



ADAPTATION FUND

AGREEMENT

**Project to support National Implementing Entity sourcing of
Technical Assistance for Assessment and Management of
Environmental and Social Risks within projects and
programmes in**

[Country]

between

THE ADAPTATION FUND BOARD

and

[IMPLEMENTING ENTITY]

[Date]

AGREEMENT

Projects to Support National Implementing Entity sourcing of Technical Assistance for Assessment and Management of Environmental and Social Risks within projects and programmes in [Country]

between

THE ADAPTATION FUND BOARD

and

[IMPLEMENTING ENTITY]

Whereas, the Conference of the Parties (COP) of the United Nations Framework Convention on Climate Change (UNFCCC) in its Decision 10/CP.7 decided that an Adaptation Fund (the Fund) shall be established to finance concrete adaptation projects and programmes in developing countries that are parties to the Kyoto Protocol to the UNFCCC (Kyoto Protocol);

Whereas, the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (CMP) in its Decision 1/CMP.3 decided that the operating entity of the Fund shall be the Adaptation Fund Board (the Board), with the mandate to supervise and manage the Fund under the authority and guidance of the CMP;

Whereas, in accordance with Decisions 5/CMP.2 and 1/CMP.3, paragraph 5 (b), the Board adopted the *Operational Policies and Guidelines for Parties to Access Resources from the Adaptation Fund*, including the *Fiduciary Risk Management Standards to be Met by Implementing Entities* (Operational Policies and Guidelines¹);

Whereas, in its Decision B.26-27/15, the Board decided to make a grant available to support the national implementing entity to implement the Fund's environmental and social policy through the proposal submitted by the national implementing entity;

Whereas, the proposal submitted by the [Implementing Entity], as an Implementing Entity, to the Board seeking access to the resources of the Fund in support of [Implementing Entity] sourcing

¹ <https://www.adaptation-fund.org/wp-content/uploads/2015/01/OPG-amended-in-October-2015.pdf>.

external expertise for targeted technical assistance to improve their capability to comply with the Fund's environmental and social policy, as set out in Schedule 1 to this Agreement, has been approved by the Board, and the Board has agreed to make a grant (Grant) available to [Implementing Entity] under the terms of this Agreement; and

Whereas, the International Bank for Reconstruction and Development (IBRD) has agreed to serve as the trustee of the Adaptation Fund Trust Fund (the Trustee) and, in that capacity, to make transfers of the Grant to [Implementing Entity] on the written instructions of the Board;

The Board and [Implementing Entity] have agreed as follows:

1. DEFINITIONS

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

1.01. "Grant" means the Fund's resources approved by the Board for the projects under this Agreement and to be transferred by the Trustee to the Implementing Entity on the written instructions of the Board;

1.02. "Designated Authority" means the authority that has endorsed on behalf of the national government in whose territory the Grant is undertaken by the Implementing Entity which has requested access to Fund's resources to finance the project

1.03. "Implementing Entity" means [Implementing Entity] which is a party to this Agreement and the recipient of the Grants;

1.04. "Implementing Entity Grant Account" means the account to be established by the Implementing Entity to receive, hold and administer the Grants;

1.05. "Secretariat" means the body appointed by the CMP to provide secretariat services to the Board, consistent with decision 1/CMP.3, paragraphs 3, 18, 19, and 31, which body is currently the secretariat of the Global Environment Facility; and

1.06. "Adaptation Fund Trust Fund" means the trust fund for the Fund administered by the trustee in accordance with the *terms and conditions of services to be provided by the International Bank for Reconstruction and Development as trustee for the Fund*.

2. THE PROJECT AND THE GRANT

2.01. The Board agrees to transfer a Grant in a lump sum amount of _____ United States Dollars (US\$ _____) for the purpose of sourcing external expertise to help improve the national implementing entity's capability to comply with the Fund's environmental and social policy.

The Implementing Entity shall ensure that the Grant's funds will exclusively be used to carry out the projects, and finance the expenditures in accordance with the budget included in the approved Project, as set out in Schedule 1 to this Agreement.

2.02. The Trustee shall transfer the Grant's funds to [Implementing Entity] on the written instructions of the Board. The transfer shall be made in one lump sum (with specific disbursement instructions) to the following bank account of the Implementing Entity:

[Insert Implementing Entity's bank account details.]

