



IFAD
INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT
Executive Board – Seventy-Fifth Session

Rome, 22-23 April 2002

**COOPERATION ARRANGEMENTS WITH THE
GLOBAL ENVIRONMENT FACILITY (GEF)**

1. At its Seventy-Third Session in September 2001, in authorizing the President to negotiate and finalize a Letter of Agreement and a Memorandum of Understanding between IFAD and GEF Secretariat, and a Financial Procedures Agreement between IFAD and International Bank for Reconstruction and Development (IBRD) as Trustee of the GEF Trust Fund, the Executive Board requested that the texts of the Letter of Agreement, Memorandum of Understanding and the Financial Procedures Agreement be submitted to it for its information at a subsequent session.
2. In accordance with the Board's request, conformed copies of the above-mentioned Letter of Agreement, Memorandum of Understanding and Financial Procedures Agreement, which were signed on 9 October 2001, are attached hereto.



CONFORMED COPY

October 9, 2001

Mr. Lennart Båge
President
IFAD
107, Via del Serafico
00142 Rome
ITALY

Dear Mr. Båge:

I have pleasure in confirming the arrangements that will govern the provision of certain Global Environment Facility ("GEF") resources by the Secretariat of the GEF (the "Secretariat") to the International Fund for Agricultural Development ("IFAD") for the preparation of GEF projects.

As you know, on May 7, 1999, the GEF Council, on the basis of document GEF/C.13/3, *Expanded Opportunities for Executing Agencies*, approved a proposal to allow for the participation of four regional development banks in the preparation of GEF projects and for their direct access to certain Project Preparation and Development Facility resources, namely PDF-B grants (the "Expanded Opportunities Decision"). On May 11, 2001, the Council further agreed to IFAD's participation in such expanded opportunities.

Following these Decisions, our respective staffs, in consultation with staff from the International Bank for Reconstruction and Development acting in its capacity as Trustee of the GEF (the "Trustee"), have developed a set of working arrangements to govern the Secretariat's provision of PDF-B grants to IFAD and IFAD's duties and responsibilities in connection with the funds so provided. These working arrangements are set out in the Memorandum of Understanding enclosed with this letter (the "MOU") and incorporated by reference hereto. A related agreement governing the working arrangements for the disbursement and administration of PDF-B grant funds has been concluded between the Trustee and IFAD, in consultation with the Secretariat.

The Secretariat and IFAD agree that all PDF-B Grants made by the Secretariat to IFAD pursuant to this letter agreement shall be made, administered and governed by the working arrangements set out in the MOU. In accordance with those arrangements, the terms and conditions of each PDF-B Grant made to IFAD shall be detailed in a separate Schedule to the MOU.



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The agreement reached in this letter shall enter into force with effect from October 9, 2001, and shall remain in force until all the PDF-B grant funds provided for in the Schedule(s) to the MOU have been disbursed, and all obligations set forth therein have been met, unless terminated earlier at the initiative of either party. Either party may terminate the MOU, or any Schedule thereto, upon prior written notice of at least sixty (60) days to the other party. This Letter Agreement and/or the MOU and Schedules incorporated thereto may be amended at any time with the written consent of both parties.

Should any dispute arise between the Secretariat to the GEF and IFAD concerning this letter agreement or the MOU, or any Schedule attached thereto, which the parties are unable to settle between themselves, I, as CEO/Chairman, shall inform the GEF Council and seek its advice with respect to a resolution. I shall also keep the Trustee informed of any such dispute.

This Letter Agreement (and the enclosed MOU) is provided in two counterparts. Please sign both original copies of this Letter Agreement in the space provided below, keep one original copy for your records and return the other original copy to me.

I look forward to collaborating with you and your colleagues in the achievement of global environmental benefits through the projects to be prepared in accordance with this agreement.

