No. 8489

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT and ZAMBIA

Loan Agreement—*Highway Project* (with annexed Loan Regulations No. 3). Signed at Washington, on 4 October 1966

Official text: English.

Registered by the International Bank for Reconstruction and Development on 28 December 1966.

BANQUE INTERNATIONALE POUR LA RECONSTRUCTION ET LE DÉVELOPPEMENT et ZAMBIE

Contrat d'emprunt — *Projet relatif au réseau routier* (avec, en annexe, le Règlement n° 3 sur les emprunts). Signé à Washington, le 4 octobre 1966

Texte officiel anglais.

Enregistré par la Banque internationale pour la reconstruction et le développement le 28 décembre 1966.

No. 8489. LOAN AGREEMENT[1] *(HIGHWAY PROJECT)* BETWEEN THE REPUBLIC OF ZAMBIA AND THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT. SIGNED AT WASHINGTON, ON 4 OCTOBER 1966

AGREEMENT, dated October 4, 1966, between the REPUBLIC OF ZAMBIA (hereinafter called the Borrower) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank).

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,[2] with the same force and effect as if they were fully set forth herein, subject, however, to the following modifications thereof :

(*a*) Section 4.01 is deleted ;

(*b*) Section 4.02 is deleted ;

(*c*) Paragraph (*h*) of Section 5.02 is deleted and the following paragraph is substituted therefor :

> "(*h*) Failure by the Borrower to fulfill an obligation to make payment of principal or interest or any other payment required under any other loan agreement or under any guarantee agreement between the Borrower and the Bank or under any bond delivered pursuant to any such agreement even though such payment has been made by other persons."

(*d*) Section 9.04 is deleted.

Loan Regulations No. 3, as so modified, are hereinafter called the Loan Regulations.

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[1] Came into force on 23 November 1966, upon notification by the Bank to the Government of Zambia.

[2] See p. 196 of this volume.

Article II

THE LOAN

Section 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions in the Loan Agreement set forth or referred to, an amount in various currencies equivalent to seventeen million five hundred thousand dollars ($17,500,000).

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 Agreement.

Section 2.03. (*a*) The Borrower shall be entitled, subject to the provisions of the Loan Agreement, to withdraw from the Loan Account the equivalent of 60% (or such other percentage as may from time to time be agreed between the Borrower and the Bank) of : (i) such amounts as shall have been paid for the reasonable cost of goods to be financed under this Agreement ; and (ii) 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.

(*b*) Except as shall be otherwise agreed between the Borrower and the Bank, no withdrawals shall be made on account of : (i) expenditures prior to June 1, 1965 or (ii) expenditures made in the territories of any country which is not a member of the Bank (other than Switzerland) or for goods produced in (including services supplied from) such territories.

Section 2.04. Withdrawals from the Loan Account shall be in dollars or such other currency or currencies as the Bank shall from time to time reasonably select.

Section 2.05. The Borrower shall pay to the Bank a commitment charge at the rate of three-eighths of one per cent ($^3/_8$ 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 six per cent (6%) per annum on the principal amount of the Loan so withdrawn and outstanding from time to time.

Section 2.07. Interest and other charges shall be payable semi-annually on January 15 and July 15 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 to this Agreement.

Article III

USE OF PROCEEDS OF 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 2 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 Borrower and the Bank, subject to modification by further agreement between them.

Section 3.02. Except as the Borrower and the Bank shall otherwise agree, the Borrower 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 Borrower shall execute and deliver Bonds representing the principal amount of the Loan as provided in the Loan Regulations.

Section 4.02. The Minister responsible for finance 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 carry out the Project with due diligence and efficiency and in accordance with sound engineering, administrative and financial practices and shall make available, promptly as needed, the funds, facilities, services and other resources required for the purpose.

(*b*) In carrying out the Project, the Borrower shall employ engineering consultants acceptable to and upon terms and conditions satisfactory to the Borrower and the Bank.

(*c*) The general design standards to be used for the roads included in the Project shall be satisfactory to the Borrower and the Bank.

(*d*) The roads to be constructed under the Project shall be constructed by contractors satisfactory to the Borrower and the Bank, employed under contracts satisfactory to the Borrower and the Bank.

(*e*) The Borrower shall cause to be furnished to the Bank, promptly upon their preparation, the plans, specifications, construction schedules and cost estimates for the Project and any material modifications subsequently made therein, in such detail as the Bank shall from time to time request.