

CONFORMED COPY

LOAN NUMBER 7985-CO

Loan Agreement

(Río Bogotá Environmental Recuperation and Flood Control Project)

between

**INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT**

and

CORPORACIÓN AUTÓNOMA REGIONAL DE CUNDINAMARCA

Dated July 15, 2011

LOAN AGREEMENT

Agreement dated July 15, 2011, between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (“Bank”) and CORPORACIÓN AUTÓNOMA REGIONAL DE CUNDINAMARCA (“Borrower”), established and operating under the Republic of Colombia’s legislation. The Borrower and the Bank hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

- 1.01. The General Conditions (as defined in the Appendix to this Agreement) constitute an integral 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, on the terms and conditions set forth or referred to in this Agreement, the amount of two hundred fifty million Dollars (\$ 250,000,000), as such amount may be converted from time to time through a Currency Conversion in accordance with the provisions of Section 2.07 of this Agreement (“Loan”), to assist in financing the project described in Schedule 1 to this Agreement (“Project”).
- 2.02. The Borrower may withdraw the proceeds of the Loan in accordance with Section IV of Schedule 2 to this Agreement.
- 2.03. The Front-end Fee payable by the Borrower shall be equal to one quarter of one percent (0.25%) of the Loan amount. The Borrower shall pay the Front-end Fee not later than 60 days after the Effective Date.
- 2.04. The interest payable by the Borrower for each Interest Period shall be at a rate equal to LIBOR for the Loan Currency plus the Fixed Spread; provided, that upon a Conversion of all or any portion of the principal amount of the Loan, the interest payable by the Borrower during the Conversion Period on such amount shall be determined in accordance with the relevant provisions of Article IV of the General Conditions. Notwithstanding the foregoing, if any amount of the Withdrawn Loan Balance remains unpaid when due and such non-payment continues for a period of thirty days, then the interest payable by the Borrower shall instead be calculated as provided in Section 3.02 (d) of the General Conditions.
- 2.05. The Payment Dates are May 15 and November 15 in each year.

- 2.06. The principal amount of the Loan shall be repaid in accordance with the provisions of Schedule 3 to this Agreement.
- 2.07. (a) The Borrower with the prior approval of the Guarantor 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 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 withdrawn and outstanding 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 the 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 the General Conditions, and shall be effected in accordance with the provisions of Article IV of the General Conditions and of the Conversion Guidelines.

ARTICLE III — PROJECT

- 3.01. The Borrower declares its commitment to the objectives of the Project. To this end, the Borrower shall carry out the Project in accordance with the provisions of Article V of the General Conditions.
- 3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Borrower and the Bank shall otherwise agree, the Borrower shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

ARTICLE IV — REMEDIES OF THE BANK

- 4.01. The Additional Event of Suspension consists of the following:
- (a) Either the Republic of Colombia’s Law 99 of 1993 or *Convenio* 171 shall have amended, suspended, abrogated, repealed or waived so as to affect materially and adversely in the opinion of the Bank the ability of the Borrower to perform any of its obligations under this Agreement; provided, however, that the Bank, in deciding to make use of this remedial action, would take into account if a substitute legislation and/or legal arrangement has been put in place and, in the opinion of the Bank, would enable the Borrower to comply with its obligations under this Agreement.

ARTICLE V — EFFECTIVENESS; TERMINATION

- 5.01. The Additional Conditions of Effectiveness consist of the following:
- (a) that the *Unidad Ejecutora del Proyecto* and the Project Manager have been established and appointed, respectively, pursuant to paragraph A.1(a) of Section I of Schedule 2 to this Agreement.
 - (b) that the Borrower has adopted the Operational Manual pursuant to paragraph B.1. of Section I of Schedule 2 to this Agreement.
- 5.02. Without prejudice to the provisions of the General Conditions, the Effectiveness Deadline is the date ninety (90) days after the date of this Agreement, but in no case later than the eighteen (18) months after the Bank's approval of the Loan which expire on June 14, 2012.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

- 6.01. The Borrower's Representative is its Director General.
- 6.02. The Borrower's Address is:

Director General
Corporación Autónoma Regional de Cundinamarca
Carrera 7 # 36-45
Bogotá, Colombia

Facsimile:
(571) 3209000 Ext. 1639

- 6.03. The Bank's Address is:

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)	1-202-477-6391

AGREED at Bogotá, Colombia, as of the day and year first above written.

