

No. 4669

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

**Loan Agreement — *Sudan Railways Project* (with annexed  
Loan Regulations No. 3). Signed at Washington, on  
21 July 1958**

*Official text: English.*

*Registered by the International Bank for Reconstruction and Development on  
11 February 1959.*

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

**Contrat d'emprunt — *Projet relatif aux chemins de fer  
soudanais* (avec, en annexe, le Règlement n° 3 sur les  
emprunts). Signé à Washington, le 21 juillet 1958**

*Texte officiel anglais.*

*Enregistré par la Banque internationale pour la reconstruction et le développement  
le 11 février 1959.*

No. 4669. LOAN AGREEMENT<sup>1</sup> (*SUDAN RAILWAYS PROJECT*) BETWEEN THE REPUBLIC OF THE SUDAN AND THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT. SIGNED AT WASHINGTON, ON 21 JULY 1958

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AGREEMENT, dated July 21, 1958, between THE REPUBLIC OF THE SUDAN (hereinafter called the Borrower) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank).

*Article I*

LOAN REGULATIONS; SPECIAL DEFINITIONS

*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,<sup>2</sup> subject, however, to the modifications thereof set forth in Schedule 3<sup>3</sup> 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 terms have the following meaning wherever used in this Loan Agreement :

The term "Sudan Currency Board" means the Sudan Currency Board established by the Currency Act, 1956, of the Borrower, as amended.

The term "Sudan Railways" means the Government Department of the Borrower presently responsible for the operation of the railway, river transport and harbour facilities of the Borrower (including, wherever the context so permits, the General Manager of the Sudan Railways) and shall include any other agency or organization which may be charged by the Borrower with responsibility for the operation of any such facilities.

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<sup>1</sup> Came into force on 6 January 1959, upon notification by the Bank to the Government of the Republic of the Sudan.

<sup>2</sup> See p. 202 of this volume.

<sup>3</sup> See p. 200 of this volume.

*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 thirty-nine million dollars (\$39,000,000).

*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 as of the date of this Agreement 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 three-eighths per cent ( $5\frac{3}{8}\%$ ) per annum on the principal amount of the Loan so withdrawn and outstanding from time to time.

*Section 2.05.* Except as the Bank and the Borrower 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 June 1 and December 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 1<sup>1</sup> to this Agreement.

*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 2<sup>1</sup> to this Agreement. The specific goods to be

<sup>1</sup> See p. 198 of this volume.

financed out of the proceeds of the Loan and the methods and procedures for procurement of such goods 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 Minister of Finance and Economics 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 make the proceeds of the Loan available to the Sudan Railways on terms and conditions satisfactory to the Bank and shall cause the Project to be carried out by the Sudan Railways with due diligence and efficiency and in conformity with sound engineering and financial practices.

*(b)* The Borrower undertakes, whenever there is reasonable cause to believe that the funds available to the Sudan Railways will be inadequate to meet the estimated expenditures required for carrying out the Project, to make arrangements, satisfactory to the Bank, promptly to provide the Sudan Railways or cause the Sudan Railways to be provided with such funds as are needed to meet such expenditures.

*(c)* The Borrower shall cause to be maintained its railway, river transport and harbour facilities, including all such facilities now or hereafter operated by the Sudan Railways, and shall cause to be made all necessary renewals and repairs thereof, all in accordance with sound engineering practices; and shall at all times cause such facilities to be operated by the Sudan Railways in accordance with sound transportation and business practices.

*(d)* The Borrower shall cause to be furnished to the Bank, promptly upon their preparation, the plans, specifications and construction schedules for the

Project and any material modifications subsequently made therein, in such detail as the Bank shall from time to time request.

(e) 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, to record the progress of the Project (including the cost thereof) and to reflect in accordance with consistently maintained sound accounting practices the operations and financial condition of the Sudan Railways; shall enable the Bank's representatives to inspect the Project and all facilities operated by the Sudan Railways, 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 all facilities operated by the Sudan Railways, the goods, and the operations and financial condition of the Sudan Railways.

*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.

(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 hereafter created 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 the Sudan Currency Board and any other institution acting as central bank for the Borrower.

*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 out of the proceeds of the Loan against risks incident to their purchase and importation into the territories of the Borrower.

*Section 5.08.* The Borrower shall inform the Bank of any proposed action which would affect the nature or constitution (including the financial structure) of the Sudan Railways as presently constituted or would transfer from the Sudan Railways, as presently constituted, responsibility for the operation of any of the railway, river transport or harbour facilities now or hereafter operated by it and shall afford the Bank all reasonable opportunity, in advance of the taking of such action, to exchange views with the Borrower with respect thereto.

*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 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, namely, that the Loan Agreement has been duly ratified and affirmed by law by the Parliament of the Borrower.

*Section 7.02.* The following is specified as an additional matter, within the meaning of Section 9.02 (c) of the Loan Regulations, to be included in the opinion or opinions to be furnished to the Bank, namely, that the ratification and affirmation of the Loan Agreement by the Parliament of the Borrower has been duly given.

*Section 7.03.* 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 VIII*

## MISCELLANEOUS

*Section 8.01.* The Closing Date shall be December 31, 1960.

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

For the Borrower :

Ministry of Finance and Economics  
Sudan Government  
Khartoum, P.O.B. 298  
Sudan

Alternative address for cablegrams and radiograms :

Malisudan  
Khartoum, Sudan

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 8.03.* The Minister of Finance and Economics of the Borrower is designated for the purposes of Section 8.03 of the Loan Regulations.

IN WITNESS WHEREOF, The Republic of the Sudan, acting by its Government through a representative thereunto duly authorized, and the Bank, acting through its representative 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.

