

**The World Bank**INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT  
INTERNATIONAL DEVELOPMENT ASSOCIATION1818 H Street N.W.  
Washington, D.C. 20433  
U.S.A.(202) 477-1234  
Cable Address: INTBAFRAD  
Cable Address: INDEVAS**CONFORMED COPY**

October 11, 2011

Mr. Juan Daniel Alemán Gurdián  
Secretary General  
Central American Integration System (SICA)  
Bulevar Orden de Malta No. 470,  
Urbanización Santa Elena,  
Antiguo Cuscatlán,  
Republic of El Salvador

Re: Regional: TFSCB Grant for the SICA Regional Strategy for the  
Development of Statistics Project  
TFSCB Grant No. TF098217

Dear Sir:

In response to the request for financial assistance made on behalf of Central American Integration System (SICA), represented by its General Secretariat ("Recipient"), I am pleased to inform you that the International Bank for Reconstruction and Development ("World Bank"), acting as administrator of grant funds provided by a Multi Donor Trust Fund under the Statistical Capacity Building Trust Fund (TFSCB), proposes to extend to the Recipient for the benefit of the Member Countries (as defined in the Annex to this Agreement), a grant in an amount not to exceed one hundred and eighty three thousand United States Dollars (US\$183,000) ("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.

This Agreement shall become effective upon receipt by the World Bank of a countersigned copy of this Agreement; provided, however, that the offer of this Agreement shall be deemed withdrawn if the World Bank has not received the countersigned copy of this Agreement within 90 days after the date of signature of this Agreement by the World Bank,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 BANK FOR  
RECONSTRUCTION AND DEVELOPMENT**

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

**AGREED:  
CENTRAL AMERICAN INTEGRATION SYSTEM (SICA)**

By: /s/ Juan Daniel Alemán  
Authorized Representative

Name: Juan Daniel Alemán

Title: *Secretario General*

Date: November 7, 2011

Enclosures:

- (1) Standard Conditions for Grants Made by the World Bank Out of Various Funds, dated July 31, 2010.
- (2) Disbursement Letter of the same date as this Agreement, together with World Bank Disbursement Guidelines for Projects, dated May 1, 2006

## **Article I**

### **Standard Conditions; Definitions**

1.01. **Standard Conditions.** (a) The Standard Conditions for Grants Made by the World Bank out of Various Funds dated July 31, 2010 (“Standard Conditions”), with the modifications in paragraph (b) below constitute an integral part of this Agreement.

(b) The reference to “Member Country” in the Standard Conditions shall mean any of the following countries: Belize, the Republic of Costa Rica, the Dominican Republic, the Republic of El Salvador, the Republic of Guatemala, the Republic of Honduras, the Republic of Nicaragua and the Republic of Panama. “Member Countries” shall mean collectively, all such countries

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, in addition, the following terms should have the following meaning:

(a) “CENTROESTAD” means the SICA’s Central American Statistical Commission established pursuant to an Agreement entered by the International Relations’ Minister Council (*Consejo de Ministros de Relaciones Exteriores*) of the States of Belize, Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, Dominican Republic and Panama on December 4, 2008 in the Republic of Honduras and ratified by the President’s council (*Reunión de Presidentes*) on December 5, 2008 and operating pursuant its regulations dated March 26, 2010.

(b) “Executive Committee” means *Comité Ejecutivo*, the Recipient’s regional operative body comprised of representatives of each one of the Recipient’s established by the Protocol of Tegucigalpa in charge, *inter alia*, of approving regulations and instruments prepared by the General Secretariat and other secretariats of the Recipient.

(c) “General Secretariat” means *Secretaría General*, the Recipient’s regional operative body established by the Protocol of Tegucigalpa in charge of providing services and technical and executive capabilities in support of the regional integration efforts.

(d) “Participating Country” means any of the Member Countries (as defined herein) that has provided the Recipient with a signed Participation Letter (as defined herein) as of the date of this Agreement or any other Member Country which has signed a Participation Letter after the date of this Agreement.

(e) “Participation Letter” means each one of the letters, acceptable to the World Bank, received from the Participating Countries CENTROESTAD’s representatives and referred to in Section 2.03 of this Agreement. Said letters shall include, *inter alia*: (i) the respective Participating Country support of the Project; and (ii) the respective Participating Country

commitment to: (A) appoint technical staff with proved technical experience in the area of statistics in order to participate in Project activities; and (B) participate in the validation and approval of the RSDS. In the event of any inconsistency between the provision of the Participating letters and the provisions of this Agreement, the provisions of this Agreement shall prevail.

- (f) “RSS” means Regional Statistics System and refers to the set of processes, methodologies, practices, technology resources and harmonized and comparable data that aims to: (i) provide to the user community, national and regional information that strengthen the decision-making process of the Recipient. (ii) strengthen coordination between national and regional efforts to produce regional data, including investigations and surveys, as well as the corresponding national planning processes; and (iii) establish a mechanism to link statistical information from national sources into a regional system.
- (g) “SICA” or “Recipient” means *Sistema de la Integración Centroamericana*, the institutional framework of Regional Integration in Central America, created by the States of Belize, Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and Panama and established on December 13, 1991 (formally came into operation on February 1, 1993), by the signing of the Protocol to the Charter of the Organization of Central American States (ODECA) or Tegucigalpa Protocol.

