

CONFORMED COPY

GEF GRANT NUMBER TF095978

***Global Environment Facility***  
**Grant Agreement**

**(Sustainable Transport and Air Quality Project)**

**between**

**ASSOCIAÇÃO NACIONAL DE TRANSPORTES PUBLICOS (ANTP)**

**and**

**INTERNATIONAL BANK FOR RECONSTRUCTION  
AND DEVELOPMENT**

**acting as an Implementing Agency of the Global Environment Facility**

**Dated March 4, 2010**

**GLOBAL ENVIRONMENT FACILITY  
GRANT AGREEMENT**

AGREEMENT dated March 4, 2010, entered into between:

ASSOCIAÇÃO NACIONAL DE TRANSPORTES PUBLICOS - ANTP (“Recipient”) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (“World Bank”), acting as an implementing agency of the Global Environment Facility (“GEF”) and as trustee of the GEF Trust Fund.

(A) Whereas Clean Air Institute -CAI has contracted from the World Bank, acting as an implementing agency of the GEF, a grant in an amount equal to two million nine hundred three thousand United States Dollars (\$2,903,000) to assist in the financing of a portion of the costs of the regional project (the Regional Project) in support of the first phase of the GEF Sustainable Transport and Air Quality Program (the Program) on terms and conditions set forth in an agreement entered into between CAI and the World Bank (the CAI GEF Grant Agreement).

(B) Whereas the FEDERATIVE REPUBLIC OF BRAZIL has provided the World Bank, in a letter dated July 29, 2009, its no objection with the selection of the *Associação Nacional de Transportes Públicos* – ANTP as the Recipient and executing agency of the project described in Schedule 1 to this Agreement (“Project”).

The Recipient and the World Bank hereby agree as follows:

**Article I  
Standard Conditions; Definitions**

- 1.01. The Standard Conditions for Grants Made by the World Bank Out of Various Funds, dated July 1, 2008 (“Standard Conditions”), constitute an integral part of this Agreement.
- 1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the Standard Conditions or in this Agreement.

**Article II  
The Project**

- 2.01. The Recipient declares its commitment to the objective of the Project. To this end, the Recipient shall carry out the Project with the assistance of the relevant

Selected Metropolitan Regions, in accordance with the provisions of Article II of the Standard Conditions and pursuant to the terms of the corresponding Participation Agreements.

- 2.02. Without limitation upon the provisions of Section 2.01 of this Agreement, and except as the Recipient and the World Bank shall otherwise agree, the Recipient shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

### **Article III The Grant**

- 3.01. The World Bank agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a grant in an amount equal to eight million five hundred thirty two thousand United States Dollars (\$8,532,000) (“Grant”) to assist in financing the Project.
- 3.02. The Recipient may withdraw the proceeds of the Grant in accordance with Section IV of Schedule 2 to this Agreement.
- 3.03. The Grant is funded out of the abovementioned trust fund for which the World Bank receives periodic contributions. In accordance with Section 3.02 of the Standard Conditions, the Recipient may withdraw the Grant proceeds subject to the availability of such funds.

### **Article IV Additional Remedies**

- 4.01. The Additional Events of Suspension referred to in Section 4.02 (i) of the Standard Conditions consist of the following:
- (a) *Ineligibility.* IBRD or IDA has declared the Recipient ineligible to be awarded a contract financed by IBRD or IDA.
  - (b) CAI shall have failed to perform any of its obligations under the CAI-ANTP Cooperation Agreement.

