

July 2017

# Green Climate Fund: Proposed Participation by the Asian Development Bank through the Accreditation Master Agreement

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## ABBREVIATIONS

ADB	–	Asian Development Bank
AMA	–	Accreditation Master Agreement
DMC	–	developing member country
FAA	–	Funded Activity Agreement
GCF	–	Green Climate Fund

## NOTE

In this report, "\$" refers to United States dollars.

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## I. THE PROPOSAL

1. The Green Climate Fund (GCF) was established by 194 governments to limit or reduce greenhouse gas emissions in developing countries, and to help vulnerable societies adapt to the unavoidable impacts of climate change. It is expected to channel a significant portion of the developed countries' pledge to mobilize \$100 billion a year by 2020 (and possibly rising thereafter) to address climate change adaptation and mitigation in developing countries. Being able to access and deploy GCF funds is critical for the Asian Development Bank (ADB) to scale up the delivery of climate financing to its developing member countries (DMCs), beyond its own resources. GCF funds will be transferred to and administered by accredited entities, including ADB, under the accreditation master agreement (AMA)—a framework agreement that provides for the overarching rights and obligations of ADB and GCF.<sup>1</sup> This paper seeks approval for ADB's participation in GCF by execution of the AMA.

## II. BACKGROUND

2. Climate change is imposing significant costs in Asia and the Pacific—costs that will increase over the foreseeable time, and that translates directly into adaptation needs. At the same time, the region is a major and growing source of greenhouse gas emissions. Future climate change will be less severe only if such emissions are reduced. Infrastructure needs in developing Asia and the Pacific will exceed \$22.6 trillion through 2030 (or \$1.5 trillion per year) if the region is to maintain its growth momentum. The estimates rise to more than \$26 trillion (or \$1.7 trillion per year) when climate change mitigation and adaptation costs are included. Most ADB DMCs have ratified the Paris Agreement to hold the increase in the global average temperature to less than 2°C above preindustrial levels, while aspiring to limit warming to 1.5°C. Many countries have embarked on a low greenhouse gas emission and climate-resilient development path. However, most mitigation targets set by the DMCs (as well as their adaptation plans) depend, at least in part, on external financial and technical support for their achievement.

3. ADB will support its DMCs in meeting their commitments under the Paris Agreement and in increasing their levels of ambition over time. ADB committed to scale up its climate financing to \$6 billion by 2020, of which \$4 billion will target mitigation and \$2 billion adaptation. In 2016, ADB approved \$3.7 billion in climate finance investments from ADB's internal sources, including \$2.65 billion for mitigation and \$1.08 billion for adaptation. In addition to its own financing, ADB mobilized \$701 million from external sources, with \$595 million invested in mitigation and \$106 million in adaptation. External resources for climate change adaptation and mitigation include bilateral sources, multilateral funds such as the Climate Investment Funds and the Global Environment Facility, and ADB-managed trust funds.

4. ADB's forthcoming Climate Change Operational Framework, 2017–2030 underscores the importance of facilitating DMC access to external public and private climate finance, including innovative financing mechanisms and GCF. In many cases, DMCs do not have direct access to these resources and must work through accredited entities such as ADB. To the extent feasible, ADB will maximize the use of these resources for cofinancing investments and assist its DMCs in obtaining access to these sources.

5. Through its GCF accreditation, ADB will enable its DMCs to access GCF funds to channel financial flows at the required level of concessionality to introduce innovative transformations for embarking on climate-resilient, low greenhouse gas emission development pathways.

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<sup>1</sup> The "GCF Accreditation Master Agreement between Green Climate Fund and Asian Development Bank" is in the Appendix.

### III. THE GREEN CLIMATE FUND

#### A. Objective and Scope

6. At the 2009 United Nations Climate Change Conference in Copenhagen, developed countries committed to a goal of mobilizing jointly \$100 billion a year by 2020 to address the needs of developing countries. As envisaged in the Copenhagen Accord, this funding will come from a wide variety of sources—public and private, bilateral and multilateral, including alternative sources of finance—and a significant portion of such funding should flow through GCF. GCF was formally established a year later during the 2010 conference in Cancun as a fund within the United Nations Framework Convention on Climate Change. Its governing instrument was adopted in 2011.

7. The objective of GCF, as outlined in its governing instrument, is as follows: “In the context of sustainable development, the Fund will promote the paradigm shift towards low-emission and climate-resilient development pathways by providing support to developing countries to limit or reduce their greenhouse gas emissions and to adapt to the impacts of climate change, taking into account the needs of those developing countries particularly vulnerable to the adverse effects of climate change.”<sup>2</sup>

8. GCF is governed by a board of 24 members, with equal representation from developing and developed countries. The World Bank serves as the interim trustee of GCF. GCF’s initial resource mobilization period lasts from 2015 to 2018, and acceptance of new pledges is ongoing. As of June 2017, GCF has raised \$10.3 billion equivalent in pledges from 43 state governments, three regional governments, and one city. Once 60% of contributions are approved for projects and programs, GCF will rely on a systematic process to replenish these resources, aiming to ensure a strong, steady, and dependable stream of financing necessary to deliver on GCF’s mandate. GCF targets a balanced allocation to adaptation and mitigation projects and programs, with a least half of its adaptation finance going to the least developed countries,<sup>3</sup> small island developing states,<sup>4</sup> and African states.<sup>5</sup> As of June 2017, \$2.2 billion of GCF funds have been approved by its board for 43 adaptation or mitigation projects.

9. In deploying its resources, GCF works exclusively through accredited entities<sup>6</sup> to finance projects and programs. One of the unique features of GCF is to promote direct access to its funds by subnational, national, and regional implementing entities. To access GCF funding, institutions go through a process of accreditation to assess their strength in financial management and capability to safeguard funded projects and programs against any unforeseen environmental or social harm. ADB started the GCF accreditation process in December 2014; accreditation was approved at the ninth GCF board meeting on 24–26 March 2015. Finalization and execution of the AMA between GCF and the accredited entity concludes the accreditation process.

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<sup>2</sup> Green Climate Fund (GCF). 2011. *Governing Instrument for the Green Climate Fund*. Durban. (page 2). [www.greenclimate.fund/documents/20182/574763/Governing\\_Instrument.pdf](http://www.greenclimate.fund/documents/20182/574763/Governing_Instrument.pdf)

<sup>3</sup> Least developed countries are low-income countries confronting severe structural impediments to sustainable development. They are highly vulnerable to economic and environmental shocks and have low levels of human assets. List of least developed countries under the United Nations Framework Convention on Climate Change: [http://unfccc.int/cooperation\\_and\\_support/lcd/items/3097.php](http://unfccc.int/cooperation_and_support/lcd/items/3097.php)

<sup>4</sup> Small island developing states were recognized as a distinct group of developing countries facing specific social, economic, and environmental vulnerabilities at the United Nations Conference on Environment and Development (also known as the Earth Summit) held in Rio de Janeiro, Brazil (3–14 June 1992). List of small island developing states in different UN fora: <http://unohrls.org/about/sids/country-profiles/>

<sup>5</sup> Members of the African Union, i.e., all 55 countries on the African continent.

<sup>6</sup> Accredited entities are a wide range of institutions, including international, regional and national entities.

10. In its accreditation, ADB was granted (i) the widest possible range of access to GCF, covering all project or program sizes (including larger than \$250 million); (ii) all fiduciary functions as defined by GCF, including for project management, grant award or funding allocation mechanisms, and onlending or blending; and (iii) all environmental and social risk categories. This accreditation level gives ADB the greatest possible access to GCF resources for deployment in its DMCs, in addition to its own and other external resources.

## **B. Forms of Assistance**

11. GCF financing may include a combination of public and private sector initiatives and provide a range of financing instruments such as grants, loans (including concessional loans), equity, and risk mitigation instruments (such as guarantees).<sup>7</sup>

## **IV. THE PROPOSED ARRANGEMENTS**

### **A. Investment Approval Process**

12. The starting point for the processing, preparation, and approval of any project or program to be funded with GCF resources is the submission by ADB of a funding proposal to GCF for review, which may include an independent assessment by its technical advisory panel before submission to the GCF board for its approval.<sup>8</sup> Once the GCF board approves a funding proposal, ADB will obtain all its final internal approvals for the administration of the GCF funds within the period stated in the GCF board approval decision.<sup>9</sup>

### **B. Fund Transfers from the Green Climate Fund**

13. ADB will accept, on an untied basis, financing resources from GCF (contributions). Contributions will be held and administered by ADB separately from its other resources. Provision of contributions will be effected through funded activity agreements (FAA) for each individual project to be financed by GCF, under which ADB will agree to administer the contributions, substantially in accordance with the terms of the AMA.<sup>10</sup>

14. Contributions will be made in United States dollars and deposited into an account specified by ADB, as appropriate.

### **C. Administration of Contributions**

15. Contributions will be held, administered, and invested at the discretion of ADB in accordance with ADB's policies and procedures. With respect to the administration of contributions, ADB will exercise the same degree of care in the discharge of its functions, as it does with respect to its own funds or other funds for which it has management or investment responsibility.

<sup>7</sup> GCF's financing terms and conditions are in GCF. 2015. *Financial Terms and Conditions of the Fund's Instruments*. [https://www.greenclimate.fund/documents/20182/24949/GCF\\_B.09\\_08\\_-\\_Financial\\_Terms\\_and\\_Conditions\\_of\\_the\\_Fund\\_s\\_Instruments.pdf/295cd44f-1335-4213-b999-783f96c523a9](https://www.greenclimate.fund/documents/20182/24949/GCF_B.09_08_-_Financial_Terms_and_Conditions_of_the_Fund_s_Instruments.pdf/295cd44f-1335-4213-b999-783f96c523a9)

<sup>8</sup> The funding proposal will not be considered by the GCF board until the GCF receives a no-objection letter from the national designated authority of the relevant DMC.

<sup>9</sup> The period stated in the GCF board approval decision shall not be less than 120 days. If ADB is unable to meet the time line, it will provide GCF with an explanation for the delays and a revised time line for obtaining the final internal approvals.

<sup>10</sup> The funded activity agreement for a project will be entered within 180 days of ADB's final internal approval.

16. Pending disbursements, ADB may invest and reinvest contributions. Any income earned in respect of such investment and reinvestment, as well as interest accrued in respect of the account, will be transferred to GCF.

17. ADB will disburse funds from the account as needed to meet the expenditures of projects and activities supported by the contributions. If other currencies are required to meet eligible expenditures, ADB may purchase the required currencies with the available funds in the account. Any fees and charges relating to such purchase will be paid out of the account. ADB's financing agreements with its DMCs will incorporate any GCF-specific requirements.

18. ADB will maintain records and accounts, in accordance with the terms of the AMA, that identify the contributions received and disbursements made from the account, including for eligible activities and administrative expenses. ADB will provide GCF unaudited and audited annual financial statements on these records and accounts. The financial statements will be audited annually by ADB's external auditors, with the cost of audits to be charged to the account.

19. ADB will provide GCF (if required) additional reports and information concerning the progress of projects and activities financed under the contributions, with related extra costs deducted from the account. The contents for such additional reports and information will be agreed between GCF and ADB in advance.

#### **D. Service Fee**

20. ADB will receive a fee to cover its costs for administering and implementing GCF-funded projects and programs, including completion, evaluation, and reporting. The fee payable to ADB will be determined in accordance with relevant policies and procedures established by GCF, as amended from time to time.<sup>11</sup> The fee will be determined for each project and program, and will be in addition to the GCF funding approved for such projects and programs.

#### **E. Accreditation Status**

21. Under GCF policy, all accredited entities (including ADB) must be reaccredited every 5 years. ADB's current accreditation is valid until March 2020. During the 5-year period of accreditation, (i) GCF will conduct mid-term and other reviews of ADB's accreditation status, and (ii) GCF and ADB will inform each other of any changes in their respective policies and procedures that may result in ADB's non-compliance with the AMA or any FAAs. Such reviews and policy changes may result in the downgrading, suspension, or revocation of ADB's accreditation. Revocation of ADB's accreditation will not affect any FAA or any agreement ADB has entered, prior to such revocation, with respect to ongoing projects.

<sup>11</sup> GCF fees for public sector projects are based on full-cost recovery, and currently capped as follows:

Size of the project	Fee cap % of GCF funding (grant)
Micro (< \$10 million)	10%
Small (\$10 million–\$50 million)	9%
Medium (\$50 million–\$250 million)	8%
Large (> \$250 million)	7%

GCF fees for private sector and non-grant instruments other than concessional loans to the public sector will be decided on a case-by-case basis.

## **V. RISKS AND MITIGATION**

### **A. Conflict of Interest**

22. There may be a conflict of interest between ADB's duties as administrator of the contributions and ADB's interest and duties in relation to its other operations (especially as a financier in the same project). Where applicable, ADB will mitigate these risks by treating the GCF-financed investment on a par with its own investment in the same project or, where different modalities are used, through strict adherence to ADB's policies and procedures, as if the investment were made from ADB's own resources.

### **B. Credit Risk and Reputation Risk**

23. Ultimately, credit risks arising from GCF-financed investments will be borne by GCF, provided that ADB has processed and administered the investment within the parameters set under the AMA and in accordance with ADB's operational policies and procedures. However, since ADB will be the "lender and/or grantor of record," moral obligations remain and its reputation may be tarnished if GCF believes that ADB has breached its duties. ADB will try to avoid damage to its reputation through strong and committed delivery of its duties as an administrator of GCF funds.

## **VI. THE PRESIDENT'S RECOMMENDATION**

24. The President recommends that the Board approve ADB entering an accreditation master agreement with the Green Climate Fund, substantially in the form of the draft attached hereto.



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## **Negotiated GCF-ADB AMA**

**GCF**  
**ACCREDITATION**  
**MASTER AGREEMENT**  
**between**  
**GREEN CLIMATE FUND**  
**and**  
**ASIAN DEVELOPMENT BANK**

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This ACCREDITATION MASTER AGREEMENT (the “**Agreement**”) is entered into on [DATE] [MONTH] 2017 between

**ASIAN DEVELOPMENT BANK**, a multilateral development bank, established and existing under an agreement known as the Agreement Establishing the Asian Development Bank among its member countries, having its headquarters at 6 ADB Avenue, Mandaluyong City, 1550 Metro Manila, Philippines, and which has received Accreditation (as defined below) (the “Accredited Entity”); and

**THE GREEN CLIMATE FUND**, designated as an operating entity of the financial mechanism under Article 11 of the United Nations Framework Convention on Climate Change and established pursuant to the Governing Instrument (as defined below) possessing juridical personality in order to operate effectively internationally, having such legal capacity as is necessary for the exercise of its functions and the protection of its interests and having its headquarters at Songdo, Incheon, Republic of Korea (“**GCF**” or the “**Fund**”),

each a “**Party**” and together the “**Parties**”.

