

**CONFORMED**

**LOAN NUMBER 7162-CO**

# **Loan Agreement**

**(Bogotá Urban Services Project)**

**between**

**INTERNATIONAL BANK FOR RECONSTRUCTION  
AND DEVELOPMENT**

**and**

**BOGOTA DISTRITO CAPITAL**

**Dated June 4, 2003**

**LOAN NUMBER 7162-CO**

**LOAN AGREEMENT**

AGREEMENT, dated June 4, between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (the Bank) and BOGOTA DISTRITO CAPITAL (the Borrower);

WHEREAS (A) the Republic of Colombia (the Guarantor) and the Borrower, having been satisfied as to the feasibility and priority of the project described in Schedule 2 to this Agreement (the Project), have requested the Bank to assist in the financing of the Project;

(B) by an agreement (the Guarantee Agreement) of even date herewith between the Guarantor and the Bank, the Guarantor has agreed to guarantee the obligations of the Borrower in respect of the Loan and to undertake such other obligations as set forth in the Guarantee Agreement; and

WHEREAS the Bank has agreed, on the basis, *inter alia*, of the foregoing, to extend the Loan to the Borrower upon the terms and conditions set forth in this Agreement;

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 for Fixed-Spread Loans" of the Bank dated September 1, 1999 (the General Conditions) constitute an integral part of this Agreement.

Section 1.02. Unless the context otherwise requires, the several terms defined in the General Conditions and in the Preamble to this Agreement have the respective meanings therein set forth and the following additional terms have the following meanings:

(a) "Affected Persons" means persons who, on account of an involuntary taking of land under the Project, had or would have their: (i) standard of living adversely affected; or (ii) right, title or interest in any house, land (including premises) or any other fixed or movable asset acquired or possessed, temporarily or permanently; or (iii) access to productive assets adversely affected, temporarily or permanently; or (iv) business,

occupation, work or place of residence or habitat adversely affected, temporarily or permanently; and “Affected Person” means any of the Affected Persons;

(b) “Annual Action Plan” means any of the plans referred to in Section 3.05 (a) and/or (c) of this Agreement;

(c) “CVP” means *Caja de Vivienda Popular*, the Borrower’s Social Housing Entity, or any successor thereto;

(d) “DAMA” means *Departamento Técnico Administrativo del Medio Ambiente*, the Borrower’s Environmental Department, or any successor thereto;

(e) “DAPD” means *Departamento Administrativo de Planeación Distrital*, the Borrower’s Planning Department, or any successor thereto;

(f) “DNP” means *Departamento Nacional de Planeación*, the Guarantor’s Planning Department, or any successor thereto;

(g) “Eligible Categories” means Categories (1), (2), (3) and (4) set forth in the table in Part A.1 of Schedule 1 to this Agreement;

(h) “Eligible Expenditures” means the expenditures for goods, consultants’ services, training and works referred to in Section 2.02 of this Agreement;

(i) “Environmental Management Plan” and the acronym “EMP” mean the plan of actions, satisfactory to the Bank, prepared by the Borrower with the assistance of CVP and IDU (as hereinafter defined), which sets out the objectives, policies, monitoring procedures, time schedules and other environmental provisions to mitigate adverse environmental effects in the carrying out of the Project;

(j) “FMR” means each report prepared in accordance with Section 4.02 of this Agreement;

(k) “FY” means the Borrower’s fiscal year commencing on January 1 and ending on December 31;

(l) “IDU” means *Instituto de Desarrollo Urbano*, the Borrower’s Urban Development Institute, or any successor thereto;

(m) “Implementation Letter” means the letter of even date herewith from the Borrower to the Bank setting forth the Project monitoring indicators;

(n) “Operational Manual” means the manual referred to in Section 3.04 (a) of this Agreement;

(o) “PCU” means the unit referred to in Section 3.06 (a) of this Agreement;

(p) “Peso” or “P\$” means the lawful currency of the Borrower;

(q) “Policy Framework for Resettlement and Rehabilitation of Project Affected Persons” and the acronym “PFRR” mean the policy framework for resettlement and rehabilitation of Affected Persons, satisfactory to the Bank, in connection with the carrying out of Part B.3 of the Project, dated December 6, 2002, prepared by CVP and adopted by the Borrower through CVP’s resolution dated January 13, 2003, as said policy framework may be amended from time to time with the agreement of the Bank;

(r) “Report-based Disbursements” means the Borrower’s option for withdrawal of funds from the Loan Account referred to in Part A.5 of Schedule 1 to this Agreement;

(s) “Resettlement Action Plan” and the acronym “RAP” mean the resettlement action plan prepared by IDU, satisfactory to the Bank, in connection with the carrying out of Part A.1 of the Project, attached to the letter to the Bank from IDU’s Director dated December 16, 2002, which sets out the principles and procedures governing land acquisition, resettlement, compensation and rehabilitation of Affected Persons, as well as administrative, reporting and monitoring arrangements to ensure compliance with said plan, as such plan may be revised from time to time with the agreement of the Bank;

(t) “SHD” means *Secretaría de Hacienda Distrital*, the Borrower’s Secretariat of Finance, or any successor thereto;

(u) “Special Account” means the account referred to in Part B of Schedule 1 to this Agreement;

(v) “STT-FONDATT” means *Fondo de Educación y Seguridad Vial de Tránsito y Transporte*, the Borrower’s Fund for Transport, Transit and Safety Education, or any successor thereto;

(w) “Subsidiary Agreement” means the agreement to be entered into between the Borrower, CVP, IDU and STT-FONDATT pursuant to Section 3.01 (b) of this Agreement, as the same may be amended from time to time; and

(x) “Transmilenio” or “Transmilenio S.A.” means the Borrower’s entity which is responsible for planning and managing its mass transit system, or any successor thereto.

Section 1.03 Each reference in the General Conditions to the Project implementation entity shall be deemed as a reference to CVP, IDU and/or STT-FONDATT.

## **ARTICLE II**

### **The Loan**

Section 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions set forth or referred to in this Agreement, an amount equal to one hundred million Dollars (\$100,000,000), as such amount may be converted from time to time through a Currency Conversion in accordance with the provisions of Section 2.09 of this Agreement.

