

Public Disclosure Authorized

CONFORMED COPY

LOAN NUMBER 7609-CO

Loan Agreement

(Additional Loan for the Bogotá Urban Services Project)

between

BOGOTÁ DISTRITO CAPITAL

and

**INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT**

Dated February 23, 2009

Public Disclosure Authorized

LOAN NUMBER 7609-CO

LOAN AGREEMENT

Agreement dated February 23, 2009 (the Agreement) entered into between BOGOTÁ DISTRITO CAPITAL (“Borrower”) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (“Bank”) for the purpose of providing a loan (the Loan) to assist in financing the expansion of the activities related to the Original Project set forth in the Original Loan Agreement (all as defined in the Appendix to this Agreement). 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 thirty million Dollars (\$30,000,000) 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 per cent (0.25%) of the Loan amount. The Borrower shall pay the Front-end Fee not later than sixty (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 Notwithstanding the foregoing, if any amount of the Withdrawn Loan Balance remains unpaid when due and such non-payment continues for a period of thirty (30) days, then the interest payable by the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 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 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 continued commitment to the objective of the Project. To this end, the Borrower shall: (a) continue to carry out selected Parts of the Project as are set forth in the Original Loan Agreement with the entities described therein, and (b) maintain, for purposes of this Loan:
- (i) SDH responsible for carrying out Part C.7 of the Project;
 - (ii) IDU responsible for carrying out Parts C.8 and C.9 of the Project; and
 - (iii) SM, responsible for carrying out Part A.7 of the Project;

all 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 — EFFECTIVENESS; TERMINATION

- 4.01. The Additional Conditions of Effectiveness consist of the following:
- (a) The Subsidiary Agreement between the Borrower and IDU, shall have been updated, satisfactory to the Bank, to reflect the implementation arrangements under this Loan.
 - (b) The Current Operational Manual, including therein the EMP, RAP and Procurement Plan prepared for the Project to be financed under this Loan, shall each have been amended and updated, satisfactory to the Bank, to reflect the implementation arrangements in respect of this Loan.
- 4.02. Without prejudice to the provisions of the General Conditions, the Effectiveness Deadline is the date ninety (90) days after the date of this Loan Agreement, but in no case later than the eighteen (18) months after the Bank's approval of the Loan which expire on April 21, 2010.

ARTICLE V— REPRESENTATIVE; ADDRESSES

- 5.01. The Borrower's Representative is its Secretary of Finance.
- 5.02. The Borrower's Address is:

Bogotá Distrito Capital
Secretaría de Hacienda
Carrera 30 No. 25-90, Oficina 601
Bogotá, D.C., República de Colombia

Facsimile:
57-1-350-9891

- 5.03. 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:	Telex:	Facsimile:
INDEVAS Washington, D.C.	248423 (MCI)	1-202-477-6391

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

BOGOTÁ DISTRITO CAPITAL

By /s/ Juan Ricardo Ortega López
Authorized Representative

INTERNATIONAL BANK FOR REONSTRUCTION
AND DEVELOPMENT

By /s/ Axel van Trotsenburg
Authorized Representative

SCHEDULE 1

Project Description

The Project consists of the following Parts which: (a) maintain the Original Project's objective 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; and (b) are selectively integrated, for purposes of this Loan, in the Parts of the Original Project, as follows:

1, Part A: Improved mobility (includes the following new activity):

“7. The provision of technical advisory services and associated goods for the carrying out of design activities, studies, surveys, analytical research, social assessments and evaluations in technical, legal, policy, environmental and urban matters for the expansion and improvement of the Borrower's integrated urban public transport network with special emphasis on the development of the first line of a proposed metro transport system.”

2. Part C: Institutional Development (includes the following new activities):

“7. Provision of support, including technical advisory services and associated goods for the strengthening of the capacity of the Borrower in areas of fiscal management and urban planning and the establishment and operation of a spatially-based management model of international standard using geographic information with a view to transforming the existing Cadastre Unit into a key management tool.

8. Provision of support, including technical advisory services and associated goods for the strengthening of the Cadastre Unit to enable it to carry out activities in information technology capacity enhancement, social communication, preparation of technical and legal studies, institutional design and technical and institutional capacity building activities related to, *inter alia*:

- (a) land tax valuation exercises, including the implementation of a policy reform package to mitigate social consequences of property tax increases; and
- (b) the elaboration and implementation of a medium-term program of operational reform, including an overall restructuring of the business model and institutional design of the Cadastre Unit to ensure interoperability with the Borrower's property registry and the public service providers.

