

Public Disclosure Authorized

CONFORMED COPY

GEF TRUST FUND GRANT NUMBER TF056351

Global Environment Facility Trust Fund Grant Agreement

(National Protected Areas Project)

among

REPUBLIC OF COLOMBIA

and

*FUNDACIÓN FONDO DE APOYO A LA BIODIVERSIDAD Y LAS AREAS
PROTEGIDAS (FUNBAP)*

and

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

acting as an Implementing Agency of the Global Environment Facility

Dated June 15, 2006

Public Disclosure Authorized

GEF TRUST FUND GRANT NUMBER TF056351

GLOBAL ENVIRONMENT FACILITY TRUST FUND GRANT AGREEMENT

AGREEMENT, dated June 15, 2006, among: (a) the REPUBLIC OF COLOMBIA (the Beneficiary) acting through its *Unidad Administrativa Especial del Sistema de Parques Nacionales Naturales* of the Ministry of the Environment, Housing and Territorial Development (National Parks Administrative Unit), with the participation of the Republic's *Agencia Presidencial para la Acción Social y la Cooperación Internacional* (Acción Social) in fulfillment of its role set forth in the Beneficiary's Presidential Decree No. 2467, dated July 19, 2005); (b) *FUNDACION FONDO DE APOYO A LA BIODIVERSIDAD Y LAS AREAS PROTEGIDAS* - FUNBAP (the Recipient); and (c) INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (the Bank) acting as an implementing agency of the Global Environment Facility (GEF) in respect of grant funds provided to the GEF Trust Fund by certain members of the Bank as participants of the GEF.

WHEREAS (A) the Bank, pursuant to Resolution No. 91-5 of March 14, 1991 of the Executive Directors of the Bank, established the GEF to assist in the protection of the global environment and promote thereby environmentally sound and sustainable economic development;

(B) following the restructuring of the GEF, such arrangements continued in place on the basis set forth in Resolution No. 94-2 of May 24, 1994, of the Executive Directors of the Bank which, inter alia, established the GEF Trust Fund and appointed the Bank as trustee of the GEF Trust Fund (Resolution 94-2);

(C) the Beneficiary and the Recipient, having satisfied themselves as to the feasibility and priority of the project described in Schedule 2 to this Agreement (the Project), have requested assistance from the resources of the GEF Trust Fund for funding the Project, and said request having been approved in accordance with the provisions of the Instrument for the Establishment of the Restructured Global Environment Facility approved under Resolution 94-2;

(D) the Recipient is a private non profit foundation with valid legal personality duly registered in Bogotá, Colombia on January 17, 2006, with legal personality identification number (ID) 900-064-749-7; and

(E) the Recipient and the National Parks Administrative Unit have executed an agreement, dated January 26, 2006, to coordinate overall Project implementation and oversight; and

WHEREAS the Bank has agreed, on the basis, *inter alia*, of the foregoing, to extend the GEF Trust Fund Grant to the Recipient upon the terms and conditions set forth in this Agreement;

NOW THEREFORE, the parties hereto hereby agree as follows:

ARTICLE I

General Conditions; Definitions

Section 1.01 (a) The following provisions of the “General Conditions Applicable to Loan and Guarantee Agreements for Single Currency Loans” of the Bank, dated May 30, 1995 (as amended through May 1, 2004), with the modifications set forth in paragraph (b) of this Section (the General Conditions) constitute an integral part of this Agreement:

- (i) Article I;
- (ii) Sections 2.01 (2), (3), (4), (5), (6), (7), (8), (14), (15), (16), (18) and (21), 2.02 and 2.03;
- (iii) Section 3.01;
- (iv) Sections 4.01 and 4.06;
- (v) Article V;
- (vi) Sections 6.01, 6.02 (c), (e), (f), (i), (l), (m), (n), (o) and (p), 6.03, 6.04 and 6.06;
- (vii) Section 8.01 (b);
- (viii) Sections 9.01 (a) and (c), 9.04, 9.05, 9.06, 9.07, 9.08 and 9.09;
- (ix) Section 10.01 except for the first sentence which is deleted;
- (x) Section 10.03;
- (xi) Section 10.04, amended to read as follows: “Any dispute arising out of or relating to this Agreement which is not settled by agreement of the parties shall be finally settled by arbitration in accordance with the UNCITRAL Arbitration Rules in force on the date of this Agreement. The place of arbitration shall be

Washington, D.C. In the event of a conflict between the UNCITRAL Arbitration Rules and the terms of this Agreement, the terms of this Agreement shall govern.”

- (xii) Article XI; and
 - (xiii) Sections 12.01 (c), 12.03 and 12.04.
- (b) The General Conditions shall be modified as follows:
- (i) the term “Bank”, wherever used in the General Conditions, other than in Sections 2.01 (6), 6.02 (f) and 5.01 (a) thereof, means the Bank acting as an implementing agency of the GEF, except that in Section 6.02, the term “Bank” shall also include the Bank acting in its own capacity;
 - (ii) the term “Borrower”, wherever used in the General Conditions, means the Recipient;
 - (iii) the term “Loan Agreement”, wherever used in the General Conditions, means this Agreement;
 - (iv) the term “Loan” and “loan”, wherever used in the General Conditions, means the GEF Trust Fund Grant;
 - (v) the term “Loan Account”, wherever used in the General Conditions, means the GEF Trust Fund Grant Account;
 - (vi) a new subparagraph is added after subparagraph (o) in Section 6.02 of the General Conditions, as follows: “an extraordinary situation shall have arisen in which any further disbursement under the GEF Trust Fund Grant would exceed the resources available for disbursement from the GEF.”;
 - (vii) the words “corrupt or fraudulent” in paragraph (d) of Section 6.03 are replaced with the words “corrupt, fraudulent, collusive or coercive”;
 - (viii) the term “Guarantor”, as used in Section 9.01 of the General Conditions means the Beneficiary; and
 - (ix) Section 5.08 is hereby amended and replaced to read in its entirety as follows:

“Except as otherwise provided in the Loan Agreement, the proceeds of the Loan may be withdrawn to pay for taxes levied by, or in the territory of, the Borrower or the Guarantor on the goods or services to be financed under the Loan, or on their importation, manufacture, procurement or supply. Financing of such taxes is subject to the Bank’s policy of requiring economy and efficiency in the use of the proceeds of its loans. To that end, if the Bank shall at any time determine that the amount of any taxes levied on, or in respect of any item to be financed out of, the proceeds of the Loan is excessive or otherwise unreasonable, the Bank may, by notice to the Borrower, adjust the percentage for withdrawal set forth or referred to in respect of such item in the Loan Agreement as required to be consistent with such policy of the Bank.”