Section 2.02. The amount of the Loan may be withdrawn from the Loan Account in accordance with the provisions of Schedule 1 to this Agreement for expenditures made (or, if the Bank shall so agree, to be made) in respect of the reasonable cost of goods, consultants' services, training and works required for the Project and to be financed out of the proceeds of the Loan, and in respect of interest and other charges in respect of the Loan, the front-end fee referred to in Section 2.04 of this Agreement and any premium in respect of an Interest Rate Cap or Interest Rate Collar payable by the Borrower in accordance with Section 4.04 (c) of the General Conditions.

Section 2.03. The Closing Date shall be October 31, 2007 or such later date as the Bank shall establish. The Bank shall promptly notify the Borrower and the Guarantor of such later date.

Section 2.04. The Borrower shall pay to the Bank a front-end fee in an amount equal to one percent (1%) of the amount of the Loan. The Borrower agrees that on or promptly after the Effective Date, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and pay to itself the amount of such fee.

Section 2.05. The Borrower shall pay to the Bank a commitment charge on the principal amount of the Loan not withdrawn from time to time, at a rate equal to: (i) eighty five one-hundredths of one per cent (0.85%) per annum from the date on which such charge commences to accrue in accordance with the provisions of Section 3.02 of the General Conditions to but not including the fourth anniversary of such date; and (ii) seventy five one-hundredths of one per cent (0.75%) per annum thereafter.

Section 2.06. The Borrower shall pay interest on the principal amount of the Loan withdrawn and outstanding from time to time, in respect of each Interest Period at the Variable Rate; provided, that upon a Conversion of all or any portion of the principal amount of the Loan, the Borrower shall, during the Conversion Period, pay interest on such amount in accordance with the relevant provisions of Article IV of the General Conditions.

Section 2.07. Interest and commitment charges shall be payable semiannually in arrears on February 15 and August 15 in each year.

Section 2.08. The Borrower shall repay the principal amount of the Loan in accordance with the provisions of Schedule 3 to this Agreement.

Section 2.09. (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 said 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 Section 2.01(7) of the General Conditions, and shall be effected in accordance with the provisions of Article IV of the General Conditions and of the Conversion Guidelines.

(c) Promptly following the Execution Date for an Interest Rate Cap or Interest Rate Collar in respect of which the Borrower has requested that the premium be paid out of the proceeds of the Loan, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and pay to itself the amounts required to pay any premium payable in accordance with Section 4.04 (c) of the General Conditions up to the amount allocated from time to time for such purpose in the table in paragraph 1 of Schedule 1 to this Agreement.

Section 2.10 Without limitation upon the provisions of paragraph (a) of Section 2.09 of this Agreement and unless otherwise notified by the Borrower to the Bank in accordance with the provisions of the Conversion Guidelines, the interest rate basis applicable to the aggregate principal amount of the Loan withdrawn during each Interest Period shall be changed from the initial Variable Rate to a Fixed Rate for the full maturity of such amount in accordance with the provisions of Article IV of the General Conditions and of the Conversion Guidelines.

### ARTICLE III

#### Execution of the Project

Section 3.01. (a) The Borrower declares its commitment to the objectives of the Project, as set forth in Schedule 2 to this Agreement, and, to this end, shall:

- (i) carry out Part B.6 and carry out Parts B.1, B.2, B.5, B.9, and C of the Project, through DAMA, DAPD and SHD, with due diligence and efficiency and in conformity with appropriate administrative, engineering, environmental, financial, managerial, social, technical, and urban practices, and shall provide, promptly as needed, the funds, facilities, services and other resources required for Parts B.1, B.2, B.5, B.9 and C of the Project;
- (ii) cause CVP to carry out Parts B.3, B.8, and B.10 of the Project with due diligence and efficiency and in conformity with appropriate administrative, engineering, environmental, financial, managerial, social, technical and urban practices, and shall take or cause to be taken all action, including the provision of funds, facilities, services and other resources, necessary or appropriate to enable CVP to carry out Parts B.3, B.8, and B.10 of the Project and shall not take or permit to be taken any action which would prevent or interfere with the carrying out of such Parts of the Project by CVP;
- (iii) cause IDU to carry out Parts A.1, A.2, A.3, B.4, and B.7 of the Project with due diligence and efficiency and in conformity with appropriate administrative, engineering, environmental, financial, managerial, resettlement, social, technical and urban practices, and shall take or cause to be taken all action, including the provision of funds, facilities, services and other resources, necessary or appropriate to enable IDU to carry out Parts A.1, A.2, A.3, B.4, and B.7 of the Project and shall not take or permit to be taken any action which would prevent or interfere with the carrying out of such Parts of the Project by IDU; and
- (iv) cause STT-FONDATT to carry out Parts A.4, A.5, and A.6 of the Project with due diligence and efficiency and in conformity with appropriate administrative, educational, engineering, environmental, managerial, financial, social, technical and urban practices, and technical practices, and shall take or cause to be taken all action, including the provision of funds, facilities, services and other resources, necessary or appropriate to enable

STT-FONDATT to carry out Parts A.4, A.5, and A.6 of the Project and shall not take or permit to be taken any action which would prevent or interfere with the carrying out of such Parts of the Project by STT-FONDATT.

(b) The Borrower shall enter into an agreement with CVP, IDU and with STT-FONDATT (the Subsidiary Agreement) satisfactory to the Bank, providing, *inter alia*, for:

- (i) in the case of CVP:
  - (A) the transfer, on a grant basis, to CVP of the portion of the proceeds of the Loan allocated to Part B.8 of the Project;
  - (B) the obligation of CVP to carry out Parts B.3, B.8, and B.10 of the Project and to comply with all the other applicable provisions of this Agreement, including, *inter alia*, those set forth in Sections 3.02, 3.03, 3.04, 3.05, 3.07 and 3.09 ; and
  - (C) the obligation of CVP to provide the Borrower promptly with whatever information, regarding Parts B.3, B.8, and B.10 of the Project, the Borrower needs to comply with the obligations referred to in Sections 4.01 and 4.02 of this Agreement.
- (ii) in the case of IDU:
  - (A) the transfer, on a grant basis, to IDU of the portion of the proceeds of the Loan allocated to Parts A.2, A.3, and B.7 of the Project;
  - (B) the obligation of IDU to carry out Parts A.1, A.2, A.3, B.4 and B.7 of the Project and to comply with all the other applicable provisions of this Agreement, including, *inter alia*, those set forth in Sections 3.02, 3.03, 3.04, 3.05, 3.07; and 3.09; and
  - (C) the obligation of IDU to provide the Borrower promptly with whatever information, regarding Parts A.1, A.2, A.3, B.4, and B.7 of the Project, the Borrower needs to comply with the obligations referred to in Sections 4.01 and 4.02 of this Agreement.



