

Standard Conditions for Readiness and Preparatory Support Grants Provided by the Green Climate Fund (May 2016)

Article 1 Purpose; Application

Section 1.01. **Purpose.** The purpose of these Standard Conditions is to set forth the terms and conditions generally applicable to readiness and preparatory support grants made or to be made by the Fund to a Recipient. They apply to any Grant Agreement between the Fund and a Recipient, unless explicitly provided otherwise in the Grant Agreement.

Section 1.02. **Inconsistency with Grant Agreement.** If any provision of a Grant Agreement is inconsistent with a provision of these Standard Conditions, the provision of the Grant Agreement shall prevail.

Section 1.03. **Interpretation.** Except where the context otherwise requires, (i) references in these Standard Conditions to Articles or Sections are to Articles or Sections of these Standard Conditions; (ii) the headings of the Articles and Sections are inserted for convenience of reference only and are not a part of these Standard Conditions; (iii) singular may include plural and vice versa; and (iv) a reference to any gender includes any other gender. For the avoidance of doubt, the Fund’s representatives include the Independent Units.

Article 2 Definitions

Section 2.01. **Definitions.** Except where the context otherwise requires, the following terms have the meanings ascribed to them below wherever used in these Standard Conditions or in a Grant Agreement to which these Standard Conditions have been made applicable:

1. "Completion Report" has the meaning ascribed thereto in Section 7.07;
2. "Dollars" or the sign "\$" each means the lawful currency of the United States of America;
3. "Effective Date" means the date on which the Grant Agreement shall have come into force and effect pursuant to Section 14.01;
4. "Eligible Expenditures" shall have the meaning ascribed thereto in Section 3.02;
5. "Environmental and Social Safeguards" means the interim environmental and social safeguards of the Fund as set out in Annex III to Decision B.07/02;
6. "Expert" or "Experts" means an expert or experts providing Services in connection with the Readiness Support under contractual arrangements with the Fund and/or any Independent Unit;
7. "Financial Statements" shall have the meaning ascribed thereto in Section 7.08;
8. "Fund" means the Green Climate Fund;
9. "Fiduciary Agent" means an agent of the Fund engaged to perform certain services on behalf of the Fund, as set forth in Section 5.01;
10. "Goods" means goods, equipment and materials to be financed out of the proceeds of the

Grant, including related services such as transportation, insurance, installation, commissioning, training, and initial maintenance, but excluding Services;

11. "Grant" means the grant provided for in the Grant Agreement for Readiness Support;
12. "Grant Agreement" means a grant agreement between the Recipient, and the Fund providing for the Grant, as such agreement may be amended from time to time;
13. "Grant Term" has the meaning ascribed thereto in the Grant Agreement;
14. "Host Country" means the country in which the Readiness Support is to be, or has been, provided pursuant to the Grant Agreement;
15. "Independent Units" means the independent evaluation unit, the independent integrity unit and the independent redress mechanism of the Fund;
16. "National Designated Authority: or "NDA" means the authority designated by a developing country party to the United Nations Framework Convention for Climate Change (UNFCCC) pursuant to the Governing Instrument for the Fund;
17. "Policy on Prohibited Practices" means the Fund's interim policy on prohibited practices adopted in Decision B.12/31;
18. "Prohibited Practices" means the prohibited practices set forth in paragraph 4 of the Policy on Prohibited Practices;
19. "Readiness Reports" has the meaning ascribed thereto in Section 7.07;
20. "Readiness Support" means the readiness and preparatory support described in the Grant Agreement, as such description may be amended from time to time by agreement between the Fund and the Recipient;
21. "Recipient" means the party to the Grant Agreement to which the Fund has agreed to provide the Grant;
22. "Recipient's Representative" means the representative referred to in Section 21.02 designated by the Recipient in, or pursuant to, the Grant Agreement;
23. "Request for Disbursement" means the document referred to in Section 6.01 submitted by the Recipient to the Fund;
24. "Services" means the services to be financed out of the proceeds of the Grant;
25. "Standard Conditions" means these Standard Conditions for Readiness and Preparatory Support Grants Provided by the Green Climate Fund (April 2016);
26. "Staff" means the Executive Director and all the staff of the Secretariat of the Fund and the Independent Units, including 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;
27. "Sub-Recipients" means any other entities nominated by the Recipient under Section 9.01 to receive Grant proceeds to carry out all or part of the Readiness Support activities; and

28. "Unauthorized Transaction" has the meaning ascribed thereto in Section 10.03.

