Mr. Tomás González Estrada  
Minister of Mines and Energy  
Ministry of Mines and Energy  
Calle 43 No. 57-31 CAN - Bogotá D.C  
Republic of Colombia

Mr. Alejandro Gamboa Castilla  
Colombian Presidential Agency of International Cooperation, APC Colombia (Agencia Presidencial de Cooperación Internacional de Colombia, APC)  
Carrera 11 #93 – 53, Piso 7  
Bogotá, Colombia

Re: Republic of Colombia: Implementation of the Extractive Industries Transparency Initiative Project  
EITI Grant No. TF019279

Excellency:

In response to the request for financial assistance made on behalf of the Ministry of Mines and Energy (“Recipient”), with the participation of the Agencia Presidencial para la Cooperación Internacional de Colombia (“APC”), (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 the U.S. Agency for International Development (“Donor”) under the Trust Fund for Extractive Industries Transparency Initiative (“EITI”) Implementation Support, proposes to extend to the Recipient, for the benefit of the Republic of Colombia (“Member Country”), a grant from the Trust Fund for EITI Implementation Support in an amount not to exceed five hundred thousand United States Dollars (U.S.$500,000) (“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.

Please confirm the Recipient’s agreement to the foregoing by having an authorized official of the Recipient and APC 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 countersignatures; 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 ninety (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

Gerardo M. Corrochano
Director
Colombia and Mexico
Latin America and the Caribbean Region

AGREED:

RECIPIENT
MINISTRY OF MINES AND ENERGY
OF THE REPUBLIC OF COLOMBIA

By:

Authorized Representative

Tomas Gonzalez Estrada

Title: Ministro de Minas y Energia

Date: 27 de agosto de 2015
COLOMBIAN PRESIDENTIAL AGENCY OF INTERNATIONAL COOPERATION

By: Alejandro Gamboc

Authorized Representative

Name: ALEJANDRO GAMBÓ CASTILLA

Title: DIRECTOR GENERAL

Date: 27 DE AGOSTO DE 2015

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


1.02. 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 terms will have the following meanings:

(a) “APC” means “Agencia Presidencial de Cooperación Internacional de Colombia” the Member Country’s Presidential Agency for International Cooperation, created pursuant to the Member Country’s Decree No. 4152, dated November 3, 2011.

(b) “CTN” means “Comité Tripartito Nacional” the Member Country’s tripartite committee comprising representatives from the Member Country, mining and oil companies and civil society, established pursuant to Resolution CI-CG-P-01-F01, issued by the same representatives and dated February 6, 2014, or any successor thereto.

(c) “EITI” means Extractive Industries Transparency Initiative.

(d) “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 Member Country’s civil service).

(e) “Training and Workshops” 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 goods and consultants’ services).
Article II
Project Execution

2.01. Project Objectives and Description. The objectives of the Project are: (i) to support the development, implementation and institutionalization of EITI in the country; and (ii) to enable Colombia to become EITI compliant.

The Project consists of the following parts:

1. (a) Preparing and publishing the EITI reports for the calendar years 2013 and 2014; and (b) carrying out training activities for the CTN and relevant stakeholders on data gathering required for the preparation of the EITI reports.

2. (a) Carrying out a study to assess: (i) extractive company payments to sub-national entities; and (ii) payments for the transportation of oil, gas and minerals to the Recipient and the Member Country’s state-owned enterprises; and (b) preparing an action plan to disclose the relevant findings of the study mentioned in Part 2(a) of the Project, through the EITI reports.

3. Carrying out a study to identify medium and small-scale mining companies with the potential to participate in EITI and provide information for the EITI reports.

4. Designing and implementing a communication strategy including, inter alia: (a) the dissemination of the EITI report; (b) promoting public debate at the national and regional levels on the content of the EITI report; and (c) preparing and implementing a communication strategy and communication plan including, inter alia, the development of an interactive EITI portal to exchange information between the member Country’s agencies and the public.

5. Supporting Project management through: (a) the provision of technical assistance to the CTN to ensure that its structure, resources and administrative capacity are appropriate to carry out the financial management and procurement requirements under the Project; (b) the carrying out of Project audits; (c) the financing of Operating Costs and Training required for the implementation 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 implementation of the Project in close coordination with the CTN, 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. Institutional and Other Arrangements.

(a) For purposes of providing general Project oversight and coordination, the Recipient shall ensure, throughout the implementation of the Project, that the CTN is operated and maintained with functions, responsibilities and composition acceptable to the World Bank.
(b) For purposes of implementation of the Project, the Recipient, as the Project’s implementing entity, shall carry out all required coordination activities with APC, as needed.

(c) The Recipient shall not use the proceeds of the Grant for the purpose of any payment to persons or entities, or for the import of goods, if such payment or import, to the Recipient’s knowledge or belief, is prohibited by a decision of the United Nations Security Council taken under Chapter VII of the Charter of the United Nations, including under United Nations Security Council Resolution 1373 and related resolutions.

2.04. 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 Recipient’s territory for purposes related to the Project.

2.05. 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 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 six months after the Closing Date.

2.06. 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 forty five days after the end of each calendar semester, covering the quarter, 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. Each such audit of the Financial Statements shall cover the period of one fiscal year of the Recipient. The audited Financial Statements for each such period shall be furnished to the World Bank not later than six months after the end of such period.
2.07. **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**

(i) Except as otherwise provided in sub-paragraph (ii) below, goods and non-consulting services shall be procured under contracts awarded on the basis of National Competitive Bidding.

(ii) The following methods, other than National Competitive Bidding, may be used for procurement of goods and non-consulting services for those contracts which are specified in the Procurement Plan: (A) Shopping; and (B) Direct Contracting.

(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 method, other than Quality- and Cost-based Selection, 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. **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 100% of Eligible Expenditures consisting of goods, non-consulting services and consultants’ services (including audits), Training and Workshops, and Operating Costs, all inclusive of Taxes.

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 and APC.

3.03. **Withdrawal Period.** The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is December 30, 2015.

**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 the Ministry of Mines and Energy.

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

Minister of Mines and Energy  
Calle 43 No. 57-31 CAN - Bogotá D.C  
Republic of Colombia

Facsimile: (571) 2200 300

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