

No. 8250

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

**Loan Agreement—*Second Railways Project* (with annexed
Loan Regulations No. 3). Signed at Washington, on
27 December 1965**

Official text : English.

*Registered by the International Bank for Reconstruction and Development on 12 July
1966.*

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

**Contrat d'emprunt — *Deuxième projet relatif aux chemins
de fer* (avec, en annexe, le Règlement n° 3 sur les em-
prunts). Signé à Washington, le 27 décembre 1965**

Texte officiel anglais.

*Enregistré par la Banque internationale pour la reconstruction et le développement le
12 juillet 1966.*

No. 8250. LOAN AGREEMENT¹ (*SECOND RAILWAYS PROJECT*) BETWEEN THE REPUBLIC OF THE SUDAN AND THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT. SIGNED AT WASHINGTON, ON 27 DECEMBER 1965

AGREEMENT, dated December 27, 1965, 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 DEFINITION

Section 1.01. The parties to this Loan Agreement accept all the provisions of Loan Regulations No. 3 of the Bank dated February 15, 1961,² subject, however, to the following modifications thereof (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 :

(a) The second sentence of Section 8.03 is deleted and the following is substituted therefor :

“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.”

(b) Section 9.04 is deleted.

Section 1.02. Except where the context otherwise requires, the following term has the following meaning wherever used in the Loan Agreement :

The term “Railways” means that part of the Ministry of Communications of the Borrower responsible for the operation of the railway, river-transport and harbor

¹ Came into force on 10 March 1966, upon notification by the Bank to the Government of the Sudan.

² See p. 42 of this volume.

facilities of the Borrower and shall include any other agency or organization which may be charged with responsibility for the administration, operation or maintenance of any of such facilities.

Article II

THE LOAN

Section 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions in the Loan Agreement set forth or referred to, an amount in various currencies equivalent to thirty-one million dollars (\$31,000,000).

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 as of the date of this 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 and the Loan Regulations.

Section 2.03. The Borrower shall pay to the Bank a commitment charge at the rate of three-eighths of one per cent ($\frac{3}{8}$ 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 commitment outstanding from time to time.

Section 2.06. Interest and other charges shall be payable semi-annually on February 15 and August 15 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 1 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 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. 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.

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 make the proceeds of the Loan available to the Railways on terms and conditions satisfactory to the Bank and shall cause the Project to be carried out with due diligence and efficiency and in conformity with sound engineering and financial practices.

(b) The Borrower undertakes, whenever there is reasonable cause to believe that the funds available to the Railways 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 Railways or cause the Railways to be provided with such funds as are needed to meet such expenditures.

(c) The Borrower shall cause to be maintained its railway, river transport and harbor facilities, including all such facilities now or hereafter operated by the Railways, and shall cause to be made all necessary renewals and repairs thereof, all in accordance with sound engineering practices, and shall at all times cause such facilities to be operated in accordance with sound transportation and business practices.

(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 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 Railways; shall enable the Bank's

representatives to inspect the Project and all facilities operated by the Railways, the goods and any relevant records and documents ; and shall furnish to the Bank all such information as the Bank shall reasonably request concerning the expenditure of the proceeds of the Loan, the Project, all facilities operated by the Railways, the goods, and the administration, operations and financial condition of the Railways.

Section 5.02. (a) The Borrower and the Bank shall cooperate fully to ensure 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, the maintenance of the service thereof and the administration, operations and financial condition of the Railways. 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 The 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 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 5.05. The Loan Agreement and the Bonds shall be free 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 5.06. 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. Such insurance shall be payable in the currency in which the cost of such goods is payable or in dollars.

Section 5.08. The Borrower shall inform the Bank of any proposed action which would affect the nature or constitution (including the financial structure) of the Railways as presently constituted or would transfer from the Railways, as presently constituted, responsibility for the administration, operation or maintenance of any of the railway, river transport or harbor facilities now or hereafter operated by it 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 June 30, 1969 or such other date as may be agreed between the Borrower and the Bank.

Section 7.02. The following addresses are specified for the purposes of Section 8.01 of the Loan Regulations :

For the Borrower :

Ministry of Finance and Economics
Government of The Sudan
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, D.C. 20433
United States of America

Alternative address for cablegrams and radiograms :

Intbafrad
Washington, D.C.

Section 7.03. The Minister of Finance and Economics of the Borrower is designated for the purposes of Section 8.03 of the Loan Regulations.

Section 7.04. If the Loan Agreement shall not have come into force and effect by March 31, 1966, the Loan Agreement and all obligations of the parties thereunder shall terminate, unless the Bank, after consideration of the reasons for the delay, establishes a later date for the purposes of this Section. The Bank shall promptly notify the Borrower of such date.

IN WITNESS WHEREOF The Republic of The Sudan, acting by its Government through a representative thereunto duly authorized, and the Bank, acting through its representative 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 K. A. EL OBEID
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>
August 15, 1970	\$420,000	February 15, 1981	\$740,000
February 15, 1971	430,000	August 15, 1981	760,000
August 15, 1971	440,000	February 15, 1982	780,000
February 15, 1972	455,000	August 15, 1982	800,000
August 15, 1972	465,000	February 15, 1983	825,000
February 15, 1973	480,000	August 15, 1983	845,000
August 15, 1973	490,000	February 15, 1984	870,000
February 15, 1974	505,000	August 15, 1984	895,000
August 15, 1974	520,000	February 15, 1985	915,000
February 15, 1975	535,000	August 15, 1985	940,000
August 15, 1975	550,000	February 15, 1986	970,000
February 15, 1976	565,000	August 15, 1986	995,000
August 15, 1976	580,000	February 15, 1987	1,020,000
February 15, 1977	595,000	August 15, 1987	1,050,000
August 15, 1977	610,000	February 15, 1988	1,080,000
February 15, 1978	625,000	August 15, 1988	1,110,000
August 15, 1978	645,000	February 15, 1989	1,140,000
February 15, 1979	660,000	August 15, 1989	1,170,000
August 15, 1979	680,000	February 15, 1990	1,205,000
February 15, 1980	700,000	August 15, 1990	1,220,000
August 15, 1980	720,000		

* 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	½ %
More than three years but not more than six years before maturity	1 %
More than six years but not more than eleven years before maturity	1½ %
More than eleven years but not more than sixteen years before maturity	2½ %
More than sixteen years but not more than twenty-one years before maturity	3½ %
More than twenty-one years but not more than twenty-three years before maturity	4½ %
More than twenty-three years before maturity	5½ %

SCHEDULE 2

DESCRIPTION OF THE PROJECT

The Project, part of the Seven-Year Railway Capital Development Program of the Borrower, is designed to increase the efficiency and capacity of the facilities of the Railways. The Project consists in construction and works and in procurement of goods relating to the railway, river-transport and harbor facilities of the Borrower, to be substantially executed or installed during the three years of the Program beginning July 1, 1965, and ending June 30, 1968, and in the completion within a short time thereafter of any such works or procurement that may not be finished by that date. Included in the Project are :

- (i) the procurement of mainline and shunting diesel locomotives and of diesel railcar sets ;
- (ii) the procurement, construction and improvement of rolling stock ;
- (iii) the re-laying with 90-lb. rails of about 500 kilometers of the Khartoum-Atbara-Port Sudan line ;
- (iv) the acquisition of one dredger, and of equipment and materials for the improvement of river-transport services ; and
- (v) the completion of two new cargo berths and the construction of a cargo shed at Port Sudan, and the procurement of tugs, barges, cranes and cargo-handling equipment.

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.]