

**LOAN NUMBER 9289-CO**

# **Loan Agreement**

**(Competitiveness and Recovery Development Policy Loan)**

**between**

**REPUBLIC OF COLOMBIA**

**and**

**INTERNATIONAL BANK FOR RECONSTRUCTION  
AND DEVELOPMENT**

## LOAN AGREEMENT

AGREEMENT dated as of the Signature Date between REPUBLIC OF COLOMBIA (“Borrower or Republic of Colombia”) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (“Bank”) for the purpose of providing financing in support of the Program (as defined in the Appendix to this Agreement). The Bank has decided to provide this financing on the basis, *inter alia*, of: (i) the actions which the Borrower has already taken or supported under the Program and which are described in Section I.A of Schedule 1 to this Agreement; and (ii) the Borrower’s maintenance of an adequate macroeconomic policy framework. The Borrower and the Bank therefore hereby agree as follows:

### ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

- 1.01. The General Conditions (as defined in the Appendix to this Agreement) apply to and form part of this Agreement.
- 1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the General Conditions or in the Appendix to this Agreement.

### ARTICLE II — LOAN

- 2.01. The Bank agrees to lend to the Borrower the amount of five hundred million Dollars, (\$500,000,000), as such amount may be converted from time to time through a Currency Conversion (“Loan”).
- 2.02. The Front-end Fee is one quarter of one percent (0.25%) of the Loan amount.
- 2.03. The Commitment Charge is one quarter of one percent (0.25%) per annum on the Unwithdrawn Loan Balance.
- 2.04. The interest rate is the Reference Rate plus the Variable Spread or such rate as may apply following a Conversion; subject to Section 3.02(e) of the General Conditions.
- 2.05. The Payment Dates are March 15 and September 15 in each year.
- 2.06. The principal amount of the Loan shall be repaid in accordance with Schedule 2 to this Agreement.
- 2.07. Without limitation upon the provisions of Section 5.05 of the General Conditions, the Borrower shall promptly furnish to the Bank such information relating to the provisions of this Article II as the Bank may, from time to time, reasonably request.

### ARTICLE III — PROGRAM

- 3.01. The Borrower declares its commitment to the Program and its implementation. To this end, and further to Section 5.05 of the General Conditions:

- (a) the Borrower and the Bank shall from time to time, at the request of either party, exchange views on the Borrower's macroeconomic policy framework and the progress achieved in carrying out the Program;
- (b) prior to each such exchange of views, the Borrower shall furnish to the Bank for its review and comment a report on the progress achieved in carrying out the Program, in such detail as the Bank shall reasonably request; and
- (c) without limitation upon paragraph (a) and (b) of this Section, the Borrower shall promptly inform the Bank of any situation that would have the effect of materially reversing the objectives of the Program or any action taken under the Program including any action specified in Section I of Schedule 1 to this Agreement.

#### **ARTICLE IV — REMEDIES OF THE BANK**

- 4.01. The Additional Event of Suspension consists of, namely, that a situation has arisen which shall make it improbable that the Program, or a significant part of it, will be carried out.

#### **ARTICLE V — EFFECTIVENESS; TERMINATION**

- 5.01. The Additional Condition of Effectiveness consists of, namely, that the Bank is satisfied with the progress achieved by the Borrower in carrying out the Program and with the adequacy of the Borrower's macroeconomic policy framework.
- 5.02. The Effectiveness Deadline is the date ninety (90) days after the Signature Date.

#### **ARTICLE VI — REPRESENTATIVE; ADDRESSES**

- 6.01. The Borrower's Representative is its Minister of Finance and Public Credit.
- 6.02. For purposes of Section 10.01 of the General Conditions: (a) the Borrower's address is:

Ministry of Finance and Public Credit  
Carrera 8 No. 6 C 38 Piso 3° Bogotá D.C  
Colombia; and

(b) the Borrower's Electronic Address is:

Facsimile:	E-mail:
(571) 350 9344	<a href="mailto:Desmin@minhacienda.gov.co">Desmin@minhacienda.gov.co</a>

- 6.03. For purposes of Section 10.01 of the General Conditions: (a) the Bank's address is:

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

(b) the Bank's Electronic Address is:

Telex:  
248423(MCI) or  
64145(MCI)


Facsimile:  
1-202-477-6391

E-mail:  
[mthomas1@worldbank.org](mailto:mthomas1@worldbank.org)

AGREED as of the Signature Date.

