

The World BankINTERNATIONAL 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**

July 23, 2010

Ing. Vanessa Rosales Ardón
President
Comisión Nacional de Prevención de Riesgos y Atención de Emergencias
Apartado Postal 5258-1000
San José
Republic of Costa Rica

Re: **REPUBLIC OF COSTA RICA: IDF Grant for Integration of Disaster
Risk Information in Costa Rica Planning System Project**
IDF Grant No. TF097139

Dear Madam:

In response to the request for financial assistance made on behalf of the *Comisión Nacional de Prevención de Riesgos y Atención de Emergencias* (“Recipient”), I am pleased to inform you that the International Bank for Reconstruction and Development (“World Bank”) proposes to extend to the Recipient, for the benefit of the Republic of Costa Rica (“Member Country”), a grant from the World Bank’s Institutional Development Fund (“IDF”) in an amount not to exceed four hundred fifty thousand United States Dollars (US\$450,000) (“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”).

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effective as of the date of the countersignature; provided, however, that the offer of this Agreement shall be deemed withdrawn if the World Bank has not received the countersigned copy of this Agreement within ninety (90) days after the date of signature of this Agreement by the World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.

Even if this Agreement has become effective pursuant to the previous paragraph, it shall terminate if it has not been implemented or has not disbursed any funds before November 17, 2010, 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.

Very truly yours,

**INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT**

By p.p. David Gould
Laura Frigenti
Country Director for Costa Rica
Latin America and the Caribbean Region

AGREED:

***COMISIÓN NACIONAL DE PREVENCIÓN
DE RIESGOS Y ATENCIÓN DE EMERGENCIAS***

By: /s/ Vanessa Rosales
Authorized Representative

Name: Vanessa Rosales

Title: President

Date: October 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 July 23, 2010, 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 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 have the following meanings:

(a) “CAPRA” means Central American Probabilistic Risk Assessment, an integrated platform for risk analysis based on a development strategy generated by its own user community.

(b) “CATs” means *Comités Asesores Técnicos*, the Technical Advisory Committees, an interdisciplinary technical team made up of specialists and organized according to related thematic areas. They provide specialized, technical and scientific advice to the CNE, said advice constitutes the basis for decision-making in prevention and emergency services.

(c) “CNE” means *Comisión Nacional de Prevención de Riesgos y Atención de Emergencias*, the Recipient’s National Risk Prevention and Emergency Management Commission established and operating pursuant to the National Emergencies and Risk Prevention Law No. 8488 of November 22, 2005 (published in the Member Country’s Official Gazette, *Gaceta No. 8* of January 11, 2006).

(d) “Executive Decree No. 33151” means the Recipient’s Executive Decree (*Reglamento*) as amended by Executive Decree No. 34582, published in the Recipient’s Official Gazette No. 126, on July 1, 2008, setting forth the Executive Power’s decisions on public administration coordination.

(e) “MIDEPLAN” means *Ministerio de Planificación Nacional y Política Económica*, the Recipient’s Ministry of National Planning and Economic Policy.

(f) “National Development Plan” means the Recipient’s national development plan for the period 2006-2010 set forth in Executive Decree 33151 of May 18, 2006 and Executive Decree 33178 of June 14, 2006, as amended through Executive Decree No. 34582 of June 4, 2008.

(g) “National Emergencies and Risk Prevention Law” means the Recipient’s Law No. 8488 for national emergencies and risk prevention, published in the Recipient’s Official Gazette No. 8 on January 11, 2006, as amended to the date of this Agreement.

(h) “SIE” means *Sistema de Información de Emergencias*, the Emergency Information System, an information management platform for information on risk and disasters provided by CNE. It is the system that links CAPRA to the rest of the systems within other institutions, especially the SNIT and the SNIP.

(i) “SNIP” means *Sistema Nacional de Inversiones Públicas*, the National System of Public Investments, a system to improve the public sector investments management administered via MIDEPLAN.

