

**PUBLIC DISCLOSURE AUTHORISED**

**CARIBBEAN DEVELOPMENT BANK**



**GEOHERMAL ENERGY DEVELOPMENT - ST. VINCENT:**

**CONTRIBUTION BY THE GOVERNMENT OF THE UNITED KINGDOM OF GREAT  
BRITAIN AND NORTHERN IRELAND, THROUGH THE DEPARTMENT FOR  
INTERNATIONAL DEVELOPMENT**

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Considered at the Two Hundred and Seventy-First Meeting  
of the Board of Directors on May 16, 2016.

**Paper BD 75/16**

<i>Head, REEEU Office of Vice-President (Operations)</i>	<i>Tessa Williams-Robertson</i>
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**MAY 2016**

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**CARIBBEAN DEVELOPMENT BANK**

**TWO HUNDRED AND SEVENTY-FIRST MEETING OF THE BOARD OF DIRECTORS  
TO BE HELD IN JAMAICA  
MAY 16, 2016**

**PAPER BD75/16**

**GEOTHERMAL ENERGY DEVELOPMENT - ST. VINCENT:  
CONTRIBUTION BY THE GOVERNMENT OF THE UNITED KINGDOM OF GREAT  
BRITAIN AND NORTHERN IRELAND, THROUGH THE DEPARTMENT FOR  
INTERNATIONAL DEVELOPMENT**

**BACKGROUND**

1.01 The Borrowing Member Countries (BMCs) of the Caribbean Development Bank (CDB) are blessed with having abundant indigenous renewable energy (RE) resources in the form of solar, wind, hydro, and in some cases, geothermal. This presents the opportunity, with financially-viable, and climate-friendly investments, to improve energy security and reduce the burden of high electricity costs. This high electricity cost is particularly an issue for the Eastern Caribbean (EC) countries, where energy sector markets do not benefit from economies of scale due to small size and isolation and no interconnection across states. Average unit prices for electricity were as high as USD0.40/kWh when oil prices peaked in 2014. Electricity unit prices have since fallen, due to reductions in fuel surcharges, by as much as 50% in some cases. However, relative to North American unit prices, tariffs in the sub-region are still three times as much, due to small market size and the absence of opportunities for economies of scale. The cost of electricity and its potential for variability on the high side, has been identified as a significant component of the cost of doing business for government agencies, enterprises of all sizes, and a burden for the majority of domestic consumers, impacting levels of investment and economic growth.

1.02 These EC countries import almost all of their primary energy sources in the form of fossil fuels, from which electricity is largely generated, except in the case of Dominica and St. Vincent and the Grenadines where hydro-power provides some diversity in the energy mix. For the EC countries, the high expenditure on imported fossil fuel is a significant user of foreign exchange and contributes to higher than prudent levels of country indebtedness. This situation has increasingly turned attention to the high electricity prices and its impact on competitiveness, both in local and export markets.

1.03 Opportunities for development of RE and energy efficiency (EE) have remained largely unexploited by both the public and private sectors and are only recently the focus of several international, regional, and national agencies. In the context of global attention to the effects of climate change, and the associated availability of funding to address mitigation interventions, there is now more likelihood of concessional funding for RE and EE expansion. The barriers to financing RE/EE development include insufficient availability of appropriate financing (given the perception of high risk and the capital-intensive nature of investments); the absence of adequate legislative and regulatory frameworks; and weak institutional capacity. The existence of strong off-takers (utilities) for energy produced would be critical to the success of RE initiatives.

1.04 CDB's Energy Sector Policy and Strategy, approved in December 2014, declares CDB's intention to transform "the energy sector to significantly increase energy security and sustainability, enabling economic growth". Two of its relevant objectives are to:

- (a) assist BMCs with the timely provision of adequate, affordable, reliable, sustainable, and clean energy services, to all segments of the society; and
- (b) be a key regional energy sector development financier, to serve as a catalyst for attracting concessionary resources to the Region, and as an intermediary for financial and technical assistance resources for BMCs.

The Bank's Strategic Plan 2015-19 also highlights energy security as a cross-cutting theme in its work across all sectors.

