Global Environment Facility
Trust Fund Grant Agreement

(Integrated National Adaptation Project)

between

CONSERVATION INTERNATIONAL COLOMBIA
for the benefit of the
REPUBLIC OF COLOMBIA

and

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
acting as an Implementing Agency of the Global Environment Facility

Dated June 15, 2006
GLOBAL ENVIRONMENT FACILITY TRUST FUND GRANT AGREEMENT

AGREEMENT, dated June 15, 2006, between CONSERVATION INTERNATIONAL COLOMBIA (the Recipient), for the benefit of the REPUBLIC OF COLOMBIA (the Beneficiary), with the participation of the Republic’s Agencia Presidencial para la Acción Social y la Cooperación Internacional (Acción Social) (in fulfillment of its role set forth in the Beneficiary’s Presidential Decree No. 2467, dated July 19, 2005) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (the Bank) acting as an implementing agency of the Global Environment Facility (GEF) in respect of grant funds provided to the GEF Trust Fund by certain members of the Bank as participants of the GEF.

WHEREAS (A) the Bank, pursuant to Resolution No. 91-5 of March 14, 1991 of the Executive Directors of the Bank, established the GEF to assist in the protection of the global environment and promote thereby environmentally sound and sustainable economic development;

(B) following the restructuring of the GEF, such arrangements continued in place on the basis set forth in Resolution No. 94-2 of May 24, 1994, of the Executive Directors of the Bank which, inter alia, established the GEF Trust Fund and appointed the Bank as trustee of the GEF Trust Fund (Resolution 94-2);

(C) the Beneficiary, having satisfied itself as to the feasibility and priority of the project described in Schedule 2 to this Agreement (the Project), has requested assistance from the resources of the GEF Trust Fund for funding the Project pursuant to the letter from the Ministerio de Medio Ambiente, Vivienda y Desarrollo Territorial dated May 8, 2003, and said request having been approved in accordance with the provisions of the Instrument for the Establishment of the Restructured Global Environment Facility approved under Resolution 94-2; and

(D) the Project will be carried out by the Recipient and the Executing Agencies (as hereinafter defined), in the interest of the Beneficiary, as provided in this Agreement; and

WHEREAS the Bank has agreed, on the basis, inter alia, of the foregoing, to extend a grant (the GEF Trust Fund Grant) to the Recipient upon the terms and conditions set forth in this Agreement;

NOW THEREFORE, the parties hereto hereby agree as follows:
ARTICLE I

General Conditions; Definitions

Section 1.01 (a) The following provisions of the “General Conditions Applicable to Loan and Guarantee Agreements for Single Currency Loans” of the Bank, dated May 30, 1995 (as amended through May 1, 2004), with the modifications set forth in paragraph (b) of this Section (the General Conditions) constitute an integral part of this Agreement:

(i) Article I;
(ii) Sections 2.01 (2), (3), (4), (5), (6), (7), (8), (14), (15), (16), (18) and (21), 2.02 and 2.03;
(iii) Section 3.01;
(iv) Sections 4.01 and 4.06;
(v) Article V;
(vi) Sections 6.01, 6.02 (a), (c), (d), (e), (f), (i), (l), (m), (n), (o) and (p), 6.03, 6.04 and 6.06;
(vii) Section 8.01 (b);
(viii) Sections 9.01 (a) and (c), 9.04, 9.05, 9.06, 9.07, 9.08 and 9.09;
(ix) Sections 10.01, 10.03 and 10.04;
(x) Article XI; and
(xi) Sections 12.01 (c), 12.03 and 12.04.

(b) The General Conditions shall be modified as follows:

(i) the term “Bank”, wherever used in the General Conditions, other than in Sections 2.01 (6), 6.02 (f) and 5.01 (a) thereof, means the Bank acting as an implementing agency of the GEF, except that in Section 6.02, the term “Bank” shall also include the Bank acting in its own capacity;

(ii) the term “Borrower”, wherever used in the General Conditions, means the Recipient;
(iii) the term “Guarantor”, whenever used in Section 9.01 of the General Conditions, means the Beneficiary;

(iv) the term “Loan Agreement”, wherever used in the General Conditions, means this Agreement;

(v) the term “Loan” and “loan”, wherever used in the General Conditions, means the GEF Trust Fund Grant;

(vi) the term “Loan Account”, wherever used in the General Conditions, means the GEF Trust Fund Grant Account;

(vii) Section 5.08 of the General Conditions is amended to read as follows:

“Section 5.08 Treatment of Taxes

Except as otherwise provided in the Loan Agreement, the proceeds of the Loan may be withdrawn to pay for taxes levied by, or in the territory of, the Borrower or the Guarantor on the goods or services to be financed under the Loan, or on their importation, manufacture, procurement or supply. Financing of such taxes is subject to the Bank’s policy of requiring economy and efficiency in the use of the proceeds of its loans. To that end, if the Bank shall at any time determine that the amount of any taxes levied on or in respect of any item to be financed out of the proceeds of the Loan is excessive or otherwise unreasonable, the Bank may, by notice to the Borrower, adjust the percentage for withdrawal set forth or referred to in respect of such item in the Loan Agreement as required to be consistent with such policy of the Bank.”;

