

GEF TRUST FUND GRANT NUMBER TF052856

Global Environment Facility Trust Fund Grant Agreement

(Lima Transport Project)

among

REPUBLIC OF PERU

and

FONDO NACIONAL DEL AMBIENTE (FONAM)

and

**INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT**

acting as an Implementing Agency of the Global Environment Facility

Dated July 5, 2004

GEF TRUST FUND GRANT NUMBER TF052856

GLOBAL ENVIRONMENT FACILITY TRUST FUND GRANT AGREEMENT

AGREEMENT, dated July 5, 2004, among REPUBLIC OF PERU (RP), FONDO NACIONAL DEL AMBIENTE (FONAM; the Recipient) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (the Bank) acting as an implementing agency of the Global Environment Facility (GEF) in respect of grant funds provided to the GEF Trust Fund by certain members of the Bank as participants of the GEF.

WHEREAS (A) the Bank, pursuant to Resolution No. 91-5 of March 14, 1991 of the Executive Directors of the Bank, established the GEF to assist in the protection of the global environment and promote thereby environmentally sound and sustainable economic development;

(B) following the restructuring of the GEF, such arrangements continued in place on the basis set forth in Resolution No. 94-2 of May 24, 1994, of the Executive Directors of the Bank which, *inter alia*, established the GEF Trust Fund and appointed the Bank as trustee of the GEF Trust Fund (Resolution No. 94-2);

(C) the RP and the Recipient, having satisfied themselves as to the feasibility and priority of the project described in Schedule 2 to this Agreement (the Project), have requested assistance from the resources of the GEF Trust Fund for funding the Project, and said request having been approved in accordance with the provisions of the Instrument for the Establishment of the Restructured Global Environment Facility approved under Resolution 94-2; and

WHEREAS the Bank has agreed, on the basis, *inter alia*, of the foregoing, to extend a grant (the GEF Trust Fund Grant) to the Recipient upon the terms and conditions set forth in this Agreement;

NOW THEREFORE, the parties hereto hereby agree as follows:

ARTICLE I

General Conditions; Definitions

Section 1.01. (a) The following provisions of the General Conditions Applicable to Loan and Guarantee Agreements for Single Currency Loans of the Bank, dated May 30, 1995 (as amended through October 6, 1999), with the modifications set forth in paragraph (b) of this Section (the General Conditions) constitute an integral part of this Agreement:

- (i) Article I;
 - (ii) Sections 2.01 (1), (2), (3), (4), (5), (6), (7), (8), (10), (14), (15), (16), (18) and (21), 2.02 and 2.03;
 - (iii) Section 3.01;
 - (iv) Sections 4.01 and 4.06;
 - (v) Article V;
 - (vi) Sections 6.01, 6.02 (a), (c), (d), (e), (f), (g), (h), (i), (l), (m), (n), (o) and (p), 6.03, 6.04 and 6.06;
 - (vii) Section 8.01 (b);
 - (viii) Sections 9.01 (a) and (c), 9.04, 9.05, 9.06, 9.07, 9.08 and 9.09;
 - (ix) Sections 10.01, 10.03 and 10.04;
 - (x) Article XI; and
 - (xi) Sections 12.01, 12.02, 12.03 and 12.04.
- (b) The General Conditions shall be modified as follows:
- (i) the term "Bank", wherever used in the General Conditions, other than in Sections 2.01 (6) and 6.02 (f) thereof and in Section 5.01 (a) thereof, means the Bank acting as an implementing agency of

the GEF, except that in Section 6.02, the term “Bank” shall also include the Bank acting in its own capacity;

- (ii) the term “Borrower”, wherever used in the General Conditions, means the Recipient;
- (iii) the term “Loan Agreement”, wherever used in the General Conditions, means this Agreement;
- (iv) the term “Loan” and “loan”, wherever used in the General Conditions, means the GEF Trust Fund Grant;
- (v) the term “Loan Account”, wherever used in the General Conditions, means the GEF Trust Fund Grant Account; and
- (vi) a new subparagraph is added after subparagraph (p) in Section 6.02 of the General Conditions, as follows: “(q) an extraordinary situation shall have arisen in which any further disbursement under the GEF Trust Fund Grant would exceed the resources available for disbursement from the GEF.”

Section 1.02. Wherever used in this Agreement, unless the context otherwise requires, the several terms defined in the General Conditions and in the Recitals to this Agreement have the respective meanings therein set forth, and the following additional terms have the following meanings:

(a) “Beneficiary” means an individual who has met the eligibility criteria specified in the Project Operational Manual (as hereinafter defined) and, as a result, has been extended, or is to be extended, a Micro-Credit (as hereinafter defined) for the promotion of non-motorized transportation or for the reconversion of affected transit operators and employees under Part A.2 (ii) of the Project; and “Beneficiaries” means each such Beneficiary collectively;

(b) “*Caja Metropolitana de Lima*” means the municipal financial organization of MML established and operating pursuant to RP’s Law No 10769 dated January 20, 1947;

(c) “Credit Guarantee Fund” means the fund administered by the Financial Manager and aimed at giving financial incentives to encourage the retirement of aged and polluting public transport vehicles in accordance with the provisions and procedures set

forth in paragraph 6 of Schedule 4 to this Agreement and in more detail in the Project Operational Manual;

(d) “DMTU” means ‘*Dirección Municipal de Transporte Urbano*’, MML’s municipal directorate for urban transport, established and operating pursuant operating pursuant to Municipal Resolution (*Edicto*) No. 021 dated April 1, 1985, amended by Municipal Resolution (*Edicto*) No. 250 dated February 8th, 2003;

(e) “Environmental and Social Management Plan” means the plan detailing environmental and social management and mitigation guidelines for the Project, referred to in paragraph 1 of Schedule 4 to this Agreement, as the same may be amended from time to time, and such term includes any schedules to the Environmental and Social Management Plan;

(f) “Financial Management Agreement” means an agreement to be executed between the Recipient and a financial institution acceptable to the Bank to manage the Credit Guarantee Fund in accordance with paragraph 6 of Schedule 4 to this Agreement;

(g) “Financial Manager” means the financial institution referred to in paragraph 6 of Schedule 4 to this Agreement;

(h) “FMR” or “Financial Monitoring Report” means each report prepared in accordance with Section 4.02 of this Agreement;

(i) “GEF Interinstitutional Technical Committee” means the committee referred to in paragraph 3 of Schedule 4 to this Agreement to be established by the Recipient;