1.05 CDB has signaled its intention to support the development of geothermal resources in EC and launched a GeoSmart initiative for the purpose. This initiative is a partnership for supporting geothermal energy (GE) development, initiated by CDB. There is inherent risk at each stage of GE development, and this initiative allows CDB to offer financial instruments tailored for each stage to enable sub-projects to advance to subsequent stages, through to plant construction. CDB is mobilising resources of appropriate price and other terms in order to provide grants, contingently recoverable grants (CRG) and concessional loan resources to Governments and special purpose vehicles (SPVs), established as public private partnerships (PPPs), for the purpose of addressing the specific challenges that GE development faces, given its risk profile. The activities to be supported include drilling of early stage exploration wells (slim holes) and/or production wells for which risk mitigation instruments are best suited - grants and CRGs. Further production well and re-injection well drilling can be supported with concessional loans. In October 2015, the CDB Board of Directors approved, and agreements were signed for, the acceptance of loan and grant resources from the Inter-American Development Bank (IDB) under the Sustainable Energy Facility (SEF) for the EC, which included the initial resources in support of GeoSmart objectives.

1.06 Six of the EC BMCs have GE prospects, and five of them are candidates for concessional assistance from CDB – Dominica, Grenada, St. Kitts and Nevis, St. Lucia, and St. Vincent and the Grenadines. The sixth is Montserrat, a United Kingdom (UK) overseas territory which is receiving full UK support for its GE development. The first of these countries to express interest in accessing SEF resources is St. Vincent and the Grenadines and, since July 2015, CDB has been engaged in discussions to prepare an appropriate intervention.

1.07 In parallel with CDB/IDB activities, UK Department for International Development (DFID) signaled its intention to support the de-risking of GE development in the EC sub-region with grant resources for four independent EC countries – Dominica, Grenada, St. Lucia and St. Vincent and the Grenadines. Encouraging the parallel utilisation of these funds with CDB/IDB resources has been the focus of discussions for some time now. Agreement has now been reached with both DFID and the Government of St. Vincent and the Grenadines (GOSVG) that DFID Grant resources, in the amount £4 million (mn), will be contributed to the Geothermal Drilling Project - St. Vincent (the Project). Given the high risk profile for this stage of GE development, financing is usually with grant or CRG resources.

## **2. PROPOSAL/DESCRIPTION**

2.01 St. Vincent Geothermal Holdings Ltd. (TGC), an international business company formed under the laws of St. Lucia and owned by Emera (Caribbean) Inc., formerly Barbados Light and Power Company

Ltd. (80%) and Reykjavik Geothermal Ltd. (20%), a specialist GE developer incorporated in Iceland, has established with GOSVG, an SPV in the form of a PPP - St. Vincent Geothermal Company Ltd. (SVGCL) - for the purpose of GE development in the La Soufriere region in northern St. Vincent. The proposed equity split for the SPV is 75:25, TGC: GOSVG. SVGCL expects to develop a geothermal plant of 10-15 MW provided technical feasibility is established and financial close is achieved. CDB proposes to support that development through the plant construction stage, once feasibility is determined. However, the current proposal is for financing the drilling phase of the GE development, which includes drilling three production size wells and ancillary works, along with the verification of well results and confirmation of the adequacy of the geothermal resource to satisfy the objective.

2.02 It is proposed that CDB will provide a CRG of USD9.5 mm, allocated from resources provided to CDB by IDB, acting as the implementing entity of the Clean Technology Fund (CTF), under the SEF, to assist SVGCL in financing the Geothermal Drilling Project – St. Vincent. It is also proposed that the DFID grant resources in the amount of £4.0 mm (currently estimated at USD5.68 mn) be utilised by GOSVG to contribute to the capital of SVGCL, to assist in the financing of the Project. The Project will be presented to the CDB Board of Directors for consideration at its meeting in May 2016.

### **3. PROJECT OBJECTIVE AND OUTCOME**

3.01 The Project objective is to prove the existence of the geothermal resource on St. Vincent and to improve SVGCL's ability to reach financial close for a 10-15 MW geothermal plant, if exploratory and production well drilling results are favourable and feasibility is demonstrated. The proposed allocation of grant and CRG resources for the high-risk drilling phase of the Project will go a long way towards de-risking the investment, firstly making it possible, and then ultimately contributing to capex cost reduction of the overall development. The outcome of the Project will be the enhanced capability of SVGCL to make an evidence-based determination of the feasibility of continuing GE development in the La Soufrière region for electricity production, while advancing the drilling programme.

