Re: GEF - Reports to Conventions Grant No. TF015967
Chile – First Biennial Update Report to the UNFCCC

Dear Sirs:

In response to the request for financial assistance made on behalf of the Chilean International Cooperation Agency, AGCI ("Recipient"), I am pleased to inform you that the International Bank for Reconstruction and Development ("World Bank"), through the Global Environment Facility ("GEF") Secretariat, proposes to extend to the Recipient for the benefit of the Republic of Chile ("Member Country"), a grant from the Reports to Conventions window of the GEF trust fund in an amount not to exceed Three Hundred and Fifty Two Thousand United States Dollars (U.S. $352,000) ("Grant") on the terms and conditions set forth or referred to in this letter agreement ("Agreement"), which includes the attached Annex, to assist in the financing of the project described in the Annex ("Project").

This Grant is funded out of the GEF trust fund for which the World Bank, as the trustee of the fund, receives periodic contributions. In accordance with Section 3.02 of the Standard Conditions (as defined in the Annex to this Agreement), the World Bank’s payment obligations in connection with this Agreement are limited to the amount of funds made available to it under the GEF trust fund, and the Recipient’s right to withdraw the Grant proceeds is subject to the availability of such funds.

The Recipient represents, by confirming its agreement below, that it is authorized to enter into this Agreement and to carry out the Project in accordance with the terms and conditions set forth or referred to in this Agreement. In conformity with the understanding reflected in paras. 23-24 of GEF Council paper (GEF/C.38/6/Rev.1) on the policies and procedures for the execution of selected GEF activities, the Recipient also acknowledges that, if any of the projects/programs identified as a result of the Project are financed with GEF funds, the projects/programs in question will have to comply with applicable environmental and social requirements.
Please confirm the Recipient’s agreement to the foregoing by having an authorized official of the Recipient sign and date the enclosed copy of this Agreement, and returning it to the World Bank. Upon receipt by the World Bank of this countersigned copy, this Agreement shall become effective as of the date of the countersignature; provided, however, that the offer of this Agreement shall be deemed withdrawn if the World Bank has not received the countersigned copy of this Agreement within ninety (90) days after the date of signature of this Agreement by the World Bank, unless the World Bank shall have established a later date for such purpose.

Very truly yours,
INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT
(through the Global Environment Facility Secretariat)

By [Signature]
Naoko Ishii
CEO/Chairperson, Global Environment Facility

AGREED:

By [Signature]
Authorized Representative

Name [Name]
Title [Title]
Date [Date]

Enclosures:

(2) Disbursement Letter of the same date as this Agreement, together with World Bank Disbursement Guidelines for Projects, dated May 1, 2006.
Article I
Standard Conditions; Definitions

1.01. **Standard Conditions.** The Standard Conditions for Grants Made by the World Bank out of Various Funds dated February 15, 2012 ("Standard Conditions") constitute an integral part of this Agreement.

1.02. **Definitions.** 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.

   (a) "AGCI" means Agencia de Cooperacion International, the Member Country’s agency for international cooperation established through the Member Country’s Law No. 18,989 dated July 13, 1990 and published on July 19, 1990, as amended by the date of this Agreement.


   (c) "Convenio Marco" means the bidding procedure set forth in Chilecompra whereby the goods that could be purchased from qualified providers, selected in open competition by the Member Country’s Purchasing Directorate, are listed in a catalogue with the authorized terms and conditions (including prices) of such goods for purchases by any of the Member Country’s agencies.

Article II
Project Execution

2.01. **Project Objective and Description.** (a) The objective of the Project is to assist the Recipient in preparing the information referred to in decision 2/CP.17 paragraphs 39-44 of the United Nations Framework Convention on Climate Change ("UNFCCC").

(b) The Project consists of the following activities: (i) Stocktaking of information on national circumstances and institutional arrangements relevant to the preparation of the national communications on a continuous basis; (ii) a national inventory of anthropogenic emissions by sources and removal by sinks of all GHGs not controlled by the Montreal Protocol, including a national inventory report; (iii) collecting information on mitigation actions and their effects, including associated methodologies and assumptions; (iv) identifying constraints and gaps, and related financial, technical and capacity needs, including a description of support needed and received; (v) collecting information on the level of support received to enable the preparation and submission of the biennial update report ("Biennial Update Report"); (vi) collecting information on domestic measurement reporting and verification; (vii) collecting any other information that the non-Annex I Party considers relevant to the achievement of the objective of the Convention and suitable for inclusion in its biennial update report; and (viii) publishing and submitting the Biennial Update Report to the UNFCCC.

2.02. **Project Execution Generally.** The Recipient declares its commitment to the objective of the Project. To this end, the Recipient shall carry out the Project in accordance with the provisions of: (a) Article II of the Standard Conditions; (b) 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 ("Anti-Corruption Guidelines"); and (c) this Article II.

2.03. **Donor Visibility and Visit.** (a) The Recipient shall take or cause to be taken all such measures as the World Bank may reasonably request to identify publicly the GEF’s support for the Project.
For the purposes of Section 2.09 of the Standard Conditions, the Recipient shall, upon the request of the World Bank, through the GEF Secretariat, take all measures required on its part enable GEF representatives to visit any part of the Member Country’s territory for purposes related to the Project.

