

No. 12029

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

Loan Agreement—*Development Program and Export Expansion Project* (with schedules and General Conditions Applicable to Loan and Guarantee Agreements). Signed at Washington on 28 June 1972

Authentic text: English.

Registered by the International Bank for Reconstruction and Development on 26 September 1972.

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

Contrat d'emprunt — *Projet relatif à un programme de développement et à l'expansion des exportations* (avec annexes et Conditions générales applicables aux contrats d'emprunt et de garantie). Signé à Washington le 28 juin 1972

Texte authentique: anglais.

Enregistré par la Banque internationale pour la reconstruction et le développement le 26 septembre 1972.

LOAN AGREEMENT¹

AGREEMENT, dated June 28, 1972, between REPUBLIC OF COLOMBIA (hereinafter called the Borrower) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank).

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, 1969,² with the same force and effect as if they were fully set forth herein, subject, however, to the modifications thereof set forth in Schedule 3 to this Agreement (said General Conditions Applicable to Loan and Guarantee Agreements of the Bank, as so modified, being hereinafter called the General Conditions).

Section 1.02. Wherever used in this 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) "Loan Tranche" means one of the two portions in which the Loan shall be made available to the Borrower pursuant to Section 2.01 of this Agreement.

(b) "Banco" means Banco de la República, the central bank of the Borrower.

(c) "FIP" means Fondo para Inversiones Privadas, a fund created by Resolution No. 11 of February 28, 1963, of Banco's Junta Directiva.

(d) "FFI" means Fondo Financiero Industrial, a fund created by Resolution No. 54 of October 16, 1968, of the Borrower's Junta Monetaria and administered by Banco.

(e) "Financial Intermediary" means any bank, development finance company or other financial institution recipient of a sub-loan.

(f) "sub-loan" means a loan or credit included under the Project and

¹ Came into force on 24 August 1972, upon notification by the Bank to the Government of Colombia.

² See p. 128 of this volume.

made by Banco to a Financial Intermediary to be on-lent to an Investment Enterprise for an Investment Project.

(g) "Investment Enterprise" means an enterprise receiving the proceeds of a sub-loan under a loan from a Financial Intermediary.

(h) "Investment Project" means a specific development project which is eligible within the terms of Section 5.04 of this Agreement and is to be carried out by an Investment Enterprise utilizing the proceeds of a sub-loan.

(i) "pesos" and "Col\$" mean the currency of the Borrower and pesos shall be deemed to have such value in terms of dollars as shall from time to time be reasonably determined by the Bank.

(j) "foreign exchange" means any currency other than the currency of the Borrower.

(k) "non-traditional exports" means Colombian exports other than coffee and crude petroleum.

(l) "Financing Agreement" means the agreement to be entered into between the Borrower and Banco pursuant to Section 3.03 (a) of this Agreement, as the same may be amended from time to time.

(m) "subsidiary loan" means the subsidiary loan under which the proceeds of the Loan withdrawn on account of sub-loans are to be relented by the Borrower to Banco pursuant to Section 3.03 (a) (i) of this Agreement.

(n) "subsidiary loan account" means the account on the books of Banco as provided in Section 3.04 of this Agreement.

(o) "A account" and "B account" mean the accounts on the books of Banco as provided in Section 4.02 of this Agreement.

(p) "Consultative Group for Colombia" means the consultative group in which the Borrower, the Bank, the Inter-American Development Bank, several other international organizations and several governments cooperate to assist the Borrower in the development of its productive facilities and resources.

(q) "consolidated sub-loan account" means the account on the books of FIP or FFI (as the context shall require) as provided in Section 5.01 (c) of this Agreement.

Article II

THE LOAN

Section 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions in the Loan Agreement set forth or referred to, an amount in various

currencies equivalent to sixty million dollars (\$60,000,000) to be made available to the Borrower in two Loan Tranches of thirty million dollars (\$30,000,000) each.

