

**CONFORMED COPY**

**LOAN NUMBER 7484-CO**

# **Loan Agreement**

**(Second Rural Productive Partnerships Support Project)**

**between**

**REPUBLIC OF COLOMBIA**

**and**

**INTERNATIONAL BANK FOR RECONSTRUCTION  
AND DEVELOPMENT**

**Dated December 13, 2007**

**LOAN AGREEMENT**

Agreement dated December 13, 2007, between REPUBLIC OF COLOMBIA (“Borrower”) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (“Bank”). The Borrower and the Bank 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 thirty million Dollars (\$30,000,000), 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 Withdrawal 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 or unwithdrawn, 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 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 objective of the Project. To this end, the Borrower shall carry out the Project through MADR 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 in accordance with the provisions of Schedule 2 to this Agreement.

### **ARTICLE IV — TERMINATION**

- 4.01. 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 February 21, 2009.

### **ARTICLE V — REPRESENTATIVE; ADDRESS**

- 5.01. The Borrower's Representative is its Minister of Finance and Public Credit.
- 5.02. The Borrower's Address is:

Ministry of Finance and Public Credit  
Carrera 7A, No. 6-45, Piso 3  
Bogotá, D.C.  
Colombia

Cable address:  
MINHACIENDA

Facsimile:  
(571) 350-9344

5.03. 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 the District of Columbia, United States of America, as of the day and year first above written.

REPUBLIC OF COLOMBIA

By /s/ Mariana Pacheco  
Authorized Representative

INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT

By /s/ Pamela Cox  
Authorized Representative

## SCHEDULE 1

### Project Description

The objective of the Project is to increase rural competitiveness and build up rural entrepreneurship in poor rural communities in a sustainable manner through demand-driven partnerships with the commercial private sector.

The Project consists of the following parts:

#### Part 1: Support the Preparation of Productive Partnerships

- (a) Carrying out of an information campaign to inform Productive Partnership participants and other relevant stakeholders about the scope and rules of the Project, such campaign to include, *inter alia*: (a) the publication of brochures; (b) organization of workshops for rural municipalities, producer organizations, chambers of commerce, commercial private sector as well as another members of the value chain; and (c) operation of a Productive Partnership website.
- (b) Identification of expressions of interest from potential Productive Partnership participants and subsequent evaluation of such expressions of interest for future inclusion in the Project, as provided in the Operational Manual.
- (c) Provision of technical assistance to support Producer Organizations and Agribusiness Firms in the preparation and *ex-ante* evaluation of Productive Partnership proposals.

#### Part 2: Support the Implementation of Productive Partnerships

- (a) Provision of Cost-Sharing Transfers to Eligible Participants, for the purposes of carrying out approved Productive Partnership Subprojects.
- (b) Provision of technical assistance and training to Eligible Participants and Technical Assistance Providers to ensure the appropriate implementation of Productive Partnership Subprojects.
- (c) Provision of technical assistance and training to the *Secretarías de Agricultura Departamentales* and *Consejos de Cadenas Productivas* to assist in the Project's implementation.

#### Part 3: Project Management

- (a) Strengthening of the capacity of MADR to manage and coordinate the implementation of the Project, through the provision of specialized technical

assistance and staff, the acquisition and use of appropriate office equipment and information systems, and the provision of communication services, training and incremental operating costs.

- (b) Establishment and operation of a monitoring and evaluation system to assess the Project's success in achieving the expected outcomes and impacts in accordance with the Key Performance Indicators and to verify compliance with the conditions of the provision of Cost-Sharing Transfers.
- (c) Carrying out of Project monitoring and evaluation activities, including studies, audits and workshops.

