

No. 2064

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

Loan Agreement—*Transport Project*—(with annexed Loan Regulations No. 3 and related letter). Signed at Washington, on 23 January 1951

Letter-Agreement concerning special commitments. Washington, 13 February and 19 March 1952

Official texts: English.

Registered by the International Bank for Reconstruction and Development on 28 January 1953.

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

Contrat d'emprunt — *Projet relatif aux transports* — (avec, en annexe, une lettre y relative et le Règlement n° 3 sur les emprunts). Signé à Washington, le 23 janvier 1951

Accord par lettre concernant des engagements spéciaux. Washington, 13 février et 19 mars 1952

Textes officiels anglais.

Enregistrés par la Banque internationale pour la reconstruction et le développement le 28 janvier 1953.

No. 2064. LOAN AGREEMENT¹ (*TRANSPORT PROJECT*)
BETWEEN THE UNION OF SOUTH AFRICA AND THE
INTERNATIONAL BANK FOR RECONSTRUCTION AND
DEVELOPMENT. SIGNED AT WASHINGTON, ON
23 JANUARY 1951

AGREEMENT, dated January 23, 1951, between THE UNION OF SOUTH AFRICA (hereinafter called the Borrower) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank).

Article I

THE LOAN

Section 1.01. The Bank agrees to lend to the Borrower, on the terms and conditions hereinafter in this Agreement set forth or referred to, the sum of twenty million dollars (\$20,000,000), or the equivalent in currencies other than dollars.

Section 1.02. The parties to this Agreement accept all the provisions of Loan Regulations No. 3² of the Bank, dated August 15, 1950 (hereinafter called the Loan Regulations), a copy of which has been furnished to the Borrower, with the same force and effect as if they were fully set forth herein.

Section 1.03. 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 The amount of the Loan may be withdrawn from the Loan Account as provided in, and subject to the rights of cancellation and suspension set forth in, the Loan Regulations. Copies of forms of withdrawal applications have been delivered to the Borrower.

Section 1.04. The Borrower shall pay to the Bank a commitment charge at the rate of three-fourths of one per cent ($3/4\%$) per annum on the principal amount of the Loan not so withdrawn from time to time.

Section 1.05. The Borrower shall pay interest at the rate of three and three-fourths per cent ($3\ 3/4\%$) per annum on the principal amount of the Loan so withdrawn and outstanding from time to time.

¹ Came into force on 4 April 1951 upon notification by the Bank to the Government of the Union of South Africa.

² See p. 126. of this volume.

Section 1.06. Interest and commitment charge shall be payable semi-annually on May 15 and November 15 in each year.

Section 1.07. The Borrower shall repay the principal of the Loan in accordance with the amortization schedule set forth in Schedule 1¹ to this Agreement.

Article II

USE OF PROCEEDS OF THE LOAN

Section 2.01. The Borrower shall cause the proceeds of the Loan to be applied exclusively to the cost of goods which will be required for the carrying out of the Project as described in Schedule 2² attached hereto. The specific goods to be purchase out of the proceeds of the Loan shall be determined by agreement between the Bank and the Borrower, and the list of such goods may be modified from time to time by agreement between them.

Section 2.02. The Borrower shall cause all goods purchased in whole or in part with the proceeds of the Loan to be imported into the territories of the Borrower and there to be used exclusively in the carrying out of the Project.

Article III

BONDS

Section 3.01. The Borrower shall execute and deliver Bonds representing the principal amount of the Loan as provided in the Loan Regulations. 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.

Article IV

PARTICULAR COVENANTS

Section 4.01. The Borrower shall proceed with the Project with due diligence and efficiency.

Section 4.02. (a) The Bank and the Borrower shall cooperate fully to assure that the purposes of the Loan shall 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

¹ See p. 124 of this volume.

² See p. 126 of this volume.

of payments position of the Borrower. 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; and the Borrower shall promptly inform the Bank of any condition that shall interfere with, or threaten to interfere with, the accomplishment of the purposes of the Loan or the maintenance of the service thereof.

(b) The Borrower shall afford to the Bank all reasonable opportunity to inspect any and all goods paid for out of the proceeds of the Loan and any relevant records and documents and shall furnish to the Bank all such information as the Bank shall reasonably request relating to the end-use of such goods.

