

**LOAN AGREEMENT
BETWEEN**

[REDACTED]

AND THE UNITED NATIONS OFFICE FOR PROJECT SERVICES

.... / / /

**[PLEASE INSERT Assigned Sequence Number / Issuance Year / Country / Loan Recipient Name:
example 001/2012/UGA/XYZ]**

This Loan Agreement is made between UNOPS and *[insert Loan Recipient's name]* of *[insert Loan Recipient's address]* (hereinafter referred to as "Loan Recipient") and *[insert CDM Consultant's name]* of *[insert CDM Consultant's address]* (hereinafter referred to as "Consultant").

WHEREAS the parties to the CMP at its fifth session, through decision 2/CMP.5, paragraph 49, requested the CDM Executive Board to allocate financial resources from the interest accrued on the principal of the trust fund for the CDM, as well as any voluntary contributions from donors, in order to provide loans to support certain activities relating to the CDM in countries with fewer than ten registered CDM project activities (as of 1 January of the year of the submission of the loan application),

WHEREAS the CMP, at its sixth session, through decision 3/CMP.6, established the modalities and procedures for the operationalization of a Loan Scheme to support the development of CDM project activities in countries with fewer than ten registered CDM project activities,

WHEREAS the CMP requested the secretariat of the UNFCCC to select and contract with an implementing agency to administer the Loan Scheme,

WHEREAS UNOPS is a self-financing entity established by United Nations General Assembly decision 48/501 of 19 September 1994 to provide, inter alia, management and other support services for the benefit of the member states of the United Nations and other mandated clients, impartially, efficiently and on a non-profit basis,

WHEREAS UNOPS has the capacities required by the CMP in decision 2/CMP.5 to act as the implementing agency and has been selected by the UNFCCC to administer the Loan Scheme,

WHEREAS UNOPS has established a TRC consisting of three CDM and project finance experts who ultimately determine loan approvals and rejections for applications submitted to the CDM Loan Scheme;

NOW, THEREFORE, the Loan Recipient, the Consultant and UNOPS agree as follows:

1 Definitions

For the purposes of this Loan Agreement, the definitions contained in Clause 1 herein apply. The following definitions are equally applicable to both the singular and plural forms of any terms defined.

1.1 "Acceleration" means a requirement to Repay in full the Loan Funds received, in advance of anticipated Repayment requirements.
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1.2	“Article” means a section, paragraph or segment contained in Annex A, unless otherwise identified as originating from a different source document.
1.3	“Atlas Vendor Profile” means the form within the UNOPS Atlas system containing key data including the address, contact information and banking details of each Loan Recipient and Consultant.
1.4	“Cancellation”, “Cancelled” and “Cancel” (a) in respect of UNOPS means the Notification from UNOPS to the Loan Recipient and the Consultant that it has cancelled the availability of undisbursed Loan Funds; and (b) in respect of the Loan Recipient means the Notification from the Loan Recipient to UNOPS and the Consultant that it will not require Loan Funds for a particular Milestone that has not yet been achieved and in respect of which Loan Funds remain undisbursed.
1.5	“Clean Development Mechanism” and “CDM” mean the mechanism defined in Article 12 of the Kyoto Protocol.
1.6	“CDM Executive Board” means the executive board of the CDM, as described in Article 12 of the Kyoto Protocol.
1.7	“CDM Project Activity” means a project activity Registered as a Project Activity or a Programme of Activities within the CDM.
1.8	“CDM Website” means the official UNFCCC website listing CDM projects, including those for which Registration has been requested but not yet obtained.
1.9	“CDM Rules” means the rules set out in Article 12 of the Kyoto Protocol and Decision 3/CMP.1 and all related and subsequent decisions of the CMP relating to CDM and all standards, procedures and guidelines adopted or agreed by the CDM Executive Board.
1.10	“CERs” means certified emission reductions as defined in the CDM Rules.
1.11	“CER Issuance” means the date on which CERs issued in respect of the Funded Project Activity are issued by the CDM registry.
1.12	“Clause” means a section, paragraph or segment contained in the Loan Agreement.
1.13	“Consultant” means a consultant that is a legal person in the field of CDM who is involved in advising in relation to a Funded Project Activity and has no financial interest in the Funded Project Activity.
1.14	“Consultant’s Breach” means any of the events or circumstances stipulated in Article 8.
1.15	“CMP” means the Conference of the Parties to the United Nations Framework Convention on Climate Change serving as the meeting of the Parties to the Kyoto Protocol.
1.16	“DNA” means the designated national authority of the relevant party to the Kyoto Protocol.
1.17	“DOE” means a designated operational entity, as defined in decision 3/CMP.1.
1.18	“Disbursement” and “Disbursed” mean the transfer of Loan Funds to a Consultant in respect of the relevant Funded Project Activity.
1.19	“Eligible Host Country” means a country with fewer than 10 registered CDM project activities as of 1 January of the year in which the application for Loan Funds is submitted to UNOPS;
1.20	“First CER Issuance” means the date on which the first CERs issued in respect of the Funded Project Activity are issued by the CDM registry.
1.21	“Force Majeure” and “Force Majeure Event” means any unforeseeable and irresistible act of nature, any act of war (whether declared or not), invasion, revolution, insurrection, terrorism, or any other acts of a similar nature or force,

