

No. 2062

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

Guarantee Agreement (with annexed Loan Regulations No. 4 and Loan Agreement—*Anchicayá Hydroelectric Project*—between the Bank and Central Hidroeléctrica del Río Anchicayá Limitada). Signed at Washington, on 2 November 1950

Official text: English.

Registered by the International Bank for Reconstruction and Development on 28 January 1953.

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

Contrat de garantie (avec, en annexe, le Règlement n° 4 sur les emprunts et le Contrat d'emprunt — *Projet d'aménagement hydro-électrique de l'Anchicayá* — entre la Banque et la Central Hidroeléctrica del Río Anchicayá Limitada). Signé à Washington, le 2 novembre 1950

Texte officiel anglais.

Enregistré par la Banque internationale pour la reconstruction et le développement le 28 janvier 1953.

No. 2062. GUARANTEE AGREEMENT¹ BETWEEN THE REPUBLIC OF COLUMBIA AND THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT. SIGNED AT WASHINGTON, ON 2 NOVEMBER 1950

AGREEMENT, dated November 2, 1950, 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 Central Hidroeléctrica del Río Anchicayá Limitada (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 the aggregate principal amount of three million five hundred and thirty thousand dollars (\$3,530,000), or the equivalent in other currencies, on the terms and conditions set forth in the Loan Agreement, but only on condition that the Guarantor agrees to guarantee such loan and the obligations of the Borrower in respect thereof; and

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

NOW THEREFORE the parties hereto hereby agree as follows :

Article I

The parties to this Agreement accept all the provisions of Loan Regulations No. 4² of the Bank, dated August 15, 1950 (hereinafter called the Loan Regulations), a copy of which has been furnished to the Guarantor, with the same force and effect as if they were fully set forth herein.

Article II

Wherever used in this Agreement the term Agency shall mean any agency or instrumentality of the Guarantor or of any political subdivision of the Guarantor.

¹ Came into force on 28 February 1951 upon notification by the Bank to the Government of Colombia.

² See p. 68. of this volume.

tor 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.

Article III

Section 1. Without limitation or restriction upon any of the other covenants on its part in this Guarantee 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 the interest, commitment charge and service charge, if any, 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.

Section 2. Without limitation or restriction upon the provisions of Section 1 of this Article, the Guarantor specifically undertakes, whenever there is reasonable cause to believe that the amount of currency of the Guarantor available to the Borrower will be inadequate to meet the estimated expenditures payable in such currency and required for carrying out and completing the Project as provided in Section 4.01 of the Loan Agreement to make arrangements, satisfactory to the Bank, promptly to provide the Borrower or cause the Borrower to be provided with such amounts of currency of the Guarantor as are needed to meet such expenditures.

Article IV

Section 1. The Guarantor covenants that, except as the Bank shall otherwise agree, if any lien shall be created on any assets of the Guarantor or any of its political subdivisions or any Agency as security for the payment of any external debt, such lien will equally and ratably secure the payment of the principal of, and the 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 this Section shall not apply (a) to any lien created on any property at the time of purchase thereof solely as security for the payment of the purchase price of such property; or (b) to any lien created on commercial goods to secure debt maturing not more than one year after its date and to be paid out of the proceeds of sale of such commercial goods.

Section 2. (a) The Bank and the Guarantor shall cooperate fully to assure that the purposes of the Loan shall be accomplished. To that end, each of them shall furnish to the other all such information as it shall reasonably re-

quest with regard to the general status of the Loan. On the part of the Guarantor, such information will 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.

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; and the Guarantor will promptly inform the Bank of any condition which shall arise that shall prevent, obstruct or interfere or threaten to prevent, obstruct or interfere with, the accomplishment of the purposes of the Loan or the maintenance of the service thereof.