### **Article V Effectiveness; Termination**

- 5.01. This Agreement shall not become effective until evidence satisfactory to the World Bank has been furnished that the conditions specified below, and in Section 5.02 of this Agreement, have been satisfied:
- (a) the execution and delivery of this Agreement on behalf of the Recipient have been duly authorized or ratified by all necessary governmental and corporate action;
  - (b) the CAI-ANTP Cooperation Agreement has been executed by the parties thereto;
  - (c) the Recipient has hired a procurement specialist, according to the terms of reference included in the Operational Manual.
  - (d) at least one Participation Agreement has been executed by the parties thereto; and
  - (e) the Recipient has adopted the Operational Manual.
- 5.02. As part of the evidence to be furnished pursuant to Section 5.01 of this Agreement, there shall be furnished to the World Bank:
- (a) an opinion or opinions satisfactory to the World Bank of counsel acceptable to the World Bank showing, on behalf of the Recipient, that this Agreement has been duly authorized or ratified by, and executed and delivered on its behalf and is legally binding upon the Recipient in accordance with its terms; and
  - (b) an opinion or opinions satisfactory to the World Bank of counsel for the Recipient, and for the corresponding Selected Agency, acceptable to the World Bank, providing that the pertinent Participation Agreement entered into in satisfaction of the condition set forth in Section 5.01 (d) of this Agreement has been duly authorized or ratified by ANTP and the corresponding Selected Agency and said Participation Agreement is legally binding upon the Recipient and said Selected Agency in accordance with its terms.
- 5.03 Except as the Recipient and the World Bank shall otherwise agree, this Agreement shall enter into effect on the date upon which the World Bank dispatches to the Recipient notice of its acceptance of the evidence required pursuant to Section 5.01 of this Agreement. If before the Effective Date, any event has occurred which would have entitled the World Bank to suspend the

right of the Recipient to make withdrawals from the Grant Account if this Agreement had been effective, the World Bank may postpone the dispatch of the notice referred to in this Section until such event (or events) has (or have) ceased to exist.

- 5.04 This Agreement and all obligations of the parties under it shall terminate if it has not entered into effect by the date ninety (90) days after the date of this Agreement, unless the World Bank after consideration of the reasons for delay, establishes a later date for the purpose of this Section, which may in no case be later than the eighteen (18) months after the World Bank's approval of the Grant which expire on June 28, 2011. The World Bank shall promptly notify the Recipient of such later date.

#### **Article VI Recipient's Representative; Addresses**

- 6.01. The Recipient's Representative referred to in Section 7.02 of the Standard Conditions is its Superintendent (*Superintendente*).

- 6.02. The Recipient's Address referred to in Section 7.01 of the Standard Conditions is:

Alameda Santos, 1000 – 7th Floor  
01418-100 São Paulo, SP - Brasil  
Tel: (55-11) 3371 2299  
Fax: (55-11) 3253 8095

- 6.03. The World Bank's Address referred to in Section 7.01 of the Standard Conditions is:

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

Cable:

Telex:

Facsimile:

INTBAFRAD

Washington, D.C.

248423 (MCI) or  
64145 (MCI)

1-202-477-6391

AGREED at Brasilia, Federative Republic of Brazil, as of the day and year first above written.

ASSOCIAÇÃO NACIONAL DE TRANSPORTES PUBLICOS  
(ANTP)

By /s/ Ailton Brasiliense Pires

Authorized Representative

INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT  
acting as an Implementing Agency of the  
Global Environment Facility

By /s/ Makhtar Diop

Authorized Representative

## SCHEDULE 1

### Project Description

The objective of the Project is to assist the Selected Agencies to: (i) reduce GHG emissions growth rates by fostering a long term increase in the promotion of less energy intensive transport modes; and (ii) promote the implementation of policies and regulatory frameworks that foster the development of sustainable transport systems.

The Project consists of the following parts:

#### Part 1. Freight Transport

Provision of technical Assistance and training to improve the efficiency of freight transport in urban areas, and reduce conflicts and impacts on other modes of transport, including, *inter alia*, the development of analytical tools for planning and evaluating projects and policies that improve freight transport in the São Paulo metropolitan area.

#### Part 2. Integration of Land Use Planning, Transport Management and Environmental Management

Provision of technical assistance and training to foster more integrated transport and land use planning and to reduce the use of private motor vehicles, reduce trip lengths, and increase the accessibility to public and non-motorized transport.

#### Part 3. Public Transport Enhancement

Provision of technical assistance and of training, and carrying out of pilot investments to improve public transport systems, facilitate the effectiveness and interconnectivity of those systems with other modes of transport, and induce mode switching away from private vehicles.

#### Part 4. Non-motorized Transport

Provision of technical assistance and of training and carrying out of pilot investments to better integrate walking and biking into the municipalities' planning processes and transport facilities and to create incentives for their use as a viable and safe alternative to traditional motorized transport systems.

