Ms. Tatiana Orozco de la Cruz  
Directora General  
Departamento Nacional de Planeación  
Calle 26 # 13-19  
Bogotá, Colombia  
110311

Ms. Sandra Bessudo Lion  
Directora General  
Agencia Presidencial de Cooperación Internacional de Colombia  
Presidencia de la República  
Bogotá, Colombia

Re: COLOMBIA: Preparation of National Strategy for Infrastructure Development Project  
SFLAC Grant No. TF016515

April 3, 2014

Dear Sir/Madam:

In response to the request for financial assistance made on behalf of Departamento Nacional de Planeación (“Recipient” or “DNP”), for the benefit of the Republic of Colombia (“Member Country”), with the participation of the Member Country’s Agencia Presidencial de Cooperación Internacional de Colombia (“ACP”), (in fulfillment of its role set forth in the Member Country’s Presidential Decree No. 4152, dated November 3, 2011), I am pleased to inform you that the International Bank for Reconstruction and Development (“World Bank”), acting as administrator of grant funds provided by Spain (“Donor”) under the Spanish Fund for Latin America and the Caribbean Trust Fund (“SFLAC Trust Fund”), proposes to extend to the Recipient for the benefit of the Republic of Colombia (“Member Country”), a grant from the SFLAC Trust Fund in an amount not to exceed four hundred thousand United States Dollars (U.S.$ 400,000) (“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”).

This Grant is funded out of the abovementioned trust fund for which the World Bank receives periodic contributions from the Donor. In accordance with Section 3.02 of the Standard Conditions (as defined in the Annex to this Agreement), the World Bank’s payment obligations in connection with this Agreement are limited to the amount of funds made available to it by the Donor under the abovementioned trust fund, and the Recipient’s right to withdraw the Grant proceeds is subject to the availability of such funds.

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. Additionally, the Recipient confirms that it may contribute up to an amount of U.S. $ 400,000 from its own budget 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; provided, however, that the offer of this Agreement shall be deemed withdrawn if the World Bank has not received the countersigned copy of this Agreement within 90 days after the date of signature of this Agreement by the World Bank, unless the World Bank shall have established a later date for such purpose.

Very truly yours,

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By: ____________________________

Gloria M. Granadini
Director
Colombia and Mexico
Latin America and the Caribbean Region

AGREED:

DEPARTAMENTO NACIONAL DE PLANEACIÓN

By: ____________________________

(Tatiana Ongaro De Lo Cruiz)
Name: Tatiana Ongaro De Lo Cruiz
Title: Directora General.
Date: April 14, 2014

AGREED:

AGENCIA PRESIDENCIAL DE COOPERACIÓN INTERNACIONAL DE COLOMBIA

By: ____________________________

(Authorized Representative)
Name: Silvia Carrizosa
Title: Director Administrativo y Financiero
Date: 21 ABR. 2014
Enclosures:

(2) Disbursement Letter of the same date as this Agreement, together with World Bank Disbursement Guidelines for Projects, dated May 1, 2006.
(3) "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.
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") 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 objective of the Project is to support the Recipient in the preparation of a national strategy for infrastructure development.

The Project consists of the following activities:

(a) Carrying out of a comprehensive in-depth assessment and impact analysis of sectors of the Member Country, acceptable to the World Bank, including, *inter alia:* electricity sector, natural gas sector, mining sector, information and communication technology sector, water sector, solid waste management sector and transport sector.

(b) Design of a proposed infrastructure development strategy for the Member Country.

(c) Carrying out of training to strengthen the capacity of the Recipient to carry out the Project’s activities.

(d) Carrying out of workshops with relevant stakeholders to: (i) consult and discuss the results of the assessments and analysis carried out under the Project; and (ii) incorporate their views in the strategy referred to under activity (b).

(e) Carrying out of workshops to present the proposed infrastructure development strategy under activity (b) to relevant stakeholders.

(f) Carrying out of the management and administration of the Project’s activities.

(g) Carrying out of an external audit of the Project.

