Mr. Diego Molano Aponte  
*Director*  
*Agencia Presidencial para la*  
*Acción Social y la Cooperación Internacional*  
Calle 7 No. 6-54  
Bogotá, Republic of Colombia

Mr. Juan Camilo Restrepo  
*Ministro*  
*Ministerio de Agricultura y Desarrollo Rural*  
Avenida Jimenez No. 7-65  
Bogotá, Republic of Colombia

Re: Colombia: Avian Flu Prevention and Early Response Project  
MDTF AHI Facility Grant No. TF098473

Dear Sirs:

In response to the request for financial assistance made on behalf of the Republic of Colombia ("Recipient"), acting through its Ministry of Agriculture and Rural Development, with the participation of the Recipient’s *Agencia Presidencial para la Acción Social y la Cooperación Internacional* ("Acción Social") (in fulfillment of Acción Social’s role set forth in the Recipient’s Presidential Decree No. 2467, dated July 19, 2005), I am pleased to inform you that the International Bank for Reconstruction and Development ("World Bank"), acting as administrator of grant funds provided by multiple donors under the Multi Donor Trust Fund for the Avian and Human Influenza Facility (AHI Facility), proposes to extend to the Recipient a grant in an amount not to exceed eight hundred ninety thousand United States Dollars (U.S.$890,000.00) ("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. In accordance with Section 3.02 of the Standard Conditions (as defined in the Annex to this Agreement), the Recipient may withdraw the Grant proceeds 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 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effective as of the date of the countersignature; provided, however, that the offer of this Agreement shall be deemed withdrawn if the World Bank has not received the countersigned copy of this Agreement within 90 days after the date of signature of this Agreement by the World Bank,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 /s/ Gloria M. Grandolini
Country Director
Country Management Unit
Colombia and Mexico

AGREED:

AGENCIA PRESIDENCIAL PARA LA ACCIÓN SOCIAL Y LA COOPERACIÓN INTERNACIONAL

By /s/ Diego Molano Aponte
Authorized Representative

Title: Representante Legal Agencia Presidencial para la Acción Social y la Cooperación Internacional

Date: January 6, 2011

AGREED:

MINISTERIO DE AGRICULTURA Y DESARROLLO RURAL

By /s/ Juan Camilo Restrepo
Authorized Representative

Title: Ministro de Hacienda y Desarrollo Rural

Date: December 31, 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


1.02. 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 additional terms have the following meanings:

(a) “AHI” means avian and human influenza.

(b) “EAP” means the Environmental Action Plan dated May 6, 2005, developed by the Recipient for the purposes of the Original Project, including an amendment to said EAP to be adopted by the Recipient, in a manner acceptable to the World Bank.

(c) “Fiduciary Agent” means the entity referred to in Section 2.03 (c) of this Agreement.

(d) “Fiduciary Agreement” means the agreement referred to Section 2.03 (c) of this Agreement, as the same may be amended from time to time with the World Bank’s prior written approval.

(e) “MADR” means Ministerio de Agricultura y Desarrollo Rural, the Recipient’s Ministry of Agriculture and Rural Development.

(f) “Operational Manual” means the Project operational manual referred to in Section 2.03 of this Agreement, as the same may be amended, from time to time, in a manner satisfactory to the World Bank.

(g) “Original Project” means the Agricultural Transition Project (Loan No. 7313-CO), dated July 15, 2005, as amended to the date of this Agreement.

(h) “Steering Committee” means the committee referred to in Section 2.02(b) of this Agreement.

(i) “Zoonosis” means a disease that can be transmitted to people by vertebrate animals.

Article II

Project Execution

2.01. Project Objectives and Description. The objectives of the Project are: (i) to strengthen the Recipient’s ability for early detection of AHI cases and other Zoonosis in animals and humans; and (ii) build capacity to quickly respond and control possible AHI and Zoonosis outbreaks. The Project consists of the following parts:
Part I. Human Health

Strengthening the Recipient’s national human health laboratories and border health facilities on AHI tests, through the financing of goods, reagents and equipments for molecular diagnostic of the AHI virus.

Part II. Animal Health Surveillance

(a) Supporting the design and implementation of an AHI epidemiological surveillance system for early detection of AHI and other Zoonosis, through the financing of laboratory materials and equipment to collect and process samples for detection of ailments in potentially affected animal species at key border health facilities.

(b) Developing a contingency plan for the control of AHI outbreaks in poultry processing plants.

(c) Developing and launching a national AHI anti-pandemic plan.

(d) Operationalizing the Recipient’s emergency strategies in case of an AHI outbreak through the carrying out of inter-institutional drills and capacity-building efforts.

(e) Strengthening the capacity to conduct high accuracy routine laboratory tests for AHI, through the financing of equipment, reagents and other materials necessary for the processing of samples.

Part III. Communications and Early Response

Designing and implementing a communication and early response program for a potential AHI outbreak, through the financing of participatory workshops in the Recipient’s most-at-risk cities.

Part IV. Project Administration

Supporting the MADR in the coordination of the administrative, financial management and procurement aspects of the Project, through the financing of consultants’ services and operating costs.

