

The World BankINTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION1818 H Street N.W.
Washington, D.C. 20433
U.S.A.(202) 473-1000
Cable Address: INTBAFRAD
Cable Address: INDEVAS

September 29, 2010

CONFORMED COPY

Mr. Eduardo Gold
President
Glaciares Perú ONG
Juan de la Fuente #783 Miraflores
Lima, Peru 18

**Re: PERU: “2009 Global Development Marketplace on Climate Change Adaptation”
Development Marketplace Global Environmental Facility Grant No. TF097026
Artisanal High Andean Global Warming Adaptation Methodology and Industry:
Increasing Superficial Albedo Project
Additional Instructions: Disbursement**

Dear Sir:

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 Global Environmental Facility (“GEF”) Trust Fund (TF050551) which supports the 2009 Global Development Marketplace on Climate Change Adaptation Development Marketplace, and Glaciares Peru ONG (“Recipient”) for the above-referenced project. The Agreement provides that the World Bank may issue additional instructions regarding the withdrawal of the proceeds of Grant (**TF097026**) (“Grant”). This letter (“Disbursement Letter”), as revised from time to time, constitutes the additional instructions.

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, 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

(ii) Disbursement Deadline Date (subsection 3.7). The Disbursement Deadline Date is the Closing Date specified in the Agreement. Any changes to this date will be notified by the World Bank.

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, N.W., MSN 6-615
Washington, D.C. 20433
United States of America
Attention: Karen Majli Vega-Coronel

(ii) Applications (subsections 3.2 - 3.3). Please provide completed and signed applications for withdrawal, together with supporting documents, to the address indicated above.

(iii) Electronic Delivery (subsection 3.4) The World Bank may permit the Recipient to electronically deliver to the World Bank Applications (with supporting documents) through the World Bank's Client Connection, web-based portal. The option to deliver Applications to the World Bank by electronic means may be effected if: (a) the Recipient has designated in writing, pursuant to the terms of subparagraph (i) of this Section, its officials who are authorized to sign and deliver Applications and to receive secure identification devices ("Tokens") from the World Bank for the purpose of delivering such Applications by electronic means; and (b) all such officials designated by the Recipient have registered as users of Client Connection. If the World Bank agrees, the World Bank will provide the Recipient with Tokens for the designated officials. Following which, the designated officials may deliver Applications electronically by completing Form 2380, which is accessible through Client Connection (<https://clientconnection.worldbank.org>). The Recipient may continue to exercise the option of preparing and delivering Applications in paper form. The World Bank reserves the right and may, in its sole discretion, temporarily or permanently disallow the electronic delivery of Applications by the Recipient.

(iv) Terms and Conditions of Use of Tokens to Process Applications. By designating officials to accept Tokens and by choosing to deliver the Applications electronically, the Recipient confirms through the authorized signatory letter its agreement to: (a) abide by the *Terms and Conditions of Use of Secure Identification Devices in connection with Use of Electronic Means to Process Applications and Supporting Documentation* ("Terms and Conditions of Use of Tokens") provided in Attachment 3; and (b) to deliver the Terms and Conditions of Use of Tokens to each such official and to cause such official to abide by those terms and conditions.

(v) Advances (sections 5 and 6).

- **Type of Designated Account (subsection 5.3):** Segregated.
- **Currency of Designated Account (subsection 5.4):** United States Dollars (USD).
- **Financial Institution at which the Designated Account will be opened (subsection 5.5):** Banco Interbank.
- **Ceiling (subsection 6.1):** US\$140,000

- **Applications (subsection 3.3):** Applications for advances should be accompanied by the documents specified in the Appendix to this letter. The final application for an advance must be submitted no later than three (3) months before the Closing Date in the legal agreement.

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 requests for Reimbursement:**
 - Interim Financial Report in the form attached (Attachment 4).
 - Unaudited Final Financial Report in the form attached (Attachment 5).
- **For reporting eligible expenditures paid from the Designated Account:**
 - Interim Financial Report in the form attached (Attachment 4).
 - Unaudited Final Financial Report in the form attached (Attachment 5).