Sincerely,

(Mohamed T. El-Ashry)
CEO/Chairman
Global Environment Facility

Agreed: (Lennart Båge)
President

Enclosure: Memorandum of Understanding



CONFORMED COPY

Memorandum of Understanding

between

THE INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT

and

THE GEF SECRETARIAT

on

PROJECT PREPARATION AND DEVELOPMENT FACILITY GRANTS

October 9, 2001



CONFORMED COPY

MEMORANDUM OF UNDERSTANDING

MEMORANDUM OF UNDERSTANDING, dated October 9, 2001, between the GEF SECRETARIAT OF THE GLOBAL ENVIRONMENT FACILITY (respectively, "the Secretariat" and "GEF") and the INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT (IFAD)

WHEREAS, pursuant to paragraphs 20(f) and 28 of the *Instrument for the Establishment of the Restructured Global Environment Facility* ("the Instrument"), the Council of the Global Environment Facility (the "Council") has the authority to approve and periodically review operational modalities for the Global Environment Facility, including means to facilitate arrangements for project preparation and execution by multilateral international organizations;

WHEREAS, effective May 7, 1999, pursuant to such authority, and on the basis of document GEF/C.13/3, *Expanded Opportunities for Executing Agencies*, the Council approved a proposal for the participation of four regional development banks in preparing GEF projects and for their direct access to certain Project Preparation and Development Facility ("PDF") resources, namely PDF-B resources (the "Expanded Opportunities Decision");

WHEREAS, effective May 11, 2001, on the basis of document GEF/C.17/13, the Council also approved the participation of the IFAD in preparing GEF projects and for their direct access to PDB-B resources pursuant to the Expanded Opportunities Decision;

WHEREAS, pursuant to the above-mentioned Council decisions, IFAD desires to participate in the preparation of GEF-eligible projects and to secure PDF-B resources for project preparation activities and, towards that end, intends to submit applications for PDF-B resources to the Secretariat;

WHEREAS, upon review of IFAD's applications for PDF-B resources, the Secretariat expects to approve grants of PDF-B resources to IFAD; and

WHEREAS, as confirmed in a letter dated October 9, 2001, between the Secretariat and IFAD (the "Letter Agreement"), all grants of PDF-B resources made by the Secretariat to IFAD shall be governed by a single Memorandum of Understanding setting forth the duties and responsibilities of the Secretariat and IFAD in respect of such grants and containing a separate Schedule detailing the terms and conditions of each such grant.

NOW, THEREFORE, the Secretariat and IFAD agree as follows:



ARTICLE I

DEFINITIONS

Section 1.01. For the purposes of this Memorandum of Understanding:

- (a) "CEO" means the Chief Executive Officer/Chairperson of the GEF appointed by the Council in accordance with paragraph 21 of the Instrument;
- (b) "Council" means the Council of the GEF established in accordance with paragraphs 11 and 15 to 20 of the Instrument;
- (c) "Financial Procedures Agreement" means the Financial Procedures Agreement between IFAD and the International Bank for Reconstruction and Development as Trustee of the Global Environment Facility Trust Fund, dated as of October 9, 2001;
- (d) "GEF" means the Global Environment Facility restructured and established in accordance with the Instrument;
- (e) "GEF Trust Fund" means the Global Environment Facility Trust Fund established in accordance with the Instrument;
- (f) "Grant" means the funds approved by the CEO on the basis of a Grant Application for PDF-B resources;
- (g) "Grant Application" means an application submitted by IFAD to the Secretariat for PDF-B resources;
- (h) "IFAD" means the International Fund for Agricultural Development; and
- (i) "IFAD/GEF Fund" means the fund to be established by IFAD in accordance with the terms of the Financial Procedures Agreement, for purposes of receiving and administering PDF-B Grants.
- (j) "Implementing Agencies" means the United Nations Development Programme, the United Nations Environment Programme and the International Bank for Reconstruction and Development acting as an Implementing Agency of the GEF in accordance with paragraph 22 of the Instrument;
- (k) "Instrument" has the meaning assigned hereto in the preamble hereof;
- (l) "Letter Agreement" means the letter dated October 9, 2001, signed by the President of IFAD on behalf of IFAD and the CEO/Chairman of the GEF on behalf of the GEF Secretariat;
- (m) "MOU" means this Memorandum of Understanding between the Secretariat and IFAD;
- (n) "PDF-B Grant" means the funds approved by the CEO on the basis of a Grant Application for PDF-B resources (i.e., a level B grant from the Project Preparation and Development Facility on the terms provided for by the Council in May 1995 on the basis of its review of documents GEF/C.3/6, *The Project Development and Preparation Facility*, and GEF/C.4/7, *GEF Project Cycle*, under which GEF funds are allocated to project preparation and development activities, as such terms may be amended from time to time);



