

No. 7155

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

Guarantee Agreement—*Power Expansion Project* (with annexed Loan Regulations No. 4 and Loan Agreement between the Bank and the Corporación Autónoma Regional del Cauca and the Central Hidroeléctrica del Río Anchicaya Limitada). Signed at Washington, on 3 June 1963

Official text: English.

Registered by the International Bank for Reconstruction and Development on 5 March 1964.

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

Contrat de garantie — *Projet d'expansion de la production et de la distribution d'énergie électrique* (avec, en annexe, le Règlement n° 4 sur les emprunts et le Contrat d'emprunt entre la Banque, d'une part, et la Corporación Autónoma Regional del Cauca et la Central Hidroeléctrica del Río Anchicaya Limitada, d'autre part). Signé à Washington, le 3 juin 1963

Texte officiel anglais.

Enregistré par la Banque internationale pour la reconstruction et le développement le 5 mars 1964.

No. 7155. GUARANTEE AGREEMENT¹ (*POWER EXPANSION PROJECT*) BETWEEN THE REPUBLIC OF COLOMBIA AND THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT. SIGNED AT WASHINGTON, ON 3 JUNE 1963

AGREEMENT, dated June 3, 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 Corporación Autónoma Regional del Cauca (CVC) and Central Hidroeléctrica del Río Anchicaya Limitada (CHIDRAL) (hereinafter called the Borrowers), which agreement and the schedules therein referred to are hereinafter called the Loan Agreement,² the Bank has agreed to make to the Borrowers a loan in various currencies equivalent to eight million eight hundred thousand dollars (\$8,800,000) 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 Borrowers 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 Borrowers, has agreed so to guarantee such obligations of the Borrowers ;

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 Schedule 3 to 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.

¹ Came into force on 31 October 1963, upon notification by the Bank to the Government of Colombia.

² See p. 208 of this volume.

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

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 Borrowers, all as set forth in the Loan Agreement and in the Bonds.

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 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 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 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 Borrowers of any of the covenants, agreements and obligations of the Borrowers 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 Borrowers 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 CHIDRAL and enterprises purchasing power from CHIDRAL for distribution rates which will provide revenue sufficient: (a) to cover CHIDRAL's operating expenses, including taxes, if any, adequate maintenance and depreciation, and interest; (b) to meet repayments on CHIDRAL's long-term indebtedness to the

extent that such repayments shall exceed provision for depreciation ; and (c) to create a reasonable surplus of CHIDRAL 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 Borrowers. 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 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

(*POWER EXPANSION PROJECT*)

AGREEMENT, dated June 3, 1963 between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank), party of the first part, and CORPORACIÓN AUTÓNOMA REGIONAL DEL CAUCA and CENTRAL HIDROELÉCTRICA DEL RÍO ANCHICAYA LIMITADA, parties of the second part (hereinafter called the Borrowers).

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, subject, however, to the modifications thereof set forth in Schedule 3¹ to this 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.

¹ See p. 228 of this volume.

Section 1.02. Wherever used in this Loan Agreement, unless the context shall otherwise require, the following terms shall have the following meanings :

1. The term "CVC" means Corporación Autónoma Regional del Cauca, one of the parties of the second part hereto.

2. The term "CHIDRAL" means Central Hidroeléctrica del Río Anchicaya Limitada, one of the parties of the second part hereto.

Article II

THE LOAN

Section 2.01. The Bank agrees to lend to the Borrowers, on the terms and conditions in this Agreement set forth or referred to, an amount in various currencies equivalent to eight million eight hundred thousand dollars (\$8,800,000).

Section 2.02. The Bank shall open a Loan Account on its books in the name of the Borrowers 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 Borrowers 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 2.04. The Borrowers 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 2.05. Except as the Bank and the Borrowers shall otherwise agree, the charge payable for special commitments entered into by the Bank at the request of the Borrowers 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 2.06. Interest and other charges shall be payable semi-annually on February 15 and August 15 in each year.

