

**The World Bank**INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT  
INTERNATIONAL DEVELOPMENT ASSOCIATION1818 H Street N.W.  
Washington, D.C. 20433  
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Cable Address: INTBAFRAD  
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December 14, 2010

Mr. Ramiro Batzin  
President  
Asociación Sotz'il  
4o. Callejón Final casa #195  
Colonia San Rafael Zona 2.  
Chimaltenango, Guatemala C. A.

Re: Guatemala: Development Marketplace Multi Donor Trust Fund (MDTF):  
Empowering Guatemala's Indigenous Communities to Secure Climate Change  
Resilience Project  
Grant No. TF097649

Dear Sir:

In response to the request for financial assistance made on behalf of *Asociación Sotz'il* ("Recipient"), I am pleased to inform you that the "2009 Global Development Marketplace on Climate Change Adaptation" Development Marketplace ("DM2009") jury, on November 13, 2009, selected your proposal for support from DM2009.

I am writing on behalf of the International Bank for Reconstruction and Development and the International Development Association (collectively, "World Bank") to indicate its agreement as administrator of grant funds provided under the Multi Donor Trust Fund (MDTF) which supports DM2009, to extend to the Recipient for the benefit of the Republic of Guatemala (the "Member Country") a grant in an amount not to exceed one hundred ninety-nine thousand nine hundred sixty-six United States Dollars (U.S.\$199,966) ("Grant") on the terms and conditions set forth or referred to in this letter agreement, which includes the attached Annex ("Agreement"), to assist in the financing of the Empowering Guatemala's Indigenous Communities to secure Climate Change Resilience Project described in the Annex ("Project").

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.

This agreement shall become effective upon receipt by the World Bank of: (i) a countersigned copy of Agreement; and (ii) an executed copy of the Subsidiary Agreement referred to in Section 2.03 (a) of the Annex to this Agreement.

Very truly yours,

**INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT**

**INTERNATIONAL DEVELOPMENT ASSOCIATION**

By /s/ Laura Frigenti  
Acting Director  
Central America Country Management Unit  
Latin America and the Caribbean Region

**AGREED:**

**ASOCIACIÓN SOTZ'IL**

By: /s/ Ramiro Batzin

Title: Presidente y Representante

Date: January 3, 2011

Enclosures:

- (1) Standard Conditions for Grants Made by the World Bank Out of Various Funds, dated July 31, 2010.
- (2) Disbursement Letter of even date herewith, 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) “*Asociación Sotz’il*” means a non-profit association constituted and registered in the Member Country's province of Chimaltenango (No. 217 and dated November 4, 2004), and operating pursuant to the provisions of Decree No. 02-2003, *Ley de Organizaciones no Gubernamentales para el Desarrollo*, published in the Member Country’s Official Gazette on February 24, 2003.
- (b) “CI” means Conservation International Foundation, a nonprofit corporation established under the laws of California, United States of America, with a principal place of business at the time of adoption of this Agreement at 2011 Crystal Drive, Suite 500, Arlington, Virginia 22202, United States of America.
- (c) “Decree No. 4-89” means *Decreto No. 4-89 (Ley de Áreas Protegidas)*, the Member Country’s protected areas law, published in the Member’s Country’s Official Gazette No. 64, page no. 1577 on February 10, 1989.
- (d) “Indigenous Peoples” means, a social group of people with a distinct social and cultural identity that makes them vulnerable to being disadvantaged in the development process, including the presence in varying degrees of the following characteristics: (i) a close attachment to ancestral territories and to the natural resources in these areas; (ii) self-identification and identification by others as members of a distinct cultural group; (iii) an indigenous language, often different from the national language; (iv) presence of customary social and political institutions; and (v) primarily subsistence-oriented production.
- (e) “Management Categories” means *Categorías de Manejo*, the different types of protected areas pursuant the provisions of Article 8 of Decree No. 4-89.
- (f) “National Climate Change Policy” means *Política Nacional de Cambio Climático*, the document published by the Member Country’s ministry of environment on September 2009 on the ministry’s website at [http://www.marn.gob.gt/documentos/novedades/politica\\_cc.pdf](http://www.marn.gob.gt/documentos/novedades/politica_cc.pdf), and which contains the Member Country’s plans, strategies and programs to be carried out in terms of climate change.

- (g) “Selected Indigenous Communities” means the Indigenous Peoples’ communities of: (i) Qanjob’al, Mam Ch’uj, located in the department of Huehuetenango; (ii) Kachikel, located in the department of Sacatepéquez and Chimaltenango; and (iii) Itza, located in the department (*departamento*) of Peten.
- (h) “SIGAP” means *Sistema Guatemalteco de Áreas Protegidas*, the Member Country’s national system of protected areas, created pursuant the provisions of Decree No. 4-89.

