

No. 2014

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**INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT  
and  
FRANCE**

**Guarantee Agreement (with annexed Loan Regulations  
No. 1, Loan Agreement between the Bank and Crédit  
National pour faciliter la réparation des dommages  
causés par la guerre and related letter). Signed at  
Washington, on 9 May 1947**

*Official text of the Agreement and annexes: English.*

*Official text of the related letter: French.*

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

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**BANQUE INTERNATIONALE POUR LA  
RECONSTRUCTION ET LE DÉVELOPPEMENT  
et  
FRANCE**

**Contrat de garantie (avec, en annexe, le Règlement n° 1  
sur les emprunts, le Contrat d'emprunt entre la Banque  
et le Crédit national pour faciliter la réparation des  
dommages causés par la guerre et lettre y relative).  
Signé à Washington, le 9 mai 1947**

*Texte officiel du Contrat et des annexes: anglais.*

*Texte officiel de la lettre y relative: français.*

*Enregistré par la Banque internationale pour la reconstruction et le développement  
le 13 janvier 1953.*

No. 1014. GUARANTEE AGREEMENT<sup>1</sup> BETWEEN THE REPUBLIC OF FRANCE AND INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT. SIGNED AT WASHINGTON, ON 9 MAY 1947

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AGREEMENT dated May 9, 1947, between THE REPUBLIC OF FRANCE (hereinafter called the Guarantor) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank).

WHEREAS the Guarantor has prepared a program for the general reconstruction and development of the productive facilities and resources of France; and

WHEREAS *Crédit National pour faciliter la réparation des dommages causés par la guerre* (hereinafter called the Borrower) has made application to the Bank for a loan to assist in the financing of a part of such program; and

WHEREAS by an agreement between the Bank and the Borrower (which agreement and the Schedules therein referred to are hereinafter called the Loan Agreement)<sup>2</sup> executed and delivered simultaneously with the execution and delivery of this Agreement and bearing even date herewith, the Bank has agreed to make to the Borrower a loan in the aggregate principal amount of two hundred fifty million dollars (\$250,000,000) on the terms and conditions set forth in the Loan Agreement, but only on condition that the Guarantor agrees to guarantee such loan and the obligations of the Borrower in respect thereof; and

WHEREAS the Guarantor, in consideration of the Bank's entering into the Loan Agreement with the Borrower, has agreed to guarantee such loan and the obligations of the Borrower in respect thereof;

NOW THEREFORE the parties hereto hereby agree as follows :

*Article I*

Wherever used in this Guarantee Agreement, unless the context shall otherwise require, the respective terms which are defined in Article I of the Loan Agreement shall have the respective meanings therein set forth.

*Article II*

Without limitation or restriction upon any of the other covenants on its part in this Guarantee Agreement contained, the Guarantor hereby uncondition-

<sup>1</sup> Came into force on 9 June 1947, upon the furnishing of evidence of ratification, in accordance with article V.

<sup>2</sup> See p. 122 of this volume.

ally guarantees the due and punctual payment of the principal of, and the interest, commitment charge and commission on, the Loan, and the punctual performance of all the covenants and agreements of the Borrower, all as set forth in the Loan Agreement and in the Bonds. It is further agreed by the Guarantor that its obligations under any covenants and agreements on its part in this Guarantee Agreement are not subject to any prior notice to, demand upon or action against the Borrower or to any prior notice to or demand upon the Guarantor with regard to any default by the Borrower in respect of any of its obligations set forth in the Loan Agreement and in the Bonds. No extension of time or forbearance given to the Borrower in respect of the performance of any of its obligations under the Bonds or the Loan Agreement, and no failure of the Bank or of any holder of the Bonds to give any notice or to make any demand or protest whatsoever, or strictly to assert any right or pursue any remedy against the Borrower in respect of the Bonds or of the Loan Agreement, shall in any way terminate, diminish or limit the unconditional guarantee of the Guarantor hereunder.

### *Article III*

The Guarantor hereby covenants that the principal of the Loan and the interest accruing thereon as specified in the Loan Agreement and in the Bonds and the commitment charge and the commission specified in Article II of the Loan Agreement shall be paid without deduction for and free from any taxes, imposts, levies or duties of any nature now or at any time hereafter imposed by the Guarantor or by any taxing authority thereof or therein and shall be paid free from all restrictions of the Guarantor, its political subdivisions or its agencies.

The Guarantor hereby further covenants that this Guarantee Agreement, the Loan Agreement and the Bonds shall be free of any issue, stamp or other tax imposed by the Guarantor or any taxing authority thereof or therein.

### *Article IV*

The Guarantor agrees to endorse its guarantee hereunder on the Bonds to be executed by the Borrower and delivered in accordance with Article V of the Loan Agreement, which guarantee shall be in the form prescribed in Schedules 2-A and 2-B to the Loan Agreement, respectively.

### *Article V*

The parties hereto accept and agree to the provisions of Articles IX and X of the Loan Agreement with the same force and effect as though set forth herein.

This Guarantee Agreement is subject to ratification as in Article XI of the Loan Agreement provided.

IN WITNESS WHEREOF the parties hereto have caused this Agreement to be signed in their respective names by their representatives thereunto duly authorized as of the day and year first above written.

The Republic of France  
By H. BONNET  
Ambassador of France  
International Bank for Reconstruction and Development  
By John J. McCLOY  
President

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

LOAN REGULATIONS No. 1, DATED 9 MAY 1947

REGULATIONS GOVERNING THE ARBITRATION OF CONTROVERSIES AND CLAIMS ARISING  
UNDER LOAN AGREEMENTS

*Article I*

As used in these Regulations :

1. The term " Bank " means International Bank for Reconstruction and Development.
2. The term " Articles " means the Articles of Agreement of the Bank.<sup>1</sup>
3. The term " Loan Agreement " means an agreement made by the Bank for the making of a loan out of the funds of the Bank and shall include any agreement providing for the guarantee of such loan and any agreements supplemental to the Loan Agreement or to any such guarantee agreement.
4. The term " Borrower " means the party to the Loan Agreement to which the loan is made.
5. The term " Guarantor " means the member of the Bank which has guaranteed the loan provided for in the Loan Agreement. If the only party to a Loan Agreement other than the Bank shall be a member of the Bank and the loan provided for in such Loan Agreement shall not be guaranteed by any other party, references herein to a Guarantor shall be disregarded in so far as concerns such Loan Agreement.
6. The term " Bonds " means bonds or other securities of the Borrower issued under a Loan Agreement for all or any part of the loan provided for therein.

<sup>1</sup> United Nations, *Treaty Series*, Vol. 2, p. 134; Vol. 19, p. 300, and Vol. 141, p. 355.

*Article II*

If and to the extent that any Loan Agreement shall so provide, the Regulations herein set forth shall govern the arbitration of controversies between the parties to such Loan Agreement and claims by any such party against any other such party arising under the provisions of such Loan Agreement or of Bonds issued thereunder. These Regulations are subject to revocation or amendment by the Bank at any time without prior notice; provided, however, that any such revocation or amendment shall not be effective in respect of any such Loan Agreement, unless the parties thereto shall so agree. Any Loan Agreement may provide for modifications of or exceptions to these Regulations as they shall be applied to controversies and claims arising under such Loan Agreement.

*Article III*

## Section 1

Any controversy between the parties to a Loan Agreement and any claim by any such party against any other such party arising under a Loan Agreement or Bonds which shall not be determined by agreement of the parties shall be submitted to arbitration by an Arbitral Tribunal as hereinafter provided.

