

No. 9485

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT
and
COLOMBIA

Loan Agreement—*Fifth Highway Project* (with annexed
Loan Regulations No. 3, as amended). Signed at
Washington on 25 July 1968

Authentic text : English.

*Registered by the International Bank for Reconstruction and Development on
27 March 1969.*

BANQUE INTERNATIONALE POUR
LA RECONSTRUCTION ET LE DÉVELOPPEMENT
et
COLOMBIE

Contrat d'emprunt — *Cinquième projet relatif au réseau
routier* (avec, en annexe, le Règlement n° 3 sur les
emprunts, tel qu'il a été modifié). Signé à Washington
le 25 juillet 1968

Texte authentique : anglais.

*Enregistré par la Banque internationale pour la reconstruction et le développe-
ment le 27 mars 1969.*

LOAN AGREEMENT ¹

AGREEMENT, dated July 25, 1968, between the REPUBLIC OF COLOMBIA (hereinafter called the Borrower) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank).

Article I

LOAN REGULATIONS ; DEFINITION

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 fully set forth herein, subject, however, to the following modification thereof (said Loan Regulations No. 3, as so modified, being hereinafter called the Loan Regulations) : Section 4.01 is deleted.

Section 1.02. Wherever used in this Loan Agreement, the term " National Highway Fund " means the fund (*Fondo Vial Nacional*) established and operating under Law No. 64 of December 27, 1967 of the Borrower.

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 seventeen million two hundred thousand dollars (\$ 17,200,000).

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 The amount of the Loan may be withdrawn from the Loan Account as provided in, and subject to the rights of cancellation and suspension set forth in, this Agreement and the Loan Regulations.

Section 2.03. The Borrower shall be entitled to withdraw from the Loan Account :

¹ Came into force on 25 September 1968, upon notification by the Bank to the Government of Colombia.

² See p. 326 of this volume.

- (i) such amounts as shall have been paid (or, if the Bank shall so agree, shall be required to meet payments to be made) in currencies other than currency of the Borrower for the reasonable cost of consulting services and imported equipment to be financed under this Loan Agreement ; and
- (ii) the equivalent of forty-five per cent (45 %) of such amounts as shall have been paid (or, if the Bank shall so agree, shall be required to meet payments to be made) for the reasonable cost of road and bridge construction, reconstruction or improvement to be financed under this Loan Agreement, other than payments under (i) above ; provided, however, that if there shall be an increase in the estimates of such cost, the Bank may by notice to the Borrower reduce the above percentage to such lower percentage as shall be required in order that withdrawal of the amount of the Loan then allocated to such cost and not withdrawn may continue *pro rata* with the expenditures remaining to be made for such cost.

(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 May 1, 1968, 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 (a) (ii) of this Agreement shall be in such 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 six and one-fourth per cent ($6\frac{1}{4}$ %) per annum on the principal amount of the Loan so withdrawn and outstanding from time to time.

Section 2.07. 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 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 semi-annually on May 15 and November 15 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 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 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 supplementary thereto as shall be agreed between the Borrower and the Bank, 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 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 and Public Credit of the Borrower is designated as authorized representative of the Borrower for the purposes of Section 6.12 of the Loan Regulations. The Minister of Finance and Public Credit of the Borrower 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 carry out the Project with due diligence and efficiency and in accordance with sound engineering, adminis-

trative 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 consultants acceptable to the Bank, upon such terms and conditions as shall have been approved by the Bank.

(c) The general design standards which shall be used for the roads and bridges included in the Project are set forth in Schedule 4 to this Agreement.

(d) The roads and bridges included in the Project shall be constructed by contractors acceptable to the Bank, upon such terms and conditions as shall have been approved by the Bank.

(e) 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.

(f) The Borrower shall insure the imported equipment to be financed out of the proceeds of the Loan against marine, transit and other hazards incident to the acquisition, transportation and delivery thereof to the place of use and installation and for such insurance any indemnity shall be payable in a currency freely usable by the Borrower to replace or repair such equipment.

