BUENOS AIRES, 29 DIC 2016

REF.: Acuerdo de Donación para el Fondo de Propuesta de Preparación del FCPF para la República Argentina TG 019086.

SEÑOR DIRECTOR:

Tengo el agrado de dirigirme a usted con relación al tema de la referencia.

Al respecto, le remito el acuerdo de Donación para el Fondo de Propuesta de Preparación del FCPF para la República Argentina TG 019086, debidamente firmado por el Ministro de Hacienda y Finanzas Públicas a fin de finalizar el trámite de efectividad de dicha Donación.

Sin otro particular, saludo a usted muy atentamente.

AL SEÑOR DIRECTOR
PARA ARGENTINA, PARAGUAY
URUGUAY DEL BANCO MUNDIAL
JESKO HENTSCHEL
S. / D.
His Excellency
Alfonso Prat-Gay
Minister of Treasury and Public Finances
Ministry of Treasury and Public Finances
Hipólito Yrigoyen 250
C1086 AAB,
Buenos Aires, Argentina

Grant Agreement for the Argentine Republic’s Readiness Preparation Proposal - Readiness Fund of the FCPF
Grant No. TF019086

Excellency,

I wish to refer to Resolution PC2008-2 of the Participants Committee of the Forest Carbon Partnership Facility (“FCPF”) regarding Selection of REDD Country Participants (“Resolution PC2008-2”). REDD refers to reducing emissions from deforestation and forest degradation, and the role of conservation, sustainable management of forests and enhancement of forest carbon stocks.

Resolution PC2008-2 provides that subject to the availability of funds, certain REDD Country Participants may receive grant funding of up to three million six hundred thousand United States Dollars (USD3,600,000) for formulating and carrying out a Readiness Preparation Proposal (“R-PP”).

The Argentine Republic (“Recipient”) was selected as a REDD Country Participant. The Participants Committee of the FCPF (“PC”) has reviewed the R-PP submitted by the Recipient and acknowledged the great efforts made by the Recipient in formulating its R-PP. Accordingly, the PC, through its Resolution PC/6/2010/1, decided to allocate grant funding to the Recipient in the amount of up to three million six hundred thousand Dollars (USD3,600,000) (“Preparation Installment”), to enable it to move ahead with preparation for readiness, subject to the terms and conditions set out in said Resolution. Further, the PC approved, through its Resolution PC/Electronic/2012/1, the allocation of additional funds of up to two hundred thousand United States dollars (USD 200,000) (together with the Preparation Installment, the “Grant”) for the Recipient to strengthen national feedback and grievance redress mechanisms, subject to the terms and conditions set out in said Resolution.

In response to the request for financial assistance made on behalf of the Recipient and the decision of the PC referred to above, I am pleased to inform you that the World Bank, acting as trustee of the Readiness Fund for the FCPF, agrees to extend the Grant to
the Recipient to assist in the financing of Readiness Preparation Activities (as defined in the Annex to this Agreement). The Grant shall be subject to the terms and conditions set forth or referred to in this letter agreement ("Agreement"), which includes the attached Annex with description of Readiness Preparation Activities.

The Recipient represents, by confirming its agreement below, that it is authorized to enter into this Agreement and to carry out the Readiness Preparation Activities 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.

Very truly yours,

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
Acting as Trustee of the Readiness Fund of the Forest Carbon Partnership Facility

By
Jesko S. Hentschel
Director
Argentina, Paraguay and Uruguay
Latin America and the Caribbean Region

ARGENTINE REPUBLIC

By:

Name: ALFONSO PRAT-GAY
Ministro de Hacienda y Finanzas Públicas

Title:

Date: 20 DIC. 2016

ACUERDO Nº 53
Enclosures:


(2) Charter Establishing the Forest Carbon Partnership Facility, dated August 8, 2013.

(3) Disbursement Letter of even date herewith, together with World Bank Disbursement Guidelines for Projects, dated May 1, 2006.

(4) Guidelines on Preventing and Combating Fraud and Corruption in Project Financed by IBRD Loans and IDA Credits and Grants, dated October 15, 2006 and revised in January 2011.