- (iii) in the case of STT-FONDATT:
  - (A) the transfer, on a grant basis, to STT-FONDATT of the portion of the proceeds of the Loan allocated to Parts A.4, A.5, and A.6 of the Project;
  - (B) the obligation of STT-FONDATT to carry out Parts A.4, A.5 and A.6 of the Project and to comply with all the other applicable provisions of this Agreement, including, *inter alia*, those set forth in Sections 3.02, 3.03, 3.04, 3.05, and 3.07; and
  - (C) the obligation of STT-FONDATT to provide the Borrower promptly with whatever information, regarding Parts A.4, A.5, and A.6 of the Project, the Borrower needs to comply with the obligations referred to in Sections 4.01 and 4.02 of this Agreement.

(c) The Borrower shall exercise its rights and comply with its obligations under the Subsidiary 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, the Borrower shall not abrogate, amend, suspend, terminate, waive or otherwise fail to enforce the Subsidiary Agreement or any part thereof.

(d) In case of any conflict between the terms of the Subsidiary Agreement and those of this agreement, the terms of this Agreement shall prevail.

Section 3.02. Except as the Bank shall otherwise agree, procurement of the goods works and consultants' services required for the Project and to be financed out of the proceeds of the Loan shall be governed by the provisions of Schedule 4 to this Agreement.

Section 3.03. The Bank and the Borrower hereby agree that the obligations set forth in Sections 9.04, 9.05, 9.06, 9.07, 9.08; and 9.09 of the General Conditions (relating to insurance, use of goods and services, plans and schedules, records and reports, maintenance, and acquisition of land, respectively) in respect of Parts A, B.3, B.4, B.7, B.8, and B.10 of the Project shall be carried out by CVP, IDU, and STT-FONDATT.

Section 3.04. (a) Without limitation upon the provisions of Section 3.01 of this Agreement, the Borrower shall carry out the Project in accordance with a manual (the Operational Manual), acceptable to the Bank, said manual to include, *inter alia*:

- (i) detailed arrangements for the overall carrying out of the Project;

- (ii) an institutional implementation plan of CVP, DAMA, DAPD, IDU, SHD, and STT-FONDATT for the management of the Project (including, *inter alia*, allocation of responsibilities among staff, yearly planning of activities and budget and time allocation for those activities);
- (iii) the financial management and procurement guidelines to be followed by the Borrower and/or CVP, DAMA, DAPD, IDU, SHD and STT-FONDATT; during Project implementation;
- (iv) the guidelines for the preparation of the Annual Action Plans;
- (v) the procedures and criteria for training and technical assistance, environmental assessments and corresponding mitigation measures;
- (vi) the guidelines for the implementation of the RAP, the PFRR and the EMP in connection with the carrying out of the Project; and
- (vii) a construction manual to guide works under Parts A.1, A.2, A.3, B.6, B.7, and B.8 of the Project (which manual shall include, *inter alia*, the EMP, provisions for erosion control, solid waste management, protection of cultural property, occupational health guidelines, first aid instructions and restriction on the use of child labor).

(b) Except as the Borrower and the Bank may otherwise agree in writing, the Borrower shall not abrogate, amend, suspend, waive or otherwise fail to enforce the Operational Manual or any provision thereof.

(c) In case of any conflict between the terms of the Operational Manual and those of this Agreement, the terms of this Agreement shall prevail.

Section 3.05. The Borrower shall: (a) not later than October 31 of each year during Project implementation, starting in year 2003, furnish to the Bank for approval and to DNP for review, an annual action plan (the Annual Action Plan), each said plan to include, *inter alia*: (i) the Project activities to be carried out by CVP, DAMA, DAPD, IDU, SHD and STT-FONDATT during the twelve months immediately following the presentation of each said plan; (ii) the procurement plan, disbursement schedule and chart of accounts for each said twelve month period; and (iii) the amount of counterpart funds needed and to be provided by the Borrower to carry out the Project during said calendar year; (b) thereafter implement each said Annual Action Plan, approved by the Bank, in accordance with its terms; and (c) carry out the Annual Action Plan for the year 2003 approved by the Bank prior to the date of this Agreement.

Section 3.06. (a) The Borrower shall operate and maintain in SHD, at all times during Project implementation, a Project coordination unit (the PCU) with a structure, functions and responsibilities acceptable to the Bank, including, *inter alia*, the responsibility of the PCU to assist the Borrower in the coordination, monitoring and supervision of the Project.

(b) The Borrower shall ensure that the PCU is, at all times during Project implementation, headed by a Project coordinator and staffed with a financial specialist, an administrative specialist, an accountant, a procurement specialist and other professional and administrative staff, all hired through competitive processes, in numbers and with qualifications and experience acceptable to both, the Bank and the Borrower.

(c) The Borrower shall not introduce changes in the number of positions of the PCU or in the professional skills required for occupying such positions, without previously notifying the Bank.

Section 3.07. The Borrower shall:

(a) maintain, and cause CVP, IDU and STT-FONDATT to maintain, policies and procedures adequate to enable it to monitor and evaluate on an ongoing basis, in accordance with the indicators set forth in the Implementation Letter and the data produced by the monitoring and evaluation program referred to in Part C.6 (d) of the Project, the carrying out of the Project and the achievement of the objectives thereof;

(b) prepare, and cause CVP, IDU, and STT-FONDATT to prepare under terms of reference satisfactory to the Bank, and furnish to the Bank, each March 31 during Project implementation, starting with the report due not later than March 31, 2004, a report integrating the results of the monitoring and evaluation activities performed pursuant to paragraph (a) of this Section, on the progress achieved in the carrying out of the Project during the year preceding the date of presentation of the report and setting out the measures recommended to ensure the efficient carrying out of the Project and the achievement of the objectives thereof during the following year;

(c) review with the Bank and DNP, by May 31 of each year of Project implementation, or such later date as the Bank shall agree, starting in year 2004, the pertinent reports referred to in paragraph (b) of this Section, and, thereafter, take all measures required to ensure the efficient completion of the Project and the achievement of the objectives thereof, based on the conclusions and recommendations of said reports and the Bank's views on the matter; and

(d) carry out an in-depth review (the Mid-Term Review) jointly with CVP, DAMA, DAPD, IDU, SHD, STT-FONDATT and the Bank, two (2) years after the Effective Date or such later date as the Bank shall agree, on the progress achieved in the implementation of the Project.

