

AFRICAN DEVELOPMENT BANK



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STATUS OF INVOLVEMENT OF THE BANK IN THE CLIMATE INVESTMENT FUNDS (CIF'S)

July 2010

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List of Acronyms

ADB	Asian Development Bank
AfDB	African Development Bank
CCAP	Climate Change Action Plan
CEIF	Clean Energy Investment Framework
CIF	Climate Investment Funds
CRMA	Climate Risk Management and Adaptation strategy
CSP	Concentrating Solar Power
CTF	Clean Technology Fund
EBRD	European Bank for Reconstruction and Development
FFCO	AfDB Financial Department
FIP	Forest Investment Program
FPA	Financial Procedures Agreement
GECL	AfDB Legal Department
GEF	Global Environmental Facility
GHG	Greenhouse gas
IADB	Inter-American Development Bank
IFC	International Finance Corporation
IP	Investment Plan
IPCC	Intergovernmental Panel on Climate Change
IPP	Independent Power Producer
MDB	Multilateral Development Bank
OINF	AfDB Public Sector Department
OPSM	AfDB Private Sector Department
OSAN	AfDB Agriculture and Agro-industry Department
OSUS	AfDB Gender, Climate, and Sustainable Development Unit
OWAS	AfDB Water and Sanitation Department
PPCR	Pilot Program for Climate Resilience
REDD	Reducing Emissions from Deforestation and Degradation
RMC	Regional Member Country
SCF	Strategic Climate Fund
SREP	Small-Scale Renewable Energy Program
TFC	Trust Fund Committee
TORs	Terms of Reference
UNFCCC	United Nations Framework Convention on Climate Change
WB	World Bank

Executive Summary

The purpose of this Memorandum is to inform the Board on the work so far developed by the Bank under the Climate Investment Funds (CIF's) and to seek Board of Directors' approval of the two Financial Procedures Agreements to be entered into by and between the AfDB and the IBRD acting as the Trustee of the Trust Fund for the Clean Technology Fund and of the Trust Fund for the Strategic Climate Fund, drafts of which are attached hereto.

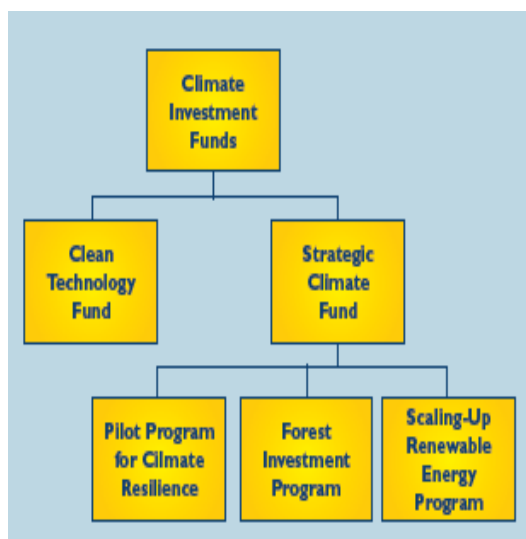
The Climate Investment Funds (CIF) are a unique set of financing instruments designed to initiate transformational change towards low-carbon and climate-resilient development through scaled-up financing channeled through the Multilateral Development Banks (MDBs), including the African Development Bank.

Recognizing that poverty reduction, economic growth and climate change must be addressed together, the CIF were agreed in 2008. The aim is to blend funding for climate solutions with other MDB, national and private sector development resources, thereby leveraging substantial additional funds.

Recognizing the imperative of climate change deliberations underway in the UN Framework Convention on Climate Change (UNFCCC), the CIF were designed as an interim measure to strengthen the global knowledge base for low-carbon and climate-resilient growth solutions.

The two CIF funds are the **Clean Technology Fund (CTF)**, financing scaled-up demonstration, deployment and transfer of low-carbon technologies for significant greenhouse gas (GHG) reductions within country investment plans; and the **Strategic Climate Fund (SCF)**, financing targeted programs in developing countries to pilot new climate or sectoral approaches with scaling-up potential (diagram 1) . As of March 2010, CIF pledges amounted to \$6.1 billion as indicated in table 1.

Diagram and Table 1. CIF Funds and CIF Contributions (from March 2010).



Donor	Contr. Type	CTF (US\$eq)	SCF (US\$eq)	Total pledges
Australia	Grant	91	46	137
Canada	Grant		96	96
Denmark	Grant		24	24
France	Loan	274		274
Germany	Loan/Grant	674	67	741
Japan	Grant	992	198	1,190
Netherlands	Grant		73	73
Norway	Grant		177	177
Spain	Capital	108		108
Sweden	Grant	83		83
Switzerland	Grant		20	20
United Kingdom	Capital	583	629	1,212
United States	Grant	1,492	508	2,000
Total pledges		4,297	1,838	6,135

1. The Clean Technology Fund: overview and Bank's activities

The CTF's **main purpose is** to finance demonstration, deployment and transfer of low carbon technologies with significant potential for GHG emissions savings. CTF resources amount to approximately **\$5 billion** pledged by different donors (Australia, France, Germany, Japan, Spain, Sweden, United Kingdom, and the United States) to be used as concessional financing in order to help countries buy down costs of public and private sector investments in low carbon development.

As of March 2010, the Trust Fund Committee had endorsed investment plans (IPs) for Colombia, **Egypt**, Indonesia, Kazakhstan, **MENA CSP**, Mexico, **Morocco**, Philippines, **South Africa**, Thailand, Turkey, Ukraine and Vietnam. The Nigeria Investment Plan is expected to be presented for approval in November 2010. A summary of the Investment Plans of the Bank's RMC's is presented in Annexes 1 to 5. These investment plans are the outcome of joint in-country work with all the relevant MDB's engaged.

Total CTF and AfDB's CTF allocations for work to be done in African countries are expected to be as follows (table 2).

Table 2. Total CTF and AfDB's CTF allocations.

Country	Total CTF allocated amount (Million US\$)	Allocated amount to the ADB (Million US\$)	Sector	Comments
Egypt	300	50	<ul style="list-style-type: none"> • Energy • Transport 	Approved March 2009
Morocco	150	50	<ul style="list-style-type: none"> • Transport • Energy 	Approved October 2009
South Africa	500	175	<ul style="list-style-type: none"> • Energy 	Approved October 2009
Middle East and North Africa region (Algeria, Egypt, Libya, Morocco, Tunisia)	750	250	<ul style="list-style-type: none"> • Concentrated Solar Power 	Approved November 2009
Nigeria	200	100	<ul style="list-style-type: none"> • Transport • Energy 	Not yet approved. Planned for Trust Fund presentation in November 2010
Total amount (million US\$)	1900	625	-	-

The total approved (or under preparation) CTF funding of \$1.9 billion as shown in the above table will be provided mainly in the form of concessional loans. Limited grant funding is possible for technical assistance and project preparation. Equity and subordinated debt are also available for private projects where the capital base needs strengthening. The funds will be channeled from the CTF Trustee (see Annex 6) to AfDB and disbursed together with AfDBs own lending to each project. Projects will therefore receive a blend of funds from the MDBs own lending windows together with the concessional CTF tranche. The Multilateral

Development Banks (MDBs) are responsible for carrying out their usual upfront due diligence on the project followed by financial closing, disbursement and supervision of the blended loan. The costs to the MDBs for preparing the IPs are a reimbursable expense.

As of March 2010, the following projects developed in accordance with each country CTF Investment Plan had been approved:

- Turkey Private Sector Renewable Energy and Energy Efficiency Project (World Bank) \$100 million CTF with \$500 million IBRD loan, \$550 million leveraged private sector lending;
- Turkey Private Sector Sustainable Energy Financing Facility (European Bank for Reconstruction and Development) \$40 million CTF with \$160 million EBRD loan;
- Turkey Commercializing Sustainable Energy Finance Program (International Finance Corporation) \$20 million CTF with \$100 million IFC loan;
- Mexico Private Sector Wind Development (Inter-American Development Bank/International Finance Corporation) \$15.6 million CTF leveraging \$120 million;
- Mexico Renewable Energy Program (Inter-American Development Bank) \$50 million CTF leveraging \$700 million;
- Mexico Urban Transport Transformation Program (World Bank) \$200 million CTF leveraging \$2 billion;
- Egypt Wind Power Development Project (World Bank) \$150 million CTF leveraging \$195 million.

2. The Strategic Climate Fund: overview

The SCF is an overarching fund uniquely designed to support developing countries in their efforts to achieve climate-resilient, low carbon development. The SCF's structure is built on a series of targeted programs with dedicated funding to pilot new approaches to climate action, each with potential for scaled-up, transformational action aimed at a specific climate change challenge or sectoral response.

3. The Strategic Climate Fund: target programs and Bank's activities

The Pilot Program for Climate Resilience (PPCR)

PPCR is designed to support countries as they undertake scaled-up climate action and transformational change by integrating climate resilience in their national development planning: PPCR helps countries build on their National Adaptation Programs of Action and helps fund public and private sector investments identified in climate resilient development plans. Current PPCR resources amount to approximately **\$615 million**.

PPCR is at work in nine pilot countries (Bangladesh, Bolivia, Kingdom of Cambodia, **Republic of Mozambique**, Nepal, **Republic of Niger**, Republic of Tajikistan, Yemen, and **Zambia**) and two regional programs (Caribbean and South Pacific).

Current status of Bank's activities: the equivalent to the CTF's investment plan for PPCR (called phase 1 strategic proposals) has been approved for Zambia and the second joint mission aimed at advancing the preparation of specific projects/investments is planned for July (see

summary of phase 1 proposal in Annex 7). The phase 1 proposal for Mozambique was presented and approved by the PPCR Sub-Committee June 23rd and it outlines preparatory work to be done in preparation for the Strategic Program for Climate Resilience (the SPCR will outline the priority sectors and regions of intervention for the second phase of the PPCR). It is envisaged that these preparatory studies will be conducted in the next 3 to 6 months with grant funding worth US\$1.5 million. As far as the Republic of Niger is concerned, the first joint mission to initiate discussions with the relevant Government and non-Governmental stakeholders is happening in June/July.

The Forest Investment Program (FIP)

The FIP is designed to significantly increase investments to help countries reduce greenhouse gas emissions from deforestation and forest degradation (REDD), and promote improved sustainable management of forests, leading to emission reductions and the protection of carbon reservoirs. FIP is also a vehicle to build on experience and create new means for broad-scale sharing of knowledge on REDD. Current FIP resources amount to approximately **\$558 million**.

At the Sub-Committee meeting in March 2010, the FIP Sub-Committee approved the following countries to become pilots under FIP: **Burkina Faso, Ghana**, Indonesia, Laos and Peru. Recognizing that the current level of pledged financing available for the FIP has increased the FIP Expert Group proposed a list of six additional pilots countries, in priority order and at the Sub-Committee meeting in June 2010, three additional pilot countries were selected: Brazil, **Democratic Republic of Congo** and Mexico.

Current status: the terms of reference (TOR's) for joint MDB missions are under preparation.

The Scaling Up Renewable Energy Program in Low Income Countries (SREP)

SREP is a unique program that aims at demonstrating in a small number of low income countries how to initiate energy sector transformation by helping them take renewable energy solutions to a national programmatic level. It aims to achieve widespread deployment and assist transformation in government policy, barrier removal and availability of capital and revenue funding through an inclusive process engaging all stakeholders. Current SREP resources amount to approximately **\$300 million**.

At the Sub-Committee meeting in June 2010, the SREP Sub-Committee approved the following countries to become pilots under FIP: **Ethiopia**, Honduras, **Kenya**, Maldives, **Mali**, Nepal.

Current status: Operational guidelines and financing modalities are currently under revision after the June SREP Sub-Committee meeting. It is expected that they will be approved within the next 2 to 3 months and that the preparatory work for the joint missions can start.

Table 3. SCF Summary Table

SCF Funds	Pilot countries	Status
PPCR	Mozambique, Niger and Zambia	Total pledges of \$615 million to finance work in 9 countries. Zambia phase 1 proposal approved and phase 2 proposal under preparation. Mozambique phase 1 approved. Niger phase 1 proposal under preparation.
FIP	Ghana and Burkina Faso	Total pledges of \$558 million to finance work in 8 countries. Joint missions are under preparation
SREP	Ethiopia, Kenya and Mali	Total pledges of \$300 million to finance work in 6 countries.

The substantial benefits to the involvement of the Bank in the CIF's (as a participating MDB) can be summarized as follows:

- The objective of the CIFs to support GHG reducing projects with strong developmental impacts and transformational effects and support developing countries in their efforts to achieve climate resilient development is fully consistent with the Bank's strategy to promote sustainable and environment-friendly development in its member countries as established in the both the Clean Energy Investment Framework (CEIF) and Climate Resilience Management and Adaptation (CRMA) Strategy. In addition, the CIF's are one of the key instruments the Bank is and will be using for mobilizing concessionary resources to deliver on its Climate Change Action Plan.
- The projects selected by the Bank will benefit from concessional funding thus allowing projects to be implemented that might otherwise be cancelled or delayed.
- The Bank is contributing to the determination of key environmental strategies and policies in a globally significant program.
- The Bank will be able to build its own capability and understanding in key areas such as renewable energy, energy efficiency, transportation, carbon emissions reduction credits, adaptation and climate resilience.
- Administrative costs linked to CIF's work and incremental costs linked to investment plan and projects preparation are reimbursable.

Next Steps:

- Approval of CTF and SCF Financial Procedures Agreements (FPA's);
- Establishment of a Task Force to prepare the detailed AfDB's CIF operational guidelines;

- Scale-up engagement in CTF's and PPCR's project development, approval and implementation;
- Engagement in preparatory work activities for FIP and SREP;
- Continuous, consistent and relevant engagement at the joint MDB coordination level.

Responses to Comments made by OpsCom:

- **Governance structures:** clarify administrative arrangements being made, who the set beneficiaries are and who is qualified to benefit from the fund.
- Define M&E responsibility for the fund.
- Clarity and linkage of the CIF to the other 'big climate change funds' needs to be provided.

Answers:

Country Access to the CIF's

Each Program (CTF, PPCR, FIP and SREP) is designed to respond to particular opportunities in terms of climate change adaptation and mitigation faced by specific groups of countries. Based on information provided by the MDB's, Government Authorities need to submit a formal Expression of Interest to the CIF Administration Unit in order to be able to qualify for access to the Funds. In parallel, an Expert Group is established for each Fund whose main objective is to provide recommendations to the CTF and SCF Sub-Committees on the list of pilot countries to be selected. The MDB's and other stakeholders are engaged in this selection process and have the opportunity to provide inputs in terms of the criteria to be used in the selection and other factors to have into consideration.

Monitoring and Evaluation

Each MDB shall report annually to the CTF Trust Fund Committee for monitoring and evaluation conducted by the MDB in accordance with its procedures. An independent evaluation of the operations of the CIF's and the impacts of its activities will be carried out jointly by the independent evaluation departments of the MDBs after three years of operations. Such evaluation will be based on the scope and reporting criteria agreed with the CIF's Governing Bodies.

Linkage of the CIF to the other 'big climate change funds'

The CIF were designed as an interim measure to strengthen the global knowledge base for low-carbon and climate-resilient growth solutions. However, they are being considered by some donors and MDB's as a potential future mechanism to channel part of the other 'big climate change funds'.

- **Processing:** Clarity on processes leading towards Board approval.

Answer:

Processes leading towards Board approval

A proposed program or project, developed pursuant to the investment plan, will be submitted by the relevant MDBs, prior to its appraisal, to the CIF Governing Bodies for approval of allocation of resources. The further processing of a program or project will follow the MDB's policies and procedures for appraisal, and MDB's Board approval and supervision. At AfDB the clearing processes prior to Board approval would be through OpsCom, followed by the Trust Fund Committee then to the Board.

- **CIFs for LICs:** In the development of the Bank's alternative instruments that benefit LICs, the team should:
 - Clearly articulate the challenges currently being faced and the lessons of experience;
 - Highlight why the current mechanism is not working to benefit Africa;
 - Advise senior management on how to manage the Bank's climate change instruments.

Answers:

Challenges currently being faced and the lessons of experience on Renewable Energy

The need to ramp up modern energy use in low income countries coupled with the availability of exceptional renewable energy resources provide a fertile opportunity to help countries develop a renewable energy base that will allow them to leap-frog into a new pattern of energy generation and use. Increased financing is vital to catalyze such a transformative use of renewable energy. Such resources are needed to overcome the challenges to achieving this potential, including:

a) weak enabling environments: Few low income countries have in place an enabling environment necessary to promote renewable energy. It is necessary, therefore, to create an enabling environment by establishing the necessary policy, legal, regulatory and economic frameworks, reduce barriers to investment, improve access to knowledge, and strengthen institutional capacities. These steps help reduce risks and transactions costs, and thereby encourage renewable energy investment.

b) lack of access to capital: there is a funding gap for renewable energy as commercial lenders perceive such investments as too risky. The capital costs of renewable energy investments further exacerbates the problem. When there are capital constraints, the tendency is to favor projects that may have lower upfront capital intensity;

c) need to engage public and private sector. The private sector is a critical partner, and it can be most effective in scaling up renewable energy investments if an enabling environment exists. This underscores the important role of the public sector in setting the policy and regulatory framework for private sector interventions and contributing to investments in the early stages of a transformative program.

d) lack of affordability: even with increased access to investment resources, many potential customers may have limited financial resources to make energy purchases at a scale needed to make renewable energy businesses financially viable. Long-term commercial viability is a prerequisite for sustainable and affordable energy services.

Why the current mechanism are not working to benefit Africa

Because they have not been very effective at addressing the challenges mentioned before. In addition, effective mechanisms that promote the adoption within an appropriate time frame, of supportive regulatory structures and institutions (including agencies to promote/utilize renewable energy) are needed. This could include policies and regulations promoting renewable energy, such as feed-in tariffs, tax incentives, subsidies, concessional financing, renewable portfolio standards, policies that support private sector participation and public-private partnerships. This can also include availability, or willingness to develop, local capacity along the renewable energy supply chain, including manufacturing, training, and operations and maintenance. In addition, effective mechanisms that promote capacity for implementation, including a business friendly environment and sufficient institutional capacity are also needed. This can include a track record of renewable energy projects completed or initiated with participation of private sector, previous experience implementing and using renewable energy technologies, capacity for operating and maintaining renewable energy systems.

The CIF's intend to pilot and demonstrate, as a response to the challenges of climate change, the economic, social and environmental viability of, for example, renewable energy in low income countries by creating new economic opportunities and increasing energy access through the use of such energy sources.

Advise senior management on how to manage the Bank's climate change instruments

In a coordinated, integrated and simplified manner to reduce transaction costs and achieve higher impact.

1.0 GOVERNANCE AND IMPLEMENTATION ARRANGEMENTS: AN OVERVIEW

The governance and organizational structure of the CIF's two Trust Funds, the Clean Technology Fund (CTF) and the Strategic Climate Fund (SCF), include a Trust Fund Committee, a Partnership Forum, a MDB Committee, an Administrative Unit and a Trustee. The Administrative Unit, MDB Committee and Trustee are shared by both Trust Funds. Each Fund has its own Trust Fund Committee, and the SCF designates Sub-Committees to govern each of the targeted programs. Each Trust Fund Committee and Sub-Committee is composed of equal representation by contributor countries and recipient countries. **Decisions by the CTF and SCF Trust Fund Committees are made by consensus of its decision making Members.**

CIF stakeholders include the Multilateral Development Banks, UN and UN agencies, Global Environment Facility (GEF), UN Framework Convention on Climate Change (UNFCCC), Adaptation Fund, Bilateral Development Agencies, Non-Governmental Organizations, Indigenous Peoples, Private Sector Entities, and Scientific and Technical Experts.

Country Access to the Funds: Based on information provided by the MDB's, Government Authorities need to submit a formal Expression of Interest to the CIF Administration Unit in order to be able to qualify for access to the Funds. In parallel, an Expert Group is established for each Fund whose main objective is to provide recommendations to the CTF and SCF Sub-Committees on the list of pilot countries to be selected. The MDB's and other stakeholders are engaged in this selection process and have the opportunity to provide inputs in terms of the criteria to be used in the selection and other factors to have into consideration.

Investment Approval Process: Each MDB remains accountable to its governing body and will therefore apply its own policies and procedures in project and program preparation, approval, and implementation. Activities financed by the CIF are grounded in country-led and owned development strategies, consistent with the MDBs' own policies and procedures, and in support of the Paris Declaration focus on country ownership.

Operating Modalities: Investment plans agreed between the countries and the MDBs determine the strategy and sectors where CIF resources will be deployed. The IPs are submitted by the MDBs to the Trust Fund Committees for approval and to facilitate prioritization of the pipeline of projects. Subsequently, a proposed program or project developed pursuant to the IP is submitted to the Trust Fund Committee for approval prior to appraisal of the project. A key feature of the CIF will be the joint programming by the World Bank with the relevant regional development banks and coordination with other development partners at the country level.

