

Public Disclosure Authorized

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GEF GRANT NUMBER TF093048

Global Environment Facility
Grant Agreement

(Sustainable Transport and Air Quality Project)

between

ARGENTINE REPUBLIC

and

**INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT**

acting as an Implementing Agency of the Global Environment Facility

Public Disclosure Authorized

GEF GRANT NUMBER TF093048

**GLOBAL ENVIRONMENT FACILITY
GRANT AGREEMENT**

AGREEMENT as of the Signature Date, entered into between: ARGENTINE REPUBLIC (“Recipient”); and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (“World Bank”), acting as an implementing agency of the Global Environment Facility (“GEF”).

Whereas CAI intends to contract 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 to be entered into between CAI and the World Bank (the CAI GEF Grant Agreement).

The Recipient and the World Bank hereby agree as follows:

**Article I
Standard Conditions; Definitions**

- 1.01. The Standard Conditions (as defined in the Appendix to this Agreement) 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 objectives of the project described in Schedule 1 to this Agreement (“Project”). To this end, the Recipient, through SOT, shall carry out the Project with the assistance of the relevant Eligible Municipalities in accordance with the provisions of Article II of the Standard Conditions, and pursuant to the terms of the corresponding Implementation Agreement.
- 2.02. Without limitation upon the provisions of Section 2.01 of this Agreement, and except as the Recipient, through SOT, and the World Bank shall otherwise agree, the Recipient, through SOT, 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 three million nine hundred eighty seven thousand United States Dollars (\$3,987,000) (“Grant”) to assist in financing the Project.
- 3.02. The Recipient, through SOT, may withdraw the proceeds of the Grant in accordance with Section IV of Schedule 2 to this Agreement.

Article IV
Additional Remedies

- 4.01. The Additional Events of Suspension referred to in Section 4.02 (k) of the Standard Conditions consist of the following:
- (a) *Event prior to Effectiveness.* The World Bank has determined after the Effective Date that prior to such date but after the Signature Date, an event has occurred which would have entitled the World Bank to suspend the Recipient's right to make withdrawals from the Grant Account if this Agreement had been effective on the date such event occurred.
 - (b) *Payment Failure.* The Recipient has failed to make payment of principal or interest or any other amount due to IBRD or IDA: (i) under any agreement between IBRD and the Recipient; or (ii) under any agreement between the Recipient and IDA; or (iii) in consequence of any guarantee extended or financial obligation of any kind assumed by IBRD or IDA to any third party with the agreement of the Recipient.
 - (c) CAI shall have failed to comply with any of its obligations under the CAI 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) at least one Implementation Agreement has been signed by the parties thereto; and
 - (c) the CAI Cooperation Agreement has been signed by the parties thereto.
- 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 it 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 Eligible Municipality, acceptable to the World Bank, providing that the pertinent Implementation Agreement entered into in satisfaction of the condition set forth in Section 5.01 (c) of this Agreement has been duly authorized or ratified by the Recipient and the corresponding Eligible Municipality and said Implementation Agreement is legally binding upon the Recipient and said Eligible Municipality in accordance with the terms of the relevant Implementation Agreement.
- 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 August 4, 2010.

Article VI
Recipient's Representative; Addresses

- 6.01. The Recipient's Representative referred to in Section 7.02 of the Standard Conditions is its Minister of Economy and Public Finance.

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

Ministerio de Economía y Finanzas Públicas
Hipólito Yrigoyen 250
C1086 AAB, Buenos Aires
Argentina

| Cable: | Telex: | Facsimile: |
|-------------------------------------|-----------|------------------|
| MINISTERIO DE ECONOMIA Baires | 121942-AR | (5411) 4349-8815 |

- 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 Buenos Aires, Argentina, on behalf of the World Bank on May 14, 2010 and on behalf of the Recipient on May 14, 2010.