(viii) a new subparagraph is added after subparagraph (o) in Section 6.02 of the General Conditions, as follows: “an extraordinary situation shall have arisen in which any further disbursement under the GEF Trust Fund Grant would exceed the resources available for disbursement from the GEF.”;

(ix) the words “corrupt or fraudulent” in paragraph (c) of Section 6.03 are replaced with the words “corrupt, fraudulent, collusive or coercive”;

(x) the first sentence of Section 10.01 of the General Conditions is deleted; and
Section 10.04 of the General Conditions is amended to read as follows:

"Section 10.04 Arbitration

Any dispute arising out of or relating to this Agreement which is not settled by agreement of the parties shall be finally settled by arbitration in accordance with the UNCITRAL Arbitration Rules in force on the date of this Agreement. The place of arbitration shall be Washington, D.C. In the event of a conflict between the UNCITRAL Arbitration Rules and the terms of this Agreement, the terms of this Agreement shall govern."

Section 1.02. Wherever used in this Agreement, unless the context otherwise requires, the several terms defined in the General Conditions and in the Recitals to this Agreement have the respective meanings therein set forth and the following additional terms have the following meanings:

(a) "Annual Operational Plan" means any of the plans referred to in Section 3.07 (a) (i) of this Agreement;

(b) "Caribbean Insular Areas" means the Beneficiary’s archipelagos of San Andrés, Old Providence, Santa Catalina, Corales del Rosario, San Bernardo and Isla Fuerte;

(c) "CORALINA" means Corporación para el Desarrollo Sostenible del Archipiélago de San Andrés, Providencia y Santa Catalina (Corporation for the Sustainable Development of the Archipelago of San Andrés, Old Providence and Santa Catalina), a public corporation of the Beneficiary with the mandate of managing the environment and natural resources and promote sustainable development;

(d) "Eligible Categories" means Categories (1) to (5) as set forth in the table in Part A.1 of Schedule 1 to this Agreement;

(e) "Eligible Expenditures" means the expenditures for goods, works and services referred to in Section 2.02 of this Agreement;

(f) "Environmental Assessment" means the Borrower’s environmental framework for the Project, dated December 8, 2005, that contains specific environmental rules and procedures for the implementation of the Project, as said plan may be updated from time to time;

(g) "Executing Agency" means either CORALINA, IDEAM, INS or INVEMAR (as hereinafter defined) and the Recipient; “Executing Agencies” means collectively the plural thereof;
(h) “Financial Monitoring Report” or “FMR” means each financial monitoring report prepared in accordance with Section 4.02 of this Agreement;

(i) “IDEAM” means Instituto de Hidrología, Meteorología y Estudios Ambientales, the Beneficiary’s Institute of Hidrology, Meteorology and Environmental Studies;

(j) “INS” means Instituto Nacional de Salud, the Beneficiary’s National Health Institute;

(k) “Inter-Institutional Agreement” means the arrangement of even date herewith, referred to in Section 3.03 (a) of this Agreement;

(l) “INVEMAR” means Instituto de Investigaciones Marinas y Costeras, the Beneficiary’s Institute for Marine and Coastal Research;

(m) “MPA” means the marine protected areas of the Beneficiary designated as such by Ministerial Resolutions 0876 of July 23, 2004, and 0679 of May 31, 2005, respectively, issued by the Beneficiary’s Ministerio de Ambiente, Vivienda y Desarrollo Territorial;

(n) “Operational Manual” means the manual for the operation of the Project referred to in Section 3.05 of this Agreement as the same may be amended from time to time by agreement between the Bank and the Recipient;

(o) “Performance Indicators” means the set of performance indicators, to be used for purposes of monitoring the progress of the Project, set forth in the Operational Manual, as such indicators may be revised with the agreement of the Bank;

(p) “Procurement Plan” means the Recipient’s procurement plan, dated February 16, 2006, covering the initial 18-month period (or longer) of Project implementation, as the same shall be updated from time to time in accordance with the provisions of Section 3.02 to this Agreement, to cover succeeding 18-month periods (or longer) of Project implementation;

(q) “Report-based Disbursements” means the Recipient’s option for withdrawal of funds from the GEF Trust Fund Grant Account referred to in Part A.5 of Schedule 1 to this Agreement; and

(r) “Special Account” means the account referred to in Part B of Schedule 1 to this Agreement.
ARTICLE II

The GEF Trust Fund Grant

Section 2.01. The Bank agrees to make available to the Recipient, on the terms and conditions set forth or referred to in this Agreement, the GEF Trust Fund Grant in an amount equal to five million four hundred thousand Dollars ($5,400,000).

Section 2.02. The amount of the GEF Trust Fund Grant may be withdrawn from the GEF Trust Fund Grant Account in accordance with the provisions of Schedule 1 to this Agreement for expenditures made (or, if the Bank shall so agree, to be made) in respect of the reasonable cost of goods, works and services required for the Project and to be financed out of the proceeds of the GEF Trust Fund Grant.

Section 2.03. The Closing Date shall be December 31, 2011, or such later date as the Bank shall establish. The Bank shall promptly notify the Recipient of such later date.

