



June 14, 2021

Mr. Carlo Scaramella
World Food Programme
Representative in Colombia
Edificio 8111
Calle 81 No. 11-08
Bogotá, Republic of Colombia

**Re: SPF Grant No. TF0B5746-CO
COVID-19 Response for Migrants from Venezuela and
Host Communities
Letter Agreement**

Dear Mr. Scaramella:

I am writing on behalf of the International Bank for Reconstruction and Development (“Bank”) to indicate the Bank’s agreement, as administrator of grant funds provided by donors (“Donors”) under the State and Peacebuilding Fund, to make a grant in an amount not exceeding three million two hundred forty-eight thousand eight hundred eighty two United States Dollars (\$ 3,248,882.00) (“Grant”) to the World Food Programme (“Recipient” or “WFP”) for the benefit of vulnerable Venezuelan migrants and host communities in selected municipalities in the Republic of Colombia (“Member Country”).

The Grant is made in response to the Member Country’s request for assistance and for the purposes and on the terms and conditions set forth in the Annex to this Agreement. Without limiting the generality of the foregoing, these terms and conditions include those of the Financial Management Framework Agreement between the World Bank and the United Nations, which are incorporated in this Agreement to form a part hereof as if they were recited at length herein. The Recipient, by countersigning this Agreement, acknowledges that it has received a copy of the Financial Management Framework Agreement (“Financial Management Framework Agreement” or “FMFA”) and, if the Recipient was not an original signatory thereof, agrees that it is bound by the terms of the FMFA as if the Recipient had been an original party thereto. The Recipient represents, by confirming its agreement below, that: (i) it is authorized to contract and withdraw the Grant for the said purposes and on the said terms and conditions, and (ii) the references in sub-paragraphs (a) and (d) of paragraph 6 of the Annex to this Agreement to the Recipient’s financial regulations and rules are complete and accurate, and the Recipient makes this representation knowing that the Bank shall rely on it for purposes of deciding to make the Grant.

This Grant is funded out of the abovementioned trust fund for which the Bank receives periodic contributions from the Donors. The Bank’s payment obligations in connection with this Agreement are limited to the amount of funds made available to it by the Donors under the abovementioned trust fund, and the Recipient’s right to withdraw the Grant proceeds is subject to the availability of such funds. Accordingly, the Bank shall not have any liability whatsoever to the Recipient or to any third parties in respect of any expenditures or liabilities incurred in connection

Mr. Carlo Scaramella

-2-

SPF Grant No. TF0B5746-CO

with the Grant Agreement which exceed the amount made available to the World Bank for the purposes of the Grant.

Please note that it is the Bank's policy to make publicly available this Agreement and any information related thereto, after this Agreement has become effective and the Recipient has given its consent to such disclosure. The Recipient, by countersigning this Agreement, confirms its consent to such disclosure.

Please confirm your agreement with the foregoing, on behalf of the Recipient, by signing, dating, and returning to us a copy of this Agreement. Upon (i) receipt by the Bank of the copy of this Agreement countersigned by you, and (ii) the adoption by the Recipient of the Operations Manual set forth in paragraph 2.3 of the Annex to this Agreement, this Letter Agreement will become effective as of the date of the countersignature.

Very truly yours,
INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By Ulrich Zachau
Ulrich Zachau
Country Director
Colombia and Venezuela

**AGREED:
WORLD FOOD PROGRAMME**

By Carlo Scaramella

Name Carlo Scaramella

Title WFP Representative and Country Director, Colombia

Date: 15-Jun-2021

Mr. Carlo Scaramella

-3-

SPF Grant No. TF0B5746-CO

ANNEX**Purposes, Terms, and Conditions of the Grant****1. *Purposes and Activities***

1.1. The purpose of the Grant is to provide economic support to mitigate the impacts of the COVID-19 pandemic on vulnerable Venezuelan migrants and host communities in selected Colombian municipalities. The activity (“Activity”) for which the Grant is given is as follows:

Delivery of One-off Cash Transfers to Eligible Beneficiaries

Delivery of One-off Cash Transfers to Eligible Beneficiaries in Selected Municipalities, pursuant to the requirements set forth in the Operations Manual.