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By /s/ Geoffrey Bergen

Authorized Representative

CORPORACIÓN AUTÓNOMA REGIONAL DE
CUNDINAMARCA

By /s/ Edgar Alfonso Bejarano

Authorized Representative

SCHEDULE 1

Project Description

The objective of the Project is to assist the Borrower to transform the *Río Bogotá* river into an environmental asset for the *Bogotá Distrito Capital* metropolitan region by improving water quality, reducing flood risks and creating multi-functional areas along the said river.

The Project consists of the following parts:

Part A: Upgrading and Expansion of the Salitre WWTP

Upgrade and expansion of the *Salitre* Waste Water Treatment Plant from a 4m³/s primary plant to an about 8m³/s secondary plant to treat, convey and discharge the waste water from the Salitre, Torca and Jaboque micro-basins to *Río Bogotá* and potentially the *Distrito de Riego La Ramada*, including provision of consultants' services for the design, construction and supervision therefor.

Part B: Flood Control and *Río Bogotá* Environmental Restoration Works

Reduce flood risk and establishment of multifunctional zones along the *Río Bogotá* river through the carrying out of flood control and environmental improvement works, including river dredging, embankment construction, restoration of riparian habitats, meanders and wetlands, land acquisition, involuntary displacement of people, landscape design, and establishment of parks, and the provision of consultants' services for the design, construction and supervision therefor.

Part C: Environmental and Water Studies

The carrying out of studies to assist in the environmental sustainability of the *Río Bogotá*, including the elaboration of: (i) an integrated water management plan for the *Río Bogotá* basin; (ii) a bio-solids master plan for the metropolitan region of *Bogotá Distrito Capital*; and (iii) a river management plan for *Río Bogotá*, and provision of consultants' services therefor.

Part D: Project Management and Administration

Strengthening the capacity of the Borrower for the day-to-day implementation of the Project, including: (i) compliance with financial, environmental and procurement management, reporting requirements and monitoring and supervision activities, implementation of the RAP and EMP; (ii) the carrying out of a public outreach campaign; (iii) training; and (iv) the provision of consultants' services therefor.

SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. The Borrower shall:
 - (a) establish and maintain until completion of the Project the *Unidad Ejecutora de Proyecto* (UEP) headed by a qualified and experienced Project manager, directly reporting to the Borrower's Director General, responsible for the day-to-day implementation, management, coordination and supervision of the Project, and to provide technical support to the *Comité Directivo* established under *Convenio 171*. The UEP shall be assigned at all times during Project implementation with qualified and experienced personnel adequate in numbers, and provided with such other resources and funds as shall be necessary to achieve its purposes; and
 - (b) take all such action as shall be necessary to comply with its obligations under *Convenio 171*.

B. Implementation Arrangements

1. The Borrower shall adopt and thereafter apply in the carrying out of the Project an operational manual (the Operational Manual) under terms and conditions which shall have been approved by the Bank.
2. In the event that any provision of the Operational Manual shall conflict with any provision in this Agreement, the terms of this Agreement shall prevail. The Borrower shall not amend, waive, abrogate, suspend or fail to enforce the Operational Manual, or any provision thereof without the Bank's prior written consent.
3. For purposes of carrying out the works to convey the treated effluent from the *Salitre* Waste Water Treatment Plant to the *Distrito de Riego La Ramada*, the Borrower shall undertake the additional necessary technical, financial, economic, social and environmental studies under terms of reference acceptable to the Bank, and demonstrate to the satisfaction of the Bank the viability of the proposed works, adopt and thereafter apply in the implementation of such Part of the Project the necessary environmental and social measures and plans pursuant to the provisions of the Bank Safeguard Policies.

4. With respect to the Project activities to be carried out under Part C of the Project, the Borrower shall, and shall cause to ensure, that the terms of reference for said Project activities include a provision, satisfactory to the Bank, mandating that the Borrower incorporates and causes to be incorporated the applicable Bank Safeguard Policies to said Project activities, as required.

C. Anti-Corruption

1. The Borrower shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.

D. Safeguards

1. The Borrower shall:
 - (a) carry out the Project in accordance with the provisions of the EMP and the RAP, as the case may be; and
 - (b) not amend, waive, abrogate, suspend or fail to enforce the provisions of the EMP and RAP, or any of their provisions without the Bank's prior written consent.

