

No. 9949

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

**Loan Agreement—*Monrovia Port Dredging Project* (with annexed General Conditions Applicable to Loan and Guarantee Agreements and Project Agreement between the Bank and the National Port Authority). Signed at Washington on 20 June 1969**

*Authentic text : English.*

*Registered by the International Bank for Reconstruction and Development on 13 October 1969.*

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

**Contrat d'emprunt — *Projet relatif au dragage du port de Monrovia* (avec, en annexe, les Conditions générales applicables aux contrats d'emprunt et de garantie et le Contrat relatif au Projet entre la Banque et la National Port Authority). Signé à Washington le 20 juin 1969**

*Texte authentique : anglais.*

*Enregistré par la Banque internationale pour la reconstruction et le développement le 13 octobre 1969.*

## LOAN AGREEMENT<sup>1</sup>

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AGREEMENT, dated June 20, 1969, between REPUBLIC OF LIBERIA (hereinafter called the Borrower) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank).

### *Article I*

#### GENERAL CONDITIONS; DEFINITIONS

*Section 1.01.* The parties to this Agreement accept all the provisions of the General Conditions Applicable to Loan and Guarantee Agreements with the Bank, dated January 31, 1969,<sup>2</sup> with the same force and effect as if they were fully set forth herein, subject, however, to the following modification thereof (said General Conditions Applicable to Loan and Guarantee Agreements with the Bank, as so modified, being hereinafter called the General Conditions) :

The words "and the Project Agreement" are inserted after the words "the Loan Agreement" in Section 9.03 of the General Conditions.

*Section 1.02.* Wherever used in this Agreement, unless the context otherwise requires, the several terms defined in the General Conditions have the respective meanings therein set forth and the following additional terms have the following meanings :

(a) "NPA" means the National Port Authority, a public authority established in 1968 under the Public Authorities Law of the Borrower (Title 29 A of the Liberian Code of Laws 1956), and charged with responsibility for the development, management and operation of all ports in the territories of the Borrower.

(b) "NPA law" means the enactments and other laws of the Borrower relating to the establishment, resources, powers, functions, operations and general status of NPA.

(c) "MPMC" means the Monrovia Port Management Company Ltd., a corporation duly incorporated under the the laws of the State of Delaware, United States of America.

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<sup>1</sup> Came into force on 10 July 1969, upon notification by the Bank to the Government of Liberia.

<sup>2</sup> See p. 300 of this volume.

(d) "Monrovia Port Management Contract" means the agreement dated July 26, 1948, between the Borrower and MPMC providing for the management of the Port of Monrovia by MPMC on the terms and conditions set forth therein, as amended by the agreement between the Government of the United States of America and the Borrower, by Exchange of Notes dated April 13, 1964, and April 14, 1964, respectively.<sup>1</sup>

(e) "Project Agreement"<sup>2</sup> means the agreement of even date herewith between the Bank and NPA and shall include any supplemental agreements thereto and amendments thereof.

(f) "Subsidiary Loan Agreement" means the loan agreement to be entered into between the Borrower and NPA pursuant to Section 5.01 (b) of the Loan Agreement, as the same shall be amended from time to time with the approval of the Bank.

(g) "Subsidiary Loan" means the loan provided for in the Subsidiary Loan Agreement.

(h) "U.S. Loan" means the loan provided for in the agreement dated December 31, 1943,<sup>3</sup> between the Government of the United States of America and the Borrower whereby the Government of the United States of America agreed to make funds available to the Borrower for the purpose of financing the construction of the Port of Monrovia on the terms and conditions set forth in such agreement, as amended by an agreement between the parties thereto by the Exchange of Notes referred to in paragraph (d) of this Section.

(i) "NPA port" means a port administered by NPA in accordance with NPA law.

## 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 six hundred thousand dollars (\$3,600,000).

*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.

<sup>1</sup> United Nations, *Treaty Series*, vol. 526, p. 221.

<sup>2</sup> See p. 300 of this volume.

<sup>3</sup> United Nations, *Treaty Series*, vol. 106, p. 199.

(b) 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 Loan Agreement and in accordance with the allocation of the proceeds of the Loan as set forth in Schedule 1 to this Agreement, as such allocation shall be modified from time to time pursuant to the provisions of such Schedule or by further agreement between the Bank and the Borrower.

