

No. 3807

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

Guarantee Agreement—*Baygorria Project* (with annexed Loan Regulations No. 4 and Loan Agreement—*Baygorria Project*—between the Bank and Administración General de las Usinas Eléctricas y los Teléfonos del Estado). Signed at Washington, on 25 October 1956

Official text: English.

Registered by the International Bank for Reconstruction and Development on 9 April 1957.

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

Contrat de garantie — *Projet Baygorria* (avec, en annexe, le Règlement n° 4 sur les emprunts et le Contrat d'emprunt — *Projet Baygorria* — entre la Banque et l'Administración General de las Usinas Eléctricas y los Teléfonos del Estado). Signé à Washington, le 25 octobre 1956

Texte officiel anglais.

Enregistré par la Banque internationale pour la reconstruction et le développement le 9 avril 1957.

No. 3807. GUARANTEE AGREEMENT¹ (*BAYGORRIA PROJECT*) BETWEEN THE ORIENTAL REPUBLIC OF URUGUAY AND THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT. SIGNED AT WASHINGTON, ON 25 OCTOBER 1956

AGREEMENT, dated October 25, 1956, between REPÚBLICA ORIENTAL DEL URUGUAY (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 Administración General de las Usinas Eléctricas y los Teléfonos del Estado (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 five hundred thousand dollars (\$25,500,000), 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 as herein provided; 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

Section 1.01. The parties to this Guarantee Agreement accept all the provisions of Loan Regulations No. 4 of the Bank dated June 15, 1956² (said Loan Regulations No. 4 being hereinafter called the Loan Regulations), with the same force and effect as if they were fully set forth herein.

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 un-

¹ Came into force on 28 March 1957, upon notification by the Bank to the Government of Uruguay.

² See p. 68 of this volume.

conditionally guarantees, as primary obligor and not as surety merely, the due and punctual payment of the principal of, and the 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.

Section 2.02. (a) 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 carrying out 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.

(b) The Guarantor will, to the extent necessary, give priority to sale in the local market from time to time of such amounts of bonds to be issued pursuant to Law No. 12023 of November 10, 1953, as may be needed to enable the Borrower to carry out the Project.

(c) Whenever funds may be needed by the Borrower to enable it to carry out the Project or to enable it to meet any of its other obligations, the Guarantor shall defer collection of principal, interest and other charges due from the Borrower to the Guarantor on loans made by the Guarantor to the Borrower or required to service indebtedness incurred on account of borrowing by the Guarantor for the Borrower. From time to time amounts due on account of any deferred payments shall be funded on a long-term basis or shall be capitalized.

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 or by way of priority in the allocation or realization of foreign exchange. 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 or of any of its political subdivisions or of any agency of the Guarantor or of any such political subdivision, including Banco de la República Oriental del Uruguay, 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. If the Guarantor, for constitutional reasons, shall be unable to make the foregoing undertaking effective with respect to any lien on assets of an agency which is granted autonomy by the Constitution (other than Banco de la República Oriental del Uruguay) or on assets of a political subdivision or agency of a political subdivision, the Guarantor shall grant to the Bank an equiva-

lent lien satisfactory to the Bank. 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; (iii) any lien arising in the ordinary course of banking transactions and securing a debt maturing not more than one year after its date; or (iv) any lien upon property in Uruguay or revenues or receipts in currency of the Guarantor, if such lien is given by a political subdivision or by an agency of a political subdivision of the Guarantor under arrangements or circumstances which would not result in priority in the allocation or realization of foreign exchange.

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, fees or other fiscal charges 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, or fees or other fiscal charges upon, 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 and the Bonds shall be free from any taxes, fees or other fiscal charges 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.

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 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 V

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

For the Guarantor :

República Oriental del Uruguay
Ministerio de Hacienda
Calle Colonia 1089
Montevideo, Uruguay

or

República Oriental del Uruguay
Embassy of Uruguay
1773 Massachusetts Avenue, N. W.
Washington 6, D. C.
United States of America

For the Bank :

International Bank for Reconstruction and Development
1818 H Street, N. W.
Washington 25, D. C.
United States of America

Alternative cable address :

Intbafrad
Washington, D. C.

Section 5.02. The Minister of Finance of the Guarantor 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.

República Oriental del Uruguay :

By J. A. LACARTE

Authorized Representative

International Bank for Reconstruction and Development :

By W. A. B. ILIFF

Vice President

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

LOAN REGULATIONS No. 4, DATED 15 JUNE 1956

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

[*Not published herein. See United Nations, Treaty Series, Vol. 260, No. 3721.*]

LOAN AGREEMENT (*BAYGORRIA PROJECT*)

AGREEMENT, dated October 25, 1956, between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank) and ADMINISTRACIÓN GENERAL DE LAS USINAS ELÉCTRICAS Y LOS TELÉFONOS DEL ESTADO (hereinafter called the Borrower).

