

CONFORMED COPY

JAPANESE GRANT RELATED TO LOAN 2909-CO

(Caja Agraria Institutional Development Project)

between

REPUBLIC OF COLOMBIA

and

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

as Administrator of Grant Funds
provided by the
GOVERNMENT OF JAPAN

Dated March 27, 1989

JAPANESE GRANT RELATED TO LOAN NUMBER 2909-CO

JAPANESE GRANT AGREEMENT

AGREEMENT, dated March 27, 1989, between REPUBLIC OF COLOMBIA (the Recipient) and the INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (the Bank) acting as Administrator (the Administrator) of grant funds provided by the GOVERNMENT OF JAPAN (Japan).

WHEREAS (A) pursuant to a Loan Agreement (Caja Agraria Institutional Development Project), dated May 13, 1988 (the Loan Agreement) between the Bank and Caja de Credito Agrario, Industrial y Minero (Caja Agraria), the Bank has agreed to extend to Caja Agraria a loan in an amount in various currencies equivalent to fifteen million dollars (\$15,000,000) to assist in the financing of the Project described in Schedule 2 to the Loan Agreement (the Project) which was guaranteed by the Recipient pursuant to a Guarantee Agreement (Caja Agraria Institution Development Project) of even date therewith between the Recipient and the Bank (the Guarantee Agreement);

WHEREAS (B) Caja Agraria is a public enterprise under the laws of the Recipient which provides farmers with agricultural credit, agricultural inputs, insurance and banking services;

WHEREAS (C) the Recipient has also requested Japan to provide assistance in financing Part B.2 of the Project as such Part is further described in Schedule 2 to this Agreement (hereinafter such Part B.2 referred to as the Technical Assistance);

WHEREAS (D) pursuant to a letter agreement dated June 3, 1987 between Japan and the Bank, Japan has requested the Bank, and the Bank has agreed, to administer grant funds to be made available by Japan for the financing of certain programs and projects supported by the Bank in accordance with the provisions of such letter agreement;

WHEREAS (E) Japan has agreed to make available to the Recipient a grant (the Grant) out of said grant funds to assist the Recipient and Caja Agraria in carrying out the Technical Assistance on the terms and conditions hereinafter set forth;

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I

General Conditions; Definitions

Section 1.01. The General Conditions Applicable to Loan and Guarantee Agreements of the Bank, dated January 1, 1985 (the General Conditions) constitute an integral part of this Agreement, subject, however, to the following modifications thereto:

(a) the term "Bank", wherever used in the General Conditions, other than in Sections 2.01 (8) and 6.02 (f) thereof, means the International Bank for Reconstruction and Development acting as Administrator of the Grant pursuant to the letter agreement between Japan and the Bank referred to in Recital (C) of this Agreement, except that in Section 6.02, the term "Bank" shall also include the International Bank for Reconstruction and Development acting in its own capacity;

(b) the term "Borrower", wherever used in the General Conditions, means the Recipient;

(c) the term "Loan Agreement", wherever used in the General Conditions, means this Agreement except that in Section 6.02 (a), the term "Loan Agreement" means the Loan Agreement referred to in Recital (A) of this Agreement;

(d) the term "Loan", wherever used in the General Conditions, means the Grant;

(e) the term "Loan Account", wherever used in the General Conditions, shall be amended to read the Grant Account;

(f) the term "Project" wherever used in the General Conditions shall be amended to mean the Technical Assistance, as such program is described in Schedule 2 to this Agreement;

(g) Section 4.01 shall be modified to read:

"Withdrawals from the Grant Account shall be made in yen; provided, however, that if the expenditures to be financed out of the proceeds of the Grant have been paid or are payable in another currency, the Administrator shall, at the request of the Recipient, purchase such currency with the proceeds of such withdrawal."

(h) Sections 2.01 (5), (7), (12), (13), (14), (16), (17) and (19), 3.02, 3.03, 3.04, 3.05, 4.02, 4.03, 4.04, 4.05, 4.06, 4.07, 4.08, 4.10, 6.05, 6.07, 7.01, 8.01 (a), 9.02, 9.03, 10.02, 12.02, 12.04 and 12.05 are deleted.