*Section 2.03.* The Borrower shall be entitled to withdraw from the Loan Account in respect of the reasonable cost of goods or services required for the Project and to be financed under this Loan Agreement :

- (i) such amounts as shall have been paid (or, if the Bank shall so agree, shall be required to meet payments to be made) for expenditures under Categories II, III and IV of the allocation of the proceeds of the Loan referred to in Section 2.02 of this Agreement; and
- (ii) the equivalent of eighty per cent (80 %) 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 expenditures under Category I of the allocation of the proceeds of the Loan referred to in Section 2.02 of this Agreement; provided, however, that if there shall be an increase in the estimate of such expenditures under such Category, the Bank may by notice to the Borrower adjust the said percentage as required in order that withdrawals of the amount of the Loan then allocated to such Category and not withdrawn may continue *pro rata* with the expenditures remaining to be made under such Category.

*Section 2.04.* It is hereby agreed, pursuant to Section 5.01 of the General Conditions, that withdrawals from the Loan Account under Category I of the allocation of the proceeds of the Loan referred to in Section 2.02 of this Agreement may be made on account of payments made prior to the date of this Agreement but after February 1, 1969.

*Section 2.05.* The Borrower shall pay to the Bank a commitment charge at the rate of three-fourths of one percent ( $\frac{3}{4}$  of 1 %) per annum on the principal amount of the Loan not withdrawn from time to time.

*Section 2.06.* The Borrower shall pay interest at the rate of six and one-half per cent ( $6\frac{1}{2}$  %) per annum on the principal amount of the Loan withdrawn and outstanding from time to time.

*Section 2.07.* Interest and other charges shall be payable semi-annually on June 15 and December 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 2 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 Loan Agreement to expenditures on the Project described in Schedule 3 to this Agreement.

*Section 3.02.* Except as the Bank shall otherwise agree, (i) the goods and services (other than consulting services) to be financed out of the proceeds of the Loan shall be procured on the basis of international competitive bidding in accordance with the *Guidelines for 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 are set forth in Schedule 4 to this Agreement or as shall be agreed between the Bank and the Borrower, and (ii) contracts for the procurement of such goods and services shall be subject to the prior approval of the Bank.

*Section 3.03.* Except as the Bank shall otherwise agree, the Borrower shall cause all goods and services 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 VIII of the General Conditions.

*Section 4.02.* The Secretary of the Treasury of the Borrower is designated as authorized representative of the Borrower for the purposes of Section 8.10 of the General Conditions. The Secretary of the Treasury 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 cause the Project to be carried out with due diligence and efficiency and in conformity with sound administrative, financial and engineering practices, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the purpose.

(b) The Borrower shall relend an amount equivalent to three million three hundred and eighty-five thousand dollars (\$3,385,000) out of the proceeds of the Loan to NPA on terms and conditions satisfactory to the Bank, pursuant to a loan agreement satisfactory to the Bank.

(c) The Borrower shall exercise its rights under the Subsidiary Loan Agreement in such manner as to protect the interests of the Borrower and the Bank, and, except as the Bank shall otherwise agree, the Borrower shall not take or concur in any action which would have the effect of amending, abrogating, assigning or waiving any provision of the Subsidiary Loan Agreement.

(d) The Borrower shall take all action which shall be necessary on its part, to enable NPA to perform its obligations under the Project Agreement and shall not take any action that would interfere with the performance of such obligations.

(e) The Borrower shall cause NPA to conduct at all times its business and operations in accordance with sound engineering, financial and port management standards and practices and under the supervision of experienced and competent management.

(f) Whenever there is reasonable cause to believe that the funds available to NPA will be inadequate to meet the estimated expenditures required for carrying out the Project, the Borrower shall make arrangements, satisfactory to the Bank, promptly to provide NPA with such funds as are needed to meet such expenditures.

*Section 5.02.* (a) In the carrying out of Part I of the Project, the Borrower shall employ or cause to be employed competent and experienced 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 promptly furnish or cause to be furnished to the Bank the plans, specifications and work schedules for the Project and any material modifications subsequently made therein, in such detail as the Bank shall request.

