

CONFORMED COPY

LOAN NUMBER 7944-CO

Loan Agreement

**(Strengthening the National System of Science, Technology and Innovation Project)
(APL Phase I)**

between

REPUBLIC OF COLOMBIA

and

**INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT**

Dated August 2, 2010

LOAN AGREEMENT

Agreement dated August 2, 2010, between REPUBLIC OF COLOMBIA (“Borrower”) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (“Bank”).

WHEREAS (A) the Borrower, through the *Departamento Administrativo de Ciencia, Tecnología e Innovación (COLCIENCIAS)*, has delivered to the Bank a letter from the Director of COLCIENCIAS dated April 22, 2010, describing the Borrower’s strategy and objectives to enhance its ability to generate, disseminate and apply knowledge to support its social and economic development (the Program), and declaring the Borrower’s commitment to the execution of such Program.

WHEREAS (B) the Borrower, through COLCIENCIAS, has requested that the Bank support its execution of the Program through this Loan (as hereinafter defined) and expressed its interest in seeking future Bank support through another loan, subject to required approvals pursuant to the Borrower’s domestic legislation, both considered as distinct phases of an adaptable program lending (APL) sequence and to be utilized by the Borrower in the implementation of the Program.

The Bank and the Borrower hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

- 1.01. The General Conditions (as defined in the Appendix to this Agreement) constitute an integral part of this Agreement.
- 1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the General Conditions or in the Appendix to this Agreement.

ARTICLE II — LOAN

- 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions set forth or referred to in this Agreement, the amount of twenty five million Dollars (\$25,000,000), as such amount may be converted from time to time through a Currency Conversion in accordance with the provisions of Section 2.07 of this Agreement (“Loan”), to assist in financing the project described in Schedule 1 to this Agreement (“Project”).
- 2.02. The Borrower may withdraw the proceeds of the Loan in accordance with Section IV of Schedule 2 to this Agreement.

- 2.03. The Front-end Fee payable by the Borrower shall be equal to one quarter of one percent (0.25%) of the Loan amount. The Borrower shall pay the Front-end Fee not later than 60 days after the Effective Date
- 2.04. The interest payable by the Borrower for each Interest Period shall be at a rate equal to LIBOR for the Loan Currency plus the Fixed Spread; provided, that upon a Conversion of all or any portion of the principal amount of the Loan, the interest payable by the Borrower during the Conversion Period on such amount shall be determined in accordance with the relevant provisions of Article IV of the General Conditions. Notwithstanding the foregoing, if any amount of the Withdrawn Loan Balance remains unpaid when due and such non-payment continues for a period of thirty days, then the interest payable by the Borrower shall instead be calculated as provided in Section 3.02 (d) of the General Conditions.
- 2.05. The Payment Dates are February 15 and August 15 in each year.
- 2.06. The principal amount of the Loan shall be repaid in accordance with the provisions of Schedule 3 to this Agreement.
- 2.07. (a) The Borrower may at any time request any of the following Conversions of the terms of the Loan in order to facilitate prudent debt management: (i) a change of the Loan Currency of all or any portion of the principal amount of the Loan, withdrawn, to an Approved Currency; (ii) a change of the interest rate basis applicable to all or any portion of the principal amount of the Loan withdrawn and outstanding from a Variable Rate to a Fixed Rate, or vice versa; and (iii) the setting of limits on the Variable Rate applicable to all or any portion of the principal amount of the Loan withdrawn and outstanding by the establishment of an Interest Rate Cap or Interest Rate Collar on the Variable Rate.
- (b) Any conversion requested pursuant to paragraph (a) of this Section that is accepted by the Bank shall be considered a “Conversion”, as defined in the General Conditions, and shall be effected in accordance with the provisions of Article IV of the General Conditions and of the Conversion Guidelines.

ARTICLE III — PROJECT

- 3.01. The Borrower declares its commitment to the objectives of the Project and the Program. To this end, the Borrower shall carry out the Project through COLCIENCIAS in accordance with the provisions of Article V of the General Conditions.