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

Section 2.08. All obligations of the Borrowers under this Agreement and the Bonds, unless they shall have been expressly undertaken by only one of the Borrowers, shall be joint and several, and the obligation of either of them to comply with any provision of this Agreement is not subject to any prior notice to, demand upon or action against the other. No extension of time or forbearance given to either of the Borrowers in respect of the performance of any of its obligations under this Agreement or the Bonds, and no failure of the Bank or of any holder of the Bonds to give any notice or to make any demand or protest whatsoever to either of the Borrowers, or strictly to assert any right or pursue any remedy against either of them in respect of this Agreement or the Bonds, and no

¹ See p. 224 of this volume.

failure by either of the Borrowers to comply with any requirement of any law, regulation or order, shall in any way affect or impair any obligation of the other Borrower under this Agreement or the Bonds.

Article III

USE OF PROCEEDS OF THE LOAN

Section 3.01. The Borrowers shall apply the proceeds of the Loan exclusively to financing the cost of goods required to carry out the Project described in Schedule 2¹ 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 Borrowers, subject to modification by further agreement between them.

Section 3.02. The Borrowers shall cause all goods financed out of the proceeds of the Loan to be used exclusively in the carrying out of the Project.

Article IV

BONDS

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

Section 4.02. The *Director Ejecutivo* of CVC and such person or persons as he shall appoint in writing and the *Gerente* of CHIDRAL and such person or persons as he shall appoint in writing are designated as authorized representatives of CVC and CHIDRAL, respectively, for the purposes of Section 6.12 (a) of the Loan Regulations.

Article V

PARTICULAR COVENANTS

Section 5.01. (a) The Borrowers shall carry out or cause the Project to be carried out with due diligence and efficiency and in conformity with sound engineering and financial practices. To assist them in carrying out the Project the Borrowers shall employ competent and experienced engineering consultants and contractors satisfactory to the Bank, upon terms and conditions satisfactory to the Bank.

¹ See p. 226 of this volume.

(b) The Borrowers 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 Borrowers 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 Borrowers; 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 operations and financial condition of the Borrowers.

Section 5.02. (a) The Bank and the Borrowers shall cooperate fully to assure that the purposes of the Loan will be accomplished. To that end, each of the parties hereto shall furnish to any other such party all such information as such other party shall reasonably request with regard to the general status of the Loan.

(b) The Bank and the Borrowers 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 Borrowers 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. CVC undertakes that, except as the Bank shall otherwise agree, if any lien shall be created on any assets of CVC 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; or (ii) any lien arising in the ordinary course of CVC's business and securing a debt maturing not more than one year after the date on which it is originally incurred.

Section 5.04. CHIDRAL undertakes that, except as the Bank shall otherwise agree, if any lien shall be created on any assets of CHIDRAL 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 the date on which it is originally incurred.

Section 5.05. The Borrowers shall pay or cause to be paid all taxes or fees, 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, or fees 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 Borrowers shall pay or cause to be paid all taxes and fees, 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. The Borrowers shall at all times maintain their 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 their business.

Section 5.08. Except as shall be otherwise agreed between the Bank and the Borrowers, the Borrowers shall take out or cause to be taken out and maintain or cause to be maintained such insurance, against such risks and in such amounts, as shall be consistent with sound business practices. Insurance covering marine and transit hazards on the goods financed out of the proceeds of any part of the Loan shall be payable in dollars or in the currency in which the cost of the goods insured thereunder shall be payable.

Section 5.09. The Borrowers undertake that, upon completion of each of Parts 1, 2 and 4 of the Project, title to all property, plants and equipment included in each such Part shall be vested exclusively in CHIDRAL free and clear of all encumbrances.

Section 5.10. The Borrowers undertake that :

(a) CHIDRAL 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 ;

(b) CHIDRAL shall not, without the consent of the Bank, sell or otherwise dispose of all or substantially all of its property and assets or all or substantially all the property

¹ See p. 200 of this volume.

included in the Project or any plant included therein, unless the Borrowers shall first redeem and pay, or make adequate provision satisfactory to the Bank for redemption and payment of, all the Loan which shall then be outstanding and unpaid.