(c) The Borrower shall, in carrying out the Project, employ or cause to be employed competent and experienced consultants acceptable to the Bank, upon terms and conditions satisfactory to the Borrower and the Bank for the following purposes :

- (i) supervising the execution of the dredging works referred to in Part I of the Project;
- (ii) preparing specifications, tender documents and contract forms with respect to contracts for the works and equipment included in the Project;

- (iii) assisting the Borrower in the establishment of bidding procedures, evaluation of bids and the award of the said contracts; and
- (iv) carrying out the feasibility studies referred to in Part IV of the Project.

*Section 5.03.* The Borrower (i) shall maintain or cause to be maintained records adequate to identify the goods and services 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 NPA and any other agency of the Borrower responsible for carrying out the Project or any part thereof; (ii) shall enable the Bank's representatives to inspect the Project, the goods financed out of the proceeds of the Loan, all other plants, sites, works, property and equipment of the Borrower and any relevant records and documents; and (iii) shall furnish or cause to be furnished to the Bank all such information as the Bank shall reasonably request concerning the Loan and the maintenance of the service thereof, the expenditure of the proceeds of the Loan, the goods and services financed out of such proceeds, the Project, and the administration, operations and financial condition of NPA, and, with respect to the Project, of any other agency of the Borrower responsible for the carrying out of the Project or any part thereof.

*Section 5.04.* (a) The Borrower and the Bank shall cooperate fully to ensure 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 condition of NPA, and with respect to the Project, of any other agency 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, and the maintenance and service thereof, and each of them shall furnish to each 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 the financial and economic conditions 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 service thereof, or the performance by the Borrower of its obligations under the Loan Agreement.

(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; (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 5.06.* 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, 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 5.07.* The Loan Agreement, the Project 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.* Except as the Bank and the Borrower shall otherwise agree, the Borrower undertakes to insure or cause to be insured the imported goods to be financed out of the proceeds of the Loan 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.

*Section 5.09.* (a) The Borrower shall institute or cause to be instituted, by May 31, 1970, a revised and comprehensive system of tariffs and charges for the services and facilities at the Port of Monrovia which shall be reasonably related to the cost of providing such services and facilities.

(b) Except as the Borrower and the Bank shall otherwise agree, the Borrower shall from time to time make or cause to be made such adjustments in the tariffs and charges for the facilities and services at the Port of Monrovia, and shall take all such other action, as shall be required to provide NPA with revenue sufficient to (i) cover operating expenses in respect of the Port of Monrovia, including adequate maintenance and depreciation, (ii) yield an annual return of at least 5 % for the year 1971 and at least 7 % for the year 1972 and thereafter on the value of NPA's net fixed assets in operation in the said Port, and (iii) enable NPA out of internally generated resources at the said Port, to cover interest on and amortization of debt, to maintain adequate working capital, to establish and maintain reserves adequate to meet contingencies and to finance a reasonable portion of its capital expenditures, including replacement of assets, all in respect of the Port of Monrovia.

(c) For the purposes of the foregoing paragraph (b) :

- (i) The annual return shall be calculated by relating the operating income with respect to the Port of Monrovia for the year in question to the average of the value of the said net fixed assets in operation at the beginning and at the end of each such year.
- (ii) The term "value of net fixed assets" shall mean the gross value of such assets less accumulated depreciation calculated on the basis of the original cost of such assets and their useful lives in accordance with sound accounting principles consistently applied.
- (iii) The term "operating income" shall mean the difference between (A) all revenues accruing from the services and facilities at the Port of Monrovia and (B) all operating expenses in respect of the said Port of Monrovia, including administration and overhead expenses, maintenance and depreciation.

(d) The Borrower shall revalue or cause to be revalued, by the end of 1970, all fixed assets of NPA in operation in all NPA ports on the basis of current replacement costs and the remaining lives of the various classes of such assets. Such revaluation, subject to review from time to time, shall constitute the basis for maintaining a permanent record of the value of NPA's net fixed assets in operation at each port and for calculating appropriate rates of return on the respective values of such assets.

