

No. 8489

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

**Loan Agreement—*Highway Project* (with annexed Loan Regulations No. 3). Signed at Washington, on 4 October 1966**

*Official text: English.*

*Registered by the International Bank for Reconstruction and Development on 28 December 1966.*

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

**Contrat d'emprunt — *Projet relatif au réseau routier* (avec, en annexe, le Règlement n<sup>o</sup> 3 sur les emprunts). Signé à Washington, le 4 octobre 1966**

*Texte officiel anglais.*

*Enregistré par la Banque internationale pour la reconstruction et le développement le 28 décembre 1966.*

No. 8489. LOAN AGREEMENT<sup>1</sup> (*HIGHWAY PROJECT*) BETWEEN THE REPUBLIC OF ZAMBIA AND THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT. SIGNED AT WASHINGTON, ON 4 OCTOBER 1966

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AGREEMENT, dated October 4, 1966, between the REPUBLIC OF ZAMBIA (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, 1961,<sup>2</sup> with the same force and effect as if they were fully set forth herein, subject, however, to the following modifications thereof :

(a) Section 4.01 is deleted ;

(b) Section 4.02 is deleted ;

(c) Paragraph (*h*) of Section 5.02 is deleted and the following paragraph is substituted therefor :

“(*h*) Failure by the Borrower to fulfill an obligation to make payment of principal or interest or any other payment required under any other loan agreement or under any guarantee agreement between the Borrower and the Bank or under any bond delivered pursuant to any such agreement even though such payment has been made by other persons.”

(*d*) Section 9.04 is deleted.

Loan Regulations No. 3, as so modified, are hereinafter called the Loan Regulations.

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<sup>1</sup> Came into force on 23 November 1966, upon notification by the Bank to the Government of Zambia.

<sup>2</sup> See p. 196 of this volume.

*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 seventeen million five hundred thousand dollars (\$17,500,000).

*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 Agreement.

*Section 2.03.* (a) The Borrower shall be entitled, subject to the provisions of the Loan Agreement, to withdraw from the Loan Account the equivalent of 60% (or such other percentage as may from time to time be agreed between the Borrower and the Bank) of: (i) such amounts as shall have been paid for the reasonable cost of goods to be financed under this Agreement; and (ii) if the Bank shall so agree, such amounts as shall be required to meet payments to be made for the reasonable cost of such goods.

(b) Except as shall be otherwise agreed between the Borrower and the Bank, no withdrawals shall be made on account of: (i) expenditures prior to June 1, 1965 or (ii) expenditures made in the territories of any country which is not a member of the Bank (other than Switzerland) or for goods produced in (including services supplied from) such territories.

*Section 2.04.* Withdrawals from the Loan Account 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-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 2.06.* 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 2.07.* Interest and other charges shall be payable semi-annually on January 15 and July 15 in each year.

*Section 2.08.* 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 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 Minister responsible for finance 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 carry out the Project with due diligence and efficiency and in accordance with sound engineering, administrative and financial practices and shall make available, promptly as needed, the funds, facilities, services and other resources required for the purpose.

(b) 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.

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

(d) The roads to be constructed under the Project shall be constructed by contractors satisfactory to the Borrower and the Bank, employed under contracts satisfactory to the Borrower and the Bank.

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

*Section 5.02.* (a) The Borrower shall cause the roads included in the Project and connecting roads and bridges on all such roads to be adequately maintained, and shall cause all necessary repairs thereof to be made promptly, all in accordance with sound engineering practices.

(b) The Borrower shall take all reasonable steps necessary to enforce vehicle weight and other regulations designed to preserve the condition of the roads and bridges referred to in subparagraph (a) of this Section.

*Section 5.03.* 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 and to record the progress of the Project (including the cost thereof); shall enable the Bank's representatives to inspect the Project, 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, the goods, and the operations of the agency or agencies of the Borrower responsible for the construction, operation and maintenance of the Project or any part thereof.

*Section 5.04.* (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 shall be reasonably requested 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 at the request of either party 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 5.05.* 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 ; 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.

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 Zambia and any other institution performing the functions of a central bank.

*Section 5.06.* 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 5.07.* 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 5.08.* 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 5.09.* The Borrower shall reconstruct the section of the Great East Road between the Luangwa River and Nyimba to satisfactory standards before December 31, 1968.

## 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, 1970, or such other date as may from time to time be agreed between the Borrower and the Bank.

*Section 7.02.* If the Loan Agreement shall not have come into force and effect by November 30, 1966, the Loan Agreement and all obligations of the parties hereunder 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 later date.

*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  
P.O. Box RW. 62  
Ridgeway  
Lusaka, Zambia

Alternative address for cables and radiograms :

Finance  
Lusaka

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 cables and radiograms :

Intbafrad  
Washington, D.C.

*Section 7.04.* The Minister responsible for finance 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 Zambia :

By A. N. L. WINA  
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>
July 15, 1970 . . . . .	\$320,000	January 15, 1979 . . . . .	\$525,000
January 15, 1971 . . . . .	325,000	July 15, 1979 . . . . .	540,000
July 15, 1971 . . . . .	335,000	January 15, 1980 . . . . .	555,000
January 15, 1972 . . . . .	345,000	July 15, 1980 . . . . .	575,000
July 15, 1972 . . . . .	360,000	January 15, 1981 . . . . .	590,000
January 15, 1973 . . . . .	370,000	July 15, 1981 . . . . .	610,000
July 15, 1973 . . . . .	380,000	January 15, 1982 . . . . .	625,000
January 15, 1974 . . . . .	390,000	July 15, 1982 . . . . .	645,000
July 15, 1974 . . . . .	400,000	January 15, 1983 . . . . .	665,000
January 15, 1975 . . . . .	415,000	July 15, 1983 . . . . .	685,000
July 15, 1975 . . . . .	425,000	January 15, 1984 . . . . .	705,000
January 15, 1976 . . . . .	440,000	July 15, 1984 . . . . .	725,000
July 15, 1976 . . . . .	455,000	January 15, 1985 . . . . .	750,000
January 15, 1977 . . . . .	465,000	July 15, 1985 . . . . .	770,000
July 15, 1977 . . . . .	480,000	January 15, 1986 . . . . .	795,000
January 15, 1978 . . . . .	495,000	July 15, 1986 . . . . .	830,000
July 15, 1978 . . . . .	510,000		

\* 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>Premiums</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 sixteen years before maturity . . . . .	3½%
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 consists of the following :

- (1) The engineering, reconstruction and bituminous paving of two sections of the Great East Road, from Chelston to Rufunsa (92 miles) and from Nyimba to 3 miles east of Fort Jameson (159 miles) ;
- (2) The engineering, reconstruction and bituminous paving of the Great North Road from Kapiri Mposhi to Serenje (122 miles) ; and
- (3) The final design of the Great North Road from Serenje to Mpika (147 miles).

The Project is expected to be completed by December 31, 1969.

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

LOAN REGULATIONS No. 3, DATED 15 FEBRUARY 1961

LOAN REGULATIONS APPLICABLE TO LOANS MADE BY THE BANK TO MEMBER GOVERNMENTS

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