Financial Instruments: The funds are disbursed as grants, highly concessional loans, equity for private projects and/or risk mitigation instruments and will be administered through the multilateral development banks and the World Bank Group for quick and flexible implementation of country-led programs and investments. Developing countries will have an equal voice with MDBs in the governance structures of the funds, and decisions on the use of funds will be made by consensus.

Role of Trust Fund Committees: The CTF and SCF Trust Fund Committees approve programming and project priorities, endorse further development of activities in investment plans for trust fund financing, approve trust fund financing for programs, projects and administrative budgets, and ensure monitoring and periodic independent evaluation of performance. For the Strategic Climate Fund, the Trust Fund Committee has also the function of approving the creation of new programs.

Details on the Governance Frameworks for the Clean Technology Fund and Strategic Climate Fund are presented in Annexes 6 and 6.a).

2.0 THE CTF IN MORE DETAIL

A key feature of the CTF is its ability to blend financing to tailor terms to a target level of subsidy, which varies depending on project-specific factors. While MDBs are ready to provide additional lending for projects and programs related to the Millennium Development Goals and global public goods (such as climate change mitigation activities), governments are reluctant to borrow on non-concessional terms for projects and programs that generate little additional revenue. Concessional forms of finance can help unlock demand for the financing of such projects and programs. Blending CTF resources and multilateral development bank loans can augment the volume of financing available, better tailor financing costs to needs, with the degree of subsidy calibrated to achieve transformative investments which would otherwise not proceed.

CTF provides the MDBs with a menu of blending options to accommodate different needs of client countries and program interventions. CTF can co-finance MDB non-concessional loans or provide additional financing of new components within ongoing investment lending operations, on concessional terms. Resources from the CTF thereby increase the subsidy and reduce the cost of the overall financing for relevant projects. The development of such co-financing arrangements is relatively low-cost when fully embedded in the project preparation and supervision process.

Role of the Private Sector in CTF

As the foundation of economic growth, the private sector has a significant role to play in climate change mitigation and adaptation. In pursuing a strategy that will combine public sector reform and private sector actions, the CTF seeks to provide incentives necessary to engage the private sector in achieving the objectives of the Fund. Recognizing that funding structures for engaging the private sector will need to be different to the structures applied for public sector projects, a business model for private sector engagement is a key part of the CTF process.

Demonstration, replication, scale-up: Private sector CTF projects are used to address two primary market challenges: a) a dichotomy between perceived risks and real risks; and b) the disincentive for private investors created by the high costs associated with being a first mover in a new market. In both cases, private investors are discouraged from entering a new sector on their own. CTF seeks therefore to achieve scale-up (a significant proliferation of the types of projects being supported - without a subsidy) by demonstrating, and creating a track record with a few initial investments. Once the private sector can assess the real market risks, and the costs

of the new technology decrease, replication should lead to a subsequent scale-up and further cost reduction.

Investment Plans for Africa

In collaboration with the World Bank Group; the Private Sector Department of the Bank has taken the lead on identifying projects that comply with the CTF criteria. The following Investment Plans have been prepared for consideration by the Trust Fund Committee.

Table 5. Investment Plans for Africa

Country	Total CTF allocated amount (Million US\$)	Sector	Comments
Egypt	300	<ul style="list-style-type: none"> • Energy • Transport 	Approved March 2009
Morocco	150	<ul style="list-style-type: none"> • Transport • Energy 	Approved October 2009
South Africa	500	<ul style="list-style-type: none"> • Energy sector 	Approved October 2009
Middle East and North Africa region (Algeria, Egypt, Libya, Morocco, Tunisia)	750	<ul style="list-style-type: none"> • Concentrated Solar Power 	Approved November 2009
Nigeria	200	<ul style="list-style-type: none"> • transport • energy 	Not yet approved. Planned for Trust Fund presentation in November 2010

Progress and Next Steps

Following the approvals of the Investment Plans by the Trust Fund Committee, for which both the public and private sectors will be responsible for appraisal and implementing approximately 1/3 of the program, the bank is advancing on discussions held with various developers whose projects were identified as eligible for CTF financing during the preparatory missions.

Table 6. Tentative project preparation planning

CTF INVESTMENT PLAN ALLOCATION BY COUNTRY AND PROGRESS			
Country	Project	Notional CTF allocation for specific projects (Million US\$)	Key Milestones
Egypt	Egypt: Public-Private Partnership for Wind Commercialization Implemented by: (AfDB/IFC)	50	AfDB: Golf El-Zeytt wind Farm is currently under restructuring in collaboration with NREA, the Private developer and the AfDB. Concept Note expected in September 2010. Appraisal of the project will be in 2011. IFC: A programmatic approach involving other wind farms together with the wind farms specifically

			mentioned in the investment plan is being considered.
Morocco	<ul style="list-style-type: none"> • OCP slurry Pipeline • Tarfaya wind farm <p>Implemented by: AfDB</p>	50	<ul style="list-style-type: none"> • Slurry Pipeline: currently OPSM preparing a line of credit for the project company OCP <p>Project Concept Note review: May 2010</p> <ul style="list-style-type: none"> • Tarfaya wind farm; only waiting for the announcement of winner of bids <p>Project Concept Note Review: September 2010</p>
South Africa	<p>Wind energy Solar Thermal /CSP</p> <p>Implemented by: AfDB</p>	175	<p>The allocation is for both Public and private sector</p> <ul style="list-style-type: none"> • Public sector: mainly Eskom and CSP projects • Private Sector: Wind farm and CSP projects developed by the private Developers. PCNs planned for October 2010
Middle East and North Africa Region	<p>Concentrated Solar power</p> <p>Implemented by: AfDB</p>	250	<p>The Trust Fund has approved the IP and Bank to undertake preparation missions in 2010, in coordination with WBG.</p>

3.0 FINANCIAL PROCEDURES AGREEMENT FOR CTF AND SCF

Financial Procedures Agreements have been negotiated between the MDBs, who will be implementing entities, participating in the CTF and SCF and the IBRD acting as the Trustee for the CTF and SCF Trust Funds. The Financial Procedures Agreement (“FPA”) with the AfDB of both the CTF and SCF has been reviewed internally and is hereby submitted for approval by Board of Directors, so as to be signed between the AfDB and the IBRD.

The FPA’s govern the arrangements for the commitment and transfer of CTF and SCF Trust Fund resources to the Implementing Entity and the administration and use of such resources by the Implementing Entity. Specifically, among other, it includes provisions on: (i) the administration of the CTF and SCF Trust Funds by the AFDB, (ii) the commitment of funds by the Trustee; (iii) the transfer of funds by the Trustee to the AfDB; (iv) the use of funds by the AfDB; (v) disbursement of funds; (vi) principal repayment; (vii) and investment income.

All relevant departments in the Bank (GECL, FFCO, OIVP, OINF, OPSM, OSAN, OSUS) were involved in the negotiation of the FPAs.

4.0 FY11 CTF AND SCF BUDGETS

Implementation of CIF funded programs and projects is the joint responsibility of the MDBs. Technical and country program units in the MDBs will work with institutions and counterparts in recipient countries to prepare strategic programs or investment plans for use of CIF resources. The incremental costs that the MDBs will incur in supporting these activities would be covered under the proposed preparation CIF budget.

The CIF Trust Fund Committees (TFCs) review and approve the Climate Investment Funds Budget as presented in the CIF Budget Paper. For FY09, FY10 and FY11, the Committee noted that the proposed CIF budget had been prepared to reflect the understanding that “compensation for administrative services and project related activities will be on the basis of full cost recovery for the entities, but should be guided by the principles of value for money, reasonableness and transparency”.

The tables below show a summary of estimated expenditures for FY09 and FY10 and proposed FY11 budget for MDB Administrative Services (\$'000) and the breakdown of the budget into the various categories.

Table 7. Summary of FY09, FY10 Estimated Expenditures and Proposed FY11 Budget for MDB Administrative Services (\$ '000)

	CTF		SCF		Total	
	FY09 Annual Equivalent*	FY10 Estimate	FY09 Annual Equivalent*	FY10 Estimate	FY09 Annual Equivalent*	FY10 Estimate
ADB	404.1	359.3	260.1	409.8	664.2	769.1
AfDB	367.5	326.7	361.4	441.2	728.9	768.0
EBRD	364.0	343.8	-	59.2	364.0	403.0
IADB	426.1	409.5	354.3	417.5	780.4	827.0
IFC	276.2	501.7	94.4	296.5	370.6	798.1
WB	486.2	532.7	97.4	1,156.6	583.6	1,689.2
TOTAL	2,324.1	2,473.6	1,167.6	2,780.8	3,491.7	5,254.4

	CTF		SCF		TOTAL	
	FY10 Revised Budget	FY11 Proposed Budget	FY10 Revised Budget	FY11 Proposed Budget	FY10 Revised Budget	FY11 Proposed Budget
ADB	270.8	329.7	322.1	462.8	592.9	792.6
AFDB	281.4	243.6	442.1	598.5	723.5	842.1
EBRD	343.8	365.8	59.2	248.5	403.0	614.3
IADB	469.1	307.8	357.7	591.2	826.8	899.0
IBRD	521.4	525.6	773.6	1,432.5	1,295.0	1,958.1
IFC	479.2	546.9	192.0	305.2	671.2	852.1
Total	2,365.7	2,319.4	2,146.7	3,638.8	4,512.4	5,958.2

Table 8. Proposed FY11 Budget for MDB Administrative Services by SCF Program (\$ '000)

	PPCR		FIP		SREP		TOTAL	
	FY10 Revised Budget	FY11 Proposed Budget	FY10 Revised Budget	FY11 Proposed Budget	FY10 Revised Budget	FY11 Proposed Budget	FY10 Revised Budget	FY11 Proposed Budget
ADB	142.6	209.3	89.8	126.7	89.8	126.7	322.1	462.8
AFDB	224.7	224.7	118.1	186.9	99.2	186.9	442.1	598.5
EBRD	41.9	98.1	17.3	75.2	-	75.2	59.2	248.5
IADB	128.1	191.1	135.0	187.1	94.6	213.0	357.7	591.2
IBRD	358.9	516.2	236.2	495.0	179.5	421.3	773.6	1,432.5
IFC	89.5	88.3	42.8	108.5	59.8	108.5	192.0	305.2
Total	985.7	1,327.7	638.1	1,179.5	522.9	1,131.6	2,146.7	3,638.8

Table 9. Estimated FY11 Expenditures and Proposed Budgets for MDB Administrative Services by MDB and Service Category (\$ '000)

CTF									
	ADB	AFDB	EBRD	IADB	IBRD	IFC	Total	Total Staff weeks	Total Cons Weeks
1. Internal outreach and integration of CIF in MDB policies, procedures and systems	142.3	28.4	75.1	123.0	266.2	212.5	946.4	122.0	61.9
2. CIF operational reporting	34.9	47.3	53.3	51.5	69.0	17.6	273.6	56.0	13.2
3. Participation in CIF committees and fora	84.0	94.5	137.3	88.1	110.2	102.4	616.5	83.0	10.0
4. Financial management and relations with the CIF Trustee	68.5	73.5	100.1	45.2	81.2	214.4	582.9	112.6	27.6
Total	329.7	243.6	365.8	307.8	525.6	546.9	2,319.4	353.5	112.7

SCF									
	ADB	AFDB	EBRD	IADB	IBRD	IFC	Total	Total Staff weeks	Total Cons Weeks
1. Internal outreach and integration of CIF in MDB policies, procedures and systems	211.8	85.1	60.5	188.8	643.6	55.8	1,243.5	192.5	119.8
2. CIF operational reporting	69.4	104.0	25.9	79.2	163.6	23.5	465.6	78.0	28.0
3. Participation in CIF committees and fora	117.0	226.8	156.5	142.1	426.2	194.2	1,261.7	120.5	19.0
4. Financial management and relations with the CIF Trustee	64.6	182.7	5.8	183.2	200.1	31.7	668.0	118.5	31.2
Total	462.8	598.5	248.5	591.2	1,432.5	305.2	3,638.8	509.5	197.9

The FY11 CIF budgets are based on the estimated expenditures for activities that the Trustee, the Administrative Unit and the WBG + EBRD, IDB, AsDB and AfDB plan to undertake during the period July 1, 2010 to June 30, 2011 to help CIF reach its business development targets and deliver its work program.

Upon execution of the FPA, the administrative budgets for the FY'09 and FY'10 which have been allocated by the TFC to each Implementing Entity, will be disbursed to cover administrative and other costs incurred in connection with the performance of its administrative services and other activities in support of the CTF.

For missions carried out to prepare IPs for the various countries, a budget was prepared for each country. Table 10 below shows the amount approved for each country.

Table 10. Approved amount for missions preparation of CTF Investment Plans

Country	Budget allocation/IP US\$	Comments
Egypt	43,500	Disbursement of spent amount will transferred to the Bank upon signature of the Financial Partnership Agreement
Morocco	43,500	Disbursement of spent amount will transferred to the Bank upon signature of the Financial Partnership Agreement
South Africa	57,000	Disbursement of spent amount will transferred to the Bank upon signature of the Financial Partnership Agreement
Middle East and North Africa Region	147,450	Disbursement of spent amount will transferred to the Bank upon signature of the Financial Partnership Agreement
Nigeria	57,000	Disbursement of spent amount will transferred to the Bank upon signature of the Financial Partnership Agreement
Total	348,450	Total allocated budget for the preparation of IP

In addition to the administrative and IP preparation cost, each Implementing Entity also incurs expenses for project preparation, appraisal and supervision. These costs will be recouped through a "fee charge" based on the overall project cost. Additionally, each MDB is also allowed \$75,000 for audit of each of the funds.

FINANCIAL PROCEDURES AGREEMENT

between

African Development Bank

and

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

as Trustee of

THE TRUST FUND FOR THE CLEAN TECHNOLOGY FUND

, 2010

FINANCIAL PROCEDURES AGREEMENT

FINANCIAL PROCEDURES AGREEMENT (hereinafter the “Agreement”), dated as of _____, 2010 made between the International Bank for Reconstruction and Development (the “World Bank”) as trustee (the “Trustee”) of the Trust Fund for the Clean Technology Fund (the “CTF”)(the “CTF Trust Fund”), and the African Development Bank as implementing entity of the CTF (the “Implementing Entity” or “IE”);

PREAMBLE

WHEREAS (A) the World Bank, in consultation with the other MDBs, developed and developing countries and other development partners, proposed to establish the CTF as one of the two strategic funds under the Climate Investment Funds (CIF) along with the Strategic Climate Fund (SCF);

WHEREAS (B) following the approval by the Executive Directors of the World Bank of the establishment of the CTF Trust Fund on July 1, 2008, the Governance Framework for the CTF (the “CTF Governance Framework Document”) was adopted at the joint meeting of the Trust Fund Committees for CTF and SCF on November 18, 2008, held in Washington, D.C., the United States of America;

WHEREAS (C) pursuant to the terms of the CTF Governance Framework Document, the World Bank serves as Trustee for the CTF Trust Fund and, in its capacity as the Trustee, has established the CTF Trust Fund to receive contributions from contributors to the CTF Trust Fund;

WHEREAS (D) the Implementing Entity wishes to access to CTF Trust Fund resources in accordance with the terms of this Agreement, including the CTF Governance Framework Document; and

WHEREAS (E) the Trustee and the Implementing Entity now desire to enter into this Agreement relating to the arrangements for the commitment and transfer of CTF Trust Fund resources to the Implementing Entity and the administration and use of such resources by the Implementing Entity.

NOW, THEREFORE, the Trustee and the Implementing Entity hereby agree as follows:

1. INTERPRETATION

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

“Administrative Budget” means the amount allocated, from time to time, to the Implementing Entity by the CTF Trust Fund Committee (or in the case of the Country Programming Administrative Budget and the Special Administrative Budget where the expenditures for the special activities or initiatives are to be incurred by more than one MDB, by the MDB Committee based on the authority granted by the CTF Trust Fund Committee) as administrative budget to cover administrative and other costs incurred by the Implementing Entity in connection with the performance of its administrative services and other activities in support of the CTF (other than the costs covered by Project Administration Fees or any fees received by the Implementing Entity from any Project Recipient), and may comprise: (i) Core Administrative Budget; (ii) Country Programming Administrative Budget; and (iii) Special Administrative Budget (each as the “Sub-category of the Administrative Budget”);

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

“Authorized Officer” means a person who is authorized to sign in the name and on behalf of the Implementing Entity for the purposes of this Agreement;

“Business Day” means a day on which the headquarters of the World Bank and the Implementing Entity are open for regular business;

“Cancelled Funds” means any cancelled amount of the CTF funding from the CTF Projects, Project Administration Fees or Administrative Budget, which the Trustee has committed pursuant to Section 3.1 below;

“Cash Transfer Request for Administrative Budgets” means a request submitted by the Implementing Entity to the Trustee for the transfer of CTF Trust Fund funds to the IE CTF Trust Fund for any Sub-category of the Administrative Budget, which shall be substantially in the form attached to this Agreement as Annex F;

“Cash Transfer Request for CTF Projects” means a request submitted by the Implementing Entity to the Trustee for the transfer of CTF Trust Fund funds to the IE CTF Trust Fund for CTF Projects, which shall be substantially in the form attached to this Agreement as Annex C-1 or Annex C-2 (in the case of CTF Non-guarantee Projects), as may be appropriate, or Annex D (in the case of CTF Guarantee Projects);

“Cash Transfer Request for Project Administration Fees” means a request submitted by the Implementing Entity to the Trustee for the transfer of CTF Trust Fund funds to the Implementing Entity for Project Administration Fees, which shall be substantially in the form attached to this Agreement as Annex E;

“Core Administrative Budget” means the portion of the Administrative Budget allocated by the CTF Trust Fund Committee to the Implementing Entity during the Administrative Budget Fiscal Year (or such other period as may be approved by the CTF Trust Fund Committee) to cover the Implementing Entity’s administrative and other costs in connection with the performance of its administrative services and other activities during such period in support of the CTF, other than the costs covered by the Country Programming Administrative Budget and the Special Administrative Budget;

“Country Programming Administrative Budget” means the portion of the Administrative Budget allocated out of the Country Programming Budget Pool by the MDB Committee to the Implementing Entity;

“Country Programming Budget Pool” means the amount allocated by the CTF Trust Fund Committee as a budget pool to be made available to cover the administrative and other costs incurred by the MDBs in connection with their support to country programming of CTF resources, including preparation and development of, and reporting concerning, the Investment Plan, and from which pool the MDB Committee is authorized to make a further allocation to an individual MDB;

“CTF Guarantee Project” means any CTF Project, in respect of which the CTF funding is committed in the form of a guarantee;

“CTF Loan” means a loan made available by the Implementing Entity to a Project Recipient financed from the resources of the CTF Trust Fund;

“CTF Non-guarantee Project” means any CTF Project, in respect of which the CTF funding is committed in a form other than a guarantee, including for the avoidance of doubt, any CTF Loan;

“CTF Project” means that part of a project, program or activity, which is to be financed with funds from the CTF Trust Fund as approved by the CTF Trust Fund Committee, based upon the Proposal submitted by the Implementing Entity. For the avoidance of doubt, CTF Project also includes technical assistance activities, including those which are directly provided by the Implementing Entity and for which the Project Recipient does not receive funding from the Implementing Entity provided that the funding from the CTF Trust Fund for such technical assistance activities has been approved by the CTF Trust Fund Committee;

“CTF Trust Fund Committee” means the trust fund committee of the CTF established in accordance with the terms of the CTF Governance Framework Document;

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

“Financial Reporting Year” means January 1 through December 31 of each calendar year;

“IE CTF Trust Fund” means the trust fund or trust funds (and where applicable, its or their accounts) established and administered by the Implementing Entity to receive, hold in trust and administer CTF Trust Fund funds transferred to the Implementing Entity by the Trustee;

“Income” means any interest, fee, dividend or any other reflow of funds scheduled to be received by the Implementing Entity in respect of CTF Project in excess of the principal amount of the CTF funding provided by the Implementing Entity (including default interest charged by the Implementing Entity, if any), which is due to be returned to the CTF Trust Fund under the terms of the CTF funding approved by the CTF Trust Fund Committee. For the avoidance of doubt, Income does not include any Principal Repayment, or any Investment Income;

“Investment Income” means the investment income earned, if any, on the CTF Trust Fund funds transferred to the IE CTF Trust Fund. For the avoidance of doubt, Investment Income does not include: (i) any Income, including any interest or any other amount charged on CTF funding by the Implementing Entity to Project Recipients; or (ii) any income earned, if any, on the investment of CTF Trust Fund funds transferred as Project Administration Fees, but includes any income earned, if any, on the investment of CTF Trust Fund funds transferred as Administrative Budget unless exclusion of such income is approved by the CTF Trust Fund Committee;

“Investment Plan” means any investment plan prepared by the recipient country, in cooperation with the MDBs, pursuant to paragraph 14 of the CTF Governance Framework Document, to be submitted to the CTF Trust Fund Committee for endorsement of further development of activities for CTF funding;

