Loan Agreement

(Additional Financing for the Access and Quality in Higher Education Project)
(Financiamiento Adicional para el Programa de Acceso y Calidad de la Educación Superior – PACES)

between

INSTITUTO COLOMBIANO DE CRÉDITO EDUCATIVO Y ESTUDIOS TÉCNICOS EN EL EXTERIOR MARIANO OSPINA PÉREZ - ICETEX

and

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
LOAN AGREEMENT

AGREEMENT dated as of the Signature Date between INSTITUTO COLOMBIANO DE CRÉDITO EDUCATIVO Y ESTUDIOS TÉCNICOS EN EL EXTERIOR MARIANO OSPINA PÉREZ – ICETEX ("Borrower") and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("Bank") for the purpose of providing additional financing for Part 1 of the project described in Schedule 1 to this Agreement ("Project"). 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) 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, in the Appendix to this Agreement.

ARTICLE II — LOAN

2.01. The Bank agrees to lend to the Borrower the amount of one hundred sixty million Dollars ($160,000,000), as such amount may be converted from time to time through a Currency Conversion ("Loan"), to assist in financing the 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 Fixed 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 April 15 and October 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 objectives of the Project. To this end, without limitation to the provisions of Section 3.01 of the Loan Agreement No. 8701-CO, the Borrower shall carry out Part 1 of the Project in accordance with the provisions of Article V of the General Conditions and Schedule 2 to this Agreement.

ARTICLE IV — EFFECTIVENESS; TERMINATION

4.01. The Additional Condition of Effectiveness consists of the following, namely, that the Operational Manual includes the requirements set forth in Section I.A.1 of Schedule 2 to this Agreement, in a manner satisfactory to the Bank.

4.02. The Effectiveness Deadline is the date ninety (90) days after the Signature Date.

ARTICLE V — REPRESENTATIVE; ADDRESSES

5.01. The Borrower’s Representative is the President of ICETEX.

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

ICETEX
Carrera 3ra No. 18 - 32
Bogotá, Colombia

and

(b) the Borrower’s Electronic Address is:

Facsimile:
+571-599 6323
5.03. For purposes of Section 10.01 of the General Conditions: (a) the Bank’s address is:

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

(b) the Bank’s Electronic Address is:

Telex: 248423(MCI) or 64145(MCI)
Facsimile: 1-202-477-6391

AGREED as of the Signature Date.

INSTITUTO COLOMBIANO DE CRÉDITO EDUCATIVO Y ESTUDIOS TÉCNICOS EN EL EXTERIOR MARIANO OSPINA PÉREZ – ICETEX

By

Authorized Representative

Name: Manuel E. Añez
Title: President
Date: 12-Oct-2018

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By

Authorized Representative

Name: Ulrich Forchow
Title: Country Director
Date: 12-Oct-2018
SCHEDULE 1

Project Description

The objective of the Project is to improve the quality of tertiary education in participating institutions and to increase the enrollment of students from disadvantaged socioeconomic backgrounds in quality programs.

The Project consists of the PACES Project, and the following Part of the Project shall be supported by the Loan:

Part 1 Undergraduate Student Loans and Créditos Condonables for Graduate Education

1. Provision of Student Loans to Selected Undergraduate Students for tertiary education studies in Eligible TEIs.

2. Provision of Créditos Condonables to Selected Graduate Students for postgraduate education in Selected Universities.
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. Without limitation upon the provisions of Section 3.01 of this Agreement, the Borrower shall carry out Part 1 of the Project, all in accordance with a manual ("Operational Manual"), satisfactory to the Bank, containing specific provisions on detailed arrangements for the carrying out of the Project, including, inter alia:

(i) a detailed description of the institutional and implementation arrangements of the Project;

(ii) the Project administrative, accounting, auditing, reporting, financial, procurement and disbursement procedures;

(iii) the criteria for the identification of the Selected Undergraduate Students and the procedures, terms and conditions and detailed arrangements (including a model Student Loan Agreement) for the provision of Student Loans under Part 1.1 of the Project;

(iv) the criteria and procedures for the identification of the Selected Graduate Students, Selected Universities and Partner Agencies, and the procedures, terms and conditions and detailed arrangements for the provision of Créditos Condonables under Part 1.2 of the Project;

(v) the criteria and procedures for the identification of Eligible TEIs under Part 1.1 of the Project;

(vi) the model of the: (a) Student Loan Agreement; (b) Crédito Condonable Agreement; and (c) Partner Agency Agreement;

(vii) the staffing requirements, qualifications and functions of the PCT in connection with the implementation of the Project;

(viii) the Anti-Corruption Guidelines; and

(ix) the monitoring indicators for the Project.

