Mr. Mario Lima  
National Director  
ChildFund International, USA  
Avenida Reforma, 7-62 zona 9  
Edificio Arístos Reforma, Oficina 201  
Guatemala City 01009, Guatemala  
Central America

Re: GUATEMALA: JSDF Grant for a Pilot to Improve the Development and Nutrition of Young Children in Guatemala Project  
(Nuestros Niños Sanos y Listos) - Grant No. TF017709

Dear sir:

In response to the request for financial assistance made on behalf of ChildFund International, USA (the Recipient) represented by the National Director based in the Republic of Guatemala, I am pleased to inform you that the International Bank for Reconstruction and Development ("World Bank"), as administrator of grant funds provided by Japan ("Donor") under the Japan Social Development Fund, proposes to extend to the Recipient, for the benefit of the Republic of Guatemala ("Member Country"), a grant in an amount not to exceed two million seven hundred fifty thousand nine hundred thirty five United States Dollars (US$2,750,935) ("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 from the Donor. In accordance with Section 3.02 of the Standard Conditions (as defined in the Annex to this Agreement), the World Bank’s payment obligations in connection with this Agreement are limited to the amount of funds made available to it by the Donor under the abovementioned trust fund, and the Recipient’s right to withdraw the Grant proceeds is 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 with 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 this Agreement; and (ii) evidence satisfactory to the World Bank pursuant to Article IV of the attached Annex; 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Agreement shall be deemed withdrawn if the World Bank has not received the countersigned copy of this Agreement by November 12, 2014, unless the World Bank shall have established a later date for such purpose.

Very truly yours,

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By

Humberto Lopez
Director
Central America
Latin America and the Caribbean Region

AGREED:

CHILDREN'S FUND INTERNATIONAL, USA

By:

Authorized Representative

Name:

Title:

Date:

Enclosures:


(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.** The Standard Conditions for Grants Made by the World Bank Out of Various Funds dated February 15, 2012 ("Standard Conditions"), with the modifications set forth in Section I of the Annex 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.

(a) "Eligible Beneficiary" means any local indigenous non-governmental organization selected in accordance with the criteria and mechanisms set forth in the Operational Manual to implement Subprojects; said criteria includes, *inter alia*, the ability to be present in Participating Communities; knowledge of the community, culture, and local language, technical expertise, and capacity to receive Sub-grants and manage Project funds.

(b) "Indigenous Peoples Plan" or "IPP" means the Recipient’s plan dated August 13, 2014 acceptable to the World Bank, setting forth the indigenous peoples policy actions applicable to the activities to be carried out under the Project.

(c) "Operational Manual" means the manual referred to in Section 2.03 (b) to this Agreement as said manual may be updated and/or amended from time to time with the agreement of the World Bank.

(d) "Participating Community" means any community in the northwestern departments of Huehuetenango, Quiche, San Marcos and Totonicapan of the Member Country selected in accordance with the criteria and mechanisms set forth in the Operational Manual.

(e) "Performance Indicators" means the indicators, acceptable to the World Bank to be used in the monitoring and evaluation of the Project, as set forth in the Operational Manual.

(f) "Sub-grant" means a grant to be made out of the proceeds of the Grant to finance goods, consultants' services, Operating Costs and Training and Workshops for the carrying out of a Subproject, subject to specific terms and conditions set forth in the relevant Subgrant Agreement.

(g) "Sub-grant Agreement" means any of the agreements to be entered into by the Recipient and an Eligible Beneficiary pursuant to the provisions of Section 2.03 (e) of this Agreement.

(h) "Subproject" means a specific set of Project activities carried out under Parts 1(b) and 2(c) of the Project, selected in accordance with the criteria and procedures specified in the Operational Manual, to be implemented by an Eligible Beneficiary.

