

No. 5993

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

Loan Agreement—*Road Project* (with annexed Loan Regulations No. 3). Signed at Washington, on 28 August 1961

Official text: English.

Registered by the International Bank for Reconstruction and Development on 11 December 1961.

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

Contrat d'emprunt — *Projet routier* (avec, en annexe, le Règlement n° 3 sur les emprunts). Signé à Washington, le 28 août 1961

Texte officiel anglais.

Enregistré par la Banque internationale pour la reconstruction et le développement le 11 décembre 1961.

No. 5993. LOAN AGREEMENT¹ (*ROAD PROJECT*) BETWEEN THE REPUBLIC OF COLOMBIA AND THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT. SIGNED AT WASHINGTON, ON 28 AUGUST 1961

AGREEMENT, dated August 28, 1961, between REPUBLIC OF COLOMBIA (hereinafter called the Borrower) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank).

WHEREAS (A) the Borrower has requested the Bank to make a loan to it in an aggregate principal amount equivalent to \$19,500,000 to assist the Borrower in financing the construction, betterment and maintenance of various roads forming a part of the national highway system of the Borrower ;

(B) the Borrower has also requested the International Development Association (hereinafter called the Association) to provide additional assistance towards financing the construction and betterment of such roads ;

(C) by an agreement of even date herewith between the Association and the Borrower,² the Association is agreeing to provide such assistance in an aggregate principal amount equivalent to \$19,500,000 ;

(D) the Borrower, the Association, and the Bank intend to enter into an arrangement³ enabling the Bank to process applications for withdrawal of part of the proceeds of the financing to be provided severally by the Association and the Bank ; and

WHEREAS the Bank has agreed, upon the basis of the foregoing, to make a loan to the Borrower upon the terms and conditions hereinafter set forth ;

NOW THEREFORE, it is hereby agreed as follows :

Article I

LOAN REGULATIONS

Section 1.01. The parties to this Loan Agreement accept all the provisions of Loan Regulations No. 3 of the Bank dated February 15, 1961⁴ subject, however, to the modification thereof set forth in Section 2.04 of this Agreement (said Loan Regula-

¹ Came into force on 25 November 1961, upon notification by the Bank to the Government of Colombia.

² See p. 3 of this volume.

³ See p. 45 of this volume.

⁴ See p. 42 of this volume.

tions 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.

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 nineteen million five hundred thousand dollars (\$19,500,000).

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 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. 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) the equivalent of a percentage or percentages to be established from time to time by agreement between the Borrower and the Bank of such amounts as shall have been expended by the Borrower for the reasonable cost of goods required for carrying out Part A of the Project (such percentage representing the approximate estimated amount of foreign currency component of such goods to be financed by the Bank) ; (ii) such amounts as shall have been otherwise expended for the reasonable foreign exchange cost of engineering services and equipment required for carrying out Part B of the Project and not covered under the Development Credit Agreement of even date herewith between the Borrower and the International Development Association ; (iii) such amounts as shall have been expended for the reasonable foreign exchange cost of goods required for carrying out Parts C and D of the Project ; and (iv) if the Bank shall so agree, such amounts as shall be required by the Borrower to meet payments to be made under any of the foregoing clauses.
- (b) Withdrawals under clause (i) of paragraph (a) of this Section shall be in dollars or such other currency or currencies as the Bank shall from time to time reasonably select.
- (c) Notwithstanding the foregoing provisions of this Section, no withdrawals shall be made on account of expenditures prior to January 1, 1961 or expenditures made in the territories of any country (except Switzerland) which is

not a member of the Bank of for goods produced in (including services supplied from) such territories.

Section 2.04. Section 4.01 of the Loan Regulations is deleted.

Section 2.05. 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.

Section 2.06. 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 2.07. Except as the Borrower and the Bank 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 2.08. Interest and other charges shall be payable semi-annually on March 15 and September 15 in each year.

Section 2.09. 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 proceeds of the Loan to be applied exclusively to financing the cost of goods required to carry out the Project described in Schedule 2² to this Agreement. The specific goods to be financed out of the proceeds of the Loan 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. 40 of this volume.

² See p. 42 of this volume.

Section 4.02. The Minister of Finance and Public Credit 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 maintained with due diligence and efficiency and in conformity with sound engineering and financial practices.

(b) In carrying out the Project, the Borrower shall employ one or more competent and experienced firms of engineering consultants satisfactory to the Borrower and the Bank upon terms and conditions satisfactory to the Borrower and the Bank.

(c) Except as the Bank shall otherwise agree, the roads and structures included in Parts A and B of the Project shall be constructed or improved by contractors satisfactory to the Borrower and the Bank, employed under contracts mutually satisfactory to the Borrower and the Bank.

(d) The general design standards and the type of surfacing (including pavement) to be used for the roads included in Parts A and B of the Project shall be as determined by agreement between the Borrower and the Bank, subject to modification by further agreement between them.

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

(f) The list of roads to be included in Parts A and B of the Project shall be determined by agreement between the Borrower and the Bank, subject to modification by further agreement between them.

Section 5.02. 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 agency or agencies of the Borrower responsible for the carrying out and operation of the Project or any part thereof ; shall enable the Bank's representatives to inspect the Project, the goods and any relevant records and documents ; and 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 Project, and the goods, and the operations

and financial condition of the agency or agencies of the Borrower responsible for the carrying out and operation of the Project or any part thereof.