Section 2.02. The amount of the Loan may be withdrawn from the Loan Account in accordance with and subject to the provisions of Articles IV and V of this Agreement; provided, however, that, except as the Bank shall otherwise agree :

(a) No withdrawal shall be made on account of (i) payments made prior to the date of this Agreement, or (ii) expenditures in the territories of any country which is not a member of the Bank (other than Switzerland) or for goods produced in, or services supplied from, such territories; and

(b) Whereas the Borrower has stated its intention to accelerate the growth of its non-traditional exports, to create new sources of public revenues and to increase its resources available for investment, withdrawals under the second Loan Tranche may commence only after the Bank shall have notified the Borrower that it accepts the evidence furnished by the Borrower that :

- (i) the aggregate f.o.b.-price in dollars of all non-traditional exports from the territories of the Borrower registered with the Borrower's Instituto de Comercio Exterior (Incomex) during the calendar year 1972 has exceeded the aggregate f.o.b.-price in dollars of all such exports so registered during the calendar year 1971 by at least fifteen per cent (15%);
- (ii) the Borrower shall after 1971 have adopted new taxes or duties or have increased the rates of existing taxes or duties which measures, net of the effect of any measures taken after 1971 which would reduce the returns from taxes and duties, may be expected to yield to the Borrower's Tesorería General cash receipts aggregating at least one billion pesos (Col\$1,000,000,000) during the calendar year 1973; and
- (iii) the excess of all current cash receipts (*ingresos corrientes*, after deduction of the aggregate value of Tax Credit Certificates) over all current cash payments (*gastos de funcionamiento*, after deduction of the aggregate amortization of public debt) of the Borrower's Tesorería General within the terms of the applicable Budget of the Borrower during the calendar year 1972 shall have exceeded the equivalent balance for the calendar year 1971 by at least nineteen per cent (19%);

provided further that no such notification shall be made by the Bank to the Borrower and no withdrawals under the second Loan Tranche shall be made if the average of all indicator prices (ex-dock New York) for " Colombian milds " available for prompt shipment, published by the International Coffee Organization between January 1, 1973 and February 15, 1973 (or such later date as the Bank shall reasonably determine) shall exceed fifty-seven dollar-cents (\$0.57) per pound.

Section 2.03. The Closing Date shall be December 31, 1974 or such other date as shall be agreed between the Borrower and the Bank.

Section 2.04. The Borrower shall pay to the Bank a commitment charge at the rate of three-fourths of one per cent ($\frac{3}{4}$ of 1%) per annum on the principal amount of the Loan not withdrawn from time to time; provided, however, that, notwithstanding the first sentence of Section 3.02 of the General Conditions, in respect of the second Loan Tranche such commitment charge shall not be payable until the first interest payment date following the date on which the Bank has made the notification referred to in Section 2.02 of this Agreement. If, in the absence of such notification, the second Loan Tranche shall be cancelled, the aggregate amount of commitment charges accrued in respect of the second Loan Tranche until the date of such cancellation shall thereupon be cancelled also.

Section 2.05. The Borrower shall pay interest at the rate of seven and one-fourth per cent ($7\frac{1}{4}\%$) 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 March 15 and September 15 in each year.

Section 2.07. The Borrower shall repay the principal amount of the Loan in accordance with the amortization schedule set forth in Schedule 1 to this Agreement.

Section 2.08. If and when 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 2.09. The Minister of Finance and Public Credit of the Borrower and such other 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.

Section 2.10. The General Manager of Banco is designated as representative of the Borrower for the purposes of taking any action required or permitted to be taken under the provisions of Section 2.02 of this Agreement and Article V of the General Conditions.

