

## 9.A Legal Due Diligence

- *Provide details of any government or regulatory approvals, licenses or permits required for implementing and operating the project/ programme, the relevant issuing authority, and the date of issuance or expected date of issuance.*

The information originally submitted, includes the form/template of CAF's Credit Evaluation Document ("DEC" for its acronym in Spanish).

Please note that, taking into consideration the structure and financing sources of the project (i.e., loan and grant), the processes to be conducted are the following:

- (i) Registry in the Bank of National Investment Programs and Projects. All national investment projects shall be registered in the above referred project bank. In respect of the CSICAP project, it was registered and updated as a result of the joint efforts made by the MADR and the National Planning Department, prior prioritization of the project by the MADR. Please refer to Annexes 9A and 9B complementary to the MADR prioritization and confirmation of the project's update in the system of the Bank of National Investment Programs and Projects (Banco de Programas y Proyectos de Inversion Nacional).
- (ii) CONPES Document. The project requires the approval of the National Council of Economic and Social Policy ("CONPES" for its acronym in Spanish). Upon issuance of the project's favorable technical memorandum by the technical area of the DNP (as per CSICAP, the relevant technical area is the Dirección de Desarrollo Rural Sostenible and the memorandum was issued on February 8, 2021 (Annex 9C)); the CONPES document is prepared by the DNP. Subsequent to the CONPES document, a summary document and a first presentation to the Interparliamentary Commission of the Colombian Congress shall be carried out in coordination with the DNP, MADR and Ministry of Finance and Public Credit ("MHCP" for its acronym in Spanish). Upon approval of the Interparliamentary Commission, follows CAF's negotiation with DNP – DDRS of the technical conditions and with the MHCP regarding the financial condition. From the negotiation CAF – MHCP, a resolution is prepared, and a negotiation minute is signed. The second presentation to the Interparliamentary Commission is based on the negotiation minute above-mentioned. The execution of the relevant contracts is approved. Regarding CSICAP, the draft CONPES document is already advanced, the final version of the GCF Termsheet is pending to move forward with the presentations to the Interparliamentary Commission. It has been agreed with MADR, MHCP and DNP to move forward after the iTAP review of the project to complete the approval of the CONPES document and move forward with the Interparliamentary Commission (the process described herein is set for Articles 3 (numeral 17) and 20 of Decree 2189 of 2017 and Article 145 of Law 1753 of 2015. These legal instruments are included as Annexes 9D and 9E highlighting the relevant articles).

Regarding the licenses and permits for the adequate implementation of the project, as set forth in Annex 6, section 6.1, the project does not require additional licenses or permits. If any additional authorization is required, the evaluation of the capacity of the producer associations/ gremios shows that they have the capacity and experience to appropriately manage it vis-a-vis the competent entities. Furthermore, based on the pilot's preliminary experience, no additional permits were required for it.

- *Describe applicable taxes (or exemptions thereof) and foreign exchange regulations related to the project/programme.*

In accordance with Law 103 of 1968 (Annex 9F), Colombia is a full member of CAF, thus, the latter's immunities and privileges are applicable in Colombia's national territory, including tax exemptions (Article 52 of the referred legal instrument). Such tax exemptions are not transferable to third parties. As per CIAT, the center/institution acquires its condition as international entity based on the agreement executed by and between the United Nations and the World Bank; thereto, the Colombian Government executed an international treaty with CIAT, which was approved by the Congress and the President through Law 29 of 1988. Based on the referred Law 29 of 1988 (Annex 9G), the Government hosts CIAT in its territory and grants it several benefits and immunities, such as jurisdictional immunity in respect of Colombian law;

exemptions to all kind of direct and indirect taxes (income taxes, value added tax and complementary taxes), extended to the center's/institution's personnel; exemption to rates, taxes, contributions, levies or charges; and the exemption to pay customs fees derived from import and export activities. The above referred Law 29 of 1988 is an international treaty and, therefore, it is deemed a supranational law, which is mandatory within the national territory.

In overall terms, all loans granted by CAF to Colombia must be registered by the borrower (MHCP, public entity) in the Republic's Bank, therefore, all disbursements and debt service payments must be notified to the Republic's Bank. Such registry and notice obligations are complied with the filing of several forms to the market exchange intermediary (commercial bank), through which the transactions are carried out.

- *Provide details of any insurance policies or requirements related to the project/ programme.*

In regard to the insurance policies, under CAF's rules, all assets acquired by CAF must be insured. As Executing Agency, CAF is subject to GCF's regulations and instructions, as set forth in the GCF- CAF AMA. Therefore, in respect of the CSICAP project, these are matters to be addressed in the agreements to be entered with the EE.

## **9.B. Legal Opinion/Certificate of Internal Approvals**

*Please, provide a copy of the legal opinion or certificate confirming that all internal approvals have been obtained and that the Accredited Entity has capacity and authority to implement the proposed Funded Activity, in accordance with the AMA.*

In accordance with CAF's project approval process, there are two committees (Credit Investment Committees – CCI.1 and CCI.2). The first committee - CCI.1, analyzes the project's scope and if the result is favorable, it is included in the Operations Inventory and initiates the evaluation process, which includes an evaluation mission. As a result, the Credit Evaluation Document and the draft Terms and Conditions Sheet (TS) are prepared and sent to the relevant internal areas (i.e. legal, risk, environmental and social areas, among others). With the approval of the internal areas, the TS is reviewed and negotiated with the Government of Colombia (GOC). Once the GOC accepts the TS, it is presented to the CCI-2, which issues a record and allows it to go to the board of directors. Once approved, the corresponding resolution is issued, and the contract is formalized.

As per CSICAP, the project was presented to the CCI-1 on June 3, 2021 and the evaluation mission was carried out from September 21 to 24, 2021. The minutes of the CCI-1 are available as evidence of progress in the process (Annex 15), together with the draft DEC and TS. Once approved by the GCF board, the presentation to CAF's internal authorities will move forward. This has been the process followed in other CAF projects with the GCF. The final internal approval will be issued and will be submitted after the resolution is published and prior to the FAA. (Annex 15, minutes CCI-1).