/IA/GEF Trust Fund; and consultation with the Bank/IA on the purposes for which any such undisbursed funds may be used.

Section 4.2. The Bank/IA Fees

The following procedures will apply to the transfer of the GEF Trust Fund funds by the Trustee to the Bank/IA for the Bank/IA Fees:

(a) The Bank/IA may request transfer of GEF Trust Fund funds for any Bank/IA Fee after the GEF Trust Fund funds have been committed by the Trustee for the Bank/IA Fee pursuant to Section 3.1 above; provided that the request by the Bank/IA will 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 Bank/IA may agree), the Bank/IA will 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 Bank/IA of the Bank/IA Fees.

(c) Each Cash Transfer Request for Fees will be substantially in the form attached to this Memorandum as Annex D, signed by an Authorized Officer, and will indicate the net cumulative GEF Trust Fund funds received from the Trustee for the Bank/IA Fees as of the date of the request. The amount of funds requested by the Bank/IA in such request will 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 will 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 Bank/IA Fees less (ii) the cumulative GEF Trust Fund funds transferred by the Trustee to the Bank/IA for the Bank/IA 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 will transfer to the Bank/IA the amount of funds requested for the Bank/IA Fees.

(e) Notwithstanding Sections 4.2. (b), (c) and (d) above, upon the request of the Trustee, the Bank/IA will return to the GEF Trust Fund, to such account as the Trustee may designate, funds transferred to the Bank/IA as the Bank/IA 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 Bank/IA for such project. The amount to be returned to the Trustee will 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 will apply to the transfer of the GEF Trust Fund funds by the Trustee to the Bank/IA for Special Initiatives and Administrative Budgets, if any:

(a) The Bank/IA 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 Bank/IA will 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, the Bank/IA 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 will be substantially in the form attached to this Memorandum as Annex E, signed by an Authorized Officer, and will 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 will 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 will verify that the amount requested by the Bank/IA 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 Bank/IA/GEF Trust 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 will transfer to the Bank/IA/GEF Trust 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 the Bank/IA will be made to such account as the Bank/IA may from time to time designate for such purposes. The Trustee will notify the Bank/IA of each such transfer.

5. USE OF FUNDS

Section 5.1. The funds transferred to the Bank/IA under this Memorandum will be used for the purpose for which they have been provided.

Section 5.2. Subject to the terms of this Memorandum, the Bank/IA may invest all funds in the Bank/IA/GEF Trust Fund pending their disbursement in accordance with the Bank/IA's guidelines and policies concerning the investment of funds in respect of which the Bank/IA acts as trustee. The Bank/IA will have the right to convert all funds received by the Bank/IA/GEF Trust Fund into other currencies to facilitate the administration of the Bank/IA/GEF Trust Fund.

Section 5.3. The Trustee will have no responsibility for collection of funds due to the Bank/IA from the project recipient or such other entity under any GEF Project or Special Initiative. When the Bank/IA has received any unused funds or reflow of funds, the Bank/IA will 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 Bank/IA will be dependent upon the receipt by the Bank/IA of GEF Trust Fund funds in accordance with this Memorandum. Disbursement of funds from the Bank/IA/GEF Trust Fund to recipients will be made in accordance with the Bank/IA's policies and procedures and its applicable disbursement guidelines.

Section 6.2. Unused funds from GEF Projects, Special Initiatives or Administrative Budgets, for which no further disbursements are due to be made, will be held by the Bank/IA (following their return to the Bank/IA by the project recipient or such other party) in the Bank/IA/GEF Trust Fund; provided that in the case of unused funds from GEF Projects, any such funds held by the Bank/IA will be reflected in the net cash position referred to in Section 4.1.(c)(ii) above, so that the amount of the unused funds will be taken into account to determine the amount of transfer of the GEF

Trust Fund funds to the Bank/IA. The Bank/IA 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 Bank/IA will 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 Bank/IA will 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 Bank/IA in the Bank/IA/GEF Trust Fund.

7. REFLOWS

Section 7.1. If any GEF Trust Fund funds transferred to the Bank/IA 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 Bank/IA will credit and hold the funds in Bank/IA/GEF Trust Fund (following their receipt by the Bank/IA) until the Trustee requests the Bank/IA to return them to such account as the Trustee may designate. The Bank/IA 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 will be administered by the Bank/IA 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 Bank/IA (except for income earned on the investment of GEF Trust Fund funds transferred to Bank/IA as Bank/IA Fees) is credited directly in the GEF Trust Fund and is not required to be reported to the Trustee.