## SCHEDULE 2

### Project Execution

#### Section I. Implementation Arrangements

1. Without limitation to the provisions of Section 3.01 of this Agreement, the Borrower, through MADR, shall carry out the Project in accordance with the Operational Manual. Except as the Bank shall otherwise agree, the Borrower shall not amend or waive any provision of the Operational Manual without the Bank's prior written approval. In case of any conflict between the terms of the Operational Manual and those of this Agreement, the terms of this Agreement shall prevail.
2. (a) The Borrower, through MADR, shall maintain an operational manual, satisfactory to the Bank, containing, *inter alia*, specific provisions on detailed arrangements for the carrying out of the Project, including:
  - (i) the procurement, financial management and disbursement requirements thereof;
  - (ii) the detailed procedures for the implementation of the Project;
  - (iii) the institutional organization and flow of funds;
  - (iv) the Key Performance Indicators;
  - (v) the detailed rules and procedures for the financing mechanism of the Productive Partnership Subprojects, including procedures for either: (A) reimbursement for expenditures incurred with respect to said subprojects; or (B) direct payment to suppliers and contractors providing goods, works or services for said subprojects; or (C) deposit in the respective Trust Account of each Eligible Participant of the amounts required to maintain in that account funds sufficient to cover no more than those Eligible Expenditures expected to be incurred by said Eligible Participants under the Project;
  - (vi) the eligibility rules and selection procedures for selecting Technical Assistance Providers;
  - (vii) detailed social, economic, financial, technical and environmental criteria for screening and selecting Productive Partnership Subprojects (including a negative list of environmentally sensitive investments ineligible for financing under a Productive Partnership Subproject);
  - (viii) detailed criteria for the definition of Eligible Participants, including procedures, activities and monitoring indicators to ensure adequate and culturally appropriate access by afro-colombians, and indigenous peoples

in the planning, preparation and implementation of Productive Partnerships Subprojects;

- (ix) the Environmental Management Framework; and
- (x) the Indigenous and Afro-Colombian Peoples Framework.

3. (a) The Borrower, through MADR, shall:
  - (i) maintain, at all times during Project implementation, an Implementation Team (IT), within MADR, with a structure, functions and responsibilities acceptable to the Bank, including, inter alia, the responsibility of the IT to coordinate and monitor carrying out of the Project;
  - (ii) ensure that the IT is, at all times during Project implementation, led by a Project coordinator and assisted by adequate professional and administrative staff (including procurement, financial management, monitoring, marketing, agribusiness, and environmental specialists), in numbers and with experience and qualifications acceptable to the Bank, operating under terms of reference satisfactory to the Bank;
  - (iii) maintain a National Inter-sectoral Committee composed of representatives of the Borrower's agencies and/or ministries and the private sector, with the responsibility of providing technical guidance and supervising the monitoring and evaluation of the Project;
  - (iv) maintain a Regional Inter-sectoral Committee composed of representatives of the Borrower's agencies and/or ministries and the private sector, with the responsibility of approving Cost-Sharing Transfers for Productive Partnership Subprojects; and
  - (v) maintain Regional Management Organizations with the responsibility of reviewing Productive Partnership Subproject proposals (based on the eligibility criteria set forth in the Operational Manual), submitting said proposals to the afore-mentioned Regional Inter-sectoral Committee for approval and supervising the implementation of the Productive Partnership Subprojects.
4. For the purposes of carrying out Part 2 of the Project, the Borrower, through MADR, shall:
  - (a) enter into an agreement with a Trust Company, on terms and conditions acceptable to the Bank and in accordance with the provisions set forth in the Operational Manual;
  - (b) cause the Trust Company to open and maintain a separate trust account for each Producer Organization for the purposes of making Cost-Sharing Transfers, in

accordance with the provisions of the Trust Agreement and the Operational Manual;