WHEREAS

- (A) The Accredited Entity has been accredited by the Board (as defined below) pursuant to paragraph 45 of the Governing Instrument, subject to and in accordance with the assessment of the Accreditation Panel (as defined below);
- (B) The Board has endorsed that the Fund shall enter into agreements with accredited entities;
- (C) The Board has authorized the Executive Director – or his/her designee – on behalf of the Fund to negotiate and agree on the terms and conditions of such agreements with accredited entities, reflecting the scope of the accreditation, and to enter into such agreements.

THE PARTIES HEREBY AGREE AS FOLLOWS:

## **Clause 1 DEFINITIONS AND INTERPRETATIONS**

1.01 In this Agreement:

“Accountability Units” means the Independent Evaluation Unit, the Independent Integrity Unit and the Independent Redress Mechanism of the Fund;

“Accreditation” means the Decision, accrediting an entity, pursuant to paragraph 45 of the Governing Instrument, and subject to, and in accordance with, the assessment by the Accreditation Panel, and the terms “Accredit” and “Accredited” will have a commensurate meaning;

“Accreditation Panel” means the independent technical panel established by the Board pursuant to Decision B.07/02 to advise it on matters relating to the Accreditation of entities by the Board;

“Accredited Entity Fee” means a fee payable to the Accredited Entity, in accordance with Clause 12, to cover the Accredited Entity’s costs, in respect of services performed by the Accredited Entity in connection with Funded Activities. For the avoidance of doubts, the

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Accredited Entity Fee is not part of the GCF Proceeds, and shall be paid by the Fund to the Accredited Entity separately from the GCF Proceeds;

“Accredited Entity Fiscal Year” means 1 January through 31 December of each calendar year;

“Agreement” means this GCF Accreditation Master Agreement between the Fund and the Accredited Entity;

“AML/CFT” means anti-money laundering and countering the financing of terrorism;

“APR” means an annual performance report;

“Arbitration Rules” means the arbitration rules of the arbitral body or organization specified in Clause 28.03 of this Agreement in force as at the date of this Agreement as may be amended from time to time;

“Board” means the board of the Fund established pursuant to the provisions of the Governing Instrument;

“Concept Note” means a concept note prepared and submitted to the Fund by the Accredited Entity for a project, programme or investment;

“Confidential Information” means information, however recorded or preserved, disclosed by a Party to the other Party in the context of or in relation to this Agreement or any FAA, which is described and/or marked as “confidential” at the time of disclosure;

“Convention” means the United Nations Framework Convention on Climate Change;

“COP” means the conference of the parties to the Convention;

“Decision” means a decision of the Board;

“Disbursement Schedule” means the disbursement schedule as set out in an FAA;

“Environmental and Social Standards” or “ESS” means the interim environmental and social safeguards of the Fund as set out in Annex III to Decision B.07/02;

“Environmental and Social Risk Categories” means the categories and levels of intermediation specified in the Framework for Accreditation Process;

“Executing Entity” means any entity, which includes, as the case may be, a developing country which is a party to the Convention, through which GCF Proceeds are channelled or used for the purposes of a Funded Activity or part thereof, and/or any entity that executes, carries out or implements a Funded Activity, or any part thereof. For the avoidance of doubt, the Accredited Entity may also carry out the functions of an Executing Entity;

“Executive Director” means the head of the Secretariat appointed by the Board from time to time;

“Expert” means an expert or consultant providing services under contractual arrangements with the Fund, including the Accountability Units;

“Fiduciary Principles and Standards” means the initial fiduciary principles and standards of the Fund as set out in Annex II to Decision B.07/02;

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“Focal Point” means the individual or authority designated by a developing country party to the Convention to fulfil all functions of an NDA on a temporary basis, until it has designated an NDA;

“Force Majeure” means any act of God (such as earthquakes, floods, fire, plague or other natural disasters), war (whether declared or not), invasion, revolution, insurrection, riot or civil disturbances, strikes or other labour conflicts, martial law or state of siege, (attempted) overthrow of government, acts of terrorism or other acts or events of a similar nature or force, to the extent that they constitute an unforeseeable exceptional situation or event, beyond the Parties' control, which prevents either of the Parties from fulfilling any of their obligations under this Agreement or under an FAA for a Funded Activity;

“Framework for Accreditation Process” means the Fund’s initial guiding framework for its accreditation process, adopted in Decision B.07/02 and contained in Annex I to that Decision, and in Decision B.08/02 and contained in Annex I to that Decision;

“Fund Agent” means a representative of the Fund who is subject to the rights and obligations of the Fund under this Agreement;

“Funded Activity” means, unless otherwise specified in the FAA applicable to that Funded Activity, a GCF Project and/or a GCF Programme or part thereof;

“Funded Activity Agreement” or “FAA” means any agreement relating to a Funded Activity entered into by the Parties pursuant to Clause 6.02 of this Agreement and that meets the requirements of Clause 6.04 of this Agreement;

“Funding Proposal” means the proposal, including any annexes thereto, in a form as may be prescribed by the Fund, referred to in Clause 4.01 of this Agreement, requesting funding (whether in the form of grants, loans or otherwise) for a project, programme activity or investment;

“GCF Account” means the trust fund established or to be established by the Accredited Entity in its capacity as an accredited entity of the Fund to, as applicable, record, receive, hold and administer GCF Proceeds and Other GCF Funds that are separate from the Accredited Entity’s own funds;

“GCF Fiscal Year” means 1 January through 31 December of each calendar year;

“GCF Holding Currency” means USD, unless otherwise specified in the relevant FAA;

“GCF Proceeds” means funds transferred, provided or disbursed by the Fund via the Trustee or via an account designated by the Fund, in connection with a Funded Activity pursuant to this Agreement and in accordance with the terms and conditions of an FAA, which for the purposes of this Agreement shall not include any Accredited Entity Fee;

“GCF Programme” means a programme comprising several projects, activities and/or investments for which a Funding Proposal has been approved by the Board;

“GCF Project” means a project, activity or investment for which a Funding Proposal has been approved by the Board;

“Gender Policy” means the Fund’s gender policy and gender action plan adopted in Decision B.09/11;

“GHG” means greenhouse gas;

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“Goods” means goods, equipment and materials to be financed from GCF Proceeds, but excluding Services;

“Governing Instrument” means the instrument entitled ‘Governing Instrument for the Green Climate Fund’, that was approved by the COP at its seventeenth session on 11 December 2011 and is annexed to Decision 3/CP.17;

“Host Country” means the country or countries in which a Funded Activity is to be, is being, or has been, implemented pursuant to any FAA;

“Independent Evaluation Unit” means the operationally independent evaluation unit established by the Board pursuant to paragraph 60 of the Governing Instrument;

“Independent Integrity Unit” means the independent integrity unit established by the Board pursuant to paragraph 68 of the Governing Instrument;

“Independent Redress Mechanism” means the independent redress mechanism established by the Board pursuant to paragraph 69 of the Governing Instrument;

“Information Disclosure Policy” means the information disclosure policy of the Fund adopted in Decision B.12/35;

“Investment Framework” means the initial investment framework of the Fund adopted in Decisions B.07/06 and B.09/05;

“Investment Income” means any income, interest, gains earned or losses incurred on the undisbursed balance of the GCF Proceeds and Reflowed Funds held in the GCF Account;

“Large-sized Activity” means a project, activity within a programme or investment where the total projected costs as agreed by the Parties at the time of submission of the Funding Proposal to the Board are above USD 250 million (or the equivalent amount thereto measured in any other GCF Holding Currency) or such other amount as may be subsequently specified in a Decision for such sized activity;

“Major Change” means any restructuring of the Funded Activity that involves a substantial change in the Funded Activity’s objective, scope, structure or design;

“Medium-sized Activity” means a project, activity within a programme or investment where the total projected costs as agreed by the Parties at the time of submission of the Funding Proposal to the Board are above USD 50 million and up to and including USD 250 million (or the equivalent amount thereto measured in any other GCF Holding Currency) or such other amounts as may be subsequently specified in a Decision for such sized activity;

“Micro-sized Activity” means a project, activity within a programme or investment where the total projected costs as agreed by the Parties at the time of submission of the Funding Proposal to the Board are up to and including USD 10 million (or the equivalent amount thereto measured in any other GCF Holding Currency) or such other amounts as may be subsequently specified in a Decision for such sized activity;

“Monitoring and Accountability Framework” means the initial monitoring and accountability framework adopted by the Board in Decision B.11/10;

“NDA” means the national designated authority, the authority designated by a developing country party to the Convention pursuant to paragraph 46 of the Governing Instrument;

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“No-Objection Letter” means a letter from an NDA or, if applicable, a Focal Point, signed by its Official Representative, confirming that it has no objection to a Funding Proposal proposed by an Accredited Entity in its country;

“No-Objection Procedure” means the initial ‘no-objection procedure’ for Funding Proposals, as approved in Decision B.08/10;

“Official Representative” means the official representative of an NDA or, if applicable, Focal Point, details of whom are registered with the Fund;

“Other GCF Funds” means Investment Income and Reflowed Funds;

“PCA” means the Permanent Court of Arbitration in The Hague, the Netherlands;

“Policy on Prohibited Practices” means the interim policy on prohibited practices adopted by the Board, which is attached as Exhibit A;

“Project and Programme Activity Cycle” means the initial proposal approval process adopted in Decision B.07/03, including Annex VII to that Decision;

“Reflowed Funds” means any funds reflowed to the Accredited Entity or directly to the Fund via the Trustee (or such other entity or account as the Fund may designate), as the case may be, which were originally distributed by or through the Accredited Entity from GCF Proceeds including, but not limited to, reimbursement or repayment, payments of principal, interest, dividends and fees, as appropriate, but excluding any Unused Funds with respect to a Funded Activity;

“Reporting Period” means the period from the effectiveness of the FAA until the date of delivery of the project completion report (final APR) for such Funded Activity, excluding any post-implementation monitoring period, unless otherwise specified in the relevant FAA;

“Request for Disbursement” means a written request submitted by the Accredited Entity to the Fund for the transfer of funds to the Accredited Entity for Funded Activities and for the transfer of the Accredited Entity Fees, the form of which is attached as Annex 6 (Request for Disbursement);

“Results Management Framework” means the initial results management framework of the Fund adopted in Decisions B.07/04 and B.08/07;

“Secretariat” means the Secretariat of the Fund established by the Fund pursuant to paragraph 19 of the Governing Instrument;

“Services” means the services to be financed from GCF Proceeds;

“Small-sized Activity” means a project, activity within a programme or investment where the total projected costs as agreed by the Parties at the time of submission of the Funding Proposal to the Board are above USD 10 million and up to and including USD 50 million (or the equivalent amount thereto measured in any other GCF Holding Currency), or such other amounts as may be subsequently specified in a Decision for such sized activity;

“Staff” means all the staff of the Fund, including the Executive Director and the staff of any subsidiary body or facility established by the Fund, irrespective of their nationality, with the exception of the persons recruited locally and assigned to hourly rates of pay;

“Staff of the Accredited Entity” means all governors, executive directors, alternate executive directors, officers and employees, and experts of the Accredited Entity;



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“Standards” means together, the Fiduciary Principles and Standards, the Environmental and Social Standards and the Gender Policy;

“Stakeholder Engagement Best Practices” means the best-practice options for country coordination and multi-stakeholder engagement, endorsed in Decision B.08/10 and set out in Annex XIV to that Decision;

“Subsidiary Agreement” means any agreement entered into by the Accredited Entity on the basis of or in connection with this Agreement, unless expressly agreed otherwise in an FAA, acting as the Accredited Entity and the administrator of the GCF Proceeds, with an Executing Entity (that is not the Accredited Entity);

“TAP” means the independent technical advisory panel established by the Board;

“Term Sheet” means a document setting out, in summary form, the key terms and conditions specific to and relating to a Funding Proposal agreed by the Parties pursuant to Clause 6.01 of this Agreement, an indicative form of which is attached as Annex 1 (Term Sheet);

“Trustee” means the International Bank for Reconstruction and Development serving as the interim trustee of the Trust Fund and any replacement or successor entity, serving as the interim or permanent trustee of the Trust Fund assets;

“Trust Fund” means the Green Climate Fund Trust Fund administered by the Trustee;  
“Unused Funds” means any undisbursed or unused funds from the GCF Proceeds for a Funded Activity, for which no further disbursements, liabilities or costs are due to be made or paid by the Accredited Entity (or any other entity involved in the relevant Funded Activity); and

“US Dollars” and “USD” each means the lawful currency of the United States of America.

- 1.02 The Parties acknowledge that this Agreement sets out the general terms and conditions applicable between them for the Accredited Entity’s role as accredited entity. This Agreement shall apply to all Funded Activities, save as supplemented or amended, as the case may be, by the specific terms of any FAA entered into by the Parties in relation to a specific Funded Activity, which shall prevail for that specific Funded Activity. As such, any derogation, deviation or modification of this Agreement that is provided for in an FAA shall be justified by the specific requirements of the respective Funded Activity, will only apply with respect to the Funded Activity to which such FAA relates, and shall have no application or effect in relation to any other FAA entered into with respect to another Funded Activity. Amendments to this Agreement may only be made pursuant to Clause 31.11.
- 1.03 In the event of any inconsistency or conflict between this Agreement and an FAA for a specific Funded Activity, the terms of the FAA shall prevail for the purposes of that Funded Activity.
- 1.04 References to the Fund’s Standards, rules, policies, principles, procedures and frameworks include, subject to Clause 31.05 where applicable, such Standards, rules, policies, principles, procedures and frameworks as amended and updated from time to time, or any successor document thereto.
- 1.05 The headings contained in this Agreement and the Table of Contents are for reference only and shall not be taken into consideration in interpreting this Agreement.

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- 1.06 References to singular may include plural and vice versa, and a reference to any gender includes any other gender.
  - 1.07 For the avoidance of doubt, the Fund includes the Accountability Units.
  - 1.08 Any reference to “Clause” and “Annex” is to a Clause of, and Annex to, this Agreement, unless the context requires otherwise.

## **Clause 2 EFFECTIVENESS DATE AND CONDITIONS PRECEDENT TO AGREEMENT**

- 2.01 The effectiveness of this Agreement shall be subject to the Fund having dispatched to the Accredited Entity a notice of its acceptance of the evidence required by Clause 2.02 below.
- 2.02 Unless otherwise specified in writing by the Fund, this Agreement shall not become effective until the following evidence has been provided:
  - (a) an executed copy of this Agreement; and
  - (b) a certificate in accordance with the policies and procedures of the Accredited Entity, which has been signed by a senior legal officer of the Accredited Entity, who shall be qualified in at least one jurisdiction, in the form attached as Annex 7, and confirming that the Agreement entered into by the Accredited Entity has been duly authorized or ratified by all necessary corporate actions and duly executed and delivered on behalf of the Accredited Entity.

