

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT
and
COLOMBIA

Guarantee Agreement—*Development Finance Companies Project* (with annexed Loan Regulations No. 4, Loan Agreement between the Bank and the Banco de la Republica, and Project Agreements between the Bank, on the one hand, and the Corporación Financiera de Caldas, the Corporación Financiera Colombiana, the Corporación Financiera Nacional, the Corporación Financiera del Norte, the Corporación Financiera del Valle, respectively, on the other hand). Signed at Washington, on 31 May 1966

Official text: English.

Registered by the International Bank for Reconstruction and Development on 1 November 1967.

BANQUE INTERNATIONALE POUR
LA RECONSTRUCTION ET LE DÉVELOPPEMENT
et
COLOMBIE

Contrat de garantie — *Projet concernant des sociétés financières de développement économique* (avec, en annexe le Règlement n° 4 sur les emprunts, le Contrat d'emprunt entre la Banque et le Banco de la República et les Contrats relatifs au projet entre la Banque, d'une part, et la Corporación Financiera de Caldas, la Corporación Financiera Colombiana, la Corporación Financiera Nacional, la Corporación Financiera del Norte, la Corporación Financiera del Valle, respectivement, d'autre part). Signé à Washington, le 31 mai 1966

Texte officiel anglais.

Enregistré par la Banque internationale pour la reconstruction et le développement le 1^{er} novembre 1967.

No. 8820. GUARANTEE AGREEMENT¹ (*DEVELOPMENT FINANCE COMPANIES PROJECT*) BETWEEN THE REPUBLIC OF COLOMBIA AND THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT. SIGNED AT WASHINGTON, ON 31 MAY 1966

AGREEMENT, dated May 31, 1966, between REPUBLIC OF COLOMBIA (hereinafter called the Guarantor) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank).

WHEREAS by an agreement of even date herewith between the Bank and Banco de la Republica (hereinafter called the Borrower), which agreement and the schedules therein referred to are hereinafter called the Loan Agreement,² the Bank has agreed to make to the Borrower a loan in various currencies equivalent to twenty-five million dollars (\$25,000,000), on the terms and conditions set forth in the Loan Agreement, but only on condition that the Guarantor agree to guarantee the obligations of the Borrower in respect of such loan as hereinafter provided ;

WHEREAS the Guarantor, in consideration of the Bank's entering into the Loan Agreement with the Borrower, has agreed so to guarantee such obligations of the Borrower ; and

WHEREAS by project agreements of even date herewith between the Bank, as party of the first part, and the Corporacion Financiera de Caldas³, the Corporacion Financiera Colombiana⁴, the Corporacion Financiera Nacional⁴, the Corporacion Financiera del Norte⁴ and the Corporacion Financiera del Valle⁴, as parties of the second part respectively, said parties of the second part have undertaken certain obligations to the Bank relating to the carrying out of the project described in the Loan Agreement ;

NOW THEREFORE the parties hereto hereby agree as follows :

¹ Came into force on 13 October 1966, upon notification by the Bank to the Government of Colombia.

² See p. 288 of this volume.

³ See p. 310 of this volume.

⁴ See p. 322 of this volume.

Article I

Section 1.01. The parties to this Guarantee Agreement accept all the provisions of Loan Regulations No. 4 of the Bank dated February 15, 1961¹, subject, however, to the modifications thereof set forth in Schedule 2 to the Loan Agreement (said Loan Regulations No. 4 as so modified being hereinafter called the Loan Regulations), with the same force and effect as if they were fully set forth herein.

Section 1.02. Wherever used in this Guarantee Agreement, unless the context shall otherwise require, the several terms defined in the Loan Agreement shall have the respective meanings therein set forth.

Article II

Section 2.01. Without limitation or restriction upon any of the other covenants on its part in this Agreement contained, the Guarantor hereby unconditionally guarantees, as primary obligor and not as surety merely, the due and punctual payment of the principal of, and interest and other charges on, the Loan, the principal of and interest on the Bonds, the premium, if any, on the prepayment of the Loan or the redemption of the Bonds, and the punctual performance of all the covenants and agreements of the Borrower, all as set forth in the Loan Agreement and in the Bonds.

Article III

Section 3.01. It is the mutual intention of the Guarantor and the Bank that no other external debt shall enjoy any priority over the Loan by way of a lien on governmental assets. To that end, the Guarantor undertakes that, except as the Bank shall otherwise agree, if any lien shall be created on any assets of the Guarantor as security for any external debt, such lien will *ipso facto* equally and ratably secure the payment of the principal of, and interest and other charges on, the Loan and the Bonds, and that in the creation of any such lien express provision will be made to that effect; provided, however, that the foregoing provisions of this Section shall not apply to: (i) any lien created on property, at the time of purchase thereof, solely as security for the payment of the purchase price of such property; (ii) any lien on commercial goods to secure a debt maturing not more than one year after the date on which it is originally incurred and to be paid out of the proceeds of sale of such commercial goods; or (iii) any lien arising in the ordinary course of banking transactions and securing a debt maturing not more than one year after its date.

¹ See p. 288 of this volume.

As used in this Section, (a) the term “ assets of the Guarantor ” includes assets of the Guarantor or of any of its political subdivisions or of any Agency or of the Borrower or any other institution acting as the central bank of the Guarantor, and (b) the term “ Agency ” means any agency or instrumentality of the Guarantor or of any political subdivision of the Guarantor and shall include any institution or organization which is owned or controlled directly or indirectly by the Guarantor or by any political subdivision of the Guarantor or the operations of which are conducted primarily in the interest of or for account of the Guarantor or any political subdivision of the Guarantor.

Section 3.02. (a) The Guarantor and the Bank shall cooperate fully to assure that the purposes of the Loan will be accomplished. To that end, each of them shall furnish to the other all such information as it shall reasonably request with regard to the general status of the Loan. On the part of the Guarantor, such information shall include information with respect to financial and economic conditions in the territories of the Guarantor and the international balance of payments position of the Guarantor.