## Section 2

The parties to such arbitration shall be the Bank on the one side and the Borrower and the Guarantor on the other side.

## Section 3

The Arbitral Tribunal shall consist of three arbitrators appointed as follows: one arbitrator shall be appointed by the Bank; a second arbitrator shall be appointed by the Borrower and the Guarantor or, if they shall not agree on the appointment of such arbitrator, he shall be appointed by the Guarantor; and the third impartial arbitrator (hereinafter sometimes called the umpire) shall be appointed by agreement of the parties or, if they shall not agree upon the umpire, he shall be appointed by the President of the International Court of Justice. If either side shall fail to appoint an arbitrator, such arbitrator shall be appointed by the umpire. In case any arbitrator appointed in accordance with these Regulations shall resign, die or become unable to act, a successor arbitrator shall be appointed by the same authority which appointed the original arbitrator and such successor shall have all the powers and duties of such original arbitrator.

## Section 4

An arbitration proceeding may be instituted under these Regulations upon notice by the party instituting such proceeding to the other parties. Such notice shall contain a statement setting forth the nature of the controversy or claim to be submitted to arbitration, the nature of the relief sought, and the name of the arbitrator appointed by the party instituting such proceeding. Within 30 days after the giving of such notice, the adverse party or parties shall notify the party instituting the proceeding of the name of the arbitrator appointed by such adverse party or parties.

## Section 5

If, within 60 days after the giving of such notice by the party or parties instituting the arbitration proceeding, the parties shall not have agreed upon an umpire, any party may request the President of the International Court of Justice to appoint an umpire. When such President shall appoint an umpire, he shall notify all parties and the umpire of such appointment.

## Section 6

The Arbitral Tribunal shall convene at the principal office of the Bank at such time as shall be fixed by the umpire. Thereafter, the Arbitral Tribunal shall determine where and when it shall sit.

## Section 7

Subject to the provisions of these Regulations and of the particular Loan Agreement and except as the parties shall otherwise agree, the Arbitral Tribunal shall decide all questions relating to its competence and shall determine its procedure. All decisions of the Arbitral Tribunal shall be by majority vote.

## Section 8

The Arbitral Tribunal shall afford to all parties a fair hearing and shall render its award in writing. Such award may be rendered by default. The award of the Arbitral Tribunal when signed by a majority thereof shall constitute the award of such Tribunal. Any such award rendered in accordance with the provisions of these Regulations shall be final and binding upon all parties to the Loan Agreement. A signed counterpart of the award shall be transmitted to each of such parties. All such parties shall abide by and comply with any such award rendered by the Arbitral Tribunal in accordance with the provisions of these Regulations.

## Section 9

The parties shall fix the amount of the remuneration of the arbitrators and such other persons as shall be required for the conduct of the arbitration proceeding. If the parties shall not agree on such amount before the Arbitral Tribunal shall convene, the Arbitral Tribunal shall fix such amount as shall be reasonable under the circumstances. The cost of the arbitration proceeding shall be divided and shared equally by the Bank on the one side and the Borrower and Guarantor on the other side. Any question concerning the division of the cost of the arbitration proceeding or the procedure for payment of such cost shall be determined by the Arbitral Tribunal.

## Section 10

The provisions for arbitration set forth in these Regulations shall be exclusive of any other procedure for the determination of controversies between the parties to the particular Loan Agreement and any claim by any such party against any other such party arising thereunder or under the Bonds issued thereunder. If, within 30 days after counterparts of the award shall be delivered to the parties, the award shall not

be complied with any party may enter judgment upon or institute a proceeding to enforce the award in any court of competent jurisdiction or pursue such other remedy or remedies as may be available for the enforcement of the award and of the provisions of the particular Loan Agreement and Bonds.

### Section 11

Service of any notice or process in connection with any proceeding under these Regulations or any proceeding to enforce any award rendered pursuant to these Regulations may be made in the manner provided for the service of any notice or demand under the particular Loan Agreement. The respective parties to such Loan Agreement, by agreeing therein to the arbitration of controversies and claims as provided in these Regulations, waive any and all other requirements for the service of any such notice or process and agree that any judgment entered upon the award or any judicial mandate or order of whatsoever nature made in any proceeding for the enforcement of the award may be enforced by execution or otherwise.

Dated May 9th, 1947.

International Bank for  
Reconstruction and Development  
By John J. McCLOY  
President

## LOAN AGREEMENT BETWEEN INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT AND CRÉDIT NATIONAL

AGREEMENT, dated May 9, 1947, between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT, party of the first part, and CRÉDIT NATIONAL POUR FACILITER LA RÉPARATION DES DOMMAGES CAUSÉS PAR LA GUERRE, party of the second part.

WHEREAS the Republic of France has prepared a program for the general reconstruction and development of the productive facilities and resources of France; and

WHEREAS the Crédit National has made application to the Bank for a loan to assist in the financing of a part of such program, which loan is to be guaranteed by the Republic of France; and

WHEREAS the Bank has agreed to grant such a loan in the amount hereinafter specified and on the terms and conditions hereinafter set forth; and

WHEREAS in so agreeing the Bank has taken note of the letter of even date herewith from the Minister of Finance of the Republic of France to the Bank<sup>1</sup> and also of the letter of even date herewith from the Crédit National to the Bank, to which letters reference is hereby made; and

<sup>1</sup> See p. 160 of this volume.

WHEREAS by an agreement of even date herewith, which has been executed and delivered simultaneously with the execution and delivery of this Agreement, the Republic of France has guaranteed said loan and the obligations of the Crédit National in respect thereof;

NOW THEREFORE, the Bank and the Crédit National hereby agree as follows :

### *Article I*

#### DEFINITIONS

Wherever used in this Agreement or in any Schedule to this Agreement, unless the context shall otherwise require, the following terms shall have the respective meanings hereinafter in this Article set forth :

(1) The term Bank means International Bank for Reconstruction and Development, the party of the first part hereto.

(2) The term Borrower means Crédit National pour faciliter la réparation des dommages causés par la guerre, a société anonyme organized and existing under the laws of the Republic of France, the party of the second part hereto.

(3) The term Guarantor means the Republic of France.

(4) The term Loan means the loan provided for in this Agreement.

(5) The term Loan Account means the loan account to be opened as provided in section 1 of Article IV of this Agreement.

(6) The term United States means the United States of America.

(7) The term dollars and the sign \$ mean dollars in such coin or currency of the United States as at the time referred to shall be legal tender for the payment of public and private debts in the United States.

(8) The term Bond means a bond issued in accordance with Article V of this Agreement.

(9) The term principal office of the Bank means its principal office in the City of Washington, District of Columbia, United States. If the principal office of the Bank shall be changed and the Bank shall so notify the Borrower and the Guarantor, the term principal office shall thereafter mean the principal office so notified to the Borrower and the Guarantor.

(10) The term goods means equipment and supplies which are required for the purposes specified in Article III, and wherever reference is made in this Agreement to the cost of any goods such cost shall be deemed to include the cost of importing such goods into the territories of the Guarantor, but only to the extent that such cost shall be paid in currency other than French francs.

(11) The term external debt means any debt payable in any currency other than French francs.

(12) The term Closing Date means December 31, 1947, or such other date as the Bank and the Borrower may agree to as the Closing Date.

(13) The term Effective Date means the date on which this Agreement shall come into force and effect as provided in Section 1 of Article XI of this Agreement.



(14) The term Guarantee Agreement<sup>1</sup> means the agreement of even date herewith between the Bank and the Guarantor whereby the Guarantor has agreed to guarantee the Loan and the obligations of the Borrower in respect thereof.

