Mr. Jorge Chediek  
Resident Representative  
United Nations Development Programme  
Casa das Nações Unidas no Brasil – Complexo Sergio Vieira de Mello  
Módulo I – Prédio Zilda Arns  
Setor de Embaixadas Norte, Quadra 802  
Conjunto C, Lote 17  
70800-400- Brasília - DF  
BRAZIL

BRAZIL: IDF Grant for Brazil Learning Initiative for a World Without Poverty Project  
IDF Grant Nº TF016605

Excellency:

In response to the request for financial assistance made by the Federative Republic of Brazil ("Member Country"), I am pleased to inform you that the International Bank for Reconstruction and Development ("World Bank" or "Bank") proposes to extend to the United Nations Development Programme ("UNDP") ("Recipient"), for the benefit of the Member Country, as agreed through letter Oficio Nº 802/2014/GAB/SE/MDS dated November 14, 2014, a grant from the World Bank’s Institutional Development Fund ("IDF") in an amount not to exceed six hundred thousand United States Dollars (US$ 600,000) ("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 Grant is made for the purposes and on the terms and conditions set forth in the Annex to this Letter Agreement. Without limiting the generality of the foregoing, these terms and conditions include those of that certain Financial Management Framework Agreement between the World Bank and the United Nations, dated March 10, 2006 ("Financial Management Framework Agreement" or "FMFA"), which are incorporated in this Letter Agreement to form a part hereof as if they were recited at length herein. The Recipient, by countersigning this Letter Agreement, acknowledges that it has received a copy of the FMFA and, if the Recipient was not an original signatory thereof, agrees that it is bound by the terms of the FMFA as if the Recipient had been an original party thereto. The Recipient represents, by confirming its agreement below, that (i) it is authorized to contract and withdraw the Grant for the said purposes and on the said terms and conditions, and (ii) the references in sub-paragraphs (a) and (d) of paragraph 5 of the Annex to this Letter Agreement to the Recipient’s financial regulations and rules are complete and accurate, and the Recipient makes this representation knowing that the Bank shall rely on it for purposes of deciding to make the Grant.

Please note that it is the Bank’s policy to make publicly available this Letter Agreement and any information related thereto, after this Letter Agreement has become effective and the Recipient has given its consent to such disclosure. The Recipient, by countersigning this Letter Agreement, confirms its consent to such disclosure.
Please confirm your agreement with the foregoing, on behalf of the Recipient, by signing, dating, and returning to us the enclosed copy of this Letter Agreement. This Agreement shall become effective upon (a) receipt by the Bank of the copy of this Letter Agreement countersigned by you; (b) evidence, satisfactory to the Bank, that the Project Document, as defined in the Annex to this Agreement, has been adopted and has also been reviewed and found acceptable by the World Bank; and (c) agreement reached between the Bank and the Recipient as to the format of the interim unaudited financial reports referred to in Section 4 (c) of the Annex to this Letter Agreement.

Very truly yours,

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By: 

Deborah L. Wetzel
Director
Brazil
Latin America and the Caribbean Region

AGREED:

UNITED NATIONS DEVELOPMENT PROGRAMME

By: 

Authorized Representative
Name: Jorge Chediek
Title: UNDP Brazil Resident Representative
Date: 23/12/2014

Enclosures:

(3) 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 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) “MDS” means “Ministério do Desenvolvimento Social e Combate à Fome”, the Member Country’s Ministry for Social Development and Fight Against Hunger or any successor thereto.
(b) “Project Document” means the Project document referred to in Section 2.03 (b) of this Agreement as the same may be amended from time to time.
(c) “PBSM” means Plano Brasil Sem Miséria, the Member Country’s plan established by Decree No 7.492 of June 2, 2011, which aims to overcome extreme poverty through the integration and coordination of policies, programs and actions between the federal, state, and municipal levels, through three axes: i) income support; ii) promoting access to public services; and iii) enhancing productive inclusion.
(d) “Bolsa Familia Program” or “BF Program” or “BFP” means the Member Country’s program for the assistance to poor families through the provision of cash transfers conditional on compliance with conditions referred to in the BF Law or pre-existing legislation.
(f) “Cadastro Único” means the Member Country’s cadastre, established and operated under the Member Country’s Presidential Decree No 6.135 of June 26 2007, as a single beneficiary database to service all cash transfer programs.
(g) “WWP” means World Without Poverty, an initiative established on March 5, 2013, by the MDS (as herein defined), the Institute for Applied Economic Research (IPEA), the UNDP International Policy Center for Inclusive Growth (UNDP-IPG) and the World Bank to contribute to poverty reduction through more systematically capturing and disseminate knowledge about the implementation and results of BFP and PBSM.
(h) “WWP Executive Committee” means the Committee composed of representatives from the main partners, namely, the Recipient, MDS, the World Bank, and IPEA, which meets periodically to
review the Project Document and the overall progress of the WWP, and to make strategic decisions regarding the WWP.