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, through its Dirección de Infraestructura y Energía Sostenible, 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 and revised in January 2011 ("Anti-Corruption Guidelines"); and (c) this Article II.
2.03. **Donor Visibility and Visit.** (a) The Recipient shall take or cause to be taken all such measures as the World Bank may reasonably request to identify publicly the Donor’s support for the Project.

(b) For the purposes of Section 2.09 of the Standard Conditions, the Recipient shall, upon the World Bank’s request, take all measures required on its part to enable the representatives of the Donor to visit any part of the Member Country’s territory for purposes related to 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, and shall be furnished to the World Bank not later than 45 days 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 six months after the Closing Date.

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 not later than 45 days after the end of each calendar semester, covering the semester, in form and substance satisfactory to the World Bank.

(c) The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 2.07 (b) of the Standard Conditions. Such audit of the Financial Statements shall cover the period indicated in the World Bank’s request. The audited Financial Statements for such period shall be furnished to the World Bank not later than six months after the date of the World Bank’s request.

2.06. **Procurement.** All consulting services required for the Project and to be financed, fully or partially, out of the proceeds of the Grant shall be procured in accordance with the requirements set forth or referred to in the “Guidelines: Procurement of Goods, Works, and Non-Consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers”, dated January 2011 (“Procurement Guidelines”), and the “Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers”, dated January 2011 (“Consultant Guidelines”).

2.07. Any contract for Eligible Expenditures to be financed in full or in part out of the proceeds of the Grant shall be included in the procurement plan prepared by the Recipient and approved by the Bank in accordance with the Procurement Guidelines and the Consultant Guidelines, prior to initiating the procurement process for any such contract.

**Article III**

**Withdrawal of Grant Proceeds**

3.01. **Eligible Expenditures.** The Recipient may withdraw the proceeds of the Grant in accordance with the provisions of: (a) Article III of the Standard Conditions; (b) this Section; and (c) 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) Operating Costs</td>
<td>4,500</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Consultant Services</td>
<td>390,500</td>
<td>100%</td>
</tr>
<tr>
<td>(3) Workshops and Training</td>
<td>5,000</td>
<td>100%</td>
</tr>
<tr>
<td><strong>TOTAL AMOUNT</strong></td>
<td><strong>400,000</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

For the purposes of this paragraph, the term:

(i) “Workshops and Training” means the reasonable costs, as shall have been approved by the World Bank, for training and workshops conducted under the Project, including tuition, travel and subsistence costs for training and workshop participants, costs associated with securing the services of trainers and workshop speakers, rental of training and workshop facilities, preparation and reproduction of training and workshop materials, and other costs directly related to training course and workshop preparation and implementation (but excluding consultants’ services); and

(ii) “Operating Costs” means the reasonable costs, as shall have been approved by the World Bank, for the incremental expenses incurred on account of Project implementation, consisting of vehicle operation and maintenance, communication and insurance costs, banking charges, rental expenses, office (and office equipment) maintenance, utilities, document duplication/printing, consumables, travel cost and per diem for Project staff for travel linked to the implementation of the Project, and salaries of contractual staff for the Project (but excluding consultants’ services and salaries of officials of the Recipient’s civil service).

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.

3.03. Withdrawal Period. The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is September 1, 2015.

Article IV
Effectiveness; Termination

4.01. Termination for Lack of Implementation or Disbursement. This Agreement and all obligations of the parties under it shall terminate if: (a) the Grant Agreement has not become effective by November 27, 2014; and/or (b) the SFLAC’s Secretariat has determined that there is lack of progress; unless the World Bank, after consideration of the reason for the delay, establishes a later date for the purpose of this Section. The World Bank shall promptly notify the Recipient of such later date.
Article V
Recipient’s Representative; Addresses

5.01. *Recipient’s Representative.* The Recipient’s Representative referred to in Section 7.02 of the Standard Conditions is its *Directora General.*

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

Departamento Nacional de Planeación
Calle 26 # 13-1919
Bogota, Colombia

4.03. *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

Facsimile: 1-202-477-6391