“Letter of Commitment” means a letter from the Trustee to the Implementing Entity confirming the commitment of CTF Trust Fund funds to the Implementing Entity, which shall be substantially in the form attached to this Agreement as Annex A and shall include in its annex the relevant decisions of the CTF Trust Fund Committee approving the allocations of CTF Trust Fund funds and the currency of such approved allocations for which the Letter of Commitment is issued;

“Letter of Commitment Cancellation” means a letter from the Trustee to the Implementing Entity confirming the cancellation of the commitment of CTF Trust Fund funds to the Implementing Entity, which shall be substantially in the form attached to this Agreement as Annex B;

“MDBs” means the Implementing Entity and certain other multilateral development banks named in the CTF Governance Framework Document;

“MDB Committee” means the MDB committee established to facilitate collaboration, coordination and information exchange among the MDBs, comprising of representatives of the MDBs, in accordance with the terms of the CTF Governance Framework Document;

“Principal Repayment” means any repayment of principal of any CTF Loan or any other financial product provided by the Implementing Entity in respect of a CTF Project with the CTF Trust Fund resources, which is due to be returned to the CTF Trust Fund under the terms of the pertinent CTF funding approved by the CTF Trust Fund Committee. For the avoidance of doubt, Principal Repayment does not include any Unused Funds;

“Project Administration Fee” means the amount allocated to the Implementing Entity in accordance with the policies and decisions approved by the CTF Trust Fund Committee, if applicable, as a fee to cover the Implementing Entity’s costs in respect of services performed by the Implementing Entity in connection with managing the project cycle of any specific CTF Project. For the avoidance of doubt, Project Administration Fee does not include any fee received or due to be received by the Implementing Entity from the Project Recipient, and is not provided to cover any cost which is covered by such fees received by the Implementing Entity from any Project Recipient;

“Project Recipient” means any entity, which receives CTF funding from the Implementing Entity for any CTF Project under an agreement entered into with the Implementing Entity;

“Proposal” means any proposal submitted by, or on behalf of, the Implementing Entity to the CTF Trust Fund Committee seeking an allocation of resources from the CTF Trust Fund;

“Special Administrative Budget” means the portion of the Administrative Budget allocated to the Implementing Entity (where relevant, out of the Special Administrative Budget Pool) to cover the administrative and other costs incurred by the Implementing Entity in connection with the performance of any special activities or initiatives, which are in support of the CTF and approved by the CTF Trust Fund Committee to be funded by the CTF Trust Fund;

“Special Administrative Budget Pool” means the amount allocated by the CTF Trust Fund Committee as a budget pool to be made available to cover the administrative and other costs incurred in connection with the performance of any of the special activities or initiatives that are carried out by more than one MDB, where the allocation was made by the CTF Trust Fund Committee for the aggregate costs of all MDBs concerned for a further allocation by the MDB Committee to an individual MDB to carry out such activities or initiatives; and

“Unused Funds” means any undisbursed or unused funds from any CTF Project or Administrative Budget which: (a) the Trustee has committed pursuant to Section

3.1; and (b) are no longer due to be disbursed following completion of activities for which CTF funding was provided. For the avoidance of doubt, in the case of Core Administrative Budget, Unused Funds means any undisbursed or unused funds committed by the Trustee, which are no longer due to be disbursed for the activities carried out during the period for which the budget was provided.

Section 1.2. The CTF Governance Framework Document (as defined in the Preamble (b) of this Agreement) constitutes an integral part of this Agreement; provided that the Trustee shall not agree to any amendment to the terms of the CTF Governance Framework Document without the prior consent of the Implementing Entity (such consent not to be unreasonably withheld or delayed).

2. ADMINISTRATION OF THE IE CTF TRUST FUND BY THE IMPLEMENTING ENTITY

Section 2.1. The Implementing Entity shall establish and maintain the IE CTF Trust Fund, to receive, hold in trust and administer CTF Trust Fund funds (other than Project Administration Fees) transferred to it by the Trustee in accordance with the terms of this Agreement. In administering the IE CTF Trust Fund, the Implementing Entity shall maintain separate records and ledger accounts in respect of the CTF Trust Fund funds in the IE CTF Trust Fund and disbursements made therefrom. The Implementing Entity shall administer the CTF Trust Fund funds (including provision of CTF funding to Project Recipients), not personally or in its individual capacity, but solely in its capacity as administrator of the CTF Trust Fund funds transferred to it as implementing entity of the CTF.

Section 2.2. The Implementing Entity shall perform its functions as contemplated in the Agreement, and in the discharge of such functions, shall exercise the same degree of care as it exercises with respect to: (a) the administration of its own resources or any other funds administered by the Implementing Entity, for which the Implementing Entity acts as trustee; and (b) implementation of projects and activities using such resources. In administering the IE CTF Trust Fund and performing its functions in accordance with the terms of this Agreement, the Implementing Entity shall not be liable for any loss, costs, damages or other liability that may result from any act or omission on the part of the Implementing Entity other than any such loss, costs, damages or other liability caused by its gross negligence or willful misconduct.

3. COMMITMENT OF FUNDS BY THE TRUSTEE

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

(a) (i) Proposals for allocation of the CTF Trust Fund resources to the Implementing Entity for any CTF Project, Project Administration Fee or Administrative Budget or any amounts to be otherwise allocated to the Implementing Entity (except in the case referred to in (a) (ii) below) shall be submitted by the Implementing Entity to the CTF Trust Fund Committee pursuant to the terms of the CTF Governance Framework Document.

(ii) In case of the Country Programming Administrative Budget Pool, or the Special Administrative Budget Pool, the MDB Committee may, for the Implementing Entity and other MDBs concerned, submit to the CTF Trust Fund Committee for approval, a Proposal for the overall allocation of the CTF Trust Fund resources for the relevant Country Programming Administrative Budget Pool or Special Administrative Budget Pool.

(b) Upon approval of a Proposal by the CTF Trust Fund Committee and subject to the availability of resources in the CTF Trust Fund, the Trustee shall reserve the CTF Trust Fund funds in the amount approved by the CTF Trust Fund Committee (and allocated by the MDB Committee where relevant), to be made available for a commitment to the Implementing Entity by the Trustee pursuant to Sections 3.1(c) and (d) below. In case the Trustee has reserved funds under this Section for a CTF Project and/or Project Administration Fee and the Implementing Entity notifies the Trustee of the cancellation by the Implementing Entity of the CTF Project and/or Project Administration Fee in whole or in part prior to a commitment by the Trustee under Section 3.1(c) below, the Trustee shall release the amount of the CTF Trust Fund funds corresponding to such cancelled amount, which was previously reserved for such CTF Project and/or Project Administration Fee, so that the amount may be made available for allocation by the CTF Trust Fund Committee for other purposes.

(c) To the extent that the funds have been reserved under Section 3.1(b), the Trustee shall commit to the Implementing Entity the CTF Trust Fund funds as follows:

(i) For CTF Projects and Project Administration Fees, the Trustee shall, subject to the availability of resources in the CTF Trust Fund, commit CTF Trust Fund funds to the Implementing Entity in the amounts approved by the CTF Trust Fund Committee promptly following the notification of approval by the CTF Trust Fund Committee.

(ii) For the Core Administrative Budget and the Special Administrative Budget, the Trustee shall, subject to the availability of resources in the CTF Trust Fund, commit CTF Trust Fund funds to the Implementing Entity in the amount approved by the CTF Trust Fund Committee (and allocated by the MDB Committee where relevant) promptly following the approval by the CTF Trust Fund Committee (and the allocation by the MDB Committee following the approval by the CTF Trust Fund Committee, where relevant).

(iii) For the Country Programming Administrative Budget, the Trustee shall, subject to the availability of resources in the CTF Trust Fund, commit CTF Trust Fund funds to the Implementing Entity in the amount allocated by the MDB Committee promptly following this allocation.

(d) Commitment of CTF Trust Fund funds from the Trustee to the Implementing Entity under paragraphs Section 3.1(c) shall be confirmed, on a monthly basis (or such other agreed period) by means of a Letter of Commitment.

(e) If there are any Cancelled Funds or Unused Funds, the corresponding amount of the CTF Trust Fund funds committed by the Trustee (whether held by the Trustee, the Implementing Entity or the Project Recipient) shall be cancelled so as to offset such Unused Funds or Cancelled Funds. Such cancellation shall be made based on the information provided by the Implementing Entity to the Trustee under Section 11.2(d) below in respect of the Cancelled Funds, and under Section 11.2 (e) or (f) below in respect of the Unused Funds. Any cancellation of any Project Administration Fees, arising from the cancellation of the related CTF Project, shall be calculated in accordance with the relevant decisions of the CTF Trust Fund Committee.

(f) Cancellation of commitment of the CTF Trust Fund funds from the Trustee to the Implementing Entity under Section 3.1(e) shall be made by means of a Letter of Commitment Cancellation.

(g) Notwithstanding the provision of Section 3.1(c)(i) above, the Letter of Commitment shall indicate the availability of funds for an up-front transfer of the CTF Trust Fund funds up to the full amount of the relevant CTF Non-guarantee Projects, if the conditions provided for in Section 4.1(c)(i)(2) below have been met.

4. TRANSFER OF FUNDS BY THE TRUSTEE TO THE IMPLEMENTING ENTITY

Section 4.1. CTF Projects

The following procedures shall apply to the transfer of CTF Trust Fund funds by the Trustee to the Implementing Entity for CTF Projects.

(a) The Implementing Entity may request the transfer of CTF Trust Fund funds for a CTF Project after (i) the funds have been committed by the Trustee for the CTF Project pursuant to Section 3.1 above, and (ii) the CTF Project has been approved by the Implementing Entity in accordance with its policies and procedures (if such approval is required under the Implementing Entity's policies and procedures). The request by the Implementing Entity for the transfer of CTF

Trust funds shall be submitted to the Trustee in accordance with Sections 4.1(b), (c) and (d) below.

(b) Every six (6) months (or at such other frequency as the Trustee and the Implementing Entity may agree) the Implementing Entity shall submit, by email, facsimile or as otherwise agreed with the Trustee, a Cash Transfer Request for CTF Projects to the Trustee.

(c) (i) In respect of CTF Non-guarantee Projects:

(1) The Implementing Entity may request a transfer of CTF Trust Fund funds, substantially in the form attached to this Agreement as Annex C-1, based on the projected cash requirements for the next six (6)-month period (or such other frequency as the Trustee and the Implementing Entity may agree), adjusted to reflect the net cash position of the IE CTF Trust Fund. The projected cash requirements shall be calculated by the Implementing Entity based on the disbursement needs of the relevant CTF Projects.

(2) Notwithstanding the provisions of Section 4.1(c)(i)(1), if the relevant Proposal(s) explicitly requested an up-front transfer of up to the full amount of the relevant CTF Non-guarantee Projects, and authorization of the same was provided at the time of approval of the Proposal(s) by the CTF Trust Fund Committee, the Implementing Entity may request an up-front transfer of the CTF Trust Fund funds up to the full amount of the relevant CTF Non-guarantee Project, substantially in the form attached to this Agreement as Annex C-2; provided that the CTF Trust Fund funds were available for an unconditional commitment at the time of the CTF Trust Fund Committee approval of the Proposal(s), based on the confirmation of availability made by the Trustee prior to the submission of the relevant Proposal(s).

(3) CTF Trust Fund funds requested to be transferred in accordance with Section 4.1(c)(i)(2) shall be excluded from the calculations performed by the Implementing Entity in accordance with Section 4.1(c)(i)(1) to reflect the net cash position of the IE CTF Trust Fund.

(ii) In respect of any CTF Guarantee Project, the Implementing Entity may request a transfer of CTF Trust Fund funds, substantially in the form attached to this Agreement as Annex D, on a project-by-project basis and may request an up-front transfer of the CTF Trust Fund funds up to the full amount of the relevant CTF Guarantee Project.

(d) Each Cash Transfer Request for CTF Projects shall be signed by the Authorized Officer, and shall indicate:

(i) for any request of funds for CTF Non-guarantee Projects;

(A) the projected cash requirements for CTF Non-guarantee Projects for the six (6)-month period (or such other frequency as the Trustee and the Implementing Entity may agree) following the date of the request;

(B) a statement of the net cash position (net cumulative CTF Trust Fund funds received from the Trustee for CTF Non-guarantee Projects less net cumulative disbursements by the Implementing Entity for CTF Non-guarantee Projects) as of the date of the request, subject to Section 4.1(c)(i)(3); and

(C) the amount of funds requested to be transferred.

(ii) for any request of funds for CTF Guarantee Projects;

(A) the name(s) of the CTF Guarantee Project(s) and the amount(s) of the CTF funding approved by the CTF Trust Fund Committee for the said project(s);

(B) the net cumulative CTF Trust Fund funds received from the Trustee for CTF Guarantee Projects as of the date of the request; and

(C) the amount of funds requested to be transferred.

(iii) notwithstanding Section 4.1(d)(i) above, for any request of funds for the CTF Non-guarantee Project which has been approved by the CTF Trust Fund Committee for its up-front transfer of up to the entire amount of the CTF Non-guarantee Project as referred to in Section 4.1(c)(i)(2) above;

(A) the name(s) of the CTF Non-guarantee Project(s) and the amount(s) of the CTF funding approved by the CTF Trust Fund Committee for the said project(s);

(B) the net cumulative CTF Trust Fund funds received from the Trustee for CTF Non-guarantee Projects as of the date of the request; and

(C) the amount of funds requested to be transferred.

(e) Upon receipt of a Cash Transfer Request for CTF Projects, the Trustee shall verify that:

(i) for any request of funds for CTF Non-guarantee Projects (except for CTF Non-guarantee Projects for which funds are requested to be transferred in accordance with Section 4.1(c)(i)(2) above), the amount requested by the Implementing Entity does not exceed the amount equal to (A) the net cumulative CTF Trust Fund funds committed by the Trustee and approved by the Implementing Entity for the CTF Non-guarantee Projects, or as the case may be, CTF Guarantee Projects, less (B) the net cumulative CTF Trust Fund funds transferred by the Trustee to the Implementing Entity for the CTF Non-guarantee Projects or, as the case may be, CTF Guarantee Projects; and

(ii) for any request of funds for CTF Guarantee Projects and for CTF Non-guarantee Projects for which funds are requested to be transferred in accordance with Sections 4.1(c)(i)(2) and 4.1(c)(ii) above, the amount requested does not exceed the amount committed by the Trustee for that CTF Guarantee Project or, as the case may be, CTF Non-guarantee project.

(f) (i) Upon the verification referred to in Section 4.1(e)(i) above and subject to the availability of resources in the CTF Trust Fund, the Trustee shall transfer to the Implementing Entity the amount of funds requested for CTF Projects in each Cash Transfer Request for CTF Projects. Notwithstanding the foregoing, in the case of CTF Non-guarantee Projects, and except for CTF Non-guarantee Projects for which funds are requested to be transferred in accordance with Section 4.1(c)(i)(2) above, if the Trustee has reasonably determined that after transfer of requested funds from the CTF Trust Fund, there would be a balance in the IE CTF Trust Fund that exceeds the projected cash requirement of the Implementing Entity for the next six (6) months, the Trustee may transfer such lesser amount as the Trustee deems appropriate to satisfy the disbursement needs of the Implementing Entity for the next six (6) months; provided, however, that such determination by the Trustee shall be made based on: (i) the relevant documents from the CTF Trust Fund Committee; (ii) the Trustee's review of the amount of CTF Trust Fund funds received by the Implementing Entity from the Trustee for CTF Non-guarantee Projects but undisbursed by the Implementing Entity to Project Recipients; (iii) the Trustee's review of Cancelled Funds or Unused Funds from CTF Non-guarantee Projects reported by the Implementing Entity under Sections 11.2 (d) and (e) below; and (iv) consultation with the Implementing Entity on the purposes for which any such undisbursed funds may be used.

(ii) Upon the verification referred to in Section 4.1(e)(ii) above, the Trustee shall transfer to the Implementing Entity the amount of funds requested for such CTF Projects in each Cash Transfer Request for CTF Projects.

(g) Any transfer of funds under Section 4.1(f) shall be made by the Trustee no later than ten (10) Business Days after the Trustee has confirmed the receipt of all information required from the Implementing Entity under Section 4.1.

Section 4.2. Project Administration Fees

The following procedures shall apply to the transfer of the CTF Trust Fund funds by the Trustee to the Implementing Entity for the Project Administration Fees.

(a) The Implementing Entity may request the transfer of CTF Trust Fund funds for any Project Administration Fee after the CTF Trust Fund funds have been committed by the Trustee for the Project Administration Fee pursuant to Section 3.1 above. The request by the Implementing Entity shall be submitted to the Trustee in accordance with Sections 4.2 (b) and (c) below.

(b) Every six (6) months (or at such other frequency as the Trustee and the Implementing Entity may agree) the Implementing Entity shall submit, by email, facsimile or as otherwise agreed with the Trustee, a Cash Transfer Request for Project Administration Fees to the Trustee.

(c) Each Cash Transfer Request for Project Administration Fees shall be signed by the Authorized Officer, and shall indicate the net cumulative CTF Trust Fund funds received from the Trustee for Project Administration Fees as of the date of the request and the amount of funds requested to be transferred; provided that the amount requested shall not exceed the amount equal to the net cumulative amount of the CTF Trust Fund funds committed by the Trustee for Project Administration Fees less the net cumulative amount of the CTF Trust Fund funds received for Project Administration Fees 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 an amount equal to (i) the cumulative CTF Trust Fund funds committed by the Trustee for the Project Administration Fees, less (ii) the cumulative CTF Trust Fund funds transferred by the Trustee to the Implementing Entity for the Project Administration Fees as of the date of the request. Upon such verification and subject to the availability of resources in the CTF Trust Fund, the Trustee shall transfer to the Implementing Entity the amount of funds requested for the Project Administration Fees.

(e) Any transfer of funds under Section 4.2(d) shall be made by the Trustee no later than ten (10) Business Days after the Trustee has confirmed the receipt of all information required from the Implementing Entity under Section 4.2.

Section 4.3. Administrative Budgets

The following procedures shall apply to the transfer of the CTF Trust Fund funds by the Trustee to the Implementing Entity for funding its Administrative Budget.

(a) The Implementing Entity may request the transfer of CTF Trust Fund funds for any Sub-category of the Administrative Budget after the funds have been committed by the Trustee for the Sub-category pursuant to Section 3.1 above. The request by the Implementing Entity shall be submitted to the Trustee in accordance with Sections 4.3 (b) and (c) below.

(b) (i) For the Core Administrative Budget, once a year (or at such other frequency as the Trustee and the Implementing Entity may agree) after the commitment by the Trustee, the Implementing Entity may submit, by email, facsimile or as otherwise agreed with the Trustee, a Cash Transfer Request for Administrative Budgets to the Trustee.

(ii) For the Country Programming Administrative Budget and the Special Administrative Budget, every six (6) months (or at such other frequency as the Trustee and the Implementing Entity may agree) after the commitment by the Trustee, the Implementing Entity may submit, by email, facsimile or as otherwise agreed with the Trustee, a Cash Transfer Request for Administrative Budgets to the Trustee.

(c) Each Cash Transfer Request for Administrative Budgets shall be signed by the Authorized Officer, and shall indicate the net cumulative CTF Trust Fund funds received from the Trustee for the respective Sub-categories of the Administrative Budget as of the date of the request, and the amount of funds requested to be transferred; provided that the amount requested shall not exceed the amount equal to the net cumulative amount of the CTF Trust Fund funds committed by the Trustee for the respective Sub-categories of the Administrative Budget less the net cumulative amount of the CTF Trust Fund funds received for that Sub-category of the Administrative Budget from the Trustee, both as of the date of the request.

(d) Upon receipt of a Cash Transfer Request for Administrative Budgets, the Trustee shall verify that the amount requested by the Implementing Entity does not exceed an amount equal to (i) the net cumulative CTF Trust Fund funds committed by the Trustee for the respective Sub-categories of the Administrative Budget, less (ii) the net cumulative CTF Trust Fund funds transferred by the Trustee for the respective Sub-categories of the Administrative Budget. Upon such verification and the availability of resources in the CTF Trust Fund, the Trustee shall transfer to the IE CTF Trust Fund the amount of funds requested for the respective Sub-categories of the Administrative Budget.

(e) Any transfer of funds under Section 4.3(d) shall be made by the Trustee no later than ten (10) Business Days after the Trustee has confirmed the receipt of all information required from the Implementing Entity under Section 4.3.

Section 4.4. Transfer of Funds

Transfer of the CTF Trust Fund funds from the Trustee to the Implementing Entity shall be made to such account as the Implementing Entity has designated in the relevant transfer request in the same currency indicated in the Letter of Commitment. The Trustee shall notify the Implementing Entity of each such transfer.

5. USE OF FUNDS

Section 5.1. The funds transferred to the Implementing Entity under Section 4 of this Agreement may be used only for the purpose for which they have been provided under the terms of the CTF Governance Framework Document and applicable decisions of the CTF Trust Fund Committee, including relevant Proposals approved by the CTF Trust Fund Committee for individual allocations of CTF Trust Fund funds.

