

## Acuerdos Bilaterales

Clasificación: 95-2004

Fecha de Ingreso: 3 de diciembre de 2004

Nombre de Acuerdo: Second Amendment to the GEF Trust Fund Grant Agreement.

Materia: Medio Ambiente

Partes: SG/OEA & International Bank for Reconstruction and Development

Referencia: IBRD

Fecha de Firma: 11/8/2004

Fecha de Inicio:

Fecha de Terminación:

Lugar de Firma:

Unidad Encargada: Office for Sustainable Development and Environment

Persona Encargada: Thomas Scott Vaughan

Original:

Claves:

Cierre del proceso:

## Banco Mundial - BIRD

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DESENVOLVIMENTO  
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salas 303/304  
70712.900 - Brasília - DF  
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## IBRD - The World Bank

INTERNATIONAL BANK FOR RECONSTRUCTION AND  
DEVELOPMENT  
1818 H Street, N.W.  
Washington, DC 20433, USA  
Tel. (202) 477-1234  
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November 08, 2004

Dr. Miguel Angel Rodriguez  
Secretary General  
General Secretariat of the Organization of American States  
Unit of Sustainable Development and Environment  
1889 F Street, N.W.  
Washington, DC 20006

Re: GEF Trust Fund Grant No. TF050950 (Environmental Protection and Sustainable Development of the Guarani Aquifer System Project) Second Amendment to the GEF Trust Fund Grant Agreement

Dear Sir:

We refer to the Global Environment Facility (the "GEF") Trust Fund Grant Agreement (Environmental Protection and Sustainable Development of the Guarani Aquifer System Project), dated July 23, 2002, between the General Secretariat of the Organization of American States (the "Recipient") and the International Bank for Reconstruction and Development (the "Bank"), acting as an Implementing Agency of the GEF (the "Grant Agreement"), as amended.

Pursuant to the Recipient's request of June 22, 2004, the Bank hereby agrees to amend the Grant Agreement as follows:

1. The term "Special Account" and its definition referred to in Section 1.02 (f) are hereby replaced by the term "Operating Account" which definition shall read as follows:

"(f) 'Operating Account' means the account referred to in Section 2.02 (b) of this Agreement."

2. Section 2.02 (b) is hereby amended to read in its entirety as follows:

"(b) The Recipient may, for the purposes of the Project, maintain in Dollars an operating account in a commercial bank on terms and conditions satisfactory to the Bank, including appropriate protection against set off, seizure or attachment. Deposits into, and payments out of, the Operating Account shall be made in accordance with the provisions of Schedule 4 to this Agreement."

3. Section 4.01 of the Grant Agreement is hereby amended to read in its entirety as follows:

“Section 4.01. (a) The Recipient shall maintain a financial management system, including records and accounts, and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Bank, adequate to reflect its operations and financial condition and to register separately the operations, resources and expenditures related to the Project.

(b) Upon the Bank’s request, the Recipient shall:

- (i) have its financial statements (balance sheets, statements of income and expenses and related statements), audited, for the period indicated in the Bank’s request, in accordance with auditing standards acceptable to the Bank, by independent auditors acceptable to the Bank;
- (ii) furnish to the Bank as soon as available, but in any case not later than six months after the date of the Bank’s request for such audit: (A) certified copies of the financial statements referred to in paragraph (a) of this Section for such period as so audited; and (B) an opinion on such statements, by said auditors, in scope and detail satisfactory to the Bank; and
- (iii) furnish to the Bank such other information concerning such records and accounts, and the audit of such financial statements, and concerning said auditors, as the Bank may from time to time reasonably request.

(c) For all expenditures with respect to which withdrawals from the GEF Trust Fund Account were made on the basis of statements of expenditure, the Borrower shall:

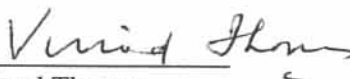
- (i) retain, until at least one year after the end of the fiscal year in which the last withdrawal from the GEF Trust Fund Grant Account was made, all records (contracts, orders, invoices, bills, receipts and other documents) evidencing such expenditures;
- (ii) enable the Bank’s representatives to examine such records; and
- (iii) ensure that such statements of expenditure are included in any audit that the Bank may have requested pursuant to paragraph (b) of this Section.”

4. Schedule 4 is hereby amended to read in its entirety as set forth in the annex to this Amendment Letter.

Please confirm your agreement to the amendment by signing and dating this Amendment Letter in the spaces provided below. This Amendment Letter will be executed in two counterparts, each of which shall be an original. Upon your confirmation, please return one fully executed original to us. The provisions of this Amendment Letter will become effective as of the date first above written upon receipt by the Bank of one fully executed original of this Amendment Letter.

Sincerely,

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

By 

Vinod Thomas

Director

Brazil Country Management Unit  
Latin America and the Caribbean Region

CONFIRMED AND AGREED

**GENERAL SECRETARIAT OF THE  
ORGANIZATION OF AMERICAN STATES**

By: 

Title: Acting Secretary General

Name: Luigi R. Einaudi

Date: November 29, 2004

**“SCHEDULE 4**

**Operating Account**

1. For the purposes of this Schedule:

(a) the term “eligible Categories means Categories (1) through (6) set forth in the table in paragraph 1 of Schedule 1 to this Agreement in respect of the Project;

(b) the term “eligible expenditures” means expenditures in respect of the reasonable cost of goods and services required for the Project and to be financed out of the proceeds of the GEF Trust Fund Grant allocated from time to time to the eligible Categories in accordance with the provisions of Schedule 1 to this Agreement; and

(c) the term “Authorized Allocation” means the amount of \$600,000 to be withdrawn from the GEF Trust Fund Grant Account and deposited into the Operating Account pursuant to paragraph 3 (a) of this Schedule.

