

No. 2376

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**INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT  
and  
UNION OF SOUTH AFRICA**

**Loan Agreement—*Transport Project*—(with annexed Loan Regulations No.3). Signed at Washington, on 28 August 1953**

*Official text: English.*

*Registered by the International Bank for Reconstruction and Development on 20 November 1953.*

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**BANQUE INTERNATIONALE POUR LA  
RECONSTRUCTION ET LE DÉVELOPPEMENT  
et  
UNION SUD-AFRICAINE**

**Contrat d'emprunt — *Projet relatif aux transports* — (avec en annexe, le Règlement n° 3 sur les emprunts). Signé à Washington, le 28 août 1953**

*Texte officiel anglais.*

*Enregistré par la Banque internationale pour la reconstruction et le développement le 20 novembre 1953.*

No. 2376. LOAN AGREEMENT<sup>1</sup> (*TRANSPORT PROJECT*)  
BETWEEN THE UNION OF SOUTH AFRICA AND THE  
INTERNATIONAL BANK FOR RECONSTRUCTION AND  
DEVELOPMENT. SIGNED AT WASHINGTON, ON  
28 AUGUST 1953

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AGREEMENT, dated August 28, 1953, between THE UNION OF SOUTH AFRICA (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<sup>2</sup> of the Bank dated October 15, 1952 (hereinafter called the Loan Regulations), with the same force and effect as if they were fully set forth herein.

*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 thirty million dollars (\$30,000,000).

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 The amount of the Loan may be withdrawn from the Loan Account as provided in, and subject to the rights of cancellation and suspension set forth in, the Loan Regulations.

*Section 2.03.* The Borrower shall pay to the Bank a commitment charge at the rate of three-quarters of one per cent ( $\frac{3}{4}$  of 1 %) per annum on the principal amount of the Loan not so withdrawn from time to time. The date specified for the purposes of Section 2.02 of the Loan Regulations is October 15, 1953, or the Effective Date, whichever shall be the earlier.

<sup>1</sup> Came into force on 6 November 1953 upon notification by the Bank to the Government of the Union of South Africa.

<sup>2</sup> See p. 88 of this volume.

*Section 2.04.* The Borrower shall pay interest at the rate of four and three-fourths per cent ( $4\frac{3}{4}\%$ ) per annum on the principal amount of the Loan so withdrawn and outstanding from time to time.

*Section 2.05.* 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 ( $\frac{1}{2}$  of 1%) per annum on the principal amount of any such special commitments outstanding from time to time.

*Section 2.06.* Interest and other charges shall be payable semi-annually on May 15 and November 15 in each year.

*Section 2.07.* The Borrower shall repay the principal of the Loan in accordance with the amortization schedule set forth in Schedule 1<sup>1</sup> 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 exclusively to financing the cost of goods required to carry out the Project described in Schedule 2<sup>2</sup> to this Agreement. The specific goods to be financed out of the proceeds, of the Loan 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 in the territories of the Borrower 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 of 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.

<sup>1</sup> See p. 84 of this volume.

<sup>2</sup> See p. 86 of this volume.

*Article V*

## PARTICULAR COVENANTS

*Section 5.01.* (a) The Borrower shall cause the Project to be carried out with due diligence and efficiency and in conformity with sound engineering and financial practices.

(b) 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); shall enable the Bank's representatives to inspect the Project, 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, and the goods.

(c) The Borrower will maintain or cause to be maintained the plant, equipment and property of the South African Railways and Harbours Administration and will make or cause to be made all necessary renewals and repairs thereof, all in accordance with sound engineering practices; and will at all times operate such plant, equipment and property in accordance with sound business practices.

*Section 5.02.* (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 it shall reasonably request with regard to the general status of the Loan. On the part of the Borrower, such information shall include information with respect to financial and economic conditions in the territories of the Borrower and the international balance of payments position of the Borrower.

(b) The Borrower and the Bank shall from time to time exchange views through their representatives with regard to matters relating to the purposes of the Loan and the maintenance of the service thereof. The Borrower shall promptly inform the Bank of any condition which interferes with, or threatens to interfere with, the accomplishment of the purposes of the Loan or the maintenance of the service thereof.

(c) The Borrower shall afford all reasonable opportunity for accredited representatives of the Bank to visit any part of the territories of the Borrower for purposes related to the Loan.