#### Part 5. Transport Demand Management

Provision of technical assistance and training to support the development and evaluation of transport interventions and policies to rationalize use of private vehicles,

and create incentives for more widespread use of public transport and non-motorized modes.

Part 6. Project Management

Provision of technical assistance and financing for administrative and technical support staff required for the implementation, supervision and monitoring of the Project in the Selected Metropolitan Regions



## SCHEDULE 2

### Project Execution

#### Section I. Institutional and Other Arrangements

##### A. Anti-Corruption

Without limitation to the provisions of Section 2.01 of this Agreement, the Recipient shall carry out and shall cause the Project to be carried out in accordance with the provisions of the Anti-Corruption Guidelines.

##### B. Operational Manual

- (a) Without limitation to the provisions of Section 2.01 of this Agreement, the Recipient shall carry out the Project in accordance with the provisions of the Operational Manual. The Recipient shall in no way amend the Operational Manual without prior written consent from the World Bank.
- (b) In case of any conflict between the terms of the Operational Manual and those of this Agreement, the terms of this Agreement shall prevail.

##### C. Implementation Arrangements

- (a) The Recipient shall, at all times during Project implementation, be assisted by professional staff (including, *inter alia*, a Project coordinator and a procurement specialist), in numbers and with terms of reference, qualifications and experience, acceptable to the World Bank.
- (c) The Recipient shall establish and thereafter maintain, throughout the implementation of the Project, a national advisory committee in charge of overseeing the Project, comprised of representatives of the Recipient and the Selected Agencies.

##### D. Participation Agreement

- (a) Prior to the carrying out of any Project activity with a given Selected Agency, the Recipient shall enter into an agreement (the Participation Agreement) with the said Selected Agency, all under terms and conditions which shall have been approved by the World Bank, including *inter alia*: (i) the right of the Recipient to take remedial actions against the pertinent Selected Agency in case said Selected Agency shall have failed to comply with any of its obligations under the relevant Participation Agreement (all previously agreed with the World Bank);

and (ii) the obligation of the Selected Agency: (A) to provide the facilities, services and other resources, necessary or appropriate to enable the Recipient to carry out the pertinent Project activities; (B) to assist the Recipient to ensure that the pertinent Project activities are carried out in accordance with the provisions of the Anti-Corruption Guidelines; (C) to comply with the provisions of the relevant Environmental and Social Management Framework; and (D) to take or permit to be taken all action to enable the Recipient to comply with its obligations referred to in this Agreement, as applicable to the Project activities to be carried out under the territorial jurisdiction of a Selected Agency;

- (b) The Recipient shall exercise its rights and carry out its obligations under each Participation Agreement in such a manner as to protect the interests of the Recipient and the World Bank and to accomplish the purposes of the Grant; and except as the Bank shall otherwise agree, the Recipient shall not assign, amend, abrogate, terminate, waive or fail to enforce any Participation Agreement or any provision thereof.

#### **E. Cooperation Agreement**

- (a) To facilitate the carrying out of the Project, the Recipient shall execute a cooperation agreement (“CAI-ANTP Cooperation Agreement”) with CAI, under terms and conditions approved by the World Bank, which shall include, *inter alia*, provisions concerning the definition of the process and methods for the coordination of the Project activities, data collection, information exchange, knowledge sharing and dissemination of results and the nature, extent and frequency of technical assistance, training and workshops.
- (b) The Recipient shall exercise its rights and carry out its obligations under the CAI-ANTP Cooperation Agreement in such a manner as to protect the interests of the Recipient and the World Bank and to accomplish the purposes of the Grant. Except as the World Bank shall otherwise agree, the Recipient shall not assign, amend, abrogate, terminate, waive or fail to enforce the CAI-ANTP Cooperation Agreement or any of its provisions.

#### **F. Environmental and Social Provisions**

- (a) The Recipient shall ensure that the terms of reference for any consultancies related to studies or technical assistance provided under the Project shall be satisfactory to the World Bank and, to that end, such

terms of reference shall incorporate the requirements of the World Bank safeguards policies as applied to the advice conveyed through such studies and technical assistance.