2.03. The Implementing Entity shall utilize Grant funds in accordance with its standard practices and procedures.

2.04. The Implementing Entity may convert the Grant into any other currency to facilitate its disbursement.

2.05. Grant funds made available to the Implementing Entity for the purposes of the Project in [Country], shall be kept separate and apart from all non-Adaptation Fund funds dispersed to the Implementing Entity. No Grant funds shall be transferred, loaned, exchanged, pledged, delivered, gifted, between or among projects approved for the Implementing Entity.

3. ADMINISTRATION OF THE GRANT

3.01. The Implementing Entity shall be responsible for the administration of the Grant and shall carry out such administration with the same degree of care used in the administration of its own funds, taking into account the provisions of this Agreement.

3.02. The Implementing Entity shall carry out all its obligations under this Agreement in accordance with:

- (i) the Fund's operational policies and guidelines; and
- (ii) its standard practices and procedures.

3.03. The Implementing Entity:

- (i) undertakes to use reasonable efforts, consistent with its standard practices and procedures, including those pertaining to combating financing for terrorists, to ensure that the Grant funds provided to the Implementing Entity by the Trustee are used for their intended purposes and are not diverted to terrorists;
- (ii) shall not use the Grant's funds for the purpose of any payment to persons or entities, or for the import of goods, if such payment or import is prohibited by a decision of the United Nations Security Council taken under Chapter VII of the Charter of the United Nations, including under United Nations Security Council Resolution 1373 and related resolutions; and
- (iii) shall immediately inform the Board in the event the Grant's funds are not being used or have not been used for the implementation of the Project or of any illegal or corrupt practice. The Implementing Entity, consistent with its standard practices and procedures and integrity of the investigative process, shall keep the Board informed of the progress of any formal investigation concerning the misuse of Grant funds and provide a final report to the Board on the findings of such investigation upon its conclusion.

3.04. If, during the course of administering the Grant, the Implementing Entity identifies any material inconsistency between the Fund's Operational Policies and Guidelines and its own standard practices and procedures, (a) the [Implementing Entity] shall immediately notify the Board, through the Secretariat, of such inconsistency, and (b) the [Implementing Entity] and the Board shall discuss and promptly take any necessary or appropriate action to resolve such inconsistency.

3.05. In the event that the Implementing Entity makes any disbursements of the Grant in a manner inconsistent with the Fund's Operational Policies and Guidelines, and that these inconsistencies cannot be resolved as provided in paragraph 3.04, the Implementing Entity shall refund to the Adaptation Fund Trust Fund, through the Trustee, any such disbursements.

4. IMPLEMENTATION OF THE PROJECT

4.01. The Implementing Entity shall ensure that the Grant is used exclusively for the purposes of the Project's activities and shall refund to the Adaptation Fund Trust Fund, through the Trustee, if any disbursements made for other purposes. Where the Board believes that the Grant has been used for purposes other than the Project, it shall inform the Implementing Entity of the reasons supporting its view and provide the Implementing Entity an opportunity to provide any explanation or justification for such use.

4.02. The Implementing Entity shall promptly inform the Board, through the Secretariat, of any conditions that may seriously interfere with its administration of the Grant or the implementation of the Project, providing detailed information thereof to the Board for its information.

4.03. Any material change to the approved budget allocation for the Project (as set out in Schedule 1 to this Agreement) by the Implementing Entity, shall be communicated to the Board for its approval. "Material change" shall mean, in respect of the budget allocation, any change that involves thirty per cent (30%) or more of the total budget.

4.04. The Implementing Entity shall promptly inform the Board, through the Secretariat, of any conditions that may seriously interfere with its management, or where applicable, the executing entity's execution, of the Project or otherwise jeopardize the achievement of the objectives of Project, providing detailed information thereof to the Board for its information.

4.05. The Implementing Entity shall be fully responsible for the acts, omissions or negligence of its employees, agents, representatives and contractors involved with the Project. The Board shall not be responsible or liable for any losses, damages or injuries caused to any persons involved with the Project resulting from the acts, omissions or negligence of the Implementing Entity's employees, agents, representatives and contractors.

5. SUSPENSION

5.01. The Board may suspend the Project for reasons that include, but are not limited to:

- (i) financial irregularities in the implementation of the Project, or
- (ii) a material breach of this Agreement and/or poor implementation performance leading the Board to conclude that the Project can no longer achieve its objectives;

Provided, however, that before the Board makes its final decision (a) the Implementing Entity shall be given an opportunity to present its views to the Board, through the Secretariat; and/or (b) the Implementing Entity may make any reasonable proposal to promptly remedy the financial irregularities, material breach or poor implementation performance.

