

No. 7353

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

**Loan Agreement—Road Project (with annexed Loan
Regulations No. 3). Signed at Washington, on 8 January
1964**

Official text: English.

*Registered by the International Bank for Reconstruction and Development on
5 August 1964.*

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

**Contrat d'emprunt — Projet relatif au réseau routier
(avec, en annexe, le Règlement n° 3 sur les emprunts).
Signé à Washington, le 8 janvier 1964**

Texte officiel anglais.

*Enregistré par la Banque internationale pour la reconstruction et le développement
le 5 août 1964.*

No. 7353. LOAN AGREEMENT¹ (*ROAD PROJECT*) BETWEEN
REPUBLIC OF LIBERIA AND INTERNATIONAL BANK
FOR RECONSTRUCTION AND DEVELOPMENT. SIGN-
ED AT WASHINGTON, ON 8 JANUARY 1964

AGREEMENT, dated January 8, 1964, between REPUBLIC OF LIBERIA (hereinafter called the Borrower) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank).

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, 1961² subject, however, to the modifications thereof set forth in Section 1.02 of this Agreement with the same force and effect as if they were fully set forth herein (said Loan Regulations No. 3 as so modified being hereinafter called the Loan Regulations).

Section 1.02. For the purposes of this Agreement the provisions of the Loan Regulations shall be deemed to be modified as follows :

- (a) The second sentence of Section 3.02 of the Loan Regulations shall apply only to withdrawals pursuant to Section 2.03 (a) of this Agreement.
- (b) Section 4.01 of the Loan Regulations is deleted.

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 three million two hundred fifty thousand dollars (\$3,250,000).

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 The amount of the Loan may be withdrawn from the Loan Account as provided in, and subject to the rights of cancellation and suspension set forth in, the Loan

¹ Came into force on 3 April 1964, upon notification by the Bank to the Government of Liberia.

² See p. 70 of this volume.

Agreement; provided, however, that, except as shall be otherwise agreed by the Borrower and the Bank, no withdrawals may be made with respect to the works described in subparagraph (1) of Schedule 2¹ to this Agreement until arrangements have been made, satisfactory to the bank, for a logging concession in the area to be served by such works.

Section 2.03. Except as the Bank shall otherwise agree, the Borrower shall be entitled, subject to the provisions of the Loan Agreement, to withdraw from the Loan Account :

- (a) such amounts as shall have been expended (other than for expenditures in respect of works referred to in subparagraphs (1) and (2) of Schedule 2 to this Agreement) for the reasonable cost of goods imported into the territories of the Borrower to be financed out of the proceeds of the Loan;
- (b) such amounts as shall be the equivalent of sixty-five per cent (or such other percentage as may from time to time be established by agreement between the Borrower and the Bank) of such amounts as shall have been expended for the reasonable cost of works referred to in subparagraphs (1) and (2) of Schedule 2 to this Agreement, such percentages representing no more than the external component of such cost; and
- (c) if the Bank shall so agree, such amounts as shall be required to meet payments under (a) and (b) hereof;

provided, however, that no withdrawals shall be made on account of : (i) expenditures prior to January 15, 1964; or (ii) expenditures made in the territories of any country (except Switzerland) which is not a member of the Bank or for goods produced in (including services supplied from) such territories.

Section 2.04. Withdrawals from the Loan Account pursuant to Section 2.03 (b) of this Agreement shall be in dollars or such other currency or currencies as the Bank shall from time to time reasonably select.

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 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 2.07. 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

¹ See p. 70 of this volume.

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 semiannually on June 1 and December 1 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 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 2 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 Borrower and the Bank, subject to modification by further agreement between them.

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

Article IV

BONDS

Section 4.01. The Borrower shall execute and deliver Bonds representing the principal amount of the Loan as provided in the Loan Regulations.

Section 4.02. The Secretary of the Treasury 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 with due diligence and efficiency and in accordance with sound engineering, administrative and financial practices.

¹See p. 68 of this volume.

(b) The Borrower shall cause all roads included in the Project to be operated, maintained and repaired in accordance with sound engineering and highway practices and shall cause the equipment included in the Project to be operated and maintained in accordance with sound engineering and administrative practices.

(c) In furtherance of the purposes of (a) and (b) of this Section, the Borrower shall, *inter alia*, make available, or cause to be made available, promptly as needed all funds and other resources which shall be required therefor.

Section 5.02. (a) 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.

(b) The Borrower : (i) 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 construction, operation and maintenance of the Project or any part thereof; (ii) shall enable the Bank's representatives to inspect the Project, the operation thereof, the goods and any relevant records and documents; and (iii) 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 agency or agencies of the Borrower responsible for the construction, operation and maintenance of the Project or any part thereof.