(15) The term this Agreement includes the respective Schedules<sup>2</sup> which are referred to herein and all of which are hereby incorporated herein and are herein referred to by their respective numbers and letters.

## Article II

### THE LOAN

*Section 1.* The Bank agrees to lend to the Borrower, on the terms and conditions in this Agreement set forth, the sum of two hundred fifty million dollars (\$250,000,000), or the equivalent thereof in currencies other than dollars as hereinafter provided.

*Section 2.* The amount of the Loan shall be advanced to the Borrower as provided in Article IV of this Agreement. The Borrower shall pay to the Bank a commitment charge at the rate of one and one-half percent ( $1\frac{1}{2}\%$ ) per annum on any amount of the Loan not so advanced from the Effective Date to the respective dates on which the respective amounts shall be so advanced or the Bank shall have incurred a firm obligation to pay such amounts to others than the Borrower, whichever shall be the earlier. Such commitment charge shall be payable in dollars semi-annually on May 1 and November 1 in each year.

*Section 3.* The Borrower shall pay interest at the rate of three and one-quarter percent ( $3\frac{1}{4}\%$ ) per annum on the principal amount of the Loan outstanding and unpaid from the respective dates on which the respective amounts of the Loan shall be advanced to the Borrower as provided in Article IV of this Agreement or the respective dates on which the Bank shall incur a firm obligation to pay such amounts to others than the Borrower, whichever shall be the earlier, until such amounts shall be repaid. Such interest shall be payable in dollars semi-annually on May 1 and November 1 in each year, except that interest on any part of the Loan which shall be repayable in any currency other than dollars shall be payable in such other currency.

*Section 4.* The Borrower shall also pay to the Bank a commission at the rate of one percent ( $1\%$ ) per annum on the aggregate amount of the Loan which shall have been advanced and shall be outstanding from time to time. Such commission shall be payable from the respective dates on which the respective amounts of the Loan shall be advanced to the Borrower as provided in Article IV of this Agreement or on which the Bank shall incur a firm obligation to pay such amounts to others than the Borrower, whichever shall be the earlier. Such commission shall be payable in dollars semi-annually on May 1 and November 1 in each year, except that such commission on any part of the Loan which shall be repayable in any currency other than dollars shall be payable in such other currency.

<sup>1</sup> See p. 112 of this volume.

<sup>2</sup> See pp. 150, 152 and 154 of this volume.

*Section 5.* In all cases in which it shall be necessary to compute the amount of commitment charge, interest or commission which shall have accrued under this Agreement for periods of less than six months, such commitment charge, interest or commission shall be computed on a daily basis, using a 365 day factor. For even periods of six months such commitment charge, interest and commission shall be computed on an annual basis.

*Section 6.* The Borrower shall repay the principal of the Loan in accordance with the amortization schedule set forth in Schedule 1 to this Agreement.

*Section 7.* Except as shall be otherwise specified in the Bonds, the principal of and interest and commission and commitment charge on the Loan and the premium on Bonds called for redemption prior to the maturity thereof shall be paid at the principal office of The Federal Reserve Bank of New York in the City of New York, State of New York, United States.

*Section 8.* If any goods shall be purchased in any country other than the United States, the Borrower shall make reasonable efforts to arrange to pay all or part of the cost of such goods in the currency of such other country. To the extent that the Borrower shall so arrange to pay the cost of any goods in any currency other than dollars, the Borrower shall give the Bank a reasonable opportunity to advance such other currency in lieu of dollars as part of the Loan. To that end, whenever any part of the proceeds of the Loan is to be used to purchase goods in any country other than the United States and the Borrower shall be able to arrange to pay all or part of the cost of such goods in the currency of such other country, the Borrower shall so notify the Bank not less than 60 days (or such shorter period as shall be agreed upon between the Bank and the Borrower) prior to the date on which it shall apply for the withdrawal from the Loan Account of any amount for the purpose of paying, or reimbursing the Borrower for, the cost of such goods. If and to the extent that the Bank shall acquire any such other currency which it shall so advance in exchange for dollars, the part of the Loan so advanced shall be repayable in dollars and the equivalent in dollars of the part of the Loan so advanced shall be the amount of dollars paid by the Bank in exchange for such other currency. If and to the extent that the Bank shall advance any such other currency out of its capital held in such currency or out of its other holdings of such currency, the part of the Loan so advanced shall be repayable in such other currency and the equivalent in dollars of the part of the Loan so advanced shall be computed at the official rate for the exchange of dollars for such other currency at the date of the advance as determined by the International Monetary Fund.

*Section 9.* As to any part of the Loan which shall be repayable in any currency other than dollars,

(a) the equivalent in dollars of such part of the Loan shall be determined as provided in Section 8 of this Article;

(b) the amount of such other currency which the Borrower shall be required to pay on account of the principal of such part of the Loan shall be equal in value to the equivalent in dollars of such part of the Loan and shall be determined by valuing such

other currency in terms of dollars at the selling rate for cable transfers of such other currency against dollars in the City of New York, United States, at noon on the date when payment of such principal shall be due, as certified by the Federal Reserve Bank of New York or, if such Bank shall not certify such rate, as determined by the International Monetary Fund; and

(c) the amount of such other currency which the Borrower shall be required to pay on account of interest and commission on, or premium on redemption of, such part of the Loan shall be equal in value to interest, commission or redemption premium in dollars at the respective rates specified in this Agreement on the equivalent in dollars of such part of the Loan, and shall be determined by valuing such other currency in terms of dollars as hereinbefore in clause (b) of this Section provided.

If and when it shall be finally decided in accordance with Article IX of the Articles of Agreement of the Bank<sup>1</sup> that the provisions of Section 9 of Article II of such Articles are applicable to currencies of members paid in on account of their subscriptions to the capital stock of the Bank during any period for which such currencies have been loaned by the Bank, this Section shall cease to apply.

The foregoing provisions of this Section shall apply in respect of any part of the Loan which shall be repayable in any currency other than dollars notwithstanding any provision of this Agreement or of the Bond or Bonds representing such part of the Loan which shall specify the principal amount of such Bond or Bonds. The foregoing provisions of this Section shall not be applicable to any payment required to be made under the provisions of any Bond at a time when the Bank is not the beneficial owner of such Bond.

### Article III

#### USE OF PROCEEDS OF THE LOAN

*Section 1.* The Borrower covenants that the proceeds of the Loan will be applied to the payment of the cost of purchasing and importing into the territories of the Guarantor goods which will be required and used exclusively for productive purposes in the carrying out of the program of the Guarantor referred to in the preamble to this Agreement for the general reconstruction and development of the productive facilities and resources of France. The specific goods to be purchased 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.* All goods purchased with the proceeds of the Loan shall be imported into the territories of the Guarantor and shall there be used exclusively for the purposes specified in Section 1 of this Article, and, except as shall be otherwise agreed between the Bank and the Borrower, none of such goods shall be re-exported.

<sup>1</sup> United Nations, *Treaty Series*, Vol. 2, p. 134; Vol. 19, p. 300, and Vol. 141, p. 355.

*Article IV*

## WITHDRAWALS OF PROCEEDS OF THE LOAN

*Section 1.* The Bank shall open an account on its books in the name of the Borrower and shall credit to said account the amount of the Loan. The Borrower shall be entitled from time to time to withdraw from the Loan Account such amounts as shall be required by the Borrower in order to reimburse it for expenditures made subsequent to the Effective Date (except as shall be otherwise specifically provided by agreement between the Bank and the Borrower) for the purpose of paying the cost of goods purchased in accordance with Article III of this Agreement. The Borrower shall also be entitled from time to time to withdraw from the Loan Account such amounts as shall from time to time be approved by the Bank and as shall be reasonably required by the Borrower in order to enable it to pay the cost of such goods not theretofore paid.