Section 1.02. Wherever used in this Agreement, unless the context otherwise requires, the several terms defined in the General Conditions and in the Recitals to this Agreement have the respective meanings therein set forth and the following additional terms have the following meanings:

(a) “Annual Work Program” means any of the annual work programs referred to in Section 3.07 (a) (i) of this Agreement;

(b) “Asset Management Contract” means the contract referred to in Section 3.10 (b) of this Agreement;

(c) “Asset Manager” means the manager referred to in Section 3.10 (b) of this Agreement;

(d) “Eligible Categories” means Categories (1) through (4) set forth in the table in Part A.1 of Schedule 1 to this Agreement;

(e) “Eligible Expenditures” means the expenditures for goods, works, consultants’ services and Endowment Fund funding referred to in Section 2.02 of this Agreement;

(f) “Endowment Fund” means the endowment fund to be created by the Recipient with financing from the proceeds of the GEF Trust Fund Grant and other public and private donors to finance the costs associated with the maintenance and operation of Protected Areas (as hereinafter defined); which fund shall be managed by the Recipient;

(g) “Endowment Fund Eligible Protected Areas” means Protected Areas (as hereinafter defined) eligible for financing by the Endowment Fund in accordance with the provisions of the Operational Manual (as hereinafter defined);

(h) “Endowment Fund Manual” means the manual for the operation of the Endowment Fund, referred to in Section 3.09 of this Agreement, as the same may be amended from time to time by agreement between the Bank and the Recipient;

(i) “Environmental Management Framework” means the Recipient’s environmental impact framework for the Project, dated January 27, 2006, that contains specific environmental rules and procedures for the Project, as said plan may be updated from time to time by agreement between the Bank and the Recipient;

(j) “FMR” means each financial monitoring report prepared in accordance with Section 4.02 of this Agreement;

(k) “Operational Manual” means the manual for the operation of the Project referred to in Section 3.03 (b) of this Agreement;

(l) “Performance Indicators” means the indicators, set forth in the Operational Manual, for monitoring and evaluating progress towards the attainment of Project’s objective;

(m) “Pest Management Framework” means the Recipient’s framework dated January 27, 2006, that contains the criteria to define the adequate use of allowed pesticides in the Project Area (as hereinafter defined);

(n) “Process Framework” means the Recipient’s process framework for the Project, dated January 27, 2006, that contains the rules and procedures for mitigating potential Project impacts in the livelihood of communities in the Project Area (as hereinafter defined);

(o) “Procurement Plan” means the Recipient’s procurement plan, dated February 13, 2006 covering the initial 18 month period (or longer) of Project implementation, as the same shall be updated from time to time in accordance with the provisions of Section 3.02 to this Agreement, to cover succeeding 18 month periods (or longer) of Project implementation;

(p) “Project Area” or “Conservation Mosaics” means the area where the Project will be implemented, comprised of a combination of at least two of the following: Protected Areas (as hereinafter defined), national parks, rural landscapes, seascapes, and collectively-owned ethnic territories;

(q) “Protected Areas” means the natural resource reserves duly recognized as such by the Beneficiary’s internal legislation, and any other such areas as may be agreed by the Bank by means of written notice to the Recipient and the Beneficiary;

(r) “Report-based Disbursements” means the Recipient’s option for withdrawal of funds from the GEF Trust Fund Grant Account referred to in Part A.5 of Schedule 1 to this Agreement;

(s) “Special Account” means the account referred to in Part B 1 of Schedule 1 of this Agreement;

(t) “Stakeholder” means any organization or entity operating in the Project Area with interest in Protected Areas management, natural resources management, conservation and sustainable use of biodiversity, environmental protection or sustainable productive activities;

(u) “Subproject” means a set of activities carried out under Part B.1 of the Project, which set is selected, approved and implemented in accordance with the requirements of the Operational Manual;

(v) “Subproject Agreement” means any of the grant agreements to be entered into between the Recipient and a Subproject Executing Entity for the purposes of providing for a Subproject Grant (as hereinafter defined);

(w) “Subproject Executing Entity” means: (a) regional or local environmental authorities; or (b) non-governmental organizations; or (c) other Stakeholders, all of which reside or operate in the Project Area (as hereinafter defined) and meet the criteria set forth in the Operational Manual (as hereinafter defined) as beneficiaries of Subprojects (as hereinafter defined) under Part B of the Project; and

(x) “Subproject Grant” means a grant made or proposed to be made by the Recipient out of the proceeds of the GEF Trust Fund Grant to a Subproject Executing Entity for the financing of a Subproject pursuant to the terms of the Operational Manual.

ARTICLE II

The GEF Trust Fund Grant

Section 2.01. The Bank agrees to make available to the Recipient, on the terms and conditions set forth or referred to in this Agreement, the GEF Trust Fund Grant in an amount equal to fifteen million Dollars (\$15,000,000).

Section 2.02. The amount of the GEF Trust Fund Grant may be withdrawn from the GEF Trust Fund Grant Account in accordance with the provisions of Schedule 1 to this Agreement for expenditures made (or, if the Bank shall so agree, to be made) in respect of the reasonable cost of goods, works, services, and Endowment Fund funding required for the Project and to be financed out of the proceeds of the GEF Trust Fund Grant.

