

# THE GEF EARTH FUND BOARD PROCEDURES (Pilot Project)

## Strategic Priorities, Governance and Operational Procedures

### I. Introduction

1. In June 2006, the GEF Council (hereinafter “the Council”), having reviewed the *GEF Strategy to Enhance Engagement with the Private Sector*, supported the further development of its proposal to enhance financing through a public-private partnership, including the provision of clear information on its management and decision making and rules to avoid conflicts of interest. An operational road map for implementation of the *GEF Public-Private Partnership Initiative (PPP)* was approved by the Council in May 2007 as a pilot initiative, along with Council approval for \$50 million in financing from the GEF Trust Fund for this purpose.
2. IFC became involved as a strategic partner in this initiative, subsequently renamed the GEF Earth Fund, and an updated operational road map for implementation of *The GEF Earth Fund (formerly) The Public-Private Partnership Initiative* was approved by the Council and subsequently endorsed by the GEF CEO as a pilot project in May 2008. The first \$30 million of GEF Earth Fund funding was shortly thereafter approved by the Council and endorsed by the GEF CEO for the first Platform to be managed by the IFC for projects in climate change and biodiversity.
3. The guidance and procedures contained in this document (including its Annexes A and B) are intended to facilitate operations of the GEF Earth Fund Board for the current pilot project of the GEF Earth Fund. It is intended that this document will be revised or replaced as appropriate in the future to reflect any new Council decisions that may apply to a future enlargement of the GEF Earth Fund (or a successor entity or entities). Reference to the “GEF Earth Fund” in this document refers to the current \$50 million pilot project of the GEF Earth Fund.

### II. Strategic Priorities

4. The purpose of the GEF Earth Fund is to leverage funding as well as management, technological and environmental expertise from the private sector, GEF agencies, foundations and non-governmental organizations (“NGOs”) to promote partnership with the private sector and foster leading edge projects, technologies and business models that will contribute to the protection of the global environment and promote thereby environmentally sound and sustainable economic development.
5. A key strategic priority of the GEF Earth Fund is to address some perceived limitations with regard to the GEF’s effectiveness in engaging with the private sector. Although the GEF has already been engaged in numerous such projects, and 20% of its climate change portfolio has involved private sector co-financing, its effectiveness has been limited by factors including the timeliness of the GEF project cycle, and, more recently, the constraints imposed by the GEF

Resource Allocation Framework (“RAF”)<sup>1</sup>. The GEF Earth Fund provides a range of attractive means for the private sector, foundations and NGOs to provide contributions and/or co-financing in order to further the realization of global environmental benefits and promote thereby environmentally sound and sustainable economic development. As approved by Council, any contributions from the GEF Earth Fund should be matched during the investment implementation period with very significant co-financing from the private sector and other parties (and always at least three times the level of GEF Earth Fund financing).

### **III. Guiding Principles and Basic Structure**

6. GEF Earth Fund investments should encourage – and not crowd out - private sector investment. The goal is not to subsidize technology development or capital costs, but rather to have GEF Earth Fund funds play a catalytic role. All GEF principles, including incremental reasoning and GEF eligibility criteria, apply.

7. *GEF Earth Fund Platforms.* The GEF Earth Fund will be managed based on the concept of “Platforms” under which a portfolio of individual activities (hereinafter referred to as “projects”) will be managed. The portfolio of projects within each Platform has to be aligned with GEF Focal Areas or their equivalent, while projects within each Platform seek to address specific environmental challenges or seek to leverage particular business models or financial instruments with the goal of contributing to the protection of the global environment and promoting thereby environmentally sound and sustainable economic development.

8. GEF agencies, NGOs and foundations with fiduciary standards that meet GEF requirements will be allowed to propose Platforms and may qualify as Platform Managing Agencies, subject to the approval of the Council. The term “Platform Managing Agency” is defined in Article (3) of Annex A to this document.

