Ms. Maria Noel Vaeza  
Director  
Global Partner Services Office  
United Nations Office for Project Services (UNOPS)  
Marmorvej 51  
2100 Copenhagen  
Denmark

Dear Ms. Vaeza,

FY2015 Development Grant Facility  
Cities Alliance  
DGF File: P092345

I am writing on behalf of the International Bank for Reconstruction and Development (the Bank) to indicate the Bank’s agreement to make available to the United Nations Office for Project Services (the Recipient) a grant in the amount of five hundred thousand United States dollars United States dollars (US$500,000) (the Grant) to support Cities Alliance (the Program). The Grant is made from the Bank's FY2015 Development Grant Facility (DGF).

Applications for DGF funding are made on an annual basis and depend, among other things, on compliance with this Grant Agreement, progress reporting and achievement of results. Consequently no DGF funding should be considered committed for the Program for the following fiscal year of the Bank.

1. Use of the Grant Funds

1.1 The agreed objectives (the Objectives), activities and budget of the Grant are set forth in Annex 1 (the Intended Purposes). The Recipient declares its commitment to the Objectives and agrees to use the Grant funds (and any interest income earned thereon) only for the Intended Purposes.

1.2 The results framework for the Program (the Program Results Framework) is set forth in Annex 2. The Program Results Framework is included in this Grant Agreement for informational purposes and shall be used (i) as applicable, by the Recipient for its reporting under Section 3.1 below, (ii) for purposes of the independent evaluation under Section 3.2 below, and (iii) by the Bank in allocating future DGF funding.
1.3 The Bank shall arrange to have the Grant funds paid to the Recipient following effectiveness and upon receipt of a countersigned copy of this Grant Agreement.

1.4 The Recipient shall exercise the same care in the administration of the Grant as it exercises in the administration of its own funds, having due regard to economy and efficiency, transparency and the need to uphold the highest standards of integrity in the administration of public funds, including the prevention of fraud and corruption, consistent with sound standards and practices, as more fully set forth in Schedule A attached hereto.

1.5 The Recipient shall ensure that the Grant is not used for payments prohibited by a decision of the United Nations Security Council taken under Chapter VII of the Charter of the United Nations.

1.6 The Grant funds (and any interest income earned thereon) shall be used to finance payments made by the Recipient on or after July 1, 2014 (the Commencement Date) for funds committed prior to December 31, 2015 (the period from the Commencement Date through December 31, 2015 being the Grant Period). The Recipient understands that all Grant funds must be committed by December 31, 2015 and paid by March 31, 2016. Any Grant funds that are not paid by March 31, 2016 shall be returned to the Bank, unless otherwise agreed in writing by the Bank.

1.7 The Recipient acknowledges and agrees that its ability to receive Grant funds under this Grant Agreement is contingent on its current and continued status as a signatory of the United Nations - World Bank Fiduciary Principles Accord under the United Nations - World Bank Partnership Framework for Crisis and Post-Crisis Situations signed on October 24, 2008.

1.8 Should the Recipient or the Bank become aware of information that indicates the need for further scrutiny of the use of Grant funds (including allegations of corrupt, fraudulent, coercive or collusive practices in connection with use of Grant funds), it will notify the other party. The Recipient shall take timely and appropriate action, in accordance with its accountability and oversight framework, including applicable regulations, rules, and administrative instructions, to investigate this information and, to the extent such investigation confirms the allegations, to remedy the situation, including the exercise of best efforts to recover any misused funds. The Recipient will keep the Bank regularly informed of the progress and results of such actions. Any funds recovered will be used for a mutually agreed purpose.

1.9 In the event that the Bank reasonably believes that timely and appropriate action has not been taken, it may request direct consultations at a senior level between the World Bank and the Recipient in order to obtain assurances that the Recipient’s oversight and accountability mechanisms have been and are being fully applied in connection with such allegations. It is understood and agreed that, consistent with Section 4.6 below, failure by the Recipient to take timely and appropriate action will affect consideration of any possible future DGF grant application.