E. Other Implementation

1.
 - (a) Except as the Bank shall otherwise agree, the Borrower undertakes that the proceeds deposited in the FIAB Principal Account shall be used as part of the Borrower's *Aporte Local* for the financing and implementation of the Project. To this end, the Borrower shall not abrogate, amend, assign, repeal, suspend, waive or fail to enforce *Acuerdo 28* of 2005 or *Acuerdo 15* of 2007, or any provision thereof if in the opinion of the Bank any of such actions shall affect the ability of the Borrower to perform any of its obligations under this Agreement.
 - (b) The Borrower further undertakes to apply the Bank's procurement procedures referred to in Section III, Schedule 2 to this Agreement in the use of all the *Aporte Local* required for the financing and implementation of the Project, except for costs related to land acquisition, resettlement and rehabilitation under the RAP.

Section II. Project Monitoring Reporting and Evaluation

A. Project Reports

1. The Borrower shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 5.08 of the General Conditions and on the basis of the indicators agreed with the Bank and set forth in the Operational Manual. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the Bank not later than forty five (45) days after the end of the period covered by such report.
2. For purposes of Section 5.08 (c) of the General Conditions, the report on the execution of the Project and related plan required pursuant to that Section shall be furnished to the Bank not later than six (6) months after the Closing Date.

B. Financial Management, Financial Reports and Audits

1. The Borrower shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 5.09 of the General Conditions.
2. Without limitation on the provisions of Part A of this Section, the Borrower shall prepare and furnish to the Bank not later than 45 days after the end of each calendar semester, interim unaudited financial reports for the Project covering the semester, in form and substance satisfactory to the Bank.
3. The Borrower shall have its Financial Statements audited in accordance with the provisions of Section 5.09 (b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one fiscal year of the Borrower. The audited Financial Statements for each such period shall be furnished to the Bank not later than six months after the end of such period.

Section III. Procurement

A. General

1. **Goods and Works.** All goods and works required for the Project, regardless of their source of funding, except for costs related to land acquisition, resettlement and rehabilitation under the RAP, shall be procured in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, and with the provisions of this Section.

2. **Consultants' Services.** All consultants' services required for the Project, regardless of their source of funding, shall be procured in accordance with the requirements set forth or referred to in Sections I and IV of the Consultant Guidelines and with the provisions of this Section.
3. **Definitions.** The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Bank of particular contracts refer to the corresponding method described in the Procurement Guidelines, or Consultant Guidelines, as the case may be.
4. **Special Provisions.** Without limitation to its reporting obligations under this Agreement, the Borrower shall: (i) supply the SEPA with the information contained in the initial Procurement Plan within forty (45) days after the Project has been approved by the Bank; and (ii) update the Procurement Plan at least once a year, or as required by the Bank, to reflect the actual Project implementation needs and progress and shall supply the SEPA with the information contained in the updated Procurement Plan immediately thereafter.

B. Particular Methods of Procurement of Goods and Works

1. International Competitive Bidding. Except as otherwise provided in paragraph 2 below, goods and works shall be procured under contracts awarded on the basis of International Competitive Bidding.
2. Other Methods of Procurement of Goods and Works. The following table specifies the methods of procurement, other than International Competitive Bidding, which may be used for goods and works. Annex A to this Schedule 2 specifies the circumstances under which such methods may be used.

<u>Procurement Method</u>
(a) National Competitive Bidding, subject to the additional provisions set forth in Section I of Annex A to this Schedule 2.
(b) Shopping.
(c) Direct Contracting, subject to the Bank's prior consent.

C. Particular Methods of Procurement of Consultants' Services

1. Quality- and Cost-based Selection. Except as otherwise provided in paragraph 2 below, consultants' services shall be procured under contracts awarded on the basis of Quality and Cost-based Selection.

2. **Other Methods of Procurement of Consultants' Services.** The following table specifies the methods of procurement, other than Quality and Cost-based Selection, which may be used for consultants' services. Except as otherwise indicated in the following table, the Procurement Plan shall specify the circumstances under which such methods may be used.

<u>Procurement Method</u>
(a) Quality-Based Selection
(b) Selection under a Fixed Budget
(c) Least Cost Selection
(d) Selection based on Consultants' Qualifications
(e) Single-source Selection
(f) Procedures set forth in paragraphs 5.2, 5.3 and 5.4 of the Consultant Guidelines for the Selection of Individual Consultants

D. Review by the Bank of Procurement Decisions

The Procurement Plan shall set forth those contracts which shall be subject to the Bank's Prior Review. All other contracts shall be subject to Post Review by the Bank.