Cc: Roberto Daniel Pierini, Alternate Executive Director, World Bank
Sergio Bergman, Minister of Environment and Sustainable Development, Ministry of Environment and Sustainable Development
Carlos Bruno Gentile, Undersecretary of Climate Change and Sustainable Development, Ministry of Environment and Sustainable Development
Patricia Holzman, Chief of Cabinet, Ministry of Environment and Sustainable Development
Martin Soto, Undersecretary of International Financial Relations, Ministry of Treasury and Public Finances
Natalia Zang, Undersecretary of Evaluation of Projects with International Financing, Chief of Cabinet Office
Silvia Mucci, Director of Projects with International Financial Organizations, Ministry of Treasury and Public Finances
FCPF Readiness Fund Grant No. TF019086

ANNEX

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"), with the modifications set forth below, constitute an integral part of this Agreement:

   (a) The following term and definition shall be added to the Appendix to the Standard Conditions as paragraph 18 bis to read as follows:

      18bis "'Readiness Preparation Activities' means the activities, described in the Grant Agreement, for which the Grant is made, as the description of said activities may be amended from time to time by agreement between the Recipient and the World Bank."

   (b) The term "Project" and its definition shall be deleted in their entirety from the Standard Conditions; and all references throughout the Standard Conditions to the term "Project" shall be deemed to refer to the "Readiness Preparation Activities."

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, the Charter Establishing the Forest Carbon Partnership Facility ("Charter"), or in this Agreement.

   (a) "Environmental and Social Management Framework" or "ESMF" means the environmental and social management framework, acceptable to the World Bank, which establishes the modalities and procedures to address potential negative environmental and social impacts from the implementation of REDD+ investments and demonstration activities as well as associated mitigation measures through employing best practices; and includes the screening criteria, procedures and institutional responsibilities for the safeguard policies that are triggered for subsequent World Bank financed REDD+ investments.

   (b) "Indigenous Peoples Planning Framework" or "IPPF" means the Recipient’s framework, acceptable to the World Bank and prepared in accordance with the World Bank’s Operational Policy OP 4.10, which will provide a clear process and criteria for the development of specific Indigenous Peoples Plans that may be needed for any subsequent World Bank financed REDD+ investments.

   (c) "Ley 26331 Bosques Nativos" means the Recipient’s native forests law dated November 28, 2007 and published in the Recipient’s official gazette on December 26, 2007.
(d) "Ministerio de Ambiente y Desarrollo Sustentable" or "MAyDS" means the Recipient’s Ministry of Environment and Sustainable Development, or any successor or successors thereto.

(e) “Process Framework” or “PF” means the Recipient’s framework, acceptable to the World Bank and included as part of the ESMF, to guide the mitigation of potential negative impacts on the livelihoods of populations as part a result of any subsequent World Bank financed REDD+ investments.

(f) “REDD+” means reducing emissions from deforestation and forest degradation, conservation of forest carbon stocks, sustainable management of forest, and enhancement of forest carbon stocks.

(g) “Resettlement Policy Framework” or “RPF” means the Recipient’s framework, acceptable to the World Bank, to screen REDD+ activities for potential involuntary resettlement.

(h) “Stakeholder Consultation and Participation Plan” means the document prepared by the Recipient and acceptable to the World Bank, which describes the participatory process for effectively engaging all stakeholders in the carrying out of the Readiness Preparation Activities and the SESA, including the scale, scope, representation information, schedule and budget for carrying out of said Plan, as the same may be modified from time to time by agreement between the Recipient and the World Bank.

(i) “Strategic Environmental and Social Assessment” or “SESA” means the Recipient’s assessment of potential strategic environmental and social impacts that may arise from future REDD+ activities and/or projects and/or strategies in compliance with World Bank’s Safeguard Policies.

(j) “SESA Workplan” means the document prepared by the Recipient as a component of the Stakeholder Consultation and Participation Plan, which describes the process for carrying out the SESA, as amended from time to time, in form and substance acceptable to the Bank.