Section 2.03. The Closing Date shall be October 18, 2011 or such later date as the Bank shall establish. The Bank shall promptly notify the Recipient and the Beneficiary of such later date.

ARTICLE III

Execution of the Project

Section 3.01. The Recipient and the Beneficiary declare their commitment to the objective of the Project as set forth in Schedule 2 to this Agreement and, to this end:

(a) the Recipient shall carry out Parts A and B.2 of the Project (with the assistance of the National Parks Administrative Unit);

(b) the Recipient shall carry out Part B.1 of the Project on its own behalf (with the assistance of the National Parks Administrative Unit) or with the assistance of the Subproject Executing Entities (pursuant to the Subproject Agreements); and

(c) the Recipient shall carry out part C of the Project (with the assistance of the National Parks Administrative Unit), all with due diligence and efficiency and in conformity with appropriate administrative, financial, social, and environmental standards and practices and with due regard to ecological and environmental factors, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the Project.

Section 3.02. (a) Except as the Bank shall otherwise agree, procurement of the goods, works and services required for the Project and to be financed out of the proceeds of the GEF Trust Fund Grant, and/or out of the income generated from such proceeds while in the Endowment Fund, shall be governed by the provisions of Schedule 3 to this Agreement, as said provisions may be further elaborated in the Procurement Plan.

(b) The Recipient shall update the Procurement Plan in accordance with guidelines acceptable to the Bank, and furnish such update to the Bank not later than 12 months after the date of the preceding Procurement Plan, for the Bank's approval.

Section 3.03. (a) Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Recipient and the Bank may otherwise agree, the Recipient shall carry out the Project in accordance with: (i) the Environmental Management Plan; (ii) the Indigenous Peoples Framework; (iii) the Process Framework; (iv) the Resettlement Framework; (v) the Pest Management Plan; (vi) the Operational Manual;

(vii) the Endowment Fund Manual; (viii) the provisions of Schedule 5 to this Agreement; and (ix) Annual Work Programs, as applicable, so as to meet the Performance Indicators.

(b) The Recipient shall, without limitation to the other provisions of this Agreement, carry out the Project in accordance with an operational manual, satisfactory to the Bank and to be prepared by the Recipient, containing, *inter alia*: (i) requirements for the selection, approval and implementation of Subprojects, including eligibility criteria and Subproject cycle; (ii) the Procurement Plan; (iii) the Performance Indicators; (iv) a model Subproject Agreement; and (v) the financial management arrangements and procedures for the Project.

(c) The Operational Manual may be amended by the Recipient from time to time, in a manner satisfactory to the Bank, to facilitate continued Project implementation. If any provision of the Operational Manual is inconsistent with a provision of this Agreement, the provisions of this Agreement shall prevail.

Section 3.04. For the purposes of carrying out Part B of the Project, the Recipient shall:

(a) enter into a Subproject Agreement with each Subproject Executing Entity in accordance with the terms and conditions of the Operational Manual; and

(b) exercise its rights and carry out its obligations under each Subproject Agreement in such a manner as to protect the interests of the Recipient and the Bank and to accomplish the purposes of the GEF Trust Fund Grant, and except as the Bank shall otherwise agree, the Recipient shall not assign, amend, abrogate, terminate, waive or fail to enforce any Subproject Agreement or any provision thereof.

Section 3.05. Throughout the course of Project implementation, the Recipient shall maintain and continue to operate a Project team as part of the Recipient's organizational structure. The Recipient shall ensure that said team is staffed at all times during the implementation of the Project by core professionals in numbers and with experience and qualifications acceptable to the Bank (including, without limitation, a Project director, a procurement officer, an accountant and an administrative assistant), operating under terms of reference satisfactory to the Bank, and selected in accordance with competitive and transparent procedures satisfactory to the Bank, all as prescribed in the Operational Manual.

Section 3.06. The Recipient shall maintain until the completion of the Project a steering committee with responsibilities and functions satisfactory to the Bank for the overall Project oversight and coordination (including overseeing the management of the Endowment Fund), including, *inter alia*: (a) the approval of the Operational Manual (including proposed amendments); (b) the approval of the Annual Work Programs; (c) the provision of advice with respect to the Project's technical and financial aspects; (d) the approval of Subprojects and Subproject Agreements; (e) the provision of support to

assist the Recipient comply with the reporting obligations set forth in Section 3.08 of this Agreement, such committee to be comprised of one representative of the Beneficiary, the Director and Technical Deputy Director of the National Parks Administrative Unit, the Director of the Recipient, and one representative of the Recipient's Board of Directors.

Section 3.07. (a) the Recipient shall:

- (i) not later than August 31 of each year, furnish to the Bank, for its review and approval, a proposed annual work program and budget, satisfactory to the Bank, prepared in consultation with the committee referred to in Section 3.06 of this Agreement; such program to specify the activities to be financed out of the proceeds of the GEF Trust Fund Grant during the relevant calendar year for the purposes of the implementation of the Project; and
- (ii) upon the Bank's approval, carry out such Annual Work Program, as approved by the Bank.

(b) The Bank may refrain from approving any Annual Work Program if the Bank has determined that the Recipient is not carrying out the Project as provided in this Agreement and no appropriate remedial actions, satisfactory to the Bank, have been taken therefore.

Section 3.08. The Recipient shall:

(a) maintain policies and procedures adequate to enable it to monitor and evaluate on an ongoing basis, in accordance with the Performance Indicators, the carrying out of the Project and the achievement of the objective thereof;

(b) prepare, under terms of reference satisfactory to the Bank (and to the Beneficiary), and furnish to the Bank (and to the Beneficiary), for each year during the implementation of the Project, semi-annual reports integrating the results of the monitoring and evaluation activities performed pursuant to paragraph (a) of this Section, on the progress achieved in the execution of the Project during the period preceding the date of each said report and setting out the measures recommended to ensure the efficient carrying out of the Project and the achievement of the objective thereof during the period following such date; and

(c) review with the Bank, by April 30 and October 31 of each year during the implementation of the Project or such later date as the Bank shall request, each report referred to in paragraph (b) of this Section, and, thereafter, take all measures required to ensure the efficient completion of the Project and the achievement of the objective thereof, based on the conclusions and recommendations of said report and the Bank's views on the matter.

