

OFFICIAL  
DOCUMENTS

LOAN NUMBER 9142-CO

# Loan Agreement

(COVID-19 Crisis Response 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”) 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 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 seven hundred million Dollars, (\$700,000,000), 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 Fixed 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 January 15 and July 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; and
- (b) without limitation upon paragraph (a) 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 consist of the following: 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 the following: 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 Bogotá D.C Piso 3°  
  
and  
  
(b) the Borrower's Electronic Address is:  
  
Facsimile:                    E-mail:  
(571) 350 9344                Desmin@minhacienda.gov.co
- 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:	Facsimile	E-mail
248423(MCI) or 64145(MCI)	1-202-477-6391	uzachau@worldbank.org

AGREED as of the Signature Date.


**REPUBLIC OF COLOMBIA**

By

  
\_\_\_\_\_  
Authorized Representative

Name: Alberto Carrasquilla  
Title: Minister of Finance and Public Credit  
Date: July 21<sup>st</sup> 2020

By

  
\_\_\_\_\_  
Authorized Representative and  
Technical Coordinator of the Program

Name: Luis Alberto Rodriguez  
Title: General Director National Planning Department  
Date: July 21<sup>st</sup> 2020

**INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT**

By

  
\_\_\_\_\_  
Authorized Representative

Name: ULRICH ZACHAU  
Title: Country Director  
Date: July 2<sup>nd</sup> 2020

## 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 authorized MSPS to apply targeted financial mechanisms to provide additional liquidity to health care providers so that they may effectively deliver health care services in response to the COVID-19 pandemic, as evidenced by Art. 5 of Decree No. 538 published in the Official Gazette on April 12, 2020.
  2. The Republic of Colombia through MSPS has developed a biosafety framework, facilitating the carrying out of economic and social activity in a manner consistent with mitigation, control and prevention of the spread of COVID-19, while the sanitary emergency is in effect, as evidenced through Resolution No. 666 published in the Official Gazette on April 24, 2020.
  3. The Republic of Colombia, through DNP, has expanded its master database for targeting social programs so as to facilitate crisis response cash payments to poor and vulnerable households currently not registered for social programs; as evidenced by Decree No. 518 published in the Official Gazette on April 4, 2020 and the letter from MHCP and DNP dated May 26, 2020.
  4. The Republic of Colombia has: (i) approved the *Ingreso Solidario Program* and modifications to existing social protection programs, all to provide crisis response cash payments to poor and vulnerable individuals and households; and (ii) authorized the MHCP to subscribe and modify agreements with financial service providers so as to provide such payments in a direct and timely fashion, all as evidenced by Decree No. 458 published in the Official Gazette on March 22, 2020, and Decree No. 518 published in the Official Gazette on April 4, 2020.
  5. The Republic of Colombia and ICBF have approved new regulations for the implementation of the school feeding and pre-school feeding programs so as to protect the nutrition of poor and vulnerable children following facility closures, as evidenced by UEAE's Resolution No. 007 dated April 16, 2020 and published in the MOE's website, and the second article of ICBF's Resolution No. 2900 dated March 15, 2020.
  6. The Republic of Colombia and the FNG, as applicable, have: (i) recapitalized the FNG through the reallocation of capital from different public assets (enterprises and funds); and (ii) introduced operational changes to the FNG, including increasing coverage rates and modifying pricing conditions and covering costs partially with funds from the Republic of Colombia to promote program accessibility and increase outreach, as evidenced by Decree No. 492 published in the Official Gazette on March 28, 2020; Decree 466 published in the Official Gazette on March 23, 2020; and FNG's Circulars No. 10, No. 11 and 12, all dated April 15, 2020 and published in FNG's website.

7. To support access to finance and operational continuity for MSMEs in the face of COVID-19, the Republic of Colombia and Bancoldex have launched emergency credit lines via Bancoldex aimed at maintaining working capital and employment in critical sectors, as evidenced by Article 2 of Decree No. 468, published in the Official Gazette on March 23, 2020, and the Bancoldex Circulars
8. The Republic of Colombia has: (i) temporarily postponed the deadline for tax payments as evidenced by Decree 401 published in the Official Gazette on March 13, 2020, Decree 435 published in the Official Gazette on March 19, 2020, and Decree 520 published in the Official Gazette on April 6, 2020; and (ii) accelerated VAT and income tax refunds during the whole period of the health emergency, as evidenced by Decree 535 published in the Official Gazette on April 12, 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	700,000,000
<b>TOTAL AMOUNT</b>	<b>700,000,000</b>

- 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, within thirty (30) days after the withdrawal of the Loan from the Loan Account, shall 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 June 30, 2021.

## **SCHEDULE 2**

### **Commitment-Linked Amortization Repayment Schedule – Bullet Repayment**

The Borrower shall repay the principal amount of the Loan in full on January 15, 2040.



## APPENDIX

### Section I. Definitions

1. “Bancoldex” means *Banco de Comercio Exterior de Colombia*, the Republic of Colombia’s External Commerce Bank, a second tier financial institution created to promote the productivity and competitiveness of the business sector in the Republic of Colombia.
2. “Bancoldex Circulars” means Circulars No. 4 dated March 18, 2020; No. 6 dated April 2, 2020; and No. 7 dated April 8, 2020; all published in Bancoldex’s website.
3. “COVID-19” means the coronavirus disease caused by the 2019 novel coronavirus (SARS-CoV-2).
4. “DNP” means *Departamento Nacional de Planeación*, the Borrower’s National Planning Department.
5. “FNG” means *Fondo Nacional de Garantías*, the Borrower’s National Guarantees Fund.
6. “General Conditions” means the “International Bank for Reconstruction and Development General Conditions for IBRD Financing, Development Policy Financing”, dated December 14, 2018.
7. “ICBF” means *Instituto Colombiano de Bienestar Familiar*, the Colombian Institute of Family Wellbeing.
8. “MHCP” means *Ministerio de Hacienda y Crédito Público*, the Republic of Colombia’s Ministry of Finance and Public Credit.
9. “MOE” means *Ministerio de Educación*, the Republic of Colombia’s Ministry of Education.
10. “MSMEs” means medium, small and micro enterprises.
11. “MSPS” means *Ministerio de Salud y Protección Social*, the Borrower’s Ministry of Health and Social Protection.
12. “Program” means: the program of objectives, policies, and actions set forth or referred to in the letter dated May 26, 2020 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, including those set forth in Section I of Schedule 1 to this Agreement, and actions to be taken consistent with the program’s objectives.
13. “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.

14. "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.
15. "UEAE" means *Unidad Administrativa Especial de Alimentación Escolar – Alimentos para Aprender*, the Republic of Colombia's Special Administrative Unit for Scholar Feeding – Food for Learning.
16. "VAT" means value added tax.