Section 5.2. The Implementing Entity shall be responsible for: (a) the use of funds transferred by the Trustee and activities carried out therewith in accordance with: (i) its own policies, guidelines, and procedures (including in respect of procurement of goods and services and reporting arrangements); and (ii) the applicable decisions of the CTF Trust Fund Committee including the purpose for which the allocations of the funds have been approved by the CTF Trust Fund Committee based on the Proposal submitted by the Implementing Entity; and (b) reporting to the CTF Trust Fund Committee on its activities in accordance with the terms of this Agreement and the CTF Governance Framework Document.

Section 5.3. Recognizing the obligations of Implementing Entity's member countries under various United Nations Security Council Resolutions to take measures to prevent financing of terrorists, the Implementing Entity shall use reasonable efforts, in accordance with the Implementing Entity's policies and procedures, to ensure that the funds provided to the Implementing Entity by the Trustee are used for their intended purposes and are not diverted to terrorists or their agents.

Section 5.4. Subject to the terms of this Agreement, the Implementing Entity shall invest all funds in the IE CTF Trust Fund pending their disbursement in accordance with the Implementing Entity's policies and procedures concerning the investment of funds including those applicable funds for which the Implementing Entity acts as trustee. The Implementing Entity shall not be held liable for any losses, which may arise from such investment; provided that the investment was made in a

prudent manner in accordance with the Implementing Entity's policies and procedures.

- Section 5.5.** The Implementing Entity shall have the right to convert all funds received by the IE CTF Trust Fund into other currencies to facilitate the administration of the IE CTF Trust Fund. In the event that the Implementing Entity has provided funding to Project Recipients in a currency other than the currency in which the commitment by the Trustee is made, unless otherwise agreed by the CTF Trust Fund Committee, any exchange risks arising as a result of such conversion of currencies shall be borne by the Implementing Entity.
- Section 5.6.** The Implementing Entity shall report on the receipt of Principal Repayments, receipt of Income, and Unused Funds, and return any such funds received or held by it in accordance with Sections 6 and 7 below. The Trustee shall have no responsibility for collection of funds due to the Implementing Entity from the Project Recipient or such other entity under any CTF Project.
- Section 5.7.** If the Implementing Entity uses the CTF Trust Fund funds transferred to it under this Agreement to provide CTF Loans, the Implementing Entity shall, as a lender of record, administer CTF Loans in accordance with its policies and procedures. In the case of CTF Projects approved by the CTF Trust Fund Committee as loans to the public sector, the Implementing Entity shall follow the terms set out in Annex Q attached hereto. In the case of CTF Projects approved by the CTF Trust Fund Committee for the private sector, the Implementing Entity shall, except as otherwise agreed, follow the terms set out in the CTF financing terms for private sector projects agreed between the MDBs and the CTF Trust Fund Committee, which shall be attached as Annex R hereto once such terms have been agreed. For the avoidance of doubt, upon allocation of resources by the contributors to the CTF Trust Fund pursuant to paragraphs 5 and 6 of Annex Q, the Trustee shall commit and transfer CTF Trust Fund funds to the Implementing Entity, in accordance with the terms of this Agreement.
- Section 5.8.** In the event that the Trustee has notified the Implementing Entity of any non-compliance with the terms of this Agreement and the Implementing Entity fails to cure such non-compliance, within thirty (30) calendar days after the notification by the Trustee, the Trustee: (a) shall consult with the CTF Trust Fund Committee (or its designee); and (b) at the instruction of the CTF Trust Fund Committee (or its designee), may suspend any further commitment and/or cash transfer of CTF Trust Fund funds to the Implementing Entity until such time as the Implementing Entity has cured (or otherwise has taken necessary steps within its control to cure, in case action by any party other than the Implementing Entity is required) the non-compliance to the reasonable satisfaction of the Trustee in consultation with the CTF Trust Fund Committee (or its designee).

6. DISBURSEMENT OF FUNDS

- Section 6.1.** Disbursement of funds from the IE CTF Trust Fund to Project Recipients shall be made in accordance with the Implementing Entity's rules and policies and its applicable disbursement procedures.
- Section 6.2.** Cancelled Funds or Unused Funds shall be held by the Implementing Entity (following, if applicable, their return to the Implementing Entity by the Project Recipient or such other party) in the IE CTF Trust Fund; provided, however, that: (a) in the case of such Cancelled Funds or Unused Funds from CTF Non-guarantee Projects or Project Administration Fees for CTF Non-guarantee Projects (except for those approved for the up-front transfer of the CTF Trust Fund funds under Section 4.1(c)(i)(2)), any such funds held by the Implementing Entity shall be reflected in the net cash position referred to in Annex C-1 to this Agreement, so that the amount of such funds shall be taken into account in determining the amount of CTF Trust Fund funds transferred to the Implementing Entity; (b) in the case of Cancelled Funds from CTF Guarantee Projects and from CTF Non-guarantee Projects which have been approved for the up-front transfer of the CTF Trust Fund funds under Section 4.1(c)(i)(2) or Project Administration Fees for CTF Guarantee Projects and for CTF Non-guarantee Projects which have been approved for the up-front transfer of the CTF Trust Fund funds under Section 4.1(c)(i)(2), the amount of any such funds shall be returned to the Trustee, except that the Trustee may choose to deduct such funds from the amount of the funds requested to be transferred to the Implementing Entity in the immediately following cash transfer request for the same category of funding referred to in Annexes D and E to this Agreement, respectively; (c) in the case of the Cancelled Funds or the Unused Funds from Administrative Budgets (other than Core Administrative Budget), the amount of any such funds shall be returned to the Trustee, except that the Trustee may choose to deduct such funds from the amount of the funds requested to be transferred to the Implementing Entity in the immediately following cash transfer request for the same category of funding referred to in Annex F to this Agreement; and (d) in the case of the Unused Funds from the Core Administrative Budget, the Implementing Entity shall return the funds to the Trustee, to such account as the Trustee may designate, promptly after the end of the period for which the Core Administrative Budget was provided.
- Section 6.3.** The Implementing Entity shall maintain a record of any Cancelled Funds or Unused Funds and report to the Trustee pursuant to Section 11.2 (d) or (e) below. Any such Cancelled Funds or Unused Funds reported by the Implementing Entity shall be reflected in cancellation of commitments by the Trustee pursuant to Section 3.1(d).
- Section 6.4.** Notwithstanding Section 6.2(a) above, if so requested by the Trustee, the Implementing Entity shall return to the Trustee, to such account as the Trustee may designate, any Cancelled Funds or Unused Funds from any CTF Non-

guarantee Projects or Project Administration Fees for CTF Non-guarantee Projects held by the Implementing Entity.

7. INCOME; PRINCIPAL REPAYMENT

- Section 7.1.** If any CTF Trust Fund funds transferred to the Implementing Entity for CTF Projects are used to provide financing, which generates any Income or Principal Repayment, the Implementing Entity shall receive such Income and Principal Repayment transferred by Project Recipients consistent with the applicable terms of financing in the relevant Proposal approved by the CTF Trust Fund Committee. Subject to Section 2.2 above, the Implementing Entity shall have no liability for any non-payment of any Income or Principal Repayment in respect of a CTF Project. The risk of any non-payment by Project Recipients in respect of or arising under any agreements entered into between the Implementing Entity and Project Recipients in connection with CTF Trust Fund funds shall be borne by the CTF Trust Fund.
- Section 7.2. The Implementing Entity shall credit and hold the Income and Principal Repayment received from Project Recipients in the IE CTF Trust Fund (following their receipt by the Implementing Entity) until such Income and Principal Repayment are returned to the Trustee pursuant to Section 7.5 below.
- Section 7.3.** The Implementing Entity shall maintain a record of receipt of any Income and Principal Repayment referred to in Sections 7.1, 7.2 and 7.5, and report them to the Trustee pursuant to Section 11.2(c) below.
- Section 7.4.** One (1) month prior to the end of each quarter of the Financial Reporting Year, the Trustee shall send the Implementing Entity a notice listing the names of CTF Projects and the amounts of Income and Principal Repayment, which are due to be received by the Implementing Entity, based on the information provided by the Implementing Entity under Section 11.2(c) below in the previous quarter.
- Section 7.5. Unless otherwise agreed with the Trustee, the Implementing Entity shall, within fifteen (15) calendar days after the end of each quarter of the Financial Reporting Year, return to the Trustee, to such account as the Trustee may designate, any Income and Principal Repayment received and held by the Implementing Entity in the IE CTF Trust Fund during the said quarter.

8. INVESTMENT INCOME

- Section 8.1.** Investment Income shall be held in the IE CTF Trust Fund until the Trustee requests the Implementing Entity to return it to such account as the Trustee may designate; provided that the Trustee may only request the Implementing Entity to return any Investment Income after the Implementing Entity has provided to the

Trustee the report referred to in Section 11.2(g) below and in any event no more frequently than once per year, unless otherwise agreed with the Trustee. The Implementing Entity shall maintain a record of any such Investment Income and report to the Trustee pursuant to Section 11.2(g) below. For the avoidance of doubt, any amount earned on the investment of CTF Trust Fund funds transferred to the Implementing Entity as Project Administration Fees may be retained by the Implementing Entity and is not required to be reported or returned to the Trustee. Any amount earned on the investment of CTF Trust Fund funds transferred to the Implementing Entity as Administrative Budget may be retained by the Implementing Entity and is not required to be reported or returned to the Trustee if so approved by the CTF Trust Fund Committee

9. OWNERSHIP OF EQUIPMENT, SUPPLIES AND OTHER PROPERTY

Section 9.1. Ownership of equipment, supplies and other property financed with funds from the IE CTF Trust Fund may vest in the Implementing Entity, the Project Recipient or such other entity as may be permitted to retain ownership under the policies and procedures of the Implementing Entity.

10. VERIFICATION

Section 10.1. For the purposes of reserving, committing and transferring CTF Trust Fund funds under this Agreement, the Trustee shall rely upon the information provided in the decisions of the CTF Trust Fund Committee and shall use such information to verify the information provided by the Implementing Entity, as necessary.

11. RECORDS AND REPORTING

Section 11.1. Unless the parties hereto agree otherwise, all financial accounts and reports related to the CTF Trust Fund funds shall be expressed in the respective currency in which the commitment was made by the Trustee, except that all financial statements referred to in Sections 11.2 (h) and (i) shall be expressed in Dollars.

Section 11.2. The Implementing Entity shall provide the following information to the Trustee, prepared in accordance with the Implementing Entity's accounting and reporting procedures and provided in a form and means agreed with the Trustee:

- (a) within thirty (30) days after the end of each quarter of the Financial Reporting Year (or such other frequency agreed with the Trustee), the dates of approval and amounts approved by the Implementing Entity of CTF Projects, if applicable, for the period reported, broken down by each

CTF Project, substantially in the form attached to this Agreement as Annex G;

- (b) within thirty (30) days after the end of each quarter of each Financial Reporting Year (or such other frequency agreed with the Trustee) and substantially in the form attached to this Agreement as Annex H, the principal financing terms for CTF Projects (except for those financed through grants), which are approved by the Implementing Entity during the period reported, broken down by each CTF Project;
- (c) within thirty (30) days after the end of each quarter of each Financial Reporting Year (or such other frequency agreed with the Trustee): (i) the dates and amounts of Income and Principal Repayment received by the Implementing Entity, if any; (ii) the due dates and amounts of Income and Principal Repayment which are overdue to the Implementing Entity; and (iii) the amounts of Income and Principal Repayment returned to the Trustee, for the period reported, broken down by each CTF Project, substantially in the form attached to this Agreement as Annex I;
- (d) within thirty (30) days after the end of each quarter of each Financial Reporting Year (or such other frequency agreed with the Trustee), the dates and amounts of the Cancelled Funds from CTF Projects and Project Administration Fees, for the period reported, broken down by each CTF Project, substantially in the form attached to this Agreement as Annex J;
- (e) within thirty (30) days after the end of each quarter of each Financial Reporting Year (or such other frequency agreed with the Trustee), (i) the date on which all financial obligations owed by or to, as applicable, the Implementing Entity in connection with any CTF Project; and (ii) the final amount disbursed and the amount of any Unused Funds from such project, for the period reported, broken down by each CTF Project, substantially in the form attached to this Agreement as Annex K;
- (f) within thirty (30) days after the end of each Administrative Budget Fiscal Year (or such other frequency agreed with the Trustee), (i) the cumulative amount of funds received by the Implementing Entity for the Administrative Budget during the year reported; and (ii) the final amount disbursed or used and the amount of any Unused Funds from the Administrative Budget for the Administrative Budget Fiscal Year reported, broken down by each Sub-category of the Administrative Budget, substantially in the form attached to this Agreement as Annex L;
- (g) within sixty (60) days after the end of each semester of each Financial Reporting Year (or such other frequency agreed with the Trustee), statements of: (i) Investment Income earned on the CTF Trust Fund funds transferred to the IE CTF Trust Fund for CTF Projects; (ii) Investment

Income earned on the CTF Trust Fund funds transferred to the IE CTF Trust Fund for Administrative Budget unless otherwise approved by the CTF Trust Fund Committee; and (iii) Investment Income returned to the Trustee, substantially in the form attached to this Agreement as Annex M;

- (h) within six (6) months after the end of each Financial Reporting Year, an annual financial statement of the IE CTF Trust Fund;
- (i) within six (6) months after termination of this Agreement, a final financial statement for the IE CTF Trust Fund;
- (j) within thirty (30) days after the end of each Financial Reporting Year (or such other frequency agreed with the Trustee) and substantially in the form attached to this Agreement as Annex N, the report on the disbursement of CTF Projects; and
- (k) such other reports related to the CTF Trust Fund funds transferred to the Implementing Entity, as may reasonably be requested by the Trustee from time to time.

For the purposes of the financial reports and statements required under Sections 11.2 (g), (h) and (i) above, Investment Income earned by the IE CTF Trust Fund shall be reported as aggregate Investment Income and shall not be allocated between individual CTF activities.

Section 11.3. As soon as practicable after the end of each Financial Reporting Year, the Trustee shall furnish the Implementing Entity with an annual report for reconciliation between the Trustee and the Implementing Entity in respect of CTF Trust Fund funds allocated by the CTF Trust Fund Committee, or the MDB Committee, as appropriate, to the Implementing Entity, substantially in the form attached to this Agreement as Annex O. The Implementing Entity shall confirm its agreement to the information contained in the report, no later than forty-five (45) calendar days after receipt by the Implementing Entity 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 Implementing Entity, the Implementing Entity shall promptly inform the Trustee of such discrepancy and reconcile with the Trustee the information contained in the report.

Section 11.4. Unless otherwise agreed between the Trustee and the Implementing Entity, the Implementing Entity's external auditors shall audit the financial statements of the IE CTF Trust Fund referred to in Sections 11.2 (h) and (i) above; provided that the costs of such audits shall be borne by the CTF Trust Fund.

Section 11.5. The Implementing Entity shall, from time to time, provide the Trustee with a list containing the names and signatures of the Implementing Entity's Authorized Officers, substantially in the form attached to this Agreement as Annex P.

12. NOTICES

Section 12.1. 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 Trust Fund for the Clean Technology 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: Smcadams@worldbank.org

(b) For the Implementing Entity:

Name: African Development Bank
Address:

Attention:

Telephone:
Facsimile:
Electronic mail:

13. DISPUTE RESOLUTION

Section 13.1. The Implementing Entity and the Trustee shall, to the extent possible, strive to resolve promptly and amicably questions of interpretation and application of the terms and conditions and settle any disputes, controversy, or claim arising out of or relating to the terms and conditions of this Agreement.

Section 13.2. If any dispute, controversy, or claim arising out of or relating to the terms and conditions of this Agreement has not been settled by agreement of the Implementing Entity and the Trustee, the Trustee and the Implementing Entity shall consult with the CTF Trust Fund Committee (or its designee) (and, in case of a dispute, controversy or claim relating to any payment default by any Project Recipient of Income and Principal Payment, only those relevant contributors to the CTF Trust Fund, whose contributions are used to provide such funding to such Project Recipient) with a view to reconciling the difference.

14. AMENDMENT

Section 14.1. This Agreement may be amended at any time by the written agreement of the Trustee and the Implementing Entity.

15. DISCLOSURE

Section 15.1. The Trustee or the Implementing Entity may make this Agreement publicly available, pursuant to their applicable policies on disclosure of information. The Trustee may disclose any other information submitted to the Trustee by the Implementing Entity under this Agreement, only if the Implementing Entity has given its prior consent to such disclosure, which consent may only be withheld if the proposed disclosure information is inconsistent with the Implementing Entity's policy on disclosure of information.

Section 15.2. The Trustee may provide to the CTF Trust Fund Committee and any contributors to the CTF Trust Fund any relevant information received under this Agreement; provided that the Trustee shall provide information relating to specific CTF private sector projects only with the prior approval of the Implementing Entity.

16. TERMINATION

Section 16.1. Unless extended by mutual agreement, this Agreement will terminate on the date which is four (4) months after the last date on which any Principal Repayment or Income is scheduled to be received by the Implementing Entity, as notified by the Implementing Entity consistent with the applicable terms of the CTF funding

approved by the CTF Trust Fund Committee. This Agreement may be terminated before such date by either party hereto, and shall cease to be in force sixty (60) days after either party hereto gives to the other written notice of its desire to terminate the Agreement.

Section 16.2. Sections 5, 13 and 15 of this Agreement (except for Section 5.4) and the obligation of the Trustee to transfer amounts committed by the Trustee for a CTF Project prior to termination, shall survive termination of this Agreement until all outstanding commitments, obligations and liabilities incurred by or to the Implementing Entity under CTF financing for the CTF Projects, or activities for which any Administrative Budget is provided, have been satisfied. In particular, notwithstanding the termination of this Agreement, the Implementing Entity shall continue to receive and hold in trust any Income, Principal Repayment, Cancelled Funds, Unused Funds, Investment Income and any other amounts received or due to be received by the Implementing Entity until all outstanding commitments, obligations and liabilities incurred by or to the Implementing Entity under CTF financing for the CTF Projects, or activities for which any Administrative Budget is provided, have been satisfied. At the request of the Trustee, the Implementing Entity shall provide any information on such amounts received and held by it, and return to the Trustee any portion of the amount received by the Implementing Entity according to the terms of this Agreement and Investment Income earned thereon (other than the amount earned on Project Administration Fees or Administrative Budget, if applicable, described in Section 8.1), if any, which are remaining after the relevant commitments, obligations and liabilities have been satisfied.

17. ENTIRE AGREEMENT

Section 17.1. This Agreement constitutes the entire agreement and understanding of the parties hereto 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.

Section 17.3. Nothing in this Agreement shall operate as or be construed to constitute a waiver, renunciation or any other modification of any privilege, exemption or immunity accorded to either of the Implementing Entity or the Trustee pursuant to its respective constituent document, international convention or any applicable law.

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
TRUST FUND FOR CLEAN TECHNOLOGY FUND

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

AFRICAN DEVELOPMENT BANK

Name:
Title:

Annex A

Letter of Commitment

[date]

[MDB Full Name]
[MDB Address]

THE TRUST FUND FOR CLEAN TECHNOLOGY FUND
Commitment of Funds to the [MDB Full Name]

Dear Sir or Madam:

Reference is made to the Financial Procedures Agreement dated [], 2010, between the International Bank for Reconstruction and Development, as Trustee of the Trust Fund for the Clean Technology Fund (the “CTF Trust Fund”) (the “Trustee”) and the [MDB Full Name] (“[MDB Name]”) (the “Agreement”).

In accordance with Section 3 of the Agreement, the Trustee hereby commits the sum of [US\$] amount [] to [MDB Name], such amount reflecting the amounts approved by the CTF Trust Fund Committee, during [period] for the Implementing Entity activities to be carried out in connection with the [CTF Projects], [Project Administration Fees], [Administrative Budget] [select as applicable] listed in Annex attached hereto; 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, in accordance with the terms of the Agreement, to reflect any subsequent decrease of CTF funding allocated for any CTF Project or Project Administration Fee for which the commitment was made by the Trustee.

Funds will be transferred by the Trustee to the Implementing Entity 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 Trust Fund for the Clean Technology Fund

Name:
Title:

Attachments

Annex B

Letter of Commitment Cancellation

[*date*]

[MDB Full Name]
[MDB Address]

**THE TRUST FUND FOR THE CLEAN TECHNOLOGY FUND]
Cancellation of Commitment of Funds to
[MDB Full Name]**

Dear Sir or Madam:

Reference is made to the Financial Procedures Agreement dated [], 2010, between the International Bank for Reconstruction and Development, as Trustee of the Trust Fund for the Clean Technology Fund (the “Trustee”) and the [MDB Full Name] (“[MDB Name]”) (the “Agreement”).