(b) If the Guarantor, or any of its political subdivisions, or any agency, shall propose to incur any substantial external debt, the Guarantor will notify the Bank promptly of the particular proposal and, before the proposed action is taken, will afford to the Bank all opportunity which is reasonably practicable under the circumstances to exchange views with the Guarantor with respect thereto; provided, however, that the foregoing provisions shall not apply to either of the following: (i) the incurring of additional external debt through utilization, in accordance with the terms of any credit established prior to the date of this Agreement, of any unused amounts available under such credit; or (ii) the entering into international payments or similar agreements the term of which is not more than one year and under which the transactions on each side are expected to balance over the period of the agreement.

(c) The Guarantor will afford to the Bank all reasonable opportunity for accredited representatives of the Bank to visit freely any part of the territories of the Guarantor for the purpose of performing the functions set forth in Section 4.04 of the Loan Agreement and for the purpose of studying the financial and economic conditions of the Guarantor and all other matters relating to the purposes of the Loan.

Section 3. The Guarantor covenants that the principal of and interest on the Loan and the Bonds, the premium on the prepayment of the Loan or the redemption of the Bonds, as specified in the Loan Agreement and the Bonds, and the commitment charge and service charge on the Loan, as specified in the Loan Agreement, will be paid without deduction for and free from any taxes imposed by the Guarantor or by any taxing authority thereof or therein and will be paid free from all restrictions of the Guarantor, its political subdivisions or any Agency. This Section shall not apply to taxation of payments made under the provisions of 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.

Section 4. The Guarantor covenants that this Agreement, the Loan Agreement and the Bonds shall be free of any issue, stamp or other tax imposed by the Guarantor or any taxing authority thereof or therein.

Section 5. The Guarantor covenants that it will not take or permit any of its political subdivisions or any Agency to take any action which would prevent or interfere with the performance by the Borrower of any of the covenants, agreements and obligations of the Borrower in the Loan Agreement contained, and will take or cause to be taken all reasonable action which shall be necessary in order to enable the Borrower to perform such covenants, agreements and obligations.

Article V

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 designate in writing are designated as the authorized representatives of the Guarantor for the purposes of Section 6.12 (b) of the Loan Regulations.

Article VI

The Guarantor shall promptly furnish to the Bank such information and execute such applications and other documents as the Bank shall reasonably request, in order to enable the Bank to sell any of the Bonds in any country or to list any of the Bonds on any securities exchange, in compliance with applicable laws and regulations.

Article VII

Section 1. The following addresses are specified for the purpose of Section 8.01 of the Loan Regulations :

(a) For the Guarantor : Ministerio de Hacienda y Crédito Público Bogotá, Colombia.

(b) For the Bank : International Bank for Reconstruction and Development, 1818 H Street, N. W., Washington 25, District of Columbia, United States of America.

Section 2. The Minister of Finance and Public Credit of the Guarantor in office at the time in question is designated for the purposes of Section 8.03 of the Loan Regulations.

IN WITNESS WHEREOF the parties hereto, acting through their representatives thereunto duly authorized, have caused this Guarantee 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 Colombia :

By Eduardo ZULETA ANGEL

Authorized Representative

International Bank for Reconstruction and Development :

By Eugene R. BLACK

President

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

LOAN REGULATIONS No. 4, DATED 15 AUGUST 1950

REGULATIONS APPLICABLE TO LOANS MADE BY THE BANK TO BORROWERS OTHER THAN MEMBER GOVERNMENTS

[Not published herein. See *United Nations, Treaty Series, Vol. 157, p. 268.*]

LOAN AGREEMENT

(ANCHICAYÁ HYDROELECTRIC PROJECT)

AGREEMENT, dated November 2, 1950, between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank) and CENTRAL HIDROELÉCTRICA DEL RÍO ANCHICAYÁ LIMITADA (hereinafter called the Borrower).

Article I

THE LOAN

Section 1.01. The Bank agrees to lend to the Borrower, on the terms and conditions hereinafter in this Agreement set forth or referred to, the sum of three million five hundred and thirty thousand dollars (\$3,530,000), or the equivalent in currencies other than dollars.