	provided that such acts arise from causes beyond the control and without the fault or negligence of the Parties, and shall include circumstances where it becomes unlawful for the Loan Recipient or Consultant to perform obligations under this Loan Agreement. Lack of funds shall not constitute Force Majeure.
1.22	“Financial Report”, “Final Financial Report” and “Interim Financial Report” mean the reports stating the concurrent financial status on the utilization of Loan Funds by the Loan Recipient at the time of a Disbursement request at a given Milestone.
1.23	“Funded Project Activity” means a Project Activity that has been through the appraisal process and has been deemed to have qualified in order to benefit from Loan Funds.
1.24	“Kyoto Protocol” means the Kyoto Protocol to the United Nations Framework Convention on Climate Change, UN Doc FCCC/CP/1997/7/Add.1, Dec. 10, 1997; 37 ILM 22 (1998).
1.25	“Loan Activity” means the activities as described in Annex B.
1.26	“Loan Agreement” means this agreement and its related Annexes.
1.27	“Loan Funds” means the funds forming part of the Loan Scheme.
1.28	“Loan Recipient” means the legal entity with the obligation to Repay the Loan Funds Disbursed in relation to the Funded Project Activity under the terms of this Loan Agreement.
1.29	“Loan Recipient’s Default” has the meaning given to it in Article 6.
1.30	“Loan Scheme” has the meaning given to it in the M&P.
1.31	“Milestone” means an achievement in the process of developing the CDM project as stated in the loan disbursement plan, which triggers a payment of a tranche of the Loan Funds upon submission of the relevant Milestone Report.
1.32	“Milestone Payment Request” means a request for payment submitted under the relevant Milestone in accordance with the attached template in Annex D.
1.33	“Milestone Report” means the report to be submitted to enable Disbursement of the Loan Funds at each Milestone, stating the progress of the project.
1.34	“M&P” means the guidelines and modalities for the operationalization of a Loan Scheme to support the development of clean development project activities in countries with fewer than ten Registered clean development project activities, as set out in Annex 3 to decision 3/CMP.6.
1.35	“Notice” and “Notification”, “Notified” and “notified” means notice given in accordance with Clause 9.
1.36	“Parties” means UNOPS, the Loan Recipient and the Consultant.
1.37	“Potential Project Participant” means an entity or organization that is not a government that intends to seek, or has sought but has not yet obtained, authorization or approval to be considered a Project Participant.
1.38	“Project Activity” means a project activity that is designed to reduce or enhance the removal of greenhouse gas emissions as compared to a baseline and as may meet the eligibility criteria to be Registered as a CDM Project Activity.
1.39	“PoA or Programme of Activities” has the meaning given to it in the CDM Rules.
1.40	“Project Design Document” and “PDD” mean the document requirement to be completed and submitted as part of Registration.
1.41	“Project Participant” means an entity or organization that is not a government and that has obtained authorization or approval to participate in a Project Activity from a DNA, in accordance with the CDM Rules.

1.42	“Registration” and “Registered” means the process of obtaining formal registration as a CDM Project Activity in accordance with the CDM Rules.
1.43	“Repayment” and “Repaid” and “Repay” means the repayment by the Loan Recipient of the Loan Funds Disbursed under the Loan Agreement.
1.44	“Scheduled Date” means the date that is <i>[insert number of months[max 12]]</i> months after First CER Issuance.
1.45	“TRC” means the independent Technical Review Committee established by UNOPS to determine loan approvals and applications submitted to the Loan Scheme.
1.46	“Termination of the CDM Loan Scheme” means the termination of the CDM Loan Scheme as a result of a decision of the CMP or the absence, curtailment or cessation of funding for the CDM Loan Scheme as a result of a decision of the CMP.
1.47	“Upfront Fee” means the one-time processing fee equal to USD 5,000 (five thousand United States dollars).
1.48	“UNFCCC” means the secretariat of the United Nations Framework Convention on Climate Change and its Kyoto Protocol.
1.49	“UNOPS” means the United Nations Office for Project Services.
1.50	“Validation” has the meaning given to it in decision 3/CMP.1 as amended by the CMP and/or elaborated by the CDM Executive Board.
1.51	“Verification” has the meaning given to it in decision 3/CMP.1 as amended by the CMP and/or elaborated by the CDM Executive Board.

2 Loan Agreement Documents

2.1 The following documents attached hereto shall be deemed to form an integral part of this Loan Agreement in the following order of precedence:

- a) This Loan Agreement;
- b) Annex A: General Conditions and Terms for Loan Agreements;
- c) Annex B: Terms of Reference;
- d) Annex C: Budget; and
- e) Annex D: Model Reports.

2.2 This Agreement and the Annexes attached hereto shall form the entire Loan Agreement between the Parties, superseding the contents of any other negotiations and/or agreements, whether oral or in writing, pertaining to the subject of this Loan Agreement.

3 Effective date of this Loan Agreement

3.1 This Loan Agreement shall become effective and Loans Funds are made available by UNOPS as of *[insert start date]* or the date of the last signature below, whichever is the later.

3.2 Loan Funds shall be used for Loan Activity expenditures incurred no earlier than *[insert start date]* and no later than *[insert end date]*.

4 Obligations of the Consultant and Loan Recipient

4.1 By executing this Loan Agreement, the Consultant and Loan Recipient hereby declare, represent and warrant that they will meet all responsibilities and obligations as stipulated in this Loan Agreement and Annexes.

5 Loan Amount

5.1 This Loan Agreement is for an amount of Loan Funds up to the maximum amount of USD *[insert amount in figures]* (*[insert amount in words]* United States dollars) in accordance with the Budget allocations set out in Annex C.

5.2 The Upfront Fee shall be for the account of the Loan Recipient and shall be reimbursed to the Loan Recipient upon Repayment.

6 Drawdown

6.1 Loan Funds shall be Disbursed to the Consultant in accordance with this Clause 6. Any Disbursement is subject to the continued performance of the Consultant's and Loan Recipient's obligations under this Loan Agreement.

6.2 Disbursements shall be made in United States dollars (USD) and deposited into the Consultant's bank account in accordance with the Atlas Vendor Profile form completed and submitted by the Consultant to UNOPS.