### **IV. Governance of the GEF Earth Fund**

9. The governance structure has separate roles for the Council, the GEF Earth Fund Board and the GEF Secretariat as follows:

#### **The GEF Council**

10. The role of the GEF Council in its capacity as the governing body of the GEF Earth Fund (hereinafter ‘the Council’) is to:

- (a) approve the establishment of the GEF Earth Fund, its financial allocations, its governance structure and operating procedures;
- (b) approve Platforms and their corresponding funding allocations;

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<sup>1</sup> The RAF is a country-driven resource allocation mechanism where funding for projects in the climate change and biodiversity focal areas is apportioned to recipient countries, and prospective projects utilizing the funding must be endorsed by the host country governments.



- (c) ensure that the activities of the Platforms and projects are monitored and evaluated on a regular basis in accordance with the GEF's Monitoring and Evaluation policy; and
- (d) request, as appropriate, and review external audits and financial reviews of GEF Earth Fund accounts.

### **The GEF Earth Fund Board**

11. The GEF Earth Fund Board (hereinafter "the Board") has a remit to provide strategic guidance and support to the GEF Earth Fund. The Board will meet at least once a year and will:

- (a) provide non-binding guidance to the Council on GEF Earth Fund strategy, and on operational and financial processes and policies for Platforms;
- (b) make a recommendation to the Council for each new proposed Platform developed under the GEF Earth Fund;
- (c) receive suggestions from Agencies and other interested parties with regard to GEF Earth Fund strategies, proposals for Platforms and other ideas;
- (d) approve the Earth Fund annual report that will be transmitted to the Council;
- (e) advocate the GEF Earth Fund partnership, review the availability of resources and seek to mobilize further financial resources; and
- (f) recommend the inclusion of new contributors, Platforms and other opportunities which have the potential to enhance the evolution of the GEF Earth Fund.

12. Rules of Procedure for the Board are provided as Annex A to this document.

### **The GEF Secretariat**

13. The GEF Secretariat acting in its capacity as Secretariat of the GEF Earth Fund (hereinafter referred to as "the Secretariat") will establish the overall procedures for the GEF Earth Fund. In line with its responsibilities for administering the GEF Earth Fund, the Secretariat will service the Council and the Board. The Secretariat will:

- (a) organize Board meetings and provide substantive and logistical support to the Board;
- (b) screen and review Platform proposals submitted by candidate Platform Managing Agencies;
- (c) participate in the review of project proposals by Platform Managing Agencies;
- (d) oversee monitoring requirements for Platforms developed under the GEF Earth Fund in conjunction with Platform Managing Agencies;
- (e) prepare with the IFC in its capacity as fund manager the draft annual report of the GEF Earth Fund, which will include a summary of Board meetings for the

previous period, a status of implementation of all Platforms, a recap of funding allocations for the previous period and costs incurred to administer the GEF Earth Fund, a summary of the Earth Fund financial situation, a pipeline of new Platforms/projects and any other pertinent information;

- (f) manage a comprehensive database of the GEF Earth Fund activities, knowledge management system, results measurement system and learning program;
- (g) maintain an Earth Fund portal/site on the GEF website to include all Platform proposals forwarded for review by the Board, status reports, and summaries of meeting, redacted as necessary, to preserve confidential business information;
- (h) liaise with prospective Platform Managing Agencies (and other entities) for development of (or participation in) new Platforms;
- (i) manage external relations and promote the GEF Earth Fund's availability and attractiveness for the purpose, among others, of securing additional contributions to the GEF Earth Fund;
- (j) collaborate with the IFC and IBRD to ensure they receive all information necessary to carry out their responsibilities in relation to the GEF Earth Fund Trust Fund; and
- (k) perform any other functions which arise as required by the Council in relation to the GEF Earth Fund.

14. *The GEF Earth Fund Manager:* The GEF Earth Fund Manager will be part of the Secretariat as part of its administrative staff, and in addition to performing duties in areas outlined above, will assist the GEF CEO in his/her duties related to accountability to the Council. S/he will also follow up the implementation of the various Earth Fund Platforms and, as such, may represent the GEF CEO in the various committees set up by the Platform Managing Agencies for this purpose.

## **V. Review and Approval of Platforms**

15 In order to create the efficiency and flexibility needed to engage with the private sector, foundations and NGOs, the GEF Earth Fund will employ a streamlined approval process for Platforms in accordance with the operational procedures included in the Platform documentation approved by the Council.