2. *Implementation Generally*

2.1. The Recipient shall: (a) carry out the Activity with due diligence and efficiency, in accordance with the provisions of this Annex, and the appropriate administrative, financial and technical practices, as well as in accordance with the FMFA, the ESCP and the Operations Manual; (b) promptly provide the funds, facilities, services and other resources required for that purpose; (c) furnish all information covering the Activity and the use of the proceeds of the Grant, in the detail and frequency as the Bank and the Recipient shall agree in writing; (d) from time to time exchange views with the Bank's representatives on the progress and results of the Activity; (e) use its reasonable best efforts with the authorities of the Member Country to enable the Bank to visit the territory of the Member Country for purposes related to the Grant; and (f) cause all goods and services financed out of the proceeds of the Grant to be used exclusively for the purposes of the Grant.

2.2. *Implementation Agreements*

2.2.1. To facilitate the carrying out of the Activity in the municipalities of Bogotá, Soacha, Cali, and Bucaramanga, and/or any other municipality set forth in the Operations Manual, the Recipient shall, unless otherwise agreed between the Recipient and the Bank, and before implementation of the Activity but no later than six months after the countersigning of this Agreement, enter into a Memorandum of Understanding with said municipalities, under terms and conditions acceptable to the Bank (the “MOUs”), and maintain said MOUs effective throughout the implementation of the Activity.

2.2.2. To facilitate the carrying out of the Activity in the municipalities of Bogotá, Soacha, Cali and Bucaramanga, and/or any other municipality set forth in the Operations Manual, the Recipient shall, unless otherwise agreed between the Recipient and the Bank, and before implementation of the Activity in said municipalities, but no later than six months after the countersigning of this Agreement, enter into the corresponding Field Level Agreements (“FLAs”) with the respective implementing partners responsible for the assistance with the implementation of the Activity (“Implementing Partners”), under terms and conditions acceptable to the Bank, all as set forth in the Operations Manual, including their obligation to carry out their respective activities in accordance with the Recipient’s applicable rules and regulations, as well as with the pertinent sections of this Agreement, *i.e.*, paragraphs 2.4, 2.5, 3, and 6(d) below, including compliance with the Operations Manual.

Mr. Carlo Scaramella

-4-

SPF Grant No. TF0B5746-CO

2.2.3. The Recipient shall exercise its rights under the MOUs and the FLAs, in such a manner as to protect its own interests and those of the Bank to accomplish the purpose of the Activity. Except as the Bank shall otherwise agree, the Recipient shall not to assign, amend, abrogate, or waive the MOUs and/or the FLAs or any of their provisions.

2.2.4. In cases of inconsistencies between: (a) the MOUs and the FLAs; and (b) this Agreement, this Agreement shall prevail.

2.3. **Operations Manual.** The Recipient shall prepare and agree with the Bank on an operations manual (“Operations Manual”), providing details of arrangements and procedures for the implementation of the Activity, including *inter alia*: (i) administrative, institutional administration, coordination and day-to-day execution of the Activity; (ii) procurement, financial management, and disbursement arrangements, including detailed evaluation criteria, guidelines, policies and procedures for the provision of the One-off Cash Transfers to Eligible Beneficiaries in the Selected Municipalities; (iii) monitoring, evaluation, reporting, information, education and communication arrangements of the Activity; and (iv) detailed guidelines and procedures for Personal Data collection and processing in accordance with good international practice.

Notwithstanding the provisions under paragraph 2.1 above, the Recipient shall ensure that the Activity is carried out in accordance with the Operations Manual; provided, however, that in case of any conflict between the provisions of the Operations Manual on the one hand, and those of this Agreement on the other, the provisions of this Agreement shall prevail. The Recipient shall not amend or waive any provisions of the Operations Manual without the prior written agreement of the Bank.

2.4 **Anti-Corruption.**

2.4.1. The Recipient, shall carry out the Activity subject to the provisions of the following undertakings:

- (a) In the event that the Recipient or the Bank become aware of information that indicates the need for further scrutiny of the implementation of the Activity or any expenditures under the proceeds of the Grant (including non-frivolous allegations that corrupt, fraudulent, collusive or coercive practices were undertaken in relation to any activity under the Grant), the Recipient or the Bank, as the case may be, shall promptly bring such information to the attention of the appropriate official or officials of the other party, as designated from time to time by each party by written notice to the other party.
- (b) Without limitation to paragraph (a) above, concurrently with submission of the Project Reports under paragraph 5 below, the Recipient’s Office of the Inspector General shall submit to the World Bank Group’s Integrity Vice Presidency a statement confirming whether or not, during the reporting period of the Project Reports, the Recipient has received any non-frivolous allegations referred to in paragraph (a) above, and a brief description of any such allegations received. The information provided in such statement shall be governed by the procedures outlined in the memorandum of understanding between the Recipient and the World Bank Group dated October 21, 2019.
- (c) Following consultation between the Recipient and the Bank, the Recipient will, to the extent the information relates to actions within the authority or accountability of the Recipient, take timely and appropriate action in accordance with its accountability and oversight framework, including applicable regulations, rules, and administrative instructions, to investigate this information. For greater clarity on this matter, the Recipient and the Bank agree and