2. Except as the Bank shall otherwise agree, the Borrower shall not amend or waive any provision of the Operational Manual without the Bank's prior written approval. In the event that any provision of the Operational Manual shall conflict with this Agreement, the terms of this Agreement shall prevail.

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The Borrower, shall operate and maintain, throughout the implementation of the Project, the PCT with functions, responsibilities, and staff with qualifications and in numbers as provided in the Operational Manual and in a manner satisfactory to the Bank.

B. Student Loans

1. Prior to the provision of any Student Loan, the Borrower shall enter into an agreement ("Student Loan Agreement") with the corresponding Selected Undergraduate Student, under terms and conditions acceptable to the Bank, including, *inter alia*, the obligation of the Selected Undergraduate Student to repay the Student Loan to the Borrower.

2. The Borrower shall exercise its rights and carry out its obligations under each Student Loan Agreement in such manner as to protect the interests of the Borrower and the Bank and to accomplish the purposes of the Loan. The Borrower shall not assign, amend, abrogate, terminate, waive or fail to enforce any Student Loan Agreement or any of its provisions in such manner as to affect materially and adversely the ability to accomplish the purposes of the Loan.

C. Créditos Condonables

1. Prior to the provision of any Crédito Condonable, the Borrower shall enter into an agreement ("Crédito Condonable Agreement") with the corresponding Selected Graduate Student, under terms and conditions acceptable to the Bank.

2. The Borrower shall exercise its rights and carry out its obligations under each Crédito Condonable Agreement in such manner as to protect the interests of the Borrower and the Bank and to accomplish the purposes of the Loan. The Borrower shall not assign, amend, abrogate, terminate, waive or fail to enforce any Crédito Condonable Agreement or any of its provisions in such manner as to affect materially and adversely the ability of the Borrower to accomplish the purposes of the Loan.

3. Without limitation to the provisions of paragraph 1 of this Section, and prior to the disbursement of Loan proceeds under Category (2) in respect of any given Crédito Condonable directed to finance the Eligible Expenditures referred to in paragraph 3 (b) of the Appendix to this Agreement, the Borrower shall enter into an agreement ("Partner Agency Agreement") with the corresponding Partner Agency, under terms and conditions acceptable to the Bank, which shall include, *inter alia*:

(a) the respective roles and responsibilities of the Borrower and the Partner Agency in connection with the support to the pertinent Selected Graduate Student;

(b) the Eligible Expenditures referred to in paragraph 3 (b) of the Appendix to this Agreement and the financial management procedures to be used to calculate the cost of such Eligible Expenditures, including the verification protocols to be used; and
(c) the obligation of the Partner Agency to comply with the applicable provisions of this Agreement and the Operational Manual, including but not limited to, the Anti-Corruption Guidelines.

4. The Borrower shall exercise its rights and carry out its obligations under each Partner Agency Agreement in such manner as to protect the interests of the Borrower and the Bank and to accomplish the purposes of the Loan. The Borrower shall not assign, amend, abrogate, terminate, waive or fail to enforce any Partner Agency Agreement or any of its provisions in such manner as to affect materially and adversely the ability of the Borrower to accomplish the purposes of the Loan.

D. Anti-Corruption

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

E. Safeguards

1. The Borrower shall carry out the Project in accordance with the IPP.

Section II. Project Monitoring Reporting and Evaluation

The Borrower shall furnish to the Bank each Project Report not later than sixty (60) 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) Student Loans under Part 1.1 of the Project</td>
<td>148,000,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Créditos Condonables under Part 1.2 of the Project</td>
<td>12,000,000</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>160,000,000</td>
<td></td>
</tr>
</tbody>
</table>
B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A above, no withdrawal shall be made:

   (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 Signature Date.

2. The Closing Date is December 1, 2023.
SCHEDULE 3

Disbursement-Linked Amortization Repayment Schedule – Level Repayment

1. Subject to the provisions of Section 3.03 of the General Conditions, the Borrower shall repay each Disbursed Amount in semiannual installments payable on each April 15 and October 15, the first installment to be payable on the thirteenth (13th) Payment Date following the Maturity Fixing Date for the Disbursed Amount and the last installment to be payable on the forty-fifth (45th) Payment Date following the Maturity Fixing Date for the Disbursed Amount. Each installment except for the last one shall be equal to one-thirty-third (1/33rd) of the Disbursed Amount. The last installment shall be equal to the remaining outstanding amount of the Disbursed Amount.