Article III

EXECUTION OF THE PROJECT

Section 3.01. The Project for which the Loan is made is an import and export expansion program designed : (i) to provide foreign exchange needed by Colombian enterprises for the importation of raw materials, intermediate products and capital equipment, (ii) to finance out of the peso equivalent of the amounts withdrawn from the Loan Account pursuant to Section 4.01 (a) of this Agreement eligible developmental expenditures and permanent working capital needs of industrial and agricultural enterprises, and (iii) to promote the growth

of non-traditional exports through loans to Colombian industrial and agricultural Investment Enterprises to enable them to increase their foreign exchange earnings on account of export commodities and services.

Section 3.02. Without any limitation or restriction upon any of the other obligations of the Borrower under the Loan Agreement, the Project shall be carried out by the Borrower and Banco in accordance with the provisions of this Agreement, and to that end the Borrower shall cause Banco to conduct the respective operations of FIP and FFI in accordance with sound financial and investment standards and practices, under the supervision of qualified and experienced management assisted by adequate staff, shall take and cause to be taken all action necessary or appropriate to enable Banco to closely cooperate with the Borrower in carrying out the Project, and shall not take or permit to be taken any action which would prevent or interfere with such Project execution.

Section 3.03. (a) The Borrower and Banco shall enter into a financing agreement : (i) to relend to Banco such amounts in such currency or currencies as shall be withdrawn from the Loan Account under Section 5.02 of this Agreement on terms and conditions satisfactory to the Bank which shall *inter alia* include that Banco shall pay to the Borrower such amounts in such currencies as the Borrower must pay to the Bank under the Loan Agreement in respect of the portion of the Loan so relend to Banco (the subsidiary loan); and (ii) to lend to Banco, on terms and conditions satisfactory to the Bank, such amounts as shall be credited from time to time to the " B " account.

(b) The Borrower shall exercise its rights under the Financing Agreement in such manner as to protect the interests of the Borrower and the Bank and to accomplish the purposes of the Loan, and except as the Bank shall otherwise agree, the Borrower shall not assign, amend, abrogate or waive the Financing Agreement or any provision thereof.

Section 3.04. The Borrower shall cause Banco to open a subsidiary loan account on its books to reflect in accordance with consistently maintained sound accounting principles the disbursements of the proceeds of the subsidiary loan to FIP and FFI and the debt service payments under the subsidiary loan including the payments by FIP and FFI of their respective contributions towards meeting such debt service in accordance with Section 5.07 (a) of this Agreement.

Article IV

IMPORT PROGRAM

Section 4.01. (a) Subject to the provisions of Section 2.02 of this Agreement, the Borrower shall be entitled to withdraw from the Loan Account, up to an aggregate amount of twenty million dollars (\$20,000,000) equivalent under

each Loan Tranche, such amounts as shall have been paid in respect of the reasonable c.i.f. Colombian port cost of imported raw materials, intermediate products and capital equipment purchased by Colombian importers and included in any of the commodity groups set forth in Schedule 2 to this Agreement, as such Schedule shall be amended from time to time.

(b) The Borrower undertakes that the goods referred to in paragraph (a) of this Section and to be financed out of the proceeds of the Loan shall be insured, or adequate provision shall be made for their insurance, against hazards incident to the acquisition, transportation and delivery thereof to the place of use or installation, and that for such insurance any indemnity shall be payable in a currency freely usable to replace or repair such goods.

Section 4.02. The Borrower shall cause Banco to open two special accounts on its books, an "A" account and a "B" account, both in the name of the Borrower, and to credit to either account upon each withdrawal from the Loan Account the equivalent in pesos of the currency or currencies withdrawn under paragraph (a) of the preceding Section (such equivalent to be determined as of the respective dates of such withdrawals); provided, however, that the amounts credited to the "A" account under each Loan Tranche shall not exceed in the aggregate fifteen million dollars (\$15,000,000) equivalent.

Section 4.03. (a) The amounts credited to the "A" account shall be used only to finance expenditures included under the Borrower's investment budget, except those which are for non-developmental purposes or for projects financed or to be financed from sources outside Colombia.

