

No. 4174

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

Loan Agreement—*Canal Project* (with annexed Loan Regulations No. 3). Signed at New York, on 10 September 1957

Official text: English.

Registered by the International Bank for Reconstruction and Development on 13 February 1958.

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

Contrat d'emprunt — *Projet relatif à un canal* (avec, en annexe, le Règlement n° 3 sur les emprunts). Signé à New-York, le 10 septembre 1957

Texte officiel anglais.

Enregistré par la Banque internationale pour la reconstruction et le développement le 13 février 1958.

No. 4174. LOAN AGREEMENT¹ (*CANAL PROJECT*) BETWEEN THE KINGDOM OF BELGIUM AND THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT. SIGNED AT NEW YORK, ON 10 SEPTEMBER 1957

AGREEMENT, dated September 10, 1957, between KINGDOM OF BELGIUM (hereinafter called the Borrower) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank).

Article I

LOAN REGULATIONS ; SPECIAL DEFINITION

Section 1.01. The parties to this Loan Agreement accept all the provisions of Loan Regulations No. 3 of the Bank dated June 15, 1956,² subject, however, to the modifications thereof set forth in Schedule 3² to this Agreement (said Loan Regulations No. 3 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. Except where the context otherwise requires, the following term shall have the following meaning wherever used in this Agreement or any Schedule to this Agreement :

The term "public bond issue" means the issue intended to be sold by the Borrower of its bonds in the aggregate principal amount of \$30,000,000 in the markets of the United States of America.

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 ten million dollars (\$10,000,000).

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

¹ Came into force on 19 September 1957, upon notification by the Bank to the Kingdom of Belgium.

² See p. 304 of this volume.

amount of the Loan may be withdrawn from the Loan Account as provided in, and subject to the rights of cancellation and suspension set forth in, the Loan Regulations.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 three-fourths per cent ($5\frac{3}{4}$ %) per annum on the principal amount of the Loan so withdrawn and outstanding from time to time.

Section 2.05. Interest and other charges shall be payable semi-annually on March 1 and September 1 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

BONDS

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

Section 3.02. The Minister of Finance of the Borrower and such person or persons as he shall appoint in writing are designated as authorized representatives of the Borrower for the purposes of Section 6.12 of the Loan Regulations.

Article IV

PARTICULAR COVENANTS

Section 4.01. (a) The Borrower shall cause the Project to be carried out with due diligence and efficiency and in conformity with sound engineering practices.

(b) The Borrower shall cause to be furnished to the Bank, promptly upon their preparation, the plans and specifications for the Project and any material modifications subsequently made therein, in such detail as the Bank shall from time to time request.

(c) The Borrower shall maintain or cause to be maintained records adequate to record the progress of the Project (including the cost thereof); shall enable the Bank's representatives to inspect the Project and any relevant records and docu-

¹ See p. 302 of this volume.

ments ; 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 progress of the Project, and its subsequent operation.

Section 4.02. The Borrower shall cause the equivalent of the proceeds of the Loan to be applied to expenditures on the Project after July 1, 1957.

Section 4.03. (a) The Borrower and the Bank shall cooperate fully to assure that the purposes of the Loan will be accomplished. To that end, each of them shall furnish to the other all such information as it shall reasonably request with regard to the general status of the Loan. On the part of the Borrower, such information shall include information with respect to financial and economic conditions in the territories of the Borrower and the international balance of payments position of the Borrower.

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

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

Section 4.04. 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, or of any of its political subdivisions or of any agency of the Borrower or of any such political subdivision, or of the Banque Nationale de Belgique, 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.

Section 4.05. 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 4.06. 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 4.07. 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.

Article V

REMEDIES OF THE BANK

Section 5.01. (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 VI

EFFECTIVE DATE ; TERMINATION

Section 6.01. The following event is specified as an additional condition to the effectiveness of this Agreement within the meaning of Section 9.01 (b) of the Loan Regulations : the Borrower shall have duly delivered and received payment for the \$30,000,000 aggregate principal amount of bonds of the public bond issue.