Section IV. Withdrawal of Loan Proceeds

A. General

1. The Borrower may withdraw the proceeds of the Loan in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Bank may specify by notice to the Borrower (including the "World Bank Disbursement Guidelines for Projects" dated May 2006, as revised from time to time by the Bank and as made applicable to this Agreement pursuant to such instructions), to finance the Eligible Expenditures.
2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Loan ("Category"), the allocation of the amounts of the Loan to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category.

<u>Category</u>	<u>Amount of the Loan Allocated (expressed in USD)</u>	<u>Percentage of Expenditures to be financed (inclusive of Taxes)</u>
(1) Works and Goods	224,000,000	100%
(2) Consultant Services	25,000,000	100%
(3) Operational Costs, Training and Workshops	1,000,000	100%
TOTAL AMOUNT	250,000,000	

B. Withdrawal Period

1. The Closing Date is June 30, 2016.

**Annex A
to
SCHEDULE 2**

**Additional Provisions Relating to
Particular Methods of Procurement**

Section I. National Competitive Bidding

Goods estimated to cost less than \$300,000 equivalent per contract and works estimated to cost less than \$5,000,000 equivalent per contract, may be procured under contracts awarded on the basis of National Competitive Bidding, subject to the following additional provisions:

- (a) Before issuing any invitation to bid, the Borrower shall use, or cause to be used, standard bidding documents, as approved by the Bank for bidding under the Project and incorporated in the Operational Manual (the "Standard Bidding Documents"). Any change or departure from the Standard Bidding Document approved by the Bank shall require its prior approval.
- (b) All bidders, irrespective of whether they are foreigners or citizens of the Borrower's territory, 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 the Borrower's territory or elsewhere, or to appoint a representative domiciled in Borrower's territory, unless and until such bidder is awarded the corresponding contract.
- (c) 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.
- (d) 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.

- (e) 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.

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 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) Withdrawn Loan Balance as of the first Principal Payment Date; by (b) the Installment Share for each Principal Payment Date, such repayable amount to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.

Principal Payment Date	Installment Share (Expressed as a Percentage)
November 15, 2015	3.30%
November 15, 2016	5.92%
November 15, 2017	8.00%
November 15, 2018	8.85%
November 15, 2019	10.00%
November 15, 2020	10.99%
November 15, 2021	12.00%
November 15, 2022	13.00%
November 15, 2023	13.80%
November 15, 2024	14.14%

2. If the proceeds of the Loan have not 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 have been withdrawn as of the first Principal Payment Date, the Borrower shall repay the Withdrawn Loan Balance as of such date in accordance with paragraph 1 of this Schedule.
 - (b) Any amount withdrawn 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 is the original Installment Share specified in the table in paragraph 1 of this Schedule for said Principal Payment Date (“Original Installment Share”)

and the denominator of which is the sum of all remaining Original Installment Shares for Principal Payment Dates falling on or after such date, such amounts repayable 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) Amounts of the Loan withdrawn 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, if at any time the Bank adopts 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 Loan Balance to an Approved Currency, the amount so converted in the Approved Currency that is 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 the Conversion by either: (i) the exchange rate that reflects the amounts of principal in the Approved Currency payable by the Bank under the Currency Hedge Transaction relating to the 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 Withdrawn Loan Balance is 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 such amount.