*Section 5.03.* It is the mutual intention of the Borrower and the Bank that no other external debt shall enjoy any priority over the Loan by way of a lien on public assets. To that end, the Borrower undertakes that, except as the Bank shall otherwise agree, if any lien shall be created on any assets of the Borrower or any Province or other political subdivision of the Borrower or

any agency of any of them (including local governing authorities) as security for any external debt, such lien will *ipso facto* equally and ratably secure the payment of the principal of, and interest and other charges on, the Loan and the Bonds, and that in the creation of any such lien express provision will be made to that effect, provided, however, that the foregoing provisions of this Section shall not apply to : (i) any lien created on property, at the time of purchase thereof, solely as security for the payment of the purchase price of such property ; (ii) any lien on commercial goods to secure a debt maturing not more than one year after the date on which it is originally incurred and to be paid out of the proceeds of sale of such commercial goods ; or (iii) any lien created by the South African Reserve Bank on any of its assets in the ordinary course of its banking business to secure a debt maturing not more than one year after the date on which it is originally incurred.

*Section 5.04.* The principal of, and interest and other charges on, the Loan and the Bonds shall be paid without deduction for, and free from, any taxes or fees imposed under the laws of the Borrower or laws in effect in its territories ; provided, however, that the provisions of this Section shall not apply to taxation of, or fees upon, payments under any Bond to a holder thereof other than the Bank when such Bond is beneficially owned by an individual or corporate resident of the Borrower.

*Section 5.05.* The Loan Agreement and the Bonds shall be free from any taxes or fees that shall be imposed under the laws of the Borrower or laws in effect in its territories on or in connection with the execution, issue, delivery or registration thereof and the Borrower shall pay all such taxes and fees, if any, imposed under the laws of the country or countries in whose currency the Loan and the Bonds are payable or laws in effect in the territories of such country or countries.

*Section 5.06.* The principal of, and interest and other charges on, the Loan and the Bonds shall be paid free from all restrictions imposed under the laws of the Borrower or laws in effect in its territories.

*Section 5.07.* The Borrower shall make adequate arrangements to insure the goods financed with the proceeds of the Loan against risks incident to their purchase and importation into the territories of the Borrower.

*Article VI*

## REMEDIES OF THE BANK

*Section 6.01.* (i) If any event specified in paragraph (a) or paragraph (b) of Section 5.02 of the Loan Regulations shall occur and shall continue for a period of thirty days, or (ii) if any event specified in paragraph (c) of Section 5.02 of the Loan Regulations shall occur and shall continue for a period of sixty days after notice thereof shall have been given by the Bank to the Borrower, then at any subsequent time during the continuance thereof, the Bank, at its option, may declare the principal of the Loan and of all the Bonds then outstanding to be due and payable immediately, and upon any such declaration such principal shall become due and payable immediately, anything in this Agreement or in the Bonds to the contrary notwithstanding.

*Section 6.02.* The following is specified as an event for the purposes of Section 5.02(h) of the Loan Regulations :

Any event specified in paragraph (3) of Section 5.02 of Loan Regulations No. 3 of the Bank dated August 15, 1950, with reference to the Loan Agreement dated January 23, 1951, between the Borrower and the Bank shall have occurred.

*Article VII*

## MISCELLANEOUS

*Section 7.01.* The Closing Date shall be December 31, 1955.

*Section 7.02.* A date sixty days after the date of this Agreement is hereby specified for the purposes of Section 9.04 of the Loan Regulations.

*Section 7.03.* The following addresses are specified for the purposes of Section 8.01 of the Loan Regulations :

For the Borrower : Secretary to the Treasury, Union Buildings, Pretoria, Union of South Africa.

For the Bank : International Bank for Reconstruction and Development, 1818 H Street, N. W., Washington 25, D. C., United States of America.

*Section 7.04.* The Minister of Finance of the Borrower is designated for the purposes of Section 8.03 of the Loan Regulations.

*Section 7.05.* In this Agreement any reference to the Minister of Finance of the Borrower shall include a reference to any Minister of State of the Borrower for the time being acting for or on behalf of the Minister of Finance of the Borrower.

IN WITNESS WHEREOF, the parties hereto, acting through their representatives thereunto duly authorized, have caused this Loan Agreement to be signed in their respective names and delivered in the District of Columbia, United States of America, as of the day and year first above written.

