

The World BankINTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION1818 H Street N.W.
Washington, D.C. 20433
U.S.A.(202) 477-1000
Cable Address: INTBAFRAD
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May 4, 2011

Mr. Alberto José Guevara Obregón
Minister of Finance and Public Credit
Ministry of Finance and Public Credit
Frente al Edificio de la Asamblea Nacional
Managua, Nicaragua

Re: **REPUBLIC OF NICARAGUA: TFSCB Grant for
Strengthening Nicaragua's Vital Statistics System
Grant No. TF097259**

Excellency,

In response to the request for financial assistance made on behalf of the Republic of Nicaragua ("Recipient"), I am pleased to inform you that the International Development Association ("World Bank"), acting as administrator of grant funds provided under the Trust Fund for Statistical Capacity Building – III, proposes to extend to the Recipient a grant in an amount not to exceed three hundred ninety eight thousand United States Dollars (US \$398,000) ("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. In accordance with Section 3.02 of the Standard Conditions (as defined in the Annex to this Agreement), the Recipient may withdraw the Grant proceeds 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 a countersigned copy of this Agreement, 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effective as of the date of the countersignature; provided, however, that the offer of this Agreement shall be deemed withdrawn if the World Bank has not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 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 DEVELOPMENT ASSOCIATION

By /s/ p.p. Trina Haque
C. Felipe Jaramillo
Director
Central America
Latin America and the Caribbean Region

AGREED:

REPUBLIC OF NICARAGUA

By: /s/ Alberto José Guevara Obregón
Authorized Representative

Name: Alberto José Guevara Obregón

Title: Minister of Finance

Date: May 20, 2011

Enclosures:

- (1) Standard Conditions for Grants Made by the World Bank Out of Various Funds, dated July 31, 2010.
- (2) Disbursement Letter dated May 4, 2011, 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 July 31, 2010 (“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 and the following additional terms have the following meanings:

- (a) “Coordinator” means the person responsible for the overall implementation of the Project referred to in Section 2.03 (a) of this Agreement.
- (b) “INIDE” means *Instituto Nacional de Información de Desarrollo*, the Recipient’s National Institute for Statistics, established pursuant to the Recipient’s Law 612, published in the Recipient’s Official Gazette on January 29, 2007.
- (c) “INIFOM” means *Instituto Nicaragüense de Fomento Municipal*, the Recipient’s Institute of Municipal Development, established pursuant to the Recipient’s Law 347 published in the Recipient’s Official Gazette on June 27, 2000.
- (d) “IPPF” means the Indigenous and Afro-Caribbean Peoples Planning Framework elaborated by the Recipient dated January 21, 2011 and published on February 1, 2011 in the web site of MOH (<http://www.minsa.gob.ni/planificacion/MPPI/MPPI-Ene2011>).
- (e) “Legal Commission” means the Recipient’s commission established pursuant to the provisions of Section 2.03 (e) of this Agreement.
- (f) “Legal Framework” means the Recipient’s group of laws and regulations related to the collection and recording of vital statistics which is comprised, *inter alia*, of the Recipient’s Law 722 published in the Recipient’s Official Gazette on May 12, 1981, Law 290 published in the Recipient’s Official Gazette on June 3, 1998, Law 423 published in the Recipient’s Official Gazette on May 17, 2002, the Presidential Decrees and regulation related thereto.
- (g) “MOH” means *Ministerio de Salud*, the Recipient’s Ministry of Health.
- (h) “National Assembly” means the Recipient’s *Asamblea Nacional*, the parliamentary body established pursuant to the provisions of Article 132 of the Recipient’s Constitution.
- (i) “Official Gazette” means the Recipient’s *Diario Oficial*.

- (j) “SILAIS” means *Sistemas Locales de Atención Integral en Salud*, the Recipient’s local systems of integral health care established pursuant to the Recipient’s Law 423 published in the Recipient’s Official Gazette on May 17, 2002.
- (k) “SINEVI” means *Sistema Nacional de Estadísticas Vitales*, the Recipient’s National Vital Statistics System established pursuant to the Recipient’s Law 722 published in the Recipient’s Official Gazette on May 2, 1981.
- (l) “Supreme Electoral Council” means *Consejo Supremo Electoral*, the Recipient’s council in charge of, *inter alia*, organizing and maintaining the central registry of civil status of persons, issuing identity and citizenship documents and keeping the electoral registry, pursuant to the Recipient’s Electoral Law (*Ley Electoral*) published in the Recipient’s Official Gazette No. 16 on January 24, 2000.

