

No. 6994

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

**Guarantee Agreement—*Railroad Rehabilitation Project*
(with annexed Loan Regulations No. 4 and Loan Agree-
ment between the Bank and Ferrocarriles Nacionales de
Colombia). Signed at Washington, on 21 June 1963**

Official text: English.

Registered by the International Bank for Reconstruction and Development on 26 November 1963.

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

**Contrat de garantie — *Projet relatif à la réfection des che-
mins de fer* (avec, en annexe, le Règlement n° 4 sur les
emprunts et le Contrat d'emprunt entre la Banque et
les Ferrocarriles Nacionales de Colombia). Signé à
Washington, le 21 juin 1963**

Texte officiel anglais.

Enregistré par la Banque internationale pour la reconstruction et le développement le 26 novembre 1963.

No. 6994. GUARANTEE AGREEMENT¹ (*RAILROAD REHABILITATION PROJECT*) BETWEEN THE REPUBLIC OF COLOMBIA AND THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT. SIGNED AT WASHINGTON, ON 21 JUNE 1963

AGREEMENT, dated June 21, 1963, between REPUBLIC OF COLOMBIA (hereinafter called the Guarantor) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank).

WHEREAS, by an agreement dated August 26, 1952² between the Guarantor and the Bank, the Bank agreed to lend to the Guarantor the sum of \$25,000,000 or the equivalent thereof in currencies other than dollars to assist in financing the costs of a project included in a program of the Guarantor for the reorganization of the railway system of Colombia and for the expansion, rehabilitation and improvement of the lines operated by the Consejo Administrativo de los Ferrocarriles Nacionales or its successor organization ; and

WHEREAS, as contemplated by such agreement, Ferrocarriles Nacionales de Colombia (hereinafter called the Borrower) was organized by Decree No. 3129 of 1954 as an autonomous non-political organization to administer the railway system of Colombia on a financially self-supporting basis ; and

WHEREAS, by an agreement dated June 15, 1955³ between the Bank and the Borrower, the Bank agreed to lend to the Borrower the sum of \$15,900,000 or the equivalent thereof in currencies other than dollars to assist in a further expansion, rehabilitation and improvement of the railway system of the Borrower ; and

WHEREAS, by an agreement dated September 20, 1960⁴ between the Bank and the Borrower, the Bank agreed to lend to the Borrower the sum of \$5,400,000 or the equivalent thereof in currencies other than dollars to finance the foreign currency part of the cost of railroad equipment ; and

¹ Came into force on 7 August 1963, upon notification by the Bank to the Government of Colombia.

² United Nations, *Treaty Series*, Vol. 159, p. 339.

³ United Nations, *Treaty Series*, Vol. 248, p. 161.

⁴ United Nations, *Treaty Series*, Vol. 390, p. 173.

WHEREAS, by an agreement of even date herewith between the Bank and the Borrower, which agreement and the schedules therein referred to are hereinafter called the Loan Agreement,¹ the Bank has agreed to make to the Borrower a loan in various currencies in an aggregate principal amount equivalent to thirty million dollars (\$30,000,000), on the terms and conditions set forth in the Loan Agreement, but only on condition that the Guarantor agree to guarantee the payment of the principal, interest and other charges on such loan and the obligations of the Borrower in respect thereof ; and

WHEREAS the Guarantor, in consideration of the Bank's entering into the Loan Agreement with the Borrower, has agreed to guarantee the payment of the principal, interest and other charges on such loan and the obligations of the Borrower in respect thereof ;

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 February 15, 1961² (said Loan Regulations No. 4 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 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. Any funds supplied to the Borrower by the Guarantor pursuant to this Section will

¹ See p. 170 of this volume.

² See p. 168 of this volume.

be supplied in such manner as to be recoverable only out of net earnings of the Borrower.

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

Section 3.02. (a) The Guarantor 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 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 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 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 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.

Section 3.06. The Guarantor covenants that it will from time to time, upon application by the Borrower, grant and maintain, or cause to be granted and maintained, rates and fares which will enable the Borrower to provide revenues sufficient to cover fixed costs, costs of operation and maintenance, depreciation and reserves, to maintain sufficient working capital and to provide for the purchase of equipment and betterments.

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 and Public Credit 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 :

Republic of Colombia
Ministerio de Hacienda y Crédito Público
Palacio de los Ministerios, Plaza San Agustín
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 5.02. The Minister of Finance and Public Credit of the Guarantor 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 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.

Republic of Colombia :

By Eduardo URIBE BOTERO
Authorized Representative

International Bank for Reconstruction and Development :

By J. Burke KNAPP
Vice President

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

LOAN REGULATIONS No. 4, DATED 15 FEBRUARY 1961

REGULATIONS APPLICABLE TO LOANS MADE BY THE BANK TO BORROWERS OTHER THAN
MEMBER GOVERNMENTS

[*Not published herein. See United Nations, Treaty Series, Vol. 400, p. 212.*]

LOAN AGREEMENT
(RAILROAD REHABILITATION PROJECT)

AGREEMENT, dated June 21, 1963, between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank) and FERROCARRILES NACIONALES DE COLOMBIA (hereinafter called the Borrower).

