

August 6, 1999

His Excellency
Mr. Esteban Duque Estrada
Minister of Finance
Ministry of Finance
Managua, D.N. Nicaragua

Re: Nicaragua Grant for Agricultural Technology and Rural Technical
Education Project
Grant Number Tf 025984

Dear Sir/Madam:

I am writing on behalf of International Development Association (IDA) to indicate IDA's agreement, as administrator of grant funds provided by Japan, to make a grant in an amount not exceeding four hundred and sixty two thousand United States Dollars (US\$462,000) (the Grant) to the Republic of Nicaragua (the Recipient).

The Grant is made in response to the Recipient's request for financial assistance and for the purposes and on the terms and conditions set forth in the Annex to this Letter Agreement. The Recipient hereby confirms its request that IDA carry out the activities described in paragraph 1 of the Annex to this Letter Agreement, and represents that it is authorized to contract the Grant for the said purposes and on the said terms and conditions.

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. Upon receipt by IDA of the copy of this Letter Agreement countersigned by you, this Letter Agreement will become effective as of the date of the countersignature.

Very truly yours,

INTERNATIONAL DEVELOPMENT ASSOCIATION

By: _____

Donna Dowsett-Coirolo

Director

Central America Country Management Unit

**AGREED:
REPUBLIC OF NICARAGUA**

By: _____

Name: Esteban Duque Estrada

Title: Minister of Finance

Date: September 6, 1999

ANNEX

Purposes, Terms and Conditions of the Grant

1. The purposes of the Grant is to assist in the preparation of the Agricultural Technology and Technical Education Project, which has as main objective to improve the capacity of small and medium producers to access technologies that respond to their production needs (the Project). The activities (the Activities) for which the Grant is given are as follows:

- (a) formulation of agricultural technology generation and transfer support policies, which is estimated to cost US\$80,000 equivalent;
- (b) design of technology generation and transfer systems that would target a much wider number of clients with an optimal operational cover within the human and financial resources available in the country, which is estimated to cost US\$76,000 equivalent;
- (c) identification of the needs, and design of a strategy for long-term training in agricultural education institutions and carrying out a consultation seminar and survey as required therefor, which is estimated to cost US\$77,000 equivalent;
- (d) assessment of the government normative and institutional capacity in terms of agricultural technology generation, transfer and education when public funds are involved, which is estimated to cost US\$29,000 equivalent;
- (e) design of the operational mechanisms of the competitive public funds for the three components, which is estimated to cost US\$58,000 equivalent;
- (f) construction of typology base-line study to monitor progress towards program objectives, which is estimated to cost US\$96,000 equivalent; and
- (g) development of an integrated management information, monitoring and evaluation system, which is estimated to cost US\$46,000 equivalent.

2. The Grant shall be used to finance consultants' services, a consultation seminar and a survey required for the Activities (which seminar and survey are estimated to cost an aggregate of US\$64,000 equivalent).

3. IDA shall carry out the Activities on behalf of the Recipient. The Recipient shall cooperate with IDA to the extent necessary to permit IDA to carry out the Activities promptly and effectively, and to evaluate the results of the Activities. The Recipient shall indemnify IDA against any costs or liabilities incurred by the Bank as a result of claims against IDA in connection with the Activities, except those resulting from the gross negligence or willful misconduct of its staff or external consultants.

4. The Activities shall be completed by not later than June 1, 2000 or such later date as IDA may establish by notice to the Recipient (the Closing Date). Except in special circumstances, no proceeds of the Grant shall be used to fund Activities after IDA approval of financing for the Project, and the Closing Date shall not be extended beyond the expected date of such approval. After the Closing Date, IDA may at any time cancel the remaining balance of the Grant.

5. The engagement and supervision of the consultants (the Consultants) required to assist in the carrying out of the Activities shall be the responsibility solely of IDA and shall be governed, except as otherwise decided by IDA after consultation with the Recipient, by the provisions of the Attachment to this Annex.

6. The Recipient shall be responsible for the payment of any taxes levied by, or in the territory of,

the Republic of Nicaragua on the Consultants or any of the Consultants' personnel (other than nationals or permanent residents thereof) in connection with the Activities.

7. The Recipient may at any time request IDA in writing to terminate the Activities. Whether or not the Recipient has made such a request, IDA may at any time suspend or, after consultation with the Recipient, terminate the right of the Recipient to receive Grant funds for the Activities if any of the following events has occurred and is continuing: (a) the Recipient has failed to perform any of its obligations under this Letter Agreement; or (b) the right of the Recipient, or any other entity to which the International Bank for Reconstruction and Development (the IBRD) has made a loan with the guarantee of the Republic of Nicaragua, to make withdrawals under any loan agreement with IBRD or any development credit agreement with IDA shall have been suspended. The Bank may also terminate the right of the Recipient to receive Grant funds if: (a) IDA has decided, at any time after consultation with the Recipient, to withdraw its support to the Project; or (b) the Recipient has withdrawn its request for IDA's assistance in the financing of the Project.

8. IDA is not an agent of, or trustee for, the Recipient and shall not have any fiduciary relationship with the Recipient. The Recipient shall have no right to any portion of the Grant that is not expended by IDA pursuant to this Letter Agreement.

Attachment

Consultants' Services

1. Consultants' services shall be procured in accordance with the relevant provisions of Statement 15.00 of the Bank's Administrative Manual, dated July 1997 (the Administrative Manual), the Introduction and Section IV of the Guidelines: Selection and Employment of Consultants by World Bank Borrowers" published by the Bank in January 1997 and revised in September 1997 and January 1999 "(the Consultant Guidelines)" and the following provisions of this Attachment.

2. Services for the survey and related data collection and analysis and the consultation seminar shall be procured under contracts awarded in accordance with the provisions, which are consistent with the provisions of the Administrative Manual, of paragraphs 3.1 and 3.7 of the Consultant Guidelines (Selection Based on Consultants' Qualifications).

3. Services for individual local and international consultants shall be procured under contracts awarded to individual consultants in accordance with the provisions, which are consistent with the provisions of the Administrative Manual, of paragraphs 5.1 through 5.3 of the Consultant Guidelines.