9. Provision of support, including technical advisory services and associated goods for the building of:

- (a) institutional capacity in IDU to improve its management; and
- (b) operational and technical capacity in selected IDU staff to improve the Borrower's road network management through, *inter alia*: (i) the carrying out of diagnostic research, surveys, studies and assessments to determine, among other aspects, the overall future maintenance and rehabilitation costs of the road network system, including in respect of pedestrian and vehicle bridges; and (ii) the determination of the Borrower's projected road system investment needs, including all available technical and financial options in relation thereto."

SCHEDULE 2**Project Execution****Section I. Implementation Arrangements****A. Institutional Arrangements**

The Borrower shall maintain, for purposes of the implementation of the Project's additional activities and in respect of: (a) Part A.7 of the Project and (b) Parts C.7, C.8 and C.9 of the Project, all the institutional arrangements concerning SDH, SM and IDU as are set forth in the Original Loan Agreement, including the operation of a Project coordination unit in SDH, under the terms and conditions set forth in the Original Loan Agreement.

B. Subsidiary Agreement

1. The Borrower shall continue to carry out and maintain hereunder, satisfactory to the Bank, all the terms and conditions of the Subsidiary Agreement entered into with IDU for the carrying out of all the relevant activities under this Loan, except as required pursuant to Section 4.01 of this Agreement.
2. The Borrower shall continue to exercise its rights under the Subsidiary Agreement entered into with IDU in such manner as to protect the interests of the Borrower and the Bank and to accomplish the purposes of the Project. Except as the Bank shall otherwise agree, the Borrower shall not under this Loan, assign, amend, abrogate or waive said Subsidiary Agreement or any of its provisions, except as required pursuant to Section 5.01 of this Agreement.

C. Implementation Documents

1. The Borrower has revised, in a manner satisfactory to the Bank, an operational manual dated July 2003, as amended to date, to include the specific requirements and guidelines of the additional activities financed under this Loan (Current Operational Manual) and which consists of different schedules, setting forth *inter alia*, detailed description of Project activities and relevant specifications in respect thereof, the rules, guidelines, methods, construction directives for works, specific development plans, standard documents and procedures to be maintained for the further carrying out of the Project.
2. In the event that any provision of the Current Operational Manual shall conflict with any one under this Agreement, the terms of this Agreement shall prevail.
3. The Current Operational Manual may only be amended from time to time in consultation with, and after approval of, the Bank.

D. Other Implementation Arrangements

1. The Borrower shall continue to furnish to the Bank for approval, and to DNP for review, the Annual Action Plan in respect of all the activities to be carried out under the Project during the twelve months immediately following the presentation of each said plan; under terms and conditions specified in detail in the Original Loan Agreement.
2. The Borrower shall continue to include in each annual budget proposed to its legislature, and make available each year of Project implementation, promptly as needed, in *Pesos*, the amounts required as counterpart funds for the Project.

E. Safeguards

1. The Borrower shall update the commitments and actions agreed between the Borrower and IDU under the Subsidiary Agreement entered with IDU, to ensure that the Borrower continues to carry out and cause the Project to be carried out under this Loan, in accordance with all pertinent environmental and social safeguards as may be required by, and agreed with, the Bank for purposes of the additional Project activities set forth in Schedule 1 to this Agreement.

F. Anti-Corruption

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

Section II. Project Monitoring, Reporting and Evaluation**A. Project Reports**

1. The Borrower shall maintain the same arrangements for Project monitoring, reporting and evaluation as are set forth in the Original Loan Agreement, including with respect to the updated performance indicators for this Loan set forth in the Implementation Letter.

B. Financial Management, Financial Reports and Audits

1. The Borrower shall maintain all the arrangements for financial management, financial reports and audits of Project execution as are set forth in the Original Loan Agreement.
2. Notwithstanding the foregoing, the Borrower shall, for purposes of this Loan, prepare and furnish to the Bank not later than forty five (45) days after the end of each calendar semester, interim un-audited financial reports for the Project covering the semester, in form and substance satisfactory to the Bank.

Section III. Procurement**A. General**

1. **Goods and Non-Consultant Services.** All goods and Non-Consultant Services required for the Project under this Agreement and to be financed out of the proceeds of the Loan shall be procured in accordance with Section I of the Procurement Guidelines, and with the provisions of the Original Loan Agreement.
2. **Consultants' Services.** All consultants' services required for the Project under this Agreement and to be financed out of the proceeds of the Loan shall be procured in accordance with Sections I and IV of the Consultant Guidelines, and with the provisions of the Original Loan Agreement.