ARTICLE III

Execution of the Project

Section 3.01. The Beneficiary and the Recipient declare their commitment to the objective of the Project as set forth in Schedule 2 to this Agreement and, to this end, the Recipient shall carry out Part E.2 of the Project, and shall enter into the Inter-Institutional Agreement to require the following:

(a) IDEAM to carry out Parts A, B and E.1 of the Project;

(b) INVEMAR to carry out Parts C.1 and C.4 of the Project;

(c) CORALINA to carry out Parts C.2, C.3 and C.5 of the Project; and

(d) INS to carry out Part D of the Project;

all in accordance with the terms of the Operational Manual, with due diligence and efficiency and in conformity with appropriate administrative, social, financial, public utility and environmental practices, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the Project.

Section 3.02. (a) Except as the Bank shall otherwise agree, procurement of the goods, works and services required for the Project and to be financed out of the proceeds of the Loan shall be governed by the provisions of Schedule 3 to this Agreement, as said provisions may be further elaborated in the Procurement Plan.
(b) The Recipient shall update the Procurement Plan in accordance with guidelines acceptable to the Bank, and furnish such update to the Bank not later than 12 months after the date of the preceding Procurement Plan, for the Bank’s approval.

Section 3.03. The Recipient shall:

(a) enter into one written agreement with all the Executing Agencies, on terms and conditions satisfactory to the Bank, setting forth respective responsibilities for the implementation of those Parts of the Project in which each of the Executing Agencies participates; said arrangement to include, inter alia, the obligation of each Executing Agency to, with respect to its corresponding Part of the Project: (i) provide the necessary facilities, services and other resources to supplement those provided through the Recipient; (ii) assist the Recipient in the implementation of the corresponding Annual Operational Plan and in achieving Recipient’s compliance with the terms of this Agreement; and (iii) follow the provisions of the Operational Manual;

(b) exercise its rights and comply with its obligations under the Inter-Institutional Agreement throughout Project implementation in such a manner as to protect its interests, the interests of the Beneficiary and the Bank, and to accomplish the objective and purposes of the GEF Trust Fund Grant, and except as the Bank may otherwise agree, the Recipient shall not assign, amend, abrogate, suspend, waive, terminate or fail to enforce the Inter-Institutional Agreement or any provision thereof; and

(c) In case of any conflict among the terms of the Inter-Institutional Agreement and those of this Agreement, the terms of this Agreement shall prevail.

Section 3.04. At all times during Project implementation, the Recipient shall require IDEAM (pursuant to the Inter-Institutional Agreement) to maintain:

(a) a team, responsible for overall Project planning, coordination, implementation, supervision, technical monitoring and evaluation, and with a structure, functions and responsibilities satisfactory to the Bank, with staff in adequate numbers and with adequate qualifications, operating under terms of reference satisfactory to the Bank; and

(b) a committee, with structure and functions satisfactory to the Bank, co-chaired by representatives of the Beneficiary’s Ministries of the Environment, Social Protection, and Energy, the Executing Agencies and other public sector representatives, for the overall supervision and guidance of Project execution, all in accordance with the terms of the Operational Manual.

Section 3.05. Without limitation upon the provisions of Section 3.01 of this Agreement, the Recipient shall issue an operational manual satisfactory to the Bank, containing, inter alia, specific provisions on detailed arrangements for the carrying out of the Project, including:
(a) the procurement, financial management and disbursement requirements thereof;

(b) a model to be used in the preparation of FMRs;

(c) the Inter-Institutional Agreement;

(d) a model to be used in the preparation of the Annual Operational Plans;

(e) the Performance Indicators; and

(f) the Environmental Assessment.

In case of any conflict among the terms of the Operational Manual and those of this Agreement, the terms of this Agreement shall prevail.

Section 3.06. The Recipient shall require IDEAM (pursuant to the Inter-Institutional Agreement) to:

(a) maintain policies and procedures adequate to enable it to monitor and evaluate on an ongoing basis, in accordance with the Performance Indicators, the carrying out of the Project and the achievement of the objective thereof;

(b) prepare, under terms of reference satisfactory to the Bank, and furnish to the Bank (and to Acción Social), not later than six months after the Effective Date and every year thereafter during the period of Project implementation, a report integrating the results of the monitoring and evaluation activities performed pursuant to paragraph (a) of this Section, on the progress achieved in the carrying out of the Project during the period preceding the date of said report and setting out the measures recommended to ensure the efficient carrying out of the Project and the achievement of the objective thereof during the period following such date;

(c) review with the Bank, shortly after such reports’ preparation or such later date as the Bank shall request, the report referred to in paragraph (b) of this Section, and, thereafter, take all measures required to ensure the efficient completion of the Project and the achievement of the objective thereof, based on the conclusions and recommendations of said report and the Bank’s views on the matter; and

(d) carry out an in-depth Project review (the mid-term review), jointly with the Bank by not later than June 30, 2009, of such scope as set forth in the Operational Manual, on the progress achieved in the implementation of the Project.

Section 3.07. (a) The Recipient, with the assistance of, and in agreement with the Executing Agencies shall:
(i) not later than November 30 of each year of Project implementation, starting on the Effective Date, furnish to the Bank, for its review, a Project operational plan for the following calendar year, such plan to specify: (A) the activities to be financed out of the proceeds of the GEF Trust Fund Grant during the respective calendar year; (B) the implementation schedule; and (C) the required financial and human resources; and

(ii) upon the Bank’s approval, carry out the Annual Operational Plan in accordance with its terms.