(j) “GEF Project Consultative Committee” means the committee referred to in paragraph 2 of Schedule 4 to this Agreement, to be established by the Recipient;

(k) “General Procurement Plan” means the plan referred to in paragraph 5 of Schedule 4 to this Agreement, outlining procurement procedures for the Project;

(l) “Institutional Cooperation Arrangements” means any or all of the final institutional cooperation arrangements executed between the Recipient on one hand and each of MML, MPC, PEMTNM, PROTRANSPORTE and Micro-Credit Institutions;

(m) “Investment Strategy” means the Recipient’s letter of commitment acceptable to the Bank and describing future uses of the proceeds of the GEF Trust Fund

Grant under Parts A.1 and A.2 (ii) of the Project as allocated to Categories (5) and (6) of the table in Part A.1 of Schedule 1 to this Agreement;

(n) “Micro-Credit” means a micro-credit made or proposed to be made to a Beneficiary by Micro-Credit Institution for the reconversion of affected transit operators and employees in accordance with the provisions set forth in paragraph 7 of Schedule 4 to this Agreement;

(o) “Micro-Credit Agreement” means an agreement between a Micro-Credit Institution and a Beneficiary setting forth the terms and conditions under which a Micro-Credits for the reconversion of affected transit operators and employees shall be made available to said Beneficiary for the purpose of financing activities under Part A.2 (ii) of the Project;

(p) “Micro-Credit Institution” means any of the institutions (including *Caja Metropolitana de Lima*) allowed to grant Micro-Credits to a Beneficiary under Part A.2. (ii) of the Project in accordance with paragraph 7 of Schedule 4 to this Agreement, the respective Institutional Cooperation Arrangement to be executed between the Recipient and said Micro-Credit Institution in accordance with the Micro-Credit Operational Manual;

(q) “Micro-Credit Operational Manual” means the manual referred to in paragraph 1 of Schedule 4 to this Agreement outlining policies, regulations, procurement, financial management and implementation procedures as well as monitoring guidelines the Micro-Credit component of the Project;

(r) “MML” means ‘*Municipalidad Metropolitana de Lima*’, the Metropolitan Municipality of Lima;

(s) “MPC” means ‘*Municipalidad Provincial de Callao*’, the Provincial Municipality of Callao;

(t) “PEMTNM” means ‘*Proyecto Especial Metropolitano de Transporte No-Motorizado*’, MML’s special program for non-motorized transport, established and operating pursuant to MML’s Resolution No. 98 dated January 22, 2003;

(u) “Policy Guidelines for road-based public transport” means MML’s guidelines discussing its municipal strategies and policies for road-based public transport;

(v) “Project Implementation Unit” means a unit within the Recipient referred to in paragraph 2 (a) of Schedule 4 to this Agreement;

(w) “Project Operational Manual” means the manual referred to in paragraph 1 of Schedule 4 to this Agreement, outlining policies, financial management, procurement and implementation procedures as well as monitoring guidelines for the Project, excluding Part A.2. (ii) of Schedule 2 to this Agreement;

(x) “PROTRANSPORTE” means ‘*Proyecto de Preparación del Plan de Inversiones para el Transporte Metropolitano de Lima*’, MML’s agency responsible for the preparation of investment, implementation and control of the high capacity segregated busways in Lima, established and operating pursuant to MML’s Decree No. 108 dated September 3, 2002;

(y) “Special Account” means the account referred to in Section 2.02 (b) of this Agreement; and

(z) “Statutes of FONAM” means FONAM’s articles of incorporation adopted by its council of directors on August 10th 1999.

ARTICLE II

The GEF Trust Fund Grant

Section 2.01. The Bank agrees to make available to the Recipient, on the terms and conditions set forth or referred to in this Agreement, the GEF Trust Fund Grant in an amount equivalent to seven million nine hundred and thirty thousand Dollars (\$ 7,930,000).

Section 2.02. (a) The amount of the GEF Trust Fund Grant may be withdrawn from the GEF Trust Fund Grant Account in accordance with the provisions of Schedule 1 to this Agreement for expenditures made (or, if the Bank shall so agree, to be made) in respect of Micro-Credits, Credit Guarantee Fund tranches and the reasonable cost of works, goods and services required for carrying out the Project and to be financed out of the proceeds of the GEF Trust Fund Grant.

(b) The Recipient may, for the purposes of the Project, open and maintain in Dollars a special deposit account in a commercial bank on terms and conditions satisfactory to the Bank, including appropriate protection against set off, seizure or attachment. Deposits into, and payments out of, the Special Account shall be made in accordance with the provisions of Schedule 5 to this Agreement.

Section 2.03. The Closing Date shall be June 30, 2009 or such later date as the Bank shall establish. The Bank shall promptly notify RP and the Recipient of such later date.

ARTICLE III

Execution of the Project

Section 3.01. (a) The RP and the Recipient declare their commitment to the objective of the Project as set forth in Schedule 2 to this Agreement. The Recipient, to this end, shall carry out the Project with the assistance of RP and with due diligence and efficiency and in conformity with appropriate administrative, engineering, social, financial, public utility and environmental practices and with due regard to ecological and environmental factors, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the Project.

(b) Without limitation upon the provisions of paragraph (a) of this Section and except as the Recipient and the Bank shall otherwise agree, the Recipient shall carry out the Project in accordance with the Implementation Program set forth in Schedule 4 to this Agreement.

Section 3.02. Except as the Bank shall otherwise agree, procurement of goods, works and consultants' services required for the Project and to be financed out of the proceeds of the GEF Trust Fund Grant shall be governed by the provisions of Schedule 3 to this Agreement.

Section 3.03. For the purposes of Section 9.07 of the General Conditions and without limitation thereto, the Recipient shall:

(a) prepare, on the basis of guidelines acceptable to the Bank, and furnish to the Bank not later than six months after the Closing Date or such later date as may be agreed for this purpose between the Recipient and the Bank, a plan for the future operation of the Project; and

(b) afford the Bank a reasonable opportunity to exchange view with the Recipient on said plan.

Section 3.04. The Recipient shall appoint the auditors referred to in Section 4.01 (b) (i) of this Agreement in accordance with the provisions of Section II of Schedule 3 to this Agreement no later than three months after the Effective Date.

ARTICLE IV

Financial Covenants

Section 4.01. (a) The Recipient shall establish and maintain a financial management system, including records and accounts, and prepare financial statements in accordance with consistently applied accounting standards, acceptable to the Bank, adequate to reflect its operations and financial condition and to register separately the operations, resources and expenditures related to the Project.