**REPUBLIC OF COLOMBIA**

By

  
Authorized Representative

Name: Jose Manuel Restrepo

Title: Ministro de Hacienda

Date: 26 OCT. 2021

By

  
Authorized Representative and  
Technical Coordinator of the Program

Name: Alejandra Bolero

Title: Directora General DNP

Date: 26 OCT. 2021

**INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT**

By

  
Authorized Representative

Name: PETER SIEGENTHALER

Title: COUNTRY MANAGER

Date: 10/12/2021

## SCHEDULE 1

### Program Actions; Availability of Loan Proceeds

#### Section I. Actions under the Program

- A. Actions Taken Under the Program. The actions taken by the Borrower under the Program include the following:
1. The Republic of Colombia has taken measures aimed at reducing the cost of doing business by: (a) mandating the simplification, automatization and digitalization of administrative procedures and information obligations on businesses; and (b) institutionalizing the steps required for improving the quality and predictability of technical regulations that directly impact production and marketing costs, as evidenced, respectively, by Law No. 2052, published in the Official Gazette on August 25, 2020, and Decree No. 1468, published in the Official Gazette on November 12, 2020.
  2. The SFC has adopted measures to ensure transparency and integrity of the market for green finance by developing the taxonomy of Green Bonds in securities issuances as well as instructions on the minimum information that the prospectus for issuance of these bonds should contemplate, as evidenced by SFC External Circular No. 028/2020 dated September 7, 2020 and published in the SFC's website.
  3. The Republic of Colombia has taken measures to facilitate an increase in competition and transparency in public procurement by mandating the National Agency of Public Contracting (*Colombia Compra Eficiente*) to adopt mandatory standard bidding documents in the contractual activity of all entities subject to the General Contracting Statute of the Public Administration, as evidenced by Law No. 2022, published in the Official Gazette on July 22, 2020.
  4. The Republic of Colombia has taken measures to promote investment in innovation by regulating the use by MSMEs of tax credits for up to 50 percent for investment in research, technological development and innovation, as evidenced by Decree No. 1011, published in the Official Gazette on July 14, 2020.
  5. The Republic of Colombia has taken measures to promote investment in green innovation by increasing the allocation of science, technology and innovation resources from the General Royalties System for projects related to the environment and sustainable development or to non-conventional renewable energies oriented to energy transition and reduction of carbon emissions, as evidenced by Articles 9-11, 22(5), 50(b) and Chapters IV and V of Title IV of Law No. 2056, published in the Official Gazette on September 30, 2020, and Decree No. 1821, published in the Official Gazette on December 31, 2020.
  6. The Republic of Colombia has enabled the development of digital finance by increasing the limits of financing through crowdfunding platforms, as evidenced by Article 12 of Decree No. 1235, published in the Official Gazette on September 14, 2020.
  7. The Republic of Colombia has improved the regulatory framework for digital transactions by establishing requirements to increase the efficiency and transparency of the low-value

payment system, as evidenced by Decree No. 1692, published in the Official Gazette on December 18, 2020.

8. The Republic of Colombia has enacted the Entrepreneurship Law to support high-growth entrepreneurship by unifying public resources and programs to support the development of the entrepreneurship ecosystem within *iNNpulsu Colombia*, formalizing the initiative for the creation of centers for entrepreneurship and innovation (*CEmprende*), facilitating financial access for high-growth enterprises, and mandating the introduction of complementary measures to strengthen entrepreneurs' export capabilities and promote MSMEs and entrepreneurship development (particularly of innovative, green and climate mitigating initiatives), as evidenced by Articles 1, 2, 5-7-9, 12, 13, 25, 30-38, 42-44, 46-48, 50-52, 55, 57, 58 and 74-83 of Law No. 2069, published in the Official Gazette on December 31, 2020.
9. The Republic of Colombia has approved a regulatory framework to further female entrepreneurship by creating and consolidating the autonomous trust fund *Fondo Mujer Emprende* to provide differentiated technical and financial support to women entrepreneurs and establishing incentives for the creation, formalization and strengthening of MSMEs led by women, as evidenced by Legislative Decree No. 810, published in the Official Gazette on June 4, 2020; Article 47 of Law No. 2069, published in the Official Gazette on December 31, 2020; and Law No. 2125, published in the Official Gazette on August 4, 2021.
10. The Republic of Colombia has adopted measures aimed at reducing the cost and time for firms to trade and facilitate their integration in global value chains through the extension of the Authorized Economic Operator Program (AEO) to operators of port installations, as evidenced by Resolution No. 48 dated May 15, 2020, published in the Official Gazette on November 4, 2020.

**Section II. Availability of Loan Proceeds**

- A. **General.** The Borrower may withdraw the proceeds of the Loan in accordance with the provisions of this Section and such additional instructions as the Bank may specify by notice to the Borrower.
- B. **Allocation of Loan Amounts.** The Loan is allocated in a Single Withdrawal Tranche, from which the Borrower may make withdrawals of the Loan proceeds. The allocation of the amounts of the Loan to this end is set out in the table below:

Allocations	Amount of the Loan Allocated (expressed in Dollars)
(1) Single Withdrawal Tranche	500,000,000
TOTAL AMOUNT	500,000,000

**C. Withdrawal Tranche Release Conditions.**

1. No withdrawal shall be made of the Single Withdrawal Tranche unless the Bank is satisfied: (a) with the Program being carried out by the Borrower; and (b) with the adequacy of the Borrower's macroeconomic policy framework.