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- (o) "Project Development and Preparation Facility" means the Project Development and Preparation Facility described in (n) above;
- (p) "Schedule" means any schedule hereto containing the information set forth in Section 3.02 below regarding each PDF-B Grant;
- (q) "Secretariat" means the Secretariat of the GEF established in accordance with paragraph 21 of the Instrument;
- (r) "Trustee" means the International Bank for Reconstruction and Development acting as Trustee of the GEF Trust Fund in accordance with paragraph 8 and Annex B of the Instrument.

ARTICLE II

General Principles

Section 2.01. All articles, sections and schedules of this MOU shall be interpreted and carried out in accordance with the Instrument and policies and decisions of the Council and the Constitution of IFAD, and in a manner consistent with the regulations and rules, guidelines, directives and procedures of the Secretariat and IFAD.

Section 2.02. If any decisions or guidance referred to under section 2.01 are inconsistent with the pertinent policy or practice of the GEF or IFAD, the Secretariat and IFAD shall promptly take all appropriate actions to resolve any inconsistency.

ARTICLE III

Administration of PDF-B Grants

Section 3.01. IFAD shall be solely responsible for the administration of PDF-B Grants made to it and will carry out such administration in accordance with its regulations and rules, standard practices and procedures and with the same degree of care as it uses in the administration of its own funds, taking into account the provisions of this MOU and the Schedules hereto.

Section 3.02. Each PDF-B Grant shall be based on a Grant Application submitted by the IFAD officer identified in Article IX, Section 9.01(a) and approved by the CEO. Each Application, as approved, will constitute a Schedule to this MOU. Each such Schedule shall contain a description of the activities to be funded by the Grant and a Grant-specific budget. Each Grant shall be denominated in US Dollars, provided, however, that such Grant funds may be freely converted by IFAD into any other currency.

Section 3.03. Notwithstanding the specific budget for a PDF-B Grant set out in the pertinent Schedule to this MOU, IFAD may reallocate funds within the GEF-supported components of a PDF-B Grant in accordance with its standard procedures; provided, however, that no such reallocation shall exceed twenty percent (20%) of the Grant amount. IFAD shall inform the Secretariat of any proposed modifications to the budget of a Grant that exceed, or are expected to exceed, 20% of the Grant amount,



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including material amendments, suspension, termination and cancellation of disbursements. Any such modification shall go into effect upon clearance by the Secretariat, which will make a good faith effort to respond within ten (10) working days of the date of IFAD's communication.

Section 3.04. The commitment and transfer of each PDF-B Grant to IFAD shall be effected in accordance with the terms of the Financial Procedures Agreement.

Section 3.05. Each PDF-B Grant shall be disbursed by IFAD in accordance with its own standard rules and procedures.

Section 3.06. IFAD shall take all appropriate measures to ensure that each Grant is used for the purposes for which it was approved, as set out in the pertinent Schedule hereto.

Section 3.07. In the event of any major change or development relating to any PDF-B Grant activities, including any major change in their design, scope or purpose, IFAD shall seek approval from the CEO for the continuance of such activities. Such activities shall continue upon clearance by the Secretariat, which will make a good faith effort to respond within ten (10) working days of the date of IFAD's communication.