(e) Upon the revaluation of NPA's assets pursuant to the provisions of the foregoing paragraph (d), the Borrower shall consult with the Bank about the steps to be taken to ensure the financial viability of NPA ports other than the Port of Monrovia and a reasonable rate of return on the value of NPA's assets in such ports.

*Section 5.10.* The Borrower shall take all necessary action to ensure that no exemptions from the tariffs, dues and other charges instituted by NPA for port services and facilities, or from any part of such tariffs, dues and charges, are sought, acquired or enjoyed by any department or agency of the Borrower.

*Section 5.11.* The Borrower shall take action satisfactory to the Bank, within one year from the date of the Loan Agreement, to ensure that NPA has such powers, management, resources, capital structure and financial policies as, in the opinion of the Borrower and the Bank, are appropriate to enable it to carry out its responsibilities efficiently.

*Section 5.12.* For the purposes of strengthening the financial resources of NPA, the Borrower undertakes that it will :

- (a) exempt NPA from making any payments to the Borrower by way of (i) return on the Borrower's equity investment in NPA, or (ii) interest charges on the outstanding amount of the U.S. Loan, or (iii) taxes, or (iv) distribution of surplus revenues, until such time as NPA shall have prepared a comprehensive port development program, pursuant to Section 2.03 (f) of the Project Agreement, at which time the Borrower will review payments to be made by NPA to the Borrower;
- (b) provide financing for the carrying out of any major project for the expansion or other development of any port facility undertaken without the Bank's approval, and for the servicing of any debts or operating deficits incurred in respect of such project; and
- (c) service the debts incurred in respect of the construction of the ports of Greenville and Harper and meet the operating deficits incurred in con-

nection therewith until all assets in respect of the Port of Monrovia shall have been transferred to NPA.

*Section 5.13.* The Borrower shall not, without prior consultation with the Bank, amend the port development program to be prepared by NPA pursuant to Section 2.03 (f) of the Project Agreement.

*Section 5.14.* The Borrower shall take all steps necessary to ensure that port users are adequately represented on the Board of NPA by representatives who shall, as far as practicable, be appointed to the said Board upon the recommendation of the respective organizations of port users. The Borrower shall inform the Bank of any proposed changes in the proportion of user representation on the said Board.

*Section 5.15. (a)* The Borrower undertakes that it will, upon the termination of the Monrovia Port Management Contract, assign to an appropriate agency of the Borrower other than NPA the responsibility for the maintenance and operation of the Mesurado Bridge, United Nations Drive and St. Paul River Bridge, all in the vicinity of the Port of Monrovia.

*(b)* The Department of Public Works of the Borrower shall be responsible for the proper supervision of the carrying out of the feasibility studies referred to in Part IV of the Project.

*Section 5.16.* The Borrower shall at all times take all action necessary to ensure that marine navigation in the areas referred to in Part I of the Project is not endangered or impeded by the intrusion of rock or other obstruction within such area.

## Article VI

### REMEDIES

*Section 6.01.* If any event specified in Section 7.01 of the General Conditions shall occur and shall continue for the period, if any, therein set forth or if any event specified in paragraph (b) or (c) of 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, or if any event specified in paragraph (a), (d) or (e) of the said Section 6.02 shall occur, then at any subsequent time during the continuance thereof, the Bank, at its option, may by notice to the Borrower declare the principal of the Loan and of all the Bonds then outstanding to be due and payable immediately, together with the interest and other charges thereon and upon any such declaration such principal, together with the interest and other charges thereon, shall become due and payable immediately, anything to the contrary in the Loan Agreement or in the Bonds notwithstanding.

*Section 6.02.* For the purposes of Section 7.01 of the General Conditions, the following additional events are specified :

- (a) the Borrower or any other authority having jurisdiction shall have taken any action for the dissolution or disestablishment of NPA or for the suspension of its operations;
- (b) the NPA law shall, without the consent of the Bank, have been suspended, terminated, repealed or amended in such a way as to (i) substantially alter the organization, powers and responsibilities of NPA, except pursuant to Section 5.11 of this Agreement, or (ii) affect adversely the ability of NPA to carry out the covenants and agreements set forth in the Loan Agreement;
- (c) NPA shall have failed to perform any of its obligations under the Project Agreement or the Subsidiary Loan Agreement;
- (d) any provision of the agreement dated May 9, 1969 between the Borrower and MPMC in respect of the modification of the Monrovia Port Management Contract, shall have been amended, abrogated, assigned or waived without the prior approval of the Bank; and
- (e) the port dues established by NPA and MPMC on May 13, 1969 shall have been modified, waived or rescinded without the prior approval of the Bank.