*Section 2.* (A) Whenever the Borrower shall desire to draw on the Loan Account, the Borrower shall deliver to the Bank an application in writing setting forth

(1) The amount which the Borrower so desires to withdraw from the Loan Account;

(2) A statement that said amount is required to reimburse the Borrower for, or to enable the Borrower to meet, expenditures made or to be made for the purpose of paying the cost of goods as therein set forth, which statement shall show, in such reasonable detail as the Bank shall request, the cost of such goods, the dates on which such goods were ordered and the dates on which payment for such goods was made or will be due, the names and addresses of the purchasers and of the suppliers of such goods, and the destination and end-use of such goods;

(3) A statement that the Borrower has not theretofore withdrawn or applied for the withdrawal from the Loan Account of any amounts for the purpose of reimbursing the Borrower for or paying such expenditures, and that the Borrower has not obtained and will not obtain funds for such purpose out of the proceeds of any other loan or credit available to the Borrower, other than a short term loan or credit established in anticipation of the withdrawal applied for and to be repaid pro tanto with the funds to be withdrawn, which loan or credit shall be described in the application;

(4) A statement that such expenditures were or will be made for the purposes specified in Article III of this Agreement; that the goods purchased or to be purchased by means of such expenditures are appropriate for such purposes; and that the cost and terms of purchase thereof are not unreasonable; and

(5) A statement that at the date of the application there is no existing default in the performance of any of the obligations of the Borrower under this Agreement or of the Guarantor under the Guarantee Agreement.

(B) If such application shall be to withdraw from the Loan Account amounts for the purpose of enabling the Borrower to meet the cost of goods not theretofore paid, it shall also set forth :

(6) A statement of the arrangements under which the amount to be withdrawn from the Loan Account on such application will be applied to the payment of the cost of such goods; and

(7) An agreement by the Borrower that it will apply or cause to be applied the amount to be withdrawn from the Loan Account on such application only to the pay-

ment when and as due of the cost of such goods and that, as promptly as possible thereafter, the Borrower will furnish to the Bank proof satisfactory to the Bank that such amount has been so applied.

*Section 3.* (A) Each application under this Article shall be in writing in the English language and shall be signed on behalf of the Borrower by its officer or officers duly authorized for the purpose. Each such application shall be executed and delivered to the Bank in triplicate as the Bank shall from time to time direct. Except as otherwise agreed between the Bank and the Borrower, each such application (except the final application for any currency) shall be for an amount of not less than \$100,000, or the equivalent thereof, in any one currency. Each such application shall relate to a single currency and applications relating to each currency shall be serially numbered in a separate series.

(B) The Borrower will make available to the Bank at all reasonable times original or duplicate receipted bills or invoices or other documents sufficient to show that the expenditures covered by the application have been made for the goods specified therein, in order that such documents may be inspected by representatives of the Bank. In general, each application and the accompanying documents must be sufficient to satisfy the Bank that the amount to be withdrawn from the Loan Account is to be used only for the purposes for which the Loan is granted as specified in Article III of this Agreement.

(C) If the expenditures to be reimbursed or paid by the withdrawal applied for were or are to be made in any currency other than dollars, the application shall so state and shall also state the amount of such expenditures in such other currency.

*Section 4.* The Borrower shall furnish to the Bank any and all such further documents and other evidence in support of the application as the Bank shall at any time or from time to time reasonably request and whether before or after the Bank shall make any advance requested in the application. All applications and other documents delivered to the Bank under this Article shall be in form and substance satisfactory to the Bank.

*Section 5.* If the Bank is satisfied that the application fully complies with the provisions of this Agreement and that the Borrower is entitled under this Agreement to withdraw from the Loan Account the amount applied for, the Bank will promptly pay such amount to or on the order of the Borrower; provided, however, that, if the expenditures to be reimbursed or paid by the withdrawal applied for were made or are to be made in any currency other than dollars, the Bank shall have the option, as provided in Section 8 of Article II of this Agreement, to make the advance applied for in such other currency. If the Borrower shall require funds in order to enable it to pay the cost of goods not theretofore paid and shall not be able to furnish with its application for withdrawal of such funds from the Loan Account all of the data specified in Section 2 of this Article so to be furnished and the Bank shall be satisfied that the Borrower does so require such funds and cannot reasonably obtain and furnish such data, and that such funds will be applied to the payment of the cost of such goods, the Bank may permit the Borrower to withdraw such funds from the Loan Account notwithstanding the inability of the Borrower so to furnish such data.

*Section 6.* The Borrower may at its option by notice to the Bank cancel all or any part of the principal of the Loan which the Borrower shall not have withdrawn prior to such notice. If the Borrower shall not on or before the Closing Date have withdrawn from the Loan Account the full amount of the Loan, the amount of the Loan not so withdrawn shall be canceled. Upon the cancellation of any part of the Loan as provided in this Section or in Section 8 of this Article the obligation of the Borrower to pay the commitment charge specified in Section 2 of Article II of this Agreement on such part of the Loan shall cease. Except as otherwise agreed between the Bank and the Borrower, any such cancellation shall be applied pro rata to the respective maturities of the instalments of the principal of the Loan as set forth in Schedule 1 to this Agreement.

*Section 7.* The obligation of the Bank to make any payment to the Borrower on account of the Loan as hereinbefore in this Article provided shall be subject to the condition that none of the events hereinafter described shall at the time when such payment would otherwise be due have occurred and be continuing, to wit :

(a) An Event of Default shall have happened and be existing under this Agreement.

(b) Any extraordinary situation shall develop subsequent to the date of this Agreement which shall make it improbable that the Borrower will be able to perform its obligations under this Agreement or that the Guarantor will be able to perform its obligations under the Guarantee Agreement.

(c) The Guarantor shall have been declared ineligible to use the resources of the International Monetary Fund or shall have been suspended from membership in or cease to be a member of the Bank.

(d) The Bank shall have suspended operations either temporarily or permanently as provided in Section 5 of Article VI of its Articles of Agreement.

*Section 8.* Except as hereinafter in this Section provided, if any of the events described in Section 7 of this Article shall have happened and be continuing, the Bank may, at its option, by notice to the Borrower, terminate any and all obligations of the Bank to permit further withdrawals by the Borrower from the Loan Account and, upon the giving of such notice, all such obligations and all rights of the Borrower to make further withdrawals from the Loan Account shall forthwith cease and determine, anything in this Agreement to the contrary notwithstanding. If subsequent to the Effective Date and prior to the date of such termination the Borrower shall have incurred any binding obligation to apply any of the proceeds of the Loan not theretofore withdrawn by the Borrower to the purchase of goods as provided in this Agreement, the Bank shall, in so far as shall not be inconsistent with any other provisions of this Agreement and upon receiving assurances satisfactory to the Bank that the amounts so to be withdrawn will be applied to the satisfaction of such obligation on the part of the Borrower, permit the withdrawal from the Loan Account, upon compliance with the provisions of this Agreement, of such amounts as shall be necessary in order to enable the Borrower to satisfy such obligation on its part. Upon the termination of the Bank's obligation to permit further withdrawals from the Loan Account as hereinbefore provided, the amount of the Loan not theretofore withdrawn from the Loan Account shall forthwith be canceled and, except as otherwise herein specifically provided, all the provisions of this Agreement shall continue in full force and effect.