## **Clause 3 CONDITIONS PRECEDENT TO DISBURSEMENT**

- 3.01 The Accredited Entity acknowledges that, in accordance with the relevant Decision Accrediting it, the Fund may not disburse any funds to it for a Funded Activity, until it has satisfied the conditions precedent to disbursement, if any, set forth in the relevant FAA (including, if and to the extent that these are replicated in the relevant FAA, the conditions set forth in Annex 2 (*Conditions Precedent to Disbursement*) of this Agreement.

## **Clause 4 PROJECT/PROGRAMME PIPELINE AND FUNDING PROPOSALS**

- 4.01 The Accredited Entity may submit Funding Proposals for projects, programme activities or investments to the Fund, either:
  - (a) in response to a call for Funding Proposals published by the Fund on its website; and/or
  - (b) of its own volition, in all instances in accordance with the provisions of this Clause 4, the Project and Programme Activity Cycle, and any other steps or actions as may be prescribed by the Fund from time to time, provided that the Fund gives the Accredited Entity reasonable advance notice of any such steps or actions.
- 4.02 Prior to the submission of a Concept Note, if applicable, but in any event in a timely manner and no later than the submission of the Funding Proposal, so as to comply with the submission of the No-Objection Letter in accordance with Clause 4.13 and the No-Objection Procedure, the Accredited Entity shall:
  - (a) inform the NDA or, if applicable, the Focal Point about the proposed activity to be implemented in its country and commence consultations; and

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- (b) inform the Fund that it has commenced consultations with the NDA or, if applicable, the Focal Point.

***Submission and Consideration of Concept Note (where applicable)***

- 4.03 Prior to submission of a Funding Proposal, the Accredited Entity may submit a Concept Note to the Fund in accordance with such procedures as may be prescribed by the Fund from time to time.

***Preparation of Funding Proposal***

- 4.04 The Accredited Entity shall prepare each Funding Proposal in accordance with its own policies and procedures in a manner that meets the considerations and requirements set forth in the Investment Framework, the Results Management Framework, and any other applicable Decisions in force at the time of submission of the Funding Proposal, all without prejudice to Clause 31.05.

- 4.05 In preparing each Funding Proposal, the Accredited Entity shall:

- (a) comply, and, as the case may be:
  - (i) contractually require the Executing Entity in the Subsidiary Agreement to comply and to oblige compliance by all other persons and entities involved if and when a Subsidiary Agreement is entered into with the Executing Entity, or
  - (ii) include in the Subsidiary Agreement, if it is entered into after the Funding Proposal has been submitted to the Fund, a warranty by the Executing Entity whereby it warrants, and covenants to include in the agreements it may enter into with any third parties a warranty by such third parties that in developing the project, programme or investment referred to in the Funding Proposal, before entering into the Subsidiary Agreement or other relevant agreement, they have complied,

with any applicable fraud, corruption and AML/CFT rules, laws and regulations, as applicable to them, in accordance with the Accredited Entity's own policies and procedures in relation to the proposed Funded Activity;

- (b) as the Fund will rely on such due diligence, carry out all appropriate due diligence in accordance with its own policies and procedures; and
- (c) upon reasonable request by the Fund, after consultation, provide all relevant information, including reports, assessment, and other documentation solely related to the Funding Proposal relating to its obligations under Clauses 4.05(a) and 4.05(b) above and allow the Fund, after reasonable written notice to the Accredited Entity, to speak to the Staff of the Accredited Entity directly involved in the preparation of the relevant Funding Proposal through coordination arrangements established within the Accredited Entity and within the limits of the Accredited Entity's applicable policies and procedures. The Accredited Entity will endeavour, as appropriate, to facilitate discussions between the Fund and any technical experts with regard to the relevant Funding Proposal in consultation with the Staff of the Accredited Entity and the Executing Entity.

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### ***Country Ownership and Stakeholders Input***

- 4.06 When developing Funding Proposals, the Accredited Entity will, in collaboration with the relevant Host Country authorities, have a process for multi-stakeholder engagement, in accordance with the Accredited Entity's own policies and procedures.
- 4.07 The Accredited Entity will endeavour to foster country ownership in a manner as set out in this Agreement.
- 4.08 The Accredited Entity will keep the Fund updated and informed of material developments in its discussions with the relevant Host Country authorities, carried out in accordance with Clause 4.06.
- 4.09 The Accredited Entity will consider the Stakeholder Engagement Best Practices as part of its preparation of any Funding Proposal, particularly the role of the NDA or, if applicable, the Focal Point.

### ***Environmental and Social Risk Categories***

- 4.10 The Accredited Entity will only submit Funding Proposals for proposed Funded Activities that fall within the Environmental and Social Risk Categories for which it has been Accredited as set out in Annex 4 (*Accreditation for Environmental and Social Safeguards*), or for proposed Funded Activities which are in a lower risk category.

### ***Size of Projects***

- 4.11 The Accredited Entity will only submit Funding Proposals up to the size of proposed Funded Activities for which it has been Accredited, as set out in Annex 5 (*Accreditation for Size of Project*), or for proposed Funded Activities that are smaller.

### ***Submission of Funding Proposal***

- 4.12 The Accredited Entity shall submit any Funding Proposal to the Fund, together with relevant and available supporting documentation as referred to therein, as well as upon request, reflecting the due diligence conducted pursuant to Clauses 4.04 and 4.05 above (or such additional or further due diligence that it may itself carry out), and the Fund may in turn provide the Accredited Entity with comments or request clarification in relation to the Funding Proposal and/or the due diligence. The Accredited Entity acknowledges that such Funding Proposal will be processed by the Fund in accordance with the No-Objection Procedure and the Project and Programme Activity Cycle, which may include an independent assessment by the TAP.
- 4.13 In particular, the Accredited Entity acknowledges that, in accordance with the No-Objection Procedure:
  - (a) the Fund will acknowledge receipt of a No-Objection Letter received from the NDA or, if applicable, the Focal Point to the Accredited Entity;
  - (b) in the event that a Funding Proposal:
    - (i) for a GCF Project, is not accompanied by a No-Objection Letter from the relevant Host Country; or
    - (ii) for a GCF Programme, is not accompanied by a No-Objection Letter from the Host Country, or Host Countries, as the case may be, in which it is

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envisaged that the first project activities and/or investments will take place,

the Fund will inform the relevant NDA(s) or, if applicable, the Focal Point(s) that the Funding Proposal will not be considered by the Board until the Fund receives the No-Objection Letter(s), and notify the Accredited Entity of such communication;

- (c) in the event that the relevant No-Objection Letter is not received by the Fund within thirty (30) days of its request to the NDA or, if applicable, the Focal Point, the consideration of the Funding Proposal will be suspended and the Fund will notify the Accredited Entity of this suspension;
  - (d) if the No-Objection Letter is received by the Fund after the thirty (30) day period mentioned in Clause 4.13(c) above, the Fund will, at its discretion, determine whether it will review the suspended Funding Proposal, or whether it will require the Funding Proposal to be submitted again and shall notify the Accredited Entity accordingly; and
  - (e) in relation to a GCF Programme for which a Funding Proposal has been approved, No-Objection Letters for each additional Host Country in which a project activity and/or investment will take place must be received by the Fund prior to any project activity and/or investment under such GCF Programme taking place in such Host Country.
- 4.14 The Accredited Entity will obtain, in accordance with its own policies and procedures, the appropriate level of internal management approval as may be suitable for the type of project or programme concerned, prior to submitting a Funding Proposal to the Fund.
- 4.15 The Fund will, while the Accredited Entity acknowledges that the TAP operates independently, use its best efforts to allow the Accredited Entity to:
- (a) obtain a copy of the Secretariat's and the TAP assessments substantially in the form for publication, with sufficient time for the Accredited Entity to review, prior to their publication and submission to the Board; and
  - (b) submit comments, clarifications and/or corrections for publication in unedited form, together with the Secretariat's and TAP assessments.
- 4.16 Notwithstanding any provisions in this Agreement to the contrary, the Accredited Entity reserves the right to withdraw a Funding Proposal at any time. Withdrawing a Funding Proposal shall render any information related to such Funding Proposal confidential and shall prevent any publication of such information, after the date the Funding Proposal is withdrawn by the Accredited Entity.

#### ***Decision of the Board***

- 4.17 After the Secretariat has received and analysed the Funding Proposal (including the relevant No-Objection Letter), it may submit the Funding Proposal to the Board in accordance with the Project and Programme Activity Cycle and any other relevant Fund policies and procedures. If the Fund decides not to submit the Funding Proposal to the Board, it will notify the Accredited Entity as early as possible and provide an appropriate explanation.
- 4.18 Upon receipt and consideration of a Funding Proposal, the Board may take a Decision to:

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- (a) approve the Funding Proposal;
  - (b) provide an approval that is conditional on modifications to project or programme design or subject to the availability of funding; or
  - (c) reject the Funding Proposal.
- 4.19 The Fund will record the Decision on the Funding Proposal and communicate it to the Accredited Entity and the relevant NDA or, if applicable, the Focal Point. If the Funding Proposal was approved by the Board subject to certain modifications being made thereto, the Parties will work in good faith to address such modifications. If the Accredited Entity considers such modifications to be unfeasible, it will inform the Secretariat accordingly. If the Accredited Entity is willing and able to satisfy the modifications, it shall provide evidence as the Fund may reasonably request, and the Fund shall notify the Accredited Entity when it has made the determination that all conditions imposed by the relevant Decision have been satisfied.
- 4.20 Unless otherwise specified in the Funding Proposal, the Accredited Entity shall obtain all final internal approvals needed by it and provide a certificate in the form attached as Annex 7, confirming that all final internal approvals have been obtained and that the Accredited Entity has the capacity and authority to administer the GCF Proceeds and Other GCF Funds and comply with its obligations under this Agreement in respect of the proposed Funded Activity, within the number of days approved by the Board in such approval, provided that such period shall not be less than one hundred and twenty (120) days. In case the Board approval of a Funding Proposal is conditional on substantial modification of the Funding Proposal, in accordance with Clause 4.18(b), the Accredited Entity shall have a period of two hundred and ten (210) days to obtain its final internal approvals and to provide to the Fund such certificate. If the Accredited Entity is unable to meet the above timelines, it will promptly provide the Fund with an explanation for the delays and a revised timeline for obtaining the final internal approvals. The Fund and the Accredited Entity shall agree on such measures as are appropriate in order to avoid delays in the implementation of the relevant Funded Activity.
- 4.21 The Accredited Entity acknowledges that Funding Proposals rejected by the Board may be subject to the Independent Redress Mechanism. Subject to Clause 13.04, the Accredited Entity shall, within the limits of its applicable policies and procedures cooperate with and provide reasonable assistance to the Independent Redress Mechanism in carrying out its functions, which may include providing relevant information on Funding Proposals as the Independent Redress Mechanism may reasonably require.

## **Clause 5 RESULTS MANAGEMENT FRAMEWORK; MONITORING AND ACCOUNTABILITY**

### ***Results Management Framework***

- 5.01 The Accredited Entity acknowledges and agrees that each Funding Proposal will include a logical framework setting out the arrangements for monitoring, reporting, and evaluation of the activities consistent with the Results Management Framework.

### ***Monitoring and Accountability***

- 5.02 The Accredited Entity acknowledges and agrees that it will satisfy the relevant provisions as applicable to the Accredited Entity in the Monitoring and Accountability Framework, as specifically set out in this Agreement. To this end:

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- (a) the Accredited Entity will (i) inform the Fund of any material changes, such as capacity, that may affect its compliance, in accordance with Clause 13.01, with the Accreditation requirements and the Standards, as applicable to it; (ii) on an extraordinary basis, be subject to ad hoc checks pursuant to Clause 16.05 that may be performed by the Fund; (iii) cooperate with the Fund in its conduct of annual reviews of Funded Activities, subject to the same principles as set out in Clause 16.05 for *ad hoc* checks; and (iv) cooperate with the Fund in its mid-term Accreditation review (such term to be determined in accordance with Clause 22.01) or other review of the Accredited Entity's Accreditation status. With respect to Clauses 5.02(a)(iii) and 5.02(a)(iv) above, whenever feasible and appropriate, as may be determined by the Fund, the Fund may choose to rely on the results of the Accredited Entity's standard review processes in conducting the Fund's own reviews;
  - (b) on the basis of the outcome of the *ad hoc* checks referred to in Clause 5.02(a)(ii) above, the Fund shall have the right to either: (i) revise its Accreditation status as follows: (A) upgrading it, (B) downgrading it, (C) suspending it, or (D) amending the applicable terms and conditions thereof; or (ii) in the case of an Event of Non-Compliance as contemplated in Clause 19.01, revoke its Accreditation status;
  - (c) the Fund shall, prior to taking any action pursuant to Clause 5.02(b) above: (i) send the Accredited Entity warnings of the possibility of revising/revoking the Accredited Entity's Accreditation status and/or termination of this Agreement in accordance with Clause 22.02(b), referring to its concerns arising out of the aforementioned reviews and *ad hoc* checks for discussion with the Accredited Entity; and (ii) provide the Accredited Entity with a reasonable period of time to address the issues identified; and
  - (d) regarding the implementation of Funded Activities, the Accredited Entity shall apply the Monitoring and Accountability Framework provisions subject to and in accordance with its own policies and procedures.

## **Clause 6 PROCEDURE FOR TERM SHEETS AND FUNDED ACTIVITY AGREEMENTS**

- 6.01 All Funding Proposals submitted to the Board for consideration shall be accompanied by a Term Sheet for the FAA agreed to by the Parties - subject to final internal approvals of the Fund and the Accredited Entity - setting out, in summary form, the key terms and conditions relating to the proposed Funded Activity (for example, the elected GCF Holding Currency for disbursements or any specific deviation, derogation or modification that the Accredited Entity is seeking to make to this Agreement in the FAA).
- 6.02 As soon as practicable but in any event no later than one hundred and eighty (180) days after the later of: (a) the date of Board approval of a Funding Proposal (including any conditional approval pursuant to Clause 4.18(b) above); and (b) the date on which the Accredited Entity has obtained its final internal approvals, the Parties shall enter into an FAA (or a series of FAAs, if applicable) for the relevant Funded Activity, provided that the Fund may not enter into such FAA unless the Accredited Entity has satisfied the requirements under, if applicable, Clause 4.18(b).
- 6.03 Notwithstanding Clause 6.02, if the Parties enter into an FAA prior to the Accredited Entity satisfying the requirements under Clause 4.18(b), they may only do so upon the condition that such FAA will not come into force and will have no legal effect between the Parties until such time as the Fund notifies the Accredited Entity in writing that (a) it satisfied the conditions for effectiveness of the Board's approval of that Funding Proposal,

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or (b) if the Fund determines that the conditions for effectiveness have not been satisfied, the Fund waives the satisfaction of such conditions.