(b) Except as the Borrower and the Bank shall otherwise agree, withdrawals of funds from the "A" account shall be discontinued :

- (i) whenever such withdrawals shall aggregate the equivalent of five million dollars (\$5,000,000) or a multiple thereof, until the Borrower shall have furnished to the Bank evidence satisfactory to the Bank that said funds have been exclusively used to finance expenditures which are eligible pursuant to paragraph (a) of this Section; and
- (ii) whenever the Bank shall have reasonably determined and have notified the Borrower that the Borrower is not duly meeting all of its obligations to provide amounts in pesos required by the economic or social development projects or programs which receive financial assistance from any member of the Consultative Group for Colombia or from any public agency or instrumentality of such member, until such time as the Bank by notice to the Borrower shall have restored the right to make withdrawals from the "A" account, subject to the conditions, if any, contained in such notice of restoration.

Section 4.04. The amounts credited to the "B" account shall be made available to Banco, in accordance with and on the terms and conditions set forth

in the Financing Agreement; such amounts shall be on-lent by FIP or FFI to Financial Intermediaries initially to finance permanent working capital needs of projects which meet the requirements set forth in Section 5.04 of this Agreement, on terms and conditions which shall *inter alia* include a maturity of up to fifteen years, an interest rate of sixteen per cent (16%) per annum, and provision that the proceeds of such loan shall be relent by the Financial Intermediary through a loan with the same maturity as the loan to the Financial Intermediary and bearing interest at the rate of nineteen per cent (19%) per annum.

Article V

EXPORT EXPANSION PROGRAM

Section 5.01. (a) Under each Loan Tranche an amount in various currencies equivalent to ten million dollars (\$10,000,000) shall be available for the purpose of financing Investment Projects through loans to Colombian industrial and agricultural Investment Enterprises to increase their foreign exchange earnings on account of export commodities and services. The Financial Intermediaries which shall make or have made such loans shall on account thereof be eligible to receive sub-loans from Banco acting through FIP or FFI. Fixed assets and associated services referred to in Section 5.02 of this Agreement and included under the sub-loans may be financed out of the proceeds of the Loan.

(b) The currencies referred to above may be withdrawn from the Loan Account in accordance with the provisions of the following Section and shall be relent by the Borrower to Banco under a subsidiary loan on terms and conditions set forth in the Financing Agreement. The Borrower shall cause Banco to credit the subsidiary loan account with such amounts in such currencies as shall be withdrawn from the Loan Account, as of the respective dates of their withdrawal.

(c) FIP and FFI shall each open on their books a consolidated sub-loan account to record all payments made and received in respect of their respective sub-loans. The equivalent in pesos of the amounts withdrawn from the Loan Account in respect of sub-loans (such equivalent to be determined as of the respective dates of such withdrawal) shall be made available to FIP or FFI, as the case may be, by debiting the subsidiary loan account with such equivalent; simultaneously, FIP or FFI, as the case may be, shall in its consolidated sub-loan account credit Banco and debit the Financial Intermediary receiving the sub-loan for the same equivalent in pesos.

Section 5.02. Subject to the provisions of Section 2.02 of this Agreement and except as the Bank shall otherwise agree, the Borrower shall be entitled to withdraw from the Loan Account in respect of the reasonable cost of fixed assets and associated services financed under a sub-loan :

(a) such amounts as shall have been paid (or, if the Bank shall so agree, as shall

- be required to meet payments to be made) by an Investment Enterprise for fixed assets procured in, and associated services supplied from, the territories, and in the currency, of any country other than the Borrower; and
- (b) the equivalent of fifty per cent (50%) of such amounts as shall have been paid (or, if the Bank shall so agree, as shall be required to meet payments to be made) by an Investment Enterprise for fixed assets procured in, and associated services supplied from, the territories of the Borrower, up to an amount equivalent to five million dollars (\$5,000,000) representing the aggregate of all amounts withdrawn under this paragraph (b);

provided, however, that withdrawals on account of goods and services procured by an Investment Enterprise and financed under a sub-loan shall be made only :