Mr. Carlo Scaramella

-5-

SPF Grant No. TF0B5746-CO

acknowledge that the Recipient has no authority over, and accordingly shall have no responsibility to investigate, any government official or officials or consultants of the Bank.

- (d) To the extent such investigation confirms the allegations and to the extent that remedial action is within the authority of the Recipient, the Recipient will take timely and appropriate action in response to the findings of such investigation, in accordance with the Recipient's Regulations and Rules.
- (e) To the extent consistent with the Recipient's Regulations and Rules, it will keep the Bank regularly informed by agreed means of actions taken pursuant to paragraph 2.4.1(c) immediately above, and the results of the implementation of such actions, including where relevant, details of any recovery of funds or writing-off of losses. The Recipient will use its best efforts, consistent with its regulations, rules, policies and procedures to recover any funds misused. The Recipient will, in consultation with the Bank, credit any funds so recovered to the Bank or agree with the Bank to use these funds for a purpose mutually agreed upon.

2.4.2. In the event that the Bank reasonably believes that timely and appropriate action has not been taken by the Recipient under paragraph 2.4.1 above, the Bank may request direct consultations at a senior level between the Bank and the Recipient in order to obtain assurances that the Recipient's oversight and accountability mechanisms have been and are being fully applied in connection with such allegations. The Recipient and the Bank take note of the provisions of Article VIII of the United Nations Financial Regulations and Rules and the Recipient's relevant provisions in WFP's Financial Regulations and Rules.

2.4.3. The Bank may, following consultation with the Recipient, by notice to the Recipient, suspend the right of the Recipient to make further withdrawals of the proceeds of the Grant if the Bank reasonably believes the actions taken by the Recipient under paragraph 2.4.1 above have not been sufficient to fulfill its fiduciary obligation with respect to the Grant.

2.4.4. The Bank has the right and authority, pursuant to the Anti-Corruption Guidelines, to investigate allegations or other information relating to possible corrupt, fraudulent, coercive, or collusive practices (as defined in paragraph 2.4.6 below) by any third party, and to sanction any such third party which the Bank has determined to have engaged in such practices; provided, however, that in this paragraph, "third party" does not include the Recipient. To the extent consistent with the Recipient's Regulations and Rules, and if requested by the Bank, the Recipient shall cooperate with the Bank in the conduct of such investigations.

2.4.5. Without limitation to the provisions of paragraph 2.4.1 above, the Bank retains the right to conduct an investigation in connection with the information referred to in paragraph 2.4.1(a) above and any information provided to the Recipient regarding allegations of corrupt, fraudulent, coercive, or collusive practice in connection with the bidding process, the award, or the implementation of any contract to be or being financed out of the proceeds of the Grant, except that the Bank may not investigate the Recipient or other UN agency. In all such investigations, the Recipient agrees to facilitate such investigations, to the extent consistent with the Recipient's Regulations and Rules.

2.4.6

- (a) The Recipient will require any third-party commercial entity with which it has a long-term arrangement or to which it intends to issue a purchase order or a contract financed with the proceeds of the Grant to disclose to the Recipient whether it is subject to any sanction or temporary suspension imposed by any organization within the World Bank Group. The Recipient will give due regard to such sanctions and temporary suspensions, as disclosed to it when issuing contracts during the Grant implementation.

Mr. Carlo Scaramella

-6-

SPF Grant No. TF0B5746-CO

- (b) If the Recipient intends to issue a contract in connection with the Grant with a party that has disclosed to the Recipient that it is under sanction or temporary suspension by the World Bank Group, the following procedure will apply: (i) the Recipient will so inform the Bank, before signing such contract; (ii) the Bank then may request direct consultations at a senior level, if required, between the Bank and the Recipient to discuss the Recipient's decision; and (iii) if after such consultation, the Recipient elects to proceed with the issuance of the contract, the Bank may inform the Recipient by notice, that the proceeds of the Grant may not be used to fund such contract.
- (c) Any portion of the proceeds of the Grant received by the Recipient under this Agreement that may have been used to fund a contract in respect of which the World Bank Group has exercised its right under paragraph 2.4.6(b)(iii) immediately above, shall be used to defray the amounts requested by the Recipient in any subsequent Withdrawal Application, if any, or will be treated as a balance in favor of the Recipient in the calculation of the final balances prior to the Closing Date.

