June 22, 2010

Mr. Alejandro Char Chaljub
Mayor of the District of Barranquilla
Alcaldía Distrital de Barranquilla
Calle 34 No. 43 - 31
Barranquilla, Colombia

Re: COLOMBIA- Grant for Preparation of the Barranquilla Flood Management Project
SFLAC Grant No. TF096015

Dear Mr. Char Chaljub

In response to the request for financial assistance made on behalf of the District of Barranquilla (“Recipient”), with the participation of the Agencia Presidencial para la Acción Social y la Cooperación Internacional (“Acción Social”) (in fulfillment of Acción Social’s role set forth in the Decree No. 2465, 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 Spain under the Spanish Fund for Latin America and the Caribbean (“SFLAC”), proposes to extend to the Recipient for the benefit of the Republic of Colombia (“Member Country”), a grant in an amount not to exceed seven hundred and twenty five thousand Dollars ($725,000) (“Grant”) on the terms and conditions set forth or referred to in this 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. The award of the Grant does not constitute or imply any commitment on the part of the World Bank, either as implementing agency or in its own capacity, to assist in the financing of any project (including the Investment Project as defined in the Annex) which may result from the Project financed by the Grant.
Please confirm your agreement with the foregoing, on behalf of the Recipient, by signing, dating, and returning to us the enclosed copy of this Agreement.

Very truly yours,

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By /s/ Gloria M. Grandolini
Director
Country Management Unit
Colombia and Mexico

AGREED:

DISTRICT OF BARRANQUILLA

By /s/ Alejandro Char Chaljub
Authorized Representative

Date: July 7, 2010

Enclosures:


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 1, 2008 (“Standard Conditions”), with the modifications set forth in the Appendix to this Agreement 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, and the following additional terms have the following meanings:

(a) “Administration Agreement” means the agreement to be entered into between the Recipient and the Trust Entity pursuant to Section 2.06 of this Agreement, as the same may be amended from time to time with the prior written approval of the World Bank; and such term includes all schedules to the Administration Agreement.

(b) “Environmental Assessment” means the Recipient’s environmental assessment, satisfactory to the Bank, referred in Section 2.01 to be carried out under Part 4 (a) of the Project, identifying the environmental impacts of carrying out the Investment Project.

(c) “Environmental Management Plan” means the Recipient’s management plan, satisfactory to the Bank, referred in Section 2.01 to be carried out under Part 4 (b), to mitigate environmental impacts from carrying out the Investment Project.

(d) “Resettlement Plan” means the means the Recipient’s resettlement plan, satisfactory to the Bank, referred in Section 2.01 to be carried out under Part 4 (b), which sets out the principles and procedures governing land acquisition, resettlement and compensation, as well as reporting and monitoring arrangements to ensure compliance with said plan, to mitigate the impacts from carrying out the Investment Project.

(e) "Social Assessment" means the Recipient’s social assessment, satisfactory to the Bank, referred in Section 2.01 to be carried out under Part 4 (a) of the Project, identifying the social impacts of carrying out the Investment Project.

(f) “Trust Entity” means an entity established and operating in the Member Country pursuant to Law 45 of 1990, which the Recipient has selected on a competitive process acceptable to the World Bank to act as the fiduciary agent under the Administration Agreement for the administration of the Grant.

Article II

Project Execution

2.01. **Project Objectives and Description.**
The objective of the Project is to provide technical assistance to the Recipient in the preparation of an investment project (the “Investment Project”) to reduce the risk of urban flooding in the District of Barranquilla by implementing climate change resilient flood management measures. The Project consists of the following Parts:

**Part 1: Feasibility Studies for Subproject Information Gathering and Prioritization**

Carrying out of technical and feasibility studies, including the analysis of, *inter alia*: (a) hydrological; (b) engineering; and (c) financial conditions to be used in determining the most feasible and cost effective solution to address the District of Barranquilla’s urban flooding problem.

**Part 2: Review of the Engineering Study and Environmental and Social Assessment**

(a) Review of the engineering study referred to in Part 1(b) of this Section to ensure the technical soundness and quality of said study.

(b) Review of the Environmental Assessment and Social Assessment referred to in Part 4 (a) of this Section to ensure the technical soundness and quality of said Assessments.

**Part 3: Institutional Capacity Building of the Recipient**

(a) Designing of a communication strategy to raise public awareness on flood risk management and solutions.

(b) Provision of training on disaster risk reduction for Recipient’s staff.

(c) Organization of an international workshop on rainwater sewerage systems design.

**Part 4: Environmental and Social Assessments and Environmental Management and Resettlement Plans**

(a) Carrying out of the Environmental Assessment and the Social Assessment.

(b) Preparation of the Environmental Management Plan and the Resettlement Plan.

**Part 5: Financial Assessment**

Carrying out of a financial analysis of the Recipient, including, the assessment of feasible financing options for the implementation of the Investment 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 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; and (c) this Article II.

2.03. **Donor Visibility and Visit.** (a) the Recipient shall take all such measures as the World Bank may reasonably request to identify publicly Spain’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 Spain to visit any part of the Recipient’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 the indicators set forth below in paragraph (b) of this Section. Each Project Report shall cover the period of one calendar trimester, 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 performance indicators referred to above in paragraph (a) consist of the following:

(i) The Recipient will present a brief report describing the progress of the implementation of the grant activities every 4 month, starting 4 months from effectiveness date of this Agreement. The report will include as a minimum a description of activities and results regarding: Parts 1, 3, 4, and 5.

