LOAN NUMBER 3952-CO (Floating Rate)

Sponsor Agreement

(Santa Fe I Water Supply and Sewerage Rehabilitation Project)

between

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

and

DISTRITO CAPITAL

Dated December 20, 1995
SPONSOR AGREEMENT

AGREEMENT, dated December 22, 1995, between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (the Bank) and DISTRITO CAPITAL (the District).

WHEREAS by the Loan Agreement of even date herewith between Empresa de Acueducto y Alcantarillado de Bogotá (the Borrower), an enterprise rendering its services as a public utility and operating mostly in the jurisdiction of the District (a political subdivision of the Republic of Colombia), and the Bank, the Bank has agreed to make available to the Borrower an amount equal to fifty eight million dollars ($58,000,000), on the terms and conditions set forth in the Loan Agreement, but only on condition that the District agree to undertake such obligations toward the Bank as are set forth in this Agreement; and

WHEREAS the District, in consideration of the Bank’s entering into the Loan Agreement with the Borrower, has agreed to undertake the obligations set forth in this Sponsor Agreement;

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I

Definitions

Section 1.01. Unless the context otherwise requires, the several terms defined in the Loan Agreement, the Preamble to this Agreement and the General Conditions (as so defined) have the respective meanings therein set forth.

ARTICLE II

Execution of the Project

Section 2.01. The District declares its commitment to the objectives of the Project as set forth in Schedule 2 to the Loan Agreement, and shall provide, or cause to be provided, promptly as needed, the funds, facilities, services and other resources required for the carrying out of the Project, including the funds to be transferred to the Borrower under the Transfer Agreement.
Section 2.02. Except as the Bank shall otherwise agree, and in respect of procurement of the goods, works and consultants' services required for Part H.3 of the Project and to be financed out of the proceeds of the Loan, if the District executes any activity under such Part of the Project on behalf of the Borrower, the references to the Borrower in Schedule 4 to the Loan Agreement shall be deemed references to the District, unless the context otherwise requires.

Section 2.03. (a) The District shall, through DAMA and as warranted, take all action as shall be necessary or convenient on its part to coordinate with the Borrower the carrying out of Part H.3 of the Project and to enable the Borrower to comply with its obligations under Sections 9.04, 9.05, 9.06, 9.07, 9.08 and 9.09 of the General Conditions (relating to insurance, use of goods and services, plans and schedules, records and reports, maintenance and land acquisition, respectively) in respect of Part H.3 of the Project.

(b) Without limitation or restriction upon the provisions of paragraph (a) of this Section, the District shall take all such action on its part as shall be required to enable the Borrower to comply with its obligations under paragraph (b) of Section 3.04 of the Loan Agreement and to meet the disbursement conditions stipulated under paragraph 2 (b) of Schedule 1 to the Loan Agreement.

Section 2.04. (a) The District shall, at the request of the Bank, exchange views with the Bank with regard to progress of the Project, the performance of its obligations under this Agreement and other matters relating to the purposes of the Loan.

(b) The District shall promptly inform the Bank of any condition which interferes or threatens to interfere with the progress of the Project, the accomplishment of the purposes of Loan or the performance by the Borrower of its obligations under the Loan Agreement, including the action plan set forth in the attachment to the letter referred to in Section 3.01 (b) of the Loan Agreement, or the meeting of the Targets or the performance by the District of its obligations under this Agreement.

ARTICLE III

Management and Operations of the District

Section 3.01. The District shall take all action, including the granting of all necessary authorizations, licenses, permits and all other approvals required under the Decreto Ley or under Law 142, if any, to enable the Borrower to fulfill all its obligations under the Loan Agreement, particularly under Sections 3.01, 3.07, 3.08, 5.02 and 5.03 thereof, and to meet the Targets.
Section 3.02. The District shall carry on its operations and conduct its affairs in accordance with sound administrative, financial and environmental practices under the supervision of qualified and experienced management assisted by competent staff in adequate numbers.

ARTICLE IV

Effective Date; Termination; Cancellation and Suspension

Section 4.01. This Agreement shall come into force and effect on the date upon which the Loan Agreement becomes effective.

Section 4.02. This Agreement and all obligations of the Bank and of the District thereunder shall terminate on the date on which the Loan Agreement shall terminate in accordance with its terms, and the Bank shall promptly notify the District thereof.

Section 4.03. All the provisions of this Agreement shall continue in full force and effect notwithstanding any cancellation or suspension under the General Conditions.

ARTICLE V

Miscellaneous Provisions

Section 5.01. Any notice or request required or permitted to be given or made under this Agreement and any agreement between the parties contemplated by this Agreement shall be in writing. Such notice or request shall be deemed to have been duly given or made when it shall be delivered by hand or by mail, telegram, cable, telex or radiogram to the party to which it is required or permitted to be given or made at such party’s address hereinafter specified or at such other address as such party shall have designated by notice to the party giving such notice or making such request. The addresses so specified are:
Section 5.02. Any action required or permitted to be taken, and any document required or permitted to be executed, under this Agreement on behalf of the District may be taken or executed by the District’s Secretary of Finance or such other person or persons as such Secretary shall designate in writing, and the District shall furnish to the Bank sufficient evidence of the authority and the authenticated specimen signature of each such person.

Section 5.03. This Agreement may be executed in several counterparts, each of which shall be an original, and all collectively but one instrument.
IN WITNESS WHEREOF, the parties hereto, acting through their duly authorized representatives, have caused this Agreement to be signed in their respective names in the District of Columbia, United States of America, as of the day and year first above written.

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By

 acting

Regional Vice President
Latin America and the Caribbean Region

DISTRITO CAPITAL

By

Authorized Representative