Global Environment Facility

Grant Agreement

(Third National Communication to the United Nations Framework Convention on Climate Change Project)

between

ARGENTINE REPUBLIC

and

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT acting as an Implementing Agency of the Global Environment Facility
AGREEMENT dated as of the Signature Date (as defined in the Appendix to the Grant Agreement) 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").

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 31, 2010 ("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 the Appendix to this Agreement.

Article II
The Project

2.01. The Recipient declares its commitment to the objective of the project described in Schedule 1 to this Agreement ("Project"). To this end, the Recipient shall carry out the Project through SAyDS in close consultation with the Steering Committee, in accordance with the provisions of Article II of the Standard Conditions, and with due regard to the mandates of UNFCCC and the Kyoto Protocol and the relevant decisions adopted by UNFCCC.

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 two million four hundred thirty nine thousand two hundred and nine thousand United States Dollars ($2,439,209) ("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 Event of Suspension referred to in Section 4.02 (k) of the Standard Conditions consists of the following, namely, that the Recipient shall have taken any action that may result in the dissolution or disestablishment of the Steering Committee, or for the suspension of its operations.

Article V
Effectiveness; Termination

5.01. This Agreement shall not become effective until evidence satisfactory to the World Bank has been furnished that the following conditions have been satisfied:

(a) that the execution and delivery of this Agreement on behalf of the Recipient have been duly authorized or ratified; and

(b) that the resolution establishing the PIU has been duly issued by SAyDS, and the PIU, in the opinion of the World Bank, has been duly staffed and is operational.

5.02. As part of the evidence to be furnished pursuant to Section 5.01 (a) of this Agreement, there shall be furnished to the World Bank 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.
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 ("Effective Date"). 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 Signature Date (the Effectiveness Deadline), unless the World Bank, after consideration of the reasons for the delay, establishes a later date for the purpose of this Section. The World Bank shall promptly notify the Recipient of such later date.

5.05. Without prejudice to Section 5.04 of this Agreement, the Effectiveness Deadline shall in no case be later than eighteen (18) months after the Board approval of the Grant which expire on August 1, 2012.

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
C1086AAB, Buenos Aires, Argentina

Cable: MINISTERIO DE ECONOMIA
Telex: 121942-AR
Facsimile: (54 11) 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: INTBAFRAD
Telex: 248423 (MCI) or 64145 (MCI)
Facsimile: 1-202-477-6391


ARGENTINE REPUBLIC

By

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

By

Authorized Representative
SCHEDULE 1

Project Description

The objective of the Project is to strengthen the information base and institutional capacity of the key members of the Steering Committee, in order to integrate climate change priorities into the Recipient’s development strategies and relevant sector programs by providing financial and technical support to prepare the TNC.

The Project consists of the following parts:

**Part 1: Harnessing National Potential for Climate Change Mitigation**

A. Upgrade and development of the Recipient’s national inventory of greenhouse gas emissions (GHG), including the provision of support to strengthen the Recipient’s technical capacity for modeling, analyzing and projecting GHG emissions.

B. Carrying out of studies on mitigation potential in the Recipient’s main economic and GHG-emitting sectors, with an aim at identifying priority mitigation measures.

C. Enhancement of an enabling framework for the implementation of mitigation measures, including the design and delivery of a set of policies and mitigation measures aimed at integrating climate change into the Recipient’s development strategy and sector programs.

**Part 2: Strengthening National Adaptation Agenda**

A. Provision of support for the carrying out of socio-economic and climate-change modeling scenarios targeted at identifying priority adaptation actions and expected impacts, costs and benefits (building upon the conclusions of the SNC, as applicable).

B. Carrying out of studies to further develop priority adaptation actions necessary to strengthen the Recipient’s preparedness to climate-change impacts in areas identified as most vulnerable.

C. Enhancement of an enabling framework for the implementation of adaptation measures, including the design and delivery of a set of policies and adaptation measures aimed at integrating climate change into the Recipient’s development strategy and sector programs.
Part 3: Institutional Strengthening, Capacity Building and Information Management

A. Provision of support to define the technical scope of activities to be carried out under the TNC.

B. Strengthening of the institutional capacity at the national, provincial and municipal levels, with regard to the integration of climate data into sector programs and strategies through, *inter alia,* the carrying out of workshops aimed at developing and disseminating Project-related information and materials, targeting the participation of key governmental agencies, scientific and technological institutions, private sector and civil society.

C. Preparation and dissemination of the TNC, incorporating the conclusions and results reached through the carrying out of Project-supported studies and additional related information.

Part 4: Project Management

Provision of technical and operational assistance, as necessary, to support adequate Project management and coordination by the PIU and the Steering Committee, including the carrying out of Project audits.
SCHEDULE 2

Project Execution

Section I. Institutional and Other Arrangements

A. Operational Manual

1. Without limitation to the provisions of Section 2.01 of this Agreement, the Recipient shall carry out the Project in accordance with a manual (the Operational Manual), satisfactory to the World Bank, which shall contain guidelines and procedures necessary to allow for an adequate implementation of the Project; said manual shall contain, inter alia, the following:

   (a) the procedures for the carrying out, monitoring and evaluation of the Project;

   (b) the organizational structure of the Project;

   (c) the Project procurement, disbursement and financial management requirements and procedures;

   (d) the indicators to be used for Project monitoring and evaluation;

   (e) the composition of the Steering Committee, and the rules and guidelines for its operation as it regards the Project; and

   (f) the procedures for preparation, prioritization and approval of activities to be carried out as part of the Project and the TNC.