#### *Article VII*

##### EFFECTIVE DATE; TERMINATION

*Section 7.01.* The following events are specified as additional conditions to the effectiveness of this Loan Agreement within the meaning of Section 11.01 (c) of the General Conditions :

- (a) that the execution and delivery of the Project Agreement on behalf of NPA have been duly authorized or ratified by all necessary corporate and governmental action; and
- (b) that the Subsidiary Loan Agreement has been duly executed in form satisfactory to the Bank and has become fully effective and binding on the parties thereto in accordance with its terms, subject only to the effectiveness of the Loan Agreement.

*Section 7.02.* The following are specified as additional matters, within the meaning of Section 11.02 (c) of the General Conditions to be included in the opinion or opinions to be furnished to the Bank :

- (a) that the Project Agreement has been duly authorized or ratified by, and

executed and delivered on behalf of NPA and constitutes a valid and binding obligation of NPA in accordance with its terms; and

- (b) that the Subsidiary Loan Agreement has been duly authorized or ratified by, and executed and delivered on behalf of, the parties thereto, and constitutes a valid and binding obligation of the parties thereto in accordance with its terms.

*Section 7.03.* The date of September 19, 1969 is hereby specified for the purposes of Section 11.04 of the General Conditions.

### *Article VIII*

#### MISCELLANEOUS

*Section 8.01.* The Closing Date shall be November 30, 1971 or such other date as shall be agreed between the Borrower and the Bank.

*Section 8.02.* The Secretary of the Treasury of the Borrower is designated as representative of the Borrower for the purposes of Section 10.03 of the General Conditions.

*Section 8.03.* The following addresses are specified for the purposes of Section 10.01 of the General Conditions :

For the Borrower :

Secretary of the Treasury  
Treasury Department  
Monrovia, Liberia

Alternative address for cables :

Sectreas  
Monrovia

For the Bank :

International Bank for Reconstruction and Development  
1818 H Street, N.W.  
Washington, D.C. 20433

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 to be delivered in the District of Columbia, United States of America, as of the day and year first above written.

Republic of Liberia :  
By S. Edward PEAL  
Authorized Representative

International Bank for Reconstruction and Development :  
By J. Burke KNAPP  
Vice President

### SCHEDULE 1

#### ALLOCATION OF PROCEEDS OF LOAN

<i>Category</i>	<i>Amounts Expressed in Dollar Equivalent</i>
I. Dredging works . . . . .	1,600,000
II. Tugs, a pilot launch and navigational equipment	1,150,000
III. Consultants' services other than those provided for in Category IV . . . . .	200,000
IV. Consultants' services for road approach improve- ment feasibility studies . . . . .	215,000
V. Unallocated . . . . .	435,000
TOTAL	<u>3,600,000</u>

#### REALLOCATION UPON CHANGE IN COST ESTIMATES

1. If the estimate of the cost of the items included in any of the Categories I to III 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 V.

2. If the estimate of the cost of the items included in any of the Categories I to III shall increase, an amount equal to the portion, if any, of such increase to be financed out of the proceeds of the Loan or, in the case of Category I, an amount equal to 80 % of such increase will be allocated by the Bank, at the request of the Borrower, to such Category from Category V, subject, however, to the requirements for contingencies, as determined by the Bank, in respect of the cost of the items in the other Categories.