Section 3.08. Without limitation upon the provisions of Section 3.01 of this Agreement, the Borrower shall include in each annual budget proposed to its legislature, and make available each year of Project implementation, promptly as needed, in Pesos, equivalent of Dollars, the required amounts as counterpart funds for the Project.

Section 3.09. The Borrower shall:

(a) take and cause CVP and IDU to take all necessary actions to minimize to the extent possible any involuntary loss by persons of shelter, productive assets or access to productive assets, or of income or means of livelihood, temporarily or permanently as a result of Part A.1 and B.3 of the Project;

(b) cause CVP to undertake the acquisition of all necessary land, structures and other assets required for Part B.3 of the Project, and provide resettlement and rehabilitation assistance in accordance with the principles and institutional procedures established in the PFRR;

(c) submit to the Bank for approval each resettlement plan to be planned, designed and implemented under the PFRR;

(d) with regard to Part A.1 of the Project, cause IDU to carry out the RAP in a manner satisfactory to the Bank, designed to improve or at least maintain the living standards, income earning capacity and production levels of all Affected Persons;

(e) cause CVP and IDU to implement their respective Parts of the Project in compliance with the environmental mitigation, monitoring, institutional strengthening and other environmental measures set forth in the EMP and shall not take any action which would prevent or interfere with such compliance; and

(f) furnish to the Bank any revisions proposed to be introduced into the RAP, PFRR and/or EMP in order to achieve its objectives and, thereafter, introduce such revisions into such plans as shall have been agreed with the Bank.

Section 3.10. For the purposes of Section 9.07 of the General Conditions and without limitation thereto, the Borrower, shall:

(a) prepare, on the basis of guidelines acceptable to the Bank, and furnish to the Bank not later than six (6) months after the Closing Date or such later date as may be agreed for this purpose between the Borrower and the Bank, a plan designed to ensure the sustainability of the Project; and

(b) afford the Bank a reasonable opportunity to exchange views with the Borrower on said plan.

## ARTICLE IV

### Financial Covenants

Section 4.01. (a) The Borrower shall maintain within the PCU a financial management system, including records and accounts, and prepare financial statements in a format acceptable to the Bank, adequate to reflect the operations, resources and expenditures related to the Project.

(b) The Borrower shall:

- (i) have the records, accounts and financial statements referred to in paragraph (a) of this Section and the records and accounts for the Special Account for each of the Borrower's FYs audited, in accordance with auditing standards acceptable to the Bank, consistently applied, by independent auditors acceptable to the Bank;
- (ii) furnish to the Bank as soon as available, but in any case not later than four (4) months after the end of each FY: (A) certified copies of the financial statements referred to in paragraph (a) of this Section for such year as so audited; and (B) an opinion on such financial statements, records and accounts and the report of such audit, by said auditors, of such scope and in such detail as the Bank shall have reasonably requested; and
- (iii) furnish to the Bank such other information concerning such records and accounts, and the audit thereof, and concerning said auditors, as the Bank may from time to time reasonably request.

(c) For all expenditures with respect to which withdrawals from the Loan Account were Report-based Disbursements or were made on the basis of statements of expenditure, the Borrower shall:

- (i) maintain or cause to be maintained, in accordance with paragraph (a) of this Section, records and separate accounts reflecting such expenditures;
- (ii) retain, until at least one year after the Bank has received the audit report for the fiscal year in which the last withdrawal from the Loan Account was made, all records (contracts, orders, invoices, bills, receipts and other documents) evidencing such expenditures;
- (iii) enable the Bank'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 or the reports referred to in Part A.5 of Schedule 1 to this Agreement, as the case may be, 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.

Section 4.02. (a) Without limitation upon the Borrower's, CVP's, IDU's and STT-FONDATT's progress reporting obligations set out in Section 3.07 of this Agreement, the Borrower shall prepare and furnish to the Bank and to DNP a financial monitoring report (FMR), in form and substance satisfactory to the Bank, which:

- (i) sets forth sources and uses of funds for the Project, both cumulatively and for the period covered by said report, showing separately funds provided under the Loan, and explains variances between the actual and planned uses of such funds;
- (ii) describes physical progress in Project implementation, both cumulatively and for the period covered by said report, and explains variances between the actual and planned Project implementation ; and
- (iii) sets forth the status of procurement under the Project, as at the end of the period covered by said report.

(b) The first FMR shall be furnished to the Bank not later than 45 days after the end of the first calendar quarter after the Effective Date, and shall cover the period from the incurrence of the first expenditure under the Project through the end of such first calendar quarter; thereafter, each FMR shall be furnished to the Bank not later than 45 days after each subsequent calendar quarter, and shall cover such calendar quarter.

## **ARTICLE V**

### **Effective Date; Termination**

Section 5.01. The following events are specified as additional conditions to the effectiveness of the Loan Agreement within the meaning of Section 12.01 (c) of the General Conditions:

- (a) the Operational Manual has been issued by the Borrower and approved by the Bank;

(b) the independent auditors referred to in Section 4.01 (b) (i) of this Agreement have been contracted by the Borrower as provided in said Section;

(c) the PCU has been fully staffed and is operational as provided in Section 3.06 of this Agreement;

(d) the financial management system for the Project has been established as provided in Section 4.01 (a) of this Agreement;

(e) the Borrower has furnished to the Bank a proposed plan, satisfactory to the Bank, for the selection of consultants under the Project; and

(f) the Subsidiary Agreement has been signed by the respective parties to such Agreement.

Section 5.02. The following are specified as additional matters, within the meaning of Section 12.02 (c) of the General Conditions, to be included in the opinion or opinions to be furnished to the Bank:

(a) that the provisions of the RAP are legally valid and enforceable in accordance with Colombian law; and

(b) that the agreement referred to in Section 5.01 (f) of this Agreement has been duly authorized or ratified by, and is legally binding upon the respective parties to such agreement, in accordance with its terms.

Section 5.03. The date September 4, 2003 is hereby specified for the purposes of Section 12.04 of the General Conditions.

## **ARTICLE VI**

### **Representative of the Borrower; Addresses**

Section 6.01. The Secretary of Finance of the Borrower is designated as representative of the Borrower for the purposes of Section 11.03 of the General Conditions.