6.3 The amount of Loan Funds is not subject to any adjustment or revision because of price or currency fluctuations or the actual costs incurred by the Loan Recipient or the Consultant in the performance of the Loan Activity under this Loan Agreement.

6.4 Milestone 1: [Preparation of the Project Design Document (PDD)]¹

a) Maximum Loan Funds for Milestone 1: Up to USD *[insert amount in figures]* (*[insert amount in words]* United States dollars).

b) The Upfront Fee will be deducted from the Maximum Loan Funds for Milestone 1 amount, and retained by UNOPS.

c) Disbursement of Loan Funds for Milestone 1 is conditional upon the submission to UNOPS of all of the following:

6.4.c.1 The Milestone Payment Request in a form satisfactory to UNOPS by the Consultant.

6.4.c.2 Where applicable, a duly executed agreement or draft agreement between the Loan Recipient and the entity developing the PDD.

¹ Milestone to be negotiated by the Parties.

6.5 Milestone 2: [Validation Start] ²
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- a) Maximum Loan Funds for Milestone 2: Up to USD *[insert amount in figures]* (*[insert amount in words]* United States dollars).
- b) Disbursement of Loan Funds for Milestone 2 is conditional upon the submission to UNOPS of all of the following:
 - 6.5.b.1 The Milestone Payment Request, in a form satisfactory to UNOP by the Consultant;
 - 6.5.b.2 The first Milestone Report by the Consultant;
 - 6.5.b.3 The first Interim Financial Report by the Consultant;
 - 6.5.b.4 The PDD³ by the Loan Recipient;
 - 6.5.b.5 The draft contract of Validation with a DOE by the Loan Recipient; and
 - 6.5.b.6 The letter of approval from the relevant DNA by the Loan Recipient.
- c) The latest expected date of Disbursement under this Milestone is *[insert date]*.

6.6 Milestone 3: [Draft Validation Report] ⁴

- a) Maximum Loan Funds for Milestone 3: Up to USD *[insert amount in figures]* (*[insert amount in words]* United States dollars).
- b) Disbursement of Loan Funds for Milestone 3 is conditional upon the submission to UNOPS of all of the following:
 - 6.6.b.1 The Milestone Payment Request in a form satisfactory to UNOPS by the Consultant;
 - 6.6.b.2 The second Milestone Report by the Consultant;
 - 6.6.b.3 The draft DOE Validation report by the Consultant; and
 - 6.6.b.4 The second Interim Financial Report by the Consultant.
- c) The latest expected date of Disbursement under this Milestone is *[insert date]*.

6.7 Milestone 4: [CDM Registration Request]

² Milestone to be negotiated by the Parties.

³ Stage of PDD – consider specifying

⁴ Milestone to be negotiated by the Parties.

- a) Maximum Loan Funds for Milestone 4: Up to USD *[insert amount in figures]* (*[insert amount in words]* United States dollars).
- b) Disbursement of Loan Funds for Milestone 4 is conditional upon the submission to UNOPS of all of the following:
 - 6.7.b.1 The Milestone Payment Request, in a form satisfactory to UNOPS, by the Consultant;
 - 6.7.b.2 The third Milestone Report by the Consultant;
 - 6.7.b.3 The final DOE Validation report by the Consultant;
 - 6.7.b.4 The request for Registration by the Consultant to the CDM Executive Board and evidence of this on the CDM Website;
 - 6.7.b.5 The third Interim Financial Report by the Consultant.
- c) The latest expected date of Disbursement under this Milestone is *[insert date]*.

6.8 Milestone 5: [UNFCCC Registration]
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- a) Maximum Loan Funds for Milestone 5: Up to USD *[insert amount in figures]* (*[insert amount in words]* United States dollars).
- b) Disbursement of Loan Funds for Milestone 5 is conditional upon the submission to UNOPS of all of the following:
 - 6.8.b.1 The Milestone Payment Request, in a form satisfactory to UNOPS, by the Consultant;
 - 6.8.b.2 The fourth Milestone Report by the Consultant;
 - 6.8.b.3 Evidence of Registration by the Consultant;
 - 6.8.b.4 Evidence of the commissioning of the Funded Project Activity by the Consultant;
 - 6.8.b.5 The fourth Interim Financial Report by the Consultant.
- c) The latest expected date of Disbursement under this Milestone is *[insert date]*.

6.9 Milestone 6: [Monitoring and Verification Completion]

- a) Maximum Loan Funds for Milestone 6: Up to USD *[insert amount in figures]* (*[insert amount in words]* United States dollars).
- b) Disbursement of Loan Funds for Milestone 6 is conditional upon the submission to UNOPS of all of the following:

- 6.9.b.1 The Milestone Payment Request, in a form satisfactory to UNOPS, by the Consultant;
- 6.9.b.2 The fifth Milestone Report by the Consultant;
- 6.9.b.3 Evidence of first Verification and First CER Issuance by the Consultant;
- 6.9.b.4 The fifth Interim Financial Report by the Consultant.

c) The latest expected date of Disbursement under this Milestone is *[insert date]*.

6.10 Milestone 7: [Repayment by UNOPS of the Upfront Fee]

- a) Maximum Loan Funds for Milestone 7: Up to USD *[insert amount in figures]* (*[insert amount in words]* United States dollars).
- b) Disbursement of Loan Funds for Milestone 7 is conditional upon the submission to UNOPS of all of the following:

- 6.10.b.1 The Milestone Payment Request, in a form satisfactory to UNOPS, by the Consultant;
- 6.10.b.2 The sixth and final Milestone Report by the Consultant;
- 6.10.b.3 Full Repayment of the Loan Funds by the Loan Recipient;
- 6.10.b.4 The Final Financial Report by the Consultant.

c) The latest expected date of Disbursement under this Milestone is *[insert date]*.

