

No. 6411

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

**Guarantee Agreement—*Second Expansion Program* (with
annexed Loan Regulations No. 4 and Loan Agreement
between the Bank and Empresa de Energía Eléctrica de
Bogotá). Signed at Washington, on 23 May 1962**

Official text: English.

*Registered by the International Bank for Reconstruction and Development on 4 December
1962.*

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

**Contrat de garantie — *Deuxième programme d'expansion*
(avec, en annexe, le Règlement n° 4 sur les emprunts et
le Contrat d'emprunt entre la Banque et la Empresa
de Energía Eléctrica de Bogotá). Signé à Washington,
le 23 mai 1962**

Texte officiel anglais.

*Enregistré par la Banque internationale pour la reconstruction et le développement le
4 décembre 1962.*

No. 6411. GUARANTEE AGREEMENT¹ (*SECOND EXPANSION PROGRAM*) BETWEEN THE REPUBLIC OF COLOMBIA AND THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT. SIGNED AT WASHINGTON, ON 23 MAY 1962

AGREEMENT, dated May 23, 1962, 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 Empresa de Energía Eléctrica de Bogotá (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 fifty million dollars (\$50,000,000) 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 hereinafter 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 February 15, 1961,² subject, however, to the modification thereof set forth in Section 1.01 of the Loan Agreement (said Loan Regulations No. 4 as so modified being hereinafter called the Loan Regulations), with the same force and effect as if they were fully set forth herein.

Section 1.02. Wherever used in this Agreement, the term defined in Section 1.02 of the Loan Agreement shall have the same meaning as therein set forth.

¹ Came into force on 22 August 1962, upon notification by the Bank to the Government of Colombia.

² See p. 48 of this volume.

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 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, 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. 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.

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. 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 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 ; 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.

As used in this Section, (a) the term "assets of the Guarantor" includes assets of the Guarantor or of any of its political subdivisions or of any agency or of Banco de la Republica or any other institution acting as the central bank of the Guarantor, and (b) the term "Agency" means any agency or instrumentality of the Guarantor or of any political subdivision of the Guarantor 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.

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 purpose 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 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 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 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.

Section 3.06. The Guarantor covenants that it will not take or permit any of its political subdivision or any of its agencies or any agency of any political subdivision 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.

Section 3.07. The Guarantor covenants that it will from time to time grant or cause to be granted to the Borrower rates which will provide revenue sufficient : (a) to cover operating expenses, including taxes, if any, adequate maintenance and depreciation, and interest ; (b) to meet repayments on long-term indebtedness to the extent that such repayments shall exceed provision for depreciation ; and (c) to leave, after paying, or providing for, dividends, if any, a reasonable surplus to finance new investment.

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 and Public Credit of the Guarantor and such person or persons as he shall appoint 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 :

Republic of Colombia
Ministerio de Hacienda y Crédito Público
Palacio de los Ministerios, Plaza San Agustín
Bogotá, Colombia

Alternative address for cablegrams and radiograms :

Minhacienda
Bogotá, Colombia

For the Bank :

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

Alternative address for cablegrams and radiograms :

Intbafrad
Washington, D. C.

Section 5.02. The Minister of Finance and Public Credit 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.

Republic of Colombia :

By Ignacio MESA
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 FEBRUARY 1961

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

[*Not published herein. See United Nations, Treaty Series, Vol. 400, p. 212.*]

LOAN AGREEMENT (*SECOND EXPANSION PROGRAM*)

AGREEMENT, dated May 23, 1962, between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank) and EMPRESA DE ENERGÍA ELÉCTRICA DE BOGOTÁ (hereinafter called the Borrower).

WHEREAS by a loan agreement dated January 20, 1960,¹ between the Bank and the Borrower (hereinafter called the First Loan Agreement) the Bank agreed to lend to the Borrower on the terms and conditions therein set forth the sum of \$17,600,000, or the equivalent thereof in currencies other than dollars, for the purpose of financing a project for the expansion of its facilities ; and

WHEREAS the Bank has agreed to make a loan to the Borrower upon the terms and conditions hereinafter set forth ;

NOW THEREFORE, it is hereby agreed as follows :

¹ United Nations, *Treaty Series*, Vol. 375, p. 49.

Article I

LOAN REGULATIONS ; SPECIAL DEFINITIONS

Section 1.01. The parties to this Loan Agreement accept all the provisions of Loan Regulations No. 4 of the Bank dated February 15, 1961,¹ with the same force and effect as if they were fully set forth herein, subject, however, to the following modification thereof (said Loan Regulations No. 4 as so modified being hereinafter called the Loan Regulations): namely, that Section 4.01 of the Loan Regulations is deleted.