Article II Project Execution

2.01. **Project Objectives and Description.** The objective of the Project is to strengthen SINEVI through the achievement of the following development objectives: (a) facilitate the creation of a national strategic plan to streamline and strengthen SINEVI; and (b) increase coverage of the recording of births and deaths in the Recipient’s territory in a consolidated, reliable database of vital records accessible to all government institutions of the Recipient that work on the production of vital statistics. The Project consists of the following parts:

- (i) **Legal Reform.** Provision of consultant services for the revision of the Legal Framework and drafting of the reforms that the Legal Framework may require according to the objective of this Project.
- (ii) **Inter-Institutional Capacity-Building and Human Resources Development.** Carrying out capacity building activities to train and sensitize medical personnel on capturing, recording and producing quality vital records for statistical analysis according to international standards.
- (iii) **Campaign for Education of the Population and Information Dissemination.** Carrying out a media campaign aimed to increase awareness in the population of the benefits of registering births and deaths.
- (iv) **Pilot Program for Mobile Civil Registry Offices in Remote Areas.** Carrying out capacity building activities to: (i) train current health employees of district hospitals or health centers and civil registry offices to serve as mobile civil registrars in remote areas; and (ii) instruct midwives (*parteras*) on the importance of registering vital statistics and the procedure to do so.
- (v) **Program Monitoring and Evaluation.** Provision of consultant services for the design and implementation of a feedback and supervision mechanism to improve statistics coordination at the local, municipal, and national levels.

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 MOH in accordance with the provisions of: (i) Article II of the Standard Conditions; and (ii) 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”).

2.03. **Institutional and Other Arrangements.** For the purposes of the implementation of the Project, and unless otherwise agreed by the World Bank, the Recipient shall:

- (a) maintain at all times during the execution and until completion of the Project, a Coordinator within MOH, with qualifications satisfactory to the World Bank, to be responsible for the overall implementation of the Project;
- (b) maintain at all times during the execution and until completion of the Project a technical committee composed of the head of planning of MOH, the head of external cooperation of MOH, one procurement specialist from the procurement unit of MOH, and one financial management specialist from the financial management unit of MOH, with functions and responsibilities satisfactory to the World Bank, who shall report directly to the Coordinator;
- (c) maintain at all times during the execution and until completion of the Project staff in numbers and with qualifications satisfactory to the World Bank, for the purposes of assisting the Coordinator and the technical committee in the general implementation and coordination of the Project;
- (d) hire a consultant, according to terms of reference acceptable to the World Bank, for the revision of the Legal Framework. Said terms of reference shall include, *inter alia*, the following obligations to be performed by the consultant: (i) provide advisory on best legal practices; (ii) provide advisory on the definition of the specific roles and competencies of the institutions that are part of SINEVI such as MOH, INIDE and the Supreme Electoral Council; and (iii) propose a draft of the reforms that the Legal Framework may require according to the objective of this Project;
- (e) establish and thereafter maintain, until the completion of Part (1) (Legal Reform) of the Project, a Legal Commission that will serve as forum to: (i) analyze and discuss the draft reform to the Legal Framework; and (ii) provide recommendations to the Recipient with respect to the steps to be taken for the implementation of the reform to the Legal Framework. To this end, the Recipient, through MOH, shall appoint two representatives to be part of the Legal Commission and send out invitations to INIDE, INIFOM, commission on population (*comisión de población*) of the National Assembly and the Supreme Electoral Council, in a way satisfactory to the World Bank, for the purposes of informing about the establishment and objective of the Legal Commission, and giving each entity the opportunity to appoint two high level representatives to be part of the Legal Commission;

- (f) carry out at least two workshops to train and sensitize medical personnel on capturing, recording and producing quality vital records for statistical analysis according to international standards. To this end, the Recipient shall prepare terms of reference, acceptable to the World Bank, to hire the consultants that will provide the training;
- (g) carry out the media campaign for education of the population and information dissemination (Part 3 of the Project) with the assistance of INIDE, including:
 - (i) the preparation of terms of reference, acceptable to the World Bank, for the media campaign; and
 - (ii) the carrying out of the media campaign which shall include, *inter alia*: (A) a national radio campaign at the local, departmental, and national level; and (B) a divulgation campaign directed to relevant local and national community organizations;
- (h) carry out the activities related to the implementation of the pilot program for mobile civil registry offices in remote areas (Part 4 of the Project); and
- (i) ensure that the Project is carried out in accordance with the provisions of the IPPF.

2.04. ***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 agreed with the World Bank. Each Project Report shall cover the period of one semester and shall be furnished to the World Bank not later than one month 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.

