

**The World Bank**

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT  
INTERNATIONAL DEVELOPMENT ASSOCIATION

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June 7, 2010

**CONFORMED COPY FOR PUBLIC DISCLOSURE**

Mr. Benjamin Phillips  
Country Director  
Save the Children  
Costado norte del Parque El Carmen  
150 varas al norte  
Managua, Nicaragua  
Apartado Postal 5988

**Re: NICARAGUA: DfID Grant for the Caribbean Coast Development  
Programme - Grant No. TF096807**

Dear Sir:

In response to the request for financial assistance made on behalf of Save the Children (“Recipient”), I am pleased to inform you that the International Development Association (“World Bank”), acting as administrator of grant funds provided by the United Kingdom of Great Britain and Northern Ireland, through its Department for International Development (DfID), proposes to extend to the Recipient for the benefit of the Republic of Nicaragua (“Member Country”), a grant in an amount not to exceed thirty seven thousand six hundred and twelve dollars with fifty three cents United States Dollars (US\$37,612.53) (“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”).

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 Article V of the Annex to this Agreement.

**DfID Grant No. 096807**

Very truly yours,

**INTERNATIONAL DEVELOPMENT ASSOCIATION**

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

**AGREED:**

**SAVE THE CHILDREN**

By /s/ Benjamín Phillips  
Authorized Representative

Date: June 18, 2010

Enclosures:

- (1) Standard Conditions for Grants Made by the World Bank Out of Various Funds, dated July 1, 2008.
- (2) Disbursement Letter dated June 7, 2010, together with World Bank Disbursement Guidelines for Projects, dated May 1, 2006.

## 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 July 1, 2008 (“Standard Conditions”), with the modifications set forth in Section I of the Appendix to this Agreement, 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 shall have the following meanings.

(a) “Save the Children”, a non-governmental organization, created and operating pursuant to the Association and Civil Organizations Law, No. 147. which awarded its legal capacity on June 24, 2008.

(b) “Targeted Areas” means the geographical territories in which the Project activities will be carried out comprising the indigenous territories of: (i) Miskito, Rama - Kriol, Awaltara and Sauni Bu-Mayagnas. These territories are respectively located within the municipalities of: Prinzapolka, Bluefields, Desembocadura del Rio Grande and San José de Bocay and Wiwili.

### Article II Project Execution

2.01. **Project Objectives and Description.** The objective of the Project is to prepare the final design for the nutrition component of the Caribbean Coast Development Programme Project, including support for the preparation of baseline studies and community level investment plans through a thorough consultation process in the Targeted Areas. The Project consists of the following parts:

(a) Provision of technical assistance to develop investment plans focusing on, *inter alia*: (i) the preparation of stakeholders’ consultations; (ii) the coordination of dialogue mechanisms with local authorities, including *inter alia*, interviews, workshops and focus group sessions to enhance decision making processes; (iii) the preparation of yearly operations and procurement plans (POAs and PACs); and (iv) the completion of an operational manual for the Project.

(b) Provision of technical assistance to carry out consultations with relevant stakeholders, including, *inter alia*, community leaders, municipalities, authorities and other donors, and promoting communities’ participation for the Project.

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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 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 Section II of the Appendix to this Agreement; and

(c) this Article II.

2.03. ***Institutional and Other Arrangements.*** The Recipient shall ensure, that the terms of reference for any consultancies related to the investment plans, or the terms of reference for any technical assistance provided under the Project, shall be satisfactory to the Bank and, to that end, such terms of reference shall incorporate the requirements of the Bank safeguard policies as applied to the advice conveyed through such consultancies and technical assistance.

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, 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. In order to assist the Recipient in preparing the Completion Report, the Recipient shall employ consultants in accordance with the provisions of Section 2.06 of this Agreement.

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 one month after the end of each calendar quarter, covering the quarter, 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***

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(a) General. All 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) Sections I 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 (“Consultant Guidelines”) in the case of consultants’ services; and

(ii) the provisions of this Section, as the same shall be elaborated in the procurement plan prepared and updated from time to time by the Recipient for the Project in accordance with paragraph 1.24 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 the Consultant Guidelines.

(c) 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) Selection of Individual Consultants; and (B) Sole Source Procedures for the Selection of Individual Consultants.

(d) 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 Grant Proceeds**

3.01. ***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:

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<b>Category</b>	<b>Amount of the Grant Allocated (expressed in USD)</b>	<b>Percentage of Expenditures to be Financed (inclusive of Taxes)</b>
(1) Consultants' Services	17,062.47	100%
(2) Operating costs	11,810.74	100%
(3) Training	5,320.00	100%
(4) Other	3, 419.32	100%
<b>TOTAL AMOUNT</b>	<b>37,612.53</b>	100%

For the purposes of this Section, the terms:

“Operating costs” means the incremental expenses incurred by the Recipient on account of Project implementation and Grant fund administration, including facilities and equipment rental, vehicle operation and maintenance, communication and insurance costs, office administration costs, utilities, travel, per diem and supervision costs and salaries of locally contracted employees.

