United Nations Environment Programme
Mr. Achim Steiner, Executive Director
United Nations Avenue, Gigiri
PO Box 30552, 00100
Nairobi, Kenya

Re: Cities Alliance – Mainstreaming the environment in the Cities Alliance activities
Joint Work Programme between United Nations Environment Programme and the
Cities Alliance (Project) Trust Fund Grant No. TF094666
Additional Instructions: Disbursement
First Restatement

Dear Mr. Steiner:

I refer to the Letter Agreement ("Agreement") between the International Bank for
Reconstruction and Development and the International Development Association
(collectively, "World Bank"), acting as administrator of grant funds provided under the
Cities Alliance Multi-Donor Trust Fund, and United Nations Environment Programme
(UNEP) (the "Recipient") for the above-referenced project ("Project"), dated August 3,
2009. The Agreement provides that the World Bank, acting as administrator of grant
funds provided under the Cities Alliance Multi-Donor Trust Fund, may specify by notice
to the Recipient additional instructions regarding the withdrawal of the grant proceeds for
Grant TF094666 ("Grant"). This letter ("Disbursement Letter"), as revised from time to
time, constitutes the additional instructions.

This Disbursement Letter is a First Restatement of the Disbursement Letter dated
August 3, 2009 for the above-referenced project restating Attachment 3 to increase the
amount of the Final Reimbursement to USD 79,684. All other provisions of the
Disbursement Letter dated May 22, 2007, except as amended, shall remain in force and
effect.

The attached World Bank Disbursement Guidelines for Projects, dated May 1,
2006, ("Disbursement Guidelines") (Attachment 1), are an integral part of the
Disbursement Letter. The manner in which the provisions in the Disbursement Guidelines
apply to the Grant is specified below. Sections and subsections in parentheses below refer
to the relevant sections and subsections in the Disbursement Guidelines and, unless
otherwise defined in this letter and the Agreement, the capitalized terms used have the meanings ascribed to them in the Disbursement Guidelines.

I. Disbursement Arrangements

(i) Disbursement Methods (section 2). The following Disbursement Methods may be used under the Grant:

- Advance
- Reimbursement – for eligible expenditures covered under the final Project audit and in excess of advances disbursed under this Grant.

(ii) Disbursement Deadline Date (subsection 3.7). The Disbursement Deadline Date is the Closing Date specified in the Grant Agreement.

II. Withdrawal of Grant Proceeds

(i) Authorized Signatures (subsection 3.1). A letter in the Form attached (Attachment 2) should be furnished to the World Bank at the address indicated below providing the name(s) and specimen signature(s) of the official(s) authorized to sign Applications:

The World Bank
1818 H Street, NW
Washington, DC 20433
United States of America

Attention: Cities Alliance Secretariat
Disaster Risk and Urbanization Management Department
Mail Stop No. MC4-413

(ii) Applications (subsections 3.2 - 3.3). Please provide completed and signed Applications, together with supporting documents, to the address indicated below:

The World Bank
1818 H Street, NW
Washington, DC 20433
United States of America

Attention: Cities Alliance Secretariat
Disaster Risk and Urbanization Management Department
Mail Stop No. MC4-413
(iii) Advances (sections 5 and 6).

- **Type of Designated Account (subsection 5.3):** Pool Account
- **Currency of Designated Account (subsection 5.4):** US Dollars
- **Financial institution at which the Designated Account Will Be Opened (subsection 5.5):** J.P. Morgan Chase
- **Ceiling (subsection 6.1):** USD 150,000

III. Reporting on Use of Grant Proceeds

(i) Supporting Documentation (section 4). Supporting documentation should be provided with each Application, as set out below:

- **For Applications for Advances (subsection 3.3) and for Reporting on the Use of Advances (subsection 4.4):**
  - Applications for advances should be accompanied by the documents specified in Attachment 3, including:
    - Interim Financial Reports in the indicative format provided in Attachment 4

- **For Applications for Reimbursement:**
  - Applications for reimbursement should be accompanied by the documents specified in Attachment 3, including:
    - Audited Financial Statements referred to in Attachment 3 and as specified in the Agreement, and
    - Completion Report referred to in Attachment 3 and as specified in the Agreement

(ii) Frequency of Reporting Eligible Expenditures Paid from the Designated Account (subsection 6.3): The periodicity specified in the Agreement for furnishing interim unaudited financial reports.