(i) "Zero Hunger Plan" means the *Plan Hambre Cero*, the Member Country’s plan to fight chronic malnutrition, approved by the Member Country’s National Council of Food and Nutrition Security’s Resolution No. 1-2012, dated June 19, 2012.
Article II
Project Execution

2.01. **Project Objectives and Description.** The objective of the Project is to strengthen the capacity of parents and communities to improve and monitor child development outcomes (physical, cognitive, socio-emotional, and linguistic skills) for children under two in the Project Participating Communities. The Project consists of the following parts:

**Part 1:** Promotion of physical, cognitive, linguistic and socio-emotional development through a parenting and early stimulation intervention

Introduction of early childhood stimulation activities into existing health and nutrition services in the Participating Communities under the Member Country’s Zero Hunger Plan aiming to improve children’s physical, cognitive, and emotional development, including:

(a) the mapping of early applicable stimulation practices in the Participating Communities through the carrying out of a diagnostic of current practices and beliefs, including: (i) identification of current early stimulation practices and beliefs among the Participating Communities; (ii) assessment of methodologies for promoting healthy development that are applicable to the local context and culture; and (iii) identification of monitoring indicators for early childhood development (ECD) milestones;

(b) the development and integration of a parenting/early child stimulation component into community nutrition activities through the provision of training to caretakers on early stimulation activities for all children under two and the carrying out of cost-effective home visits to targeted families on a monthly basis to provide special counseling and stimulation to at-risk children through, inter alia: (i) the design of activities and tools for Participating Communities meetings and home visits (including locally-made toys); (ii) the development of local-level monitoring tools for families and communities of the Participating Communities to track development milestones and assess child growth and development; (iii) the development of training materials on the designed tools and activities; (iv) the carrying out of training for implementers (madres guías, monitores) in parenting/early stimulation activities and tools; (v) the equipping of ECD centers for the early stimulation activities; (vi) provision of Sub-grants to Eligible Beneficiaries to implement the training of parents and caretakers in parenting and early stimulation activities and tools, as well as in making toys using easily available materials, at the Participating Communities level; and (vii) organization of periodic meetings across Participating Communities to share experiences on good practices, issues encountered, and lessons learned; and

(c) the sensitization of staff of the Member Country at the state, municipal, and local levels, health facilities staff, and civil society organizations (CSOs) on the importance of the integrated approach to ECD and the roles of each to promote it through, inter alia, the carrying out of training, seminars, workshops, and the provision of technical assistance.

**Part 2:** Enhanced social and behavior change communication to achieve improved child nutrition and development

Development of a strategy to address social and behavioral change, aiming at addressing concrete constraints caregivers face in adopting positive practices to ensure optimal child nutrition, including:
(a) the identification of: (i) current child feeding and caring behaviors; and (ii) key constraints to optimal child feeding and caring practices; all through the carrying out of: (A) consultations with parents, women, members of the participating Communities as well as midwives and other key stakeholders in the Participating Communities; and (B) a review of existing diagnostics and relevant documentation.

(b) the development of an enhanced social and behavioral change approach through: (i) identification of 2-3 critical areas for social and behavior change communication for specific target groups, definition of feasible actions, motivational levers, and communication strategies to support caregivers overcome key constraints and promote positive child caring and feeding practices; (ii) development of training methodologies and materials; and (iii) organization of consultations with parents and Participating Communities to validate the adopted approach, including specific actions, levers and materials; and

(c) the roll out of a social and behavior change approach through: (i) mass media promotion (i.e. through songs, soap operas, radio spots, and/or messages from celebrities and/or local leaders); (ii) training to local implementers (madres guías, monituras) on the promotion of selected practices through parent groups and home visits; (iii) mobilization events for Participating Communities such as local theatre, child development fairs, and festivals celebrating breastfeeding and healthy child care-taking; and (iv) Sub-grants to Eligible Beneficiaries to implement activities under (ii) and (iii) above.

Part 3: Project management and administration, monitoring and evaluation, and knowledge dissemination

(a) Provision of financial support to fund: (i) Operating Costs to carry out Project activities; and (ii) annual financial audits under specific terms of reference acceptable to the World Bank.

(b) Monitoring and evaluation and knowledge dissemination through: (i) the carrying out of monthly monitoring and analysis of Project progress and status of child development and behaviors; and (ii) the provision of support for Project process and impact evaluations, including, *inter alia*: (A) the elaboration of an experimental impact evaluation design and the carrying out of baseline and follow-up surveys using a representative sample of young children in treatment and control communities; and (B) the dissemination of lessons learned from the Project process evaluation and evidence of impact among stakeholders and government decision-makers to encourage sustainability and scale-up.

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: (a) the provisions of 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”); (c) this Article II; (d) the IPP; and (e) the Operational Manual, all acceptable to the World Bank.