Section 3.09. The Recipient shall issue a manual, satisfactory to the Bank, setting forth specific rules and procedures for the operation of the Endowment Fund including, *inter alia*, the Endowment Fund's:

- (a) governance structure;
- (b) financial structure and Asset Manager's role;
- (c) mechanisms to finance operational costs of Endowment Fund Eligible Protected Areas;
- (d) the disbursement, monitoring and reporting requirements, including those set forth in Section 3.08 of this Agreement;
- (e) the expenditures eligible for financing as operational costs of Endowment Fund Eligible Protected Areas;
- (f) the criteria for eligibility of Endowment Fund Eligible Protected Areas;
and
- (g) monitoring and evaluation requirements.

In case of any conflict between the terms of this Agreement and those of the Endowment Fund Manual, the terms of this Agreement shall prevail.

Section 3.10. With respect to Part A of the Project:

- (a) the Recipient shall deposit within the Endowment Fund all proceeds of the GEF Trust Fund Grant disbursed under Category (1) of the table in Part A of Schedule 1 to this Agreement. Once so deposited, said proceeds shall constitute part of the Endowment Fund's capital, be kept segregated from funds deposited by other donors into such fund, and shall be invested by the Recipient so as to generate sufficient income to cover the recurrent costs associated with the operation and maintenance of Endowment Fund Eligible Protected Areas.
- (b) The Endowment Fund's capital shall be invested by the Recipient through an internationally recognized financial manager employed in compliance with procedures acceptable to the Bank, and including those in Schedule 3 to this Agreement, acting under a contract, satisfactory to the Bank, between the Recipient and said manager, which contract shall require said manager to:

- (i) invest the Endowment Fund capital in accordance with the instructions issued by the Recipient and set forth in the Endowment Fund Manual;
- (ii) for each year of Project implementation, only release to the Recipient investment income derived from the Endowment Fund's investments returns (and a portion of the Endowment Fund's capital in case the use of such portion has been given prior explicit approval in writing by the Bank);
- (iii) not later than one month after the end of each semester in the relevant year of Project implementation, provide to the Recipient and the Bank semi-annual reports regarding management performance, capital value, asset allocation, and investment income (including investment returns) with respect to the Endowment Fund; and
- (iv) provide the Recipient with information required by the Recipient to comply with its obligations under Article IV of this Agreement in respect of the Endowment Fund.

(c) The Recipient shall exercise its rights and carry out its obligations under the Asset Management Contract in such a manner so as to protect the interests of the Bank and the Beneficiary and to accomplish the purposes of the GEF Trust Fund Grant. Except as the Bank may otherwise agree, the Recipient shall not amend, waive or fail to enforce any provision of the Asset Management Contract. In case of any conflict between the terms of the Asset Management Contract and those of this Agreement, the terms of this Agreement shall prevail.

(d) The Recipient shall provide the Bank with plans for the use of the proceeds of the Endowment Fund (including a description of the procurement requirements for such use) for each year of Project implementation.

Section 3.11. (a) Amounts released by the Asset Manager to the Recipient under Section 3.10 (b) (ii) of this Agreement shall be used for financing the recurrent costs of Endowment Fund Eligible Protected Areas, all as prescribed, *inter alia*, in this Agreement, the Endowment Fund Manual and each relevant Annual Work Program.

(b) No portion of the Endowment Fund's capital nor the income derived therefrom shall be used to pay any Recipient's creditors or other parties for other than Project implementation purposes allowed by this Agreement (to this end, the Recipient shall maintain in effect contracts in writing, with its present and future suppliers, contractors or other potential creditors, stipulating that such parties shall not have any claim

to the Endowment Fund's assets as a means of resolving any actual or potential disputes between such parties and the Recipient).

Section 3.12. For the purposes of Section 9.08 of the General Conditions and without limitation thereto, the Recipient shall:

(a) prepare, on the basis of guidelines acceptable to the Bank, and furnish to the Bank not later than six months after the Closing Date or such later date as may be agreed for this purpose between the Recipient and the Bank, a plan for the future operation of the Project; and

(b) afford the Bank a reasonable opportunity to exchange views with the Recipient on said plan.

ARTICLE IV

Financial Covenants

Section 4.01. (a) The Recipient shall establish and maintain a financial management system, including records and accounts, and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Bank, adequate to reflect the operations, resources and expenditures related to the Project.

(b) The Recipient shall:

(i) have the financial statements referred to in paragraph (a) of this Section for each fiscal year (or other period agreed to by the Bank), audited, in accordance with consistently applied auditing standards acceptable to the Bank, by independent auditors acceptable to the Bank;

(ii) furnish to the Bank (and to the Beneficiary) as soon as available, but in any case not later than six months after the end of each such year (or such other period agreed to by the Bank): (A) certified copies of the financial statements referred to in paragraph (a) of this Section for such year (or other period agreed to by the Bank), as so audited; and (B) an opinion on such statements by said auditors, in scope and detail satisfactory to the Bank; and

(iii) furnish to the Bank (and to the Beneficiary) such other information concerning such records and accounts, and the audit

of such financial statements, and concerning said auditors, as the Bank may from time to time reasonably request.