2.4.7. For the purposes of the provisions of this paragraph 2.4, the following definitions of sanctionable practices shall apply:

- (a) "corrupt practice" is the offering, giving, receiving or soliciting, directly or indirectly, of anything of value to influence improperly the actions of another party;
- (b) "fraudulent practice" is any act or omission, including misrepresentation, that knowingly or recklessly misleads, or attempts to mislead, a party to obtain financial or other benefit or to avoid an obligation;
- (c) "collusive practice" is an arrangement between two or more parties designed to achieve an improper purpose, including to influence improperly the actions of another party; and
- (d) "coercive practice" is impairing or harming, or threatening to impair or harm, directly or indirectly, any party or the property of the party to influence improperly the actions of a party.

2.5 *Environmental and Social Standards*

(a) The Recipient, shall, and shall cause its Implementing Partners, to ensure that the Activity is carried out in accordance with the Environmental and Social Standards, in a manner acceptable to the Bank.

(b) Without limitation upon paragraph (a) above, the Recipient shall, and shall cause its Implementing Partners, to ensure that the Activity is implemented in accordance with the Environmental and Social Commitment Plan ("ESCP"), in a manner acceptable to the Bank. To this end, the Recipient shall ensure that:

- (i) the measures and actions specified in the ESCP are implemented with due diligence and efficiency, as provided in the ESCP;
- (ii) sufficient funds from the Grant are available to cover the costs of implementing the ESCP;

Mr. Carlo Scaramella

-7-

SPF Grant No. TF0B5746-CO

- (iii) policies and procedures are maintained, and qualified and experienced staff in adequate numbers are retained to implement the ESCP, as provided in the ESCP; and
 - (iv) the ESCP, or any provision thereof, is not amended, repealed, suspended or waived, except as the Bank shall otherwise agree in writing, as specified in the ESCP, and ensure that the revised ESCP is disclosed promptly thereafter.
- (c) In case of any inconsistencies between the ESCP and the provisions of this Agreement, the provisions of this Agreement shall prevail.
- (d) The Recipient shall, and shall cause its Implementing Partners, to ensure that:
 - (i) all measures necessary are taken to collect, compile, and furnish to the Bank through regular reports, with the frequency specified in the ESCP, and promptly in a separate report or reports, if so requested by the Bank, information on the status of compliance with the ESCP and the environmental and social instruments referred to therein, all such reports in form and substance acceptable to the Bank, setting out, *inter alia*: (A) the status of implementation of the ESCP; (B) conditions, if any, which interfere or threaten to interfere with the implementation of the ESCP; and (C) corrective and preventive measures taken or required to be taken to address such conditions; and
 - (ii) the Bank is promptly notified of any Significant Event related to or having an impact on the Activity which has, or is likely to have, a significant adverse effect on the environment, the affected communities, the public or workers, including, in accordance with the ESCP, the environmental and social instruments referenced therein and the Environmental and Social Standards.
- (e) In accordance with the ESCP, the Recipient shall, and shall cause its Implementing Partners, to establish, publicize, maintain and operate an accessible grievance mechanism, to receive and facilitate resolution of concerns and grievances of Activity-affected people, and take all measures necessary and appropriate to resolve, or facilitate the resolution of, such concerns and grievances, in a manner acceptable to the Bank.

3. ***Procurement***

3.1 All goods, non-consulting services and consulting services required for the Activity to be carried out by the Recipient and to be financed out of the proceeds of the Grant shall be procured in accordance with the applicable Alternative Procurement Arrangement (“APA”) which allows the Recipient to use its own procurement system (rules and procedures) that have been assessed and found to be acceptable to the Bank, subject to the following requirements:

- (i) Procurement under the Grant shall be carried out by the Recipient’s delegated authority of the Colombia Country Office;
- (ii) The Recipient shall prepare and periodically submit to the Bank a Procurement Plan and its corresponding updates which shall include all procurement activities financed under the Grant, and reflect the status of its implementation in the semi-annual and completion project reports referred to in Section 5 below. The Procurement Plan and its updates shall be subject to the Bank’s review before they are implemented. The Plan and its updates must contain identification of the contracts to be incurred by the Recipient with third parties for the carrying out of the Activity, including, *inter alia*: Contract reference/No., corresponding Activity description, estimate cost (in US\$), type of procurement, procurement method, verification of