## SCHEDULE 2

## 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>
December 15, 1971 . . . . .	90,000	June 15, 1978. . . . .	135,000
June 15, 1972. . . . .	95,000	December 15, 1978 . . . . .	140,000
December 15, 1972 . . . . .	95,000	June 15, 1979. . . . .	145,000
June 15, 1973. . . . .	100,000	December 15, 1979 . . . . .	150,000
December 15, 1973 . . . . .	105,000	June 15, 1980. . . . .	155,000
June 15, 1974. . . . .	105,000	December 15, 1980 . . . . .	160,000
December 15, 1974 . . . . .	110,000	June 15, 1981. . . . .	165,000
June 15, 1975. . . . .	115,000	December 15, 1981 . . . . .	170,000
December 15, 1975 . . . . .	115,000	June 15, 1982. . . . .	175,000
June 15, 1976. . . . .	120,000	December 15, 1982 . . . . .	180,000
December 15, 1976 . . . . .	125,000	June 15, 1983. . . . .	190,000
June 15, 1977. . . . .	130,000	December 15, 1983 . . . . .	195,000
December 15, 1977 . . . . .	130,000	June 15, 1984. . . . .	205,000

\* To the extent that any portion of the Loan is repayable in a currency other than dollars (see General Conditions, Section 4.02), 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 portion of the principal amount of the Loan pursuant to Section 3.05 (b) of the General Conditions or on the redemption of any Bond prior to its maturity to Section 8.15 of the General Conditions :

<i>Time of Prepayment or Redemption</i>	<i>Premium</i>
Not more than three years before maturity . . . . .	1 %
More than six years but not more than six years before maturity . . . . .	2½ %
More than six years but not more than eleven years before maturity . . . . .	3½ %
More than eleven years but not more than thirteen years before maturity . . . . .	5½ %
More than thirteen years before maturity . . . . .	6½ %

## SCHEDULE 3

## DESCRIPTION OF THE PROJECT

The Project consists of :

## Part I

Dredging the Port of Monrovia and the approaches thereto to accommodate large iron ore carriers which includes :

- (a) dredging three piers to a depth of 45 feet and one pier to a depth of 42 feet below mean low water;

- (b) dredging of the approaches to these piers within the calm waters of the harbor to 45 feet; and
- (c) dredging the harbor entrance and approaches outside the breakwaters to 47 feet and 49 feet respectively.

#### Part II

Procurement of two tugs, a pilot launch and additional buoing and lighting equipment to improve the control of shipping in the Port of Monrovia and the approaches thereto.

#### Part III

Consulting services for the above and improvement of the port administration and accounting procedures of the National Port Authority.

#### Part IV

Feasibility studies for improvements to the road approaches to the Port of Monrovia.

### SCHEDULE 4

#### SUPPLEMENTARY PROCEDURES FOR PROCUREMENT

The following procedures shall apply to the procurement of goods and services (other than consultants' services) to be financed out of the proceeds of the Loan :

- (i) Copies of invitations to bid, draft forms of contract, specifications and all other bid documents together with a complete description of the advertising procedures to be used (including a list of publications in which the advertisements would appear and the time to be allowed for bid preparation) will be submitted to the Bank for its review and comment before the calling of bids. If bidders are to be prequalified, complete information on the prequalification procedure will be submitted to the Bank before the qualification information is invited.
- (ii) After bids have been received and analyzed, copies of the analysis of bids, the recommendations of the consultants and the proposals of NPA for award, together with the reasons for such proposals, will be submitted to the Bank for its review and approval prior to the award of the contract or the issuance of a letter of intent.
- (iii) If the proposed final contract were to differ substantially from the terms and conditions contained in the respective documents submitted to the Bank under (i) and (ii) above, then copies of the text of the proposed changes will be submitted to the Bank for its review and approval prior to the execution of the contract.



- (iv) As soon as a contract is signed, a certified copy of such contract will be transmitted to the Bank.

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

GENERAL CONDITIONS, DATED 31 JANUARY 1969

GENERAL CONDITIONS APPLICABLE TO LOAN AND GUARANTEE AGREEMENTS

[*Not published herein. See United Nations, Treaty Series, vol. 691. No. 1 = 9892*]

PROJECT AGREEMENT

AGREEMENT, dated June 20, 1969, between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank) and the NATIONAL PORT AUTHORITY (hereinafter called NPA).