### **4. JUSTIFICATION /BENEFITS**

4.01 The islands with GE potential in the EC have not made the expected progress towards its full-scale development. Dominica is the only one that has made substantial progress with a successful drilling programme, however, financial close for the construction of a geothermal plant has been delayed. The existence of several barriers to investment (discussed in paragraph 1.03) presents the rationale for the GeoSmart initiative which has seen CDB mobilising grant, CRG and concessional loan resources for the purpose of de-risking these types of projects. One lesson learned from other International Financial Institutions with similar projects indicates that mobilisation and provision of concessional resources for the high risk, early stage of GE development is critical.

4.02 The DFID Grant will support the drilling programme and will remain with SVGCL as GOSVG equity in the SPV. The CDB/CTF resources will convert to a highly concessional loan once drilling "success" is achieved. Estimates from SVGCL's Business Plan, tested by independent consultants, suggest that through the deployment of the combination of grant and CRG to support this stage of the development, combined with concessional loans for full-scale development, the cost of generation could be reduced by around 20%. This will ultimately have the effect of stabilising tariffs, possibly reducing them, and moving GOSVG closer to its energy security objective.

4.03 Negotiations have recently been concluded with the Government of the United Kingdom of Great Britain and Northern Ireland (Government of the UK), through DFID, on a Memorandum of Understanding (MoU), substantially in the form of Attachment 1, for the purpose of contributing £4.0 mn to GOSVG.

**5. PROCUREMENT**

5.01 Procurement of goods and services will be carried out by CDB and such procurement will be managed in accordance with CDB's own regulations, rules, policies, procedures and directives.

**6. GENERAL**

6.01 Under the MoU, CDB is required to provide DFID with six-monthly progress reports on the execution of the Project and on the receipt and utilisation of the Grant resources. CDB will be paid an amount not exceeding £200,000 or 5% of the DFID Grant to cover its administration and management costs. Upon Project finalisation, an independent evaluation of the activities financed from the DFID Grant will be conducted.

**7. RECOMMENDATION**

7.01 It is recommended that the Board of Directors authorise CDB to enter into an MoU, substantially in the form of the draft attached hereto as Appendix 1, with the Government of the UK, acting through DFID, for the provision of a Grant of £4.0 million to GOSVG to contribute to the capital of SVGCL, for the purpose of assisting SVGCL in financing the geothermal drilling project.

MEMORANDUM OF UNDERSTANDING

Between

The Government of the United Kingdom of Great Britain and Northern Ireland acting through the  
Department for International Development (“DFID”)

and

**Caribbean Development Bank (CDB)** (“CDB”)

together called “the Participants”

**Increasing renewable energy and energy efficiency in the Eastern Caribbean**

**Project Number: ARIES 205061**

**Component Number: 205061-102 - Support to Geothermal development in the Eastern  
Caribbean**

**Purchase Order: (*to follow*)**

1. The arrangements and the purpose for which the Grant will be used are set out in this Memorandum of Understanding (MoU) and its Annexes and the corresponding **BUSINESS CASE 201986 (Increasing renewable energy and energy efficiency in the Eastern Caribbean)**, collectively referred to as “this Arrangement”.
2. DFID will make available a sum not exceeding **£4,000,000 (Four Million pounds sterling)**. The disbursement schedule will be based on the final contract between the recipient of the funding and the contractor.
3. The funding amount is subject to revision and will depend on the fulfilment of the provisions of this MoU, any revisions to budgets, actual expenditure and need and the continuing availability of resources to DFID.
4. The project will start on December 1, 2016 and is expected to end on October 31, 2017.

## **Disbursement and Reporting**

5. When requesting payment CDB should complete **Annex 2**, Payment Request Form. Payment will be made to the bank account details provided on the DFID supplier portal. Participants should confirm the appropriate bank details on the portal and the Payment Request Form.
6. In line with UK Government financial regulations, DFID will not pay in advance of operational need, unless this has been justified and approved in writing by both Participants. Where CDB is holding DFID funds, prior to disbursement, funds may be invested prudently and in low risk investments. Any interest accruing from these investments will be re-invested within project programme activities or in accordance with CDB's rules and regulations.
7. CDB will provide DFID with regular 6 monthly progress reports on the execution of the projects, programmes and activities that describe performance against performance indicators contained in the DFID logframe (where appropriate) and on the associated receipt and utilisation of the resources used to deliver these.
8. CDB will also submit to DFID annual financial reports that set out clearly actual expenditure against the approved project budget and forecast expenditure. In multi-donor arrangements, these reports should clearly segregate the DFID proportion of funding.