ARGENTINE REPUBLIC

By /s/ Amado Boudou

Authorized Representative

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

By /s/ Stefan Koeberle

Authorized Representative

SCHEDULE 1

Project Description

The objectives of the Project are to assist the Eligible Municipalities to: (a) reduce GHG emissions by increasing the use of less energy intensive transport modes in cities; and (b) induce policy changes in favor of sustainable transport projects.

The Project consists of the following parts:

Part 1. Better Coordination and Integration of Transport and Land-use Planning and Environmental Management

Provision of technical assistance to the Eligible Municipalities to foster more integrated transport and land use planning to reduce the use of private motor vehicles, reduce trip lengths, and increase the accessibility to public and non-motorized transport, including, *inter alia*:

- (i) the design of regulatory and financial incentives to facilitate private sector investments and generate higher densities along mass transit system corridors;
- (ii) the definition of modifications in previous land use patterns and adaptation of existing land use norms;
- (iii) the development of a transit corridor including bus infrastructure, and improved access to public transport stops;
- (iv) the provision of technical assistance for the creation of metropolitan coordination frameworks;
- (v) the elaboration of a master plan for urban mobility that is integrated with appropriate environmental and social policies;
- (vi) the provision of technical assistance to support the design, establishment and/or strengthening of the institutional framework for coordination between land use and transport planning; and
- (vii) the carrying out of any other activity of similar nature as those described herein, as approved by the World Bank.

Part 2. Modal Interconnection, and Effectiveness and Efficiency of Public Transport

Carrying out of pilot investments in, and provision of technical assistance to, Eligible Municipalities, all to facilitate the improvement of public transport systems, improve the effectiveness and interconnectivity of those systems with other modes of transport, and induce mode switching away from the use of private motor vehicles, including, *inter alia*:

- (i) the assessment of the most efficient and optimal solutions for operation of bus corridors, including, *inter alia*, better vehicle technology, bus prioritization and monitoring;
- (ii) the carrying out of engineering designs and implementation of BRT corridors, including planning of the integrated transport system, carrying out of costs/tariffs studies, carrying out of studies of the relevant regulatory and legal frameworks governing public transport (so as to adapt/customize the pertinent legal norms), institutional strengthening and finance of monitoring and administrative costs;
- (iii) the carrying out of technical and economic feasibility studies of BRT systems;
- (iv) the redesign of the current urban transport network based on the master plan referred to in Part 1 (v) above, rationalizing the existing network, increasing modal and intermodal integration, reducing overlaps and increasing mobility in the urban transport system;
- (v) the improvement of bus-way infrastructure;
- (vi) the carrying out of accessibility improvements to metro stations, especially for people with special needs;
- (vii) the carrying out of public awareness campaigns;
- (viii) the carrying out of research to understand user preferences and valuation of different trip aspects and willingness and capacity to pay; and
- (ix) the carrying out of any other activity of similar nature as those described herein, as approved by the World Bank.

Part. 3 Non-motorized Transport

Carrying out of pilot investments in, and provision of technical assistance to, Eligible Municipalities, all to better integrate walking and biking into the culture and planning processes and to create incentives for their use, including, *inter alia*:

- (i) the carrying out of studies of the cycling network, including the carrying out of the pertinent designs and works to implement the cycling paths;
- (ii) the enhancement of pedestrian transit by providing more quality and redesigning areas to improve transit of pedestrians and accessibility of pedestrians to public transport, and widening of the sidewalks;
- (iii) the promotion of bike use through a communication plan and a public dissemination plan;
- (iv) the design and implementation of pilot investments in bikeways;
- (v) the improvement of bike parking facilities, pedestrian areas and sidewalks, and the provision of support for the development of car-free zones and interconnectivity with public transport; and
- (vi) the carrying out of any other activity of similar nature as those described herein, as approved by the World Bank.

