

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

Guarantee Agreement—Second Herstelbank Project (with annexed Loan Regulations No. 4 and Loan Agreement —Second Herstelbank Project—between the Bank and Maatschappij tot Financiering van het Nationaal Herstel N.V.). Signed at Washington, on 15 May 1957

Official text : English.

Registered by the International Bank for Reconstruction and Development on 14 August 1957.

**BANQUE INTERNATIONALE POUR
LA RECONSTRUCTION ET LE DÉVELOPPEMENT
et
PAYS-BAS**

Contrat de garantie — Deuxième projet de la Herstelbank (avec, en annexe, le Règlement n° 4 sur les emprunts et le Contrat d'emprunt — Deuxième projet de la Herstelbank — entre la Banque et la Maatschappij tot Financiering van het Nationaal Herstel N.V.). Signé à Washington, le 15 mai 1957

Texte officiel anglais.

Enregistré par la Banque internationale pour la reconstruction et le développement le 14 août 1957.

No. 3967. GUARANTEE AGREEMENT¹ (SECOND HERSTELBANK PROJECT) BETWEEN THE KINGDOM OF THE NETHERLANDS AND THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT. SIGNED AT WASHINGTON, ON 15 MAY 1957

AGREEMENT, dated May 15, 1957, between KINGDOM OF THE NETHERLANDS (hereinafter called the Guarantor) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank).

WHEREAS by an agreement of even date herewith between the Bank and Maatschappij tot Financiering van het Nationaal Herstel N.V. (hereinafter called the Borrower), which agreement and the schedules therein referred to are hereinafter called the Loan Agreement,² the Bank has agreed to make to the Borrower a loan in various currencies equivalent to fifteen million dollars (\$15,000,000), on the terms and conditions set forth in the Loan Agreement, but only on condition that the Guarantor agree to guarantee the obligations of the Borrower in respect of such loan as hereinafter provided; and

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

NOW THEREFORE the parties hereto hereby agree as follows:

Article I

Section 1.01. The parties to this Guarantee Agreement accept all the provisions of Loan Regulations No. 4 of the Bank dated June 15, 1956,² subject, however, to the modifications thereof set forth in Schedule 2³ to the Loan Agreement (said Loan Regulations No. 4 as so modified being hereinafter called the Loan Regulations), with the same force and effect as if they were fully set forth herein.

Section 1.02. Wherever used in this Guarantee Agreement, unless the context shall otherwise require: (i) the term "metropolitan areas of the Guarantor,"

¹ Came into force on 27 June 1957, upon notification by the Bank to the Government of the Netherlands.

² See p. 220 of this volume.

³ See p. 228 of this volume.

shall mean the territory of the Guarantor on the continent of Europe ; "territories of the Guarantor" or "its territories" shall mean the territory of the Guarantor on the continent of Europe ;
and (ii) the term "Agency" shall mean any agency or instrumentality of the Guarantor or of any political subdivision of the Guarantor in its metropolitan areas and shall include any institution or organization which is owned or controlled directly or indirectly by the Guarantor or by any such political subdivision of the Guarantor.

Article II

Section 2.01. Without limitation or restriction upon any of the other covenants on its part in this Agreement contained, the Guarantor hereby unconditionally guarantees, as primary obligor and not as surety merely, the due and punctual payment of the principal of, and the interest and other charges on, the Loan, the principal of and interest on the Bonds, the premium, if any, on the prepayment of the Loan or the redemption of the Bonds, 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.

Article III

Section 3.01. It is the mutual intention of the Guarantor 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 Guarantor undertakes that, except as the Bank shall otherwise agree, if any lien shall be created on any assets of the Guarantor or of any of its political subdivisions in its metropolitan areas or of any Agency 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 shall 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 by its terms not more than one year after the date on which it is incurred and to be paid out of the proceeds of sale of such commercial goods ; or (iii) any lien (other than a lien on assets of the Borrower) arising in the ordinary course of banking transactions and securing a debt maturing not more than one year after its date.

Section 3.02. (a) The Guarantor and the Bank shall cooperate fully to assure that the purposes of the Loan will be accomplished. To that end, each of them shall furnish to the other all such information as it shall reasonably request

with regard to the general status of the Loan. On the part of the Guarantor, such information shall include information with respect to financial and economic conditions in the territories of the Guarantor and the international balance of payments position of the Guarantor.

(b) The Guarantor 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 Guarantor shall promptly inform the Bank of any condition which interferes with, or threatens to interfere with, the accomplishment of the purposes of the Loan or the maintenance of the service thereof.

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

Section 3.03. It is the intention of the parties that 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, fees, imposts, levies or duties of any nature now or at any time hereafter imposed under the laws of the Guarantor or laws in effect in its territories. To that end, the Guarantor covenants to hold harmless the Bank and the holder or holders from time to time of Bonds outstanding from and against liability for any such taxes, fees, imposts, levies or duties; provided, however, that the provisions of this Section shall not apply to taxation of or imposts, levies, duties 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 Guarantor.