7 Repayment

7.1 The Loan Recipient shall Repay all of the Loan Funds Disbursed in cash by no later than the Scheduled Date;

7.2 Following Notification to UNOPS, payment shall made to the UNOPS Loan Scheme account as follows:

Bank name:	JP Morgan Chase
Address:	1166 Avenue of the Americas, 14th Fl., New York, NY 10036, USA
Beneficiary name:	UNOPS
Account #:	323846017
Currency:	USD
ABA#:	021000021
Swift code:	CHASUS33
Instructions (IMPORTANT)	Loan Repayment for UNFCCC – CDM Loan Project, Loan Reference Number <i>[sequence number/year of issuance / country / Loan Recipient Name]</i>

ANNEX A

GENERAL TERMS AND CONDITIONS

1. Loan Recipient Representations, Warranties and Undertakings

1.1 **Representations and Warranties.** The Loan Recipient represents and warrants that on the date of this Loan Agreement and for the duration of this Loan Agreement, including on the date of each Disbursement:

- 1.1.1 It is a corporation, duly incorporated and validly existing under the law of its jurisdiction of incorporation or a legal partnership validly existing under the law of its jurisdiction;
- 1.1.2 It has the power to own its assets and carry on its business as it is being conducted;
- 1.1.3 The obligations expressed to be assumed by it in the Loan Agreement are legal, valid, binding and enforceable obligations;
- 1.1.4 The entry into and performance by it of the Loan Agreement does not and will not conflict with:
 - 1.1.4.1 Any law or regulation applicable to it;
 - 1.1.4.2 Its constitutional documents;
 - 1.1.4.3 Any agreement or instrument binding upon it or on its assets;
- 1.1.5 It has the power to enter into, perform and deliver, and has taken all necessary action to authorise its entry into, performance and delivery of, the Loan Agreement;
- 1.1.6 All information provided by the Loan Recipient in relation to the application for the Loan Funds is true and accurate in all material respects as at the date it was provided or as at the date it was stated, and nothing has occurred and no information was omitted from the application for the Loan Agreement that results in the information provided being untrue or misleading in any material respect;
- 1.1.7 No Loan Recipient Default is continuing;
- 1.1.8 It has not been, and is not currently before any court, arbitral body, or agency in relation to any matter relating to malpractice, fraud or similar misconduct;
- 1.1.9 No litigation, arbitration or administrative proceedings of or before any court, arbitral body or agency, which if adversely determined, might reasonably be expected to prevent or limit the ability of the Loan Recipient in performing its obligations under the Loan Agreement have been started or threatened against it;
- 1.1.10 It is in compliance with all permissions, authorizations, licenses, certificates, applicable laws, regulations, orders, ordinances, by laws, judgments of courts or other judicial body that apply to the Consultant and/or the Funded Project Activity, including the applicable CDM Rules;
- 1.1.11 Its Repayment obligations under the Loan Agreement rank at least *pari passu* with the claims of all its other unsecured and unsubordinated creditors except for obligations

mandatorily preferred by law applying to organisations of the type of the Loan Recipient generally in its jurisdiction of incorporation.

- 1.1.12 It has not and shall not offer any direct or indirect benefit arising from or related to the performance of this Loan Agreement or the award thereof to any representative, official, employee, or other agent of UNOPS or any organization of the UN system.
- 1.1.13 There is no current agreement in place in relation to the Funded Project Activity that provides for financing of any Loan Activity by a third party.
- 1.1.14 No agreement, whether oral or written, is in place between the Loan Recipient and the Consultant pursuant to which the Consultant either offers any other services to the Loan Recipient other than those services necessarily to perform the Loan Activity and/or receives any CERs Issued by the Funded Project Activity (whether as remuneration or otherwise).

1.2 Undertakings. The Loan Recipient undertakes:

- 1.2.1 To ensure that it shall, where necessary obtain, and at all times comply with all applicable permissions, authorizations, licenses, certificates, applicable laws, regulations, orders, ordinances, by laws, judgments of courts or other judicial body that apply to the Loan Recipient and/or the Funded Project Activity, including the CDM Rules;
- 1.2.2 To carry out all activities for which it is responsible under this Loan Agreement with due diligence and efficiency, in good faith and applying best practices and industry standards;
- 1.2.3 To become, by no later than the submission of the request for Registration, a Project Participant of the Funded Project Activity and provide evidence of this to UNOPS;
- 1.2.4 And declares its commitment to counteract corrupt practices in the execution of this Loan Agreement and shall not accept, either directly or indirectly, as an inducement or reward in relation to the execution of this Loan Agreement, any kind of offer, gift, payments or benefits, which would or could be construed as a corrupt practice;
- 1.2.5 To use all reasonable efforts to ensure that none of the Loan Funds are used to provide support to individuals or entities associated with terrorism and that any recipient of amounts provided by UNOPS hereunder do not appear on the list maintained by the Security Council Committee established pursuant to resolution 1267 (1999). The list can be accessed via <http://www.un.org/Docs/sc/committees/1267/1267ListEng.htm>;
- 1.2.6 That it shall promptly provide all information related to Milestone Reports and/or other details as may be required by UNOPS in a form satisfactory to UNOPS.
- 1.2.7 That it shall use its best efforts to achieve Validation and Registration of the Funded Project Activity and, where Registration is successful, to ensure Verification is undertaken and documented no less than biannually and to seek CER Issuance promptly following Verification;
- 1.2.8 Until the Loan Funds have been Repaid, it shall not monetize any emissions reductions or removals achieved by the Funded Project Activity in any non-CDM crediting, offsetting or similar programmes;

- 1.2.9 To ensure that none of the Loan Funds provided pursuant to this Agreement are used for any purposes other than the Loan Activity;
- 1.2.10 To ensure that where the Funded Loan Activity is a PoA, that the Loan Funds are applied by the Loan Recipient only in respect of CPAs located in Eligible Host Countries;
- 1.2.11 To disclose and immediately report to UNOPS and the Consultant any significant incident or situation that may affect the Loan Activity from further progressing or that may affect the Repayment of the Loan Funds to UNOPS by the Scheduled Date;
- 1.2.12 To ensure that it has or will obtain adequate life, health, accident, travel or any other insurance coverage for any of its personnel undertaking activities funded under this Loan Agreement and acknowledges that it is solely liable in this regard.