(i) The second and third sentences of Section 4.09 are deleted.

Section 1.02. Wherever used in this Agreement, unless the context otherwise requires, the several terms defined in the General Conditions, in the Recital to this

Agreement and in the Loan Agreement have the respective meanings therein set forth; and the terms "yen" and "" mean the currency of Japan.

ARTICLE II

The Grant

Section 2.01. The Administrator agrees to extend to the Recipient, on the terms and conditions herein set forth or referred to, the Grant in an amount of sixty seven million five hundred thousand yen (67,500,000).

Section 2.02. The amount of the Grant may be withdrawn from the Grant Account in accordance with the provisions of Schedule 1 to this Agreement, as such Schedule may be amended from time to time by agreement between the Recipient and the Administrator.

Section 2.03. The Closing Date shall be June 30, 1992 or such later date as the Administrator shall establish. The Administrator shall promptly notify the Recipient of such later date.

ARTICLE III

Execution of the Technical Assistance

Section 3.01. (a) The Recipient shall cause Caja Agraria to carry out the Technical Assistance with due diligence and efficiency and in conformity with appropriate financial and administrative practices, and shall provide, and cause Caja Agraria to provide, promptly as needed, the funds, facilities, services and other resources required for the Technical Assistance.

(b) For purposes of paragraph (a) of this Section, the Recipient shall make available the proceeds of the Grant to Caja Agraria under contractual arrangements satisfactory to the Administrator, which shall include the delegation of sufficient authority to: (i) request direct disbursements from the Grant Account on behalf of the Recipient; and (ii) amend the description of the Technical Assistance set forth in Schedule 2 to this Agreement.

Section 3.02. Except as the Administrator shall otherwise agree, procurement of the goods and consultants' services required for the Technical Assistance and to be financed out of the proceeds of the Grant shall be governed by the provisions of Schedule 3 to this Agreement.

Section 3.03. (a) The Recipient shall cause Caja Agraria to maintain separate records and accounts adequate to reflect in accordance with sound accounting practices the operations, resources and expenditures in respect of the Technical Assistance.

(b) The Recipient shall cause Caja Agraria to:

(i) have the records and accounts referred to in paragraph (a) of this Section for each fiscal year audited, in accordance with appropriate auditing principles consistently applied, by independent auditors acceptable to the Administrator;

(ii) furnish to the Administrator as soon as available, but in any case not later than six months after the end of each such year, the report of such audit by said auditors, of such scope and in such detail as the Administrator shall have reasonably requested; and

(iii) furnish to the Administrator such other information concerning said records and accounts and the audit thereof as the Administrator shall from time to time reasonably request.

(c) For all expenditures with respect to which withdrawals from the Grant

Account were made on the basis of statements of expenditure, the Recipient shall cause Caja Agraria to:

- (i) maintain, in accordance with paragraph (a) of this Section, records and accounts reflecting such expenditures;
- (ii) retain, until at least one year after the Administrator has received the audit report for the fiscal year in which the last withdrawal from the Grant Account was made, all records (contracts, orders, invoices, bills, receipts and other documents) evidencing such expenditures;
- (iii) enable the Administrator's representatives to examine such records; and
- (iv) ensure that such records and accounts are included in the annual audit referred to in paragraph (b) of this Section and that the report of such audit contains a separate opinion by said auditors as to whether the statements of expenditure submitted during such fiscal year, together with the procedures and internal controls involved in their preparation, can be relied upon to support the related withdrawals.

ARTICLE IV

Effectiveness

Section 4.01. This Agreement shall become effective upon its execution by the parties hereto.

Section 4.02. This Agreement shall continue in effect until the Grant has been fully disbursed and the parties to this Agreement have fulfilled their obligations hereunder.

ARTICLE V

Representation

Section 5.01. The Ministro de Agricultura of the Recipient shall be the representative of the Recipient for the purposes of Section 11.03 of the General Conditions.