## **Article II Project Execution**

2.01. ***Project Objectives and Description.*** The objective of the Project is to support the Recipient in preparing and submitting for approval a regional strategy for the development of statistics (“RSDS”). The Project consists of the following parts:

### **Part 1: Assessment of the Current Regional Statistical System**

- (a) Carrying out of an assessment of the current regional statistical system (RSS), including, *inter alia*: (i) users’ satisfaction; (ii) governance mechanisms; (iii) statistical production; (iv) performance and compliance with regional and international statistical standards; and (v) an evaluation of the strengths, weaknesses, opportunities, and threats (SWOT analysis).
- (b) Carrying out of a workshop with key stakeholders of the RSS, SICA’s associated institutions, representatives of the Participating Countries, users and donors to revise and adjust the assessment carried out under Part 1 (a).
- (c) Preparation and submission of the final assessment to the Executive Committee and CENTROESTAD for approval.

### **Part 2: Strategy Definition**

- (a) Preparation of a report based on the outcomes of the workshop carried out under Part 1 (b) including, *inter alia*: (i) priority focal areas of the RSS; and (ii) strategies for the implementation of said focal areas.

- (b) Carrying out of a comparative study on the advantages and disadvantages of the strategies envisaged to address the priority focal areas identified under Part 2 (a).
- (c) Drafting of the RSDS proposal.
- (d) Carrying out of a workshop with key stakeholders of the RSS, SICA's associated institutions, representatives of the Participating Countries, users and donors to revise and adjust the RSDS proposal.
- (e) Submission of the final RSDS proposal for review and approval by the Executive Committee and CENTROESTAD.

**Part 3: Action Plan Preparation**

- (a) Preparation of action plans for the priority focal areas, based on the strategies identified under Part 2 (a).
- (b) Development of a mechanism to monitor the implementation of the RSDS.
- (c) Development of an implementation plan for the action plans prepared under Part 3 (a) of the Project including, *inter alia*: a program of activities covering the entire period of said plan.
- (d) Carrying out of a workshop with key stakeholders of the RSS, SICA's associated institutions, representatives of the Participating Countries, users and donors to revise and adjust the implementation plan.
- (e) Submission of the final action plans and final implementation plan for approval to the Executive Committee and CENTROESTAD.

2.02. ***Project Execution Generally.*** The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient, through its General Secretariat shall carry out the Project in accordance with: (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.*** For the purpose of carrying out the Project, the Recipient, through its General Secretariat and CENTROESTAD and in accordance to the Participation Letters, shall: (a) appoint a representative of each one of Participating Countries, with relevant technical expertise in the area of statistics to participate in Project activities; and (b) participate in the validation and approval meetings of the RSDS.

2.04. ***Donor Visibility and Visit.*** (a) The Recipient shall take or cause to be taken all such measures as the World Bank may reasonably request to identify publicly the Donors' support for the Project.

- (b) For the purposes of Section 2.09 of the Standard Conditions, the Recipient and the Participating Countries shall, upon the World Bank's request, take all measures required on

its part to enable the representatives of the Donors to visit any part of the Participating Countries' territory for purposes related to the Project.

2.05. ***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 acceptable to 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 may employ consultants whose qualifications, experience and terms of reference are acceptable to the World Bank.

2.06. ***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 days (45) 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 entire period during which withdrawals from the Grant Account were made. The audited Financial Statements for such period shall be furnished to the World Bank not later than six months after the Closing Date.

2.07. ***Procurement.***

(a) General. All goods and consultants' 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 of Goods, Works and Non-Consulting Services under IBRD Loans and IDA Credits & Grants by World Bank Borrowers" dated January 2011 ("Procurement Guidelines"), in the case of goods.

(ii) Sections I (excluding paragraph 1.24) and IV of the "Guidelines: Selection and Employment of Consultants under IBRD Loans, & IDA Credits & Grants by World Bank Borrowers" dated January 2011 ("Consultant Guidelines") in the case of consultants' services; and

(iii) 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 1.18 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) Particular Methods of Procurement of Goods. Goods and non-Consulting services shall be procured under contracts awarded on the basis of Shopping Procedures in accordance with the provisions of paragraph 3.5 of the Procurement Guidelines.
- (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 are specified in the Procurement Plan: (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) Selection of Individual Consultants; and (G) Sole Source Procedures for the Selection of Individual Consultants.
- (e) 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.** (a) The Recipient may withdraw the proceeds of the Grant in accordance with the provisions of: (i) 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>
Consultants' services, (including audits) and Workshops	183,000	100%
<b>TOTAL AMOUNT</b>	183,000	

(b) For the purposes of this Section, the term “Workshops” means reasonable expenditures (other than those for consultants’ services) incurred by the Recipient in connection with the carrying out of workshop activities and meetings in the territory of any of the Participating Countries, including travel costs and *per diem* of workshop facilitators and participants, rental of training facilities, preparation, acquisition, reproduction and distribution of workshop 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.

3.03. **Withdrawal Period.** The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is September 30, 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 Secretary General.

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

General Secretariat of Central American Integration System  
Bulevar Orden de Malta No. 470,  
Urbanización Santa Elena,  
Antiguo Cuscatlán,  
El Salvador

Facsimile:

(503) 2248-8899

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:

Telex:

Facsimile:

INTBAFRAD  
Washington, D.C.

248423 (MCI) or  
64145 (MCI)

1-202-477-6391