- 3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Borrower and the Bank shall otherwise agree, the Borrower shall ensure that the Project is carried out, through COLCIENCIAS, in accordance with the provisions of Schedule 2 to this Agreement.

ARTICLE IV — REMEDIES OF THE BANK

- 4.01. The Additional Events of Suspension consists of the following:
- (a) COLCIENCIAS' Legislation has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely, in the opinion of the Bank, the ability of COLCIENCIAS to perform any of its obligations under this Agreement, and prior consultation on this matter between the Bank and the Borrower has been conducted.
 - (b) An action shall have been taken for the dissolution, disestablishment or suspension of operations of the *Francisco José de Caldas Fund* pursuant to the provision of paragraph B.6 of Section I of Schedule 2 to this Agreement and prior consultation on this matter between the Bank and the Borrower has been conducted.

ARTICLE V— EFFECTIVENESS; TERMINATION

- 5.01. The Additional Condition of Effectiveness consists of the following, namely, that the Project Operational Manual has been adopted in a manner satisfactory to the Bank pursuant to paragraph B.3 (a) of Section I of Schedule 2 to this Agreement.
- 5.02. Without prejudice to the provisions of the General Conditions, the Effectiveness Deadline 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 Loan which expire on January 16, 2012.

ARTICLE VI— REPRESENTATIVE; ADDRESSES

- 6.01. The Borrower's Representative is its Minister of Finance and Public Credit

6.02. The Borrower's Address is:

Ministerio de Hacienda y Crédito Público
 Palacio de los Ministerios
 Plaza San Agustín
 Carrera 7A, N°6-45, Piso 3
 Bogotá, D.C.
 Colombia

Facsimile: (571) 350-9344

Correspondence to be copied to:

Departamento Administrativo de Ciencia, Tecnología e Innovación
 (COLCIENCIAS)
 Carrera 7 B bis No. 132-28
 Edificio COLCIENCIAS
 Bogotá, DC.
 Colombia
 Facsimile:
 (571) 6251788

6.03. The Bank's Address is:

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

Cable address:

Telex:

Facsimile:

INTBAFRAD
 Washington, D.C.

248423(MCI) or
 64145(MCI)

1-202-477-6391

AGREED at Bogotá, Republic of Colombia as of the day and year first above written.

REPUBLIC OF COLOMBIA

By /s/ Oscar Iván Zuluaga
Authorized Representative

**INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT**

By /s/ Gloria Grandolini
Authorized Representative

***DEPARTAMENTO ADMINISTRATIVO DE
CIENCIA, TECNOLOGIA E INNOVACION***

By /s/ Juan Francisco Miranda Miranda
Authorized Representative

SCHEDULE 1

Project Description

The objectives of the Project are to: (i) strengthen COLCIENCIAS capacity to promote human capital for the knowledge economy, research and development and innovation; and (ii) raise awareness of science, technology and innovation in the Colombian society.

The Project constitutes the first phase of the Program, and consists of the following parts:

Part A: Strengthening COLCIENCIAS' Operational and Policy-making Capacity; Institutional Strengthening of the Science, Technology and Innovation National System

1. Strengthening of COLCIENCIAS' operational and policy-making capacity including:
 - (a) The enhancement of its organization, human resource capabilities and business processes, through, *inter alia*, the provision of staff training, technical assistance and Operating Costs.
 - (b) The improvement of its strategic and sector planning and policy-making, through, *inter alia*, the creation of a specialized internal policy analysis unit, and the provision of goods, services, Operating Costs and technical assistance required therefor.
 - (c) The improvement of its capacity to monitor, evaluate and manage the Project, through, *inter alia*, the provision of goods, services, training, Operating Costs and technical assistance required therefor.

