

No. 10500

**INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT
and
COLOMBIA**

Guarantee Agreement—*Third Development Finance Companies Project* (with annexed General Conditions Applicable to Loan and Guarantee Agreements and Loan Agreement between the Bank and the Banco de la República). Signed at Washington on 27 June 1969

Authentic text: English.

Registered by the International Bank for Reconstruction and Development on 29 May 1970.

**BANQUE INTERNATIONALE POUR
LA RECONSTRUCTION ET LE DÉVELOPPEMENT
et
COLOMBIE**

Contrat de garantie — *Troisième projet concernant des sociétés financières de développement économique* (avec, en annexe, les Conditions générales applicables aux contrats d'emprunt et de garantie et le Contrat d'emprunt entre la Banque et le Banco de la República). Signé à Washington le 27 juin 1969

Texte authentique: anglais.

Enregistré par la Banque internationale pour la reconstruction et le développement le 29 mai 1970.

GUARANTEE AGREEMENT ¹

AGREEMENT, dated June 27, 1969, 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 República (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 Subsidiary Loan Agreements of even date herewith between the Borrower, as party of the first part, and the Corporación Financiera de Caldas, the Corporación Financiera Colombiana, the Corporación Financiera Nacional, the Corporación Financiera del Norte and the Corporación Financiera del Valle, as parties of the second part, respectively, said parties of the second part have undertaken certain obligations to the Borrower and the Bank relating to the carrying out of the project described in the Loan Agreement;

NOW THEREFORE the parties hereto hereby agree as follows:

Article I

Section 1.01. The parties to this Guarantee Agreement accept all the provisions of the General Conditions Applicable to Loan and Guarantee Agreements of the Bank dated January 31, 1969, ³ subject, however, to the modifications thereof set forth in Schedule 2 to the Loan Agreement (said

¹ Came into force on 26 September 1969, upon notification by the Bank to the Government of Colombia.

² See p. 242 of this volume.

³ See p. 242 of this volume.

General Conditions Applicable to Loan and Guarantee Agreements as so modified being hereinafter called the General Conditions), 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, 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; or (ii) any lien arising in the ordinary course of banking transactions and securing a debt maturing not more than one year after its date.

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, and free from all restrictions, 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 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 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 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 Agreement, its guarantee on any Bonds to be executed and delivered by the Borrower. The Minister of Finance and Public Credit of the Guarantor for the purposes of Section 8.10 (a) of the General Conditions. The Minister of Finance and Public Credit may designate other or additional authorized representatives for the purposes of such Section, by notice to the Bank.

Article V

Section 5.01. The following addresses are specified for the purposes of Section 10.01 of the General Conditions:

For the Guarantor:

Republic of Colombia
Ministerio de Hacienda y Credito Público
Palacio de los Ministerios
Plaza San Agustin
Bogota, Colombia
Cable address:

Minhacienda
Bogota

For the Bank:

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

Intbafrad
Washington, D.C.

Section 5.02. The Minister of Finance and Public Credit of the Guarantor is designated for the purposes of Section 10.03 of the General Conditions.

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 Columbia:

By MISAEL PASTRANA BORRERO
Authorized Representative

International Bank for Reconstruction and Development:

By J. BURKE KNAPP
Vice President

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

GENERAL CONDITIONS, DATED 31 JANUARY 1969

GENERAL CONDITIONS APPLICABLE TO LOAN AND GUARANTEE AGREEMENTS

[Not published herein. See *United Nations, Treaty Series, vol. 691, p. 300.*]

LOAN AGREEMENT

AGREEMENT, dated June 27, 1969, between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank) and BANCO DE LA REPÚBLICA (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 by a loan agreement dated May 31, 1966¹, between the Borrower and the Bank (hereinafter called the First Loan Agreement) the Bank made a loan to the Borrower for the purpose of providing financial assistance through FIP to the Corporación Financiera de Caldas, the Corporación Financiera Colombiana, the Corporación Financiera Nacional, the Corporación Financiera del Norte and the Corporación Financiera del Valle, private companies organized under the laws of the Republic of Colombia (hereinafter when collectively referred to called Financieras), for investment in productive projects in Colombia;

¹ United Nations, *Treaty Series*, vol. 608, p. 279.

