No. 9670

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT and MADAGASCAR

Loan Agreement—*Second 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 26 June 1969.

BANQUE INTERNATIONALE POUR LA RECONSTRUCTION ET LE DÉVELOPPEMENT et MADAGASCAR

Contrat d'emprunt — *Deuxième 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 12 novembre 1968

Texte authentique: anglais.

Enregistré par la Banque internationale pour la reconstruction et le développement le 26 juin 1969.

LOAN AGREEMENT [1]

AGREEMENT, dated November 12, 1968, between the MALAGASY REPUBLIC (hereinafter called the Borrower) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank).

WHEREAS the Borrower has requested the Bank and International Development Association (hereinafter called the Association) to assist in the financing of a highway project as described in Schedule 1 to this Agreement (hereinafter called the Project);

WHEREAS the Bank and the Association have agreed to make available to the Borrower eight million dollars ($ 8,000,000) to assist in such financing in the form of a loan of three million five hundred thousand dollars ($ 3,500,000) made by the Bank and a development credit of four million five hundred thousand dollars ($ 4,500,000) granted by the Association (hereinafter called the Credit), on the terms and conditions set forth hereinafter and in the development credit agreement [2] between the Borrower and the Association of even date herewith (hereinafter called the Development Credit Agreement);

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 of the Loan Regulations is deleted.

[1] Came into force on 1 April 1969, upon notification by the Bank to the Government of Madagascar.

[2] See p. 44 of this volume.

[3] See p. 40 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 three million five hundred thousand dollars ($ 3,500,000).

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.

(*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 Proceeds of the Loan and of the Credit set forth in Schedule 2 to this Loan 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*) Provided that all proceeds of the Credit shall have been withdrawn or committed, the Borrower shall be entitled to withdraw from the Loan Account in respect of the reasonable cost of goods required for carrying out the Project and to be financed under this Loan Agreement the equivalent of seventy per cent (70 %) 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 Categories 1 and 2 of said Schedule 2, provided, however, that if there shall be an increase in the estimate of expenditures under either such Category, 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.

(*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.

Section 2.04. Withdrawals from the Loan Account pursuant to Section 2.03 (*a*) 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 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 Bank and the Borrower 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 April 15 and October 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 3 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 in accordance with the provisions of this Loan Agreement to expenditures required to carry out the Project, described in Schedule 1 to this Loan Agreement.

Section 3.02. Except as the Bank shall otherwise agree, the goods 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 by the Bank in February 1968, and as shall be agreed between the Borrower and the Bank.

Section 3.03. 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. 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 Commerce 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 Commerce 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 conformity with sound engineering, administrative and financial 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 the Project, 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 Parts I and II of the Project, as described in Schedule 1 to this Loan Agreement, to be carried out by contractors acceptable to the Bank, employed under contracts which shall have been approved by the Bank.

(*d*) The supervision of the carrying out of Parts I (*b*) and II of the Project shall be performed by competent and experienced consultants employed in accordance with paragraph (*b*) of this Section and that of Part I (*a*) of the Project shall be performed by the Borrower's Ministry of Equipment (Service Central Technique), provided, however, that if the Bank shall decide that this task exceeds the powers of said Ministry, such supervision shall be performed by consultants employed pursuant to paragraph (*b*) above.

(*e*) The Borrower shall furnish or cause to be furnished to the Bank, promptly upon their preparation, the reports, plans, specifications, contract documents, and work schedules for the Project and any material modifications subsequently made therein, in such detail as the Bank shall reasonably request.

(*f*) The general design standards to be applied to the Project shall be as determined from time to time by agreement between the Borrower and the Bank.

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