

**Approval Request**

**1.) Name of Activity:**

**Grant of Residual Funds from  
Cities Alliance Multi-Donor Trust Fund**

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**2. Implementation Partners:**

Organisation: World Bank (WB)

Contact Person: *[To be confirmed]*

Contact phone/ email: *[To be confirmed]*

Organisation: United Nations Office for Project Services (UNOPS)

Contact Person: *[To be confirmed]*

Contact phone/ email: *[To be confirmed]*

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**3.) Expected Grant Transfer Date:** First transfer from the Cities Alliance (CA or Programme) Multi-Donor Trust Fund (TF054674) managed by the World Bank (WB MDTF) to be made following establishment of the new Programme account at UNOPS.

**4.) Approval Request:**

Approval is requested for the transfer to UNOPS of the Residual Funds remaining in the WB MDTF to be used by UNOPS for the Cities Alliance, with the timing and installments for the transfer to be agreed between the WB and UNOPS.

The “Residual Funds” are defined as those funds remaining in the WB MDTF that have not been disbursed, committed or otherwise obligated for use.

The total amount of Residual Funds will not be known until the all activities are completed in the WB MDTF. The amount of Residual Funds is expected to increase over time with the periodic deposit of investment income earned by the WB MDTF, and if grants/projects close with undisbursed funds returned to the WB MDTF. The amount of Residual Funds would decrease if World Bank costs increase through unforeseen activities and new uses of funds are approved through CA governance, as specified in the proposed “Administration of Legacy Cities Alliance Operations” (the Legacy Proposal).

The Residual Funds are proposed to be transferred through installments, with the first transfer (First Transfer) to be made following establishment of the UNOPS MDF. The actual amount for the First Transfer will be calculated based on June 30, 2013 financial data, but is projected at this time to be US\$ 3,903,312.

## **5.) Background**

With the decision of the Cities Alliance Consultative Group (CG) to select UNOPS to administer the Cities Alliance financial resources and serve as the new Secretariat of the Cities Alliance, the WB will conclude the on-going operations of the Cities Alliance that have been under its administration (as detailed in the Legacy Proposal). This will include administration of the existing grant portfolio (the “legacy portfolio”) under the WB MDTF. As from the date of the CG selection of UNOPS, no new funds have been received into the WB MDTF.

Since 2000, the World Bank has administered the WB MDTF for the CA program. The Standard Provisions of the WB MDTF (Annex 1, Section 1) allow the Bank to use the funds for any purpose that is authorized by the CG and is permissible under the Charter, as it may be amended from time to time, including without limitation:

- a. The payment of costs for CA country-specific, regional or global activities;
- b. The payment of travel and other costs related to the meetings of Policy Advisory Board and CG meetings; and
- c. The payment of the salaries and benefits of staff assigned to the CA Secretariat.

The Standard Provisions (Annex 1, Section 7) authorize the Bank, when so authorized by the CG, to use the funds to provide a grant to a member country of the IBRD or IDA or another entity. If the other entity is a United Nations organization, such funds may be used by the recipient to finance expenditures for goods and services in accordance with the applicable procedures of the recipient, and the recipient shall be solely responsible for the administration of the grant agreement and for the supervision of the activities financed by the grant agreement.

Under these Standard Provisions, the Residual Funds are proposed to be transferred to UNOPS for deposit in the UNOPS account being established for the Cities Alliance (Programme) under the form of agreement attached hereto as Schedule 1. The transfer would be a contribution from all WB MDTF donors to funding of the Initial Financial Requirement (IFR) needed for transition activities.

Upon receipt of any portion of the Residual Funds, UNOPS shall be solely responsible for the handling, use and reporting of such funds, including any income earned on such funds, as specified in the Contribution Agreements. UNOPS shall also have full responsibility for reporting on those funds to the CG.