## **Due Diligence**

9. In utilising the funding CDB will exercise the same care in the discharge of its functions under this Arrangement as it exercises with respect to the administration and management of its own resources and affairs. CDB shall co-operate fully with any due diligence assessment by DFID or its agents, of CDB's own internal controls and systems. These assessments should be completed prior to project implementation and will last for 3 years, unless there is a significant change to CDB's procedures and controls or operating environment.
10. Additionally CDB shall take the necessary steps at the commencement of the project and at regular intervals throughout the implementation to assess the internal controls and systems of all recipients of the funding. These assessments will be shared with DFID, will inform DFID's own due diligence monitoring, and where necessary, both Participants will determine possible actions project risk and mitigation.



## **On-going Audit and Assurance**

11. CDB will within 6 months of the end of each financial year provide DFID with independent assurance that DFID funds have been used for the intended purposes. CDB will provide a copy of the annual CDB financial report (showing UK funds separately) audited by an independent and appropriately qualified auditor.

12. Receipt of the appropriate audit documentation above will generally be accepted as suitable audit discharge. However, DFID or its agents do reserve the ability to request additional audits and information from CDB during the course of the project. The reason for any request will be justified by DFID and CDB will give due consideration to such requests and provide DFID with a timely and substantive response, in line with their information disclosure policies. The costs of providing such information will be agreed, upfront between both Participants.

## **Accountability**

13. DFID will not be responsible for the activities of any person, organisation or company engaged by CDB or its agencies as a result of this Memorandum, nor will DFID be responsible for any costs incurred by CDB or its agencies in terminating the engagement of the aforementioned persons, organisations or companies.

14. Although accountable to DFID for the appropriate use of funding and delivery of project objectives, CDB will retain ultimate responsibility for the use of funding and will work with the recipients of the financing to respond to and work to resolve complaints alleging that the effects of aid expenditure have had an adverse environmental or social impact upon any person.

## **Communication and Branding**

15. CDB will collaborate with DFID and proactively look for ways to build support for development and raise awareness of DFID's funding. CDB will explicitly acknowledge DFID's funding, in written and verbal communications about activities related to the funding, to the public or third parties, including in announcements, and through use, where appropriate, of DFID's "UK aid – from the British people" logo ('UK aid logo') in accordance with DFID standards for use of the UK aid logo, unless otherwise agreed in advance by DFID and in all cases subject to security and safety considerations of CDB.

16. CDB will provide a visibility statement of how and when they will acknowledge funding from DFID and where they will use the UK aid logo, which should be approved by DFID. CDB will include reference to this in its progress reports and annual reviews.

17. CDB may use the UK aid logo in conjunction with other donor logos, and where the number of donors to a programme or project is such as to make co-branding impractical, acknowledgement of funding from DFID should be equal to that of other co-donors making contributions of equivalent amounts to the programme or project.

### **Intellectual Property**

18. Intellectual property developed in all material (including, but not limited to, reports, data and designs, whether or not electronically stored) produced by CDB or its personnel, members or representatives in the course of this project (“the Material”) will be the property of CDB.

19. In signing this Arrangement CDB hereby grants to DFID a worldwide, non-exclusive irrevocable and royalty-free licence to use all the Material, where “use” shall mean, without limitation, the reproduction, publication and sub-licence of all the Material and the intellectual property therein, including the reproduction and sale of the Material and products incorporating the same, for use by any person or for sale or other dealing anywhere in the world.

### **Fraud and Corruption**

20. DFID and CDB will immediately and without undue delay inform the other Participant of any event which interferes or threatens to materially interfere with the successful implementation of the project, whether financed in full or in part by DFID, including credible suspicion of or actual fraud, corruption or any other financial irregularity or impropriety.