2. Except as the World Bank shall otherwise agree, the Recipient shall not amend, waive or fail to enforce the Operational Manual or any provision thereof. In case of any conflict between the provisions of this Agreement and those of the Operational Manual, the provisions of this Agreement shall prevail.

B. Project Implementing Unit and Steering Committee

1. The Recipient shall maintain at all times during the execution of the Project, a unit within the SAyDS (the PIU) responsible for the management, supervision, monitoring and evaluation of the Project, such unit to have a structure and functions satisfactory to the World Bank, and to have qualified staff in adequate numbers as required to carry out its responsibilities under the Project, including inter alia, coordinators, financial management specialists, specialists with expertise in mitigation, adaptation, inventories, modeling and vulnerability
issues, a procurement officer and a technical assistant, all with qualifications, experience and terms of reference acceptable to the World Bank.

2. The Recipient shall operate and maintain at all times during the execution of the Project, a high-level committee (the Steering Committee) responsible for the coordination and strategic guidance of the Project, with membership, functions and responsibilities satisfactory to the World Bank, including inter alia: (a) overseeing Project execution; (b) supporting the selection and execution of Project activities, in accordance with the procedures defined in the Operational Manual; and (c) overseeing monitoring and evaluation under the Project.

C. Anti-Corruption

The Recipient shall ensure that the Project is carried out in accordance with the provisions of the Anti Corruption Guidelines.

D. Safeguards

In connection with the design and delivery of mitigation and adaptation actions, policies and measures under Parts 1 and 2 of the Project, respectively, the Recipient shall ensure that the terms of reference for said Project activities include a provision, satisfactory to the World Bank, mandating that the Recipient shall observe and incorporate, and/or cause to be observed and incorporated, the substantive policy standards contained in the World Bank Safeguard Policies into the relevant actions, policies and/or measures referred to herein.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

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 agreed with the World Bank. Each Project Report shall cover the period of one calendar semester (starting with the first calendar semester of 2012), 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, through SAyDS, shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.07 of the Standard Conditions.

2. The Recipient shall ensure that interim unaudited financial reports for the Project are prepared and furnished to the World Bank not later than forty five days after the end of each calendar semester, covering the semester, in form and substance satisfactory to the World Bank.

3. The Recipient shall, on an annual basis, have its Financial Statements for the Project audited in accordance with the provisions of Section 2.07 (b) of the Standard Conditions. Each such audit of the Financial Statements shall cover the period of one fiscal year of the Recipient. The Recipient shall ensure that 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.

4. The Recipient shall create a specific budget line entry for the Project in its annual budget (starting on the calendar year 2012), and shall maintain said budget line entry thereafter through its National Integrated Financial Management System (SIDIF).

Section III. Procurement

A. General

1. Procurement and Consultant Guidelines. All goods and Non-consultant 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 “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the World Bank in May 2004 and revised in October 2006 and May 2010 (“Procurement Guidelines”) in the case of goods and Non-consultant Services, and Sections I and IV of the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” published by the World Bank in May 2004 and revised in October 2006 and May 2010 (“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 prepared and updated from time to time by the Recipient for the Project in accordance with paragraph 1.16 of the
Procurement Guidelines and paragraph 1.24 of the Consultant Guidelines ("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.

3. **Special Provisions.** Without limitation to the other provisions set forth in Section III of this Schedule, the following additional provisions shall also govern the procurement of goods, Non-consultant Services and consultants' services under the Project (as the case may be):

   (a) all procurement shall be done using standard bidding documents, standard requests for proposals, model bid evaluation forms, model proposal evaluation forms and contract forms previously agreed with the World Bank. As for consultant services contracts, only the types of contracts listed in Section IV of the Consultant Guidelines may be used, and "Convenios" will not be permitted;

   (b) foreign and local contractors, service providers, consultants and suppliers shall not be required: (i) to register; (ii) to establish residence in Argentina; or (iii) to enter into association with other national or international suppliers, service providers and/or consultants as a condition for submitting bids or proposals;

   (c) the invitations to bid, bidding documents, minutes of bid opening, requests for expressions of interest and notifications of contract award of all processes aimed at the procurement of goods and services (including consultants' services), as the case may be, shall be published in the web page of the Recipient's Oficina Nacional de Contrataciones in a manner acceptable to the World Bank;

   (d) the Recipient: (i) will feed the World Bank publicly accessible Procurement Plans Execution System (SEPA) within 30 days after the Project has been approved by the World Bank’s Board of Executive Directors with the information contained in the initial Procurement Plan; (ii) will 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 (iii) shall supply the SEPA with the information contained in the updated Procurement Plan immediately thereafter;