Section 1.02. The parties to this Agreement accept all the provisions of Loan Regulations No. 4¹ of the Bank, dated August 15, 1950 (hereinafter called the Loan Regulations), a copy of which has been furnished to the Borrower, with the same force and effect as if they were fully set forth herein.

Section 1.03. The Bank shall open a Loan Account on its books in the name of the Borrower and shall credit to such Account the amount of the Loan. The amount of the Loan may be withdrawn from the Loan Account as provided in, and subject to the rights of cancellation and suspension set forth in, the Loan Regulations. Copies of forms of withdrawal applications have been delivered to the Borrower.

Section 1.04. The Borrower shall pay to the Bank a commitment charge at the rate of three-fourths of one per cent ($\frac{3}{4}\%$) per annum on the principal amount of the Loan not so withdrawn from time to time. Such commitment charge shall accrue from the Effective Date or from February 1, 1951, whichever shall be the earlier.

Section 1.05. The Borrower shall pay interest at the rate of four per cent (4%) per annum on the principal amount of the Loan so withdrawn and outstanding from time to time.

Section 1.06. Interest and commitment charge shall be payable semi-annually on May 1 and November 1 in each year.

¹ See above.

Section 1.07. The Borrower shall repay the principal of the Loan in accordance with the amortization schedule set forth in Schedule 1¹ to this Agreement.

Article II

USE OF PROCEEDS OF THE LOAN

Section 2.01. The Borrower shall apply the proceeds of the Loan exclusively to the cost of goods which will be required for the carrying out of the Project.² The specific goods to be purchased out of the proceeds of the Loan shall be determined by agreement between the Bank and the Borrower, and the list of such goods may be modified from time to time by agreement between them.

Section 2.02. The Borrower shall cause all goods purchased in whole or in part with the proceeds of the Loan to be imported into the territories of the Guarantor and there to be used exclusively in the carrying out of the Project.

Article III

BONDS

Section 3.01. The Borrower shall execute and deliver Bonds representing the principal amount of the Loan as provided in the Loan Regulations. The Manager (*Gerente*) of the Borrower and such person or persons as he shall appoint in writing are designated as the authorized representatives of the Borrower for the purposes of Section 6.12 (a) of the Loan Regulations.

Article IV

PARTICULAR COVENANTS

The Borrower hereby covenants as follows :

Section 4.01. The Borrower will carry out and complete the Project with due diligence, efficiency and economy and in conformity with sound engineering practice, and for such purposes shall designate competent engineering consultants and contractors.

Section 4.02. The Borrower will, immediately upon the preparation thereof, furnish to the Bank the plans and specifications for the Project in such form and detail as the Bank shall reasonably request. Any material modifications or changes in such plans and specifications will be promptly furnished to the Bank.

Section 4.03. The Borrower will maintain or cause to be maintained books, accounts and records adequate to identify the goods purchased in whole or in part with the proceeds of the Loan, to disclose the end-use thereof in the Project and the progress of the Project; and to reflect in accordance with consistently maintained sound accounting practices the operations and financial condition of the Borrower.

¹ See p. 80 of this volume.

² See p. 82 of this volume.

Section 4.04. The Borrower will enable accredited representatives of the Bank to inspect any and all goods purchased in whole or in part out of the proceeds of the Loan and any of the properties owned or operated by the Borrower and to inspect, audit and make copies of, any books, accounts, records, contracts, orders, invoices, engineering studies and reports, and other documents relating to the goods purchased in whole or in part out of the proceeds of the Loan, and the use thereof in the Project, or to the progress of the Project, or otherwise relating to the operations and financial condition of the Borrower.

Section 4.05. The Borrower will furnish to the Bank all such information, at such times, in such form and in such detail, as the Bank shall reasonably request, relating to the expenditure of the proceeds of the Loan, the use of the goods purchased in whole or in part therewith, the progress of the Project and the operations and financial condition of the Borrower.

