

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT
and
COLOMBIA

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

Official text: English.

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

BANQUE INTERNATIONALE POUR
LA RECONSTRUCTION ET LE DÉVELOPPEMENT
et
COLOMBIE

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

Texte officiel anglais.

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

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

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

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

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

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

NOW THEREFORE the parties hereto hereby agree as follows :

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

² See p. 288 of this volume.

³ See p. 310 of this volume.

⁴ See p. 322 of this volume.

Article I

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

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

Article II

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

Article III

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

¹ See p. 288 of this volume.

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

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

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

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

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

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

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

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

Article IV

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

Article V

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

For the Guarantor :

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

Alternatives address for cablegrams and radiograms :

Minhacienda
Bogotá

For the Bank :

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

Alternative address for cablegrams and radiograms :

Intbafrad
Washington, D.C.