Loan Agreement

(Support to the Bogota Metro Line 1-Section 1 Project) (Series 1)

between

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

and

EMPRESA METRO DE BOGOTA S.A.
LOAN AGREEMENT

AGREEMENT dated as of the Signature Date between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("Bank") and EMPRESA METRO DE BOGOTA S.A. ("Borrower"). The Bank and the Borrower 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 seventy million Dollars (USD70,000,000), as such amount may be converted from time to time through a Currency Conversion ("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 III of Schedule 2 to this Agreement.

2.03. The Front-end Fee is one quarter of one percent (0.25%) of the Loan amount.

2.04. The Commitment Charge is one quarter of one percent (0.25%) per annum on the Unwithdrawn Loan Balance.

2.05. 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.

2.06. The Payment Dates are March 15 and September 15 in each year.

2.07. The principal amount of the Loan shall be repaid in accordance with Schedule 3 to this Agreement.

ARTICLE III — PROJECT

3.01. The Borrower declares its commitment to the objective 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 and Schedule 2 to this Agreement.
ARTICLE IV — REMEDIES OF THE BANK

4.01. The Additional Event of Suspension consists of the following namely that the Republic of Colombia or the Capital District shall have failed to make available to the Borrower the financing committed to be provided under the Counterpart Financing Agreement in a manner that in the Bank's opinion materially and adversely affects the Borrower's ability to perform any of the Borrower's obligations under this Agreement.

4.02. The Co-financing Deadline for the effectiveness of the EIB Co-financing Agreement is October 31, 2019 or such later date as the Bank may agree.

4.03. The Additional Event of Acceleration consists of the following namely that any event specified in Section 4.01 of this Agreement occurs and is continuing for a period of 60 days after notice of the event has been given by the Bank to the Borrower.

ARTICLE V — EFFECTIVENESS; TERMINATION

5.01. The Additional Conditions of Effectiveness consist of the following:

(a) The IADB Co-financing Agreement has been executed and delivered and all conditions precedent to its effectiveness or to the right of the Borrower to make withdrawals under it (other than the effectiveness of this Agreement) have been fulfilled.

(b) The Operational Manual has been adopted by the Borrower in form and substance satisfactory to the Bank.

(c) The Trust Account has been established in form and substance satisfactory to the Bank.

5.02. The Effectiveness Deadline is the date one hundred and eighty (180) days after the Signature Date.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

6.01. The Borrower's Representative is its General Manager.

6.02. For purposes of Section 10.01 of the General Conditions: (a) the Borrower's address is:

Carrera 7# 71-52
Torre A Oficina 902
Bogota, Colombia; and
(b) the Borrower’s Electronic Address is:

E-mail:
Gerencia.general@metrodebogota.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:
248423(MCI) or 1-202-477-6391
64145(MCI)
AGREED as of the Signature Date.

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By

**Authorized Representative**

Name: Ulrich Zachau
Title: Director for Colombia and Venezuela
Date: August 6, 2018

EMPRESA METRO DE BOGOTA, S.A.

By

**Authorized Representative**

Name: Andres Escobar Unbe
Title: General Manager
Date: August 6, 2018
SCHEDULE 1

Project Description

The objective of the Project is to improve readiness and start the implementation of the Bogota Metro Line 1 Section 1.

The Project consists of the following parts:

**Part A: Detailed Designs, Initial Construction and Works Supervision**

Detailed designs, and initial construction works including, *inter alia*, ground improvement and compacting for the railyard and initial pilling installation for the viaduct for the Bogota Metro Line 1 Section 1, and provision of consulting services for works supervision.

**Part B: Institutional and Policy Strengthening**

1. Carrying out of technical studies as needed for the implementation of the Bogota Metro Line 1 Section 1 and approved by the Bank, including, *inter alia*, studies for the integration of the Bogota Metro Line 1 Section 1 with the SITP, transit oriented development, and for the identification of land value capture instruments.

2. Strengthening: (a) the capacity of the mobility sector of the Borrower and the Capital District; (b) the security and safety of women in public transport; and (c) the Borrower’s financial management and safeguards supervision capacity; all through the provision of consulting services and training.
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. The Borrower shall maintain, for purpose of the implementation, monitoring and supervision of the Project, a structure, functions and responsibilities, and staffing including fiduciary, technical, social and environmental specialists, all with qualifications, experience acceptable to the Bank, as set forth in the Operational Manual.