(b) The Bank may refrain from approving any Annual Operational Plan if the Bank has determined that the Recipient and/or the Executing Agencies are not carrying out the Project as provided in this Agreement and no appropriate remedial actions, satisfactory to the Bank, have been taken therefor.

Section 3.08. For the purposes of Section 9.07 of the General Conditions and without limitation thereto, the Recipient shall cause IDEAM, with the assistance of the Executing Agencies (pursuant to the Inter-Institutional Agreement) to:

(a) prepare, on the basis of guidelines acceptable to the Bank, and furnish to the Bank not later than six (6) months after the Closing Date or such later date as may be agreed for this purpose with the Bank, a plan to ensure the future sustainability of the Project; and

(b) afford the Bank a reasonable opportunity to exchange views on said plan.

ARTICLE IV

Financial Covenants

Section 4.01. (a) The Recipient shall maintain a financial management system, including records and accounts, and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Bank, adequate to reflect the operations, resources and expenditures related to the Project.

(b) The Recipient shall:

(i) have the financial statements referred to in paragraph (a) of this Section (balance sheets, statements of income and expenses and related statements) for each fiscal year (or other period agreed to by the Bank), audited, in accordance with consistently applied auditing standards acceptable to the Bank, by independent auditors acceptable to the Bank;
(ii) furnish to the Bank as soon as available, but in any case not later than six months after the end of each such year (or such other period agreed to by the Bank): (A) certified copies of the financial statements referred to in paragraph (a) of this Section for such year (or other period agreed to by the Bank), as so audited; and (B) an opinion on such statements by said auditors, in scope and detail satisfactory to the Bank; and

(iii) furnish to the Bank such other information concerning such records and accounts, and the audit of such financial statements, and concerning said auditors, as the Bank may from time to time reasonably request.

(c) For all expenditures with respect to which withdrawals from the GEF Trust Fund Grant Account were made on the basis of reports referred to in Part A.5 of Schedule 1 to this Agreement (Report-based Disbursements) or on the basis of statements of expenditure, the Recipient shall:

(i) retain, until at least one year after the Bank has received the audit report for, or covering, the fiscal year in which the last withdrawal from the GEF Trust Fund Grant Account was made, all records (contracts, orders, invoices, bills, receipts and other documents) evidencing such expenditures;

(ii) enable the Bank’s representatives to examine such records; and

(iii) ensure that such reports and statements of expenditure are included in the audit for each fiscal year (or other period agreed to by the Bank), referred to in paragraph (b) of this Section.

Section 4.02. (a) Without limitation upon the Recipient’s progress reporting obligations set out in Section 3.06 above, the Recipient shall prepare and furnish to the Bank a financial monitoring report, in form and substance satisfactory to the Bank, which sets forth sources and uses of funds for the Project, both cumulatively and for the period covered by said report, showing separately funds provided under the GEF Trust Fund Grant, and explains variances between the actual and planned uses of such funds.

(b) The first FMR shall be furnished to the Bank (and to Acción Social) not later than 45 days after the end of the first calendar semester after the Effective Date, and shall cover the period from the incurrence of the first expenditure under the Project through the end of such first calendar semester; thereafter, each FMR shall be furnished to the Bank (and to Acción Social) not later than 45 days after each subsequent calendar semester, and shall cover such calendar semester.
ARTICLE V

Remedies of the Bank

Section 5.01. Pursuant to Section 6.02 (p) of the General Conditions, the following additional events are specified, namely, that either of the Recipient, IDEAM, INS, INVEMAR or CORALINA shall have failed to perform any of their obligations under the Inter-Institutional Agreement.

ARTICLE VI

Effectiveness, Termination

Section 6.01. The following event is specified as a condition to the effectiveness of this Agreement within the meaning of Section 12.01(c) of the General Conditions, namely that the Inter-Institutional Agreement has been duly executed by the parties thereto.

Section 6.02. Without prejudice to the provisions of the General Conditions, the date specified for purposes of Section 12.04 of the General Conditions is the date ninety (90) days after the date of this Agreement, but in no case later than the eighteen (18) months after the Bank's approval of the GEF Trust Fund Grant which expire on October 11, 2007.

Section 6.03. This Agreement shall continue in effect until the GEF Trust Fund Grant has been fully disbursed and the parties to this Agreement have fulfilled their obligations hereunder.

ARTICLE VII

Representative of the Recipient; Addresses

Section 7.01. The Executive Director of the Recipient and the Alto Consejero para la Acción Social y la Cooperación Internacional of the Beneficiary, are designated as representatives of the Recipient and the Beneficiary, respectively, for the purposes of Section 11.03 of the General Conditions.

Section 7.02. The following addresses are specified for the purposes of Section 11.01 of the General Conditions:
For the Recipient:
Conservation International Colombia
Carrera 13 –71-41
Tel: 571 – 345-2854
Fax: 571 – 345-2854

For the Beneficiary:
Agencia Presidencial para la Acción Social
y la Cooperación Internacional (Acción Social)
Calle 7 No. 6-54 Piso 2
Tel: 571 – 596-0800 Ext. 7221
Fax: 571 – 596-0800 ext. 7200

For the Bank:
International Bank for
Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Cable address: Telex: Facsimile:
INTBAFRAD 248423 (MCI) (202) 477-6391
Washington, D.C. 64145 (MCI)
IN WITNESS WHEREOF, the parties hereto, acting through their duly authorized representatives, have caused this Agreement to be signed in their respective names in the District of Columbia, United States of America, as of the day and year first above written.