- 6.04 The FAA shall be consistent in all material respects with the approved Funding Proposal and Term Sheet and shall set out any other terms and conditions applicable to the relevant Funded Activity, as agreed by the Parties. The FAA will incorporate by reference the terms and conditions of this Agreement and will, as so incorporated, be subject to this Agreement except as otherwise provided for in the FAA.
- 6.05 Any FAA entered into by the Parties shall be consistent in all material respects with the relevant Funding Proposal and Term Sheet.

**Clause 7 DISBURSEMENT OF GCF PROCEEDS TO THE ACCREDITED ENTITY; UNUSED FUNDS; REFLOWED FUNDS; INVESTMENT INCOME**

- 7.01 Disbursement of GCF Proceeds to the Accredited Entity by the Fund shall be carried out in accordance with this Agreement and the applicable FAA, subject to the availability of unallocated resources in the Trust Fund and satisfaction of the conditions to disbursements set out in the applicable FAA. In particular, the Fund shall make available the GCF Proceeds to the Accredited Entity in cash up to the full amount and in the currency specified in the FAA, unless otherwise agreed in the FAA. Funds to be made available to the Accredited Entity shall be transferred to the Accredited Entity (to the account designated in the FAA) by the Trustee acting on written instructions received by it from the Fund. In the case of funds received by the Accredited Entity in a currency other than the holding currency of the GCF Account, promptly upon the receipt of such amounts, the Accredited Entity shall convert such amounts into the holding currency of the GCF Account at the exchange rate obtained by the Accredited Entity on the date of such conversion. Where the transferred funds prove to be insufficient to complete the Funded Activity as a result of exchange rate fluctuations, neither the Accredited Entity nor the Fund shall bear any responsibility for providing any additional financing.
- 7.02 The Accredited Entity shall ensure that GCF Proceeds and Other GCF Funds are, unless otherwise agreed, held or recorded in a GCF Account in a GCF Holding Currency until they are disbursed for individual Funded Activities, or otherwise disposed of in accordance with this Agreement or the relevant FAA. GCF Proceeds and Other GCF Funds shall be accounted for, and unless otherwise agreed by the Fund, used solely for the purposes of the Funded Activities. The Accredited Entity shall maintain separate records and ledger accounts in respect of the GCF Proceeds and Other GCF Funds and disbursements made therefrom. The funds deposited in the GCF Account shall be kept separate and apart from the funds of the Accredited Entity. The funds deposited in the GCF Account may be commingled with other trust fund assets maintained by the Accredited Entity.
- 7.03 The funds deposited in the GCF Account may be exchanged by the Accredited Entity into other currencies as may facilitate their disbursement at the exchange rate obtained by the Accredited Entity on the date of the conversion. Unless otherwise agreed in the relevant FAA, any fees and charges from such foreign exchange transactions shall be charged to the Funded Activity.
- 7.04 Unused Funds, including any Investment Income associated therewith shall be returned by the Accredited Entity to the Fund as agreed between the Parties in the FAA but, unless an Event of Non-Compliance as provided for in Clause 19 has occurred, not more frequently than once a year, via the Trustee (or to such other entity or account as the Fund may designate). The Accredited Entity shall maintain a record of any such Unused Funds and Investment Income associated therewith as determined by the Accredited Entity and



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report them to the Fund pursuant to Clause 17 below. The Accredited Entity shall ensure that an obligation to procure or refund any unused funds is also provided in any Subsidiary Agreements with an obligation on the Executing Entity to impose similar refund requirements on its counterparties involved in the relevant Funded Activity.

- 7.05 Unless Reflowed Funds are paid directly to the Fund via the Trustee (or such other entity or account as the Fund may designate), the Accredited Entity shall hold or record any Reflowed Funds (following their receipt by the Accredited Entity) in the GCF Account and, if and to the extent agreed in the FAA, notify the Fund and transfer the Reflowed Funds to the Fund via the Trustee (or such other entity or account as the Fund may designate) in a manner and time as agreed between the Parties in the FAA. The Accredited Entity shall maintain a record of any such Reflowed Funds and report them to the Fund pursuant to Clause 17 below. For the avoidance of doubt, Reflowed Funds shall not include any Unused Funds with respect to a Funded Activity. Any Unused Funds with respect to Funded Activities shall be administered by the Accredited Entity in accordance with Clause 7.04 above. Any obligation of the Accredited Entity to transfer the Reflowed Funds to the Fund shall be limited to such amounts which have actually been received by the Accredited Entity from the Executing Entity.
- 7.06 The Accredited Entity may invest and reinvest the funds deposited in the GCF Account pending their disbursement in accordance with the Accredited Entity's applicable policies and procedures for the investment of trust funds administered by the Accredited Entity.
- 7.07 Investment Income shall be held or recorded by the Accredited Entity in the GCF Account until such Investment Income is to be transferred to the Fund via the Trustee (or such other entity or account as the Fund may designate) in accordance with the relevant FAA or as the Fund may otherwise request. The Accredited Entity shall maintain a record of any such Investment Income and report to the Fund pursuant to Clause 17 below.
- 7.08 With respect to any monies owed by the Fund to the Accredited Entity or any other monies owed to the Accredited Entity by any third party (including any Executing Entity), the Accredited Entity may not, without the prior consent of the Fund, reduce or set off such amounts owed against the GCF Proceeds or Other GCF Funds received, held or recorded by the Accredited Entity.

#### **Clause 8 RESPONSIBILITIES OF THE ACCREDITED ENTITY**

- 8.01 When the Accredited Entity is also the Executing Entity, the Accredited Entity shall be responsible for the overall management, implementation and supervision of each Funded Activity in accordance with its own policies and procedures. When the Accredited Entity is not the Executing Entity, the Accredited Entity shall, in accordance with its own policies and procedures, (a) administer and manage the use of GCF Proceeds; (b) incorporate provisions in the Subsidiary Agreements requiring the Executing Entity to ensure the management, implementation and supervision of each Funded Activity; and (c) be responsible for the monitoring, evaluation and reporting responsibilities as set forth in this Agreement.
- 8.02 The Accredited Entity shall inform the Fund of any circumstances that may substantially interfere with the performance of its obligations under this Agreement or the FAA, or otherwise jeopardize the achievements of any objectives, outcomes or outputs of any Funded Activity, providing detailed information thereof to the Fund for its information promptly upon becoming aware of such circumstance.

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## Clause 9 STANDARD OF CARE

- 9.01 The Accredited Entity shall be solely responsible for the administration of GCF Proceeds and Other GCF Funds and will carry out such administration in accordance with its own policies and procedures and with the same degree of care as it uses in the administration of its own funds or other funds for which it has management or investment responsibility, taking into account the provisions of this Agreement and any applicable FAA.
- 9.02 The Accredited Entity shall take appropriate measures in accordance with its own policies and procedures to ensure that all GCF Proceeds and Other GCF Funds are used for the purposes for which they were provided, or otherwise disposed of, as set out in the relevant FAA.
- 9.03 The Accredited Entity shall:
- (a) apply its own fiduciary principles and standards relating to any 'know your customer' checks, anti-corruption, AML/CFT, fraud, misconduct, conflict of interest, financial sanctions and embargoes solely in accordance with its own policies and procedures, and it shall not be subject to the Policy on Prohibited Practices. As of the date of this Agreement, the Accredited Entity has determined that its policies and procedures allow it to substantially comply with the objectives of the Policy on Prohibited Practices;
  - (b) carry out investigations into suspected prohibited practices, as defined in the Accredited Entity's Anti-corruption Policy (1998, as amended from time to time) and Integrity Principles and Guidelines (2015, as amended from time to time), in relation to the Funded Activity, in accordance with its own applicable policies and procedures ("**Investigation**"). Where the Investigation carried out pursuant to this clause results in a finding that it is more likely than not that the suspected prohibited practice has been committed, the Accredited Entity shall notify the Fund promptly of such finding and, if applicable, of the Accredited Entity's intention to commence sanction proceedings pursuant to the Accredited Entity's policies and procedures, provided that the Fund agrees to keep such information confidential pursuant to Clause 25.09 below. The Accredited Entity shall also notify the Fund:
    - (i) of any settlement reached or proposed to be reached with any entity following the Accredited Entity's investigation pursuant to this Clause; or
    - (ii) where the Accredited Entity has made a prima facie determination that criminal or regulatory laws of any country may have been violated and has referred the matter to appropriate governmental authorities;
  - (c) take all necessary actions, to recover the funds that are the subject of an Investigation where the Accredited Entity has determined it as appropriate under its own policies and procedures.
- 9.04 The Fund shall keep any findings and any related information provided by the Accredited Entity, pursuant to Clause 9.03, confidential unless notified by the Accredited Entity to the contrary. Where the Accredited Entity is carrying out an Investigation under Clause 9.03 and/or is imposing any sanctions as a result of such Investigation, the Fund agrees to discuss with the Accredited Entity prior to undertaking its own investigation or other action, to ensure that such action will not prejudice or adversely affect the Accredited Entity's Investigation or sanction.

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9.05 To the extent that any funds are refunded or returned to the GCF Account following an Investigation, the Accredited Entity shall use such funds for the same purposes as set out in the relevant FAA, unless otherwise agreed between the Parties.

9.06 In the event the Accredited Entity determines, in accordance with its policies and procedures, that there is a credible risk of money laundering and/or financing of terrorism in relation to a Funded Activity, it shall inform the Fund of such risk.

#### **Clause 10 EXECUTING ENTITIES**

10.01 Where the Accredited Entity is also the Executing Entity in relation to a Funded Activity, it shall, in accordance with its own policies and procedures:

- (a) carry out the Funded Activity with due diligence, efficiency and in conformity with sound administrative, technical, financial, business, and development practices, in accordance with the terms and conditions of this Agreement as well as the relevant FAA;
- (b) ensure that adequate provision is made for the insurance of any Goods required for the Funded Activity against hazards. Any indemnity for such insurance shall be payable in a freely usable currency to replace or repair such Goods; and
- (c) ensure, whenever applicable that: (i) except as specified in the FAA or as the Fund may otherwise agree, all Goods and Services are used exclusively for the purposes of the Funded Activity, and all facilities relevant to the Funded Activity are properly operated and maintained; and (ii) whenever applicable, competent and qualified consultants and contractors are employed to achieve the objectives of the relevant Funded Activity.

10.02 In relation to a Funded Activity where the Accredited Entity is not the Executing Entity, the Accredited Entity:

- (a) shall, in accordance with its own policies and procedures:
  - (i) assess through appropriate due diligence processes the integrity and/or fiduciary capacity of each Executing Entity to implement the relevant Funded Activity, including with respect to AML/CFT capabilities, and report thereon, make such assessments available to the Fund upon request, and select each Executing Entity based on a positive assessment of that Executing Entity's capacity to carry out the Funded Activity that is being assigned to it and in a transparent documented manner;
  - (ii) require the Executing Entity to carry out the Funded Activity in accordance with Clause 10.01 of this Agreement as well as the terms of the relevant FAA;
  - (iii) monitor the performance of the Executing Entity and require regular reporting from it in the Subsidiary Agreement; and
  - (iv) take appropriate action, which may include remedies, to protect the interest of the Fund in the event of breach, non-performance or default by an Executing Entity; and
- (b) shall ensure that any Subsidiary Agreement that the Accredited Entity enters into with an Executing Entity in respect of a Funded Activity shall reflect or incorporate the terms and conditions of the FAA that may be applicable or

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relevant to such Executing Entity. The Accredited Entity shall furnish to the Fund, executed copies of any Subsidiary Agreement promptly upon request by the Fund.

**Clause 11 ADMINISTRATION OF FUNDS BY THE ACCREDITED ENTITY**

- 11.01 Disbursement and administration of GCF Proceeds by the Accredited Entity shall be in accordance with the Accredited Entity's own policies and procedures.
- 11.02 The Accredited Entity may reallocate GCF Proceeds in accordance with its own policies and procedures in respect of a Funded Activity, subject to a mutually agreed process and thresholds as may be set out in each FAA.
- 11.03 In the event that any proposed modification to a Funded Activity is likely to result in a Major Change, the Accredited Entity shall inform the Fund and the relevant NDA, or Focal Point, as applicable, of any such proposed modification and seek the Fund's guidance on the necessary steps to be taken for such proposed modification.

**Clause 12 ACCREDITED ENTITY FEES**

- 12.01 In accordance with the policies and procedures approved by the Board for the determination and payment of fees payable to Accredited Entity (as such policies and procedures may be amended from time to time, but without prejudice to Clause 32.05) or as otherwise agreed between the Parties, the Accredited Entity shall be entitled to receive the Accredited Entity Fee for Funded Activity administration and implementation, as applicable, and other services performed pursuant to this Agreement, as agreed and detailed in the relevant FAA. The Parties will agree, prior to the execution of the first FAA, on principles for the formulation and assessment of the Accredited Entity Fee, taking into account the Accredited Entity's policies and procedures, including the principle of full cost recovery. For the avoidance of doubt, the Accredited Entity Fee shall not be included in the GCF Proceeds, and shall be paid by the Fund to the Accredited Entity separately from the GCF Proceeds.

**Clause 13 STANDARDS, POLICIES AND PROCEDURES**

- 13.01 The Accredited Entity covenants that it shall comply, and where applicable shall contractually require such compliance by the Executing Entity, with the Accredited Entity's own policies and procedures that enable it to comply with the Fund's Standards, policies and procedures as has been assessed by the Fund in the Accreditation process and without prejudice to Clause 31.05. If during the term of this Agreement, the Accredited Entity substantially revises its policies and procedures to such extent that it may result in its non-compliance with this Agreement or an FAA due to inconsistency with the Fund's Standards, policies and procedures, the Accredited Entity shall:
  - (a) promptly notify the Fund;
  - (b) with the aim of resolving such matter within a reasonable period (which will be not less than one hundred and twenty (120) days), consult with the Fund, such that the Accredited Entity may either (i) take any necessary or appropriate action to ensure its continued compliance or take such necessary or appropriate action to become compliant, or (ii) inform the Fund that it is unable or unwilling to, through the compliance with the Accredited Entity's own policies and procedures, comply with the Fund's Standards, policies and procedures; and

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- (c) unless otherwise agreed with the Fund, not submit any new Funding Proposals during the reasonable time period contemplated in Clause 13.01(b).

13.02 The Accredited Entity acknowledges that any failure to comply with Clause 13.01 above can lead to the downgrading, suspension or revocation of its Accreditation.

***Independent Integrity Unit***

13.03 The Accredited Entity shall use its integrity office in accordance with its own policies and procedures. The Parties shall endeavour to agree on modalities of cooperation between the Accredited Entity's integrity office and the Fund's Independent Integrity Unit.

***Independent Redress Mechanism***

13.04 It is understood that the Independent Redress Mechanism of the Fund on the one hand, and the Accountability Mechanism of the Accredited Entity on the other, will each perform their duties and exercise their powers and functions, in accordance with the policies and procedures of the Fund and the Accredited Entity respectively. To this end, the Accredited Entity and the Fund shall promote cooperation between the Independent Redress Mechanism and the Accountability Mechanism of the Accredited Entity, and provide them with reasonable assistance in carrying out their functions.