WHEREAS by a loan agreement dated May 22, 1968¹ between the Borrower and the Bank (hereinafter called the Second Loan Agreement) the Bank made a second loan to the Borrower also for the purpose of providing financial assistance through FIP to the Financieras for investment in productive projects in Colombia;

WHEREAS by a guarantee agreement dated May 31, 1966² between the Republic of Colombia (hereinafter called the Guarantor) and the Bank, the First Loan Agreement was guaranteed as to payments of principal, interest and other charges;

WHEREAS by a guarantee agreement dated May 22, 1968¹ between the Guarantor and the Bank, the Second Loan Agreement was guaranteed as to payments of principal, interest and other charges; and

WHEREAS the Bank has agreed to make a third loan to the Borrower, upon the terms and conditions hereinafter set forth and on condition that such loan be guaranteed as to payment of principal, interest and other charges by the Guarantor upon the terms and conditions of a Guarantee Agreement of even date herewith between the Guarantor and the Bank;

NOW THEREFORE the parties hereto hereby agree as follows:

Article I

GENERAL CONDITIONS; DEFINITIONS

Section 1.01. The parties to this Agreement accept all the provisions of the General Conditions Applicable to Loan and Guarantee Agreements of the Bank dated January 31, 1969³, with the same force and effect as if they were fully set forth herein, subject, however, to the modifications thereof set forth in Schedule 2 to this Agreement (said General Conditions Applicable to Loan and Guarantee Agreements, as so modified, being hereinafter called the General Conditions).

Section 1.02. Wherever used in the Loan Agreement, unless the context otherwise requires, the several terms defined in the General Conditions have the respective meanings therein set forth, and the following additional terms have the following meanings:

(a) 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;

¹ United Nations, *Treaty Series*, vol. 675, p. 230.

² *Ibid.*, vol. 608, p. 279.

³ See p. 242 of this volume.

(b) the term “Credit” shall mean a loan made or proposed to be made by a Financiera out of the proceeds of the Loan to an Investment Enterprise for an Investment Project;

(c) the term “Investment” shall mean an investment, other than a Credit, made or proposed to be made by a Financiera out of the proceeds of the Loan in an Investment Enterprise for an Investment Project;

(d) 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;

(e) the term “Investment Project” means a specific investment project to be carried out by an Investment Enterprise and to be financed out of the proceeds of the Loan by means of a Credit or an Investment;

(f) the term “Financiera” means any one of the Financieras referred to in the preamble to this Agreement.

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

Article II

THE LOAN

Section 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions in this 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 and shall credit to such Account the amount of the Loan. The amount of the Loan may be withdrawn from the Loan Account as provided in, and subject to the rights of cancellation and suspension set forth in, this Loan Agreement and in accordance with the allocation of the proceeds of the Loan provided for in Section 3.02 of this Agreement.

Section 2.03. (a) Subject to the provisions of paragraphs (b), (c) and (d) of this Section, the Borrower shall be entitled to withdraw from the Loan Account:

- (i) amounts expended for the reasonable cost of goods and services required for carrying out the Investment Project in respect of which the withdrawal is requested by a Financiera; and
- (ii) if the Bank shall so agree, such amounts as shall be required to meet payments to be made for the reasonable cost of such goods and services.