Article I

LOAN REGULATIONS

Section 1.01. The parties to this Loan Agreement accept all the provisions of Loan Regulations No. 4 of the Bank dated June 15, 1956¹ (said Loan Regulations No. 4 being hereinafter called the Loan Regulations), with the same force and effect as if they were fully set forth herein.

Article II

THE LOAN

Section 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions in this Agreement set forth or referred to, an amount in various currencies equivalent to twenty-five million five hundred thousand dollars (\$25,500,000).

¹ See above.

Section 2.02. 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.

Section 2.03. The Borrower shall pay to the Bank a commitment charge at the rate of three-fourths of one per cent ($3/4$ of 1%) per annum on the principal amount of the Loan not so withdrawn from time to time.

Section 2.04. The Borrower shall pay interest at the rate of five per cent (5%) per annum on the principal amount of the Loan so withdrawn and outstanding from time to time.

Section 2.05. Except as the Bank and the Borrower shall otherwise agree, the charge payable for special commitments entered into by the Bank at the request of the Borrower pursuant to Section 4.02 of the Loan Regulations shall be at the rate of one-half of one per cent ($1/2$ of 1%) per annum on the principal amount of any such special commitments outstanding from time to time.

Section 2.06. Interest and other charges shall be payable semi-annually on April 15 and October 15 in each year.

Section 2.07. The Borrower shall repay the principal of the Loan in accordance with the amortization schedule set forth in Schedule 1¹ to this Agreement.

Article III

USE OF PROCEEDS OF THE LOAN

Section 3.01. The Borrower shall apply the proceeds of the Loan exclusively to financing the cost of goods required to carry out the Project described in Schedule 2² to this Agreement. The specific goods to be financed out of the proceeds of the Loan shall be determined by agreement between the Bank and the Borrower, subject to modification by further agreement between them.

Section 3.02. The Borrower shall cause all goods financed out of 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 IV

BONDS

Section 4.01. The Borrower shall execute and deliver Bonds representing the principal amount of the Loan as provided in the Loan Regulations.

Section 4.02. The *Presidente* and the *Gerente de Hacienda* of the Borrower and such person or persons as they shall appoint in writing are designated as authorized representatives of the Borrower for the purposes of Section 6.12 (a) of the Loan Regulations.

¹ See p. 78 of this volume.

² See p. 80 of this volume.

Article V

PARTICULAR COVENANTS

Section 5.01. (a) The Borrower shall carry out the Project with due diligence and efficiency and in conformity with sound engineering and financial practices.

(b) The Borrower shall furnish to the Bank, promptly upon their preparation, the plans and specifications for the Project and any material modifications subsequently made therein, in such detail as the Bank shall from time to time request.

(c) The Borrower shall maintain records adequate to identify the goods financed out of the proceeds of the Loan, to disclose the use thereof in the Project, to record the progress of the Project (including the cost thereof) and to reflect in accordance with consistently maintained sound accounting practices the financial condition and operations of the Borrower; shall enable the Bank's representatives to inspect the Project, the goods and any relevant records and documents; and shall furnish to the Bank all such information as the Bank shall reasonably request concerning the expenditure of the proceeds of the Loan, the Project, the goods, and the financial condition and operations of the Borrower.

Section 5.02. (a) The Bank and the Borrower 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.

(b) The Bank and the Borrower 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 Borrower 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.

Section 5.03. If the Borrower shall propose to incur any 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: (a) the incurring of additional 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 (b) the incurring of debt maturing not more than eighteen months after the date on which it is originally incurred.

Section 5.04. The Borrower undertakes that, except as the Bank shall otherwise agree, if any lien shall be created on any assets of the Borrower as security for any 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. For purposes of this Section, the term "assets of the Borrower" shall not be deemed to include bonds of the Guarantor owned by the Borrower and for the service of which the Borrower is liable.

Section 5.05. The Borrower shall pay or cause to be paid all taxes, fees and other fiscal charges, if any, imposed under the laws of the Guarantor or laws in effect in the territories of the Guarantor on or in connection with the execution, issue, delivery or registration of this Agreement, the Guarantee Agreement or the Bonds, or the payment of principal, interest or other charges thereunder; provided, however, that the provisions of this Section shall not apply to taxation of, or fees or other fiscal charges upon, 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 5.06. The Borrower shall pay or cause to be paid all taxes, fees and other fiscal charges, if any, imposed under the laws of the country or countries in whose currency the Loan and the Bonds are payable or laws in effect in the territories of such country or countries on or in connection with the execution, issue, delivery or registration of this Agreement, the Guarantee Agreement or the Bonds.

