

CONFORMED COPY

LOAN NUMBER 3157-CO

Guarantee Agreement

(Second Rural Roads Sector Project)

between

REPUBLIC OF COLOMBIA

and

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

Dated March 7, 1990

LOAN NUMBER 3157-CO

GUARANTEE AGREEMENT

AGREEMENT, dated March 7, 1990, between REPUBLIC OF COLOMBIA (the Guarantor) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (the Bank).

WHEREAS (A) the Guarantor and Fondo Nacional de Caminos Vecinales (the Borrower), having been satisfied as to the feasibility and priority of the Project described in Schedule 2 to the Loan Agreement, have requested the Bank to assist in the financing of the Project; and

(B) by the Loan Agreement of even date herewith between the Bank and the Borrower, the Bank has agreed to extend to the Borrower a loan in various currencies equivalent to fifty-five million dollars (\$55,000,000), 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 provided in this Agreement; and

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;

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I

General Conditions; Definitions

Section 1.01. The "General Conditions Applicable to Loan and Guarantee Agreements" of the Bank, dated January 1, 1985, with the last sentence of Section 3.02 deleted (the General Conditions) constitute an integral part of this Agreement.

Section 1.02. Unless the context otherwise requires, the several terms defined in the General Conditions and in the Preamble to and Section 1.02 of the Loan Agreement have the respective meanings therein set forth.

ARTICLE II

Guarantee; Provision of Funds

Section 2.01. The Guarantor declares its commitment to the objectives of the Project as set forth in schedule 2 to the Loan Agreement, and, to this end, without limitation or restriction upon any of its other obligations under the Guarantee Agreement, 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, and the premium, if any, on the prepayment of the Loan, and the punctual performance of all the other obligations of the Borrower, all as set forth in the Loan Agreement.

Section 2.02. Without limitation or restriction upon the provisions of Section 2.01 of this Agreement, the Guarantor specifically undertakes, whenever there is reasonable cause to believe that the funds available to the Borrower will be inadequate to meet the estimated expenditures required for the carrying out of the Project, to make arrangements, satisfactory to the Bank, promptly to provide the Borrower or cause the Borrower to be provided with such funds as are needed to meet such expenditures.

ARTICLE III

Other Covenants

Section 3.01. The Guarantor shall:

(a) through DNP (i) assist the Borrower in the preparation of the terms of reference for, and the execution and supervision of, the study included under Part E of the Project, and (ii) exchange views with the Bank and the Borrower on the recommendations of such study;

(b) not later than December 31, 1990, prepare an action program, satisfactory to the Bank, based on the recommendations and findings of such study; and

(c) carry out such action program in a manner and according to a timetable satisfactory to the Bank.

Section 3.02. The Guarantor, through MOPT, shall:

(a) not later than July 31, 1990, complete an inventory of all public roads in Colombia other than national highways (as so defined by the legislation of the Guarantor);

(b) prepare and furnish to the Bank not later than October 31, 1990, a functional-jurisdictional classification for such roads, satisfactory to the Bank; and

(c) take all action necessary to put in full force and effect such classification not later than January 31, 1991.

ARTICLE IV

Representative of the Guarantor; Addresses

Section 4.01. The Ministro de Hacienda y Credito Publico of the Guarantor is designated as representative of the Guarantor for the purposes of Section 11.03 of the General Conditions.

Section 4.02. The following addresses are specified for the purposes of Section 11.01 of the General Conditions:

For the Guarantor:

Ministerio de Hacienda y Credito Publico
Palacio de los Ministerios
Plaza San Agustin
Bogota, D.E., Colombia

Cable address:

MINHACIENDA
Bogota

Telex:

43289 MHACCO

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.

Telex:

440098 (ITT)
248423 (RCA) or
64145 (WUI)

IN WITNESS WHEREOF, the parties hereto, acting through their duly authorized representatives, have caused this Agreement to be signed in their respective names 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 /s/ Rainer Steckhan

Acting Regional Vice President
Latin America and the Caribbean

FONDO NACIONAL DE CAMINOS VECINALES

By /s/ Victor Mosquera Chauz

Authorized Representative