In accordance with Sections 3.1(e) and (f) of the Agreement, the Trustee hereby notifies you that the commitment made by the Trustee in the sum of [[US\$] amount] for the [CTF Projects, Project Administration Fees [*select as applicable*]] listed in Annex attached hereto is cancelled pursuant to said sections.

International Bank for Reconstruction and Development, as
Trustee of the Trust Fund for the Clean Technology Fund

Name:
Title:

Attachment

Annex C-1

CLEAN TECHNOLOGY FUND

[MDB Name] Ref. No. _____

Cash Transfer Request Number _____

[MDB name]

Cash Transfer Request for CTF Non-Guarantee Projects a/

As of [date] _____

(in [US dollars])

Net Cumulative Cash received from the Trustee in the [MDB Name]/CTF Fund b/	Net Cumulative Disbursements from the [MDB Name]/CTF Fund c/	Net Cash Position	Projected Cash Requirements for Next [6] Months	Projected Net Cash Position	Amount of Cash Transfer Request
(1)	(2)	(3) = (1) - (2)	(4)	(5) = (3) - (4)	(6)
0.00	0.00	0.00	0.00	0.00	0.00

a/ This request includes cash transfers for CTF Non-Guarantee Projects, including project preparation activities, but excludes cash transfers for Guarantees, MDB and Administrative Budget.

b/ This column represents the cumulative amount transferred to the [MDB] less return of funds to the Trustee since the inception of the [MDB]/CTF Fund.

c/ This column represents the cumulative amount disbursed from the [MDB]/CTF Fund less subsequent return of funds by project recipients to the [MDB] since the inception of the [MDB]/CTF fund.

Bank Account Details

Bank account name:

Bank account number:

Bank name:

Bank address:

Bank SWIFT code:

Bank code:

Routing instructions:

Signed _____ Date _____

Name _____

Title _____

Annex C-2

CLEAN TECHNOLOGY FUND

[MDB Name] Ref. No. _____
Cash Transfer Request Number _____

[MDB name]

Cash Transfer Request for CTF Non-Guarantee Projects a/

As of [date] _____
(in [US dollars])

Trustee ID	[MDB] ID	Project Title	Project Approval Date by [MDB]	Anticipated Closing (Signing) Date	Net Committed Amount b/	Amount Transferred to date c/	Amount of Cash Transfer Request
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)

Total Cash Transfer Amount _____

a/ This request is for an up-front transfer of CTF Non-Guarantee Projects in accordance with Section 4.1.(c)(i)(2).

b/ This column represents the committed amount less cancelled amount.

c/ This column represents the cumulative amount transferred to the [MDB Name] less return of funds to the Trustee since the inception of the [MDB Name]/CTF Fund.

Bank Account Details

Bank account name:

Bank account number:

Bank name:

Bank address:

Bank SWIFT code:

Bank code:

Routing instructions:

Signed _____ Date _____

Name _____

Title _____

Annex D

CLEAN TECHNOLOGY FUND

[MDB Name] Ref. No. _____
Cash Transfer Request Number _____

[MDB name]

Cash Transfer Request for CTF Guarantee Projects a/

As of [date] _____
(in [US dollars])

Trustee ID	[MDB] ID	Project Title	Net Committed Amount b/	Amount Transferred to date c/	Amount of Cash Transfer Request
(1)	(2)	(3)	(4)	(5)	(6)

Total Cash Transfer Amount _____

a/ This request includes cash transfers for CTF Guarantees, including loan guarantees and contingent finance

b/ This column represents the committed amount less cancelled amount.

c/ This column represents the cumulative amount transferred to the [MDB Name] less return of funds to the Trustee since the inception of the [MDB Name]/CTF Fund.

Bank Account Details

Bank account name:

Bank account number:

Bank name:

Bank address:

Bank SWIFT code:

Bank code:

Routing instructions:

Signed _____ Date _____

Name _____

Title _____

CLEAN TECHNOLOGY FUND

[MDB Name] Ref. No. _____

Cash Transfer Request Number _____

[MDB Name]

Cash Transfer Request for Project Administration Fees a/

As of [date] _____

(in [US dollars])

Net Cumulative Cash received from the Trustee in the [MDB Name]/CTF Fund b/	Amount of Cash Transfer Request for Fees
(1)	(2)
0.00	0.00

a/ The Implementing Entity may request up to the amount equal to the net cumulative amount of the CTF Trust Fund funds committed by the Trustee for Project Administration Fees less the net cumulative amount of the CTF Trust Fund funds received for Project Administration Fees from the Trustee, both as of the date of the request.

b/ This column represents the cumulative amount transferred to the [MDB Name] less return of funds to the Trustee since the inception of the [MDB Name]/CTF Fund.

Bank Account Details

Bank account name:

Bank account number:

Bank name:

Bank address:

Bank SWIFT code:

Bank code:

Routing instructions:

Signed _____ Date _____

Name _____

Title _____

CLEAN TECHNOLOGY FUND

[MDB Name] Ref. No. _____
Cash Transfer Request Number _____

[MDB Name]

Cash Transfer Request for Administrative Budget

As of [date] _____
(in [US dollars])

	Net Cumulative Cash received from the Trustee in the [MDB Name]/CTF Fund a/		Amount of Cash Transfer Request b/
	(1)		(2)
Core			
	Country name		
Country Programming			
	Initiative name		
Special			

a/ This column represents the cumulative amount transferred to the [MDB Name] less return of funds to the Trustee since the inception of the [MDB Name]/CTF Fund.

b/ The Implementing Entity may request up to the amount equal to the net cumulative amount of the CTF funds committed by the Trustee less the net cumulative amount of the CTF funds transferred from the Trustee for that Sub-Category of the Administrative Budget, both as of the date of the request.

Bank Account Details

Bank account name:
Bank account number:
Bank name:
Bank address:
Bank SWIFT code:
Bank code:
Routing instructions:

Signed _____ Date _____
Name _____
Title _____

CLEAN TECHNOLOGY FUND

[MDB Name]

**Quarterly Report on [MDB] Approvals of CTF Projects
For the Quarter Ended _____, _____
(in [US dollars])**

Part I: Summary

1. Amount of CTF funds for CTF Projects approved by [MDB] since reported to the Trustee on _____, _____ (total from Part II below)
2. Cumulative amount of CTF funds for CTF Projects approved by [MDB] (as reported in item 3 of Part I of the last submitted Quarterly Report on [MDB] Approvals of CTF Projects)
3. Total amount of CTF funds for CTF Projects approved by [MDB] (1 + 2)

Part II: CTF Projects approved by [MDB] since reported to the Trustee on _____, _____

Trustee ID	[MDB] ID	Project Title	Beneficiary Country	Financing Instruments a/	Project Execution/ Implementation Status	Project Approval Date by [MDB]	Total CTF Funding Approved by [MDB]	MDB Financing b/	Country Financing b/	Non- MDB Cofinancing b/	Total Financing including CTF b/
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12) = (8) + (9) + (10) + (11)

a/ This column indicates the financing products of the CTF funding, such as grants, loans and guarantees in the case of CTF Projects.

b/ These columns are information purpose only to the CIF Administrative Unit and filled in only if applicable.

Signed _____ Date _____

Name _____

Title _____

CLEAN TECHNOLOGY FUND

[MDB Name] Ref. No. _____

[MDB name]

[Loan]/[Guarantee] Term Sheet

Trustee ID
Agency ID
Project Title
Effective Date of the [Loan]/[Guarantee]
[Loan]/[Guarantee] Currency and Amount
Financing Product
[Interest Rate]/[Guarantee Fees]
[Interest Payment]/[Guarantee Fees] Dates/Interval

Principal Repayment Schedule

Principal Repayment Date	Principal Repayment Amount	Remaining Outstanding Loan Balance after Principal Repayment Date
(1)	(2)	(3)

Signed _____ Date _____
Name _____
Title _____

Annex I

CLEAN TECHNOLOGY FUND

[MDB Name]

[MDB] Quarterly Report for Income and Principal Repayment to CTF Trust Fund

As of [date] _____
(in [US dollars])

Trustee ID	[MDB] ID	Project Title	Principal Repayments/ Guarantee Repayments Transferred to Trustee	Income Transferred to Trustee to date	Expected Principal Repayments/ Guarantee Repayments for Reporting Period [...]	Expected Income for Reporting Period [...]	Principal Repayments/ Guarantee Repayments Collected from Borrowers and to be Transferred to Trustee for Reporting Period	Income Collected from Borrowers and to be Transferred to Trustee for Reporting Period	Loan Loss/ Guarantee Called Amount	Remarks
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10) = (6 + 7) - (8 + 9)	(11)

Signed _____ Date _____
 Name _____
 Title _____

CLEAN TECHNOLOGY FUND

[MDB Name]

[MDB] Quarterly Report on Cancellations of CTF Projects and MDB Fees Associated with the Projects

As of [date] _____
(in [US dollars])

Trustee ID	[MDB] ID	Project Title	Beneficiary Country	Financing Instruments a/	Original CTF Funding Approved by [MDB], if applicable c/	Project Amount Adjustment d/	Date of Adjustment	Net Project Amount	Project Status	Project Cancellation Date
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9) = (6) - (7)	(10)	(11)

a/ This column indicates the financing products of the CTF funding, such as grants, loans, guarantees.

b/ The Trustee's commitment is contingent upon MDB's approval of CTF project.

c/ In the case that the MDB dropped the whole project after the Trustee commitment, but before MDB approval, insert zero (0) in this column.

d/ This column includes (i) any drop, cancellation (full or partial) or amendment recorded by the MDB, which reduces the amount endorsed or approved by the CTF Trust Fund Committee, as applicable, (ii) any amount which was committed by the Trustee, but not disbursed by the MDB to a project recipient of CTF funds, and (iii) any amount, which was disbursed to a project recipient of CTF funds but subsequently returned by such recipient to the MDB.

Signed _____ Date _____

Name _____

Title _____

CLEAN TECHNOLOGY FUND

[MDB Name]

[MDB] Quarterly Report on Unused Funds from CTF Project Closure

As of [date] _____
(in [US dollars])

Trustee ID	[MDB] ID	Project Title	Beneficiary Country	Financing Instruments a/	Total CTF Funding Approved by [MDB]	Final Project Closure Date	Final Disbursed Amount	Final Unused Amount
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9) = (6) - (8)

a/ This column indicates the financing products of the CTF funding, such as grants, loans, guarantees.

Signed _____ Date _____
Name _____
Title _____

Annex L

CLEAN TECHNOLOGY FUND

[MDB Name] Ref. No. _____

[MDB Name]

Annual Actual Administrative Expense Report

As of [date] _____
(in [US dollars])

	Cash received from the Trustee in the [MDB Name]/CTF Fund a/		Used Amount	Balance
	(1)		(2)	(3) = (1) - (2)
Core				
	Country name	Cash received from the Trustee in the [MDB Name]/CTF Fund b/	Used Amount	Balance
		(1)	(2)	(3) = (1) - (2)
Country Programming				
	Initiative name	Cash received from the Trustee in the [MDB Name]/CTF Fund c/	Used Amount	Balance
		(1)	(2)	(3) = (1) - (2)
Special				

a/ This column represents the amount transferred to the [MDB Name] for the administrative budget fiscal year reported.

b/ This column represents the amount transferred to the [MDB Name] for each Country Programming Administrative Budget.

c/ This column represents the amount transferred to the [MDB Name] for each special initiative.

Signed _____ Date _____

Name _____

Title _____

Annex M

CLEAN TECHNOLOGY FUND

[MDB name]

Semi-annual Investment Income Report a/

As of [date] _____
(in [US dollars])

Investment Income Earned for the Reporting Period	Cumulative Investment Income Earned to date	Cumulative Investment Income Transferred to Trustee to date	Balance
(1)	(2)	(3)	(4) = (2) - (3)

a/ This report is different from return of investment income referred to Section 8.1.

Signed _____ Date _____
Name _____
Title _____

Annex N

CLEAN TECHNOLOGY FUND

[MDB Name]

[MDB] Annual Report on Disbursements of CTF Projects

As of [date] _____
(in [US dollars])

Trustee ID	[MDB] ID	Project Title	Beneficiary Country	Financing Instruments a/	CTF Funding Approved by [MDB]	Cumulative Disbursements since Inception	Cumulative Disbursements as of Calendar Year [...]	Commitments not yet disbursed	Status
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9) = (6) - (7)	(10)

a/ This column indicates the financing products of the CTF funding, such as grants, loans, guarantees.

Signed _____ Date _____
 Name _____
 Title _____

Annex O

CLEAN TECHNOLOGY FUND

[MDB Name]

[MDB] Annual Report for Reconciliation in respect of CTF Trust Fund funding approved for the [MDB Name]

As of [date] _____
(in [US dollars])

Trustee ID	[MDB] ID	Project Title	Financing Instruments b/	CTF TF Committee Approval date c/	[MDB] Project Execution/ Implementation Status	[MDB] Project Approval Date	Cumulative Trustee Commitment	Cumulative Cancelled Amounts	Financial Closure Date d/	Final Unused Amount d/	Final Used Amount d/	Trustee Net Commitment	Return of funds to CTF, if applicable
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)

a/ This report includes CTF Projects (including project preparation activities) and excludes [MDB Name] Fee and Administrative Budget.

b/ This column indicates the financing products of the CTF funding, such as grants, loans, guarantees.

c/ This column indicates the date of CTF TF Committee approval.

d/ These columns are filled in only when project is financially closed.

Annex P

[DATE]

International Bank for Reconstruction and Development,
As Trustee of the Trust Fund for the Clean Technology 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 and the Implementing Entity

I refer to the Financial Procedures Agreement (“Agreement”) between the International Bank for Reconstruction and Development, as Trustee of the Trust Fund for the Clean Technology Fund and [Full name of the MDB] (“[MDB Acronym]”), dated _____. For the purposes of the Agreement, any [one/two] of the persons whose authenticated specimen signatures appear below is authorized on behalf of the Implementing Entity 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]

Annex Q

1. MDBs will need to follow the principles below in order to receive allocations of resources from the CTF for providing concessional loans to borrowers for public sector operations.^{1 2}

2. The MDB will administer CTF Loans in accordance with its policies and procedures (including, for the avoidance of doubt, its policies and procedures for the CTF operations, if any), subject to the understanding that the MDB's measures regarding non-payments on CTF Loans will be based on the following principles:

- (a) In determining i) whether any guarantee or security for the CTF Loan will be obtained, and ii) whether to call such guarantee or security in case of a payment default on the CTF Loan, the MDB will, unless otherwise agreed between the MDB and the CTF Trust Fund Committee, follow the same approach as the one used in MDB's own lending operations.
- (b) In respect of negative pledge covenants, the MDB will, unless otherwise agreed between the MDB and the CTF Trust Fund Committee, follow the same approach as the one used in MDB's own lending operations.
- (c) In respect of suspension, cancellation, and acceleration of CTF Loans, the CTF Loan agreements will, unless otherwise agreed between the MDB and the CTF Trust Fund Committee and subject to the following paragraphs (d) through (h) below, include suspension, cancellation and acceleration events like those included in the MDB's own lending operations, so as to avoid further exposure to the project which no longer has financial/operational prospects. Those events will include optional cross-suspension and cross-acceleration clauses between the CTF Loan and the MDB co-financing loan.
- (d) The determination to suspend or cancel the CTF Loan will be made by the MDB on the same basis as applied by the MDB for its own loans.
- (e) If the MDB co-financing loan is suspended or cancelled prior to the full disbursement of the CTF Loan, the MDB will, unless otherwise agreed with the relevant contributors, suspend or cancel the undisbursed amount of the CTF Loan to avoid further exposure to the troubled project.
- (f) If the CTF Loan has been fully disbursed, a payment default on the CTF Loan would not generally trigger acceleration of the MDB co-financing loan or suspension or acceleration of other MDB loans, although the MDB will have an option to do so at its own discretion.
- (g) The determination to accelerate the CTF Loan or commence enforcement proceedings with respect to the CTF Loan will be made by the MDB in accordance with paragraph 5 below.
- (h) There will not be any sharing of payment proceeds received or mandatory cross-default clauses between the CTF Loan and MDB co-financing loan or any other MDB loans.

3. The MDB will be responsible for returning to the Trustee any interest and principal payments on the CTF Loan received by it from the borrower. Return of those interest and principal payments will be made in accordance with the Financial Procedures Agreement entered into between the Trustee and the MDB. In any event, the risk of

¹ The principles set out below may be amended by a decision of the Trust Fund Committee subject to the agreement of the Trustee after consultation with the MDBs.

² A CTF Loan under public sector operations mean that any loan provided to, or guaranteed by, a sovereign government, a central bank or some comparable agency of the sovereign government.

any payment defaults by the borrower in respect of or arising under the CTF Loan agreement will be borne by the CTF.

4. If any borrower of a CTF Loan defaults on any payment on the CTF Loan for no less than 30 consecutive calendar days, the MDB will report such default to the Trustee, so that the Trustee may report to the CTF Trust Fund Committee, as agreed between the Trustee and the CTF Trust Fund Committee.

5. If the borrower or the guarantor of a CTF Loan remains in default on any payment on the CTF Loan following cancellation of the CTF Loan by the MDB and a call of the guarantee or security, if any, by the MDB in accordance with paragraphs 2(a) and (d), the MDB will promptly (a) consult the CTF Trust Fund Committee and all relevant contributors to the Trust Fund³ on the proposed course of action in respect of the CTF Loan, and (b) seek agreement with the relevant contributors on the course of action to be taken. If as a result of any action agreed to be taken, the MDB is expected to incur any cost, the MDB will seek an approval by the contributors for allocation of the Trust Fund funds to cover such costs. The MDB will take appropriate action in accordance with its own procedures, but only to the extent that the related costs for such actions are borne by the Trust Fund and resources have been allocated to the MDB on a full-cost recovery basis.

6. A prior approval by the contributors for allocation of resources will not be needed for any reasonable costs incurred by the MDB in good faith when immediate or urgent action was needed to protect, defend or secure the CTF Loan. Subject to availability of resources in the Trust Fund and upon submission of a request by the MDB showing the amount incurred and the action taken, the contributors will allocate the resources to reimburse the MDB any such reasonable costs.

³ Submission of such proposal will be made through the Trustee.

Subject to WB internal review/clearance

(Revised on April 27, 2010)

FINANCIAL PROCEDURES AGREEMENT

between

African Development Bank

and

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

as Trustee of

THE TRUST FUND FOR THE STRATEGIC CLIMATE FUND

[], 2010

FINANCIAL PROCEDURES AGREEMENT

FINANCIAL PROCEDURES AGREEMENT (hereinafter the “Agreement”), dated as of [], 2010 made between the International Bank for Reconstruction and Development (the “World Bank”) as trustee (the “Trustee”) of the Trust Fund for the Strategic Climate Fund (the “SCF”)(the “SCF Trust Fund”), and the African Development Bank as implementing entity of the SCF (the “Implementing Entity” or “IE”);

PREAMBLE

WHEREAS (A) the World Bank, in consultation with the other MDBs, developed and developing countries and other development partners, proposed to establish the SCF as one of the two strategic funds under the Climate Investment Funds (CIF) along with the Clean Technology Fund (CTF);

WHEREAS (B) following the approval by the Executive Directors of the World Bank of the establishment of the SCF Trust Fund on July 1, 2008, the Governance Framework for the SCF (the “SCF Governance Framework Document”) was adopted at the joint meeting of the Trust Fund Committees for CTF and SCF on November 18, 2008, held in Washington, D.C., the United States of America;

WHEREAS (C) pursuant to the terms of the SCF Governance Framework Document, the World Bank serves as Trustee for the SCF Trust Fund and, in its capacity as the Trustee, has established the SCF Trust Fund to receive contributions from contributors to the SCF Trust Fund;

WHEREAS (D) the Implementing Entity wishes to access to SCF Trust Fund resources in accordance with the terms of this Agreement, including the SCF Governance Framework Document; and

WHEREAS (E) the Trustee and the Implementing Entity now desire to enter into this Agreement relating to the arrangements for the commitment and transfer of SCF Trust Fund resources to the Implementing Entity and the administration and use of such resources by the Implementing Entity.