WHEREAS by a loan agreement<sup>1</sup> of even date herewith (hereinafter called the Loan Agreement) between the Republic of Liberia (hereinafter called the Borrower) and the Bank, the Bank has agreed to assist in the financing of a port dredging project of the Borrower by making available to the Borrower an amount in various currencies equivalent to three million six hundred thousand dollars (\$ 3,600,000) on the terms and conditions set forth in the Loan Agreement, but only on condition that three million three hundred and eighty-five thousand dollars (\$ 3,385,000) out of the proceeds thereof be relented to NPA and that NPA agree to undertake certain obligations to the Bank as hereinafter in this Project Agreement set forth; and

WHEREAS NPA, in consideration of the Bank's entering into the Loan Agreement with the Borrower, has agreed to undertake the obligations hereinafter set forth;

NOW THEREFORE the parties hereto hereby agree as follows :

*Article I*

DÉFINITIONS

*Section 1.01.* Wherever used in this Project Agreement, unless the context shall otherwise require, the several terms defined in the Loan Agreement and in the General Conditions<sup>2</sup> (as defined in the Loan Agreement) shall have the respective meanings therein set forth, subject to the following exception :

the term "Project" means Parts I, II and III of the Project described in the Schedule 3 to the Loan Agreement, as such description shall be amended from time to time.

<sup>1</sup> See p. 270 of this volume.

<sup>2</sup> See above.

*Article II*

## PARTICULAR COVENANTS OF NPA

*Section 2.01.* (a) NPA shall carry out the Project with due diligence and efficiency and in conformity with sound administrative, financial, engineering and management standards and practices, under the supervision of experienced and competent management.

(b) In carrying out the Project, NPA shall employ engineering consultants and contractors acceptable to, and to the extent and upon terms and conditions satisfactory to, NPA and the Bank.

(c) NPA shall furnish to the Bank, promptly upon their preparation, the plans, specifications and work and procurement schedules for the Project and any modifications subsequently made therein, in such detail as the Bank shall reasonably request.

*Section 2.02.* NPA shall maintain records adequate to identify the goods and services financed out of the proceeds of the Subsidiary 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 NPA; shall enable the Bank's representatives to inspect the Project, the goods financed out of the proceeds of the Subsidiary Loan, all other plants, sites, works, property and equipment of NPA and any records and documents relevant thereto; and shall furnished to the Bank all such information as the Bank shall reasonably request concerning the expenditure of the proceeds of the Subsidiary Loan, the Project, the said goods and services, and the operations, administration and financial condition of NPA.

*Section 2.03.* (a) NPA shall promptly establish an organizational structure, satisfactory to the Bank, for the purposes of NPA's management and operations at NPA's headquarters and at each NPA port.

(b) Upon the termination of the management arrangements in respect of the Port of Monrovia made by NPA pursuant to Section 2.13 of this Agreement, NPA shall promptly take appropriate action to engage suitable personnel for the purpose of operating the Port of Monrovia.

(c) NPA shall, in consultation with the Bank, promptly engage a Port Adviser and a Port Accounting Adviser, each for a term of two years, to assist NPA in the management of NPA ports.

(d) NPA shall consult the Bank about any proposed appointment to the post of NPA's Port Director sufficiently in advance of such appointment for the Bank to have adequate opportunity to comment on it.

(e) NPA shall promptly cause MPMC to establish a new post of Port Engineer, and appoint thereto, as soon as practicable, a qualified and experienced engineer.

(f) NPA shall, in consultation with the Bank, prepare a comprehensive program for the development of NPA ports, and shall consult the Bank about any major port development project before undertaking or carrying out such project.

*Section 2.04.* (a) Except as the Bank shall otherwise agree, (i) the goods and services to be financed out of the proceeds of the Subsidiary Loan shall be procured on the basis of international competitive bidding in accordance with the *Guidelines for 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 are set forth in Schedule I to this Agreement and as shall be agreed between the Bank and the Borrower, and (ii) contracts for the procurement of such goods and services shall be subject to the prior approval of the Bank.

(b) Except as the Bank shall otherwise agree, NPA shall cause all goods and services financed out of the proceeds of the Subsidiary Loan to be used exclusively in carrying out the Project.

*Section 2.05.* NPA shall have its accounts audited annually by an independent auditor acceptable to the Bank, and shall transmit to the Bank, not later than four months after the end of NPA's fiscal year, certified copies of such accounts and the auditor's report thereon.