(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

For additional information on disbursement arrangements, please refer to the Disbursement Handbook available on the World Bank's public website at <http://www.worldbank.org> and its secure website "Client Connection" at <http://clientconnection.worldbank.org>. Print copies are available upon request.

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>). From this website you will be able to prepare 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 Karen Majli Vega-Coronel at kvegacoronel@worldbank.org using the above reference.

Yours sincerely,

By /s/ Carlos Felipe Jaramillo
Country Director
Bolivia, Chile, Ecuador, Perú and Venezuela
Latin America and the Caribbean Region

Attachments

1. *World Bank Disbursement Guidelines for Projects*, dated May 1, 2006.
2. Form for Authorized Signatures.
3. *Terms and Conditions of Use of Secure Identification Devices in connection with Use of Electronic Means to Process Applications and Supporting Documentation*, dated January 20, 2010.
4. Form of Interim Financial Report.
5. Form of Unaudited Final Financial Report.

Appendix I: Indicative Withdrawal Schedule

Prepared by: Diletta Doretti, WBIIN

Cleared with and cc: Teresa Genta Fons (LEGLA)
Jill Roberts, CTRFC
[name, GEF]

Indicative Withdrawal Schedule

Withdrawal of the proceeds of the Grant shall be made by the Recipient in accordance with the schedule set forth below, subject to receipt by the World Bank of the Application and Supporting Evidence (as defined in Section 3.04 (b) of the Standard Conditions) satisfactory to the World Bank. The Supporting Documentation shall include the Project Report or, in the case of the last period specified in the schedule below, the Completion Report and Unaudited Final Financial Report, indicating the achievement of the items specified below for the respective period so indicated.

Period	End of Reporting Period	Expected Activities/Output
0	Effectiveness of the Agreement	<ol style="list-style-type: none"> 1. Milestones and withdrawal schedule discussed and agreed with the DM2009 Development Marketplace Portfolio Manager (PM) and the Project Supervisor (PS) as specified in the Grant Agreement. 2. Outcome Indicators agreed upon with PS and PM: <ol style="list-style-type: none"> a. Small production facility for reflecting-cover material and carbon dioxide fully operational b. 10 full time jobs created. c. Production of 360 metric tons of reflecting-cover material. d. Sales of (100 metric tons) of carbon dioxide e. 20 hectares painted in the first year, additional 50 hectares painted in the second year 3. Completed budget template for Period 1 activities. 4. All legal documents signed by the Project Team and the World Bank Country Director/Manager 5. Submit an Environmental Impact Assessment and an Environmental Management Plan for World Bank review prior to the carrying out of any activities under the Project. 6. Provide supporting documentation related to the acquisition of land to be utilized for the construction of a sustainable small production facility
Forecast for advance payment to carry out activities for Periods 1 and 2: \$100,000 (50% of Total)		

1&2	12 months after effectiveness	<p>1. Project-Specific Output Indicators (3-5)</p> <ul style="list-style-type: none"> a. Ensure social acceptability of the project. In particular, make good-faith efforts to ensure that the areas to be painted are not considered to be spiritually or culturally valuable to local communities b. Artisanal production facility built and operating. c. Ten full time jobs at the plant. d. Production of 120 metric tons of reflecting cover-material e. 10 hectares painted with reflecting cover material f. Baseline study completed g. Measurement of temperature changes in chosen mountain and comparison with referential mountain completed for this period h. Measurement of albedo and snow accumulation completed for this period i. Develop of the framework and methodology for a “Cool Credits” program j. Report on key actions taken in relation to the EIA and EMP for this period <p>End of activities covering the first and second reporting periods</p>
Forecast for advance payment to carry out activities for Period 2: \$60,000 (30% of Total)		
3	18 months after effectiveness	<p>1. Project-Specific Output Indicators (3-5)</p> <ul style="list-style-type: none"> a. Ten full time jobs at the plant. b. Production of 120 metric tons of reflecting cover-material. c. 15 hectares painted with reflecting cover-material. d. Measurement of temperature changes in chosen mountain and comparison with referential mountain completed for this period e. Develop a proposal (first draft) for a “Cool Credits” program f. Report on key actions taken in relation to the EIA and EMP for this period <p>2. Project Supervisor’s or Project Manager’s site visit to review progress on all outputs outlined above</p> <p>End of activities covering this reporting period</p>
Forecast for advance payment to carry out activities for Period 3: \$40,000 (20% of Total)		