16 Each candidate Platform Managing Agency wishing to make a proposal to manage a Platform under the GEF Earth Fund will be required to submit an Earth Fund Platform Identification Form ("EF PIF") along with documentation related to the proposed Platform. These documents should constitute a substantive proposal, including at least the following information:

- (a) Rationale and objectives of the Platform, including consistency with GEF strategic objectives;
- (b) expected activities;

- (c) expected results (impacts, outcomes, outputs);
- (d) amount of GEF Earth Fund resources being requested for the Platform;
- (e) co-financing arrangements over the implementation period, including its own contribution;
- (f) utilization period, with a clear end date;
- (g) any other agencies and/or identified partners involved;
- (h) indicative eligibility criteria for projects and other subcomponents;
- (i) indicative operational procedures for how projects within the Platform will be approved;
- (j) fiduciary oversight arrangements and indicative safeguard procedures and frameworks;
- (k) indicative implementation plan; and
- (l) indicative monitoring, reporting and evaluation arrangements.

17. All Platform proposals submitted by candidate Platform Managing Agencies will initially be reviewed and screened by the Secretariat for (a) completeness of the application, (b) consistency with GEF strategic objectives and strategic programs, (c) comparative advantage of the entity submitting the Platform proposal, (d) estimated costs of projects, including expected leverage and co-financing, and (e) milestones and objectives of the Platform.

18. All Platform proposals will be reviewed by the Board after being screened by the Secretariat and prior to submission to Council. The Board's recommendation is to be included with the submission to the Council. After 15 calendar days from the submission of the Platform proposal to the Board by the Secretariat, the Board's recommendation will be assumed to be positive on a "no objection" basis unless issues of a material nature are communicated in writing by a Board member to the Secretariat or are communicated during review of the Platform proposal at a Board meeting.

19. The Council will approve Platforms by circulation (for 30 days by electronic posting) on a no-objection basis.

20. Once a Platform has been approved by the Council, it will then be endorsed by the GEF CEO. The endorsement letter will reflect any conditions of Council approval and will also include additional information as warranted on some items such as items (h), (i), (j), (k) and (l) of Article 16 above. Funding available for the support of projects under the GEF Earth Fund will not be subject to the GEF resource allocation framework, and will not require focal point endorsement from the country where the projects will be located.

## **VI. Review and Approval of Projects**

21. Platform Managing Agencies may use the resources allocated to their Platform to implement individual projects that fit within the Platform's thematic or operational focus and requirements in accordance with the operational procedures included in the Platform documentation approved by the Council.



22. The GEF Earth Fund trust fund is separate from the GEF Trust Fund to allow streamlined mechanisms of operation outside the resource allocation framework, combining non-grant and grant instruments, as needed. However, all Projects within the GEF Earth Fund will be in conformity with the GEF strategy for non-grant instruments that was presented to April 2008 Council, and may include for example: convertible grants, loans, guarantees, equity, and incentive prizes. GEF Earth Fund projects may also employ grant funding for technical assistance, capacity building, implementation costs and knowledge management.

23. Individual projects under Platforms should achieve a minimum leverage for GEF funds of 1:3 (GEF: other funding). All Platform Managing Agencies will be encouraged to achieve higher leverage ratios for individual projects, and for the portfolio of projects under each Platform as a whole.

## VII. Funding

24. *Funding at the GEF Earth Fund Level:*

- (a) *GEF Allocation.* The Council agreed in May 2008 to allocate \$56 million for the Public-Private Partnership, now renamed the GEF Earth Fund.
- (b) *GEF Earth Fund Sponsors.* The GEF Earth Fund will seek contributions, at the GEF Earth Fund Level, from interested agencies and organizations that wish to avail themselves of the Earth Fund's ability to allocate, manage and evaluate activities designed to leverage private sector initiative for the delivery of environmental benefits.

25. *Funding at the Platform Level:*

- (a) *Contributions from Platform Managing Agencies:* All Platform Managing Agencies will be required to commit to a contribution at the Platform level. The contribution ratio (the ratio of the Agency contribution commitment to the GEF Earth Fund allocation to the Platform) that will be required will vary depending on market conditions and other relevant factors and will be approved by Council when it approves the Platform.
- (b) *Other Contributions:* All Platform Managing Agencies will be able to bring in additional contributions at the Platform level for support of projects within the Platform.
- (c) *Co-financing:* For the purpose of determining the minimum required co-financing ratio of 1:3 (GEF: other funding) to be achieved over the life of the Platform, the Platform Managing Agency's own contribution and other contributions to the Platform are included as part of the co-financing.

