

CONFORMED COPY

LOAN NUMBER 3025 CO

(Fifth Small and Medium Scale Enterprise Project)

between

THE REPUBLIC OF COLOMBIA

and

INTERNATIONAL BANK FOR RECONSTRUCTION  
AND DEVELOPMENT

Dated September 25, 1989

LOAN NUMBER 3025 CO

GUARANTEE AGREEMENT

AGREEMENT, dated September 25, 1989, between THE REPUBLIC OF COLOMBIA (the Guarantor) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (the Bank).

WHEREAS (A) by the Loan Agreement of even date herewith between the Bank and Banco de la Republica (the Borrower), the Bank has agreed to extend to the Borrower a loan in various currencies equivalent to eighty million dollars (\$80,000,000), 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 and to undertake other obligations towards the Bank as set forth in this Agreement;

(B) the Guarantor and 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

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 to undertake such other obligations towards the Bank;

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, (the General Conditions), as amended in Section 1.01 of the Loan Agreement, 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 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 merely as surety, 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, 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 take all action, including the granting of all necessary authorizations, import licenses, foreign exchange permits and all other approvals required under the laws of the Guarantor, to ensure the timely procurement of the goods and services required for the Project.

Section 3.02. Unless the Bank and the Guarantor shall otherwise agree, the Guarantor shall make such equity contributions to CFP as shall be required to ensure that CFP maintain a ratio of debt to equity not exceeding 7.5 for the period 1989-1990 which it is obliged to maintain under the CFP Project Agreement.

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, 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.

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.

REPUBLIC OF COLOMBIA

By /s/ Ximena Casalino

Authorized Representative

INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT

By /s/ S. Shahid Husain

Regional Vice President  
Latin America and the Caribbean