***Independent Evaluation Unit***

13.05 The Accredited Entity shall cooperate with the Independent Evaluation Unit and provide it with reasonable assistance in carrying out its functions.

**Clause 14 PROCUREMENT**

14.01 The procurement of Goods and Services for Funded Activities, whether by the Accredited Entity itself and Executing Entity, or by a third party, shall be subject to the policies and procedures of the Accredited Entity to the extent and scope of its Accreditation.

**Clause 15 RECORD KEEPING AND REPORTING**

15.01 The Accredited Entity shall ensure that, in accordance with its applicable policies and procedures, including its information disclosure policy, and subject to Clause 25:

- (a) all its documents related to this Agreement, including documents relating to individual Funded Activities, are promptly furnished to the Fund upon its request, in such detail as the Fund may reasonably request;
- (b) documents are maintained adequately to record the progress of individual Funded Activities;
- (c) all its documents related to individual Funded Activities, including records evidencing use of GCF Proceeds under each FAA, are retained until at least five (5) years after the relevant Reporting Period, or, if provided in the relevant FAA, such longer period required to monitor and manage any equity investment, outstanding loans or other financial instruments or to resolve any claims or audit inquiries;

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- (d) the representatives of the Fund are able to examine all records referred to above in Clauses 15.01(b) and 15.01(c) that are furnished to them by the Accredited Entity upon reasonable request by the Fund; and
- (e) records relating to Funded Activities are made publicly available in a timely manner, provided that – subject to Clause 25 - this shall not prevent the Fund from making the records relating to Funded Activities publicly available in accordance with its own Information Disclosure Policy. With respect to disclosure related to ESS, such disclosure shall be made in accordance with the Accredited Entity’s policies and procedures.
- 15.02 The Accredited Entity shall provide to the Fund the following reports prepared in a form and manner consistent with the Monitoring and Accountability Framework for individual Funded Activities:
- (a) APRs on the status of each Funded Activity throughout the relevant Reporting Period, including a narrative report on implementation progress based on the logical framework submitted in the Funding Proposal and against relevant criteria of the Investment Framework, and Results Management Framework as set out in the Funding Proposal, as well as a report on ESS and gender. Unless otherwise specified in the FAA, the APR shall be submitted to the Secretariat on an annual basis for the period ending on 31 December within sixty (60) days after the end of the relevant annual period, with the first APR required to be submitted following the end of the calendar year after the Parties have entered into the relevant FAA, and the last APR required to be submitted within six (6) months of the end of the relevant Reporting Period;
- (b) interim and final evaluation reports, as outlined in the relevant Funding Proposal or FAA, setting out any necessary corrective measures (in the case of interim reports), an assessment of the performance of the Funded Activity against the Fund’s investment framework criteria, including financial/economic performances as part of the Funded Activity efficiency and effectiveness criterion, as well as the sustainability and scalability of results and impacts and lessons learned, during the relevant period. If so provided in the relevant Funding Proposal or FAA, such interim and final evaluation reports shall be prepared by an independent evaluator selected by the Accredited Entity or by an independent evaluation unit/office of the Accredited Entity and reasonably acceptable to the Fund, and shall be submitted on the dates or according to the schedule set forth therein. Copies of these reports shall be forwarded by the Accredited Entity to the NDA or, if applicable, the Focal Point for information; and
- (c) in accordance with the Monitoring and Accountability Framework, on an annual basis for the period ending on 31 December within sixty (60) days after the end of the relevant annual period provide a report on its actions carried out or planned to be carried out pursuant to Clause 18.02(i).
- 15.03 Based on the reports submitted to the Fund pursuant to Clauses 15.02(a) above in relation to a Funded Activity, in the event of any undue or unjustifiable delays in implementation, the Fund may choose, upon consultation with the Accredited Entity and taking into account outstanding liabilities, to adjust the Disbursement Schedule set out in the relevant FAA, suspend disbursements until further progress has been made in the implementation of the Funded Activity to the Fund’s satisfaction, or take such other action as may be permitted under the relevant FAA.

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## Clause 16 FUNDED ACTIVITY AUDIT, SUPERVISION AND AD HOC CHECKS

- 16.01 If the Accredited Entity is not the Executing Entity, the Accredited Entity shall make available to the Fund, in accordance with its policies and procedures, copies of all audited financial statements and/or, unless otherwise agreed in the relevant FAA, annual audit reports of the Funded Activity received by the Accredited Entity from the Executing Entity pursuant to the relevant Subsidiary Agreement, which shall not be later than six (6) months after the end of the Executing Entity's fiscal year. If the Accredited Entity is also the Executing Entity, the Accredited Entity shall make available to the Fund, in accordance with its policies and procedures, copies of all relevant financial information of the Funded Activity, which shall not be later than six (6) months after the end of the Accredited Entity's Fiscal Year.
- 16.02 Where the Fund has reason for concern that GCF Proceeds or Other GCF Funds for any Funded Activity may not have been used, or otherwise disposed of, in accordance with this Agreement, or the relevant FAA, the Fund may ask the Accredited Entity to, and the Accredited Entity shall, provide it, subject to Clause 25, with information concerning the use of funds or resources in respect of the relevant Funded Activity. For the avoidance of doubt, any information relating to an Investigation shall only be provided in accordance with Clause 9.03 of this Agreement.
- 16.03 If after reviewing any such information provided by the Accredited Entity, the Fund, acting reasonably, continues to have a concern as to the manner in which GCF Proceeds or Other GCF Funds have been used or disposed of, the Fund may consult with the Accredited Entity to determine an appropriate solution and may request the Accredited Entity to take necessary corrective measures to address its concern. This could include a financial audit of the individual Funded Activity by an external auditor selected by the Accredited Entity that is performed based on terms established in consultation with the Accredited Entity. The Fund will fully communicate its reasons for such a request to the Accredited Entity, which shall be reasonable and appropriate to protect the interest of the Fund. The cost of such audit shall be borne by the Accredited Entity or the Executing Entity, as applicable, if the concern of the Fund is found to be substantially correct by the auditor, or by the Fund in all other cases.
- 16.04 The Accredited Entity shall be responsible for the supervision of the Funded Activities in accordance with its own policies and procedures. Subject to the consent of any relevant Executing Entity, the Accredited Entity may invite representatives of the Fund to participate in supervision or other similar missions led by the Accredited Entity relating to a Funded Activity, when applicable. On an extraordinary basis and subject to the terms set out in Clause 16.05 below, such missions shall be planned and carried out in a collaborative manner, with procedural matters determined by the Accredited Entity's policies and procedures, keeping in mind the effective and efficient implementation of the Funded Activity. Each Party shall bear its own costs in relation to such missions.
- 16.05 The Fund may at its own cost conduct (a) *ad hoc* checks on the use of GCF Proceeds or Other GCF Funds and the Accredited Entity's compliance with this Agreement and/or an FAA on an extraordinary basis, provided that (i) the Fund gives adequate prior notice to the Accredited Entity specifying the rationale for such request; (ii) specific terms for *ad hoc* checks for a specific Funded Activity or the review of the Accredited Entity's compliance with this Agreement and/or a FAA have been agreed upon with the Accredited Entity; (iii) *ad hoc* checks and reviews will be conducted in coordination with the Accredited Entity and, to the extent possible, during regular Accredited Entity supervision missions; (iv) any findings resulting from the *ad hoc* checks and reviews shall be shared with the Accredited Entity and serve as the basis for further consultation; (v)

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such *ad hoc* checks and reviews do not create an undue burden on the Accredited Entity or the Executing Entity's regular operations; and (vi) the objective of the *ad hoc* checks and reviews is not to carry out an audit of the Accredited Entity but to verify, by sample-checking, how the GCF Proceeds have been used; and/or (b) *ex post* evaluations of Funded Activities subject to the same principles as set out in Clause 16.05(a) above, and the Accredited Entity shall cooperate with the Fund in the conduct of such evaluations.

## **Clause 17 FINANCIAL MANAGEMENT AND FINANCIAL INFORMATION**

17.01 The Accredited Entity shall ensure that:

- (a) a financial management system is maintained, with separate informational statements, accounts and records of GCF Proceeds and Other GCF Funds being prepared in accordance with the Accredited Entity's accounting standards, consistently applied ("Financial Information");
- (b) the Financial Information referred to in Clauses 17.02(b) and 17.02(d) below are audited by the Accredited Entity's external auditor, in accordance with internationally recognized auditing standards that are acceptable to the Fund; the Financial Information, as so audited, are furnished to the Fund in accordance with Clauses 17.02(b) and 17.02(d), together with such other information concerning the audited Financial Information and such auditors, as the Fund may from time to time reasonably request; and
- (c) all Financial Information related to GCF Proceeds and Other GCF Funds shall be expressed in the GCF Holding Currency and in the absence of the Parties specifying otherwise in an FAA, such Financial Information will be provided in USD.

17.02 The Accredited Entity shall provide to the Fund the following Financial Information in a form and means agreed with the Fund:

- (a) on a semi-annual basis within one hundred and twenty (120) days after 30 June and 31 December of each year (or such other frequency agreed in the FAA):
  - (i) the dates and amounts disbursed by the GCF to the Accredited Entity for Funded Activities for the period reported, and the cumulative amounts disbursed to the Accredited Entity up to the period reported, broken down by each Funded Activity;
  - (ii) the actual amounts disbursed by the Accredited Entity for Funded Activities for the period reported, and the cumulative amounts disbursed by the Accredited Entity up to the period reported, broken down by each Funded Activity;
  - (iii) (A) the date on which any Funded Activity is financially closed, (B) the final cumulative amount disbursed for such Funded Activity, (C) the amount of any Unused Funds from such Funded Activity, and (D) the amount of such Unused Funds returned to the Fund, for the period reported, broken down by each such Funded Activity;
  - (iv) the dates and amounts of any Reflowed Funds received by the Accredited Entity from Funded Activities, as well as the amount of such Reflowed Funds transferred to the Fund, for the period reported, and cumulative amounts up to the period, broken down by each Funded Activity; and



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- (v) a statement of Investment Income earned on GCF Proceeds, as well as the amount of such Investment Income transferred to the Fund;
  - (b) within four (4) months after the end of the Accredited Entity Fiscal Year, an unaudited annual financial statement for the GCF Account with specific Funded Activities listed in a separate annex;
  - (c) within six (6) months after the end of the Accredited Entity Fiscal Year, an audited annual financial statement for the GCF Account containing the same information specified in Clause 17.02(b) above;
  - (d) within six (6) months after expiration or termination of this Agreement, an audited final financial statement for the GCF Account, regarding the period since the last period covered by the statements referred to in Clause 17.02(b) above; and
  - (e) such other information related to funds disbursed by the Fund to the Accredited Entity, as may reasonably be requested by the Fund from time to time.

### ***Use of Reports***

17.03 Each Party acknowledges and agrees that, subject to Clause 25, a Party may release in the public domain any report or statement, in whole or in part, that has been submitted to it by the other Party under this Agreement (or any FAA). To the extent that either Party has the rights of use of any report, each Party also acknowledges and agrees that, subject to Clause 25, the other Party may use, reproduce, modify and/or adapt information and other data contained in such reports for any reason whatsoever.

### ***Fund Agent***

17.04 The Fund may utilize a Fund Agent on behalf of the Fund to perform certain functions or activities set out in this Agreement in respect of a Funded Activity, provided that the Fund gives adequate prior notice to the Accredited Entity specifying the scope of the functions and activities to be performed by the Fund Agent, and the Accredited Entity agrees to the appointment of such Fund Agent.

## **Clause 18 REPRESENTATIONS, WARRANTIES AND COVENANTS**

### ***Representations and Warranties***

18.01 The Accredited Entity represents and warrants that, on the effective date of this Agreement, the date of entering into each FAA, if different, the date of effectiveness of each FAA and the date of the disbursement made by the Fund under an FAA:

- (a) the execution and delivery of this Agreement or the relevant FAA, as the case may be, and compliance with the terms of this Agreement or FAA, as the case may be, including, if applicable, the implementation by the Accredited Entity of any Funded Activity, will not conflict with the Accredited Entity's policies and procedures and, to the best of its knowledge, with any other agreement to which the Accredited Entity is a party;
- (b) it has the capacity and authority to enter into this Agreement and the relevant FAA;

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- (c) any factual information provided by it to the Fund as part of the Funding Proposal or otherwise pursuant to Clause 4.12 is, to the best of its knowledge, true and accurate in all material respects as of the date it is provided or as of the date (if any) at which it is stated;
  - (d) to the best of its knowledge, the estimated financial projections, if any, contained in a Funding Proposal or FAA will be or were, as the case may be, prepared on the basis of recent historical information and on the basis of reasonable assumptions, and to the extent that such projections were prepared by the Executing Entity, the Accredited Entity will require the Executing Entity to make an equivalent representations or warranty;
  - (e) to the best of its knowledge, nothing has occurred or been omitted from the Funding Proposal and no information has been given or withheld that results in the information contained in the Funding Proposal being untrue or misleading in any material respect; and
  - (f) the policies of the Accredited Entity addressing prohibited practices are substantially consistent with the objectives of the Policy on Prohibited Practices.

***Covenants of the Accredited Entity***

18.02 The Accredited Entity covenants (to the extent applicable) that as from the effective date of this Agreement, the date of entering into each FAA and, if different, the date of effectiveness of each FAA, the Accredited Entity shall:

- (a) perform its obligations under this Agreement and the relevant FAA;
- (b) take necessary steps, in accordance with its policies and procedures, to cause (insofar as it is contractually able to do so) the Funded Activity to be implemented with due diligence and efficiency and in conformity with sound and applicable technical, financial, business and development practices;
- (c) require the Executing Entity, in accordance with its policies and procedures and insofar as it is contractually able to do so, to ensure that all necessary and applicable licenses, approvals and consents, including those relating to intellectual property, to implement, (if appropriate) carry out or operate any Funded Activity are valid for the duration of the Funded Activity;
- (d) as soon as practicable, provide or cause to provide written notice to the Fund of any legitimate claims, investigations (subject to and in accordance with the provisions of Clauses 9.03(b) and 9.04) or proceedings which, if determined adversely, could reasonably be expected to result in a material adverse effect on the ability of the Accredited Entity to perform any of its obligations under this Agreement;
- (e) apply its own policies and procedures relating to fraud and corruption, misconducts, conflicts of interest and AML/CFT, and make arrangements to ensure that GCF Proceeds and Other GCF Funds provided for, or resulting from, the purposes of any Funded Activity are not used by it, or any Executing Entity or (insofar as it is contractually able to do so) any third parties and recipients, to whom the GCF Proceeds and Other GCF Funds are disbursed, or otherwise disposed of, for any activities contravening the Accredited Entity's policies and procedures as set forth above;

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- (f) seek remedies including, where appropriate, by claiming return or repayment by the Executing Entity of any GCF Proceeds used by the Executing Entity, or any third parties involved. for any purpose set out in Clause 18.02(e) subject to Clause 9.03, in accordance with its policies and procedures. Any repayment obligation of the Accredited Entity shall be limited to such amounts actually returned or repaid to the Accredited Entity by the Executing Entity or any other third party, in accordance with the Accredited Entity's policies and procedures;
  - (g) always act in good faith and diligently with professional care to avoid or manage actual or potential conflict of interest in relation to a Funding Proposal and/or a Funded Activity (as applicable) in accordance with its policies and procedures;
  - (h) contractually require the Executing Entity to ensure that the activities related to any Funded Activity are implemented in compliance with the laws of the countries in which it operates, and other laws applicable to the Executing Entity, including but not limited to intellectual property law, if and to the extent any such laws may be applicable to it, and the Accredited Entity shall monitor, in accordance with its own policies and procedures, during the term of the respective FAA, that the activities related to any Funded Activity are operated by the Executing Entity in compliance with such laws; and
  - (i) indicate how it intends to strengthen the capacities of, or otherwise support, potential subnational, national and regional entities to meet the accreditation requirements of the Fund in order to enhance country ownership, to the extent practicable and appropriate.

