June 20, 2012

His Excellency
Juan Carlos Echeverry Garzón
Minister of Finance and Public Credit
Ministry of Finance and Public Credit
Palacio de los Ministerios
Plaza San Agustín
Carrera 8, No. 6C-38, Piso 3
Bogotá, D.C.
Colombia

Re: IBRD Loan 8133-CO (Additional Financing for the Sustainable Development Investment Project)

Additional Instructions: Disbursement Letter

Excellency:

I refer to the Loan Agreement ("Agreement") between the International Bank for Reconstruction and Development ("World Bank") and the Republic of Colombia (the "Borrower") for the above-referenced project, dated June 20. The Agreement provides that the World Bank may issue additional instructions regarding the withdrawal of the proceeds of Loan No. 8133-CO ("Loan"). This letter ("Disbursement Letter"), as revised from time to time, constitutes the additional instructions.

The attached World Bank Disbursement Guidelines for Projects, dated May 1, 2006, ("Disbursement Guidelines") (Attachment 1), are an integral part of the Disbursement Letter. The manner in which the provisions in the Disbursement Guidelines apply to the Loan is specified below. Sections and subsections in parentheses below refer to the relevant sections and subsections in the Disbursement Guidelines and, unless otherwise defined in this letter, the capitalized terms used have the meanings ascribed to them in the Disbursement Guidelines.

I. Disbursement Arrangements

(i) Disbursement Methods (section 2). The following Disbursement Methods may be used under the Loan:

- Advance
- Reimbursement

(ii) Disbursement Deadline Date (subsection 3.7). The Disbursement Deadline Date is four months after the Closing Date specified in Section IV.B.2. in Schedule 2 to the Loan Agreement. Any changes to this date will be notified by the World Bank.

(iii) Disbursement Conditions (subsection 3.8). Please refer to the Disbursement Condition in Section IV.B.1.of Schedule 2 to the Loan Agreement.
II. Withdrawal of Loan Proceeds

(i) Authorized Signatures (subsection 3.1). An authorized signatory letter in the Form attached (Attachment 2) should be furnished to the Bank at the address indicated below providing the name(s) and specimen signature(s) of the official(s) authorized to sign Applications:

The World Bank
Carrera 7 No. 71 - 21
Torre A, Piso 16
Edificio FIDUAGRARIA
Sta. Fe de Bogotá, Colombia
Attention: Gloria M. Grandolini, Country Director

(ii) Applications (subsections 3.2 - 3.3). Please provide completed and signed applications for withdrawal, together with supporting documents, to the address indicated below:

Banco Mundial
Setor Comercial Norte,
Quadra 02, Lote A
Edificio Corporate Finance Center
7º andar
70712-900 Brasilia, D.F.
Brazil
Attention: Loan Department

(iii) Electronic Delivery (subsection 3.4) The Bank may permit the Borrower to electronically deliver to the Bank Applications (with supporting documents) through the Bank’s Client Connection, web-based portal. The option to deliver Applications to the Bank by electronic means may be effected if: (a) the Borrower has designated in writing, pursuant to the terms of the following subparagraph of this Section, its officials who are authorized to sign and deliver Applications and to receive secure identification devices (“Tokens”) from the Bank for the purpose of delivering such Applications by electronic means; and (b) all such officials designated by the Borrower have registered as users of Client Connection. If the Bank agrees, the Bank will provide the Borrower with Tokens for the designated officials. Following which, the designated officials may deliver Applications electronically by completing Form 2380, which is accessible through Client Connection (https://clientconnection.worldbank.org). The Borrower may continue to exercise the option of preparing and delivering Applications in paper form. The Bank reserves the right and may, in its sole discretion, temporarily or permanently disallow the electronic delivery of Applications by the Borrower.

(iv) Terms and Conditions of Use of Tokens to Process Applications. By designating officials to accept Tokens and by choosing to deliver the Applications electronically, the Borrower confirms through the authorized signatory letter its agreement to: (a) abide by the Terms and Conditions of Use of Secure Identification Devices in connection with Use of Electronic Means to Process Applications and Supporting Documentation (“Terms and Conditions of Use of Tokens”) provided in Attachment 3; and (b) to deliver the Terms and Conditions of Use of Tokens to each such official and to cause such official to abide by those terms and conditions.