The Republic of the Sudan :

*By* M. BEHEIRY

Authorized Representative

International Bank for Reconstruction and Development :

*By* J. Burke KNAPP

Vice-President



## SCHEDULE 1

## AMORTIZATION SCHEDULE

| <i>Date<br/>Payment Due</i> | <i>Payment<br/>of Principal<br/>(expressed<br/>in dollars) *</i> | <i>Date<br/>Payment Due</i> | <i>Payment<br/>of Principal<br/>(expressed<br/>in dollars) *</i> |
|-----------------------------|--|-----------------------------|--|
| December 1, 1961 . . . . .  | \$500,000  | June 1, 1970 . . . . .      | \$1,137,000  |
| June 1, 1962 . . . . .      | 500,000  | December 1, 1970 . . . . .  | 1,168,000  |
| December 1, 1962 . . . . .  | 764,000  | June 1, 1971 . . . . .      | 1,199,000  |
| June 1, 1963 . . . . .      | 784,000  | December 1, 1971 . . . . .  | 1,232,000  |
| December 1, 1963 . . . . .  | 806,000  | June 1, 1972 . . . . .      | 1,265,000  |
| June 1, 1964 . . . . .      | 827,000  | December 1, 1972 . . . . .  | 1,299,000  |
| December 1, 1964 . . . . .  | 850,000  | June 1, 1973 . . . . .      | 1,334,000  |
| June 1, 1965 . . . . .      | 872,000  | December 1, 1973 . . . . .  | 1,369,000  |
| December 1, 1965 . . . . .  | 896,000  | June 1, 1974 . . . . .      | 1,406,000  |
| June 1, 1966 . . . . .      | 920,000  | December 1, 1974 . . . . .  | 1,444,000  |
| December 1, 1966 . . . . .  | 945,000  | June 1, 1975 . . . . .      | 1,483,000  |
| June 1, 1967 . . . . .      | 970,000  | December 1, 1975 . . . . .  | 1,523,000  |
| December 1, 1967 . . . . .  | 996,000  | June 1, 1976 . . . . .      | 1,564,000  |
| June 1, 1968 . . . . .      | 1,023,000  | December 1, 1976 . . . . .  | 1,606,000  |
| December 1, 1968 . . . . .  | 1,050,000  | June 1, 1977 . . . . .      | 1,649,000  |
| June 1, 1969 . . . . .      | 1,079,000  | December 1, 1977 . . . . .  | 1,693,000  |
| December 1, 1969 . . . . .  | 1,108,000  | June 1, 1978 . . . . .      | 1,739,000  |

\* 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 of 1%        |
| More than three years but not more than six years before maturity . . . . .        | 1⅜%            |
| More than six years but not more than eleven years before maturity . . . . .       | 2⅜%            |
| More than eleven years but not more than sixteen years before maturity . . . . .   | 3⅜%            |
| More than sixteen years but not more than eighteen years before maturity . . . . . | 4⅜%            |
| More than eighteen years before maturity . . . . .                                 | 5⅜%            |

## SCHEDULE 2

## DESCRIPTION OF PROJECT

The Project is a part of a development program of the Sudan Railways, currently projected through the period ending June 30, 1962, designed to improve, modernize and increase the capacity and operating efficiency of the facilities of the Borrower operated

by the Sudan Railways. The Project consists of (a) that part of the program relating to railway, river transport and harbour facilities for the period ending June 30, 1960, and (b) the completion to a state of practical usefulness within a reasonable time after June 30, 1960, of such components of the part of the program referred to in clause (a) above as are scheduled to be still in progress at that date. The Project includes :

- (i) the acquisition and operation in furtherance of the objectives of the program, of diesel electric locomotives and rolling stock;
- (ii) the improvement, modernization and expansion of various railway facilities, including repair shops, work shops, marshalling yards, station loops and signalling equipment;
- (iii) the re-laying with 75-pound rail of approximately 400 kilometers of the Sennar-Haiya line and the use of the rails and other salvageable materials taken up from such line in carrying out items (iv) and (v) below;
- (iv) the completion of construction of the Western extension from Babanusa to Nyala, and installation of necessary operating facilities therefor;
- (v) the construction of the Southern extension, from Babanusa to Wau, and installation of necessary operating facilities therefor;
- (vi) the modernization and expansion of Port Sudan by the construction of two new cargo berths for ocean-going vessels, installation of necessary operating facilities therefor, and dredging for a third berth;
- (vii) the acquisition of passenger and cargo barges, diesel engines and equipment and materials for the improvement and modernization of river transport services.

It is expected that item (iii) will be completed during 1960, that item (iv) will be completed during 1959, that item (v) will be started in 1959 and completed in early 1962 and that item (vi) will be completed during 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) By the deletion of Section 2.02.
- (b) By the deletion of the last sentence of Section 4.01 and the substitution therefor of the following sentence :

“ Except as shall be otherwise agreed between the Bank and the Borrower, no withdrawals shall be made on account of (a) expenditures prior to February 1, 1958 or (b) expenditures in the currency of the Borrower or for goods produced in (including services supplied from) the territories of the Borrower or (c) expenditures in the territories of any country which is not a member of the Bank or for goods produced in (including services supplied from) such territories.\* ”

(c) By the deletion of the second sentence of Section 8.03 and the substitution therefor of the following sentence :

“ Subject to any applicable constitutional requirements of the Borrower, any modification or amplification of the provisions of the Loan Agreement may be agreed to on behalf of the Borrower by written instrument executed on behalf of the Borrower by the representative so designated or any person thereunto authorized in writing by him; provided that, in the opinion of such representative, such modification or amplification is reasonable in the circumstances and will not substantially increase the obligations of the Borrower under the Loan Agreement. ”

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, p. 302.*]