APPENDIX

Section I. Definitions

1. “*Acuerdo 28*” means the Borrower’s *Consejo Directivo* Decision dated August 31, 2005 providing for the establishment and management of a designated fund named *Fondo para las Inversiones Ambientales en el Perimetro Urbano de Bogotá* (FIAB) to be funded with the environmental portion of the property tax annual revenues transferred from *Bogotá Distrito Capital* to the Borrower pursuant to article 44 of the Borrower’s Legislation, as said *Acuerdo 28* has been amended by *Acuerdo 15*.
2. “*Acuerdo 15*” means the Borrower’s *Consejo Directivo* Decision dated 19 of June 2007, amending *Acuerdo 28*, inter alia, to re-define the scope of the use of FIAB proceeds to cover the Megaproyecto Río Bogotá.
3. “Anti-Corruption Guidelines” means the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006, with the modifications set forth in Section III of this Appendix.
4. “*Aporte Local*” means the Borrower’s funds, other than the proceeds of the Loan, required for the financing of the Project and to be used pursuant to the procedures set forth in the Loan Agreement.
5. “Bank Safeguard Policies” means the Bank’s operational policies and procedures set forth in the Bank’s Operational Manual under OP/BPs 4.01, 4.04, 4.09, 4.10, 4.11, 4.12, 4.36, 4.37, 7.50 and 7.60 as said Manual is published under www.WorldBank.org/opmanual.
6. “*Bogotá Distrito Capital*” means a political and administrative subdivision of the Republic of Colombia.
7. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
8. “Consultant Guidelines” means the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” published by the Bank in May 2004 and revised in October 2006 and May 2010.
9. “*Convenio 171*” means the agreement signed on June 26, 2007 among the Borrower, *Bogotá Distrito Capital-Secretaria de Ambiente*, and *Empresa de Acueducto y Alcantarillado de Bogotá*, for purposes of implementing the *Megaproyecto Río Bogota* described therein and aimed at achieving the environmental sustainability of *Río Bogotá* river.

10. “*Empresa de Acueducto y Alcantarillado de Bogotá*” and the acronym “EAAB” means, the Water and Sewerage Company of Bogotá Distrito Capital.
11. “Environmental Management Plan” and the acronym “EMP” means the plan prepared and adopted by the Borrower on January 18, 2010, satisfactory to the Bank, for the management of the environmental aspects of the Project, and disclosed to the public on February 2010 and said plan may be amended from time to time with the prior approval of the Bank.
12. “FIAB Principal Account” means the account in which the proceeds of the environmental portion of the property tax annual revenues are deposited pursuant to the terms of *Acuerdo 28* and *Acuerdo 15*, which proceeds are transferred from *Bogotá Distrito Capital* to the Borrower pursuant to the Republic of Colombia’s Law 99 of 1993.
13. “General Conditions” means the “International Bank for Reconstruction and Development General Conditions for Loans”, dated July 1, 2005 (as amended through February 12, 2008) with the modifications set forth in Section II of this Appendix.
14. “Guarantor” means the Republic of Colombia.
15. “Operating costs” means reasonable expenditures directly related to the Project, incurred by the Borrower (which expenditures would not have been incurred absent the Project) including the costs of office equipment and supplies, vehicle operation and maintenance, communication and insurance costs, office administration costs, utilities, travel costs including *per diem* and supervision costs and salaries of locally contracted employees, but excluding salaries of officials of the Borrower’s civil service.
16. “Operational Manual” means the manual, satisfactory to the Bank, adopted by the Borrower pursuant to paragraph B.1. of Section I of Schedule 2 to this Agreement for purposes of implementing the Project, as such manual may be amended from time to time with the prior approval of the Bank.
17. “Procurement Guidelines” means the “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the Bank in May 2004 and revised in October 2006 and May 2010.
18. “Procurement Plan” means the Borrower’s procurement plan for the Project, dated May 21, 2010 and referred to in paragraph 1.16 of the Procurement Guidelines and paragraph 1.24 of the Consultant Guidelines, in Spanish, named “*Plan de Adquisiciones y Contrataciones*”, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.

19. “Resettlement Action Plan” and the acronym “RAP” means the plan, satisfactory to the Bank, adopted by the Borrower on May 21, 2010 and referred in paragraph D.1 of Section 1 of Schedule 2 to this Agreement, in Spanish, named “*Plan de Gestión Social para la Compra de Areas y Derechos Adquiridos sobre los Terrenos que requiere el Proyecto de Adecuación Hidráulica y Recuperación Ambiental del Río Bogotá – Colombia*”, as the same may be amended from time to time with the prior approval of the Bank.
20. “Río Bogotá Environmental Recuperation and Flood Control Project” and the term “Project” means in Spanish “*Adecuación Hidráulica y Recuperación Ambiental del Río Bogotá*”.
21. “Salitre Waste Water Treatment Plant” and the acronym “WWTP” means the waste water treatment plant to treat, convey and discharge the waste water from the Salitre, Torca and Jaboque micro-basins to be upgraded and expanded under Part A of the Project.
22. “SEPA” means *Sistema de Ejecución de Plan de Adquisiciones*”, the Bank’s Procurement Plan Execution System.
23. “Training” means expenditures (other than for consultant’s services incurred by the Borrower) in respect of Category 3, to finance: (a) reasonable *per diem* cost, and travel, room and board expenditures incurred by trainers and trainees in connection with their training and by non-consultant training facilitators; (b) course fees; (c) training facility rentals; and (d) training material preparation, acquisition, reproduction and distribution expenses.
24. “*Unidad Ejecutora de Proyecto*” and the acronym “UEP”, means the Project executing unit established by the Borrower pursuant to paragraph A.1. (a) of Section I of Schedule 2 to this Agreement.
25. “Workshops” means seminars, conferences and similar events in which the participants address specific issues related to the Project.