## **Article II Project Execution**

2.01. ***Project Objectives and Description.*** The objective of the Project is to increase the Selected Indigenous Communities resilience to climate change. The Project consists of the following parts:

### Part 1: Development of Legal and Technical Instruments

- (a) Preparation of a study including, *inter alia*: (i) the local norms and regulations related to the use and management of natural resources in communal lands; and (ii) the institutions and organizations working on issues related to the use and management of natural resources in communal lands.
- (b) Development of an instruction manual of existing processes, guidelines and criteria for the registration of protected areas.
- (c) Development, based on the information obtain under Part 1(a) and (b) of the Project, of a proposal to incorporate a new Management Category for indigenous and communal lands to SIGAP, including, *inter alia*: (i) criteria and procedures for the identification and registration of areas under the proposed new Management Category; and (ii) a process map including the necessary steps to register indigenous and communal lands under said proposed new Management Category.

### Part 2: Identification of Priority Sites

Identification of priority indigenous and communal lands located in the Selected Indigenous Communities that meet the criteria established in the proposal developed under Part 1 (c) (i) of the Project.

### Part 3: Outreach and Training Activities

- (a) Development and implementation of an education campaign and outreach activities on topics, including, *inter alia*: (i) the management of natural resources; (ii) sustainable development; and (iii) climate change adaptation tools.
- (b) Development of educational materials to be distributed to the Selected Indigenous Communities during the education campaign and the outreach activities.

- (c) Development of media messages (in three indigenous languages) to be broadcast in local radio stations on various topics, including, *inter alia*: (i) the management of natural resources; (ii) sustainable development; and (iii) climate change adaptation tools.

Part 4: Participation of Indigenous Communities in the National Climate Change Policy

- (a) Carrying out of meetings, workshops and forums with relevant stakeholders, including relevant government agencies to support the participation and recognition of Indigenous People’s vision and rights in the National Climate Change Policy.
- (b) Development of a report including recommendations and actions to incorporate the vision and rights of the Indigenous Peoples in the National Climate Change Policy.

2.02. ***Project Execution Generally.*** The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall carry out Parts 1(b), Part 1(c), Part 3 and Part 4 (a) of the Project and cause Parts 1 (a), Part 2 and Part 4 (b) of the Project to be carried out by Conservation International, 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 (“Anti-Corruption Guidelines”), with the modifications set forth in the Appendix to this Agreement; (c) this Article II; and (d) the Subsidiary Agreement

2.03. ***Institutional and Other Arrangements.*** For the purpose of carrying out the Project, the Recipient shall:

- (a) enter into an agreement, satisfactory to the World Bank (“Subsidiary Agreement”) with CI, including, *inter alia*:
  - (i) the obligation of the Recipient to transfer CI proceeds of the Grant to finance the carrying out of Parts 1 (a), Part 2 and Part 4 (b) of the Project with due diligence and efficiency; and
  - (ii) the obligation of CI to: (A) carry out Parts 1 (a), Part 2 and Part 4 (b) of the Project in accordance with the terms and conditions set forth in this Agreement; (B) comply with the provisions of the Anti-Corruption Guidelines in connection with the carrying out of the Project; and (C) provide to the Recipient an in-kind amount equivalent to thirty-three thousand twenty United States Dollars (US\$33,020), in the form of technical assistance to carry out the Project;
- (b) exercise its rights under the Subsidiary Agreement in such manner as to protect the interests of the Recipient and the World Bank and to accomplish the purposes of the Grant, and except as the World Bank shall otherwise agree, the Recipient shall not change, assign, amend, abrogate, waive or fail to enforce the Subsidiary Agreement or any provision thereof. In the event of any inconsistency between the provisions of the Subsidiary Agreement and the provisions of this Agreement, the latter shall prevail; and

- (c) (i) prior to carrying out the Project activities, develop a mechanism, acceptable to the World Bank, to ensure full and effective participation of the Selected Indigenous Communities in the Project activities; and (ii) shall, and shall cause CI to, refrain from taking any action that requires or implies restrictions of access to natural resources or the alteration of traditional land use and obligations.

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 indicators agreed with the World Bank. Each Project Report shall cover the period of one calendar semester of Project implementation 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 one month after the Closing Date.
- (c) Thereafter, but in any event not later than eighteen months after the Closing Date, the Recipient shall exchange views with the World Bank in order to assess the results achieved under the Project, lessons learnt, and factors contributing to the eventual success or failure of the Project.

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 as part of the Project Report not later than one month after the end of each Project Report period, covering that same period, in form and substance satisfactory to the World Bank.
- (c) The Recipient shall, upon the World Bank's request, 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 indicated in the World Bank's request. The audited Financial Statements for such period shall be furnished to the World Bank not later than six months after the date of the World Bank's request.

2.06. ***Procurement***

- (a) General. All goods, works 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;

- (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; and
  - (iii) 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 Works
- The following methods shall be used for procurement of goods for those contracts which the World Bank agrees meet the requirements set forth in the Procurement Guidelines for their use: (A) Shopping; or (B) Direct Contracting.
- (d) Particular Methods of Procurement of Consultants’ Services
- The following methods shall 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) Selection based on Consultants’ Qualifications; (B) Single-source Selection; (C) Selection of Individual Consultants; or (D) Sole Source Procedures for the Selection of Individual Consultants.
- (e) Review by the World Bank of Procurement Decisions. All contracts shall be subject to Post Review by the World Bank.