1.3 Acknowledgements. The Loan Recipient acknowledges that:

- 1.3.1 It is solely liable for any acts or omissions of its servants, subcontractors, agents and representatives and shall Notify UNOPS in case of any financial or integrity concerns detected at the Loan Recipient or any other party involved in the Loan Activity.

2. Consultant Representations, Warranties and Undertakings

2.1 Representations and Warranties. The Consultant represents and warrants that on the date of this Loan Agreement, for the duration of this Loan Agreement, including on the date of each Disbursement:

- 2.1.1 It is a corporation, duly incorporated and validly existing under the law of its jurisdiction of incorporation or a legal partnership validly existing under the law of its jurisdiction;
- 2.1.2 It has the power to own its assets and carry on its business as it is being conducted;
- 2.1.3 The obligations expressed to be assumed by it in the Loan Agreement are legal, valid, binding and enforceable obligations;
- 2.1.4 The entry into and performance by it of the Loan Agreement does not and will not conflict with:
 - 2.1.4.1 Any law or regulation applicable to it;
 - 2.1.4.2 Its constitutional documents;
 - 2.1.4.3 Any agreement or instrument binding upon it or on its assets;
- 2.1.5 It has the power to enter into, perform and deliver, and has taken all necessary action to authorise its entry into, performance and delivery of, the Loan Agreement;
- 2.1.6 All information provided by the Consultant in relation to the application for the Loan Funds is true and accurate in all material respects as at the date it was provided or as at the date it was stated, and nothing has occurred and no information was omitted from the application for the Loan Agreement that results in the information provided being untrue or misleading in any material respect;

- 2.1.7 As far as the Consultant is aware, all information provided by the Loan Recipient in relation to the application for the Loan Funds is true and accurate in all material respects as at the date it was provided or as at the date it was stated, and nothing has occurred and no information was omitted from the application for the Loan Agreement that results in the information provided being untrue or misleading in any material respect;
- 2.1.8 No Insolvency Event or Insolvency Proceedings are continuing;
- 2.1.9 No litigation, arbitration or administrative proceedings of or before any court, arbitral body or agency, which if adversely determined, might reasonably be expected to prevent or limit the ability of the Consultant in performing its obligations under the Loan Agreement have been started or threatened against it;
- 2.1.10 It is in compliance with all permissions, authorizations, licenses, certificates, applicable laws, regulations, orders, ordinances, by laws, judgments of courts or other judicial body that apply to the Consultant, including the CDM Rules;
- 2.1.11 It has not and shall not offer any direct or indirect benefit arising from or related to the performance of this Loan Agreement or the award thereof to any representative, official, employee, or other agent of UNOPS or any organization of the UN system;
- 2.1.12 So far as the Consultant is aware, there is no current agreement in place in relation to the Funded Project Activity that provides for financing of any Loan Activity by a third party;
- 2.1.13 No agreement, whether oral or written, is in place between the Loan Recipient and the Consultant pursuant to which the Consultant either offers any other services to the Loan Recipient other than those services necessarily to perform the Loan Activity and/or receives any CERs Issued by the Funded Project Activity (whether as remuneration or otherwise).

2.2 Undertakings. The Consultant undertakes:

- 2.2.1 To ensure that it shall, where necessary obtain, and at all times comply with all applicable permissions, authorizations, licenses, certificates, applicable laws, regulations, orders, ordinances, by laws, judgments of courts or other judicial body that apply to the Consultant, including the CDM Rules;
- 2.2.2 To provide professional management of the Loan Activity, including but not limited to performance, monitoring and reporting of activities funded by the Loan Funds, as well as progress of the implementation of the Funded Project Activity;
- 2.2.3 To provide to UNOPS the final agreement with the Loan Recipient for all services relating to the Funded Project Activity, including all financial terms, by no later than the date of execution of that agreement or the date of this Loan Agreement, whichever is the later;
- 2.2.4 To carry out all activities for which it is responsible under this Loan Agreement with due diligence and efficiency, in good faith and applying best practices and industry standards;
- 2.2.5 To compile and provide all information related to Milestone Reports and/or other details as may be required by UNOPS, including completing and submitting the Atlas Vendor Profile form to UNOPS upon the signing of this Loan Agreement and in any event before the first request for Disbursement of Loan Funds;