(c) For all expenditures with respect to which withdrawals from the GEF Trust Fund Grant Account were made on the basis of reports referred to in Part A.5 of Schedule 1 to this Agreement (Report-based Disbursements) or on the basis of statements of expenditure, the Recipient shall:

- (i) retain, until at least one year after the Bank has received the audit report for, or covering, the fiscal year in which the last withdrawal from the GEF Trust Fund Grant Account was made, all records (contracts, orders, invoices, bills, receipts and other documents) evidencing such expenditures;
- (ii) enable the Bank's representatives to examine such records; and
- (iii) ensure that such reports and statements of expenditure are included in the audit for each fiscal year (or other period agreed to by the Bank), referred to in paragraph (b) of this Section.

Section 4.02. (a) Without limitation upon the Recipient's progress reporting obligations set out in Section 3.08 of this Agreement, the Recipient shall prepare and furnish to the Bank (and to the Beneficiary) a financial monitoring report, in form and substance satisfactory to the Bank, which sets forth sources and uses of funds for the Project, both cumulatively and for the period covered by said report, showing separately funds provided under the GEF Trust Fund Grant, and explains variances between the actual and planned uses of such funds;

(b) The first FMR shall be furnished to the Bank (and to the Beneficiary) not later than 45 days after the end of the first semester after the Effective Date, and shall cover the period from the incurrence of the first expenditure under the Project through the end of such first calendar semester; thereafter, each FMR shall be furnished to the Bank not later than 45 days after each subsequent calendar semester, and shall cover such calendar semester.

ARTICLE V

Termination

Section 5.01. Without prejudice to the provisions of the General Conditions, the date specified for purposes of Section 12.04 of the General Conditions is the date ninety (90) days after the date of this Agreement, but in no case later than the eighteen (18)

months after the Bank's approval of the GEF Trust Fund Grant which expire on October 1, 2007.

Section 5.02. This Agreement shall continue in effect until the latest of the following: (a) a date which is one year after the Closing Date; or (b) a date on which the Recipient and the Beneficiary have fulfilled all their obligations set forth in Article IV of this Agreement, in Part B of Schedule 1 to this Agreement and in paragraph 6 of Part A of Schedule 1 to this Agreement.

ARTICLE VI

Representative of the Recipient; Addresses

Section 6.01. The *Director General* of the Recipient and the *Director General* of the National Parks Administrative Unit of the Beneficiary are designated as representative of the Recipient and the Beneficiary, respectively, for the purposes of Section 11.03 of the General Conditions.

Section 6.02. The following addresses are specified for the purposes of Section 11.01 of the General Conditions:

For the Recipient:

Fundación Fondo de Apoyo a la Biodiversidad
y las Áreas Protegidas (FUNBAP)
Carrera 7 No. 26-20 Edif. Tequendama Of. 1501
Bogotá, D. C.
Colombia

Telephone:

(571) 210 60 02

Fax:

(571) 210 66 03

For the Beneficiary:

Unidad Administrativa Especial del Sistema de
Parques Nacionales Naturales (National Parks Administrative Unit)
Carrera 10 No. 20-30
Bogotá, D.C.
Colombia

Telephone:

(571) 341 0676

Fax:

(571) 341-2218

For the Bank:

International Bank for
Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Cable address:

INTBAFRAD
Washington, D.C.

Telex:

248423 (MCI)
64145 (MCI)

Fax:

(202) 477-6391

IN WITNESS WHEREOF, the parties hereto, acting through their duly authorized representatives, have caused this Agreement to be signed in their respective names in the District of Columbia, United States of America, as of the day and year first above written.

FUNDACION FONDO DE APOYO A LA BIODIVERSIDAD
Y LAS AREAS PROTEGIDAS (FUNBAP)

By /s/ Alberto Galán

Authorized Representative

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT
as an Implementing Agency of the Global Environment Facility

By/s/ Pamela Cox

Authorized Representative

REPUBLIC OF COLOMBIA
*Agencia Presidencial para la Acción Social
y la Cooperación Internacional (Acción Social)*

By /s/ Luis Alfonso Hoyos Aristizábal

Authorized Representative

REPUBLIC OF COLOMBIA
*Unidad Administrativa Especial del Sistema de
Parques Nacionales Naturales (National Parks Administrative
Unit)*

By /s/ Julia Miranda

Authorized Representative

SCHEDULE 1

Withdrawal of the Proceeds of the GEF Trust Fund Grant

A. General

1. The table below sets forth the Categories of items to be financed out of the proceeds of the GEF Trust Fund Grant, the allocation of the amounts of the GEF Trust Fund Grant to each Category and the percentage of expenditures for items so to be financed in each Category:

	<u>Category</u>	Amount of the GEF Trust Fund Grant Allocated (Expressed in <u>US Dollars</u>)	% of Expenditures <u>to be Financed</u>
(1)	Funding of the Endowment Fund	7,500,000	100%
(2)	Goods, services and operating costs under Part A.2 of the Project	555,070	100%
(3)	Goods, works, services (including those for Subprojects) and operating costs under Part B of the Project	4,621,930	100%
(4)	Goods, services and operating costs under Part C of the Project	1,573,000	100%
(5)	Unallocated	750,000	
	TOTAL	<u>15,000,000</u>	

2. For the purposes of this Schedule the term “operating costs” means the non-consultant expenditures incurred by the Recipient in connection with the implementation of the Project including operation and maintenance of vehicles, equipment and computer

maintenance, office supplies, rent for office facilities, utilities, insurance, travel and per diem costs for technical staff carrying out training, supervisory and quality control activities and banking fees, all of which expenditures would not have been incurred absent the Project.

3. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made in respect of:

(a) payments made for expenditures prior to the date of this Agreement, except that withdrawals, in an aggregate amount not exceeding seven hundred fifty thousand Dollars (\$750,000), may be made in respect of Categories 2, 3 and 4 above on account of payments made for expenditures before that date but after January 30, 2006; and

(b) payments made for expenditures under Category 1 above, unless: (i) the Asset Manager Contract has been executed by the parties thereto; and (ii) the Bank has received satisfactory evidence that matching funds in an amount equivalent to two hundred fifty thousand Dollars (\$250,000) have been deposited into the Endowment Fund prior to the Bank's processing of each withdrawal application.