Section 4.06. Except as the Bank shall otherwise agree, if any lien shall be created on any assets of the Borrower or of any corporation or company all or a majority of the capital stock of which shall be owned by the Borrower, as security for the payment of any debt, such lien will equally and ratably secure the payment of the principal of, and the interest and other charges on the Loan and the Bonds, and in the creation of any such lien express provision will be made by the Borrower to that effect; provided, however, that this Section shall not apply to any lien created on any property, at the time of purchase thereof, solely as security for the payment of the purchase price of such property.

Section 4.07. (a) The Bank and the Borrower shall co-operate fully to assure that the purposes of the Loan shall 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. The Borrower 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; and the Borrower shall promptly inform the Bank of any condition that shall interfere with, or threaten to interfere with, the accomplishment of the purposes of the Loan or the maintenance of the service thereof or shall increase or threaten to increase the estimated cost of the Project materially over the estimated cost set forth in Schedule 3¹ to this Agreement. (b) If the Borrower shall propose to incur any external debt, the Borrower shall inform the Bank of such proposal and, before the proposed action is taken, shall afford the Bank all opportunity which is reasonably practicable in the circumstances to exchange views with the Borrower with respect thereto; provided, however, that the foregoing provisions shall not apply to: (i) the incurring of additional external debt through utilization, in accordance with the terms of any credit established prior to the date of this Agreement, of any unused amounts available under such credit; or (ii) the incurring by the Borrower in the ordinary course of its business of any external indebtedness maturing not more than one year after its date. (c) Whenever there is reasonable cause to believe that the amount of

¹ See p. 84. of this volume.

currency of the Guarantor available to the Borrower will be inadequate to meet the estimated expenditures payable in such currency and required for carrying out and completing the Project, the Borrower will forthwith notify the Guarantor and the Bank of such fact and of the anticipated deficit.

Section 4.08. The Borrower will pay or cause to be paid any and all taxes that shall be imposed upon this Agreement, the Bonds or the Guarantee Agreement, or the execution, delivery or registration thereof, or the payment of principal, interest or other charges thereunder. Such principal, interest and other charges will be paid without deduction for and free of any and all such taxes imposed by the Guarantor or any taxing authority thereof or therein. This Section shall not apply to taxation of payments made under the provisions of any Bond to a holder thereof other than the Bank when such Bond or the coupons appertaining thereto, as the case may be, are beneficially owned by an individual or corporate resident of the Guarantor.

Section 4.09. (a) The Borrower will at all times maintain its existence and right to carry on operations and will, except as the Bank shall otherwise agree in writing, maintain and renew all rights, power, privileges and franchises owned by it and necessary or useful in the operation of its business.

(b) The Borrower will operate and maintain its plants, equipment and property, and from time to time make all necessary renewals and repairs thereof, all in accordance with sound engineering standards; and will at all times operate its plants and equipment and maintain its financial position in accordance with sound business and public utility practices.

(c) The Borrower will not, without the written consent of the Bank, sell or otherwise dispose of all or substantially all of its property and assets or all or substantially all the property included in the Project or any plant included therein, unless the Borrower shall first redeem and pay, or make adequate provision satisfactory to the Bank for redemption or payment of, all of the Loan which shall then be outstanding and unpaid.

(d) The Borrower will use all of the goods purchased or paid for in whole or in part out of the proceeds of the Loan in accordance with Section 2.02 of this Agreement and will not, without the prior consent of the Bank, sell or otherwise dispose of any of such goods.

Section 4.10. Except as shall be otherwise agreed between the Bank and the Borrower, the Borrower will insure or cause to be insured with responsible insurers all goods purchased in whole or in part with the proceeds of the Loan. Such insurance shall cover such marine, transit and other hazards incident to delivery of the goods into the territories of the Guarantor, and shall be for such amounts, as shall be consistent with sound commercial practice. Each contract of insurance shall be payable in dollars or in the currency in which the cost of the goods insured thereunder shall be payable.

Section 4.11. Until such time as the Project shall have been completed, the Borrower will not, without the written consent of the Bank, directly or indirectly (i) declare or pay any dividends, or acquire any shares of its capital stock for a consideration; or (ii) undertake or execute any major projects or developments other than the Project

or make any major additions to its plant and other properties at any time, unless at such time the Borrower has set aside and made available in a special reserve fund currency of the Guarantor sufficient to cover expenditures required for carrying out the Project.