- (c) after approval by the Regional Inter-sectoral Committee of a Productive Partnership Subproject, enter into a tripartite agreement with a Producer Organization and an Agribusiness Firm, in accordance with the terms and conditions set forth in the Operational Manual;
  - (d) exercise its rights under any Productive Partnership Subproject Agreement and the Trust Agreement, in such manner as to protect the interests of the Borrower and the Bank and to accomplish the purposes of the Loan, and except as the Bank shall otherwise agree, shall not assign, amend, abrogate, waive or fail to enforce the Trust Agreement or any Productive Partnership Subproject Agreement, or any provision thereof; and
  - (e) ensure that Cost-Sharing Transfers for each Productive Partnership Subproject amount to not more than the percentage or the amount of the total cost of said Productive Partnership Subproject as specified for that purpose in the Operational Manual, unless the Bank otherwise agrees on a case by case basis.
5. For the purposes of carrying out Part 1 and 2 of the Project, the Borrower, through MADR, shall:
- (a) cause the Technical Assistance Providers to enter into an agreement with a Trust Company (for the benefit of a Producer Organization), in accordance with the terms and conditions set forth in the Operational Manual; and
  - (b) exercise its rights under any Technical Assistance Agreement in such manner as to protect the interests of the Borrower and the Bank and to accomplish the purposes of the Loan, and except as the Bank shall otherwise agree, shall not assign, amend, abrogate, waive or fail to enforce any Technical Assistance Agreement or any provision thereof.
6. The Borrower shall ensure, through MADR, that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.

## **Section II. Project Monitoring Reporting and Evaluation**

### **A. Project Reports**

1. The Borrower, through MADR, 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 Key Performance Indicators. 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. Without limitation upon the provisions of Section 5.08 of the General Conditions, the Borrower, through MADR shall:
  - (a) not later than November 30 of each year of Project implementation prepare and furnish to the Bank, for its review, a Project operating plan for the following calendar year, such plan to specify the activities to be financed out of the proceeds of the Loan during the respective calendar year, the implementation schedule, the Procurement Plan and the required financial and human resources; and
  - (b) upon the Bank's approval, carry out said plan in accordance with its terms.
3. 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 March 31, 2014.

**B. Financial Management, Financial Reports and Audits**

1. The Borrower, through MADR, 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 MADR, shall prepare and furnish to the Bank as part of the Project Report not later than forty five (45) days after the end of each calendar semester, interim unaudited financial reports for the Project covering the semester and cumulative investment, in form and substance satisfactory to the Bank.
3. The Borrower, through MADR, shall have its Financial Statements audited in accordance with the provisions of Section 5.09 (b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one fiscal year of the Borrower, commencing with the fiscal year in which the Project becomes effective. 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 and Works.** All goods and works 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.

**B. Particular Methods of Procurement of Goods and Works**

1. **National Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods and works shall be procured under contracts awarded on the basis of National Competitive Bidding subject to the following additional procedures:
  - (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 2.7 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. **Other Methods of Procurement of Goods and Works.** The following table specifies the methods of procurement, other than National Competitive Bidding, which may be used for goods and works. The Procurement Plan shall specify the circumstances under which such methods may be used.

<b><u>Procurement Method</u></b>
Shopping
Commercial Practices (as per procedures set forth in the Operational Manual)

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. Short lists may be composed entirely of national consulting firms as set forth in the Procurement Plan.

<b><u>Procurement Method</u></b>
(a) Quality-based Selection
(b) Selection under a Fixed Budget
(c) Least Cost Selection
(d) Selection Based on Consultant's Qualifications
(e) Single Source Selection
(f) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the selection of Individual Consultants

**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.

<b>Category</b>	<b>Amount of the Loan Allocated (expressed in USD)</b>	<b>Percentage of Expenditures to be financed (inclusive of Taxes)</b>
(1) Consultants' services (including audits) and training under Parts 1, 2(b), 2(c) and 3 of Project	11,400,000	100%
(2) Cost-Sharing Transfers under Part 2 (a) of the Project	16,000,000	100% of the goods, works and services under a Productive Partnership Subproject
(3) Goods and operating costs under Part 3 of the Project	600,000	100%
(4) Unallocated	2,000,000	
<b>TOTAL AMOUNT</b>	<b>30,000,000</b>	

For the purposes of this Section IV:

- (a) "training" means the reasonable non-consultant expenditures incurred by the Borrower in connection with the carrying out of training activities (including workshops, conferences and seminars) under the Project, including travel costs, per diem of trainers, trainees, facilitators and stakeholders, and training materials; and

- (b) “operating costs” means the reasonable costs of communications, office supply and utilities, travel and *per diem* directly related to the performance of the Project activities, which would not have been incurred absent the Project.