Part B: Strengthening COLCIENCIAS Capacity to Promote Development of Human Capital for Science and Technology

1. Institutional strengthening of COLCIENCIAS' capacity to promote the development of human capacity for the knowledge economy through:
 - (a) The financing of Investment Pilots to promote: (i) the labor market insertion of doctoral graduates by, *inter alia*, providing Stipends to public and private knowledge institutions and firms to hire doctoral graduates, including Colombian and non-Colombian researchers residing outside the Republic of Colombia; (ii) linkages between Colombian and non-Colombian scientists and the Colombian diaspora by, *inter alia*: (A) providing matching grants for collaborative Subprojects; and (B)

training, forums and seminars; and (iii) provide the technical assistance to develop and implement plans and carry out evaluations therefor.

- (b) (i) The financing of Investments to promote the development of scientific skills in basic and secondary education by, *inter alia*, providing grants for research activities of students and their teachers; and (ii) the provision of technical assistance to, *inter alia*, establish and implement a monitoring and evaluation framework therefor.

Part C: Strengthening COLCIENCIAS' Capacity to Promote Research and Innovation; Investment for Research and Innovation.

1. Strengthening of COLCIENCIAS' capacity to promote Research and Development (R&D) and innovation, through the financing, including matching grants, of Investment Pilots to promote and support, *inter alia*: (a) the development of innovation-management capabilities in firms; (b) R&D and innovation Subprojects in strategic knowledge areas; (c) Subprojects under revisions of existing COLCIENCIAS' instruments for *Recuperación contingente* and *Cofinanciación*; and (d) the provision of technical assistance to develop and implement plans and carry out evaluations therefor.

Part D: Promoting Social Dissemination of Science, Technology and Innovation and Institutional Communication

1. Carrying out and financing of investments to:
 - (a) Increase awareness and disseminate knowledge of science, technology and innovation among the Borrower's public and private sectors, including provision of; (i) goods, including the rental, acquisition and operation of vehicles for mobile classrooms; (ii) training, forums and seminars, including training of mediators and facilitators; and (iii) technical assistance for, *inter alia*, the development and implementation of a monitoring and evaluation framework therefor; and
 - (b) Increase COLCIENCIAS' visibility in the Colombian society, including the preparation and carrying out of plans, seminars and mass media investments, and the provision of goods, services, Operating Costs and technical assistance therefor.

SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. The Borrower shall maintain, at all times, during the implementation of the Project, COLCIENCIAS as its *Departamento Administrativo* responsible for the effective technical, fiduciary and supervisory activities related to the Project.
2. The Borrower, through COLCIENCIAS, shall, under the overall supervision of COLCIENCIAS' Director, maintain until completion of the Project, the Project Leader with qualifications, experience and terms of reference satisfactory to the Bank, directly reporting to COLCIENCIAS's Director, and assigned with qualified staff in adequate numbers, consultants with qualifications and experience satisfactory to the Bank and contracted pursuant to Section III of Schedule 2 to this Agreement, and such other resources and responsibilities as shall be required to coordinate the day-to-day management of the Project, including the: (a) effective implementation of procurement; (b) financial management; (c) audit; (d) monitoring and evaluation activities pursuant to the provisions of this Agreement and the Project Operational Manual; and (e) preparation and submission to the Bank, for its review and approval, of Project Annual Operating plans and related budgets.

B. Implementation Arrangements

1. To facilitate the carrying out of the Project, the Borrower shall make the proceeds of the Loan available to COLCIENCIAS through budgetary transfers.
2. Without limitation upon the provisions of Section 5.03 of the General Conditions, the Borrower shall make budgetary provisions in COLCIENCIAS' annual budgets for calendar year 2011 and thereafter in amounts equivalent to at least seventy five per cent (75%) of expected Project expenditures for each such calendar year as provided for in the relevant Project Annual Operating Plan.
3. The Borrower, through COLCIENCIAS, shall:
 - (a) adopt and thereafter apply and cause to be applied in the carrying out of the Project the Project Operational Manual under terms and conditions which shall been approved by the Bank;

