No. 5993

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT and COLOMBIA

Loan Agreement—*Road Project* (with annexed Loan Regulations No. 3). Signed at Washington, on 28 August 1961

Official text: English.

Registered by the International Bank for Reconstruction and Development on 11 December 1961.

BANQUE INTERNATIONALE POUR LA RECONSTRUCTION ET LE DÉVELOPPEMENT et COLOMBIE

Contrat d'emprunt — *Projet routier* (avec, en annexe, le Règlement n° 3 sur les emprunts). Signé à Washington, le 28 août 1961

Texte officiel anglais.

Enregistré par la Banque internationale pour la reconstruction et le développement le 11 décembre 1961.

No. 5993. LOAN AGREEMENT[1] (*ROAD PROJECT*) BETWEEN THE REPUBLIC OF COLOMBIA AND THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT. SIGNED AT WASHINGTON, ON 28 AUGUST 1961

AGREEMENT, dated August 28, 1961, between REPUBLIC OF COLOMBIA (hereinafter called the Borrower) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank).

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

(B) the Borrower has also requested the International Development Association (hereinafter called the Association) to provide additional assistance towards financing the construction and betterment of such roads ;

(C) by an agreement of even date herewith between the Association and the Borrower,[2] the Association is agreeing to provide such assistance in an aggregate principal amount equivalent to $19,500,000 ;

(D) the Borrower, the Association, and the Bank intend to enter into an arrangement[3] 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 Bank has agreed, upon the basis of the foregoing, to make a loan to the Borrower upon the terms and conditions hereinafter set forth ;

NOW THEREFORE, it is hereby agreed as follows :

Article I

LOAN REGULATIONS

Section 1.01. The parties to this Loan Agreement accept all the provisions of Loan Regulations No. 3 of the Bank dated February 15, 1961[4] subject, however, to the modification thereof set forth in Section 2.04 of this Agreement (said Loan Regula-

[1] Came into force on 25 November 1961, upon notification by the Bank to the Government of Colombia.
[2] See p. 3 of this volume.
[3] See p. 45 of this volume.
[4] See p. 42 of this volume.

tions No. 3 as so modified being hereinafter called the Loan Regulations), with the same force and effect as if they were fully set forth herein.

Article II

THE LOAN

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

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, the Loan Regulations.

Section 2.03. Except as the Borrower and the Bank shall otherwise agree :

(*a*) The Borrower shall be entitled, subject to the provisions of this Agreement, to withdraw from the Loan Account (i) the equivalent of a percentage or percentages to be established from time to time by agreement between the Borrower and the Bank 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 Bank) ; (ii) 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 Development Credit Agreement of even date herewith between the Borrower and the International Development Association ; (iii) such amounts as shall have been expended for the reasonable foreign exchange cost of goods required for carrying out Parts C and D of the Project ; and (iv) if the Bank shall so agree, such amounts as shall be required by the Borrower to meet payments to be made under any of the foregoing clauses.

(*b*) Withdrawals under clause (i) of paragraph (*a*) of this Section shall be in dollars or such other currency or currencies as the Bank shall from time to time reasonably select.

(*c*) Notwithstanding the foregoing provisions of this Section, no withdrawals shall be made on account of expenditures prior to January 1, 1961 or expenditures made in the territories of any country (except Switzerland) which is not a member of the Bank of for goods produced in (including services supplied from) such territories.

Section 2.04. Section 4.01 of the Loan Regulations is deleted.

Section 2.05. The Borrower shall pay to the Bank a commitment charge at the rate of three-fourths of one per cent (3/4 of 1 %) per annum on the principal amount of the Loan not so withdrawn from time to time.

Section 2.06. The Borrower shall pay interest at the rate of five and three-fourths per cent (5 3/4%) per annum on the principal amount of the Loan so withdrawn and outstanding from time to time.

Section 2.07. Except as the Borrower and the Bank shall otherwise agree, the charge payable for special commitments entered into by the Bank at the request of the Borrower pursuant to Section 4.02 of the Loan Regulations shall be at the rate of one-half of one per cent (1/2 of 1%) per annum on the principal amount of any such special commitments outstanding from time to time.

Section 2.08. Interest and other charges shall be payable semi-annually on March 15 and September 15 in each year.

Section 2.09. The Borrower shall repay the principal of the Loan in accordance with the amortization schedule set forth in Schedule 1 [1] to this Agreement.

Article III

USE OF PROCEEDS OF THE LOAN

Section 3.01. The Borrower shall 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 [2] to this Agreement. The specific goods to be financed out of the proceeds of the Loan shall be determined by agreement between the Borrower and the Bank, 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 used in the territories of the Borrower 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. 40 of this volume.
[2] See p. 42 of this volume.

Section 4.02. The Minister of Finance and Public Credit 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 of the Loan Regulations.

Article V

PARTICULAR COVENANTS

Section 5.01. (*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 Bank upon terms and conditions satisfactory to the Borrower and the Bank.

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

(*d*) The general design standards and the type of surfacing (including pavement) to be used for the roads included in Parts A and B of the Project shall be as determined by agreement between the Borrower and the Bank, subject to modification by further agreement between them.

(*e*) The Borrower shall cause to be furnished to the Bank, 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 Bank shall request.

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

Section 5.02. The Borrower shall maintain or cause to be maintained 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 agency or agencies of the Borrower responsible for the carrying out and operation of the Project or any part thereof ; shall enable the Bank's representatives to inspect the Project, the goods and any relevant records and documents ; and shall furnish or cause to be furnished to the Bank all such information as the Bank shall reasonably request concerning the expenditure of the proceeds of the Loan, the Project, and the goods, and the operations