2. The Borrower shall, not later than one month after the Effective Date, employ a consultant with qualifications and experience acceptable to the Bank to provide advisory services to the Borrower in technical, strategic and management aspects of the Metro Line 1 Section 1.

3. The Borrower shall, not later than December 31, 2019 select the Concessionaire and thereafter enter into a contract with the Concessionaire under terms and conditions satisfactory to the Bank which shall include, **inter alia** the Concessionaire’s obligation to comply with the Safeguard Instruments and grievance redress mechanisms referenced therein.

4. The Borrower shall exercise its rights under the Concessionaire Contract in such manner as to protect the interests of the Borrower and the Bank and to accomplish the purposes of the Loan. Except as the Bank shall otherwise agree, the Borrower shall not assign, amend, abrogate, terminate, waive or fail to enforce the Concessionaire Contract or any of its provisions.

B. Operational Manual

1. The Borrower shall carry out the Project in accordance with a manual (the Operational Manual), acceptable to the Bank, which shall include, **inter alia**:

   (a) the budgeting, accounting, auditing, reporting, financial, procurement and disbursement procedures of the Project;

   (b) the organizational structure for implementation of the Project;

   (c) the Project indicators for the monitoring and evaluation of the Project;

   (d) the Safeguards Instruments, including the grievance redress mechanism referenced therein; and

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

C. IDU Agreement

1. The Borrower shall, not later than one month after the Effective Date, and in any event prior to the initiation of any works for which land acquisition is required under the Project, whichever is earlier, amend the IDU Agreement under terms and conditions acceptable to the Bank, including, *inter alia*, IDU’s obligation to carry out land acquisition activities in accordance with the provisions of the Initial RAP, the RPF and any applicable RAPs.

2. The Borrower shall exercise its rights and carry out its obligations under the IDU Agreement and the IDU Amendment in such manner as to protect the interests of the Borrower and the Bank and to accomplish the purposes of enabling the Borrower to comply with its obligations under Section I.D of this Schedule. Except as the Bank shall otherwise agree, the Borrower shall not assign, amend, abrogate, terminate, waive or fail to enforce the IDU Agreement or the IDU Amendment or any of their provisions.

D. Safeguards

1. The Borrower shall ensure that:

   (a) the Project and the construction of the remainder of Bogota Metro Line 1 Section I are carried out with due regard to appropriate health, safety, social and environmental standards and practices, and in accordance with the ESIA, ESMP, RPF, the Initial RAP and the RAPs;

   (b) for each activity for which the RPF provides for the preparation of a RAP, such RAP is prepared and disclosed in accordance with the RPF, adequately consulted with Affected Persons as per the RPF, and furnished to the Bank for review and approval; and

   (c) all measures are taken to implement the Initial RAP and the RAPs in accordance with their terms and in a manner acceptable to the Bank. To this end, the Borrower shall ensure, without limitation, that: (i) funds are available to cover all the costs of implementing the Initial RAP and the RAPs; (ii) Affected Persons shall be compensated at replacement cost, in accordance with the Initial RAP and the RAPs, as applicable; and (iii) the implementation, monitoring and evaluation of the Initial RAP and the RAPs is completed and reported in a manner satisfactory to the Bank.

2. The Borrower shall ensure that the obligation to comply with the relevant Safeguard Instruments is incorporated in the bidding documents and contracts between the Borrower and the Concessionaire, other contractors or subcontractors and any entity undertaking
works supervision as needed to enable the Borrower to comply with its safeguard obligations.

3. The Borrower shall require the Concessionaire that the obligation to comply with the Safeguard Instruments is incorporated in the bidding documents and contracts between the Concessionaire and other contractors and subcontractors as needed to enable the Borrower to comply with its safeguard obligations.

4. The Borrower shall maintain and publicize the availability of a grievance redress mechanism, in a form and substance satisfactory to the Bank, to hear and determine fairly and in good faith all complaints raised in relation to the Project, including any Bogota Metro Line 1 Section 1 activities, and take all measures necessary to implement the determinations made by such mechanism in a manner satisfactory to the Bank.

5. Except as the Bank shall otherwise agree, the Borrower shall ensure that none of the provisions of the Safeguards Instruments is abrogated, amended, repealed, suspended or waived. In case of any inconsistencies between the provisions of any of the Safeguards Instruments and the provisions of this Agreement, the provisions of this Agreement shall prevail.