2.03. **Institutional and Other Arrangements.** For purposes of the implementation of the Project, the Recipient shall:

(a) maintain, throughout Project implementation, a resource management unit (RCU) and a financial management unit (FMU) with functions and responsibilities acceptable to the World Bank, including adequate resources and assisted by professional and administrative staff,
all in numbers and with terms of reference and qualifications and experience acceptable to the World Bank; and

(b) prepare and adopt an Operational Manual, satisfactory to the World Bank, setting forth rules, methods, guidelines, and standard documents for the carrying out of the Project, including the following:

(i) a detailed description of Project activities, including the sequencing for the implementation of said activities, and the prospective timetable and benchmarks in relation thereto;

(ii) the Project’s administrative, accounting, auditing, reporting, financial, procurement and disbursement procedures, including all pertinent standard documents and the Procurement Plan;

(iii) the plan for the monitoring, evaluation and supervision of the Project, including the Performance Indicators;

(iv) the plan for the capacity building activities under the Project;

(vi) the criteria for selecting and approving Subprojects;

(vii) the criteria for the identification and selection of Eligible Beneficiaries under the Project;

(viii) the description of the mechanism for the provision of Sub-grants; and

(ix) the standardized model to be used for the preparation of Sub-grant Agreements.

(c) The Operational Manual may be updated and/or amended from time to time with the prior approval of the World Bank. In the case of any conflict between the terms of the Operational Manual and those of this Agreement, the terms of this Agreement shall prevail.

(d) Prior to the provision of a Sub-grant under Parts 1(b) and 2(c) of the Project, the Recipient shall enter into an agreement with the corresponding Eligible Beneficiary (the “Sub-grant Agreement”), under terms and conditions acceptable to the World Bank, including, inter alia:

(i) the obligation of the Recipient to make available, on a grant basis, part of the proceeds of the Grant allocated to Category (5) (the “Sub-grant”) to the corresponding Eligible Beneficiary for the implementation of the corresponding Subproject;

(ii) the right of the Recipient to take remedial actions against the pertinent Eligible Beneficiary in case said Eligible Beneficiary shall have failed to comply with any of its obligations under the pertinent Sub-grant Agreement in respect of any Subproject (which actions may include, inter alia, the partial or total suspension and/or cancellation of the proceeds of the Sub-grant (as the case may be)); and

(iii) the obligation of the Eligible Beneficiary to:
(A) implement the corresponding Subproject with due diligence and
efficiency and in accordance with the provisions of the Sub-grant Agreement,
this Agreement and those set forth in the Operational Manual and the IPP;

(B) procure goods, Training and Workshops, and/or consultants’ services, as
the case may be, in accordance with the provisions of Section 2.05 of this
Agreement;

(C) maintain adequate records and accounts, and make available such
documentation to the Recipient and the World Bank, and any other information
that the Recipient may request in order to comply with its obligations under
Section 2.04 of this Agreement;

(D) use the Sub-grant exclusively for the purposes of the Project;

(E) comply with the provisions of the Anti-corruption Guidelines in
connection with the carrying out of the Project; and

(F) take or permit to be taken all actions to enable the Recipient to comply
with its obligations referred to in the Sub-grant Agreement and this Agreement.

(iv) The Recipient shall exercise its rights and carry out its obligations under each
Sub-grant Agreement in such manner as to protect the interest of the Recipient
and the World Bank and to accomplish the purposes and objectives of the Grant.
Except as the World Bank may otherwise agree, the Recipient shall not amend,
assign, waive or fail to enforce any Sub-grant Agreement or any provision
thereof. In case of any conflict between the terms of any Sub-grant Agreement
and those of this Agreement, the terms of this Agreement shall prevail.

(e) The Recipient shall, and shall cause the Eligible Beneficiaries to, carry out the
Project in accordance with the IPP.

2.04. Donor Visibility. (a) The Recipient shall take or cause to be taken all such measures as
the World Bank may reasonably request to identify publicly Japan’s support for the Project.

(b) For the purposes of Section 2.09 of the Standard Conditions, the Recipient shall, upon the
World Bank’s request, take all measures required on its part to enable the representatives of Japan
to visit any part of the Recipient’s territory for purposes related to 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 not later than one month after the end of each
calendar semester, covering the semester, in form and substance satisfactory to the World Bank.