- 2.2.6 That it declares its commitment to counteract corrupt practices in the execution of this Loan Agreement and shall not accept, either directly or indirectly, as an inducement or reward in relation to the execution of this Loan Agreement, any kind of offer, gift, payments or benefits, which would or could be construed as a corrupt practice;
- 2.2.7 To use all reasonable efforts to ensure that none of the Loan Funds are used to provide support to individuals or entities associated with terrorism and that any recipient of amounts provided by UNOPS hereunder do not appear on the list maintained by the Security Council Committee established pursuant to resolution 1267 (1999). The list can be accessed via <http://www.un.org/Docs/sc/committees/1267/1267ListEng.htm>;
- 2.2.8 That it shall promptly provide all information related to Milestone Reports and/or other details as may be required by UNOPS in a form satisfactory to UNOPS;
- 2.2.9 That it shall use its best efforts to achieve Validation and Registration of the Funded Project Activity and, where Registration is successful, to ensure Verification is undertaken and documented no less than biannually and to ensure that the Loan Recipient seeks CER Issuance promptly following Verification;
- 2.2.10 To ensure that none of the Loan Funds provided pursuant to this Agreement are used for any purposes other than the Loan Activity;
- 2.2.11 To disclose and immediately report to UNOPS any significant incident or situation that may affect the Loan Activity from further progressing or that may affect the Repayment of the Loan Funds to UNOPS by the Scheduled Date;
- 2.2.12 To ensure that it has or will obtain adequate life, health, accident, travel or any other insurance coverage for any of its personnel undertaking activities funded under this Loan Agreement and acknowledges that it is solely liable in this regard;
- 2.2.13 That it shall not provide any services to the Loan Recipient other than those permitted and/or necessary to implement the Loan Activity, nor shall it receive or purchase any CERs or other emissions reductions from the Funded Project Activity.
- 2.2.14 To maintain Loan Funds in dedicated and separate ledgers to the Consultant's ordinary funds.

2.3 Acknowledgements. The Consultant acknowledges that:

- 2.3.1 It is solely liable for any acts or omissions of its servants, subcontractors, agents and representatives and shall Notify UNOPS in case of any financial or integrity concerns detected at the Loan Recipient or any other party involved in the Loan Activity.

3. UNOPS Limitation of Liability

- 3.1 Each of the Consultant and the Loan Recipient shall severally indemnify, defend, save and hold UNOPS harmless in respect of any and all claims, losses or demands arising in connection with the Funded Project Activity or this Loan Agreement. This indemnity shall survive the termination or expiration of this Loan Agreement.
- 3.2 The Parties acknowledge that UNOPS and its representatives have made no actual or implied promise of any funding whatsoever other than in respect of the Loan Funds under this Loan Agreement.

4. Early Repayment

- 4.1 The Loan Recipient may, if it gives UNOPS not less than 30 (thirty) calendar days prior Notice, Repay before the Scheduled Date the whole or any part of the Loan Funds (but, if in part, being an amount that reduces the amount of Loan Funds by a minimum amount of USD 20,000).

5. Cancellation

- 5.1 The Loan Recipient may Cancel the whole or part of the undisbursed Loan Funds. Any such Cancellation shall be effected by the Parties through an amendment to this Loan Agreement in accordance with Clause 9 and shall reduce the amount of Loan Funds to be Repaid by the Loan Recipient accordingly.

6. Loan Recipient's Default

- 6.1 Each of the events or circumstances set out below constitutes in respect of the Loan Recipient an event of default (Loan Recipient Default):

6.1.1 Failure to Repay the Loan Funds by the Scheduled Date, unless such failure is caused by an administrative or technical error notified by the Loan Recipient and such Repayment is made by the date that is 15 (fifteen) calendar days after the Scheduled Date;

6.1.2 A material breach of any of the provisions of this Loan Agreement (excluding where otherwise provided under this Article 6), where such breach is not remedied within 30 (thirty) calendar days of Notification of breach by UNOPS to the Loan Recipient;

6.1.3 Insolvency or Insolvency proceedings.

- 6.2 The Loan Recipient shall promptly Notify UNOPS of any actual or potential Loan Recipient Default.

7. Consequences of Loan Recipient's Default

- 7.1 On or at any time after the occurrence of an Loan Recipient's Default UNOPS may, by providing Notice to the Loan Recipient and Consultant:

7.1.1 Cancel all undisbursed Loan Funds; and/or

7.1.2 Declare that all or part of the Disbursed Loan Funds shall be immediately due and Repayable whereupon such Disbursed Loan Funds become immediately due and Repayable by the Loan Recipient; and/or

7.1.3 Terminate this Loan Agreement in accordance with Article 11.

- 7.2 Upon the occurrence of sub-Article 7.1.2, the Loan Recipient shall Repay an amount equal to the Disbursed Loan Funds by no later than fifteen (15) calendar days after the date of Notice;

- 7.3 In addition to any of its rights, including under this Loan Agreement, in the event of non-Repayment of the Disbursed Loan Funds, as required by sub-Article 7.2, UNOPS may:

7.3.1 Seek to enforce the Repayment; and/or

7.3.2 Request the UNFCCC to withhold CERs Issued but not yet distributed to the Funded Project Activity; and/or

7.3.3 Contact the relevant DNA(s) to seek the assistance of the DNA.

8. Consultant's Breach

8.1 Each of the events or circumstances set out below constitutes in respect of the Consultant a breach (Consultant's Breach):

8.1.1 A material breach of any of the provisions of this Loan Agreement (excluding where otherwise provided under this Article 8), where such breach is not remedied within 30 (thirty) calendar days of Notification of breach by UNOPS to the Consultant;

8.1.2 Insolvency or Insolvency proceedings.

8.2 The Consultant shall promptly Notify UNOPS of any actual or potential Consultant's Breach and/or Loan Recipient's Default.

9. Consequences of Consultant's Breach

9.1 On or at any time after the occurrence of a Consultant's Breach UNOPS may, by providing Notice to the Loan Recipient and Consultant, terminate this Loan Agreement in accordance with Article 11.

9.2 Where UNOPS gives Notice of termination pursuant to Article 9.1 above, the Loan Recipient and UNOPS shall negotiate in good faith to agree and execute another Loan Agreement substantially similar to this Loan Agreement between each other. In such case, UNOPS shall be entitled, to elect to Disburse Loan Funds directly to the Loan Recipient, or include a different consultant, in such negotiations.

10. Force Majeure Event

10.1 Upon the occurrence of a Force Majeure Event, the affected Party shall promptly Notify the other Parties specifying the nature of the Force Majeure Event, the obligations of the affected Party under this Loan Agreement and the aspects of the Loan Activity that are affected by the Force Majeure Event, and the actions that the affected Party is taking, if any, to mitigate the Force Majeure Event.