*Article V*

## BONDS

*Section 1.* Within 60 days after the Closing Date the Borrower and the Guarantor shall execute and deliver to the Bank Bonds in the aggregate principal amount of the Loan which shall at the time of delivery of such Bonds be outstanding and unpaid. If any part of the Loan shall be repayable in any currency other than dollars, the Bonds representing the amount so repayable shall be payable as to principal and interest in such other currency and the aggregate principal amount of such Bonds shall be equal to the aggregate amount of such currency so advanced and not theretofore repaid. The respective maturities of the Bonds which shall be delivered hereunder shall correspond to the maturities specified in the amortization schedule set forth in Schedule 1 to this Agreement. Such Bonds shall be in such denominations as the Bank shall specify all dated as of the Closing Date and shall bear interest at the rate of three and one-quarter percent ( $3\frac{1}{4}\%$ ) per annum from the date thereof; provided, however, that if the Closing Date shall not be a semi-annual interest payment date, the Bonds shall be dated as of the semi-annual interest payment date next following the Closing Date. Bonds in dollars shall be substantially in the form set forth in Schedule 2-A to this Agreement. Bonds in any currency other than dollars shall be substantially in the form set forth in Schedule 2-B to this Agreement, with such places of payment as the Bank shall specify and with such other modifications as the Bank shall reasonably require in order to conform to the law of the country in whose currency such Bonds are payable.

*Section 2.* At any time or from time to time the Bank shall have the right to sell, pledge or otherwise dispose of any of the Bonds. Except as the Bank shall otherwise elect, or as otherwise specifically provided in this Agreement, the provisions of this Agreement and of the Guarantee Agreement shall continue in full force and effect until the entire principal amount of the Loan shall be cancelled as provided in Article IV of this Agreement or shall be repaid. No holder of any Bond other than the Bank shall by virtue of being the holder thereof be entitled to exercise any of the rights conferred, or be subject to any of the conditions or obligations imposed, upon the Bank under this Agreement or the Guarantee Agreement except as shall be otherwise provided in such Bond. The Bank shall, before selling, pledging or otherwise disposing of any of the Bonds, notify the Borrower of the intention of the Bank so to do and shall afford to the Borrower a reasonable opportunity to express its views with regard thereto. The Bank shall not make any public offering of all or any of the Bonds without the prior agreement of the Borrower to such public offering. If at any time the Bank shall desire to make a public offering of all or any of the Bonds, the Bank shall so notify the Borrower. In any such case the Bank shall consult with the Borrower and the Guarantor for the purpose of agreeing upon the form, terms and denominations of the Bonds so to be offered for sale and any and all other matters relating to the proposed offering and sale of such Bonds. The failure of the Bank to comply with any of the provisions of this Section shall not in anywise affect or impair the negotiability of the Bonds or the title or rights of any transferee of any of the Bonds.

*Section 3.* If the Bank shall at any time sell, without recourse, any of the Bonds, the obligation of the Borrower to pay the commission specified in Section 4 of Article II of this Agreement in respect of the principal of the Loan represented by such Bonds shall thereupon cease.

#### *Article VI*

##### REDEMPTION OF BONDS

*Section 1.* The Borrower may, at its election, at any time or from time to time after the date of the Bonds, pay off and redeem all or any of the Bonds, at a redemption price for each Bond equal to the principal amount thereof, plus the interest accrued and unpaid thereon to the date fixed for the redemption thereof, plus as a premium the following respective percentages of such principal amount:  $\frac{1}{2}$  of 1 %, if redeemed not more than five years prior to the date of maturity specified in such Bond; 1 %, if redeemed more than five years and not more than ten years prior to said date;  $1\frac{1}{2}$  %, if redeemed more than ten years and not more than fifteen years prior to said date; 2 %, if redeemed more than fifteen years and not more than twenty years prior to said date;  $2\frac{1}{2}$  %, if redeemed more than twenty years and not more than twenty-five years prior to said date; and 3 %, if redeemed more than twenty-five years prior to said date. Such premium shall be payable in the currency in which such Bond is payable.

*Section 2.* If the Borrower shall so elect to redeem less than all of the Bonds at the time outstanding and unpaid, the Bonds so to be redeemed shall be designated by lot, or in such other manner, as the Bank and the Borrower shall agree upon.

*Section 3.* The Borrower's election to redeem the Bonds or any thereof shall be exercised by giving notice to the Bank stating such election, designating the Bond or Bonds to be redeemed, stating the redemption price or prices thereof determined as in Section 1 of this Article provided, and stating the date (sometimes referred to in this Article as the date fixed for redemption) on which such Bonds are to be redeemed. Such notice shall be given not less than 90 days prior to the date fixed for redemption.

*Section 4.* Notice of election to redeem having been given as above provided, the Bonds to be redeemed shall on the date fixed for redemption become due and payable at their respective redemption prices determined as in Section 1 of this Article provided. From and after the date fixed for redemption (unless the Borrower shall fail to make payment of the redemption price or prices of such Bonds) interest on such Bonds shall cease to accrue and, upon presentation of such Bonds for payment and redemption in accordance with said notice, such Bonds shall be paid by the Borrower at the redemption price or prices aforesaid. If all or any of such Bonds shall not be so paid upon presentation thereof, they shall continue to bear interest as therein specified until paid. Upon the date fixed for redemption, the Borrower shall pay to the Bank the amount of the commission accrued and unpaid on the part of the Loan represented by the Bonds to be redeemed.



*Section 5.* It is the desire of the Bank to encourage the redemption of the Bonds prior to the dates of maturity specified therein. Accordingly, if and to the extent that the amounts to be paid by the Borrower on the redemption of Bonds at the time owned by the Bank can, and in the judgment of the Bank should, be used by it in the retirement of securities issued by it without the payment of a premium on the retirement thereof, or otherwise used in its operations, it is the intention of the Bank to permit the redemption of Bonds without the payment of a premium on such redemption. If the Borrower shall, not less than four months prior to the date on which it shall desire to redeem any of the Bonds in accordance with the provisions of this Article, request the Bank to permit the Borrower to redeem such Bonds without the payment of the premium provided for in Section 1 of this Article, the Bank will as promptly as possible notify the Borrower whether or not the Bank will so permit the redemption of such Bonds.

### *Article VII*

#### PARTICULAR COVENANTS OF THE BORROWER

The Borrower hereby covenants as follows :

*Section 1.* So long as any part of the Loan shall be outstanding and unpaid, the Borrower will not, without the prior consent of the Bank, cause or permit to be created any mortgage, pledge or other charge or priority on any property or assets, or any revenues or receipts, of the Borrower as security for any external debt of the Borrower or of others, unless the Loan shall be secured by such mortgage, pledge or other charge or priority equally and ratably with such other external debt.

*Section 2.* So long as any part of the Loan shall be outstanding and unpaid,

A. The Borrower will furnish or cause to be furnished to the Bank all information which the Bank shall reasonably request with regard to (1) the use of the goods purchased with the proceeds of the Loan; (2) the financial condition and operations of the Borrower; and (3) economic and financial conditions of France, internal and external;

B. All reasonable opportunity shall be afforded to accredited representatives of the Bank to meet and consult with responsible representatives of the Borrower concerning all matters relating to the purposes of the Loan, the maintenance of the service of the Loan and other matters of mutual interest, it being understood that the Borrower will keep the Bank currently informed with regard to all matters affecting the service of the Loan and that both the Bank and the Borrower shall have the right from time to time to present to each other suggestions and observations, which shall be received and considered in a spirit of mutual cooperation; and

C. All reasonable opportunity shall be afforded to accredited representatives of the Bank to have access to and to inspect any goods paid for out of the proceeds of the Loan and all contracts, orders, invoices and other documents and books of account relating to such goods and the end-use thereof.

