

No. 12084

---

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

**Guarantee Agreement—*Gas Pipeline Project* (with General  
Conditions Applicable to Loan and Guarantee Agree-  
ments). Signed at Washington on 23 September 1971**

*Authentic text: English.*

*Registered by the International Bank for Reconstruction and Development on  
17 October 1972.*

---

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

**Contrat de garantie — *Projet relatif à un gazoduc* (avec Con-  
ditions générales applicables aux contrats d'emprunt et  
de garantie). Signé à Washington le 23 septembre 1971**

*Texte authentique : anglais.*

*Enregistré par la Banque internationale pour la reconstruction et le développe-  
ment le 17 octobre 1972.*

## GUARANTEE AGREEMENT<sup>1</sup>

AGREEMENT, dated September 23, 1971, between REPUBLIC OF BOLIVIA (hereinafter called the Guarantor) (Bolivia) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank).

WHEREAS (a) by a loan agreement dated July 22, 1969, between the Bank and Compañía Yacibol Bogoc Transportadores (hereinafter called the Borrower) the Bank agreed to make to the Borrower a loan in various currencies equivalent to twenty three million two hundred and fifty thousand dollars (\$23,250,000), which loan was guaranteed by the Guarantor (Bolivia) pursuant to the terms of a guarantee agreement with the Bank of the same date;

(b) events subsequent to the date of said agreements required substantial modifications in the terms of said agreements;

(c) the Bank and (i) the Borrower, and (ii) the Borrower's sole shareholder, Yacimientos Petrolíferos Fiscales Bolivianos (hereinafter YPF) and its Santa Cruz Division, have entered into agreements of even date herewith in which the effect of said events has been taken into account, and the Bank has agreed to make to the Borrower a loan in various currencies equivalent to twenty three million two hundred and fifty thousand dollars (\$23,250,000) on the terms and conditions set forth in the Loan Agreement, but only on condition that the Guarantor (Bolivia) agree to guarantee the obligations of the Borrower in respect of such loan as hereinafter provided; and

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

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, 1969,<sup>2</sup> with the same force and effect as if they were fully set forth herein, subject, however, to the modifications thereof set forth in Schedule 5 to the Loan 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 this Agreement, unless the context otherwise requires, the several terms defined in the General Conditions and in the Recitals to, and Section 1.02 of, the Loan Agreement have the respective meanings therein set forth.

### *Article II. GUARANTEE; BONDS*

*Section 2.01.* Without limitation or restriction upon any of its other obligations under this Agreement, the Guarantor (Bolivia) 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 and the Bonds, the premium, if any, on the prepayment of the Loan or the redemption of the Bonds prior to their maturity and the punctual performance of all the other obligations of the Borrower, YPF and YPF's Santa Cruz Division, and the Banco Central de Bolivia, as the case may be, all

<sup>1</sup> Came into force on 2 November 1971, upon notification by the Bank to the Government of Bolivia.

<sup>2</sup> See p. 53 of this volume.

as set forth in the Loan Agreement,<sup>1</sup> the Bonds, the Gas Production Agreement,<sup>2</sup> the Sales Agreement, the Bolivian Crude Oil Trust Account Agreement, the Lenders Trust Agreement,<sup>3</sup> and the Central Bank Trust Agreement.

*Section 2.02.* The Guarantor (Bolivia) shall endorse, in accordance with the provisions of the General Conditions, its guarantee on the Bonds to be executed and delivered by the Borrower. The Minister of Finance of the Guarantor (Bolivia) and such other person or persons as he shall appoint in writing are designated as authorized representatives of the Guarantor (Bolivia) for the purposes of Section 8.10 of the General Conditions.

#### *Article III. OTHER COVENANTS*

*Section 3.01. (a)* It is the mutual intention of the Guarantor (Bolivia) 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 Guarantor (Bolivia) (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 if any such lien shall be created, it 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 in the creation of any such lien express provision will be made to that effect. The Guarantor (Bolivia) 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.

As used in this Section, the term "governmental assets" means assets of the Guarantor (Bolivia), of any of its political subdivisions, of any agency of the Guarantor (Bolivia) or of any such political subdivision, and assets of the Banco Central de Bolivia or any institution performing the functions of a central bank for the Guarantor (Bolivia).

#### *Article IV. CONSULTATION AND INFORMATION*

*Section 4.01.* The Guarantor (Bolivia) and the Bank shall cooperate fully to assure that the purposes of the Loan will be accomplished. To that end, the Guarantor (Bolivia) and the Bank shall from time to time, at the request of either party: (i) exchange views through their representatives with regard to the performance of their respective obligations under this Agreement and other matters relating to the purposes of the Loan; and (ii) 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 (Bolivia), such information shall include information with respect to financial and economic conditions in the territories of the Guarantor (Bolivia), including its balance of payments, and the external debt of the Guarantor (Bolivia), of any of its political subdivisions and of any agency of the Guarantor (Bolivia) or of any such political subdivision.

<sup>1</sup> See footnote 4, p. 40 of this volume.

<sup>2</sup> The said Agreement entered into force on 2 November 1971. As it does not constitute an international agreement or a part of the present Agreement, it is not reproduced herein. However, it was published by the Bank as document LN 635 BO, a certified true copy of which was transmitted to the Secretariat together with the documentation submitted for registration of the present Guarantee Agreement.

<sup>3</sup> See footnote 3, p. 40 of this volume.

*Section 4.02.* (a) The Guarantor (Bolivia) 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.

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

#### *Article V. TAXES AND RESTRICTIONS*

*Section 5.01.* 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 Guarantor (Bolivia) or laws in effect in its territories; provided, however, that the foregoing shall not apply to taxation of payments under any Bonds to a holder thereof other than the Bank when such Bond is beneficially owned by an individual or corporate resident of the Guarantor (Bolivia).

*Section 5.02.* This Agreement, the Loan Agreement, any instrument made pursuant to Section 3.01 of this Agreement, the Gas Production Agreement, the Lenders Trust Agreement, the Bolivian Crude Oil Trust Account Agreement, the agreement referred to in Recital (i) of the Loan Agreement and the Bonds shall be free from any taxes that shall be imposed under the laws of the Guarantor (Bolivia) or laws in effect in its territories or in connection with the execution, issue, delivery or registration thereof and the Guarantor (Bolivia) shall, in respect of any instrument made pursuant to such Section 3.01, pay all such taxes, if any, imposed under the laws of any other country or countries.

*Section 5.03.* 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 or moratoria of any nature imposed under the laws of the Guarantor (Bolivia) or laws in effect in its territories.

#### *Article VI. REPRESENTATIVE OF THE GUARANTOR (BOLIVIA); ADDRESSES*

*Section 6.01.* The Minister of Finance of the Guarantor (Bolivia) is designated as representative of the Guarantor (Bolivia) for the purposes of Section 10.03 of the General Conditions.

*Section 6.02.* The following addresses are specified for the purposes of Section 10.01 of the General Conditions:

For the Guarantor (Bolivia):

Ministerio de Finanzas  
La Paz, Bolivia

Cable address:  
Minfinanzas  
La Paz

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 delivered in the District of Columbia, United States of America, as of the day and year first above written.

Republic of Bolivia:  
By NÉSTOR SAINZ  
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.*]