26. *Allocation for Fees:* Out of the \$56 million provided by the GEF, \$6 million will be used to cover fees required to administer the GEF Earth Fund trust fund at IFC, and for Platform management. Fees associated with the program have been budgeted to cover an initial funding period of five years from Council approval (June 2008-June 2013). These fees shall be used as follows, and may be reviewed periodically by the Council:

- (a) *Agency Fees*: Each Platform Managing Agency will receive an Agency fee (9% unless otherwise agreed) in addition to its approved GEF Earth Fund funding allocation for implementation of the portfolio of projects within its Platform. Funds allocated for Platform management will be distributed pro-rata among the Platforms according to the funding allocations approved by the Council for each new Platform.
- (b) *Administrative and Management Fees*. A fee of 3% will be levied on all contributions to the Earth Fund, including the GEF contribution, to cover the administration and management of the GEF Earth Fund trust fund. These fees will be used to fund costs of services performed by the Fund Administrator.

27. Reflows: Financial reflows that may result from any individual Platforms or projects will flow back to the GEF Earth Fund to be re-invested as part of its available resources.

### **VIII. Trustee (Fund Management and Administration)**

28. The GEF Earth Fund is administered by the GEF Secretariat. The IBRD is the Implementing Agency and IFC is the Executing Agency. IFC also performs two functions: it manages the Earth Fund Trust Fund account, and as such acts on instructions from the Council and GEF CEO for disbursements from that account. IFC can also manage Platforms within the GEF Earth Fund, and already manages one, approved by the Council in 2008.

29. Further detail on the role of IFC as the manager of the GEF Earth Fund trust fund account is provided in Annex B to this document.

### **IX. Operational Procedures**

30. Proposals for Platforms for Council approval will include an outline of operational procedures to be employed, including indicative procedures that the Platform Managing Agency will use to screen, review, appraise and approve projects within a Platform.

31. Once a Platform is approved and endorsed, the Platform Managing Agency will be responsible for managing all investments within its Platform in accordance with the Operational Procedures (including approval procedures for projects, implementation of projects and supervision) included with its application to Council for a Platform, and approved by the Council. Platform Managing Agencies will screen, decide on, manage, supervise, and evaluate projects based on common operational policies and principles identified in the Platform proposals and approved by the Council.

32. As a general principle, the operational integrity of the Platform Managing Agencies should be maintained, limiting the involvement of the GEF Secretariat and the Board to strategy, policies and procedures, platform monitoring, and sufficient project oversight to ensure that the GEF and GEF Earth Fund criteria are being met in practice (for example the co-financing leverage requirement of 1:3 and fiduciary standards compliance).

33. Platform Managing Agencies may expand their Platform activities based on their own resources or resources sought from elsewhere. Council approval must be obtained for any increase in the amount of GEF Earth Fund funding already approved for a Platform Managing

Agency. If one Platform Managing Agency is managing more than one separately approved Platform, the GEF Earth Fund funding allocations are not fungible between the individual Platforms without Council approval.

34. On an annual basis, (dates to be agreed prior to Platform endorsement), Platform Managing Agencies will provide to the Secretariat an annual report on their activities and the performance of their projects. This will include a report on the status of co-financing commitments and disbursements.

35. Platform Managing Agencies will be responsible for conducting monitoring and evaluation activities for their specific Platforms and all individual projects and operations within the Platforms in respect of which GEF Earth Fund funding has been invested, utilized or committed. The sharing of best practice in this regard will be encouraged, including lessons learned from Platforms already in place.

36. The GEF Evaluation Office (“GEFEO”), which operates independently from the GEF Secretariat, may establish evaluation requirements for Platforms developed under the GEF Earth Fund in collaboration with the GEF Secretariat and in line with the GEF Monitoring and Evaluation Policy.