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 (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 audited in accordance with the provisions of Section 2.07 (b) of the Standard Conditions. Such audit of the Financial Statements shall cover the period of one fiscal year of the Recipient. 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.***

- (a) General. All goods and 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 (excluding paragraph 1.16) of the “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the World Bank in May 2004 and revised in October 2006 and May 2010 (“Procurement Guidelines”), in the case of goods and Non-Consulting Services; and
 - (ii) Sections I (excluding paragraph 1.24) and IV of the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” published by the World Bank in May 2004 and revised in October 2006 and May 2010 (“Consultant Guidelines”) in the case of consultants’ services.
- (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 Non-Consulting Services
 - (i) Except as otherwise provided in sub-paragraph (ii) below, goods shall be procured under contracts awarded on the basis of International Competitive Bidding.
 - (ii) The following methods, other than International Competitive Bidding, may be used for procurement of goods and Non-Consulting Services for those contracts which the World Bank agrees meet the requirements set forth in the Procurement Guidelines for their use: (A) National Competitive Bidding; (B) Shopping; and (C) Direct Contracting.
 - (iii) In addition and without limitation to any other provisions set forth in this Section or the Procurement Guidelines, the following principles of procurement shall expressly govern all procurement of goods and non-consultant services under either, International Competitive Bidding (ICB), National Competitive Bidding (NCB) or Shopping:
 - (A) Foreign bidders shall not be required to be registered with local authorities as a prerequisite for bidding.
 - (B) No bids shall be rejected, and no provisional awards shall be made at the time of bid opening.
 - (C) The invitation to bid shall not establish, for purposes of acceptance of bids, minimum or maximum amounts for the contract prices.

- (D) The invitation to bid shall not publish the estimated cost of the contract.
 - (E) The invitation to bid shall not require mandatory attendance to a pre-bid meeting as a condition to bid.
 - (F) In the case of Shopping, a minimum of three quotations shall be obtained as a condition to award the contract.
- (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 the World Bank agrees meet the requirements set forth in the Consultant Guidelines for their use: (A) Quality-based Selection; (B) Selection under a Fixed Budget; (C) Least Cost Selection; (D) Selection based on Consultants' Qualifications; (E) Single-source Selection; (F) Established Private or Commercial Practices which have been found acceptable to the World Bank; (G) Selection of Service Delivery Contractors which have been found acceptable to the World Bank; (H) Selection of Individual Consultants; and (I) Sole Source Procedures for the Selection of Individual Consultants.
- (e) Review by the World Bank of Procurement Decisions. Except as the World Bank shall otherwise determine by notice to the Recipient, the following contracts shall be subject to Prior Review by the World Bank: (a) the first contract to be awarded in accordance with each procurement method; (b) all Direct Contracting; (c) each contract for consultants' services provided by a firm estimated to cost the equivalent of \$50,000 or more; and (d) all sole source contracts. 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 shall 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 100% of Eligible Expenditures inclusive of Taxes as follows:

<u>Category</u>	Amount of the Grant Allocated (expressed in USD)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1) Consultants' Services	115,600	100%
(2) Training/workshops	121,000	100%
(3) Goods	93,000	100%
(4) Operating costs	68,400	100%
TOTAL AMOUNT	398,000	

For the purposes of this Section:

- (a) the term "Training/workshops" means the reasonable cost of expenditures related to the provision of training and/or workshops conducted in the territory of the Recipient, including purchase and publication of materials, rental of facilities, catering for the workshops and travel and per diem of trainees, but excluding travel and per diem of consultants and reproduction of materials that shall be provided by consultants; and
- (b) the term "Operating costs" means the reasonable cost of expenditures related to the provision of operating costs required for the Activities including consumable materials and supplies, communications and media broadcasting, travel, lodging and per diems of the Coordinator but excluding his salary.

3.02. **Withdrawal Conditions.** Notwithstanding the provisions of Section 3.01 of this Agreement, no withdrawal shall be made:

- (a) for payments made prior to the date of countersignature of this Agreement by the Recipient, except that withdrawals up to an aggregate amount not to exceed \$30,000 equivalent may be made for payments made prior to this date but on or after December 1, 2010, for Eligible Expenditures under Category (1) consultant services and (4) operating costs.
- (b) for payments made prior to the date of IPPF, satisfactory to the World Bank.

3.03. **Withdrawal Period.** The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is September 2, 2012.

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 Ministry of Finance and Public Credit.

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

Ministry of Finance and Public Credit
Frente al Edificio de la Asamblea Nacional
Managua, Nicaragua
Facsimile: + (505) 2222-3033

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

International Development Association
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Cable:	Telex:	Facsimile:	
INTBAFRAD Washington, D.C.	248423 (MCI) or 64145	1-202-477-6391	(MCI)