His Excellency
Alex Kicillof
Minister of Economy and Public Finance
Ministry of Economy and Public Finance
Hipólito Yrigoyen 250
C1086AAB, Buenos Aires, Argentina

Re: Argentina: Adaptation Fund Grant No. TF015041 – Increasing Climate Resilience and Enhancing Sustainable Land Management in the Southwest of the Buenos Aires Province Project

Excellency:

In response to the request for financial assistance made on behalf of the Argentine Republic ("Recipient"), I am pleased to inform you that the International Bank for Reconstruction and Development ("World Bank"), acting as trustee of the Adaptation Fund, proposes to extend to the Recipient a grant from the Adaptation Fund in an amount not to exceed three million nine hundred sixty thousand and two hundred United States Dollars (U.S.$ 3,960,200) ("Grant") on the terms and conditions set forth or referred to in this letter agreement ("Agreement"), which includes the attached Annexes, to assist in the financing of the project described in Annex I ("Project").

This Grant is funded out of the above-mentioned trust fund for which the World Bank receives periodic contributions from the Adaptation Fund. In accordance with Section 3.02 of the Standard Conditions (as defined in Annex I 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 Adaptation 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.
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 specified by the World Bank in accordance with Section 2.01 of Annex I to this Agreement; provided, however, that the offer of this Agreement shall be deemed withdrawn if the World Bank has not received the countersigned copy of this Agreement within 34 days after the date of signature of this Agreement by the World Bank,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

Sabine Hader
Acting Director
Argentina, Paraguay and Uruguay
Latin America and the Caribbean Region

AGREED:
ARGENTINE REP

By:

Authorized Representative

Name:

Title:

Date: 18 MAR 2014

ACUERDO N° 6
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.

Article II
Effectiveness

2.01. Effectiveness. This Agreement shall not become effective until evidence satisfactory to the World Bank has been furnished to the World Bank that the Project implementation unit ("PIU") has been established in a manner satisfactory to the World Bank.

Article III
Project Execution

3.01. Project Objectives and Description. The Project Development Objective is to contribute to reducing climate and man-made vulnerability of the agro-ecosystems in the Southwest of the Recipient's Buenos Aires Province by increasing the adaptive capacity of key local institutions and actors, and piloting and disseminating climate resilient and sustainable land management practices.

The Project consists of the following components:

Component 1: Reducing Institutional and Community-level Vulnerability

1. Improvement of response and planning capacity of local institutions, communities and farmers by promoting their participation in data collection and analysis.

2. Collection and processing of data through the establishment of an information and early warning system on climate change and desertification ("IEWS").

3. Creation of a regional consultative observatory of public policies on climate change and desertification ("Observatory") through institutional and sector-specific coordination among related stakeholders to utilize the information generated by IEWS in the relevant decision-making processes.

4. Development of innovative and participatory capacity building and governance tools through the carrying out of specific programs targeting national, provincial and local institutions in the agricultural and environmental sectors, as well as farmers and their families, all in a gender-sensitive manner.

Component 2: Implementing Adaptation Measures in Productive Agro-ecosystems

1. Selection and appraisal of the adaptation measures to be implemented on each Specific Intervention Site through a participatory process.
2. Development and application of sustainable land management practices on each Specific Intervention Site, including management practices on water, livestock and crops, as well as other activities, such as programs to improve access to markets and options to promote productive alternatives.

Component 3: Applying Participatory Approach to Knowledge Management and Local Capacity Development for Adaptation to Climate Change

1. Engagement of directly targeted farmers and national, provincial and local institutions in the agricultural and environmental sectors in Project monitoring, adaptation management and dissemination of lessons learned.

2. Provision of training and tools to farmers for their participation in the development of local farm and/or household-specific and gender-sensitive adaptation strategies.

3. Capacity building with a focus on the development of knowledge management systems that promote: (a) continuous improvements thereof; and (b) adaptation management.

4. Development of a specific methodology to identify: (a) climate change implications for agriculture; (b) potential response options thereto; and (c) climate change response action plans.

5. Promotion of training for: (a) national, provincial and local institutions in the agricultural and environmental sectors; and (b) farmers and communities to enable them to carry out knowledge management tasks and engage in mutual knowledge sharing between and beyond the primary intervention Partidos of Puán, Villarino and Patagones.