4. The Bank may require withdrawals from the GEF Trust Fund Grant Account to be made on the basis of statements of expenditure for expenditures under contracts for: (a) goods costing less than \$250,000 equivalent per contract; (b) works costing less than \$2,000,000 equivalent per contract; (c) services of individual consultants costing less than \$50,000 equivalent per contract; (d) services of consulting firms under contracts costing less than \$200,000 equivalent per contract; and (e) operating costs, all under such terms and conditions as the Bank shall specify by notice to the Recipient.

5. The Recipient may request withdrawals from the GEF Trust Fund Grant Account to be made on the basis of reports to be submitted to the Bank in form and substance satisfactory to the Bank, such reports to include the FMR and any other information as the Bank shall specify by notice to the Recipient (Report-based Disbursements). In the case of the first such request submitted to the Bank before any withdrawal has been made from the GEF Trust Fund Grant Account, the Recipient shall submit to the Bank only a statement with the projected sources and applications of funds for the Project for the six-month period following the date of such request.

6. Without prejudice to the provisions of Part B of this Schedule, the Recipients shall promptly refund, and/or (in the case of the Endowment Fund) cause the Asset Manager to refund, to the Bank, the GEF Trust Fund Grant proceeds disbursed by the Bank, and the investment income generated by the Endowment Fund therefrom, in whole or in part, at the Bank's option, if:

(a) the Bank shall have determined at any time that any payment made from the GEF Trust Fund Grant Account (or from the investment income generated therefrom by the Endowment Fund) was used for any expenditure not consistent with the provisions of this Agreement;

(b) the Bank shall have determined, at any time, that any Recipient or the Beneficiary shall have failed to perform any of their respective obligations under this Agreement;

(c) expenditures from the GEF Trust Fund Grant Account (or from the investment income generated therefrom by the Endowment Fund) were made: (i) in the territories of any country which is not a member of the Bank or for goods procured in, or services supplied from, such territories; or (ii) on account of any payment to persons or entities, or any import of goods, if such payment or import is prohibited by a decision of the United Nations Security Council taken under Chapter VII of the Charter of the United Nations;

(d) expenditures from the GEF Trust Fund Grant Account (or from the investment income generated therefrom by the Endowment Fund) were made under a contract in respect of which the Bank determines that corrupt or fraudulent practices were engaged in by representatives of a Recipient, of the Beneficiary or of a Subproject Executing Entity of the GEF Trust Fund Grant during the procurement or execution of such contract, without a Recipient or the Beneficiary having taken timely and appropriate action satisfactory to the Bank to remedy the situation;

(e) the Recipient's Charter, the Operational Manual, the Endowment Fund Manual or the Asset Management Contract have been amended, suspended, abrogated, repealed or waived in a manner which, in the opinion of the Bank, would materially and adversely affect the implementation of the Project or the attainment of its objectives; or

(f) the Recipient has been dissolved or its operations have been suspended.

7. Refunds to the Bank, of GEF Trust Fund Grant proceeds, made pursuant to paragraph 6 of this Part A shall be credited to the GEF Trust Fund Grant Account for subsequent withdrawal or for cancellation in accordance with the provisions of this Agreement. Except for such portions thereof for which a refund to the Bank is required pursuant to the terms of this Agreement, the Recipient may keep in perpetuity funds disbursed to it under Category (1) of the table in paragraph 1 of Part A of this Schedule.

B. Special Account

1. The Recipient may open and maintain in Dollars or Colombian pesos a special deposit account in a commercial Bank acceptable to the Bank, on terms and conditions satisfactory to the Bank, including appropriate protection against set-off, seizure and attachment.

2. After the Bank has received evidence satisfactory to it that the Special Account has been opened, withdrawals from the GEF Trust Fund Grant Account of amounts to be deposited into the Special Account shall be made as follows:

(a) if the Recipient is not making Report-based Disbursements, withdrawals shall be made in accordance with the provisions of Annex A to this Schedule 1; and

(b) if the Recipient is making Report-based Disbursements, withdrawals shall be made in accordance with the provisions of Annex B to this Schedule 1.

3. Payments out of the Special Account shall be made exclusively for Eligible Expenditures. For each payment made by the Recipient out of the Special Account, the Recipient shall, at such time as the Bank shall reasonably request, furnish to the Bank such documents and other evidence showing that such payment was made exclusively for Eligible Expenditures.

4. Notwithstanding the provisions of Part B.2 of this Schedule, the Bank shall not be required to make further deposits into the Special Account:

(a) if the Bank, at any time, is not satisfied that the reports referred to in Part A.5 of this Schedule 1 adequately provide the information required for Report-based Disbursements;

(b) if the Bank determines at any time that all further withdrawals for payment of Eligible Expenditures should be made by the Recipient directly from the GEF Trust Fund Grant Account; or

(c) if the Recipient shall have failed to furnish to the Bank, within the period of time specified in Section 4.01 (b) (ii) of this Agreement, any of the audit reports required to be furnished to the Bank pursuant to said Section in respect of the audit of: (A) the records and accounts for the Special Account; or (B) the records and accounts reflecting expenditures with respect to which withdrawals were Report-based Disbursements or were made on the basis of statements of expenditure, as the case may be.

5. The Bank shall not be required to make further deposits into the Special Account in accordance with the provisions of Part B.2 of this Schedule if, at any time, the Bank shall have notified the Recipient of its intention to suspend in whole or in part the right of the Recipient to make withdrawals from the GEF Trust Fund Grant Account pursuant to Section 6.02 of the General Conditions. Upon such notification, the Bank shall determine, in its sole discretion, whether further deposits into the Special Account may be made and what procedures should be followed for making such deposits, and shall notify the Recipient of its determination.