- (b) carry out the Project, or cause the Project to be carried out, in accordance with the provisions of the: (i) Project Operational Manual; (ii) Annual Operating Plans; (iii) Environmental Management Framework; (iv) Indigenous Peoples Planning Framework; and (v) Anti-Corruption Guidelines;
 - (c) (i) prepare and furnish to the Bank for review and comments, by not later than December 1 in each year, starting on December 1, 2010 and in accordance with guidelines detailed in the Project Operational Manual, a consolidated Project Annual Operating Plan covering all Project activities, in a manner satisfactory to the Bank, including a description of Project activities and an implementation schedule for the upcoming year, a budget, and a financial plan; and (ii) thereafter carry out the Project or cause the Project to be carried out in accordance with the Project Annual Operating Plan taking into account the Bank's views, if any;
 - (d) procure, and cause to be procured all goods, works and services required for the Project and to be financed out of the proceeds of the Loan in accordance with the provisions of Section III of Schedule 2 to this Agreement;
 - (e) undertake that no physical or economic involuntary displacement of people (as interpreted in accordance with the Bank's Operational Policy 4.12) shall take place as a consequence of Project implementation; and
 - (f) by not later than December 31, 2012, establish COLCIENCIAS management information system, satisfactory to the Bank.
4. The Borrower shall not amend, waive, suspend or fail to enforce the Project Operational Manual or any provision thereof without the prior approval of the Bank. In case of any conflict between the terms of this Agreement and those of the Project Operational Manual the terms of this Agreement shall prevail.
5. The Borrower, through COLCIENCIAS, shall finance Sub-projects under Parts B, C and D of the Project on a grant basis (the Grant) to Beneficiaries pursuant to the provisions established in the *Convocatoria* and in separate grant agreements (the Grant Agreement) under terms and conditions approved by the Bank and set forth in the Project Operational Manual which shall include the following key provisions: (a) the identification of the Beneficiary; (b) the contract value assigned to each Beneficiary by COLCIENCIAS; (c) the duration of the activities to be financed by the Grant; (d) the terms of the counterpart funding to be provided by the Beneficiary to carry out its respective Subproject; (f) the scope and nature of the activities to be financed under Parts B, C, and D of the Project; (g) the provisions of the Anti-Corruption Guidelines, the Environmental Management Framework; and (h) the commitment of the Beneficiary and/or the

Financial Institution, if applicable, to take all necessary measures, as required by the Borrower, through COLCIENCIAS, to comply with its obligations as provided under Parts B, C, and D of the Project. Each Grant Agreement shall be entered into between a Beneficiary and the Borrower, through COLCIENCIAS, and/or through a Financial Institution on behalf of the Borrower, through COLCIENCIAS. Said Financial Institution shall have been selected through a public competitive process (*licitación pública*) under terms and conditions and bidding documents acceptable to the Bank.

6. Without limitation to the provisions of paragraph B.5 above, and in the event that the Grants are provided to Beneficiaries through a Financial Institution on behalf of COLCIENCIAS, the Borrower, through COLCIENCIAS, shall: (a) comply and cause the Financial Institution to comply with the terms of the existing Financing Agreement and the relevant terms and conditions set forth in the Project Operational Manual; or (b) if determined by the Borrower, through COLCIENCIAS, enter into a new Financing Agreement with a new Financial Institution selected through a public competitive process (*licitación pública*) under terms and conditions and bidding documents acceptable to the Bank, as set forth in the Project Operational Manual.
7. The Borrower, through COLCIENCIAS, shall, and shall cause, if applicable, the Financial Institution, to exercise its rights and carry out its obligations under each Grant Agreement in such manner as to protect the interests of the Borrower and the Bank and to accomplish the purposes of the Loan.
8. The Borrower, through COLCIENCIAS, shall exercise its rights and carry out its obligations under the Financing Agreement with the relevant Financial Institution in such manner as to protect the interests of the Borrower and the Bank and to accomplish the purposes of the Loan. In this regard, and except as the Bank shall otherwise agree, the Borrower, through COLCIENCIAS, shall not assign, amend, abrogate, waive or fail to enforce the relevant provisions of the Financing Agreement as applicable to Parts B, C and D of the Project.