Section 6.02. The following addresses are specified for the purposes of Section 11.01 of the General Conditions:

For the Bank:

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)	(202) 477-6391

For the Borrower:

Municipality of Bogotá  
Secretariat of Finance  
Carrera 30, Número 24-90, Oficina 601  
Bogotá, D.C.  
Colombia

Facsimile:  
57-1- 350-9891



IN WITNESS WHEREOF, the parties hereto, acting through their duly authorized representatives, have caused this Agreement to be signed in their respective names in Bogota, Colombia, as of the day and year first above written.

INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT

By /s/ Alberto Chueca Mora  
Acting Regional Vice President  
Latin America and the Caribbean

BOGOTA DISTRITO CAPITAL

By /s/ Israel Fainboim Yaker  
Authorized Representative

Witnessed By /s/ Antanas Mockus Sivickas  
Mayor of Bogota

**SCHEDULE 1**

**Withdrawal of the Proceeds of the Loan**

A. General

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

<u>Category</u>	<u>Amount of the Loan Allocated (Expressed in Dollars)</u>	<u>% of Expenditures to be Financed</u>
(1) Goods	1,352,000	100% of foreign expenditures and 84% of local expenditures
(2) Works	72,037,000	89%
(3) Consultants' services (including audits)	25,242,000	73%
(4) Training	369,000	73%
(5) Front- end Fee	1,000,000	Amount due under Section 2.04 of this Agreement
(6) Premia for Interest Rate Caps and Interest Rate Collars	0	Amount due under Section 2.09 (c) of this Agreement
TOTAL	<u>100,000,000</u>	

2. For the purposes of this Schedule:

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

(b) the term “local expenditures” means expenditures in the currency of the Guarantor or for goods or services supplied from the territory of the Guarantor; and

(c) the term “Training” means expenditures (other than those for consultants’ services) incurred to finance transportation costs and per-diem of trainees, rental of training facilities and acquisition of training equipment and material under the Project.

3. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made in respect of payments for expenditures prior to the date of this Agreement, except that withdrawals, in an aggregate amount not exceeding the amount of \$5,000,000 may be made in respect of Categories (1), (2), (3) and (4) set forth in the table in paragraph 1 of Part A of this Schedule on account of payments made within twelve months prior to the date of this Agreement, but not earlier than November 4, 2002.

4. The Bank may require withdrawals from the Loan Account to be made on the basis of statements of expenditure for expenditures: (a) under contracts for goods; (b) under contract for works; (c) under contracts for the employment of consulting firms; (d) under contracts for the employment of individual consultants; and (e) for Training; that are not subject to prior review by the Bank pursuant to Section I, Part D.2 and Section II, Part D.2 of Schedule 4 to this Agreement.

5. The Borrower may request withdrawals from the Loan Account to be made on the basis of reports to be submitted to the Bank in form and substance satisfactory to the Bank, such reports to include the FMR and any other information as the Bank shall specify by notice to the Borrower (Report-based Disbursements). In the case of the first such request submitted to the Bank before any withdrawal has been made from the Loan Account, the Borrower shall submit to the Bank only a statement with the projected sources and applications of funds for the Project for the six-month period following the date of such request.

B. Special Account

1. The Borrower may open and maintain in Dollars a special deposit account in a commercial bank acceptable to the Bank, on terms and conditions satisfactory to the Bank, including appropriate protection against set-off, seizure and attachment.

2. After the Bank has received evidence satisfactory to it that the Special Account has been opened, withdrawals from the Loan Account of amounts to be deposited into the Special Account shall be made as follows:

(a) if the Borrower is not making Report-based Disbursements, withdrawals shall be made in accordance with the provisions of Annex A to this Schedule 1; and

(b) if the Borrower is making Report-based Disbursements, withdrawals shall be made in accordance with the provisions of Annex B to this Schedule 1.

3. Payments out of the Special Account shall be made exclusively for Eligible Expenditures. For each payment made by the Borrower out of the Special Account, the Borrower shall, at such time as the Bank shall reasonably request, furnish to the Bank such documents and other evidence showing that such payment was made exclusively for Eligible Expenditures.

4. Notwithstanding the provisions of Part B.2 of this Schedule, the Bank shall not be required to make further deposits into the Special Account:

(a) if the Bank, at any time, is not satisfied that the reports referred to in Part A.5 of this Schedule 1 adequately provide the information required for Report-based Disbursements;

(b) if the Bank determines at any time that all further withdrawals for payment of Eligible Expenditures should be made by the Borrower directly from the Loan Account; or

(c) if the Borrower shall have failed to furnish to the Bank, within the period of time specified in Section 4.01 (b) (ii) of this Agreement, any of the audit reports required to be furnished to the Bank pursuant to said Section in respect of the audit of: (A) the records and accounts for the Special Account; or (B) the records and accounts reflecting expenditures with respect to which withdrawals were Report-based Disbursements or were made on the basis of statements of expenditure, as the case may be.

5. The Bank shall not be required to make further deposits into the Special Account in accordance with the provisions of Part B.2 of this Schedule if, at any time, the Bank shall have notified the Borrower and the Guarantor of its intention to suspend in whole or in part the right of the Borrower to make withdrawals from the Loan Account pursuant to Section 6.02 of the General Conditions. Upon such notification, the Bank shall determine, in its sole discretion, whether further deposits into the Special Account may be made and what procedures should be followed for making such deposits, and shall notify the Borrower and the Guarantor of its determination.

6. (a) If the Bank determines at any time that any payment out of the Special Account was made for an expenditure which is not an Eligible Expenditure, or was not justified by the evidence furnished to the Bank, the Borrower shall, promptly upon notice from the Bank, provide such additional evidence as the Bank may request, or deposit into the Special Account (or, if the Bank shall so request, refund to the Bank) an amount equal to the amount of such payment. Unless the Bank shall otherwise agree, no further deposit by the Bank into the Special Account shall be made until the Borrower has provided such evidence or made such deposit or refund, as the case may be.

(b) If the Bank determines at any time that any amount outstanding in the Special Account will not be required to cover payments for Eligible Expenditures during the six-month period following such determination, the Borrower shall, promptly upon notice from the Bank, refund to the Bank such outstanding amount.

(c) The Borrower may, upon notice to the Bank, refund to the Bank all or any portion of the funds on deposit in the Special Account.