(b) The Guarantor and the Bank shall from time to time exchange views through their representatives with regard to matters relating to the purposes of the Loan and the maintenance of the service thereof. The Guarantor shall promptly inform the Bank of any condition which interferes with, or threatens to interfere with, the accomplishment of the purposes of the Loan or the maintenance of the service thereof.

(c) The Guarantor shall afford all reasonable opportunity for accredited representatives of the Bank to visit any part of the territories of the Guarantor for purposes related to the Loan.

Section 3.03. The principal of, and interest and other charges on, the Loan and the Bonds shall be paid without deduction for, and free from, any taxes imposed under the laws of the Guarantor or laws in effect in its territories ; provided, however, that the provisions of this Section shall not apply to taxation of payments under any Bond to a holder thereof other than the Bank when such Bond is beneficially owned by an individual or corporate resident of the Guarantor.

Section 3.04. This Agreement, the Loan Agreement, the Project Agreements and the Bonds shall be free from any taxes that shall be imposed under the laws of the Guarantor or laws in effect in its territories on or in connection with the execution, issue, delivery or registration =thereof.

Section 3.05. The principal of, and interest and other charges on, the Loan and the Bonds shall be paid free from all restrictions imposed under the laws of the Guarantor or laws in effect in its territories.

Section 3.06. The Guarantor covenants that it will not take or permit any of its political subdivisions or any of its agencies or any agency of any political subdivision to take any action which would prevent or interfere with the performance by the Borrower and the Financieras of any of the respective covenants, agreements and obligations of the Borrower and the Financieras in the Loan Agreement, the Project Agreements and the Subsidiary Loan Agreements contained, and will take or cause to be taken all reasonable action which shall be necessary in order to enable the Borrower and the Financieras to perform such covenants, agreements and obligations.

Article IV

Section 4.01. The Guarantor shall endorse, in accordance with the provisions of the Loan Regulations, its guarantee on the Bonds to be executed and delivered by the Borrower. The Minister of Finance and Public Credit of the Guarantor and such person or persons as he shall appoint in writing are designated as the authorized representatives of the Guarantor for the purposes of Section 6.12 (b) of the Loan Regulations.

Article V

Section 5.01. The following addresses are specified for the purposes of Section 8.01 of the Loan Regulations :

For the Guarantor :

Republic of Colombia
Ministerio de Hacienda y Crédito Público
Palacio de los Ministerios, Plaza San Agustín
Bogotá, Colombia

Alternatives address for cablegrams and radiograms :

Minhacienda
Bogotá

For the Bank :

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

Alternative address for cablegrams and radiograms :

Intbafrad
Washington, D.C.

Section 5.02. The Minister of Finance and Public Credit of the Guarantor is designated for the purposes of Section 8.03 of the Loan Regulations.

IN WITNESS WHEREOF, the parties hereto, acting through their representatives thereunto duly authorized, have caused this Guarantee Agreement to be signed in their respective names and delivered in the District of Columbia, United States of America, as of the day and year first above written.

Republic of Colombia :

By Eduardo URIBE BOTERO
Authorized Representative

International Bank for Reconstruction and Development :

By J. Burke KNAPP
Vice President

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

LOAN REGULATIONS NO. 4, DATED 15 FEBRUARY 1961

REGULATIONS APPLICABLE TO LOANS MADE BY
THE BANK TO BORROWERS OTHER THAN MEMBER GOVERNMENTS

[*Not published herein. See United Nations, Treaty Series, Vol. 400, p. 212.*]

LOAN AGREEMENT

(*DEVELOPMENT FINANCE COMPANIES PROJECT*)

AGREEMENT, dated May 31, 1966 between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank) and BANCO DE LA REPUBLICA (hereinafter called the Borrower).

WHEREAS, by Resolution No. 11 of February 28, 1963 (hereinafter called Resolution No. 11), the Borrower created a fund, denominated Fondo para Inversiones Privadas (hereinafter called FIP), to finance investments in the private sector ;

WHEREAS the Corporacion Financiera de Caldas, the Corporacion Financiera Colombiana, the Corporacion Financiera Nacional, the Corporacion Financiera del

Norte and the Corporacion Financiera del Valle, private companies organized under the laws of the Republic of Colombia (hereinafter when collectively referred to called Financieras), and the Borrower, have requested the Bank to provide financial assistance to the Financieras through FIP for investment in productive projects in Colombia ; and

WHEREAS the Bank is willing at this time to make a loan to the Borrower, upon the terms and conditions hereinafter set forth ;

NOW THEREFORE the parties hereto hereby agree as follows :

Article I

LOAN REGULATIONS ; SPECIAL DEFINITIONS

Section 1.01. The parties to this Loan Agreement accept all the provisions of Loan Regulations No. 4 of the Bank dated February 15, 1961 ¹, subject, however, to the modifications thereof set forth in Schedule 2 to this Agreement (said Loan Regulations No. 4 as so modified being hereinafter called the Loan Regulations), with the same force and effect as if they were fully set forth herein.

Section 1.02. Unless the context otherwise requires, the following terms wherever used in this Loan Agreement have the following meanings :

(a) the term " Project Agreements " means the agreements between the Bank and the Financieras of even date herewith ² and shall include any amendments thereof made by agreement between the Bank and the Financieras ;

(b) the term " Subsidiary Loan Agreements " means the loan agreements between the Borrower and the Financieras to be executed pursuant to Section 5.02 of this Agreement ;

(c) the term " Investment Enterprise " means an enterprise to which a Financiera shall have granted a credit, or in which it shall have made an investment, in accordance with and as provided in Section 3.01 of this Agreement ;

(d) the term " Investment Project " means a specific investment project to be carried out by an Investment Enterprise in respect of which amounts shall have been credited to the Loan Account pursuant to the provisions of Section 2.02 of this Agreement ;

(e) the term " Financiera " means any one of the Financieras ;

(f) the term " Pesos " means currency of the Guarantor ; and

(g) the term " foreign currency " means any currency other than currency of the Guarantor.