2.02. Project Execution Generally. The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall:

(a) carry out the Project, through MADR (“Project Implementing Entity”), 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 I of the Appendix to this Agreement; and (c) this Article II; and

(b) maintain, until the completion of the Project, a committee (“Steering Committee”), chaired by MADR, comprising representatives of the Recipient’s Acción Social, National
Planning Department, National Institute of Housing and Environment, National Institute of Health, Ministry of Social Protection, Colombian Institute of Agriculture and National Federation of Poultry Producers, with terms of reference, operating procedures and functions acceptable to the Bank, including *inter alia*, the following functions: (i) providing the Recipient, throughout the life of the Project, with overall strategic and policy guidance on Project implementation; (ii) reviewing and approving the Project’s annual operational plan; and (iii) reviewing the Project Reports referred to in Section 2.04 of this Agreement.

2.03. **Institutional and Other Arrangements.** (a) The Recipient shall carry out the Project in accordance with the provisions of a Manual (the Operational Manual) which shall include, *inter alia*, the EAP. The Recipient shall not amend, terminate or fail to enforce any provision of the Operational Manual unless agreed by the Bank.

(b) In the event of any inconsistency between the provisions of the Operational Manual and the provisions of this Agreement, the provisions of this Agreement shall prevail.

(c) The Recipient shall enter into an agreement (the Fiduciary Agreement) with an entity with experience and qualifications acceptable to the World Bank (the Fiduciary Agent), on terms and conditions acceptable to the World Bank, for the purposes of assisting the Recipient to comply with its financial obligations set forth in the provisions of Section 2.07 of the Standard Conditions.

(d) the Fiduciary Agreement shall set forth, *inter alia*: (i) the obligation of the Fiduciary Agent to abide by the Anti-Corruption Guidelines; (ii) the obligation of the Fiduciary Agent to take or permit to be taken all action to enable the Recipient, to comply with its obligations referred to in this Agreement; (iii) the obligation of the Fiduciary Agent to manage the Grant proceeds exclusively for the purposes of the Project; and (iv) the obligation of the Fiduciary Agent to carry out its obligations under the Fiduciary Agreement with due diligence and efficiency and in conformity with appropriate fiduciary and financial standards and practices, and to accomplish the purposes of the Grant.

(e) The Recipient shall exercise its rights and carry out its obligations under the Fiduciary Agreement in such manner as to protect the interests of the Recipient and the World Bank, and to accomplish the purposes of the Grant.

(f) Except as the World Bank may otherwise agree, the Recipient shall not assign, amend, terminate, abrogate, repeal, waive or fail to enforce the Fiduciary Agreement or any provision thereof. In case of any conflict between the terms of the Fiduciary Agreement and those of this Agreement, the terms of this Agreement shall prevail.

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 the indicators set forth below in paragraph (b) of this Section. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the World Bank and to Acción Social not later than forty-five (45) days after the end of the period covered by such report.

(b) The performance indicators referred to above in paragraph (a) consist of the following:
(i) The processing of five hundred (500) laboratory samples of migratory birds for AHI virus.

(ii) The carrying out of one (1) drill implementing the contingency plan for the control of AHI outbreaks in poultry processing plants.

(c) 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 and to Acción Social 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 as part of the Project Report not later than forty-five (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 entire period during which withdrawals from the Grant Account were made. The audited Financial Statements for such period shall be furnished to the World Bank not later than six months after the end of such period.

2.06. Procurement

(a) General. All goods 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 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;

(ii) Sections I 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, 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 1.16 of the Procurement Guidelines and paragraph 1.24 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 the Procurement Guidelines, or the Consultant Guidelines, as the case may be.

(c) Particular Methods of Procurement of Goods
(i) Except as otherwise provided in sub-paragraph (ii) below, goods shall be procured under contracts awarded on the basis of National Competitive Bidding subject to the following additional procedures:

(A) Before issuing any invitation, the Recipient shall prepare and furnish or cause to be prepared and furnished to the World Bank for approval, appropriate model bidding documents. Once approved by the World Bank, the Recipient shall use, or cause to be used, said model bidding documents, as approved for bidding under the Project. Any change or departure from the model approved shall require the World Bank’s prior approval.

(B) 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.

(C) 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.

(D) 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 in 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.

(E) The provisions of paragraph 2.47 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.

(ii) The following methods, other than National Competitive Bidding, may be used for procurement of goods for those contracts 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 methods 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; (F) Selection of Individual Consultants; and (G) Sole Source Procedures for the Selection of Individual Consultants (with Bank’s prior approval).

(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) 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:
For the purposes of this Section the terms:

(a) “Operating Costs” means reasonable operating costs required for the implementation of the Project which would not have been incurred absent the Project, including: (i) consumable materials and supplies; (ii) communications, mass media and printing services; (iii) travel costs; (iv) Fiduciary Agent fees; and (v) operation and maintenance of office equipment, all of which are not financed under the Category of Workshops.

(b) “Workshops” means reasonable expenditures (other than consultants’ services and operating costs) incurred by the Recipient in relation to the workshop activity described in Section 2.01, Part III of this Agreement, including, inter alia, logistic costs, facilities and equipment rentals, material printing and distribution expenses, transportation costs and per-diem of participants, trainees and trainers.

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 June 30, 2011.

### 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 Minister of Agriculture and Rural Development.

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

Ministerio de Agricultura y Desarrollo Rural  
Avenida Jimenez No. 7-65  
Bogotá, Republic of Colombia

Facsimile:
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

Cable: INDEVAS
Telex: 248423 (MCI) or 64145 (MCI)
Facsimile: 1-202-477-6391
APPENDIX

Modifications to the Anti-Corruption Guidelines

Section I. 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.”