Section 3.08. IFAD shall receive a fee for the implementation of each PDF-B Grant that results in a project financed by the GEF. The amount of any such fee shall be determined in accordance with the policies and procedures established for the determination of fees payable to the Implementing Agencies as approved by the Council (*GEF Council Joint Summary of the Chairs, May 10, 1999, paragraph 20*), as amended from time to time and implemented by the Secretariat. The fee payable in connection with a PDF-B Grant shall be agreed upon between IFAD and the Secretariat upon preparation of a final project proposal for approval by the Council. The amount of such fee shall be clearly indicated in the project proposal presented to the Council and shall be payable to IFAD upon the Council's approval of the project proposal.

ARTICLE IV

PROCUREMENT

Section 4.01. The procurement of goods and services (including consultants' services) for PDF-B Grant activities and the recording and reporting to the Secretariat on such procurement shall be done in accordance with IFAD regulations and rules, policies, guidelines and procedures; provided, however, that IFAD shall record and report on such procurement in accordance with procurement reporting guidelines to be provided to IFAD by the Secretariat for all PDF-B Grants approved after the date on which such guidelines have been provided to IFAD.



ARTICLE V

Records and Reporting

Section 5.01. IFAD shall provide the Secretariat with the following reports on the PDF-B Grants prepared in accordance with IFAD's accounting and reporting procedures:

- (a) quarterly unaudited financial statements for the PDF-B Grants;
- (b) quarterly and annual reports (substantially in the form of Attachment 1 hereto) indicating, for each PDF-B Grant transferred, the expenses incurred and disbursements made during the relevant period;
- (c) semi-annual progress reports;
- (d) as soon as practicable after the end of IFAD's fiscal year, an annual audited financial statement for the IFAD/GEF Fund, attaching audited financial statements, if any, with respect to the use of GEF resources which IFAD has received from entities to which IFAD has transferred some or all of the proceeds of any PDF-B Grant;
- (e) within six months after the date of completion or termination of the activities for which each PDF-B Grant has been granted, a final report on such PDF-B Grant;
- (f) as soon as practicable after the termination of this MOU, a final audited financial statement for the IFAD/GEF Fund; and
- (g) such other reports as may reasonably be requested by the Secretariat from time to time.

Such reports and accounts will be identical in form and content to the reports and accounts to be furnished to the Trustee pursuant to the Financial Procedures Agreement, and IFAD shall provide copies to the Secretariat as soon as they are available.

IFAD's external auditors shall audit the financial statements of the IFAD/GEF Fund prepared by IFAD described in paragraph (d) and (f) of this Article. The costs of such audits shall be in accordance with Article II, section 2.3 of the Financial Procedures Agreement.

For purposes of the financial statements required under paragraphs (a), (d) and (f) hereof, investment income earned by the IFAD/GEF Fund may be reported as cumulative investment income and need not be allocated across individual PDF-B Grants.



ARTICLE VI

Preparation and Execution of PDF-B Grants

Section 6.01. The Secretariat shall provide guidance to IFAD so that IFAD can ensure that:

- (a) The documentation provided by IFAD to the Secretariat in connection with each PDF-B Grant meets GEF requirements; and
- (b) The preparation of the Grant Applications and the execution of the activities financed by the Grants are consistent with the GEF's operational procedures, particularly those concerning eligibility criteria, the estimation of incremental costs, the definition of global benefits, the establishment and operation of the Project Preparation and Development Facility, and the policy for stakeholder participation and disclosure of information.

Section 6.02. IFAD shall be solely responsible for:

- (a) Preparing each Grant Application for consideration by the Secretariat;
- (b) The administration, management and use of Grant funds provided to it;
- (c) Supervising activities financed by the Grants; and
- (d) Reporting to the Secretariat in accordance with Article V hereof.

Section 6.03. IFAD shall inform the Secretariat of any conditions it believes may interfere with its performance of its obligations under this MOU or the implementation of any activities due to be performed under any Schedule hereto.