Section 5.11. The Borrowers undertake that, until such time as the Project shall have been completed, CHIDRAL shall not, without the consent of the Bank, directly or indirectly at any time (i) declare or pay any dividends, or acquire any shares of its capital stock for a consideration, or (ii) undertake or execute any major projects other than the Project or make any major additions to its plant and other properties, unless at such time the Borrowers have set aside and made available in a special reserve fund currency of the Guarantor sufficient to cover expenditures which will not be covered out of the proceeds of the Loan and which will be required for carrying out the Project.

Section 5.12. If CHIDRAL shall propose to incur any debt, the Borrowers 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 Borrowers with respect thereto ; provided, however, that the provisions of this Section shall not apply to the incurring by CHIDRAL in the ordinary course of its business of any indebtedness maturing not more than one year after the date on which it is originally incurred.

Section 5.13. The Borrowers undertake that, except as the Bank and the Borrowers shall otherwise agree, CHIDRAL shall not incur debt unless its net revenues for any twelve consecutive months out of the fifteen-month period last preceding the date of such incurrence shall not be less than 1.3 times the maximum debt service requirements on all CHIDRAL's debt (including the Loan and the proposed debt to be incurred) in any succeeding fiscal year of CHIDRAL. For the purposes of this Section :

(a) the term "debt" shall include the assumption and guarantee of debt and shall mean all indebtedness of CHIDRAL maturing by its terms more than one year after the date on which it is originally incurred ;

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

(c) the term "net revenues" shall mean gross revenues from all sources (including recoveries from other persons on account of proceeds of CHIDRAL's debt relent or otherwise made available by CHIDRAL to such other persons), adjusted to take account of rates in effect at the time of incurrence of debt even though they were not in effect during the twelve consecutive months to which such revenues relate, less operating and administrative expenses, including provision for taxes, if any, but before provision covering depreciation, interest and other charges on debt ;

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

(e) debt service payable in a currency other than currency of the Guarantor shall be valued at the rate of exchange at which such other currency is obtainable, on the date the additional debt is incurred, for the purpose of such service or, if such currency is not so obtainable, at the rate of exchange reasonably determined by the Bank.

Section 5.14. The Borrowers shall from time to time take all steps necessary or desirable to obtain such adjustments in CHIDRAL's rates as will provide revenues sufficient: (a) to cover CHIDRAL's operating expenses, including taxes, if any, adequate maintenance and depreciation, and interest; (b) to meet repayments on CHIDRAL's long-term indebtedness to the extent that such repayments shall exceed provision for depreciation; and (c) to create a reasonable surplus of CHIDRAL to finance new investment.

Section 5.15. Whenever there is reasonable cause to believe that the funds available to CHIDRAL will be inadequate to meet the estimated expenditures required for carrying out the Project, CVC undertakes to make arrangements, satisfactory to the Bank, promptly to provide CHIDRAL or cause CHIDRAL to be provided with such funds as are needed to meet such expenditures.

Section 5.16. The Borrowers shall relend not more than one million dollars of the proceeds of the Loan to the Municipality of Cali and Empresas Municipales de Cali for the construction of electric power distribution facilities pursuant to a loan agreement (the Third Subsidiary Loan Agreement) containing provisions satisfactory to the Borrowers and the Bank. Except as the Bank shall otherwise agree, the Borrowers shall exercise their rights under the Third Subsidiary Loan Agreement in such manner as to protect the interests of the Borrowers and the Bank, and the Borrowers shall not amend, assign, abrogate or waive any provision of the Third Subsidiary Loan Agreement.

Section 5.17. The loan agreements between the Bank and CHIDRAL dated March 24, 1955¹ and December 15, 1958² are amended by deleting Section 5.12 of each such agreement and by substituting therefor in each such agreement the undertaking on the part of CHIDRAL set forth in Section 5.13 of this Agreement.

Article VI

REMEDIES OF THE BANK

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 shall occur and shall continue for a period of sixty days after

¹ United Nations, *Treaty Series*, Vol. 212, p. 217.

² United Nations, *Treaty Series*, Vol. 354, p. 233.

notice thereof shall have been given by the Bank to the Borrowers, 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 December 31, 1965 or such other date as may from time to time be agreed between the Bank and the Borrowers.