The Union of South Africa :

By G. P. Jooste

For the Minister of Finance on behalf of The Union of South Africa  
International Bank for Reconstruction and Development :

By Eugene R. Black

### SCHEDULE 1

#### AMORTIZATION SCHEDULE

<i>Date Payment Due</i>	<i>Payment of Principal (expressed in dollars) *</i>	<i>Principal Amount Outstanding After Each Payment (expressed in dollars) *</i>	<i>Date Payment Due</i>	<i>Payment of Principal (expressed in dollars) *</i>	<i>Principal Amount Outstanding After Each Payment (expressed in dollars) *</i>
May 15, 1955 . . . . .	—	30,000,000	November 15, 1959 . . . . .	1,765,000	14,115,000
November 15, 1955 . . . . .	1,765,000	28,235,000	May 15, 1960 . . . . .	1,765,000	12,350,000
May 15, 1956 . . . . .	1,765,000	26,470,000	November 15, 1960 . . . . .	1,765,000	10,585,000
November 15, 1956 . . . . .	1,765,000	24,705,000	May 15, 1961 . . . . .	1,765,000	8,820,000
May 15, 1957 . . . . .	1,765,000	22,940,000	November 15, 1961 . . . . .	1,765,000	7,055,000
November 15, 1957 . . . . .	1,765,000	21,175,000	May 15, 1962 . . . . .	1,765,000	5,290,000
May 15, 1958 . . . . .	1,765,000	19,410,000	November 15, 1962 . . . . .	1,765,000	3,525,000
November 15, 1958 . . . . .	1,765,000	17,645,000	May 15, 1963 . . . . .	1,765,000	1,760,000
May 15, 1959 . . . . .	1,765,000	15,880,000	November 15, 1963 . . . . .	1,760,000	—

#### PREMIUMS ON PREPAYMENT AND REDEMPTION

The following percentages are specified as the premiums payable on repayment in advance of maturity of any part of the principal amount of the loan pursuant to Section 2.05 (b) of the Loan Regulations or on the redemption of any Bond prior to its maturity pursuant to Section 6.16 of the Loan Regulations :

<i>Time of Prepayment or Redemption</i>	<i>Premium</i>
Not more than 1 year before maturity . . . . .	1/2%
More than 1 year but not more than 3 years before maturity . . . . .	3/4%
More than 3 years but not more than 5 years before maturity . . . . .	1%
More than 5 years but not more than 7 years before maturity . . . . .	1 1/2%
More than 7 years before maturity . . . . .	2%

\* To the extent that any part of the Loan is repayable in a currency other than dollars (see Loan Regulations, Section 3.02), the figures in these columns represent dollar equivalents determined as for purposes of withdrawal.

## SCHEDULE 2

## DESCRIPTION OF PROJECT

The Project is (a) the part of the development program (exclusive of renewals) of the South African Railways and Harbours Administration relating to its railway, road transport and harbour facilities, for the three year period ending March 31, 1956; and (b) the completion to a state of practical usefulness within a reasonable time after March 31, 1956, of such parts of the program as are scheduled to be still in progress at that date.

The program is described in the "South African Railways and Harbours Estimates of Expenditure on Capital and Betterment Works for the year ending 31st March, 1954". The program is designed to modernize and increase the capacity of transport facilities owned by the Borrower and operated by the South African Railways and Harbours Administration by modernizing, improving and adding to the existing facilities, with special emphasis on the expansion of motive power and rolling stock, workshops facilities and track capacity.

The part of the program described in clause (a) above contemplates the expenditure by the Borrower of the equivalent of approximately £S.A. 92,500,000 between April 1, 1953 and March 31, 1956. The main components of this part include :

- (i) the strengthening and improvement of existing permanent way by the replacement of rails and sleepers by heavier materials, the replacement of bridges by stronger bridges, the improvement of drainage, and the construction of deviations and regrading;
- (ii) the provision of additional tracks on various sections, and of new or enlarged marshalling yards and goods yards;
- (iii) the improvement and construction of electrification facilities;
- (iv) the acquisition, construction and improvement of approximately 280 steam and 60 electric locomotives, approximately 90 electric motor coaches and trailers, approximately 270 passenger coaches, and approximately 7,800 goods wagons and other rolling stock;
- (v) the modernization and expansion of manufacturing and repair facilities by the construction and enlargement of workshops and running sheds and the acquisition and installation of machinery and equipment therefor;
- (vi) the improvement and construction of electric power stations and distribution systems, signalling and interlocking equipment, telegraph and telephone systems, water supplies, and other railway facilities;
- (vii) the construction and remodelling of station buildings and layouts, signal cabins, goods sheds, stores and cargo sheds, staff quarters, office buildings, crossings, and other necessary buildings and constructions;
- (viii) the acquisition of road motor service vehicles, including trailers, and cartage vehicles and trailers;



- (ix) the extension of harbour facilities and the acquisition and improvement of fixed and floating harbour equipment, coaling plant and plant required for construction work at the harbours;
- (x) the construction of new branch and connecting railway lines.

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

LOAN REGULATIONS No. 3, DATED 15 OCTOBER 1952

REGULATIONS APPLICABLE TO LOANS MADE BY THE BANK TO MEMBER GOVERNMENTS

[*Not published herein. See United Nations, Treaty Series, Vol. 165, p. 252*]