No. 9623

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
and
CEYLON

Loan Agreement—*Highway Project* (with annexed Loan Regulations No. 3, as amended). Signed at Washington on 12 November 1968

Authentic text: English.

Registered by the International Bank for Reconstruction and Development on 11 June 1969.

BANQUE INTERNATIONALE POUR LA RECONSTRUCTION ET LE DÉVELOPPEMENT
et
CEYLAN

Contrat d'emprunt — *Projet relatif aux routes* (avec, en annexe, le Règlement n° 3 sur les emprunts, tel qu'il a été modifié). Signé à Washington le 12 novembre 1968

Texte authentique : anglais.

Enregistré par la Banque internationale pour la reconstruction et le développement le 11 juin 1969.

LOAN AGREEMENT[1]

AGREEMENT, dated November 12, 1968, between the GOVERNMENT OF CEYLON (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 $4,900,000 to assist the Borrower in financing the Project described in Schedule 1 to this Loan Agreement;

(B) the Borrower has also requested the International Development Association (hereinafter called the Association) to provide additional assistance towards financing the Project;

(C) by an agreement of even date herewith between the Association and the Borrower (hereinafter referred to as the Development Credit Agreement),[2] the Association is agreeing to provide such assistance (hereinafter called the Credit) in an aggregate principal amount equivalent to $4,900,000; and

WHEREAS the Bank has agreed, on the basis of the foregoing, to make a loan to the Borrower upon the terms and conditions hereinafter set forth;

Now therefore the parties hereto hereby agree 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 as amended February 9, 1967,[3] 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.

[1] Came into force on 12 February 1969, upon notification by the Bank to the Government of Ceylon.
[2] See p. 83 of this volume.
[3] See p. 80 of this volume.

Article II

THE LOAN

Section 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions in this Loan Agreement set forth or referred to, an amount in various currencies equivalent to four million nine hundred thousand dollars ($4,9000,00).

Section 2.02. (*a*) 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.

(*b*) 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 Loan Agreement and the Loan Regulations and in accordance with the Allocation of the Proceeds of the Credit and of the Loan set forth in Schedule 2 to this Agreement, as such allocation shall be modified from time to time pursuant to the provisions of such Schedule or by further agreement between the Borrower and the Bank.

Section 2.03. (*a*) The Borrower shall be entitled to withdraw from the Loan Account in respect of the reasonable cost of goods required for the Project and to be financed under this Loan Agreement :

(i) such amounts as shall have been paid (or, if the Bank shall so agree, such amounts as shall be required to meet payments to be made) in currencies other than currency of the Borrower for expenditures under Categories A, B, C, D (2), E, and F of the Allocation of the Proceeds of the Credit and of the Loan set forth in Schedule 2 to this Loan Agreement; and

(ii) the equivalent of forty per cent (40 %) of such amounts as shall have been paid for expenditures under Category D (1), of said Schedule 2; provided, however, that if there shall be an increase in the estimate of expenditures under such Category D (1), the Bank may by notice to the Borrower adjust the above percentage as required in order that withdrawals of the amount of the Loan then allocated to such Category D (1), and not withdrawn may continue *pro rata* with the expenditures remaining to be made under such Category D (1).

(*b*) Except as shall be otherwise agreed between the Borrower and the Bank, no withdrawals shall be made on account of :

(i) expenditures made prior to the date of this Loan Agreement; or

(ii) expenditures made in the territories of any country which is not a member of the Bank (except Switzerland) or for goods produced in (including services supplied from) such territories; or

(iii) any expenditures unless and until all amounts under the Development Credit Agreement shall have been withdrawn or committed.

Section 2.04. Withdrawals from the Loan Account pursuant to Section 2.03 (*a*) (ii) of this Loan 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 withdrawn from time to time.

Section 2.06. The Borrower shall pay interest at the rate of six and one-half per cent (6 1/2 %) per annum on the principal amount of the Loan 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 commitment outstanding from time to time.

Section 2.08. Interest and other charges shall be payable semi-annually on January 1 and July 1 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 3 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 1 to this Loan Agreement.

Section 3.02. Except as the Bank shall otherwise agree :

(i) the goods, other than services of consultants, to be financed out of the proceeds of the Loan shall be procured on the basis of international competitive bidding in accordance with the Guidelines for Procurement under World Bank Loans and IDA Credits, published in February 1968, (hereinafter referred to as the Guidelines), and in accordance with such other procedures supplementary thereto as are set forth in Schedule 4 to this Loan Agreement, and as shall be agreed between the Borrower and the Bank;

(ii) contracts for the procurement of all goods to be financed out of the proceeds of the Loan, excepting those procured under paragraph A (4) of Schedule 4 hereto, 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 in the territories of the Borrower exclusively in the carrying out of 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 Permanent Secretary of the Ministry of Planning and Economic Affairs of the Borrower, duly authorized by the Governor-General of Ceylon, is designated as authorized representative of the Borrower for the purposes of Section 6.12 of the Loan Regulations. The Governor-General of Ceylon 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 conformity with sound administrative, engineering, financial, and highway practices, and shall make available, promptly as needed, all funds, facilities, services, and other resources required for the purpose.

(*b*) To assist in carrying out each part of the Project described in Schedule 1 hereto, except for Part III (*h-s*) thereof, the Borrower shall employ or cause to be employed competent and experienced consultants acceptable to the Bank, to an extent, and upon such terms and conditions as shall have been approved by the Bank.

(*c*) The Borrower shall cause the works included in Part III (*a-g*) of the Project to be carried out by a contractor acceptable to the Bank, employed under a contract which shall habe been approved by the Bank.