C. Anti-Corruption

The Borrower shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines. In this regard and without limitation to its obligations under this Agreement, the Borrower, through COLCIENCIAS, shall, *inter alia*, ensure compliance with paragraph 9 (d) of the Anti-Corruption Guidelines by requiring the Financial Institution to:

- (a) take appropriate measures to prevent, inform on, respond to and investigate corrupt, fraudulent, collusive, coercive and obstructive practices by its representatives in connection to the use of Loan proceeds;

- (b) allow the Bank to inspect accounts, records and other documents relating to the Project upon the Bank's request and in the company of the Financial Institution representatives;
- (c) allow the Bank, at its request, to have such accounts, records and other documents audited by or on behalf of the Bank, using the Bank's terms of reference for such purpose, with the collaboration of the Borrower through COLCIENCIAS;
- (d) accept the Bank's right to apply any of the sanctions foreseen in Section 11 of the Anti-Corruption Guidelines if at any time the Bank determines that any of the Financial Institution representatives have engaged in corrupt, fraudulent, collusive, coercive or obstructive practices in connection with the use of Bank Loan proceeds; and
- (e) restitute to the Borrower any amount of the Loan with respect to which fraud and corruption has occurred.

D. Safeguards

1. The Borrower, through COLCIENCIAS, shall:
 - (a) carry out the Project in accordance with the provisions of the Environmental Management Framework and Indigenous Peoples Planning Framework, as the case may be; and
 - (b) not abrogate, amend, assign, repeal, suspend, waive or fail to enforce the provisions of the Environmental Management Framework and Indigenous Peoples Planning Framework without the prior agreement of the Bank.

Section II. Project Monitoring Reporting and Evaluation

A. Project Reports

1. The Borrower, through COLCIENCIAS, shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 5.08 of the General Conditions and on the basis of the indicators agreed with the Bank. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the Bank not later than forty five (45) days after the end of the period covered by such report.
2. For purposes of Section 5.08 (c) of the General Conditions, the report on the execution of the Project and related plan required pursuant to that Section shall be furnished to the Bank not later than six months after the Closing Date.

B. Financial Management, Financial Reports and Audits

1. The Borrower, through COLCIENCIAS, shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 5.09 of the General Conditions.
2. Without limitation on the provisions of Part A of this Section, the Borrower, through COLCIENCIAS, shall prepare and furnish to the Bank not later than forty five (45) days after the end of each calendar semester, interim unaudited financial reports for the Project covering the semester, in form and substance satisfactory to the Bank.
3. The Borrower, through COLCIENCIAS, shall have the Project Financial Statements audited in accordance with the provisions of Section 5.09 (b) of the General Conditions. Each audit of the Project Financial Statements shall cover the period of one fiscal year of the Borrower. The audited Financial Statements for each such period shall be furnished to the Bank not later than six months after the end of such period.

Section III. Procurement

A. General

1. **Goods** All goods required for the Project and to be financed out of the proceeds of the Loan shall be procured in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, and with the provisions of this Section.
2. **Consultants' Services.** All consultants' services required for the Project and to be financed out of the proceeds of the Loan shall be procured in accordance with the requirements set forth or referred to in Sections I and IV of the Consultant Guidelines and with the provisions of this Section.
3. **Definitions.** The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Bank of particular contracts refer to the corresponding method described in the Procurement Guidelines, or Consultant Guidelines, as the case may be.
4. **Special Provision.** Without limitation to its reporting obligations under this agreement, the Borrower, through COLCIENCIAS, shall: (a) supply the SEPA with the information contained in the initial Procurement Plan within forty (45) days after the Project has been approved by the Bank; and (b) update the Procurement Plan at least once a year, or as required by the Bank, to reflect the actual Project implementation needs and progress and shall supply SEPA with

the information contained in the updated Procurement Plan immediately thereafter.

