

No. 9364

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

**Loan Agreement—*Singapore Sewerage Project* (with annexed
Loan Regulations No. 3, as amended). Signed at Washing-
ton, on 3 July 1968**

Official text: English.

*Registered by the International Bank for Reconstruction and Development on
21 December 1968.*

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

**Contrat d'emprunt — *Projet relatif à l'aménagement du
réseau d'égouts de Singapour* (avec, en annexe, le Règle-
ment n° 3 sur les emprunts, tel qu'il a été modifié).
Signé à Washington, le 3 juillet 1968**

Texte officiel anglais.

*Enregistré par la Banque internationale pour la reconstruction et le développement
le 21 décembre 1968.*

No. 9364. LOAN AGREEMENT¹ (*SINGAPORE SEWERAGE PROJECT*) BETWEEN THE REPUBLIC OF SINGAPORE AND THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT. SIGNED AT WASHINGTON, ON 3 JULY 1968

AGREEMENT, dated July 3, 1968, between REPUBLIC OF SINGAPORE (hereinafter called the Borrower) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank).

Article I

LOAN REGULATIONS; SPECIAL DEFINITIONS

Section 1.01. The parties to this Agreement accept all the provisions of Loan Regulations No. 3 of the Bank, dated February 15, 1961, as amended February 9, 1967,² with the same force and effect as if they were full set forth herein, subject, however, to the following modification thereof (said Loan Regulations No. 3, as so modified, being hereinafter called the Loan Regulations) :

The last sentence of Section 4.01 is amended by deleting the words "Effective Date" in the fourth line of said sentence and substituting therefor the words "date of the Loan Agreement".

Section 1.02. Unless the context otherwise requires, the term "Sewerage Branch" wherever used in this Agreement shall mean the Sewerage Branch of the Borrower's Public Works Department, a division of the said Department charged with responsibility for operating the sewerage system of the Borrower.

Article II

THE LOAN

Section 2.01. The Bank agrees to lend to the Borrower an amount in various currencies equivalent to six million dollars (\$6,000,000).

Section 2.02 (a). 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.

¹ Came into force on 20 August 1968, upon notification by the Bank to the Government of Singapore.

² See p. 272 of this volume.

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.

(b) Withdrawals from the Loan Account shall be limited to the foreign exchange component of the cost of goods or services to be financed out of the proceeds of the Loan, as determined by the Bank after review of the contracts for the procurement of such goods and services and of the analysis, prepared by the Sewerage Branch or by the consultants of the Borrower, of the composition of their price.

(c) Where goods produced outside the territories of the Borrower are purchased through local importers for use in the Project and are invoiced and paid for in the currency of the Borrower, 85% of the total expenditures for such goods will be eligible for withdrawal from the Loan Account, the balance of such expenditures being a reasonable estimate of the local currency costs for such goods.

(d) Withdrawals from the Loan Account in respect of expenditures in the currency of the Borrower shall be in such currency or currencies as the Bank shall from time to time reasonably select.

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 withdrawn from time to time.

Section 2.04. The Borrower shall pay interest at the rate of six and one-quarter per cent ($6\frac{1}{4}$ %) per annum on the principal amount of the Loan so withdrawn and outstanding from time to time.

Section 2.05. 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 2.06. Interest and other charges shall be payable semi-annually on May 15 and November 15 in each year.

Section 2.07. The Borrower shall repay the principal of the Loan withdrawn from the Loan Account 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 apply the proceeds of the Loan in accordance with the provisions of this Agreement exclusively to expenditures

on the Project described in Schedule 2 to this Agreement. The allocation of the proceeds of the Loan is set forth in Schedule 3 to this Agreement and shall be subject to modification by agreement between the Borrower and the Bank.

Section 3.02. Except as the Bank shall otherwise agree, (i) the goods to be financed out of the proceeds of the Loan shall be procured on the basis of international competitive bidding as set forth in the "Guidelines Relating to Procurement under World Bank Loans and IDA Credits" published by the Bank in February 1968, and in accordance with such other procedures supplemental thereto as shall be agreed between the Bank and the Borrower, and (ii) any contract for the procurement of such goods shall be subject to the approval of the Bank.

Section 3.03. 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 carrying out the Project.

Article IV

BONDS

Section 4.01. If and as the Bank shall from time to time request, the Borrower shall execute and deliver Bonds representing the principal amount of the Loan as provided in Article VI of the Loan Regulations.

Section 4.02. The Minister of Finance of the Borrower is designated as authorized representative of the Borrower for the purposes of Section 6.12 of the Loan Regulations. The Minister for Finance may designate additional or other authorized representatives by appointment in writing notified to the Bank.

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 conformity with sound engineering, financial and administrative standards and practices.