(b) No amount shall be withdrawn from the Loan Account in respect of an Investment Project unless it shall have been approved in writing by the Bank, provided, however, that such withdrawals may be made in respect of the Investment Projects,

for which a Financiera proposes to make a Credit, described to and authorized by the Bank for financing hereunder in accordance with the provisions of Section 3.03(b) of this Agreement, but only up to

- (i) an amount in respect of each such Investment Project which, together with any amount or amounts previously approved, requested or credited to a loan account for such Investment Project under this Agreement, or for the same project under the First Bank Loan Agreement or Second Bank Loan Agreement and not repaid, shall not exceed the equivalent of \$250,000 in respect of Investment Projects financed by Corporación Financiera Colombiana or Corporación Financiera Nacional, and \$100,000 in respect of Investment Projects financed by any other Financiera, or such other limits as shall be from time to time determined by the Bank; and
- (ii) an aggregate amount in respect of all such Investment Projects to be financed by a Financiera which shall not exceed the equivalent of \$1,500,000 in respect of Investment Projects to be financed by Corporación Financiera de Caldas, \$3,000,000 in respect of Investment Projects to be financed by Corporación Financiera Colombiana, \$3,000,000 in respect of Investment Projects to be financed by Corporación Financiera Nacional, \$1,500,000 in respect of Investment Projects to be financed by Corporación Financiera del Norte and \$1,500,000 in respect of Investment Projects to be financed by Corporación Financiera del Valle, or such other limits as shall be from time to time determined by the Bank.

(c) Except as the Bank shall otherwise agree, no withdrawals shall be made from 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 a Credit, until the Bank, the Banco 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) Except as the Bank shall otherwise agree, no withdrawals shall be made on account of expenditures made by any Investment Enterprise for any Investment Project subject to the Bank's approval more than ninety days prior to the date on which the Bank shall have received in respect of such Investment Project the application required under Section 3.03(a) of this Agreement or, in the case of any other Investment Project, more than ninety days prior to the date on which the Bank shall have received the description thereof pursuant to Section 3.03(b) of this Agreement.

Section 2.04. The Borrower shall pay to the Bank a commitment charge at the rate of three-fourths of one per cent ($3/4$ of 1%) per annum on the principal amount of the Loan not withdrawn from time to time.

Section 2.05. The Borrower shall pay interest at the rate of six and one-half per cent (6½%) per annum on the principal amount of the Loan withdrawn and outstanding from time to time.

Section 2.06. Interest and other charges shall be payable semi-annually on June 15 and December 15 in each year.

Section 2.07. (a) The Borrower shall repay the principal amount of the Loan in accordance with the amortization schedule set forth in Schedule 1 to this Agreement, as such Schedule shall be amended from time to time as determined by the Bank and as reasonably required to: (i) conform in relevant part substantially to the aggregate of the amortization schedules applicable to the Credits and Investments in respect of which withdrawals from the Loan Account shall have been approved or authorized pursuant to Section 3.03 of this Agreement, and (ii) take into account any cancellation pursuant to Article VI of the General Conditions and any repayments made by the Borrower under Section 2.08 of this Agreement, except that repayments due hereunder shall be made on June 15 and December 15 in each year. Such amendments of said Schedule 1 shall include amendments to the table of premiums on prepayment and redemption, if required.

(b) The amortization schedule applicable to each Investment Project shall provide for an appropriate period of grace and, unless the Bank and the Borrower shall otherwise agree, (i) shall not extend beyond fifteen years from the date of approval by the Bank of such Investment Project or of authorization by the Bank to make withdrawals from the Loan Account in respect of such Investment Project, and (ii) shall provide for approximately equal semi-annual, or more frequent, aggregate payments of principal and interest or approximately equal, semi-annual, or more frequent, payments of principal.