Section 8.2. The income earned on the investment of GEF Trust Fund funds transferred to Bank/IA as Bank/IA Fees may be retained by the Bank/IA and is not required to be reported or returned to the Trustee.

9. STANDARD OF CARE

Section 9.1. The Bank/IA will exercise the same degree of care and diligence in the discharge of its functions under this Memorandum as it exercises with respect to the administration and management of its own resources. Subject to the terms of this Memorandum, the Bank/IA will do any and all such acts as may be necessary or appropriate for the proper administration of the Bank/IA/GEF Trust Fund.

10. OWNERSHIP OF EQUIPMENT, SUPPLIES AND OTHER PROPERTY

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

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 Memorandum, the Trustee will 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 Bank/IA (including (i) the amount approved for any amendment to the previously approved GEF Project or (ii) any reallocation of the funds which were previously allocated to any other agency and (iii) 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 Bank/IA (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 Bank/IA of the GEF Project, during the period reported;
- (d) the amount of each GEF Project which has been, after approval by the Bank/IA, reallocated to another agency, resulting in a decrease in the amount of GEF Trust Fund funds approved for the Bank/IA for such project, during the period reported;
- (e) the amount of each Bank/IA Fee approved by the Council as payable to the Bank/IA (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 Bank/IA Fee approved or endorsed by the CEO, as payable to the Bank/IA (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 Bank/IA Fee, which will 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 Trust Fund 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 Bank/IA, during the period reported; and
- (i) any other funding from the GEF Trust Fund, allocated to the Bank/IA 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 will be expressed in Dollars.

Section 12.2. The Bank/IA will provide the following information to the Trustee, prepared in accordance with the Bank/IA's accounting and reporting procedures and provided in a form and means agreed with the Trustee:

- (a) on a quarterly basis (or such other frequency agreed with the Trustee), the dates and amounts of approvals by the Bank/IA of GEF Projects, if applicable, for the period reported, broken down by each GEF Project substantially in the form attached to this Memorandum as Annex H;
- (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 the Bank/IA for GEF Projects and Special Initiatives, for the period reported, broken down by each GEF Project and Special Initiative substantially in the form attached to this Memorandum as Annex I;
- (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 Bank/IA Fees, for the period reported, broken down by each Bank/IA Fee substantially in the form attached to this Memorandum as Annex I;
- (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 substantially in the form attached to this Memorandum as Annex I;

- (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 Bank/IA from GEF Projects, for the period reported, broken down by each GEF Project;
- (f) within six months after the end of the Bank/IA's fiscal year, an annual financial statement of the Bank/IA/GEF Trust Fund;
- (g) within six months after termination of this Memorandum, a final financial statement for the Bank/IA/GEF Trust Fund; and
- (h) such other reports related to the GEF Trust Fund funds transferred to the Bank/IA, 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) and (g) above, investment income earned by the Bank/IA/GEF Trust Fund will be reported as aggregate investment income and will not be allocated between individual GEF activities.

Section 12.3. As soon as practicable after the end of the GEF Fiscal Year, starting with the Fiscal Year upon which this Memorandum has been executed, the Trustee will furnish with the Bank/IA an annual report for reconciliation between the Trustee and the Bank/IA in respect of GEF Trust Fund funds approved as allocable to the Bank/IA, substantially in the form of attached to this Memorandum as Annex F. The Bank/IA will confirm its agreement to the information contained in the report, no later than 45 days after receipt by the Bank/IA 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 the Bank/IA, the Bank/IA will 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 the Bank/IA, the Bank/IA's external auditors will audit the financial statements of the Bank/IA/GEF Trust Fund referred to in Sections 12.2.(f) and (g) above. The costs of such audits will be borne by the Bank/IA Fees provided to the Bank/IA; provided, however, in the event that the Bank/IA has received the Bank/IA Fees in the amount of less than US\$100,000 for the year to which the financial statements relate, the costs of the audits will be borne by the GEF Trust Fund.