1.10 The Recipient shall give due regard to sanctions or temporary suspensions imposed by the Bank when entering into contracts or otherwise conducting business in connection with any of the activities financed by the Grant. Debarments are listed on the Bank’s external website at
http://web.worldbank.org/external/default/main?theSitePK=84266&contentMDK=64069844&menuPK=116730&pagePK=64148989&piPK=64148984. Suspensions are listed on a protected website at https://teamroom.worldbank.org/LotusQuickr/dgf/Main.nsf?OpenDatabase, for which the password will be made available to the Recipient by the Bank Contact (as defined below). If the Recipient proposes to issue a contract in connection with such activities to a party which is under sanction or temporary suspension by the Bank, (i) the Recipient shall so inform the Bank before signing such contract; (ii) the Bank may request direct consultations at a senior level between the Recipient and the Bank to discuss such decision; and (iii) the Bank may thereafter inform the Recipient that Grant funds may not be used to fund such contract.

2. Status, Accounts, Audit and Suspension

2.1. The Grant is made in response to the Recipient's request for financial assistance and for the purposes and on the terms and conditions set forth in this Grant Agreement. Without limiting the generality of the foregoing, these terms and conditions include those of that certain Financial Management Framework Agreement between the World Bank and the United Nations, dated March 10, 2006 (FMFA), which are incorporated in this Grant Agreement to form a part hereof as if they were recited at length herein. The Recipient confirmed by countersigning this Grant Agreement, acknowledges that it has received a copy of the FMFA and, if the Recipient was not an original signatory thereof, agrees that it is bound by the terms of the FMFA as if the Recipient had been an original party thereto. The Recipient represents, by confirming its agreement below, that (i) it is authorized to contract and withdraw the Grant for the said purposes and on the said terms and conditions, and (ii) the references in this Article 2 to the Recipient's financial regulations and rules are complete and accurate, and the Recipient makes this representation knowing that the Bank shall rely on it for purposes of deciding to make the Grant.

2.2 The Recipient shall maintain or cause to be maintained a financial management system, including records and accounts, adequate to reflect the transactions related to the Grant, in accordance with the requirements of the UNOPS Financial Regulations and Rules (hereinafter referred to as the Financial Regulations).

2.3 The Recipient shall maintain in a separate account in its records (the Grant Control Account) a complete, true and faithful record of all the Grant funds received and of all the expenditures paid from such funds.

2.4 The Recipient shall prepare, on a semi-annual basis, interim unaudited financial reports, in accordance with accounting standards established pursuant to the Financial Regulations and in the format agreed with the Bank, adequate to reflect the operations, resources and expenditures related to the activities funded by the Grant and in a format consistent with the activities described in the budget in Annex 1. The first said interim unaudited financial reports shall be furnished to the Bank no later than 45 days after the end of December 31, 2015, and shall cover the period from the incurrence of the first expenditure under the Grant through December 31, 2015; thereafter, each interim unaudited financial report shall be furnished to the Bank not later than 45 days after the end of each subsequent half year, and shall cover such half year.
2.5 The Recipient shall ensure that the audit of the Grant funds is governed by: (i) the internal and external auditing procedures laid down in the Financial Regulations and (ii) the FMFA.

2.6 The Recipient shall retain, until at least one year after the Bank has received the final interim unaudited financial report referred to in Section 2.4 above covering the [state periodicity] in which the last use of the Grant funds was made, all records (contracts, orders, invoices, bills, receipts and other documents) evidencing all activities funded by the Grant.

2.7 Without limiting any other remedies provided under this Grant Agreement, the Bank may suspend, in whole or in part, and/or terminate the rights of the Recipient under the FMFA (a) if, by notice sent jointly to the United Nations and the Recipient pursuant to sub-paragraph (a) of paragraph (iii) of Section 10 of the FMFA, the Bank confirms that alternative financial management arrangements mutually acceptable to the Bank and the relevant UN Organization were not reached within the period stipulated therein; or (b) if the Bank determines at any time that a reference in this Article 2 to the Recipient’s financial regulations and rules is incomplete or inaccurate in any material respect.