Section 2.08. Unless the Bank and the Borrower shall otherwise agree:

(a) If a Credit or any portion thereof shall be repaid in advance of maturity, or if a Credit or Investment, or any portion thereof, shall be sold, transferred, assigned or otherwise disposed of, the Borrower shall promptly notify the Bank and shall repay to the Bank on the next following interest payment date, together with the premiums specified in Schedule 1 to this Agreement or in any amendment thereof under Section 2.07(a), an amount of the Loan equal to: (i) in the case of a Credit, the amount so repaid or disposed of but not exceeding the amount withdrawn from the Loan Account in respect of such Credit or the said part thereof, or (ii) in the case of an Investment, the excess, if any, of the amount withdrawn from the Loan Account in respect of such Investment, or the said part thereof, over the amount of the Loan theretofore repaid to the Bank in respect of such Investment. The policy stated in Section 3.05(c) of the General Conditions with respect to premiums shall apply to any such repayment.

(b) Any amount repaid by the Borrower under this Section shall be applied by

the Bank as follows: (i) in the case of a Credit, to payment of the maturity or maturities of the principal amount of the Loan in amounts corresponding to the amounts of the maturity or maturities of the Credit so repaid or disposed of, and (ii) in the case of the disposition of an Investment, to the *pro rata* payment of the unpaid amounts of the maturity or maturities of the Loan reflecting the amount of such Investment.

(c) The first sentence of Section 3.05(b) of the General Conditions shall not apply to any repayment made under paragraph (a) of this Section.

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, requests for the Bank's approval of Investment Projects and authorizations to make withdrawals pursuant to Section 3.03 of this Agreement, and applications for withdrawals from the Loan Account pursuant to the provisions of Section 2.03 of this Agreement; provided, however, that if the Borrower shall determine that any Investment Project in respect of which a request for the Bank's approval or authorization to make withdrawals is received from a Financiera, is not significant for the economic development of Colombia, the Borrower may, by notice to the Bank and such Financiera setting forth the reasons for such determination, refuse to submit such request for approval or to make application for such withdrawal.

Article III

DESCRIPTION OF PROJECT; USE OF PROCEEDS OF THE LOAN

Section 3.01. The Project for which the Loan is granted is the financing by the Financieras of development in Colombia through Credits for productive purposes to privately controlled enterprises and through other productive Investments in such enterprises, all for specific development projects, in accordance with the respective *Estatutos* of the Financieras and their statement of operating policies and procedures, as approved by the Bank.

Section 3.02. (a) The Borrower shall relend the proceeds of the Loan to the Financieras through FIP in accordance with the respective Subsidiary Loan Agreements as follows:

- (i) an amount equivalent to \$15,000,000 shall be allocated among the Financieras in the following respective amounts:

Corporación Financiera de Caldas	\$3,000,000
Corporación Financiera Colombiana	\$3,000,000
Corporación Financiera Nacional	\$3,000,000
Corporación Financiera del Norte	\$3,000,000
Corporación Financiera del Valle	\$3,000,000

- (ii) of the balance equivalent to \$10,000,000 there shall be allocated (1) among

all the Financieras the respective amounts of their Credits or Investments for any Investment Project financed by all Financieras and approved by the Bank pursuant to Section 3.03(a) of this Agreement, and (2) to any Financiera the amount of any Credit or Investment which the Bank shall have approved or authorized for withdrawal pursuant to Section 3.03 of this Agreement after the amount of the Loan theretofore allocated to such Financiera shall have been fully committed for Investment Projects approved or authorized by the Bank, as a request for approval or authorization is received by the Bank for such Credit or Investment.

(b) The Borrower shall cause each Financiera to apply the proceeds of the Loan made available to it by the Borrower hereunder exclusively to the financing of Investment Projects in accordance with the provisions of this Agreement and the Subsidiary Loan Agreements.

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, together with a description by the Financiera concerned of such Investment Project and the terms and conditions of the Credit to or Investment in the Investment Enterprise, including the schedule of amortization proposed therefor and such other information as the Bank shall reasonably request.

(b) Each request by the Borrower for authorization to make withdrawals from the Loan Account in respect of Credits for Investment Projects not requiring approval by the Bank shall contain a summary description of the Investment Enterprise and the Investment Project for which such authorization is requested and the terms and conditions of the Credit for such Investment Project, including the schedule of amortization therefor.

