

No. 5442

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

Loan Agreement—*Managil Irrigation Project* (with annexed Loan Regulations No. 3). Signed at Washington, on 17 June 1960

Official text : English.

Registered by the International Bank for Reconstruction and Development on 8 November 1960.

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

**Contrat d'emprunt — *Projet d'irrigation de Managil*
(avec, en annexe, le Règlement n° 3 sur les emprunts).
Signé à Washington, le 17 juin 1960**

Texte officiel anglais.

Enregistré par la Banque internationale pour la reconstruction et le développement le 8 novembre 1960.

No. 5442. LOAN AGREEMENT¹ (*MANAGIL IRRIGATION PROJECT*) BETWEEN THE REPUBLIC OF THE SUDAN AND THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT. SIGNED AT WASHINGTON, ON 17 JUNE 1960

AGREEMENT, dated June 17, 1960, 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, 1956,² subject, however, to the modifications thereof set forth in Schedule 3³ 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 meanings wherever used in this Loan Agreement :

The term "Gezira Ordinance" means the Gezira Scheme Ordinance 1950 (1950 Ordinance No. 16) of the Borrower (including all schedules thereto) as in effect at the date of this Loan Agreement and shall include all amendments thereto made in conformity with Section 5.08 of this Loan Agreement.

The term "Gezira Board" means the Sudan Gezira Board constituted by the Gezira Ordinance.

The term "Gezira Scheme" means the scheme, as such term is defined in the Gezira Ordinance, for the growing of crops by irrigation in the area of the Borrower known as the Gezira.

¹ Came into force on 20 August 1960, upon notification by the Bank to the Government of Sudan.

² See p. 274 of this volume.

³ See p. 272 of this volume.

The term "Managil Extension Scheme" means the irrigation scheme, known as the Southwest (Managil) Extension Scheme, currently being carried out by the Borrower for the extension of irrigation to about 800,000 feddans in the said Gezira area.

The term "feddan" means a measure of land equal to about 1.038 acres.

The term "this Agreement" includes the Loan Regulations.

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 five hundred thousand dollars (\$15,500,000).

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 Loan 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, this Agreement.

Section 2.03. Except as the Borrower and the Bank shall otherwise agree :

(a) The Borrower shall be entitled, subject to the provisions of this Agreement, to withdraw from the Loan Account (i) such amounts as shall have been expended for the reasonable cost of goods to be financed under this Loan Agreement ; and (ii) if the Bank shall so agree, such amounts as shall be required to meet the reasonable cost of such goods ; provided that no withdrawals shall be made under this paragraph (a) on account of expenditures in the currency of the Borrower or for goods produced in (including services supplied from) the territories of the Borrower.

(b) In addition to withdrawals permitted pursuant to paragraph (a) of this Section, the Borrower shall be entitled, subject to the provisions of this Agreement, to withdraw from the Loan Account, in dollars or such other convertible currencies as the Bank may reasonably select, amounts equivalent to 12.5% of expenditures on the Project other than (i) expenditures in respect of which withdrawals have been or would be permitted under paragraph (a) of this Section and (ii) expenditures on part 1 of Stage III of the Managil Extension Scheme ; provided that the aggregate amount of withdrawals under this paragraph (b) shall not exceed the equivalent of three million dollars (\$3,000,000).

(c) Whenever for purposes of this Agreement it shall be necessary to determine the value of the currency of the Borrower in terms of another currency or currencies, such value shall be as reasonably determined by the Bank.

(d) Notwithstanding any other provision of this Agreement, no withdrawals shall be made on account of (i) expenditures prior to March 1, 1960 or (ii) expenditures on part 1 of Stage III of the Managil Extension Scheme or (iii) 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 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.

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 1¹ to this Agreement.

Article III

USE OF PROCEEDS OF THE LOAN

Section 3.01. The Borrower shall apply the proceeds of the Loan exclusively to financing the cost of goods required to carry out the Project described in Schedule 2¹ to this Loan Agreement. The specific goods to be financed out of the proceeds of the Loan pursuant to Section 2.03 (a) of this Loan Agreement, and the methods and procedures for procurement of 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.