Section II. Project Monitoring Reporting and Evaluation

The Borrower shall furnish to the Bank each Project Report not later than forty-five (45) days after the end of each calendar semester, covering the calendar semester.
Section III. Withdrawal of Loan Proceeds

A. General

Without limitation upon the provisions of Article II of the General Conditions and in accordance with the Disbursement and Financial Information Letter, the Borrower may withdraw the proceeds of the Loan to finance Eligible Expenditures; in the amount allocated and, if applicable, up to the percentage set forth against each Category of the following table:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Loan Allocated (expressed in USD)</th>
<th>Percentage of Expenditures to be financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, works, non-consulting services, and consulting services for Part A of the Project</td>
<td>67,000,000</td>
<td>100% as set forth in the Operational Manual</td>
</tr>
<tr>
<td>(2) Consulting services and Training for Part B of the Project</td>
<td>3,000,000</td>
<td>100% as set forth in the Operational Manual</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>70,000,000</td>
<td></td>
</tr>
</tbody>
</table>

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A above, no withdrawal shall be made for payments made prior to the Signature Date.

2. The Closing Date is December 31, 2023.

Section IV. Other Undertakings

1. The Borrower shall, throughout Project implementation, comply with the Annual Disbursement Ratios.

2. For purposes of ensuring compliance with the Annual Disbursement Ratios, the Borrower shall not later than forty-five (45) days after the end of each calendar year furnish to the Bank, a consolidated interim financial report, acceptable to the Bank, which shall identify the Eligible Expenditures financed under the Loan and the Project expenditures financed under each Co-financier Loan.

3. Without limitation to the provisions of paragraphs 1 and 2 above, and Section 2.08 of the General Conditions, and in order to comply with the Annual Disbursement Ratios, the Borrower may request the Bank to finance a lower percentage of expenditures under the Loan.
Section V. **Procurement**

**Procurement of Goods, Works, Non-consulting and Consulting Services**

1. At the request of the Borrower, the Bank has agreed that the procurement of all goods, works, non-consulting services and consulting services required for the Project and to be financed out of the proceeds of the Loan and the Co-financiers Loans, be made under the alternative procurement arrangements referred to in Paragraph 2.4 (a) of the IBRD Procurement Regulations.

2. All goods, works, non-consulting services and consulting services required for the Project and to be financed out of the proceeds of the Loan shall be procured by the Borrower in accordance with:

   (a) the provisions set forth in: (i) the Policies for Procurement of Goods and Works financed by the Inter-American Development Bank (GN 2349-9) of March 2011 with respect to goods, works and non-consulting services; and (ii) the Policies for the Selection and Contracting of Consultants Financed by the Inter-American Development Bank (GN -2350-9) of March 2011 with respect to consulting services;

   (b) the provisions of Paragraphs 3.21, 3.23 (e) and 3.32 of the IBRD Procurement Regulations; and

   (c) the Procurement Plan.

3. In the event that the alternative procurement arrangements referred to in paragraph 1 above are terminated at the request of the Borrower, IADB or the Bank, goods, works, non-consulting services and consulting services required for the Project and to be financed out of the proceeds of the Loan shall be procured in accordance with the IBRD Procurement Regulations. In such case, the term Procurement Plan shall be the Borrower’s procurement plan for the Project provided for under Section IV of the IBRD Procurement Regulations, as such plan may be updated from time to time with the Bank’s approval.
SCHEDULE 3

Customized Amortization Repayment Schedule

The Borrower shall repay the principal amount of the Loan as follows:

<table>
<thead>
<tr>
<th>Principal Payment Date</th>
<th>Installment Share Expressed as % of Principal</th>
</tr>
</thead>
<tbody>
<tr>
<td>March 15, 2034</td>
<td>5%</td>
</tr>
<tr>
<td>September 15, 2034</td>
<td>5%</td>
</tr>
<tr>
<td>March 15, 2035</td>
<td>5%</td>
</tr>
<tr>
<td>September 15, 2035</td>
<td>5%</td>
</tr>
<tr>
<td>March 15, 2036</td>
<td>5%</td>
</tr>
<tr>
<td>September 15, 2036</td>
<td>5%</td>
</tr>
<tr>
<td>March 15, 2037</td>
<td>5%</td>
</tr>
<tr>
<td>September 15, 2037</td>
<td>5%</td>
</tr>
<tr>
<td>March 15, 2038</td>
<td>5%</td>
</tr>
<tr>
<td>September 15, 2038</td>
<td>5%</td>
</tr>
<tr>
<td>March 15, 2039</td>
<td>5%</td>
</tr>
<tr>
<td>September 15, 2039</td>
<td>5%</td>
</tr>
<tr>
<td>March 15, 2040</td>
<td>10%</td>
</tr>
<tr>
<td>September 15, 2040</td>
<td>10%</td>
</tr>
<tr>
<td>March 15, 2041</td>
<td>15%</td>
</tr>
<tr>
<td>September 15, 2041</td>
<td>5%</td>
</tr>
</tbody>
</table>
APPENDIX

Section I. Definitions

1. “Affected Person” means a person or entity who, on account of the execution of the Bogota Metro Line 1 Section 1, has experienced or would experience direct economic and social impacts caused by: (i) the involuntary taking of land resulting in: (a) relocation or loss of shelter; (b) loss of assets or access to assets; or (c) loss of income sources or means of livelihood, whether or not such person must move to another location; and “Affected Persons” means, collectively, all such Affected Persons.

2. “Annual Disbursement Ratio” means amounts under the Loan and under each Co-financier Loan to be disbursed by the Borrower on an annual basis throughout Project implementation, and as set forth in the Operational Manual, as the same may be adjusted from time to time in a manner acceptable to the Bank.

3. “Anti-Corruption Guidelines” means, for purposes of paragraph 5 of the Appendix to the General Conditions, the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 and revised in January 2011 and as of July 1, 2016.

4. “Bogota Metro Line 1 Section 1” means the first section of the first line for the Bogota metro system, consisting of approximately 24 kilometers of new urban rail infrastructure, including: (i) the activities supported by the Project; (ii) the construction of approximately 24 kilometers (including the railyard connection line and end of line rail turnouts) of a 100 percent elevated rail viaduct starting from the metro railyard (in the southwest of the city, locality of Bosa) to Calle 78 with Caracas Avenue in the central business district of Bogota; (iii) the construction of 16 stations, 10 of which will be integrated with the bus rapid transit system, and one railyard; (iv) the construction of approximately 22 kilometers of bicycle lanes, intervention of targeted sections and stations of the bus rapid transit system along the Caracas Avenue (until Calle 78) and adjacent roads along the alignment, and public space upgrading; and (v) the provision and installation of necessary rails, rolling stock, electrical, control, telecommunications and fare collection system for the operation of the metro.

5. “Capital District” means the Capital District of Bogota, the territorial entity referred to in article 322 of the Republic of Colombia’s Constitution.

6. “Category” means a category set forth in the table in Section III.A of Schedule 2 to this Agreement.

7. “Co-financier” means IADB or EIB.

8. “Co-financier Loans” means the IADB Co-financing and the EIB Co-financing.
9. "Concessionaire" means the contractor to be selected under a single concession arrangement and a design-finance-build-operate-maintain-transfer model pursuant to the Borrower’s Board Resolution (Acta de Junta Directiva) No. 11, dated April 2, 2018.

10. “Concessionaire Contract” means the contract referred to in Section I.A.3 of Schedule 2 to the Loan Agreement.

11. “Counterpart Financing Agreement” means the Convenio de Cofinanciación, the agreement entered into between the Republic of Colombia, the Capital District and the Borrower on November 9, 2017 setting forth the parties’ respective financial contributions and obligations, the eligible expenditures and their fiduciary and oversight roles in the construction and operation of the Bogota Metro Line 1 Section 1.


13. “EIB Co-financing” means, for purposes of paragraph 16 of the Appendix to the General Conditions, an amount of 56 million Dollars to be provided by EIB to assist in the financing of goods, works, consulting services and non-consulting services required for Part A of the Project.

14. “EIB Co-financing Agreement” means the agreement to be entered into between the Borrower and the EIB providing for the EIB Co-financing.

15. “Environmental and Social Impact Assessment” or “ESIA” means the environmental and social impact assessment, prepared by the Borrower, satisfactory to the Bank, and disclosed on the Bank’s website on June 18, 2018, setting out details of potential environmental and social risks, including risks of gender-based violence and sexual exploitation and abuse, and adverse impacts associated with any Bogota Metro Line 1 Section 1 activities, which together with an ESMP, define measures to manage such risks and impacts, including measures that endeavor to prevent and respond to gender-based violence and sexual exploitation and abuse, and including any schedules to such assessment; as said instrument may be updated from time to time with the prior written agreement of the Bank.