- (i) if the Bank shall have authorized withdrawals from the Loan Account in respect of that sub-loan;
- (ii) if the Investment Enterprise shall have made the payments not more than ninety days prior to the date on which the Bank shall have received in respect of that sub-loan the request and information required under the following Section, subject always to the limitation contained in Section 2.02 (a) (i) of this Agreement; and
- (iii) to the extent that the aggregate of such withdrawals shall not exceed : (1) the aggregate of all disbursements under that sub-loan on account of such goods and services, or (2) one million dollars (\$1,000,000) equivalent, whichever amount shall be less.

Section 5.03. (a) Each request by the Borrower for authorization to make withdrawals from the Loan Account in respect of a sub-loan shall contain a summary description of the Investment Enterprise and the Investment Project (including a description of the expenditures to be financed out of the proceeds of the Loan), a copy of Banco's evaluation of the appraisal of the Investment Project, and the terms and conditions of such sub-loan; the request shall be accompanied by a certificate delivered by Banco stating that the Investment Project is eligible within the terms of Section 5.04 of this Agreement.

(b) Except as the Bank and the Borrower shall otherwise agree, requests permitted under paragraph (a) of this Section shall be submitted to the Bank on or before December 31, 1973.

Section 5.04. An Investment Project shall be eligible only if it shall be designed to establish new, or increase the capacity of existing, facilities for the production or transportation of export commodities or for foreign tourists at such prices as shall be estimated to yield to the Investment Enterprise net foreign exchange earnings attributable to the Investment Project (aggregate price of the commodities and services charged by the Investment Enterprise minus capital and current foreign exchange costs) over a five-year period starting upon

completion of the Investment Project. The Borrower shall cause FIP and FFI to determine the eligibility of an Investment Project under this Section in accordance with regulations satisfactory to the Bank.

Section 5.05. Except as the Bank shall otherwise agree :

(a) Sub-loans shall be made only on the basis of a careful appraisal of the Investment Projects by the Financial Intermediaries applying for the sub-loans, and shall exclusively finance the reasonable cost of goods and services required for Investment Projects which shall be eligible within the terms of the preceding Section;

(b) Sub-loans shall have maturities of up to fifteen years from their date, and shall bear interest at the rate of seven and three-fourths per cent ($7\frac{3}{4}\%$) per annum (including a fee of $\frac{1}{2}$ of 1% per annum to cover the administrative costs of Banco), and a charge of eight and one-fourth per cent ($8\frac{1}{4}\%$) per annum towards Banco's foreign exchange risks, such interest, fee and charge to be due and payable on the principal amount of the sub-loan withdrawn and outstanding from time to time;

(c) FIP and FFI shall pay upon receipt the interest and charges, if any, on the sub-loans into the subsidiary loan account after deduction only of the fee referred to in sub-section (b) hereof;

(d) The loans to Investment Enterprises under which the proceeds of the sub-loans are on-lent shall bear interest at the rate of nineteen per cent (19%) per annum; and

(e) Notwithstanding the provisions of sub-sections (b) and (d) hereof, the Investment Enterprise shall be entitled to elect, for the purposes of debt-service, to value in foreign exchange such portion of the principal amount of the sub-loan as shall represent proceeds of the Loan withdrawn pursuant to Section 5.02 of this Agreement, and if such option shall be exercised, such portion shall bear interest at the rate of ten and three-fourths per cent ($10\frac{3}{4}\%$) per annum.