- (b) The Recipient shall carry out the Project in accordance with the provisions and recommendations of the ESMF.
- (c) The Recipient shall, prior to the carrying out of any works under the Project: (a) carry out, or cause to be carried out, an environmental screening/assessment of each of the pertinent works, and if needed, as determined by the World Bank, approve or cause to be approved, an environmental management plan or similar environmental instrument, acceptable to the World Bank, for each of said works (which plan or similar environmental instrument shall be based on the results of the pertinent screening/assessment mentioned herein, and the World Bank's comments on the results of said screening/assessment, if any); and (b) immediately after said approval, implement and/or cause to be implemented, the corresponding plan (or similar environmental instrument) in accordance with its terms.
- (d) The Recipient shall ensure that there will be no Resettlement under the Project.

## **Section II. Project Monitoring, Reporting and Evaluation**

### **A. Project Reports; Completion Report**

- 1. The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 2.06 of the Standard Conditions and on the basis of the indicators set forth in the Operational Manual. Each Project Report shall cover the period of one calendar quarter, and shall be furnished to the World Bank not later than forty five days after the end of the period covered by such report.
- 2. The Recipient shall prepare the Completion Report in accordance with the provisions of Section 2.06 of the Standard Conditions. The Completion Report shall be furnished to the World Bank not later than six months after the Closing Date.

### **B. Financial Management; Financial Reports; Audits**

- 1. The Recipient shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.07 of the Standard Conditions.

2. Without limitation on the provisions of Part A of this Section, the Recipient shall prepare and furnish to the Bank, as part of the Project Reports mentioned in Section II. A.1 of this Schedule, interim unaudited financial reports for the Project covering each calendar quarter, in form and substance satisfactory to the World Bank.
3. The Recipient shall have its Financial Statements for the Project audited in accordance with the provisions of Section 2.07 (b) of the Standard Conditions. Each audit of the Financial Statements shall cover the period of one fiscal year of the Recipient. The audited Financial Statements for each such period shall be furnished to the World Bank not later than six months after the end of such period.

### **Section III. Procurement**

#### **A. General**

1. **Procurement and Consultant Guidelines.** All works and consultants' services required for the Project and to be financed out of the proceeds of the Grant shall be procured in accordance with the requirements set forth or referred to in:
  - (a) Section I of the Procurement Guidelines in the case of works and Sections I and IV of the Consultant Guidelines in the case of consultants' services; and
  - (b) the provisions of this Section III, as the same shall be elaborated in the Procurement Plan.
2. **Definitions.** The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the World Bank of particular contracts, refer to the corresponding method described in the Procurement Guidelines, or Consultant Guidelines, as the case may be.

#### **B. Particular Methods of Procurement of Works**

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, works shall be procured under contracts awarded on the basis of International Competitive Bidding, unless otherwise specified in the procurement Plan.
2. **Other Methods of Procurement of Works.** The following methods, other than International Competitive Bidding, may be used for procurement of works for those contracts specified in the Procurement Plan: (a) National Competitive Bidding; (b) Shopping; and (c) direct contracting.

**C. Particular Methods of Procurement of Consultants' Services**

1. **Quality- and Cost-based Selection.** Except as otherwise provided in paragraph 2 below, consultants' services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection.
2. **Other Methods of Procurement of Consultants' Services.** The following methods, other than Quality- and Cost-based Selection, may be used for procurement of consultants' services for those assignments which are specified in the Procurement Plan: (a) Least Cost Selection; (b) Selection Based on the Consultants' Qualifications; (c) Single-source Selection; (d) Procedures set forth in paragraphs 5.2 through 5.4 of the Consultant Guidelines for the Selection of Individual Consultants; and (e) Sole Source Procedures for the Selection of Individual Consultants set forth in paragraph 5.4 of the Consultant Guidelines.

**D. Review by the World Bank of Procurement Decisions**

The Procurement Plan shall set forth those contracts which shall be subject to the World Bank's Prior Review. All other contracts shall be subject to Post Review by the World Bank.