(c) Except as the Bank and the Borrower shall otherwise agree, applications for approval of Investment Projects pursuant to the provisions of Section 3.03(a) of this Agreement and requests for authorizations to withdraw from the Loan Account pursuant to the provisions of Section 3.03(b) of this Agreement shall be submitted on or before September 30, 1971.

Article IV

BONDS

Section 4.01. If and as the Bank shall from time to time request, the Borrower shall execute and deliver Bonds representing the principal amount of the Loan as provided in Article VIII of the General Conditions.

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 8.10 of the General Conditions.

Article V

PARTICULAR COVENANTS

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

(b) 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 FIP.

(c) 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 FIP. The Borrower shall enable the Bank's representatives to examine such records.

(d) The Borrower shall have the financial statements of FIP certified annually by a supervisory organization 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 supervisory organization's certificate.

*Section 5.02.*¹ The Borrower shall enter into a Subsidiary Loan Agreement, satisfactory to the Bank, with each Financiera, and except as the Bank shall otherwise agree, the Borrower shall not take or concur in any action which would have the effect of amending, abrogating, assigning or waiving any provision of a Subsidiary Loan Agreement.

Section 5.03. Each Subsidiary Loan Agreement shall include provisions which will enable the Borrower to carry out its obligations under this Loan Agreement and shall include without limitation the obligation on the part of the Financiera which is a party to such Subsidiary Loan Agreement: (i) to carry out the Project and conduct its operations and affairs in accordance with sound financial and investment practices, under the supervision of qualified and experienced management and in accordance with its *Estatutos* and its statement of its operating policies and procedures, as approved by the Bank; (ii) to cause the Investment Enterprises financed by it to carry

¹ Under the terms of this section, the Banco de la República entered into a subsidiary loan agreement with each of the following Financieras: Corporación Financiera Colombiana, Corporación Financiera de Caldas, Corporación Financiera del Valle, Corporación Financiera Nacional and Corporación Financiera del Norte. The said subsidiary loan agreements were all signed at Washington on 27 June 1969 and came into force on 26 September 1969.

out the respective Investment Projects with due diligence and efficiency and in accordance with sound engineering and financial standards, including the maintenance of adequate records and documents; (iii) to use, and to cause the Investment Enterprises financed by it to use, the proceeds of the Loan exclusively for the purposes of the Investment Project in respect of which they were withdrawn; (iv) to ensure the right of the Bank to inspect the goods financed out of the proceeds of the Loan, the sites, works and construction included in each Investment Project financed by it, the operation thereof and the operation of the Financiera and any relevant records and documents; (v) to ensure the right of the Bank to obtain all such information as it shall reasonably request relating to the foregoing and the operation, administration and financial condition of the Financiera and of the Investment Enterprises it shall finance; (vi) not to incur debts in excess of such limits as shall be agreed from time to time between the Bank and the Financiera; and (vii) to have its accounts audited by auditors acceptable to the Bank and to furnish to the Bank, promptly upon their preparation, the Financiera's audited financial statements and the auditor's report thereon.

Section 5.04. (a) Subject to the provisions of paragraph (c) of this Section, the Borrower shall exercise its rights in relation to each Financiera, each Investment Project and each Investment Enterprise in such manner as to protect at all times the interests of the Bank and the Borrower.

(b) The Borrower shall promptly take all such actions and exercise all such recourse available to it under a Subsidiary Loan Agreement with a Financiera as the Bank shall request in order to ensure the prompt and full performance by such Financiera of its obligation thereunder.