Words importing the singular number include the plural number and vice versa.

¹ See p. 288 of this volume.

² See pp. 310 and 322 of this volume.

Article II

THE LOAN

Section 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions in this Loan Agreement set forth or referred to, an amount in various currencies equivalent to twenty-five million dollars (\$ 25,000,000).

Section 2.02. The Bank shall open a Loan Account on its books in the name of the Borrower. The amount of the Loan shall be credited to the Loan Account in installments as follows :

(a) When any Investment Project shall be approved by the Bank as in Section 3.02 of this Agreement provided, there shall be credited to the Loan Account in respect of the estimated foreign currency cost of such Investment Project, such part of the Loan as the Bank shall approve.

(b) There shall be so credited, in respect of the estimated foreign currency cost of any Investment Project for which a Financiera proposes to make a loan and for which no credit has been made to the Loan Account pursuant to paragraph (a) of this Section, such part of the Loan as the Borrower shall from time to time request, but not exceeding such limits as shall from time to time be established by the Bank with respect to amounts credited pursuant to this paragraph (b) for each such Investment Project and for all such Investment Projects. Each request by the Borrower for credit to the Loan Account pursuant to this paragraph (b) shall contain such information as the Bank shall reasonably request.

(c) Except as the Bank shall otherwise agree, no credit shall be made to the Loan Account pursuant to paragraph (a) of this Section in respect of any portion of the Loan the proceeds of which are to be invested by a Financiera other than by way of loan, until the Bank and the respective Financiera shall have agreed upon the terms and conditions of such investment and upon an amortization schedule for the repayment of such portion of the Loan by the Financiera to the Borrower.

(d) The Loan Account may, at the request of the Borrower and if the Bank shall so agree, be reduced by any amount credited thereto pursuant to paragraph (a) or paragraph (b) of this Section for an Investment Project financed by a Financiera. No such reduction shall be deemed *ipso facto* to be a cancellation of any portion of the Loan.

Section 2.03. Amounts credited to the Loan Account in respect of an Investment Project may be withdrawn from the Loan Account as provided in, and subject to the rights of cancellation and suspension set forth in, the Loan Agreement, and shall be applied exclusively for the purposes for which such amounts were credited to the Loan Account.

Section 2.04. The Borrower shall pay to the Bank a commitment charge at the rate of three-eighths of one per cent ($3/8$ of 1 %) per annum on the amount of each part of the Loan standing to the credit of the Borrower from time to time in the Loan Account. Such commitment charge shall accrue from the several dates on which amounts shall be credited to the Loan Account to the respective dates on which (a) they are withdrawn from the Loan Account or are cancelled pursuant

to Article V of the Loan Regulations or (b) the Loan Account is reduced in respect of such amounts pursuant to the provisions of Section 2.02 (d) of this Agreement.

Section 2.05. The Borrower shall pay interest at the rate of six per cent (6 %) per annum on the principal amount of each part of the Loan withdrawn from the Loan Account and outstanding from time to time.

Section 2.06. Except as the Bank and the Borrower shall otherwise agree, the charge payable for special commitments entered into by the Bank at the request of the Borrower pursuant to Section 4.02 of the Loan Regulations shall be at the rate of one-half of one per cent ($1/2$ of 1 %) per annum on the principal amount of any such special commitments outstanding from time to time.

Section 2.07. Interest and other charges shall be payable semi-annually on June 1 and December 1 in each year.

Section 2.08. The Borrower shall repay the principal of the Loan in accordance with the amortization schedule set forth in Schedule 1 to this Agreement.

Section 2.09. The Borrower shall submit to the Bank, forthwith upon receipt of a request of a Financiera and as provided in the Subsidiary Loan Agreements, applications or requests for crediting or reducing the Loan Account pursuant to the provisions of Section 2.02 of this Agreement and for withdrawals from the Loan Account pursuant to the provisions of Section 2.03 of this Agreement; provided, however, that the Borrower shall so submit to the Bank applications for crediting the Loan Account if it is satisfied that the respective Investment Project is of significance to the economic development of Colombia.

Article III

DESCRIPTION OF THE PROJECT; USE OF PROCEEDS OF THE LOAN

Section 3.01. The Project for which the Loan is granted is the financing by the Borrower and the Financieras of development in Colombia through credits for productive purposes to privately controlled enterprises in Colombia, and through other productive investments in such enterprises, all for specific development projects, in accordance with the respective *Estatutos* of the Financieras and, for the purposes of the lending operations referred to in Section 5.02 (b) of this Agreement, in accordance with Resolution No. 11 as amended from time to time.

Section 3.02. The proceeds of the Loan shall be applied exclusively to the cost of goods required to carry out such Investment Projects as shall from time to time be approved in writing by the Bank or in respect of which amounts have been credited to the Loan Account pursuant to the provisions of Section 2.02 (b) of this Agreement. Notwithstanding the provisions of Section 4.01 of the Loan Regulations, except as the Bank and the Borrower shall otherwise agree, no withdrawals shall be made on account of expenditures made for any such Investment Project more than 180 days prior to the submission of the Investment Project to the Bank for approval or, in the case of credits to the Loan Account pursuant

to the provisions of Section 2.02 (b) of this Agreement, more than 180 days prior to the request for credit to the Loan Account.

Section 3.03. (a) When submitting an Investment Project to the Bank for approval, the Borrower shall furnish to the Bank an application, in form satisfactory to the Bank, and such other information as the Bank shall reasonably request.

(b) Except as the Bank and the Borrower shall otherwise agree, requests for approval of Investment Projects pursuant to the provisions of Section 2.02 (a) of this Agreement and for credits to the Loan Account pursuant to the provisions of Section 2.02 (b) of this Agreement shall be submitted on or before December 31, 1968.