Mr. Carlo Scaramella

-8-

SPF Grant No. TF0B5746-CO

the World Bank Listing of Debarred/temporarily suspended firms and individuals, contract signing date (planned mm/dd/yy), contract completion date (planned mm/dd/yy), contract amount (in US\$), contract signing date (actual mm/dd/yy), contract execution information, and contract completion (actual mm/dd/yy);

- (iii) The Recipient shall incorporate in the procurement documents the specific procedures for complaints handling, allowing the bidders to complain directly to the Bank. The Recipient shall send to the Bank evidence of this incorporation once the new process is included in the Procurement Plan and before its implementation;
- (iv) The award information for all contracts will be published on the Recipient's website; and
- (v) The selection and management of the Implementing Partners shall be governed by the "NGO Partnership Guidance" and is within the scope of this APA for the Project.

When applicable, the Procurement Plan shall include notice to bidders, contractors and consultants of the Bank's financing, as well as its right of investigation and sanction as set forth in paragraph 2.4.5 above.

3.2. All goods and non-consulting services required for the Activity to be carried out by the Implementing Partners and to be financed out of the proceeds of the Grant shall be procured under the Recipient's APA, all in accordance with the provisions set out in paragraph 3.1 immediately above.

3.3. If the Bank determines that the procurement policies, procedures, regulations, or practices of the Recipient, have been modified, suspended, or waived such that they are no longer acceptable to the Bank, the Bank may, in addition to the Bank's other rights under this Agreement, revoke the procurement provisions set out in paragraph 3.1 immediately above.

4. ***Withdrawal of Grant Proceeds***

4.1. The amount of the Grant shall be credited to an account opened by the Bank on its books in the name of the Recipient ("Grant Account"), and may be withdrawn therefrom by the Recipient in accordance with the provisions of this Section 4, for expenditures in respect of the reasonable cost of goods and services, and taxes as applicable, required for the Activity and to be financed out of the proceeds of the Grant (sometimes hereinafter referred to as "Eligible Expenditures"). Withdrawals from the Grant Account shall be made exclusively for Eligible Expenditures in accordance with the provisions of this Agreement.

4.2. 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:

Mr. Carlo Scaramella

-9-

SPF Grant No. TF0B5746-CO

<u>Category</u>	<u>Amount of the Grant Allocated (in USD)</u>	<u>% of Expenditures to be Financed (Inclusive of Taxes)</u>
1) One-off Cash Transfers	2,382,593	100%
2) Goods, consulting and non-consulting services, and WFP Costs (Direct Costs, Indirect Service Costs, and Operating Costs)	866,289	100%

TOTAL

3,248,882

4.3. Notwithstanding the provisions of paragraph 4.2 above:

(a) No withdrawals shall be made from the Grant Account: (i) for payments made for expenditures prior to the date of signature of this Letter Agreement by the Bank, except that withdrawals, in an aggregate amount not exceeding one million two hundred and ninety-nine thousand five hundred fifty-two and eighty cents United States Dollars (\$1,299,552.80), may be made on account of payments made for expenditures before that date but after March 1, 2021; and (ii) for the One-off Cash Transfers under Category 1, until and unless systems and measures for the implementation of the One-off Cash Transfers, satisfactory to the Bank, have been put in place, including but not limited to systems for monitoring and evaluation of the implementation of the One-off Cash Transfers, all in accordance with the Operations Manual.

(b) The Recipient may withdraw amounts of the Grant only to the extent that such amounts are available to the Bank from SPF for the purposes of the Grant.

(c) Notwithstanding the Recipient's privileges and immunities, the use of any proceeds of the Grant to pay for taxes levied by, or in the territory of, the Recipient on the goods or services to be financed under the Grant, or on their procurement or supply, is subject to the Bank's policy of requiring economy and efficiency in the use of the proceeds of grants such as this Grant. To that end, if the Bank shall at any time determine that the amount of any taxes levied on or in respect of any goods or services to be financed out of the proceeds of the Grant is excessive or otherwise unreasonable, the Bank may, by notice to the Recipient, adjust the percentage of financing of such goods or services set forth in the table in paragraph 4.2 above, as required to be consistent with such policy of the Bank.