6. Preparation of a specific communication and knowledge management strategy to: (a) involve national, provincial and local institutions in the agricultural and environmental sectors, as well as farmers and communities; and (b) explore effective ways for knowledge sharing.

7. Organization of joint demonstrative field visits by the PIU, farmers and communities and the Recipient's pertinent sector agencies involved with promoting practical dialogue.

8. Dissemination of good practices and lessons learned at different administrative levels, including relevant international fora.

Component 4: Developing a Sustainability Strategy

1. Generation of institutional and community level agreements on the adaptation measures to be sustained beyond the Closing Date.

2. Search for continued financing for successful initiatives through institutional arrangements that enable linking adaptation measures with the Development Plan of the Southwest of Buenos Aires Province.

3. Promotion of linkages with other national-level plans, such as the Provincial Agricultural Services Program.

4. Promotion of institutional arrangements targeting sustainability of the Observatory.

5. Continuation of the IEWS and recommendation of its adoption by the Observatory.
6. Facilitation of the development of arrangements for local accountability and supervision by the Recipient’s federal and provincial executing counterparts for an additional five (5) year period after the Closing Date.

7. Compilation and review of potential sources of financing and development of a fundraising strategy.

8. Development of a participatory program to disseminate good practices.

3.02. 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 SAYDS 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 III.

3.03. Institutional and Other Arrangements

The Recipient shall:

(a) through SAYDS, maintain the PIU, during the period of implementation of the Project, with composition, powers, functions, staffing, and resources appropriate to fulfill its responsibilities related to the implementation of the Project;

(b) cause the SAYDS to carry out day-to-day coordination and management, and to facilitate supervision of the Project through qualified staff, and to ensure that the Grant funds provided by this Agreement shall be used for financing activities under the Project, in accordance with sound technical, economic, financial, management, social and environmental standards and practices acceptable to the World Bank;

(c) ensure that the Project is carried out in accordance with the provisions of 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”);

(d) through SAYDS: (i) carry out the Project in accordance with the provisions of the Operational Manual and the pertinent provisions of the Environmental and Social Management Framework (including the EMPs, the RPF and the IPPF; and (ii) cause the pertinent Participating Entities (as the case may be) to comply with the pertinent provisions of the Operational Manual and the Environmental and Social Management Framework (including the EMPs, the RPF and the IPPF, as determined by the World Bank) in connection with their participation in the carrying out of Project activities; and

(e) enter into Implementation Agreements with Participating Entities. Any Implementation Agreement shall be approved by the World Bank prior to the signing of such Implementation Agreement. The Implementation Agreements shall contain, inter alia, the following provisions:

(i) Recipient’s legal remedies against the Participating Entities in case they fail to comply with the Implementation Agreement; and
(ii) obligations of the Participating Entities, including without limitation the following:

A. to provide the necessary technical support to the Recipient in order to carry out the Project activities to the satisfaction of the World Bank;

B. to ensure that the Project is carried out in accordance with the provisions of 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. not to assign, amend, terminate, abrogate, repeal, waive or fail to enforce the Implementation Agreement or any provision thereof unless agreed by the World Bank; and

D. to take or permit to be taken all feasible action to enable the Recipient to comply with its obligations referred to in this Agreement and in the Implementation Agreement, as applicable to the carrying out of the Project activities.

3.04. **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 Adaptation Fund’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 Adaptation Fund to visit any part of the Recipient’s territory for purposes related to the Project.

3.05. **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 indicators acceptable to the World Bank. 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 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.

3.06. **Financial Management.** (a) 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.

(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 (45) days after the end of each calendar semester, covering the semester, in form and substance satisfactory to the World Bank.

(c) 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 entire period during which withdrawals from the Grant
Account were made. 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.

(d) The Recipient shall create a specific budget line entry for the Project in its annual budget (starting in the calendar year 2014), and shall maintain said budget line entry thereafter through its National Integrated Financial Management System.

3.07. Procurement. All goods, works, 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”).

3.08. 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 Bank in accordance with the Procurement Guidelines and the Consultant Guidelines, prior to initiating the procurement process for any such contract.