Article II

Project Execution

2.01. Project Objectives and Description.

The objective of the grant is to stimulate innovation and diffusion of approaches to address key delivery challenges in the area of social policy (including productive inclusion and social assistance) across sub-national entities in the Member Country’s territory and strengthen the Member Country’s capacity to fulfill its goals of promoting systematic learning and innovation in its territory and effective knowledge sharing with other countries.

The Project consists of the following activities:

Capturing and Consolidating Knowledge on Implementation of Social Assistance and Poverty Reduction Programs

Provision of technical assistance support to: (i) develop series of in-depth case studies on know-how acquired through the implementation of BF and PBSM plan and its application to operational work; (ii) establish an on-line document repository which will be used as a platform to facilitate access to relevant data and information for practitioners; (iii) develop a toolkit on the main social protection innovations in Brazil with a collection of knowledge briefs from specific topics emerging from the case studies and documents available at the on-line document repository; (iv) produce short videos linked to the case studies to disseminate the key lessons to a broader audience; and (v) develop and implement Monitoring and Evaluation - M&E strategies using Cadastro Único merged with other administrative datasets, with a focus on productive inclusion and long run effects and cost-effectiveness of the approach.

Knowledge Exchanges within the Member Country’s Territory and other Countries (South-South Exchanges)

Provide technical assistance support to: (i) prepare and deliver series of workshops with Brazilian practitioners to capture, exchange and disseminate knowledge; (ii) build and enhance MDS capability to transfer implementation knowledge to other countries in a more systematic and effective approach under the South-South knowledge exchange, making available online training material (translated); and (iii) produce videos, training materials, and surveys linked to international events.

2.02. Project Execution Generally.

The Recipient declares its commitment to the objective of the Project. To this end, the Recipient shall: (i) carry out the Project with due diligence and efficiency, in accordance with the provisions of: (a) the Project Document; (b) Article II of the Standard Conditions; (c) 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”); (d) the FMFA; and (e) this Article II; (ii) promptly provide the funds, facilities, services and other resources required for that purpose; (iii) furnish all information covering the Activities and the use of the proceeds of the Grant as the Bank shall reasonably request; (iv) from time to time exchange views with the Bank’s representatives on the
progress and results of the Activities; (v) use its reasonable best efforts with the authorities of the Member
Country to enable the Bank to visit the territory of the Member Country for purposes related to the Grant; and
(vi) cause all goods and services financed out of the proceeds of the Grant to be used exclusively for the
purposes of the Grant. Without limitation on the foregoing, the Recipient shall, if the Bank shall so request,
prepare and furnish to the Bank promptly upon completion of the Activities a report, in form and substance
satisfactory to the Bank, on the results and impact of the Activities.

2.03. Institutional and Other Arrangements.

(a) For the purposes of carrying out the Project, the Recipient shall at all times during the Project
implementation maintain adequate staffing with terms of reference, qualifications and functions
acceptable to the World Bank, to perform all Project’s related functions including, *inter alia*,
procurement and financial management.

(b) Without limitation upon the provisions of Section 2.02 and 2.03(a) above, the Recipient shall
prepare in coordination with MDS, and adopt a Project Document, under terms and conditions
satisfactory to the World Bank (the Project Document). The Project Document shall include
provisions detailing procedures, guidelines and standard documents for the carrying out of the
Project, including, *inter alia* (i) activities; (ii) standard contractual terms for the procurement of
goods and consultants’ services financed under the Project; and (iii) procedures for monitoring,
evaluation, reporting, financial management and audit of Project implementation.

(c) The Recipient shall maintain the Project Document throughout Project implementation. Except as
the Recipient and the Bank may otherwise agree in writing, the Recipient shall not amend, waive,
or fail to enforce the Project document, or any provision thereof. In case of any conflict between
the terms of this Agreement and those of the Project Document, the terms of this Agreement shall
prevail.

(d) The Recipient shall follow directions from the WWP Executive Committee in support of Grant
Activities implementation including, *inter alia*, provision of general oversight and guidance on
the strategic, technical fiduciary and operational aspects of the Project; undertake bi-annual
meetings, or as necessary, to review progress and discuss and approve any changes to project
activities in the Project Document.