21. DFID have an expert fraud investigation unit, that should be contacted in the first instance at [fraud@dfid.gov.uk](mailto:fraud@dfid.gov.uk) or +44 (0)1355 84 3747. All suspicions will be treated with the upmost confidentiality. For CDB, the Office of Integrity, Compliance and Accountability (ICA) should be contacted at [ica@caribank.org](mailto:ica@caribank.org) or by telephone at +1 (246) 431-1777. All complaints and information received by either Participant which alleges wrongdoing in relation to the funding will be handled securely, treated as strictly confidential by both Participants and promptly shared with each other.

22. DFID and CDB have a zero tolerance approach towards fraud and fraudulent behaviour that may lead to the misuse of funds and agree in principal to recover such funds. CDB will, at first, take timely and appropriate action to investigate credible allegations of fraud, however both Participants will fully co-operate with investigations into such events, whether led by CDB or DFID.

23. In the event of any credible indications that UK funds may have been subject to fraud, DFID, may, at any time during the period of this Arrangement and up to five years after the end of the programme, arrange for additional fraud investigations, on-the spot checks and / or inspections to be carried out. These may be carried out by DFID, or any of its duly authorised representatives. Any costs associated with the provisions of Sections 21 to 23 have not been included as part of the management and administration costs and will be met separately from the resources of the Grant.

24. DFID reserves the right to recover funds that have been misappropriated due to a proven fraud and will work with CDB to do so. Where fraudulent or unethical activity is determined to have occurred, DFID reserves the right to terminate funding with immediate effect, in preference to the standard notice period and irrespective of any contractual requirements. DFID reserves the right immediately to suspend its funding whenever an allegation of fraudulent or unethical activity or other wrongdoing is received and such suspension may be done by DFID irrespective of any contractual requirements. Before any suspension, termination or other sanction is imposed by DFID against a wrongdoer, DFID will notify CDB with sufficient time to enable ICA to make appropriate arrangements to assist any investigation being undertaken into the matter for which the sanction is imposed.

25. CDB will, as far as possible, assure itself that the funding, including financial assets or economic resources is not made available, either directly or indirectly to, or for the benefit of persons, groups or entities listed in accordance with European Council Regulation EC/2580/2001 (as amended) and/or the Terrorism (United Nations Measures) Orders 2009 of the United Kingdom, or contravene the provisions of those and that of any subsequent applicable terrorism legislation. DFID will advise CDB of any changes to these regulations.

26. Recognising the obligations of CDB's member countries under various United Nations Security Council Resolutions to take measures to prevent the financing of terrorism, CDB undertakes to use reasonable efforts, consistent with CDB's Charter and policies, including those pertaining to combating the financing of terrorism, to ensure that funds provided under this Arrangement are used for their intended purposes and are not diverted to financing of terrorism; nor are they used to provide support to individuals or entities associated with terrorism. CDB must inform DFID in a timely manner if, during the course of this Arrangement, CDB becomes aware that funds provided under this Arrangement are being used 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.

## **General Termination**

27. If DFID becomes concerned that the provisions of this MoU have not been fulfilled by CDB, or if any activities occur which in DFID's opinion will significantly impair the development value of the project, DFID will discuss with CDB and form an assessment. DFID may then take any of the following actions:

- Signal a possible future response
- Delay or reduce the applicable funding
- Stop aid under the termination provisions set out within this Arrangement

28. Both Participants will at first negotiate in an attempt to resolve any issues that might arise throughout the project. However, this Arrangement can be terminated, at any time, by three months' written notice by either Participant. All remaining funds other than those irrevocably committed in good faith before the date of termination, in line with project objectives and approved between the two Participants as being required to finalise activities, will be returned to the DFID.

29. Additionally any unspent funds remaining at the scheduled end of a project, must be returned to DFID unless specifically decided between both Participants, in writing. The template in Annex 3 should be used when returning funds.

## **Additional Provisions**

30. A proportion of the funding may be used to cover administration and management costs associated with the project. Indirect administration and management costs should not exceed £200,000 or 5% of **grant resources**. Increases to this need to be evidenced and approved by both Participants in writing.

31. CDB will conduct an independent evaluation of the activities financed from the Grant that will focus on the results achieved, efficiency, effectiveness of implementation and quality of administration. This will be provided to DFID within 6 months of project finalisation. Annual Interim process evaluations will also be conducted and submitted prior to the DFID Annual Performance Review.

32. The Grant will not, unless approved by DFID in writing, be used to meet the cost of any import, customs duties or any other taxes or similar charges, applied directly or indirectly, by local Governments or by any local public authority on the goods / services provided.