Section 4.12. The Borrower will not, without the prior approval of the Bank, incur any debt if thereby the aggregate amount required in any fiscal year of the Borrower (including the fiscal year in which the Borrower proposes to incur such debt) for the payment of principal (including amortization and sinking fund payments) of, and interest and other charges on, all outstanding debt (including said proposed debt) incurred by the Borrower would exceed fifty per cent (50%) of the aggregate amount of the revenues received by the Borrower during its fiscal year last preceding the date on which the Borrower proposes to incur such debt. For purposes of this Section :

(a) The term "revenues of the Borrower" shall be deemed to mean all current revenues of the Borrower less the amount of all operating, administrative and overhead expenses of the Borrower, but without deduction of any amounts for depreciation, retirement, obsolescence, interest, sinking fund or amortization of principal of indebtedness;

(b) The term "debt" shall not include debt maturing by its terms in not more than one year after its date in an aggregate principal amount not exceeding the equivalent of 250,000 pesos in the currency of the Guarantor;

(c) Sums in currency other than currency of the Guarantor shall be converted into currency of the Guarantor at the Official selling rate of the Banco de la República for such other currency on the date on which the Borrower proposes to incur the debt in question.

Section 4.13. Unless the Bank shall otherwise agree, the Borrower will not declare or pay any dividend, or make any distribution, on any shares of its capital stock, other than a dividend payable solely in shares of its capital stock, nor will the Borrower acquire any shares of its capital stock for a consideration, if, as a result of any such dividend or distribution (other than those payable solely in shares of its stock) or such acquisition of shares of capital stock, the accumulated earned surplus of the Borrower, determined after adequate provision for maintenance and depreciation and otherwise in accordance with sound accounting practice, would be reduced below an amount equivalent to the Borrower's aggregate requirements for the next twelve-month period for the payment of principal (including amortization and sinking fund payments) of, and interest and other charges on, all outstanding debt other than debt incurred in the ordinary course of business and maturing by its terms in not more than one year after its date.

Article V

REMEDIES OF THE BANK

Section 5.01. If any event specified in paragraph (1) or (2) of Section 5.02 of the Loan Regulations shall occur and continue for a period of thirty days or if any event specified in paragraph (3) or pursuant to paragraph (8) of Section 5.02 of the Loan Regulations shall occur and continue for a period of sixty days after notice thereof shall have

been given by the Bank to the Borrower, then at any subsequent time during the continuance thereof, the Bank, at its option, may declare the principal of the Loan and of all the Bonds then outstanding to be due and payable immediately, and upon any such declaration such principal shall become due and payable immediately, anything in this Agreement or in the Bonds to the contrary notwithstanding.

Section 5.02. The following event is specified for the purposes of Section 5.02 of the Loan Regulations: The capital funds of the Borrower shall be insufficient to meet current requirements for carrying out the Project.

Article VI

MISCELLANEOUS

Section 6.01. (a) The following are specified as additional conditions to the effectiveness of this Agreement within the meaning of Section 9.01 (c) of the Loan Regulations:

(i) The Borrower shall have been duly constituted as a *compañía de responsabilidad limitada* under the laws of the Republic of Colombia; and

(ii) arrangements satisfactory to the Bank shall have been made for provision of additional capital funds needed to carry out and complete the Project; and

(iii) the Borrower shall have entered into agreements, satisfactory to the Bank, with the Municipality of Cali, concerning the acquisition of the power generating facilities of the *Empresas Municipales* of Cali and concerning the sale of power by the Borrower to the Municipality of Cali; and

(iv) the Borrower shall have obtained clear and unencumbered title to the power generating plants and installations of the *Empresas Municipales* of Cali.

