

No. 5992

**INTERNATIONAL DEVELOPMENT ASSOCIATION
and
COLOMBIA**

Development Credit Agreement—*Road Project* (with related letter and annexed Development Credit Regulations No. 1). Signed at Washington, on 28 August 1961

Official text: English.

Registered by the International Development Association on 11 December 1961.

**ASSOCIATION INTERNATIONALE
DE DÉVELOPPEMENT
et
COLOMBIE**

Contrat de crédit de développement — *Projet routier* (avec lettre y relative et, en annexe, le Règlement n° 1 sur les crédits de développement). Signé à Washington, le 28 août 1961

Texte officiel anglais.

Enregistré par l'Association internationale de développement le 11 décembre 1961.

No. 5992. DEVELOPMENT CREDIT AGREEMENT¹ (*ROAD PROJECT*) BETWEEN THE REPUBLIC OF COLOMBIA AND THE INTERNATIONAL DEVELOPMENT ASSOCIATION. SIGNED AT WASHINGTON, ON 28 AUGUST 1961

AGREEMENT, dated August 28, 1961, between REPUBLIC OF COLOMBIA (hereinafter called the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (hereinafter called the Association).

WHEREAS (A) the Borrower has requested the Association to provide a credit to it in an aggregate principal amount equivalent to \$19,500,000 to assist the Borrower in financing the construction and betterment of various roads forming a part of the national highway system of the Borrower ;

(B) the Borrower has also requested the International Bank for Reconstruction and Development (hereinafter called the Bank) to make a loan to it to provide additional assistance towards financing such construction and betterment ;

(C) by an agreement of even date herewith between the Bank and the Borrower, ² the Bank is agreeing to make such a loan to the Borrower ;

(D) the Borrower, the Association, and the Bank intend to enter into an arrangement enabling the Bank to process applications for withdrawal of part of the proceeds of the financing to be provided severally by the Association and the Bank ; and

WHEREAS the Association has agreed, upon the basis of the foregoing, to provide a credit to the Borrower upon the terms and conditions hereinafter set forth ;

NOW THEREFORE, it is hereby agreed as follows :

Article I

CREDIT REGULATIONS

Section 1.01. The parties to this Agreement accept all the provisions of Development Credit Regulations No. 1 of the Association dated June 1, 1961 ³ (said Development Credit Regulations No. 1 being hereinafter called the Regulations), with the same force and effect as if they were fully set forth herein.

¹ Came into force on 25 November 1961, upon notification by the Association to the Government of Colombia.

² See p. 23 of this volume.

³ See p. 20 of this volume.

Article II

THE CREDIT

Section 2.01. The Association agrees to make available to the Borrower, on the terms and conditions in this Agreement set forth or referred to, a development credit in an amount in various currencies equivalent to nineteen million five hundred thousand dollars (\$19,500,000).

Section 2.02. The Association shall open a Credit Account in the name of the Borrower and shall credit to such Credit Account the amount of the Credit. The amount of the Credit may be withdrawn from the Credit Account as provided in, and subject to the rights of cancellation and suspension set forth in, this Agreement and the Regulations.

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

- (a) the equivalent of a percentage or percentages to be established from time to time by agreement between the Borrower and the Association of such amounts as shall have been expended by the Borrower for the reasonable cost of goods required for carrying out Part A of the Project (such percentage representing the approximate estimated amount of foreign currency component of such goods to be financed by the Association) ;
- (b) such amounts as shall have been otherwise expended for the reasonable foreign exchange cost of engineering services and equipment required for carrying out Part B of the Project and not covered under the Loan Agreement of even date herewith between the Borrower and the International Bank for Reconstruction and Development ;
- (c) if the Association shall so agree, such amounts as shall be required by the Borrower to meet payments under either of the foregoing paragraphs ;

Provided, however, that no withdrawals shall be made on account of expenditures prior to January 1, 1961.

Section 2.04. Withdrawals from the Credit Account shall be in such currency or currencies as the Association shall from time to time reasonably select.