Section 5.07. Except as shall be otherwise agreed between the Bank and the Borrower, the Borrower shall insure or cause to be insured the goods financed with the proceeds of the Loan against risks incident to their purchase and importation into the territories of the Guarantor. Such insurance shall be consistent with sound commercial practice and shall be payable in dollars or in the currency in which the cost of the goods insured thereunder shall be payable.

Section 5.08. (a) The Borrower shall at all times maintain its existence and right to carry on operations and shall, except as the Bank shall otherwise agree, take all steps necessary to maintain and renew all rights, powers, privileges and franchises which are necessary or useful in the conduct of its business.

(b) The Borrower shall 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 shall at all times operate its plants and equipment and maintain its financial position in accordance with sound business and public utility practices.

Section 5.09. The Borrower shall not, without the prior consent of the Bank (i) sell or otherwise dispose of all or substantially all of its property and assets unless the Borrower shall first redeem and pay or make adequate provision satisfactory to the Bank for redemption and payment of all of the Loan which shall be outstanding and unpaid; or (ii) sell or otherwise dispose of all or substantially all of 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 and payment of a proportionate part of the Loan which shall then be outstanding and unpaid equal to the proportionate part of the Project so sold or disposed of. The Borrower may, however, without consent of the Bank, sell or otherwise dispose of any property which shall have become old, worn-out, obsolete or unnecessary for use in its operations.

Section 5.10. The Borrower shall, whenever funds are needed to enable it to carry out the Project or to enable it to meet its other obligations, defer payment of principal, interest and other charges due to the Guarantor on loans made by the Guarantor to the Borrower or required to service indebtedness incurred on account of borrowing by the Guarantor for the Borrower. The Borrower shall from time to time make arrangements with the Guarantor whereby amounts due on account of any deferred payments shall be funded on a long-term basis or shall be capitalized.

Article VI

REMEDIES OF THE BANK

Section 6.01. (i) If any event specified in paragraph (a), paragraphe (b), paragraph (e) or paragraph (f) of Section 5.02 of the Loan Regulations shall occur and shall continue for a period of thirty days, or (ii) if any event specified in paragraph (c) of Section 5.02 of the Loan Regulations shall occur and shall 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.

Article VII

MISCELLANEOUS

Section 7.01. The Closing Date shall be September 30, 1961.

Section 7.02. A date 90 days after the date of this Agreement is hereby specified for the purposes of Section 9.04 of the Loan Regulations.

Section 7.03. The following addresses are specified for the purposes of Section 8.01 of the Loan Regulations :

For the Borrower :

Administración General de las Usinas Eléctricas y los Teléfonos del Estado
Palacio de la Luz—Paraguay 2431
Montevideo, Uruguay

Alternative cable address :

Lux
Montevideo, Uruguay

For the Bank :

International Bank for Reconstruction and Development

1818 H Street, N.W.

Washington 25, D. C.

United States of America

Alternative cable address :

Intbafrad

Washington, D.C.

IN WITNESS WHEREOF, the parties hereto, acting through their representatives thereunto duly authorized, have caused this Loan 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 W. A. B. ILIFF

Vice President

Administración General de las Usinas Eléctricas y los Teléfonos del Estado :

By Orestes L. LANZA

Authorized Representative

SCHEDULE 1

AMORTIZATION SCHEDULE

<i>Date Payment Due</i>	<i>Payment of Principal (expressed in dollars)*</i>	<i>Principal Amount Outstanding After Each Payment (expressed in dollars)*</i>	<i>Date Payment Due</i>	<i>Payment of Principal (expressed in dollars)*</i>	<i>Principal Amount Outstanding After Each Payment (expressed in dollars)*</i>
April 15, 1961 . . .	—	\$25,500,000	April 15, 1968 . . .	502,000	19,490,000
October 15, 1961 . .	\$364,000	25,136,000	October 15, 1968 . .	514,000	18,976,000
April 15, 1962 . . .	373,000	24,763,000	April 15, 1969 . . .	527,000	18,449,000
October 15, 1962 . .	382,000	24,381,000	October 15, 1969 . .	540,000	17,909,000
April 15, 1963 . . .	392,000	23,989,000	April 15, 1970 . . .	554,000	17,355,000
October 15, 1963 . .	402,000	23,587,000	October 15, 1970 . .	568,000	16,787,000
April 15, 1964 . . .	412,000	23,175,000	April 15, 1971 . . .	582,000	16,205,000
October 15, 1964 . .	422,000	22,753,000	October 15, 1971 . .	596,000	15,609,000
April 15, 1965 . . .	432,000	22,321,000	April 15, 1972 . . .	611,000	14,998,000
October 15, 1965 . .	443,000	21,878,000	October 15, 1972 . .	626,000	14,372,000
April 15, 1966 . . .	454,000	21,424,000	April 15, 1973 . . .	642,000	13,730, 00
October 15, 1966 . .	466,000	20,958,000	October 15, 1973 . .	658,000	13,072,000
April 15, 1967 . . .	477,000	20,481,000	April 15, 1974 . . .	675,000	12,397,000
October 15, 1967 . .	489,000	19,992,000	October 15, 1974 . .	691,000	11,706,000

