Ms. Susana Villaran
Mayor of Lima
Conde de Superunda 141
Cercado de Lima
Lima, Peru

Re: PERU: Mainstreaming Inclusive Design and Universal Mobility in Lima Project
PHRD Grant No. TF01295

Dear Madam,

In response to the request for financial assistance made on behalf of the Municipality of Lima ("Recipient"), I am pleased to inform you that the International Bank for Reconstruction and Development ("World Bank"), acting as administrator of grant funds provided by Japan ("Donor") under the Japan Policy and Human Resources Development Technical Assistance Program to Support Disability and Development, proposes to extend to the Recipient, a grant in an amount not to exceed two million five hundred thousand United States Dollars (U.S.$2,500,000) ("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 abovementioned trust fund for which the World Bank receives periodic contributions from the Donor. 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 by the Donor under the abovementioned trust fund, and the Recipient’s right to withdraw the Grant proceeds is subject to the availability of such funds. Accordingly, in the event that the Donor cancels or fails to pay any contributions under the trust fund to the World Bank for any reason, or that as a result of currency exchange variations the amount of funds available in the trust fund is insufficient for the purposes of the Grant, the Recipient shall bear the risk of such funding shortfall and the World Bank shall not have any liability whatsoever to the Recipient or to any third parties in respect of any expenditures or liabilities incurred by the Recipient or any third parties in connection with this Agreement which exceed the amount of funds made available to the World Bank by the Donor for the purposes of the Grant.

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.
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

By

Susan G. Goldmark
Director
Bolivia, Chile, Ecuador, Peru and Venezuela
Latin America and the Caribbean Region

AGREED:

MUNICIPALITY OF LIMA

By: 

Authorized Representative

Name: 

Title: Mayor of Lima

Date: July 24, 2012

Enclosures:


(2) Disbursement Letter of the same date as this Agreement, together with World Bank Disbursement Guidelines for Projects, dated May 1, 2006.
PHRD Grant No. TF011295
ANNEX

Article I
Standard Conditions; Definitions


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, and the following additional terms have the following meanings:

(a) "Environmental Management Plan" or "EMP" means the plan prepared by the Recipient, included as part of the Operational Manual, which sets out the environmental protection measures for the Project, including administrative and monitoring arrangements to ensure the implementation of said plan, as said plan may be amended from time to time with the agreement of the World Bank.

(b) "Operational Manual" means the manual referred to in Section 2.03 (a) of this Agreement, satisfactory to the World Bank, as the same may be amended from time to time with the agreement of the World Bank.

(c) "PROTRANSPORTE" means Instituto Metropolitano Protransporte de Lima, the Recipient's agency responsible for the preparation of investment, implementation, operation and control of the high capacity segregated bus ways in Lima, established and operating pursuant to Recipient's Decree No. 035 dated April 12, 2002.

(d) "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.

Article II
Project Execution

2.01. Project Objectives and Description. The objectives of the Project are to: (i) improve the Recipient's capacity to manage the mobility needs of people with disability; and (ii) mainstream the needs of persons with disability in the planning and implementation of urban walking and public transport facilities. The Project consists of the following activities:

(a) Conducting a diagnostic on the limitations of inclusive mobility conditions and constraints, including determining the institutional constraints faced by the disabled
in the Lima metropolitan area through the carrying out of interviews, field assessments and workshops for relevant stakeholders.

(b) Developing mechanisms and tools to support inclusive mobility in the Lima metropolitan area, including the development of: (i) technical tools to identify and appraise the quality of accessibility for urban infrastructure; and (ii) tools to support advocate and motivate agencies to provide higher quality accessible urban infrastructure.

(c) (i) Identifying and developing a model pilot for inclusive design in urban transport including, *inter alia*, the carrying out of feasibility studies, detailed designs and related studies for implementation; and (ii) conducting consultations with, and carrying out seminars and workshops for, the disabled community and government members on draft guidelines to obtain their feedback.

(d) Implementing the pilot project mentioned in activity (c)(i) above, and carrying out works including, *inter alia*, improvements to ramps and sidewalks to ameliorate the quality of walking infrastructure in the vicinity of mass transit in the Lima metropolitan area and improve the quality of disabled access.

(e) Conducting Project monitoring and evaluation.

(f) Carrying out Project management including carrying out annual audits for the Project.

2.02. *Project Execution Generally.* The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall carry out the Project through PROTRANSPORTE 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"); (c) this Article II; (d) the Operational Manual; and (e) the Environmental Management Plan set forth in the Operational Manual.

2.03. *Institutional and Other Arrangements.* (a) For the purposes of carrying out the Project, the Recipient shall prepare and maintain throughout Project implementation an operational manual (the Operational Manual) satisfactory in form and substance to the World Bank, therein setting forth rules, methods, guidelines, standard documents and procedures for the carrying out of the Project, including the following:

(i) the detailed description of: (A) Project activities; and (B) institutional arrangements in respect thereof;

(ii) the administrative, financial, accounting, auditing, procurement and disbursement procedures for the implementation of the Project including the relevant standard documents;

(iii) the plan for the training activities under the Project;
(iv) the plan for the monitoring, evaluation and supervision of the Project; and

(v) the EMP.