(c) The Borrower shall not, without the prior agreement of the Bank, suspend or terminate the right of a Financiera to have access to the proceeds of the Loan under the Subsidiary Loan Agreement with such Financiera or declare the principal amount of the loan thereunder due and payable prior to the agreed maturity unless the right of the Borrower to withdraw the proceeds of the Loan allocated to such Financiera shall have been suspended or terminated by the Bank or the Bank shall have declared the principal amount of the Loan relented to such Financiera to be due and payable immediately or a default shall have occurred in the due and punctual payment of any monies payable by such Financiera to the Borrower and such default shall continue for thirty days after notice thereof shall have been given by the Borrower to such Financiera.

Section 5.05. (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 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 5.06. 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 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 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 5.07. 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 or the Bonds.

Article VI

MODIFICATION OF PRIOR LOAN AGREEMENTS

Section 6.01. For the purposes of the First Loan Agreement paragraph (c) of Section 5.02 of Loan Regulations No. 4 of the Bank dated February 15, 1961 as applied to such Agreement is amended to read as follows:

“(c) A default shall have occurred in the performance of any other covenant or agreement on the part of the Borrower or the Guarantor under the Loan Agreement, the Guarantee Agreement or the Bonds, or under any other loan agreement between the Borrower and the Bank or any guarantee agreement between the Guarantor and the Bank guaranteeing a loan to the Borrower, or under any bond issued pursuant to any such agreement.”

Section 6.02. For the purposes of the Second Loan Agreement paragraph (c) of Section 5.02 of Loan Regulations No. 4 of the Bank dated February 15, 1961 as amended February 9, 1967 as applied to such Agreement is amended to read as follows:

“(c) A default shall have occurred in the performance of any other covenant or agreement on the part of the Borrower or the Guarantor under the Loan Agreement, the Guarantee Agreement or the Bonds, or under any other loan agreement between the Borrower and the Bank or any guarantee agreement between the Guarantor and the Bank guaranteeing a loan to the Borrower, or under any bond issued pursuant to any such agreement.”

Article VII

REMEDIES OF THE BANK

Section 7.01. If any event specified in Section 7.01 of the General Conditions or in Section 7.02 of this Agreement shall occur and shall continue for the period, if any, therein set forth, then at any subsequent time during the continuance thereof, the Bank, at its option, may by notice to the Borrower declare the principal of the Loan and of all the Bonds then outstanding to be due and payable immediately, together with the interest and other charges thereon; and upon any such declaration such principal, interest and charges shall become due and payable immediately, anything to the contrary in this Loan Agreement or in the Bonds notwithstanding.

The foregoing is subject to the proviso that if any event giving rise to such declaration is an event specified under Section 7.02 of this Agreement, 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 installments of the principal amount of the Loan.

Section 7.02. The following additional events are specified for the purposes of Section 7.01 of the General Conditions:

- (i) a default shall occur in the performance of any obligation on the part of a Financiera under a Subsidiary Loan Agreement and such default shall continue for a period of sixty days after notice thereof shall have been given by the Bank to the Borrower, the Guarantor and such Financiera;
- (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;
- (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;
- (v) a resolution shall have been passed for the dissolution or liquidation of a Financiera;

- (vi) the *Estatutos* or the statement of operating policies and procedures of a Financiera, as approved by the Bank, shall have been amended without the prior approval of the Bank.

Article VIII

EFFECTIVE DATE; TERMINATION

Section 8.01. The following event is specified as an additional condition to the effectiveness of this Loan Agreement within the meaning of Section 11.01(c) of the General Conditions:

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 Loan Agreement may become effective, at the option of the Bank, even if one or more of the Financieras shall not have complied with the condition stipulated in this Section.

Section 8.02. The following is specified as an additional matter within the meaning of Section 11.02(c) of the General Conditions to be included in the opinion or opinions to be furnished to the Bank:

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.

Article IX

MISCELLANEOUS

Section 9.01. The Closing Date shall be September 30, 1972, or such other date as shall be agreed upon between the Bank and the Borrower.

Section 9.02. The following addresses are specified for the purposes of Section 10.01 of the General Conditions:

For the Bank:

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

Intbafrad
Washington, D.C.

