

No. 5437

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

**Guarantee Agreement—*Agricultural Project* (with annexed
Loan Regulations No. 4 and Loan Agreement between
the Bank and the Belgian Congo). Signed at Washing-
ton, on 30 March 1960**

Official text : English.

*Registered by the International Bank for Reconstruction and Development on 7 No-
vember 1960.*

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

**Contrat de garantie — *Projet relatif à l'agriculture* (avec,
en annexe, le Règlement n° 4 sur les emprunts et le
Contrat d'emprunt entre la Banque et le Congo belge).
Signé à Washington, le 30 mars 1960**

Texte officiel anglais.

*Enregistré par la Banque internationale pour la reconstruction et le développement
le 7 novembre 1960.*

No. 5437. GUARANTEE AGREEMENT¹ (*AGRICULTURAL PROJECT*) BETWEEN THE KINGDOM OF BELGIUM AND THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT. SIGNED AT WASHINGTON, ON 30 MARCH 1960

AGREEMENT, dated March 30, 1960, between KINGDOM OF BELGIUM (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 The Belgian Congo (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 seven million dollars (\$7,000,000), 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, 1956,³ subject, however, to the modifications thereof set forth in Schedule 3³ 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.

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

¹ Came into force on 10 June 1960, upon notification by the Bank to the Government of Belgium.

² See p. 110 of this volume.

³ See p. 122 of this volume.

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.

Section 2.02. Without limitation or restriction upon the provisions of Section 2.01 of this Agreement, the Guarantor specifically undertakes, whenever there is reasonable cause to believe that the funds available to the Borrower 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 Borrower or cause the Borrower to be provided with such funds as are needed to meet such expenditures.

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 or of any agency of the Guarantor 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; or (ii) any lien arising in the ordinary course of banking transactions and securing a debt maturing not more than one year after its date.

For purposes of this Section, the term "external debt" means any debt payable in any medium other than currency of the Guarantor, whether such debt is or may become payable absolutely or at the option of the creditor in such other medium.

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. 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 Guarantor 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 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 :

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 5.02. The Minister of Finance of the Guarantor is designated for the purposes of Section 8.03 (b) 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 Belgium :

By Louis SCHEYVEN

Authorized Representative

International Bank for Reconstruction and Development :

By Eugene R. BLACK

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

(*AGRICULTURAL PROJECT*)

AGREEMENT, dated March 30, 1960, between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank) and THE BELGIAN CONGO (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

¹ See above.

thereof set forth in Schedule 3¹ 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 seven million dollars (\$7,000,000).

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, this Agreement and the Loan Regulations.

Section 2.03. The Borrower shall be entitled, subject to the provisions of this Agreement and the Loan Regulations, to withdraw from the Loan Account in dollars, or in such other convertible currencies as the Bank shall reasonably select, amounts equivalent (as reasonably determined by the Bank) to 45% of :

- (a) such amounts as shall have been expended by the Borrower after January 1, 1959 for the reasonable cost of goods required for those parts of the Project set forth in paragraphs (5) and (6) of Schedule 2² to this Agreement ; and
- (b) such amounts as shall have been expended by the Borrower after January 1, 1960 for the reasonable cost of goods required for all other parts of the Project ;

provided, however, that except as shall be otherwise agreed between the Bank and the Borrower, no withdrawals shall be made on account of expenditures in the territories of any country (other than Switzerland) which is not a member of the Bank or for goods produced in (including services supplied from) such territories.

Section 2.04. 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 herein and in Article IV of the Loan Regulations or shall be cancelled pursuant to Article V of the Loan Regulations.

Section 2.05. The Borrower shall pay interest at the rate of six per cent (6%) per annum on the principal amount of the Loan so withdrawn and outstanding from time to time.

¹ See p. 124 of this volume.

² See p. 122 of this volume.

Section 2.06. Interest and other charges shall be payable semi-annually on April 1 and October 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 1¹ to this Agreement.