2.07. ***Use of Name and Logo.*** The Recipient may not use the name and/or logo of the World Bank and the Development Marketplace or DM2009 program in any manner without first obtaining written permission from the World Bank.

### **Article III Withdrawal of Grant Proceeds**

3.01. ***Eligible Expenditures.*** (a) The Recipient may withdraw the proceeds of the Grant in accordance with the provisions of: (i) Article III of the Standard Conditions; (ii) this Section; and (iii) 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:

<b><u>Category</u></b>	<b><u>Amount of the Grant Allocated (expressed in USD)</u></b>	<b><u>Percentage of Expenditures to be Financed (inclusive of Taxes)</u></b>
(1) Goods, Consultants' Services, and Travel and Salaries for Project staff	\$180,049	100%
(2) Operating Costs	\$19,917	100%
<b>TOTAL AMOUNT</b>	\$199,966	

(b) For the purposes of this Section, the terms:

- (i) "Travel and Salaries for Project Staff" means travel and salaries for incumbent personnel of the Recipient working exclusively for the Project, but excluding salaries of consultants and civil servants; and
- (ii) "Operating Costs" means incremental expenditures of the Recipient directly related to the management and monitoring of the Project (which expenditures would not have been incurred absent the Project), including expenditures for rent, telecommunications, bank fees and indirect costs.

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, 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 its President.

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

Asociación Sotz'il  
4o. Callejón Final casa #195  
Colonia San Rafael Zona 2.  
Chimaltenango, Guatemala C. A.  
Telephone: (502) 7839 4477  
Facsimile: (502) 7839 4477

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

World Bank  
c/o "2009 Global Development Marketplace on Climate Change Adaptation"  
Development Marketplace Portfolio Manager (PM)  
1818 H Street, N.W.  
Washington, D.C. 20433

United States of America

Telephone: +1 202 458 8393  
Facsimile: +1 202-522-2593

With a copy to:

"2009 Global Development Marketplace on Climate Change Adaptation" Development Marketplace Project Supervisor (PS):

Augusto Garcia  
agarcia2@worldbank.org

Telephone: 5398+212

**APPENDIX****Modifications to the Anti-Corruption Guidelines****The modifications to the Anti-Corruption Guidelines are as follows:**

1. Section 5 is re-numbered as Section 5(a) and a new Section 5(b) is added to read as follows:

“...(b) These Guidelines also provide for the sanctions and related actions to be imposed by the Bank on Borrowers (other than the Member Country) and all other individuals or entities who are recipients of Loan proceeds, in the event that the Borrower or the individual or entity has been debarred by another financier as a result of a determination by such financier that the Borrower or the individual or entity has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of a financing made by such financier.”

2. Section 11(a) is modified to read as follows:

“... (a) sanction in accordance with prevailing Bank’s sanctions policies and procedures (fn13) a Borrower (other than a Member Country) (fn 14) or an individual or entity, including (but not limited to) declaring such Borrower, individual or entity ineligible publicly, either indefinitely or for a stated period of time: (i) to be awarded a Bank-financed contract; (ii) to benefit from a Bank-financed contract, financially or otherwise, for example as a sub-contractor; and (iii) to otherwise participate in the preparation or implementation of the project or any other project financed, in whole or in part, by the Bank, if at any time the Bank determines (fn 15) that such Borrower, individual or entity has engaged in corrupt, fraudulent, collusive, coercive or obstructive practices in connection with the use of loan proceeds, or if another financier with which the Bank has entered into an agreement for the mutual enforcement of debarment decisions has declared such person or entity ineligible to receive proceeds of financings made by such financier or otherwise to participate in the preparation or implementation of any project financed in whole or in part by such financier as a result of a determination by such financier that the Borrower or the individual or entity has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of a financing made by such financier.”

Footnotes:

“13. An individual or entity may be declared ineligible to be awarded a Bank financed contract upon completion of sanctions proceedings pursuant to the Bank’s sanctions policies and procedures, or under the procedures of temporary suspension or early temporary suspension in connection with an ongoing sanctions proceeding, or following a sanction by another financier with whom the Bank has entered into a cross debarment agreement, as a result of a determination by such financier that the firm or individual has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of a financing made by such financier.”

“14. Member Country includes officials and employees of the national government or of any of its political or administrative subdivisions, and government owned enterprises and agencies that are not eligible to bid under paragraph 1.8(b) of the Procurement Guidelines or participate under paragraph 1.11(c) of the Consultant Guidelines.”

“15. The Bank has established a Sanctions Board, and related procedures, for the purpose of making such determinations. The procedures of the Sanctions Board sets forth the full set of sanctions available to the Bank. In addition, the Bank has adopted an internal protocol outlining the process to be followed in implementing debarments by other financiers, and explaining how cross-debarments will be posted on the Bank’s website and otherwise be made known to staff and other stakeholders.”