REPUBLIC OF COLOMBIA  
Agencia Presidencial para la Acción Social  
y la Cooperación Internacional (Acción Social)

By /s/ Luis Alfonso Hoyos Aristizábal  
Authorized Representative

CONSERVATION INTERNATIONAL COLOMBIA

By /s/ Fabio Arjona  
Authorized Representative

INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT  
as an Implementing Agency of the Global Environment Facility

By /s/ Pamela Cox  
Authorized Representative
SCHEDULE 1
Withdrawal of the Proceeds of the GEF Trust Fund Grant

A. General

1. The table below sets forth the Categories of items to be financed out of the proceeds of the GEF Trust Fund Grant, the allocation of the amounts of the GEF Trust Fund 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 GEF Trust Fund Grant Allocated (Expressed in US Dollars)</th>
<th>% of Expenditures to be Financed</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, works, consultant’s services, Training and Operating Costs under Part A of the Project</td>
<td>1,000,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Goods, works, consultant’s services, Training and Operating Costs under Part B of the Project</td>
<td>1,570,000</td>
<td>100%</td>
</tr>
<tr>
<td>(3) Goods, works, consultant’s services, Training and Operating costs under Part C of the Project</td>
<td>1,300,000</td>
<td>100%</td>
</tr>
<tr>
<td>(4) Goods, consultant’s services, Training and Operating Costs under Part D of the Project</td>
<td>1,000,000</td>
<td>100%</td>
</tr>
<tr>
<td>(5) Goods, consultant’s services, Training and Operating Costs under Part E of the Project</td>
<td>530,000</td>
<td>100%</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>5,400,000</strong></td>
<td></td>
</tr>
</tbody>
</table>
2. For the purposes of this Schedule:

(a) the term “Operating Costs” means the reasonable costs of salaries, rentals, utilities and office supply, communications, vehicle fuel, small refurbishing of facilities, equipment and vehicles (as necessary), travel and per diem directly related to the performance of the Project activities, which would not have been incurred absent the Project; and

(b) the term “Training” means the reasonable non-consultant expenditures incurred by the Borrower in connection with the carrying out of training activities (including workshops, conferences and seminars) under the Project, including travel costs, per diem of trainers, trainees, facilitators and stakeholders, and training materials.

3. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made in respect of payments made for expenditures prior to the date of this Agreement, except that withdrawals, in an aggregate amount not exceeding $100,000, may be made on account of payments made for expenditures before that date but after February 15, 2006.

4. The Bank may require withdrawals from the GEF Trust Fund Grant Account to be made on the basis of statements of expenditure for expenditures under contracts for:
   (a) goods and non-consulting services costing less than $250,000 equivalent per contract;
   (b) works costing less than $5,000,000 equivalent per contract;
   (c) services of individual consultants costing less than $50,000 equivalent per contract;
   (d) services of consulting firms under contracts costing less than $100,000 equivalent per contract; and
   (e) Training and Operating Costs, all under such terms and conditions as the Bank shall specify by notice to the Recipient.

5. The Recipient may request withdrawals from the GEF Trust Fund Grant Account to be made on the basis of reports to be submitted to the Bank in form and substance satisfactory to the Bank, such reports to include the FMR and any other information as the Bank shall specify by notice to the Recipient (Report-based Disbursements). In the case of the first such request submitted to the Bank before any withdrawal has been made from the GEF Trust Fund Grant Account, the Recipient shall submit to the Bank only a statement with the projected sources and applications of funds for the Project for the six-month period following the date of such request.

6. If the Bank shall have determined at any time that any payment made from the GEF Trust Fund Grant Account was used for any expenditure not consistent with the provisions of this Agreement, the Recipient shall, promptly upon notice from the Bank, refund to the Bank for deposit into the GEF Trust Fund Grant Account, an amount equal to the amount so used or the portion thereof as specified by the Bank.
B. Special Account

1. The Recipient may open and maintain in Dollars or in Colombian Pesos a special deposit account in a commercial Bank acceptable to the Bank, on terms and conditions satisfactory to the Bank, including appropriate protection against set-off, seizure and attachment.

2. After the Bank has received evidence satisfactory to it that the Special Account has been opened, withdrawals from the GEF Trust Fund Grant Account of amounts to be deposited into the Special Account shall be made as follows:

   (a) if the Recipient is not making Report-based Disbursements, withdrawals shall be made in accordance with the provisions of Annex A to this Schedule 1; and

   (b) if the Recipient is making Report-based Disbursements, withdrawals shall be made in accordance with the provisions of Annex B to this Schedule 1.

3. Payments out of the Special Account shall be made exclusively for Eligible Expenditures. For each payment made by the Recipient out of the Special Account, the Recipient shall, at such time as the Bank shall reasonably request, furnish to the Bank such documents and other evidence showing that such payment was made exclusively for Eligible Expenditures.

