

Document of
The World Bank

RESTRUCTURING PAPER

ON A

PROPOSED PROJECT RESTRUCTURING

OF

EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE IMPLEMENTATION
(MDTF GRANT No. TF019279)

TO THE

REPUBLIC OF COLOMBIA

JUNE 13, 2016

Energy and Extractives Global Practice
Oil, Gas and Mining Unit

Vice President:	Jorge Familiar Calderon
Country Director:	Gerardo Corrochano
Senior Director:	Anna M. Bjerde
Director:	Rohit Khanna
Sector Manager:	Paulo de Sa
Task Team Leader:	Daniele La Porta

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REPUBLIC OF COLOMBIA
Extractive Industries Transparency Initiative Implementation
MDTF Grant No. TF019279

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DATA SHEET
 Republic of Colombia
 Extractive Industries Transparency Initiative
 MDTF Grant No. TF019279

Restructuring Type: Closing Date Extension

1. Basic Information	
Project ID & Name	P106013- Support to the Implementation of the Extractive Industries Transparency Initiative (EITI) (EITI MDTF Grant No. TF019279)
Country	Colombia
Task Team Leader	Daniele La Porta
Sector Manager/Director	Paulo de Sa/Charles M. Feinstein
Country Director	Gerardo Corrochano
Original Board Approval Date	Not Applicable
Original Closing Date	December 31, 2015
Current Closing Date	June 30, 2016
Proposed Closing Date	December 15, 2016
EA Category	C
Revised EA Category	
EA Completion Date	-
Revised EA Completion Date	

2. Revised Financing Plan		
Source	Original	Revised
BORR		
TF	US\$ 500,000	US\$ 500,000
Total	US\$ 500,000	US\$ 500,000

3. Recipient	
Coordinating Ministry of Finance	Location: Bogota, Colombia

4. Implementing Agency	
National EITI Secretariat under the Ministry of Mines and Energy	Location: Bogota, Colombia

5. Disbursement Estimates		
Actual amount disbursed as of (Date & Amount)		
Fiscal Year	Annual	Cumulative
2015	138,000.00	138,000.00

2016	362,000.00	500,000.00
Total		500,000.00

6. Policy Exceptions and Safeguard Policies	
Does the restructured project require any exceptions to Bank policies?	No
Does the restructured project trigger any new safeguard policies? If yes, please select from the checklist below and update ISDS accordingly before submitting the package.	No

7a. Policy Development Objectives/Outcomes Original/Current Project Development Objectives/Outcomes
<p>The objective of this grant is to support the development, implementation and institutionalization of the Extractive Industry Transparency initiative (EITI) in the country and enable Colombia to become EITI compliant.</p> <p>Project objectives remain unchanged.</p>

7b. Revised Project Development Objectives/Outcomes [if applicable]
<p>There are no changes to Project Development Objectives.</p>

Republic of Colombia
Extractive Industries Transparency Initiative Implementation
MDTF Grant No. TF019279

Extension of Closing Date and Additional Financing

A. SUMMARY

1. This restructuring paper for *Colombia Extractives Industries Transparency Initiative Implementation*, Grant No. TF019279 proposes to further extend the Grant's closing date by 5 1/2 months. The restructuring of the Extractive Industry Transparency Initiative ("EITI") consists of: (a) an extension of the Grant's closing date until December 15, 2016. The Ministry of Mines and Energy submitted an extension request to the bank through a letter received May 2, 2016.

B. PROJECT STATUS

2. The grant agreement for TF010050 was signed on August 27, 2015 with a proposed closing date of December 31, 2015. The grant's initial closing date was established to coincide with the closing date of the parent EITI USAID Trust Fund (USTF) effective September 19, 2012. Performance so far has been satisfactory.
3. The Colombian extractive industries have expanded rapidly in recent years. In 2013, oil production reached a landmark 1million barrels/day. In 2013, the extractive industries accounted for US\$ 8 billion out of a total US\$ 16.2 billion in foreign direct investment (both at record levels), 7.7% percent of GDP and 72 percent of exports. Government revenues from the sector reached US\$ 17.5 billion, almost 20% of total government revenues. While the government was hoping for further growth, low commodity prices have already had a significant negative impact on production, government revenues and expansion plans. In addition, the mining sector continues to be affected by anti-mining sentiment. Stakeholders have identified issues such as environmental impact and illegal mining as key priorities.
4. The EITI is seen as good practice in building trust around contentious issues such as mining. Distribution of oil and mining revenues have also been an important source of debate. The first EITI Report has for the first time provided detailed information on these payments and transfers. Despite recent changes in the Ministry of Mines and Energy, with the appointment of a new Minister, the Government of Colombia's commitment remains strong and no changes are expected to the hosting of the EITI.
5. Colombia produced its first EITI Report covering fiscal year 2013 in January 2016. Dissemination of the report is ongoing, including presentations in 10 municipalities. Colombia EITI is now preparing for the second report, which will cover 2014 and 2015. The multi-stakeholder group is discussing other issues to include in future reports including social payments, environmental information and beneficial ownership.
6. The Task Team confirms that the requested extension of the closing date is needed in order for Colombia to fully implement its EITI work program and to become validated under the

EITI standards. Colombia needs to maintain the current EITI implementation momentum, consolidate the progress achieved, continue to build understanding of the EITI process in the country amongst stakeholders and society in general, and prepare for a validation exercise.

7. There are no outstanding audits.

C. PROPOSED CHANGES

- a. Extension of Closing Date. An extension of the closing date to December 15, 2016 is requested. This would provide full implementation of the EITI work program leading to Colombia's validation.