2. Payments made with GEF Trust Fund Grant proceeds out of the Operating Account shall be made exclusively for eligible expenditures in accordance with the provisions of this Schedule.

3. Withdrawals of the Authorized Allocation and subsequent withdrawals to replenish the Operating Account shall be made as follows:

(a) For withdrawals of the Authorized Allocation, the Recipient shall furnish to the Bank a request or requests for deposit into the Operating Account of an amount or amounts which do not exceed the aggregate amount of the Authorized Allocation. On the basis of such request or requests, the Bank shall, on behalf of the Recipient, withdraw from the GEF Trust Fund Grant Account and deposit into the Operating Account such amount or amounts as the Recipient shall have requested.

(b) (i) For replenishment of the Operating Account, the Recipient shall furnish to the Bank requests for deposits into the Operating Account at such intervals as the Bank shall specify.

(ii) Prior to or at the time of each such request, the Recipient shall furnish to the Bank the documents and other evidence required pursuant to paragraph 4 of this Schedule for the payment or payments in respect of which replenishment is requested. On the basis of each such request, the Bank shall, on behalf of the Recipient, withdraw from the GEF Trust Fund Grant Account and deposit into the Operating Account such amount as the Recipient shall have requested and as shall have been shown by said documents and other evidence to have been paid out of the Operating Account for eligible expenditures. All such deposits shall be withdrawn by the Bank from the GEF Trust Fund Grant Account

under the respective eligible Categories, and in the respective equivalent amounts, as shall have been justified by said documents and other evidence.

4. For each payment made by the Recipient with GEF Trust Fund Grant proceeds out of the Operating Account, the Recipient shall, at such time as the Bank shall reasonably request, furnish to the Bank such documents and other evidence showing that such payment was made exclusively for eligible expenditures.

5. Notwithstanding the provisions of paragraph 3 of this Schedule, the Bank shall not be required to make further deposits into the Operating Account:

(a) if, at any time, the Bank shall have determined that all further withdrawals should be made by the Recipient directly from the GEF Trust Fund Grant Account in accordance with the provisions of Article V of the General Conditions and paragraph (a) of Section 2.02 of this Agreement;

(b) if the Recipient shall have failed to furnish to the Bank, within the period of time specified in Section 4.01 (b) (ii) of this Agreement, any of the audit reports required to be furnished to the Bank pursuant to said Section;

(c) if, at any time, the Bank shall have notified the Recipient of its intention to suspend in whole or in part the right of the Recipient to make withdrawals from the GEF Trust Fund Grant Account pursuant to the provisions of Section 6.02 of the General Conditions; or

(d) once the total unwithdrawn amount of the GEF Trust Fund Grant allocated to the eligible Categories, minus the total amount of all outstanding special commitments entered into by the Bank pursuant to Section 5.02 of the General Conditions with respect to the Project, shall equal the equivalent of twice the amount of the Authorized Allocation.

Thereafter, withdrawal from the GEF Trust Fund Grant Account of the remaining unwithdrawn amount of the GEF Trust Fund Grant allocated to the eligible Categories shall follow such procedures as the Bank shall specify by notice to the Recipient. Such further withdrawals shall be made only after and to the extent that the Bank shall have been satisfied that all such amounts remaining on deposit in the Operating Account (in respect of the Project) as of the date of such notice will be utilized in making payments for eligible expenditures.

6. (a) If the Bank shall have determined at any time that any payment made with GEF Trust Fund Grant proceeds out of the Operating Account: (i) was made for an expenditure or in an amount not eligible pursuant to paragraph 2 of this Schedule; or (ii) was not justified by the evidence furnished to the Bank, the Recipient shall, promptly upon notice from the Bank: (A) provide such additional evidence as the Bank may request; or (B) deposit into the Operating Account (or, if the Bank shall so request, refund to the Bank) an amount equal to the amount of such payment or the portion thereof not so eligible or justified. Unless the Bank shall otherwise agree, no further deposit by the Bank into the Operating Account shall be made until the Recipient has provided such evidence or made such deposit or refund, as the case may be.

(b) If the Bank shall have determined at any time that any GEF Trust Fund Grant proceeds outstanding in the Operating Account will not be required to cover further payments for eligible expenditures, the Recipient shall, promptly upon notice from the Bank, refund to the Bank such outstanding amount.

(c) The Recipient may, upon notice to the Bank, refund to the Bank all or any portion of the GEF Trust Fund Grant funds on deposit in the Operating Account.

(d) Refunds to the Bank made pursuant to paragraphs 6 (a), (b) and (c) of this Schedule shall be credited to the GEF Trust Fund Grant Account for subsequent withdrawal or for cancellation in accordance with the relevant provisions of this Agreement, including the General Conditions.”