(c) In carrying out the Project, the Borrower shall employ engineering consultants acceptable to and upon terms and conditions satisfactory to the Borrower and the Bank.

(d) The general design standards to be used for the roads included in the Project shall be satisfactory to the Borrower and the Bank.

(e) Except as the Bank shall otherwise agree, the roads included in the Project shall be constructed by contractors satisfactory to the Borrower and the Bank, employed under contracts satisfactory to the Borrower and the Bank.

Section 5.03. The Borrower and the Bank shall cooperate fully to assure that the purposes of the Loan will be accomplished. To that end :

(a) the Borrower and the Bank shall from time to time, at the request of either party, exchange views through their representatives with regard to the progress of the Project, the performance by the Borrower of its obligations under the Loan Agreement, the administration, operations and financial condition of the agency or agencies of the Borrower responsible for the construction, operation and maintenance of the Project or any part thereof, financial and economic conditions in the territories of the Borrower and the international balance of payments position of the Borrower;

(b) 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, the maintenance of the service thereof or the performance by the Borrower of its obligations under the Loan Agreement; and

(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.

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 any institution performing the functions of a central bank.

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 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 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 from any taxes 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, 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. The Borrower shall operate a maintenance organization which shall be responsible for the maintenance of roads within the territories of the Borrower. Such organization shall be operated in accordance with sound administrative and highway practices.

Section 5.10. The Borrower shall, prior to the completion of the Project, prepare an agricultural development program for the area to be served by the road referred to in subparagraph (1) of Schedule 2 to this Agreement with the object of preventing deterioration of the land and of promoting its orderly development in accordance with sound principles of land utilization and sound agricultural practices.

Article VI

REMEDIES OF 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 or in Section 6.02 of this Agreement 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.

Section 6.02. The following is specified as an additional event for the purposes of Section 5.02 of the Loan Regulations :

The Borrower shall, after the date of the Loan Agreement, have incurred any debt which has a final maturity of less than 15 years without having obtained the prior agreement of the Bank. As used in this paragraph, the term "debt" shall not include debt the final maturity of which is less than one year from the date on which such debt is originally incurred.

Article VII

MISCELLANEOUS

Section 7.01. A date sixty days after the date of this Agreement is hereby specified for the purposes of Section 9.04 of the Loan Regulations.

Section 7.02. The Closing Date shall be June 30, 1967 or such other date as may from time to time be agreed between the Borrower and the Bank.

Section 7.03. The following addresses are specified for the purposes of Section 8.01 of the Loan Regulations :

For the Borrower :

Secretary of the Treasury
Treasury Department
Monrovia, Liberia

Alternative address for cables and radiograms :

Sectreas
Monrovia

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 cables and radiograms :

Intbafrad
Washington, D.C.

Section 7.04. The Secretary of the Treasury 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 Liberia :

By J. Charles HANSFORD

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, 1972	\$115,000	December 1, 1977	\$155,000
December 1, 1972	120,000	June 1, 1978	160,000
June 1, 1973	125,000	December 1, 1978	165,000
December 1, 1973	125,000	June 1, 1979	170,000
June 1, 1974	130,000	December 1, 1979	175,000
December 1, 1974	135,000	June 1, 1980	180,000
June 1, 1975	135,000	December 1, 1980	185,000
December 1, 1975	140,000	June 1, 1981	190,000
June 1, 1976	145,000	December 1, 1981	195,000
December 1, 1976	150,000	June 1, 1982	200,000
June 1, 1977	155,000		

* 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	1½%
More than three years but not more than six years before maturity	1½%
More than six years but not more than eleven years before maturity	2½%
More than eleven years but not more than fourteen years before maturity	3½%
More than fourteen years but not more than sixteen years before maturity	4½%
More than sixteen years before maturity	5½%

SCHEDULE 2

DESCRIPTION OF PROJECT

The Project is the construction and improvement of roads in the territories of the Borrower and includes :

- (1) Construction of approximately 48 miles of new road between Kle and Pujehun.
- (2) Construction of the last section of about 14 miles of a new road between Schiefelin and Robertsfield, including a 80 meter span bridge and the paving of about 27 miles of such section and adjacent sections of such road.
- (3) Procurement of maintenance equipment with spare parts and repair shop facilities.

It is expected that the Project will be completed in approximately three and one-half years.

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

LOAN REGULATIONS No. 3, DATED 15 FEBRUARY 1961

REGULATIONS APPLICABLE TO LOANS MADE BY THE BANK TO MEMBER GOVERNMENTS

[*Not published herein. See United Nations, Treaty Series,
Vol. 414, p. 268.*]