(d) Refunds to the Bank made pursuant to subparagraphs (a), (b) or (c) of this paragraph 6 shall be credited to the Loan Account for subsequent withdrawal or for cancellation in accordance with the provisions of the Loan Agreement.

**Annex A**

**To**

**SCHEDULE 1**

**Operation of Special Account  
When Withdrawals Are Not  
Report-based Disbursements**

1. For the purposes of this Annex, the term “Authorized Allocation” means the amount of \$8,000,000 to be withdrawn from the Loan Account and deposited into the Special Account pursuant to paragraph 2 of this Annex.

2. Withdrawals of the Authorized Allocation and subsequent withdrawals to replenish the Special Account shall be made as follows:

(a) For withdrawals of the Authorized Allocation, the Borrower shall furnish to the Bank a request or requests for deposit into the Special Account of an amount or amounts which in the aggregate do not exceed the Authorized Allocation. On the basis of each such request, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and deposit into the Special Account such amount as the Borrower shall have requested.

(b) For replenishment of the Special Account, the Borrower shall furnish to the Bank requests for deposit into the Special Account at such intervals as the Bank shall specify. Prior to or at the time of each such request, the Borrower shall furnish to the Bank the documents and other evidence required pursuant to Part B.3 of Schedule 1 to this Agreement for the payment or payments in respect of which replenishment is requested. On the basis of each such request, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and deposit into the Special Account such amount as the Borrower shall have requested and as shall have been shown by said documents and other evidence to have been paid out of the Special Account for Eligible Expenditures. Each such deposit into the Special Account shall be withdrawn by the Bank from the Loan Account under one or more of the Eligible Categories.

3. The Bank shall not be required to make further deposits into the Special Account, once the total unwithdrawn amount of the Loan minus the total amount of all outstanding special commitments entered into by the Bank pursuant to Section 5.02 of the General Conditions shall equal the equivalent of twice the amount of the Authorized Allocation. Thereafter, withdrawal from the Loan Account of the remaining unwithdrawn amount of the Loan shall follow such procedures as the Bank shall specify by notice to the Borrower. Such further withdrawals shall be made only after and to the extent that the Bank shall have been satisfied that all such amounts remaining on deposit in the Special

Account as of the date of such notice will be utilized in making payments for Eligible Expenditures.

**Annex B**

**To**

**SCHEDULE 1**

**Operation of Special Account  
When Withdrawals Are  
Report-based Disbursements**

1. Withdrawals from the Loan Account shall be deposited by the Bank into the Special Account in accordance with the provisions of Schedule 1 to this Agreement. Each such deposit into the Special Account shall be withdrawn by the Bank from the Loan Account under one or more of the Eligible Categories.
2. Upon receipt of each application for withdrawal of an amount of the Loan, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and deposit into the Special Account an amount equal to the lesser of: (a) the amount so requested; and (b) the amount which the Bank has determined, based on the reports referred to in Part A.5 of this Schedule 1 applicable to such withdrawal application, is required to be deposited in order to finance Eligible Expenditures during the six-month period following the date of such reports.
3. The Bank shall not be required to make further deposits into the Special Account, once the total unwithdrawn amount of the Loan minus the total amount of all outstanding special commitments entered into by the Bank pursuant to Section 5.02 of the General Conditions shall equal the equivalent of twice the amount of the Authorized Allocation. Thereafter, withdrawal from the Loan Account of the remaining unwithdrawn amount of the Loan shall follow such procedures as the Bank shall specify by notice to the Borrower. Such further withdrawals shall be made only after and to the extent that the Bank shall have been satisfied that all such amounts remaining on deposit in the Special Account as of the date of such notice will be utilized in making payments for Eligible Expenditures.



## SCHEDULE 2

### Description of the Project

The objective of the Project is to improve the Borrower's urban living conditions by increasing access, coverage, quality, reliability and inter-agency coordination in the provision of public transportation, sanitation services and potable water.

The Project consists of the following parts, subject to such modifications thereof as the Borrower and the Bank may agree upon from time to time to achieve such objectives:

#### Part A: Improved Mobility

1. Construction of about 11 kilometers of busways along Avenida Suba, from Calle 80 to Avenida Ciudad de Cali.
2. Construction and rehabilitation of about 265 kilometers of feeder routes to connect them to main busways.
3. Construction and rehabilitation of bicycle paths and sidewalks, including: (a) parallel sidewalk improvement; (b) improvement of existing bicycle paths; (c) technical assistance to upgrade the Borrower's bicycle paths master plan; and (d) design and implementation of a plan to promote the use of bicycle paths.
4. Provision of technical assistance to improve the Borrower's public transportation system, including: (a) assistance to reorganize public transportation systems to make them compliant with Transmilenio S.A.; (b) assistance to reduce the excess of public transport vehicles; and (c) assistance to prevent traffic accidents.
5. Design and implementation of a road safety policy, including: (a) development of an integrated system of information on road safety and traffic accidents; (b) establishment of safety standards in road designs; (c) improvement of street intersections throughout Bogotá; (d) design and implementation of safety standards for vehicles; (e) provision of road safety education; and (f) carrying out of drivers' training and testing.
6. Strengthening of the Borrower's traffic administration system, through, *inter alia*: (a) development of plans to discourage the use of private cars; (b) design and implementation of parking policies; and (c) installation of traffic signal devices.

#### Part B: Urban Upgrading

1. Design and implementation of an urban framework.

2. Development of a strategy to legalize approximately 23 neighborhoods (*barrios*).
3. Resettlement of population living in risk-prone areas.
4. Resettlement of Affected Persons in connection with the carrying out of Parts A.1 of the Project.
5. Provision of technical assistance and equipment for environmental rehabilitation of degraded areas.
6. Construction of about 67 kilometers of local sewerage lines, 225 kilometers of main sewerage lines, and 26 kilometers of potable water lines in low-income neighborhoods.
7. Construction of about 95 kilometers and rehabilitation of about 25 kilometers of access roads to the Borrower's integrated public transportation system.
8. Construction of parks and community facilities.
9. Land stabilization, refurbishment and landscaping in the local planning units of *Jerusalén, Ismael Perdomo, Tesoro and San Blas*.
10. Provision of technical assistance to about 1,066 low-income families to assist them with home improvement and land titling activities.