Article IV

BONDS

Section 4.01. The Borrower shall execute and deliver Bonds representing the principal amount of the Loan as provided in the Loan Regulations.

Section 4.02. The General Manager of the Borrower and such person or persons as he shall appoint in writing are designated as authorized representatives of the Borrower for the purposes of Section 6.12 (a) of the Loan Regulations.

Article V

PARTICULAR COVENANTS

Section 5.01. The Borrower shall conduct the operations of the FIP in accordance with sound financial and investment standards and practices, under the supervision of qualified and experienced management.

Section 5.02. (a)¹ The Borrower shall relend the proceeds of the Loan to the Financieras through FIP. To that effect, the Borrower shall enter into a Subsidiary Loan Agreement, satisfactory to the Bank, with each Financiera. The Borrower shall exercise its rights in relation to each Subsidiary Loan Agreement in such manner as to protect the interests of the Bank and the Borrower.

(b) The amounts repaid by the Financieras to the Borrower under the Subsidiary Loan Agreements shall be credited to the FIP and shall be used in the normal lending operations of FIP in accordance with Resolution No. 11, as amended from time to time.

¹ Under the terms of this Section, the Banco de la Republica entered into a subsidiary loan agreement with each of the following Financieras: Corporación Financiera Colombiana, Corporación Financiera de Caldas, Corporación Financiera del Norte, Corporación Financiera del Valle and Corporación Financiera Nacional. All these subsidiary loan agreements were signed at Washington on 31 May 1966 and came into force on 13 October 1966.

Section 5.03. (a) The Borrower shall furnish to the Bank all such information as the Bank shall reasonably request concerning the expenditure of the proceeds of the Loan, the Project, the Subsidiary Loan Agreements, and the administration, operations and financial condition of the FIP.

(b) The Borrower shall maintain records adequate to record the progress of the Project and to reflect separately from its other operations and in accordance with consistently maintained sound accounting practices the operations and financial condition of the FIP. The Borrower shall enable the Bank's representatives to examine such records.

(c) The Borrower shall have the financial statements of FIP certified annually by an accountant or accounting firm acceptable to the Bank and shall promptly after their preparation and not later than four months after the close of the fiscal year to which they apply transmit to the Bank certified copies of such statements and a signed copy of the accountant's or accounting firm's report.

Section 5.04. (a) The Bank and the Borrower shall cooperate fully to assure that the purposes of the Loan will be accomplished. To that end the Bank and the Borrower shall from time to time, at the request of either party, exchange views through their representatives with regard to the progress of the Project, the performance by the Borrower of its obligations under the Loan Agreement, the administration, operations and financial condition of the FIP and any other matters relating to the purposes of the Loan.

(b) The Borrower shall promptly inform the Bank of any condition which interferes with, or threatens to interfere with, the accomplishment of the purposes of the Loan, the maintenance of the service thereof or the performance by the Borrower of its obligations under the Loan Agreement.

Section 5.05. Subject to such exemption as shall be conferred by the provisions of Section 3.03 and Section 3.04 of the Guarantee Agreement¹ or otherwise, the Borrower shall pay or cause to be paid all taxes, if any, imposed under the laws of the Guarantor or laws in effect in its territories on or in connection with the execution, issue, delivery or registration of the Loan Agreement, the Guarantee Agreement, the Project Agreements or the Bonds, or the payment of principal, interest or other charges thereunder; provided, however, that the provisions of this Section shall not apply to taxes on payments under any Bond to a holder thereof other than the Bank when such Bond is beneficially owned by an individual or corporate resident of the Guarantor.

Section 5.06. The Borrower shall pay or cause to be paid all taxes, if any, imposed under the laws of the country or countries in whose currency the Loan and the Bonds are payable or laws in effect in the territories of such country or countries on or in connection with the execution, issue, delivery or registration of the Loan Agreement, the Guarantee Agreement, the Project Agreements or the Bonds.

Section 5.07. Except as the Bank and the Borrower shall otherwise agree, the Borrower shall not take or concur in any action which would have the effect

¹ See p. 280 of this volume.

of amending, abrogating, assigning or waiving (i) any provision of the Subsidiary Loan Agreements, or (ii) for the purposes of the lending operations referred to in Section 5.02 (b) of this Agreement, any provision of Resolution No. 11.

Article VI

REMEDIES OF THE BANK

Section 6.01. (i) If any event specified in paragraph (a), paragraph (b), paragraph (e) or paragraph (f) of Section 5.02 of the Loan Regulations shall occur and shall continue for a period of 30 days, or (ii) if any event specified for the purposes of paragraph (j) of Section 5.02 of the Loan Regulations shall occur, or (iii) if any event specified in paragraph (c) of Section 5.02 of the Loan Regulations shall occur and shall continue for a period of 60 days after notice thereof shall have been given by the Bank to the Borrower, then at any subsequent time during the continuance thereof, the Bank, at its option, may declare the principal of the Loan and of all the Bonds then outstanding to be due and payable immediately, and upon any such declaration such principal shall become due and payable immediately, anything in this Agreement or in the Bonds to the contrary notwithstanding.

The foregoing is subject to the proviso that if the event giving rise to such declaration is an event specified for the purposes of paragraph (j) of said Section 5.02 the Bank may so declare due and payable only that portion of the principal of the Loan which shall be equivalent to the principal of the Loan which shall have then been repaid by the Borrower to the defaulting Financiera and not repaid to the Borrower. Payment of such amount shall be applied *pro rata* to the several instalments of the principal amount of the Loan.

