No. 9650

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT and ZAMBIA

Loan Agreement—*Industrial Forestry Project* (with annexed Loan Regulations No. 3, as amended). Signed at Washington on 5 October 1968

Authentic text: English.

Registered by the International Bank for Reconstruction and Development on 23 June 1969.

BANQUE INTERNATIONALE POUR LA RECONSTRUCTION ET LE DÉVELOPPEMENT et ZAMBIE

Contrat d'emprunt — *Projet relatif à la sylviculture industrielle* (avec, en annexe, le Règlement n° 3 sur les emprunts, tel qu'il a été modifié). Signé à Washington le 5 octobre 1968

Texte authentique: anglais.

Enregistré par la Banque internationale pour la reconstruction et le développement le 23 juin 1969.

LOAN AGREEMENT[1]

AGREEMENT, dated October 5, 1968, between the REPUBLIC OF ZAMBIA (hereinafter called the Borrower) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank).

Article I

LOAN REGULATIONS; DEFINITIONS

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 the Loan Agreement, the following terms shall have the following meanings:

(*a*) " Department " means Forest Department of the Borrower;

(*b*) " Division " means Industrial Plantations Division established within the Department.

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 five million three hundred thousand dollars ($5,300,000).

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.

[1] Came into force on 15 November 1968, upon notification by the Bank to the Government of Zambia.
[2] See p. 320 of this volume.

(*b*) The amount of the Loan may be withdrawn from the Loan Account as provided in, and subject to the rights of cancellation and suspension set forth in, this Agreement and the Loan Regulations and in accordance with the allocation of the proceeds of the Loan set forth in Schedule 1 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, shall be required to meet payments to be made) in currencies other than currency of the Borrower for expenditures under Category I of the allocation of the proceeds of the Loan set forth in Schedule 1 to this Agreement; and

(ii) the equivalent of forty-four per cent (44%) 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 expenditures under Category II of said Schedule 1; provided, however, that if there shall be an increase in the estimate of such expenditures, 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 and not withdrawn may continue *pro rata* with the expenditures remaining to be made under such Category. Except as the Bank shall otherwise agree, withdrawals pursuant to this Subsection (ii) shall not exceed the amount equivalent to $800,000 in any calendar year.

(*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 January 1, 1969, 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.

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 (¾ 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 ½ %) 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 (½ 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 15 and July 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 2 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 3 to this Agreement.

Section 3.02. Except as the Bank shall otherwise agree, the following goods to be financed out of the proceeds of the Loan shall be procured as follows:

(i) contracts amounting to $15,000 equivalent or more for the purchase of tractors, dozers, graders, trucks and personnel vehicles and for land clearance will be awarded on the basis of international competitive bidding in accordance with the Guidelines for 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 such contracts shall be subject to the approval of the Bank; and

(ii) contracts for the items listed in the preceding paragraph (i) amounting to less than $15,000 equivalent and contracts for the purchase of fire tenders, plantation equipment and materials for construction of buildings and roads will be awarded on the basis of competitive procedures conducted by the Central Supply and Tender Board of the Borrower, and in accordance with such other procedures as shall be agreed between the Borrower and 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 responsible for finance of the Borrower is designated as authorized representative of the Borrower for the purposes of Section 6.12 of the Loan Regulations. The Minister responsible for finance 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 silvicultural, administrative and financial practices, and shall make available, promptly as needed, the lands, funds, facilities, services and other resources required for the purpose.

(*b*) The Borrower shall cause the Division to operate on a commercial basis and shall maintain a separate budget for capital and revenue receipts and expenditures of the Division, subject to the Ministry of Finance Instructions for the Forest Department Industrial Plantations Project, dated August 15, 1968, except as may be otherwise agreed by the Borrower and the Bank.