Section 7.02. A date sixty 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 Borrowers :

Corporación Autónoma Regional del Cauca and
Central Hidroeléctrica del Rfo Anchicaya Limitada
Apartado Aéreo 1545
Cali, Colombia

Alternative address for cablegrams and radiograms :

Chidral
Cali, 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

Corporación Autónoma Regional del Cauca :

By Ignacio MESA
Authorized Representative

Central Hidroeléctrica del Río Anchicaya Limitada :

By Ignacio MESA
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 15, 1966	\$155,000	February 15, 1975	\$250,000
August 15, 1966	155,000	August 15, 1975	255,000
February 15, 1967	160,000	February 15, 1976	265,000
August 15, 1967	165,000	August 15, 1976	270,000
February 15, 1968	170,000	February 15, 1977	275,000
August 15, 1968	175,000	August 15, 1977	285,000
February 15, 1969	180,000	February 15, 1978	295,000
August 15, 1969	185,000	August 15, 1978	300,000
February 15, 1970	190,000	February 15, 1979	310,000
August 15, 1970	195,000	August 15, 1979	320,000
February 15, 1971	200,000	February 15, 1980	325,000
August 15, 1971	205,000	August 15, 1980	335,000
February 15, 1972	210,000	February 15, 1981	345,000
August 15, 1972	215,000	August 15, 1981	355,000
February 15, 1973	225,000	February 15, 1982	365,000
August 15, 1973	230,000	August 15, 1982	375,000
February 15, 1974	235,000	February 15, 1983	385,000
August 15, 1974	240,000		

* 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 consists of :

Part 1—Calima I Hydroelectric Plant

The completion of Part 2 of the project described in Schedule 2 to the loan agreement between the Bank and the Borrowers dated May 10, 1960,¹ as amended by further agreement between the Bank and the Borrowers, dated June 25, 1962/July 3, 1962.

Part 2—Transmission Line (115 kv)

The construction and installation of a 115 kv steel tower transmission line about 35 km long between the Anchicaya hydroelectric power station and the seaport of Buenaventura, together with switching equipment at the Anchicaya station and a step-down substation in Buenaventura.

Part 3—Cali Distribution System

The extension of the distribution system of the city of Cali, operated by Empresas Municipales de Cali, by the construction of an additional 115 kv substation, improvements to the 34.5 kv distribution equipment and additional overhead and underground 13.2 kv distribution lines.

Part 4—Coal Mine Machinery and Equipment

The procurement and utilization of coal mining machinery and equipment for the operation of two mines of CHIDRAL.

¹ United Nations, *Treaty Series*, Vol. 379, p. 217.

Part 5—Engineering and Power Program Planning

The design and detailed engineering for a new hydroelectric plant on the Calima River (Calima II plant), a program of studies and investigations to establish an overall plan of the Borrowers' future power developments, including planning studies for a new hydroelectric plant on the Cauca River (Salvajina), and a training program for the Borrowers' own engineering staff.

The Project is scheduled to be completed by the end of 1965.

SCHEDULE 3

MODIFICATIONS OF LOAN REGULATIONS No. 4

For the purposes of this Agreement, the provisions of Loan Regulations No. 4 of the Bank, dated February 15, 1961,¹ shall be deemed to be modified as follows :

(a) By the addition of the following sentence at the end of Section 6.07 :

“All Bonds shall contain appropriate provisions to the effect that the obligations of the Borrowers are joint and several as provided in Section 2.08 of the Loan Agreement.”

(b) By the deletion of paragraph 6 of Section 10.01 and the substitution therefor of the following paragraph :

“6. The term “Borrowers” means the parties to the Loan Agreement to which the Loan is made ; the term “Borrower” means the Borrowers, except that in Sections 5.02 (b), 5.02 (c), 5.02 (d), 5.02 (e), 5.02 (f), 7.01 and 7.02 such term means the Borrowers or either of them ; and the term “Guarantor” means Republic of Colombia.”

¹ See p. 208 of this volume.