For the Borrower:

Banco de la República
Bogota, Colombia

Cable address:

Redesbanco
Bogota

Section 9.03. The date of September 26, 1969 is hereby specified for the purposes of Section 11.04 of the General Conditions.

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 República:
By E. 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>
June 15, 1970	50,000	December 15, 1978	900,000
December 15, 1970	250,000	June 15, 1979	800,000
June 15, 1971	450,000	December 15, 1979	750,000
December 15, 1971	650,000	June 15, 1980	700,000
June 15, 1972	850,000	December 15, 1980	650,000
December 15, 1972	950,000	June 15, 1981	650,000
June 15, 1973	1,300,000	December 15, 1981	600,000
December 15, 1973	1,300,000	June 15, 1982	600,000
June 15, 1974	1,300,000	December 15, 1982	550,000
December 15, 1974	1,300,000	June 15, 1983	550,000
June 15, 1975	1,200,000	December 15, 1983	550,000
December 15, 1975	1,200,000	June 15, 1984	450,000
June 15, 1976	1,200,000	December 15, 1984	350,000
December 15, 1976	1,200,000	June 15, 1985	250,000
June 15, 1977	1,100,000	December 15, 1985	200,000
December 15, 1977	1,100,000	June 15, 1986	150,000
June 15, 1978	900,000		

* To the extent that any portion of the Loan is repayable in a currency other than dollars (see General Conditions, Section 4.02), 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 3.05(b) of the General Conditions or to Section 2.08(a) of the Loan Agreement or on the redemption of any Bond prior to its maturity pursuant to Section 8.15 of the General Conditions:

<i>Time of Prepayment or Redemption</i>	<i>Premium</i>
Not more than three years before maturity	1%
More than three years but not more than six years before maturity	2½%
More than six years but not more than eleven years before maturity	3¾%
More than eleven years but not more than fifteen years before maturity	5¼%
More than fifteen years before maturity	6¼%

SCHEDULE 2

MODIFICATIONS OF GENERAL CONDITIONS

For the purposes of this Agreement, the provisions of the General Conditions are modified as follows:

1. By the addition to Section 3.05 of the following new subparagraph (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 3.05 and Section 8.15.”

2. By the substitution in the second sentence of Section 5.03 of the words “Investment Projects” for the word “Project”.

3. By the deletion of Section 6.03 and the substitution therefor of the following Section:

“SECTION 6.03. *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 date specified in Section 3.03(c) of the Loan Agreement no applications for approval or requests for authorization to withdraw from the Loan Account in respect of any portion of the Loan shall have been received by the Bank, or having been so received, shall have been denied, or (c) after the Closing Date an amount of the Loan shall remain unwithdrawn from the Loan Account, the Bank may by notice to the Borrower terminate the right of the Borrower to request such approvals and authorizations or to make withdrawals from the Loan Account, as the case may be, with respect to such amount or portion of the Loan. Upon the giving of such notice such amount or portion of the Loan shall be cancelled.”

4. By the deletion of paragraph (d) of Section 7.01 and the substitution thereof of the following paragraph:

“(d) A default shall occur in the performance of any other obligation on the part of the Borrower or the Guarantor under the Loan Agreement, the Guarantee Agreement or the Bonds, or under any other loan agreement between the Borrower and the Bank or any guarantee agreement between the Guarantor and the Bank guaranteeing a loan to the Borrower, or under any bond issued pursuant to any such agreement, and such default shall continue for a period of sixty days after notice thereof shall have been given by the Bank to the Borrower and the Guarantor.”

5. By the deletion of paragraph (c) of Section 11.01 and the substitution thereof of the following paragraph:

“(c) That the condition of the Financiera, as represented or warranted to the Bank at the date of the Loan Agreement has undergone no material adverse change between such date and the date agreed upon between the Financiera and the Bank for the purposes of this Section.”

6. By the deletion of paragraph 11 of Section 2.01 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.”