(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 not later than six months after the Closing Date. In order to assist the Recipient in preparing the Completion Report, the Recipient shall employ consultants whose qualifications, experience and terms of reference are acceptable to the World Bank.

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 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. An annual audit of the Financial Statements shall cover from effectiveness until the second year of implementation (if less than 24 months) and a final audit for the remaining period until the grant closing date. The audited Financial Statements for such periods shall be furnished to the World Bank not later than six months after the end of such periods.

2.06. **Administration Agreement** (a) the Recipient shall enter into an Administration Agreement with the Trust Entity, on terms and conditions acceptable to the World Bank, for the purposes of assisting the Recipient in complying with the financial obligations set forth in the provisions of Section 2.07 of the Standard Conditions and Section 2.05 of this Agreement.

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

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

(a) General. All goods and consultant 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

(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

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

(ii) The following methods, other than International and National Competitive Bidding, may 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: (A) National Competitive Bidding, utilizing harmonized bidding documents for Colombia; (B) Shopping, utilizing a model document previously approved by the World Bank; and (C) Direct Contracting with the World Bank's prior approval.

(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 (for assignments with estimated budget below $200,000); (E) Single-source Selection with the World Bank's prior approval; (F) Selection of Individual Consultants; and (G) Sole Source Procedures for the Selection of Individual Consultants with the World Bank's prior approval.

(e) Review by the World Bank of Procurement Decisions. The Procurement Plan will indicate which contracts are subject to 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:

<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</td>
<td>80,400.00</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Consultant Services</td>
<td>635,100.00</td>
<td>100%</td>
</tr>
<tr>
<td>(3) Training</td>
<td>9,500.00</td>
<td>100%</td>
</tr>
<tr>
<td><strong>TOTAL AMOUNT</strong></td>
<td><strong>725,000</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

For the purposes of this Section the term “training” means the non-consultant expenditures incurred by the Recipient in connection with the carrying out of stakeholders consultation workshops, including travel costs and *per diem* of facilitators, rental of training facilities and equipment, and training materials.

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 $145,000.00 equivalent may be made for payments made prior to this date but on or after February 1, 2010 for Eligible Expenditures under Category (2).

3.03. **Withdrawal Period.** The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is November 1, 2011.

**Article IV**

**Effectiveness; Termination**

4.01. **Effectiveness.** The provisions of this Agreement will become effective upon receipt by the World Bank of: (a) one fully executed original of this Agreement; (b) evidence, acceptable to the World Bank, that a Trust Entity has been selected on a competitive process for the administration of Grant funds; (c) a copy of the Administration Agreement duly executed between the Recipient and the Trust Entity; (d) a legal opinion, satisfactory to the World Bank, of counsel acceptable to the World Bank, that has been furnished to the World Bank, confirming that the execution and delivery of this Agreement on behalf of
the Recipient has been duly authorized or ratified by all necessary governmental and corporate action and is legally valid in accordance with its terms; and (e) a legal opinion, satisfactory to the World Bank, of counsel acceptable to the World Bank, that has been furnished to the World Bank, confirming that the execution and delivery of the Administration Agreement on behalf of the Recipient and the Trust Entity has been duly authorized or ratified by all necessary governmental and corporate action and is legally valid in accordance with its terms.

4.02. Upon compliance with the above mentioned conditions, the World Bank will send a Notice of Effectiveness to the Recipient.

4.03. **Termination for Lack of Implementation or Disbursement.** This Agreement and all obligations of the parties under it shall terminate if: (a) this Agreement has not been countersigned before July 12, 2010; (b) the Administration Agreement has not been signed by the parties thereto and has become effective by August 31, 2010; (c) the Grant has not been implemented or has not disbursed any funds after 6 months of countersignature of this Agreement; (d) the Investment Project is approved by the World Bank’s Board; (e) the Investment Project has been cancelled by the Recipient, in which case signed contracts may be paid with SFLAC Secretariat’s approval; and/or (f) 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 the Mayor of the District of Barranquilla.

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

- Distrito de Barranquilla
- Calle 34 No. 43 - 31
- Barranquilla, Colombia.
- Phone: (57+5) 339-9000

5.03 **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: INTBAFRAD (MCI)
- Telex: 248423 (MCI)
- Facsimile: 1-202-477-6391
- Washington, D.C. 64145 (MCI)
APPENDIX

Modifications to the Standard Conditions and the Anti-Corruption Guidelines

Section I. The Standard Conditions are modified as follows:

1. The provisions of Section 4.02 (j) of the Standard Conditions are modified to read as follows:

   “... (j) Ineligibility. IBRD or IDA has declared the Recipient (other than the Member Country) ineligible to receive proceeds of any financing made by IBRD or IDA or otherwise to participate in the preparation or implementation of any project financed in whole or in part by IBRD or IDA, as a result of: (i) a determination by IBRD or IDA that the Recipient has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of any financing made by IBRD or IDA; and/or (ii) a declaration by another financier that the Recipient is 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 Recipient 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. The reference to “Member Country” in the Standard Conditions means the Republic of Colombia.

Section II. 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.”