(d) If, in the Bank's opinion, an amount of the Grant allocated to any of the Categories in the table in paragraph 4.2 above will be insufficient to finance the expenditures under such Category, the Bank may, by written notice to the Recipient, reallocate to such Category an amount of the Grant then allocated to another Category which, in the Bank's opinion, will not be necessary to meet other expenditures.

Mr. Carlo Scaramella

-10-

SPF Grant No. TF0B5746-CO

4.4. When the Recipient shall desire to withdraw any amount from the Grant Account, it shall deliver to the Bank a written application for withdrawal of such amount in the form as specified by the Bank. Withdrawal applications shall be: (a) signed on behalf of the Recipient by WFP's Representative in Colombia; and (b) accompanied by such evidence in support of the application as the Bank shall reasonably request. Authenticated specimen signatures of the person authorized to sign withdrawal applications shall be provided with the first application bearing his or her signature. Each withdrawal application for an amount of the Grant and its supporting evidence must be sufficient in form and substance to satisfy the Bank that the Recipient is entitled to withdraw such amount from the Grant Account and that such amount is to be used in the carrying out of the Activity. The Bank shall pay the amounts withdrawn by the Recipient from the Grant Account only to or on the order of the Recipient.

4.5. Withdrawals from the Grant Account shall be made on the basis of the interim unaudited financial reports referred to in paragraph (c) of paragraph 6 and under such other terms and conditions as the Bank shall specify by notice to the Recipient contained in the Disbursement Letter addressed or to be addressed by the Bank to the Recipient for purposes of the Grant.

4.6. Withdrawals of the proceeds of the Grant shall be made in the currency of the Grant. The Bank, at the Recipient's request and acting as an agent of the Recipient, shall purchase with the currency of the Grant withdrawn from the Grant Account such currencies as shall be required to pay for expenditures to be financed out of the proceeds of the Grant. Whenever it shall be necessary, for the purposes of this Agreement, to determine the value of one currency in terms of another, such value shall be as reasonably determined by the Bank.

4.7 The Closing Date is May 31, 2022.

5. ***Project Reports***

5.1 The Recipient shall furnish to the Bank each Project Report no later than (i) at the end of the calendar semester following the effectiveness of this Agreement, and (ii) upon completion of the Activity, on the results and impact of the Activity. The Recipient shall ensure that each Project Report contains an update on the implementation of the activities under the Procurement Plan, as set forth in Section 3 above.

6. ***Accounts and Audits***

- (a) The Recipient shall maintain a financial management system, including records and accounts, adequate to reflect the transactions related to the Activity, in accordance with the applicable policies, procedures, and guidance otherwise referred to as WFP's Financial Regulations and Rules. In accordance with Article 10 of the FMFA, the Recipient shall notify the Bank of any changes to these WFP's Financial Regulations and Rules, that occur after the signing of this Agreement within thirty (30) days of the effectiveness of such changes, and shall make such WFP's Financial Regulations and Rules available on the Recipient's external website.
- (b) The Recipient shall maintain records and accounts ("Grant Control Account") that provide a complete, true and faithful record of all expenditures from the proceeds of the Grant and of all the expenditures paid from such proceeds, in a manner that allows for clear and separate identification of the activities financed by the Bank. In the event that the Recipient becomes aware of factors related to any transactions or activities financed by the Bank that require additional scrutiny, the Recipient will promptly notify the Bank to determine whether a joint review is required or additional measures implemented to mitigate any emerging risks.

Mr. Carlo Scaramella

-11-

SPF Grant No. TF0B5746-CO

- (c) The Recipient shall prepare periodic financial statements in accordance with its Financial Regulations and accounting standards acceptable to the Bank. The financial statements will be submitted to the Bank in accordance with the provisions of Section II. Financial Reports and Audits of the Disbursement and Financial Information Letter referred to in paragraph 4.5 above.
- (d) The Recipient shall ensure that the audit of the Activity is: (i) carried out exclusively by WFP's Financial Regulations and Rules; and (ii) governed by the FMFA. In addition, as agreed by the Recipient and the Bank, the Recipient shall carry out any additional due diligence activities as agreed by the Recipient and the Bank in separate terms of reference.