10.2 The affected Party shall use reasonable efforts to mitigate the Force Majeure Event.

10.3 Where the Loan Recipient is the affected Party, the Parties may, but shall not be required to, agree to amend the Milestones under this Loan Agreement, and/or the Scheduled Date. Any such amendment shall be effected pursuant to Article 18.

10.4 Where the Force Majeure Event continues for a period of 6 consecutive months or 8 months in any calendar year:

10.4.1 Where UNOPS is a non-affected Party and the affected Party is the Loan Recipient, UNOPS may Cancel the undisbursed Loan Funds.

10.4.2 Where UNOPS is a non-affected Party and the affected Party is the Consultant, UNOPS may Cancel the undisbursed Loan Funds and terminate this Loan Agreement in accordance with Article 11, with respect to the Consultant only, in which case this Loan Agreement shall remain valid and enforceable as between UNOPS and the Loan Recipient.

11. Termination

11.1 Without prejudice to any rights and remedies available to it, UNOPS may terminate this Loan Agreement in whole or in part and by Notice (with the effective date of termination being no earlier than the date of the Notice, unless otherwise specified below):

11.1.1 At any time, with effective date of termination being no earlier than 14 calendar days after the date of Notice, to the Consultant and Loan Recipient in the event of a Termination of the CDM Loan Scheme. In this event, UNOPS shall effect Cancellation but shall not seek Acceleration;

11.1.2 With immediate effect to the Consultant and the Loan Recipient if UNOPS determines that corrupt, fraudulent or misrepresentative practices were engaged in by the Consultant and/or the Loan Recipient during the award and/or during the execution and/or performance of this Loan Agreement and, if appropriate, the Consultant had been Notified by UNOPS and the Consultant did not take timely and appropriate action that was satisfactory to UNOPS to remedy the situation. In this event, UNOPS may, in its sole discretion, effect Cancellation and/or Acceleration;

11.1.3 Following an Loan Recipient Default or Consultant's Breach; or

11.1.4 Following a Force Majeure event in accordance with Article 10.4.2. In this event, UNOPS may, in its sole discretion, effect Cancellation and/or Acceleration;

11.1.5 If the request for Registration of the Funded Project Activity is rejected by the Executive Board. In this event, UNOPS may, at its sole discretion, effect Cancellation and/or Acceleration.

11.2 Any portion of this Loan Agreement not terminated shall remain in full effect.

11.3 Early termination shall be without prejudice to rights accrued up to the effective date of termination.

12. General Conditions

12.1 **Use of name and emblem.** The Consultant and Loan Recipient shall not advertise or otherwise make public for purposes of commercial advantage or goodwill that they have a contractual relationship with UNOPS, nor shall the Consultant and Loan Recipient, in any manner whatsoever use the name, emblem or official seal of UNOPS, or any abbreviation of the name of the UNOPS in connection with its business or otherwise without the written permission of UNOPS.

12.2 **Confidentiality.** The Consultant and Loan Recipient shall not disclose the terms of this Loan Agreement to any third party. Notwithstanding the foregoing, the Consultant and Loan Recipient may disclose the terms of the Loan Agreement to the extent required by law, provided that, subject to and without any waiver of the privileges and immunities of UNOPS, the Consultant and Loan Recipient will give UNOPS sufficient prior notice of a request for the disclosure of information in order to allow UNOPS to take protective measures or such other action as may be appropriate before any such disclosure is made. These obligations and restrictions shall be effective during the term of the Loan Agreement, including any extension thereof, and shall remain effective following any termination of the Loan Agreement.

13. Accounting, Audit and Records

13.1 The Consultant and Loan Recipient shall each maintain all financial records, supporting documents, statistical records and all other records pertinent to this Loan Agreement in

accordance with generally accepted accounting principles or applicable national legislation to sufficiently substantiate expenditures paid for by Loan Funds.

- 13.2 Unless otherwise Notified, each of the Loan Recipient's records and the Consultant's records that pertain to this Loan Agreement shall be retained for a period of seven (7) years from the date of submission of the Final Financial Report and may be audited by UNOPS and/or its representatives upon request [at any time during the term of this Loan Agreement and for X years thereafter].
- 13.3 UNOPS shall retain the right to conduct a financial review, require an audit, or otherwise ensure adequate accountability of organizations or individuals expending Loan Funds.
- 13.4 The Consultant and Loan Recipient shall allow UNOPS staff and outside personnel (including third party entities engaged by UNOPS) the right of access to sites and premises of the Loan Activity and/or Funded Project Activity.

14. Sub-Agreements and Sub-Contracts

- 14.1 In the event that the Consultant requires the services of sub-consultants to perform any obligations under the Loan Agreement, the Consultant shall obtain the prior written approval of UNOPS. UNOPS shall be entitled, in its sole discretion, to review the qualifications of any sub-consultants and to reject any proposed sub-consultant that UNOPS reasonably considers is not qualified to perform obligations under this Loan Agreement. Any such rejection shall not, in and of itself, entitle the Consultant to claim any delays in the performance, or to assert any excuses for the non-performance, of any of its obligations under the Loan Agreement, and the Consultant shall be solely responsible for all obligations performed by its sub-consultants. The terms of any subcontract shall be subject to, and shall be construed in a manner that is fully in accordance with, all of the terms and conditions of the Loan Agreement.