(b) The Recipient shall:

- (i) commencing with the fiscal year in which the Effective Date falls, to and including the fiscal year in which the last withdrawal from the GEF Trust Fund Grant Account is made, have its financial statements (balance sheets, statements of income and expenses and related statements) for each fiscal year, or other period agreed to by the Bank, audited, in accordance with consistently applied auditing standards acceptable to the Bank, by independent auditors acceptable to the Bank;
- (ii) furnish to the Bank as soon as available, but in any case not later than six months after the end of each such year or such other period agreed to by the Bank, (A) certified copies of the financial statements referred to in paragraph (a) of this Section for such year, or such other period agreed to by the Bank, as so audited, and (B) an opinion on such statements by said auditors, in scope and detail satisfactory to the Bank; and
- (iii) furnish to the Bank such other information concerning such records and accounts, and the audit of such financial statements, and concerning said auditors, as the Bank may from time to time reasonably request.

(c) For all expenditures with respect to which withdrawals from the GEF Trust Fund Grant Account were made on the basis of statements of expenditure, the Recipient shall:

- (i) retain, until at least one year after the Bank has received the audit report for, or covering, the fiscal year in which the last withdrawal from the GEF Trust Fund Grant Account was made,

all records (contracts, orders, invoices, bills, receipts and other documents) evidencing such expenditures;

- (ii) enable the Bank's representatives to examine such records; and
- (iii) ensure that such statements of expenditures are included in the audit for each fiscal year or other period agreed to by the Bank, referred to in paragraph (b) of this Section.

Section 4.02. (a) Without limitation upon the Recipient's progress reporting obligations set out in Schedule 4 to this Agreement, the Recipient shall prepare and furnish to the Bank a financial monitoring report, in form and substance satisfactory to the Bank, which:

- (i) sets forth sources and uses of funds for the Project, both cumulatively and for the period covered by said report, showing separately funds provided under the GEF Trust Fund Grant and explains variances between the actual and planned uses of such funds;
- (ii) describes physical progress in Project implementation, both cumulatively and for the period covered by said report, and explains variances between the actual and planned Project implementation; and
- (iii) sets forth the status of procurement under the Project, as at the end of the period covered by said report.

(b) The first FMR shall be furnished to the Bank not later than 45 days after the end of the first calendar semester after the Effective Date, and shall cover the period from the incurrence of the first expenditure under the Project through the end of such first calendar semester; thereafter, each FMR shall be furnished to the Bank not later than 45 days after each subsequent calendar semester, and shall cover such calendar semester.

ARTICLE V

Remedies of the Bank

Section 5.01. Pursuant to Section 6.02 (p) of the General Conditions, the following additional events are specified:

(a) Law No. 26793 of the RP dated May 22, 1997 shall have been amended, suspended, abrogated, repealed or waived so as to, in the opinion of the Bank, affect materially and adversely the ability of the Recipient to perform any of its obligations under the GEF Trust Fund Grant.

(b) The Policy Guidelines for road-based public transport for MML shall have been amended, suspended, abrogated, repealed or waived so as to, in the opinion of the Bank, affect materially and adversely the ability of the Recipient to perform any of its obligations under the GEF Trust Fund Grant.

ARTICLE VI

Effectiveness, Termination

Section 6.01. The following events are specified as additional conditions to the effectiveness of this Agreement within the meaning of Section 12.01(c) of the General Conditions:

(a) The Recipient has established a financial management system as required by Article IV of this Agreement;

(b) the Recipient has adopted the Project Operational Manual, the Environmental and Social Management Plan and the General Procurement Plan;

(c) the Recipient has submitted to the Bank terms of reference acceptable to the Bank for the appointment of the auditors referred to in Section 4.01 (b) (i) of this Agreement;

(d) the Recipient has executed a final and enforceable Institutional Cooperation Arrangement with MML;

(e) the Recipient has adopted a staffing plan for the Project Implementation Unit, in form and substance satisfactory to the Bank, and has taken all necessary staffing measures in accordance with said staffing plan; and

(f) the Recipient has established the GEF Project Consultative Committee and the GEF Interinstitutional Technical Committee.

Section 6.02. The date, November 8, 2004, is hereby specified for the purposes of Section 12.04 of the General Conditions.

Section 6.03. This Agreement shall continue in effect until the GEF Trust Fund Grant has been fully disbursed and the parties to this Agreement have fulfilled all their obligations hereunder.

ARTICLE VII

Representative of the Recipient; Addresses

Section 7.01. The Executive Director of FONAM is designated as representative of the Recipient and the [Executive Director] of the Peruvian Agency for International Cooperation (*Agencia Peruana de Cooperación Internacional*, APCI) is designated as representative of the Republic of Peru for the purposes of Section 11.03 of the General Conditions.

Section 7.02 The following addresses are specified for the purposes of Section 11.01 of the General Conditions:

For the Republic of Peru:

Agencia Peruana de Cooperación Internacional
Ave. Jose Pardo 261
Miraflores
Lima 18
Peru

Facsimile:
(51 1) 242 4929

For the Recipient:

Fondo Nacional del Ambiente - FONAM
Calle Hermanos Quinteros 103
Lima 33
Peru

Facsimile:
(51 1) 449 6200

For the Bank:

International Bank for
Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Cable address:

Telex:

Facsimile:

INTBAFRAD
Washington, D.C.

248423 (MCI)
64145 (MCI)

(202) 477-6391

IN WITNESS WHEREOF, the parties hereto, acting through their duly authorized representatives, have caused this Agreement to be signed in their respective names in Lima, Peru, as of the day and year first above written.