   (e) the Recipient will keep updated a list of contracts signed under the Project, and such list will be produced by the financial management system referred to in Section II.B.4 of this Schedule;
bidders and consultants shall not be allowed to review or make copies of others bidders’ bids or consultants’ proposals, as the case may be;

bidding documents for NCB shall include the anticorruption clauses as required by the Anti Corruption Guidelines, including those that give the World Bank audit rights over bidders, suppliers, contractors and consultants, acceptable to the World Bank. These clauses shall be substantially identical to those pertaining to World Bank Standard Bidding Documents for ICB;

a two-envelop system of procurement will not be used for the procurement of goods and Non-consultant Services; and

contracts for goods and Non-consultant Services shall not be awarded to the “most convenient” bid, but to the one that has been determined to be substantially responsive and the lowest evaluated price, provided that further on, the bidder is determined to be qualified to perform the contract satisfactorily.

B. Particular Methods of Procurement of Goods and Non-consultant Services

1. National Competitive Bidding. Except as otherwise provided in paragraph 2 below, goods and Non-consultant Services shall be procured under contracts awarded on the basis of National Competitive Bidding.

2. Other Methods of Procurement of Goods and Non-consultant Services. The following methods, other than National Competitive Bidding, may be used for procurement of goods and Non-consultant Services for those contracts specified in the Procurement Plan: (a) Shopping; and (b) 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 Consultants’ Qualifications; (c) Single-source Selection; (d) Selection of Individual Consultants; and (e) Sole Source Procedures for the Selection of Individual Consultants.
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:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Grant Allocated (expressed in USD)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods</td>
<td>98,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Consultants’</td>
<td>1,514,209</td>
<td>100%</td>
</tr>
<tr>
<td>services</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(3) Non-consultant</td>
<td>400,000</td>
<td>100%</td>
</tr>
<tr>
<td>Services</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(4) Training</td>
<td>250,000</td>
<td>100%</td>
</tr>
<tr>
<td>(5) Operating Costs</td>
<td>177,000</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>2,439,209</td>
<td></td>
</tr>
</tbody>
</table>

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section no withdrawal shall be made for payments made prior to the Signature Date.
2. The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is May 31, 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 and revised in January 2011.

(2) "Kyoto Protocol" means the protocol within the framework of the UNFCCC (as hereinafter defined), adopted by several world’s governments on Kyoto, Japan on December 11, 1997, for the purposes of achieving the stabilization of atmospheric greenhouse gas concentrations at levels that would prevent dangerous anthropogenic (human-induced) interference with the climatic system.

(3) "Non-consultant Services" means services under the Project, which services will be bid and contracted on the basis of performance of measurable physical outputs.

(4) "Operating Costs" includes reasonable expenditures incurred by the Recipient for the management of the Project, such as travel costs, rentals, advertisement, maintenance of facilities, consumable materials and supplies, and utilities, which would not have been incurred absent the Project.

(5) "Operational Manual" means the Recipient’s manual for the Project, acceptable to the World Bank, dated August 9, 2011 and referred to in Section I.A.1 of Schedule 2 to this Agreement, as the same may be amended from time to time with the agreement of the World Bank.

(6) "PIU" means the Project implementation unit within SAyDS referred to in Section I.B.1 of Schedule 2 to this Agreement, which structure is further detailed in the Operational Manual, and, or any successor thereto acceptable to the World Bank.

(7) "Procurement Plan" means the Recipient’s procurement plan for the Project, dated April 9, 2010 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.

(8) "SAyDS" means Secretaría de Ambiente y Desarrollo Sustentable, the Recipient’s Secretariat of Environment and Sustainable Development, or any successor thereto with similar functions and responsibilities as of the Signature Date.
(9) "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.

(10) "SNC" or “Second National Communication to UNFCCC” means the communication submitted by the Recipient to the UNFCCC in December, 2007 pursuant to Section 12.1 thereof.

(11) "Steering Committee" means the committee created on December 22, 2009, and composed of representatives from, inter alia: (i) the Argentine Republic’s Ministry of Foreign Relations, International Trade and Worship; (ii) Argentine Republic’s Ministry of Economy and Public Finance; (iii) Argentine Republic’s Ministry of Science and Technology and Productive Innovation; (iv) Argentine Republic’s Ministry of Agriculture, Livestock and Fisheries; (v) Argentine Republic’s Secretariat of Environment and Sustainable Development; (vi) Argentine Republic’s Secretariat of Energy; (vii) Argentine Republic’s Secretariat of Industry, Commerce and Small and Medium Enterprise; (viii) Argentine Republic’s Secretariat of Transport; (ix) Argentine Republic’s Undersecretariat of Water Resources; and (x) Federal Council of Environment.

(12) "TNC" means the Third National Communication to the UNFCCC.

(13) "Training" means expenditures (other than those for consultants’ services) to finance the reasonable cost of facilitators and/or services of trainers, meeting rooms, publications, and travel and meals of attendees of training events (including seminars and technical workshops) organized under the Project.