(j) “SNIT” means *Sistema Nacional de Información Territorial*, the National System of Territorial Information to be created to improve the use and management of territorial information.

Article II Project Execution

2.01. ***Project Objective and Description.*** The objective of the Project is to streamline the use of disaster risk information in the Member Country’s national planning system thus, enhancing its capacity to incorporate risk reduction measures in public investments and implement vulnerability reduction programs. The Project consists of the following parts:

Part I: Establishment of Disaster Risk Information Catastrophe Thematic Groups

(a) Reactivating CATs and making it functional through the provision of training to its members.

(b) Conducting workshops aiming at increasing CATs’ involvement in the use of disaster risk information.

Part II: Application of Risk Reduction Assessment

(a) Developing risk reduction assessment applications to: (i) strengthen SNIP; (ii) contribute to the incorporation of risk analysis in public investment projects; (iii) manage a set of indicators to determine the advances made in the incorporation of disaster risk reduction in the execution of public investment projects included in the National Development Plan.

(b) Carrying out the implementation of the risk reduction assessment application established for the formulation of public investments projects and provision of training to participants, including, *inter alia*, CNE staff, CATs members and government officials on the use of said applications.

Part III: Training of Public Officials in Risk Analysis Techniques

Providing training to members of CATs, experts of SNIT and government officials on disaster risk management techniques.

Part IV: Enhancement of the Emergency Information System

Strengthening the capacity of SIE through: (a) the carrying out of an evaluation and diagnosis of the SIE; (b) the incorporation of the CAPRA modules within its operation; (c) the

implementation of a series of analytical exercises utilizing the applications of the probabilistic risk modules to ensure their functionality; and (d) the provision of training to technical government officials on the applications.

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.*** For purposes of carrying out the Project, the Recipient shall coordinate with MIDEPLAN during the implementation of Grant activities.

2.04. ***Project Monitoring, Reporting and Evaluation.*** (a) The Recipient shall monitor and evaluate the progress of the Project and, upon the World Bank’s request, prepare Project Reports, in accordance with the provisions of Section 2.06 of the Standard Conditions and on the basis of the indicators set forth below in paragraph (b) of this Section. Each Project Report shall cover such period as shall be indicated in the World Bank’s request and shall be furnished to the World Bank not later than one month after the date of such request.

(b) The performance indicators referred to above in paragraph (a) consist of the following:

- (i) The CATs have adopted a hazard risk assessment platform for their own risks assessments.
- (ii) The software for assessing hazard exposure in public investments is used to screen new investments.
- (iii) The people trained in risk information management are applying their new risk assessment skills.

(c) The Recipient shall, upon the World Bank’s request, 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 five 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 as part of the Project Report 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 entire period during which withdrawals from the Grant Account were made. The audited Financial Statements for such period shall: (i) be furnished to the World Bank not later than six months after the end of such period; and (ii) made publicly available in a timely fashion and in a manner acceptable to the World Bank.

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

(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. Goods shall be procured under contracts awarded on the basis of Shopping.

(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) Selection of Individual Consultants; and (G) 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: the first contract to be awarded in accordance with each procurement method. 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) 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 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:

Category	Amount of the Grant Allocated (expressed in USD)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1) Goods	18,800	100%
(2) Consultants’ services	380,800	100%
(3) Training	50,400	100%
TOTAL AMOUNT	450,000	

For the purposes of this Section, the term “Training” means: (a) reasonable travel, room, board and per diem expenditures incurred by trainees and/or participants, excluding consultants’ services, in connection with their participation in training and/or workshops; (b) training or workshop facility rentals; and (c) training and workshop material preparation, acquisition, reproduction, printing and distribution expenditures.

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 three years after the date of countersignature of this Agreement by the Recipient.

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:

Comisión Nacional de Prevención de Riesgos y Atención de Emergencias

Apartado Postal 5258-1000
San José
Republic of Costa Rica

Facsimile: +506-2296 5225

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

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 Costa Rica.

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.”

1. 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.”