AGENCIA PERUANA DE COOPERACIÓN
INTERNACIONAL

By /S/ Juan Velit Granda

Authorized Representative

FONDO NACIONAL DEL AMBIENTE

By /S/ Carlos Loret de Mola de Lavalle

Authorized Representative

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT
as an implementing agency of the Global Environment Facility

By /S/ John Lincoln Newman

Regional Vice President
Latin America and the Caribbean

SCHEDULE 1

Withdrawal and Utilization of the Proceeds of the GEF Trust Fund Grant

Section I. Withdrawal of the Proceeds of the GEF Trust Fund Grant

Part A: General

1. The table below sets forth the Categories of items to be financed out of the proceeds of the GEF Trust Fund Grant, the allocation of the amounts of the GEF Trust Fund Grant to each Category and the percentage of expenditures for items so to be financed in each Category:

<u>Category</u>	<u>Amount of the GEF Trust Fund Grant Allocated (Expressed in Dollars Equivalent)</u>	<u>% of Expenditures to be Financed</u>
(1) Works		
(a) under Part B.1 (i)	2,570,000	100%
(b) under Part B.1 (ii)	500,000	
(2) Goods (except as covered by Categories (6) and (7) below)	180,000	100%
(3) Consultants' services		
(a) under Part A.3	100,000	
(b) under Parts A.1, A. 2, B, C and D of the Project	2,893,000	100%
(4) Training	250,000	100%
(5) Credit Guarantee Fund under Part A.1 of the Project		
(a) First tranche	500,000	100%
(b) Second tranche	500,000	

<u>Category</u>	<u>Amount of the GEF Trust Fund Grant Allocated (Expressed in Dollars Equivalent)</u>	<u>% of Expenditures to be Financed</u>
(6) Goods, Works and Services financed by Micro-Credits under Part A.2 (ii) of the Project	350,000	100%
(7) Operational Costs	87,000	100%
TOTAL	<u>7,930,000</u>	

2. For the purposes of this Schedule:

(a) “Operational Costs” means reasonable costs, which would not have been incurred absent the Project, for: (i) office equipment and related maintenance of the Recipient; (ii) refurbishment of office space, office utilities and office supplies of the Recipient; (iii) travel and per diem of personnel of the Recipient for Project implementation activities; and (iv) salaries of the Recipient’s temporary contractual staff (but excluding salaries of the Recipient’s regular staff);

(b) “Training” means: (i) training materials and rental of training facilities; and (ii) fees, travel, and per diem of trainers, training institutions and trainees; and

(c) “Credit Guarantee Fund” means funds referred to in paragraph 6 of Schedule 4 to this Agreement.

3. Notwithstanding the provisions of Part A.1 above, no withdrawals shall be made in respect of:

- (i) expenditures under Category (1) (a) unless the Recipient has executed a final and enforceable Institutional Cooperation Arrangement with PEMTNM;

- (ii) expenditures under Category (1) (b) unless the Recipient has executed a final and enforceable Institutional Cooperation Arrangement with MPC;
- (iii) expenditures under Categories (3) (a) and (4) unless: (A) the Recipient has executed a final and enforceable Institutional Cooperation Arrangement with PROTRANSPORTE; and (B) the Policy Guidelines for road-based public transport for MML have been adopted in form and substance satisfactory to the Bank;
- (iv) expenditures under Category (5) unless (A) the Policy Guidelines for road-based public transport for MML have been adopted in form and substance satisfactory to the Bank; (B) the Recipient has adopted an Investment Strategy and has executed the Financial Management Agreement; and (C) in particular for each of the subcategories, the conditions set forth in Part B of this Schedule have been met;
- (v) Micro-Credits under Category (6) unless (A) the Policy Guidelines for road-based public transport for MML have been adopted in form and substance satisfactory to the Bank; (B) the Recipient has adopted the Micro-Credit Operational Manual in form and substance satisfactory to the Bank; (C) the Recipient has executed final and enforceable Institutional Cooperation Arrangements with PROTRANSPORTE and with a Micro-Credit Institution; and (D) a report on Micro-Credit Agreements approved in accordance with paragraph 7 of Schedule 4 to this Agreement and in accordance with the Micro-Credit Operational Manual has been submitted to the Bank; and
- (vi) payments made for expenditures prior to the date of this Agreement, except that withdrawals, in an aggregate amount not to exceed \$500,000 equivalent, may be made in respect to categories (1), (2), (3), (4) and (7) of the table in Part A.1 of this Schedule on account of payment made for expenditures during the 12 month immediately before that date but in any case after October 15, 2003.

4. The Bank may require withdrawals from the GEF Trust Fund Grant Account to be made on the basis of statements of expenditure for expenditures for: (a) works costing \$500,000 equivalent or less per contract; (b) goods costing \$250,000 equivalent or less per contract; (c) consulting firms under contracts costing less than \$100,000 equivalent; (d) individual consultants under contracts costing less than \$50,000 equivalent; (e)

training; and (f) operational costs; all under such terms and conditions as the Bank shall specify by notice to the Recipient.

5. If the Bank shall have determined at any time that any payment made from the GEF Trust Fund Grant Account was used for any expenditure not consistent with the provisions of this Agreement, the Recipient shall, promptly upon notice from the Bank, refund to the Bank for deposit into the GEF Trust Fund Grant Account, an amount equal to the amount so used or the portion thereof as specified by the Bank.

Part B: Special Disbursement Procedures

Subject to the provisions set forth or referred to in this Schedule, the proceeds of the GEF Trust Fund Grant allocated to Categories (5) (a) and (5) (b) of the table in Part A.1 of this Section shall be withdrawn from the GEF Trust Fund Account under two separate applications for withdrawal providing for the amount of each such tranche to be transferred to the Financial Manager pursuant to the provisions of the Financial Management Agreement upon compliance with the conditions set forth in Part A.3 (iv) of this Section.

Section II. Utilization of Part of the Proceeds of the GEF Trust Fund Grant

1. The investment income deriving from the Bank-disbursed proceeds of the GEF Trust Fund Grant allocated to Categories (5) and (6) of the table in Part A.1 of Section I of this Schedule shall be used for future financing of FONAM in accordance with the terms and conditions set forth in the Investment Strategy.

2. If any of the following events shall occur within fifteen (15) years of the date of this Agreement, upon notice from the Bank, the Recipient shall promptly refund (or cause the Financial Manager to refund) to the Bank, for deposit into the GEF Trust Fund Grant Account, the amount of the GEF Trust Fund Grant allocated to Categories (5) and (6) of the table in Part A.1 of Section I of this Schedule and the income derived therefrom, in whole or in part, at the Bank's option:

(a) That the Bank shall have determined, at any time, that: (i) the Recipient shall have failed to perform any of its obligations under this Agreement; and (ii) the Recipient shall have failed to perform any of its obligations under the Investment Strategy.

(b) Expenditures shall have been made under a contract in respect of which the Bank determines that corrupt or fraudulent practices were engaged in by representatives of the Recipient or of a beneficiary of the GEF Trust Fund Grant during the procurement or execution of such contract, without the Recipient having taken timely and appropriate action satisfactory to RP and the Bank to remedy the situation.