Section 1.02. Unless the context otherwise requires, wherever used in this Agreement, the term "CAR" shall mean Corporación Autónoma Regional de La Sabana de Bogotá y Valles de Ubaté by Chiquinquirá, an agency of the Guarantor.

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 fifty million dollars (\$50,000,000).

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, this Agreement and the Loan Regulations.

Section 2.03. Except as the Bank shall otherwise agree, the Borrower shall be entitled, subject to the provisions of this Agreement to withdraw from the Loan Account :

(a) such amounts as shall have been expended after June 30, 1961 for the reasonable foreign currency cost of goods to be financed under this Agreement ;

(b) the equivalent in currencies as reasonably selected by the Bank of such amounts as shall have been expended in the currency of the Guarantor after December 31, 1960 for the reasonable cost of services required for part 9 of the Project and not included in (a) above ; and

(c) if the Bank shall so agree, such amounts as shall be required by the Borrower to meet payments under each of the foregoing paragraphs :

Provided, however, that no withdrawals shall be made on account of : (i) expenditures required for part 8 of the Project unless and until (A) the Bank and the Borrower shall have agreed on the program to be undertaken by CAR and (B) the Bank shall have approved the financial and administrative arrangements between the Borrower and CAR for the carrying out of such part of the Project, or (ii) expenditures made in the territories of any

¹ See p. 48 of this volume.

country (except Switzerland) which is not a member of the Bank or for goods produced in (including services supplied from) such territories.

Section 2.04. The Borrower shall pay to the Bank a commitment charge at the rate of three-fourths of one per cent ($\frac{3}{4}$ of 1%) per annum on the principal amount of the Loan not so withdrawn from time to time.

Section 2.05. The Borrower shall pay interest at the rate of five and three-fourths per cent ($5\frac{3}{4}\%$) per annum on the principal amount of the Loan so withdrawn and outstanding from time to time.

Section 2.06. 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 ($\frac{1}{2}$ of 1%) per annum on the principal amount of any such special commitments outstanding from time to time.

Section 2.07. Interest and other charges shall be payable semi-annually on February 1 and August 1 in each year.

Section 2.08. 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 and the methods and procedures for procurement of such goods shall be determined by agreement between the Bank and the Borrower, subject to modification by further agreement between them.

Section 3.02. Except as the Bank shall otherwise agree, 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.

¹ See p. 64 of this volume.

² See p. 66 of this volume.

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

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. To assist it in carrying out the Project the Borrower shall employ competent and experienced engineering consultants and contractors under terms and conditions satisfactory to the Bank. The Borrower shall also add to its staff competent technical and financial personnel.

(b) Upon request from time to time by the Bank, the Borrower shall promptly furnish or cause to be furnished to the Bank the plans, specifications and work schedules for the Project and any material modifications subsequently made therein, in such detail as the Bank shall reasonably 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 operations and financial conditions of the Borrower.

(d) The Borrower shall enable the Bank's representatives to inspect the Project, the goods, all other plants, works, properties and equipment of the Borrower and any relevant records and documents.

(e) The Borrower 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 operations and financial condition of the Borrower.

(f) The Borrower shall have its financial statements (balance sheet and related statement of earnings and expenses) certified annually by an independent accountant or accounting firm acceptable to the Bank and shall promptly after their preparation and not later than four months after the close of the Borrower's fiscal year transmit to the Bank certified copies of such statements and a signed copy of the accountant's or accounting firm's report.

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 con-

dition 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. The Borrower undertakes that, 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 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 provisions 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; or (ii) any lien arising in the ordinary course of banking transactions and securing a debt maturing not more than one year after its date.

Section 5.04. The Borrower shall pay or cause to be paid all taxes, 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 Agreement¹ 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, 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 5.05. The Borrower shall pay or cause to be paid all taxes, 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 5.06. (a) The Borrower shall insure or cause to be insured with responsible insurers all goods financed out of the proceeds of the Loan. Such insurance shall cover such marine, transit and other hazards incident to purchase and importation of the goods into the territory of the Borrower and delivery thereof to the site of the Project, and shall be for such amounts, as shall be consistent with sound commercial practices. Such insurance shall be payable in dollars or in the currency in which the cost of the goods insured thereunder shall be payable.

(b) In addition, the Borrower shall take out and maintain, with responsible insurers, insurance against such risks and in such amounts as shall be consistent with sound public utility and business practices.

Section 5.07. (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.

¹ See p. 40 of this volume.

(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, financial and public utility principles and practices.

