

No. 6998

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

**Guarantee Agreement—Cospique Power Project (with annexed Loan Regulations No. 4 and Loan Agreement between the Bank and Electrificadora de Bolivar, S.A.). Signed at Washington, on 16 July 1963**

*Official text: English.*

*Registered by the International Bank for Reconstruction and Development on 29 November 1963.*

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

**Contrat de garantie — *Projet relatif à l'énergie électrique - Cospique* (avec, en annexe, le Règlement n°4 sur les emprunts et le Contrat d'emprunt entre la Banque et l'Electrificadora de Bolivar, S.A.). Signé à Washington, le 16 juillet 1963**

*Texte officiel anglais.*

*Enregistré par la Banque internationale pour la reconstruction et le développement le 29 novembre 1963.*

No. 6998. GUARANTEE AGREEMENT<sup>1</sup> (*COSPIQUE POWER PROJECT*) BETWEEN THE REPUBLIC OF COLOMBIA AND THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT. SIGNED AT WASHINGTON, ON 16 JULY 1963

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AGREEMENT, dated July 16, 1963, 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 Electricadora de Bolivar, S.A. (hereinafter called the Borrower), which agreement and the schedules therein referred to are hereinafter called the Loan Agreement,<sup>2</sup> the Bank has agreed to make to the Borrower a loan in various currencies equivalent to five million dollars (\$5,000,000) 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,<sup>2</sup> subject, however, to the modifications 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 terms defined in Section 1.02 of the Loan Agreement shall have the same meanings as therein set forth.

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<sup>1</sup> Came into force on 5 November 1963, upon notification by the Bank to the Government of Colombia.

<sup>2</sup> See p. 266 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 the interest and other charges on, the Loan, the principal of and interest on the Bonds, the premiums, 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 the Banco de la República, 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 co-operate 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 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 subdivisions 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 and Empresas Públicas Municipales de Cartagena rates which 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 but only to the extent that such repayments shall exceed provision for depreciation ; and (c) to provide reasonable allocations to reserves.

#### *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 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 :

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 Eduardo URIBE BOTERO  
Authorized Representative

International Bank for Reconstruction and Development :

By George D. WOODS  
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  
(*COSPIQUE POWER PROJECT*)

AGREEMENT, dated July 16, 1963, between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank) and ELECTRIFICADORA DE BOLIVAR, S.A. (hereinafter called the Borrower).

WHEREAS, (A) Instituto de Aprovechamiento de Aguas y Fomento Eléctrico (hereinafter called the Instituto), the principal and controlling shareholder of the Borrower, has requested the Bank to assist the Borrower to finance the Project and has manifested its willingness to undertake certain duties and obligations with respect to the Project ;

(B) Empresas Públicas Municipales de Cartagena (hereinafter called Empresas), the principal distributor of energy generated by the Borrower, is willing to undertake certain duties and obligations with respect to the expansion and operation of its properties.

(C) The loan is to be guaranteed by the Guarantor upon the terms of a Guarantee Agreement of even date ;<sup>1</sup>

(D) The Bank has, on the basis of the foregoing, agreed to make a loan to the Borrower upon the terms and conditions hereinafter set forth ;

NOW THEREFORE it is hereby agreed as follows :

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<sup>1</sup> See p. 258 of this volume.

*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,<sup>1</sup> with the same force and effect, 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, the following terms have the following meanings wherever used in this Agreement :

(a) The term "Subsidiary Loan Agreement" means the agreement between the Borrower and Empresas referred to in Section 5.09 of this Loan Agreement ; and

(b) The term "Manga Lease" means the agreement, entered into on May 1, 1962, between the Borrower and Empresas, setting forth the terms and conditions pursuant to which the latter leased its Manga Plant to the former.

*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 five million dollars (\$5,000,000).

*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.* The Borrower shall be entitled, subject to the provisions of this Agreement and the Loan Regulations, to withdraw from the Loan Account :

- (a) such amounts as shall have been paid for the reasonable cost of goods to be financed under the Loan Agreement ; and
- (b) if the Bank shall so agree, such amounts as shall be required to meet payments to be made for the reasonable cost of such goods ;

provided, however, that, except as the Bank shall otherwise agree, no withdrawals shall be made on account of : (i) expenditures prior to August 1, 1962 ; (ii) expenditures in the currency of the Guarantor or for goods produced in (including services supplied from) the territories of the Guarantor ; or (iii) expenditures made in the territories of any country (except Switzerland) which is not a member of the Bank or for goods produced in (including services supplied from) such territories.

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<sup>1</sup> See p. 266 of this volume.

*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 one-half per cent ( $5\frac{1}{2}$  %) 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 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 May 1 and November 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 1<sup>1</sup> to this Agreement.