Section 5.06. (a) Unless the Bank shall otherwise agree, all sub-loan agreements shall provide that the proceeds of the sub-loan shall be on-lent on terms whereby the Financial Intermediary, recipient of the sub-loan, shall obtain, by written contract with the Investment Enterprise or by other appropriate legal means, rights adequate to protect the interests of the Borrower, the Bank and Banco, including the right of the Borrower, Banco and such Financial Intermediary to :

- (i) require the Investment Enterprise to carry out and operate the Investment Project with due diligence and efficiency and in accordance with sound technical, financial and managerial standards and to maintain adequate records;

- (ii) require that (1) the goods and associated services to be financed out of the proceeds of the Loan shall be purchased at a reasonable price, account being taken also of other relevant factors such as time of delivery and efficiency and reliability of the goods and availability of maintenance facilities and spare parts therefor, and, in the case of associated services, of their quality and the competence of the parties rendering them and (2) such goods shall be used exclusively in the carrying out of the Investment Project;
- (iii) inspect, by themselves or jointly with representatives of the Bank if the Bank shall so request, such goods and the sites, works, plants and construction included in the Investment Project, the operation thereof, the industries, works and other facilities of the Investment Enterprise, and any relevant records and documents;
- (iv) require that the Investment Enterprise shall take out and maintain with responsible insurers such insurance, against such risks and in such amounts, as shall be consistent with sound business practice and that, without any limitation upon the foregoing, such insurance shall cover hazards incident to the acquisition, transportation and delivery of 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;
- (v) obtain all such information as the Borrower, the Bank or such Financial Intermediary shall reasonably request relating to the foregoing and to the administration, operations and financial condition of the Investment Enterprise; and
- (vi) suspend or terminate the right of the Investment Enterprise to the use of the proceeds of the Loan upon failure by such Investment Enterprise to perform its obligations under its contract with such Financial Intermediary.

(b) The sub-loan agreements shall *inter alia* also provide :

- (i) that the Financial Intermediary shall maintain records adequate to reflect in accordance with consistently maintained sound accounting practices the administration and financing by such Financial Intermediary of the Investment Project; and
- (ii) that the Borrower, the Bank and Banco shall be entitled to inspect, and to receive promptly upon their request certified copies of, such records and all documents relating to the Investment Project.

(c) The Borrower shall exercise its rights in relation to each Investment Project in such manner as to :

- (i) protect the interests of the Bank and the Borrower;
- (ii) comply with its obligations under this Agreement; and
- (iii) achieve the purposes of the Project.

Section 5.07. (a) After all proceeds of the subsidiary loan shall have been

disbursed to FIP and FFI, Banco shall establish the ratio in which such proceeds have been distributed between FIP and FFI; that ratio shall be applied to the various debt service payments to be made by Banco on the subsidiary loan in order to calculate the respective shares of FIP and FFI in such payments; such shares shall be paid into the subsidiary loan account on the due payment dates under the subsidiary loan.

(b) The amounts repaid under sub-loans and not yet needed to repay the subsidiary loan shall be retained by FIP and FFI and be applied to finance the development of productive facilities or resources, giving priority to the financing of investments designed to increase the production of non-traditional export commodities; all payments under such financing shall be recorded in the respective consolidated sub-loan account.

Article VI

FINANCIAL COVENANTS

Section 6.01. The Borrower shall maintain or shall cause Banco to maintain records adequate to reflect in accordance with consistently maintained sound accounting practices the administration, operations, resources and expenditures, in respect of the Project, of the Borrower and Banco, including *inter alia* the imported goods referred to in Section 3.01 (i) of this Agreement, the payments into and withdrawals from the “ A ” account and “ B ” account and all payments under sub-loans.

Section 6.02. The Borrower shall cause Banco : (i) to have the subsidiary loan account, the “ A ” account and “ B ” account, and the consolidated sub-loan accounts and financial statements of FIP and FFI, for each fiscal year audited, in accordance with sound auditing principles consistently applied, by independent auditors acceptable to the Bank; (ii) to furnish to the Bank as soon as available, but in any case not later than two months after the end of each such year, (A) certified copies of FIP's and FFI's financial statements for such year as so audited and (B) the report of such audits by said auditors, of such scope and in such detail as the Bank shall have reasonably requested; and (iii) to furnish to the Bank such other information concerning said accounts and financial statements and audits thereof as the Bank shall from time to time reasonably request.