6. PROCUREMENT

6.01. The procurement of goods and services (including consultants' services) for activities financed by the Grant shall be carried out in accordance with [Implementing Entity] standard practices and procedures, including its procurement and consultants' guidelines. In the event that the Implementing Entity makes any disbursements in a manner which the Board considers to be inconsistent with the Fund's Operational Policies and Guidelines, the Board shall so inform the

Implementing Entity giving the reasons for its view and seeking a rectification of the inconsistency. If the inconsistency cannot be resolved, the Implementing Entity shall refund to the Adaptation Fund Trust Fund, through the Trustee, any such disbursements.

7. REPORTING AND AUDITED FINANCIAL STATEMENTS

7.01. The Implementing Entity shall provide to the Secretariat a project completion report for the Project. The completion report shall be submitted at least three (3) months, but not more than six (6) months after completion of the project.

7.02. The Implementing Entity shall also provide to the Board, through the Secretariat, a final audited financial statement for each project and of the Implementing Entity Grant Account, prepared by an independent auditor or evaluation body after project completion and within fifteen (15) months of the effectiveness date of this Agreement.

8. MANAGEMENT FEE

8.01. The Board authorizes the Implementing Entity to deduct from the total amount of the Grant and retain for its own account where applicable, the management fee specified in the budget included in the approved Project as set out in Schedule 1 to this Agreement.

9. OWNERSHIP OF EQUIPMENT

9.01. If any part of the Grant is used to purchase any equipment, such equipment shall be transferred upon the completion of the Project to any such entity as the Designated Authority may designate.

10. CONSULTATION

10.01. The Board and the Implementing Entity shall share information with each other, at the request of either one of them, on matters pertaining to this Agreement.

11. COMMUNICATIONS

11.01. All communications between the Board and the Implementing Entity concerning this Agreement shall be made in writing, in the English language, to the following persons at their addresses designated below, by letter or by facsimile:

For the Board:

Adaptation Fund Board Secretariat

1818 H Street, NW

Washington, D.C. 20433

USA

Attention: Adaptation Fund Board Chair

Fax: +1 (202) 522-3240

For the Implementing Entity:

Attention: _____

Tel _____ Fax: _____

12. EFFECTIVENESS AND AMENDMENT OF THE AGREEMENT

12.01. This Agreement shall become effective upon its signature by both parties.

12.02. This Agreement may be amended, in writing, by mutual consent between the Board and the Implementing Entity.

13. TERMINATION OF THE AGREEMENT

13.01. This Agreement may be terminated by the Board or the Implementing Entity, by giving prior written notice of at least ninety (90) days to the other.

13.02. This Agreement shall automatically be terminated, in the event of:

- a) cancellation of the Implementing Entity's accreditation by the Board; or
- b) receipt of a communication from a Designated Authority that it no longer endorses the Implementing Entity, or a Project managed by the Implementing Entity.

13.03. If the Board suspends any Project under this Agreement, such suspension shall have no effect on any other project governed by the terms of this Agreement. .

13.04. Upon termination of this Agreement, the Board and the Implementing Entity shall consider the most practical way of completing any ongoing activities, including meeting any outstanding commitments incurred prior to the termination. The Implementing Entity shall promptly refund to the Adaptation Fund Trust Fund, through the Trustee, any unused portion of the Grant, including any net investment income earned therefrom. No Grant funds shall be disbursed after termination.

14. SETTLEMENT OF DISPUTES

14.01. Any dispute, controversy or claim arising out of or relating to this Agreement, or the breach, termination or invalidity thereof, shall be settled amicably by discussion or negotiation between the Board and the Implementing Entity.

14.02. Any dispute, controversy or claim arising out of or relating to this Agreement, or the breach, termination or invalidity thereof, which has not been settled amicably between the Board and the Implementing Entity, shall be settled by arbitration in accordance with the United Nations Commission on International Trade Law (UNCITRAL) Arbitration Rules as at present in force.

IN WITNESS WHEREOF, the undersigned, being duly authorized thereto, have signed this Agreement on [Date]

THE ADAPTATION FUND BOARD

Chair

[NAME OF IMPLEMENTING ENTITY]

[Authorized representative]

[The following Schedule will be attached to the Agreement: Schedule 1 (Project Proposal)].

Schedule 1