

CONFORMED COPY

LOAN NUMBER 4507-CO

Guarantee Agreement

(Cartagena Water Supply, Sewerage and Environmental Management Project)

between

REPUBLIC OF COLOMBIA

and

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

Dated December 10, 1999

LOAN NUMBER 4507-CO

GUARANTEE AGREEMENT

AGREEMENT, dated December 10, 1999, between REPUBLIC OF COLOMBIA (the Guarantor) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (the Bank).

WHEREAS (A) the Guarantor and Distrito Turístico y Cultural de Cartagena de Indias (the Borrower), having been satisfied as to the feasibility and priority of the project (the Project) described in Schedule 2 to the Loan Agreement referred to below, have requested the Bank to assist in the financing of the Project;

(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 the amount of eighty-five million Dollars (\$85,000,000), on the terms and conditions set forth in that Loan Agreement, but only on condition that the Guarantor agree to guarantee the payment obligations of the Borrower in respect of such loan as provided in this Agreement;

(C) by the Project Agreement of even date herewith between the Bank and Aguas de Cartagena S.A., E.S.P. (ACUACAR), ACUACAR has agreed to carry out the Project and to undertake such other obligations as set forth in the Project Agreement; and

WHEREAS the Guarantor, in consideration of the Bank's entering into the Loan Agreement with the Borrower and the Project Agreement with ACUACAR, has agreed to guarantee the payment obligations of the Borrower under the Loan Agreement;

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 for Single Currency Loans" of the Bank, dated May 30, 1995 (as amended through December 2, 1997) (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 Loan Agreement have the respective meanings therein set forth, when used in this Agreement.

ARTICLE II

Guarantee

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 this 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 all as set forth in the Loan Agreement.

ARTICLE III

Representative of the Guarantor; Addresses

Section 3.01. The Minister of Finance and Public Credit of the Guarantor is designated as representative of the Guarantor for the purposes of Section 11.03 of the General Conditions.

Section 3.02. The following addresses are specified for the purposes of Section 11.01 of the General Conditions:

For the Guarantor:

Ministry of Finance and Public Credit
Palacio de los Ministerios
Plaza San Agustín
Carrera 7a, No. 6-45, Piso 3
Santa Fé de Bogotá
Colombia

Cable address:

MINHACIENDA

Telex:

43289 MHAC CO

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:

248423 (MCI) or
64145 (MCI)

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/ Luis Alberto Moreno

Authorized Representative

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By /s/ Andrés Solimano

Acting Regional Vice President
Latin America and the Caribbean