Section 6.02. The following are hereby specified as additional events for the purposes of paragraph (j) of Section 5.02 of the Loan Regulations :

- (i) any covenant or agreement on the part of a Financiera under a Project Agreement or under a Subsidiary Loan Agreement shall not have been performed ;
- (ii) a Financiera shall have been unable to pay its debts as they mature or any action or proceeding shall have been taken by a Financiera or by others whereby any of the property of such Financiera shall or may be distributed among its creditors ;
- (iii) any loan or credit to a Financiera, having an original maturity of one year or more, shall have become due and payable prior to its agreed maturity pursuant to the terms thereof ; and
- (iv) the Guarantor or any other authority having jurisdiction shall have taken any action for the dissolution or disestablishment of a Financiera or for the suspension of its operations.

Article VII

EFFECTIVE DATE ; TERMINATION

Section 7.01. The following events are specified as additional conditions to the effectiveness of this Agreement within the meaning of Section 9.01 (c) of the Loan Regulations :

(a) the execution and delivery of the Project Agreements on behalf of the Financieras have been duly authorized or ratified by all corporate and governmental action ; and

(b) the execution and delivery of the Subsidiary Loan Agreements on behalf of the Borrower and the Financieras have been duly authorized or ratified by all corporate and governmental action ;

provided, however, that this Agreement may become effective at the option of the Bank, even if one or more of the Financieras shall not have complied with any of the conditions stipulated in paragraphs (a) and (b) of this Section 7.01.

Section 7.02. The following are specified as additional matters within the meaning of Section 9.02 (c) of the Loan Regulations to be included in the opinion or opinions to be furnished to the Bank :

(a) that the Project Agreements have been duly authorized or ratified by, and executed and delivered on behalf of, the Financieras and constitute valid and binding obligations of the Financieras in accordance with their terms ;

(b) that the Subsidiary Loan Agreements have been duly authorized or ratified by, and executed and delivered on behalf of, the Borrower and the Financieras and constitute valid and binding obligations of the Borrower and the respective Financieras in accordance with their terms ; and

(c) that the Statements referred to in Section 2.09 of the Project Agreements have been duly and validly adopted by the Board of Directors of the respective Financieras.

Section 7.03. If this Loan Agreement shall not have come into force and effect by November 30, 1966, this Loan Agreement and all obligations of the parties hereunder shall terminate, unless the Bank, after consideration of the reasons for the delay, establishes a later date for purposes of this Section. The Bank shall promptly notify the Borrower and the Guarantor of such later date.

Article VIII

MISCELLANEOUS

Section 8.01. The Closing Date shall be December 31, 1969, or such other date as shall be agreed upon between the Bank and the Borrower.

Section 8.02. The following addresses are specified for the purposes of Section 8.01 of the Loan Regulations :

For the Bank :

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

Alternative address for cablegrams and radiograms :

Intbafrad
Washington, D.C.

For the Borrower :

Banco de la República
Bogotá, Colombia

Alternative address for cablegrams and radiograms :

Redesbanco
Bogotá

IN WITNESS WHEREOF, the parties hereto, acting through their representatives thereunto duly authorized, have caused this Loan Agreement to be signed in their respective names and delivered 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 J. Burke KNAPP
Vice President

Banco de la Republica :
By Eduardo ARIAS ROBLEDO
Authorized Representative

SCHEDULE 1

AMORTIZATION SCHEDULE

<i>Date Payment Due</i>	<i>Payment of Principal (expressed in dollars) *</i>	<i>Date Payment Due</i>	<i>Payment of Principal (expressed in dollars) *</i>
December 1, 1970	455,000	June 1, 1979	750,000
June 1, 1971	470,000	December 1, 1979	775,000
December 1, 1971	480,000	June 1, 1980	795,000
June 1, 1972	495,000	December 1, 1980	820,000
December 1, 1972	510,000	June 1, 1981	845,000
June 1, 1973	525,000	December 1, 1981	870,000
December 1, 1973	540,000	June 1, 1982	895,000
June 1, 1974	560,000	December 1, 1982	925,000
December 1, 1974	575,000	June 1, 1983	950,000
June 1, 1975	590,000	December 1, 1983	980,000
December 1, 1975	610,000	June 1, 1984	1,010,000
June 1, 1976	630,000	December 1, 1984	1,040,000
December 1, 1976	645,000	June 1, 1985	1,070,000
June 1, 1977	665,000	December 1, 1985	1,100,000
December 1, 1977	685,000	June 1, 1986	1,135,000
June 1, 1978	705,000	December 1, 1986	1,170,000
December 1, 1978	730,000		

* To the extent that any portion of the Loan is repayable in a currency other than dollars (see Loan Regulations, Section 3.03), the figures in this column represent dollar equivalents determined as for purposes of withdrawal.

PREMIUMS ON PREPAYMENT AND REDEMPTION

The following percentages are specified as the premiums payable on repayment in advance of maturity of any part of the principal amount of the Loan pursuant to Section 2.05 (b) of the Loan Regulations or on the redemption of any Bond prior to its maturity pursuant to Section 6.16 of the Loan Regulations :

<i>Time of Prepayment or Redemption</i>	<i>Premium</i>
Not more than three years before maturity	½%
More than three years but not more than six years before maturity	1 ½%
More than six years but not more than eleven years before maturity	2 ½%
More than eleven years but not more than sixteen years before maturity	3 ½%
More than sixteen years but not more than eighteen years before maturity	5%
More than eighteen years before maturity	6%

SCHEDULE 2

MODIFICATIONS OF LOAN REGULATIONS NO. 4

For the purposes of this Agreement, the provisions of Loan Regulations No. 4 of the Bank, dated February 15, 1961, shall be deemed to be modified as follows :

(a) By the deletion of Sections 2.01 and 2.02.

(b) By the deletion of sub-paragraph (b) of Section 2.05 and the substitution therefor of the following subparagraph :

“(b) The Borrower shall have the right, upon payment of all accrued interest and payment of the premium specified in the amortization schedule to the Loan Agreement, and upon not less than 45 days’ notice to the Bank, to repay in advance of maturity (i) all of the principal amount of any part of the Loan at the time outstanding or (ii) all of the principal amount of any one or more maturities of any part of the Loan, provided that on the date of such payment there shall not be outstanding any portion of such part of the Loan maturing after the portion to be prepaid. However, if Bonds shall have been delivered pursuant to Article VI in respect of any portion of any part of the Loan to be prepaid, the terms and conditions of prepayment of that portion of such part of the Loan shall be those set forth in Section 6.16 and in such Bonds.”