NOW, THEREFORE, the Trustee and the Implementing Entity hereby agree as follows:

1. INTERPRETATION

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

“Administrative Budget” means the amount allocated, from time to time, to the Implementing Entity by the SCF Trust Fund Committee (or in the case of the Country Programming Administrative Budget and the Special Administrative Budget where the expenditures for the special activities or initiatives are to be incurred by more than one MDB, by the MDB Committee based on the authority granted by the SCF Trust Fund Committee) as administrative budget to cover administrative and other costs incurred by the Implementing Entity in connection with the performance of its administrative services and other activities in support of the SCF (other than the costs covered by Project Administration Fees or any fees received by the Implementing Entity from any Project Recipient), and may comprise: (i) Core Administrative Budget; (ii) Country Programming Administrative Budget; and (iii) Special Administrative Budget (each as the “Sub-category of the Administrative Budget”);

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

“Authorized Officer” means a person who is authorized to sign in the name and on behalf of the Implementing Entity for the purposes of this Agreement;

“Business Day” means a day on which the headquarters of the World Bank and the Implementing Entity are open for regular business;

“Cancelled Funds” means any cancelled amount of the SCF funding from the SCF Projects, Project Administration Fees or Administrative Budget, which the Trustee has committed pursuant to Section 3.1 below;

“Cash Transfer Request for Administrative Budgets” means a request submitted by the Implementing Entity to the Trustee for the transfer of SCF Trust Fund funds to the IE SCF Trust Fund for any Sub-category of the Administrative Budget, which shall be substantially in the form attached to this Agreement as Annex F;

“Cash Transfer Request for Project Administration Fees” means a request submitted by the Implementing Entity to the Trustee for the transfer of SCF Trust Fund funds to the Implementing Entity for Project Administration Fees, which shall be substantially in the form attached to this Agreement as Annex E;

“Cash Transfer Request for SCF Projects” means a request submitted by the Implementing Entity to the Trustee for the transfer of SCF Trust Fund funds to the IE SCF Trust Fund for SCF Projects, which shall be substantially in the form attached to this Agreement as Annex C-1 or Annex C-2 (in the case of SCF Non-guarantee Projects), as may be appropriate, or Annex D (in the case of SCF Guarantee Projects);

“Core Administrative Budget” means the portion of the Administrative Budget allocated by the SCF Trust Fund Committee to the Implementing Entity during the Administrative Budget Fiscal Year (or such other period as may be approved by the SCF Trust Fund Committee) to cover the Implementing Entity’s administrative and other costs in connection with the performance of its administrative services and other activities during such period in support of the SCF, other than the costs covered by the Country Programming Administrative Budget and the Special Administrative Budget;

“Country Programming Administrative Budget” means the portion of the Administrative Budget allocated out of the Country Programming Budget Pool by the MDB Committee to the Implementing Entity;

“Country Programming Budget Pool” means the amount allocated by the SCF Trust Fund Committee as a budget pool to be made available to cover the administrative and other costs incurred by the MDBs in connection with their support to country programming of SCF resources, including preparation and development of, and reporting concerning, the Investment Strategies, and from which pool the MDB Committee is authorized to make a further allocation to an individual MDB;

“Design Document” means the Design Document for the respective SCF Program, approved by the SCF Sub-committee for such SCF Program;

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

“Financial Reporting Year” means January 1 through December 31 of each calendar year;

“FIP” means the Forest Investment Program which is one of the SCF Programs;

“IE SCF Trust Fund” means the trust fund or trust funds (and where applicable, its or their accounts) established and administered by the Implementing Entity to receive, hold in trust and administer SCF Trust Fund funds transferred to the Implementing Entity by the Trustee;

“Income” means any interest, fee, dividend or any other reflow of funds scheduled to be received by the Implementing Entity in respect of a SCF Project in excess of the principal amount of the SCF funding provided by the Implementing Entity (including default interest charged by the Implementing Entity, if any), which is due to be returned to the SCF Trust Fund under the terms of the SCF funding approved by the relevant SCF Sub-committee. For the avoidance of doubt, Income does not include any Principal Repayment or any Investment Income;

“Investment Income” means the investment income earned, if any, on the SCF Trust Fund funds transferred to the IE SCF Trust Fund. For the avoidance of

doubt, Investment Income does not include: (i) any Income, including any interest or any other amount charged on SCF funding by the Implementing Entity to Project Recipients; (ii) any income earned, if any, on the investment of SCF Trust Fund funds transferred as Project Administration Fees, or (iii) any income earned, if any, on the investment of SCF Trust Fund funds transferred as Administrative Budget if exclusion of such income is approved by the SCF Trust Fund Committee;

“Investment Strategy” means any investment strategy, including but not limited to, the Strategic Program for PPCR, Investment Strategy for FIP and Funding Plan for SREP, prepared by the recipient country, in cooperation with the MDBs, pursuant to the Design Document for the relevant SCF Program, to be submitted to the relevant SCF Sub-committee for endorsement of further development of activities for SCF funding;

“Letter of Commitment” means a letter from the Trustee to the Implementing Entity confirming the commitment of SCF Trust Fund funds to the Implementing Entity, which shall be substantially in the form attached to this Agreement as Annex A and shall include in its annex the relevant decisions of the SCF Trust Fund Committee and/or the relevant SCF Sub-committee, as the case may be, approving the allocations of SCF Trust Fund funds and the currency of such approved allocations for which the Letter of Commitment is issued;

“Letter of Commitment Cancellation” means a letter from the Trustee to the Implementing Entity confirming the cancellation of the commitment of SCF Trust Fund funds to the Implementing Entity, which shall be substantially in the form attached to this Agreement as Annex B;

“MDBs” means the Implementing Entity and certain other multilateral development banks named in the SCF Governance Framework Document;

“MDB Committee” means the MDB committee established to facilitate collaboration, coordination and information exchange among the MDBs, comprising of representatives of the MDBs, in accordance with the terms of the SCF Governance Framework Document;

“PPCR” means the Pilot Program for Climate Resilience which is one of the SCF Programs;

“Principal Repayment” means any repayment of principal of any SCF Loan or any other financial product provided by the Implementing Entity in respect of a SCF Project with the SCF Trust Fund resources, which is due to be returned to the SCF Trust Fund under the terms of the pertinent SCF funding approved by the relevant SCF Sub-committee. For the avoidance of doubt, Principal Repayment does not include any Unused Funds;

“Project Administration Fee” means the amount allocated to the Implementing Entity in accordance with the policies and decisions approved by the relevant SCF

Sub-committee, if applicable, as a fee to cover the Implementing Entity's costs in respect of services performed by the Implementing Entity in connection with managing the project cycle of any specific SCF Project. For the avoidance of doubt, Project Administration Fee does not include any fee received or due to be received by the Implementing Entity from the Project Recipient, and is not provided to cover any cost which is covered by such fees received by the Implementing Entity from any Project Recipient;

“Project Recipient” means any entity, which receives SCF funding from the Implementing Entity for any SCF Project under an agreement entered into with the Implementing Entity;

“Proposal” means any proposal submitted by, or on behalf of, the Implementing Entity to and approved by the SCF Trust Fund Committee or the relevant SCF Sub-committee, as the case may be, seeking an allocation of resources from the SCF Trust Fund;

“SCF Guarantee Project” means any SCF Project, in respect of which the SCF funding is committed in the form of a guarantee;

“SCF Loan” means a loan made available by the Implementing Entity to a Project Recipient financed from the resources of the SCF Trust Fund;

“SCF Non-guarantee Project” means any SCF Project, in respect of which the SCF funding is committed in a form other than a guarantee, including, for the avoidance of doubt, any SCF Loan;

“SCF Program” means any program of the SCF established by the SCF Trust Fund Committee pursuant to the terms of the SCF Governance Framework Document, including but not limited to the PPCR, FIP and SREP;

“SCF Project” means that part of a project, program or activity, which is to be financed with funds from the SCF Trust Fund as approved by the relevant SCF Sub-committee, based upon the Proposal submitted by the Implementing Entity. For the avoidance of doubt, SCF Project also includes technical assistance, including those activities which are directly implemented by the Implementing Entity and for which the Project Recipient does not receive funding from the Implementing Entity provided that the funding from the SCF Trust Fund for such technical assistance activities has been approved by the relevant SCF Sub-committee;

“SCF Sub-committee” means any sub-committee of the SCF established for any SCF Program in accordance with the terms of the SCF Governance Framework Document;

“SCF Trust Fund Committee” means the trust fund committee of the SCF established in accordance with the terms of the SCF Governance Framework Document;

“Special Administrative Budget” means the portion of the Administrative Budget allocated to the Implementing Entity (where relevant, out of the Special Administrative Budget Pool) to cover the administrative and other costs incurred by the Implementing Entity in connection with the performance of any special activities or initiatives, which are in support of the SCF and approved by the SCF Trust Fund Committee to be funded by the SCF Trust Fund;

“Special Administrative Budget Pool” means the amount allocated by the SCF Trust Fund Committee as a budget pool to be made available to cover the administrative and other costs incurred in connection with the performance of any of the special activities or initiatives that are carried out by more than one MDB, where the allocation was made by the SCF Trust Fund Committee for the aggregate costs of all MDBs concerned for a further allocation by the MDB Committee to an individual MDB to carry out such activities or initiatives;

“SREP” means the Scaling-up Renewable Energy in Low Income Countries which is one of the SCF Programs; and

“Unused Funds” means any undisbursed or unused funds from any SCF Project or Administrative Budget which: (a) the Trustee has committed pursuant to Section 3.1; and (b) are no longer due to be disbursed following completion of activities for which SCF funding was provided. For the avoidance of doubt, in the case of Core Administrative Budget, Unused Funds means any undisbursed or unused funds committed by the Trustee, which are no longer due to be disbursed for the activities carried out during the period for which the budget was provided.

Section 1.2. The SCF Governance Framework Document (as defined in the Preamble (b) of this Agreement) and the Design Documents for all of the SCF Programs constitute an integral part of this Agreement; provided that the Trustee shall not agree to any amendment to the terms of the SCF Governance Framework Document without the prior consent of the Implementing Entity (such consent not to be unreasonably withheld or delayed).

2. ADMINISTRATION OF THE IE SCF TRUST FUND BY THE IMPLEMENTING ENTITY

Section 2.1. The Implementing Entity shall establish and maintain the IE SCF Trust Fund, to receive, hold in trust and administer SCF Trust Fund funds (other than Project Administration Fees) transferred to it by the Trustee in accordance with the terms of this Agreement. In administering the IE SCF Trust Fund, the Implementing Entity shall maintain separate records and ledger accounts in respect of the SCF Trust Fund funds in the IE SCF Trust Fund and disbursements made therefrom. The Implementing Entity shall administer the SCF Trust Fund funds (including provision of SCF funding to Project Recipients), not personally or in its individual

capacity, but solely in its capacity as administrator of the SCF Trust Fund funds transferred to it as implementing entity of the SCF.

Section 2.2. The Implementing Entity shall perform its functions as contemplated in the Agreement, and in the discharge of such functions, shall exercise the same degree of care as it exercises with respect to: (a) the administration of its own resources or any other funds administered by the Implementing Entity, for which the Implementing Entity acts as trustee; and (b) implementation of projects and activities using such resources. In administering the IE SCF Trust Fund and performing its functions in accordance with the terms of this Agreement, the Implementing Entity shall not be liable for any loss, costs, damages or other liability that may result from any act or omission on the part of the Implementing Entity other than any such loss, costs, damages or other liability caused by its gross negligence or willful misconduct.

3. COMMITMENT OF FUNDS BY THE TRUSTEE

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

(a) (i) Proposals for allocation of the SCF Trust Fund resources to the Implementing Entity for any SCF Project or Project Administration Fee shall be submitted by the Implementing Entity to the relevant SCF Sub-committee pursuant to the terms of the SCF Governance Framework Document and the Design Document for the relevant SCF Program.

(ii) Proposals for allocation of the SCF Trust Fund resources to the Implementing Entity for Administrative Budget (except in the case referred to in Section 3.1(a)(iii) below) shall be submitted by the Implementing Entity to the SCF Trust Fund Committee pursuant to the terms of the SCF Governance Framework Document.

(iii) In case of the Country Programming Administrative Budget Pool or the Special Administrative Budget Pool, the MDB Committee may, for the Implementing Entity and other MDBs concerned, submit to the SCF Trust Fund Committee for approval, a Proposal for the overall allocation of the SCF Trust Fund resources for the relevant Country Programming Administrative Budget Pool or Special Administrative Budget Pool.

(b) Upon approval of a Proposal by the SCF Trust Fund Committee or the relevant SCF Sub-committee, as the case may be, and subject to the availability of resources in the SCF Trust Fund, the Trustee shall reserve the SCF Trust Fund funds in the amount approved by the SCF Trust Fund Committee (and allocated by the MDB Committee where relevant) or the relevant SCF Sub-committee, as

the case may be, to be made available for a commitment to the Implementing Entity by the Trustee pursuant to Sections 3.1(c) and (d) below. In case the Trustee has reserved funds under this Section for a SCF Project and/or Project Administration Fee and the Implementing Entity notifies the Trustee of the cancellation by the Implementing Entity of the SCF Project and/or Project Administration Fee in whole or in part prior to a commitment by the Trustee under Section 3.1(c) below, the Trustee shall release the amount of the SCF Trust Fund funds corresponding to such cancelled amount, which was previously reserved for such SCF Project and/or Project Administration Fee, so that the amount may be made available for allocation by the relevant SCF Sub-committee for other purposes.

(c) To the extent that the funds have been reserved under Section 3.1(b), the Trustee shall commit to the Implementing Entity the SCF Trust Fund funds as follows:

(i) For SCF Projects and Project Administration Fees, the Trustee shall, subject to the availability of resources in the SCF Trust Fund, commit SCF Trust Fund funds to the Implementing Entity in the amounts approved by the relevant SCF Sub-committee promptly following the notification of approval by the relevant SCF Sub-committee (or such other agreed period).

(ii) For the Core Administrative Budget and the Special Administrative Budget, the Trustee shall, subject to the availability of resources in the SCF Trust Fund, commit SCF Trust Fund funds to the Implementing Entity in the amount approved by the SCF Trust Fund Committee (and allocated by the MDB Committee where relevant) promptly following the approval by the SCF Trust Fund Committee (and the allocation by the MDB Committee following the approval by the SCF Trust Fund Committee, where relevant).

(iii) For the Country Programming Administrative Budget, the Trustee shall, subject to the availability of resources in the SCF Trust Fund, commit SCF Trust Fund funds to the Implementing Entity in the amount allocated by the MDB Committee promptly following this allocation (or such other agreed period).

(d) Commitment of SCF Trust Fund funds from the Trustee to the Implementing Entity under paragraphs Section 3.1(c) shall be confirmed, on a monthly basis (or such other agreed period) by means of a Letter of Commitment.

(e) If there are any Cancelled Funds or Unused Funds, the corresponding amount of the SCF Trust Fund funds committed by the Trustee (whether held by the Trustee, the Implementing Entity or the Project Recipient) shall be cancelled so as to offset such Unused Funds or Cancelled Funds. Such cancellation shall be made based on the information provided by the Implementing Entity to the Trustee under Section 11.2(d) below in respect of the Cancelled Funds, and under Section 11.2 (e) or (f) below in respect of the Unused Funds. Any cancellation of

any Project Administration Fees, arising from the cancellation of the related SCF Project, shall be calculated in accordance with the relevant decisions of the SCF Trust Fund Committee or the relevant SCF Sub-committee, as the case may be.

(f) Cancellation of commitment of the SCF Trust Fund funds from the Trustee to the Implementing Entity under Section 3.1(e) shall be made by means of a Letter of Commitment Cancellation.

(g) Notwithstanding the provision of Section 3.1(c)(i) above, the Letter of Commitment shall indicate the availability of funds for an up-front transfer of the SCF Trust Fund funds up to the full amount of the relevant SCF Non-guarantee Projects, if the conditions provided for in Section 4.1(c)(i)(2) below have been met.

4. TRANSFER OF FUNDS BY THE TRUSTEE TO THE IMPLEMENTING ENTITY

Section 4.1. SCF Projects

The following procedures shall apply to the transfer of SCF Trust Fund funds by the Trustee to the Implementing Entity for SCF Projects.

(a) The Implementing Entity may request the transfer of SCF Trust Fund funds for a SCF Project after (i) the funds have been committed by the Trustee for the SCF Project pursuant to Section 3.1 above, and (ii) the SCF Project has been approved by the Implementing Entity in accordance with its policies and procedures (if such approval is required under the Implementing Entity's policies and procedures). The request by the Implementing Entity for the transfer of SCF Trust Fund funds shall be submitted to the Trustee in accordance with Sections 4.1(b), (c) and (d) below.

(b) Every six (6) months (or at such other frequency as the Trustee and the Implementing Entity may agree) the Implementing Entity shall submit, by email, facsimile or as otherwise agreed with the Trustee, a Cash Transfer Request for SCF Projects to the Trustee.

(c) (i) In respect of SCF Non-guarantee Projects:

(1) The Implementing Entity may request a transfer of SCF Trust Fund funds, substantially in the form attached to this Agreement as Annex C-1, based on the projected cash requirements for the next six (6)-month period (or such other frequency as the Trustee and the Implementing Entity may agree), adjusted to reflect the net cash position of the relevant SCF Program in the IE SCF Trust

Fund. The projected cash requirements shall be calculated by the Implementing Entity based on the disbursement needs of the relevant SCF Projects.

(2) Notwithstanding the provisions of Section 4.1(c)(i)(1), if the relevant Proposal explicitly requested an up-front transfer of up to the full amount of the relevant SCF Non-guarantee Projects, and authorization of the same was provided at the time of approval of the Proposal by the relevant SCF Sub-committee, the Implementing Entity may request an up-front transfer of the SCF Trust Fund funds up to the full amount of the relevant SCF Non-guarantee Project, substantially in the form attached to this Agreement as Annex C-2; provided that the SCF Trust Fund funds for the relevant SCF Program were available for an unconditional commitment at the time of the relevant SCF Sub-committee approval of the Proposal, based on the confirmation of availability made by the Trustee prior to the submission of the relevant Proposal.

(3) SCF Trust Fund funds requested to be transferred in accordance with Section 4.1(c)(i)(2) shall be excluded from the calculations performed by the Implementing Entity in accordance with Section 4.1(c)(i)(1) to reflect the net cash position of the relevant SCF Program in the IE SCF Trust Fund.

(ii) In respect of any SCF Guarantee Project, the Implementing Entity may request a transfer of SCF Trust Fund funds, substantially in the form attached to this Agreement as Annex D, on a project-by-project basis and may request an up-front transfer of the SCF Trust Fund funds up to the full amount of the relevant SCF Guarantee Project.

(d) Each Cash Transfer Request for SCF Projects shall be signed by the Authorized Officer, and shall indicate:

(i) for any request of funds for SCF Non-guarantee Projects;

(A) the projected cash requirements for SCF Non-guarantee Projects for the relevant SCF Program for the six (6)-month period (or such other frequency as the Trustee and the Implementing Entity may agree) following the date of the request;

(B) a statement of the net cash position (net cumulative SCF Trust Fund funds received from the Trustee for SCF Non-guarantee Projects in the relevant SCF Program less net cumulative disbursements by the Implementing Entity for SCF Non-guarantee

Projects in the relevant SCF Program) as of the date of the request, subject to Section 4.1(c)(i)(3); and

(C) the amount of funds requested to be transferred.

(ii) for any request of funds for SCF Guarantee Projects;

(D) the name(s) of the SCF Guarantee Project(s), the name(s) of the relevant SCF Program(s) and the amount(s) of the SCF funding approved by the relevant SCF Sub-committee for the said project(s);

(E) the net cumulative SCF Trust Fund funds received from the Trustee for SCF Guarantee Projects for the relevant SCF Program as of the date of the request; and

(F) the amount of funds requested to be transferred.

(iii) notwithstanding Section 4.1(d)(i) above, for any request of funds for the SCF Non-guarantee Project which has been approved by the relevant SCF Sub-committee for its up-front transfer of up to the entire amount of the SCF Non-guarantee Project as referred to in Section 4.1(c)(i)(2) above;

(D) the name(s) of the SCF Non-guarantee Project(s), the name(s) of the relevant SCF Program(s) and the amount(s) of the SCF funding approved by the relevant SCF Sub-committee for the said project(s);

(E) the net cumulative SCF Trust Fund funds for the relevant SCF Program received from the Trustee for SCF Non-guarantee Projects as of the date of the request; and

(F) the amount of funds requested to be transferred.

(e) Upon receipt of a Cash Transfer Request for SCF Projects, the Trustee shall verify that:

(i) for any request of funds for SCF Non-guarantee Projects (except for SCF Non-guarantee Projects for which funds are requested to be transferred in accordance with Section 4.1(c)(i)(2) above), the amount requested by the Implementing Entity does not exceed the amount equal to (A) the net cumulative SCF Trust Fund funds for the relevant SCF Program committed by the Trustee and approved by the Implementing Entity for the SCF Non-guarantee Projects, or as the case may be, SCF Guarantee Projects, less (B) the net cumulative SCF Trust Fund funds for

the relevant SCF Program transferred by the Trustee to the Implementing Entity for the SCF Non-guarantee Projects or, as the case may be, SCF Guarantee Projects; and

(ii) for any request of funds for SCF Guarantee Projects and for SCF Non-guarantee Projects for which funds are requested to be transferred in accordance with Sections 4.1(c)(i)(2) and 4.1(c)(ii) above, the amount requested does not exceed the amount for the relevant SCF Program committed by the Trustee for that SCF Guarantee Project or, as the case may be, SCF Non-guarantee project.