“Training” means the non-consultant expenditures incurred by the Recipient in connection with the carrying out of stakeholder’s consultation workshops, including travel costs and per diem of facilitators, rental of training facilities and equipment, and training materials.

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, except that withdrawals up to an aggregate amount not to exceed \$ 7,522.50 equivalent may be made for payments made prior to this date but on or after March 1, 2010, for Eligible Expenditures under categories (1) and (2).

3.03. **Withdrawal Period.** The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is August 31, 2010.

**Article IV**

**Additional Remedies**

4.01. **Additional Events of Suspension.** The Additional Events of Suspension referred to in Section 4.02 (k) of the Standard Conditions consist of the following:

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(a) *Ineligibility.* IBRD or IDA has declared the Recipient ineligible to be awarded a contract financed by IBRD or IDA.

(b) *Payment Failure.* The Member Country has failed to make payment (notwithstanding the fact that such payment may have been made by a third party) of principal and interest, service charges or any other amount due the IBRD or IDA: (i) under any agreement between the Member Country and the World Bank; or (ii) in consequence of any guarantee extended or other financial obligation of any kind assumed by the IBRD or IDA or the World Bank to any third party with the agreement of the Member Country.

(c) *Event Prior to Effectiveness.* The World Bank has determined after the Effective Date referred to in Section 5.03 of this Agreement that prior to such date but after the date of this Agreement, an event has occurred which would have entitled the World Bank to suspend the Recipient's right to make withdrawals from the Grant Account if this Agreement had been effective on the date such event occurred.

**Article V**  
**Effectiveness; Termination**

5.01. This Agreement shall not become effective until evidence satisfactory to the World Bank has been furnished to the World Bank that the conditions specified below have been satisfied.

(a) The execution and delivery of this Agreement on behalf of the Recipient have been duly authorized or ratified by all necessary governmental and corporate action.

(b) If the World Bank so requests, the condition of the Recipient, as represented or warranted to the World Bank at the date of this Agreement, has undergone no material adverse change after such date.

5.02. As part of the evidence to be furnished pursuant to Section 5.01 (a), there shall be furnished to the World Bank an opinion or opinions satisfactory to the World Bank of counsel acceptable to the World Bank, showing the following, namely, that on behalf of the Recipient, this Agreement has been duly authorized or ratified by, and executed and delivered on its behalf and is legally binding upon it in accordance with its terms.

5.03. Except as the Recipient and the World Bank shall otherwise agree, this Agreement shall enter into effect on the date upon which the World Bank dispatches to the Recipient notice of its acceptance of the evidence required pursuant to Section 5.01 ("Effective Date"). If, before the Effective Date, any event has occurred which would have entitled the World Bank to suspend the right of the Recipient to make withdrawals from the Grant Account if this Agreement had been effective, the World Bank may postpone the dispatch of the notice referred to in this Section until such event (or events) has (or have) ceased to exist.

5.04. *Termination for Failure to Become Effective.* This Agreement and all obligations of the parties under it shall terminate if it has not entered into effect by the date 30 days after the date of countersignature of this Agreement, unless the World Bank, after consideration of the reasons for the delay, establishes a later date for the purpose of this Section. The World Bank shall promptly notify the Recipient of such later date.

**Article VI  
Recipient's Representative; Addresses**

6.01. **Recipient's Representative.** The Recipient's Representative referred to in Section 7.02 of the Standard Conditions is its Country Director.

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

Costado norte del Parque El Carmen  
150 varas al norte.  
Managua, Nicaragua  
Apartado Postal 5988

Facsimile: +505 2266-7100

6.03. **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:
INDEVAS Washington, D.C.	248423 (MCI) or 64145 (MCI)	1-202-477-6391



## APPENDIX

### Modifications to the Standard Conditions and the Anti-Corruption Guidelines

**Section I.** The Standard Conditions are modified as follows:

1. The provisions of Section 4.02 (j) of the Standard Conditions are modified to read as follows:

... (j) *Ineligibility.* IBRD or IDA has declared the Recipient (other than the Member Country) ineligible to receive proceeds of any financing made by IBRD or IDA or otherwise to participate in the preparation or implementation of any project financed in whole or in part by IBRD or IDA, as a result of: (i) a determination by IBRD or IDA that the Recipient has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of any financing made by IBRD or IDA; and/or (ii) a declaration by another financier that the Recipient is 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 Recipient 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. The reference to “Member Country” in the Standard Conditions means The Republic of Nicaragua.

**Section II.** 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

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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.”