3. Reports

3.1 The Recipient shall submit to the Bank an activities report for the Grant Period no later than February 15, 2016, plus an interim activities report not later than August 15, 2015 after the end of the first half year during the Grant Period, summarizing the activities funded by the Grant. The report should (a) be no more than six pages in length and written in clear, concise English; (b) report on progress in achieving grant activities; (c) report on results, including whether or not the Program’s results framework have been met; (d) report on partnership priorities including resource mobilization, diversifying membership, and engagement of private sector; (e) provide explanations of any variance from plans; (f) report on any problems or issues either current or in the foreseeable future; and (g) describe what actions have been or may be taken to overcome such problems. Additional information may be provided in attachments as necessary.

3.2 The Recipient agrees to submit to the Bank the results of an independent evaluation of the Program, in accordance with generally accepted principles and standards of development evaluation, such as those in the IEG/DAC Sourcebook for Evaluating Global and Regional Partnership Programs: Indicative Principles and Standards, 2007, and by an entity satisfactory to the Bank, by November 30 of the year following the last Grant Period. Such independent evaluation shall cover all Grant Periods, and include an assessment of the post-transitional institutional and governance arrangements for the Cities Alliance.

4. Intellectual Property

4.1 (a) The Recipient shall be entitled to all intellectual property and other proprietary rights including, but not limited to, patents, copyrights, and trademarks, with regard to products, processes, inventions, ideas, know-how, or documents or other materials developed under this Agreement and which bear a direct relation to or are produced or prepared or collected in consequence of, or during the course of, the implementation of this Agreement.
(b) "Intellectual assets" means any product of any nature (including but not limited to knowledge, publications and other information products, databases, technologies, know-how, processes, software or other forms of knowledge) whether or not they are protected by intellectual property rights.

c) "Intellectual property rights" means ownership rights over intellectual assets, or applications thereof, whether registered or not in any jurisdiction, including but not limited to copyright and related rights, database rights, patents, industrial design rights, plant variety rights, trade secrets, trademarks and services marks, geographical indications, trade secrets and traditional knowledge, if applicable.

5. General

5.1 The Recipient is a multilateral organization, member of the United Nations institutional family. Nothing in this Agreement shall operate, or construed to be, as a waiver, express or implied, of the privileges and immunities of either party to this Agreement.

5.2 The Recipient shall remain responsible for all aspects of the Grant under this Grant Agreement, including with respect to any subgrants. For subgrants, the Recipient shall conclude subgrant agreements that include such terms as are necessary to ensure that all relevant terms of this Grant Agreement, including those relating to the use of funds and fraud and corruption, are binding on subgrantees.

5.3 Communications for administrative and procedural purposes may be made by email, fax or letter as follows, unless otherwise notified in writing by one Contact to the other Contact:

(a) Communications made by the Bank to the Recipient will be directed to (the Recipient Contact):

William Cobbett
Director, Cities Alliance
Rue Royale 94, 3rd Floor
Philanthropy House
1000 Brussels, Belgium
Telephone: +32 2 234 63 59
Email: wcobbett@unops.org
(b) Communications made by the Recipient to the Bank will be directed to (the Bank Contact):

Ellen Hamilton  
Urban Development and Resilience Unit  
Sustainable Development Network  
Mailstop MC4-414  
1818 H Street, NW  
Washington DC 20433  
Telephone: Phone: +1 202 473-6583  
Email: ehamilton@worldbank.org  

Cc: Kevin Milroy, Senior Operations Officer  
Urban Development and Resilience Unit  
Telephone: +1 202 473 5264  
Email: KMilroy@worldbank.org

5.4 The Bank will disclose this Grant Agreement and related information on the Grant in accordance with its Policy on Access to Information.

5.5 This Grant Agreement, including any annexes, comprises the entire agreement between the Bank and the Recipient relating to the subject matter hereof. It supersedes any prior arrangements, agreements or understandings relating to the subject matter and also does not include any subsequent qualifying side or cover letters.