Article III

USE OF PROCEEDS OF THE LOAN

Section 3.01. The Borrower shall cause the equivalent of the proceeds of the Loan to be applied in accordance with the provisions of this Agreement to expenditures on the Project for the reasonable cost of goods required therefor.

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 for the Belgian Congo and Ruanda-Urundi 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 (a) of the Loan Regulations.

Article V

PARTICULAR COVENANTS

Section 5.01. (a) The Borrower shall cause the Project to be carried out, and all farms and facilities included therein to be operated and maintained, with due diligence and efficiency and in conformity with sound agricultural, engineering and financial practices, and to that end shall cause to be recruited and employed qualified personnel in adequate numbers.

(b) 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.

(c) The Borrower shall maintain or cause to be maintained records adequate to show the expenditure of the proceeds of the Loan and 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 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 and the progress of the Project.

Section 5.02. (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

¹ See p. 120 of this volume.

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 the financial and economic position of the Borrower and its international balance of payments position.

(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 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 Centrale du Congo Belge et du Ruanda-Urundi or of any other institution acting as central bank 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; or (ii) any lien arising in the ordinary course of banking transactions and securing a debt maturing not more than one year after its date.

For purposes of this Section, the term "external debt" means any debt payable in any medium other than currency of the Borrower, whether such debt is or may become payable absolutely or at the option of the creditor in such other medium.

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, Guarantee Agreement¹ 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.

¹ See p. 104 of this volume.

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.

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

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 (a) (ii) of the Loan Regulations :

That a law authorizing the Loan and satisfying the requirements of Article 14 of the Law of 18th October 1908 of the Guarantor (relating to the government of the Belgian Congo), as amended, shall have been duly enacted and come validly into effect, and the Borrower shall have notified the Bank to that effect.

Section 7.02. The following is specified as an additional matter, within the meaning of Section 9.02 (e) of the Loan Regulations, to be included in the opinion or opinions to be furnished to the Bank :

That a law authorizing the Loan and satisfying the requirements of Article 14 of the Law of 18th October 1908 of the Guarantor, as amended, has been duly enacted and come validly into effect.

Article VIII

MISCELLANEOUS

Section 8.01. The Closing Date shall be June 30, 1962.

Section 8.02. 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 8.03. The following addresses are specified for the purposes of Section 8.01 of the Loan Regulations :

For the Borrower :

Ministère du Congo Belge et du Ruanda-Urundi
7 Place Royale
Bruxelles, Belgium

Alternative address for cablegrams and radiograms :

Afrique
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 8.04. The Minister for the Belgian Congo and Ruanda-Urundi is designated for the purposes of Section 8.03 (a) of the Loan Regulations.

Section 8.05. In this Agreement any reference to the Minister for the Belgian Congo and Ruanda-Urundi shall include a reference to any Minister of Belgium for the time being acting for or on behalf of the Minister for the Belgian Congo and Ruanda-Urundi.

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 Eugene R. BLACK
President

The Belgian Congo :
By Baron DHANIS
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>
April 1, 1964	\$ 322,000	October 1, 1968	\$ 420,000
October 1, 1964	331,000	April, 1, 1969	432,000
April 1, 1965	341,000	October, 1 1969	445,000
October 1, 1965	352,000	April 1, 1970	459,000
April 1, 1966	362,000	October 1, 1970	472,000
October 1, 1966	373,000	April 1, 1971	487,000
April 1, 1967	384,000	October 1, 1971	501,000
October 1, 1967	396,000	April 1, 1972	516,000
April 1, 1968	407,000		

* 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 2 years before maturity	1/2 %
More than 2 years but not more than 4 years before maturity	2 1/4 %
More than 4 years but not more than 8 years before maturity	3 1/2 %
More than 8 years but not more than 10 years before maturity	5 %
More than 10 years before maturity	6 %

SCHEDULE 2

DESCRIPTION OF PROJECT

The Project, which is part of a long-term program of the Borrower, is designed (i) to raise agricultural productivity by establishing farmers in permanent settlements (*paysannats*) and introducing improved farm management, (ii) to develop production of cash crops and cattle and (iii) to expand facilities for the processing of agricultural products. The Project consists of :