4. Notwithstanding the provisions of Part B.2 of this Schedule, the Bank shall not be required to make further deposits into the Special Account:

   (a) if the Bank, at any time, is not satisfied that the reports referred to in Part A.5 of this Schedule 1 adequately provide the information required for Report-based Disbursements;

   (b) if the Bank determines at any time that all further withdrawals for payment of Eligible Expenditures should be made by the Recipient directly from the GEF Trust Fund Grant Account; or

   (c) if the Recipient shall have failed to furnish to the Bank, within the period of time specified in Section 4.01 (b) (ii) of this Agreement, any of the audit reports required to be furnished to the Bank pursuant to said Section in respect of the audit of: (A) the records and accounts for the Special Account; or (B) the records and accounts reflecting expenditures with respect to which withdrawals were Report-based Disbursements or were made on the basis of statements of expenditure, as the case may be.

5. The Bank shall not be required to make further deposits into the Special Account in accordance with the provisions of Part B.2 of this Schedule if, at any time, the Bank shall have notified the Recipient of its intention to suspend in whole or in part the right of
the Recipient to make withdrawals from the GEF Trust Fund Grant Account pursuant to Section 6.02 of the General Conditions. Upon such notification, the Bank shall determine, in its sole discretion, whether further deposits into the Special Account may be made and what procedures should be followed for making such deposits, and shall notify the Recipient of its determination.

6. (a) If the Bank determines at any time that any payment out of the Special Account was made for an expenditure which is not an Eligible Expenditure, or was not justified by the evidence furnished to the Bank, the Recipient shall, promptly upon notice from the Bank, provide such additional evidence as the Bank may request, or deposit into the Special Account (or, if the Bank shall so request, refund to the Bank) an amount equal to the amount of such payment. Unless the Bank shall otherwise agree, no further deposit by the Bank into the Special Account shall be made until the Recipient has provided such evidence or made such deposit or refund, as the case may be.

(b) If the Bank determines at any time that any amount outstanding in the Special Account will not be required to cover payments for Eligible Expenditures during the six-month period following such determination, the Recipient shall, promptly upon notice from the Bank, refund to the Bank such outstanding amount.

(c) The Recipient may, upon notice to the Bank, refund to the Bank all or any portion of the funds on deposit in the Special Account.

(d) Refunds to the Bank made pursuant to subparagraph (a), (b) or (c) of this paragraph 6 shall be credited to the GEF Trust Fund Grant Account for subsequent withdrawal or for cancellation in accordance with the provisions of the GEF Trust Fund Grant Agreement.
Annex A
to
SCHEDULE 1

Operation of Special Account
When Withdrawals Are Not
Report-based Disbursements

1. For the purposes of this Annex, the term “Authorized Allocation” means the amount of $540,000 to be withdrawn from the GEF Trust Fund Grant Account and deposited into the Special Account pursuant to paragraph 2 of this Annex.

2. Withdrawals of the Authorized Allocation and subsequent withdrawals to replenish the Special Account shall be made as follows:

   (a) For withdrawals of the Authorized Allocation, the Recipient shall furnish to the Bank a request or requests for deposit into the Special Account of an amount or amounts which in the aggregate do not exceed the Authorized Allocation. On the basis of each such request, the Bank shall, on behalf of the Recipient, withdraw from the GEF Trust Fund Grant Account and deposit into the Special Account such amount as the Recipient shall have requested.

   (b) For replenishment of the Special Account, the Recipient shall furnish to the Bank requests for deposit into the Special Account at such intervals as the Bank shall specify. Prior to or at the time of each such request, the Recipient shall furnish to the Bank the documents and other evidence required pursuant to Part B.3 of Schedule 1 to this Agreement for the payment or payments in respect of which replenishment is requested. On the basis of each such request, the Bank shall, on behalf of the Recipient, withdraw from the GEF Trust Fund Grant Account and deposit into the Special Account such amount as the Recipient shall have requested and as shall have been shown by said documents and other evidence to have been paid out of the Special Account for Eligible Expenditures. Each such deposit into the Special Account shall be withdrawn by the Bank from the GEF Trust Fund Grant Account under one or more of the Eligible Categories.

3. The Bank shall not be required to make further deposits into the Special Account, once the total unwithdrawn amount of the GEF Trust Fund Grant minus the total amount of all outstanding special commitments entered into by the Bank pursuant to Section 5.02 of the General Conditions shall equal the equivalent of twice the amount of the Authorized Allocation. Thereafter, withdrawal from the GEF Trust Fund Grant Account of the remaining unwithdrawn amount of the GEF Trust Fund Grant shall follow such procedures as the Bank shall specify by notice to the Recipient. Such further withdrawals shall be made only after and to the extent that the Bank shall have been satisfied that all such amounts remaining on deposit in the Special Account as of the date of such notice will be utilized in making payments for Eligible Expenditures.
1. Withdrawals from the GEF Trust Fund Grant Account shall be deposited by the Bank into the Special Account in accordance with the provisions of Schedule 1 to this Agreement. Each such deposit into the Special Account shall be withdrawn by the Bank from the GEF Trust Fund Grant Account under one or more of the Eligible Categories.

2. Upon receipt of each application for withdrawal of an amount of the GEF Trust Fund Grant, the Bank shall, on behalf of the Recipient, withdraw from the GEF Trust Fund Grant Account and deposit into the Special Account an amount equal to the lesser of: (a) the amount so requested; and (b) the amount which the Bank has determined, based on the reports referred to in Part A.5 of this Schedule 1 applicable to such withdrawal application, is required to be deposited in order to finance Eligible Expenditures during the six-month period following the date of such reports.
SCHEDULE 2

Description of the Project

The objective of the Project is to support the Beneficiary’s efforts to define and implement specific pilot adaptation measures and policy options to meet anticipated impacts of climate change focusing on high mountain ecosystems, insular areas and on human health concerns related to the expansion of areas and vectors linked to malaria and dengue.