4		<p>1. Project-Specific Output Indicators (3-5)</p> <p>a. Ten full time jobs at the plant. b. Ten hectares painted with the reflecting cover-material. c. Measurement of temperature changes in chosen mountain and comparison with referential mountain completed d. Report on key actions taken in relation to the EIA and EMP for this period</p> <p>2. Submit sustainability plan for after completion of Grant activities, and 3. Submit Project evaluation plan</p>
	24 months after effectiveness	End of activities covering this reporting period
	December 31, 2012	Completion of all Project activities.
	January 31, 2013	Submit Completion Report with Unaudited Final Financial Report to Project Manager and Project Supervisor.
Total Grant Amount:		
\$200,000		

ATTACHMENT 2

[Letterhead]
Ministry of Finance
[Street address]
[City] [Country]

[DATE]

The World Bank
1818 H Street, N.W.
Washington, D.C. 20433
United States of America
Attention: [Country Director]

**Re: “2009 Global Development Marketplace on Climate Change Adaptation”
Peru’s Artisanal High Andean Global Warming Adaptation
Methodology & Industry: Increasing Superficial Albedo Project
Development Marketplace Global Environmental Facility Grant No. TF097026 Peru**

Dear [Country Director]:

I refer to the Grant Agreement (“Agreement”) between the International Bank for Reconstruction and Development and the International Development Association (collectively, “World Bank”), acting as administrator of the grant funds provided under the [Project Title] which supports the Development Marketplace, and [name of recipient] (the “Recipient”), dated _____, providing the above Grant. For the purposes of Section 3.04 (b) of the Standard Conditions, as defined in the Agreement, any [¹one] of the persons whose authenticated specimen signatures appear below is authorized on behalf of the Recipient to sign applications for withdrawal under this Grant.

For the purpose of delivering Applications to the World Bank, ²[each] of the persons whose authenticated specimen signatures appears below is authorized on behalf of the Recipient, acting ³[individually] ⁴[jointly], to deliver Applications, and evidence in support thereof on the terms and conditions specified by the World Bank.

⁵[This confirms that the Recipient is authorizing such persons to accept Tokens and to deliver the Applications and supporting documents to the World Bank by electronic means. In full recognition that

¹ Instruction to the Recipient when sending this letter to the World Bank: Stipulate if more than one person needs to sign Applications, and how many or which positions, and if any thresholds apply. *Please delete this footnote in final letter that is sent to the World Bank.*

² Instruction to the Recipient: Stipulate if more than one person needs to *jointly* sign Applications, if so, please indicate the actual number. *Please delete this footnote in final letter that is sent to the World Bank.*

³ Instruction to the Recipient: Use this bracket if any one of the authorized persons may sign; if this is not applicable, please delete. *Please delete this footnote in final letter that is sent to the World Bank.*

⁴ Instruction to the Recipient: Use this bracket only if several individuals must jointly sign each Application; if this is not applicable, please delete. *Please delete this footnote in final letter that is sent to the World Bank.*

the World Bank shall rely upon such representations and warranties, including without limitation, the representations and warranties contained in the *Terms and Conditions of Use of Secure Identification Devices in connection with Use of Electronic Means to Process Applications and Supporting Documentation* (“Terms and Conditions of Use of Tokens”), the Recipient represents and warrants to the World Bank that it will deliver to each such person a copy of the Terms and Conditions of Use of Tokens and will cause such persons to abide by those terms and conditions.]

This Authorization replaces and supersedes any Authorization currently in the World Bank records with respect to this Agreement.

