Mr. Edgar Atencio  
President of the Association  
Asociacion IXACAVAA de Desarrollo e Información Indigena  
Los Ángeles de Santo Domingo de Heredia  
Restaurante Los Mangos  
75 Oeste.  
Apdo.1854-3000, Heredia.  
Republic of Costa Rica  

Grant No.TF097000  

Dear Sir:  

In response to the request for financial assistance made on behalf of Asociacion IXACAVAA de Desarrollo e Información Indigena ("Recipient"), established and operating as an authorized nongovernmental organization in the Republic of Costa Rica ("the Member Country"), I am pleased to inform you that the 2009 Global Development Marketplace on Climate Change Adaptation ("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 2009 Development Marketplace Multi-donor Trust Fund (MDTF) TF071373 which supports DM2009, to extend to the Recipient a grant in an amount not to exceed Two Hundred Five Thousand United States Dollars (U.S.$205,000) ("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 “Adaptive Natural Resources Management for Reducing Vulnerability of Cabécar Indigenous Communities Project described in the Annex (“Project”).  

The Recipient represents that:  

(a) it has obtained a letter of endorsement dated October 22, 2010, from the Ministry of Planning, pursuant to the provisions of Executive Decree No. 3577-PLAN-RE; and  

(b) it has complied with all the legal requirements for the coordination of Project activities with local governments at the Project site, including submitting the Project for consideration to the Municipality of Matina.
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.

Very truly yours,

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL DEVELOPMENT ASSOCIATION

By p.p. Trina Haque
Laura Frigenti
Acting Country Director
Central America Country Management Unit
Costa Rica, Latin America and the Caribbean

AGREEED:

ASOCIACION IXACAVAA DE DESARROLLO E INFORMACIÓN INDIGENA

By: /s/ Edgar Atencio

Authorized Representative

Name: Edgar Atencio

Title: Presidente

Date: January 15, 2011

Enclosures:


(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) “Affected Persons” means persons who, on account of the execution of the Project had or would have their: (i) standard of living adversely affected; or (ii) right, title, interest in any house, land (including premises, agricultural and grazing land) or any other fixed or movable asset acquired or possessed, temporarily or permanently; (iii) access to productive assets adversely affected, temporarily or permanently; or (iv) business, occupation, work or place of residence or habitat adversely affected.

   (b) “Asociación IXACAVAA de Desarrollo e Información Indígena” means the Association for Indigenous Development and Information, an indigenous non-governmental organization (NGO) pursuant to Law No. 3859, which awarded its legal capacity on August 20, 1999.

   (c) “Contraloría” means Contraloría General de la República (Office of the Controller General) of the Member Country.

   (d) “District” means a political subdivision of the Member Country.

   (e) “Executive Decree No. 35777-PLAN-RE” means Decreto Ejecutivo No. 35777-PLAN-RE, enacted by the Member Country’s executive branch on January 8, 2010 and published in the Member’s Country’s Official Gazette (Diario Oficial) No. 41 on March 1, 2010 as, amended to the date of this Agreement.

   (f) “Executive Decree No. 31849” means Reglamento de Procedimientos de Evaluación de Impacto Ambiental, enacted by the Member Country’s executive branch on September 14, 2004 regulating the procedures of evaluations of environmental impact and published on the Member Country’s Official Gazette No. 217 (Diario Oficial) on November 5, 2004, as amended to the date of this Agreement.

   (g) “Guidelines for Environmental Analysis of Small Construction Works” means the World Bank guidelines dated February 1, 2000 and included as annex 2 of the Safeguard Analysis Report (as defined herein).

   (h) “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.


(j) “Law No. 3859” means Ley sobre el Desarrollo de la Comunidad (DINADECO), enacted by the Member Country’s Legislative Assembly on April 7, 1967 and published in the Members Country’s Official Gazette (Diario Oficial) No. 88 dated April 19, 1967, as amended to the date of this Agreement.

(k) “Law No. 7554” means Ley No. 7554-Ley Orgánica Ambiental, enacted by the Member Country’s legislative assembly on September 28, 1995, published in the Members Country’s Official Gazette (Diario Oficial) No. 215 dated November 13, 1995 as amended to the date of this Agreement.

(l) Law No. 833 means Ley No. 833 Ley de Construcciones, enacted by the Member Country’s legislative assembly on November 2, 1949 in the Members Country’s Official Gazette (Diario Oficial) on November 4, 1949, as amended to the date of this Agreement.

(m) “Project Site” means the area territorial circumscribed in the Member Country’s territory where Project activities would be carried out including the territory of Bajo Chirripo, located in the District of Garrandi del Canton Matina, Province of Limon in the Member Country.

(n) “Province” means a political subdivision of the Member Country.

(o) “Safeguard Analysis Report” means the World Bank’s report dated August 16, 2010, which includes the identification of existing environmental conditions and potential direct and indirect impacts from the carrying out of the Project, and recommended mitigation measures.

(p) “Selected Communities” mean the Indigenous Peoples’ communities of Namaldy, Chumico, Palera, Xerenachy, Pozo Azul, Punta Lanza y alto Palmera, located in the Member Country’s territory of Bajo Chirripo.