2.04. Project Monitoring, Reporting and Evaluation.

(a) The Recipient shall monitor and evaluate the progress of the Project and prepare semi-annual
Project Reports in accordance with the provisions of Section 2.06 of the Standard Conditions and
on the basis of the indicators set forth in the Project Document. 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 Recipient, upon the World Bank’s request, 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 five months after the Closing Date.
2.05. **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:


(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 (revised 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.** Goods and non-consulting services 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 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. The amount of the Grant shall be credited to an account opened by the Bank on its books in the name of the Recipient ("Grant Account"), and may be withdrawn therefrom by the Recipient in accordance with the provisions of this paragraph 3, for expenditures in respect of the reasonable cost of goods and services required for the Activities and to be financed out of the proceeds of the Grant (sometimes hereinafter referred to as "eligible expenditures"). Withdrawals from the Grant Account shall be made exclusively for eligible expenditures in accordance with the provisions of this Agreement.

3.02. The table below sets forth the Categories of items to be financed out of the proceeds of the Grant, the allocation of the amounts of the Grant to each Category, and the percentage of expenditures for items so to be financed in each Category:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Grant Allocated (expressed in US Dollars)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Consultants’ services</td>
<td>331,000</td>
<td>100% of foreign expenditures and 100% of local expenditures for goods and consultants’ services</td>
</tr>
<tr>
<td>(including travel and per diem)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(2) Equipment, supplies, materials</td>
<td>55,000</td>
<td>100%</td>
</tr>
<tr>
<td>(3) Other (e.g. audit)</td>
<td>108,000</td>
<td>100%</td>
</tr>
<tr>
<td>(4) Training and Workshops</td>
<td>106,000</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>600,000</td>
<td></td>
</tr>
</tbody>
</table>

For purposes of this paragraph, the term:

(a) "Training and Workshops" means reasonable expenditures (other than those for consultants’ services) incurred by the Recipient in connection with the carrying out of training activities and workshops under the Project, its related material, including reasonable transportation costs, lodging and per diem of trainees, catering, rental of training facilities and rental of equipment.

(b) "Other" means reasonable expenditures incurred by the Recipient for the purpose of Project implementation, including, inter alia, service contracts, audio and video, auditing and miscellaneous expenditures.

3.03. Notwithstanding the provisions of paragraph 3.2 above:

(a) No withdrawals shall be made from the Grant Account: (i) for payments made for expenditures prior to the date of signature of this Letter Agreement by the Bank; (ii) on account of payments for any taxes levied by or in the territory of the Member Country on goods or services; or (iii) for the purpose of any payment to persons or entities, or for any import of goods, if such payment or import, to the

(b) 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.

(c) The use of any proceeds of the Grant to pay for taxes levied by, or in the territory of the Recipient on the goods or services to be financed under the Grant, or on their importation, manufacture, procurement or supply, is subject to the Bank’s policy of requiring economy and efficiency in the use of the proceeds of grants such as this Grant. To that end, if the Bank shall at any time determine that the amount of any taxes levied on or in respect of any goods or services to be financed out of the proceeds of the Grant is excessive or otherwise unreasonable, the Bank may, by notice to the Recipient, adjust the percentage of financing of such goods or services set forth in the table in paragraph 3.2 above, as required to be consistent with such policy of the Bank.

(d) If, in the Bank’s opinion, an amount of the Grant allocated to any of the Categories in the table in paragraph 3.2 above will be insufficient to finance the expenditures under such Category, the Bank may, by written notice to the Recipient, reallocate to such Category an amount of the Grant then allocated to another Category which, in the Bank’s opinion, will not be necessary to meet other expenditures.

3.04. When the Recipient shall desire to withdraw any amount from the Grant Account, it shall deliver to the Bank a written application for withdrawal of such amount in the form specified by the Bank. Withdrawal applications shall be: (a) signed on behalf of the Recipient by authorized official or such other person as he or she shall have authorized in writing; and (b) accompanied by such evidence in support of the application as the Bank shall reasonably request. Authenticated specimen signatures of the person authorized to sign withdrawal applications shall be provided with the first application bearing his or her signature. Each withdrawal application for an amount of the Grant and its supporting evidence must be sufficient in form and substance to satisfy the Bank that the Recipient is entitled to withdraw such amount from the Grant Account and that such amount is to be used in the carrying out of the Activities. The Bank shall pay the amounts withdrawn by the Recipient from the Grant Account only to or on the order of the Recipient.

3.05. Withdrawals from the Grant Account shall be made on the basis of the Statement of Expenditures and under such other terms and conditions as the Bank shall specify by notice to the Recipient contained in the Disbursement Letter addressed or to be addressed by the Bank to the Recipient for purposes of the Grant.