Section 6.03. (a) It is the mutual intention of the Borrower and the Bank that no other external debt shall enjoy any priority over the Loan or the Bonds by way of a lien on governmental assets.

(b) To that end the Borrower (i) represents that at the date of this Agreement no lien exists on any governmental assets as security for any external debt, and (ii) undertakes that, except as the Bank shall otherwise agree, if any such

lien shall be created, it will *ipso facto* equally and ratably, and at no cost to the Bank or the holders of the Bonds, secure the payment of the principal of, and interest and other charges on, the Loan and the Bonds and in the creation of any such lien express provision will be made to that effect. The Borrower shall promptly inform the Bank of the creation of any such lien.

(c) The foregoing representation and undertaking shall not apply to : (i) any lien created on property, at the time of purchase thereof, solely as security for payment of the purchase price of such property; and (ii) any lien arising in the ordinary course of banking transactions and securing a debt maturing not more than one year after its date.

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

Article VII

CONSULTATION, INFORMATION AND INSPECTION

Section 7.01. The Borrower and the Bank shall cooperate fully to assure that the purposes of the Loan will be accomplished. To that end, the Borrower and the Bank shall from time to time, at the request of either party :

- (a) exchange views through their representatives with regard to the performance of their respective obligations under the Loan Agreement, the administration, operations, resources and expenditures, in respect of the Project, of Banco (including FIP and FFI) and the departments or other agencies of the Borrower responsible for carrying out any part of the Project, and other matters relating to the purposes of the Loan; and
- (b) 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 Borrower, such information shall include information with respect to financial and economic conditions in the territories of the Borrower, including its balance of payments, and the external debt of the Borrower, of any of its political subdivisions and of any agency of the Borrower or of any such political subdivision.

Section 7.02. (a) The Borrower shall furnish or cause to be furnished to the Bank all such information as the Bank shall reasonably request concerning

the administration, operations, resources and expenditures, in respect of the Project, of Banco (including FIP and FFI) and the departments or other agencies of the Borrower responsible for carrying out any part of the Project.

(b) The Borrower and the Bank shall promptly inform each other 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 either of them of its obligations under the Loan Agreement.

Section 7.03. The Borrower shall afford all reasonable opportunity for accredited representatives of the Bank to visit any part of the territories of the Borrower for purposes related to the Loan.

Article VIII

TAXES AND RESTRICTIONS

Section 8.01. 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 Borrower or laws in effect in its territories; provided, however, that the foregoing 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 Borrower.

Section 8.02. The Loan Agreement and the Bonds shall be free from any taxes on or in connection with the execution, issue, delivery or registration thereof imposed under the laws of the Borrower or laws in effect in its territories and the Borrower shall bear the cost of any such 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.

Section 8.03. The payment of the principal of, and interest and other charges on, the Loan and the Bonds shall be free from all restrictions, regulations, controls and moratoria of any nature imposed under the laws of the Borrower or laws in effect in its territories.

Article IX

REMEDIES OF THE BANK

Section 9.01. If any event specified in Section 7.01 of the General Conditions 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 the Loan Agreement or in the Bonds notwithstanding.

Article X

EFFECTIVE DATE; TERMINATION

Section 10.01. The following event is specified as an additional condition to the effectiveness of the Loan Agreement within the meaning of Section 11.01 (c) of the General Conditions, namely, that the execution and delivery of the Financing Agreement on behalf of the Borrower and Banco, respectively, have been duly authorized or ratified by all necessary corporate and governmental action.

Section 10.02. 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, namely, that the Financing Agreement has been duly authorized or ratified by, and executed and delivered on behalf of, the Borrower and Banco, respectively, and constitutes a valid and binding obligation of the Borrower and Banco in accordance with its terms.