(k) “World Bank’s Safeguards Policies” means the World Bank’s operational policies and procedures set forth in the Association’s Operational Manual under OP/BPs 4.01, 4.04, 4.09, 4.10, 4.11, 4.12, 4.36, 4.37, 7.50 and 7.60 published at World Bank Operational Policies.

Article II
Execution of Readiness Preparation Activities

2.01. **Objectives and Description.** The objective of the Grant is to assist the Recipient’s REDD+ Readiness efforts, in particular those activities focusing on management arrangements, the development of a REDD+ strategy, and the carrying out of the Strategic
Environmental and Social Assessment. The Readiness Preparation Activities consist of the following parts:

(a) **REDD+ Management Arrangements and Grievance Redress**

(i) Strengthening the capacity of the Readiness Preparation Activities implementation unit ("Project Implementation Unit" or "PIU") by hiring technical experts in the areas of natural resource management, strategic environmental and social assessment, and others, such as administrative assistance.

(ii) Establishing and operationalization of: (A) a REDD+ decision making body ("Steering Committee") composed of representatives of relevant government agencies, functioning as a high level decision-making body for REDD+; and (B) an advisory committee for REDD+, composed of civil society organizations and functioning as a support body to the Steering Committee under (A).

(iii) Designing and implementing or, if applicable, strengthening existing feedback, grievance and redress mechanisms to meet the needs of people who might be affected by REDD+.

(iv) Supporting the monitoring and evaluation of the Readiness Preparation Activities through the preparation of a monitoring and evaluation framework, progress report sheets, a mid-term progress report, a Readiness Package, and external financial audits.

(b) **Development of REDD+ Strategy**

(i) Strengthening the capacity of: (A) the Recipient to implement the Ley 26331 Bosques Nativos in areas relevant to REDD+; and (B) a minimum of three provinces in the Recipient’s territory with high strategic relevance to REDD+ to improve their capacity to implement REDD+ related activities.

(ii) Conducting of analytical work to explore the linkages and synergies between the Recipient’s forestry and agricultural sectors in the context of climate change and REDD+.

(iii) Designing of REDD+ strategic options and conducting technical evaluations thereof.
(c) Strategic Environmental and Social Assessment

(i) Carrying out of SESA in accordance with the terms of the SESA Workplan, including diagnostic studies to assess the key risks of the strategic options under (b)(iii) above.

(ii) Preparing an ESMF, including an Indigenous Planning Peoples Framework ("IPPF"), a Resettlement Policy Framework ("RPF") and, if applicable, a Process Framework ("RP"), all in accordance with the World Bank’s Safeguards Policies.

2.02. **Execution Generally.** The Recipient declares its commitment to the objectives of the Readiness Preparation Activities. To this end, the Recipient shall carry out the Readiness Preparation Activities through MARYDS 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. **Institutional and Other Arrangements.**

Without limitation upon the provision of paragraph 2.02, the Recipient shall:

(a) Establish and maintain, throughout the period of implementation of the Readiness Preparation Activities, the PIU within MARYDS, with assigned staff and resources in adequate number and qualifications acceptable to the World Bank, in order to carry out the daily management and technical coordination, financial management, procurement, monitoring and evaluation of the Readiness Preparation Activities.

(b) Establish and maintain, no later than 90 days after this Agreement has become effective, a national Steering Committee comprised of representatives of relevant government agencies, functioning as a high-level decision making body and providing general guidance for the implementation of the Readiness Preparation Activities.

(c) Carry out the Readiness Preparation Activities in accordance with administrative, accounting, auditing, reporting, financial, and disbursement procedures acceptable to the World Bank, including all pertinent standard documents and model contracts in relation thereto.