ARTICLE VII

Consultation

Section 7.01. IFAD and the Secretariat shall consult and share information with each other from time to time and at the request of either party on matters arising out of this MOU.

ARTICLE VIII

Procedures for Termination

Section 8.01. Upon the issuance of a notice to terminate the Letter Agreement and/or this MOU, or any Schedule thereto, as provided for in the Letter Agreement, IFAD and the Secretariat shall consult on the most practical and effective means of terminating any uncompleted activities provided for in the Schedule(s) hereto. If the Letter Agreement and/or this MOU or any Schedule hereto is terminated, IFAD shall continue to hold undisbursed Grant funds provided under this MOU or such Schedule(s) until all outstanding commitments and liabilities incurred for the pertinent Grant activities have been satisfied.



Following the satisfaction of such commitments and liabilities, IFAD shall return any unused funds to the Trustee in accordance with the terms of the Financial Procedures Agreement.

ARTICLE IX

Communications

Section 9.01. All communications concerning this MOU 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 IFAD:

Mr. Fawzi Rihane
Coordinator, Multilateral & Interagency Affairs
Economic Policy and Resource Strategy Department
IFAD
107, Via del Serafico
00142 Rome
Italy

Telephone: +39 06 549 2394

Fax:: +39 06 5043 463

Electronic mail: f.rihane@ifad.org

(b) For the Secretariat:

Global Environment Facility
1818 H Street, N.W.
Washington, D.C. 20015
USA

Attention: Assistant Chief Executive Officer

Telephone: 202 473 1075

Fax: 202 522 3240/3245

Electronic mail: kking@worldbank.org

Financial Status of IFAD/GEF Work Program as of _____

Bank Account:		Information on the PDF-B Grants										
Region	Grant No.	Grant Name	Project	Amounts in US\$		Project Expenditures					Cumulative up to _____	
				Approval DT	Approved Amount	From _____ To: _____			Total This Year			
		Disbursed	Committed			Cancelled	Available					
Totals												

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FINANCIAL PROCEDURES AGREEMENT

between

THE INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT

and

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

as Trustee of

THE GLOBAL ENVIRONMENT FACILITY TRUST FUND

October 9, 2001

CONFORMED COPY

FINANCIAL PROCEDURES AGREEMENT

FINANCIAL PROCEDURES AGREEMENT (hereinafter the "Agreement"), dated as of October 9, 2001 made between the International Bank for Reconstruction and Development as Trustee (the "Trustee") of the Global Environment Facility Trust Fund (the "GEF Trust Fund"), and the International Fund for Agricultural Development ("IFAD");

WHEREAS, pursuant to paragraphs 20(f) and 28 of the Instrument for the *Establishment of the Restructured Global Environment Facility* (approved by Resolution 94-2 of the Executive Directors of the International Bank for Reconstruction and Development, dated May 24, 1994) (the "Instrument"), the Council of the Global Environment Facility (the "Council") has the authority to approve and periodically review operational modalities for the Global Environment Facility ("GEF"), including means to facilitate arrangements for project preparation and execution by regional development banks;

WHEREAS, effective May 7, 1999, pursuant to such authority, and on the basis of document GEF/C.13/3, *Expanded Opportunities for Executing Agencies*, the Council approved a proposal for the participation of four regional development banks in preparing GEF projects and for their direct access to certain Project Preparation and Development Facility resources, namely PDF-B resources (the "Expanded Opportunities Decision");

WHEREAS, effective May 11, 2001, on the basis of document GEF/C.17/13, the Council also approved the participation of the IFAD in preparing GEF projects and for their direct access to PDF-B resources pursuant to the Expanded Opportunities Decision;

WHEREAS, pursuant to the above-mentioned Council decisions, IFAD desires to participate in the preparation of GEF-eligible projects and to secure PDF-B resources for project preparation activities and, towards that end, intends to submit applications for PDF-B resources to the Secretariat of the GEF ("the Secretariat");