(a) General.

(i) Goods and Non-Consulting Services. All goods and non-consulting services required for the Project and to be financed out of the proceeds of the Grant shall be procured, and/or caused to be procured, in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, and with the provisions of this Section.

(ii) Consultants' Services. All consultants' services required for the Project and to be financed out of the proceeds of the Grant shall be procured, and/or caused to be procured, in accordance with the requirements set forth or referred to in Sections I and IV of the Consultant Guidelines and with the provisions of this Section.

(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 the Procurement Guidelines, or the Consultant Guidelines, as the case may be.

(c) Particular Methods of Procurement of Goods and Services (other than Consultants' Services). The following methods may be used for the procurement of Goods and Services (other than Consultants' services), for those contracts which the World Bank agrees meet the requirements set forth in the Procurement Guidelines for their use: (i) International Competitive Bidding (ICB); (ii) National Competitive Bidding (NCB), Shopping; and (iii) Direct Contracting.

(d) Particular Methods of Selection of Consultants' Services. Selection processes for hiring consulting firms will follow the method based in quality and cost (QCBS) unless the Bank agrees, after proper justification is submitted, with the use of selection methods based on: (i) quality (QBS); (ii) fixed budget (FBS); (iii) least cost (LCS); (iv) consultant qualifications (CQS); or (v) single source (SSS). Individual Consultants will be selected
in accordance with provisions set on paragraphs 5.1 through 5.6 of the Consultant Guidelines.

(e) **Review by the World Bank of Procurement Decisions.**

(i) **Goods and Non-Consulting Services.** All ICB process, the first two processes under any other procurement method, and all Direct Contracting processes will be subject to prior review by the Bank. All other contracts will be subject to Bank's post review.

(ii) **Consultants' Services.** Processes based on SSS of consultants (firms and individuals), and the first two processes for the selection of consultant (firms and individuals) under each competitive selection method, regardless of the estimated contract amount will be subject to Bank’s prior review. All other contracts will be subject to Bank’s post review.

### 3.09. Special Provisions.

Without limitation to other provisions in Sections 3.07 and 3.08 of this Schedule, the Recipient through the PIU shall comply with the following additional provisions which shall also govern the procurement of goods, works, non-consulting services and consultants’ services under the Project, as the case may be:

(a) **Procurement of goods, works, non-consulting services and consultants’ services** shall be carried out using: (i) standard bidding documents (which bidding documents in respect of works shall include, if applicable, a provision whereby the pertinent contractor must comply with the pertinent provisions of the ESMF and the relevant EMP) 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 and the pertinent provisions of the Anti-Corruption Guidelines; (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) **A two-envelope bidding procedure** shall not be allowed in the procurement of goods, works and non-consulting services;

(c) **After the public opening of bids** for goods, works and non-consulting 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;

(d) **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 2.23 and 2.30 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;
(e) Foreign bidders or foreign consultants shall not, as a condition for submitting bids or proposals and/or for contract award: (i) be required to be registered in Argentina (except as provided in the standard bidding documents referred to in paragraph 3.09 (a) (i) above); (ii) be required to have a representative in Argentina; and (iii) be required to be associated or subcontract with Argentine suppliers, contractors or consultants;

(f) 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-consulting services and consultants' services procured by the PIU, 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;

(g) 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-consulting services to be procured under National Competitive Bidding procedures;

(h) References to bidders in one or more specialized magazines shall not be used by the PIU 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;

(i) Witness prices shall not be used as a parameter for bid evaluation, bid rejection or contract award;

(j) The PIU 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;

(k) Consultants shall not be required to submit bid or performance securities;

(l) Contracts of goods, works and non-consulting 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 be qualified to perform the contract satisfactorily;
The types of contracts described in Section IV of the Consultant Guidelines shall be the only types of contracts to be used by the PIU in connection with the contracting of consultants' services provided by a firm and to be financed with the proceeds of the Grant; and

The Recipient shall keep updated a list of contracts signed under the Project, and such list shall be produced by the Recipient in a manner acceptable to the World Bank.

