No. 9485

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
and
COLOMBIA

Loan Agreement—*Fifth Highway Project* (with annexed Loan Regulations No. 3, as amended). Signed at Washington on 25 July 1968

Authentic text: English.

Registered by the International Bank for Reconstruction and Development on 27 March 1969.

BANQUE INTERNATIONALE POUR LA RECONSTRUCTION ET LE DÉVELOPPEMENT
et
COLOMBIE

Contrat d'emprunt — *Cinquième projet relatif au réseau routier* (avec, en annexe, le Règlement n° 3 sur les emprunts, tel qu'il a été modifié). Signé à Washington le 25 juillet 1968

Texte authentique : anglais.

Enregistré par la Banque internationale pour la reconstruction et le développement le 27 mars 1969.

LOAN AGREEMENT[1]

AGREEMENT, dated July 25, 1968, between the REPUBLIC OF COLOMBIA (hereinafter called the Borrower) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank).

Article I

LOAN REGULATIONS ; DEFINITION

Section 1.01. The parties to this Agreement accept all the provisions of Loan Regulations No. 3 of the Bank, dated February 15, 1961 as amended February 9, 1967,[2] with the same force and effect as if they were fully set forth herein, subject, however, to the following modification thereof (said Loan Regulations No. 3, as so modified, being hereinafter called the Loan Regulations) : Section 4.01 is deleted.

Section 1.02. Wherever used in this Loan Agreement, the term " National Highway Fund " means the fund (*Fondo Vial Nacional*) established and operating under Law No. 64 of December 27, 1967 of the Borrower.

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 seventeen million two hundred thousand dollars ($ 17,200,000).

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 The amount of the Loan may be withdrawn from the Loan Account as provided in, and subject to the rights of cancellation and suspension set forth in, this Agreement and the Loan Regulations.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 to withdraw from the Loan Account :

[1] Came into force on 25 September 1968, upon notification by the Bank to the Government of Colombia.

[2] See p. 326 of this volume.

(i) such amounts as shall have been paid (or, if the Bank shall so agree, shall be required to meet payments to be made) in currencies other than currency of the Borrower for the reasonable cost of consulting services and imported equipment to be financed under this Loan Agreement ; and

(ii) the equivalent of forty-five per cent (45 %) of such amounts as shall have been paid (or, if the Bank shall so agree, shall be required to meet payments to be made) for the reasonable cost of road and bridge construction, reconstruction or improvement to be financed under this Loan Agreement, other than payments under (i) above ; provided, however, that if there shall be an increase in the estimates of such cost, the Bank may by notice to the Borrower reduce the above percentage to such lower percentage as shall be required in order that withdrawal of the amount of the Loan then allocated to such cost and not withdrawn may continue *pro rata* with the expenditures remaining to be made for such cost.

(*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 May 1, 1968, or (ii) 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.

Section 2.04. Withdrawals from the Loan Account pursuant to Section 2.03 (*a*) (ii) of this Agreement shall be in such 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-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 six and one-fourth per cent ($6\ ^1/_4$ %) 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 (½ 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 May 15 and November 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 to this Agreement.

Article III

USE OF PROCEEDS OF THE LOAN

Section 3.01. The Borrower shall apply the proceeds of the Loan in accordance with the provisions of this Agreement to expenditures on the Project described in Schedule 2 to this Agreement. The allocation of the proceeds of the Loan is set forth in Schedule 3 to this Agreement and shall be subject to modification by agreement between the Borrower and the Bank.

Section 3.02. Except as the Bank shall otherwise agree, (i) the goods to be financed out of the proceeds of the Loan shall be procured on the basis of international competitive bidding as set forth in the "*Guidelines Relating to Procurement under World Bank Loans and IDA Credits*", published by the Bank in February 1968, and in accordance with such other procedures supplementary thereto as shall be agreed between the Borrower and the Bank, and (ii) any contract for the procurement of such goods shall be subject to the approval of the Bank.

Section 3.03. Except as the Bank shall otherwise agree, the Borrower shall cause all goods financed out of the proceeds of the Loan to be used exclusively in carrying out the Project.

Article IV

BONDS

Section 4.01. If and as the Bank shall from time to time request, the Borrower shall execute and deliver Bonds representing the principal amount of the Loan as provided in Article VI of the Loan Regulations.

Section 4.02. The Minister of Finance and Public Credit of the Borrower is designated as authorized representative of the Borrower for the purposes of Section 6.12 of the Loan Regulations. The Minister of Finance and Public Credit of the Borrower may designate additional or other authorized representatives by appointment in writing notified to the Bank.

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 consultants acceptable to the Bank, upon such terms and conditions as shall have been approved by the Bank.

(*c*) The general design standards which shall be used for the roads and bridges included in the Project are set forth in Schedule 4 to this Agreement.

(*d*) The roads and bridges included in the Project shall be constructed by contractors acceptable to the Bank, upon such terms and conditions as shall have been approved by the Bank.

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

(*f*) The Borrower shall insure the imported equipment to be financed out of the proceeds of the Loan against marine, transit and other hazards incident to the acquisition, transportation and delivery thereof to the place of use and installation and for such insurance any indemnity shall be payable in a currency freely usable by the Borrower to replace or repair such equipment.

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 and to record the progress of the Project (including the cost thereof) and the receipts and expenditures and the financial condition of the National Highway Fund; shall enable the Bank's representatives to inspect the Project, the operation thereof, 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 financed out of the proceeds of the Loan, the budget, the receipts and expenditures and the financial condition of the National Highway Fund, the operations and administration of the Ministry of Public Works of the Borrower, and the national highway system of the Borrower.

Section 5.03. (*a*) The Borrower 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 shall be reasonably requested with regard to the general status of the Loan. On the part of the