(b) The following are specified as additional matters within the meaning of Section 9.02 (d) of the Loan Regulations:

(i) that the Borrower has been duly constituted and duly exists as a *compañía de responsabilidad limitada* under the laws of the Republic of Colombia; and

(ii) that the Borrower shall have obtained clear and unencumbered title to the power generating plants and installations of the *Empresas Municipales* of Cali.

Section 6.02. The Closing Date shall be April 1, 1954.

Section 6.03. The following addresses are specified for the purposes of Section 8.01 of the Loan Regulations:

For the Bank: International Bank for Reconstruction and Development, 1818 H Street, N. W., Washington 25, District of Columbia, United States of America.

For the Borrower: Central Hidroeléctrica del Río Anchicayá Limitada, Apartado Postal 137, Cali, Colombia.

Section 6.04. A date 60 days after the date of this Agreement is hereby specified for the purposes of Section 9.04 of the Loan Regulations.

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.

International Bank for Reconstruction and Development :

By Eugene R. BLACK

Central Hidroeléctrica Del Río Anchicayá Limitada :

By Eduardo ZULETA ANGEL

Authorized Representative

SCHEDULE 1

TABLE OF AMORTIZATION

The following table shows the dates on which the installments of the principal of the Loan shall be repaid and the respective amounts of such installments :

| <i>Date Payment Due</i> | <i>Payment of Principal</i> | <i>Principal Amount Outstanding After Each Payment</i> | <i>Date Payment Due</i> | <i>Payment of Principal</i> | <i>Principal Amount Outstanding After Each Payment</i> |
|-----------------------------|---------------------------------|--|-----------------------------|---------------------------------|--|
| November 1, 1953. | — | \$3,530,000 | November 1, 1962. | \$103,000 | \$1,957,000 |
| May 1, 1954 | \$ 73,000 | 3,457,000 | May 1, 1963 | 105,000 | 1,852,000 |
| November 1, 1954. | 75,000 | 3,382,000 | November 1, 1963. | 107,000 | 1,745,000 |
| May 1, 1955 | 76,000 | 3,306,000 | May 1, 1964 | 109,000 | 1,636,000 |
| November 1, 1955. | 78,000 | 3,228,000 | November 1, 1964. | 111,000 | 1,525,000 |
| May 1, 1956 | 80,000 | 3,148,000 | May 1, 1965 | 114,000 | 1,411,000 |
| November 1, 1956. | 81,000 | 3,067,000 | November 1, 1965. | 116,000 | 1,295,000 |
| May 1, 1957 | 83,000 | 2,984,000 | May 1, 1966 | 118,000 | 1,177,000 |
| November 1, 1957. | 84,000 | 2,900,000 | November 1, 1966. | 121,000 | 1,056,000 |
| May 1, 1958 | 86,000 | 2,814,000 | May 1, 1967 | 123,000 | 933,000 |
| November 1, 1958. | 88,000 | 2,726,000 | November 1, 1967. | 126,000 | 807,000 |
| May 1, 1959 | 90,000 | 2,636,000 | May 1, 1968 | 128,000 | 679,000 |
| November 1, 1959. | 91,000 | 2,545,000 | November 1, 1968. | 131,000 | 548,000 |
| May 1, 1960 | 93,000 | 2,452,000 | May 1, 1969 | 133,000 | 415,000 |
| November 1, 1960. | 95,000 | 2,357,000 | November 1, 1969. | 136,000 | 279,000 |
| May 1, 1961 | 97,000 | 2,260,000 | May 1, 1970 | 138,000 | 141,000 |
| November 1, 1961. | 99,000 | 2,161,000 | November 1, 1970. | 141,000 | — |
| May 1, 1962 | 101,000 | 2,060,000 | | | |

PREMIUMS ON PREPAYMENT AND REDEMPTION

The following percentages are specified as the premiums payable on repayment in advance of maturity of any part of the principal amount of the Loan pursuant to Section 2.05 (b) of the Loan Regulations or on the redemption of any Bond prior to its maturity pursuant to Section 6.16 of the Loan Regulations :

| <i>Time of Prepayment or Redemption</i> | <i>Premium</i> |
|---|----------------|
| Not more than 5 years before maturity | 1/2% |
| More than 5 years but not more than 10 years before maturity | 1% |
| More than 10 years but not more than 15 years before maturity | 1 3/4% |
| More than 15 years before maturity. | 2 1/2% |

SCHEDULE 2

DESCRIPTION OF THE PROJECT

The Anchicayá hydroelectric project will be located on the Río Anchicayá below its confluence with the Río Digua, at a point about 52 miles from Cali by way of the Simón Bolívar highway.