## ANNEX A

### Rules of Procedure of the GEF Earth Fund Board

#### *I. Scope*

- 1) These rules of procedure shall apply to the conduct of the business of the GEF Earth Fund Board (hereinafter referred to as "the Board"). These rules become effective on their adoption by the GEF Council (hereinafter "the Council"). Until then, it is proposed that the Board follow these rules on an interim basis.
- 2) These rules of procedure are an annex to the main document and shall be interpreted in conjunction with the main document.

#### *II. Definitions*

- 3) For the purpose of these rules:
  - (a) "Board" means the GEF Earth Fund Board;
  - (b) "Member" means a member of the Board, accorded the right to vote;
  - (c) "Meeting" means any meeting of the Board;
  - (d) "Chair" means the CEO of the GEF, acting as the Chair of the Board;
  - (e) "Secretariat" is the GEF Secretariat;
  - (f) "GEFEO" is the GEF Evaluation Office;
  - (g) "STAP" is the Science and Technology Advisory Panel of the GEF;
  - (h) "Trustee" means the trustee for the GEF Earth Fund;
  - (i) "Council" means the Council of the Global Environment Facility;
  - (j) "Platform Managing Agency" means a GEF Agency, NGO or foundation with fiduciary standards that meet GEF requirements and which has been identified in a Council-approved Platform proposal as responsible for managing all investments within the Platform in accordance with the Strategic Priorities, Governance and Operational Procedures of the GEF Earth Fund.

#### *III. Board*

- 4) *Membership of the Board.* The Board will be comprised of (a) the GEF CEO as Chair and (b) individuals with a particular reputation for thematic excellence or influence on topics relevant to the Fund's purpose. Individuals representing organizations who have made or have committed to make a significant contribution to the GEF Earth Fund may also be invited to become members of the Board, provided satisfactory arrangements are in place with regard to managing potential conflicts of interest.
- 5) The Board will comprise a minimum of 3 members.
- 6) Nominations to the Board may be proposed by one of the existing Board members or by GEF Council Members and will have to be approved by the existing Board members.
- 7) Except for the Chair, Board members may serve for two year terms, which may be staggered so that some members serve for a one year initial term.

8) The Chair shall, inter alia, declare the opening and closing of the meeting, ensure the observance of these rules, accord the right to speak, put questions to the vote and announce decisions. The Chair shall rule on points of order and, subject to these rules, shall have complete control of the proceedings and over the maintenance of order, including adjournment or suspension.

9) The Chair, or any member designated by the Chair, shall report to the Council annually on behalf of the Board. The report will include the agenda of any meeting held during the period reported on, as well as the proposed agenda for any future meeting that has already been scheduled at the time the report is issued.

#### ***IV. Meetings***

10) The Board shall meet at least once every year or as frequently as necessary to enable it to discharge its responsibilities. The meetings of the Board shall take place in Washington DC, USA, unless unanimously agreed otherwise by all members. Members may participate by videoconference or teleconference.

11) The Secretariat shall notify all members, GEF Council Members, and other observers of the dates and venue of meetings and circulate a formal invitation and provisional agenda for any meeting at least three weeks before the meeting.

12) A simple majority of the members of the Board must be present at a meeting to constitute a quorum. A quorum shall be verified by the Chair at the beginning of the meeting and at the time of the adoption of any decision.

13) After the end of each meeting, the Chair shall circulate a draft summary of the meeting, containing draft conclusions and decisions of the meeting, for consideration by the Board. The Chair shall ascertain the existence of a quorum before adopting the draft summary of the meeting on the understanding that the Chair will finalize the text, taking into account any amendments proposed during the meeting.

14) Any written records of the Board or recordings of proceedings shall be kept by the Secretariat on behalf of the Board. The Secretariat shall make available to any Board member, at his or her request, copies of any records or recordings kept by the Secretariat on behalf of the Board.

#### ***V. Confidentiality and Conflict of Interest***

15) Information obtained from GEF Earth Fund participants marked as proprietary and/or confidential shall not be disclosed without the written consent of the provider of the information, except as required by law.

16) Members have a duty not to disclose such confidential and/or proprietary information, unless required by applicable law. This duty remains an obligation after the member's term expires.

17) Members shall be bound by the rules of procedure of the Board, and shall recuse themselves from all related deliberations and decision-making should any personal and/or financial interest arise in any aspect of a project activity or a body representing a project for recommendation by the Board. Members have an obligation to promptly disclose any such situation.