7. *Suspension and Cancellation*

7.1. The Bank may at any time, by notice to the Recipient, suspend the right of the Recipient to make further withdrawals from the Grant Account if any of the following events has occurred and is continuing:

- (a) if, by notice sent to the Recipient pursuant to sub-paragraph (iv) of paragraph 9 of the FMFA, the Bank confirms that it reasonably believes the actions taken previously in accordance with said paragraph 9 have not been sufficient to fulfill its fiduciary obligation to ensure that the proceeds of the Grant were used for Eligible Expenditures;
- (b) if, by notice sent to the Recipient pursuant to sub-paragraph (iii)(a) of paragraph 10 of the FMFA, the Bank confirms that alternative financial management arrangements mutually acceptable to the Bank and the Recipient were not reached within the period stipulated therein;
- (c) if the Bank determines at any time that a reference in sub-paragraphs (a) or (d) of paragraph 6 of the Annex to this Agreement to the Recipient's financial regulations and rules is incomplete or inaccurate in any material respect; or
- (d) if, the Bank for any reason revokes the application of the Alternative Procurement Arrangements set forth in in paragraph 3.1 of this Annex.

7.2. The Bank may, by written notice to the Recipient, terminate the right of the Recipient to make further withdrawals from the Grant Account: (a) at any time after the right of the Recipient to make withdrawals from the Grant Account has been suspended pursuant to the provisions of paragraph 7.1 immediately above; or (b) if the Recipient has failed to take action, satisfactory to the Bank, within six months after the effective date of this Agreement, to carry out the Activity.

8. *Other Undertakings*

8.1. It is understood and agreed between the Recipient and the Bank, that in accordance with the implementation arrangements agreed and described on Section 2.2 of this Agreement, the Recipient shall not: (i) transfer or channel any of the Grant proceeds to and/or through any central government entities or (ii) transfer or channel any of the Grant proceeds to public officials or employees employed by any central government entities in the Member Country, without express written consent of the Bank.

Mr. Carlo Scaramella

-12-

SPF Grant No. TF0B5746-CO

9. **Definitions.** Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in this Section:

- (a) “Alternative Procurement Arrangements” or “APA” means the special procurement arrangements set forth in paragraph 3.1 of this Annex.
- (b) “Anti-Corruption Guidelines” means for the purposes of paragraph 5 of the Appendix to the General Conditions, the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants” dated October 15, 2006 and revised in January 2011 and as of July 1, 2016.
- (c) “Category” means a category set forth in the table in paragraph 4.2 of the Annex to this Agreement.
- (d) “COVID-19” means the coronavirus disease caused by the 2019 novel coronavirus (SARS-CoV-2).
- (e) “Direct Costs” means the actual costs of the Recipient that can be directly traced to the deliverables and technical output on account of the Activity management and supervision, excluding Operating Costs.
- (f) “Eligible Beneficiaries” means vulnerable Venezuelan migrants and host communities in the Selected Municipalities, or any other such areas as set forth in the Operations Manual.
- (g) “Eligible Expenditures” means expenditures in respect of the reasonable cost of goods and services required for the Activity and to be financed out of the proceeds of the Grant.
- (h) “One-off Cash Transfers” means a monetary transfer provided out of the proceeds of this Grant to Eligible Beneficiaries pursuant to the criteria and requirements set forth in the Operations Manual.
- (i) “Environmental and Social Commitment Plan” or “ESCP” means the environmental and social commitment plan for the Activity publicly disclosed on April 19, 2021, as the same may be amended from time to time in accordance with the provisions thereof, which sets out the material measures and actions that the Recipient shall carry out or cause to be carried out to address the potential environmental and social risks and impacts of the Activity, including the timeframes of the actions and measures, institutional, staffing, training, monitoring and reporting arrangements, and any environmental and social instruments to be prepared thereunder.
- (j) “Environmental and Social Standards” or “ESSs” means, collectively: (i) “Environmental and Social Standard 1: Assessment and Management of Environmental and Social Risks and Impacts”; (ii) “Environmental and Social Standard 2: Labor and Working Conditions”; (iii) “Environmental and Social Standard 3: Resource Efficiency and Pollution Prevention and Management”; (iv) “Environmental and Social Standard 4: Community Health and Safety”; (v) “Environmental and Social Standard 5: Land Acquisition, Restrictions on Land Use and Involuntary Resettlement”; (vi) “Environmental and Social Standard 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources”; (vii) “Environmental and Social Standard 7: Indigenous Peoples/Sub-Saharan Historically Underserved Traditional Local Communities”; (viii) “Environmental and Social Standard 8: Cultural Heritage”; (ix) “Environmental and Social Standard 9: Financial

Mr. Carlo Scaramella

-13-

SPF Grant No. TF0B5746-CO

Intermediaries”; (x) “Environmental and Social Standard 10: Stakeholder Engagement and Information Disclosure”; effective on October 1, 2018, as published by the Bank.