(c) By the addition to Section 2.05 of the following new sub-paragraph (d) :

“(d) The Bank and the Borrower may from time to time agree upon arrangements for prepayment and the application thereof in addition to, or in substitution for, those set forth in the provisions of paragraph (b) of Section 2.05 and Section 6.16 of these Regulations.”

(d) By the substitution in the second sentence of Section 4.03 of the words " Investment Projects " for the word " Project " .

(e) By the addition in the first sentence of Section 5.02 of the words " to request credits to the Loan Account and " after the words " right of the Borrower " .

(f) By the deletion of Section 5.03 and the substitution therefor of the following Section :

" SECTION 5.03. *Cancellation by the Bank.* If (a) the right of the Borrower to make withdrawals from the Loan Account shall have been suspended with respect to any amount of the Loan for a continuous period of thirty days, or (b) by the Closing Date any portion of the Loan shall not have been credited to the Loan Account or shall remain unwithdrawn from the Loan Account, the Bank may by notice to the Borrower terminate the right of the Borrower to request credits to the Loan Account and to make withdrawals from the Loan Account, as the case may be, with respect to such amount of the Loan. Upon the giving of such notice such amount of the Loan shall be cancelled. "

(g) By the deletion of Section 5.05 and the substitution therefor of the following Section :

" SECTION 5.05. *Application of Reduction of Loan Account and of Cancellation to Maturities.* Except as otherwise agreed between the Bank and the Borrower, any cancellation pursuant to this Article, or any reduction of the Loan Account pursuant to Section 2.02 (d) of the Loan Agreement in respect of any part of the Loan credited to the Loan Account, shall be applied *pro rata* to the several maturities of the principal amount of the Loan as set forth in the amortization schedule to the Loan Agreement, except that the principal amount of any such maturity so cancelled shall not exceed the amount of such maturity remaining after deducting the principal amount of Bonds of such maturity theretofore delivered or requested pursuant to Article VI and the Bonds or portions of the Loan of such maturity theretofore sold or agreed to be sold by the Bank. "

(h) By the deletion of Section 9.04 and the substitution therefor of the following Section :

" SECTION 9.04. *Termination of Guarantee Agreement upon termination of Loan Agreement.* If, in accordance with the provisions thereof, the Loan Agreement shall be terminated for failure to become effective, the Guarantee Agreement and all obligations of the parties thereunder shall also terminate. The Bank shall promptly give notice of such termination to the Guarantor. "

(i) By the deletion of paragraph 4 of Section 10.01 and the substitution therefor of the following paragraph :

" 4. The term ' Loan ' means the loan provided for in the Loan Agreement, and the term ' part of the Loan ' means the portion of the Loan credited to the Loan Account in respect of an Investment Project. "

(j) By the deletion of paragraph 10 of Section 10.01 and the substitution thereof of the following paragraph :

“ 10. The term ‘ Loan Account ’ means the account on the books of the Bank to which the amount of each part of the Loan is to be credited as provided in the Loan Agreement. ”

(k) By the deletion of paragraph 11 of Section 10.01 and the substitution thereof of the following paragraph :

“ 11. The term ‘ Project ’ means the project for which the Loan is granted, as described in Section 3.01 of the Loan Agreement and as the description thereof shall be amended from time to time by agreement between the Bank and the Borrower. ”

(l) By the deletion of the first sentence of paragraph 12 of Section 10.01 and the substitution thereof of the following sentence :

“ 12. The term ‘ goods ’ means equipment, supplies and services required for the Investment Projects financed out of the proceeds of the Loan. ”

PROJECT AGREEMENT

(DEVELOPMENT FINANCE COMPANIES PROJECT)

AGREEMENT, dated May 31, 1966, between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank) and CORPORACION FINANCIERA DE CALDAS (hereinafter called the Financiera).

WHEREAS, by a Loan Agreement of even date herewith (hereinafter called the Loan Agreement ¹) between the Bank and Banco de la Republica (hereinafter called the Borrower), the Bank has agreed to provide financial assistance to the Financiera, through the Fondo para Inversiones Privadas of the Borrower, for investment in productive projects in Colombia, by making available to the Borrower a loan in various currencies equivalent to twenty-five million dollars (\$25,000,000), on the terms and conditions set forth in the Loan Agreement, but only on condition *inter alia* that the Financiera agree to undertake certain obligations to the Bank as hereinafter in this Project Agreement set forth ; and

WHEREAS the Financiera, in consideration of the Bank's entering into the Loan Agreement with the Borrower, has agreed to undertake the obligations hereinafter set forth ;

NOW THEREFORE the parties hereto hereby agree as follows :

¹ See p. 288 of this volume.

Article I

DEFINITIONS

Section 1.01. Wherever used in this Project Agreement, unless the context shall otherwise require, the several terms defined in the Loan Agreement and in the Loan Regulations (as so defined) shall have the respective meanings therein set forth.

Section 1.02. Unless the context otherwise requires, the following terms wherever used in this Project Agreement have the following meanings :

(a) the term " subsidiary " means any company of which a majority of the outstanding voting stock is owned, or is effectively controlled, by the Financiera, or by one or more subsidiaries of the Financiera or by the Financiera and one or more of its subsidiaries ;

(b) the term " *Estatutos* " means the *Estatutos* of the Financiera as amended from time to time ; and

(c) the term " Subsidiary Loan Agreement " means the loan agreement between the Borrower and the Financiera to be executed pursuant to Section 5.02 of the Loan Agreement.

Words importing the singular number include the plural number and *vice versa*.