#### **Clause 19 NON-COMPLIANCE**

19.01 The Accredited Entity will be in non-compliance with this Agreement, if all of the following conditions are met: (a) any of the below-mentioned events occurs; (b) the Fund provides written notice to the Accredited Entity that such event has occurred; and (c) the Accredited Entity fails to remedy such event within one hundred and twenty (120) calendar days from the date of the receipt of such written notice or a reasonable period of time as may be agreed between the Parties (the "Cure Period")<sup>1</sup> ("Event of Non-Compliance"):

- (i) the Accredited Entity failed to comply, in any material respect with, or shall have failed to perform in any material respect, any of its obligations under this Agreement;
- (ii) a representation or warranty made or repeated by the Accredited Entity pursuant to Clause 18 proves to have been incorrect or misleading in any material respect when made or repeated or deemed to have been made or repeated; or
- (iii) at any time, following notification from the Fund to the Accredited Entity's integrity office of an allegation of any practice described in Clause 9.03(b) in respect of a Funded Activity where the Accredited Entity, acting in accordance with its own policies and procedures, has failed to: (A) respond to the Fund's Independent Integrity Unit, informing them of whether or not the Accredited Entity intends to open an Investigation; (B) respond to any periodic inquiries received from the Fund's Independent Integrity Unit regarding the status of any Investigation; or (C) inform the Fund's Independent Integrity Unit regarding the outcome of an Investigation in accordance with Clause 9.03(b).

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<sup>1</sup> The Secretariat may provide support to the Accredited Entity to take remedial action during the Cure Period.

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## **Clause 20 REMEDIES FOLLOWING AN EVENT OF NON-COMPLIANCE**

- 20.01 Following the occurrence of an Event of Non-Compliance as set out in Clause 19 (for avoidance of doubt which will happen after the end of the Cure Period), the Fund may exercise any of its rights under this Agreement, including the right to:
- (a) terminate this Agreement and/or, if applicable, any specific FAAs entered into thereunder that are directly affected by the Event of Non-Compliance or in relation to which the Event of Non-Compliance has arisen, upon giving ninety (90) days' written notice to the Accredited Entity and cease the consideration or approval of any further Funding Proposals; and/or
  - (b) suspend any further payments, including but not limited to the disbursement of GCF Proceeds, payable by it under the terms of any or all Funded Activities being implemented in accordance with this Agreement, where such FAA has been directly affected by the Event of Non-Compliance, immediately upon giving notice to the Accredited Entity; and/or
  - (c) seek a refund of GCF Proceeds and Other GCF Funds for any Funded Activity to the extent such funds (i) are uncommitted, after paying any liabilities then outstanding incurred in accordance with this Agreement and the FAA; or (ii) have been improperly used by the Accredited Entity. If applicable, the Fund may require the Accredited Entity to seek a refund of GCF Proceeds or Other GCF Funds from third parties. Any refund obligation of the Accredited Entity shall be limited to such amounts which have actually been recovered by the Accredited Entity from an Executing Entity or any other third party having exercised its best efforts in accordance with its usual procedures and without prejudice to, or without requiring the waiver of, its privileges and immunities.

## **Clause 21 FORCE MAJEURE**

- 21.01 Neither of the Parties shall be held liable for the breach of its obligations under this Agreement or an FAA for a Funded Activity if it is prevented from fulfilling them by reason of Force Majeure, provided that the Party affected by such an event has taken all reasonable precautions, due care and reasonable alternative measures, all with the objective of carrying out the terms and conditions of this Agreement and the relevant FAA, as applicable.
- 21.02 The Party affected by an event of Force Majeure shall notify the other Party of such event as soon as possible, and in any event not later than fifteen (15) calendar days following the occurrence of such event, providing evidence of the nature and cause of such event, which shall include the information about the possibility of restoration of normal conditions as soon as possible. Any costs borne or incurred by the Accredited Entity acting reasonably and pursuant to the Funded Activity work plan and budget during the period of suspension under this Clause 21 and before the resumption of the Funded Activity, shall be covered within the agreed budget for the Funded Activity.
- 21.03 The Accredited Entity may withdraw a Funding Proposal at any time, if the Accredited Entity, in consultation with the Fund, determines and so notifies the Fund that an event constituting Force Majeure has occurred, which would make it impossible, too difficult or too dangerous for the Accredited Entity and/or the Executing Entity, as the case may be, to implement the proposed Funded Activity.

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21.04 If after the execution of an FAA for a Funded Activity, the Accredited Entity, in consultation with the Fund, determines and so notifies the Fund that an event constituting Force Majeure has occurred which would make it impossible, too difficult or too dangerous for the Accredited Entity and/or the Executing Entity, as the case may be, to continue with the implementation of the relevant Funded Activity, either Party may, following mutual consultations, terminate such FAA.

## **Clause 22 TERM AND TERMINATION**

22.01 Subject to a prior termination pursuant to Clause 22.02, the Accredited Entity will, from the date of its Accreditation, remain Accredited for a period of five (5) years. The Accredited Entity will either seek re-accreditation prior to the lapsing of the five (5) year period, or its status as an Accredited Entity will lapse thereupon. In the event that the Accredited Entity has sought re-accreditation prior to the expiration of the five (5) year period, the Accreditation shall be deemed to continue until re-accreditation is determined; and (a) the Accredited Entity shall continue to satisfy any outstanding commitments and liabilities incurred in relation to each Funded Activity managed by the Accredited Entity, and (b) the Fund shall continue to perform its related obligations if and when due.

22.02 This Agreement will terminate:

- (a) provided that the Accredited Entity has not sought re-accreditation prior to the expiration of the five (5) year period, upon lapse of the Accredited Entity's Accreditation pursuant to Clause 22.01;
- (b) upon revocation of the Accredited Entity's Accreditation and notice to the Accredited Entity pursuant to Clauses 5.02(c) and 13.02;
- (c) upon the Fund giving notice to the Accredited Entity pursuant to Clause 20.01(a);  
or
- (d) upon either Party giving prior written notice of at least one hundred and eighty (180) days to the other Party.

22.03 Upon termination of this Agreement:

- (a) the Accredited Entity shall continue to satisfy any outstanding commitments, obligations and liabilities incurred in relation to each Funded Activity administered by the Accredited Entity prior to the termination, and the Fund shall continue to perform its related obligations if and when due; provided that by doing so neither Party will: (i) surrender or waive any rights, claim or demand it may have against the other Party arising from the termination of this Agreement; or (ii) be deemed to affirm the terminated Agreement. Any FAA, any Subsidiary Agreement or any agreement entered into by the Accredited Entity with third parties with respect to such Funded Activity prior to the termination of this Agreement (including in respect of disbursement of the GCF Proceeds) will remain in effect and be unaffected by the termination of this Agreement; except that if the termination of this Agreement is due to an Event of Non-Compliance under Clause 19.01(i), the Accredited Entity shall discuss in good faith with the Fund as to the most appropriate way of addressing any ongoing Funded Activities under the FAAs and Subsidiary Agreements;
- (b) notwithstanding the termination of this Agreement and subject to Clauses 7.04, 7.05 and 7.07, the Accredited Entity shall continue to receive any Reflowed Funds

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and hold any Unused Funds, including any Investment Income associated therewith as determined by the Accredited Entity and any other amounts received or due to be received by the Accredited Entity with respect to each Funded Activity, until all outstanding commitments, obligations and liabilities in relation to such Funded Activity have been satisfied; and

- (c) after all outstanding commitments, obligations and liabilities in relation to such Funded Activity have been satisfied, the Accredited Entity shall, upon the request of the Fund through the Trustee or other means designated by the Fund, return any Unused Funds, and pay the Fund any Reflowed Funds and any net Investment Income earned therefrom not already paid pursuant to Clauses 7.04, 7.05 and 7.07.

### **Clause 23 INTELLECTUAL PROPERTY; OWNERSHIP OF EQUIPMENT; ENTITLEMENT TO EMISSION REDUCTIONS**

- 23.01 The Accredited Entity shall, in accordance with its policies and procedures, incorporate provisions in the Subsidiary Agreements requiring the Executing Entity to ensure that all Fund-financed contracts for the procurement of Goods and Services contain appropriate representations, warranties and, if appropriate, indemnities from the consultants, contractors, or suppliers, not to violate or infringe any intellectual property right or claim of any third party.
- 23.02 The Accredited Entity shall, in accordance with its policies and procedures, incorporate provisions in the Subsidiary Agreements requiring the Executing Entity to ensure that all Fund-financed contracts contain appropriate representations, warranties and, if appropriate, indemnities from the consultants, contractors or suppliers to ensure that the Funded Activity does not violate or infringe any intellectual property right or claim of any third party.
- 23.03 In relation to a Funded Activity that is a grant financed in whole or in part with GCF Proceeds, unless otherwise agreed in the FAA, if any part of such grant is used to purchase any durable assets or equipment (such as vehicles or office equipment) used to implement the relevant Funded Activity, upon completion of the Funded Activity or termination of the relevant FAA in accordance with its terms, the Accredited Entity shall take steps in relation to such assets or equipment in accordance with its policies and procedures.
- 23.04 In relation to a Funded Activity, the possibility of converting GHG emission reductions achieved by a Funded Activity into offset credits or units generated thereby will be determined in accordance with the FAA, if applicable.

### **Clause 24 BRANDING**

- 24.01 In addition to the use of its own branding, in accordance with its policies and procedures, the Accredited Entity shall also endeavour to acknowledge the visual identity of the Fund in funding the relevant Funded Activities (e.g., through use of the Fund logo, in accordance with the Fund's branding guidelines, and appropriate references in reports, publications, information given to beneficiaries and news media, related publicity materials and any other forms of public information and the displaying of the GCF logo on the site of any infrastructure works). Any branding activities in support of the Fund shall comply with the Fund's branding guidelines and be reviewed by the Secretariat. The same condition shall apply for co-branding activities.

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## Clause 25 CONFIDENTIALITY

- 25.01 Notwithstanding any other provision of this Agreement to the contrary, no Party shall be required to disclose any information to the other Party if such disclosure would violate or be otherwise inconsistent with the disclosing Party's policies or procedures or any confidentiality or non-disclosure obligation it may have assumed. Each Party undertakes that it shall not at any time disclose to any person any Confidential Information except as permitted by Clause 25.02.
- 25.02 Each Party may disclose the other Party's Confidential Information to its employees, officers, representatives, contractors, consultants or advisers, and in the case of the Fund, its Board members, alternate Board members and their advisers, who need to know such information for the purposes of exercising the Party's rights or carrying out its obligations under or in connection with this Agreement. Each Party shall ensure that its employees, officers, representatives, consultants, contractors or advisers to whom it discloses the other Party's Confidential Information comply with this Clause 25, and the Fund shall ensure that its Board members, alternate Board members and their advisers shall also comply with this Clause 25.
- 25.03 The provisions of this Clause 25 shall not apply to any information, including Confidential Information, that:
- (a) is or becomes generally available to the public (other than as a result of its disclosure by the receiving Party or its representatives in breach of this Clause 25);
  - (b) was available to the receiving Party on a non-confidential basis before disclosure by the disclosing Party;
  - (c) was, is or becomes available to the receiving Party on a non-confidential basis from a person who, to the receiving Party's knowledge, is not bound by a confidentiality agreement with the disclosing Party or otherwise prohibited from disclosing the information to the receiving Party;
  - (d) the receiving Party is required to produce by any court, governmental or regulatory body, or pursuant to any law, legal process, regulation, or governmental order, decree or rule, or which is necessary or desirable for the receiving Party to disclose in connection with any proceeding in any court or tribunal or before any regulatory authority in order to preserve its rights, provided that the receiving Party provides prior written notice to the disclosing Party of its intention to do so and in such case gives the disclosing Party the ability to assert its privileges and immunities to prevent or protect the disclosure of such information and cooperates with the disclosing Party in protecting against any such disclosure;
  - (e) the Parties agree in writing is not confidential or may be disclosed; or
  - (f) is developed by or for the receiving Party independently of the information disclosed by the disclosing Party.
- 25.04 No Party shall use the other Party's Confidential Information for any purpose other than to exercise its rights and perform its obligations under or in connection with this Agreement, without obtaining the prior written consent of the other Party.

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- 25.05 Pursuant to the Information Disclosure Policy (in the case of the GCF) and in line with the disclosure policy of the Accredited Entity (in the case of the Accredited Entity), but subject to Clause 25.01, each Party may make publicly available certain information which is not described and/or marked confidential, including Concept Notes, Funding Proposals and other information relating to proposed projects, programmes and investments and Funded Activities, and may update such information periodically as required by the Information Disclosure Policy. Each Party undertakes not to make publicly available any other Party's Confidential Information without the prior written consent of the other Party.
- 25.06 If requested by the disclosing Party, the receiving Party shall return to the disclosing Party all Confidential Information in written form or destroy or (to the extent technically practicable) permanently erase all Confidential Information provided to the receiving Party in written or electronic form save to the extent that Confidential Information which the receiving Party is required to retain by applicable law, rule or regulation, or if such information is contained in any computer records or files which have been created pursuant to the receiving Party's automatic archiving and back-up procedures, in which case, the Confidential Information retained shall continue to be kept confidential in accordance with the terms of this Clause 25.
- 25.07 The Parties agree that this Clause 25 covers all Funded Activities to be proposed or developed pursuant to this Agreement, as well as all Funded Activities, and that the Fund will not enter into any specific non-disclosure or confidentiality agreements for any such projects, programmes, investments or Funded Activities.
- 25.08 The Parties agree that this Agreement, and each Funding Proposal and Term Sheet, excluding any Confidential Information, will be disclosed in accordance with their respective information disclosure policies and procedures.
- 25.09 Notwithstanding Clauses 25.02, 25.03 and 25.05 above, the information provided under Clauses 9.03 above shall be subject to the terms of confidentiality accompanying such information, and the Fund shall not disclose such information outside the office to which the information is provided, unless: (a) prior written consent has been obtained from the Accredited Entity; or (b) the Fund is ordered to do so by a competent judicial or law enforcement authority and the Fund decides it must comply with such order after consulting with the Accredited Entity. Subject to the foregoing, if the Fund is not able to commit to keep such information confidential, then the Fund, prior to receiving such information, shall inform the Accredited Entity accordingly.