WHEREAS, by an agreement dated August 26, 1952¹ between the Republic of Colombia (hereinafter called the Guarantor) and the Bank, the Bank agreed to lend to the Guarantor the sum of \$25,000,000 or the equivalent thereof in currencies other than dollars to assist in financing the costs of a project included in a program of the Guarantor for the organization of the railway system of Colombia and for the expansion, rehabilitation and improvement of the lines operated by the Consejo Administrativo de los Ferrocarriles Nacionales or its successor organization ; and

WHEREAS, as contemplated by such agreement, the Borrower was organized by Decree No. 3129 of 1954 as an autonomous non-political organization to administer the railway system of Colombia on a financially self-supporting basis ; and

WHEREAS, by an agreement dated June 15, 1955² between the Bank and the Borrower, the Bank agreed to lend to the Borrower the sum of \$15,900,000 or the equivalent thereof in currencies other than dollars to assist in further expansion, rehabilitation and improvement of the railway system of the Borrower ; and

WHEREAS, by an agreement dated September 20, 1960³ between the Bank and the Borrower, the Bank agreed to lend to the Borrower the sum of \$5,400,000 or the equivalent thereof in currencies other than dollars to finance the foreign currency part of the cost of railroad equipment ; and

WHEREAS the Borrower asked the Bank to finance the foreign currency part of the cost of additional railroad equipment and to assist in further rehabilitation of the railway system of the Borrower ;

Now THEREFORE, the parties hereto hereby agree as follows :

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 February 15, 1961⁴ (said Loan Regulations No. 4 being hereinafter called the Loan Regulations) with the same force and effect as if they were fully set forth herein.

¹ United Nations, *Treaty Series*, Vol. 159, p. 339.

² United Nations, *Treaty Series*, Vol. 248, p. 161.

³ United Nations, *Treaty Series*, Vol. 390, p. 173.

⁴ See p. 168 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 million dollars (\$30,000,000).

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, the Loan Agreement.

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.

Section 2.04. The Borrower shall pay interest at the rate of five and one-half per cent ($5\frac{1}{2}\%$) 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 May 1 and November 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 Agreement. The specific goods to be 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 Bank and the Borrower, subject to modification by further agreement between them.

Section 3.02. Except as the Bank and the Borrower shall otherwise agree, the Borrower shall cause all goods financed out of the proceeds of the Loan to be imported into the territories of the Guarantor and there to be used exclusively in the carrying out of the Project.

¹ See p. 182 of this volume.

Section 3.03. Pursuant to the second sentence of Section 3.02 of the Loan Regulations, the Bank and the Borrower agree that any withdrawals on account of expenditures in the currency of the Guarantor or for goods produced in (including services supplied from) the territories of the Guarantor shall be made in such currency or currencies as the Bank shall reasonably select.

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 *Administrador General* 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 (a) of the Loan Regulations.

Article V

PARTICULAR COVENANTS

Section 5.01. (a) The Borrower shall carry out the Project with due diligence and efficiency and in conformity with sound engineering and financial practices. To assist it in carrying out the Project the Borrower shall employ competent and experienced consultants under terms and conditions satisfactory to the Bank.

(b) Upon request from time to time by the Bank, the Borrower shall promptly furnish or cause to be furnished to the Bank the plans, specifications and work schedules for the Project and any material modifications subsequently made therein, in such detail as the Bank shall reasonably request.

(c) The Borrower shall maintain 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 Borrower.

(d) The Borrower shall enable the Bank's representatives to inspect the Project, the goods, all other plants, works, properties and equipment of the Borrower and any relevant records and documents.

(e) The Borrower 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, the goods and the operations and financial condition of the Borrower.

Section 5.02. (a) The Bank and the Borrower 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.

(b) The Bank and the Borrower 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.

Section 5.03. 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 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.

Section 5.04. The Borrower shall pay or cause to be paid all taxes, if any, imposed under the laws of the Guarantor or laws in effect in the territories of the Guarantor on or in connection with the execution, issue, delivery or registration of this Agreement, the Guarantee Agreement¹ or the Bonds, or the payment of principal, interest or other charges thereunder; provided, however, that the provisions of this Section shall not apply to taxation of 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 5.05. The Borrower shall pay or cause to be paid all taxes, 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 on or in connection with the execution, issue, delivery or registration of this Agreement, the Guarantee Agreement or the Bonds.

Section 5.06. (a) The Borrower shall insure or cause to be insured with responsible insurers all goods financed out of the proceeds of the Loan. Such insurance shall cover such marine, transit and other hazards incident to purchase and importation of the goods into the territory of the Borrower and shall be for such amounts as shall be consistent with sound commercial practices. Such insurance shall be payable in dollars or in currency in which the cost of the goods insured thereunder shall be payable.