SCHEDULE 2

Project Execution

Section I. Institutional and Other Arrangements

- A.** Without limitation to the provisions of Section 2.01 of this Agreement, the Recipient, through SOT, shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.
- B.** (a) Without limitation to the provisions of Section 2.01 of this Agreement, the Recipient, through SOT, shall ensure that the Project is carried out in accordance with the provisions of the Operational Manual, and the relevant Environmental and Social Management Manual.
- (b) In case of any conflict between the terms of the Operational Manual, the Environmental and Social Management Manuals, and those of this Agreement, the terms of this Agreement shall prevail.
- C.** (a) The Recipient, through SOT, shall operate and maintain, at all times during Project implementation, a Project implementation unit (the PIU) with a structure, functions and responsibilities acceptable to the World Bank.
- (b) The Recipient, through SOT, shall ensure that the PIU is, at all times during Project implementation, assisted by professional staff (including, *inter alia*, a Project coordinator, a financial management specialist, a procurement specialist, and a monitoring and evaluation specialist) and administrative staff, all in numbers and with terms of reference, and qualifications and experience, acceptable to the World Bank.
- D.** (a) Prior to the carrying out of any Project activity under the territorial jurisdiction of, and/or to benefit, any given Eligible Municipality, the Recipient, through SOT, shall enter into an agreement (the Implementation Agreement) with the pertinent Eligible Municipality, all under terms and conditions which shall have been approved by the World Bank, including, *inter alia*: (i) the right of the Recipient, through SOT, to take remedial actions against the pertinent Eligible Municipality in case said Eligible Municipality shall have failed to comply with any of its obligations under the relevant Implementation Agreement (all previously agreed with the World Bank); and (ii) the obligation of the Eligible Municipality: (A) to provide the facilities, services and other resources, necessary or appropriate to enable the Recipient, through SOT, to carry out the pertinent Project activities; (B) to assist the Recipient, through SOT, 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 Manual; (D) not to assign,

amend, terminate, abrogate, repeal, waive or fail to enforce the relevant Implementation Agreement or any provisions thereof unless previously agreed with the World Bank; and (E) to take or permit to be taken all action to enable the Recipient, through SOT, 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 said Eligible Municipality.

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

- E.** The Recipient, through SOT, 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.
- F.** If as a result of the carrying out of the screening/assessment process mentioned in Section I.E of this Schedule, it is determined by the World Bank that Resettlement will be involved in respect of any given works under the Project, the Recipient, through SOT, shall, and/or shall cause each Eligible Municipality to: (i) prior to the commencement of any said works under the territorial jurisdiction of said Eligible Municipality, prepare (and/or cause to be prepared) and furnish to the World Bank, a resettlement plan (acceptable to the World Bank) which plan shall be based on the provisions of the relevant Resettlement Framework; and (ii) immediately after, implement and/or cause to be implemented (as the case may be) the corresponding resettlement plan in accordance with its terms, and in a manner acceptable to the World Bank.

- G.** (a) To facilitate the carrying out of the Project, the Recipient, through SOT, shall enter into a cooperation agreement (“CAI 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, through SOT, shall exercise its rights and carry out its obligations under the CAI Cooperation Agreement in such 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, through SOT, shall not assign, amend, abrogate, terminate, waive or fail to enforce the CAI Cooperation Agreement or any of its provisions.
- H.** The Recipient, through SOT, shall, prior to the commencement of each calendar year during Project implementation, create, and thereafter maintain throughout each said calendar year of Project implementation, a specific budget line entry in the relevant annual budget in order to keep track of the corresponding expenditures incurred during Project implementation.
- I.** The Recipient, through SOT, shall, not later than six months after the Effective Date, establish, and thereafter operate and maintain, at all times during Project implementation, a web page, acceptable to the World Bank, for purposes of disseminating Project information.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports; Completion Report