Section 5.03. (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 5.04. 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 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. As used in this Section,

- (a) the term "assets of the Borrower" includes assets of the Borrower or of any of its political subdivisions or of any Agency or of Banco de la República or any other institution acting as the central bank of the Borrower, and

- (b) the term "Agency" means any agency or instrumentality of the Borrower or of any political subdivision of the Borrower and shall include any institution or organization which is owned or controlled directly or indirectly by the Borrower or by any political subdivision of the Borrower or the operations of which are conducted primarily in the interest of or for account of the Borrower or any political subdivision of the Borrower.

Section 5.05. 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 5.06. 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 5.07. 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.

Section 5.08. 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 5.09. (a) The Borrower shall at all times make available, promptly as they are needed, all sums and resources which shall be required for the carrying out of the Project and the proper maintenance of its national highway system.

(b) The Borrower shall consult with the Bank, until the Project shall have been completed, before undertaking any other major road construction works.

Section 5.10. (a) The Borrower shall cause all maintenance equipment and materials, and all spare parts, financed out of the proceeds of the Loan, to be used exclusively for the purposes of road maintenance.

(b) The Borrower shall cause all its machinery and equipment for highway construction and maintenance to be adequately maintained and repaired, and shall cause suitable workshops to be maintained in suitable places for that purpose.

(c) The Borrower shall cause its national highway system to be adequately maintained and shall cause all necessary repairs thereof to be made, all in accordance with sound engineering practices.

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, or (iii) if any event specified in Section 6.02 (a), (b) and (c) of this Agreement shall occur and shall continue for a period of sixty days, 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.

Section 6.02. The following are specified as additional events for the purposes of Section 5.02 (h) of the Loan Regulations :

- (a) A default shall have occurred in the payment of principal or interest or any other payment required under any development credit agreement between the Borrower and the Association.
- (b) A default shall have occurred in the performance of any other covenant or agreement on the part of the Borrower under the Development Credit Agreement of even date herewith between the Borrower and the Association.
- (c) The outstanding principal amount of the Credit provided for in the Development Credit Agreement of even date herewith between the Borrower and the Association shall have been declared, or become, due and payable in advance of the agreed maturity thereof ; and
- (d) The Borrower shall have cancelled any part of the financing provided for in the Development Credit Agreement of even date herewith between the Borrower and the Association without a cancellation of a corresponding proportion of the Loan.

Article VII

EFFECTIVE DATE ; TERMINATION

Section 7.01. The following event is specified as an additional condition to the effectiveness of the Loan Agreement within the meaning of Section 9.01 (b) of the Loan Regulations :

That the Borrower and at least one firm of engineering consultants satisfactory to the Bank shall have entered into a contract, including work orders, upon terms and conditions satisfactory to the Bank.

Section 7.02. A date 90 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 June 30, 1965.

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

For the Borrower :

Ministerio de Hacienda y Credito Publico
Bogotá
Colombia

Alternative address for cablegrams and radiograms :

Minhacienda
Bogotá
Colombia

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 Public Credit or the Minister of Public Works 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.

Republic of Colombia :

By M. PASTRANA BORRERO

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>
September 15, 1965 . .	\$ 610,000	September 15, 1971 . .	\$ 857,000
March 15, 1966	627,000	March 15, 1972	882,000
September 15, 1966 . .	645,000	September 15, 1972 . .	907,000
March 15, 1967	664,000	March 15, 1973	933,000
September 15, 1967 . .	683,000	September 15, 1973 . .	960,000
March 15, 1968	703,000	March 15, 1974	987,000
September 15, 1968 . .	723,000	September 15, 1974 . .	1,016,000
March 15, 1969	744,000	March 15, 1975	1,045,000
September 15, 1969 . .	765,000	September 15, 1975 . .	1,075,000
March 15, 1970	787,000	March 15, 1976	1,106,000
September 15, 1970 . .	810,000	September 15, 1976 . .	1,138,000
March 15, 1971	833,000		

* To the extent that any part of the Loan is repayable in a currency other than dollars (see Loan Regulations, Section 3.03), the figures in this column represent dollar equivalents determined as for purposes of withdrawal.

PREMIUM 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	$\frac{1}{2}$ of 1 %
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 . . .	3 $\frac{1}{2}$ %
More than eleven years but not more than thirteen years before maturity .	4 $\frac{3}{4}$ %
More than thirteen years before maturity	5 $\frac{3}{4}$ %

SCHEDULE 2

DESCRIPTION OF PROJECT

The Project consists of :

Construction

- A. (i) The continuation of construction, reconstruction and betterment of about 725 kms. of roads and bridges included in the Plan Vial I Project previously financed by the Bank ;
- (ii) The construction, reconstruction and betterment of eight sections of roads and bridges totalling about 550 kms.
- B. Engineering services for (i) and (ii) above and for preparation of cost estimates, contract documents and final plans for approximately 500 kms. of roads, the general location of which will be determined only after the completion of the Transport Survey now being conducted in Colombia.

Maintenance

- C. The preparation of a detailed report on the maintenance organization of the Borrower with special reference to the implementation of the recommendation of such Transport Survey.
- D. The procurement of maintenance equipment.

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

LOAN REGULATIONS No. 3, DATED 15 FEBRUARY 1931

REGULATIONS APPLICABLE TO LOANS MADE BY THE BANK TO MEMBER GOVERNMENTS

[Not published herein. See United Nations, Treaty Series, Vol. 414.]