(c) The Statutes of FONAM, the Project Operational Manual, the Investment Strategy or the Financial Management Agreement shall have been amended, suspended, terminated, waived or failed to be enforced in a manner which, in the opinion of the Bank, would materially and adversely affect the implementation of the Project or the attainment of its objectives.

(d) The Recipient shall have been dissolved or its operations shall have been suspended.

(e) That any part of the investment income or of the proceeds referred to in paragraph 1 above was used for any expenditure not consistent with the provisions of this Agreement.

SCHEDULE 2

Description of the Project

The objective of the Project is to assist RP and the Recipient in enhancing the economic productivity and the quality of life in the Lima-Callao metropolitan area by improving mobility and accessibility for its population through the establishment of an efficient, reliable, cleaner and safer mass transit system and by promoting non-motorized transportation.

The Project consists of the following parts, subject to such modifications thereof as the Recipient and the Bank may agree upon from time to time to achieve such objectives.

Part A: Rationalization of Public Transport Fleet

1. Provision of financial incentives to encourage the retirement of aged and polluting public transport vehicles through the establishment of a Credit Guarantee Fund.
2. Implementation of mitigation plans for affected transit operators and employees aimed at providing them with: (a) professional and vocational training; and (b) Micro-Credits for the creation of micro-businesses.
3. Implementation of a pilot project in order to test various bus scrapping methods.

All through the provision of technical advisory services and the acquisition of equipment and goods.

Part B: Consolidation and Expansion of Lima Bikeway Network

1. Implementation of physical improvements and extension of the existing bikeway network in: (a) the territory of MML; and (b) the territory of MPC.
2. Implementation of promotion and education campaigns for users, local authorities and officials regarding the role and the importance of bicycle use.

All through the provision of technical advisory services and the acquisition of equipment and goods.

Part C: Institutional Strengthening for Sustainable Transport

1. Carrying out of an awareness campaign among local municipal and district authorities and staff in MML and MPC with respect of environmental issues related to transport.
2. Implementation of training and technical assistance programs for municipal and district staff in MML and MPC in the area of public urban transport.
3. Capacity building for local municipal and district authorities and staff, inter alia, in the areas of data collection, sample techniques, feasibility studies, environmental impact assessment, project monitoring, infrastructure maintenance, and civil works supervision as relate to urban transport.

All through the provision of technical advisory services and the acquisition of equipment and goods.

Part D: Management, Monitoring and Evaluation and Replication Strategy

1. Design and validation of the Project monitoring system in cooperation with the Recipient and the stakeholders of the transport sector represented in the GEF Project Consultative Committee, including MML and MPC, municipal districts in MML and MPC, DMTU, PEMTNM, PROTRANSPORTE and non governmental organizations involved in the Project.
2. Implementation of an automated data processing system for the monitoring and evaluation system of the Project.
3. Design of a replication strategy and technical assistance to municipalities outside MML and MPC in the field of sustainable transport.

All through the provision of technical advisory services and the acquisition of equipment and goods.

* * *

The Project is expected to be completed by December 31, 2008.

SCHEDULE 3

Procurement and Consultants' Services

Section I. Procurement of Goods and Works

Part A: General

Goods and works shall be procured in accordance with the provisions of Section I of the "Guidelines for Procurement under IBRD Loans and IDA Credits" published by the Bank in January 1995 and revised in January and August 1996, September 1997 and January 1999 (the Guidelines) and the following provisions of Section I of this Schedule.

Part B: International Competitive Bidding

Except as otherwise provided in Part C of this Section, goods and works shall be procured under contracts awarded in accordance with the provisions of Section II of the Guidelines and paragraph 5 of Appendix 1 thereto.

Part C: Other Procurement Procedures

1. National Competitive Bidding

(a) Goods estimated to cost \$50,000 equivalent per contract or more, up to an aggregate amount not to exceed \$250,000 equivalent; and (b) works estimated to cost \$250,000 equivalent per contract or more, up to an aggregate amount not to exceed \$4,200,000 equivalent, may be procured under contracts awarded in accordance with the provisions of paragraphs 3.3 and 3.4 of the Guidelines.

To the extent practicable, contracts for office equipment and supplies shall be grouped in bid packages estimated to cost \$50,000 equivalent or more each.

2. National Shopping

Goods estimated to cost less than \$50,000 equivalent per contract, up to an aggregate amount not to exceed \$150,000 equivalent may be procured under contracts awarded on the basis of national shopping procedures in accordance with the provisions of paragraphs 3.5 and 3.6 of the Guidelines.

3. Procurement of Small Works

Works estimated to cost less than \$250,000 equivalent per contract, up to an aggregate amount not to exceed \$500,000 equivalent, may be procured under lump-sum, fixed-price contracts awarded on the basis of quotations obtained from three (3) qualified domestic contractors in response to a written invitation. The invitation shall include a detailed description of the works, including basic specifications, the required completion date, a basic form of agreement acceptable to the Bank, and relevant drawings, where applicable. The award shall be made to the contractor who offers the lowest price quotation for the required work, and who has the experience and resources to complete the contract successfully.

Part D: Review by the Bank of Procurement Decisions

1. Procurement Planning

Prior to the issuance of any invitations to prequalify for bidding or to bid for contracts, the proposed General Procurement Plan for the Project shall be furnished to the Bank for its review and approval, in accordance with the provisions of paragraph 1 of Appendix 1 to the Guidelines. Procurement of all goods and works shall be undertaken in accordance with such General Procurement Plan as shall have been approved by the Bank, and with the provisions of said paragraph 1.

2. Prior Review

(a) With respect to each contract for (i) works estimated to cost more than the equivalent of \$500,000; and (ii) goods estimated to cost more than the equivalent of \$250,000, the procedures set forth in paragraphs 2 and 3 of Appendix 1 to the Guidelines shall apply.

(b) With respect to the first two contracts for works procured under small works procedures and the first two contracts for goods procured under national shopping, the procedures set forth in paragraphs 2 and 3 of Appendix 1 to the Guidelines shall apply.

3. Post Review

With respect to each contract not governed by paragraph 2 of this Part, the procedures set forth in paragraph 4 of Appendix 1 to the Guidelines shall apply.

Section II. Employment of Consultants

Part A: General

Consultants' services shall be procured in accordance with the provisions of the Introduction and Section IV of the "Guidelines: Selection and Employment of Consultants by World Bank Recipients" published by the Bank in January 1997 and revised in September 1997, January 1999 and May 2002 (the Consultant Guidelines) and the following provisions of Section II of this Schedule.