Article 3 Grant Amount; Eligible Expenditures

Section 3.01. **Amount.** Unless otherwise determined by the Fund, the Grant shall not exceed the amount stated in Section 2.01 of the Grant Agreement, and without limiting any of the Fund's rights under Section 13.02 to terminate the right of the Recipient to seek disbursements of undisbursed amounts of the Grant or to cancel such amounts, the Grant shall not be subject to any adjustment or revision for any reason, including price or currency fluctuations or change in actual costs incurred by the Recipient in the performance of the Readiness Support activities.

Section 3.02. **Eligible Expenditures; Grant Term.** The Recipient shall ensure that proceeds of the Grant are used exclusively to finance expenditures which, except as otherwise provided in the Grant Agreement, satisfy the following requirements ("Eligible Expenditures"):

- (a) the payment is for reasonable costs of Goods or Services required for the Readiness Support as set forth in Annex 1 of the Grant Agreement, and procured, all in accordance with the provisions of the Grant Agreement, including these Standard Conditions and General Principles; and
- (b) except as the Fund may otherwise agree, the payment is for expenditures incurred (i) on or after the Effective Date; and (ii) prior to the expiration of the Grant Term.

Article 4 Representations and Warranties; Covenants

Section 4.01. **Representations and Warranties of the Recipient.** The Recipient represents and warrants to the Fund the following as of the date of the Grant Agreement and as of the date of disbursement of the Grant or any part thereof:

- (a) the Recipient is a legal entity or duly representing a legal entity, validly existing under the laws of the jurisdiction in which it was formed.
- (b) The Recipient's activities are operated in compliance with Host Country law and other applicable law, including but not limited to intellectual property law.
- (c) There are no claims, investigations or proceedings in progress or pending or threatened against the Recipient which, if determined adversely, would have a material adverse effect on the capacity of Recipient to implement the Readiness Support.
- (d) The objectives, targets, indicators or milestones set for the Readiness Support are made possible by the funding provided by the Fund under the Grant Agreement. The Recipient is not receiving funding from any other source that duplicates the funding provided or to be provided under the Grant Agreement.

Section 4.02. **Covenants of the Recipient.** The Recipient covenants and agrees with the Fund the following during the Grant Term:

- (a) The Recipient shall immediately provide written notice to the Fund of any claims, investigations or proceedings which, if determined adversely, could reasonably be expected to result in a material adverse effect on the ability of the Recipient to implement the Readiness Support activities or perform any of its other obligations under the Grant Agreement.

- (b) The Recipient shall comply with Host Country law and other applicable law.

Article 5

Fiduciary Agent

Section 5.01. ***Fiduciary Agent.*** The Fund may, in its sole discretion, retain the services of a Fiduciary Agent to perform certain functions on behalf of the Fund, including but not limited to:

- (a) assessment of the capacity of the Recipient to implement the Readiness Support and manage Grant proceeds;
- (b) receive disbursement requests and make payments to the Recipient on behalf of the Fund; and
- (c) verification of the status of the Readiness Support, the Recipient's progress towards the targets, indicators or milestones under the Readiness Support, use of Grant proceeds, and compliance with the terms and conditions of the Grant Agreement.

Where a Fiduciary Agent has been appointed, the references herein to the Fund shall include the Fiduciary Agent to the extent that the Fiduciary Agent has been appointed to perform the relevant obligation.

Section 5.02. ***Cooperation.*** The Recipient shall cooperate fully with the Fiduciary Agent to permit the Fiduciary Agent to carry out its functions. To this end, the Recipient shall, among other things:

- (a) submit Readiness Reports, Requests for Disbursement, Completion Reports and other information, documents or communications required under the Grant Agreement to the Fund through the Fiduciary Agent;
- (b) submit copies of all audited, or where agreed certified, Financial Statements to the Fiduciary Agent;
- (c) permit the Fiduciary Agent to perform ad hoc site visits and/or meet with and interview its staff at the times decided by the Fiduciary Agent; and
- (d) cooperate with the Fiduciary Agent in other ways that the Fund may specify.

Section 5.03 ***Representative of the Fiduciary Agent.*** The principal representative of the Fiduciary Agent shall be the person or entity named or acting in the position identified in the Grant Agreement or if not identified in the Grant Agreement, as may be notified to the Recipient by the Fund. The Fund may, in its sole discretion, decide to replace the Fiduciary Agent or designate an alternative principal representative of the Fiduciary Agent and shall inform the Recipient accordingly.

Article 6

Disbursement Conditions; Payments

Section 6.01. ***Disbursement Conditions.*** Notwithstanding any provision of the Grant Agreement, the timing and amount of any disbursements of Grant proceeds shall be determined by the Fund in its sole discretion. In particular, the Fund will not make any disbursement of Grant funds unless:

- (a) the Recipient has submitted to the Fund a Request for Disbursement, signed by the person or persons authorized by the Recipient to do so, in form and substance satisfactory to the Fund, at a time acceptable to the Fund; and

- (b) the Recipient has furnished to the Fund (i) at the time of signing of the Grant Agreement, evidence satisfactory to the Fund of the authority of the person or persons authorized to sign each Request for Disbursement and the authenticated specimen signature of each such person, and (ii) such documents and other evidence in support of each Request for Disbursement as the Fund shall specify.

Section 6.02. **Payments.** Payment by the Fund of Grant proceeds which the Recipient is entitled to seek disbursement shall be made to, or on the order of, the Recipient.

Section 6.03. **Bank Accounts.** The Recipient shall ensure that Grant proceeds in the possession of the Recipient remain, to the extent practicable, in an interest-bearing account (a) [separate from the Recipient's ordinary funds, if the Fund requires] [in a ledger account at a bank], and (b) at a bank that is fully compliant with all applicable Host Country and international banking standards and regulations, until they are expended for Readiness Support activities. Any interest earned on Grant proceeds shall be accounted for and used solely for the Readiness Support.

Article 7 Implementation

Section 7.01. **Counterpart Support.** The Recipient shall ensure that the funds, facilities, services and other resources required for the Readiness Support, in addition to the proceeds of the Grant, are provided promptly as needed.

Section 7.02. **Cooperation.** The Fund and the Recipient shall cooperate fully to ensure that the purposes of the Grant are accomplished. To that end, the Fund and the Recipient shall, during the Grant Term and for a period of five (5) years thereafter, from time to time, at the request of either one of them, exchange views with regard to any matters relating to the progress of the Readiness Support, the purposes of the Grant, and the performance of their respective obligations under the Grant Agreement.

Section 7.03. **Visits.** The Recipient shall, throughout the Grant Term and for a period of five (5) years thereafter: (a) take all measures required on its part to enable the Fund's representatives to visit any part of the Host Country's territory for purposes related to the Grant; and (b) enable the Fund's representatives to examine the Goods financed out of the proceeds of the Grant, and any documents relevant to the performance of its obligations under the Grant Agreement.

Section 7.04. **Insurance.** The Recipient shall ensure that adequate provision is made for the insurance of any Goods required for the Readiness Support and to be financed out of the proceeds of the Grant, against hazards incident to the acquisition, transportation and delivery of the Goods to the place of their use or installation. Any indemnity for such insurance shall be payable in a freely usable currency to replace or repair such Goods.

Section 7.05. **Use of Goods and Services; Maintenance of Facilities.** The Recipient shall ensure that:

- (a) except as the Fund may otherwise agree, all Goods and Services financed out of the proceeds of the Grant are used exclusively for the purposes of the Readiness Support, and all facilities relevant to the Readiness Support are at all times properly operated and maintained; and
- (b) whenever applicable, the Recipient shall cause competent and qualified consultants and contractors, acceptable to the Recipient and the Fund, to be employed to an extent and upon terms and conditions satisfactory to the Recipient and the Fund.

Section 7.06. **Documents; Records.** The Recipient shall ensure that:

- (a) all documents related to the Readiness Support are promptly furnished to the Fund upon its request, in such detail as the Fund shall reasonably request;
- (b) records are maintained adequate to record the progress of the Readiness Support (including its cost and the benefits to be derived from it), to identify the Goods and Services financed out of the proceeds of the Grant and to disclose their use in the Readiness Support, and such records are furnished to the Fund promptly upon its request;
- (c) all records evidencing expenditures under the Readiness Support are retained until at least five (5) years after the Grant Term, or such longer period, if any, required to resolve any claims or audit inquiries, or if required to do so by the Fund; and
- (d) the representatives of the Fund are able to examine all records referred to above in paragraphs (b) and (c), and are provided all such information concerning such records as they may from time to time reasonably request.

Section 7.07. **Monitoring, Reporting and Evaluation.** The Recipient shall:

- (a) ensure the maintenance of policies and procedures adequate to enable it to monitor and evaluate on an ongoing basis, in accordance with indicators acceptable to the Fund, the progress of the Project and the achievement of its objectives, targets or milestones;
- (b) the Recipient shall provide, or cause to be provided, to the Fund such information or reports at such time as the Fund may request;
- (c) without limiting the generality of the foregoing, the Recipient shall,
 - (i) within the period indicated in the Grant Agreement, submit, or cause to be submitted, to the Fund a report, in form and substance satisfactory to the Fund, on the progress towards the objectives, targets or milestones of the Readiness Support and expenditures incurred to date ("Readiness Reports"), and
 - (ii) afford the Fund a reasonable opportunity to exchange views with the Recipient on such report, and thereafter implement such recommended measures, taking into account the Fund's views on the matter; and
- (d) promptly after completion of the Readiness Support, but in any event not later than the period specified in the Grant Agreement, the Recipient shall submit, or cause to be submitted, to the Fund, one or more completion reports ("Completion Reports"): (i) of such scope and in such detail as the Fund shall request, on the execution of the Readiness Support, the performance by the Recipient of its obligations under the Grant Agreement and the accomplishment of the purposes of the Grant; and (ii) a plan designed to ensure the sustainability of the achievements made under the Readiness Support.

Contenido informes

Section 7.08. **Financial Management; Financial Statements; Audits.** The Recipient shall ensure that:

- (a) a financial management system is maintained, with separate accounts and records for the Readiness Support, and financial statements ("Financial Statements") prepared in accordance with consistently applied accounting standards acceptable to the Fund;
- (b) if so required in accordance with the provisions of the Grant Agreement: (i) the Financial

Statements are periodically audited by independent auditors acceptable to the Fund, in accordance with consistently applied auditing standards acceptable to the Fund; and (ii) the Financial Statements, as so audited, are furnished to the Fund not later than the date specified in the Grant Agreement for that purpose, together with such other information concerning the audited Financial Statements and such auditors, as the Fund may from time to time reasonably request; and

- (c) the Financial Statements audited pursuant to paragraph (b) of this Section are made publicly available in a timely fashion and in a manner acceptable to the Fund.

Section 7.09. **Use of Reports.** The Recipient acknowledges and agrees that the Fund may release in the public domain any report or statement, in whole or in part, that has been submitted by the Recipient to the Fund under the Grant Agreement. The Recipient also acknowledges and agrees that the Fund may use, reproduce, modify and/or adapt information and other data contained in such reports for the purposes of preparing reports and other purposes.

Section 7.10. **Audit by the Fund.** The Fund reserves the right, on its own or through an agent, to perform audits required under the Grant Agreement and/or to conduct a financial review, forensic audit or evaluation, or to take any actions that it deems necessary to ensure the accountability of the Recipient for the Grant proceeds and to monitor compliance by the Recipient with the terms of the Grant Agreement. The Recipient cooperate with the Fund and its agents in the conduct of such review, audit, evaluation or other action.

**Article 8
Procurement Policies and Processes**

Section 8.01. **General Principles.** The Recipient shall ensure adherence to the Procurement Plan agreed to by the Recipient and the Fund and incorporated by reference into the Grant Agreement, and keep the Fund continuously informed about the policies and processes that it shall use to contract for Goods and Services under the Grant Agreement. At a minimum, the policies and processes governing all procurement in connection with the Readiness Support shall conform to the requirements (a) through (h) listed below. The Recipient shall ensure that such policies and processes are followed at all times.

- (a) Contracts shall be awarded on a transparent and, subject only to established exemptions included in written procurement policies and practices provided to the Fund and agreed in advance, on a competitive basis.
- (b) All solicitations for contract bids must be clearly notified to all prospective bidders, which shall be given a sufficient amount of time to respond to such solicitation.
- (c) Solicitations for Goods and Services shall provide all information necessary for a prospective bidder to prepare a bid and, as such, shall contain a clear and accurate description of the Goods and Services to be procured and the proposed terms and conditions of the contract.
- (d) The conditions of participating in a contract bid shall be limited to those that are essential to ensure the participant's capability to fulfill the contract in question and compliance with domestic procurement laws.
- (e) Contracts shall be awarded only to qualified suppliers of Goods and/or Services that possess the capability to successfully perform the contracts.
- (f) Contracts shall be awarded at no more than a reasonable price (as determined, for

example, by a comparison of price quotations from other bidders and market prices).

- (g) The Recipient and its representatives and agents shall not engage in any of the Prohibited Practices referred to in Section 11.01 of these Standard Conditions in relation to such procurement.
- (h) The Recipient shall maintain, or cause to be maintained, records documenting in detail the receipt and use of Goods and Services acquired under the Grant Agreement by the Recipient and the nature and extent of solicitations of prospective suppliers of Goods and Services acquired by the Recipient (including solicitation packages and prospective bidders list), and the basis of award of Recipient contracts and orders (including bidder evaluation records and award memoranda).

Section 8.02. **Spot Checks.** The Fund may, at any time and in its sole discretion, conduct audits or spot checks of the processes undertaken by the Recipient in the procurement of Goods and/or Services in connection with the Readiness Support, and the Recipient shall cooperate with the Fund in the conduct of such reviews or spot checks and provide such information and documentation as may be requested by the Fund.

Section 8.03. **Title.** Title to goods or other property financed by the Fund under the Grant Agreement shall be held by the Recipient or other entity approved by the Recipient, unless the Fund directs, at any time in its sole discretion, that title be transferred to the Fund or another entity nominated by the Fund.

¹[Article 9 Sub-Recipient

[Section 9.01. **Grant Proceeds to Sub-Recipients.** From time to time, the Recipient may nominate a Sub-Recipient to receive Grant proceeds to carry out all or part of the Readiness Support activities, provided that the Recipient:

- (a) assesses the capacity of each Sub-Recipient to implement Readiness Support activities and report thereon, makes such assessments available to the Fund upon request, and selects each Sub-Recipient based on a positive assessment of that Sub-Recipient's capacity to carry out the Readiness Support activities that are being assigned to it and in a transparent documented manner;
- (b) is required to enter into an agreement with the Sub-Recipient which is consistent with the Grant Agreement; and
- (c) maintains and complies with a system to monitor the performance of Sub-Recipients and assure regular reporting from them in accordance with the Grant Agreement.]

Section 9.02. **Responsibility.** The Recipient acknowledges and agrees that providing Grant proceeds to Sub-Recipients or making payments on behalf of Sub-Recipients to implement Readiness Support activities does not relieve the Recipient of its obligations and liabilities under the Grant Agreement, including these Standard Conditions and the General Principles. The Recipient shall be responsible for the acts and omissions of its Sub-Recipients in relation to the Readiness Support as if they were the acts and omissions of the Recipient.]

Article 10

¹ To be included only in those cases where Sub-Recipients are implementers under a lead principal Recipient approved by the Fund.

Management of Grant Proceeds; Anti-Money Laundering

Section 10.01. **Use of Funds.** The Recipient shall ensure that all Grant proceeds are prudently managed and shall take all necessary action to ensure that Grant proceeds are used solely for Readiness Support purposes and consistent with the terms of the Grant Agreement. Accordingly, the Recipient shall ensure that Grant proceeds are not used by it or by any entity responsible for implementing any part of the Readiness Support to support or promote violence, to aid terrorists or terrorist-related activity, to conduct money-laundering activities or to fund individuals or organizations known to support terrorism or that are involved in money-laundering activities.

Section 10.02. **Anti-Money Laundering Requirements.** The Recipient acknowledges and agrees that, pursuant to the Fund's commitment to prevent money-laundering activities:

- (a) where disbursement of the Grant proceeds directly to the Recipient is agreed and provided for under the Grant Agreement, any transaction involving the transfer, disbursement, transportation, transmission, or exchange of Grant proceeds (including wire transfers and currency exchanges) shall be carried out by the Recipient's bank into which Grant proceeds are disbursed, unless another means of transmittal is specifically authorized in writing by the Fund prior to carrying out the transaction;
- (b) all transactions involving Grant proceeds that are effected through electronic wire transfer or currency exchange shall be properly recorded;
- (c) all currency exchanges involving Grant proceeds shall be carried out through established and regulated financial institutions;
- (d) currency exchange operations which are not carried out through established and regulated financial institutions shall not be regarded as Readiness Support activities capable of being funded by the Grant;
- (e) the transfer, disbursement, transportation, transmission, or exchange of Grant proceeds, by any means: (i) to third parties not directly related to the implementation of the Readiness Support and the Grant Agreement; or (ii) for activities not directly supporting the Readiness Support, is strictly prohibited; and
- (f) no part of the Grant shall be provided to, or used to support, individuals and organizations associated with terrorism as identified on any sanction list published by the European Union, the United States Government, the United Nations Security Council or other relevant agency or body.

Section 10.03. **Remedies and Responsibilities for Violations of Anti-Money Laundering Requirements.** The Recipient acknowledges and agrees: (a) the Fund may exercise its right to terminate or apply restrictions to the Grant Agreement upon the occurrence of any transaction involving Grant proceeds that contravenes the terms of Section 10.02 of these Standard Conditions (any such transaction, an "Unauthorized Transaction"); and (b) the Recipient shall bear sole responsibility, financial and otherwise, for any losses resulting from Unauthorized Transactions and shall reimburse the Fund for the amount of any losses or gains resulting from Unauthorized Transactions.

**Article 11
Standards of Conduct; Prohibited Practices**

Section 11.01. **Prevention of Prohibited Practices.** The Recipient shall adhere, and shall ensure that its directors, officers, employees, agents, and contractors shall adhere, to and comply with the Policy on Prohibited Practices, and shall ensure that all appropriate and timely measures are

taken to prevent, detect and respond to allegations of Prohibited Practices and promptly inform the Fund of any allegations of Prohibited Practices relating to the Readiness Support.

Section 11.02. **Cooperation.** The Recipient shall cooperate fully with any investigation by the Fund relating to allegations of Prohibited Practices, and extend, or cause to be extended, all necessary assistance, including providing access to all relevant books and records, for satisfactory completion of such investigation.

**Article 12
Privileges, Immunities and Exemptions**

Section 12.01. Privileges and Immunities.

- (a) The Recipient acknowledges the request by the Board to the Secretariat to develop for its consideration and approval a template bilateral agreement that would provide privileges and immunities in countries in which the Fund operates for the Fund and its operations, members of the Board, consultants, and other persons affiliated with the Fund, as well as its staff.
- (b) [For as long as the Host Country has not provided such privileges and immunities, the Recipient shall endeavor, to the extent: (i) that the Recipient enjoys itself such privileges and immunities; and (ii) it is able to do so, to have the Fund, its assets, members of the Board, consultants, and other persons affiliated with the Fund, as well as its staff benefit from its privileges and immunities in the Host Country in connection with the Readiness Support.²]

**Article 13
Cancellation; Refund**

Section 13.01. Cancellation by Recipient. The Recipient may, by notice to the Fund, cancel any undisbursed amount of the Grant.

Section 13.02. Cancellation by the Fund. The Fund may, by notice to the Recipient, terminate the right of the Recipient to seek disbursements with respect to an undisbursed amount of the Grant, and cancel such amount, if any of the following events occurs:

- (a) The Recipient shall have failed to perform any of its obligations under the Grant Agreement, and such failure has not been remedied within sixty (60) days.
- (b) As a result of events which have occurred after the date of the Grant Agreement, a situation has arisen which makes it improbable that Readiness Support activities can be carried out or that the Recipient will be able to perform its obligations under the Grant Agreement.
- (c) The Fund determines, after consultation with the Recipient, that an amount of the Grant will not be required to finance the Readiness Support as set out in the Grant Agreement.
- (d) At any time, the Fund determines that the procurement of any contract to be financed out of the proceeds of the Grant is inconsistent with the policies and processes set forth or referred to in the Grant Agreement, the Policy on Prohibited Practices or these Standard Conditions.
- (e) At any time, the Fund determines, with respect to any amount of the proceeds of the Grant, that Prohibited Practices were engaged in by representatives of the Recipient (or any other recipient of the proceeds of the Grant), without the Recipient (or other recipient of the proceeds of the Grant) having taken timely and appropriate action satisfactory to the Fund to address such practices when they occur.
- (f) The Fund has declared the Recipient ineligible to receive proceeds of any financing made by the Fund or otherwise to participate in the preparation or implementation of any project or program activity financed in whole or in part by the Fund, as a result of: (i) a

² Add where there is a Delivery Partner with privileges and immunities.

determination by the Fund that the Recipient (or any of its directors, officers, employees or agents) has engaged in a Prohibited Practice in connection with the use of the proceeds of any financing made by the Fund; and/or (ii) a declaration by another financier that the Recipient is ineligible to receive proceeds of any financing made by such financier or otherwise to participate in the preparation or implementation of any project financed in whole or in part by such financier as a result of a determination by such financier that the Recipient (or any of its directors, officers, employees or agents) has engaged in fraudulent, corrupt, coercive, collusive, abusive or obstructive practices (as may be defined by such financier) in connection with the use of the proceeds of any financing made by such financier.

Section 13.03. **Grant Refund.** If the Fund determines that an amount of the Grant has been used in a manner inconsistent with the provisions of the Grant Agreement, including these Standard Conditions and Policy on Prohibited Practices, the Recipient shall, upon notice by the Fund to the Recipient, promptly refund such amount to the Fund. Such inconsistent use shall include, without limitation, engaging by the Recipient (or any of its directors, officers, employees or agents) in Prohibited Practices or Unauthorized Transactions in connection with the use of such amount, without the Recipient having taken timely and appropriate action satisfactory to the Fund to address such practices when they occur. Except as the Fund may otherwise determine, the Fund shall cancel all amounts refunded pursuant to this Section.

Section 13.04. **Effectiveness of Provisions After Cancellation.** Notwithstanding any cancellation, all the provisions of the Grant Agreement shall continue in full force and effect except as specifically provided in this Article.

Article 14 Effectiveness

Section 14.01. **Conditions Precedent to Effectiveness.** Unless otherwise specified in writing by the Fund, the Grant Agreement shall not become effective until evidence satisfactory to the Fund shall have been furnished to the Fund that:

- (a) the Grant Agreement has been duly authorized, has been duly executed and delivered on behalf of, the Recipient and is binding upon and enforceable against the Recipient in accordance with its terms; and
- (b) all other events specified in the Grant Agreement as additional conditions to its effectiveness have occurred.

Section 14.02. **Legal Opinion.** As part of the evidence to be furnished pursuant to Section 14.01 above, the Recipient shall furnish to the Fund a legal opinion or opinions satisfactory to the Fund either [issued by a reputable and nationally recognized law firm]; or [which has been signed by a competent official of the government of the Recipient]³ or [the Recipient shall furnish a certificate which has been signed by the most senior legal officer of the Recipient]⁴ acceptable to the Fund showing:

- (a) compliance with Section 14.01 (a) and (b) above; and
- (b) such other matters as shall be specified in the Grant Agreement.

[For the avoidance of doubt, the Grant Agreement does not constitute a treaty concluded between

³ Delete if Recipient is the Delivery Partner.

⁴ Delete if Recipient is the NDA.

the parties and is intended to be contractual in nature.]⁵

Section 14.03. **Termination for Failure to Become Effective.** If the Grant Agreement shall not have come into force and effect by the date specified in the Grant Agreement for the purposes of this Section, the Grant Agreement and all obligations of the parties thereunder shall terminate, unless the Fund, after consideration of the reasons for the delay, shall establish a later date for the purposes of this Section. The Fund shall promptly notify the Recipient of such later date and in the event the Fund has made any advance payment, such payment shall be returned to the Fund within 30 days.

**Article 15
Limits of Fund Liability**

- (a) Section 15.01. **Limitation of Liability.** (a). The Parties will be responsible only for performing the obligations that are specifically set forth in this Grant Agreement. Except for those obligations, a Party (including in the case of the Fund, Board members, alternate Board members, the Executive Director, Staff, Experts and Fiduciary Agent) will have no liability to the other Party, any of its directors, officers, employees, agents or contractors or any other person or entity as a result of this Grant Agreement, or the implementation of the Readiness Support, and moreover, will not be liable for lost profits or consequential or punitive damages.
- (b) The Grant Agreement and the Grant shall in no way be construed as creating the relationship of principal and agent, of partnership in law or of joint venture as between the Fund and the Recipient or any other person involved in the Readiness Support. The Fund assumes no liability for any loss or damage to any person or property arising from the Readiness Support. The Recipient shall not, under any circumstances, represent that it is an agent of the Fund, and shall take all reasonable precautions to avoid any perception that such relationship exists.

**Article 16
Claims**

Section 16.01. Unless otherwise instructed by the Fund, the Recipient shall be responsible for dealing, in consultation with the Fund, with any claims arising out of, or resulting from, the implementation of the Agreement which may be brought by third parties against the Fund, Board members, the Executive Director, Staff, Experts, or Fiduciary Agent. Unless the claim by a third party is caused by a breach of this Agreement by the Recipient on account of, resulting from, or arising out of (or which may be claimed to arise out of) the acts or omissions of, its agents, consultants or staff, the Fund shall reimburse to the Recipient:

- (a) all external costs, such as legal counsels' fees and court costs; and
- (b) all other reasonable costs, incurred by the Recipient in this respect.

**Article 17
Intellectual Property**

Section 17.01. **Intellectual Property.**

- (a) The Recipient shall ensure that all Goods and Services procured (including without limitation all computer hardware, software and systems, whether separately procured or incorporated within other Goods and Services procured) do not violate or infringe

⁵ Include if Recipient is the NDA.

any industrial property or intellectual property right or claim of any third party.

- (b) The Recipient shall ensure that all contracts for the procurement of Goods and Services contain appropriate representations, warranties and, if appropriate, indemnities from the contractor or supplier with respect to the matters referred to in subparagraph (a) hereinabove.
- (c) The Recipient shall ensure that all Fund-financed contracts contain appropriate representations, warranties and, if appropriate, indemnities from the consultants to ensure that the Services provided do not violate or infringe any industrial property or intellectual property right or claim of any third party.

Article 18 Arbitration

Section 18.01. **Arbitration.** Any dispute, controversy or claim arising out of or relating to the Grant Agreement, including any issue as to the breach, termination or invalidity thereof, shall be referred to and finally resolved by arbitration in accordance with the Permanent Court of Arbitration, Arbitration Rules 2012 (as may be revised and for the time being in force). The arbitral tribunal shall comprise of three arbitrators. The place of arbitration shall be Seoul, Republic of Korea and the language to be used in the arbitral proceedings shall be English. The arbitral tribunal shall use its best efforts to make a final award in the arbitration no later than 24 months following the constitution of the arbitral tribunal.

Section 18.02. In resolving the disputes between the parties, the arbitral tribunal shall apply rules of law and principles it determines to be appropriate, including:

- (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.

Section 18.03. **Failure to Exercise Rights.** No delay in exercising, or omission to exercise, any right, power or remedy accruing to any party under the Grant 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.

Article 19 Non-waiver of Privileges and Immunities

Section 19.01. **Non-waiver.** The Recipient acknowledges and accepts that the Fund is accorded certain privileges, immunities, and exemptions as are necessary for the fulfilment of its purposes, and that its Staff and Experts similarly enjoy such privileges, immunities, and exemptions as are necessary for the independent exercise of their official functions in connection with the Fund.

Nothing in or related to the Grant Agreement may be construed as a waiver, express or implied, of the privileges, immunities and exemptions accorded to the Fund, its Staff and Experts under (i) international law, including international customary law, any international conventions, treaties or agreements, (ii) the Governing Instrument for the Green Climate Fund, (iii) the Agreement between the Republic of Korea and the Green Climate Fund concerning the Headquarters of the Green Climate Fund, effective as of 27 August 2013, or (iv) any other applicable laws.

**Article 20
Trustee**

Section 20.01. **The Trustee.** The Fund and the International Bank for Reconstruction and Development (the "World Bank") have entered into an agreement by which the World Bank has agreed to establish the "Green Climate Fund Trust Fund" (the "Trust Fund") and to serve as interim trustee of the Trust Fund (the "Trustee"). Grant funds made available to the Recipient may be disbursed from the Trust Fund. All of the obligations of the Fund under this Agreement are obligations of the Fund and the World Bank has no personal liability for the obligations of the Fund under this Agreement.

**Article 21
Miscellaneous**

Section 21.01. **Use of Logos or Trademarks.** The Recipient shall not use the name, abbreviation, logo or any trademarks of the Fund unless the Fund has provided prior consent in writing to such use.

Section 21.02. **Authority to take action.** Any action required or permitted to be taken, and any documents required or permitted to be executed, under the Grant Agreement, on behalf of the Recipient, shall be taken or executed by the representative(s) of the Recipient designated in the Grant Agreement for the purposes of this Section 21.02 ("Recipient's Representative") or any person thereunto authorized in writing by him/her.

Section 21.03. **Evidence of Authority.** The Recipient shall furnish to the Fund sufficient evidence of the authority of the Recipient's Representative(s) and the authenticated specimen signature of each such person.

Section 21.04. **Notices.** Any notice, request, document, report, or other communication submitted by either the Recipient or the Fund, unless the Grant Agreement expressly provides otherwise, shall be sent to the other party's authorized representative set forth in the Grant Agreement, as appropriate. All communications under the Grant Agreement shall be in English.

Section 21.05. **Modification or Amendment.** No modification of the Grant Agreement shall be valid unless in writing and signed by an authorized representative of the Fund and an authorized representative of the Recipient. Any change to the terms of the Grant Agreement shall be made in writing signed by the parties to the Grant Agreement.

Section 21.06. **Execution in counterparts.** The Grant Agreement may be executed in several counterparts, each of which shall be an original.