Article II
Project Execution

2.01. Project Objectives and Description. The objective of the Project is to strength the capacity of the Selected Communities to improve, based on a combination of ancient knowledge and modern technology, their capacity to adapt to climate change, through: (i) the management of natural resources; and (ii) the reduction of their vulnerability to external natural events. The Project consists of the following activities:

(a) Development of an adaptive agricultural production system with the participation of the Selected Communities, including, inter alia, the identification of: (i) ancient indigenous production systems; (ii) major elements of climate change vulnerability; and (iii) modern technology elements applicable to existing ancient production systems.

(b) Carrying out of activities in support of the development of Indigenous Peoples' products, and services to promote environmental sustainability in the Project Area, including, inter alia: (i) the promotion of economic self-sustainability within the Selected Communities; and (ii) the identification and/or development of traditional products and/or services that may be marketable by the Selected Communities.
(c) Carrying out of outreach activities aimed to exchange views with elder leaders of the Selected Communities on topics including, *inter alia*: (i) natural resources management; (ii) traditional productions systems; and (iii) climate change.

(d) Mapping of areas with high risk of floods, flashfloods, and landslides at the Project Site.

(e) Carrying out of consultations to assess, *inter alia*: (i) the knowledge and perception that the Selected Communities have on climate change issues; and (ii) the existing relations that the Selected Communities have established in relation to the use of natural resources.

(f) Design and implementation of an early warning system for floods, flashfloods, and landslides at the Project Site.

(g) Carrying out civil works for a small construction (community center and Recipient’s office), located in the influence area of the Project Site, but outside the indigenous reserve.

(h) Provision of training to the Selected Communities’ leaders in organizational capacity and natural resources management based on traditional indigenous knowledge.

(i) Provision of technical assistance and training to strength the Recipient’s financial management capacity.

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 the Appendix to this Agreement; (c) this Article II; (d) the Guidelines for Environmental Analysis of Small Construction Works; and (e) the Safeguard Analysis Report.

2.03. **Institutional and Other Arrangements.**

(a) No later than three months after countersignature of this Agreement, the Recipient shall submit to the Bank for review and approval, terms of reference, which should include the scope and specific actions that will be taken by the Recipient for the implementation of activity (i) in Section 2.01, aimed to strength the Recipient’s financial management capacity.

(b) The Recipient shall carry out the Project and submit to the Bank for its review and approval pursuant to the Indigenous Peoples Policy: (i) a framework to ensure that free, prior, and informed consultation with the Selected Communities is carried out before and during Project implementation; and (ii) a mechanism for evaluating and reporting on the implementation of the Project.

(c) Prior to carrying out of any works under activity (g) in Section 2.01, the Recipient shall: (i) obtain the respective authorization from the Municipality of Matina; and (ii) carry out the Project in accordance with the procedures and instances related to environmental and construction permits.

(d) The Recipient shall ensure that the Project is implemented in accordance with the Guidelines for Environmental Analysis of Small Construction Work. The Guidelines shall include a screening process that would ensure that the Project would not support any land use
alternative which would require the clearance of forest areas or the destruction or conversion of sensitive habitats such as wetlands.

(e) The Recipient shall ensure that the Project would not support any land use alternative which would require the clearance of forest areas or the destruction or conversion of sensitive habitats such as wetlands.

(f) The Recipient shall ensure that the proposed land use zoning under the Project does not cause involuntary restriction of access to land and use of resources to Affected Persons.

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 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 and works;
(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 and works 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) For the purposes of this Section, the term:

(i) “Travel and Salaries of 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 directly related to the management and monitoring of the Project (which expenditures would not have been incurred absent the Project), including expenditures for rent, insurance, fuel and taxes.

3.02. **Withdrawal Conditions.** Notwithstanding the provisions of Section 3.01 of this Agreement, no withdrawal shall be made for: (a) payments made prior to the date of countersignature of this Agreement by the Recipient; (b) payments made for expenditures under Category (3), unless the Bank has received documentary evidence, satisfactory to it, confirming that the Recipient has: (i) conducted in a manner consistent with the Indigenous Peoples Policy, the consultation process detailed in Section 2.03 (b) of this Agreement and there are no pending judicial, extra-judicial or customary claims initiated by any of the Selected Communities in regard to any works in the Project Site; (ii) obtained the respective environmental and construction permits detailed in Section 2.03 (c) of this Agreement; and (iii) integrated the provisions of the Guidelines for Environmental Analysis of Small Construction Works in all the bidding, contracting and building processes for all works financed under this Grant, pursuant to the provisions of Section 2.03 (d) of this Agreement.

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:

Asociacion IXACAVAA de Desarrollo e Información Indígena  
Los Angeles de Santo Domingo de Heredia  
Restaurante Los Mangos  
75 Oeste  
Apdo.1854-3000, Heredia. Costa Rica  

Telephone: ++506-83154867, ++506-83974423  
Facsimile: ++506-22618276

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):  

Sylvie Debomy (LCSUW, HQ)  
Sdebomy@worldbank.org  
Telephone: (202) 473-0602
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.”