IV. Other Important Information


If you have not already done so, the World Bank recommends that you register as a user of the Client Connection website ([http://clientconnection.worldbank.org](http://clientconnection.worldbank.org)). From this website you will be able to download Applications, monitor the near real-time status of the Grant, and retrieve related policy, financial, and procurement information. For more
information about the website and registration arrangements, please contact the World Bank by email at <clientconnection@worldbank.org>.

If you have any queries in relation to the above, please contact Mr. Madhavan Balachandran, Financial Management Specialist, at mbalachandran@citiesalliance.org using the above reference.

Yours sincerely,

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By

Zoubida Allaoua
Director
Disaster Risk and Urbanization Management Department
Sustainable Development Network

Attachments

Attachment 3: Indicative Schedule of Advance Payments and Final Reimbursement
All other attachments remain valid as submitted under the original letter

Cleared with and cc: Maria Lourdes Pardo, LEGCF
Jean-Christophe Adrian, Task Team Leader, Cities Alliance
Euna Onyenuma, CTRLD
TF Accounting Clearance Team
**Indictative Schedule of Advance Payments and Final Reimbursement**

The Recipient’s requests for withdrawal of Grant proceeds shall be made in accordance with the schedule set forth below, subject to the World Bank’s receipt of the relevant Application and Supporting Documentation, satisfactory to the World Bank. The Supporting Documentation for all Advances excepting the first Advance, shall include a Progress Report and Interim Financial Report, and copies of any corresponding deliverables, that cover the activities, results and deliverables financed by the preceding Advance.

<table>
<thead>
<tr>
<th>Indicative Timing and Supporting Documents for Application</th>
<th>Disbursement Amount</th>
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<tbody>
<tr>
<td><strong>First Advance</strong></td>
<td></td>
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<tr>
<td>After receipt of a letter in the form specified providing</td>
<td>$100,000</td>
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<td>Authorized Signatures (in a form consistent with Attachment</td>
<td></td>
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<tr>
<td>2) and Application for the first advance (<em>duly signed by the</em></td>
<td></td>
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<tr>
<td>Authorized Signatures).</td>
<td></td>
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<tr>
<td><strong>Second Advance</strong></td>
<td></td>
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<tr>
<td>After receipt of:</td>
<td>$100,000</td>
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<tr>
<td>- Progress Report and Interim Financial Report that cover</td>
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<tr>
<td>the expenditure financed by the first advance;</td>
<td></td>
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<tr>
<td>- Copies of the deliverable produced during the period:</td>
<td></td>
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<td>- Flyer on USEP support</td>
<td></td>
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<tr>
<td>- Application for the second advance (<em>duly signed by the</em></td>
<td></td>
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<tr>
<td>Authorized Signatures).</td>
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<tr>
<td><strong>Third Advance</strong></td>
<td>$100,000</td>
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<tr>
<td>After receipt of:</td>
<td></td>
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<tr>
<td>- Progress Report and Interim Financial Report that cover</td>
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<tr>
<td>the expenditure financed by the second advance;</td>
<td></td>
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<tr>
<td>- Copies of the deliverable produced during the period:</td>
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<td>- Draft environmental tool box</td>
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<td>- Application for the third advance (<em>duly signed by the</em></td>
<td></td>
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<tr>
<td>Authorized Signatures).</td>
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<tr>
<td><strong>Final Reimbursement</strong></td>
<td></td>
</tr>
<tr>
<td>After the Recipient’s completion of the activities financed</td>
<td>An amount up to $79,684</td>
</tr>
<tr>
<td>under this Grant and the receipt and acceptance of:</td>
<td></td>
</tr>
<tr>
<td>- Copies of all deliverables produced during the period:</td>
<td></td>
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<tr>
<td>- Final environmental tool box</td>
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<td>- Finalized application guidelines</td>
<td></td>
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<td>- Position paper on climate change</td>
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<tr>
<td>- Completion Report and audited Financial Statements</td>
<td></td>
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<tr>
<td>- Application for the final reimbursement (<em>duly signed by</em></td>
<td></td>
</tr>
<tr>
<td>Authorized Signatures).</td>
<td></td>
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</tbody>
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