Section 12.5. Where the Trustee has reason for concern that GEF resources for any GEF Project or Special Initiative may not have been used for the purpose for which they have been provided in accordance with the Instrument and the decisions taken by the Council applicable to such GEF Project or Special Initiative, the Trustee will communicate fully its concern and ask the Bank/IA 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 Bank/IA and following consultation with the Bank/IA, the Trustee continues to have a concern as to whether the GEF resources provided to the Bank/IA for such GEF Project or Special Initiative may not have been used for the purpose for which they have been provided, the Trustee may request the Bank/IA to cause accounts and reports of such individual GEF Project or Special Initiative to be audited by the Bank/IA's external auditors, or, as the case may be, independent auditors acceptable to the Bank/IA. The Trustee would require such additional audits only in these exceptional circumstances and where the Bank/IA has not otherwise provided to the Trustee under this Section 12.5 a copy of any current auditor's report issued by such auditors on the GEF Project or Special Initiatives concerned. Furthermore, the Trustee will communicate fully its reasons for such request of additional audits to the Bank/IA. The costs of such audits will be borne by the Bank/IA; however, should such additional audits disclose that the resources were used for the purpose for which they have been provided, the cost of such audits will be borne by the GEF Trust Fund.

Section 12.6. In the event that the Bank/IA fails to comply with Sections 12.1, 12.2, 12.3, 12.4 and 12.5 above, the Trustee will promptly notify the Bank/IA 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 the Bank/IA until such time as the non-compliance is resolved to the reasonable satisfaction of the Trustee.

Section 12.7. (a) If any financial report provided to the Trustee by the Bank/IA under Section 12.2 or any auditor's report provided to the Trustee by the Bank/IA under Sections 12.4 or 12.5 indicates that the resources provided to the Bank/IA for any GEF Project or Special Initiative were not used for the purpose for which they were provided in accordance with the Instrument and the decisions taken by the Council applicable to such GEF Project or Special Initiative, the following provisions shall apply:

- (i) If the funds were not used for the purpose for which they were provided in accordance with the Instrument and the decisions taken by the Council applicable to such GEF Project or Special Initiative due to the Bank/IA's actions or due to the action of a third party as a result of the Bank/IA's gross negligence or willful misconduct, then subject to Section 12.7(b) below, the Bank/IA 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 purpose for which they were provided; or

- (ii) If the funds were not used for the purpose for which they were provided in accordance with the Instrument and the decisions taken by the Council applicable to such GEF Project or Special Initiative due to the action of a third party and not as a result of the Bank/IA's gross negligence or willful misconduct, then subject to Section 12.7(b) below, the Bank/IA shall take the necessary actions within its control to address the matter, including using reasonable efforts in accordance with its policies and procedures to recover from such third party the amount of GEF resources indicated by such report not to have been used for the purpose for which they were provided. The Bank/IA shall return any such recovered GEF resources to the GEF Trust Fund, to such account as the Trustee may designate; it being understood that the Bank/IA shall not be required to return any such GEF resources which are not so recovered.

(b) In the case of Section 12.7(a)(i) above, the Bank/IA shall notify the CEO and the Trustee of: (i) its determination that the funds were not used for the purpose for which they were provided due to the Bank/IA's actions or due to the action of a third party as a result of the Bank/IA's gross negligence or willful misconduct, and (ii) the return of GEF resources to the GEF Trust Fund. In the case of Section 12.7(a)(ii) above, the Bank/IA shall notify the CEO and the Trustee that: (x) it has determined that the funds were not used for the purpose for which they were provided due to the action of a third party and not as a result of the Bank/IA's gross negligence or willful misconduct, and (y) it will only return to the GEF Trust Fund any such GEF resources to the extent they are recovered from such third party. In such a case, the Bank/IA shall also notify the CEO of any recovery actions.

(c) (i) In the event that the Bank/IA 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 (and upon request, the CEO shall), or (ii) in the event that the Bank/IA fails to comply with Section 12.7(a)(ii) above, the CEO shall:

- (A) consult with the Bank/IA, and
- (B) after such consultation, inform the Council of such event with a request that the Council consult with and seek the views of the Bank/IA.

If the Council determines, after consultation with the Bank/IA 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 the Bank/IA. In such case, the Trustee shall suspend any further commitment and/or cash transfer of GEF Trust Fund resources to the Bank/IA until such time as the Council otherwise instructs the Trustee.

Section 12.8. The Bank/IA will provide the Trustee with a list containing the names and signatures of the Bank/IA's Authorized Officers, substantially in the form attached to this Memorandum as Annex G.

13. NOTICES

Section 13.1. All communications concerning this Memorandum will be addressed to:

(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: Director, Trust Funds and Partnerships
Telephone: (202) 473-7654
Facsimile: (202) 614-0795
Electronic mail: geftrustee@worldbank.org

(b) For the Bank/IA:

Name: International Bank for Reconstruction and Development, as
Implementing Agency of the Global Environment Facility
Trust Fund
Address: 1818 H. Street, N.W.
Washington, D.C. 20433
U.S.A.
Attention: Ms. Karin Shepardson
GEF Executive Coordinator and Program Manager
Telephone: (202) 458-1398
Facsimile: (202) 522-3258
Electronic mail: kshepardson@worldbank.org

14. AMENDMENT

Section 14.1. This Memorandum may be amended at any time by the written agreement of the Trustee and the Bank/IA.