2. If any one or more installments of principal of the Disbursed Amount would, pursuant to the provisions of paragraph 1 of this Schedule, be payable after October 15, 2045, the Borrower shall also pay on such date the aggregate amount of all such installments.

3. The Bank shall notify the Loan Parties of the amortization schedule for each Disbursed Amount promptly after the Maturity Fixing Date for the Disbursed Amount.
APPENDIX

Definitions

1. “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.

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

3. “Crédito Condonable” means a sub-loan that may be partially forgiven in accordance with the relevant terms and conditions set forth in the Operational Manual, made out of the proceeds of the Loan by the Borrower to a Selected Graduate Student under Part 1.2 of the Project to finance:

(a) tuition costs in a Selected University, and associated room and board, transportation expenses, visa and insurance costs; and/or

(b) the following costs, calculated and verified in accordance with the procedures set forth in the Operational Manual and the Partner Agency Agreements: (i) tuition, room and board, and transportation costs, standardized testing fees, application fees for Selected Universities, and visa and insurance costs, all related to the preparation of a Selected Graduate Student by a Partner Agency for admission to a Selected University; and (ii) tuition costs in a Selected University, and associated room and board, transportation expenses, visa and insurance costs.

4. “Crédito Condonable Agreement” means any of the agreements referred to in Section I.C.1 of Schedule 2 to this Agreement.

5. “Eligible TEI” means any TEI that meets the eligibility criteria set forth in the Operational Manual to participate in the implementation of Part 1.1 of the Project.


7. “Indigenous Peoples” means a distinct, vulnerable, social and cultural group possessing the following characteristics in varying degrees: (i) a collective attachment to geographically distinct habitats or ancestral territories in the Project area and to the natural resources in these areas; (ii) self-identification and identification by others as members of a distinct indigenous cultural group; (iii) an indigenous language, often different from the national language; and (iv) presence of customary, cultural, social or political institutions that are separate from those of the main society and culture.
8. "Indigenous Peoples Plan" or "IPP" means the indigenous peoples plan for the Project, acceptable to the Bank, and published on the Borrower’s website on November 17, 2016 and on the Bank’s external website on November 17, 2016, which details an action plan to assist Indigenous Peoples, afro-Colombians, roma and victims of violence to overcome barriers to access to tertiary education under the Project, as said plan may be updated from time to time with the prior agreement of the Bank.

9. "Loan Agreement No. 8701-CO" means the loan agreement for the Access and Quality in Higher Education Project (Programa de Acceso y Calidad de la Educación Superior – PACES), between the Borrower and the Bank, dated July 18, 2017 (Loan No. 8701-CO), as amended.

10. "Operational Manual" means the Borrower’s manual referred to in Section I.A.1 of Schedule 2 to this Agreement, as said manual may be amended from time to time with the prior agreement of the Bank.

11. "PACES Project" means the Project described in Schedule 1 to the Loan Agreement No. 8701-CO, as amended.

12. "Partner Agency" means an agency, acceptable to the Bank, which meets the criteria set forth in the Operational Manual to support Selected Graduate Students under Part 1.2 of the Project.

13. "Partner Agency Agreement" means any of the agreements referred to in Section I.C.3 of Schedule 2 to this Agreement.

14. "PCT" means the Borrower’s Project Coordination Team responsible for the overall Project coordination and management, and referred to in Section I.A.3 of Schedule 2 to this Agreement.


16. "Selected Undergraduate Student" means any undergraduate student in the Republic of Colombia’s territory who is eligible to benefit from a Student Loan in accordance with the relevant criteria and procedures set forth in the Operational Manual.

17. "Selected Graduate Student" means any graduate student in the Republic of Colombia’s territory who is eligible to benefit from a Crédito Condonable, in accordance with the relevant criteria and procedures set forth in the Operational Manual.

18. "Selected University" means any university acceptable to the Bank that meets the criteria set forth in the Operational Manual for purposes of Part 1.2 of the Project.

19. "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.
20. “Student Loan” means a loan or a loan renewal made out of the proceeds of the Loan by the Borrower to a Selected Undergraduate Student under Part 1.1 of the Project.

21. “Student Loan Agreement” means any of the agreements referred to in Section I.B.1 of Schedule 2 to this Agreement.

22. “TEI” means any tertiary education institution on the Republic of Colombia’s territory, as defined in article 16 of Republic of Colombia’s Law No. 30 of December 28, 1992 (as said law has been amended to the date of this Agreement).