Section 3.04. This Agreement, the Loan Agreement and the Bonds shall be free from any taxes or fees that shall be imposed under the laws of the Guarantor or laws in effect in its territories on or in connection with the execution, issue, delivery or registration thereof.

Section 3.05. 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 Guarantor or laws in effect in its territories.

Article IV

Section 4.01. The Guarantor shall endorse, in accordance with the provisions of the Loan Regulations, its guarantee on the Bonds to be executed and delivered by the Borrower. The Minister of Finance of the Guarantor and such person or persons as he shall designate in writing are designated as the authorized representatives of the Guarantor for the purposes of Section 6.12 (b) of the Loan Regulations.

Article V

Section 5.01. The following addresses are specified for the purposes of Section 8.01 of the Loan Regulations :

For the Guarantor :

Kingdom of the Netherlands
Ministry of Finance
Kneuterdijk 22
The Hague
The Netherlands

Alternative address for cablegrams and radiograms :

Ministry of Finance
The Hague
The Netherlands

For the Bank :

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

Alternative address for cablegrams and radiograms :

Intbafrad
Washington, D. C.

Section 5.02. The Minister of Finance of the Guarantor 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 Guarantee 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.

Kingdom of the Netherlands :
Subject to the approval of the States General
By S. G. M. VAN VOORST TOT VOORST
Authorized Representative

International Bank for Reconstruction and Development :
By W. A. B. LIFF
Vice President

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

LOAN REGULATIONS No. 4, DATED 15 JUNE 1956

REGULATIONS APPLICABLE TO LOANS MADE BY THE BANK TO BORROWERS OTHER THAN
MEMBER GOVERNMENTS

[Not published herein. See *United Nations, Treaty Series, Vol. 260, p. 376.*]

LOAN AGREEMENT (*SECOND HERSTELBANK PROJECT*)

AGREEMENT, dated May 15, 1957, between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank) and MAATSCHAPPIJ TOT FINANCIERING VAN HET NATIONAAL HERSTEL N. V. (hereinafter called the Borrower).

Article I

LOAN REGULATIONS

Section 1.01. The parties to this Loan Agreement accept all the provisions of Loan Regulations No. 4 of the Bank dated June 15, 1956,¹ subject, however, to the modifications thereof set forth in Schedule 2² to this Agreement (said Loan Regulations No. 4 as so modified 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 fifteen million dollars (\$15,000,000).

Section 2.02. The Bank shall open a Loan Account on its books in the name of the Borrower and shall credit to such Account the amount of the Loan. The amount of the Loan may be withdrawn from the Loan Account as provided in, and subject to the rights of cancellation and suspension set forth in, the Loan Regulations.

Section 2.03. The Borrower shall pay to the Bank a commitment charge at the rate of three-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. Such commitment charge shall accrue from a date sixty days after the date of this Agreement to the respective dates on which amounts shall be withdrawn by the Borrower from the Loan Account as provided in Article IV of the Loan Regulations or shall be cancelled pursuant to Article V of the Loan Regulations.

Section 2.04. The Borrower shall pay interest at the rate of five and five-eighths per cent ($5\frac{5}{8}\%$) per annum on the principal amount of the Loan so withdrawn and outstanding from time to time.

¹ See above.

² See p. 228 of this volume.

Section 2.05. Interest and other charges shall be payable semiannually on May 15 and November 15 in each year.

Section 2.06. The Borrower shall repay the principal of the Loan in accordance with the amortization schedule set forth in Schedule 1¹ to this Agreement.

Article III

PURPOSE OF THE LOAN AND USE OF PROCEEDS

Section 3.01. The purpose of the Loan is to provide additional capital to the Borrower to enable it to meet commitments arising as a result of its loans to enterprises in industry, transport and commerce in the Kingdom of the Netherlands. The Borrower shall cause the proceeds of the Loan or the equivalent thereof to be used to meet such commitments.

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. Any two members of the management of the Borrower and such person or persons as they shall appoint in writing are designated as authorized representatives of the Borrower for the purposes of Section 6.12 (a) of the Loan Regulations.

Article V

PARTICULAR COVENANTS

Section 5.01. (a) The Borrower shall operate its undertaking and conduct its affairs in accordance with sound business and financial practices.

(b) The Borrower shall at all times take all steps necessary to maintain its corporate existence and right to carry on operations and shall, except as the Bank shall otherwise agree, take all steps necessary to maintain and renew all rights, powers, privileges and franchises which are necessary or useful in the conduct of its business.

Section 5.02. The Borrower shall maintain records adequate to reflect in accordance with consistently maintained sound accounting practices the operations and financial condition of the Borrower; shall enable the Bank's representatives to inspect any relevant records and documents; and shall furnish to the Bank all such information as the Bank shall reasonably request concerning the operations and financial condition of the Borrower.