### Article III

#### USE OF PROCEEDS OF THE LOAN

*Section 3.01.* The Borrower shall apply the proceeds of the Loan, or cause the proceeds of the Loan to be applied, exclusively to financing the cost of goods required to carry out the Project described in Schedule 2<sup>2</sup> 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.* 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 Manager (*Gerente*) 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.

<sup>1</sup> See p. 282 of this volume.

<sup>2</sup> See p. 284 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. 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.

(b) The Borrower shall so exercise its rights under the Subsidiary Loan Agreement as to protect the interests of the Borrower and the Bank and to cause the portion of the Project to be financed thereby to be carried out with due diligence and efficiency and in conformity with sound engineering and financial practices.

(c) 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.

(d) 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 condition of the Borrower.

(e) 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.

(f) 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.

(g) 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 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.* 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 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; 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 Agreement<sup>1</sup> 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) Except as shall be otherwise agreed between the Bank and the Borrower, 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 Guarantor 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 corporate existence and right to carry on its operations and shall, except as the Bank shall otherwise agree, maintain and renew all rights, powers, privileges and franchises owned by it and necessary or useful in the operation of its business.

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<sup>1</sup> See p. 258 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 public utility and business practices.

*Section 5.08.* The Borrower shall not, without the consent of the Bank, sell or otherwise dispose of property and assets necessary for its operations.

*Section 5.09.* (a) The Borrower shall enter into a subsidiary loan agreement with Empresas, satisfactory to the Bank, which shall provide for the relending by the Borrower to Empresas for Part B of the Project described in Schedule 2 of not to exceed \$460,000 of the proceeds of the Loan and which shall contain appropriate provisions with respect to the financing and carrying out of the Project and other obligations of the Borrower and Empresas under the Loan Agreement.

(b) Except as the Bank shall otherwise agree, the Borrower shall not amend, assign, abrogate or waive any provision of the Subsidiary Loan Agreement.

*Section 5.10.* The Borrower shall from time to time take all steps necessary or desirable to obtain such adjustments in its rates as will provide revenues sufficient : (a) to cover all operating expenses, including taxes, if any, adequate maintenance and depreciation and interest ; (b) to meet repayments on long-term indebtedness but only to the extent that such repayments exceed provision for depreciation ; and (c) to provide reasonable allocations to reserves.

*Section 5.11.* Except as the Bank shall otherwise agree, the Borrower shall not incur debt if, after incurring such debt, its net revenue, as defined in subsection (c) hereof, during the immediately preceding fiscal year or a later twelve months' period immediately preceding the date on which the Borrower proposes to incur such debt, would be less than 1.4 times the aggregate amount required by the Borrower in any subsequent fiscal year (including the fiscal year in which the debt is incurred) 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).

For the purposes of this Section :

(a) The term "debt" shall mean all indebtedness of the Borrower including loans, credits or overdrafts contracted for but not yet drawn, but shall not include debt incurred in the ordinary course of business and maturing by its terms less than one year after the date on which it is incurred ;

(b) The term "incur" with reference to any debt shall mean and include any assumption or guarantee of any debt or any modification of the terms of payment of any debt which would have the effect of increasing the annual service charges (including any pay-

ments on account of principal and interest and other charges) and debt shall be deemed to be incurred on the date of signature of the relevant contract or agreement ;

(c) The term "net revenues" shall mean the sum of all gross operating revenues of the Borrower plus the maximum annual debt service payments due to the Borrower from Empresas pursuant to the terms of the Subsidiary Loan Agreement less the sum of all operating, administrative and overhead expenses, including provision for income and profit taxes, if any, (but without deduction of any amounts for service payments on debt or for depreciation, replacement, retirement, or obsolescence of the Borrower's assets) such net revenues to be adjusted to take account of any increases in the Borrower's rates for the sale of electricity as if such increases had been in effect during the twelve-month period to which such net revenues relate.

(d) Whenever 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 by the Borrower for the purpose of servicing such debt.

*Section 5.12.* Except as the Bank and the Borrower shall otherwise agree, the Borrower shall not take or concur in any action or enter into any agreement which would have the effect of amending, abrogating, assigning or waiving any provision of the Manga Lease.

*Section 5.13.* The Borrower agrees to limit its expenditures for the expansion of its service area to amounts which are reasonable and prudent in relation to its financial position.

#### *Article VI*

*Section 6.01.* (i) If any event specified in paragraph (a), paragraph (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 or in Section 6.02 of this Agreement for the purposes of paragraph (j) 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 of default is specified, namely, any event specified in the Subsidiary Loan Agreement as an event of default thereunder, if, after a written direction from the Bank to do so, the Borrower fails to enforce any right the latter has pursuant to the Subsidiary Loan Agreement.