18) Members must declare any conflicts of interest they may have in relation to any items on a Board meeting agenda, and shall refrain from participating in the work of the Board in relation to such matters.

### ***VI. Observers***

19) Council members and representatives of GEF Agencies and other Platform Managing Agencies may attend without the right to vote as observers in Board meetings.

20) Observers may, upon the invitation of the Chair and if there is no objection from any of the members present, participate without the right to vote in the proceedings of any meeting in matters of direct concern to the body or agency, which they represent.

21) Observers may, upon invitation of the Chair and if there is no objection from the members present, make presentations relating to matters under consideration by the Board.

### ***VII. Procedures for Public Communication***

22) The Secretariat shall acknowledge receipt of unsolicited communications addressed to the Chair and make them available to the Chair and the Board via e-mail or fax. The Secretariat shall initiate action, including consultation with the Board, as needed, and answer unsolicited communications on behalf of the Board, as appropriate.

23) Unsolicited communications may be taken into consideration at the Board's next meeting at the discretion of the Chair.

24) If a member of the Board, in that capacity, receives an unsolicited communication of direct relevance to the activities of the GEF Earth Fund, he or she shall forward it to the Secretariat, copying the sender of the unsolicited communication, for processing as per the above. The same shall apply for submissions received by members of panels, committees or working groups.

### ***VIII. Agenda***

25) The Secretariat shall draft the provisional agenda for each regular meeting. The provisional agenda, together with the notice of the meeting and other relevant documents, shall be transmitted to all those invited to the meeting in accordance with paragraph 28 of these rules.

26) The Board shall, at the beginning of each meeting, adopt the agenda for the meeting.

27) Any item on the agenda of any meeting, consideration of which has not been completed at the meeting, shall automatically be included in the agenda of the next meeting unless otherwise decided by the Board.



### ***IX. Transmittal of Documents***

28) The Secretariat shall transmit the documentation related to items on the provisional agenda, as well as the provisional agenda itself, to all those invited to the meeting at least two weeks before the first day of the meeting scheduled. In exceptional circumstances, the Chair may instruct the Secretariat to transmit a document after the deadline.

### ***X. Decision-making and Voting***

29) The decision making powers of the Board shall be consistent with the role of the Board as set out in the main part of this document.

30) Decisions of the Board shall be taken by consensus whenever possible.

31) If all efforts to reach a consensus have been exhausted and no agreement has been reached, decisions shall be taken by a two-thirds majority of the members present at the meeting on the basis of one member, one vote.

32) The Chair shall ascertain whether consensus has been reached. The Chair shall declare that a consensus does not exist if there is a stated objection to the proposed decision under consideration by a member.

33) After ascertaining the existence of a quorum, the Chair shall announce the start of voting, after which no one shall be permitted to intervene until the results of the vote have been announced, unless an issue is raised in connection with the process of voting.

34) Voting shall be by roll-call, which should be taken in alphabetical order of the names of the members.

35) The name of each member shall be called in all roll-calls, and he or she shall indicate the vote ('yes' or 'no') or abstention.

36) Votes cast by each member participating in a roll-call shall be recorded in the report of the meeting.

### ***XI. Termination of Board Membership***

37) The Council may by its own decision cause the termination of the membership of any member of the Board, and any right of appeal shall be limited to the terms of such Council decision.

38) The Chair may propose to the Council the termination of the membership of any member for cause including, inter alia, breach of the conflict of interest provision, breach of the confidentiality provisions, or failure to attend two consecutive meetings of the Board without proper justification.

- 39) The Chair shall recommend to the Council the termination of the membership of a member only after the member has been given the opportunity of a hearing by the Board.
- 40) Any Board motion calling for the termination of the membership of a member shall be decided in accordance with the voting rules.