6. (a) If the Bank determines at any time that any payment out of the Special Account was made for an expenditure which is not an Eligible Expenditure, or was not justified by the evidence furnished to the Bank, the Recipient shall, promptly upon notice from the Bank, provide such additional evidence as the Bank may request, or deposit into the Special Account (or, if the Bank shall so request, refund to the Bank) an amount equal to the amount of such payment. Unless the Bank shall otherwise agree, no further deposit by the Bank into the Special Account shall be made until the Recipient has provided such evidence or made such deposit or refund, as the case may be.

(b) If the Bank determines at any time that any amount outstanding in the Special Account will not be required to cover payments for Eligible Expenditures during the six-month period following such determination, the Recipient shall, promptly upon notice from the Bank, refund to the Bank such outstanding amount.

(c) The Recipient may, upon notice to the Bank, refund to the Bank all or any portion of the funds on deposit in the Special Account.

(d) Refunds to the Bank made pursuant to subparagraph (a), (b) or (c) of this paragraph 6 shall be credited to the GEF Trust Fund Grant Account for subsequent withdrawal or for cancellation in accordance with the provisions of the GEF Trust Fund Grant Agreement.

**Annex A
to
SCHEDULE 1**

**Operation of Special Account
When Withdrawals Are Not
Report-based Disbursements**

1. For the purposes of this Annex, the term “Authorized Allocation” means the amount of seven hundred fifty thousand Dollars (\$750,000) to be withdrawn from the GEF Trust Fund Grant Account and deposited into the Special Account pursuant to paragraph 2 of this Annex.

2. Withdrawals of the Authorized Allocation and subsequent withdrawals to replenish the Special Account shall be made as follows:

(a) For withdrawals of the Authorized Allocation, the Recipient shall furnish to the Bank a request or requests for deposit into the Special Account of an amount or amounts which in the aggregate do not exceed the Authorized Allocation. On the basis of each such request, the Bank shall, on behalf of the Recipient, withdraw from the GEF Trust Fund Grant Account and deposit into the Special Account such amount as the Recipient shall have requested.

(b) For replenishment of the Special Account, the Recipient shall furnish to the Bank requests for deposit into the Special Account at such intervals as the Bank shall specify. Prior to or at the time of each such request, the Recipient shall furnish to the Bank the documents and other evidence required pursuant to Part B.3 of Schedule 1 to this Agreement for the payment or payments in respect of which replenishment is requested. On the basis of each such request, the Bank shall, on behalf of the Recipient, withdraw from the GEF Trust Fund Grant Account and deposit into the Special Account such amount as the Recipient shall have requested and as shall have been shown by said documents and other evidence to have been paid out of the Special Account for Eligible Expenditures. Each such deposit into the Special Account shall be withdrawn by the Bank from the GEF Trust Fund Grant Account under one or more of the Eligible Categories.

3. The Bank shall not be required to make further deposits into the Special Account, once the total unwithdrawn amount of the GEF Trust Fund Grant minus the total amount of all outstanding special commitments entered into by the Bank pursuant to Section 5.02 of the General Conditions shall equal the equivalent of twice the amount of the Authorized Allocation. Thereafter, withdrawal from the GEF Trust Fund Grant Account of the remaining unwithdrawn amount of the GEF Trust Fund Grant shall follow such

procedures as the Bank shall specify by notice to the Recipient. Such further withdrawals shall be made only after and to the extent that the Bank shall have been satisfied that all such amounts remaining on deposit in the Special Account as of the date of such notice will be utilized in making payments for Eligible Expenditures.

**Annex B
to
SCHEDULE 1**

**Operation of Special Account
When Withdrawals Are
Report-based Disbursements**

1. Withdrawals from the GEF Trust Fund Grant Account shall be deposited by the Bank into the Special Account in accordance with the provisions of Schedule 1 to this Agreement. Each such deposit into the Special Account shall be withdrawn by the Bank from the GEF Trust Fund Grant Account under one or more of the Eligible Categories.
2. Upon receipt of each application for withdrawal of an amount of the GEF Trust Fund Grant, the Bank shall, on behalf of the Recipient, withdraw from the GEF Trust Fund Grant Account and deposit into the Special Account an amount equal to the lesser of: (a) the amount so requested; and (b) the amount which the Bank has determined, based on the reports referred to in Part A.5 of this Schedule 1 applicable to such withdrawal application, is required to be deposited in order to finance Eligible Expenditures during the six-month period following the date of such reports.

SCHEDULE 2

Description of the Project

The objective of the Project is to launch a conservation trust fund that will: (a) support the consolidation of the Beneficiary's national protected areas system; and (b) contribute to arrest and reverse trends in biodiversity loss.

The Project consists of the following parts, subject to such modifications thereof as the Recipient and the Bank may agree upon from time to time to achieve such objectives.

Part A: Recipient's Consolidation and Endowment Fund

Provision of support for the Recipient's consolidation and the establishment and operation of the Endowment Fund through, *inter alia*:

1. capitalization of the Endowment Fund; and
2. Recipient's consolidation through *inter alia*, the design and implementation of a fundraising strategy.

Part B: Conservation Mosaics Program

1. Carrying out of activities in support of biodiversity conservation in the Project Area, including, *inter alia*, design and implementation of conservation programs, management strategies and sustainable production systems within Conservation Mosaics.

2. Provision of support to potential Beneficiaries (including technical assistance and training) to assist in the design and identification of Subproject proposals.

Part C: Project Management and Institutional Coordination

Provision of technical assistance, training and equipment (as necessary) to strengthen the Recipient's capacity to implement and monitor on an ongoing basis the execution of the Project, through *inter alia*:

1. design and implementation of a public dissemination campaign (establishment of regional committees);

2. strengthening of the inter-institutional coordination between the Recipient and the National Parks Administrative Unit; *and*
3. design and implementation of a monitoring and evaluation system for the Project.

* * *

The Project is expected to be completed by April 18, 2011.

SCHEDULE 3

Procurement

Section I. General

A. All goods, works and services (other than consultants' services) shall be procured in accordance with the provisions of Section I of the "Guidelines: Procurement under IBRD Loans and IDA Credits" dated May 2004 (the Procurement Guidelines), and with the provisions of this Schedule.