Section 10.03. The date August 24, 1972 is hereby specified for the purposes of Section 11.04 of the General Conditions.

Article XI

REPRESENTATIVE OF THE BORROWER; ADDRESSES

Section 11.01. The Minister of Finance and Public Credit of the Borrower is designated as representative of the Borrower for the purposes of Section 10.03 of the General Conditions.

Section 11.02. The following addresses are specified for the purposes of Section 10.01 of the General Conditions :

For the Borrower :

Ministerio de Hacienda y Crédito Público

Bogotá, Colombia

Cable address :

Minhacienda

Bogotá

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.

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

Republic of Colombia :

By RODRIGO LLORENTE

Authorized Representative

International Bank for Reconstruction and Development :

J. BURKE KNAPP

Vice President

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>
September 15, 1977	1,140,000	March 15, 1985	1,940,000
March 15, 1978	1,180,000	September 15, 1985	2,015,000
September 15, 1978	1,225,000	March 15, 1986	2,085,000
March 15, 1979	1,265,000	September 15, 1986	2,160,000
September 15, 1979	1,315,000	March 15, 1987	2,240,000
March 15, 1980	1,360,000	September 15, 1987	2,320,000
September 15, 1980	1,410,000	March 15, 1988	2,405,000
March 15, 1981	1,460,000	September 15, 1988	2,490,000
September 15, 1981	1,515,000	March 15, 1989	2,585,000
March 15, 1982	1,570,000	September 15, 1989	2,675,000
September 15, 1982	1,625,000	March 15, 1990	2,775,000
March 15, 1983	1,685,000	September 15, 1990	2,875,000
September 15, 1983	1,745,000	March 15, 1991	2,980,000
March 15, 1984	1,810,000	September 15, 1991	3,085,000
September 15, 1984	1,875,000	March 15, 1992	3,190,000

* 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 portion of the principal amount of the Loan pursuant to Section 3.05 (b) of the General Conditions 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 maturity11%
More than three years but not more than six years before maturity	2%
More than six years but not more than eleven years before maturity31%
More than eleven years but not more than sixteen years before maturity54%
More than sixteen years but not more than eighteen years before maturity61%
More than eighteen years before maturity74%

SCHEDULE 2

ELIGIBLE COMMODITY GROUPS

The table below sets forth the commodity groups to be financed out of the proceeds of the Loan :

1. Agricultural machinery and implements.
2. Fertilizers, pesticides and herbicides.
3. Basic metals and metal products and minerals for industry.
4. Mechanical and electrical machinery, equipment and tools, including trucks.
5. Construction equipment and materials.

SCHEDULE 3

MODIFICATIONS OF THE GENERAL CONDITIONS

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

- (1) The following subparagraph (d) is added to Section 3.05 :

“(d) The Bank and the Borrower may from time to time agree upon arrangements for prepayment of the Loan and the application of such prepayment in addition to, or in substitution for, those set forth in paragraph (b) of Section 3.05 and in Section 8.15.”

- (2) Section 5.01 is deleted.

- (3) The words “ and the Investment Projects ” are added after the words “ the Project ” at the end of Section 5.03.

- (4) Section 6.03 is deleted and replaced by the following new 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 paragraph (b) of Section 5.03 of the Loan Agreement no requests permitted under paragraph (a) of such Section shall have been received by the Bank in respect of any amount of the Loan, or having been so received, shall have been denied, or (c) on May 31, 1973 the Bank shall not yet have notified the Borrower of its acceptance of the evidence specified in Section 2.02 (b) of the Loan Agreement required for the release of the second Loan Tranche, or (d) 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 submit such applications or requests or to make withdrawals from the Loan Account, as the case may be, with respect to such amount of the Loan or Loan Tranche. Upon the giving of such notice such amount of the Loan or Loan Tranche shall be cancelled.”

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.*]