15. Effective Dates of Notice

- 15.1 Any communication or document made or delivered by one Party to another under or in connection with the Loan Agreement will only be effective:
- 15.1.1 If sent to the address specified in the Loan Agreement, or such other address as the receiving Party may have Notified to the other Parties after the date of the Loan Agreement; and
- 15.1.2 If by way of fax, when received in legible form;
- 15.1.3 If by way of letter delivered by hand, one (1) calendar day following the date at which it was left at the relevant address;
- 15.1.4 If by way of letter sent by prepaid post, ten (10) calendar days after being deposited in the post;
- 15.1.5 By email, upon the next calendar day following the date on which the email was sent.

16. No Agency or Partnership

- 16.1 The Parties undertake that they will not hold themselves out as an agent, partner or co-venturer of any of the other Parties and agree and acknowledge that this Loan Agreement does not and is not intended to create any agency, partnership, joint venture or any other type of relationship between any of the Parties except the contract relationships established hereby.

17. No Fiduciary Duties

17.1 Nothing in this Loan Agreement constitutes UNOPS as a trustee or fiduciary of any other person.

18. Amendment

18.1 No modification of or change in this Loan Agreement, waiver of any of its provisions or additional contractual provisions shall be valid or enforceable unless previously approved in writing by the Parties to this Loan Agreement or their duly authorized representatives in the form of an amendment to this Loan Agreement duly signed by the Parties hereto.

19. No Assignment

19.1 The Loan Recipient and Consultant shall not assign, transfer, pledge or make other disposition of this Loan Agreement or any part thereof or of any of the Consultant's rights, claims or obligations under this Loan Agreement except after obtaining the prior written approval of UNOPS.

20. English Language

20.1 Any Notification given under or in connection with this Loan Agreement must be in English.

20.2 All other documents provided under or in connection with this Loan Agreement must be:

20.2.1 In English; or

20.2.2 If not in English, and if so required by UNOPS, accompanied by a certified English translation and, in this case, the English translation will prevail.

21. Disputes Resolution

21.1 The Parties shall use their best efforts to settle amicably any dispute, controversy or claim arising out of, or relating to this Loan Agreement or the breach, termination or invalidity thereof prior to seeking any other mode of settlement. Where the Parties wish to seek such a settlement through conciliation, this shall be undertaken in accordance with the UNCITRAL Arbitration Rules as at present in force. Where, in the course of such direct negotiation referred to above, the parties wish to seek an amicable settlement of such dispute, controversy or claim by conciliation, the conciliation shall take place in accordance with the UNCITRAL Conciliation Rules as at present in force. The parties shall be bound by any arbitration award rendered as a result of such arbitration as the final adjudication of any such controversy or claim.

22. Privileges and Immunities

22.1 Nothing in or relating to this Loan Agreement shall be deemed a waiver of any privileges and immunities of the United Nations and/or UNOPS.

ANNEX B**TERMS OF REFERENCE:
DESCRIPTION AND SCOPE OF LOAN ACTIVITY/PROJECT**

**[NOTE FOR DRAFT: PLEASE INCLUDE BRIEF DESCRIPTION OF THE SELECTED
LOAN PROPOSAL]**

ANNEX C**LOAN BUDGET**

**[NOTE FOR DRAFT: PLEASE INCLUDE SIMPLE COST BREAKDOWN OF THE
SELECTED PROPOSAL]**

ANNEX D

MODEL REPORTS

Milestone Report Template

UNOPS Loan Reference No.: Assigned Sequence Number/Issuance Year/Loan Recipient Name/Country; Assigned Sequence Number / Issuance Year / Country / Loan Recipient Name; example 001/2012/UGA/ XYZ
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MILESTONE STAGE: Example M1 – PDD Preparation Start
--

SUMMARY NARRATIVE

Note: Narrative – to describe or explain the progress status in line with milestone stage/expected results, with following headings to include inter alia.

- General status;
- Relation and Progress with Loan Recipient/Project Owner;
- Emerging issues: risks identified, impact and mitigation measures;
- (best-estimate) projection for loan recovery (in %)

OPERATIONAL MATTERS:

Note: Please describe any complications encountered (also to insert in below Issue Log to register existing issues throughout Loan cycle)

ISSUES LOG: (Rolling list)

Issue No./Ref	Date identified	Date of update	Description & Comments	CATEGORY - a) PDD Process; b) National Approval c) Validation d) Registration d) Repayment Risk	Next actions	Responsible Person

Financial Report / Payment Request Template

UNOPS Loan Reference No.: Assigned Sequence Number / Issuance Year / Country / Loan Recipient Name; example 001/2012/UGA/XYZ

LOAN Budget Status:

Milestone - Description	Loan \$ received	Loan \$ spent	Loan \$ Balance	Repayment Chance %
M1 - PDD Preparation Start	5,000		5,000	95%
M2 - Validation Start	\$ 20,000			
M3 - Draft Validation Report	\$ 15,000			
M4 - CDM Registration Request	\$ 10,000			
M5 - UNFCCC Registration	\$ 20,000			
M6 - Monitoring & Verification	\$ 25,000			
M7 - Loan Repayment	\$ 5,000			
Total Loan	\$ 100,000	\$ -	5000	95%

Note: M1 - Actual due amount be reduced by \$ 5,000 withhold (as provisional fee). Same will be released upon completion of M7.

The indicated milestone has been fully achieved in line with the signed Loan Agreement, and the due amount of US\$ _____ is hereby requested to be released to the registered CDM Consultant.

Yes
 No

I, the undersigned CDM Consultant, confirm that I have reviewed the relevant documentation and expenditure records related to the specific milestone with respect to the UNFCCC CDM Loan Scheme and I certify that it is a true reflection of the necessary CDM work and directly related costs incurred in accordance with the signed Loan Agreement and that no fraud, corruption and/or misconduct has been committed. I confirm that all related expenditures are fully supported by valid documentation which is available on request if required for audit purposes.

Signature: _____
 Name:
 Title:
 Company:
 Date: _____