B. Review by the Bank of Procurement Decisions

The Procurement Plan reflecting the arrangements under this Loan 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 the Proceeds of the Financing**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 Eligible Expenditures as set forth in the table in paragraph 2 below.
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 Dollars)</u>	<u>Percentage of Expenditures to be Financed</u>
(1) Goods, Non-consultant services, consultant services and Training under Part A.7 of the Project	16,100,000	100%
(2) Goods, Non-consultant services, consultant services and Training under Parts C.7, C.8 and C.9 of the Project	13,900,000	100%
TOTAL AMOUNT	30,000,000	

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made:
 - (a) from the Loan Account until the Bank has received payment in full of the Front-end Fee; and
 - (b) for payments made prior to the Effective Date of this Agreement.
2. The Closing Date is July 31, 2011.

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)
On each May 15 and November 15 Beginning on November 15, 2013 Through May 15, 2018.	10%

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) above, 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: (a) 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 (b) if the Bank so determines in accordance with the Conversion Guidelines, the exchange rate component of the Screen Rate.

APPENDIX**Section I. Definitions**

1. 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.
2. “Cadastre Unit” means a unit under SDH (as hereinafter defined) responsible for managing the Borrower’s urban land and housing registry.
3. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
4. “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.
5. “Current Operational Manual” means the manual referred to in Section I.C.1 of Schedule 2 to this Agreement.
6. “Environmental Management Plan” and the acronym “EMP” mean the plan of actions dated November 2002, satisfactory to the Bank, prepared by the Borrower with the assistance of IDU, among other agencies, and revised for purposes of the additional activities set forth in Schedule 1 to this Agreement, 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.
7. “General Conditions” means the “International Bank for Reconstruction and Development General Conditions”, dated July 1, 2005 (as amended through February 12, 2008), with the modifications set forth in Section II of this Appendix.
8. “IDU” means *Instituto de Desarrollo Urbano*, the Borrower’s Urban Development Institute or any successor thereto.
9. “Implementation Letter” means the letter of even date herewith from the Borrower to the Bank, setting forth revised Project monitoring indicators in respect of the additional activities set forth in Schedule 1 to this Agreement.
10. “Non-Consultant Services” means in respect of Categories 1 and 2 in the table of Section IV.A.2 of Schedule 2 to this Agreement, services to be contracted for the carrying out of activities related to the carrying out of, *inter alia*, social communication campaigns, including surveys and outreach programs.

11. “Original Loan Agreement” means the loan agreement between the Borrower and the Bank for the Bogotá Urban Services Project, dated June 04, 2003, as amended to the date of this Agreement (Loan No. 7162-CO).
12. “Original Project” means the Project first described in the Original Loan Agreement.
13. “Peso” means the lawful currency of the Borrower.
14. “Procurement Guidelines” means the “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the Bank in May 2004 and revised in October 2006.
15. “Procurement Plan” means the Recipient’s 2003 procurement plan for the Project referred to in paragraph 1.16 of the Procurement Guidelines and paragraph 1.24 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.
16. “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, which sets out the principles and procedures governing land acquisition, resettlement, compensation and rehabilitation of Affected Persons, as defined in the Original Loan Agreement, as well as administrative, reporting and monitoring arrangements to ensure compliance with said plan, as such plan may be revised under this Loan in agreement with the Bank, for purposes of the implementation of the additional activities set forth in Schedule 1 to this Agreement.
17. “SDH” means *Secretaría Distrital de Hacienda*, the Borrower’s Secretariat of Finance or any successor thereto.
18. “SM” means *Secretaría de Movilidad*, the Borrower’s Secretariat for Mobility, successor to “STT-FONDATT” or *Fondo de Educación y Seguridad Vial de Tránsito y Transporte*, the Borrower’s Fund for Transport, Transit and Safety Education, and made responsible under Section 3.01. (b) (iii) of this Agreement for the carrying out of selected activities under this Loan.
19. “Subsidiary Agreement” mean the agreement dated July 2003, entered into between the Borrower and IDU as the same may be amended in agreement with the Bank, including for the implementation of the additional activities set forth in Schedule 1 to this Agreement.
20. “Training” means in respect of Categories 1 and 2 of the table in Section IV.A 2 of Schedule 2 to this Agreement, 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.

Section II. Modifications to the General Conditions

The modification to the General Conditions is as follows:

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

“Section 7.02. *Suspension by the Bank*

... (1) *Ineligibility*. The Bank 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 otherwise to participate in the preparation or implementation of any project financed in whole or in part by the Bank, as a result of a determination by the Bank 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”