1. The Recipient, through SOT, 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 Project indicators set forth in the Operational Manual. Each Project Report shall cover the period of one calendar semester (starting with the calendar semester in which the Effective Date falls), and shall be furnished to the World Bank not later than forty five calendar days after the end of the period covered by such report.
2. The Recipient, through SOT, 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, through SOT, 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, through SOT, shall prepare and furnish to the World 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 semester, in form and substance satisfactory to the World Bank.
3. The Recipient, through SOT, 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 goods, works, Non-Consultant Services 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 goods, works and Non-Consultants Services, and Sections I and IV of the Consultant Guidelines in the case of consultants' services;
 - (b) the provisions of this Section III, as the same shall be elaborated in the Procurement Plan; and
 - (c) the special provisions referred to in paragraph 3 of this Section III.
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.

3. **Special Provisions.** Without limitation to the provisions in Section III.A.1 of this Schedule, the following additional provisions shall also govern the procurement of goods, works, Non-Consultant Services and consultants' services under the Project (as the case may be):
- (a) procurement of goods, works, Non-Consultant Services and consultants' services (in respect of firms) shall be carried out using: (i) standard bidding documents and standard requests for quotations/proposals (as the case may be), all acceptable to the World Bank, which shall all include, *inter alia*, a settlement of dispute provision; (ii) model bid evaluation forms, and model quotations/proposals evaluation forms (as the case may be); and (iii) model contract forms, all acceptable to the World Bank;
 - (b) all contracts for works to be procured under the Project shall contain a methodology, acceptable to the World Bank, whereby the price of each said contracts shall be adjusted through the use of price adjustment formulas, in a manner acceptable to the World Bank;
 - (c) a two-envelope bidding procedure shall not be allowed in the procurement of goods, works and Non-Consultant Services;
 - (d) after the public opening of bids for goods, works and Non-Consultant Services, information relating to the examination, clarification and evaluation of bids and recommendations concerning awards, shall not be disclosed to bidders or other persons not officially concerned with this process until the publication of contract award. In addition, bidders and/or other persons not officially concerned with said process shall not be allowed to review or make copies of other bidders' bids;
 - (e) after the public opening of consultants' proposals, information relating to the examination, clarification and evaluation of proposals and recommendations concerning awards, shall not be disclosed to consultants or other persons not officially concerned with this process until the publication of contract award (except as provided in paragraphs 2.20 and 2.27 of the Consultant Guidelines). In addition, consultants and/or other persons not officially concerned with said process shall not be allowed to review or make copies of other consultants' proposals;
 - (f) bidders or consultants shall not, as a condition for submitting bids or proposals and/or for contract award: (i) be required to be registered in Argentina; (ii) have a representative in Argentina; and (iii) be associated or subcontract with Argentine suppliers, contractors or consultants;

- (g) the invitations to bid, bidding documents, minutes of bid openings, requests for expressions of interest and the pertinent summary of the evaluation reports of bids and proposals of all goods, works, Non-Consultant Services and consultants' services, as the case may be, shall be published in the web page of the Recipient's Office of National Procurement (*Oficina Nacional de Contrataciones*), and in a manner acceptable to the World Bank. The bidding period shall be counted from the date of publication of the invitation to bid or the date of the availability of the bidding documents, whichever is later, to the date of bid opening;
- (h) the provisions set forth in paragraphs 2.49, 2.50, 2.52, 2.53, 2.54 and 2.59 of the Procurement Guidelines shall also be applicable to contracts for goods, works and Non-Consultant Services to be procured under National Competitive Bidding procedures;
- (i) references to bidders in one or more specialized magazines shall not be used by the Recipient, through SOT, in determining if the bidder in respect of goods whose bid has been determined to be the lowest evaluated bid has the capability and resources to effectively carry out the contract as offered in the bid, as referred to in the provision set forth in paragraph 2.58 of the Procurement Guidelines. The provision set forth in paragraph 2.58 of the Procurement Guidelines (including the limitation set forth herein) shall also be applicable to contracts for goods to be procured under National Competitive Bidding procedures;
- (j) witness prices shall not be used as a parameter for bid evaluation, bid rejection or contract award;
- (k) compliance by bidders with the norms issued by ISO with respect to any given good procured under the Project shall not be used as parameter for contract award;
- (l) the Recipient, through SOT, shall: (i) supply the SEPA with the information contained in the initial Procurement Plan within 30 days after the Project has been approved by the World Bank; and (ii) update the Procurement Plan at least every three months, or as required by the World Bank, to reflect the actual project implementation needs and progress and shall supply the SEPA with the information contained in the updated Procurement Plan immediately thereafter;
- (m) consultants shall not be required to submit bid or performance securities;