16. “Environmental and Social Management Plan” or “ESMP” means the environmental and social management plan prepared by the Borrower, satisfactory to the Bank, and disclosed on the Bank’s website on June 18, 2018 which details, inter alia: (a) the measures to be taken during the implementation and operation of the Bogota Metro Line 1 Section 1, including measures that endeavor to prevent and respond to gender-based violence and sexual exploitation and abuse, and measures to prevent mitigate, correct or compensate the environmental and social impacts (including health and safety issues, generated by the pre-construction, construction and operation of the Bogota Metro Line 1 Section 1 or to reduce them to acceptable levels); and (b) the actions needed to implement these measures; as said instrument may be updated from time to time with the Bank’s prior written agreement.

18. "IADB" means the Inter-American Development Bank.

19. "IADB Co-financing" means, for purposes of paragraph 16 of the Appendix to the General Conditions, an amount of 70 million Dollars to be provided by IADB to assist in the financing of goods, works and services required for the Project.

20. "IADB Co-financing Agreement" means the agreement to be entered into between the Borrower and the IADB providing for the IADB Co-financing.


22. "IDU" means Urban Development Institute established and operating pursuant to the Capital District's Acuerdo No. 19 of 1972 as amended to the date of this Agreement.

23. "IDU Agreement" means the agreement entered into on May 4, 2017 between the Borrower and IDU setting forth IDU's obligation to assist the Borrower in the acquisition of the lands required for the implementation of the Bogota Metro Line 1 Section 1.

24. "IDU Amendment" means the amendment to the IDU Agreement referred to in Section I.C.1 of Schedule 2 to this Agreement.

25. "Initial RAP" means the resettlement action plan prepared by the Borrower, satisfactory to the Bank, and disclosed on the Bank's external website on July 5, 2018, and setting forth the principles, procedures, organizational arrangements and budget to implement the resettlement related activities indicated therein, as said Initial RAP may be revised from time to time with the prior written agreement of the Bank.

26. "Operational Manual" means the Borrower's manual referred to in Section I.B.1 of Schedule 2 to this Agreement, as the same may be amended from time to time with the prior written approval of the Bank.

27. "Procurement Plan" means the Borrower's procurement plan for the Project, dated June 6, 2018, as the same shall be updated from time to time.

28. "Resettlement Action Plan" or "RAP" means any resettlement action plan to be prepared by the Borrower in accordance with the RPF, and acceptable to the Bank, as the same may be updated from time to time with the prior written agreement of the Bank; and "RAPs" means collectively, all such RAPs.

29. "Resettlement Policy Framework" or "RPF" means the Borrower's resettlement policy framework, satisfactory to the Bank, and disclosed on the Bank's external website on July
5, 2018, setting forth the resettlement principles, organizational arrangements (including consultation and budget), and design criteria to be applied to resettlement related activities, including guidelines for the preparation of any RAP under the Bogota Metro Line 1 Section 1, as said framework may be amended from time to time with the prior written agreement of the Bank.

30. “Safeguard Instruments” means collectively, the ESIA, ESMP, RPF, Initial RAP, and the RAPs; and “Safeguard Instrument” means any of such Safeguards Instruments.

31. “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.


33. “Training” means expenditures incurred by the Borrower in connection with the carrying out of seminars, workshops, including the reasonable travel costs (i.e. accommodation, transportation and per-diem, inter alia) of trainees and trainers (if applicable), trainers honorarium, training registration fees, catering, rental of training facilities and equipment, logistics and printing services, as well as training materials for the purposes of and directly related to the activities described in the Project.

34. “Trust Account” means the encargo fiduciario, the trust account to be established by the Borrower pursuant to section 4 of the Counterpart Financing Agreement in a manner acceptable to the Bank.

Section II. Modifications to the General Conditions

1. Section 5.13 (Procurement) is deleted in its entirety and the remaining section in Article V is renumbered accordingly.

2. Paragraphs 84 (Procurement) and 85 (Procurement Regulations) in the Appendix are deleted in their entirety and the subsequent paragraphs are renumbered accordingly.