B. Particular Methods of Procurement of Goods

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods shall be procured under contracts awarded on the basis of International Competitive Bidding.
2. **Other Methods of Procurement of Goods.** The following table specifies the methods of procurement, other than International Competitive Bidding, which may be used for goods. Annex A to this Schedule 2 specifies the circumstances under which such methods may be used.

<u>Procurement Method</u>
(a) National Competitive Bidding
(b) Commercial Practices acceptable to the Bank as set forth in the Procurement Plan and the Project Operational Manual
(c) Direct Contracting
(d) Shopping

C. Particular Methods of Procurement of Consultants' Services

1. **Quality- and Cost-based Selection.** Except as otherwise provided in paragraph 2 below, consultants' services shall be procured under contracts awarded on the basis of Quality and Cost-based Selection.
2. **Other Methods of Procurement of Consultants' Services.** The following table specifies the methods of procurement, other than Quality and Cost-based Selection, which may be used for consultants' services. The Procurement Plan shall specify the circumstances under which such methods may be used.

<u>Procurement Method</u>
(a) Quality-Based Selection
(b) Least-Cost Selection
(c) Fixed-Budget Selection
(d) Single Source Selection
(e) Selection based on Consultants' Qualifications
(f) Individual Consultants selected pursuant to the procedures set forth in paragraphs 5.2., 5.3 and 5.4 of the Consultant Guidelines

D. 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.

Section IV. Withdrawal of Loan Proceeds

A. General

1. The Borrower may withdraw the proceeds of the Loan in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Bank shall specify by notice to the Borrower (including the "World Bank Disbursement Guidelines for Projects" dated May 2006, as revised from time to time by the Bank and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the table in paragraph 2 below.
2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Loan ("Category"), the allocation of the amounts of the Loan to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category.

<u>Category</u>	<u>Amount of the Loan Allocated (expressed in USD)</u>	<u>Percentage of Expenditures to be financed (inclusive Taxes)</u>
(1) Grants under Sub-projects under Part B (except Part B 1.(b)(i)), C and D of the Project	9,026,250	100%
(2) Grants under Sub-projects under Part B 1.(b)(i) of the Project	2,080,650	100%
(3) Stipends under Part B.1(a)(i) of the Project	2,080,650	100%
(4) Goods, services, training, Operating Costs and consultants' services under Parts A, B, C 1(d) and D of the Project	11,812,450	100%

<u>Category</u>	Amount of the Loan Allocated (expressed in USD)	Percentage of Expenditures to be financed (inclusive Taxes)
TOTAL AMOUNT	25,000,000	

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made:
 - (a) for payments made prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed \$5,000,000 equivalent may be made for payments made prior to this date but on or after December 1, 2009 for Eligible Expenditures under Categories (1), (3) and (4).
2. The Closing Date is December 31, 2013.

**Annex A
to
SCHEDULE 2**

**Additional Provisions Relating to
Particular Methods of Procurement**

Section I. National Competitive Bidding

Goods estimated to cost less than \$1,000,000 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, subject to the following additional provisions:

- (a) Before issuing any invitation to bid, the Borrower shall use, or cause to be used, standard bidding documents, as approved by the Bank for bidding under the Project and incorporated in the Project Operational Manual (the “Standard Bidding Documents”). Any change or departure from the Standard Bidding Document approved by the Bank shall require its prior approval.
- (b) All bidders, irrespective of whether they are foreigners or citizens of the Borrower’s territory, 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 Borrower’s territory or elsewhere, or to appoint a representative domiciled in Borrower’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 on 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 2.46 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.