The Project consists of the following parts, subject to such modifications thereof as the Recipient (in agreement with the Executing Agencies and the Beneficiary) and the Bank may agree upon from time to time to achieve such objective:

Part A: Production of Climate Change and Climate Variability Information

1. Preparation and publication of reports on the incidence of global warming in the Beneficiary’s territory, including studies of climate modeling and its variability.

2. Elaboration of local climate change scenarios to support the design of adaptation measures to cope with expected effects of global climate change.

3. Improvement of the existing climate data network in selected stations, including the renovation of equipment relevant to climate change.

4. Provision of scientific and technical training to personnel of the Executing Agencies.

Part B: Design and Implementation of an Adaptation Program in the Beneficiary’s Las Hermosas Massif Region

1. Collection of data, production of information and modeling of activities to simulate the climate functioning of the Beneficiary’s Las Hermosas Massif region.

2. Implementation of pilot measures to protect the Andean highland water regulation system from climate change impacts, including the carrying out of small civil works for, inter alia: (i) conservation of natural vegetation; (ii) protection of soil cover; and (iii) design of management plans to prevent fires.

3. Formulation of guidelines to incorporate global climate change issues on planning land use models focused on the use of climate scenarios.

4. Design and implementation of pilot programs to promote environmentally-friendly cattle raising practices, grass cultivation, ecosystem restoration and reduction of climate-related vulnerability to water variability in areas selected under defined ecological and social criteria.
Part C: Design and Implementation of an Adaptation Program in the Beneficiary’s Caribbean Insular Areas

1. Implementation and operation of an expanded oceanographic monitoring network and modeling of oceanic processes to explore the functioning of the Beneficiary’s Caribbean Insular Areas.

2. Implementation of pilot adaptation measures related to fresh water conservation consisting of, *inter alia*: (i) design and implementation of a rainwater harvesting and wastewater recovery system; and (ii) improvement of the monitoring and operation in the management of aquifer reserves in the Beneficiary’s San Andrés island.

3. Implementation of the Beneficiary’s marine protected areas system (MPA) in the Beneficiary’s Seaflower reserve through: (a) demarcation of coral conservation zones and significant coastal and marine ecosystems; (b) development of guidelines and implementation of actions for remote cays and banks; and (c) implementation of enforcement actions to prevent marine ecosystem degradation in the MPA.

4. Implementation of the Beneficiary’s marine protected areas system (MPA) in the Caribbean Insular Areas through: (i) formulation of management plans for the marine protected areas in agreement with local communities; (ii) demarcation of highly-protected marine ecosystems within marine protected areas; and (iii) identification of thermo-tolerance of the coral populations.

5. Implementation of adaptation activities within the integrated coastal management plan for the Beneficiary’s San Andrés, Old Providence and Santa Catalina islands aimed at, *inter alia*: (i) installation of solar energy equipment; (ii) changing traditional cattle-raising and agricultural practices to reduce soil erosion and impacts on the coastal and marine environment; and (iii) carrying out of studies on population to cope with the impact of climate change.

Part D: Responses to tropical vector-borne diseases (malaria and dengue) induced by climate change

1. Design of an integrated malaria and dengue surveillance and control system (the IMDSCS) for the control and surveillance of vector-borne diseases (dengue and malaria), including tools development and a multi-tier communication strategy.

2. Evaluation and strengthening of the Beneficiary’s National Health Surveillance System, the Beneficiary’s Health Information System and municipal health systems, along with full implementation of the IMDSCS in pilot municipalities.

3. Optimization of the evaluation and monitoring system for the IMDSCS.
Part E: Project Management

1. Overall technical coordination of Project Activities (including the implementation of a technical monitoring system).

2. Administrative and financial management of the Project.

* * *

The Project is expected to be completed by June 30, 2011.
SCHEDULE 3

Procurement

Section I. General

A. All goods, works and services (other than consultants’ services) shall be procured in accordance with the provisions of Section I of the “Guidelines: Procurement under IBRD Loans and IDA Credits” dated May 2004 (the Procurement Guidelines), and with the provisions of this Schedule.

B. All consultants’ services shall be procured in accordance with Sections I and IV of the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” dated May 2004 (the Consultant Guidelines), and with the provisions of this Schedule.

C. The capitalized terms used below in this Schedule to describe particular procurement methods or methods of review by the Bank of particular contracts, have the meanings ascribed to them in the Procurement Guidelines, or Consultant Guidelines, as the case may be.

Section II. Particular Methods of Procurement of Goods, Works and Services (other than Consultants’ Services)

A. International Competitive Bidding. Except as otherwise provided in Part B of this Section, contracts shall be awarded on the basis of International Competitive Bidding. The provisions of paragraphs 2.55 and 2.56 of the Procurement Guidelines, providing for domestic preference in the evaluation of bids, shall apply to goods manufactured in the territory of the Recipient and works to be carried out by domestic contractors.