**B. Withdrawal Conditions; Withdrawal Period**

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made for payments made prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed \$3,000,000 equivalent may be made for payments made within twelve (12) months of this Agreement, but in no case prior to May 7, 2007.
2. The Closing Date is September 30, 2013.

### SCHEDULE 3

#### Amortization Schedule

1. The following table sets forth the Principal Payment Dates of the Loan and the percentage of the total principal amount of the Loan payable on each Principal Payment Date (“Installment Share”). If the proceeds of the Loan have been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined by the Bank by multiplying: (a) Withdrawn Loan Balance as of the first Principal Payment Date; by (b) the Installment Share for each Principal Payment Date, such repayable amount to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.

<b>Principal Payment Date</b>	<b>Installment Share (Expressed as a Percentage)</b>
On each February 15 and August 15	
February 15, 2013 to August 15, 2014	3.33%
February 15, 2016 to February 15, 2019	6.68%
August 15, 2019 to August 15, 2024	3.33%
February 15, 2025	3.29%

2. If the proceeds of the Loan have not been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined as follows:
  - (a) To the extent that any proceeds of the Loan have been withdrawn as of the first Principal Payment Date, the Borrower shall repay the Withdrawn Loan Balance as of such date in accordance with paragraph 1 of this Schedule.
  - (b) Any amount withdrawn after the first Principal Payment Date shall be repaid on each Principal Payment Date falling after the date of such withdrawal in amounts determined by the Bank by multiplying the amount of each such withdrawal by a fraction, the numerator of which is the original Installment Share specified in the table in paragraph 1 of this Schedule for said Principal Payment Date (“Original Installment Share”) and the denominator of which is the sum of all remaining Original Installment Shares for Principal Payment Dates falling on or after such date, such amounts repayable to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.
3. (a) Amounts of the Loan withdrawn within two calendar months prior to any Principal Payment Date shall, for the purposes solely of calculating the principal

amounts payable on any Principal Payment Date, be treated as withdrawn and outstanding on the second Principal Payment Date following the date of withdrawal and shall be repayable on each Principal Payment Date commencing with the second Principal Payment Date following the date of withdrawal.

- (b) Notwithstanding the provisions of sub-paragraph (a) of this paragraph, if at any time the Bank adopts a due date billing system under which invoices are issued on or after the respective Principal Payment Date, the provisions of such sub-paragraph shall no longer apply to any withdrawals made after the adoption of such billing system.
4. Notwithstanding the provisions of paragraphs 1 and 2 of this Schedule, upon a Currency Conversion of all or any portion of the Withdrawn Loan Balance to an Approved Currency, the amount so converted in the Approved Currency that is repayable on any Principal Payment Date occurring during the Conversion Period, shall be determined by the Bank by multiplying such amount in its currency of denomination immediately prior to the Conversion by either: (i) the exchange rate that reflects the amounts of principal in the Approved Currency payable by the Bank under the Currency Hedge Transaction relating to the Conversion; or (ii) if the Bank so determines in accordance with the Conversion Guidelines, the exchange rate component of the Screen Rate.