Section 5.08. Except as the Bank shall otherwise agree, the Borrower shall not sell, lease, transfer or otherwise dispose of its property and assets or of the property included in the Project or any plant included therein, except in the ordinary course of business.

Section 5.09. Except as the Bank and the Borrower shall otherwise agree, the Borrower shall not incur debt unless its net revenues for the fiscal year next preceding such incurrence or for a later twelve-month period ended prior to such incurrence, whichever is the greater, shall be not less than 1.3 times the maximum debt service requirements for any succeeding fiscal year on all debt, including the debt to be incurred. For the purposes of this Section :

(a) The term "debt" shall include the assumption and guarantee of debt and shall mean all indebtedness of the Borrower maturing by its terms more than one year after the date on which it is incurred and indebtedness maturing on demand, or by its terms in one year or less, in excess of 15,000,000 Colombian pesos ;

(b) Debt shall be deemed to be incurred on the date of execution and delivery of a contract or loan agreement providing for such debt ;

(c) The term "net revenues" shall mean gross revenues from all sources, adjusted to take account of rates in effect at the time of the incurrence of debt even though they were not in effect during the fiscal year or twelve-month period to which such revenues relate, less all operating and administrative expenses, including provisions for taxes, if any, but before provision covering depreciation, interest and other charges on debt ;

(d) The term "debt service requirement" shall mean the aggregate amount of amortization (including sinking fund payments, if any) interest and other charges on debt ; and

(e) Whenever for the purposes of this Section it shall be necessary to value, in terms of the currency of the Guarantor, debt payable in another currency, such valuation shall be made on the basis of the prevailing lawful rate of exchange at which such other currency is, at the time of such valuation, obtainable for the purposes of servicing such debt.

Section 5.10. The Borrower shall take all steps necessary or desirable to obtain such adjustments in its rates as will provide revenues sufficient : (a) to cover operating expenses, including taxes, if any, adequate maintenance and depreciation, and interest ; (b) to meet repayments on long-term indebtedness to the extent that such repayments shall exceed provision for depreciation ; and (c) to leave, after paying, or providing for, dividends, if any, a reasonable surplus to finance new investment.

Article VI

REMEDIES OF THE BANK

Section 6.01.(i) If any event specified in paragraph (a), paragraph (b), paragraph (e), paragraph (f) or paragraph (j) 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.

Section 6.02. For the purposes of Section 5.02 (j) of the Loan Regulations, the following additional event is specified, namely, any event specified or referred to in Section 6.01 of the First Loan Agreement.

Article VII

MODIFICATION OF FIRST LOAN AGREEMENT

Section 7.01. For the purposes of the First Loan Agreement, paragraph (c) of Section 5.02 of Loan Regulations No. 4 of the Bank, dated June 15, 1956,¹ is hereby amended to read as follows :

“(c) A default shall have occurred in the performance of any other covenant or agreement on the part of the Borrower or the Guarantor under the Loan Agreement, the Guarantee Agreement or the Bonds or under the loan agreement dated May 23, 1962, the guarantee agreement of even date therewith, or the bonds therein provided for”.

Article VIII

EFFECTIVE DATE ; TERMINATION

Section 8.01. The following event is specified as an additional condition to the effectiveness of this Agreement within the meaning of Section 9.01 (c) of the Loan Regulations, namely, that the Borrower shall have made arrangements satisfactory to the Bank to obtain funds required to finance the local currency costs of the Project.

Section 8.02. The following is specified as an additional matter within the meaning of Section 9.02 (c) of the Loan Regulations, to be included in the opinion or opinions to be furnished to the Bank, namely, that the arrangements required pursuant to Section 8.01 are valid and binding.

Section 8.03. A date 90 days after the date of this Agreement is hereby specified for the purposes of Section 9.04 of the Loan Regulations.

¹ United Nations, *Treaty Series*, Vol. 260, p. 376.

Article IX

MISCELLANEOUS

Section 9.01. The Closing Date shall be December 31, 1965, or such other date as shall be agreed by the Bank and the Borrower as the Closing Date.