(b) In addition, the Borrower shall take out and maintain, with responsible insurers, insurance against such risks and in such amounts as shall be consistent with sound railway and business practices.

Section 5.07. (a) The Borrower shall at all times maintain its existence and right to carry on its operations and shall, except as the Bank shall otherwise agree, take all steps

¹ See p. 160 of this volume.

necessary to maintain and renew all rights, powers, privileges and franchises which are necessary or useful in the conduct of its business.

(b) The Borrower shall operate and maintain its plants, equipment and property, and from time to time make all necessary renewals and repairs thereof, all in accordance with sound engineering standards ; and shall at all times operate its equipment and maintain its financial position in accordance with sound business and railway practices.

Section 5.08. The Borrower shall not without the consent of the Bank sell or otherwise dispose of any of its property and assets necessary for its operations unless the Borrower shall first redeem and pay, or make adequate provision satisfactory to the Bank for redemption or payment of, all of the Loan which shall then be outstanding and unpaid.

Section 5.09. Except as the Bank and the Borrower shall otherwise agree, the Borrower shall not incur, guarantee or assume any indebtedness and shall not permit any subsidiary to incur, guarantee or assume any indebtedness, except for (i) indebtedness incurred, guaranteed or assumed in the normal course of business and (ii) indebtedness to the Government.

Section 5.10. Except as the Bank and the Borrower shall otherwise agree, the Borrower shall from time to time adjust its rates and fares, or take all steps necessary or desirable to obtain such adjustments in its rates and fares, as will provide revenues sufficient to cover fixed costs, costs of operation and maintenance, depreciation and reserves, to maintain sufficient working capital and to provide for the purchase of equipment and betterments.

Article VI

REMEDIES OF THE BANK

Section 6.01. (i) If any event specified in paragraph (a), paragraph (b), paragraph (e) or paragraph (f) 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 June 30, 1966, or such other date as shall be agreed upon from time to time by the Bank and the Borrower.

Section 7.02. A date ninety days after the date of this 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 :

Ferrocarriles Nacionales de Colombia
Calle 13, No. 18-24
Bogotá, Colombia

Alternative address for cablegrams and radiograms :

Ferrocarriles
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.

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 J. Burke KNAPP
Vice President

Ferrocarriles Nacionales de Colombia :

By Luciano ELEJALDE J.
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>
November 1, 1966	\$545,000	May 1, 1975	\$865,000
May 1, 1967	560,000	November 1, 1975	885,000
November 1, 1967	575,000	May 1, 1976	910,000
May 1, 1968	590,000	November 1, 1976	935,000
November 1, 1968	605,000	May 1, 1977	960,000
May 1, 1969	625,000	November 1, 1977	990,000
November 1, 1969	640,000	May 1, 1978	1,015,000
May 1, 1970	660,000	November 1, 1978	1,045,000
November 1, 1970	675,000	May 1, 1979	1,075,000
May 1, 1971	695,000	November 1, 1979	1,100,000
November 1, 1971	715,000	May 1, 1980	1,135,000
May 1, 1972	735,000	November 1, 1980	1,165,000
November 1, 1972	755,000	May 1, 1981	1,195,000
May 1, 1973	775,000	November 1, 1981	1,230,000
November 1, 1973	795,000	May 1, 1982	1,260,000
May 1, 1974	820,000	November 1, 1982	1,295,000
November 1, 1974	840,000	May 1, 1983	1,335,000

* 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.

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	1/2%
More than three years but not more than six years before maturity	1 1/2%
More than six years but not more than eleven years before maturity	2 1/2%
More than eleven years but not more than sixteen years before maturity	3 1/2%
More than sixteen years but not more than eighteen years before maturity	4 1/2%
More than eighteen years before maturity	5 1/2%

SCHEDULE 2
DESCRIPTION OF PROJECT

The Project is the portion of the Ten-Year Rehabilitation Program of the Borrower to be carried out during the five-year period 1963-1967. The Ten-Year Program is to rehabilitate and expand the facilities and equipment of the Borrower and to increase the

efficiency and carrying capacity of its railroad in order to meet increasing traffic demands through 1972.

The Project includes the acquisition, introduction into service and operation of about 2800 freight cars and 63 diesel locomotives, the purchase of component parts for about 200 freight cars, spare parts for diesel locomotives, steel for bridges and other railroad equipment and materials, the purchase and installation of shop tools, the renewal of 545 kms of rail, services and training.

The part of the Project to be financed with the proceeds of the Loan is a part of the Ten-Year Program to be carried out during the years 1963/1964, namely, the acquisition, introduction into service and operation of about 1150 freight cars and about 37 diesel locomotives, the purchase of component parts for about 200 freight cars, spare parts for diesel locomotives, steel for bridges and other railroad equipment and materials, the construction of shops, the purchase and installation of shop tools, rails and accessories for the renewal of about 210 kms of rail, services and training.