Upon disbursement of any portion of the Residual Funds, the Bank shall have no responsibility for such funds, including with respect to the use, implementation, reporting, monitoring, supervision, evaluation, quality assurance, and potential misuse or mishandling of such funds.

## **6.) Residual Funds Transfer – Amount of First Transfer**

The basis for determining the initial amount of Residual Funds available for transfer is detailed in table below, based on the following description of terms.

**Fund Balance** – consisting of cash and investments held in the WB MDTF as of the reporting date. The projections provided in table below are based on March 31, 2013 balances. The calculation will be updated for June 30, 2013 data for purposes of calculating the actual First Transfer.

**Committed Funds** – are the total undisbursed funds for approved funding allocations made from WB MDTF funds to date, plus any other committed or restricted funds in the WB MDTF and anticipated new funding allocations expected to be made before June 30, 2013, from the approved FY13 programme budget.

**Proposed FY14 Allocations** – are the amount of new funding allocations projected to be made from WB MDTF funds for FY14, consisting of:

- Secretariat budget for July-August 2013, to be tabled for EXCO review and approval at June 24-25 meeting (current estimate of \$625,000).
- Administration of Legacy Cities Alliance Operations proposal, covering FY14-FY16 costs, to be approved by the CG through normal procedures following EXCO review at the June 24-25 meeting (\$3,100,365 proposed).

**Projected Residual Funds** – calculated as the Fund Balance less the Committed Funds and less the Proposed FY14 Allocations.

**Projected for First Transfer** – It is proposed that the First Transfer constitute 90% of the projected Residual Funds. The remainder will held as contingency for unforeseen costs and liabilities, to be transferred at a later date as agreed between the WB and UNOPS.

That actual First Transfer will be calculated on June 30, 2013 financial data, when Committed Funds can be updated based on actual final FY13 approvals and actual approved FY14 allocations.

\$16,002,104	Fund Balance - March 31, 2013
(\$7,939,726)	Less: Committed Funds
(\$3,725,365)	Less: Proposed FY14 Allocations
<u>\$4,337,013</u>	Projected Residual Funds
\$3,903,312	Proposed First Residual Funds Transfer

#### **7.) Residual Funds Transfer – Subsequent Transfers**

It is expected that the balance of Residual Funds will be transferred in two or three further installments, to be determined through periodic consultations between the WB and UNOPS.

The last transfer would be made after all grants/funding allocations made from WB MDTF have been completed and closed, including the Legacy Proposal.

**TRANSFER AGREEMENT UNDER THE CITIES ALLIANCE MULTI-DONOR TRUST FUND  
(TF054674)**

WHEREAS the International Bank for Reconstruction and Development and the International Development Association (collectively, the "Bank") and the United Nations Office for Project Services ("UNOPS") are entering into this Transfer Agreement for the transfer of funds from the Cities Alliance Multi-Donor Trust Fund (TF054674) (the "WB MDTF");

WHEREAS the WB MDTF has been established through certain Administration Agreements and Arrangements, including all annexes and attachments, as they may be amended from time to time between the Bank and each of the donors (collectively, the "Donors") contributing funds to the WB MDTF (collectively, the "Administration Agreements"). All defined terms used herein not otherwise defined herein are as defined in the Administration Agreements;

WHEREAS under paragraph 1 of Annex 1 of the Administration Agreements, funds from the WB MDTF may be used for payment of (i) costs for Cities Alliance country-specific, regional or global activities, and (ii) salaries and benefits of staff assigned to the Cities Alliance Secretariat, which by decision of the Cities Alliance Consultative Group at its meeting on \_\_\_\_\_, 2013 is to be transferred from the Bank to UNOPS;

WHEREAS under paragraph 7 of Annex 1 of the Administration Agreements, the Bank may, upon authorization by the Cities Alliance Consultative Group, provide funds from the WB MDTF to another entity for the afore-mentioned purposes specified in paragraph 1 of Annex 1, provide that if such entity is a United Nations organization, as in the case of UNOPS, such funds shall be used in accordance with such entity's applicable procedures and such entity shall become solely responsible for the administration of such funds and the supervision of the activities financed by such funds;