(b) The Borrower shall at all times make available, promptly as needed, all funds and other resources which shall be required for the carrying out and operation of the Project.

Section 5.02. (a) In the carrying out of the Project, the Borrower shall, to the extent agreed from time to time between the Bank and the Borrower, employ competent and experienced consultants and contractors acceptable to the Bank, upon terms and conditions satisfactory to the Borrower and the Bank.

(b) Upon request from time to time by the Bank, the Borrower shall cause the Sewerage Branch to furnish to the Bank, promptly upon their preparation, 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.

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, 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 revenues of the Sewerage Branch; and shall enable the Bank's representatives to inspect the Project, the goods, and any relevant records and documents.

Section 5.04. (a) The Borrower shall cause the Sewerage Branch to conduct its affairs in accordance with sound engineering, financial and administrative standards and practices and under the supervision of experienced and competent management.

(b) The Borrower shall prepare a long-term plan of the organization and functions of the Sewerage Branch and shall implement the said plan, in consultation with the Bank, to assure the expansion of the Sewerage Branch on a sound basis.

(c) The Borrower shall cause all sewerage works, facilities, plants and equipment of the Borrower to be adequately maintained, and all necessary renewals and repairs thereof to be made promptly, all in accordance with sound engineering practices.

Section 5.05. (a) The Borrower shall establish and maintain, or cause the Sewerage Branch to establish and maintain, such sound accounting procedures and data collecting system as are required to assess the technical, economic and financial aspects of the Borrower's sewerage system.

(b) Without limiting the generality of the foregoing paragraph (a), the Borrower shall cause the Sewerage Branch to install dependable flow measurement devices at appropriate locations in the said sewerage system and to undertake all necessary investigation and analysis of all relevant data for the purposes of collecting adequate information with respect to the population served by such sewerage system, sewage flow patterns and trends, sewage characteristics and the effectiveness of sewage treatment.

(c) The Borrower shall use, or cause the Sewerage Branch to use, the data and information collected pursuant to the provisions of paragraphs (a) and (b) of this Section as the basis for planning the extension of the said sewerage system, and for carrying out all necessary improvements therein.

Section 5.06. (a) The Borrower and the Bank shall co-operate fully to assure that the purposes of the Loan will be accomplished. To that end, 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 performance by the Borrower of its obligations under the Loan Agreement, the administration, operations and financial conditions, with respect to the Project, of the Sewerage Branch and all other agencies of the Borrower responsible for the carrying out of the Project or any part thereof, and other matters relating to the purposes of the loan.

(b) The Borrower 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 goods financed out of such proceeds, the Project and the administration, operations and financial condition, with respect to the Project, of the Sewerage Branch and all other agencies of the Borrower responsible for the carrying out of the Project or any part thereof. 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.

(c) 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.

Section 5.07. Except as the Bank shall otherwise agree, the Borrower shall cause the accounts of the Sewerage Branch to be audited at least once a year by the Borrower's Director of Audit or by an independent auditor acceptable to the Bank, and shall cause signed copies of such auditor's reports to be furnished to the Bank within six months after the end of the Borrower's fiscal year.

Section 5.08. (a) Except as the Bank and the Borrower shall otherwise agree, the Borrower shall from time to time make such adjustments in the charges and tariffs prescribed for the services provided by its sewerage system as will provide not later than in the year 1972 revenues sufficient to cover operating expenses in respect of such sewerage system, including adequate maintenance and depreciation, and thereafter to produce a reasonable annual return on the value of the net fixed assets in operation in said system. The Borrower shall carry out before the end of 1971, in consultation with the Bank, a study of said charges and tariffs with a view to determining the rate of such annual return and the nature and timing of any changes in said charges and tariffs which shall be required in order to achieve such rate.

(b) For the purpose of this Section :

- (i) The annual return shall be calculated by relating the operating income accruing from sewerage services for the year in question to the average of

the net value of the said assets in operation at the beginning and at the end of such year.

- (ii) The term “ net value of fixed assets ” shall mean the gross value of such assets valued in accordance with sound and consistently maintained methods of valuation and revaluation satisfactory to the Bank, less accumulated depreciation.
- (iii) The term “ operating income ” shall mean the difference between (A) all revenues accruing from said sewerage services, excluding customer’s contributions towards construction, and (B) direct costs of operating said sewerage system, including administration and overhead expenses, maintenance and depreciation, but not interest and other charges on debt. The value of the sewerage services provided to government departments without charge, determined by methods acceptable to the Bank, may be included in the operating income if the cost of such services is included in the operating costs.
- (iv) Depreciation shall be computed in accordance with the straightline method and based on the useful lives of the said fixed assets.