Section 5.02. The following addresses are specified for the purposes of Section 11.01 of the General Conditions:

For the Recipient:

Ministerio de Agricultura
Carrera Decima No. 2030
Bogota
Colombia

Telex:

44470 MAGR-CO

For the Administrator:

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

Cable address:

INTBAFRAD

Telex:

440098 (ITT)

Washington, D.C.

248423 (RCA) or
64145 (WUI)

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.

REPUBLIC OF COLOMBIA

By /s/ Carlos Villamil Chaux

Authorized Representative

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT
as Administrator of the Grant

By /s/ Ping-Cheung Loh

Acting Regional Vice President
Latin America and the Caribbean

SCHEDULE 1

Withdrawal of the Proceeds of the Grant

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

Category	Amount of the Grant Allocated (Expressed in Yen)	% of Expenditures to be Financed
(1) Goods and Consultants' services for training under the Technical Assistance	67,500,000	100% of foreign expenditures and 65% of local expenditures
TOTAL	67,500,000	

2. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made (i) in respect of payments made for expenditures prior to the date of this Agreement or for goods or services not eligible under the Loan Agreement, (ii) until the Administrator shall have received certified copies of the contractual arrangements referred to in Section 3.01 (b) of this Agreement.

3. For the purposes of this Schedule:

(a) the term "foreign expenditures" means the expenditures in the currency of any country other than that of the Recipient for goods or services supplied from the territory of any country

other than that of the Recipient; and

(b) the term "local expenditures" means expenditures in the currency of the Recipient or for goods or services supplied from the territory of the Recipient.

SCHEDULE 2

Description of Technical Assistance

Training of Caja Agraria's staff in the areas of: (a) management development; (b) financial analysis; (c) accounting; (d) communications and data processing; (e) banking techniques and regulations; and (f) customer services.

SCHEDULE 3

Procurement and Consultants' Services

Section I. Procurement of Goods

Part A: International Competitive Bidding

Except as provided in Part B hereof, goods shall be procured under contracts awarded in accordance with procedures consistent with those set forth in Sections I and II of the "Guidelines for Procurement under IBRD Loans and IDA Credits" published by the Administrator in May 1985 (the Guidelines).

Part B: Other Procurement Procedures

Contracts for goods estimated to cost the equivalent of \$300,000 or less, may be awarded in accordance with competitive bidding procedures locally advertised, satisfactory to the Administrator.

Part C:

Without limitation upon the provisions of the Guidelines, in respect of procurement of goods and services:

1. No requirement of local agents for foreign bidders shall be made.
2. No prior registration of foreign bidders shall be required.
3. No provision regarding minimum number of bidders shall be applied.
4. Bids for goods shall be evaluated on a C.I.F. basis.
5. Freight costs quoted freely by each bidder shall be used for purposes of bid evaluation.
6. Awards shall be made to the lowest evaluated bidders.

Part D: Review by the Administrator of Procurement Decisions

1. Review of invitations to bid and of proposed awards and final contracts:

(a) With respect to each contract estimated to cost the equivalent of more than \$300,000, the procedures set forth in paragraph 2 and 4 of Appendix 1 to the Guidelines shall apply.

(b) With respect to each contract not governed by the preceding paragraph, the procedures set forth in paragraphs 3 and 4 of Appendix 1 to the Guidelines shall apply.

(c) The provisions of the preceding subparagraphs (a) and (b) shall not apply to contracts on account of which the Administrator has authorized withdrawals from the Grant Account on the basis of statements of expenditures. Such contracts shall be retained in accordance with Section 3.03 (c) (ii) of this Agreement.

2. The figure of 20% is hereby specified for purposes of paragraph 4 of Appendix 1 to the Guidelines.

Section II. Employment of Consultants

In order to assist Caja Agraria in carrying out the Technical Assistance, the Recipient shall cause Caja Agraria to employ, consultants whose qualifications, experience and terms and conditions of employment shall be satisfactory to the Administrator. Such consultants shall be selected in accordance with principles and procedures satisfactory to the Administrator on the basis of the "Guidelines for the Use of Consultants by World Bank Borrowers and by the World Bank as Executing Agency" published by the Administrator in August 1981.