## **Clause 26 NON-WAIVER OF PRIVILEGES AND IMMUNITIES**

- 26.01 The Parties acknowledge and accept that they are accorded certain privileges, immunities, and exemptions as are necessary for the fulfilment of their purposes, and that the Staff of the Accredited Entity and the Staff and Experts of the Fund similarly enjoy such privileges, immunities, and exemptions as are necessary for the independent exercise of their official functions. Nothing in or related to this Agreement or any FAA may be construed as a waiver, express or implied, of the privileges, immunities and exemptions accorded to the Parties under the Governing Instrument, the Agreement between the Republic of Korea and the Green Climate Fund concerning the Headquarters of the Green Climate Fund, the Articles of Agreement Establishing the Asian Development Bank, international law, including international customary law, any international conventions, treaties or agreements, or any other applicable laws or agreements.



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## **Clause 27 GOVERNING LAW**

- 27.01 This Agreement shall be governed by public international law.
- 27.02 For the purposes of resolving any dispute, controversy or claim arising out of or in relation to this Agreement, in applying public international law, sources shall be taken for these purposes to include:
- (a) any relevant treaty obligations that are binding reciprocally on the Parties;
  - (b) the provisions of any international conventions and treaties (whether or not binding directly as such on the Parties) generally recognized as having codified or ripened into binding rules of customary law applicable to states and international institutions, as appropriate;
  - (c) other forms of international custom, including the practice of states and international institutions of such generality, consistency and duration as to create legal obligations; and
  - (d) applicable general principles of law.
- 27.03 The governing law for the Subsidiary Agreements may be agreed by the parties thereto.

## **Clause 28 ENFORCEABILITY AND ARBITRATION**

### ***Enforceability***

- 28.01 The rights and obligations of the Parties under this Agreement shall be valid and enforceable in accordance with its terms, notwithstanding the law of any state or political subdivision thereof to the contrary.

### ***Arbitration***

- 28.02 The Parties will attempt in good faith to resolve any dispute, controversy or claim arising out of or in relation to this Agreement or, unless otherwise specified in the relevant FAA, any FAA through negotiations between a duly authorized senior representative of each of the Parties with authority to settle the relevant dispute. If the dispute, controversy or claim cannot be settled amicably within sixty (60) days from the date on which either Party has provided written notice to the other of the dispute, then Clause 28.03 shall apply.
- 28.03 Any dispute, controversy or claim arising out of or relating to this Agreement or, unless otherwise specified in the relevant FAA, any FAA, or the breach, termination or invalidity thereof, that has not resolved through negotiation pursuant to Clause 28.02 above, shall be settled by arbitration in accordance with the Optional Rules for Arbitration for Disputes Involving International Organizations and States of the PCA in force at the date of this Agreement, and:
- (a) the number of arbitrators shall be three and shall be appointed pursuant to the said Arbitration Rules;
  - (b) the place of arbitration shall be Singapore;
  - (c) the language to be used in the arbitral proceedings shall be English;

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- (d) the arbitration decision shall be final and binding on the Parties and there shall be no appeal and each Party undertakes to comply with and to carry out any such arbitral decision fully and without delay; and
  - (e) the arbitration panel shall not award punitive damages.

### **Clause 29 WAIVER**

29.01 No delay in exercising, or omission to exercise, any right, power or remedy accruing to a Party under this Agreement upon any default shall impair any such right, power or remedy or be construed to be a waiver thereof or an acquiescence in such default. No action of such Party in respect of any default, or any acquiescence by it in any default, shall affect or impair any right, power or remedy of such Party in respect of any other or subsequent default.

### **Clause 30 NOTICES**

30.01 Any notice, request, document, report, or other communication submitted by either the Accredited Entity or the Fund shall, unless expressly specified otherwise in this Agreement or an FAA, be in English and delivered by courier or by facsimile or email to the Party to which it is required or permitted to be given or made to the following addresses:

#### For the Accredited Entity

Director  
Climate Change and Disaster Risk Management Division  
Sustainable Development and Climate Change Department  
Address: 6 ADB Avenue  
Mandaluyong City  
1550 Metro Manila, Philippines  
Fax: + 63 2 636-2409  
Email: [pbhandari@adb.org](mailto:pbhandari@adb.org)

#### For the Fund

Director Country Programming Division  
Address: 175, Art Center-daero  
Yeonsu-gu, Incheon 22004  
Republic of Korea  
Fax: + 82 32 458-6092  
Email: [accreditation@gcfund.org](mailto:accreditation@gcfund.org)

### **Clause 31 MISCELLANEOUS**

31.01 **Country Ownership.** The Accredited Entity will endeavour to use its good offices to promote the status of the Fund in the Host Country and foster country ownership, taking into account all relevant circumstances.

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31.02 **Limitations of Parties' Liability**

- (a) Each Party will be responsible only for performing the obligations that are specifically set forth in this Agreement (or any FAA).
- (b) Any liability of the Fund under this Agreement or under an FAA shall be strictly limited to the amount approved by the Board for the relevant Funded Activity and the fees for the Accredited Entity for that Funded Activity, as agreed and detailed in the relevant FAA.
- (c) The Fund (including its members of the Board, Staff, Experts and Fund Agent) shall not be responsible or liable for any losses, damages or injuries caused to any third party under a Funded Activity, solely and exclusively resulting from the acts, omissions or negligence of, or breach of this Agreement or any FAA by, the Accredited Entity's employees, directors, officers, agents, and representatives.
- (d) The Accredited Entity (including the Staff of the Accredited Entity) shall not be responsible or liable for any losses, damages or injuries caused to any third party under a Funded Activity, solely and exclusively resulting from the acts, or omissions or negligence of, or breach of this Agreement or any FAA by, the Fund (including its members of the Board, Staff, Experts and Fund Agent).

31.03 **Claims.** Without prejudice to the Accredited Entity's privileges and immunities and its applicable policies and procedures, in the event of any claims arising out of, or resulting from, the implementation of Funded Activities which may be brought by third parties against the Fund, including its members of the Board, Staff and Experts, or the Accredited Entity and the Staff of the Accredited Entity, the Parties shall cooperate in the handling of such claims by consulting with each other, sharing information and using reasonable efforts to ensure that the Parties undertake their own defence against such claims in a coordinated manner.

31.04 **Trustee.** Without prejudice to Clause 7.01, the GCF Proceeds made available to the Accredited Entity may be disbursed from the Trust Fund. All of the obligations of the Fund under this Agreement are obligations of the Fund, and the Trustee has no personal liability for the obligations of the Fund under this Agreement.

31.05 **Changes to Policies and Procedures.** If during the term of this Agreement the Fund intends to revise any of its rules, policies, or procedures (including without limitation the Standards) and such change is material, or intends to adopt new rules, policies, or procedures by a Decision that, in the Fund's opinion, apply to the Accredited Entity, then:

- (a) the Fund shall so notify the Accredited Entity and allow the Accredited Entity a reasonable period of time to provide its comments to the proposed revision or adoption. The Fund may take any comments received from the Accredited Entity into account when finalising the proposed revision or adoption;
- (b) upon the relevant Decision, the Fund shall notify the Accredited Entity. The receipt of such notice shall require the Accredited Entity to (i) take any necessary or appropriate action; or (ii) inform the Fund that it is unable or unwilling to, through the compliance with the Accredited Entity's own policies and procedures, comply fully or partially with the rules, policies and procedures of the Fund as revised or adopted (the "**Revisions**") from a date that is one hundred and eighty (180) days following such notice; and
- (c) in case of Clause 31.05(b)(ii), the Parties will consult with each other with the aim of resolving such matter within a reasonable period (which will not be less than

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one hundred and twenty (120) days) before the Accredited Entity's Accreditation may be deemed to have lapsed and Clause 22.02 shall apply.

For the avoidance of doubt, the relevant Revision(s) shall apply only to new Funding Proposals.

- 31.06 **Assignment/Novation.** Except as otherwise provided in this Agreement or an FAA, neither Party will be entitled to assign or otherwise transfer its rights and obligations under this Agreement, in full or in part, without the prior written consent of the other Party, which consent may not be unreasonably withheld.
- 31.07 **Use of Logos or Trademarks.** The Accredited Entity shall not use the name, abbreviation, logo or any trademarks of the Fund other than as provided for in Clause 24 or unless the Fund has provided prior consent in writing to such use. The Fund shall not use the name, abbreviation, logo or any trademark of the Accredited Entity unless the Accredited Entity has provided prior consent in writing.
- 31.08 **Execution in Counterparts.** This Agreement may be executed in several counterparts, each of which shall be an original.
- 31.09 **Rights of Third Parties.** This Agreement is intended solely for the benefit of the Parties and is not intended to be for the benefit of, nor may any provision be enforced by, any person or entity that is not a Party to this Agreement. Any other statute or law to the contrary is hereby excluded or disappplied.
- 31.10 **Entire Agreement.** 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, other than those writings expressly referred to or incorporated into this Agreement and/or any FAA entered into hereunder.
- 31.11 **Modification or Amendment.** No modification or amendment of this Agreement shall be valid unless in writing and signed by an authorized representative of the Fund and an authorized representative of the Accredited Entity. Other than as contemplated by Clause 1.02 of this Agreement, no modification or amendment to this Agreement shall be made in an FAA. The Parties will review their collaboration under this Agreement at the time of re-accreditation or such other time as the Parties may agree.
- 31.12 **Survival of Clauses.** Clause 13.03, Clause 13.04, Clause 13.05, Clause 15.01(c), Clause 25, Clause 26, Clause 27, Clause 28, Clause 30.01, Clause 31.02, Clause 31.03, Clause 31.05 and this Clause 31.12 shall, unless explicitly provided otherwise, survive the termination of this Agreement. Furthermore, with respect to Clause 22.03, those Clauses of this Agreement necessary and suitable to achieve the objective of the relevant Funded Activities shall survive for a period of ten (10) years after the termination of this Agreement.

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IN WITNESS WHEREOF the Parties hereto, acting through their representatives thereunto duly authorized, have caused this Agreement to be signed in their respective names as of the day and year first above written and to be delivered at the principal office of the Fund.

**ASIAN DEVELOPMENT BANK**

By \_\_\_\_\_  
Name  
Designation

Date \_\_\_\_\_

**GREEN CLIMATE FUND**

By \_\_\_\_\_  
Name  
Designation

Date \_\_\_\_\_

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## **Annex 1 - Term Sheet**

[**Note:** This is not a template. Sample provisions are set out below for information purposes only.]

This Term Sheet, together with the Funding Proposal [and schedules and annexes] attached hereto, as agreed by the Green Climate Fund (“Fund”) and [the Accredited Entity], shall be reflected in the Funded Activity Agreement to be entered into by the Fund and [the Accredited Entity] in due course. The Parties acknowledge that such Funded Activity Agreement shall also incorporate the terms and conditions of the Accreditation Master Agreement dated [insert date] entered into by the Parties (the “Agreement”) and, as such, any derogation, modification or deviation from those terms is set out below.

### **Project/Programme Activity Information**

1. GCF [Project/Programme Name]  
Description:  
[Objectives, etc.]
2. Implementation Arrangements
3. Total Amount to be Disbursed by the Fund / Form of Financing (grant, loan, equity, guarantee)
4. Components and Financing (by source)
5. Cost/Budget Breakdown
6. Disbursement Schedule
7. Permitted reallocation pursuant to Clause 11.02 of the Agreement
8. Reporting Period
9. Project Calendar

<b>Milestones</b>	<b>Expected Dates</b>
Start of Project/Programme Implementation	
Project/Programme Completion	
Final Evaluation	

10. Conditions to be met prior to the execution of the FAA  
[Insert conditions here]
11. Conditions for Effectiveness of the FAA  
[Insert conditions here]
12. Conditions for Disbursement under the FAA  
[Insert conditions here]
13. Details of Fund Agent
14. GCF Account  
[Bank]/[Ledger]

- 
15. Account Details
  16. GCF Holding Currency: USD
  17. ESS, public disclosure and procurement compliance
  18. Financial Reporting and Accounting Currency: USD
  19. Notification of Reflowed Funds
  20. Transfer of Investment Income
  21. [Step in right]

**[FOR GRANTS]**

22. [Key terms and conditions, including but not limited to:
  - (a) Accredited Entity Fee
  - (b) [repayment contingency terms]
23. Events of Non-Compliance (additional to those set out in Clause 19)
24. Remedies/Consequences of non-compliance (additional to those set out in (iii))

**[FOR LOANS]**

25. [Key terms and conditions, including but not limited to:
  - (a) repayment period
  - (b) grace period
  - (c) pricing (interest, etc.)
  - (d) when interest/principal repayable (semi-annually, etc.)
  - (e) currency of repayment of principal/interest
  - (f) amortization schedule
  - (g) Accredited Entity Fee
  - (h) taxes
26. Events of Non-Compliance (additional to those set out in Clause 19)
27. Remedies/Consequences of non-compliance (additional to those set out in (iii))
28. Right of GCF to assign/transfer rights
29. [Acceleration]

**[FOR EQUITY]**

30. [Key terms and conditions including]
  - (a) conditions for investment (e.g. completion of due diligence)
  - (b) additional agreements to be entered into
  - (c) representations and warranties given to GCF
  - (d) conditions to completions
  - (e) corporate issues e.g.
    - (1) appointment of directors

- 
- (2) number of GCF directors
  - (3) matters requiring GCF consent
  - (f) GCF obligations to maintain shareholding
  - (g) rights of GCF to exit investment, sell down, assign and/or transfer shares
  - (h) Accredited Entity Fee
  - (i) costs
  - (j) taxes
  - (k) accounting, business plan and information rights
31. Event of Non-Compliance (additional to those set out in Clause 19)
32. Remedies/Consequences of non-compliance (additional to those set out in (iii))

**[FOR GUARANTEES]**

33. [Key terms and conditions including]
- (a) form of guarantee – [Comprehensive][Partial Risk][Partial Credit][Policy Based]
  - (b) beneficiary
  - (c) condition of a counter-guarantee from beneficiary
  - (d) obligations covered by guarantee [different for risk and credit guarantees]
  - (e) [value of guarantee/exposure of GCF under guarantee]
  - (f) length of guarantee
  - (g) currency of payments under guarantee
  - (h) procedures for making a claim under guarantee
  - (i) Accredited Entity Fee
34. Right of GCF to assign/transfer rights
35. Events of non-compliance (additional to those set out in Clause 19)
36. Remedies/Consequences of non-compliance (additional to those set out in (iii))

Attachments:



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**Annex 2 - Conditions Precedent to Disbursement**

1. The Board adopted no conditions, in its Decision B.09/07 Accrediting the Accredited Entity.
2. Delivery of a Request for Disbursement, signed by the person or persons authorized to do so, within a timeframe that is acceptable to the Fund;
3. Delivery of evidence, satisfactory to the Fund, of the authority of the person or persons authorized to sign each Request for Disbursement and the specimen signature of each such person; and
4. Any other such documents and other evidence in support of each Request for Disbursement as the Parties shall specify in the FAA.