WHEREAS, IFAD and the Secretariat, have entered into a Letter Agreement, dated as of the date hereof (the "Letter Agreement"), which incorporates a Memorandum of Understanding (the "MOU") setting forth the duties and responsibilities of the Secretariat and IFAD in respect of all grants of PDF-B resources made to IFAD pursuant to that Letter Agreement (the "PDF-B Grants") and providing that the terms and conditions of each such grant shall be set out in a separate Schedule to the MOU, which Schedules, taken together shall herein be referred to as the "IFAD/GEF Program";

WHEREAS, the Trustee and IFAD now need to make arrangements for the administration, commitment and disbursement of the PDF-B Grants.

NOW, THEREFORE, the Trustee and IFAD agree as follows:

I. Transfer of Funds

Section 1.1 IFAD shall establish a fund (the "IFAD/GEF Fund") to receive, hold and administer PDF-B Grants transferred to it by the Trustee.

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- Section 1.2 In accordance with the instructions of the Secretariat, the Trustee shall transfer PDF-B Grants approved by the Secretariat for IFAD to the IFAD/GEF Fund. The Trustee shall confirm all such transfers to IFAD by means of a Letter of Transfer substantially in the form of the Letter of Transfer attached as Attachment 1.
- Section 1.3 Each PDF-B Grant shall be transferred to IFAD in one single installment and shall be credited to the account that IFAD may from time to time designate for such purpose.
- Section 1.4 Unless the parties hereto agree otherwise, all financial accounts and statements related to PDF-B Grants shall be expressed in United States dollars.

II. Use of Funds

- Section 2.1 The IFAD/GEF Fund shall be used for the purpose of meeting the costs of the activities described in the IFAD/GEF Program.
- Section 2.2 Subject to the terms of this Agreement, IFAD may invest all funds received by the IFAD/GEF Fund pending their disbursement in accordance with IFAD's guidelines and policies concerning the investment of funds in respect of which IFAD acts as trustee. IFAD shall have the right to convert all funds received by the IFAD/GEF Fund into other currencies to facilitate the administration of such fund.
- Section 2.3 Any income earned on the investment of IFAD/GEF Fund funds shall be credited to the IFAD/GEF Fund and may be used to cover, first, auditing fees incurred in connection with the securing of the audited reports required to be provided under this Agreement and the MOU; and, second, other costs of the IFAD/GEF Program; provided, however, that such costs shall not include IFAD's administrative costs.

III. Standard of Care

- Section 3.1 The IFAD/GEF Fund shall be administered by IFAD. IFAD shall exercise the same degree of care and diligence in the discharge of its functions under this Agreement as it exercises with respect to the administration and management of its own resources. Subject to the terms of this Agreement, the Letter Agreement and of the MOU, IFAD may do any and all such acts as may be necessary or appropriate for the proper administration of the IFAD/GEF Fund.
- Section 3.2 The activities of IFAD funded under the IFAD/GEF Program shall be consistent with the terms of the Agreement Establishing the International Fund for Agricultural Development and with such other rules and regulations of IFAD as may be applicable from time to time.

IV. Disbursement of Funds

Section 4.1 Implementation of the IFAD/GEF Program shall be dependent upon the receipt by IFAD of PDF-B Grants in accordance with the procedures set out in Article I hereto. Disbursement of funds from the IFAD/GEF Fund to recipients shall be made in accordance with IFAD's disbursement procedures.

V. Ownership of Equipment, Supplies

and other Property

Section 5.1 Ownership of equipment, supplies and other property financed with funds of the IFAD/GEF Fund shall vest in IFAD, the recipient of the funds or such other entity as may be permitted to retain ownership under the rules and regulations of IFAD.