(d) The Recipient shall ensure that all terms of reference for any technical assistance or studies carried out under the Readiness Preparation Activities and frameworks prepared on the basis of the SESA under the Readiness Preparation Activities pursuant to Section 2.01 of this Agreement are consistent with the World Bank’s Safeguard Policies, as well as the Recipient’s own laws relating to the environment and social aspects.
2.04. **Mid-term Progress Report and Completion Report.** The Recipient shall prepare a mid-term progress report on the Readiness Preparation activities in accordance with terms of reference acceptable to the World Bank, including the provisions of Section 6.3(b) of the Charter and Resolutions PC/7/2010/3 and PC/12/2012/2. The Recipient shall also prepare a Completion Report in accordance with the provision of Section 2.06(b)(ii) of the Standard Conditions. The mid-term progress report shall be furnished to the World Bank no later than eighteen months of Effective Date. The Completion Report shall be furnished to the World Bank not later than six months after the Closing Date.

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 Readiness Preparation Activities 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 have its Financial Statements for the Readiness Preparation Activities 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 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.

2.06. **Procurement.**

   (a) **General.** All goods, non-consulting services and consultants’ services required for the Readiness Preparation Activities 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:


   (iii) the provisions of this Section 2.06, as the same shall be elaborated in the procurement plan prepared and updated from time to time by the Recipient for the Readiness Preparation Activities 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) Special Provisions. Without limitation to the other provisions in the subparagraphs above, the following additional provisions shall also govern the procurement of Goods, Non-Consultant Services and Consultants’ Services under the Project:

(i) Procurement of goods, non-consulting services and consultants’ services (in respect of firms) shall be carried out using: (1) (A) standard bidding documents; and (B) 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; (2) model bid evaluation forms, and model quotations/proposals evaluation forms (as the case may be); and (3) model contract forms, all acceptable to the World Bank.

(ii) 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 (c)(i)(1)(A) above); (ii) be required to have a representative in the Recipient’s territory; and (iii) be required to be associated or subcontract with Argentine suppliers, contractors or consultants.

(iii) 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, non-consulting services and consultants’ services procured by the Recipient 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.

(iv) The Recipient will update the Procurement Plan at least every six months, or as required by the World Bank, to reflect the actual
Readiness Preparation Activities implementation needs and progress.

(v) After the public opening of bids for goods 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.

(vi) 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.

(vii) The provisions set forth in paragraphs 2.49, 2.50, 2.52, 2.53, 2.54, 2.58 and 2.59 of the Procurement Guidelines shall also be applicable to contracts for goods and non-consulting services to be procured under National Competitive Bidding procedures.

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

(xi) References to bidders in one or more specialized magazines shall not be used by the Recipient 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.

(x) 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.

(xi) A two-envelop system of procurement will not be used for the procurement of goods and Non-Consultant Services.

(xii) Contracts of goods 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 the Recipient to be qualified to perform the contract satisfactorily.

(xiii) Consultants shall not be required to submit bid or performance securities.

(xiv) 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 in connection with the contracting of consultants’ services provided by a firm and to be financed with the proceeds of the Grant.

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

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

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

(e) **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) Least Cost Selection; (B) Selection based on Consultants’ Qualifications; (C) Single-source Selection of consulting firms; (D) Selection of Individual Consultants; and (E) Single-source procedures for the Selection of Individual Consultants.

(f) **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 Proceeds**

3.01. **Eligible Expenditures.** 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 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, Consultants’ Services, non-consulting Services, Workshop and Training, and Operating Costs</td>
<td>3,800,000</td>
<td>100%</td>
</tr>
</tbody>
</table>

For the purpose of Section 3.01: (i) the term “Workshops and Training” means the costs associated with training and workshop participation of personnel involved in the implementation of the Readiness Preparation Activities including 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 courses and workshop preparation and implementation; and (ii) the term “Operating Costs” means the operating costs incurred on account of the implementation of the Readiness Preparation Activities including office supplies and consumables, utilities, communications, mass media and printing services, vehicle rental, operation and maintenance, charges for the opening and operation of bank accounts required for the Readiness Preparation Activities, and travel, lodging and per diems, but excluding 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 April 17, 2019.
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 Undersecretary of Climate Change and Sustainable Development of MAyDS.

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

Undersecretariat of Climate Change and Sustainable Development, Ministry of Environment and Sustainable Development
Buenos Aires, Argentina
Tel. (54) (11) 4348-8634
Email: SPDS@ambiente.gob.ar

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