(f) (i) Upon the verification referred to in Section 4.1(e)(i) above and subject to the availability of resources in the relevant SCF Program of the SCF Trust Fund, the Trustee shall transfer to the Implementing Entity the amount of funds requested for SCF Projects in each Cash Transfer Request for SCF Projects. Notwithstanding the foregoing, in the case of SCF Non-guarantee Projects, and except for SCF Non-guarantee Projects for which funds are requested to be transferred in accordance with Section 4.1(c)(i)(2) above, if the Trustee has reasonably determined that after transfer of requested funds from the SCF Trust Fund, there would be a balance in the relevant SCF Program of the IE SCF Trust Fund that exceeds the projected cash requirement of the Implementing Entity for the next six (6) months, the Trustee may transfer such lesser amount as the Trustee deems appropriate to satisfy the disbursement needs of the Implementing Entity for the next six (6) months; provided, however, that such determination by the Trustee shall be made based on: (i) the relevant documents from the relevant SCF Sub-committee; (ii) the Trustee's review of the amount of SCF Trust Fund funds for the relevant SCF Program received by the Implementing Entity from the Trustee for SCF Non-guarantee Projects but undisbursed by the Implementing Entity to Project Recipients; (iii) the Trustee's review of Cancelled Funds or Unused Funds from SCF Non-guarantee Projects reported by the Implementing Entity for the relevant SCF Program under Sections 11.2 (d) and (e) below; and (iv) consultation with the Implementing Entity on the purposes for which any such undisbursed funds may be used.

(ii) Upon the verification referred to in Section 4.1(e)(ii) above, the Trustee shall transfer to the Implementing Entity the amount of funds requested for such SCF Projects in each Cash Transfer Request for SCF Projects.

(g) Any transfer of funds under Section 4.1(f) shall be made by the Trustee no later than ten (10) Business Days after the Trustee has confirmed the receipt of all information required from the Implementing Entity under Section 4.1.

Section 4.2. Project Administration Fees

The following procedures shall apply to the transfer of the SCF Trust Fund funds by the Trustee to the Implementing Entity for the Project Administration Fees.

(a) The Implementing Entity may request the transfer of SCF Trust Fund funds for any Project Administration Fee after the SCF Trust Fund funds have been committed by the Trustee for the Project Administration Fee pursuant to Section 3.1 above. The request by the Implementing Entity shall be submitted to the Trustee in accordance with Sections 4.2 (b) and (c) below.

(b) Every six (6) months (or at such other frequency as the Trustee and the Implementing Entity may agree) the Implementing Entity shall submit, by email, facsimile or as otherwise agreed with the Trustee, a Cash Transfer Request for Project Administration Fees to the Trustee.

(c) Each Cash Transfer Request for Project Administration Fees shall be signed by the Authorized Officer, and shall indicate the net cumulative SCF Trust Fund funds received from the Trustee for Project Administration Fees for the relevant SCF Program as of the date of the request and the amount of funds requested to be transferred; provided that the amount requested shall not exceed the amount equal to the net cumulative amount of the SCF Trust Fund funds for the relevant SCF Program committed by the Trustee for Project Administration Fees less the net cumulative amount of the SCF Trust Fund funds for the relevant SCF Program received for Project Administration Fees 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 an amount equal to (i) the cumulative SCF Trust Fund funds committed by the Trustee for the Project Administration Fees for the relevant SCF Program, less (ii) the cumulative SCF Trust Fund funds transferred by the Trustee to the Implementing Entity for the Project Administration Fees for the relevant SCF Program as of the date of the request. Upon such verification and subject to the availability of resources in the relevant SCF Program of the SCF Trust Fund, the Trustee shall transfer to the Implementing Entity the amount of funds requested for the Project Administration Fees.

(e) Any transfer of funds under Section 4.2(d) shall be made by the Trustee no later than ten (10) Business Days after the Trustee has confirmed the receipt of all information required from the Implementing Entity under Section 4.2.

Section 4.3. Administrative Budgets

The following procedures shall apply to the transfer of the SCF Trust Fund funds by the Trustee to the Implementing Entity for funding its Administrative Budget.

(a) The Implementing Entity may request the transfer of SCF Trust Fund funds for any Sub-category of the Administrative Budget after the funds have been committed by the Trustee for the Sub-category pursuant to Section 3.1

above. The request by the Implementing Entity shall be submitted to the Trustee in accordance with Sections 4.3 (b) and (c) below.

(b) (i) For the Core Administrative Budget, once a year (or at such other frequency as the Trustee and the Implementing Entity may agree) after the commitment by the Trustee, the Implementing Entity may submit, by email, facsimile or as otherwise agreed with the Trustee, a Cash Transfer Request for Administrative Budgets to the Trustee.

(ii) For the Country Programming Administrative Budget and the Special Administrative Budget, every six (6) months (or at such other frequency as the Trustee and the Implementing Entity may agree) after the commitment by the Trustee, the Implementing Entity may submit, by email, facsimile or as otherwise agreed with the Trustee, a Cash Transfer Request for Administrative Budgets to the Trustee.

(c) Each Cash Transfer Request for Administrative Budgets shall be signed by the Authorized Officer, and shall indicate the net cumulative SCF Trust Fund funds received from the Trustee for the respective Sub-categories of the Administrative Budget as of the date of the request, and the amount of funds requested to be transferred; provided that the amount requested shall not exceed the amount equal to the net cumulative amount of the SCF Trust Fund funds committed by the Trustee for the respective Sub-categories of the Administrative Budget less the net cumulative amount of the SCF Trust Fund funds received for that Sub-category of the Administrative Budget from the Trustee, both as of the date of the request.

(d) Upon receipt of a Cash Transfer Request for Administrative Budgets, the Trustee shall verify that the amount requested by the Implementing Entity does not exceed an amount equal to (i) the net cumulative SCF Trust Fund funds committed by the Trustee for the respective Sub-categories of the Administrative Budget, less (ii) the net cumulative SCF Trust Fund funds transferred by the Trustee for the respective Sub-categories of the Administrative Budget. Upon such verification and the availability of resources in the SCF Trust Fund, the Trustee shall transfer to the IE SCF Trust Fund the amount of funds requested for the respective Sub-categories of the Administrative Budget.

(e) Any transfer of funds under Section 4.3(d) shall be made by the Trustee no later than ten (10) Business Days after the Trustee has confirmed the receipt of all information required from the Implementing Entity under Section 4.3.

Section 4.4. Transfer of Funds

Transfer of the SCF Trust Fund funds from the Trustee to the Implementing Entity shall be made to such account as the Implementing Entity has designated in the relevant transfer request in the same currency indicated in the Letter of

Commitment. The Trustee shall notify the Implementing Entity of each such transfer.

5. USE OF FUNDS

- Section 5.1.** The funds transferred to the Implementing Entity under Section 4 of this Agreement may be used only for the purpose for which they have been provided under the terms of the SCF Governance Framework Document, the Design Document for the respective SCF Program and applicable decisions of the SCF Trust Fund Committee and the relevant SCF Sub-committee, including relevant Proposals approved by the SCF Trust Fund Committee, the MDB Committee or the relevant SCF Sub-committee, as the case may be, for individual allocations of SCF Trust Fund funds.
- Section 5.2.** The Implementing Entity shall be responsible for: (a) the use of funds transferred by the Trustee and activities carried out therewith in accordance with: (i) its own policies, guidelines, and procedures (including in respect of procurement of goods and services and reporting arrangements); and (ii) the applicable decisions of the SCF Trust Fund Committee or the relevant SCF Sub-committee, as the case may be, including the purpose for which the allocations of the funds have been approved by the SCF Trust Fund Committee or the relevant SCF Sub-committee, as the case may be, based on the Proposal submitted by the Implementing Entity; and (b) reporting to the SCF Trust Fund Committee and the relevant SCF Sub-committee on its activities in accordance with the terms of this Agreement, the SCF Governance Framework Document and Design Document for the relevant SCF Program.
- Section 5.3.** Recognizing the obligations of Implementing Entity's member countries under various United Nations Security Council Resolutions to take measures to prevent financing of terrorists, the Implementing Entity shall use reasonable efforts, in accordance with the Implementing Entity's policies and procedures, to ensure that the funds provided to the Implementing Entity by the Trustee are used for their intended purposes and are not diverted to terrorists or their agents.
- Section 5.4.** Subject to the terms of this Agreement, the Implementing Entity shall invest all funds in the IE SCF Trust Fund pending their disbursement in accordance with the Implementing Entity's policies and procedures concerning the investment of funds including those applicable funds for which the Implementing Entity acts as trustee. The Implementing Entity shall not be held liable for any losses, which may arise from such investment; provided that the investment was made in a prudent manner in accordance with the Implementing Entity's policies and procedures.
- Section 5.5.** The Implementing Entity shall have the right to convert all funds received by the IE SCF Trust Fund into other currencies to facilitate the administration of the IE

SCF Trust Fund. In the event that the Implementing Entity has provided funding to Project Recipients in a currency other than the currency in which the commitment by the Trustee is made, unless otherwise agreed by the SCF Trust Fund Committee, any exchange risks arising as a result of such conversion of currencies shall be borne by the Implementing Entity.

- Section 5.6.** The Implementing Entity shall report on the receipt of Principal Repayments, receipt of Income, and Unused Funds, and return any such funds received or held by it in accordance with Sections 6 and 7 below. The Trustee shall have no responsibility for collection of funds due to the Implementing Entity from the Project Recipient or such other entity under any SCF Project.
- Section 5.7.** If the Implementing Entity uses the SCF Trust Fund funds transferred to it under this Agreement to provide SCF Loans, the Implementing Entity shall, as a lender of record, administer SCF Loans in accordance with its policies and procedures. The Implementing Entity shall, except as otherwise agreed, follow the terms set out in the financing terms for the relevant SCF Program, as appropriate, agreed between the MDBs and the SCF Trust Fund Committee and/or the relevant SCF Sub-committee, as the case may be, which shall be attached hereto once such terms have been agreed.
- Section 5.8.** In the event that the Trustee has notified the Implementing Entity of any non-compliance with the terms of this Agreement and the Implementing Entity fails to cure such non-compliance, within thirty (30) calendar days after the notification by the Trustee, the Trustee: (a) shall consult with the SCF Trust Fund Committee or the relevant SCF Sub-committee (or its designee), as the case may be; and (b) at the instruction of the SCF Trust Fund Committee or the relevant SCF Sub-committee (or its designee), as the case may be, may suspend any further commitment and/or cash transfer of SCF Trust Fund funds to the Implementing Entity until such time as the Implementing Entity has cured (or otherwise has taken necessary steps within its control to cure, in case action by any party other than the Implementing Entity is required) the non-compliance to the reasonable satisfaction of the Trustee in consultation with the SCF Trust Fund Committee or the relevant SCF Sub-committee (or its designee), as the case may be.

6. DISBURSEMENT OF FUNDS

- Section 6.1.** Disbursement of funds from the IE SCF Trust Fund to Project Recipients shall be made in accordance with the Implementing Entity's rules and policies and its applicable disbursement procedures.
- Section 6.2.** Cancelled Funds or Unused Funds shall be held by the Implementing Entity (following, if applicable, their return to the Implementing Entity by the Project Recipient or such other party) in the IE SCF Trust Fund; provided, however, that: (a) in the case of such Cancelled Funds or Unused Funds from SCF Non-guarantee Projects or Project Administration Fees for SCF Non-guarantee

Projects (except for those approved for the up-front transfer of the SCF Trust Fund funds under Section 4.1(c)(i)(2)), any such funds held by the Implementing Entity shall be reflected in the net cash position of the relevant SCF Program referred to in Annex C-1 to this Agreement, so that the amount of such funds shall be taken into account in determining the amount of SCF Trust Fund funds transferred to the Implementing Entity; (b) in the case of Cancelled Funds from SCF Guarantee Projects and from SCF Non-guarantee Projects which have been approved for the up-front transfer of the SCF Trust Fund funds under Section 4.1(c)(i)(2) or Project Administration Fees for SCF Guarantee Projects and for SCF Non-guarantee Projects which have been approved for the up-front transfer of the SCF Trust Fund funds under Section 4.1(c)(i)(2), the amount of any such funds shall be returned to the Trustee, except that the Trustee may choose to deduct such funds from the amount of the funds requested to be transferred to the Implementing Entity in the immediately following cash transfer request for the same category of the same SCF Program funding referred to in Annexes D and E to this Agreement, respectively; (c) in the case of the Cancelled Funds or the Unused Funds from Administrative Budgets (other than Core Administrative Budget), the amount of any such funds shall be returned to the Trustee, except that the Trustee may choose to deduct such funds from the amount of the funds requested to be transferred to the Implementing Entity in the immediately following cash transfer request for the same category of funding referred to in Annex F to this Agreement; and (d) in the case of the Unused Funds from the Core Administrative Budget, the Implementing Entity shall return the funds to the Trustee, to such account as the Trustee may designate, promptly after the end of the period for which the Core Administrative Budget was provided.

Section 6.3. The Implementing Entity shall maintain a record of any Cancelled Funds or Unused Funds and report to the Trustee pursuant to Section 11.2 (d) or (e) below. Any such Cancelled Funds or Unused Funds reported by the Implementing Entity shall be reflected in cancellation of commitments by the Trustee pursuant to Section 3.1(d).

Section 6.4. Notwithstanding Section 6.2(a) above, if so requested by the Trustee, the Implementing Entity shall return to the Trustee, to such account as the Trustee may designate, any Cancelled Funds or Unused Funds from any SCF Non-guarantee Projects or Project Administration Fees for SCF Non-guarantee Projects held by the Implementing Entity.

7. INCOME; PRINCIPAL REPAYMENT

Section 7.1. If any SCF Trust Fund funds transferred to the Implementing Entity for SCF Projects are used to provide financing which generates any Income or Principal Repayment, the Implementing Entity shall receive such Income and Principal Repayment transferred by Project Recipients consistent with the applicable terms of financing in the relevant Proposal approved by the relevant SCF Subcommittee. Subject to Section 2.2 above, the Implementing Entity shall have no

liability for any non-payment of any Income or Principal Repayment in respect of a SCF Project. The risk of any non-payment by Project Recipients in respect of or arising under any agreements entered into between the Implementing Entity and Project Recipients in connection with SCF Trust Fund funds shall be borne by the SCF Trust Fund.

- Section 7.2.** The Implementing Entity shall credit and hold the Income and Principal Repayment received from Project Recipients in the IE SCF Trust Fund (following their receipt by the Implementing Entity) until such Income and Principal Repayment are returned to the Trustee pursuant to Section 7.5 below.
- Section 7.3.** The Implementing Entity shall maintain a record of receipt of any Income and Principal Repayment referred to in Sections 7.1, 7.2 and 7.5, and report them to the Trustee pursuant to Section 11.2(c) below.
- Section 7.4.** One (1) month prior to the end of each quarter of the Financial Reporting Year, the Trustee shall send the Implementing Entity a notice listing the names of SCF Projects and the amounts of Income and Principal Repayment, which are due to be received by the Implementing Entity, based on the information provided by the Implementing Entity under Section 11.2(c) below in the previous quarter.
- Section 7.5.** Unless otherwise agreed with the Trustee, the Implementing Entity shall, within fifteen (15) calendar days after the end of each quarter of the Financial Reporting Year, return to the Trustee, to such account as the Trustee may designate, any Income and Principal Repayment received and held by the Implementing Entity in the IE SCF Trust Fund during the said quarter.

8. INVESTMENT INCOME

- Section 8.1.** Investment Income shall be held in the IE SCF Trust Fund until the Trustee requests the Implementing Entity to return it to such account as the Trustee may designate; provided that the Trustee may only request the Implementing Entity to return any Investment Income after the Implementing Entity has provided to the Trustee the report referred to in Section 11.2(g) below and in any event no more frequently than once per year, unless otherwise agreed with the Trustee. The Implementing Entity shall maintain a record of any such Investment Income and report to the Trustee pursuant to Section 11.2(g) below. For the avoidance of doubt, any amount earned on the investment of SCF Trust Fund funds transferred to the Implementing Entity as Project Administration Fees may be retained by the Implementing Entity and is not required to be reported or returned to the Trustee. Any amount earned on the investment of SCF Trust Fund funds transferred to the Implementing Entity as Administrative Budget may be retained by the Implementing Entity and is not required to be reported or returned to the Trustee if so approved by the SCF Trust Fund Committee

9. OWNERSHIP OF EQUIPMENT, SUPPLIES AND OTHER PROPERTY

Section 9.1. Ownership of equipment, supplies and other property financed with funds from the IE SCF Trust Fund may vest in the Implementing Entity, the Project Recipient or such other entity as may be permitted to retain ownership under the policies and procedures of the Implementing Entity.

10. VERIFICATION

Section 10.1. For the purposes of reserving, committing and transferring SCF Trust Fund funds under this Agreement, the Trustee shall rely upon the information provided in the decisions of the SCF Trust Fund Committee and the respective SCF Subcommittee and shall use such information to verify the information provided by the Implementing Entity, as necessary.

11. RECORDS AND REPORTING

Section 11.1. Unless the parties hereto agree otherwise, all financial accounts and reports related to the SCF Trust Fund funds shall be expressed in the respective currency in which the commitment was made by the Trustee, except that all financial statements referred to in Sections 11.2 (h) and (i) shall be expressed in Dollars.

Section 11.2. The Implementing Entity shall provide the following information to the Trustee, prepared in accordance with the Implementing Entity's accounting and reporting procedures and provided in a form and means agreed with the Trustee:

- (g) within thirty (30) days after the end of each quarter of the Financial Reporting Year (or such other frequency agreed with the Trustee), the dates of approval and amounts approved by the Implementing Entity of SCF Projects, if applicable, for the period reported, broken down by each SCF Project under each respective SCF Program, substantially in the form attached to this Agreement as Annex G;
- (h) within thirty (30) days after the end of each quarter of each Financial Reporting Year (or such other frequency agreed with the Trustee) and substantially in the form attached to this Agreement as Annex H, the principal financing terms for SCF Projects (except for those financed through grants), which are approved by the Implementing Entity during the period reported, broken down by each SCF Project under each respective SCF Program;
- (i) within thirty (30) days after the end of each quarter of each Financial Reporting Year (or such other frequency agreed with the Trustee): (i) the

dates and amounts of Income and Principal Repayment received by the Implementing Entity, if any; (ii) the due dates and amounts of Income and Principal Repayment which are overdue to the Implementing Entity; and (iii) the amounts of Income and Principal Repayment returned to the Trustee, for the period reported, broken down by each SCF Project under each respective SCF Program, substantially in the form attached to this Agreement as Annex I;

- (j) within thirty (30) days after the end of each quarter of each Financial Reporting Year (or such other frequency agreed with the Trustee), the dates and amounts of the Cancelled Funds from SCF Projects and Project Administration Fees, for the period reported, broken down by each SCF Project under each respective SCF Program, substantially in the form attached to this Agreement as Annex J;
- (k) within thirty (30) days after the end of each quarter of each Financial Reporting Year (or such other frequency agreed with the Trustee), (i) the date on which all financial obligations owed by or to, as applicable, the Implementing Entity in connection with any SCF Project; and (ii) the final amount disbursed and the amount of any Unused Funds from such project, for the period reported, broken down by each SCF Project under each respective SCF Program, substantially in the form attached to this Agreement as Annex K;
- (l) within thirty (30) days after the end of each Administrative Budget Fiscal Year (or such other frequency agreed with the Trustee), (i) the cumulative amount of funds received by the Implementing Entity for the Administrative Budget during the year reported; and (ii) the final amount disbursed or used and the amount of any Unused Funds from the Administrative Budget for the Administrative Budget Fiscal Year reported, broken down by each Sub-category of the Administrative Budget, substantially in the form attached to this Agreement as Annex L;
- (g) within sixty (60) days after the end of each semester of each Financial Reporting Year (or such other frequency agreed with the Trustee), statements of: (i) Investment Income earned on the SCF Trust Fund funds transferred to the IE SCF Trust Fund for SCF Projects; (ii) Investment Income earned on the SCF Trust Fund funds transferred to the IE SCF Trust Fund for Administrative Budget unless otherwise approved by the SCF Trust Fund Committee; and (iii) Investment Income returned to the Trustee, substantially in the form attached to this Agreement as Annex M;
- (h) within six (6) months after the end of each Financial Reporting Year, an annual financial statement of the IE SCF Trust Fund;
- (i) within six (6) months after termination of this Agreement, a final financial statement for the IE SCF Trust Fund;

- (j) within thirty (30) days after the end of each Financial Reporting Year (or such other frequency agreed with the Trustee) and substantially in the form attached to this Agreement as Annex N, the report on the disbursement of SCF Projects under each respective SCF Program; and
- (k) such other reports related to the SCF Trust Fund funds transferred to the Implementing Entity, as may reasonably be requested by the Trustee from time to time.

For the purposes of the financial reports and statements required under Sections 11.2 (g), (h) and (i) above, Investment Income earned by the IE SCF Trust Fund shall be reported as aggregate Investment Income and shall not be allocated between individual SCF activities.