2.04. **Project Monitoring, Reporting and Evaluation.** (a) The Recipient shall monitor and evaluate the progress of the Project in accordance with the provisions of Section 2.06 of the Standard Conditions. Without limitation to the foregoing, the Recipient shall furnish to secretariat established pursuant to Article 8 of UNFCCC, with immediate notification to the World Bank, the Biennial Update Report referred to in Section 2.01 of this Agreement not later than one month before the Closing Date specified in Section 3.03 of this Agreement. This report will be the Completion Report referred to in Section 2.06 (ii) of the Standard Conditions.

2.05. **Financial Management.** (a) The Recipient shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.07 of the Standard Conditions.

(b) 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 six months, covering the six months, in form and substance satisfactory to the World Bank.

(c) The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 2.07 (b) of the Standard Conditions. The audit of the Financial Statements shall cover the entire period during which withdrawals from the Grant Account were made or any other period as agreed with the World Bank. The audited Financial Statements for such period shall be furnished to the World Bank not later than six months after the end of such period.

2.06. **Procurement.** All goods, non-consulting services, and/or consulting services required for the Project and to be financed, fully or partially, out of the proceeds of the Grant shall be procured in accordance with the requirements set forth or referred to in the “Guidelines: Procurement of Goods, Works, and Non-Consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers”, dated January 2011 (“Procurement Guidelines”), and the “Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers”, dated January 2011 (“Consultant Guidelines”).

(a) **Particular Methods of Procurement of Goods and Non-consulting Services.**

(i) Goods and non-consulting services shall be procured under contracts awarded on the basis of International Competitive Bidding, National Competitive Bidding, Shopping or Direct Contracting except as provided in the paragraph below;

(ii) For goods and non-consultant services estimated to cost below three hundred and fifty thousand United States Dollars (U.S. $350,000) equivalent, ChileCompra and Convenios Marcos may be used as an alternative to National Competitive Bidding or Shopping.

(b) **Particular Methods of Procurement of Consultants’ Services**

(i) Except as otherwise provided in item (ii) below, consultants’ services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection.

(ii) The following methods may be used for the procurement of consultants’ services for those assignments which are specified in the Procurement Plan: (A) Quality-based Selection; (B) Selection under a Fixed Budget; (C) Least Cost Selection; (D) Selection based on Consultants’ Qualifications; (E) Single-source Selection of consulting firms; (F) Well-established Private Sector Procurement Methods or Commercial Practices which have been
found acceptable to the World Bank; (G) Selection of Individual Consultants; and (H) Single-source procedures for the Selection of Individual Consultants.

(iii) For consultant’s services estimated to cost below U.S. $300,000 equivalent, the procedures of ChileCompra may be followed as a form, acceptable to the World Bank.

(iv) The call for expression of interest and award of contracts for consultant services costing $300,000 equivalent or more, and which are selected following the procedures set forth in the paragraph (ii) above, shall be published in the ChileCompra portal.

(c) 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.

2.07 Any contract for Eligible Expenditures to be financed in full or in part out of the proceeds of the Grant shall be included in the procurement plan prepared by the Recipient and approved by the World Bank in accordance with the Procurement Guidelines and the Consultant Guidelines, prior to initiating the procurement process for any such contract.

Article III
Withdrawal of Grant Proceeds

3.01. Eligible Expenditures. (a) The Recipient may withdraw the proceeds of the Grant in accordance with the provisions of: (i) the Standard Conditions; (ii) this Section; and (iii) 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 100% of Eligible Expenditures consisting of goods, non-consulting services, consultants’ services including audit, meetings, workshops, training, and operating costs for the Project, inclusive of taxes.

(b) For the purposes of this Section, the term: (i) “meetings, workshops and training” means the reasonable costs, as shall have been approved by the World Bank, for training and workshops conducted under the Project, including tuition, travel and subsistence costs for training and workshop participants, costs associated with securing the services of trainers and workshop speakers, rental of training and workshop facilities, preparation and reproduction of training and workshop materials, and other costs directly related to training course and workshop preparation and implementation (but excluding goods and consultants’ services); and (ii) “operating costs” means the reasonable costs, as shall have been approved by the World Bank, for the incremental expenses incurred on account of Project implementation, consisting of vehicle operation and maintenance, communication and insurance costs, banking charges, rental expenses, office (and office equipment) maintenance, utilities, document duplication/printing, consumables, travel cost and per diem for Project staff for travel linked to the implementation of the Project, and salaries of contractual staff for the Project (but excluding consultants’ services and salaries of officials of the Recipient’s civil service).

3.02. Withdrawal Conditions. Notwithstanding the provisions of Section 3.01 of this Agreement, no withdrawal shall be made for payments made prior to the date of countersignature of this Agreement by the Recipient.

3.03. Withdrawal Period. The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is 24 months after the date of countersignature of this Agreement by the Recipient.

Article IV
Recipient’s Representative; Addresses
4.01. **Recipient's Representative.** The Recipient’s Representative referred to in Section 7.02 of the Standard Conditions is its Executive Director.

4.02. **Recipient's Address.** The Recipient’s Address referred to in Section 7.01 of the Standard Conditions is:

Agencia de Cooperación Internacional
Teatinos 180, piso 8
Santiago
Chile

4.03. **World Bank's Address.** The World Bank’s Address referred to in Section 7.01 of the Standard Conditions is:

International Bank for Reconstruction and Development
c/o CEO/Chairperson, Global Environment Facility
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