- (n) contracts of goods, works and Non-Consultant Services shall not be awarded to the “most convenient” bid, but rather to the bidder whose bid has been determined: (i) to be substantially responsive; and (ii) to offer the lowest evaluated bid, provided that said bidder has demonstrated to the Recipient, through SOT, to be qualified to perform the contract satisfactorily; and
- (o) the types of contracts described in Section IV of the Consultant Guidelines shall be the only types of contracts to be used by the Recipient, through SOT, in connection with the contracting of consultants’ services provided by a firm and to be financed with the proceeds of the Grant.

B. Particular Methods of Procurement of Goods, Works and Non-Consultant Services

- 1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods, works and Non-Consultant Services shall be procured under contracts awarded on the basis of International Competitive Bidding.
- 2. **Other Methods of Procurement of Goods, Works and Non-Consultant Services.** The following methods, other than International Competitive Bidding, may be used for procurement of goods, works and Non-Consultant Services 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) Selection under a Fixed Budget; (b) Least Cost Selection; (c) Selection Based on the Consultants’ Qualifications; (d) Single-source Selection; (e) Procedures set forth in paragraphs 5.2 through 5.4 of the Consultant Guidelines for the Selection of Individual Consultants; and (f) 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, through SOT, 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:

| <u>Category</u> | Amount of the Grant Allocated (expressed in USD) | Percentage of Expenditures to be Financed (inclusive of Taxes) |
|---|---|---|
| (1) Goods, works, Non-Consultant Services and consultants' services under the Project | 3,770,000 | 100% |
| (2) Training and Operating Costs | 217,000 | 100% |
| TOTAL AMOUNT | 3,987,000 | |

For purposes of this table:

(a) the term “Training” means expenditures (other than those for consultants’ services) incurred by the Recipient, through SOT, 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; and

(b) 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 PIU absent the Project, for transportation and per-diem costs of PIU’s staff, Project administration costs, operation and maintenance of office equipment (including non-durable goods, but excluding salaries).

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 Signature Date, except that withdrawals up to an aggregate amount not to exceed \$300,000 equivalent may be made for payments made prior to this date but on or after November 1, 2008 (but in no case more than one year prior to the Signature Date), for Eligible Expenditures under Categories (1) and (2), provided that the pertinent obligations/conditions set forth in this Agreement in respect of said Eligible Expenditures have been complied with and/or met (as the case may be); and

(b) for payments to finance Eligible Expenditures under Categories (1) and (2) in respect of Project activities to be carried out in the territorial jurisdiction of, and/or to benefit, any given Eligible Municipality, unless: (i) the relevant Implementation Agreement has been signed by the parties thereto; and (ii) counsel for the Recipient, and for the corresponding Eligible Municipality, acceptable to the World Bank, has each furnished to the World Bank an opinion or opinions, acceptable to the World Bank, providing that the pertinent Implementation Agreement has been duly authorized or ratified by the Recipient, through SOT, and the corresponding Eligible Municipality and is legally binding upon the Recipient, through SOT, and said Eligible Municipality in accordance with its terms.