Section 9.02. The following addresses are specified for the purposes of Section 8.01 of the Loan Regulations :

For the Borrower :

Empresa de Energía Eléctrica de Bogotá
Bogotá, Colombia

Alternative address for cablegrams and radiograms :

Energía
Bogotá, Colombia

For the Bank :

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

Alternative address for cablegrams and radiograms :

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 Eugene R. BLACK
President

Empresa de Energía Eléctrica de Bogotá :

By Manuel J. MADERO PARIS
Authorized Representative

SCHEDULE 1
AMORTIZATION SCHEDULE

| <i>Date Payment Due</i> | <i>Payment of Principal (expressed in dollars)*</i> | <i>Date Payment Due</i> | <i>Payment of Principal (expressed in dollars)*</i> |
|--------------------------|---|--------------------------|---|
| February 1, 1966 | \$605,000 | February 1, 1977 | \$1,125,000 |
| August 1, 1966 | 620,000 | August 1, 1977 | 1,160,000 |
| February 1, 1967 | 640,000 | February 1, 1978 | 1,190,000 |
| August 1, 1967 | 655,000 | August 1, 1978 | 1,225,000 |
| February 1, 1968 | 675,000 | February 1, 1979 | 1,260,000 |
| August 1, 1968 | 695,000 | August 1, 1979 | 1,295,000 |
| February 1, 1969 | 715,000 | February 1, 1980 | 1,335,000 |
| August 1, 1969 | 735,000 | August 1, 1980 | 1,370,000 |
| February 1, 1970 | 755,000 | February 1, 1981 | 1,410,000 |
| August 1, 1970 | 780,000 | August 1, 1981 | 1,450,000 |
| February 1, 1971 | 800,000 | February 1, 1982 | 1,495,000 |
| August 1, 1971 | 825,000 | August 1, 1982 | 1,535,000 |
| February 1, 1972 | 850,000 | February 1, 1983 | 1,580,000 |
| August 1, 1972 | 870,000 | August 1, 1983 | 1,625,000 |
| February 1, 1973 | 895,000 | February 1, 1984 | 1,675,000 |
| August 1, 1973 | 925,000 | August 1, 1984 | 1,720,000 |
| February 1, 1974 | 950,000 | February 1, 1985 | 1,770,000 |
| August 1, 1974 | 975,000 | August 1, 1985 | 1,820,000 |
| February 1, 1975 | 1,005,000 | February 1, 1986 | 1,875,000 |
| August 1, 1975 | 1,035,000 | August 1, 1986 | 1,930,000 |
| February 1, 1976 | 1,065,000 | February 1, 1987 | 1,990,000 |
| August 1, 1976 | 1,095,000 | | |

* To the extent that any part of the Loan is repayable in a currency other than dollars (see Loan Regulations, Section 3.03), the figures in this column represent dollar equivalents determined as for purposes of withdrawal.

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 three years before maturity | ½ % |
| More than three years but not more than six years before maturity | 1 % |
| More than six years but not more than eleven years before maturity | 1¾ % |
| More than eleven years but not more than sixteen years before maturity . . | 2½ % |
| More than sixteen years but not more than twenty-one years before maturity | 3½ % |
| More than twenty-one years but not more than twenty-three years before maturity | 4¾ % |
| More than twenty-three years before maturity | 5¾ % |

SCHEDULE 2

DESCRIPTION OF PROJECT

The Project consists of the expansion of the power generation and distribution facilities of the Borrower through installation of new hydroelectric and thermoelectric facilities and additions to the Borrower's transmission and distribution system. The Project includes the following major elements :

1. Construction on the Bogota River of a new hydroelectric power plant known as El Colegio. Three 50 MW units will be installed in the new station which will be laid out to permit emplacement in the future of three additional 50 MW units.
2. Installation of a second thermal unit of about 33 MW at Zipaquirá, consisting of a single unit boiler, turbine-generator, condenser and necessary auxiliary equipment.
3. The heightening by approximately 11 meters of the Guatavita earth-fill dam presently under construction on the Siecha River.
4. The installation of a second station near Alicachin to pump water from the Bogota River into the Muna Reservoir. The installation will include an 8 cubic meter per second electrically driven pump, penstock, outlet structure and other equipment necessary for a complete installation.
5. Further modernization and expansion of 115 kv and 57.5 kv substations and transmission circuits.
6. Further modernization and expansion of the secondary voltage distribution system in the service area.
7. Procurement and installation of new machine shop equipment, overhaul of equipment in the existing Charquito Thermal Station and procurement of construction equipment.
8. Extension of transmission and distribution facilities in areas served by CAR.
9. The consulting engineering services necessary for the proper execution of the Project.

LETTERS RELATING TO THE LOAN AGREEMENT

EMPRESA DE ENERGÍA ELÉCTRICA DE BOGOTÁ

May 23, 1962

International Bank for Reconstruction
and Development
Washington 25, D. C.