#### Part C: Institutional Development

1. Provision of technical assistance to IDU to: (a) develop a road infrastructure administration system; (b) design information systems; (c) train senior staff in administration matters; and (d) design a pilot program to use used tires in road surfacing activities.
2. Provision of technical assistance to CVP to develop an information, evaluation and monitoring system for the Borrower's neighborhood improvement program.
3. Provision of technical assistance and equipment to DAMA to: (a) develop studies to control and decrease air pollution; (b) design an information system to monitor emissions diagnostic centers; (c) develop studies to determine the economic and health effects of air pollution; (d) design awareness campaigns on air pollution prevention; (e) establish local environmental guidelines; and (f) monitor and enforce air quality management programs.
4. Provision of technical assistance to DAPD to: (a) assess the impact of the Transmilenio system on urbanization and land-use patterns; (b) develop housing policies,

including a unified resettlement policy for Bogotá; and (c) formulate of regional development strategies.

5. Provision of technical assistance to SHD to develop strategies aimed at strengthening fiscal management and increasing Bogotá's revenue base.

6. Provision of support for overall Project coordination, evaluation, supervision and implementation, including, *inter alia*:

(a) the strengthening of the capacity of the PCU to comply with its responsibilities referred to in Section 3.06 (a) of this Agreement;

(b) the carrying out of audits under Section 4.01 of this Agreement;

(c) the carrying out of Project studies, including, *inter alia*, performance reviews and impact evaluations; and

(d) the design and implementation of a program to monitor and evaluate the carrying out of the Project.

\* \* \*

The Project is expected to be completed by April 30, 2007.

### 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 shall 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) the total principal amount of the Loan withdrawn and outstanding as of the first Principal Payment Date; by (b) the Installment Share for each Principal Payment Date, such repayment amount to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.

<u>Payment Date</u>	<u>Installment Share (Expressed as a %)</u>
On each February 15 and August 15 Beginning on August 15, 2008 through February 15, 2009	5%
On August 15, 2009 through February 15, 2012	4.75%
On August 15, 2012 through February 15, 2015	4%
On August 15, 2015 through February 15, 2020	3.75%

2. If the proceeds of the Loan shall not 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 as follows:

(a) To the extent that any proceeds of the Loan shall have been withdrawn as of the first Principal Payment Date, the Borrower shall repay the amount withdrawn and outstanding as of such date in accordance with paragraph 1 of this Schedule.

(b) Any withdrawal made 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 shall be the original Installment Share specified in the table in paragraph 1 of this Schedule for said Principal Payment Date (the Original Installment Share) and the denominator of which shall be the sum of all remaining Original Installment Shares for Principal Payment Dates falling on or after such date, such repayment amounts 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) Withdrawals made 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 3, if at any time the Bank shall adopt 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 principal amount of the Loan to an Approved Currency, the amount so converted in said Approved Currency that shall be 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 said Conversion by either: (i) the exchange rate that reflects the amounts of principal in said Approved Currency payable by the Bank under the Currency Hedge Transaction relating to said Conversion; or (ii) if the Bank so determines in accordance with the Conversion Guidelines, the exchange rate component of the Screen Rate.

5. If the principal amount of the Loan withdrawn and outstanding from time to time shall be denominated in more than one Loan Currency, the provisions of this Schedule shall apply separately to the amount denominated in each Loan Currency, so as to produce a separate amortization schedule for each amount.

## **SCHEDULE 4**

### **Procurement**

#### Section I. Procurement of Goods and Works

##### Part A: General

Goods and works shall be procured in accordance with the provisions of Section I of the "Guidelines for Procurement under IBRD Loans and IDA Credits" published by the Bank in January 1995 and revised in January and August 1996, September 1997 and January 1999 (the Guidelines) and the following provisions of this Section.

##### Part B: International Competitive Bidding

1. Except as otherwise provided in Part C of this Section, goods and works shall be procured under contracts awarded in accordance with the provisions of Section II of the Guidelines and paragraph 5 of Appendix 1 thereto.

2. The following provisions shall apply to goods to be procured under contracts awarded in accordance with the provisions of paragraph 1 of this Part B:

(a) Grouping of Contracts

To the extent practicable, contracts for goods shall be grouped in bid packages estimated to cost \$ 250,000 equivalent or more each.

(b) Preference for Domestically Manufactured Goods

The provisions of paragraphs 2.54 and 2.55 of the Guidelines and Appendix 2 thereto shall apply to goods manufactured in the territory of the Borrower.

##### Part C: Other Procurement Procedures

##### 1. National Competitive Bidding

(a) Goods estimated to cost less than \$ 250,000 equivalent per contract may be procured under contracts awarded in accordance with the provisions of paragraphs 3.3 and 3.4 of the Guidelines.

(b) Works estimated to cost less than \$5,000,000 equivalent per contract may be procured under contracts awarded in accordance with the provisions of paragraphs 3.3 and 3.4 of the Guidelines.

(c) Before issuing any invitation to bid, the Borrower 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 Borrower 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.

(d) 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 Colombia or elsewhere, or to appoint a representative domiciled in Colombia, unless and until such bidder is awarded the corresponding contract.

(e) 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.

(f) Each bid shall be evaluated and the corresponding contract awarded to the responsive bidder who meets appropriate technical and financial standards of capability and whose bid has been determined to be the lowest evaluated bid. Such determination shall be made exclusively on the basis of the specifications, conditions and evaluation criteria stipulated in the bidding documents. If any factor additional to the amount or amounts of each bid is to be considered in bid evaluation, such factor or factors and the quantified manner on which they will be applied for purposes of determining the lowest evaluated bid shall be precisely stipulated in the bidding documents. For purposes of bid evaluation and comparison, the only bid amount or amounts to be used as a factor shall be the bid amount or amounts as quoted in the corresponding bid, including correction of arithmetic errors.

(g) The provisions of paragraph 2.46 of the Guidelines shall fully apply and, more specifically, bids shall not be disclosed to persons other than the persons officially charged with the task of comparing and/or evaluating the bids while they are performing their official duties, without the corresponding bidder's written authorization. Moreover, bidders shall not be required to provide such authorization as a condition to be entitled to bid. This confidentiality requirement shall apply until the award of contract is notified to the successful bidder. Thereafter, confidentiality of the bids shall be limited to those bid portions for which confidentiality has been specifically requested by the bidder in question.

2. Shopping

(a) Goods estimated to cost less than \$ 50,000 equivalent per contract, up to an aggregate amount not to exceed \$500,000, may be procured under contracts awarded on the basis of international or national shopping procedures, at the Borrower's option, in accordance with the provisions of paragraphs 3.5 and 3.6 of the Guidelines.