**D. Deposit of Loan Amounts.**

1. The Borrower shall within thirty (30) days after the withdrawal of the Loan from the Loan Account, report to the Bank: (a) the exact sum received into the account referred to in Section 2.03 (a) of the General Conditions; (b) the details of the account to which the Colombian Peso equivalent of the Loan proceeds were credited; and (c) the record that an equivalent amount has been accounted for in the Borrower's budget management systems.

**E. Closing Date.** The Closing Date is January 30, 2023.

## SCHEDULE 2

### Commitment-Linked Amortization Repayment Schedule

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”).

#### Level Principal Repayments

<b>Principal Payment Date</b>	<b>Installment Share</b>
On each March 15 and September 15 Beginning September 15, 2025 through March 15, 2041	3.03%
On September 15, 2041	3.04%



## APPENDIX

### Section I. Definitions

1. “Authorized Economic Operator Program (AEO)” means the program created pursuant to Decree No. 3568 of 2011, published in the Official Gazette on September 27, 2011 and modified by Decree No. 1894, published in the Official Gazette on September 22, 2015.
2. “*CEmprende*” means the Borrower’s initiative for connecting entrepreneurship and innovation ecosystem actors to collaborate in favor of entrepreneurs across the Borrower’s territory.
3. “Entrepreneurship Law” means Law No. 2069, published in the Official Gazette on December 31, 2020.
4. “*Fondo Mujer Emprende*” means the autonomous trust fund for female entrepreneurship, formalization and strengthening of female businesses created by Legislative Decree No. 810, published in the Official Gazette on June 4, 2020 and Article 47 of Law No. 2069, published in the Official Gazette on December 31, 2020.
5. “General Conditions” means the “International Bank for Reconstruction and Development General Conditions for IBRD Financing, Development Policy Financing”, dated December 14, 2018 (revised on August 1, 2020, December 21, 2020, and April 1, 2021).
6. “General Contracting Statute of the Public Administration” means *Estatuto General de Contratación de la Administración Pública*, the regulatory framework of public procurement established pursuant to Law No. 80, published in the Official Gazette on October 28, 1993.
7. “General Royalties System” means *Sistema General de Regalías*, the Republic of Colombia’s system consisting of a set of revenues, assignments, organs, procedures, and regulations related to the exploitation of non-renewable natural resources, created by Legislative Act No. 5, published in the Official Gazette on July 18, 2011.
8. “Green Bonds” means debt securities issued by a private or public entity, in order to obtain resources from the capital market, with the commitment to repay them within a specified period and with an interest rate established at the time of issuance, whose funds are exclusively intended to finance or refinance assets or activities eligible as green.
9. “*iNNpalsa Colombia*” means the autonomous trust fund created pursuant to Article 13 of the National Development Plan 2014-2018 (Law No. 1753, published in the Official Gazette on June 9, 2015) and the Inter-Administrative Framework Agreement No. 375 between the Republic of Colombia’s External Commerce Bank (Bancodelx) and the Ministry of Commerce, Industry and Tourism of the Republic of Colombia with the purpose of supporting and promoting business hyper-growth in the country, led by innovation.
10. “MSMEs” means micro, small and medium enterprises.

11. “National Agency of Public Contracting Colombia Compra Eficiente” means the Republic of Colombia’s *Agencia Nacional de Contratación Pública - Colombia Compra Eficiente*.
12. “Official Gazette” means *Diario Oficial*, the Republic of Colombia’s official journal.
13. “Program” means: the program of objectives, policies, and actions set forth or referred to in the letter dated August 9, 2021 from the Borrower to the Bank declaring the Borrower’s commitment to the execution of the Program, and requesting assistance from the Bank in support of the Program during its execution and comprising actions taken or supported, including those set forth in Section I of Schedule 1 to this Agreement, and actions to be taken consistent with the program’s objectives.
14. “SFC” means *Superintendencia Financiera de Colombia*, the Superintendency of Finance of the Republic of Colombia.
15. “Signature Date” means the later of the two dates on which the Borrower and the Bank signed this Agreement and such definition applies to all references to “the date of the Loan Agreement” in the General Conditions.
16. “Single Withdrawal Tranche” means the amount of the Loan allocated to the category entitled “Single Withdrawal Tranche” in the table set forth in Part B of Section II of Schedule 1 to this Agreement.