B. All consultants' services shall be procured in accordance with Sections I and IV of the "Guidelines: Selection and Employment of Consultants by World Bank Borrowers" dated May 2004 (the Consultant Guidelines), and with the provisions of this Schedule.

C. The capitalized terms used below in this Schedule to describe particular procurement methods or methods of review by the Bank of particular contracts, have the meanings ascribed to them in the Procurement Guidelines, or Consultant Guidelines, as the case may be.

Section II. Particular Methods of Procurement of Goods, Works and Services (other than Consultants' Services)

A. International Competitive Bidding. Except as otherwise provided in Part B of this Section, contracts shall be awarded on the basis of International Competitive Bidding. The provisions of paragraphs 2.55 and 2.56 of the Procurement Guidelines, providing for domestic preference in the evaluation of bids, shall apply to goods manufactured in the territory of the Beneficiary and works to be carried out by domestic contractors.

B. Other Procurement Procedures

1. National Competitive Bidding. Goods estimated to cost less than \$250,000 equivalent per contract and works estimated to cost less than \$5,000,000 equivalent per contract, may be procured under contracts awarded on the basis of National Competitive Bidding and the following additional provisions:

(a) Before issuing any invitation to bid, the Recipient shall prepare and furnish or cause to be prepared and furnished to the Bank for approval, appropriate model bidding documents. Once approved by the 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 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 the Beneficiary's territory or elsewhere, or to appoint a representative domiciled in the Beneficiary's territory, 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 2.467 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.

2. Shopping. Goods and non-consulting services estimated to cost less than \$50,000 equivalent per contract and works estimated to cost less than \$100,000

equivalent per contract, may be procured under contracts awarded on the basis of Shopping.

Section III. Particular Methods of Procurement of Consultants' Services

A. Quality- and Cost-based Selection. Except as otherwise provided in Part B of this Section, consultants' services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection. For purposes of paragraph 2.7 of the Consultant Guidelines, the short list of consultants for services estimated to cost less than \$350,000 equivalent per contract may comprise entirely national consultants.

B. Other Procedures

1. Selection Based on Consultants' Qualifications. Services estimated to cost less than \$200,000 equivalent per contract may be procured under contracts awarded in accordance with the provisions of paragraphs 3.1, 3.7 and 3.8 of the Consultant Guidelines.

2. Selection Under a Fixed Budget. Services for work supervision contracts which the Bank agrees meet the requirements of paragraph 3.5 of the Consultant Guidelines may be procured under contracts awarded on the basis of a Fixed Budget in accordance with the provisions of paragraphs 3.1 and 3.5 of the Consultant Guidelines.

3. Single Source Selection. Services for tasks in circumstances which meet the requirements of paragraph 3.10 of the Consultant Guidelines for Single Source Selection, may, with the Bank's prior agreement, be procured in accordance with the provisions of paragraphs 3.9 through 3.13 of the Consultant Guidelines.

4. Individual Consultants. Services for assignments that meet the requirements set forth in the first sentence of paragraph 5.1 of the Consultant Guidelines may be procured under contracts awarded to individual consultants in accordance with the provisions of paragraphs 5.2 through 5.3 of the Consultant Guidelines. Under the circumstances described in paragraph 5.4 of the Consultant Guidelines, such contracts may be awarded to individual consultants on a sole-source basis.

Section IV. Review by the Bank of Procurement Decisions

The Procurement Plan shall set forth those contracts which shall be subject to the Bank's Prior Review. All other contracts shall be subject to Post Review by the Bank.

SCHEDULE 4

Provisions Regarding Subprojects and Other Project Activities in/or Affecting a Protected Area

No Subprojects and other Project activities in or affecting a Protected Area may involve or relate to:

- (a) investments in timber harvesting operations or in timber processing equipment (except with respect to plantations in non-forested areas, in heavily degraded forested areas, or in areas already planted; or except with respect to controlled, community based, sustained-yield forest management; but in no case commercial logging in areas of primary tropical moist forest);
- (b) mere consumption or transfer of ownership;
- (c) financing of debts and liabilities;
- (d) purchase or rental of land (except as may be financed with other than GEF Trust Fund Grant proceeds or with prior written approval by the Bank);
- (e) provision of welfare or other social assistance;
- (f) financing of any operating costs that would not have been incurred absent the Subproject;
- (g) activities relating to, or in preparation for, exploitation of any plant or animal species listed in the Convention on International Trade in Endangered Species of Fauna and Flora (CITES) or in the Beneficiary's list of threatened species, except that such activities may be carried out as part of a Subproject, with the prior approval of the Bank, if the individual plant or animal specimens in question: (i) are of a species not listed in CITES Appendix I or qualify as part of CITES Appendix II pursuant to CITES Article VII (4); (ii) qualify for the issuance of certificates pursuant to CITES Article VII (5) and are bred or propagated from parent specimens that also qualify for the issuance of such certificates; and (iii) are to be placed in trade or otherwise disposed of in a manner consistent with the terms of CITES;
- (h) use of pesticides that are formulated products within classes IA and IB of the World Health Organization's Recommended Classification of Pesticides by Hazard and Guidelines to Classification (Geneva: World Health Organization, 1994-95; hereinafter WHO Guidelines), or are formulations of products in Class II of the WHO Guidelines;

- (i) reconversion out of shaded coffee or expansion of non-shaded coffee production;
- (j) extensive livestock use in medium- or high-altitude areas;
- (k) introduction or promotion of invasive species not native to the Protected Area in question;
- (l) establishment, maintenance or expansion of timber plantations in forested areas (unless the forested areas in which such actions would take place are heavily degraded); and/or
- (m) significant conversion or degradation of critical or other natural habitats (as such terms are defined in the Bank's June 2001 Operational Policy 4.04, Annex A, on natural habitats).