**Section IV. Withdrawal of Grant Proceeds**

**A. General**

1. The Recipient may withdraw the proceeds of the Grant in accordance with the provisions of: (a) Article III of the Standard Conditions; (b) this Section; and (c) such additional instructions as the World Bank may specify by notice to the Recipient (including the "World Bank Disbursement Guidelines for Projects" dated May 2006, as revised from time to time by the World Bank and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the table in paragraph 2 below.
2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Grant ("Category"), the allocations of the amounts of the Grant to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

<b>Category</b>	<b>Amount of the Grant Allocated (expressed in USD)</b>	<b>Percentage of Expenditures to be Financed (inclusive of Taxes)</b>
(1) (a) Works, consulting services and Training for Belo Horizonte metropolitan region	2,780,000	100%
(1) (b) Works, consulting services and Training for Curitiba metropolitan region	2,162,000	100%
(1) (c) Works, consulting services and Training for Sao Paulo metropolitan region	3,399,000	100%
(2) Operating Costs under the Project	191,000	100%
<b>TOTAL AMOUNT</b>	8,532,000	

For purposes of this table:

- (a) the term “Operating Costs” means reasonable recurrent expenditures, based on an annual budget previously approved by the World Bank, that would not have been incurred by the Recipient absent the Project, for transportation and per-diem costs of staff, Project administration costs, customization of financial management software, operation and maintenance of office equipment (including non-durable goods); and
- (b) the term “Training” means expenditures (other than those for consultants’ services) incurred by the Recipient, as approved by the World Bank on the basis of an annual budget acceptable to the World Bank, to finance reasonable transportation costs and per-diem of trainees and trainers (if applicable), training registration fees, and rental of training facilities and equipment under the Project.

**B. Withdrawal Conditions; Withdrawal Period**

1. Notwithstanding the provisions of Part A of this Section no withdrawal shall be made:
  - (a) For payments made prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed \$1,706,400 equivalent may be made for payments made prior to this date but on or after January 1, 2009 (but in no case more than one year prior to the date of this Agreement), for Eligible Expenditures.
  - (b) For payments to finance Eligible Expenditures under Category (1) (a) in respect of Project activities to be carried out in the respective territorial jurisdiction, and/or to benefit of the pertinent Selected Agency, unless: (i) the relevant Participation Agreement has been signed by the parties thereto; and (ii) counsel for the Recipient, and for the corresponding Selected Agency, acceptable to the World Bank, has each issued an opinion or opinions, acceptable to the World Bank, providing that the pertinent Participation Agreement has been duly authorized or ratified by the Recipient and the corresponding Selected Agency and is legally binding upon the Recipient and said Selected Agency in accordance with its terms.
  - (c) For payments to finance Eligible Expenditures under Category (1) (b) in respect of Project activities to be carried out in the respective territorial jurisdiction, and/or to benefit of the pertinent Selected Agency, unless: (i) the relevant Participation Agreement has been signed by the parties thereto; and (ii) counsel for the Recipient, and for the corresponding Selected Agency, acceptable to the World Bank, has each issued an opinion or opinions, acceptable to the World Bank, providing that the pertinent Participation Agreement has been duly authorized or ratified by the Recipient and the corresponding Selected Agency and is legally binding upon the Recipient and said Selected Agency in accordance with its terms.
  - (d) For payments to finance Eligible Expenditures under Category (1) (c) in respect of Project activities to be carried out in the respective territorial jurisdiction, and/or to benefit of the pertinent Selected Agency, unless: (i) the relevant Participation Agreement has been signed by the parties thereto; and (ii) counsel for the Recipient, and for the corresponding Selected Agency, acceptable to the World Bank, has each issued an opinion or opinions, acceptable to the World Bank, providing that the pertinent Participation Agreement has been duly authorized or ratified by the Recipient and the corresponding Selected Agency and is legally

binding upon the Recipient and said Selected Agency in accordance with its terms.