5.6 By confirming its agreement below, the Recipient represents that it is authorized to enter into this Grant Agreement and to withdraw Grant funds for the intended purposes and in accordance with the terms stated above. The Recipient acknowledges that any breach of this Grant Agreement or any issues raised with respect to the use of Grant funds may affect consideration of any possible future DGF grant application.
Please confirm your agreement to the foregoing on behalf of the Recipient by signing, dating and returning to us the enclosed copy of this Grant Agreement. Upon receipt by the Bank of the copy of this Grant Agreement countersigned by you, and agreement reached between the Bank and the Recipient as to the format of the interim unaudited financial reports referred to in Section 2.4, this Grant Agreement will become effective as of the Commencement Date.

Sincerely,

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

Ede Jorge Ijjasz-Vasquez
Senior Director
Social, Urban, Rural and Resilience Global Practice

CONFIRMED AND AGREED:
UNITED NATIONS OFFICE FOR PROJECT SERVICES (UNOPS)

By: ____________________________
(Authorized Representative)
Name: Ms. Maria Noael Vaeza
Title: Director, Global Partner Services Office
Date: 23/06/2012

Annex 1: Grant Objectives, Activities and Budget
Annex 2: Program Results Framework
Schedule A: Addressing Fraud and Corruption
ANNEX 1

GRANT OBJECTIVES, ACTIVITIES AND BUDGET

A. PROGRAM OBJECTIVES

The over-arching objectives of the Cities Alliance are to:

a) Strengthen and promote the role of cities in poverty reduction, and in sustainable development;
b) Capture and strengthen the synergies between and among members and partners; and
c) Improve the quality of urban development cooperation and lending.

The Cities Alliance is primarily a vehicle for partnership, seeking to improve the quality and coherence of support being provided to city and national governments in the developing world, as well as the quality of members’ own urban programs. To this end, the Cities Alliance does not develop separate implementation capacity, but work through the existing capacity of its members, as well as other partners, to promote the vision of “Sustainable Cities without Slums.” To achieve this vision, the Cities Alliance will promote new partnerships between local and national government, slum dwellers, private foundations, the private sector, NGOs and other partners. The Cities Alliance prioritizes support to cities, local authorities, associations of local authorities and/or national governments that are committed to:

a) improving their cities, and local governance, for all residents;
b) adopting a long-term, comprehensive and inclusive approach to urban development;
c) implementing those reforms necessary to effect systemic change, and to achieve delivery at scale; and
d) decentralizing resources to empower local government

B. GRANT OBJECTIVES

The objective of this grant is to support effective implementation of priority activities in the Cities Alliance’s 2015 Work Plan (as defined below).

C. GRANT ACTIVITIES

The grant funds may be used for the following priority activities included in the 2015 work programme and budget approved by the Cities Alliance Consultative Group at its November 7 2014 meetings in Addis Ababa (the “2015 Work Plan”).

Country Programmes and Catalytic Fund operations
- Strengthen existing country programmes and strategic partnerships
- Administration of the Catalytic Fund in support of priority activities and themes

Analytic and Strategic Activities
- Mobilize Cities Alliance members around post-2015 development agenda
• Operationalize Joint work Programs on Resilience and Equitable Economic Growth
• Develop and operationalize Cities Alliance Regional Strategies for Africa, Asia and LAC

Monitoring, Evaluation and Reporting
• Administration of the Performance Monitoring System

UNOPS shall share progress and financial reports provided to the Bank under this grant agreement with the Cities Alliance Assembly Members and its Management Board.

D. BUDGET

The Recipient agrees to spend the Grant according to the following budget\(^1\); provided that up to 10% of the total Grant amount may be reallocated among activities listed below without requiring an amendment to the Grant Agreement; and provided further that any reallocation shall be notified in writing to the Bank Contact.