(c) The Recipient shall have the Financial Statements for the Project audited in
accordance with the provisions of Section 2.07 (b) of the Standard Conditions. Each such audit
of the Financial Statements shall cover the period of one fiscal year of the Recipient, or any other
period agreed with the World Bank. The audited Financial Statements for each such period shall
be furnished to the World Bank not later than six months after the end of such period.
(d) The Recipient shall, not later than three months after the Effective Date, hire independent auditors, with experience and qualifications acceptable to the World Bank, and under terms of reference acceptable to the World Bank, for purposes of carrying out the annual audits of the Financial Statements referred in Section 2.04 (c).

2.06. **Procurement**

(a) **General.** All goods, non-consulting services 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 of the “Guidelines: Procurement of Goods, Works and Non-consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011 and updated in July 2014 (“Procurement Guidelines”), in the case of goods and non-consulting services; and

(ii) Sections I and IV of the “Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011 and updated in July 2014 (“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 and Non-consulting Services**

(i) Except as otherwise provided in sub-paragraph (ii) below, goods and non-consulting services shall be procured under contracts awarded on the basis of International Competitive Bidding subject to the following additional procedures:

(ii) The following methods, other than International Competitive Bidding, may be used for procurement of goods and non-consulting services for those contracts specified in the Procurement Plan: (A) National Competitive Bidding; (B) Shopping; and (C) Direct Contracting.

(d) **Particular Methods of Procurement of Consultants’ Services**

(i) Except as otherwise provided in sub-paragraph (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 of consulting firms; (F) Selection of Individual Consultants; and (G) Single-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. 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:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Grant Allocated (expressed in US$)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Consultants’ services (including audits)</td>
<td>474,203</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Training and Workshops</td>
<td>8,866</td>
<td>100%</td>
</tr>
<tr>
<td>(3) Goods</td>
<td>377,551</td>
<td>100%</td>
</tr>
<tr>
<td>(4) Operating Costs</td>
<td>117,788</td>
<td>100%</td>
</tr>
<tr>
<td>(5) Sub-grants</td>
<td>1,772,527</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>2,750,935</td>
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</tbody>
</table>

For the purposes of this Section:

(a) the term “Training and Workshops” means the reasonable expenditures (other than those for consultants’ services), as approved by the World Bank, incurred for the carrying out of Project-related training and workshops, conducted in the territory of the Member Country, including, inter alia, purchase, preparation and publication of training and workshop materials, rental of training and workshop facilities, course fees, and travel and subsistence of participants/trainees and facilitators/trainers, but excluding salaries of officials of the Recipient’s staff.

(b) the term “Operating Costs” means the reasonable incremental costs required for Project implementation, as approved by the World Bank, that would not have been incurred absent the Project, including, inter alia, consumable materials and supplies, communications, mass media
and printing services, operation and maintenance, charges for the opening and operation of bank accounts required for the Project, and travel, lodging and per diems (excluding salaries of the Recipient’s staff), all within the territory of the Member Country.

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 ten thousand Dollars (US$10,000) equivalent may be made for payments made prior to this date but on or after May 12, 2014, for Eligible Expenditures under Category (1).

3.03. **Withdrawal Period.** The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is four years after the date of countersignature of this Agreement by the Recipient.

**Article IV**

**Effectiveness; Termination**

4.01. This Agreement shall not become effective until evidence satisfactory to the World Bank has been furnished to the World Bank showing that the Project Operational Manual referred to in Section 2.03 (b) of this Annex has been prepared and adopted by the Recipient in a manner acceptable to the World Bank.

4.02. 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 4.01 ("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 has ceased to exist.

4.03. **Termination for Lack of Implementation or Disbursement.** (a) This Agreement and all obligations of the parties under it shall terminate if: (i) the Project has not been implemented or has not disbursed any funds during six months following the countersignature of this Agreement by the Recipient; or (ii) the World Bank has determined that there is lack of progress in the implementation of the Project.

(b) The World Bank, after consideration of the reasons for the delay may establish a later date for the purpose of this Section. The World Bank shall promptly notify the Recipient of such later date.

**Article V**

**Recipient’s Representative; Addresses**

5.01. **Recipient’s Representative.** The Recipient’s Representative referred to in Section 7.02 of the Standard Conditions is its National Director.

5.02. **Recipient’s Address.** The Recipient’s Address referred to in Section 7.01 of the Standard Conditions is:
5.03. **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

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<td>Cable:</td>
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<tr>
<td>INDEVAS</td>
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<td>1-202-477-6391</td>
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