Part B: Quality- and Cost-based Selection

1. Except as otherwise provided in Part C of this Section, consultants' services shall be procured under contracts awarded in accordance with the provisions of Section II of the Consultant Guidelines and the provisions of paragraphs 3.13 through 3.18 thereof applicable to quality- and cost-based selection of consultants.

2. The following provisions shall apply to consultants' services to be procured under contracts awarded in accordance with the provisions of the preceding paragraph: the short list of consultants, estimated to cost less than \$350,000 equivalent per contract, may comprise entirely national consultants in accordance with the provisions of paragraph 2.7 and footnote 8 of the Consultant Guidelines.

Part C: Other Procedures for the Selection of Consultants

1. Selection Under a Fixed Budget

Services estimated to cost less than \$100,000 equivalent per contract may be procured under contracts awarded in accordance with the provisions of paragraphs 3.1 and 3.5 of the Consultant Guidelines.

2. Selection Based on Consultants' Qualifications

Services for technical advisory services provided under Parts B, C.2 and C.3 of the Project estimated to cost less than \$100,000 equivalent per contract and not exceeding the aggregate amount of \$450,000 equivalent, may be procured under contracts awarded in accordance with the provisions of paragraphs 3.1 and 3.7 of the Consultant Guidelines.

3. Least-cost Selection

Services for financial audits estimated to cost less than 100,000 equivalent per contract and not exceeding the aggregate amount of \$450,000 equivalent, may be procured under contracts awarded in accordance with the provisions of paragraphs 3.1 and 3.6 of the Consultant Guidelines.

4. Single Source Selection

Services estimated to cost less than \$100,000 equivalent per contract and not exceeding the aggregate amount of \$600,000 equivalent, may, with the Bank's prior agreement, be procured in accordance with the provisions of paragraphs 3.8 through 3.11 of the Consultant Guidelines.

5. Individual Consultants

(a) Services for tasks that meet the requirements set forth in paragraph 5.1 of the Consultant Guidelines shall be procured under contracts awarded to individual consultants in accordance with the provisions of paragraphs 5.1 through 5.3 of the Consultant Guidelines.

(b) Individual consultants estimated to cost less than \$100,000 equivalent per contract and not exceeding the aggregate amount of \$840,000 equivalent, may be selected on a sole-source basis in accordance with the provisions of paragraphs 5.3 and 5.4 of the Consultant Guidelines, subject to prior approval of the Bank.

Part D: Review by the Bank of the Selection of Consultants

1. Selection Planning

Prior to the issuance to consultants of any requests for proposals, the proposed General Procurement Plan for the selection of consultants under the Project shall be furnished to the Bank for its review and approval, in accordance with the provisions of paragraph 1 of Appendix 1 to the Consultant Guidelines. Selection of all consultants' services shall be undertaken in accordance with such selection plan as shall have been approved by the Bank, and with the provisions of said paragraph 1.

2. Prior Review

(a) With respect to (i) each contract for the employment of consulting firms estimated to cost the equivalent of \$100,000 or more; and (ii) all contracts for the employment of consulting firms selected on a sole-source basis, the procedures set forth in paragraphs 2, 3 and 5 of Appendix 1 to the Consultant Guidelines shall apply.

(b) With respect to each contract for the employment of individual consultants to be selected on a sole source basis, or each contract estimated to cost the equivalent of \$50,000 or more, the report on the comparison of the qualifications and experience of candidates, the qualifications, experience, terms of reference and terms of

employment of the consultants shall be furnished to the Bank for its prior review and approval. The contract shall be awarded only after the said approval shall have been given. The provisions of paragraph 3 of Appendix 1 to the Consultant Guidelines shall also apply to such contracts.

3. Post Review

With respect to each contract not governed by paragraph 2 of this Part, the procedures set forth in paragraph 4 of Appendix 1 to the Consultant Guidelines shall apply.

Section III. Special Provisions

A. In addition and without limitation or restriction to any other provision set forth in this Schedule or the Guidelines, the following provisions shall govern all procurement of goods and works under Part C.1 of Section I of this Schedule:

1. No reference value shall be required for publication in the bidding documents.
2. Award of contracts shall be based exclusively on price and, whenever appropriate, shall take into account factors that can be quantified objectively, and the procedure for such quantification shall be disclosed in the invitation to bid.
3. The Recipient shall utilize standard bidding documents satisfactory to the Bank.

B. In addition and without limitation or restriction to any other provision set forth in this Schedule or the Consultant Guidelines, the following provisions shall govern all employment of consultants referred to in Section II of this Schedule:

1. Foreign consultants shall not be required to be locally registered as a condition of participation in the selection process.
2. No reference value shall be required for publication in the proposal documents.
3. No minimum number of responsive proposals shall be required prior to awarding a contract for consulting services.
4. Foreign consultants shall not be required to legalize their proposals or any documentation related to such proposals with either Peruvian consulates, the Ministry of

Foreign Affairs, or any Peruvian authorities, as a pre-condition to participating in the selection process.

SCHEDULE 4

Implementation Program

1. General

The Recipient shall:

(a) carry out the Project with the assistance of RP and in accordance with a Project operational manual, an environmental and social management plan, a Micro-Credit operational manual, each such manuals and plan to be satisfactory to the Bank, and shall not amend or waive any provision of said manuals and plan without the Bank's prior written approval. In case of any conflict between the terms of said manuals and plan and those of this Agreement, the terms of this Agreement shall prevail;

(b) maintain policies and procedures adequate to enable it to monitor and evaluate on an ongoing basis, in accordance with the indicators set forth in Schedule 6 to this Agreement, the carrying out of the Project and the achievement of the objectives thereof; and

(c) implement until the completion of the execution of the Project the Institutional Cooperation Arrangement and the Financial Management Agreement and except as the Bank shall otherwise agree, shall not amend or waive any provision of said Agreements without the Bank's prior written approval. These Arrangements and Agreement will not be amended or waived if, in the opinion of the Bank, such amendments or waivers may materially and adversely affect the carrying out of the Project or the achievement of the objectives thereof. In case of any conflict between the terms of said Arrangements and Agreement and those of this Agreement, the terms of this Agreement shall prevail.