(c) If the Borrower or any Province or other political subdivision of the Borrower or any agency of any of them (including local governing authorities) shall propose to incur any substantial external debt, the Borrower shall inform the Bank of such proposal and, before the proposed action is taken, shall afford the Bank all opportunity which is reasonably practicable in the circumstances to exchange views with the Borrower with respect thereto; provided, however, that the foregoing provisions of this sentence shall not apply to : (i) the incurring of additional external debt through utilization, in accordance with the terms of any credit established prior to the date of this Agreement, of any unused amounts available under such credit; (ii) the entering into international payments or similar agreements the term of which is not more than one year and under which the transactions on each side are expected to balance over the period of the agreement; or (iii) the incurring by the South African Reserve Bank in the ordinary course of its business of any indebtedness maturing not more than two years after its date.

(d) 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 4.03. It is the mutual intention of the Borrower and the Bank that no other external public debt shall enjoy any priority over the Loan by way of a lien on public assets. To that end the Borrower specifically 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 shall *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 shall be made to that effect. However, this Section shall not apply to : (i) any lien created on any 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 debt maturing not more than one year after its date 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 any indebtedness maturing not more than one year after its date.

Section 4.04. 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 imposed by the Borrower or any taxing authority thereof or therein and free from all restrictions of the Borrower and any Province or other political subdivision of the Borrower or any agency of any of them (including local governing authorities). The foregoing provisions of this Section shall not apply to taxes on 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. The Loan Agreement and the Bonds shall be free of any issue, stamp or other tax imposed by the Borrower or any taxing authority thereof or therein.

Article V

REMEDIES OF THE BANK

Section 5.01. If any event specified in paragraph (1) or (2) of Section 5.02 of the Loan Regulations shall occur and continue for a period of thirty days or if any event specified in paragraph (3) of Section 5.02 of the Loan Regulations shall occur and 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.

Article VI

MISCELLANEOUS

Section 6.01. The Closing Date shall be December 31, 1953.

Section 6.02. 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 6.03. The Minister of Finance of the Borrower in office at the time in question is designated for the purposes of Section 8.03 of the Loan Regulations.

Section 6.04. The date specified for the purposes of Section 9.04 of the Loan Regulations is March 15, 1951.

Section 6.05. 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 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

President

SCHEDULE 1

AMORTIZATION SCHEDULE

<i>Date Payment Due</i>	<i>Payment of Principal</i>	<i>Principal Amount Outstanding After Each Payment</i>	<i>Date Payment Due</i>	<i>Payment of Principal</i>	<i>Principal Amount Outstanding After Each Payment</i>
November 15, 1955 . . .	—	\$20,000,000	May 15, 1961 . . .	\$1,000,000	\$9,000,000
May 15, 1956 . . .	\$1,000,000	19,000,000	November 15, 1961 . . .	1,000,000	8,000,000
November 15, 1956 . . .	1,000,000	18,000,000	May 15, 1962 . . .	1,000,000	7,000,000
May 15, 1957 . . .	1,000,000	17,000,000	November 15, 1962 . . .	1,000,000	6,000,000
November 15, 1957 . . .	1,000,000	16,000,000	May 15, 1963 . . .	1,000,000	5,000,000
May 15, 1958 . . .	1,000,000	15,000,000	November 15, 1963 . . .	1,000,000	4,000,000
November 15, 1958 . . .	1,000,000	14,000,000	May 15, 1964 . . .	1,000,000	3,000,000
May 15, 1959 . . .	1,000,000	13,000,000	November 15, 1964 . . .	1,000,000	2,000,000
November 15, 1959 . . .	1,000,000	12,000,000	May 15, 1965 . . .	1,000,000	1,000,000
May 15, 1960 . . .	1,000,000	11,000,000	November 15, 1965 . . .	1,000,000	—
November 15, 1960 . . .	1,000,000	10,000,000			

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 5 years before maturity	1/2%
More than 5 years but not more than 10 years before maturity . .	1%
More than 10 years but not more than 15 years before maturity . .	1 3/4%

SCHEDULE 2

DESCRIPTION OF PROJECT

The Project is a program for the development and expansion of the transport facilities owned by the Borrower and operated by the South African Railways and Harbours Administration, a governmental department of the Borrower. The program contemplates the expenditure by the Borrower of the equivalent of approximately £ S.A. 131,500,000 during the years 1950 through 1955 for the construction of new railroad lines, workshops, stations and buildings, the electrification of some railroad lines, the improvement of existing tracks, the expansion of marshalling yards, the acquisition of new railway rolling stock, machine tools, motor equipment, steamships, aircraft, aircraft spare parts and maintenance equipment, and the extension of harbour facilities.