¹ See p. 268 of this volume.

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 cause the Project to be carried out and operated with due diligence and efficiency and in accordance with sound engineering, financial, agricultural and business standards and practices.

(b) The Borrower shall exercise every right and recourse available to it to cause to be taken all such action as shall be required to assure that no use, other than for potable purposes, will reduce the amounts of water available for irrigation purposes on the Project below the amounts needed therefor.

(c) The Borrower shall cause all works and facilities included in the Project to be adequately maintained and repaired in accordance with sound engineering and agricultural practices and standards and shall cause all dams, canals, structures and other works and facilities not included in the Project but necessary to the proper and efficient operation thereof to be operated and adequately maintained and repaired in accordance with such practices and standards.

(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 (i) shall maintain or cause to be maintained records adequate to identify the goods financed pursuant to Section 2.03 (a) of this Loan Agreement and otherwise to show the expenditure of the proceeds of the Loan, to disclose the use of such goods in the Project, to record the progress of the Project (including the cost thereof), to show the results achieved by irrigation of the land included in the Project and in the Managil Extension Scheme and to reflect in accordance with consistently maintained sound accounting practices the operations and financial condition of the Gezira Board and the operations and transactions (to the extent relevant to the Project or to any other part of the Managil Extension Scheme) of any other agency of the Borrower responsible for the construction or operation of any part of the Project or of any other part of the Managil Extension Scheme ; (ii) shall enable the Bank's representatives to inspect the goods, the Project, the other parts of the Managil Extension Scheme, all facilities operated by the Gezira Board and any relevant records and documents ; and (iii) shall furnish or cause to be furnished to the Bank all such information as the Bank shall reasonably request concerning the expenditure of the proceeds of the Loan, the goods, the Project, the Managil Extension Scheme, the Gezira Scheme, any facilities operated by the Gezira Board, the operations and financial condition of the Gezira Board and the operations and transactions (to the extent

relevant to the Project or to any other part of the Managil Extension Scheme) of each agency as aforesaid.

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 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 Bank of Sudan 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 im-

posed 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 and transportation to the site of the Project.

Section 5.08. The Borrower shall inform the Bank of any proposed action which would materially amend, waive or abrogate any provision of the Gezira Ordinance 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

MISCELLANEOUS

Section 7.01. The Closing Date shall be December 31, 1962.

Section 7.02. A date sixty days after the date of this Loan 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 :

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 7.04. 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 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.

The Republic of the Sudan :

By A. R. MIRGHANI

Authorized Representative

International Bank for Reconstruction and Development :

By J. Burke KNAPP

Vice-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>
June 1, 1963	\$256,000	June 1, 1972	\$436,000
December 1, 1963	264,000	December 1, 1972	450,000
June 1, 1964	272,000	June 1, 1973	463,000
December 1, 1964	280,000	December 1, 1973	477,000
June 1, 1965	289,000	June 1, 1974	491,000
December 1, 1965	297,000	December 1, 1974	506,000
June 1, 1966	306,000	June 1, 1975	521,000
December 1, 1966	315,000	December 1, 1975	537,000
June 1, 1967	325,000	June 1, 1976	553,000
December 1, 1967	335,000	December 1, 1976	569,000
June 1, 1968	345,000	June 1, 1977	587,000
December 1, 1968	355,000	December 1, 1977	604,000
June 1, 1969	366,000	June 1, 1978	622,000
December 1, 1969	376,000	December 1, 1978	641,000
June 1, 1970	388,000	June 1, 1979	660,000
December 1, 1970	399,000	December 1, 1979	680,000
June 1, 1971	411,000	June 1, 1980	700,000
December 1, 1971	424,000		