[Name], [position] Specimen Signature: _____

[Name], [position] Specimen Signature: _____

[Name], [position] Specimen Signature: _____

Yours truly,

/ signed /

[Position]

⁵ Instruction to the Recipient: Add this paragraph if the Recipient wishes to authorize the listed persons to accept Tokens and to deliver Applications by electronic means; if this is not applicable, please delete the paragraph. *Please delete this footnote in final letter that is sent to the World Bank.*

**Terms and Conditions of Use of Secure Identification Devices
in connection with Use of Electronic Means
to Process Applications
and Supporting Documentation**

January 20, 2010

The World Bank (Bank)⁶ will provide secure identification devices (Tokens) to permit the Borrower⁷ to deliver applications for withdrawal and applications for special commitments under the Agreement(s) and supporting documentation (such applications and supporting documentation together referred to in these Terms and Conditions of Use as Applications) to the Bank electronically, on the terms and conditions of use specified herein.

A. Identification of Users.

1. The Borrower will be required to identify in a completed Authorized Signatory Letter (ASL) duly delivered to and received by the Bank each person who will be authorized to deliver Applications. The Bank will provide Tokens to each person identified in the ASL (Signatory), as provided below. The Borrower shall also immediately notify the Bank if a Signatory is no longer authorized by the Borrower to act as a Signatory.
2. Each Signatory must register as a user on the Bank's Client Connection (CC) website (<https://clientconnection.worldbank.org>) prior to delivery of Tokens. Registration on CC will require that the Signatory establish a CC password (CC Password). The Signatory shall not reveal his/her CC Password to anyone or store or record the CC Password in written or other form. Upon registration as a CC user, the Signatory will be assigned a unique identifying account name.

B. Distribution, Initialization and Return of Tokens.

1. The Bank will physically deliver a Token to each Signatory in a manner to be determined by and satisfactory to the Bank.
2. At the time of delivery of a Token to a Signatory, the Signatory will receive a copy of these Terms and Conditions of Use for purposes of initializing the Token.
3. The Bank will verify that the Token, Temporary Password and Terms and Conditions of Use have been duly delivered to and received by the CC User.

⁶ "Bank" includes IBRD and IDA.

⁷ "Borrower" includes the borrower of an IBRD loan, IDA credit, or Project Preparation Facility advance and the recipient of a grant.

4. Promptly upon receipt of the Token and Terms and Conditions of Use, the Signatory will access CC using his/her account name and CC Password and register his/her Token and set a personal identification number (PIN) to be used in connection with the use of his/her Token, after which the Token will be initialized for use by the Signatory exclusively for purposes of delivering Applications. Upon initialization of the Token, the Signatory will be a "Token User". The Bank will maintain in its database a user account (Account) for each Token User for purposes of managing the Token of the Token User. Neither the Borrower nor the Token User will have any access to the Account.
5. Prior to first use of the Token by the Token User for delivering Applications, the Borrower shall ensure that the Token User has received training materials provided by the Bank in use of the Token.
6. Tokens shall be promptly returned to the Bank upon request of the Bank.

C. Management of Tokens.

1. Tokens will remain the property of the Bank.
2. Use of the Token is strictly limited to use in the delivery of Applications by the Token User in the manner prescribed by the Bank in the Agreement(s) and these Terms and Conditions. Any other use of the Token is prohibited.
3. The Bank assumes no responsibility or liability whatsoever for any misuse of the Token by the Token User, other representatives of the Borrower, or third parties.
4. The Borrower undertakes to ensure, and represents and warrants to the Bank (such representation and warranty being expressly relied upon by the Bank in delivery of a Token to each Token User) that each Token User is provided, understands and will abide by, these Terms and Conditions of Use, including without limitation the following:

Security

- 4.1. The Token User shall not reveal his/her PIN to anyone or store or record the PIN in written or other form.
- 4.2. The Token User shall not allow anyone else to utilize a Token to deliver an Application to the Bank.
- 4.3. The Token User shall always logout from CC when not using the system. Failure to logout properly can create a route into the system that is unprotected.
- 4.4. If the Token User believes a third party has learned his/her PIN or has lost his/her Token he/she shall immediately notify clientconnection@worldbank.org.