The proceeds of the Loan are to be used to assist in the financing of the purchase of rolling stock, workshop machinery, road motor equipment, spare parts for aircraft and special machinery and equipment for maintenance of aircraft, structural materials, and miscellaneous equipment including earth moving machinery and spares, track tools, pumps, compressors, welding machines and tip trucks.

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

LOAN REGULATIONS No. 3, DATED 15 AUGUST 1950

REGULATIONS APPLICABLE TO LOANS MADE BY THE BANK TO MEMBER GOVERNMENTS

[Not published herein. See *United Nations, Treaty Series, Vol. 156, p. 158.*]

LETTER, DATED 6 FEBRUARY 1951, FROM THE INTERNATIONAL BANK
FOR RECONSTRUCTION AND DEVELOPMENT TO THE GOVERN-
MENT OF THE UNION OF SOUTH AFRICA CONCERNING A CHANGE
IN THE CHARGES FOR SPECIAL COMMITMENTS

February 6, 1951

Secretary to the Treasury
Union Buildings
Pretoria
Union of South Africa

Dear Sir :

1. Reference is made to Loan Agreement No. 40 between you and this Bank, signed on January 23, 1951,¹ and to Loan Regulations No. 3 which the agreement incorporates by reference.

2. As you are aware, Section 4.02 of Article IV of Loan Regulations No. 3² provides that the Bank may at the Borrower's request enter into special commitments and that the Bank may make a charge therefor as shall be agreed upon between the Bank and the Borrower. As a general rule the Bank has hitherto made this charge at the rate of 1% per annum.

3. I am pleased to inform you that the Bank has now decided to reduce this charge. On special commitments of this sort which are entered into by the Bank on or after the effective date of the Loan Agreement referred to above, the Bank plans to request a charge of $\frac{1}{2}$ of 1% per annum, this charge being in addition to the commitment charge of $\frac{3}{4}$ of 1%, payable under Section 1.04 of Article I of the Loan Agreement.

Sincerely yours,

(Signed) D. CRENA DE IONGH
Treasurer

¹ See p. 116 of this volume.

² See p. 126 of this volume.

LETTER-AGREEMENT¹ BETWEEN THE UNION OF SOUTH AFRICA AND THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT CONCERNING SPECIAL COMMITMENTS. WASHINGTON, 13 FEBRUARY AND 19 MARCH 1952

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

1818 H Street, N. W.
Washington 25, D. C.

February 13, 1952

Secretary to the Treasury
Union Buildings
Pretoria, Union of South Africa

Dear Sir :

1. Please refer to Loan Agreement Number 40 SA (Transport Project)² between the Union of South Africa and this Bank and to Loan Regulations Number 3³ of the Bank which are applicable to that Loan Agreement pursuant to the provisions of Section 1.02 thereof.

[For paragraphs 2 and 3(a) (b) see pp. 20 and 22 of this volume.]

(c) such charge will be payable in United States dollars semi-annually (on May 15 and November 15 of each year in your case) together with other charges due under the Loan, in lieu of being debited to the Loan Account as a withdrawal therefrom as provided in Section 4.02 of the Regulations.

4. We are suggesting that this charge be payable semi-annually on May 15 and November 15 since it will be small in relation to other charges and we believe that this represents a more convenient and practical method of effecting payment.

¹ Came into force on 19 March 1952 by signature.

² See p. 116 of this volume.

³ See p. 126 of this volume.

5. If the foregoing terms are agreeable to you, please indicate your agreement by signing and returning the enclosed copy of this letter.

Sincerely yours,

Henry W. RILEY
Assistant Treasurer

Enclosure

cc : Embassy of the Union of South Africa
2303 Massachusetts Avenue, N.W.
Washington, D.C.

Confirmed :

The Union of South Africa :

By H. C. HAVENGA

Authorized Representative