33. Under this Arrangement CDB will submit all payment requests and invoices electronically.

34. It is understood that the bank account into which the funding shall be paid may be an already-existing account maintained by CDB. CDB will maintain records that are sufficiently detailed to ensure that it will be able to account for and monitor the proceeds of the funding separately from any other funds deposited to that bank account.

35. CDB will work towards applying transparency standards in line with the UK Aid Transparency Guarantee and the International Aid Transparency Initiative (IATI), to the funds received from DFID. In line with this guarantee and DFID's transparency commitment, CDB will make substantive efforts to publish information about DFID funded projects, in line with relevant categories of the IATI standard, on their own website. In line with DFID's Transparency commitments, CDB gives consent for this Arrangement (and any subsequent amendments) and associated funding to be published on DFID's website.

36. If this Arrangement is acceptable to CDB it will place on record the understanding of the Participants and will come into operation on May 16, 2016, subject to the approval on that date by the Board of Directors of CDB of the financing for the project "Geothermal Drilling – St. Vincent and the Grenadines".

37. In the event of translation the English text of this document will prevail. Any amendments to the provisions contained within this Memorandum will be set out in writing and approved by the authorised personal through DFID's standard amendment letter or, where significant, a revised MoU.

**Signed on behalf of DFID:**

Name:

Position: Deputy Head of Office, DFID Caribbean

Address/Contact Details: British High Commission, Lower Collymore Rock,  
St. Michael, Barbados.

Date:

**Signed on behalf of Caribbean Development Bank:**

Name: Patricia McKenzie

Position: Vice-President (Operations)

Address/Contact Details: Caribbean Development Bank, Wildey  
St. Michael, Barbados

Date:

## **ANNEX 1: PROCEDURES AND PRACTICES FOR UNITED KINGDOM SUPPORT**

### **Introduction**

1. This document sets out the procedures and practices applicable to support provided by the United Kingdom, including payment, procurement and audit arrangements.

### **Disbursement of the Grant**

2. In line with UK financial rules and regulations, disbursements, in advance of operational need should only be made when they have been properly justified. This justification will need to be set out in writing as part of this Arrangement. All payments will be made on submission of an appropriate claim from CDB.
3. All claims should be accompanied by any relevant supporting documents and should include the necessary information to allow DFID to make payments to the bank details provided on the DFID supplier portal. The **Request for Payment template in Annex 2** sets out the recommended format for this information which must include the following information:
  - a. Title of Grant
  - b. Project location/official address
  - c. Amount of claim
  - d. Details of expenditure
  - e. Bank account details (*To corroborate with the Bank details provided on DFID's Supplier Portal*)
  - f. Details of audit discharge being applied to the project (*See audit discharge options below*)
  - g. All claims must also include the following certification statements:

"I certify that this claim is correct and that the sum requested is properly due on the basis of the information provided, project objectives and on the work carried out or future work plans. I have the authority to sign this on behalf of..."
4. All outstanding claims must be submitted within six months of the project end date.

5. DFID's funding amount is agreed as per the Great British Pound (GBP) value, as at the date of agreement. DFID's preferred currency for disbursements is in GBP, however where it is more efficient to pay in foreign currency, DFID is prepared to do so.

### **Supplier Portal**

6. If you are an existing DFID partner, payments will be made into the bank account as detailed on the DFID portal. Please ensure your details are accurate and up to date. If the payment is to go to a different account from the one already registered, you must set up an additional entry on the portal. If your organisation has more than one account registered with us, please confirm within the payment request form, the details of the account entry to be used.
7. If you are a new supplier/recipient you must register with us on the DFID portal: <https://supplierportal.dfid.gov.uk/selfservice/>. In the event of any changes being required you should update your details immediately on the portal, failure to do so could lead to delays in payment.

### **Audit discharge of aid funds**

8. In line with UK financial management requirements DFID must obtain independent audit assurance that funds have been used appropriately. Audit arrangement should be tailored to programmes to ensure that it provides effective assurance but is also efficient.
9. Although audit assurance is often provided through independently audited project specific statements, projects are not restricted to this and may obtain assurance through, for example, an independent internal audit function integrated to the programme or independent audit assurance of payment requests. Project audit arrangements must be recorded within the audit section of this Arrangement.

