October 14, 2010

CONFORMED COPY

Mr. Luis Alberto Lopez Jamioy
President
Organizacion Zonal Indigena del Putumayo (OZIP)
Calle 14 Nº 8a Esquina Barrio Olímpico
Municipio de Mocoa, Departamento del Putumayo
Colombia.
860001

Re: Colombia: “2009 Global Development Marketplace on Climate Change Adaptation”
DM2009-GEF Grant No. TF096718
“Drafting Environmental Management Plans for Five Indigenous Groups According to Their Traditional Knowledge Project”

Dear Sir:

In response to the request for financial assistance made on behalf of Organización Zonal Indigena del Putumayo (OZIP or “Recipient”), 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 Global Environmental Facility (GEF) Trust Fund (TF050551) which supports DM2009, to extend to the Recipient for the benefit of the Republic of Colombia ("Member Country"), a grant in an amount not to exceed one hundred ninety-nine thousand seven hundred thirty-three United States Dollars (U.S.$199,733) ("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 Drafting Environmental Management Plans for Five Indigenous Groups According to Their Traditional Knowledge Project described in the Annex ("Project").

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. The Recipient further represents that it has obtained from Amazon Conservation Team a letter of intent indicating its commitment to provide to the Recipient an amount equivalent to $16,020 to assist in the financing of additional activities related to the Project.
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 /s/ Gloria M. Grandolini
Country Director
Country Management Unit
Colombia and Mexico

AGREED:

ORGANIZACION ZONAL INDIGENA DEL PUTUMAYO (OZIP)

By /s/ Juan Carlos Paya Torrijos
Authorized Representative

Title: Presidente
Date: October 14, 2010

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.

Article II

Project Execution

2.01. **Project Objectives and Description.** The objectives of the Project are: (i) to develop five environmental land management plans (the “Environmental Land Management Plans”) based on indigenous traditional knowledge and addressing the socio-cultural and economical needs of five indigenous communities (the “Selected Indigenous Communities”) located in the department of Putumayo in the territory of the Member Country; (ii) to provide the Selected Indigenous Communities with the necessary management tools to strengthen their capacity to adapt to environmental changes. The Project consists of the following activities:

(a) Carrying out of workshops to present and explain the Project activities to the Selected Indigenous Communities and traditional authorities (the “Traditional Authorities”) prior to the implementation of Project activities in their territories (the Selected Territories)

(b) Review and assessment of: (i) existing maps of the Selected Territories; (ii) environmental management process already in place in the Selected Indigenous Communities; (iii) management plans developed by the Selected Indigenous Communities, including plans based on traditional indigenous knowledge (life plans); and (iii) existing environmental information of indigenous areas.

(c) Drafting of Environmental Land Management Plans, including, *inter alia*: (i) identification of designated conservation areas; (ii) identification of water sources; (iii) identification of high mountain ecosystems (*páramos*); (iv) mapping of fauna and flora; (v) identification of designated areas for community housing; (vi) identification of designated areas for fishing, hunting and traditional crops; (vii) designated places for sacred rituals; and (viii) categories of territorial management.

(d) Drafting of maps to be included as part of the Environmental Land Management Plans.

(e) Carry out of workshops and field work in the Selected Indigenous Communities to determine categories of territorial management within the Selected Territories.
(f) Carrying out of workshops to disseminate a preliminary version of the Environmental Management Plans, to obtain feedback from the Selected Indigenous Communities and Traditional Authorities.

(g) Delivering of final Environmental Management Plans to the Selected Indigenous Communities, including the feedback received during the workshops carried out under activity (f).

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 Section II of the Appendix to this Agreement; (c) this Article II; and (d) the Cooperation Agreements.

2.03. **Institutional and Other Arrangements.** (a) The Recipient shall enter into a Collaboration Agreement with each of the Selected Indigenous Communities, satisfactory to the Bank, whereby, *inter alia*:

   (i) each Selected Indigenous Communities shall agree, *inter alia*, to collaborate and cooperate with the Recipient to allow the Recipient to successfully carry out the Project activities that relate to the Selected Territories.

   (ii) the Recipient shall exercise its rights and carry out its obligations under the Collaboration Agreement in such manner as to protect the interest of the Recipient and the World Bank and to accomplish the purpose of this Grant. Except as the World Bank shall otherwise agree, the Recipient shall not assign, amend, abrogate, waive or fail to enforce the Collaboration Agreement or any portion thereof.

   (iii) in case of conflict between the terms of the Collaboration Agreement and those of this Agreement, the terms of this Agreement shall prevail.

   (iv) the Recipient shall not transfer funds to the Selected Indigenous Communities under the Collaboration Agreement.

(b) Prior to carrying out any of the Project activities, the Recipient shall develop:

   (i) a framework, acceptable to the Bank to ensure that free, prior, and informed consultation with the Selected Communities is carried out before and during Project implementation.

   (ii) a mechanism, acceptable to the Bank, for monitoring, evaluating, and reporting on the implementation of the Project.

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 acceptable to 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 in any event 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: (i) furnished to the World Bank not later than six months after the date of the World Bank’s request; and (ii) made publicly available in a timely fashion and in a manner acceptable to the World Bank.

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: (i) Shopping; or (ii) 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: (i) Selection based on Consultants’ Qualifications; (ii) Single-source Selection; (iii) Selection of Individual Consultants; or (iv) 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.

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Grant Allocated (expressed in USD)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, consultants’ services, Travel and Salaries of Project Staff</td>
<td>192,965</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Operating Costs</td>
<td>6,768</td>
<td>100%</td>
</tr>
<tr>
<td><strong>TOTAL AMOUNT</strong></td>
<td>199,733</td>
<td></td>
</tr>
</tbody>
</table>

(b) For the purposes of this Section, the term: (a) “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 (b) “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 office supplies, utilities and communication charges.
3.02. **Withdrawal Conditions.** Notwithstanding the provisions of Section 3.01 of this Agreement, no withdrawal shall be made for payments made prior to the date of countersignature of this Agreement by the Recipient, except that withdrawals up to an aggregate amount not to exceed $19,973 equivalent may be made for payments made prior to this date but on or after May 5, 2010, for Eligible Expenditures under category (1).

3.03. **Withdrawal Period.** The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is November 30, 2011.

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**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:

Calle 14 N° 8a Esquina Barrio Olímpico
Municipio de Mocoa, Departamento del Putumayo
Colombia.
860001

Telephone: + (57) (8) 4205374
Facsimile: + (57) (8) 4205374

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: +1 202 676 0959

With a copy to:

"2009 Global Development Marketplace on Climate Change Adaptation" Development Marketplace Project Supervisor (PS):
Juan Pablo Ruiz
Jruiz@worldbank.org, jgomezarango@worldbank.org
Telephone: 5280+233
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.”