Article II

PARTICULAR COVENANTS OF THE FINANCIERA

Section 2.01. The Financiera shall carry out the Project described in Section 3.01 of the Loan Agreement and conduct its operations and affairs in accordance with sound financial and investment standards and practices, under the supervision of qualified and experienced management and in accordance with its *Estatutos*.

Section 2.02. The Financiera shall enter with the Borrower into a Subsidiary Loan Agreement, satisfactory to the Bank, providing for the relending by the Borrower to the Financiera of the proceeds of the Loan. The Financiera shall exercise its rights under the Subsidiary Loan Agreement in such manner as to protect the interests of the Bank, the Borrower and the Financiera.

Section 2.03. (a) The Financiera shall have access to the proceeds of the Loan only as provided in the Loan Agreement and in the Subsidiary Loan Agreement.

(b) The Financiera shall furnish to the Bank such documents and other evidence as are requested by the Bank in connection with any application or request by the Borrower pursuant to Section 2.02 of the Subsidiary Loan Agreement.

Section 2.04. (a) The Financiera shall exercise its rights in relation to each Investment Project financed in whole or in part out of the proceeds of the Loan in such manner as to protect the interests of the Bank, the Borrower and the Financiera.

(b) The Financiera undertakes that any loan made by it to an Investment Enterprise for an Investment Project to be financed out of the proceeds of the Loan will be made on terms whereby the Financiera shall obtain, by the written agreement of such Investment Enterprise or other appropriate legal means, rights adequate to protect the interests of the Bank, the Borrower and the Financiera including the right to require such Investment Enterprise to carry out and operate the Investment Project with due diligence and efficiency and in accordance with sound engineering and financial standards, including the maintenance of adequate records; the right to require that the goods to be financed with the proceeds of the Loan shall be used exclusively in the carrying out of such Investment Project; the right of the Bank and the Financiera to inspect such goods and the sites, works and construction included in such Investment Project, the operation thereof and any relevant records and documents; the right to require that such Investment Enterprise shall take out and maintain such insurance, against such risks and in such amount, as shall be consistent with sound practice and that, without any limitation upon the foregoing, such insurance shall cover marine, transit and other hazards incident to acquisition, transportation and delivery of the goods financed out of the proceeds of the Loan to the place of use or installation and that any indemnity thereunder shall be payable in a currency freely usable by the Investment Enterprise to replace or repair such goods; and the right to obtain all such information as the Bank and the Financiera shall reasonably request relating to the foregoing and to the operations and financial condition of such Investment Enterprise. Such rights shall include appropriate provision whereby further access by such enterprise to use of the proceeds of the Loan may be suspended or terminated by the Financiera upon failure by such Investment Enterprise to carry out the terms of such credit.

Section 2.05. (a) The Financiera shall furnish to the Bank all such information as the Bank shall reasonably request concerning the expenditure of the proceeds of the Loan, the Project, the Investment Enterprises, the Investment Projects and the administration, operations and financial condition of the Financiera.

(b) The Financiera shall maintain records adequate to record the progress of the Project and of each Investment Project (including the cost thereof) and to reflect in accordance with consistently maintained sound accounting practices the operations and financial condition of the Financiera. The Financiera shall enable the Bank's representatives to examine such records.

(c) The Financiera shall have its financial statements (balance sheet and related statement of earnings and expenses) certified annually by an independent accountant or accounting firm acceptable to the Bank and shall promptly after their preparation and not later than four months after the close of the fiscal year to which they apply transmit to the Bank certified copies of such statements and a signed copy of the accountant's or accounting firm's report.

Section 2.06. (a) The Bank and the Financiera shall cooperate fully to assure that the purposes of the Loan will be accomplished. To that end the Bank

and the Financiera shall from time to time, at the request of any party, exchange views through their representatives with regard to the progress of the Project, the performance by the Financiera of its obligations under the Project Agreement and the Subsidiary Loan Agreement, the administration, operations and financial condition of the Financiera and any other matters relating to the purposes of the Loan.

(b) The Financiera shall promptly inform the Bank of any condition which interferes with, or threatens to interfere with, the accomplishment of the purposes of the Loan, the maintenance of the service of the Subsidiary Loan Agreement or the performance by the Financiera of its obligations under the Project Agreement.

Section 2.07. The Financiera shall exchange views with the Bank concerning any proposed amendment of its *Estatutos*, and it shall not, without the prior approval of the Bank, amend any provision of said *Estatutos* considered by the Bank to be relevant to the compliance by the Financiera of its obligations under this Agreement.

Section 2.08. Except as the Bank shall otherwise agree, the Financiera shall not take or concur in any action which would have the effect of amending, abrogating, assigning or waiving any provision of the Subsidiary Loan Agreement.

Section 2.09. The Financiera shall adopt a Statement, satisfactory to the Bank, defining the Financiera's operating policies and procedures. Said Statement shall not be amended without the prior approval of the Bank, and the operating policies and procedures set forth therein shall be observed and followed by the Financiera in its operations.

Section 2.10. Except as the Bank shall otherwise agree, the Financiera shall not sell, lease, transfer, mortgage, or otherwise dispose of or encumber its property and assets, except in the ordinary course of its operations as set forth in the respective Statement of operating policies and procedures referred to in Section 2.09 of this Project Agreement.

Section 2.11. Except as the Bank and the Financiera shall otherwise agree, the Financiera shall not incur any indebtedness if, after the incurring of any such indebtedness, the indebtedness of the Financiera then incurred and outstanding would be greater than four times the equity of the Financiera.

For the purposes of this Section :

(a) The term "indebtedness" means all indebtedness incurred by the Financiera, including indebtedness assumed or guaranteed by the Financiera.

(b) Indebtedness shall be deemed to be incurred (i) under a contract or loan agreement, on the date it is drawn down pursuant to such contract or loan agreement and (ii) under a guarantee agreement, on the date the agreement providing for such guarantee shall have been entered into.