Section 5.02. 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) and the receipts and expenditures and the financial condition of the National Highway Fund; shall enable the Bank's representatives to inspect the Project, the operation thereof, 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 financed out of the proceeds of the Loan, the budget, the receipts and expenditures and the financial condition of the National Highway Fund, the operations and administration of the Ministry of Public Works of the Borrower, and the national highway system of the Borrower.

Section 5.03. (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 5.04. 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 ; 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.

As used in this Section, (a) the term “ assets of the Borrower ” includes assets of the Borrower or of any of its political subdivisions or of any Agency or of Banco de la Republica or any other institution acting as the central bank of the Borrower, and (b) the term “ Agency ” means any agency or instrumentality of the Borrower or of any political subdivision of the Borrower and shall include any institution or organization which is owned or controlled directly or indirectly by the Borrower or by any political subdivision of the Borrower or the operations of which are conducted primarily in the interest of or for account of the Borrower or any political subdivision of the Borrower.

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 and free from all restrictions 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 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 5.07. (a) The Borrower shall maintain and repair all highways in its national highway system in accordance with sound engineering and financial practices and shall provide promptly as needed the funds, equipment, workshop facilities, labor and other resources required for the purpose.

(b) The Borrower shall take such steps as shall be reasonably required to ensure that the dimensions and axle-loads of vehicles using the highways in its national highway system shall not exceed the limits prescribed by the regulations of the Borrower in force at the date of this Agreement or such other limits as may be agreed upon from time to time between the Borrower and the Bank.

(c) The Borrower shall collect and record in accordance with appropriate statistical methods and procedures such technical, economic and financial information as shall be reasonably required for proper planning of maintenance, improvements and extensions of the national highway system of the Borrower.

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, 1972 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 October 4, 1968, 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 :

Ministerio de Hacienda y Credito Publico
Bogota
Colombia
and
Ministerio de Obras Publicas
Bogota
Colombia

Alternative address for cables :

Minhacienda
Bogota
and
Minobras
Bogota

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.

Section 7.04. The Minister of Finance and Public Credit and the Minister of Public Works of the Borrower are each individually 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 Colombia :

By H. ECHAVARRIA

Authorized Representative

International Bank for Reconstruction and Development :

By Simon ALDEWERELD

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, 1972	220,000	November 15, 1982	410,000
May 15, 1973	230,000	May 15, 1983	425,000
November 15, 1973	235,000	November 15, 1983	435,000
May 15, 1974	245,000	May 15, 1984	450,000
November 15, 1974	250,000	November 15, 1984	465,000
May 15, 1975	260,000	May 15, 1985	480,000
November 15, 1975	265,000	November 15, 1985	495,000
May 15, 1976	275,000	May 15, 1986	510,000
November 15, 1976	285,000	November 15, 1986	525,000
May 15, 1977	290,000	May 15, 1987	540,000
November 15, 1977	300,000	November 15, 1987	560,000
May 15, 1978	310,000	May 15, 1988	575,000
November 15, 1978	320,000	November 15, 1988	595,000
May 15, 1979	330,000	May 15, 1989	610,000
November 15, 1979	340,000	November 15, 1989	630,000
May 15, 1980	350,000	May 15, 1990	650,000
November 15, 1980	365,000	November 15, 1990	670,000
May 15, 1981	375,000	May 15, 1991	690,000
November 15, 1981	385,000	November 15, 1991	715,000
May 15, 1982	400,000	May 15, 1992	740,000

* To the extent that any portion 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 %
More than six years but not more than eleven years before maturity	2 %
More than eleven years but not more than sixteen years before maturity	3 %
More than sixteen years but not more than twenty years before maturity	4 %
More than twenty years but not more than twenty-two years before maturity	5 %
More than twenty-two years before maturity	6 1/4 %

SCHEDULE 2

DESCRIPTION OF PROJECT

The Project consists of the following :

Part A—*Road Construction, Reconstruction and Improvement and Bridge Construction*

1. *Buenaventura-Buga Road*

Construction of a two-lane asphalt surfaced road between El Pailon and La Delfina and asphalt paving of the road between La Delfina, Loboguerrero and Km. 40 from Buga, a total length of approximately 68 km.