*Section 3.* So long as any part of the Loan shall be outstanding and unpaid, if the Borrower shall propose to incur, assume or guarantee any external debt or substantially to modify the terms of payment of any then existing external debt incurred, assumed or guaranteed by it, the Borrower will notify the Bank of the particular proposal and will afford to the Bank a reasonable opportunity to present its views to the Borrower with regard to such proposal.

### *Article VIII*

#### REMEDIES OF THE BANK ON DEFAULT

*Section 1.* If any of the following events (hereinafter called Events of Default) shall happen, that is to say, (1) if default shall be made in the payment of any instalment of interest on the Loan or on any of the Bonds or any instalment of commission or commitment charge on the Loan when and as the same shall become payable and such default shall continue for 30 days; or (2) if default shall be made in the payment of the principal of any of the Bonds, whether upon the date of maturity of such Bonds or upon call for redemption or by declaration or otherwise as provided in this Agreement; or (3) if default shall be made in the performance of any other covenant or agreement on the part of the Borrower or the Guarantor in the Bonds or in this Agreement or the Guarantee Agreement set forth and such default shall continue for a period of 60 days after written notice thereof shall have been given by the Bank to the Borrower; or (4) if the Borrower shall take or permit to be taken any action or proceeding whereby any of the property of the Borrower shall or may be assigned or in any manner transferred or delivered to any receiver, assignee or other person, whether appointed by a court or by the Borrower or the Guarantor or by authority of any law, whereby such property shall or may be distributed among the creditors of the Borrower; or (5) if any proceedings for the surrender of the charter of the Borrower shall be instituted by the Guarantor or by any governmental authority therein having jurisdiction; then and in each such case during the continuance of such Event of Default the Bank, at its option, may declare principal of the Loan and of all the Bonds then outstanding (if not already due) to be due and payable immediately, and upon any such declaration such principal shall become and shall be due and payable immediately, anything in this Agreement or in the Bonds contained to the contrary notwithstanding.

*Section 2.* No delay or omission of the Bank to exercise any right or power accruing to it under this Agreement upon any Event of Default shall impair any such right or power or be construed to be a waiver of any such Event of Default or any acquiescence therein; nor shall the action of the Bank in respect of any default or in respect of the waiver of any default affect or impair any right or power of the Bank in respect of any other or subsequent default on the part of the Borrower or the Guarantor and every right, power and remedy given hereunder to the Bank may be exercised by it from time to time and as often as it may deem expedient.

### *Article IX*

#### INTERPRETATION OF AGREEMENT—ARBITRATION

*Section 1.* The respective rights and obligations of the parties under this Agreement and the Bonds and under the Guarantee Agreement shall be valid and enforceable in

accordance with their terms anything in any statute, law or regulation of any nation or state or political subdivision thereof to the contrary notwithstanding. None of such parties shall be entitled in any proceeding under this Article to assert any claim that any provision of either of such Agreements or of the Bonds is invalid or unenforceable because of any provision of the Articles of Agreement of the Bank or for any other reason.

*Section 2.* The provisions of this Agreement and of the Bonds and of the Guarantee Agreement shall be interpreted in accordance with the law of the State of New York, United States, as in effect at the date of this Agreement.

*Section 3.* Any controversy between the parties to this Agreement or the parties to the Guarantee Agreement and any claim by any such party against any other such party arising under either of such Agreements or the Bonds which shall not be determined by agreement of the parties shall be submitted to arbitration by an Arbitral Tribunal in accordance with the provisions of Loan Regulations No. 1<sup>1</sup> of the Bank, dated May 9, 1947, a copy of which has been furnished to each of such parties. The provisions for arbitration set forth in such Regulations shall be exclusive of any other procedure for the determination of controversies between the parties to such Agreements and of any claim by any of such parties against any other such party arising under either of such Agreements or under the Bonds. The parties hereto agree to abide by and comply with any award rendered by the Arbitral Tribunal in accordance with the provisions of such Regulations. If, within 30 days after counterparts of the award shall be delivered to the parties as provided in such Regulations, the award shall not be complied with, the Bank or the Borrower may enter judgment upon or institute a proceeding to enforce the award in any court of competent jurisdiction or pursue such other remedy or remedies as may be available for the enforcement of the award and of the provisions of this Agreement and the Bonds and the Guarantee Agreement. The Bank and the Borrower agree that any judgment entered upon the award or any judicial mandate or order of whatsoever nature made in any proceeding for the enforcement of the award may be further enforced against them, respectively, by execution or otherwise. Notwithstanding any provision of this Section or of said Loan Regulations No. 1, judgment shall not be entered against the Guarantor upon any award hereunder. Service of any notice or process in connection with any arbitration proceeding under this Article or any proceeding to enforce any such award may be made in the manner provided in Section 1 of Article X of this Agreement. The respective parties hereby waive any and all other requirements for service of any such notice or process.

## Article X

### MISCELLANEOUS PROVISIONS

*Section 1.* Any notice or demand required or permitted to be given under this Agreement or the Guarantee Agreement shall be deemed to have been duly given, when it shall be delivered in writing or by cable or radiogram to the party or parties to which

<sup>1</sup> See p. 116 of this volume.

such notice or demand is required or permitted to be given at its or their address or addresses hereinafter specified, or at such other address or addresses as such party or parties shall have designated by notice in writing to the party or parties giving or making such notice or demand. The addresses so specified are :

(a) For the Bank :

International Bank for Reconstruction and Development, 1818 H Street, N.W., Washington 6, District of Columbia, United States of America.

(b) For the Borrower :

Crédit National pour faciliter la réparation des dommages causés par la guerre, 45 rue Saint-Dominique, Paris, 7<sup>e</sup>, France.

(c) For the Guarantor :

Ministère des Finances, Paris, 1<sup>er</sup>, France

*Section 2.* This Agreement and the Guarantee Agreement may be executed in several counterparts, each of which shall be an original and all collectively but one instrument.

### *Article XI*

#### RATIFICATION

*Section 1.* This Agreement and the Guarantee Agreement are subject to ratification by the Borrower and the Guarantor, respectively. Each of them shall promptly after such ratification by it furnish to the Bank evidence of such ratification. Such Agreements shall come into force and effect on the date when the Borrower and the Guarantor shall furnish to the Bank evidence showing that they have ratified such Agreements.

*Section 2.* As part of the evidence of ratification of such Agreements the Borrower and the Guarantor shall furnish to the Bank an opinion of legal counsel, acceptable to the Bank, showing that such Agreements have been duly ratified by them and are legally binding upon them in accordance with the terms of such Agreements. Such opinions shall also show that the Bonds when signed and delivered as provided in this Agreement and the Guarantee Agreement will constitute valid and binding obligations of the Borrower in accordance with their terms and that the guarantee of the Guarantor thereon endorsed will constitute the valid and binding obligation of the Guarantor in accordance with its terms.

*Section 3.* The Borrower and the Guarantor shall also furnish to the Bank sufficient evidence of the authority of the person or persons who will sign the Bonds and the applications provided for in Article IV of this Agreement and the authenticated specimen signature of each such person.