VI. Records and Reporting

Section 6.1 IFAD shall provide the Trustee with the following reports on the IFAD/GEF Fund prepared in accordance with IFAD's accounting and reporting procedures:

- (a) quarterly unaudited financial statements for the IFAD/GEF Fund;
- (b) quarterly and annual reports (substantially in the form of Attachment 2 hereto) indicating, for each PDF-B Grant transferred, the expenses incurred and disbursements made during the relevant period;
- (c) semi-annual progress reports;
- (d) as soon as practicable after the end of IFAD's fiscal year, an annual audited financial statement for the IFAD/GEF Fund, attaching any audited financial statements with respect to the use of PDF-B resources which IFAD has received from entities to whom IFAD has transferred some or all of the proceeds of any PDF-B Grant;
- (e) within six months after the date of completion or termination of the activities for which each PDF-B Grant has been granted, a final report on such PDF-B Grant;
- (f) as soon as practicable after the termination of this Agreement, a final audited financial statement for the IFAD/GEF Fund; and
- (g) such other reports as may reasonably be requested by the Trustee from time to time.

IFAD's external auditors shall audit the financial statements of the IFAD/GEF Fund referred to in paragraphs (d) and (f) above.

For the purposes of the financial statements required under paragraphs (a), (d), and (f) above, investment income earned by the IFAD/GEF Fund shall be reported as cumulative investment income and shall not be allocated between individual PDF-B Grants

VII. Notices

Section 7.1 All communications concerning this Agreement shall be made to the relevant person at the address, facsimile number, telex, 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:

For the Trustee:

Name: International Bank for Reconstruction and Development, as Trustee of the Global Environment Facility

Address: 1818 H. Street, N.W.
Washington, D.C. 20433
U.S.A.

Attention: Mr. Amedee S. Prouvost
Manager, Finance,
Resource Mobilization Department

Telephone: (1) 202 - 458 2385
Facsimile: (1) 202 - 522 2515
Electronic mail: aprouvost@worldbank.org

For IFAD:

Name: International Fund for Agricultural Development,

Address: Via del Serafico
Roma 00142
Italia

Attention: Mr. My Huynh Cong
Controller

Telephone: (39) 06 - 5459 2067
Facsimile: (39) 06 - 5043 463
Electronic mail: m.huynhcong@ifad.org

VIII. Termination

Section 8.1 This Agreement may be terminated by IFAD or the Trustee. This Agreement shall cease to be in force sixty (60) days after either party gives to the other written notice of its desire to terminate this Agreement.

Section 8.2 Notwithstanding termination of this Agreement, IFAD shall continue to hold unused funds and income earned by the IFAD/GEF Fund until all outstanding commitments and liabilities incurred in the implementation of the IFAD/GEF Program have been satisfied. Any portion of the IFAD/GEF Fund and any income earned thereon remaining after such commitments and liabilities have been satisfied shall be transferred by IFAD to the Trustee.

IX. Amendment

Section 9.1 This Agreement may be amended at any time by the written agreement of IFAD and the Trustee.

X. Entire Agreement

Section 10.1 This Agreement constitutes the entire agreement and understanding of the parties with respect to its subject matter and supersedes all oral communication and prior writings with respect thereto.

XI. Execution in Counterparts

Section 11.1 This Agreement may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument.

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

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

Signed by: (Geoffrey B. Lamb)
Title: Director, Resource Mobilization Department

INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT

Signed by: (Lennart Båge)
Title: President

Letter of Transfer**[Date]**

International Fund for Agricultural Development
Address

Re: **[PROJECT(S) TITLE(S)]**

Dear Sirs:

Pursuant to Article I, Section 1.2, of the Financial Procedures Agreement dated October 9, 2001, between the International Bank for Reconstruction and Development, as Trustee (the "Trustee") of the Global Environment Facility Trust Fund (the "GEF Trust Fund") and the International Fund for Agricultural Development ("IFAD"), we hereby inform you that, following instructions of the GEF Secretariat, we have on the date hereof transferred to the IFAD/GEF Fund, PDF-B Grants amounting to US\$ _____ .

Sincerely,

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

By: _____
Name:
Title:

