



ADAPTATION FUND

AGREEMENT

(The _____ [Project] [Programmer] in [Country])

between

THE ADAPTATION FUND BOARD

and

[IMPLEMENTING ENTITY]

AGREEMENT

[The _____ Project/Programme in [Country(ies)]]

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 (AF) shall be established to finance concrete adaptation projects and programmes in developing countries;

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 AF shall be the Adaptation Fund Board (Board), with the mandate to supervise and manage the AF under the authority and guidance of the CMP;

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

Whereas, in its Decision B.25/28 and AFB/B.25/6/Rev.2, the Board established a financing window for regional projects and programmes submitted through multilateral and regional implementing entities;

Whereas, the proposal submitted by the [Implementing Entity] to the Board seeking access to the resources of the AF in support of the [Project] [Programme], 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) to the [Implementing Entity] for the [Project] [Programme] under the terms of this Agreement; and

¹ <https://www.adaptation-fund.org/documents-publications/operational-policies-guidelines/>.

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

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

1. DEFINITIONS

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

1.01. “Grant” means the AF resources approved by the Board for the [Project] [Programme] 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 each national government the Project proposal by the Implementing Entity seeking access to AF resources to finance the [Project][Programme];

1.03. “Executing Entity” means the [Executing Entity] that will execute the [Project] [Programme] under the overall management of the Implementing Entity;

1.04. “Implementing Entity” means the [Implementing Entity] that is the party to this Agreement and the recipient of the Grant;

1.05. “Implementing Entity’s Regulatory Framework” means the regulations, rules, policies and procedures of the Implementing Entity;

1.06. “Implementing Entity Grant Account” means the account to be established by the Implementing Entity to receive, hold and administer the Grant;

1.07. “Secretariat” is 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 is currently the Global Environment Facility (GEF); and

1.08. “AF Trust Fund” means the trust fund for the AF 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 Adaptation Fund*.

2. THE PROJECT AND THE GRANT

2.01. The Board agrees to provide to the [Implementing Entity] the Grant in a maximum amount equivalent to _____ United States Dollars (US \$ _____) for the purposes of the [Project] [Programme]. The [Project] [Programme] document, which details the purposes for which the Grant is made, is set out in Schedule 1 to this Agreement. The disbursement schedule and special conditions that apply to the implementation of the Grant are set out in Schedule 2 to this Agreement.

2.02. The Trustee shall transfer the Grant funds to the [Implementing Entity] on the written instructions of the Board. Any subsequent transfer of Grant funds to the Implementing Entity after the first tranche shall only be transferred after the Board approved the annual Project Performance Reports (PPR) referred to in section 7.01.b. Transfers shall be made to the following bank account of the Implementing Entity in accordance with the disbursement schedule set out in Schedule 2 to this Agreement:

[Insert Implementing Entity's bank account details]

2.03. The Implementing Entity shall make the disbursed Grant funds available to the [Executing Entity] in accordance with the Implementing Entity's Regulatory Framework.

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

2.05. Any investment income earned from the Grant funds shall be held in the Implementing Entity Grant Account and used for the same purposes and administered in accordance with the terms of this Agreement.

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:

(a) the AF Operational Policies and Guidelines effective [MMYYYY],² Evaluation Policy,³ Policy on Project Post-Approval Request for Changes in Projects and Programmes,⁴ Policy for Project

² Ibid.

³ Ibid.

⁴ Ibid.

and Programme Delays,⁵ Implementation Fees and Execution Costs,⁶ Project Reporting Process Requirements,⁷ Requirements for Projects/Programmes with Unidentified Sub-Projects (USPs),⁸ and Risk Management Framework⁹; and

(b) the Implementing Entity's Regulatory Framework.

3.03. The Implementing entity:

(a) undertakes to use reasonable efforts, consistent with the Implementing Entity's Regulatory Framework, 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;

(b) shall not use the Grant 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;

(c) shall immediately inform the Board in the event the Grant 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 the Implementing Entity's Regulatory Framework 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.

(d) shall include provisions corresponding to subparagraphs (a) – (b) above in any agreements that the Implementing Entity enters into with executing entities to which the Implementing Entity makes Grant funds available.

3.04 If, during the course of administering the Grant, the Implementing Entity identifies any material inconsistency between the AF Operational Policies and Guidelines, Evaluation Policy, Policy on Project Post-Approval Request for Changes in Projects and Programmes, Policy for Project and Programme Delays, Implementation Fees and Execution Costs, Project Reporting Process Requirements, Requirements for Projects/Programmes with Unidentified Sub-Projects

⁵ Ibid.

⁶ <https://www.adaptation-fund.org/document/proposed-adjustments-to-implementation-fees-and-execution-costs/> .

⁷ <https://www.adaptation-fund.org/projects-programmes/project-performance/> .

⁸ <https://www.adaptation-fund.org/apply-funding/project-funding/project-proposal-materials/> .

⁹ <https://www.adaptation-fund.org/documents-publications/operational-policies-guidelines/> .

(USPs), and Risk Management Framework, and the Implementing Entity's Regulatory Framework:

(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 AF Operational Policies and Guidelines and the other standards, policies and procedures provided in this Agreement, and these inconsistencies cannot be resolved as provided in paragraph 3.04, the Implementing Entity shall refund to the AF Trust Fund, through the Trustee, any such disbursements.

[(Optional for MIEs) 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 Implementing Entity's Regulatory Framework that should enable it to substantially comply with the AF Operational Policies and Guidelines effective [MMYYYY],¹⁰ Evaluation Policy,¹¹ Policy on Project Post-Approval Request for Changes in Projects and Programmes,¹² Policy for Project and Programme Delays,¹³ Implementation Fees and Execution Costs,¹⁴ Project Reporting Process Requirements,¹⁵ Requirements for Projects/Programmes with Unidentified Sub-Projects (USPs),¹⁶ and Risk Management Framework¹⁷ to fulfill its obligations under this Agreement.

3.03. The Implementing Entity represents and warrants, on the date of signing this Agreement and throughout the [Project][Programme] implementation, that the Implementing Entity's Regulatory Framework, applicable to fulfill its obligations under this Agreement, is substantially consistent with the AF Operational Policies and Guidelines, Evaluation Policy, Policy on Project

¹⁰ <https://www.adaptation-fund.org/documents-publications/operational-policies-guidelines/> .

¹¹ Ibid.

¹² Ibid.

¹³ Ibid.

¹⁴ <https://www.adaptation-fund.org/document/proposed-adjustments-to-implementation-fees-and-execution-costs/>.

¹⁵ <https://www.adaptation-fund.org/projects-programmes/project-performance/>.

¹⁶ <https://www.adaptation-fund.org/apply-funding/project-funding/project-proposal-materials/> .

¹⁷ <https://www.adaptation-fund.org/documents-publications/operational-policies-guidelines/>.

Post-Approval Request for Changes in Projects and Programmes, Policy for Project and Programme Delays, Implementation Fees and Execution Costs, Project Reporting Process Requirements, Requirements for Projects/Programmes with Unidentified Sub-Projects (USPs), and Risk Management Framework.

3.04 The Implementing Entity:

(a) undertakes to use reasonable efforts, consistent with the Implementing Entity's Regulatory Framework, 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;

(b) shall not use the Grant 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;

(c) shall immediately inform the Board in the event the Grant 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 the Implementing Entity's Regulatory Framework 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; and

(d) shall include provisions corresponding to subparagraphs (a) – (b) above in any agreements that the Implementing Entity enters into with executing entities to which the Implementing Entity makes Grant funds available.

3.05 If, during the course of administering the Grant, the Implementing Entity identifies a material inconsistency between the AF Operational Policies and Guidelines, and the other standards, policies and procedures provided in this Agreement and the Implementing Entity's Regulatory Framework, the [Implementing Entity] shall:

(a) immediately notify the Board, through the Secretariat, of such inconsistency, and submit an assessment of the potential impact of such possible material inconsistency on the [Project][Programme] objectives, implementation, and compliance;

(b) promptly take any action necessary or appropriate, taking into account the Implementing Entity's Regulatory Framework, to mitigate or resolve such material inconsistency, as per the Board's guidance; and

(c) covenant that, in the event of such material inconsistency, which cannot be mitigated or addressed in accordance with Section 3.05 (b) above, the Implementing Entity shall consult with the Board. For the avoidance of doubt, during such period of consultation, the Implementing Entity shall continue to apply the Implementing Entity's Regulatory Framework as was applicable prior to the revision of the AF Operational Policies and Guidelines, Evaluation Policy, Policy on Project Post-Approval Request for Changes in Projects and Programmes, Policy for Project and Programme Delays, Implementation Fees and Execution Costs, Project Reporting Process Requirements, Requirements for Projects/Programmes with Unidentified Sub-Projects (USPs) and Risk Management Framework.

3.06. In the event that the Implementing Entity makes any disbursements of the Grant in a manner materially inconsistent with the AF Operational Policies and Guidelines, Evaluation Policy, Policy on Project Post-Approval Request for Changes in Projects and Programmes, Policy for Project and Programme Delays, Implementation Fees and Execution Costs, Project Reporting Process Requirements, Requirements for Projects/Programmes with Unidentified Sub-Projects (USPs), or Risk Management Framework, and the potential impact of such material inconsistencies cannot be mitigated or resolved as provided in paragraph 3.05, the Board, through the Secretariat, may elect to: (a) extend reasonable time for the Implementing Entity to rectify the material inconsistency(ies) regarding any such disbursements; and/or (b) request the Implementing Entity to refund to the AF Trust Fund, through the Trustee, any such disbursements; and/or (c) terminate this Agreement by giving notice to the Implementing Entity pursuant to the terms of Section 14.01 of this Agreement.]

4. [PROJECT] [PROGRAMME] IMPLEMENTATION

4.01. The Implementing Entity shall be responsible for the overall management of the [Project] [Programme], including all financial, monitoring and reporting responsibilities.

4.02. The Implementing Entity shall ensure that the Grant is used exclusively for the purposes of the [Project] [Programme], and shall refund to the AF Trust Fund, through the Trustee, any disbursements made for other purposes. Where the Board believes that the Grant has been used for purposes other than the [Project] [Programme], 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.

4.03. The Implementing Entity shall submit a request for any minor or material changes in the original budget allocation for the [Project]/[Programme], in consultation with the Executing Entity, to the Board for its approval. These requests must conform to, and be processed in accordance with, the Operational Policies and Guidelines of the Fund and the Policy on Project Post-Approval Request for Changes in Projects/Programmes. A “material change” shall mean any cumulative total budget modification, either as a single request or through separate consecutive requests, at the output level where the variance between the revised budget and the original budget amounts to twenty per cent (20%) or more of the total original budget of the [Project]/[Programme]. A “minor change” is defined as any cumulative budget modification at the output level that results in less than twenty per cent (20%) of the total original budget of the [Project]/[Programme].

4.04. The Implementing Entity shall promptly inform the Board, through the Secretariat, of any conditions that may seriously interfere with its management, or any Executing Entity's execution, of the [Project] [Programme] or otherwise jeopardize the achievement of the objectives of the [Project] [Programme], 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 under the Project. The Board shall not be responsible or liable for any losses, damages or injuries caused to any persons under the Project resulting from the acts, omissions or negligence of the Implementing Entity's employees, agents, representatives and contractors.

5. [PROJECT] [PROGRAMME] SUSPENSION

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

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

provided, however, that before the Board makes its final decision (i) the Implementing Entity shall be given an opportunity to present its views to the Board, through the Secretariat; and/or

(ii) 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 will be carried out in accordance with the [Implementing Entity's] 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 AF Operational Policies and Guidelines and the other policies and procedures provided in this Agreement, it will 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 AF Trust Fund, through the Trustee, any such disbursements.

7. RECORDS AND REPORTING

7.01. The Implementing Entity shall provide to the Board, through the Secretariat, the following reports and financial statements:

- (a) An inception report submitted to the Secretariat no later than one (1) month after the inception workshop has taken place. The start date of the [Project] [Programme] is considered the date of the inception workshop;
- (b) Annual Project Performance Reports (PPR) on the status of the [Project]/[Programme] implementation, including the disbursements made during the relevant period and net investment income earned from the Grant funds and the associated expenditures, or more frequent progress reports if requested by the Board. The PPR shall be submitted on a yearly basis one (1) year after the start of [Project]/[Programme] implementation and no later than two (2) months after the end of the reporting year;
- (c) A mid-term evaluation, prepared by an independent evaluator selected by the Implementing entity for any [Project]/[Programme] that is under implementation for over four years; the mid-term evaluation should be submitted to the Fund Secretariat within six months of the mid-point of [Project]/[Programme] implementation;
- (d) A [Project]/[Programme] completion report, including any specific [Project]/[Programme] implementation information, as reasonably requested by the Board through the Secretariat, within six (6) months after [Project]/[Programme] completion;

(e) A final evaluation report, prepared by an independent evaluator selected by the Implementing Entity. The final evaluation report shall be submitted within nine (9) months after [Project]/ [Programme] completion. Copies of these reports shall be forwarded by the Implementing Entity to each Designated Authority for information; and

(f) A final audited financial statement of the Implementing Entity Grant Account including net investment income earned, prepared by an independent auditor or evaluation body, within six (6) months of the end of the Implementing Entity's financial year during which the [Project]/[Programme] is completed.

(g) Such other reports related to the Grant funds and/or the Project, as may be reasonably requested by the Board from time to time.

[(optional for MIEs) 7.01. The Implementing Entity shall provide to the Board, through the Secretariat, the following reports and financial statements:

(a) An inception report submitted to the Secretariat no later than one (1) month after the inception workshop has taken place. The start date of the [Project] [Programme] is considered the date of the inception workshop;

(b) Annual Project Performance Reports (PPR) on the status of the [Project]/[Programme] implementation shall be submitted on a yearly basis one (1) year after the start of [Project]/[Programme] implementation and no later than two (2) months after the end of the reporting year, or more frequent progress reports if requested by the Board . Within six (6) months from the end of the reporting year, the Implementing Entity shall submit Project-specific annual financial reports on the Implementing Entity Grant, certified by the controllership, the chief financial officer, or an authorized financial officer of the Implementing Entity, in the standard reporting format of the Implementing Entity, provided that the following financial information is included therein:

(i) the dates and amounts of the Grant received and disbursed by the Implementing Entity during the relevant reporting period, as well as the respective cumulative amounts up to the period (statement of cash receipts and payments);

(ii) a comparison of budgets and actual amounts for the Project activities during the relevant reporting period, as well as cumulative amounts up to the period, broken down by each Project activity (comparison of budgets and actual amounts); and

- (iii) a statement of net investment income earned from the Grant funds and the associated expenditures.
- (c) A mid-term evaluation, prepared by an independent evaluator selected by the Implementing entity for any [Project]/[Programme] that is under implementation for over four years; the mid-term evaluation should be submitted to the Fund Secretariat within six months of the mid-point of [Project]/[Programme] implementation;
- (d) A [Project]/[Programme] completion report, including any specific [Project]/[Programme] implementation information, as reasonably requested by the Board through the Secretariat, within six (6) months after [Project]/[Programme] completion;
- (e) A final evaluation report, prepared by an independent evaluator selected by the Implementing Entity. The final evaluation report shall be submitted within nine (9) months after [Project]/ [Programme] completion. Copies of these reports shall be forwarded by the Implementing Entity to the Designated Authority for information; and
- (f) Final financial statements of the Implementing Entity Grant including net investment income earned, certified by the controllership, the chief financial officer, or the most senior financial officer of the Implementing Entity, within six (6) months of the end of the Implementing Entity's financial year during which the [Project]/[Programme] is completed. The final financial statements shall be in a standard reporting format of the Implementing Entity, provided that the following financial information is included therein:
 - (i) Statement of financial position (balance sheet) (accrual basis);
 - (ii) Statement of changes in net assets/equity (accrual basis);
 - (iii) Statement of cash receipts and payments (accrual basis);
 - (iv) Comparison of budget and actual amounts;
 - (v) Statement of net investment income earned from the Grant funds and associated expenditures;
 - (vi) Notes (a summary of significant accounting practices and other explanatory notes).
- (g) Such other reports related to the Grant funds and/or the Project, as may be reasonably requested by the Board from time to time.

7.02. Upon request from the Board, the Implementing Entity shall allow for the option of verification missions by a third-party, to be commissioned by the Board, to verify the implementation of [Project][Programme] and the use of the Grant funds, based on terms of reference specifying, inter alia, the scope of the verifications, and provided further that such verification missions shall not constitute an audit. The Implementing Entity shall, within the limits of the Implementing Entity's Regulatory Framework, provide access to records and documents relevant to the verification of the implementation status of [Project][Programme] and the use of the Grant funds during such verification missions. Following these missions, the Implementing Entity shall submit a report detailing the findings and any corrective actions taken, if necessary, to the Board, through the Secretariat. The Implementing Entity shall not unreasonably withhold information required under this clause based exclusively on the application of the Implementing Entity's Regulatory Framework.]

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 the management fee specified in Schedule 2 to this Agreement.

9. OWNERSHIP OF EQUIPMENT

9.01. If any part of the Grant is used to purchase any durable assets or equipment, such assets or equipment shall be transferred upon the completion of the [Project] [Programme] to the Executing Entity/Entities or such other entity as the Designated Authorities 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. BRANDING

11.01. The Implementing Entity shall, where feasible, endeavor to maximize opportunities for acknowledging the identity of the [Project]/[Programme] grant provided by the Adaptation Fund (e.g. through use of the Adaptation Fund logo, and appropriate references in reports, publications, information given to beneficiaries and press, related publicity materials, and any other forms of public information).

12. COMMUNICATIONS

12.01. 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. The representatives are:

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: _____

Fax: _____

13. EFFECTIVENESS AND AMENDMENT OF THE AGREEMENT

13.01. Upon receipt by the Adaptation Fund Board of this countersigned copy, this Agreement shall become effective as of the date of countersignature by the Implementing Entity.

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

13.03. Nothing in this Agreement is intended to be a waiver or should be construed as a waiver of the privileges and immunities of the Parties or their officers and employees, which privileges, and immunities are hereby specifically reserved.

14. TERMINATION OF THE AGREEMENT

14.01. 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.

14.02. 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 each Designated Authority that it no longer endorses the Implementing Entity or the [Project] [Programme].

14.03. Upon termination of this Agreement, the Board and the Implementing Entity shall consider the most practical way of completing any ongoing activities under the [Project] [Programme], including meeting any outstanding commitments incurred under the [Project][Programme] prior to the termination. The Implementing Entity shall promptly refund to the AF 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.

14.04. In the event of expiration of accreditation and/or the Board's decision to not re-accredit the Implementing Entity, the responsibilities and obligations in this Agreement survive and shall be unaffected, and the Implementing Entity shall continue to disburse the Grant funds, in accordance with its standard practices and procedures and the AF Operational Policies and Guidelines to the extent necessary to fulfill the Implementing Entity's obligations hereunder.

15. SETTLEMENT OF DISPUTES

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

15.02. 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 UNCITRAL Arbitration Rules as presently in force.

THE ADAPTATION FUND BOARD

_____	_____
Chair	Date

[IMPLEMENTING ENTITY]

_____	_____
[Name, Title]	Date

[The following Schedules will be attached to the Agreement: Schedule1 ([Project] [Programme] Proposal) and Schedule 2 (Disbursement Schedule)].