- (1) the general soil classification of about 6.4 million hectares, and semi-detailed classification of about 1 million hectares ;
- (2) the establishment of fire protection belts for about 5,500 farms ;
- (3) the settlement, under the *paysannat* system of the Borrower, of about 53,000 farmers on suitable land, and the training, assisting and supervision of these farmers in the efficient production of annual and perennial cash crops ;
- (4) the planting and development to a productive stage, on about 30,000 hectares of land, of perennial crops such as oil palms, rubber, coffee, cocoa, tea and fruits ;
- (5) the construction of 3 tea processing plants at Muenga, Luama and Butembo, each with a capacity of 200 tons of dry tea annually, and the expansion of the capacity of the existing tea processing plant at Ngweshe from 400 tons to 800 tons of dry tea annually ;
- (6) the construction of a compost plant at Leopoldville with a capacity of about 42,000 tons of compost annually ;
- (7) the establishment of 4 and improvement of 14 cattle breeding farms, the organization and construction of new, and improvement of existing, disease control and prevention centers, and the installation of slaughter and meat handling facilities.

It is estimated that the total cost of the Project will be the equivalent of \$15.5 million.

SCHEDULE 3

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) By the deletion of Section 2.02 ; the first two sentences of Section 3.01 and the words "for the purposes of this Article," in the last sentence of such Section ; Sections 4.01, 4.02 and 5.04 ; paragraphs (e) and (f) of Section 5.02 ; and the second sentence of paragraph 8, and paragraph 14, of Section 10.01.

(b) By the deletion of Section 4.03 and the substitution therefor of the following :

"SECTION 4.03. *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."

(c) By the deletion of paragraphs (b), (c) and (d) of Section 5.02 and the substitution therefor respectively of the following :

"(b) A default shall have occurred in the payment of principal or interest or any other payment required under any other loan agreement or under any guarantee agreement between the Bank and the Borrower or under any loan agreement or under any guarantee agreement between the Guarantor and the Bank.

"(c) A default shall have occurred in the performance of any other covenant or agreement on the part of the Borrower or the Guarantor under the Loan Agreement, the Guarantee Agreement or the Bonds, or under either of the loan agreements between the Bank and the Borrower dated November 27, 1957 (*Highway Project*)¹ and March 30, 1960 (*Transport Project*)² or the related guarantee agreements between the Guarantor and the Bank, or the bonds issued thereunder.

"(d) An extraordinary situation shall have arisen which shall make it improbable that the Borrower or the Guarantor will be able to perform its obligations under the Loan Agreement or the Guarantee Agreement, or there shall occur any such change in the nature and constitution of the Borrower as shall make it improbable that the Borrower will be able to carry out its obligations under the Loan Agreement."

(d) By the renumbering of Section 8.03 as Section 8.03 (b) and the insertion of a new Section 8.03 (a) reading as follows :

"SECTION 8.03 (a). *Action on behalf of Borrower.* Any action required or permitted to be taken, and any documents required or permitted to be executed, under the Loan Agreement on behalf of the Borrower may be taken or executed by the representative of the Borrower designated in the Loan Agreement for the purposes

¹ United Nations, *Treaty Series*, Vol. 292, p. 175.

² See p. 129 of this volume.

of this Section or any person thereunto authorized in writing by him. 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. The Bank may accept the execution by such representative or other person of any such instrument as conclusive evidence that in the opinion of such representative any modification or amplification of the provisions of the Loan Agreement effected by such instrument is reasonable in the circumstances and will not substantially increase the obligations of the Borrower thereunder."

(e) By the deletion of Section 9.03 and the substitution therefor of the following :

"SECTION 9.03. *Effective Date.* Notwithstanding the provisions of Section 8.01, except as shall be otherwise agreed by the Bank and the Borrower, the Loan Agreement and Guarantee Agreement shall come into force and effect on the date upon which the Bank dispatches to the Borrower and the Guarantor notice of its acceptance of the evidence required by Section 9.01."