15. DISCLOSURE

Section 15.1. The Trustee will make this Memorandum and any related information on the GEF Trust Fund publicly available, in accordance with its policies and procedures with respect to the disclosure of information, in effect at the time of such disclosure.

16. TERMINATION

Section 16.1. This Memorandum may be terminated by either party, and will cease to be in force sixty (60) days after either party gives to the other written notice of its desire to terminate the Memorandum.

Section 16.2. Notwithstanding termination of this Memorandum, the Bank/IA will continue to receive and hold in the Bank/IA/GEF Trust Fund (i) unused or undisbursed funds from any GEF Project, Special Initiative or Administrative Budget and (ii) any other amounts due to the Bank/IA 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 Bank/IA activities have been satisfied. The Bank/IA will return to the Trustee, on terms agreed with the Trustee, (i) any portion of the Bank/IA/GEF Trust Fund remaining after such commitments and liabilities have been satisfied, and (ii) any other GEF Trust Fund funds received by the Bank/IA after the termination of this Memorandum, which are otherwise due to be returned to the Trustee under the terms of this Memorandum.


17. ENTIRE MEMORANDUM

Section 17.1. This Memorandum 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 Memorandum will become effective on the date aforementioned on the first page thereof and shall supersede and replace the Financial Procedures Agreement between the Bank/IA and the Trustee dated March 1, 2002.

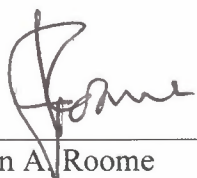
AGREED:

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



Name: Jaehyang So
Title: ^{Acting} Director, Trust Funds and Partnerships
Development Finance Vice Presidency

**INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT, AS IMPLEMENTING AGENCY OF THE
GLOBAL ENVIRONMENT FACILITY**



Name: John A. Roome
Title: Senior Director, Climate Change
Sustainable Development Practice Group

Annex A

Letter of Commitment

[date]

International Bank for Reconstruction and Development
1818 H. Street, N.W.
Washington, D.C. 20433
U.S.A.

**Global Environment Facility Trust Fund
Commitment of Funds to the International Bank for Reconstruction and Development**

Dear Sir or Madam:

Reference is made to the Financial Procedures Memorandum for the Commitment, Transfer and Administration of GEF Trust Fund Funds dated [], 2016, between the International Bank for Reconstruction and Development, as Trustee of the Global Environment Facility (the “GEF”) Trust Fund (the “Trustee”) and the International Bank for Reconstruction and Development, as Implementing Agency of the GEF (the “Bank/IA”) (the “Memorandum”).

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

Funds will be transferred by the Trustee to the Bank/IA to an account to be designated by the Bank/IA in accordance with the procedures set out in Section 4 of the Memorandum.

International Bank for Reconstruction and Development, as
Trustee of the Global Environment Facility Trust Fund

Name:

Title:

Attachments

Annex B

Letter of Commitment Cancellation

[date]

International Bank for Reconstruction and Development
1818 H. Street, N.W.
Washington, D.C. 20433
U.S.A.

**Global Environment Facility Trust Fund
Cancellation of Commitment of Funds to
The International Bank for Reconstruction and Development**

Dear Sir or Madam:

Reference is made to the Financial Procedures Memorandum for the Commitment, Transfer and Administration of GEF Trust Fund Funds dated [], 2016, between the International Bank for Reconstruction and Development, as Trustee of the Global Environment Facility (the “GEF”) Trust Fund (the “Trustee”) and the International Bank for Reconstruction and Development, as Implementing Agency of the GEF (the “Bank/IA”) (the “Memorandum”).

In accordance with Sections 3.1(e) and (f) of the Memorandum, the Trustee hereby notifies you that the commitment made by the Trustee in the sum of US\$[amount] for the [GEF Projects, [specific projects to be identified], the Bank/IA Fees and Special Initiatives *select as applicable*] listed in Annex attached hereto is cancelled pursuant to said sections.