*Section 4.* If the Borrower and the Guarantor shall not ratify such Agreements and furnish such evidence of their ratification thereof to the Bank within 60 days after the date of this Agreement, the Bank may at its option by notice to the Borrower and

the Guarantor terminate such Agreements. Upon the giving of such notice of termination as hereinbefore provided, this Agreement and the Guarantee Agreement and all obligations of the parties thereunder shall forthwith cease.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be signed in their respective names by their representatives thereunto duly authorized this 9th day of May, 1947.

International Bank for Reconstruction and Development:

By John J. McCLOY  
President

Crédit national pour faciliter la réparation des dommages causés par la guerre:

By BAUMGARTNER  
The President

### SCHEDULE 1

The following table shows the amounts of the semi-annual payments of amortization for the \$250,000,000 principal amount of the Loan. Any part of the principal of the Loan aggregating less than \$250,000,000 or any part of the principal of the Loan repayable in any currency other than dollars shall be repayable at the same rate as is reflected in such 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>
May 1, 1952 . . .		\$250,000,000	May 1, 1965 . . .	5,962,000	176,126,000
Nov. 1, 1952 . . .	\$1,250,000	248,750,000	Nov. 1, 1965 . . .	6,059,000	170,067,000
May 1, 1953 . . .	1,305,000	247,445,000	May 1, 1966 . . .	6,157,000	163,910,000
Nov. 1, 1953 . . .	1,361,000	246,084,000	Nov. 1, 1966 . . .	6,258,000	157,652,000
May 1, 1954 . . .	1,418,000	244,666,000	May 1, 1967 . . .	6,359,000	151,293,000
Nov. 1, 1954 . . .	1,476,000	243,190,000	Nov. 1, 1967 . . .	6,463,000	144,830,000
May 1, 1955 . . .	1,534,000	241,656,000	May 1, 1968 . . .	6,568,000	138,262,000
Nov. 1, 1955 . . .	1,594,000	240,062,000	Nov. 1, 1968 . . .	6,674,000	131,588,000
May 1, 1956 . . .	1,655,000	238,407,000	May 1, 1969 . . .	6,783,000	124,805,000
Nov. 1, 1956 . . .	1,716,000	236,691,000	Nov. 1, 1969 . . .	6,893,000	117,912,000
May 1, 1957 . . .	1,779,000	234,912,000	May 1, 1970 . . .	7,005,000	110,907,000
Nov. 1, 1957 . . .	1,842,000	233,070,000	Nov. 1, 1970 . . .	7,119,000	103,788,000
May 1, 1958 . . .	1,907,000	231,163,000	May 1, 1971 . . .	7,234,000	96,554,000
Nov. 1, 1958 . . .	1,973,000	229,190,000	Nov. 1, 1971 . . .	7,352,000	89,202,000
May 1, 1959 . . .	2,040,000	227,150,000	May 1, 1972 . . .	7,472,000	81,730,000
Nov. 1, 1959 . . .	2,107,000	225,043,000	Nov. 1, 1972 . . .	7,593,000	74,137,000
May 1, 1960 . . .	2,176,000	222,867,000	May 1, 1973 . . .	7,716,000	66,421,000
Nov. 1, 1960 . . .	2,247,000	220,620,000	Nov. 1, 1973 . . .	7,842,000	58,579,000
May 1, 1961 . . .	2,318,000	218,302,000	May 1, 1974 . . .	7,969,000	50,610,000
Nov. 1, 1961 . . .	2,390,000	215,912,000	Nov. 1, 1974 . . .	8,099,000	42,511,000
May 1, 1962 . . .	2,412,000	210,500,000	May 1, 1975 . . .	8,230,000	34,281,000
Nov. 1, 1962 . . .	2,501,000	204,999,000	Nov. 1, 1975 . . .	8,364,000	25,917,000
May 1, 1963 . . .	2,590,000	199,409,000	May 1, 1976 . . .	8,500,000	17,417,000
Nov. 1, 1963 . . .	2,681,000	193,728,000	Nov. 1, 1976 . . .	8,638,000	8,779,000
May 1, 1964 . . .	2,773,000	187,955,000	May 1, 1977 . . .	8,779,000	—
Nov. 1, 1964 . . .	2,867,000	182,088,000			
			TOTAL	\$250,000,000	—

## SCHEDULE 2-A

## FORM OF DOLLAR BOND

\$ 000  
No. 000

\$ 000  
No. 000

CRÉDIT NATIONAL POUR FACILITER LA RÉPARATION  
DES DOMMAGES CAUSÉS PAR LA GUERRE

## GUARANTEED SERIAL BOND

DUE .....

CRÉDIT NATIONAL POUR FACILITER LA RÉPARATION DES DOMMAGES CAUSÉS PAR LA GUERRE, a société anonyme organized and existing under the laws of the Republic of France (hereinafter called Crédit National), for value received, hereby promises to pay to, or on the order of, INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT, an international institution established by Articles of Agreement among the respective Governments signatory thereto (hereinafter called the Bank), on the       day of       , 19       , at the principal office of the Federal Reserve Bank of New York in the Borough of Manhattan in The City of New York, State of New York, United States of America, the sum of       Dollars in such coin or currency of the United States of America as at the time of payment thereof shall be legal tender for the payment of public and private debts, and to pay interest thereon from       , 19       , at said office in like coin or currency at the rate of       00 percentum per annum, payable semi-annually on May 1 and November 1 in each year.

This Bond is one of an issue of bonds of the aggregate principal amount of \$000,000,000 (or the equivalent thereof payable in other currencies), known as the Guaranteed Serial Bonds of the Crédit National, all issued under a Loan Agreement dated       , 1947, between the Bank and the Crédit National and guaranteed by the Republic of France in accordance with the terms of a Guarantee Agreement dated       , 1947, between the Bank and the Republic of France, to which Agreements reference is hereby made for a statement of the rights thereunder of the Bank and of the holders of the Bonds.

The Bonds are subject to redemption at the election of Crédit National, in whole at any time or in part (selected by lot or in such other manner as may be agreed upon by the Bank and the Crédit National) from time to time, at a redemption price equal to the principal amount thereof and the interest accrued thereon to the date fixed for such redemption, plus as a premium the following respective percentages of such principal amount:  $\frac{1}{2}$  of 1 %, if redeemed not more than five years prior to the date of maturity specified therein; 1 %, if redeemed more than five years and not more than ten years prior to said date;  $1\frac{1}{2}$  %, if redeemed more than ten years and not more than fifteen years prior to said date; 2 %, if redeemed more than fifteen years and not more than twenty years prior to said date;  $2\frac{1}{2}$  %, if redeemed more than twenty years and not

more than twenty-five years prior to said date; and 3 %, if redeemed more than twenty-five years prior to said date, upon not less than 90 days previous notice in writing to the Bank at its principal office in the City of Washington, District of Columbia, United States of America, all as provided in said Loan Agreement.

In case an Event of Default as defined in said Loan Agreement shall happen, the principal of all the Bonds then outstanding may, at the election of the Bank, be declared and become due and payable in the manner and with the effect provided in said Loan Agreement.

IN WITNESS WHEREOF Crédit National has caused this Bond to be signed in its name by its thereunto duly authorized.

Crédit national pour faciliter la réparation  
des dommages causés par la guerre :  
By

### FORM OF GUARANTEE

THE REPUBLIC OF FRANCE, for value received, as a primary obligor and not as surety merely, hereby absolutely and unconditionally guarantees to the holder of the within Bond, and pledges its full faith and credit for, the due and punctual payment of the principal and redemption price of said Bond, and the interest thereon.  
Dated

The Republic of France :  
By

### SCHEDULE 2-B

#### FORM OF BOND PAYABLE IN CURRENCY OTHER THAN DOLLARS

\* 000  
No. 000

\* 000  
No. 000

CRÉDIT NATIONAL POUR FACILITER LA RÉPARATION  
DES DOMMAGES CAUSÉS PAR LA GUERRE

#### GUARANTEED SERIAL BOND

DUE .....