3.06. Withdrawals of the proceeds of the Grant shall be made in the currency of the Grant. The Bank, at the Recipient’s request and acting as an agent of the Recipient, shall purchase with the currency of the Grant withdrawn from the Grant Account such currencies as shall be required to pay for expenditures to be financed out of the proceeds of the Grant. Whenever it shall be necessary, for the purposes of this Letter Agreement, to determine the value of one currency in terms of another, such value shall be as reasonably determined by the Bank.
Article IV

Accounts and Audits

4.01. The Recipient shall maintain or cause to be maintained a financial management system, including records and accounts, adequate to reflect the transactions related to the Activities, in accordance with the requirements of the document ST/SGB/2003/7 Financial Regulations and Rules of the United Nations, dated May 9, 2003 (hereinafter referred to as the Financial Regulations).

4.02. The Recipient shall maintain in a separate account in its records ("Grant Control Account") a complete, true and faithful record of all the advances from the proceeds of the Grant and of all the expenditures paid from such advances.

4.03. The Recipient shall prepare, on a semester basis, the Statement of Expenditures, in accordance with the World Bank Disbursement Guidelines for Projects and interim unaudited financial reports in accordance with accounting standards established pursuant to the Financial Regulations and in the format agreed with the Bank, adequate to reflect the operations, resources and expenditures related to the Activities. The first said interim unaudited financial reports and statement of expenditures shall be furnished to the Bank no later than 30 days after the end of the first semester after the effectiveness of this Letter Agreement, and shall cover the period from the incurrence of the first expenditure under the Grant through the end of such first semester; thereafter, each interim unaudited financial report and statement of expenditures shall be furnished to the Bank not later than 30 days after each subsequent semester, and shall cover each semester.

4.04. The Recipient shall ensure that the audit of the Activities is governed by: (i) Regulations 7.1, 7.4 and 7.11 of the Financial Regulations and (ii) the FMFA.

4.05. The Recipient shall retain, until at least one year after the Bank has received the final interim unaudited financial report referred to in paragraph (c) of this Section 5 covering the semester in which the last withdrawal from the GrantAccount was made, all records (contracts, orders, invoices, bills, receipts and other documents) evidencing all expenditures in respect of which withdrawals from the Grant Account were made.

Article V

Suspension and Cancellation

5.01. The Bank may at any time, by notice to the Recipient, suspend the right of the Recipient to make further withdrawals from the Grant Account if any of the following events has occurred and is continuing: (a) the Recipient has failed to comply with any of its obligations herein specified; or (b) the right of the Recipient or the Member country, or any other entity to which the Bank has made a loan with the guarantee of the Member country, to make withdrawals under any loan agreement with the Bank or any development credit, grant or financing agreement with the International Development Association has been suspended; or (c) if, by notice sent jointly to the United Nations and the Recipient pursuant to paragraph (iv) of Section 9 of the FMFA, the Bank confirms that it reasonably believes the actions taken previously in accordance with said Section 9 have not been sufficient to fulfill its fiduciary obligation to ensure that the proceeds of the Grant were used for eligible expenditures; or (d) if, by notice sent jointly to the United Nations and the Recipient pursuant to sub-paragraph (a) of paragraph (iii) of Section 10 of the FMFA, the Bank confirms that alternative financial management arrangements mutually acceptable to the Bank and the relevant UN Organization were not reached within the period stipulated therein; or (e) if the Bank determines at any time
that a reference in sub-paragraph (a) or (d) of paragraph 4 of the Annex to this Letter Agreement to the Recipient's financial regulations and rules is incomplete or inaccurate in any material respect.

5.02. The Bank may, by written notice to the Recipient, terminate the right of the Recipient to make further withdrawals from the Grant Account: (a) at any time after the right of the Recipient to make withdrawals from the Grant Account has been suspended pursuant to the provisions of paragraph 6.1 above; or (b) if the Recipient has failed to take action, satisfactory to the Bank, within six months after the effective date of this Agreement, to carry out the Activities.

Article VI
Recipient's Representative; Addresses

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

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

United Nations Development Programme  
Casa das Nações Unidas no Brasil – Complexo Sergio Vieira de Mello  
Módulo I – Prédio Zilda Arns  
Setor de Embaixadas Norte, Quadra 802  
Conjunto C, Lote 17  
70800-400- Brasília - DF  
Facsimile: (55-61) 3038-9300

With a copy to:

Ministério do Desenvolvimento Social e Combate à Fome - MDS  
Esplanada dos Ministérios, Bloco C, 5° andar,  
Brasília/DF, 70046-900  
Facsimile: (55-61) 2030-1025

6.03. **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: INTBAFRAD  
Telex: 243423 (MCI) or 64145 (MCI)  
Facsimile: 1-202-477-6391
 Appendix

Section 1: Modifications to the Standard Conditions

The modifications to the Standard Conditions are as follows:

“Sections 2.05 (Documents; Records) and 2.07 (Financial Management; Financial Statements; Audits) are deleted in their entirety, and the remaining Sections in Article II are renumbered accordingly.”