WHEREAS on \_\_\_\_\_, 2013, the Cities Alliance Consultative Group approved the "Grant of Residual Funds from the Cities Alliance Multi-Donor Trust Fund" request (the "Transfer Request") to transfer certain funds (the "Residual Funds") from the WB MDTF to UNOPS for the purposes of the Cities Alliance programme (hereinafter referred to as the "Programme");

WHEREAS in its new role as Cities Alliance Secretariat, UNOPS has established a Programme account to receive contributions for the Programme; and

WHEREAS the Programme account is established through contribution agreements (the "Contribution Agreements") which govern the receipt and use of contributions for the Programme.

NOW THEREFORE, the Bank and UNOPS agree as follows:

1. Based on the Transfer Request, the initial amount of the Residual Funds to be transferred from the WB MDTF to UNOPS is US\$ \_\_\_\_\_ ([in words]) (the "First Transfer").

2. Within 10 (ten) business days of receipt of a payment request from UNOPS following the Transfer Agreement Effective Date (as defined below), the Bank shall disburse the First Transfer to UNOPS by wire transfer to an account specified in writing by UNOPS. The timing and amounts of subsequent transfers shall be as agreed between the Bank Contact (as defined below) and the UNOPS Contact (as

defined below) following the receipt of a payment request from UNOPS, provided that all of the Residual Funds be disbursed to UNOPS prior to closing of the WB MDTF.

4. Subject to the terms of this Transfer Agreement, UNOPS acknowledges and agrees that the Residual Funds will be deposited in and become part of the UNOPS Programme account, and, shall be handled and used in accordance with the terms of and for the purposes described in the Contribution Agreements.

5. Upon receipt of any portion of the Residual Funds, UNOPS shall be solely responsible for the handling, use and reporting of such funds, including any income earned on such funds, as specified in the Contribution Agreements.

6. Upon disbursement of any portion of the Residual Funds, the Bank shall have no responsibility for such funds, including with respect to the use, implementation, reporting, monitoring, supervision, evaluation, quality assurance, and potential misuse or mishandling of such funds.

5. The persons listed below, or any other person authorized for the purpose in writing by one Contact and notified to the other Contact, may take any action required or permitted to be taken, and execute any documents required or permitted to be executed, pursuant to this Transfer Agreement on behalf of its respective organization; provided that any such Contact must be an employee of the respective organization.

For the Bank (the "Bank Contact"):

[insert]

The World Bank

1818 H Street, N.W.

Washington, D.C. 20433, USA

Email:

Tel:

Fax:

For UNOPS (the "UNOPS Contact"):

*[insert contact information]*

6. Nothing in this Transfer Agreement shall be considered a waiver of any privileges or immunities of the International Bank for Reconstruction and Development, the International Development Association or UNOPS under their respective Articles of Agreement or any applicable law, all of which are expressly reserved.

7. By entering into this Transfer Agreement, the parties consent to the disclosure of this Transfer Agreement and related information in accordance with the parties' applicable policies and procedures.

8. This Transfer Agreement may be amended only by written agreement between the Bank and UNOPS and, with respect to the Residual Funds, supersedes any Administration Agreement entered into by the Bank and the Donors.

9. This Transfer Agreement will come into operation on the later of: (i) the date of the last duly authorized signature provided below and (ii) the effective date of the first Contribution Agreement (the "Transfer Agreement Effective Date").

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT  
INTERNATIONAL DEVELOPMENT ASSOCIATION

\_\_\_\_\_  
*[name]*

*[title]*

Date \_\_\_\_\_

UNITED NATIONS OFFICE FOR PROJECT SERVICES

\_\_\_\_\_  
*[name]*

*[title]*

Date \_\_\_\_\_