2. *Medellin-Cartagena Road*

The reconstruction and improvement to two-lane asphalt surfaced standards of the Rio Grande to Caucasia, Rio San Jorge to Planeta Rica, and La Ye to Sincelejo sections (totalling about 319 km in length) and of various sections totalling about 4 km between Sincelejo and Cartagena.

3. *Medellin-Santuario Road*

The construction of a two-lane asphalt surfaced road between Medellin and Santuario, approximately 55 km long.

4. *Barbosa-Oiba Road*

The reconstruction to two-lane asphalt surfaced standards of the road approximately 64 km long between Barbosa and Oiba.

5. *La Virginia Bridge*

The construction of a two-lane bridge over the River Cauca at La Virginia, including road approaches and a railroad overpass.

Part B—*Reorganization of Ministry of Public Works*

The implementation, on the basis of the recommendations of the Comec/Harris report, of a reorganization of the Ministry of Public Works in accordance

with a detailed program acceptable to the Bank. The main features of such reorganization are :

- (a) reorganization of the general structure of Ministry of Public Works, including definition of, and provision for, senior positions and establishment of salary structure for personnel of the Ministry, by December 31, 1968 ;
- (b) internal reorganization of the branches and offices of the Ministry of Public Works, including provision for adequate staffing, by December 31, 1968 ;
- (c) revision of internal procedures and training of staff in the application of the revised procedures by the end of 1972.

Part C—*Pre-investment Studies and Detailed Engineering*

1. Feasibility studies for about 700 km for road projects in Colombia selected by agreement between the Borrower and the Bank on the basis of priorities established by a transportation investment survey carried out by the Development Advisory Service of Harvard University and detailed engineering for about 300 km of roads of the highest priority selected by agreement between the Borrower and the Bank.

2. The preparation of further studies and the collection of additional economic and engineering data required for continuation and completion of the said transportation investment survey.

3. A review of pavement types and design methods suitable for the national highway system of the Borrower.

Part D—*Equipment*

1. The purchase of workshop, highway data collection, engineering and laboratory equipment to be used by the Ministry of Public Works for road construction and maintenance.

2. The purchase of vehicles for consultants' personnel required for supervision of construction included in the Project.

SCHEDULE 3

ALLOCATION OF PROCEEDS OF LOAN

<i>Category</i>	<i>Amount (in dollar equivalent)</i>
I. Construction, reconstruction and improvement of roads and bridges (excluding the works on road sections Loboguerrero-Km 40 from Buga, Sincelejo-Cartagena and Barbosa-Km 35 towards Oiba)	\$11,970,000
II. Consulting services for supervision of works in Category I	500,000
III. Consulting services for the reorganization of the Ministry of Public Works	530,000
IV. Consulting services for pre-investment studies and detailed engineering	1,250,000
V. Equipment and vehicles	550,000
VI. Unallocated *	2,400,000
TOTAL	<u>\$17,200,000</u>

* 1. If the estimated cost of the items included in any of the Categories I to V shall increase, an amount equal to such increase (or, in the case of Category I, an amount equal to 45 % of such increase) will be reallocated by the Bank, at the request of the Borrower, to such Category from Category VI, 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 I to V 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 VI.

SCHEDULE 4

DESIGN STANDARDS FOR PROJECT ROADS

	<i>Flat or Rolling</i>	<i>Mountainous</i>	
		<i>Standard</i>	<i>Special</i>
Design Speed (kph)	100	60	45
Non-passing sight distance (m)	145	85	60
Passing sight distance (m)	610	400	240
Minimum radius of curves (m)	327	127	50
Maximum grade (%)	3-6	6	6-8
Width of pavement (m)	7.3	7.3	6.7
Width of each shoulder (m)	2.0	2.0	1.5 fill 1.0 cut
Width of bridges between curbs:			
(i) Under 15 m long	8.5	8.5	8.5
(ii) Over 15 m long	7.9	7.9	7.9
Design loading for bridges	H20-S16-44	H20-S16-44	H20-S16-44

NOTE :

In mountainous terrain, where existing roads are being reconstructed in special cases curves of 30 m radius and grades of up to 10 per cent may be used to avoid excessive line relocation or disturbance of unstable mountainous slopes.

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.*]