Section 2.05. The Borrower shall pay to the Association a service charge at the rate of three-fourths of one per cent ($\frac{3}{4}$ of 1%) per annum on the principal amount of the Credit withdrawn and outstanding from time to time. The Borrower shall also pay to the Association a service charge at the same rate on the principal amount outstanding from time to time, of any special commitment entered into by the Association pursuant to Section 4.02 of the Regulations.

Section 2.06. Service charges shall be paid semi-annually on June 1 and December 1 in each year.

Section 2.07. The Borrower shall repay the principal of the Credit withdrawn from the Credit Account in semi-annual instalments payable on each June 1 and December 1 commencing December 1, 1971, and ending June 1, 2011, each instalment to and including the instalment payable on June 1, 1981 to be one half of one per cent ($\frac{1}{2}$ of 1%) of such principal amount, and each instalment thereafter to be one and half of one per cent ($1\frac{1}{2}\%$) of such principal amount.

Article III

USE OF PROCEEDS OF THE CREDIT

Section 3.01. The Borrower shall cause the proceeds of the Credit to be applied exclusively to financing the cost of goods required to carry out the Project described in Schedule 1¹ to this Agreement. The specific goods to be financed out of the proceeds of the Credit and the methods and procedures for procurement of such goods shall be determined by agreement between the Borrower and the Association, subject to modification by further agreement between them.

Section 3.02. Except as the Borrower and the Association shall otherwise agree, the Borrower shall cause all goods financed out of the proceeds of the Credit to be used in the territories of the Borrower exclusively in the carrying out of the Project.

Article IV

PARTICULAR COVENANTS

Section 4.01. (a) The Borrower shall cause the Project to be carried out and maintained with due diligence and efficiency and in conformity with sound engineering and financial practices.

(b) In carrying out the Project, the Borrower shall employ one or more competent and experienced firms of engineering consultants satisfactory to the Borrower and the Association upon terms and conditions satisfactory to the Borrower and the Association.

(c) Except as the Association shall otherwise agree, the roads and structures included in the Project shall be constructed or improved by contractors satisfactory to the Borrower and the Association, employed under contracts mutually satisfactory to the Borrower and the Association.

(d) The general design standards and the type of surfacing (including pavement) to be used for the roads included in the Project shall be as determined by agreement

¹ See p. 16 of this volume.

between the Borrower and the Association, subject to modification by further agreement between them.

(e) The Borrower shall cause to be furnished to the Association, promptly upon their preparation, the plans, specifications, contracts and work schedules for the Project and any material modifications subsequently made therein, in such detail as the Association shall request.

(f) The list of roads to be included in the Project shall be determined by agreement between the Borrower and the Association, subject to modification by further agreement between them.

Section 4.02. The Borrower shall maintain or cause to be maintained records adequate to identify the goods financed out of the proceeds of the Credit, 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 agency or agencies of the Borrower responsible for the carrying out and operation of the Project or any part thereof; shall enable the Association's representatives to inspect the Project, the goods and any relevant records and documents; and shall furnish or cause to be furnished to the Association all such information as the Association shall reasonably request concerning the expenditure of the proceeds of the Credit, the Project, and the goods, and the operations and financial condition of the agency or agencies of the Borrower responsible for the carrying out and operation of the Project or any part thereof.

Section 4.03. (a) The Borrower and the Association shall cooperate fully to assure that the purposes of the Credit 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 Credit. On the part of the Borrower, such information shall include information with respect to financial and economic conditions in the territories of the Borrower and the international balance of payments position of the Borrower.

(b) The Borrower and the Association shall from time to time exchange views through their representatives with regard to matters relating to the purposes of the Credit and the maintenance of the service thereof. The Borrower shall promptly inform the Association of any condition which interferes with, or threatens to interfere with, the accomplishment of the purposes of the Credit or the maintenance of the service thereof.

(c) The Borrower shall afford all reasonable opportunity for accredited representatives of the Association to visit any part of the territories of the Borrower for purposes related to the Credit.

Section 4.04. The principal of, and service charges on, the Credit shall be paid without deduction for, and free from, any taxes (including duties, fees or impositions)