SCHEDULE 3

1. The Borrower shall repay the principal amount of the Loan in full on February 15, 2028.

APPENDIX

Section I. Definitions

1. “Anti-Corruption Guidelines” means the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006, with the modifications set forth in Section I of this Appendix.
2. “Beneficiary” means either an individual or a legal entity such as a private sector entity, a university, and a research center, implementing a Sub-project.
3. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
4. “*Cofinanciación*” means a cofinancing mechanism to be used by the Borrower, through COLCIENCIAS and/or the Financial Institution for the provision of a Grant to a Beneficiary, with the collaboration of public and private entities as providers of funds.
5. “COLCIENCIAS Legislation” means Law 1286 of 2009.
6. “Consultant Guidelines” means the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” published by the Bank in May 2004 and revised in October 2006 and May 2010.
7. “*Convocatoria*” means a call for proposal issued and widely disseminated by the Borrower, through COLCIENCIAS, pursuant to terms satisfactory to the Bank, inviting, *inter alia*, eligible individuals, institutions or firms, to submit Subproject proposals, for the purposes of competitively selecting Beneficiaries under Parts B, C and D of the Project.
8. “*Departamento Administrativo de Ciencia, Tecnología e Innovación*” and the acronym COLCIENCIAS”, mean the Borrower’s national public science, technology and innovation *Departamento Administrativo*, originally established as the *Instituto Colombiano para el Desarrollo de la Ciencia y la Tecnología “Francisco José de Caldas”* by Decree No. 2869 dated November 20, 1968, and transformed into a *Departamento Administrativo* as part of the Borrower’s Executive Branch reporting directly to the President, pursuant to the Borrower’s Law 1286 dated January 23, 2009, and any successor thereto.
9. “Environmental Management Framework” means the Framework adopted by the Borrower through COLCIENCIAS on April 9, 2010, and referred to in paragraph D of Section I of Schedule 2 to this Agreement, as such Framework may be amended from time to time with the prior approval of the Bank.

10. “Financing Agreement” means the *Contrato de Fiducia Mercantil No. 623* entered into between the Borrower, through COLCIENCIAS, with *Sociedad Fiduciaria de Bogotá S.A.* dated December 4, 2009, or any other agreement to be entered into between the Borrower, through COLCIENCIAS, and a Financial Institution pursuant to paragraph B.6. of Section I of Schedule 2 to this Agreement.
11. “Financial Institution” means the *Sociedad Fiduciaria Bogotá S.A.* or any other financial institution, satisfactory to the Bank, which entered into a Financing Agreement pursuant to paragraph B.6 of Section I of Schedule 2 to this Agreement.
12. “*Francisco José de Caldas Fund*” means the *Fondo Nacional de Financiamiento Para la Ciencia, la Tecnología y la Innovación, Fondo José de Caldas* established by Article 22 of the Borrower’s Law 1286 dated January 23, 2009, as an autonomous fund (*patrimonio autónomo*) to be administered pursuant to a trust fund agreement (*contrato de fiducia mercantil*), and any successor thereto.
13. “General Conditions” means the “International Bank for Reconstruction and Development General Conditions for Loans”, dated July 1, 2005 (as amended through February 12, 2008) with the modifications set forth in Section II of this Appendix.
14. “Grant” means the financing out of the proceeds of the Loan of the reasonable cost of goods, works, services, including consultants services, and Operating Costs under a Sub-project.
15. “Grant Agreement” means the agreement referred to in paragraph B.5 of Section I of Schedule 2 to this Agreement to be entered into between the Borrower, through COLCIENCIAS, and/or through a Financial Institution acceptable to the Bank, on behalf of the Borrower, through COLCIENCIAS, and a Beneficiary, under terms and conditions satisfactory to the Bank, for purposes of financing a Sub-project.
16. “Indigenous Peoples Planning Framework” means the Framework adopted by the Borrower through the COLCIENCIAS on April 15, 2010, and referred to in paragraph D of Section I of Schedule 2 to this Agreement, as such Framework may be amended from time to time with the prior approval of the Bank.
17. “Investment” means recurrent activities under Parts B and D of the Project to promote science, technology and innovation to be implemented either directly by the Borrower, through COLCIENCIAS, or by a Beneficiary under the *Programa Ondas*.