* 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	1 ½ %
More than six years but not more than eleven years before maturity	2 ½ %
More than eleven years but not more than sixteen years before maturity	3 ½ %
More than sixteen years but not more than eighteen years before maturity	5 %
More than eighteen years before maturity	6 %

SCHEDULE 2

DESCRIPTION OF PROJECT

The Project, which forms a part of the Managil Extension Scheme, is designed to provide irrigation to, and enable the effective utilization of, about 367,000 feddans in an area lying between the Blue and White Nile Rivers and to the west and southwest of the existing Gezira irrigated area. The Managil Extension Scheme is being carried out in four stages, Stages I and II of which have been completed and are under cultivation. The

Project consists of Stages III and IV of this Scheme, which are to be carried out in two parts each. It includes all necessary work to prepare the Project area for settlement and cultivation, including the acquisition and subdivision of the necessary lands and the allocation of farm tenancies to farmers, and certain works originally scheduled for Stage II of the Scheme, the execution of which has been deferred.

The land included in the Project is scheduled to be ready for cultivation as follows :

<i>Area</i>	<i>Date by which Scheduled to be Ready for Cultivation</i>
140,000 feddans	July 1960
145,000 feddans	July 1961
82,000 feddans	July 1962

The Project includes the following major works :

A. Canals and Distribution System

A system of eight major canals totalling about 260 kilometers and various minor canals and laterals totalling about 18,000 kilometers will be constructed, together with all necessary regulators, syphons and bridges, and drainage, control and other hydraulic structures.

B. Gezira Light Railway Extension

Various extensions to the existing Gezira Light Railway system will be constructed, totalling about 220 kilometers in length, together with additional railway buildings. About 60 diesel locomotives and 900 wagons will be purchased and added to the system.

C. Cotton Ginneries

The Gezira Board will acquire the existing cotton ginnery at Jebel Aulia and the capacity of the existing cotton ginneries at Meringan and Hassaheisa will be expanded so as to bring the total number of gins installed in all such ginneries to about 1,075.

D. Other Works

Office buildings and houses for staff will be constructed. A system of unpaved dirt roads will be built in the Project area and other works necessary for the proper utilization of the irrigation water and the land in the area to be irrigated will be carried out, including bush clearing, land leveling and deep plowing.

Water supply installations for villages and livestock will be constructed. Office facilities at Barakat headquarters and crop storage facilities at Meringan and Hassaheisa will be expanded and miscellaneous works and purchases necessary for the proper operation of the Project will be carried out and made.

It is expected that all works included in the Project will be completed and in full operation by the end of 1962. The total cost of the Project, including interest on the Loan during construction, is estimated at about \$49 million equivalent..

SCHEDULE 3

MODIFICATIONS OF LOAN REGULATIONS No. 3

For the purposes of this Loan 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 Sections 2.02 and 4.01.

(b) By the deletion of the first five lines of Section 5.02 and the substitution therefor of the following :

"SECTION 5.02. *Suspension by the Bank.* If any of the following events shall have happened and be continuing, the Bank may at any time or from time to time by notice to the Borrower suspend in whole or in part the right of the Borrower to make withdrawals from the Loan Account :"

(c) By the deletion of the last paragraph of Section 5.02 and the substitution therefor of the following :

"The right of the Borrower to make withdrawals from the Loan Account shall continue to be suspended in whole or in part, as the case may be, until the event or events which gave rise to such suspension shall have ceased to exist or until the Bank shall have notified the Borrower that the right to make withdrawals has been restored, whichever is the earlier ; provided, however, that in the case of any such notice of restoration, the right to make withdrawals shall be restored only to the extent and subject to the conditions specified in such notice, and no such notice shall affect or impair any right, power or remedy of the Bank in respect of any other or subsequent event described or referred to in this Section."

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

"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."

(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 shall come into force and effect on the date upon which the Bank dispatches to the Borrower notice of its acceptance of the evidence required by Section 9.01."

(f) By the deletion of paragraph 13 of Section 10.01 and the substitution therefor of the following :

"13. 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."

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.*]