4.5. The Borrower shall immediately notify the Bank at clientconnection@worldbank.org of any lost, stolen or compromised Tokens, and take other reasonable steps to ensure such Tokens are disabled immediately.

Care of Tokens

4.6. Tokens contain delicate and sophisticated instrumentation and therefore should be handled with due care, and should not be immersed in liquids, exposed to extreme temperatures, crushed or bent. Also, Tokens should be kept more than five (5) cm from devices that generate electromagnetic radiation (EMR), such as mobile phones, phone-enabled PDAs, smart phones and other similar devices. Tokens should be carried and stored separate from any EMR device. At close range (less than 5 cm), these devices can output high levels of EMR that can interfere with the proper operation of electronic equipment, including the Token.

4.7. Without derogating from these Terms and Conditions of Use, other technical instructions on the proper use and care Tokens are available at <http://www.rsa.com>.

5. *Replacement*

5.1. Lost, damaged, compromised (in terms of 4.5, above) or destroyed Tokens will be replaced at the expense of the Borrower.

5.2. The Bank reserves the right, in its sole discretion, not to replace any Token in the case of misuse, or not to reactivate a Token User's Account

6. *Reservation of Right to disable Token*

6.1. The Borrower shall reserve the right to revoke the authorization of a Token User to use a Token for any reason.

6.2. The Bank reserves the right, in its sole discretion, to temporarily or permanently disable a Token, de-activate a Token User's Account or both.

ATTACHMENT 4: FORM OF INTERIM FINANCIAL REPORT

Project Expenses for Grant-funded Activities in this Reporting Period

<u>Current Reporting Period</u>						
	<u>Received</u>	<u>Planned (as recorded in previous progress report)</u>	<u>Difference (Received - Planned)</u>		<u>Expected to Receive for next Reporting Period</u>	
Sources of Funds						
1. Grant			0.00			
2. Other Funds:						
(a) Revenue generated from project			0.00			
(b) Other Donors			0.00			
Total Project Funds	0.00	0.00	0.00		0.00	
	<u>Expensed</u>	<u>Committed as of X/X/200X date</u>	<u>Budgeted (as recorded in previous progress report)</u>	<u>Difference = (Expensed + Commitment - Budgeted)</u>		<u>Budget for next Reporting Period (*)</u>
Budget and Expenses						
I. Use of Grant Funds						
A. Works				0.00		
B. Goods (Materials and Equipment)				0.00		
C. Services:						
(1) Staff salaries				0.00		
(2) Consultant fees				0.00		
(3) Travel				0.00		
D. Operating Costs				0.00		
E. Other (please specify)				0.00		
Subtotal: Use of Grant Funds	0.00	0.00	0.00	0.00		0.00
II. Use of Other Funds (revenue generated + other donors)						
Total Use of Funds	0.00	0.00	0.00	0.00		0.00
Account Balance: Project Funds Received (total from all sources) minus Total Use of Funds (expensed and committed)						
	0.00					

(*) Note: Total budget for the next reporting period should be equal to the sum of the account balance from the current reporting period plus the expected receipt of funds

ATTACHMENT 5: FORM OF UNAUDITED FINAL FINANCIAL REPORT

Project Expenses for DM2009-funded Activities for Project Implementation Period

Project Budget Summary			
	First Grant Disbursement	Second Grant Disbursement	Third Grant Disbursement
Sources of Funds			
1. Grant			
2. Other Funds:			
(a) Revenue generated from project			
(b) Other Donors			
Total Project Funds	0.00	0.00	0.00
Budget for Grant Funds			
I. Use of Grant Funds			
A. Works			
Construction of Cover Material Plant	\$8,000		
B. Goods (Materials and Equipment)			
Weather Station	\$2,000		
Production Machines	\$50,000		
C. Services:			
(1) Staff salaries	\$25,500		
(2) Consultant fees and travel	\$14,500		
D. Operating Costs			
E. Other (please specify)			
Subtotal: Use of Grant Funds			
II. Use of Other Funds (revenue generated + other donors)			
Total Use of Funds	\$100,00	0.00	0.00
	0.00	0.00	0.00

Attachment 4: Form of Unaudited Final Financial Report