

No. 3570

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

**Loan Agreement — *Highway Maintenance Project* (with
annexed Loan Regulations No. 3). Signed at Wash-
ington, on 7 May 1956**

Official text: English.

*Registered by the International Bank for Reconstruction and Development on
22 October 1956.*

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

**Contrat d'emprunt — *Projet d'entretien routier* (avec, en
annexe, le Règlement n° 3 sur les emprunts). Signé à
Washington, le 7 mai 1956**

Texte officiel anglais.

*Enregistré par la Banque internationale pour la reconstruction et le développement
le 22 octobre 1956.*

No. 3570. LOAN AGREEMENT¹ (*HIGHWAY MAINTENANCE PROJECT*) BETWEEN THE REPUBLIC OF HAITI AND THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT. SIGNED AT WASHINGTON, ON 7 MAY 1956

AGREEMENT, dated May 7, 1956, between REPUBLIC OF HAITI (hereinafter called the Borrower) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank).

WHEREAS the Borrower and the Bank have reviewed together the requirements for a program of economic development in the Republic of Haiti;

WHEREAS the Borrower and the Bank have agreed that the success of plans for the development of the economy of the Borrower depends on the most efficient use of the Borrower's resources; and that in order to assure such use the three functions of (1) financing, (2) engineering design and supervision and (3) contracting for the construction of a projet must be kept separate;

WHEREAS the establishment and the maintenance of a modern highway system is of the utmost importance for the economic development of the Borrower;

WHEREAS the Borrower has submitted to the Bank a Project for the rehabilitation, repair and maintenance of its existing highway system, the execution of such Project being a prerequisite of further expansion of the economy of the Borrower;

WHEREAS the Bank has indicated its willingness in principle to participate in financing highway development in the territory of the Borrower, the extent of such participation to be determined from time to time by agreement between the Bank and the Borrower in the light of all relevant considerations including *inter alia* progress in the execution of the Project, progress in the preparation of sound highway construction projects, and the evolution of the Haitian economic situation;

WHEREAS the Bank has agreed to assist in the financing of the Project submitted by the Borrower for the rehabilitation, repair and maintenance of the existing highway system;

NOW THEREFORE the parties hereto agree as follows :

¹ Came into force on 1 September 1956, upon notification by the Bank to the Government of Haiti.

Article I

LOAN REGULATIONS

Section 1.01. The parties to this Loan Agreement accept all the provisions of Loan Regulations No. 3 of the Bank dated February 15, 1955¹ (said Loan Regulations No. 3 being 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 two million six hundred thousand dollars (\$2,600,000).

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-fourths 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.

Section 2.04. The Borrower shall pay interest at the rate of four and one-half per cent ($4\frac{1}{2}\%$) 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 January 1 and July 1 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 1² to this Agreement.

¹ See p. 298 of this volume.

² See p. 294 of this volume.

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 2¹ 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. 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 Secretary of State for 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 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. To that end the Borrower shall employ engineering consultants mutually acceptable to the Borrower and the Bank on terms and conditions mutually satisfactory to the Borrower and the Bank.

(b) The Borrower shall at all times make available for disbursement as promptly as they are needed the funds required for the carrying out of the Project.

(c) The Borrower shall cause to be furnished to the Bank, promptly upon their preparation, the plans, specifications and contracts for the Project and any material modifications subsequently made therein.

¹ See p. 294 of this volume.

(d) 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) and to reflect in accordance with consistently maintained sound accounting practices the financial condition and operations of the agency or agencies of the Borrower responsible for the construction or operation of the Project or any part 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, and the financial condition and operations of the agency or agencies of the Borrower responsible for the construction or operation of the Project or any part thereof.

Section 5.02. (a) The Borrower and the Bank shall co-operate 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.

If the Borrower or any of its political subdivisions or any agency of the Borrower shall propose to undertake or cause to be undertaken any public works project to be financed by incurring external debt, or shall otherwise propose to incur any substantial external debt, the Borrower will inform the Bank of the proposal and, before the taking of the proposed action will afford the Bank an opportunity 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 Banque Nationale de la République d'Haïti in the ordinary course of its banking business of any indebtedness maturing not more than two years after its date.

(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 governmental 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 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 arising in the ordinary course of banking transactions and securing a debt maturing not more than one year after its date.

The term “ assets of the Borrower ” as used in this Section includes assets of the Borrower or of any of its political subdivisions or of any agency of the Borrower or of any such political subdivision, including assets of the Banque Nationale de la République d’Haiti.

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 satisfy the Bank that adequate arrangements have been made 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.

Section 5.08. In order to assure the efficient coordination of the Project with the financing of and planning for other highway projects and to make available the Bank's experience in the financing and planning of projects to the Borrower, the Bank agrees to review any proposal for the construction or reconstruction of highways together with the Borrower, and in order to benefit by such common review the Borrower shall undertake or execute any highway construction or reconstruction only after such proposed construction or reconstruction has been reviewed and mutually agreed upon by the Borrower and the Bank.

Section 5.09. (a) The Borrower shall cause all its machinery and equipment for highway maintenance and construction to be adequately maintained and repaired, and shall cause suitable workshops to be maintained in suitable places for that purpose.

(b) The Borrower shall cause the highways set forth in Schedule 2 to this Agreement to be adequately maintained and shall cause all necessary repairs thereof to be made, all in accordance with sound engineering practices.

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.

Article VII

EFFECTIVE DATE; TERMINATION

Section 7.01. The following events are specified as additional conditions to the effectiveness of this Agreement within the meaning of Section 9.01 *(a)* *(ii)* of the Loan Regulations : the Borrower shall have employed engineering consultants pursuant to Section 5.01 *(a)* hereof.