2. Project Implementation Unit and GEF Project Consultative Committee

The Recipient shall:

(a) maintain until the completion of the execution of the Project, a Project implementation unit, in a form and with functions, staffing and resources satisfactory to the Bank, in accordance with the Project Operational Manual;

(b) cause the Project Implementation Unit to carry out the day-to-day coordination and management of the Project, in accordance with the Project Operational Manual;

(c) maintain until the completion of the execution of the Project, a GEF Project consultative committee, in a form and with functions satisfactory to the Bank, in accordance with the Project Operational Manual; and

(d) cause the GEF Project Consultative Committee to carry out the consultations for the design and the validation of the monitoring system for the Project, in accordance with the Project Operational Manual.

3. GEF Interinstitutional Technical Committee

The Recipient shall:

(a) maintain until the completion of the execution of the Project, a GEF interinstitutional technical committee, in a form and with functions, staffing and resources satisfactory to the Bank, in accordance with the Project Operational Manual; and

(b) cause the GEF Interinstitutional Technical Committee to supervise the overall implementation of the Project, in accordance with the Project Operational Manual.

4. Semi-Annual Monitoring Reports and Mid-Term Review

The Recipient shall:

(a) prepare, under terms of reference satisfactory to the Bank, and furnish to the Bank, on or about January 31 and July 31 each year starting on January 31, 2005, a report integrating the results of the monitoring and evaluation activities performed pursuant to paragraph 1 of this Schedule, on the progress achieved in the carrying out of the Project during the period preceding the date of said report and setting out the measures recommended to ensure the efficient carrying out of the Project and the achievement of the objectives thereof during the period following such date;

(b) review with the Bank, by February 28 and August 31, each year starting on February 28, 2005, or such later date as the Bank shall request, the report referred to in subparagraph (a) of this paragraph, and, thereafter, take all measures required to ensure the efficient completion of the Project and the achievement of the objectives thereof, based on the conclusions and recommendations of the said report and the Bank's views on the matter;

(c) by April 30, 2006, or such other date as the Bank shall agree upon, carry

out jointly with the Bank a mid-term review of the implementation of operations under the Project (Midterm Review). The Midterm Review shall cover the progress achieved in the implementation of the Project; and

(d) following such Midterm Review, act promptly and diligently to take any corrective action as shall be recommended by the Bank.

5. Annual Procurement Audits and General Procurement Plan

(a) The Recipient shall:

- (i) have all the procurement records and documentation for each fiscal year of the Project audited, in accordance with appropriate procurement auditing principles, by independent auditors acceptable to the Bank;
- (ii) furnish to the Bank as soon as available, but in any case not later than six months after the end of each such fiscal year, the procurement audit report of such audit by said auditors, of such scope and in such detail as the Bank shall have reasonably requested; and
- (iii) furnish to the Bank such other information concerning said procurement records and documentation and the procurement audit thereof as the Bank shall from time to time reasonably request.

(b) The Recipient shall:

- (i) prepare, under terms of reference satisfactory to the Bank, and furnish to the Bank, on or about July 31 and January 31 each year starting on July 31, 2004, a general procurement plan, satisfactory to the Bank, detailing all procurement activities under the Project for the following six months;
- (ii) review with the Bank, by August 31 and February 28 each year starting on August 31, 2004, or such later date as the Bank shall request, the plan referred to in paragraph (a) of this Section, and, thereafter, take all measures required to ensure the efficient completion of the plan based on its recommendations and the Bank's views on the matter.

(c) In case of any conflict between the terms of a General Procurement Plan and those of this Agreement, the terms of this Agreement shall prevail.

6. Credit Guarantee Fund

Without limitation upon the provisions of Paragraph 1 of this Schedule, the Recipient shall monitor or cause the activities under Part A.1 of the Project to be monitored. For the purposes of managing the Bank-disbursed proceeds of the GEF Trust Fund Grant allocated to Category (5) of the table in Part A.1 of Section I of Schedule 1 to this Agreement in accordance with the Project Operation Manual, at all times during the execution of the Project, the Recipient shall:

(a) retain the services of a recognized financial institution of experience and with qualifications acceptable to the Bank, operating under terms of reference satisfactory to the Bank; and

(b) ensure that the agreement with the Financial Manager contains terms and conditions satisfactory to the Bank, including the obligation of the Financial Manager to:

(i) administer the proceeds of the GEF Trust Fund Grant allocated to Category (5) of the table in Part A.1 of Section I of Schedule 1 to this Agreement in accordance with the Project Operation Manual;

(ii) not later than one (1) month after the end of each semester during the implementation of the Project, furnish to the Recipient and the Bank a report regarding management performance, capital value, asset allocation, and investment income with respect to the proceeds of the GEF Trust Fund Grant allocated to category (5) of table in Part A.1, Section I in Schedule 1 to this Agreement; and

(iii) provide to the Recipient any information regarding the Credit Guarantee Fund required for the Recipient to abide by the provisions of Article IV of this Agreement.

7. Micro-Credits for the Reconversion of Affected Transit Operators and Employees

(a) Without limitation upon the provisions of Paragraph 1 of this Schedule, the Recipient shall monitor the activities under Part A.2 (ii) of the Project in accordance with the Institutional Cooperation Arrangements with Micro-Credit Institutions in order to administer the Micro-Credits for the reconversion of affected transit operators and

employees in accordance with the provisions and procedures set forth in this paragraph and in more details in the Micro-Credit Operational Manual.

(b) The Micro-Credits shall be requested by a Beneficiary up to an aggregate amount of \$10,000 equivalent, solely for the purpose of the reconversion of affected transit operators and employees.

(c) The Micro-Credits shall be carried out pursuant to a Micro-Credit Agreement, to be concluded between the Micro-Credit Institution and each Beneficiary, under terms and conditions described in more detail in the Micro-Credit Operational Manual.

(d) The Recipient shall cause the Micro-Credit Institutions to exercise their rights under the Micro-Credit Agreements in such manner as to protect their interests and the interests of the Recipient, RP and the Bank in order to accomplish the purposes of Part A.2 (ii) of the Project, and, except as the Recipient and the Bank shall otherwise agree, the Micro-Credit Institutions shall not assign, amend, abrogate or waive the Micro-Credit Agreements or any provision thereof.