(c) The term "equity" shall mean the aggregate of (i) the unimpaired paid-in capital of the Financiera and (ii) the unallocated surplus and general reserves, that is to say reserves not set apart for any specific purpose, of the Financiera.

(d) Whenever in connection with this Section it shall be necessary to value in terms of Pesos debt repayable in a foreign currency, such valuation shall be made on the basis of the prevailing lawful rate of exchange at which such foreign currency is, at the time of such valuation, obtainable for the purposes of servicing such debt.

Section 2.12. The Financiera shall at all times take all steps necessary to maintain its corporate existence and right to carry on operations and shall take all steps necessary to maintain and renew all rights, powers, privileges and franchises which are necessary or useful in the conduct of its business.

Section 2.13. The Financiera shall cause each of its subsidiaries (if any) to observe and perform the obligations of the Financiera hereunder to the extent to which the same may be applicable thereto as though such obligations were binding upon each of such subsidiaries.

Article III

EFFECTIVE DATE ; TERMINATION

Section 3.01. This Project Agreement shall enter into force and effect on the Effective Date, but only if the Financiera shall have complied with the conditions provided in Section 7.01 of the Loan Agreement. If the Loan Agreement shall terminate pursuant to Section 7.03 thereof, the Bank shall promptly notify the Financiera of this event and, upon the giving of such notice, this Project Agreement and all obligations of the parties hereunder shall forthwith terminate.

Section 3.02. If and when the entire principal amount of the loan under the Subsidiary Loan Agreement and all interest and other charges which shall have accrued on the said loan shall have been paid by the Financiera, all obligations of the parties under this Project Agreement shall forthwith terminate.

Article IV

MISCELLANEOUS PROVISIONS

Section 4.01. No delay in exercising, or omission to exercise any right, power, or remedy accruing to any party under this Project Agreement upon any default shall impair any such right, power or remedy or be construed to be a waiver thereof or an acquiescence in such default ; nor shall the action of such party in respect of any default, or any acquiescence in any default, affect or impair any right, power or remedy of such party in respect of any other or subsequent default.

Section 4.02. Any notice or request required or permitted to be given or made under this Project Agreement and any agreement between the parties contemplated by this Project 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, cablegram or radiogram to the party to which it is required or permitted to be given or made at its 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 :

For the Bank :

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

Alternative address for cablegrams and radiograms :

Intbafrad
Washington, D.C.

For the Financiera :

Corporación Financiera de Caldas
Apartado Aéreo No. 460
Manizales, Colombia

Alternative address for cablegrams and radiograms :

Corfinanciera
Manizales

Section 4.03. Any action required or permitted to be taken, and any documents required or permitted to be executed under this Project Agreement on behalf of the Financiera may be taken or executed by its President and such person or persons as he shall appoint in writing.

Section 4.04. This Project 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 representatives thereunto duly authorized, have caused this Project Agreement to be signed in their respective names and delivered 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 J. Burke KNAPP
Vice President

Corporacion Financiera de Caldas :

By Roberto OCAMPO
Authorized Representative

PROJECT AGREEMENTS (*DEVELOPMENT FINANCE COMPANIES PROJECT*) BETWEEN THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT AND CORPORACION FINANCIERA COLOMBIANA, CORPORACION FINANCIERA NACIONAL, CORPORACION FINANCIERA DEL NORTE AND CORPORACION FINANCIERA DEL VALLE, RESPECTIVELY

[*These Project Agreements are not published herein, as their text is identical to that of the Project Agreement between the International Bank for Reconstruction and Development and Corporacion Financiera de Caldas (see pp. 310 to 320 of this volume), except as indicated below:*]

a) *The addresses specified for Corporación Financiera de Caldas in Section 4.02 of the related Project Agreement are indicated in the four other Project Agreements as follows:*

— *Section 4.02 of the Project Agreement relating to the Corporación Financiera Colombiana:*

“ *Corporación Financiera Colombiana
Edificio Banco de Bogotá
Bogotá, Colombia*

Alternative address for cablegrams and radiograms:

*Cofinanciera
Bogotá ”*

— *Section 4.02 of the Project Agreement relating to the Corporación Financiera Nacional:*

“ *Corporación Financiera Nacional
Apartado Aéreo No. 1039
Medellin, Colombia*

Alternative address for cablegrams and radiograms:

*Financiera
Medellin ”*

— *Section 4.02 of the Project Agreement relating to the Corporación Financiera del Norte:*

“ *Corporación Financiera del Norte
Apartado Aéreo No. 2747
Barranquilla, Colombia*

Alternative address for cablegrams and radiograms:

*Cofinorte
Barranquilla ”*

— Section 4.02 of the Project Agreement relating to the *Corporación Financiera del Valle* :

“ Corporación Financiera del Valle
Apartado Aéreo No. 4902
Cali, Colombia

Alternative address for cablegrams and radiograms :

Financiera
Cali ”

b) *The signature portion specified for Corporación Financiera de Caldas in Section 4.04 of the related Project Agreement is indicated in the four other Project Agreement as follows :*

— Section 4.04 of the Project Agreement relating to the *Corporación Financiera Colombiana* :

“ Corporación Financiera Colombiana :
By Guillermo HERRERA CARRIZOSA
Authorized Representative ”

— Section 4.04 of the Project Agreement relating to the *Corporación Financiera Nacional* :

“ Corporación Financiera Nacional :
By José GUTIERREZ GÓMEZ
Authorized Representative ”

— Section 4.04 of the Project Agreement relating to the *Corporación Financiera del Norte* :

“ Corporación Financiera del Norte :
By Alvaro JARAMILLO VENGOECHEA
Authorized Representative ”

— Section 4.04 of the Project Agreement relating to the *Corporación Financiera del Valle* :

“ Corporación Financiera del Valle :
By Luis BERNARDO SALCEDO
Authorized Representative ”