(c) Without limiting the generality of paragraph (a) of this Section, the Borrower undertakes that the following steps shall be taken in respect of tariffs and charges for sewerage services by January 1, 1970 :

- (i) A trade waste tariff will be established with charges based on the volume and characteristics of individual industrial commercial wastes and the full cost of their collection, treatment and disposal; and
- (ii) The existing Water Borne Sewage Fee will be revised and a system of charges based on metered water consumption or on an appropriate combination of metered water consumption and sewerage fittings will be established.

Section 5.09. 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 the Board of Commissioners of Currency, Singapore, of any statutory authority established by the Borrower or any agency of the foregoing or of any central bank of the Borrower which may be established and any right, interest or share which the Borrower has or may have in the assets of the Board of Commissioners of Currency, Malaya and British Borneo.

Section 5.10. 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 5.11. 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 5.12. 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 5.13. The Borrower shall cause the imported goods to be financed out of the proceeds of the Loan to be insured against marine, transit and other hazards incident to acquisition, transportation and delivery thereof to the place of use or installation and for such insurance any indemnity shall be payable in a currency freely usable by the Borrower to replace or repair such goods.

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, 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, 1973 or such later date as may be agreed by the Bank.

Section 7.02. If this Agreement shall not have come into force and effect by September 13, 1968, this 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 date.

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

Section 7.04. The following addresses are specified for the purposes of Section 8.01 of the Loan Regulations :

For the Borrower :

Director of Public Works
Public Works Department
Singapore

Alternative address for cables :

Works
Singapore

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 :

Intbafrad
Washington, D.C.

IN WITNESS WHEREOF the parties hereto, acting through their representatives thereunto duly authorized, have caused this 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 Singapore :

By WONG LIN KEN
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>
November 15, 1973	\$115,000	November 15, 1981	190,000
May 15, 1974.	120,000	May 15, 1982.	200,000
November 15, 1974	125,000	November 15, 1982	205,000
May 15, 1975.	130,000	May 15, 1983.	210,000
November 15, 1975	135,000	November 15, 1983	215,000
May 15, 1976.	135,000	May 15, 1984.	225,000
November 15, 1976	140,000	November 15, 1984	230,000
May 15, 1977.	145,000	May 15, 1985.	240,000
November 15, 1977	150,000	November 15, 1985	245,000
May 15, 1978.	155,000	May 15, 1986.	255,000
November 15, 1978.	160,000	November 15, 1986	260,000
May 15, 1979.	165,000	May 15, 1987.	270,000
November 15, 1979	170,000	November 15, 1987	280,000
May 15, 1980.	175,000	May 15, 1988.	285,000
November 15, 1980	180,000	November 15, 1988	305,000
May 15, 1981.	185,000		

* 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	1/8%
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 3/4%
More than sixteen years but not more than eighteen years before maturity	5%
More than eighteen years before maturity	6 1/4%

SCHEDULE 2

DESCRIPTION OF PROJECT

The Project consists of the expansion, extension and improvement of the sewerage system of the Borrower and includes the following :

- (i) The improvement and expansion of the Ulu Pandan sewage treatment plant to a capacity adequate for sewage flows expected until about 1975;
- (ii) the improvement and expansion of the sludge treatment and disposal facilities at the Kim Chuan Sewage Treatment Plant and the Serangoon Sludge Disposal Plant to match the sewage treatment capacity at Kim Chuan;
- (iii) the construction of sewers, pumping stations and pumping mains for various new or redeveloped urban areas and industrial estates;
- (iv) the improvement of existing pumping stations and the extension of the system of sewers throughout Singapore.

The Project is scheduled to be completed by July 1, 1972.

SCHEDULE 3

ALLOCATION OF PROCEEDS OF LOAN

<i>Category</i>	<i>Amount (US Dollar Equivalent)</i>
1. Treatment Plant Extensions and Improvements	\$1,300,000
2. Area Sewerage Programs : Miscellaneous Improvements and Extensions	3,500,000
3. Consulting Services	300,000
4. Unallocated	900,000
	TOTAL \$6,000,000

1. If the estimated cost of the items included in any of the Categories 1 to 3 shall increase, an amount equal to such increase will be reallocated by the Bank, at the request

of the Borrower, to such Category from Category 4, subject, however, to the requirements for contingencies, as determined by the Bank in respect of the cost of the items in the other Categories.

2. If the estimated cost of the items included in any of the Categories 1 to 3 shall decrease, the amount of the Loan then allocated to, and no longer required for, such Category will be reallocated by the Bank to Category 4.

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

LOAN REGULATIONS No. 3, DATED 15 FEBRUARY 1961,
AS AMENDED 9 FEBRUARY 1967

REGULATIONS APPLICABLE TO LOANS MADE BY THE BANK TO MEMBER GOVERNMENTS

[*Not published herein. See United Nations, Treaty Series, Vol. 615. p.98.*]