Loan No. 313 CO Re : Surplus

Gentlemen :

We refer to Section 5.10 of the Loan Agreement of even date¹ between us which provides that we will take all steps necessary or desirable to obtain rate adjustments sufficient, *inter alia*, "to leave ... a reasonable surplus to finance new investment". We understand the quoted clause to mean that at least 40 % of the new investment required in power facilities during each 4-year period subsequent to December 31, 1962 would be provided from retained earnings and depreciation and that if in any such period it appears that electric power rates would be inadequate to provide this amount rates would be adjusted to provide the surplus revenues required. We propose to prepare the necessary financial forecasts for a 4-year period each year so as to determine in advance the necessity for rate adjustments.

This letter replaces and supersedes the letter between us on the same subject dated January 8, 1960.

Please confirm that you agree with the foregoing by signing and returning to us the enclosed copy of this letter.

Very truly yours,

Empresa de Energía Eléctrica de Bogotá :
By Manuel J. MADERO PARIS
Authorized Representative

Confirmed :

International Bank for
Reconstruction and Development :

By Orvis A. SCHMIDT

¹ See p. 48 of this volume.

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

WASHINGTON 25, D. C.

May 23, 1962

Empresa de Energía Eléctrica de Bogotá
Bogotá, Colombia

Loan No. 313 CO Re : CAR

Gentlemen :

Reference is made to the Loan Agreement of even date between us and more specifically to the following subparagraph of Section 2.03 (c) of such Loan Agreement :

"Provided, however, that no withdrawals shall be made on account of : (i) expenditures required for part 8 of the Project unless and until (A) the Bank and the Borrower shall have agreed on the program to be undertaken by CAR and (B) the Bank shall have approved the financial and administrative arrangements between the Borrower and CAR for the carrying out of such part of the Project..."

Before withdrawals can be made in respect of part 8 of the Project described in Schedule 2 of such Loan Agreement, the Bank will wish to be furnished with the following documents in form and substance satisfactory to the Bank :

(a) *Agreement between Empresa and CAR*

An Agreement between the Empresa and CAR for the relending to CAR of up to US\$1.7 million (or such other amount as the Bank and the Empresa may agree to) for the purpose of financing the foreign exchange cost of transmission and distribution facilities in the CAR region. This agreement should include, *inter alia*, the following provisions :

- (1) description and estimated cost of the works to be constructed with loan funds ;
- (2) arrangements, ownership, and responsibility for works to be constructed ;
- (3) areas in the CAR region to be served by each entity ;
- (4) amounts to be lent by Empresa to CAR shall not exceed the amounts drawn down by the Empresa under the Loan Agreement on account of Part 8 of the Project ;
- (5) interest and other charges shall be payable on the same dates and at the same rates as specified in Sections 2.04, 2.05 and 2.06 of the Loan Agreement ;
- (6) principal repayments by CAR shall be made on the same dates and in the same proportionate amounts as those specified in Schedule 1 to the Loan Agreement ;

(7) CAR shall arrange to make payments of principal, interest and other charges to Empresa in sufficient time to enable the Empresa to pay the Bank on the dates specified in the Loan Agreement ;

(8) CAR shall bear the foreign exchange risk ;

(9) CAR shall give to the Bank the right to inspect the sites, works and construction included in the Project and any other properties or equipment owned and operated by CAR ; to examine any books, accounts, records, contracts, orders, invoices, studies, reports or other documents relating to expenditures for such Project or to the progress of construction, maintenance and results of operation of such Project or otherwise to the operations and financial condition of CAR ;

(10) CAR shall also agree to furnish to the Empresa or to the Bank all such information at such time in such form and in such detail as the Bank or the Empresa shall reasonably request concerning the expenditures of the proceeds of that portion of the Bank loan lent to CAR, the progress of the Project and the operations and financial conditions of CAR ;

(11) the prices at which energy shall be sold by the Empresa in bulk to CAR for distribution, together with provision for proportional increase of this price from time to time whenever the Empresa's tariffs are increased ;

(12) CAR shall not take or permit any action which would prevent or interfere with the performance by the Empresa of any of the covenants, agreements and obligations of the Empresa contained in the Loan Agreement between the Empresa and the Bank and will take or cause to be taken all reasonable action which shall be necessary in order to enable the Empresa to perform such covenants, agreements and obligations.

(b) *Technical studies of the program*

Plans, specifications and engineering studies of the proposed works to be carried out in the CAR region. All such proposals shall be reviewed and approved by the Empresa and its consultants.

Please indicate your concurrence with the foregoing by signing and returning the enclosed copy of this letter.

Very truly yours,

International Bank for Reconstruction
and Development ;

By Orvis A. SCHMIDT

Confirmed :

Empresa de Energía Eléctrica
de Bogotá :

By Manuel J. MADERO PARIS
Authorized Representative