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**Annex 3 - Accreditation for Fiduciary Standards**

1. The Board has Accredited the Accrediting Entity for the following specialized fiduciary standards set out in the Fiduciary Principles and Standards:
  - (a) Part 2.1 relating to the specialized fiduciary standards for project management;
  - (b) Part 2.2 relating to the specialized fiduciary standards for grant award and/or funding allocation mechanisms; and
  - (c) Part 2.3 relating to the specialized fiduciary standards for on-lending and/or blending for loans, equity and guarantees).

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**Annex 4 - Accreditation for Environmental and Social Safeguards**

1. The Board has Accredited the Accrediting Entity to carry out Funded Activities that fall within the following Environmental and Social Risk Categories:
  - (a) High risk (Category A/Intermediation (I-1)), including lower risk (Category B/Intermediation-2 and Category C/I-3).

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### **Annex 5 - Accreditation for Size of Project**

1. The Board has Accredited the Accrediting Entity to carry out GCF Projects and activities within GCF Programmes for the following sizes: up to and including Large-sized Activities.

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**Annex 6 - Request for Disbursement**

[ADB'S LETTERHEAD]

Green Climate Fund  
175, Art Center-daero  
Yeonsu-gu, Incheon 22004  
Republic of Korea  
Attn: [CFO]

[DATE]

Ref: Request for Disbursement - [FUNDED ACTIVITY AGREEMENT] No. [X] - Request for Disbursement [No. [\_\_\_\_]]

Ladies and Gentlemen:

1. Reference is made to the [AGREEMENT] dated as of [DATE] (the "Agreement") between the Asian Development Bank ("ADB") and the Green Climate Fund ("GCF"). Capitalized terms used but not defined in this request have the meanings assigned to them in the Agreement. The rules of interpretation set forth in Clause [X] (NAME OF CLAUSE) of the Agreement shall apply to this request.
2. ADB irrevocably requests disbursement on [DATE] (or as soon as practicable thereafter) of the amount of [\_\_\_\_\_] [CURRENCY] under the Agreement (the "Disbursement"), in accordance with Clause [X] (NAME OF CLAUSE) of the Agreement. GCF is requested to pay such amount to the Account No. \_\_\_\_\_, [SWIFT/ABA] at [name and address of bank] in [city and country].
3. ADB certifies that all the conditions precedent set forth in Clause [X] (NAME OF CLAUSE) of the Agreement have been satisfied.
4. ADB further certifies that the proceeds of all Disbursements shall be applied only for the purpose described in Clause [x] (NAME OF CLAUSE) of the Agreement.
5. The above certifications are effective as of the date hereof and shall continue to be effective as of the date of Disbursement for this Disbursement. If any certification is no longer valid as of or prior to such Disbursement, ADB will notify GCF immediately and, on demand, repay the Disbursement (or any portion thereof) if the Disbursement is made prior to GCF's receipt of such notice.
6. ADB acknowledges hereby that the total amount of funds disbursed under the Agreement up to the current date, without considering the funds to be disbursed under this request, is [\_\_\_\_\_].

Yours truly,  
[X]

By: \_\_\_\_\_  
Authorized Representative

By: \_\_\_\_\_  
Authorized Representative

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**Annex 7 - Certificate**

Green Climate Fund  
175, Art center-daero  
Yeonsu-gu, Incheon 22004  
Republic of Korea

**Attn:** Director Country Programming Division

[place][date]

**Subject: Accreditation Master Agreement between the Asian Development Bank (“ADB”) and the Green Climate Fund (“GCF”)**

Dear Madam, Sir,

I am [***name, title and qualified jurisdiction***], acting for the **Asian Development Bank** (the “Accredited Entity”), and in such capacity duly authorized to issue this certificate in relation to the Accredited Entity in accordance with the requirements of Clause 2.02 of the Accreditation Master Agreement entered into between the Accredited Entity and the GCF dated [***date***] (“Agreement”)

For the issuance of this certificate I have reviewed:

- i. a copy of the Agreement;
- ii. [insert relevant corporate documents or governing instruments of the Accredited Entity];
- iii. [insert relevant approval documents, e.g., Board resolution]; and
- iv. [***insert any other relevant documents***].

I am of the opinion and confirm that the Agreement entered into by the Accredited Entity:

- (a) has been duly authorized or ratified by all necessary institutional actions; and
- (b) has been duly executed and delivered on behalf of the Accredited Entity.

Very truly yours,

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Name:

Title:

---

Green Climate Fund  
175, Art center-daero  
Yeonsu-gu, Incheon 22004  
Republic of Korea

[place][date]

### **Internal Approval to Implement Proposed Funded Activity**

Dear Madam, Sir,

I am [*name, title and qualified jurisdiction*], acting for the Asian Development Bank (the “Accredited Entity”), and in such capacity duly authorized to issue this certificate in accordance with [**Decision [insert decision number] of the Board of the Green Climate Fund [the Accreditation Master Agreement, dated \_\_\_\_\_ entered into between the Accredited Entity and the Green Climate Fund]**].

For the issuance of this certificate, I have reviewed: (a) [*insert relevant corporate documents or governing instruments of the Accredited Entity*], (b) [*insert relevant approval documents, e.g., board resolution*] and (c) [*insert all relevant documents relating to the proposed funded activity*] (the “Funded Activity”).

I am of the opinion and confirm that:

- (a) all required internal approvals have been obtained by the Accredited Entity to [administer][implement] the Funded Activity; and
- (b) the Accredited Entity has the capacity and authority to [administer][implement] the Funded Activity.

Very truly yours,

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Name:

Title:

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## **EXHIBIT A- Interim Policy on Prohibited Practices**

### **I. Introduction**

1. The Green Climate Fund (“Fund”) is strongly committed to preventing and combating fraud, corruption, Money Laundering, Terrorist Financing and other Prohibited Practices (as defined below), in accordance with international standards. In that regard, it expects all individuals and entities involved in Fund-related Activities (as defined below) to observe the highest standards of ethics and to take appropriate measures to prevent and combat such Prohibited Practices.

### **II. Scope**

2. This Policy shall apply to all:
  - a. “**Fund-related Activities**”, which means any activity which is financed, administered or supported by the Fund, either with its own resources or those of others, or any activity that materially affects or may affect or otherwise be relevant to the Fund, and
  - b. “**Counterparties**”, which means any party that contributes to, executes, implements, bids for, benefits from, or in any way participates in, Fund-related Activities, including receiving, or being a beneficiary of, a grant, loan or other form of financing or support from the Fund,

in respect of “**Prohibited Practices**” as defined in paragraph 4 below, including attempts to commit or suspicions thereof. For the avoidance of doubt, Fund-related Activities include Funded Activities as defined in the Agreement, and Counterparties include the Accredited Entity and any Executing Entity.

### **III. General Requirements of all Counterparties in relation to Fund-related Activities**

3. The Fund requires all Counterparties to:
  - a. adhere to the highest ethical standards;
  - b. take all appropriate measures to prevent or mitigate fraud, corruption, and other Prohibited Practices; and
  - c. refrain from engaging in Prohibited Practices in connection with Fund-related Activities.
4. **Prohibited Practices.** The practices defined in this paragraph are prohibited (“Prohibited Practices”) in relation to Fund-related Activities:
  - a. “Corrupt practice” means the offering, giving, receiving, or soliciting, directly or indirectly, anything of value (including but not limited to gifts, gratuities, favors, invitations, and benefits of any kind) to influence improperly the actions of another party.
  - b. “Fraudulent practice” means any act or omission, including a misrepresentation, that knowingly or recklessly misleads, or attempts to mislead, a party to obtain a financial or other benefit, or to avoid an obligation.
  - c. “Coercive practice” means the impairing or harming, or threatening to impair or harm, directly or indirectly, any party or the property of the party to influence improperly the actions of a party.



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- d. "Collusive practice" means an arrangement between two or more parties designed to achieve an improper purpose, including to improperly influence the actions of another party.
  - e. "Obstructive practice" includes (i) deliberately destroying, falsifying, altering, or concealing evidence material to an investigation; (ii) making false statements to investigators in order to materially impede an investigation; (iii) failing to comply with requests to provide information, documents or records in connection with a Fund investigation; (iv) threatening, harassing, or intimidating any party to prevent it from disclosing its knowledge of matters relevant to the investigation or from pursuing the investigation; or (v) materially impeding the Fund's contractual rights of audit or access to information.
  - f. "Abuse" means theft, misappropriation, waste or improper use of property or assets related to Fund-related Activity, either committed intentionally or through reckless disregard.
  - g. A "conflict of interest" is any situation in which a party or any of its staff involved in the relevant decision making process has interests that could, or could be deemed to, improperly influence its performance of official duties or responsibilities, contractual obligations, or compliance with applicable laws and regulations.
  - h. "Retaliation against whistleblowers or witnesses" means any detrimental act, direct or indirect, recommended, threatened or taken against a whistleblower or witness, or person associated with a whistleblower or witness, in a manner material to a complaint because of the report or cooperation with a Fund investigation by the whistleblower or witness.
  - i. "Money Laundering" has the meaning as set forth at paragraph a below.
  - j. "Terrorist Financing" has the meaning as set forth at paragraph b below.
5. **Additional Terms and Definitions** - For the purposes of this document, the following terms have the meanings ascribed to them below:
- a. "**Money Laundering**" refers to: (a) the conversion or transfer of property, knowing that such property is the proceeds of crime, for the purpose of concealing or disguising the illicit origin of the property or of helping any person who is involved in the commission of the crime to evade the legal consequences of his or her action; (b) the concealment or disguise of the true nature, source, location, disposition, movement or ownership of or rights with respect to property, knowing that such property is the proceeds of crime; or (c) the acquisition, possession or use of property knowing at the time of its receipt that it is derived from a criminal offence.
  - b. "**Terrorist Financing**" means the act of, directly or indirectly, providing or collecting funds with the intention that they should be used or in the knowledge that they are to be used, in full or in part, in order to carry out terrorist acts.

#### **IV. Action to be taken by Counterparties to Combat Prohibited Practices in relation to Fund-related Activities.**

- 6. All Counterparties shall take timely and appropriate measures to:
  - a. ensure that Fund-related Activities are carried out in accordance with this Policy;
  - b. disclose and address conflicts of interest in a Fund-related Activity. If a conflict of interest or deemed conflict of interest arises, the Counterparty will promptly inform the Fund thereof and shall follow the instructions of the Fund on how to address such conflict or deemed conflict;

- 
- c. prevent Prohibited Practices from occurring in relation to a Fund-related Activity, including adopting, implementing, and enforcing appropriate fiduciary and administrative practices and institutional arrangements to ensure that the Fund proceeds in the form of a grant, loan, contract award, or other forms of financing or support are used only for the purposes for which such financing or support was granted;
  - d. promptly inform the Fund of allegations of Prohibited Practices found, suspected or alleged in connection with a Fund-related Activity;
  - e. investigate allegations of Prohibited Practices and report preliminary and final findings of investigations to the Fund;
  - f. respond to, mitigate, and remedy Prohibited Practices that are found to have occurred in a Fund-related Activity and prevent their occurrence;
  - g. cooperate fully with the Fund in any Fund investigation into allegations of Prohibited Practices related to a Fund-related Activity, and take all appropriate measures to ensure the full cooperation of relevant persons and entities subject to such investigation, including, in each case, allowing the Fund to meet with relevant persons and to inspect all of their relevant accounts, records and other documents and have them audited by or on behalf of the Fund; and
  - h. ensure that individuals or entities sanctioned by the Fund do not participate in Fund-related Activities in violation of their sanction.

**V. Actions to be taken by the Fund in cases of Prohibited Practices in relation to Fund-related Activities.**

- 7. The Fund, through the Integrity Unit or any office of the Fund duly authorized to receive reports, investigate, and address allegations or suspicions of Prohibited Practices prior to the establishment of the Integrity Unit, shall:
  - a. inform a Counterparty of credible and material allegations or other indications of Prohibited Practices related to a Fund-related Activity;
  - b. have the right to investigate allegations independently or in collaboration with competent authorities and/or the Counterparty;
  - c. inform the Counterparty of the outcome of any investigation;
  - d. have the right to reject or disqualify a proposal for a Fund-related Activity if it determines that the Counterparty has directly or indirectly engaged in any Prohibited Practices;
  - e. have the right to sanction any Counterparty for engaging in Prohibited Practices in accordance with the Fund's policies, guidelines and procedures, as may be adopted and amended from time to time; sanctions may result in that Counterparty's exclusion from participating in a Fund-related Activity indefinitely or for a stated period of time;
  - f. without limiting the generality of the foregoing, have the right to impose one or more of the following measures on a Counterparty for engaging in Prohibited Practices in connection with a Fund-related Activity:
    - i. Reprimand – the Fund may send a formal letter of reprimand of the Counterparty's behaviour;
    - ii. Cancellation or suspension – the Fund may cancel or suspend a portion of Fund proceeds allocated to a Counterparty but not yet disbursed under a financing agreement or contract for goods or services;

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- iii. Debarment – the Fund may declare a Counterparty, either indefinitely or for a specified period of time, ineligible:
    - 1) To be awarded future financing from the Fund;
    - 2) To be awarded a contract financed by the Fund;
    - 3) To benefit from a contract financed by the Fund, financially or otherwise, for example as a subcontractor; and
    - 4) To otherwise participate in Fund-related Activity, in whole or in part;
  - iv. Conditional Non-Debarment – the Fund may require the Counterparty to comply, within specified time periods, with certain remedial, preventative or other measures as a condition to avoid debarment. In the event the Counterparty fails to demonstrate its compliance with the prescribed conditions within the time periods established, a debarment may automatically become effective for a period of time;
  - v. Restitution of funds – the Fund may require restitution of improperly used or diverted Fund proceeds; and
  - g. have the right to (i) share information on sanctions imposed pursuant to subparagraphs e and f with other international organizations, multilateral institutions and competent authorities, and (ii) recognize sanctions determined by other international organizations, multilateral institutions and competent authorities, if appropriate.