CRÉDIT NATIONAL, POUR FACILITER LA RÉPARATION DES DOMMAGES CAUSÉS PAR LA GUERRE, a société anonyme organized and existing under the laws of the Republic of France (hereinafter called Crédit National), for value received, hereby promises to pay to, or on the order of, INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOP-

\* Principal amount of bond in the particular currency.

MENT, an international institution established by Articles of Agreement among the respective Governments signatory thereto (hereinafter called the Bank), on the  
day of , 19 , at the

the sum of

(insert amount of particular  
currency in which Bond is  
payable)

in such coin or currency of as at the time of payment thereof  
shall be legal tender for the payment of public and private debts, and to pay interest  
thereon from , 19 , at said office in like coin or currency at the  
rate of 00 per centum per annum, payable semi-annually on May 1 and November 1  
in each year.

This Bond is one of an issue of bonds of the aggregate principal amount of \$000,000,000, (or the equivalent thereof payable in other currencies), known as the Guaranteed Serial Bonds of the Crédit National, all issued under a Loan Agreement dated , 1947, between the Bank and the Crédit National and guaranteed by the Republic of France in accordance with the terms of a Guarantee Agreement dated , 1947, between the Bank and the Republic of France, to which Agreements reference is hereby made for a statement of the rights thereunder of the Bank and of the holders of the Bonds.

The Bonds are subject to redemption at the election of Crédit National, in whole at any time or in part (selected by lot or in such other manner as may be agreed upon by the Bank and the Crédit National) from time to time, at a redemption price equal to the principal amount thereof and the interest accrued thereon to the date fixed for such redemption, plus as a premium the following respective percentages of such principal amount:  $\frac{1}{2}$  of 1 %, if redeemed not more than five years prior to the date of maturity specified therein; 1 %, if redeemed more than five years and not more than ten years prior to said date;  $1\frac{1}{2}$  %, if redeemed more than ten years and not more than fifteen years prior to said date; 2 %, if redeemed more than fifteen years and not more than twenty years prior to said date;  $2\frac{1}{2}$  %, if redeemed more than twenty years and not more than twenty-five years prior to said date; and 3 %, if redeemed more than twenty-five years prior to said date, upon not less than 90 days previous notice in writing to the Bank at its principal office in the City of Washington, District of Columbia, United States of America, all as provided in said Loan Agreement.

In case an Event of Default as defined in said Loan Agreement shall happen, the principal of all the Bonds then outstanding may, at the election of the Bank, be declared and become due and payable in the manner and with the effect provided in said Loan Agreement.

IN WITNESS WHEREOF Crédit National has caused this Bond to be signed in its name  
by its thereunto duly authorized.

Crédit national pour faciliter la réparation  
des dommages causés par la guerre :  
By



*FORM OF GUARANTEE*

THE REPUBLIC OF FRANCE, for value received, as a primary obligor and not as surety merely, hereby absolutely and unconditionally guarantees to the holder of the within Bond, and pledges its full faith and credit for, the due and punctual payment of the principal and redemption price of said Bond, and the interest thereon.

Dated

The Republic of France :  
*By*

[TRANSLATION — TRADUCTION]

*Letter from the Minister of Finance of the French Republic*MINISTRY OF FINANCE  
THE MINISTER

9 May 1947

Sir,

In a memorandum addressed to the International Bank on 8 October 1946, I indicated what were, in terms of the economic and financial policy of the French Government, the purposes of the loan requested of that institution. France, seriously impoverished both in manpower and resources as a result of the First World War, has again suffered heavily through the Second. Since the liberation of her territory she has succeeded, thanks principally to her own efforts, in the first and most difficult step in her reconstruction. The results which she has already achieved are not to be underestimated if just account is taken of the difficulties encountered. But these efforts must be continued and intensified. In order for France to recover her full economic capacity and to participate fully in international trade, she must re-equip and modernize her industry. This is the purpose of the plan for equipment and modernization which has been approved by the French Government after having received the complete support of all elements representative of the vital forces of the Nation. The French Government intends to devote its best efforts to the carrying out of this program.

The general purpose of the plan is to raise French production between now and 1950 to a level equal to that which was reached in 1929, and to achieve at the same time equilibrium in the balance of payments. Within this framework, the purpose of the loan applied for from the International Bank is to assure the financing of a part of the needs of the plan during the year 1947. More precisely, the proceeds of the loan are to be devoted to the acquisition of equipment goods and raw materials which will be allocated to different sectors of the French economy in conformity with the requirements of the programme in question.

In support of its application the French Government has furnished to the International Bank all necessary documentation both as to the precise purposes of the loan and as to the economic situation of France. In particular, detailed information has been given regarding the balance of external payments. This information reveals the important proportion of our needs which has been, or will be, covered thanks to the liquidation of national gold and foreign exchange assets.

The French Government is fully conscious of the fact that the covering of its needs in foreign exchange is only one of the problems to be resolved in order to carry out the work of reconstruction. It is continuing, at this very moment, the effort undertaken some time ago to balance the ordinary budget. The measures of economy which it has just ordered, combined with the expansion of receipts, should permit this balance to be achieved in the near future. This elimination of the risks of inflation will facilitate the stabilization of prices, which remains one of our essential preoccupations, but which also, and above all, depends on the rising trend of production. In this connexion, the French Government, while at the same time maintaining and even reinforcing the strictest rationing measures, continues to devote its most active attention to the two capital problems of coal supply and manpower resources.

France, which has done much to help itself, must nevertheless still receive external assistance during this difficult period of transition. The French Government, while appreciating the reasons which have obliged the International Bank to grant in the present circumstances only a part of the loan applied for, hopes that the additional assistance it will need can be made available through your Institution.

The French Government has decided to sign the guarantee contract annexed to the loan contract between the International Bank and the Crédit National. In thus deciding to guarantee both the service of the loan and the fulfilment of the contract, it gives to the operation the unconditional support of its credit. The French Government has never consented to mortgage or pledge any of its resources whatsoever as a guarantee of its external debt, except in cases such as the mobilization of foreign securities through a loan of two years' maturity. The French Government intends to remain faithful to this policy. Therefore, the Bank has the additional assurance that, except for the possibility of such a short-term credit, no other foreign loan will be entitled to a priority over the loan granted by the Bank in the form of a pledge or mortgage.

France adhered to the Bretton Woods Agreements<sup>1</sup> not only in anticipation of finding through them the necessary support for its reconstruction effort, but also in the desire to participate in an indispensable work of international co-operation. The French Government is confident that the Institutions created by these Agreements will fulfil the hopes to which they gave rise. In this spirit it is, both as a member of the International Bank and as guarantor of the loan in question, prepared to co-operate to the fullest possible extent in the accomplishment of the purposes of the International Bank. The latter should receive the information necessary for the performance of its functions. The French Government will furnish such information, in particular as concerns the development of our balance of payments and of our external debt. It is likewise prepared to participate in exchanges of views on questions of mutual interest. It expects that such exchanges of information and views will have satisfactory results for both parties, and that the International Bank for Reconstruction and Development will be able to assist with full effectiveness in the reconstruction and development of France.

I have the honour, etc.

SCHUMAN

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<sup>1</sup> United Nations, *Treaty Series*, Vol. 2, p. 39.