**Article IV**

**Withdrawal of Grant Proceeds**

4.01. *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>(1) Goods</td>
<td>1,620,446</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Consultants' services</td>
<td>284,232</td>
<td>100%</td>
</tr>
<tr>
<td>(3) Non-consulting Services and works</td>
<td>884,611</td>
<td>100%</td>
</tr>
<tr>
<td>(4) Training, Travel and Workshops</td>
<td>816,133</td>
<td>100%</td>
</tr>
<tr>
<td>(5) Operating Costs</td>
<td>198,010</td>
<td>100%</td>
</tr>
<tr>
<td>(6) Unallocated</td>
<td>156,768</td>
<td>100%</td>
</tr>
<tr>
<td><strong>TOTAL AMOUNT</strong></td>
<td><strong>3,960,200</strong></td>
<td></td>
</tr>
</tbody>
</table>

For the purposes of this paragraph, the terms:

(a) “Non-consulting Services” means expenses for rural services, printing of communication materials and media campaigns, as well as other services which are not rendered by consultants, obtained at reasonable costs in connection with Project implementation and which are not covered in the definitions of Training, Travel and Workshops and/or Operating Costs;
(b) "Training, Travel and Workshops" mean 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

(c) "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, 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).

4.02. Withdrawal Conditions. Notwithstanding the provisions of Section 4.01 of this Agreement, no withdrawal shall be made for payments made prior to the date of countersignature of this Agreement by the Recipient for Eligible Expenditures.

4.03. Withdrawal Period. The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is December 30, 2018.

Article V
Recipient's Representative; Addresses

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

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

Ministry of Economy and Public Finance
Secretariat of Economic Policy and Development Planning
Hipólito Yrigoyen 250
C1086AAB, Buenos Aires, Argentina

Facsimile:
(54 11) 4349-8815

5.03. 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

Facsimile: 1-202-477-6391
DEFINITIONS

1. “Development Plan of the Southwest of Buenos Aires Province” or “PDSO” means the plan created by the provincial Law No. 13,647 with the purpose of analyzing and developing development policies for the region in a participatory way.

2. “Environmental and Social Management Framework” or “ESMF” means the Recipient’s environmental and social management framework disclosed in the Recipient’s territory on June 17, 2013, and at the World Bank’s Infoshop on June 20, 2013, giving details of a program of actions, measures and policies designed to maximize the benefits of the Project, eliminate, offset or mitigate any adverse environmental impacts, or reduce such impacts to acceptable levels, along with the procedural and institutional measures needed to implement such actions, as said framework may be amended from time to time with the prior consent of the World Bank.

3. “Environmental Management Plan” or “EMP” means an environmental management plan prepared by the Recipient, agreed with the World Bank, as such plan may be updated from time to time by agreement between the Recipient and the World Bank, setting forth the measures to be taken during the implementation and operation of the Project to offset or reduce adverse environmental impacts to levels acceptable to the World Bank.

4. “Implementation Agreement” means the agreement referred to in Section 3.03 of Annex I to this Agreement to provide the necessary technical support to the Recipient in order to carry out the Project activities.

5. “Indigenous Peoples Planning Framework” or “IPPF” means the Recipient’s framework contained within the ESMF and agreed with the World Bank which provides guidelines and procedures for the preparation, adoption and implementation of a plan or plans for the consultation with and informed participation of Indigenous Peoples residing or cultivating lands in areas under the Project.

6. “National Secretariat of Environment and Sustainable Development” or “SAyDS” means the Recipient’s agency established by Decree No. 1381/96, as amended, or any successor thereto, acceptable to the World Bank.


8. “Participating Entities” means the partner entities, as specified in the Operational Manual, providing technical support to the Recipient.


10. “Resettlement Policy Framework” or “RPF” means the Recipient’s policy framework, contained in the ESMF and agreed with the World Bank, for compensation, resettlement and rehabilitation of persons affected by the Project, setting forth the guidelines, principles and procedures for mitigating any adverse impact that may arise from resettlement under the Project.
11. "SEPA" means the World Bank's publicly accessible procurement plans execution system.

12. "Specific Intervention Site" or "SIS" means the specific intervention and evaluation areas of the Project, which are selected in accordance with the criteria set out in the Operational Manual.