Section II. Modifications to the General Conditions

The modifications to the General Conditions are as follows:

1. Paragraph (l) of Section 7.02 is modified to read as follows:

“Section 7.02. *Suspension by the Bank*

... (l) *Ineligibility.* The Bank or the Association has declared the Borrower (other than the Member Country) or the Project Implementing Entity ineligible to receive proceeds of any financing made by the Bank or the Association or otherwise to participate in the preparation or implementation of any project financed in whole or in part by the Bank or the Association, as a result of: (i) a determination by the Bank or the Association that the Borrower or the Project Implementing Entity has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of any financing made by the Bank or the Association; and/or (ii) a declaration by another financier that the Borrower (other than the Member Country) or the Project Implementing Entity is ineligible to receive proceeds of financings made by such financier or otherwise to participate in the preparation or implementation of any project financed in whole or in part by such financier as a result of a determination by such financier that the Borrower or the Project Implementing Entity has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of a financing made by such financier.”

Section III. Modifications to the Anti-Corruption Guidelines

The modifications to the Anti-Corruption Guidelines are as follows:

1. Section 5 is re-numbered as Section 5(a) and a new Section 5(b) is added to read as follows:

“... (b) These Guidelines also provide for the sanctions and related actions to be imposed by the Bank on Borrowers (other than the Member Country) and all other individuals or entities who are recipients of Loan proceeds, in the event that the Borrower or the individual or entity has been debarred by another financier as a result of a determination by such financier that the Borrower or the individual or entity has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of a financing made by such financier.”

2. Section 11(a) is modified to read as follows:

“... (a) sanction in accordance with prevailing Bank’s sanctions policies and procedures (fn13) a Borrower (other than a Member Country) (fn 14) or

an individual or entity, including (but not limited to) declaring such Borrower, individual or entity ineligible publicly, either indefinitely or for a stated period of time: (i) to be awarded a Bank-financed contract; (ii) to benefit from a Bank-financed contract, financially or otherwise, for example as a sub-contractor; and (iii) to otherwise participate in the preparation or implementation of the project or any other project financed, in whole or in part, by the Bank, if at any time the Bank determines (fn 15) that such Borrower, individual or entity has engaged in corrupt, fraudulent, collusive, coercive or obstructive practices in connection with the use of loan proceeds, or if another financier with which the Bank has entered into an agreement for the mutual enforcement of debarment decisions has declared such person or entity ineligible to receive proceeds of financings made by such financier or otherwise to participate in the preparation or implementation of any project financed in whole or in part by such financier as a result of a determination by such financier that the Borrower or the individual or entity has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of a financing made by such financier.”

Footnotes:

“13. An individual or entity may be declared ineligible to be awarded a Bank financed contract upon completion of sanctions proceedings pursuant to the Bank’s sanctions policies and procedures, or under the procedures of temporary suspension or early temporary suspension in connection with an ongoing sanctions proceeding, or following a sanction by another financier with whom the Bank has entered into a cross debarment agreement, as a result of a determination by such financier that the firm or individual has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of a financing made by such financier.”

“14. Member Country includes officials and employees of the national government or of any of its political or administrative subdivisions, and government owned enterprises and agencies that are not eligible to bid under paragraph 1.8(b) of the Procurement Guidelines or participate under paragraph 1.11(c) of the Consultant Guidelines.”

“15. The Bank has established a Sanctions Board, and related procedures, for the purpose of making such determinations. The procedures of the Sanctions Board sets forth the full set of sanctions available to the Bank. In addition, the Bank has adopted an internal protocol outlining the process to be followed in implementing debarments by other financiers, and explaining how cross-debarments will be posted on the Bank’s website and otherwise be made known to staff and other stakeholders.”