Section 6.02. A date 60 days after the date of this Agreement is hereby specified for the purposes of Section 9.04 of the Loan Regulations.

Article VII

MISCELLANEOUS

Section 7.01. The Closing Date shall be September 10, 1959.

Section 7.02. The following addresses are specified for the purposes of Section 8.01 of the Loan Regulations :

For the Borrower :

Ministère des Finances
12, rue de la Loi
Bruxelles, Belgium

Alternative address for cablegrams and radiograms :
Ministère Finances
Brussels

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

Section 7.04. In this Agreement any reference to the Minister of Finance of the Borrower shall include reference to any Minister for the time being acting for or on behalf of the Minister of Finance of the Borrower.

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

Kingdom of Belgium :
By SILVERCRUYS
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>Date Payment Due</i>	<i>Payment of Principal (expressed in dollars)*</i>
March 1, 1963	\$500,000	September 1, 1968	\$500,000
September 1, 1963	500,000	March 1, 1969	500,000
March 1, 1964	500,000	September 1, 1969	500,000
September 1, 1964	500,000	March 1, 1970	500,000
March 1, 1965	500,000	September 1, 1970	500,000
September 1, 1965	500,000	March 1, 1971	500,000
March 1, 1966	500,000	September 1, 1971	500,000
September 1, 1966	500,000	March 1, 1972	500,000
March 1, 1967	500,000	September 1, 1972	500,000
September 1, 1967	500,000		
March 1, 1968	500,000		
		TOTAL	\$10,000,000

* 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 three years before maturity	½%
More than three years but not more than six years before maturity	2%
More than six years but not more than eleven years before maturity	3½%
More than eleven years but not more than thirteen years before maturity	4¾%
More than thirteen years before maturity	5¾%

SCHEDULE 2

DESCRIPTION OF THE PROJECT

The Project consists of the completion of the improvement of the canal between Charleroi and Clabecq and necessary appurtenant works. When the improvement is finished the canal will be approximately 47 kilometers long and will be able to accommodate barges up to 1,350 tons. The Project includes the replacement of a tunnel at Godarville by a deeply excavated open canal and the construction of four locks, 32 road and railway bridges and a structure to overcome a difference in level of approximately 68 meters at Ronquières. The Project is scheduled to be completed by the end of 1962.

SCHEDULE 3

MODIFICATIONS OF LOAN REGULATIONS No. 3

For the purposes of this Agreement the provisions of Loan Regulations No. 3 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.

(c) The first sentence of Section 4.01 is amended to read as follows :

"Withdrawal from the Loan Account. The Borrower shall be entitled, subject to the provisions of these Regulations, to withdraw from the Loan Account in dollars and such other currencies as shall be agreed upon between the Borrower and the Bank amounts equivalent to 50% of such amounts as shall have been expended by it on the Project after July 1, 1957."

The second sentence of this Section is further amended by deleting that part of that sentence commencing with "(a)" and ending with "or (c)".

(d) Sections 4.02, 5.04 and 10.01 (paragraph 12) shall be deleted.

(e) Section 4.03 shall read as follows :

"Applications for Withdrawal. 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. Since the rate at which Loan proceeds are withdrawn affects the cost to the Bank of holding funds at the Borrower's disposal, applications for withdrawal, with the necessary documentation as hereinafter in this Article provided, shall, except as the Bank and the Borrower shall otherwise agree, be made promptly in relation to expenditures for the Project."

(f) Paragraph (c) of Section 5.02 shall read as follows :

"(c) A default shall have occurred in the performance of any other covenant or agreement on the part of the Borrower under the Loan Agreement or the Bonds or under any other loan agreement or under any guarantee agreement between the Borrower and the Bank."

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

LOAN REGULATIONS No. 3, DATED 15 JUNE 1956

REGULATIONS APPLICABLE TO LOANS MADE BY THE BANK TO MEMBER GOVERNMENTS

[Not published herein. See *United Nations, Treaty Series, Vol. 280, No. 4065*]