B. Other Procurement Procedures

1. Limited International Bidding. Goods which the Bank agrees can only be purchased from a limited number of suppliers may be procured under contracts awarded on the basis of Limited International Bidding.

2. National Competitive Bidding. Goods estimated to cost less than $250,000 but more than $50,000 equivalent per contract and works estimated to cost less than $5,000,000 but more than $50,000 equivalent per contract, may be procured under contracts awarded on the basis of National Competitive Bidding and the following additional provisions:

   (a) All bidders, irrespective of whether they are foreigners or Colombians, will be treated equally and, particularly, no preference will be granted to any bidder or group of bidders for bid evaluation purposes. Bidders shall be allowed to submit their
bids by hand or through the post office or private mailing services. There shall not be any requirement for any bidder to show evidence of the bidder's registration in any public registry, chamber of commerce or similar entity, whether in Colombia or elsewhere, or to appoint a representative domiciled in Colombia, unless and until such bidder is awarded the corresponding contract.

(b) Bids shall be opened in a public meeting to which bidders and their representatives shall be allowed to attend if they so wish. Date, time and place for the opening meeting shall be set forth in the bidding documents. Bid opening shall coincide with, or take place promptly after, the final date and time of the period for bid submission stipulated in the bidding documents.

(c) Each bid shall be evaluated and the corresponding contract awarded to the responsive bidder who meets appropriate technical and financial standards of capability and whose bid has been determined to be the lowest evaluated bid. Such determination shall be made exclusively on the basis of the specifications, conditions and evaluation criteria stipulated in the bidding documents. If any factor additional to the amount or amounts of each bid is to be considered in bid evaluation, such factor or factors and the quantified manner on which they will be applied for purposes of determining the lowest evaluated bid shall be precisely stipulated in the bidding documents. For purposes of bid evaluation and comparison, the only bid amount or amounts to be used as a factor shall be the bid amount or amounts as quoted in the corresponding bid, including correction of arithmetic errors.

(d) The provisions of paragraph 2.46 of the Guidelines shall fully apply and, more specifically, bids shall not be disclosed to persons other than the persons officially charged with the task of comparing and/or evaluating the bids while they are performing their official duties, without the corresponding bidder's written authorization. Moreover, bidders shall not be required to provide such authorization as a condition to be entitled to bid. This confidentiality requirement shall apply until the award of contract is notified to the successful bidder. Thereafter, confidentiality of the bids shall be limited to those bid portions for which confidentiality has been specifically requested by the bidder in question.

3. **Shopping.** Goods estimated to cost less than $50,000 equivalent per contract and works estimated to cost less than $50,000 equivalent per contract, may be procured under contracts awarded on the basis of Shopping.

4. **Direct Contracting.** Goods and works which the Bank agrees meet the requirements for Direct Contracting may be procured in accordance with the provisions of said procurement method.

**Section III. Particular Methods of Procurement of Consultants’ Services**

A. **Quality- and Cost-based Selection.** Except as otherwise provided in Part B of this Section, consultants’ services shall be procured under contracts awarded on the basis
of Quality- and Cost-based Selection. For purposes of paragraph 2.7 of the Consultant Guidelines, the short list of consultants for services estimated to cost less than $350,000 equivalent per contract may comprise entirely national consultants.

B. Other Procedures

1. **Selection Based on Consultants’ Qualifications.** Services estimated to cost less than $200,000 equivalent per contract may be procured under contracts awarded in accordance with the provisions of paragraphs 3.1, 3.7 and 3.8 of the Consultant Guidelines.

2. **Quality-based Selection.** Services for assignments which the Bank agrees meet the requirements set forth in paragraph 3.2 of the Consultant Guidelines may be procured under contracts awarded on the basis of Quality-based Selection in accordance with the provisions of paragraphs 3.1 through 3.4 of the Consultant Guidelines.

3. **Least-cost Selection.** Services for assignments which the Bank agrees meet the requirements of paragraph 3.6 of the Consultant Guidelines may be procured under contracts awarded on the basis of Least-cost Selection in accordance with the provisions of paragraphs 3.1 and 3.6 of the Consultant Guidelines.

4. **Selection Under a Fixed Budget.** Services for work supervision contracts which the Bank agrees meet the requirements of paragraph 3.5 of the Consultant Guidelines may be procured under contracts awarded on the basis of a Fixed Budget in accordance with the provisions of paragraphs 3.1 and 3.5 of the Consultant Guidelines.

5. **Single Source Selection.** Services for tasks in circumstances which meet the requirements of paragraph 3.10 of the Consultant Guidelines for Single Source Selection, may, with the Bank’s prior agreement, be procured in accordance with the provisions of paragraphs 3.9 through 3.13 of the Consultant Guidelines.

6. **Individual Consultants.** Services for assignments that meet the requirements set forth in the first sentence of paragraph 5.1 of the Consultant Guidelines may be procured under contracts awarded to individual consultants in accordance with the provisions of paragraphs 5.2 through 5.3 of the Consultant Guidelines. Under the circumstances described in paragraph 5.4 of the Consultant Guidelines, such contracts may be awarded to individual consultants on a sole-source basis.

**Section IV. Review by the Bank of Procurement Decisions**

The Procurement Plan shall set forth those contracts which shall be subject to the Bank’s Prior Review. All other contracts shall be subject to Post Review by the Bank.