18. “Investment Pilot” means new activities under Parts B and C of the Project to promote science, technology and innovation to be implemented either directly by the Borrower through COLCIENCIAS or by a Beneficiary under a Sub-project.
19. “Operating Costs” means reasonable expenditures directly related to the Project, incurred by the Borrower, through COLCIENCIAS, (which expenditures would not have been incurred absent the Project), including the costs of consumable materials and supplies, communications and translations, mass media and printing services, rental of vehicles, warehouse space, and facilities, operation and maintenance, charges for the opening and operation of bank accounts required for the Project, postage and handling, and travel, lodging and *per diems*, but excluding salaries of officials of the Borrower’s civil service.
20. “Procurement Guidelines” means the “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the Bank in May 2004 and revised in October 2006 and May 2010.
21. “Procurement Plan” means the Borrower’s procurement plan for the Project, dated May 21, 2010, and referred to in paragraph 1.16 of the Procurement Guidelines and paragraph 1.24 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.
22. “Program” means the program designed to enhance the Borrower’s ability to generate, identify, disseminate, apply and integrate knowledge among its citizens to foster economic growth and diminish inequities, and set forth or referred to in the letter dated April 22, 2010, from the Director of COLCIENCIAS on behalf of the Borrower to the Bank.
23. “*Programa Ondas*” means the Borrower’s program to finance, through COLCIENCIAS, research activities undertaken by basic and secondary education students and their teachers.
24. “Project Operational Manual” means the manual adopted by the Borrower, through COLCIENCIAS, pursuant to paragraph B.3 (a) of Section 1 of Schedule 2 to this Agreement for purposes of carrying out the Project, as such manual may be amended with the prior approval of the Bank.
25. “*Recuperación contingente*” means a contractual modality to be entered into between the Borrower, through COLCIENCIAS and/or the Financial Institution and a Beneficiary pursuant to the financial terms detailed in Article 8(d) of the Borrower’s Decree Law No. 591, dated February 26, 1991, as amended to the date of this Agreement.

26. “SEPA” means the Bank’s system for the execution of procurement processes carried out in accordance with the provisions of Section III of Schedule 2 to this Agreement.
27. “Stipends” means remuneration for the temporary employment (or services rendered) provided to Beneficiaries in accordance with the provisions of the Project Operational Manual.
28. “Sub-project” means an Investment or an Investment Pilot to be implemented by a Beneficiary selected through competitive processes with the financial assistance of the Borrower, through COLCIENCIAS.
29. “Training” means expenditures (other than for consultant’s services incurred by the Borrower) in respect of Category 4 to finance: (a) reasonable *per diem* cost, travel, room and board expenditures incurred by trainers and trainees in connection with their training and by non-consultant training facilitators; (b) course fees; (c) training facility rentals; and (d) training material preparation, acquisition, reproduction and distribution expenses.

Section II. Modifications to the General Conditions

The modifications to the General Conditions are as follows:

1. Paragraph (l) of Section 7.02 is modified to read as follows:

“Section 7.02. Suspension by the Bank

... (l) Ineligibility. The Bank or the Association has declared the Borrower (other than the Member Country) or the Project Implementing Entity ineligible to receive proceeds of any financing made by the Bank or the Association or otherwise to participate in the preparation or implementation of any project financed in whole or in part by the Bank or the Association, as a result of: (i) a determination by the Bank or the Association that the Borrower or the Project Implementing Entity has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of any financing made by the Bank or the Association; and/or (ii) a declaration by another financier that the Borrower (other than the Member Country) or the Project Implementing Entity 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 Borrower or the Project Implementing 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. The following terms and definitions set forth in the Appendix are modified or deleted as follows, and the following new terms and definitions are added in alphabetical order to the Appendix as follows, with the terms being renumbered accordingly:

- (b) The definition of the term “Conversion Date” is modified to read as follows:

“‘Conversion Date’ means, in respect of a Conversion, the Execution Date (as herein defined) or such other date as requested by the Borrower and accepted by the Bank, on which the Conversion enters into effect, and as further specified in the Conversion Guidelines.”

Section II. Modifications to the Anti-Corruption Guidelines

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.”