Section 11.3. As soon as practicable after the end of each Financial Reporting Year, the Trustee shall furnish the Implementing Entity with an annual report for reconciliation between the Trustee and the Implementing Entity in respect of SCF Trust Fund funds allocated by the SCF Trust Fund Committee, the relevant SCF Subcommittee or the MDB Committee, as appropriate, to the Implementing Entity, substantially in the form attached to this Agreement as Annex O. The Implementing Entity shall confirm its agreement to the information contained in the report, no later than forty-five (45) calendar days after receipt by the Implementing Entity 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 Implementing Entity, the Implementing Entity shall promptly inform the Trustee of such discrepancy and reconcile with the Trustee the information contained in the report.

Section 11.4. Unless otherwise agreed between the Trustee and the Implementing Entity, the Implementing Entity's external auditors shall audit the financial statements of the IE SCF Trust Fund referred to in Sections 11.2 (h) and (i) above; provided that the costs of such audits shall be borne by the SCF Trust Fund.

Section 11.5. The Implementing Entity shall, from time to time, provide the Trustee with a list containing the names and signatures of the Implementing Entity's Authorized Officers, substantially in the form attached to this Agreement as Annex P.

12. NOTICES

Section 12.1. 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 Trust Fund for the Strategic Climate 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: Smcadams@worldbank.org

(b) For the Implementing Entity:

Name: African Development Bank
Address:

Attention:

Telephone:
Facsimile:
Electronic mail:

13. DISPUTE RESOLUTION

Section 13.1. The Implementing Entity and the Trustee shall, to the extent possible, strive to resolve promptly and amicably questions of interpretation and application of the terms and conditions and settle any disputes, controversy, or claim arising out of or relating to the terms and conditions of this Agreement.

Section 13.2. If any dispute, controversy, or claim arising out of or relating to the terms and conditions of this Agreement has not been settled by agreement of the Implementing Entity and the Trustee, the Trustee and the Implementing Entity shall consult with the SCF Trust Fund Committee or the relevant SCF Subcommittee (or its designee), as the case may be, (and, in case of a dispute, controversy or claim relating to any payment default by any Project Recipient of Income and Principal Payment, only those relevant contributors to the SCF Trust

Fund, whose contributions are used to provide such funding to such Project Recipient) with a view to reconciling the difference.

14. AMENDMENT

Section 14.1. This Agreement may be amended at any time by the written agreement of the Trustee and the Implementing Entity.

15. DISCLOSURE

Section 15.1. The Trustee or the Implementing Entity may make this Agreement publicly available, pursuant to their applicable policies on disclosure of information. The Trustee may disclose any other information submitted to the Trustee by the Implementing Entity under this Agreement, only if the Implementing Entity has given its prior consent to such disclosure, which consent may only be withheld if the proposed disclosure is inconsistent with the Implementing Entity's policy on disclosure of information.

Section 15.2. The Trustee may provide to the SCF Trust Fund Committee or the relevant SCF Sub-committee, as the case may be, and any contributors to the SCF Trust Fund any relevant information received under this Agreement; provided that the Trustee shall provide information relating to specific SCF private sector projects only with the prior approval of the Implementing Entity.

16. TERMINATION

Section 16.1. Unless extended by mutual agreement, this Agreement will terminate on the date which is four (4) months after the last date on which any Principal Repayment or Income is scheduled to be received by the Implementing Entity, as notified by the Implementing Entity consistent with the applicable terms of the SCF funding approved by the SCF Trust Fund Committee or the relevant SCF Sub-committee, as the case may be. This Agreement may be terminated before such date by either party hereto, and shall cease to be in force sixty (60) days after either party hereto gives to the other written notice of its desire to terminate the Agreement.

Section 16.2. Sections 5, 13 and 15 of this Agreement (except for Section 5.4) and the obligation of the Trustee to transfer amounts committed by the Trustee for a SCF Project prior to termination, shall survive termination of this Agreement until all outstanding commitments, obligations and liabilities incurred by or to the Implementing Entity under SCF financing for the SCF Projects, or activities for which any Administrative Budget is provided, have been satisfied. In particular, notwithstanding the termination of this Agreement, the Implementing Entity shall continue to receive and hold in trust any Income, Principal Repayment, Cancelled Funds, Unused Funds, Investment Income and any other amounts received or due to be received by the Implementing Entity until all outstanding commitments,

obligations and liabilities incurred by or to the Implementing Entity under SCF financing for the SCF Projects, or activities for which any Administrative Budget is provided, have been satisfied. At the request of the Trustee, the Implementing Entity shall provide any information on such amounts received and held by it, and return to the Trustee any portion of the amount received by the Implementing Entity according to the terms of this Agreement and Investment Income earned thereon (other than the amount earned on Project Administration Fees or Administrative Budget, if applicable, described in Section 8.1), if any, which are remaining after the relevant commitments, obligations and liabilities have been satisfied.

17. ENTIRE AGREEMENT

- Section 17.1.** This Agreement constitutes the entire agreement and understanding of the parties hereto 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.
- Section 17.3.** Nothing in this Agreement shall operate as or be construed to constitute a waiver, renunciation or any other modification of any privilege, exemption or immunity accorded to either of the Implementing Entity or the Trustee pursuant to its respective constituent document, international convention or any applicable law.

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
TRUST FUND FOR STRATEGIC CLIMATE FUND

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

AFRICAN DEVELOPMENT BANK

Name:

Title:

Letter of Commitment

[*date*]

[MDB Full Name]

[MDB Address]

THE TRUST FUND FOR STRATEGIC CLIMATE FUND
Commitment of Funds to the [MDB Full Name]

Dear Sir or Madam:

Reference is made to the Financial Procedures Agreement dated [], 2010, between the International Bank for Reconstruction and Development, as Trustee of the Trust Fund for the Strategic Climate Fund (the “SCF Trust Fund”) (the “Trustee”) and the [MDB Full Name] (“[MDB Name]”) (the “Agreement”).

In accordance with Section 3 of the Agreement, the Trustee hereby commits the sum of [US\$] amount [] to [MDB Name], such amount reflecting the amounts approved by the SCF Trust Fund Committee and/or the relevant SCF Sub-committee, as the case may be, during [*period*] for the Implementing Entity activities to be carried out in connection with the [SCF Projects], [Project Administration Fees], [Administrative Budget] [*select as applicable*] listed in Annex attached hereto; 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, in accordance with the terms of the Agreement, to reflect any subsequent decrease of SCF funding allocated for any SCF Project or Project Administration Fee for which the commitment was made by the Trustee.

Funds will be transferred by the Trustee to the Implementing Entity 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 Trust Fund for the Strategic Climate Fund

Name:

Title:

Attachments

Annex B

Letter of Commitment Cancellation

[*date*]

[MDB Full Name]
[MDB Address]

**THE TRUST FUND FOR THE STRATEGIC CLIMATE FUND
Cancellation of Commitment of Funds to
[MDB Full Name]**

Dear Sir or Madam:

Reference is made to the Financial Procedures Agreement dated [], 2010, between the International Bank for Reconstruction and Development, as Trustee of the Trust Fund for the Strategic Climate Fund (the “Trustee”) and the [MDB Full Name] (“[MDB Name]”) (the “Agreement”).

In accordance with Sections 3.1(e) and (f) of the Agreement, the Trustee hereby notifies you that the commitment made by the Trustee in the sum of [[US\$] amount] for the [SCF Projects, Project Administration Fees [*select as applicable*] listed in Annex attached hereto is cancelled pursuant to said sections.

International Bank for Reconstruction and Development, as
Trustee of the Trust Fund for the Strategic Climate Fund

Name:
Title:

Attachment

STRATEGIC CLIMATE FUND
[SCF Program name]

[MDB Name] Ref. No. _____
Cash Transfer Request Number _____

[MDB name]

Cash Transfer Request for SCF Non-Guarantee Projects a/

As of [date] _____
(in US dollars)

Net Cumulative Cash received from the Trustee in the [MDB Name]/SCF Fund b/	Net Cumulative Disbursements from the [MDB Name]/SCF Fund c/	Net Cash Position	Projected Cash Requirements for Next [6] Months	Projected Net Cash Position	Amount of Cash Transfer Request
(1)	(2)	(3) = (1) - (2)	(4)	(5) = (3) - (4)	(6)
0.00	0.00	0.00	0.00	0.00	0.00

a/ This request includes cash transfers for SCF Non-Guarantee Projects, including project preparation activities, but excludes cash transfers for Guarantees, MDB and Administrative Budget.

b/ This column represents the cumulative amount transferred to the [MDB] less return of funds to the Trustee since the inception of the [MDB]/SCF Fund.

c/ This column represents the cumulative amount disbursed from the [MDB]/SCF Fund less subsequent return of funds by project recipients to the [MDB] since the inception of the [MDB]/SCF fund.

Bank Account Details

Bank account name:

Bank account number:

Bank name:

Bank address:

Bank SWIFT code:

Bank code:

Routing instructions:

Signed _____ Date _____

Name _____

Title _____

STRATEGIC CLIMATE FUND
[SCF Program name]

[MDB Name] Ref. No. _____
Cash Transfer Request Number _____

[MDB name]

Cash Transfer Request for SCF Non-Guarantee Projects a/

As of [date] _____
(in US dollars)

Trustee ID	[MDB] ID	Project Title	Project Approval Date by [MDB]	Anticipated Closing (Signing) Date	Net Committed Amount b/	Amount Transferred to date c/	Amount of Cash Transfer Request
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)

Total Cash Transfer Amount _____

a/ This request is for an up-front transfer of SCF Non-Guarantee Projects in accordance with Section 4.1.(c)(i)(2).

b/ This column represents the committed amount less cancelled amount.

c/ This column represents the cumulative amount transferred to the [MDB Name] less return of funds to the Trustee since the inception of the [MDB Name]/SCF Fund.

Bank Account Details

Bank account name:

Bank account number:

Bank name:

Bank address:

Bank SWIFT code:

Bank code:

Routing instructions:

Signed _____ Date _____

Name _____

Title _____

Annex D**STRATEGIC CLIMATE FUND**

[SCF Program name]

[MDB Name] Ref. No. _____

Cash Transfer Request Number _____

[MDB name]

Cash Transfer Request for SCF Guarantee Projects a/

As of [date] _____

(in US dollars)

Trustee ID	[MDB] ID	Project Title	Net Committed Amount b/	Amount Transferred to date c/	Amount of Cash Transfer Request
(1)	(2)	(3)	(4)	(5)	(6)

Total Cash Transfer Amount _____

a/ This request includes cash transfers for SCF Guarantees, including loan guarantees and contingent finance

b/ This column represents the committed amount less cancelled amount.

c/ This column represents the cumulative amount transferred to the [MDB Name] less return of funds to the Trustee since the inception of the [MDB Name]/SCF Fund.

Bank Account Details

Bank account name:

Bank account number:

Bank name:

Bank address:

Bank SWIFT code:

Bank code:

Routing instructions:

Signed _____ Date _____

Name _____

Title _____

STRATEGIC CLIMATE FUND

[SCF Program name]

[MDB Name] Ref. No. _____

Cash Transfer Request Number _____

[MDB Name]

Cash Transfer Request for Project Administration Fees a/

As of [date] _____

(in US dollars)

Net Cumulative Cash received from the Trustee in the [MDB Name]/SCF Fund b/	Amount of Cash Transfer Request for Fees
(1)	(2)
0.00	0.00

a/ The Implementing Entity may request up to the amount equal to the net cumulative amount of the SCF Trust Fund funds committed by the Trustee for Project Administration Fees less the net cumulative amount of the SCF Trust Fund funds received for Project Administration Fees from the Trustee, both as of the date of the request.

b/ This column represents the cumulative amount transferred to the [MDB Name] less return of funds to the Trustee since the inception of the [MDB Name]/SCF Fund.

Bank Account Details

Bank account name:

Bank account number:

Bank name:

Bank address:

Bank SWIFT code:

Bank code:

Routing instructions:

Signed _____ Date _____

Name _____

Title _____

STRATEGIC CLIMATE FUND

[MDB Name] Ref. No. _____
 Cash Transfer Request Number _____

[MDB Name]

Cash Transfer Request for Administrative Budget

As of [date] _____
 (in [US dollars])

	Net Cumulative Cash received from the Trustee in the [MDB Name]/SCF Fund a/		Amount of Cash Transfer Request b/
	(1)		(2)
Core			
	Country name		
Country Programming			
	Initiative name		
Special			

a/ This column represents the cumulative amount transferred to the [MDB Name] less return of funds to the Trustee since the inception of the [MDB Name]/SCF Fund.

b/ The Implementing Entity may request up to the amount equal to the net cumulative amount of the SCF funds committed by the Trustee less the net cumulative amount of the SCF funds transferred from the Trustee for that Sub-Category of the Administrative Budget, both as of the date of the request.

Bank Account Details

Bank account name:
 Bank account number:
 Bank name:
 Bank address:
 Bank SWIFT code:
 Bank code:
 Routing instructions:

Signed _____ Date _____

Name _____

Title _____

STRATEGIC CLIMATE FUND
[SCF Program name]
[MDB Name]

Quarterly Report on [MDB] Approvals of SCF Projects
For the Quarter Ended _____, _____
(in US dollars)

Part I: Summary

1. Amount of SCF funds for SCF Projects approved by [MDB] since reported to the Trustee on _____, _____ (total from Part II below)
2. Cumulative amount of SCF funds for SCF Projects approved by [MDB] (as reported in item 3 of Part I of the last submitted Quarterly Report on [MDB] Approvals of SCF Projects)
3. Total amount of SCF funds for SCF Projects approved by [MDB] (1 + 2)

Part II: SCF Projects approved by [MDB] since reported to the Trustee on _____, _____

Trustee ID	[MDB] ID	Project Title	Beneficiary Country	Financing Instruments a/	Project Execution/ Implementation Status	Project Approval Date by [MDB]	Total SCF Funding Approved by [MDB]	MDB Financing b/	Country Financing b/	Non- MDB Cofinancing b/	Total Financing including SCF b/
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12) = (8) + (9) + (10) + (11)

a/ This column indicates the financing products of the SCF funding, such as grants, loans and guarantees in the case of SCF Projects.

b/ These columns are information purpose only to the CIF Administrative Unit and filled in only if applicable.

Signed _____ Date _____
 Name _____
 Title _____

STRATEGIC CLIMATE FUND

[SCF Program name]

[MDB Name] Ref. No. _____

[MDB name]

[Loan]/[Guarantee] Term Sheet

Trustee ID
Agency ID
Project Title
Effective Date of the [Loan]/[Guarantee]
[Loan]/[Guarantee] Currency and Amount
Financing Product
[Interest Rate]/[Guarantee Fees]
[Interest Payment]/[Guarantee Fees] Dates/Interval

Principal Repayment Schedule

Principal Repayment Date	Principal Repayment Amount	Remaining Outstanding Loan Balance after Principal Repayment Date
(1)	(2)	(3)

Signed _____ Date _____

Name _____

Title _____

Annex I

STRATEGIC CLIMATE FUND

[SCF Program name]

[MDB Name]

[MDB] Quarterly Report for Income and Principal Repayment to SCF Trust Fund

As of [date] _____

(in US dollars)

Trustee ID	[MDB] ID	Project Title	Principal Repayments/ Guarantee Repayments Transferred to Trustee	Income Transferred to Trustee to date	Expected Principal Repayments/ Guarantee Repayments for Reporting Period [...]	Expected Income for Reporting Period [...]	Principal Repayments/ Guarantee Repayments Collected from Borrowers and to be Transferred to Trustee for Reporting Period	Income Collected from Borrowers and to be Transferred to Trustee for Reporting Period	Loan Loss/ Guarantee Called Amount	Remarks
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10) = (6 + 7) - (8 + 9)	(11)

Signed _____ Date _____

Name _____

Title _____

STRATEGIC CLIMATE FUND
[SCF Program name]
[MDB Name]

[MDB] Quarterly Report on Cancellations of SCF Projects and MDB Fees Associated with the Projects

As of [date] _____
 (in US dollars)

Trustee ID	[MDB] ID	Project Title	Beneficiary Country	Financing Instruments a/	Original SCF Funding Approved by [MDB], if applicable c/	Project Amount Adjustment d/	Date of Adjustment	Net Project Amount	Project Status	Project Cancellation Date
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9) = (6) - (7)	(10)	(11)

a/ This column indicates the financing products of the SCF funding, such as grants, loans, guarantees.

b/ The Trustee's commitment is contingent upon MDB's approval of SCF project.

c/ In the case that the MDB dropped the whole project after the Trustee commitment, but before MDB approval, insert zero (0) in this column.

d/ This column includes (i) any drop, cancellation (full or partial) or amendment recorded by the MDB, which reduces the amount endorsed or approved by the SCF Trust Fund Committee, as applicable, (ii) any amount which was committed by the Trustee, but not disbursed by the MDB to a project recipient of SCF funds, and (iii) any amount, which was disbursed to a project recipient of SCF funds but subsequently returned by such recipient to the MDB.

Signed _____ Date _____
 Name _____
 Title _____

STRATEGIC CLIMATE FUND**[SCF Program name]****[MDB Name]****[MDB] Quarterly Report on Unused Funds from SCF Project Closure****As of [date] _____***(in US dollars)*

Trustee ID	[MDB] ID	Project Title	Beneficiary Country	Financing Instruments a/	Total SCF Funding Approved by [MDB]	Final Project Closure Date	Final Disbursed Amount	Final Unused Amount
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9) = (6) - (8)

a/ This column indicates the financing products of the SCF funding, such as grants, loans, guarantees.

Signed _____ Date _____

Name _____

Title _____

Annex L

STRATEGIC CLIMATE FUND

[MDB Name] Ref. No. _____

[MDB Name]

Annual Actual Administrative Expense Report

As of [date] _____
(in US dollars)

	Cash received from the Trustee in the [MDB Name]/SCF Fund a/		Used Amount	Balance
	(1)		(2)	(3) = (1) - (2)
Core				
	Country name	Cash received from the Trustee in the [MDB Name]/SCF Fund b/	Used Amount	Balance
		(1)	(2)	(3) = (1) - (2)
Country Programming				
	Initiative name	Cash received from the Trustee in the [MDB Name]/SCF Fund c/	Used Amount	Balance
		(1)	(2)	(3) = (1) - (2)
Special				

a/ This column represents the amount transferred to the [MDB Name] for the administrative budget fiscal year reported.

b/ This column represents the amount transferred to the [MDB Name] for each Country Programming Administrative Budget.

c/ This column represents the amount transferred to the [MDB Name] for each special initiative.

Signed _____ Date _____

Name _____

Title _____

Annex M**STRATEGIC CLIMATE FUND****[MDB name]****Semi-annual Investment Income Report a/**

As of [date] _____
(in US dollars)

Investment Income Earned for the Reporting Period	Cumulative Investment Income Earned to date	Cumulative Investment Income Transferred to Trustee to date	Balance
(1)	(2)	(3)	(4) = (2) - (3)

a/ This report is different from return of investment income referred to Section 8.1.

Signed _____ Date _____

Name _____

Title _____

Annex N

STRATEGIC CLIMATE FUND

[SCF Program name]

[MDB Name]

[MDB] Annual Report on Disbursements of SCF Projects

As of [date] _____

(in US dollars)

Trustee ID	[MDB] ID	Project Title	Beneficiary Country	Financing Instruments <i>a/</i>	SCF Funding Approved by [MDB]	Cumulative Disbursements since Inception	Cumulative Disbursements as of Calendar Year [...]	Commitments not yet disbursed	Status
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9) = (6) - (7)	(10)

a/ This column indicates the financing products of the SCF funding, such as grants, loans, guarantees.

Signed _____ Date _____

Name _____

Title _____

STRATEGIC CLIMATE FUND

[SCF Program name]

[MDB Name]

[MDB] Annual Report for Reconciliation in respect of SCF Trust Fund funding approved for the [MDB Name]

As of [date] _____
(in US dollars)

Trustee ID	[MDB] ID	Project Title	Financing Instruments b/	SCF TF Committee Approval date c/	[MDB] Project Execution/ Implementation Status	[MDB] Project Approval Date	Cumulative Trustee Commitment	Cumulative Cancelled Amounts	Financial Closure Date d/	Final Unused Amount d/	Final Used Amount d/	Trustee Net Commitment	Return of funds to SCF, if applicable
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)

a/ This report includes SCF Projects (including project preparation activities) and excludes [MDB Name] Fee and Administrative Budget.

b/ This column indicates the financing products of the SCF funding, such as grants, loans, guarantees.

c/ This column indicates the date of SCF TF Committee approval.

d/ These columns are filled in only when project is financially closed.

Annex P

[DATE]

International Bank for Reconstruction and Development,
As Trustee of the Trust Fund for the Strategic Climate 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 and the Implementing Entity

I refer to the Financial Procedures Agreement (“Agreement”) between the International Bank for Reconstruction and Development, as Trustee of the Trust Fund for the Strategic Climate Fund and [Full name of the MDB] (“[MDB Acronym]”), dated _____. For the purposes of the Agreement, any [one/two] of the persons whose authenticated specimen signatures appear below is authorized on behalf of the Implementing Entity 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]