2. The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is December 31, 2012.

APPENDIX**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. “BRT” means Bus Rapid Transit.
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 Cooperation Agreement” means the agreement referred to in Section I.G (a) of Schedule 2 to this Agreement.
5. “CAI GEF Grant Agreement” means the agreement 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 Borrowers” 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. “Eligible Municipality” means any political subdivision of any of the Recipient’s provinces, a group of said political subdivisions or a legal entity owned by any said political subdivision or a group of said political subdivisions, all of which meet the criteria set forth in the Operational Manual for assisting the Recipient’s, through SOT, in the carrying out of the Project (as said term is defined herein).
10. “Environmental and Social Management Manual” means the manual of each Eligible Municipality, acceptable to the World Bank (included in the Operational Manual), which manual sets forth, *inter alia*: (a) the guidelines for carrying out the environmental/social screenings/assessments referred to in Section I.E of Schedule 2 to this Agreement; (b) the generic description of the type of environmental impacts which may affect Project activities under the territorial jurisdiction of said Eligible Municipality; (c) the guidelines to be followed in

connection with the finding of cultural property; (d) the guidelines to be followed to prevent forest degradation and promote reforestation and regeneration of natural forests; (e) the guidelines to be followed to prevent natural habitat conversion or degradation; (f) the actions to mitigate any environmental negative impact as a result of the carrying out of the Project activities under the territorial jurisdiction of said Eligible Municipality; (g) the guidelines for public consultation; (h) the procedures and legal obligations to be followed by contractors in the carrying out of Project activities under the territorial jurisdiction of said Eligible Municipality; and (i) the relevant Resettlement Framework; as each said manual may be updated and/or amended from time to time with the agreement of the World Bank (as said terms are defined herein).

11. “GHG” means Green House Gas.
12. “Implementation Agreement” means any of the agreements referred to in Section I.D (a) of Schedule 2 to this Agreement.
13. “ISO” means International Organization for Standardization, an international-standard-setting body composed of representatives from various national standards organizations which issues world-wide proprietary industrial and commercial standards for products.
14. “Non-Consultant Services” means services under the Project, which services shall be bid and contracted on the basis of performance of measurable physical outputs.
15. “Operational Manual” means the Recipient’s manual dated September 18, 2008, acceptable to the World Bank, which sets forth, *inter alia*: (a) the structures, functions and responsibilities of the PIU; (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); (f) the Environmental and Social Management Manual; and (g) 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 (as said terms are defined herein).
16. “PIU” means the unit referred to in Section I.C (a) of Schedule 2 this Agreement established within SOT pursuant to SOT’s Resolution No. 137/97, dated December 22, 1997, or any successor thereto, acceptable to the World Bank.
17. “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.

18. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated September 18, 2008 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.
19. “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 4, 2008 of the Regional Project, which Program will be partially financed with the proceeds of the Grant (as said terms are defined herein).
20. “Regional Project” means the project in support of the Program which objective is to develop an integrated regional strategy to improve air quality and reduce GHG in the transport sector in Latin America.
21. “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 (as said term is defined herein).
22. “Resettlement Framework” means the Recipient’s framework, and each of the Eligible Municipalities’ framework, acceptable to the World Bank (included in the Environmental and Social Management Manual), which includes, *inter alia*, the principles and objectives governing Resettlement preparation and implementation, a description of the process for preparing and approving resettlement plans, and the applicable legal framework of the Recipient and each Eligible Municipality to address Resettlement (as said terms are defined herein).
23. “SEPA” means the World Bank’s publicly accessible Procurement Plans Execution System.
24. “Signature Date” means the latest of the two dates on which the Recipient and the World Bank signed the Grant Agreement and such definition applies to all references to “the date of the Grant Agreement” in the Standard Conditions.
25. “SOT” means the *Secretaría de Transporte*, the Recipient’s Secretariat of Transport established under the administrative jurisdiction of the Recipient’s Ministry of Federal Planning, Public Investment and Services, or any successor thereto acceptable to the World Bank.

26. “Standard Conditions” means the “Standard Conditions for Grants Made by the World Bank Out of Various Funds”, dated July 1, 2008.