(v) Minimum Value of Applications (subsection 3.5). The Minimum Value of Applications for reimbursements is USD $200,000.
(vi) Advances (sections 5 and 6)

- **Type of Designated Account (subsection 5.3):** Segregated.

- **Currency of Designated Account (subsection 5.4):** United States Dollars.

- **Financial Institution at which the Designated Account Will Be Opened (subsection 5.5):** Banco de la República (the Borrower’s Central Bank).

- **Ceiling (subsection 6.1):** USD $1,000,000.

### III. Reporting on Use of Loan Proceeds

(i) **Supporting Documentation (section 4).** Supporting documentation should be provided with each application for withdrawal as set out below:

- **For requests for Reimbursement:**
  - Records evidencing eligible expenditures (e.g., copies of receipts, supplier invoices) for payments for: (i) Goods against contracts valued at USD $250,000 or more; (ii) Works against contracts valued at USD $200,000 equivalent or more; (iii) Consulting Firms against contracts valued at USD $100,000 equivalent or more; and (iv) Individual Consultants against contracts valued at USD $50,000 equivalent or more, in the form attached (Attachment 4A - Statement of Expenditures with supporting documentation);
  - Statement of Expenditures in the form attached (Attachment 4B - Statement of Expenditure without supporting documentation) for all other expenditures/contracts below the above mentioned thresholds, including non-consulting services, training and operating cost; and
  - List of payments against contracts that are subject to the World Bank’s prior review, in the form attached (Attachment 5).

- **For reporting eligible expenditures paid from the Designated Account:**
  - Records evidencing eligible expenditures (e.g., copies of receipts, supplier invoices) for payments for: (i) Goods against contracts valued at USD $250,000 or more; (ii) Works against contracts valued at USD $200,000 equivalent or more; (iii) Consulting Firms against contracts valued at USD $100,000 equivalent or more; and (iv) Individual Consultants against contracts valued at USD $50,000 equivalent or more, in the form attached (Attachment 4A - Statement of Expenditures with supporting documentation);
  - Statement of Expenditures in the form attached (Attachment 4B - Statement of Expenditure without supporting documentation) for all other expenditures / contracts below the above mentioned thresholds, including non-consulting services, training and operating cost;
  - List of payments against contracts that are subject to the World Bank’s prior review, in the form attached (Attachment 5); and
A Designated Account activity reconciliation statement and bank statement should be submitted with each withdrawal application reporting on the use of Loan proceeds from the Designated Account (Attachment 6).


IV. Other Important Information


If you have not already done so, the World Bank recommends that you register as a user of the Client Connection website (https://clientconnection.worldbank.org). From this website you will be able to prepare and deliver Applications, monitor the near real-time status of the Loan, and retrieve related policy, financial, and procurement information. All Borrower officials authorized to sign and deliver Applications by electronic means are required to register with Client Connection before electronic delivery can be affected. For more information about the website and registration arrangements, please contact the Bank by email at <clientconnection@worldbank.org>.

If you have any queries in relation to the above, please contact Victor Ordonez Conde, Finance Officer at vconde@worldbank.org using the above reference.

Yours sincerely,

By Geoffrey H. Bergen
Authorized Representative

Attachments

1. World Bank Disbursement Guidelines for Projects, dated May 1, 2006
2. Authorized Signatory Letter (format)
4A. Statement of Expenditures with supporting documentation, above SOE thresholds
4B. Statement of Expenditures without supporting documentation, below SOE thresholds
5. Form – List of Payments Against Contracts Subject to the Bank’s Prior Review
6. Format - Designated Account Activity Reconciliation
Prepared by Víctor Ordóñez, CTRLN

Cleared with and cc: Mariángela Sabella, Sr. Counsel (LEGLA)
Irina Klytchnikova, TTL (LCSEN)
Luz Zerón, Sr. FMS (LCFSM)

Cc with copies:
- Ministry of Environment and Sustainable Development (MADS)
- Institute of Environmental Studies and Meteorology (IDEAM)
- National Planning Department (DNP)