* To the extent that any part of the Loan is repayable in a currency other than dollars (see Loan Regulations, Section 3.02) the figures in these columns represent dollar equivalents determined as for purposes of withdrawal.

<i>Date Payment Due</i>	<i>Payment of Principal (expressed in dollars)*</i>	<i>Principal Amount Outstanding After Each Payment (expressed in dollars)*</i>	<i>Date Payment Due</i>	<i>Payment of Principal (expressed in dollars)*</i>	<i>Principal Amount Outstanding After Each Payment (expressed in dollars)*</i>
April 15, 1975 . . .	\$ 709,000	10,997,000	October 15, 1978 . . .	842,000	5,515,000
October 15, 1975 . . .	726,000	10,271,000	April 15, 1979 . . .	863,000	4,652,000
April 15, 1976 . . .	745,000	9,526,000	October 15, 1979 . . .	885,000	3,767,000
October 15, 1976 . . .	763,000	8,763,000	April 15, 1980 . . .	907,000	2,860,000
April 15, 1977 . . .	782,000	7,981,000	October 15, 1980 . . .	930,000	1,930,000
October 15, 1977 . . .	802,000	7,179,000	April 15, 1981 . . .	953,000	977,000
April 15, 1978 . . .	822,000	6,357,000	October 15, 1981 . . .	977,000	—

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 3 years before maturity	$\frac{1}{2}$ of 1%
More than 3 years but not more than 6 years before maturity	$\frac{1}{2}$ of 1%
More than 6 years but not more than 11 years before maturity	1%
More than 11 years but not more than 16 years before maturity	2%
More than 16 years but not more than 21 years before maturity	3%
More than 21 years but not more than 23 years before maturity	4%
More than 23 years before maturity	5%

SCHEDULE 2

DESCRIPTION OF THE PROJECT

A. On the Rio Negro at a place known as Rincon de Baygorria, about 88 km downstream from the existing Rincon del Bonete dam and powerhouse, a hydroelectric power plant with a total generating capacity of about 103,000 kw will be constructed. The works will include a concrete gravity dam with lateral earth dikes on each bank, steel gates on the crest of the dam to control the level of the reservoir and cranes with capacity sufficient to handle the crest gates and the heaviest items of machinery to be installed at the powerhouse. Three generating units equipped with Kaplan turbines will be installed in the powerhouse. Each turbine will have a capacity of 47,000 hp at a head of 14.7 meters and a flow of 270 cubic meters per second. Three 3-phase, 50-cycle, air-cooled generators each having a capacity of 36,000 kva (34,200 kw at a .95 power factor) will be provided. Three 36,000 kva transformers will be connected to the generators to step up the generating voltage to 161 kv, and adequate control equipment and switch gear will be supplied.

B. A 161 kv single-circuit transmission line about 39 kilometers long strung on steel towers connecting the existing power station at Rincon del Bonete to the power

station at Rincon de Baygorria will be constructed, and substation equipment will be added at Rincon del Bonete. A 161 kv double-circuit transmission line about 270 kilometers long strung on steel towers will be constructed to extend from Rincon de Baygorria via Paso del Puerto to the substation known as B in Montevideo.

C. A 150 kv collector system will be constructed in and around Montevideo consisting of three substations and a double-circuit transmission line extending from the substation known as E near the existing Batlle thermal station on the waterfront, thence through the suburbs of Montevideo to the substation known as A on the northern outskirts of the city. For the first five kilometers from substation E the circuits will consist of underground cables and for the remaining 28 kilometers the circuits will consist of an overhead double-circuit transmission line strung on steel towers. The collector system will interconnect the existing thermal stations in Montevideo, the existing 110 kv transmission lines extending eastward and westward from Montevideo, the existing 161 kv transmission line from the Rincon del Bonete hydro station and the new 161 kv transmission line from the Baygorria hydro station to Montevideo.

D. Mechanized equipment for modernization of the Borrower's accounting system will be acquired and put into operation.