### ***XII. Intersessional Decisions***

- 41) Decisions without meetings may occur when, in the judgment of the Chair, a decision must be taken by the Board that should not be postponed until the next meeting of the Board. The Secretariat, upon direction of the Chair, shall transmit to each member a proposed decision with an invitation to approve the decision on a no-objection basis.
- 42) Each member's comments on the proposed decision shall be sent to the Secretariat during such period as the Secretariat may prescribe, provided that such period is no less than two weeks.
- 43) At the expiration of the period prescribed for comments, the decision shall be approved unless there is an objection. If a proposed decision has financial implications, approval of the decision will require replies from at least two-thirds of the members. If there is an objection raised by any member to any proposed decision that cannot be resolved, the Secretariat shall include consideration of the proposed decision as an item on the agenda for the next meeting.

### ***XIII. Languages***

- 44) The working language for the Board shall be English.
- 45) Documents for the meetings will be provided in English only.

### ***XIV. Amendments to these Rules of Procedure***

- 46) These rules of procedure may be amended and, to be effective, amendments must be formally approved by the Council.

### ***XV. Overriding Authority of the Council***

- 47) In the event of any conflict between any provisions of these rules and any decision of the Council, the Council shall prevail.

**ANNEX B**

**TRUSTEE (FUND MANAGEMENT AND ADMINISTRATION)**

**to**

**THE GEF EARTH FUND**

**Strategic Priorities, Governance and Operational Procedures**

1. Authority. IFC's management of the GEF Earth Fund trust fund is governed by the principles and procedures set forth in:

- (a) *Arrangement for the Administration and Management of Funds from the Global Environment Facility (GEF) to be Made Available by the International Bank for Reconstruction and Development Acting as an Implementing Agency of the GEF to the International Finance Corporation*, dated May 31, 1996 (the "Arrangement");
- (b) Memorandum of President James D. Wolfensohn to the Executive Directors of the International Bank for Reconstruction and Development regarding *The World Bank's Accountability to the GEF Council under the GEF "Expanded Opportunities for Executing Agencies" Policy*, dated October 27, 2000 (the "Memorandum"); and
- (c) *The GEF Earth Fund (formerly) The Public-Private Partnership Initiative* approved by the Council and subsequently endorsed by the GEF CEO in May 2008 (the "Initiative") to the extent that the text therein will not conflict with or supersede the text of this document as approved by Council (including Article 8 in the main text of this document).

2. Financial Management. IFC's financial management functions include:

- (a) creating and maintaining separate child trust funds through the IBRD trust fund hierarchy as required to manage external contributions to the GEF Earth Fund;
- (b) collecting, holding and managing GEF and other donor contributions to the GEF Earth Fund;
- (c) providing cash management for commitments and transfers to agencies based on approval by the GEF Council for Platform management;
- (d) processing information regarding reflows from the Platforms, cash flow management, financial risk management and provision of financial and



operational controls for Agencies whose funds are maintained and managed by IBRD pursuant to Financial Procedures Agreements;

- (e) processing information regarding any additional income earned from interest on the trust fund accounts and crediting it to the GEF Earth Fund, where applicable.

3. Financial Reporting. IFC's financial reporting functions include maintaining accounting records and financial data and preparing annual unaudited reports. The financial reporting responsibilities are facilitated through IBRD and the World Bank GEF Coordinating Unit, based on annual reports on the financial status of the GEF Earth Fund that IFC will submit to the World Bank GEF Coordinating Unit, the Board and the GEF Trustee.

4. Legal Services. IFC provides legal services relating to trust fund administration, including:

- (a) preparing, negotiating and revising legal documents for each donor to the GEF Earth Fund;
- (b) preparing, negotiating and revising legal documents with each Agency approved by the GEF Council to manage an Earth Fund Platform;
- (c) providing legal advice on policies that affect the operation of the GEF Earth Fund Trust Fund with respect to compliance with governing documents and other agreements; and
- (d) participating in meetings with the GEF Board and GEF Council as required.

5. Systems and Infrastructure. IFC provides general systems and infrastructure support, including systems maintenance, office space, equipment and communications infrastructure.

6. Standard of Care; Liability. IFC is required to administer the funds for the GEF Earth Fund in accordance with its normal practices and standards and with the same degree of care as it uses in the administration of its own funds, taking into account any specific written requirements approved by the GEF Council with respect to the GEF Earth Fund. IFC will not be liable for any loss, cost or damage that may result from any act or omission related to its administration of the GEF funds unless such loss, cost or damage is caused by IFC's gross negligence or willful misconduct.