(b) The Borrower shall obtain and compare at least three quotations to establish reasonableness of price. Comparison of two quotations is justified only when there is evidence, satisfactory to the Bank, that there are only two reliable sources of supply (national or foreign as the case may be). For international shopping, the Borrower shall request quotations of suppliers from at least two different countries, including the country of the Guarantor. Quotation for foreign goods located in the Guarantor's country and offered by a firm located in the Guarantor's country, are considered as quoted from abroad for purposes of satisfying the "two different countries" rule.

(c) The Borrower shall verify that the firms invited to quote are reputable, well established, and are suppliers of the goods or services being purchased as part of their normal business.

(d) The Borrower shall request quotations by letter, fax, telex, electronic messaging, etc., (with proof of receipt and record keeping). Since quotation requests must be sent to reputable and well-established suppliers only, the requests should not be open to any other supplier and should not be made public. Suppliers shall submit their quotations in writing, (i.e., by fax, telex, letter, or electronic messaging with copies to be kept for the records). No bid security is required. There is no requirement for strict time and date for submission of quotations and for public opening, but normally requests for quotes indicate the expected date of submission of quotes, within one or two weeks of the initial request.

3. Procurement of Small Works

(a) Works estimated to cost less than \$50,000 equivalent per contract, may be procured under lump-sum, fixed price contracts awarded on the basis of quotations obtained from three (3) qualified domestic contractors in response to a written invitation.

(b) Before issuing any invitation to bid, the Borrower shall prepare or cause to be prepared and furnish to the Bank for approval, appropriate model invitation documents. Once approved by the Bank, the Borrower shall use, or cause to be used said model invitation documents, for bidding under the Project. Any change or departure from the model so approved, shall require Bank's prior approval.

(c) The invitation shall include a detailed description of the works, including basic specifications, the required completion date, the basic form of agreement acceptable to the Bank and relevant drawings, where applicable.



(d) The award shall be made to the contractor who offers the lowest price quotation for the required work and who has the experience and resources to complete the contract successfully.

Part D: Review by the Bank of Procurement Decisions

1. Procurement Planning

Prior to the issuance of any invitations to bid for contracts, the proposed procurement plan for the Project shall be furnished to the Bank for its review and approval, in accordance with the provisions of paragraph 1 of Appendix 1 to the Guidelines. Procurement of all goods and works shall be undertaken in accordance with such procurement plan as shall have been approved by the Bank and with the provisions of said paragraph 1.

2. Prior Review

With respect to: (i) each contract for goods and works to be awarded under Part B.1 of this Section; (ii) first contract for goods to be awarded by CVP, DAMA, DAPD, IDU, SHD and STT-FONDATT under Part C.1 (a) of this Section, estimated to cost an equivalent of \$50,000 or more; (iii) first contract for works under Part C.1 (b) of this Section, estimated to cost an equivalent of \$150,000 or more; (iv) the first two contracts for goods under Part C.2 of this Section; and (v) the first two contracts for works under Part C.3 of this Section, the procedures set forth in paragraphs 2 and 3 of Appendix 1 to the Guidelines shall apply.

3. Post Review

With respect to each contract not governed by paragraph 2 of this Part, the procedures set forth in paragraph 4 of Appendix 1 to the Guidelines shall apply.

Section II. Employment of Consultants

Part A: General

Consultants' services shall be procured in accordance with the provisions of Section I and Section IV of the "Guidelines: Selection and Employment of Consultants by World Bank Borrowers" published by the Bank in January 1997 and revised in September 1997, January 1999 and May 2002 (the Consultant Guidelines), paragraph 1 of Appendix 1 thereto, Appendix 2 thereto, and the following provisions of this Section.

Part B: Quality- and Cost-based Selection

(a) Except as otherwise provided in Part C of this Section, consultants' services shall be procured under contracts awarded in accordance with the provisions of Section II of the Consultant Guidelines, and the provisions of paragraphs 3.13 through 3.18 thereof applicable to quality- and cost-based selection of consultants.

(b) The invitation to submit proposals should be sent to the consultants' firms included in a short list approved by the Bank. The invitation to submit proposals should not be open to any other consulting firm.

Part C: Other Procedures for the Selection of Consultants

1. Selection under a Fixed Budget

Consultants' services estimated to cost less than \$100,000 equivalent per contract, may be procured under contracts awarded in accordance with the provisions of paragraphs 3.1 and 3.5 of the Consultant Guidelines.

2. Individual Consultants

Services for tasks that meet the requirements set forth in paragraph 5.1 of the Consultant Guidelines, up to an aggregate amount not to exceed \$500,000: (a) shall be procured under contracts awarded in accordance with the provisions of paragraphs 5.1 through 5.3 of the Consultant Guidelines; or (b) may be procured on a sole source basis in accordance with the provisions of paragraphs 5.3 and 5.4 of the Consultant Guidelines, subject to prior approval of the Bank.

Part D: Review by the Bank of the Selection of Consultants

1. Selection Planning

A plan for the selection of consultants, which shall include contract cost estimates, contract packaging, and applicable selection criteria and procedures, shall be furnished to the Bank, for its review and approval as provided in Section 5.01 (e) of this Agreement, prior to the issuance to consultants of any requests for proposals. Such plan shall be updated every six (6) months during the execution of the Project, and each such updating shall be furnished to the Bank for its review and approval. Selection of all consultants' services shall be undertaken in accordance with such selection plan (as updated from time to time) as shall have been approved by the Bank.

2. Prior Review

(a) With respect to each contract for the employment of consulting firms estimated to cost the equivalent of \$100,000 or more, the procedures set forth in paragraphs 2, 3 and 5 of Appendix 1 to the Consultant Guidelines shall apply.

(b) With respect to each contract for the employment of individual consultants estimated to cost the equivalent of \$50,000 or more, the report on the comparison of the qualifications and experience of the candidates, or the qualifications and experience of the candidate in the case of the sole-source selection, as well as the terms of reference and terms of employment of the consultants shall be furnished to the Bank for its prior review and approval. The contract shall be awarded only after the said approval shall have been given. The provisions of paragraph 3 of Appendix I to the Consultant Guidelines shall also apply to such contracts.

3. Post Review

With respect to each contract not governed by paragraph 2 of this Part D, the procedures set forth in paragraph 4 of Appendix 1 to the Consultant Guidelines shall apply.