### **Procurement of Goods and Services by CDB**

10. Procurement of goods and services may be carried out by CDB throughout this funding. CDB will manage such procurement in accordance with its own regulations, rules, policies, procedures and directives. All procurement should take regard of international best practice, applicable regulations and be designed to achieve maximum value for money.

11. Records of all procurement activity must be kept by CDB and made available to DFID, upon request. DFID reserves the ability to assess the procurement capacity and capability of CDB at any time.



**ANNEX 2: PARTNER PAYMENT REQUEST FORM**

<b>To:</b>	Accounts Payable, DFID, Abercrombie House, East Kilbride, Scotland  <i>(NB. Where payment request is not electronic and originates from overseas, request should be sent via the local DFID Country Office)</i>
<b>Cc:</b>	<b>[DFID Project Manager Country / Department X]</b>

**Title and Details of Funding**

Organisation			
Title of Grant / Project name			
Project Location			
Details of Expenditure			
DFID Component Code / Purchase Order No.			
Date of Claim			
Period of Funding Request	[dd/mm/yyyy]	<i>to</i>	[dd/mm/yyyy]
<b>Payment Request Amount</b>			

**Bank Details**

Bank Name:	
Bank Postal Address:	
Name of Account:	
Bank Account Number:	
Sort Code:	
Currency of Bank Account:	
IBAN number: [required for bank accounts within Europe]	
SWIFT number:	
ABA or BIC Number: [BIC required for bank accounts within Europe]	
Intermediary bank details:	
Bank Email Address:	

Audit Discharge

*Specify details of audit discharge through annual audited statements / continuous audit / agency audit*

Certification

I certify that this claim is correct and that the sum requested is properly due on the basis of the information provided, project objectives and on the work carried out or future work plans. I have the authority to sign this on behalf of the **{Partner}**

Authorised Signatory .....

Date .....

Name:

Position:

Address/Contact Details:

### ANNEX 3: NOTIFICATION OF RETURN OF FUNDS TO DFID

To:	Treasury and Banking, DFID, Abercrombie House, East Kilbride, Scotland, <i>(NB. Where notification of return is not electronic and originates from overseas, request should be sent via the local DFID Country Office)</i>
Cc:	[DFID Programme Manager Country X]

#### Project Details

Partner Name	
Title of Grant / Project name	
Purchase Order / Component Code	
Payment Date	
Payment Amount to DFID	

#### Bank Details

DFID Bank:	Citibank
DFID Sort code:	08-33-00
DFID Account number:	12294702
DFID Account Code	
DFID Component Code	

#### Payment Method

For UK Payments under £10,000 we recommend the use of BACS. For UK Payments in excess of £10,000 we recommend the use of CHAPS. Cheques should be made payable to 'Department for International Development' and sent to the DFID Programme Manager. All payments direct from overseas bank accounts should also quote the following:

Pay	<i>Citi London</i>
BIC/Swift	<i>CITIGB2L</i>
IBAN	<i>GB33CITI08330012294702</i>
Posting Address	<i>25 Canada Square , Canary Wharf, London , E14 5LB</i>

<b>Partner Contact Details</b>	
Name:	
Position:	
Address:	
E-mail:	

**ANNEX 4: NOTIFICATION OF PAYMENT BY DFID**

<b>To:</b>	<b>{Name of Partner, (Country Office)}</b>
<b>CC:</b>	<b>{DFID X} Country Office</b>

<b>Partner Name</b>	
<b>Title of Grant / Project name</b>	
<b>Purchase order / Component Code</b>	
<b>Payment Date</b>	
<b>Payment Amount</b>	

Payment has been made to the bank account as detailed on the DFID portal, confirmed below:

<b>Bank Name:</b>	
<b>Bank Postal Address:</b>	
<b>Name of Account:</b>	
<b>Bank Account Number:</b>	
<b>Sort Code:</b>	
<b>Currency of Bank Account:</b>	
<b>IBAN number:</b> [required for bank accounts within Europe]	
<b>SWIFT number:</b>	
<b>ABA or BIC Number:</b> [BIC required for bank accounts within Europe]	
<b>Intermediary bank details</b>	

<b>DFID Contact Details</b>	
<b>Name:</b>	
<b>Position:</b>	
<b>Address:</b>	
<b>E-mail:</b>	