International Bank for Reconstruction and Development, as
Trustee of the Global Environment Facility Trust Fund

Name:

Title:

Attachment

GLOBAL ENVIRONMENT FACILITY TRUST FUND
International Bank for Reconstruction and Development (the Bank/IA)

Cash Transfer Request for GEF Projects a/

As of [date] _____
(in US dollars)

Net Cumulative Cash received from the Trustee in the Bank/IA/GEF Fund b/ (1)	Net Cumulative Disbursements from the Bank/IA/GEF Fundc/ (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

Bank Account Details:

Signature:

Name:

Title:

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

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

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

GLOBAL ENVIRONMENT FACILITY TRUST FUND

International Bank for Reconstruction and Development (the Bank/IA)

Cash Transfer Request for Fees

As of [date] _____
(in US dollars)

Net Cumulative Cash received from the Trustee in the Bank/IA/GEF Fund <i>a/</i> (1)	Amount of Cash Transfer Request for Fees (2)
0.00	0.00

Bank Account Details:

Signature:

Name:

Title:

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

Annex E

GLOBAL ENVIRONMENT FACILITY TRUST FUND
International Bank for Reconstruction and Development (the Bank/IA)

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

As of [date] _____
(in US dollars)

Net Cumulative Cash received from the Trustee in the Bank/IA/GEF Fund <i>a/</i> (1)	Amount of Cash Transfer Request for [Administrative Budget]/[Special Initiatives] (2)
0.00	0.00

Bank Account Details:

Signature:

Name:

Title:

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

Annex F

GLOBAL ENVIRONMENT FACILITY TRUST FUND

International Bank for Reconstruction and Development (the Bank/IA)

Agency Annual Report for Reconciliation in respect of GEF Trust Fund funding approved for the Bank/IA

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/	Council or CEO Approval amount	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), [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 component of the GEF funding, such as full-size, medium-size, expedited enabling activities, project preparation activities.

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.

Annex G

[date]

International Bank for Reconstruction and Development,
As Trustee of the Special Climate Change Fund
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Attention: Director, Trust Funds and Partnerships

Dear Director:

**Re: Financial Procedures Memorandum for the Commitment, Transfer and
Administration of Global Environment Facility Trust Fund Funds between the Trustee and
the International Bank for Reconstruction and Development (the Bank/IA)**

I refer to the Financial Procedures Memorandum for the Commitment, Transfer and Administration of Global Environment Facility Trust Fund Funds (the “Memorandum”) between the International Bank for Reconstruction and Development, as Trustee of the Global Environment Facility (the “GEF”) Trust Fund (the “Trustee”) and the International Bank for Reconstruction and Development, as Implementing Agency of the GEF (the “Bank/IA”), dated []. For the purposes of the Memorandum, any [one]¹ of the persons whose authenticated specimen signatures appear below is authorized on behalf of the Bank/IA to sign any request or report under the Memorandum:

[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.

GLOBAL ENVIRONMENT FACILITY TRUST FUND
International Bank for Reconstruction and Development (the Bank/IA)

Quarterly Report on Agency Approvals of GEF Projects *a/*

Date of Submission to the Trustee _____

For the Quarter Ended _____

(in US Dollars)

<u>GEFSEC ID</u>	<u>Project Title</u>	<u>Project Type</u>	<u>CEO Endorsed or Approved Amount <i>b/</i></u>	<u>Date of CEO Endorsement or Approval</u>	<u>Amount of Agency Approval <i>c/</i></u>	<u>Date of Agency Approval</u>	<u>Project Status</u>	<u>Comments</u>
Grand Total		<u>0.00</u>		<u>0.00</u>				

a/ This report does not include Fees, Administrative Budget nor PPG approved amounts.

b/ Amount of Agency Approval should exclude, in the case of a joint project with other entities, the amount of the joint project that was allocated to the other entities.

c/ If Amount of Agency Approval is different from CEO Endorsed or Approved Amount, please provide details in Comments section.

GLOBAL ENVIRONMENT FACILITY TRUST FUND

International Bank for Reconstruction and Development (the Bank/IA)

Quarterly Report on Cancellations/Financial Closures for GEF [Projects/Fees/Special Initiatives]

Date of Submission to the Trustee _____
 For the Quarter Ended _____
 (in US Dollars)

GEFSEC ID	Project Title	Project Type	Beneficiary Country	Council/CEO Approved Amount	CEO Endorsed Amount	Net Trustee Commitment Amount <i>a/</i>	Used Amount	Unused Amount/ Cancellations	Financial Closure Date, where Applicable	Comments
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9) = (7) - (8)	(10)	(11)
Grand Total							0.00	0.00		

a/ Net Trustee Commitment Amount reflects original Trustee Commitment less any cancellations or reductions reported earlier.