SCHEDULE 5

Special Account

1. For the purposes of this Schedule:
 - (a) the term “eligible Categories means Categories (1), (2), (3), (4), (6) and (7) set forth in the table in paragraph 1 of Schedule 1 to this Agreement;
 - (b) the term “eligible expenditures” means expenditures in respect of the reasonable cost of works goods and services required for the Project and to be financed out of the proceeds of the GEF Trust Fund Grant allocated from time to time to the eligible Categories in accordance with the provisions of Schedule 1 to this Agreement; and
 - (c) the term “Authorized Allocation” means the amount of \$450,000 to be withdrawn from the GEF Trust Fund Grant Account and deposited into the Special Account pursuant to paragraph 3 (a) of this Schedule, provided, however, that unless the Bank shall otherwise agree, the Authorized Allocation shall be limited to the amount of \$250,000 until the aggregate amount of withdrawals from the GEF Trust Fund Grant Account plus the total amount of all outstanding special commitments entered into by the Bank for the Categories specified in 1 (a) pursuant to Section 5.02 of the General Conditions shall be equal to or exceed the equivalent of US\$900,000.
2. Payments out of the Special Account shall be made exclusively for eligible expenditures in accordance with the provisions of this Schedule.
3. After the Bank has received evidence satisfactory to it that the Special Account has been duly opened, withdrawals of the Authorized Allocation and subsequent withdrawals to replenish the Special Account shall be made as follows:
 - (a) For withdrawals of the Authorized Allocation, the Recipient shall furnish to the Bank a request or requests for deposit into the Special Account of an amount or amounts which do not exceed the aggregate amount of the Authorized Allocation. On the basis of such request or requests, the Bank shall, on behalf of the Recipient, withdraw from the GEF Trust Fund Grant Account and deposit into the Special Account such amount or amounts as the Recipient shall have requested.
 - (b) (i) For replenishment of the Special Account, the Recipient shall furnish to the Bank requests for deposits into the Special Account at such intervals as the Bank shall specify.

- (ii) Prior to or at the time of each such request, the Recipient shall furnish to the Bank the documents and other evidence required pursuant to paragraph 4 of this Schedule for the payment or payments in respect of which replenishment is requested. On the basis of each such request, the Bank shall, on behalf of the Recipient, withdraw from the GEF Trust Fund Grant Account and deposit into the Special Account such amount as the Recipient shall have requested and as shall have been shown by said documents and other evidence to have been paid out of the Special Account for eligible expenditures. All such deposits shall be withdrawn by the Bank from the GEF Trust Fund Grant Account under the respective eligible Categories, and in the respective equivalent amounts, as shall have been justified by said documents and other evidence.

4. For each payment made by the Recipient out of the Special Account, the Recipient shall, at such time as the Bank shall reasonably request, furnish to the Bank such documents and other evidence showing that such payment was made exclusively for eligible expenditures.

5. Notwithstanding the provisions of paragraph 3 of this Schedule, the Bank shall not be required to make further deposits into the Special Account:

- (a) if, at any time, the Bank shall have determined that all further withdrawals should be made by the Recipient directly from the GEF Trust Fund Grant Account in accordance with the provisions of Article V of the General Conditions and paragraph (a) of Section 2.02 of this Agreement;

- (b) if the Recipient shall have failed to furnish to the Bank, within the period of time specified in Section 4.01 (b) (ii) of this Agreement, any of the audit reports required to be furnished to the Bank pursuant to said Section in respect of the audit of the records and accounts for the Special Accounts;

- (c) if, at any time, the Bank shall have notified the Recipient of its intention to suspend in whole or in part the right of the Recipient to make withdrawals from the GEF Trust Fund Grant Account pursuant to the provisions of Section 6.02 of the General Conditions; or

- (d) once the total unwithdrawn amount of the GEF Trust Fund Grant allocated to the eligible Categories, minus the total amount of all outstanding special commitments entered into by the Bank pursuant to Section 5.02 of the General Conditions, shall equal the equivalent of twice the amount of the Authorized Allocation.

Thereafter, withdrawal from the GEF Trust Fund Grant Account of the remaining unwithdrawn amount of the GEF Trust Fund Grant allocated to the eligible Categories shall follow such procedures as the Bank shall specify by notice to the Recipient. Such further withdrawals shall be made only after and to the extent that the Bank shall have been satisfied that all such amounts remaining on deposit in the Special Account as of the date of such notice will be utilized in making payments for eligible expenditures.

6. (a) If the Bank shall have determined at any time that any payment out of the Special Account: (i) was made for an expenditure or in an amount not eligible pursuant to paragraph 2 of this Schedule; or (ii) was not justified by the evidence furnished to the Bank, the Recipient shall, promptly upon notice from the Bank: (A) provide such additional evidence as the Bank may request; or (B) deposit into the Special Account (or, if the Bank shall so request, refund to the Bank) an amount equal to the amount of such payment or the portion thereof not so eligible or justified. Unless the Bank shall otherwise agree, no further deposit by the Bank into the Special Account shall be made until the Recipient has provided such evidence or made such deposit or refund, as the case may be.

(b) If the Bank shall have determined at any time that any amount outstanding in the Special Account will not be required to cover further payments for eligible expenditures, the Recipient shall, promptly upon notice from the Bank, refund to the Bank such outstanding amount.

(c) The Recipient may, upon notice to the Bank, refund to the Bank all or any portion of the funds on deposit in the Special Account.

(d) Refunds to the Bank made pursuant to paragraphs 6 (a), (b) and (c) of this Schedule shall be credited to the GEF Trust Fund Grant Account for subsequent withdrawal or for cancellation in accordance with the relevant provisions of this Agreement, including the General Conditions.

SCHEDULE 6

Performance Indicators

The performance indicators for the Project shall include the following, said indicators being subject to modifications by agreement between the Recipient and the Bank:

Performance Indicators	Target Dates
1. At least one concessionaire for the high-capacity segregated busways has used the Credit Guarantee Fund option.	January 31, 2007
2. At least 250 aged and polluting public transport vehicles retired through the Credit Guarantee Fund.	January 1, 2008
3. At least 50% of displaced bus operators by the GEF Trust Fund Grant under Part A of the Project have been retrained or have received technical and economic support to opt for new employments or new business outside the transport sector.	January 1, 2008
4. 32.5 kilometers of bikeways rehabilitated.	January 1, 2006
5. 6.1 kilometers of bikeways extension to connect Lima's two main universities campus to the existing bikeway network.	January 1, 2006
6. Doubling of the number of bicycle trips in the Project financed bikeway in comparison to the base line.	June 30, 2009
7. Local municipal and district governments as well as FONAM have benefited from institutional strengthening programs.	June 30, 2009
8. 300 people among local authorities, civil servants, community leaders, civil society groups and the general population are informed about sustainable transport options and their effect on air quality, greenhouse gases (GHG) emissions and the environment in general.	June 30, 2009