<table>
<thead>
<tr>
<th>Operational Expenses</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Country Programme and Catalytic Fund activities</td>
<td>180,000</td>
</tr>
<tr>
<td>2. Analytic and Strategic Activities</td>
<td>200,000</td>
</tr>
<tr>
<td>3. Monitoring and Evaluation</td>
<td>76,250</td>
</tr>
</tbody>
</table>

Overhead cost (if any, less than 10%)

Independent Evaluation (applicable in last year only)

Total 500,000

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\(^1\) The Recipient shall not be required to commence or continue, as the case may be, the provision of the grant activities as stipulated in Annex 1 (Activities) until the payment referred to in Article 1.3 above has been received and shall not enter into obligations in excess of the Grant funds received. It is understood by the parties that timely and sufficient funding prior to contract obligation is necessary to ensure implementation within the agreed timeframe.

\(^1\) (b) Ownership of equipment, supplies and other tangible assets purchased from the Grant will vest in the Recipient unless otherwise agreed, or until such time as the Recipient transfers such property to a third party for the benefit of the Program.
CITIES ALLIANCE PROGRAM RESULTS FRAMEWORK

CA Programme Impact:
Improved health, socio-economic condition and inclusion of the urban poor.

CA Programme Outcome:
Cities increasingly characterized by effective local government, active citizenship, and delivering improved and responsive services to the urban poor.

Intermediate Outcome 1:
National policy frameworks developed and/or enhanced to address urban development needs.

Intermediate Outcome 2:
Local pro-poor and climate resilient strategies and plans developed, and resources mobilized.

Intermediate Outcome 3:
Mechanisms to engage citizens in city/urban governance developed.

Intermediate Outcome 4:
Capacities of cities in governance and management strengthened.

Tier I
Development impact/MDG level

Tier II
Cities are responsible for results at this level. A Partnership of CA members cannot be held accountable for this; it can only support the achievement of these results in partnership with its beneficiaries and partners on the ground.

Tier III
The partnership of Cities Alliance members is responsible and accountable for delivering these outputs – its Terms of Reference (which are intermediate outcomes from the Secretariat’s perspective).

Tier IV
The Secretariat is responsible and accountable for delivering these outputs – its Terms of Reference.
It does so through its four Business Lines:
- Country Programmes
- Catalytic Fund
- Communications and Advocacy
- Knowledge Products
ADDRESSING FRAUD AND CORRUPTION

The Recipient’s officials are: subject to staff regulations, rules, procedures and administrative instructions that prohibit unethical conduct, fraud, and corruption; required, above an appropriate level of seniority and responsibility, to provide disclosure of financial interests so as to mitigate significantly the risk to the financial assets under the Recipient’s control; expected to conduct themselves in accordance with the Recipient’s code of conduct.

The Recipient’s regulations, rules, procedures and administrative practices provide for reasonable measures, consistent with its rules, procedures and administrative practices, to prevent and address any information that indicates the need for further scrutiny (including corrupt, fraudulent, coercive or collusive practices) in connection with its activities and operations.

The Recipient has established mechanisms for significantly mitigating the risk of fraud and corruption in its activities and operations including a “hotline” to receive allegations of fraud or corruption; protection for whistleblowers against retaliation; and an internal investigations function that, while appointed by and reporting to management, operates without interference or instruction by management.

The Recipient has appropriate mechanisms in place to exclude firms or individuals determined by it to have engaged in fraudulent or corrupt activities from participation in contracts with such Recipient, whether indefinitely or for a specified duration; and is not prevented from giving due regard to similar decisions by other international organizations.

For the purposes of the Grant Agreement, the following definitions shall apply:

(a) "corrupt practice" is the offering, giving, receiving or soliciting, directly or indirectly, of anything of value to influence improperly the actions of another party;

(b) "fraudulent practice" is any act or omission, including misrepresentation, that knowingly or recklessly misleads, or attempts to mislead, a party to obtain financial or other benefit or to avoid an obligation;

(c) "collusive practice" is an arrangement between two or more parties designed to achieve an improper purpose, including to influence improperly the actions of another party;

(d) "coercive practice" is impairing or harming, or threatening to impair or harm, directly or indirectly, any party or the property of the party to influence improperly the actions of a party.