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.

Article VIII

MICELLANEOUS

Section 8.01. The Closing Date shall be June 30, 1959.

Section 8.02. The following addresses are specified for the purposes of Section 8.01 of the Loan Regulations :

For the Borrower :

Secrétaire d'État des Finances
Palais des Finances
Port-au-Prince, Haiti

For the Bank :

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

Section 8.03. The Secretary of State for Finance of the Borrower is designated for the purposes of Section 8.03 of the Loan Regulations.

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.

Republic of Haiti :

By M. ZÉPHIRIN
Authorized Representative

International Bank for Reconstruction and Development :

By Eugene R. BLACK
President

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>
January 1, 1959 . . .	—	\$2,600,000	July 1, 1963 . . .	163,000	1,265,000
July 1, 1959 . . .	\$134,000	2,466,000	January 1, 1964 . . .	168,000	1,097,000
January 1, 1960 . . .	138,000	2,328,000	July 1, 1964 . . .	172,000	925,000
July 1, 1960 . . .	141,000	2,187,000	January 1, 1965 . . .	176,000	749,000
January 1, 1961 . . .	144,000	2,043,000	July 1, 1965 . . .	180,000	569,000
July 1, 1961 . . .	148,000	1,895,000	January 1, 1966 . . .	185,000	384,000
January 1, 1962 . . .	152,000	1,743,000	July 1, 1966 . . .	190,000	194,000
July 1, 1962 . . .	156,000	1,587,000	January 1, 1967 . . .	194,000	—
January 1, 1963 . . .	159,000	1,428,000			

* 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.

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%

SCHEDULE 2

DESCRIPTION OF PROJECT

The Project consists of a three-year Highway Maintenance Program which is to be carried out by the Public Works Department and includes (a) the reorganization and development of the Maintenance Section of the Highway Service of the Public Works Department and (b) the rehabilitation, repair and maintenance of approximately 1,160 kilometers of primary and secondary roads of the existing highway system of Haiti. The program shall be under the technical direction of the consultants selected pursuant to Section 501 (a) of this Agreement, and all operating policies and procedures shall be decided on and carried out in consultation and agreement with such consultants.

A. THE MAINTENANCE SECTION

The Maintenance Section of the Highway Service will be so organized, staffed and equipped, consistently with the recommendations of the consultants, as to be capable of efficiently carrying out the continuous and adequate maintenance of public highways and roads in the territories of the Borrower. Personnel will be selected and trained to fill the technical, administrative and supervisory positions created in the Maintenance Section. A program will also be carried out for the training of skilled labor at all levels in the proper methods of maintenance of highways, and in the operation, servicing and repair of equipment.

B. THE REHABILITATION, REPAIR AND MAINTENANCE OF HIGHWAYS

Approximately 1.160 kilometers of primary and secondary highways will be rehabilitated, repaired and maintained. This work includes the restoration of base, pavement and surface; the widening and building up of shoulders; the strengthening, widening and reconditioning of bridges; the replacement, repair and cleaning of culverts and ditches; and the taking of measures to prevent erosion. Where necessary, to provide greater safety, the roads will be widened and given limited realignment.

The specific highways and the classes of work to be performed on each are as follows :

1. *Rehabilitation and Subsequent Routine Maintenance*

Highway	Approx. Length (in kilometers)
(a) Carrefour Joffre-Port-de-Paix-Anse à Foleur	98
(b) Plaisance-Pilate	16
(c) Limbé-Le Borgne	33
(d) Carrefour Ménard-Bahon	17
(e) Carrefour Ménard-St. Raphaël-Hinche-Thomonde	85
(f) Carrefour Peyre-P. de Rivière de l'Artibonite-Dessalines	34
(g) Las Cahobas-Belladère-Carizol	33
(h) Pont Sondé-La Chapelle	46
(i) Croix des Bouquets-Malpassee	47
(j) Jacmel-Marigot	24
(k) Miragoâne-Anse à Veau	34
(l) Cayes-Port Salut	32
(m) Camp Perrin-Jérémie-Dame Marie-Anse-d'Hainault	140
(n) Jérémie-Aéroport	8
TOTAL	647

2. *Special Maintenance and Subsequent Routine Maintenance*

Highway	Approx. Length (in kilometers)
(a) Port-au-Prince-Pont l'Estère-Cap Haïtien-(Fort Liberté)-Ouanaminthe	327
(b) Carrefour La Mort-Milot	12
(c) Carrefour Barrière Battant-Carrefour Ménard	6
(d) Port-au-Prince-Beudet-Mirebalais-Las Cahobas	80
(e) Carrefour-Barrage Péligre	12

(f) Port-au-Prince-Kenscoff-Obléon28
(g) Carrefour Laboule-Boutillier	3
(h) Pont Rouge-Delmas-Pétionville	9
(i) Carrefour SHADA-Croix des Bouquets-Beudet	10
(j) Carrefour des Ruisseaux-Miragoâne	2
(k) Cayes-Camp Perrin	23
	TOTAL 512
	GRAND TOTAL 1,159

The estimated annual cost of the Project at current prices is as follows :

<i>Year</i>	<i>Foreign Currency (in U.S. dollars)</i>	<i>Local Currency (in gourdes)</i>
1956	800,000	1,900,000
1957	950,000	2,300,000
1958	850,000	2,700,000
TOTAL	2,600,000	6,900,000

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

LOAN REGULATIONS No. 3, DATED 15 FEBRUARY 1955

REGULATIONS APPLICABLE TO LOANS MADE BY THE BANK TO MEMBER GOVERNMENTS

[*Not published herein. See United Nations, Treaty Series, Vol. 211, p. 172.*]