Section 5.03. (a) The Bank and the Borrower shall cooperate fully to assure that the purposes of the Loan will be accomplished. To that end, each of them shall furnish to the other all such information as it shall reasonably request with regard to the general status of the Loan.

(b) The Bank and the Borrower shall from time to time exchange views through their representatives with regard to matters relating to the purposes of the Loan and the main-

¹ See p. 228 of this volume.

tenance 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.

Section 5.04. 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 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 any lien created on property, at the time of purchase thereof, solely as security for the payment of the purchase price of such property.

Section 5.05. The Borrower shall pay or cause to be paid all taxes or fees, if any, imposed under the laws of the Guarantor or laws in effect in the territories of the Guarantor on or in connection with the execution, issue, delivery or registration of this Agreement, the Guarantee Agreement or the Bonds, or the payment of principal, interest or other charges thereunder; 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 Guarantor.

Section 5.06. The Borrower shall pay or cause to be paid all 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 on or in connection with the execution, issue, delivery or registration of this Agreement, the Guarantee Agreement or the Bonds.

Article VI

REMEDIES OF THE BANK

Section 6.01. (i) If any event specified in paragraph (a), paragraph (b), paragraph (e) or paragraph (f) 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

MISCELLANEOUS

Section 7.01. The Closing Date shall be December 31, 1957.

Section 7.02. A date 60 days after the date of this Agreement is hereby specified for the purposes of Section 9.04 of the Loan Regulations.

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

For the Borrower :

Maatschappij tot Financiering van het Nationaal Herstel N.V.
Willem Frederiklaan 5, The Hague, The Netherlands ; or
Maatschappij tot Financiering van het Nationaal Herstel N.V.
1470 Euclid Street, N.W.
Washington 9, D. C.
United States of America

Alternative address for cablegrams and radiograms :

Herstelbank
The Hague
The Netherlands

For the Bank :

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

Alternative address for cablegrams and radiograms :

Intbafrad
Washington, D. C.

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.

International Bank for Reconstruction and Development :

By W. A. B. ILIFF
Vice President

MAATSCHAPPIJ TOT FINANCIERING VAN HET NATIONAAL HERSTEL N. V. :

By L. SOUTENDIJK
Authorized Representative

SCHEDULE 1

AMORTIZATION SCHEDULE

<i>Date Payment Due</i>	<i>Payment of Principal (expressed in dollars)*</i>	<i>Date Payment Due</i>	<i>Payment of Principal (expressed in dollars)*</i>
November 15, 1959	\$3,500,000	May 15, 1961	2,000,000
May 15, 1960	3,500,000	November 15, 1961	2,000,000
November 15, 1960	2,000,000	May 15, 1962	2,000,000

* 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 this column 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	$\frac{1}{2}$ of 1 %
More than 1 year but not more than 2 years before maturity	2 %
More than 2 years but not more than 3 years before maturity	3 $\frac{1}{2}$ %
More than 3 years but not more than 4 years before maturity	4 $\frac{1}{2}$ %
More than 4 years before maturity	5 $\frac{5}{8}$ %

SCHEDULE 2

MODIFICATIONS OF LOAN REGULATIONS No. 4

For the purposes of this Agreement the provisions of Loan Regulations No. 4 of the Bank dated June 15, 1956, shall be deemed to be modified as follows :

(a) Section 2.02 shall be deleted.

(b) The first two sentences of Section 3.01 shall be deleted, and the following shall be substituted therefor :

"The proceeds of the Loan shall, to the extent that the Bank shall so elect, be withdrawn from the Loan Account in dollars or Canadian dollars."

(c) The following sentence shall be added to Section 3.05 :

"For purposes of withdrawal, the value of the currency of the Guarantor in terms of the currency or currencies to be withdrawn shall be as reasonably determined by the Bank."

(d) Section 4.01 shall be amended to read as follows :

"The Borrower shall, subject to the provisions of these Regulations, withdraw from the Loan Account from time to time as the Borrower and the Bank shall agree, funds needed by the Borrower to enable it to meet its estimated financial requirements."

(e) Section 4.02 shall be deleted.

(f) Section 4.03 shall be amended to read as follows :

"When the Borrower shall desire to withdraw any amount from the Loan Account, the Borrower shall deliver to the Bank a written application in such form, and containing such statements and agreements, as the Bank shall reasonably request."

(g) Section 5.04 shall be deleted.

(h) Section 9.01 (b) (i) shall be amended to read as follows :

"(i) the execution and delivery of the Guarantee Agreement on behalf of the Guarantor have been duly authorized or ratified by all necessary governmental action (including approval by the Parliament of the Guarantor in accordance with Article 60, paragraph 2 of the Constitution), and"

(i) Paragraph 13 of Section 10.01 shall be deleted.