- (k) “Field Level Agreements” or “FLAs” means the agreements entered into by the Recipient and its corresponding Implementing Partners to facilitate the carrying out of the Activity in the municipalities of Bogotá, Soacha, Cali and Bucaramanga, and/or any other municipality set forth in the Operations Manual.
- (l) “Financial Management Framework Agreement” or “FMFA” means the Financial Management Framework Agreement between the World Bank and WFP, dated March 10, 2006. For the purposes of the FMFA, the “World Bank” means the International Development Association and the Bank.
- (m) “Implementing Partners” means the Colombia based Non-Governmental Organizations (NGOs), acceptable to the Bank, which will assist the Recipient with the carrying out of the Activity in the municipalities of Bogotá, Soacha, Cali, and Bucaramanga, and/or any other municipality set forth in the Operations Manual.
- (n) “Indirect Service Cost” means the fee to be paid to the Recipient to provide the service of facilitating the One-off Cash Transfers to Eligible Beneficiaries under the Activity of the Grant; as a function and in support of the Activity, which cannot be traced unequivocally to the deliverables and technical output of the Activity.
- (o) “MOUs” means the Memorandums of Understanding entered into by the Recipient and the municipalities of Bogotá, Soacha, Cali, and Bucaramanga, and/or any other municipality set forth in the Operations Manual, to facilitate the carry out of the Activity.
- (p) “NGO Partnership Guidance” means the Corporate Guidance on the Recipient’s Management of NGO Partnerships.
- (q) “Operating Costs” means the reasonable costs incurred by the Recipient on account of the implementation of the Activity, including vehicle rental, operation, maintenance and repair, community-based services, supervision and monitoring costs, rental of office space and equipment maintenance and repair, utilities, communication charges, bank charges, communication, translation and interpretation, per diems and in-country transportation or travel allowances, and salaries of WFP’s contracted employees.
- (r) “Operations Manual” or “OM” means the manual, agreed by the Recipient and the Bank, and referred to in paragraph 2.3 of this Annex.
- (s) “Personal Data” means any information relating to natural individual who can be identified, directly or indirectly, in particular by reference to an identifier such as a name, identification number, location data, online identifier or to one or more factors specific to the physical, physiological, genetic, mental, economic, cultural or social identity of that individual .
- (t) “Procurement Plan” means the Recipient’s procurement plan for the Project, dated May 25, 2021, and referred to paragraph 3.1 of this Annex, as the same shall be updated from time to time in accordance with the provisions of said paragraph.
- (u) “Recipient’s Regulations and Rules” means WFP’s General Regulations and General Rules, Financial Regulations and Financial Rules, internal policies, circulars, directives,

Mr. Carlo Scaramella

-14-

SPF Grant No. TF0B5746-CO

manuals, procedures, internal practices, and legal framework, including, *inter alia*, the Memorandum of Understanding dated October 21, 2019, between the Recipient's Office of the Inspector General and the World Bank Group's Integrity Vice Presidency, as applicable.

- (v) "Selected Municipalities" means Bogotá, Soacha, Cali, and Bucaramanga, and/or other municipalities set forth in the Operations Manual.
- (w) "Significant Event" means any significant social, labor, health and safety, security or environmental incident, accident, or circumstance directly involving Recipient's Activity, including without limitation, explosions, spills, and any workplace accidents that result in death or serious injuries, and any violent and exceptional labor incident or dispute involving the Recipient or security forces in the Recipient's Activity, and local communities or any gender-based violence, sexual exploitation or abuse suffered by Eligible Beneficiaries under the Activity or any other event which has had or could reasonably be expected to have a material adverse effect on the implementation or operation of the Recipient's activities.
- (x) "WFP Costs" means the costs incurred by the Recipient on account of Direct Costs, Indirect Service Costs, and Operating Costs.
- (y) "WFP's Financial Regulations and Rules" means WFP's Financial Regulations and Financial Rules, as promulgated by the WFP Executive Board in 2019, as may be amended from time to time.
- (z) "World Bank Group" means the Association, the Bank, the International Finance Corporation, the International Centre for the Settlement of Investment Disputes, and the Multilateral Investment Guarantee Agency.