Across the Río Anchicayá a concrete dam of gravity design will be built, having a height of 180 feet, a crest length of 625 feet and a spillway of 487 feet. The spillway will be relatively large in order to handle flash floods and will be designed for 200,000 cubic feet per second. The reservoir, which will be used for regulation, will have a useful storage capacity of approximately 3,000,000 cubic yards and a dead storage capacity of about 3,640,000 cubic yards.

During construction of the dam, normal stream flow will be diverted through a tunnel 370 feet in length and approximately 19 feet in diameter. The tunnel will be fitted with a suitable valve so that after completion of the dam it may be used periodically for desilting.

The water will be conducted from the reservoir via a 19.8 foot diameter concrete-lined power tunnel about 4,400 feet long. The tunnel intake will be equipped with trash racks, and control gates. The tunnel will be equipped with a differential surge tank at the lower end, and will be connected through a wye connection initially to a single penstock equipped with suitable valves and connections to the turbines.

The power station will be of the above-ground type. It will be equipped initially with two vertical-shaft, single-runner reaction type (Francis) turbines, each of which when operating at 257 r.p.m. and at a head of 238 feet will be capable of developing 17,100 H.P. The generators will be of the umbrella type, directly connected to their turbines by means of a vertical shaft. They will be rated at 15,000 kva at 0.8 power factor, generating at 6,600 volts and 60 cycles.

The power station will be of reinforced concrete, with room for the installation of additional units. All switchgear will be metal clad, of conventional design and located in the power house. The step-up transformers will be of the outdoor type and located on an auxiliary platform in the rear of the power house. There will be a single transformer for each generator to step up the voltage from 6.6 kv to the transmission line voltage of 115 kv. The transformers will be three-phase, 60 cycles, and will be rated at 11,250/15,000 kva.

The transmission line will be approximately 30 miles in length and will be constructed with steel towers and aluminum cable, the cable having a steel core to give added strength. There will be a total of six power cables and two ground wires which will make it possible to have two parallel 3 phase circuits, either circuit being capable of taking full load in an emergency. Communications will be over the power lines by means of carrier current.

In Cali, the terminal point of the main transmission line, there will be an outdoor substation of conventional design to reduce the voltage from 115 kv to 13.2 kv which is the voltage at which power will be supplied to the municipality. Initially two 60-cycle, three-phase, 110,000/13,200 volt transformers, rated at 9,375/12,500 kva, will be installed. The substation will be equipped with the standard metering, auxiliary, and protective instruments and equipment.

SCHEDULE 3

ESTIMATED COST OF THE PROJECT

| <i>Description</i> | <i>Total Cost</i> | <i>Cost financed by the Bank</i> |
|--|---|--|
| | (all figures in U. S. dollar equivalents) | |
| A. Dam and headworks | 5,694,400 | 77,000 |
| B. Powerhouse, tailworks, step-up substation | 3,066,800 | 313,000 |
| C. Transmission line | 703,200 | 377,000 |
| D. Cali substation | 314,400 | 47,000 |
| E. Construction equipment and materials. | 1,776,800 | 1,365,000 |
| F. Interest during construction | 270,000 | 270,000 |
| G. Freight, escalation, contingencies | 552,300 | 535,000 |
| H. Fees, overhead, miscellaneous | 917,800 | 546,000 |
| | <hr/> | <hr/> |
| TOTAL | 13,295,700 | 3,530,000 |
| Local currency costs | 8,500,700 | |
| Foreign exchange costs | 4,795,000 | 3,530,000 |