*Article VII*

## EFFECTIVE DATE ; TERMINATION

*Section 7.01.* The following events are specified as additional conditions to the effectiveness of this Agreement within the meaning of Section 9.01 (c) of the Loan Regulations :

(a) the Superintendent of Corporations shall have authorized an increase in the Borrower's share capital to 40 million pesos and presently outstanding advances by the shareholders to the Borrower shall have been converted into shares ;

(b) the Subsidiary Loan Agreement, in form satisfactory to the Bank, shall have been duly executed and delivered as between the parties thereto and have become fully effective in accordance with its terms, subject only to the effectiveness of this Agreement.

*Section 7.02.* The following are specified as additional matters, 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 :

(a) that (i) the authorization of the increase to not less than 40 million pesos in the share capital of the Borrower and (ii) the issue of fully paid shares in respect of presently outstanding advances are valid and fully effective ;

(b) that the Subsidiary Loan Agreement with Empresas had been duly authorized or ratified by, and executed and delivered on behalf of, the Borrower and Empresas respectively ; that all acts, consents, validations and approvals necessary under the laws of Colombia to render the Subsidiary Loan Agreement valid and effective have been duly performed or given ; and that the Subsidiary Loan Agreement has become effective and binding in all respects upon the Borrower and Empresas respectively in accordance with its terms, subject only to the effectiveness of this Agreement.

*Section 7.03.* A date 90 days after the date of this Agreement is hereby specified for the purposes of Section 9.04 of the Loan Regulations.

*Article VIII*

## MISCELLANEOUS

*Section 8.01.* The Closing Date shall be June 30, 1966, or such other date as shall be agreed by the Bank and the Borrower as the Closing Date.

*Section 8.02.* The following addresses are specified for the purposes of Section 8.01 of the Loan Regulations :

For the Borrower :

Electrificadora de Bolivar, S.A.  
Apartado Aéreo No. 1370  
Cartagena, Colombia

Alternative address for cablegrams and radiograms :

Electribol  
Cartagena, 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 George D. Woods  
President

Electrificadora de Bolivar, S.A.

By J. GONZALEZ MANRIQUE  
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>
November 1, 1966 . . . . .	\$90,000	May 1, 1975 . . . . .	\$145,000
May 1, 1967 . . . . .	95,000	November 1, 1975 . . . . .	150,000
November 1, 1967 . . . . .	95,000	May 1, 1976 . . . . .	150,000
May 1, 1968 . . . . .	100,000	November 1, 1976 . . . . .	155,000
November 1, 1968 . . . . .	100,000	May 1, 1977 . . . . .	160,000
May 1, 1969 . . . . .	105,000	November 1, 1977 . . . . .	165,000
November 1, 1969 . . . . .	105,000	May 1, 1978 . . . . .	170,000
May 1, 1970 . . . . .	110,000	November 1, 1978 . . . . .	175,000
November 1, 1970 . . . . .	115,000	May 1, 1979 . . . . .	180,000
May 1, 1971 . . . . .	115,000	November 1, 1979 . . . . .	185,000
November 1, 1971 . . . . .	120,000	May 1, 1980 . . . . .	190,000
May 1, 1972 . . . . .	120,000	November 1, 1980 . . . . .	195,000
November 1, 1972 . . . . .	125,000	May 1, 1981 . . . . .	200,000
May 1, 1973 . . . . .	130,000	November 1, 1981 . . . . .	205,000
November 1, 1973 . . . . .	135,000	May 1, 1982 . . . . .	210,000
May 1, 1974 . . . . .	135,000	November 1, 1982 . . . . .	215,000
November 1, 1974 . . . . .	140,000	May 1, 1983 . . . . .	215,000

\* 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 . . . . .	1/2%
More than three years but not more than six years before maturity . . .	1 1/2%
More than six years but not more than eleven years before maturity . . .	2 1/2%
More than eleven years but not more than sixteen years before maturity .	3 1/2%
More than sixteen years but not more than eighteen years before maturity	4 1/2%
More than eighteen years before maturity . . . . .	5 1/2%

## SCHEDULE 2

## DESCRIPTION OF PROJECT

The Project is expected to be completed early in 1966 and consists of two Parts :

## PART A

The expansion of the Cospique Thermal Plant by the construction of civil works for, and the installation of, two 12.5 MW turbine generator units including boilers and a cooling water system ; enlargement of the switchyard ; emplacement of necessary auxiliary facilities ; and the construction, and installation, of transmission lines and substations to expand its service area and of distribution lines to a number of small communities in the northern part of the Department of Bolivar.

## PART B

The rehabilitation and expansion by Empresas Públicas Municipales de Cartagena of its distribution system.