(b) The Operational Manual may only be amended from time to time in consultation with, and after approval of, the World Bank. 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) The Recipient shall ensure that any work under the Project does not involve any Resettlement.

(d) The Recipient shall ensure an acceptable audit firm has been appointed not later than six months after the first disbursement.

(e) The Recipient shall within fifteen (15) days of the date of countersignature of this Grant by the Recipient, provide evidence acceptable to the World Bank that the Operational Manual referred to in Section 2.03 (a) of the Annex to this Agreement, has been approved by the World Bank and adopted by the Recipient.

2.04. **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 Donor's support for the Project.

(b) For the purposes of Section 2.09 of the Standard Conditions, the Recipient shall, upon the World Bank's request, take all measures required on its part to enable the representatives of the Donor to visit any part of the Recipient's territory for purposes related to the Project.

2.05. **Project Monitoring, Reporting and Evaluation.** (a) 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 below in paragraph (b) of this Section. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the World Bank not later than forty-five (45) days after the end of the period covered by such report.

(b) The performance indicators referred to above in paragraph (a) consist of the following:

(i) Improvement (as quantitatively scored) in the accessibility and disabled-friendly quality of the walking facilities in the pilot project, particularly near public transport stations.

(ii) Number of urban transport interventions, in the Lima metropolitan area, that have incorporated an inclusive design approach.
(iii) Number of mechanisms and/ or tools developed by the Recipient to help the disabled community engage in infrastructure planning, implementation and management.

(c) 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. In order to assist the Recipient in preparing the Completion Report, the Recipient shall employ consultants in accordance with the provisions of Section 2.07 of this Agreement.

2.06. **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 one month after the end of each calendar semester, covering the semester, 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. Each audit of the Financial Statements shall cover the period of one fiscal year of the Recipient or other such period agreed with the Bank. 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.

2.07. **Procurement**

(a) **General.** All goods, works, non-consulting 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:

(i) Section I of 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”), in the case of goods, works and non-consulting services;

(ii) Sections I and IV of the “Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011 (“Consultant Guidelines”) in the case of consultants’ services; and

(iii) the provisions of this Section, 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 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines (“Procurement Plan”).
(b) Definitions. The capitalized terms used in the following paragraphs of 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 Sections II and III of the Procurement Guidelines, or Sections II, III, IV and V of the Consultant Guidelines, as the case may be.

(c) Particular Methods of Procurement of Goods, Works and Non-consulting Services

(i) Except as otherwise provided in sub-paragraph (ii) below, goods, works and non-consulting services shall be procured under contracts awarded on the basis of National Competitive Bidding subject to the following additional procedures:

(A) Foreign bidders shall not be required to be locally registered as a condition of participation in the selection process.

(B) No reference value shall be required for publication in the bidding documents or used for the purpose of evaluation.

(C) Award of contracts shall be based exclusively on price and, whenever appropriate, shall take into account factors that can be quantified objectively, and the procedure for such quantification shall be disclosed in the invitation to bid.

(D) Foreign bidders shall be allowed to participate in National Competitive Bidding without restriction and shall not be subject to any unjustified requirement which will affect their ability to bid such as, but not limited to, the requirement to authenticate their bidding documents or any documentation related to such bidding documents with either Peruvian Consulates, the Ministry of Foreign Affairs, or any Peruvian authorities as a prerequisite of bidding.

(E) The Recipient shall utilize standard bidding documents satisfactory to the World Bank.

(ii) The following methods, other than National Competitive Bidding, may be used for procurement of goods, works and non-consulting services for those contracts specified in the Procurement Plan: (A) Shopping; (B) Direct Contracting; (C) Force Account.

(d) 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) Selection of Individual Consultants; and (G) Single-source procedures for the Selection of Individual Consultants.

(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.

Article III
Withdrawal of Grant Proceeds

3.01. Eligible Expenditures. The Recipient may withdraw the proceeds of the Grant in accordance with the provisions of: (a) 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 following table. The 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>Goods, Works, Training, and Consultants’ services including Audits</td>
<td>2,500,000</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>2,500,000</td>
<td></td>
</tr>
</tbody>
</table>

For the purposes of this Section the term “Training” means training conducted in the territory of the Recipient, including purchase and publication of materials, rental of facilities, course fees, and travel (excluding international travel) and subsistence of trainees.

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 December 31, 2013.
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 the Mayor of the Municipal of Lima.

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

Municipality of Lima
Conde de Superunda 141
Cercado de Lima
Lima, Peru

Telephone: 511- 3113308 / 3151300 (1482)
Facsimile: 511- 315-1300 ext. 1424

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
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