2. The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is December 30, 2013.



## APPENDIX

### Section I. Definitions

1. “Anti-Corruption Guidelines” means the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006.
2. “ANTP” means *Associação Nacional de Transportes Públicos*, the Brazilian national association of public transport, a non-profit association created through *Estatuto Social* in 1977 and registered in the respective *Cartorio do Registro das Pessoas Juridicas* of Sao Paulo.
3. “CAI” means Clean Air Institute, a non-profit corporation created on April 21, 2006, under the laws of the District of Columbia, United States of America, for charitable and educational purposes, including but not limited to developing and promoting policies, technologies and strategies to enhance the global environment, reduce local, regional and global air pollution, and protect human health.
4. “CAI-ANTP Cooperation Agreement” means the agreement referred to in Section I.E of Schedule 2 to this Agreement.
5. “CAI GEF Grant Agreement” means the agreement dated January 15, 2009, between CAI and the World Bank, referred to in the Whereas clause of this Agreement.
6. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
7. “Consultant Guidelines” means the “Guidelines: Selection and Employment of Consultants by World Bank Recipients” published by the Bank in May 2004 and revised in October 2006.
8. “Effective Date” means the date referred to in Section 5.03 of this Agreement.
9. “ESMF” means Environmental and Social Management Framework, the Recipient’s environmental and social framework for the Project, dated September 1, 2009 , which includes specific procedures to address the direct and indirect environmental impacts of the Project’s activities and specific guidelines and

procedures to prevent, mitigate or compensate eventual environmental and social impacts, as well as organizational schemes which define institutional responsibilities of each of the Selected Agencies.

10. “GHG” means greenhouse gas.
11. “Operational Manual” means the Recipient’s manual, acceptable to the World Bank, which sets forth, *inter alia*: (a) the structure, functions and responsibilities of the Recipient staff in the implementation of the Project; (b) the Project’s chart of accounts and internal controls; (c) the format of: (A) the unaudited interim financial reports referred to in Section II. B.2 of Schedule 2 to this Agreement; and (B) the Financial Statements; (d) the terms of reference for carrying out the Project audits under Section II.B.3 of Schedule 2 to this Agreement; (e) the Project indicators (including the results framework); and (f) the Project disbursement and procurement procedures, as said manual may be updated and/or amended from time to time with the agreement of the World Bank.
12. “Participation Agreement” means any of the agreements to be entered into between the Recipient and the Selected Agencies, referred to in Section I.D of Schedule 2 to this Agreement.
13. “Procurement Guidelines” means the “Guidelines for Procurement under IBRD Loans and IDA Credits” published by the Bank in May 2004 and revised in October 2006.
14. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated November 23, 2009 and referred to in paragraph 1.16 of the Procurement Guidelines and paragraph 1.24 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.
15. “Program” means the initiative designed to reduce the rate of growth of GHG emissions from transport in Latin America through the promotion of less energy intensive and cleaner modes of transport, set forth in the Project appraisal document dated September 25, 2008 of the Regional Project, which Program will be partially financed with the proceeds of the Grant (as said terms are defined herein).
16. “Regional Project” means the project in support of the Program, the objective of which is to develop an integrated regional strategy to improve air quality and reduce GHG in the transport sector in Latin America.

17. “Resettlement” means the impact of an involuntary taking of land under the Project, which taking causes affected persons to have their: (i) standard of living adversely affected; or (ii) right, title or interest in any house, land (including premises, agricultural and grazing land) or any other fixed or movable asset acquired or possessed, temporarily or permanently; or (iii) access to productive assets adversely affected, temporarily or permanently; or (iv) business, occupation, work or place of residence or habitat adversely affected, temporarily or permanently.
18. “Selected Agency” means a public agency or enterprise thereof, satisfactory to the World Bank, chosen for the purpose of (a) entering into the Participation Agreements referred to in Section I. D (a) of Schedule 2 to this Agreement; and (b) carrying out the activities under the Project in the Selected Metropolitan Regions.
19. “Selected Metropolitan Regions” means the metropolitan regions of Belo Horizonte, Curitiba and São Paulo, all of which meet the criteria, set forth in the Operational Manual, for assisting the Recipient in the carrying out of the Project.
20. “Standard Conditions” means the “Standard Conditions for Grants Made by the World Bank Out of Various Funds”, dated July 1, 2008.

## **Section II. Modifications to the Standard Conditions**

The Standard Conditions are modified as follows:

The provisions of Section 5.03, *Arbitration*, are deleted in their entirety and replaced by the following:

“Section 5.03. *Arbitration*. Any dispute, controversy, or claim arising out of or relating to the Grant Agreement, which has not been settled by agreement of the parties, shall be submitted to arbitration in accordance with the UNCITRAL Arbitration Rules in effect on the date of this Agreement, and the following provisions: (a) the appointing authority shall be the Secretary-General of the Permanent Court of Arbitration; and (b) the language of the arbitral proceedings shall be English.”.