## APPENDIX

### Section I. Definitions

1. “Agribusiness Firm” means any private entity with legal personality, which is eligible to participate in the Project in accordance with the criteria and procedures set forth in the Operational Manual (as hereinafter defined).
2. “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.
3. “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.
4. “Cost-Sharing Transfer” means the non-reimbursable transfer of funds, as defined in the Modular Incentive Decree (as hereinafter defined), made by the Borrower out of the proceeds of the Loan, through a Trust Company (as hereinafter defined), to Eligible Participants (as hereinafter defined) for purposes of financing eligible expenditures incurred in the execution of a Productive Partnership Subproject (as hereinafter defined).
5. “Eligible Participant” means any member of any participant Producer Organization (as hereinafter defined) which may be considered eligible, pursuant to the criteria set forth in the Operational Manual, to benefit from a Cost-Sharing Transfer.
6. “Environmental Management Framework” means the framework, dated April 17, 2007, that governs mandatory safeguards and mitigation actions for any Productive Partnership Subproject (as hereinafter defined) which could possibly have a negative environmental impact such as, in particular, through use of any pesticides, increase in deforestation, pollution of groundwater, negative impacts on endangered species, increased pesticide level in food, increased soil erosion, impacts on national parks and protected areas, and encroachment on natural habitats as specified in the Operational Manual.
7. “General Conditions” means the “International Bank for Reconstruction and Development General Conditions for Loans”, dated July 1, 2005 (as amended through October 17, 2007).
8. “Indigenous and Afro-Colombian Peoples Framework” means the framework, dated May 8, 2007, which contains the set of actions that will be undertaken to promote and implement the Project in indigenous and afro-colombian communities as specified in the Operational Manual.
9. “IT” means the Implementation Team referred to in Section I.3(a)(i) of Schedule 2 to this Agreement.
10. “Key Performance Indicators” means the indicators for monitoring and evaluating progress towards the attainment of Project’s objective.

11. “MADR” means *Ministerio de Agricultura y Desarrollo Rural*, the Borrower’s Ministry of Agriculture and Rural Development.
12. “Modular Incentive Decree” means the Borrower’s Presidential Decree No.321 of February 28, 2002 establishing and defining the Cost-Sharing Transfer scheme.
13. “Operational Manual” means the manual referred to in Section I.2 of Schedule 2 to this Agreement, dated November 30, 2007, as said manual may be amended from time to time with the Bank’s prior approval.
14. “Procurement Guidelines” means the “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the Bank in May 2004 and revised in October 2006.
15. “Procurement Plan” means the Borrower’s procurement plan for the Project, dated May 7, 2007, 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.
16. “Producer Organization” means any small farmer organization, with legal personality, including, *inter alia*, traditional community organizations (*Comunidades Campesinas, Cooperativas Agrarias, Grupos Campesinos, etc.*), irrigation user groups, and cooperatives.
17. “Productive Partnership” means any collaborative arrangement between a Producer Organization and an Agribusiness Firm (operating under the guidance of a management committee) which arrangement aims to reduce the technical, commercial, financial and social risks associated with such transactions.
18. “Productive Partnership Subprojects” means any of the subprojects approved in accordance with the criteria and procedures set forth in the Operational Manual, for the generation of income and employment opportunities in a particular value chain.
19. “Productive Partnership Subproject Agreement” means any of the agreements referred to in Section I.4(c) of Schedule 2 to this Agreement.
20. “Technical Assistance Agreement” means any of the agreements referred to in Section I.5(a) of Schedule 2 to this Agreement.
21. “Technical Assistance Provider” means any entity in the public or private sector which is eligible, in accordance with the criteria and procedures set forth in the Operational Manual, to carry out the assistance and training under Parts 1 and 2 of the Project, and which may include non-governmental organizations, consulting firms and universities.
22. “Trust Account” means the account referred to in Section I.4(b) of Schedule 2 to this Agreement.
23. “Trust Agreement” means any the agreement referred to in Section I.4(a) of Schedule 2 to this Agreement.

24. “Trust Company” means any financial institution that, in accordance with the Borrower’s Presidential Decree No. 663 of 1993 (*Estatuto Orgánico del Sistema Financiero*), is authorized to perform fiduciary functions involving public funds, to be selected by the Borrower for entering into a Trust Agreement.