*Section 2.06.* NPA shall, in carrying out the Project, employ or cause to be employed competent and experienced consultants acceptable to the Bank, upon terms and conditions satisfactory to the Bank and NPA for the following purposes :

- (i) supervising the execution of the dredging works referred to in Part I of the Project;
- (ii) preparing specifications, tender documents and contract forms with respect to contracts for the works and equipment included in the Project; and
- (iii) assisting NPA in the establishment of bidding procedures, evaluation of bids and the award of the said contracts.

*Section 2.07.* (a) NPA and the Bank shall cooperate fully with each other to assure that the purposes of the Subsidiary Loan will be accomplished. To that end, each of them shall furnish to the other all such information as either shall reasonably request with regard to the general status of the Subsidiary Loan.

(b) NPA and the Bank shall from time to time exchange views through their representatives with regard to matters relating to the purposes of the Subsidiary Loan and to the other matters covered by this Project Agreement. NPA shall promptly inform the Bank of any condition which interferes with, or threatens to interfere with, the accomplishment of the purposes of the Subsidiary Loan or the performance by NPA of its obligations under this Project Agreement.

*Section 2.08.* (a) NPA shall institute or cause to be instituted, by May 31, 1970, a revised and comprehensive system of tariffs and charges for the services and facilities at the Port of Monrovia which shall be reasonably related to the cost of providing such services and facilities.

(b) Except as the Bank shall otherwise agree, NPA shall from time to time make or cause to be made such adjustments in the tariffs and charges for the facilities and services at the Port of Monrovia, and shall take all such other action, as shall be

required to provide NPA with revenue sufficient to (i) cover operating expenses in respect of the Port of Monrovia, including adequate maintenance and depreciation, (ii) yield an annual return of at least 5 % for the year 1971 and at least 7 % for the year 1972 and thereafter on the value of NPA's net fixed assets in operation in the said port, and (iii) enable NPA out of internally generated resources at the said port, to cover interest on and amortization of debt, to maintain adequate working capital, to establish and maintain reserves adequate to meet contingencies and to finance a reasonable portion of its capital expenditures, including replacement of assets, all in respect of the Port of Monrovia.

(c) For the purposes of the foregoing paragraph (b) :

- (i) The annual return shall be calculated by relating the operating income with respect to the Port of Monrovia for the year in question to the average of the value of the said net fixed assets in operation at the beginning and at end of each such year.
- (ii) The term "value of net fixed assets" shall mean the gross value of such assets less accumulated depreciation calculated on the basis of the original cost of such assets and their useful lives in accordance with sound accounting principles consistently applied.
- (iii) The term "operating income" shall mean the difference between (A) all revenues accruing from the services and facilities at the Port of Monrovia and (B) all operating expenses in respect of the said Port of Monrovia, including administration and overhead expenses, maintenance and depreciation.

(d) NPA shall revalue or cause to be revalued, by the end of 1970, all fixed assets of NPA in operation in all NPA ports on the basis of current replacement costs and the remaining lives of the various classes of such assets. Such revaluation, subject to review from time to time, shall constitute the basis for maintaining a permanent record of the value of NPA's net fixed assets in operation at each port and for calculating appropriate rates of return on the respective values of such assets.

(e) Upon the revaluation of NPA's assets pursuant to the provisions of the foregoing paragraph (d), NPA shall consult with the Bank about the steps to be taken to ensure the financial viability of NPA ports other than the Port of Monrovia and a reasonable rate of return on the value of NPA's assets in such ports.

*Section 2.09.* (a) NPA shall at all times take all requisite steps for the acquisition and retention by it of all such lands, interests in land and properties and all rights, powers, privileges and franchises as may be necessary or proper for the construction and operation of the Project and the carrying on of its business.

(b) NPA shall not do any act or thing which would prejudice its corporate existence and right to carry on operations and shall, except as the Bank may otherwise agree in writing, maintain and renew all rights, powers, privileges and franchises owned or held by it and necessary or useful in the conduct of its business.

*Section 2.10.* (a) NPA shall take out and maintain with responsible insurers, or make other provision satisfactory to the Bank for, insurance against such risks and in such amount as shall be consistent with sound practice.

(b) Without limiting the generality of the foregoing, NPA undertakes to insure the imported goods financed out of the proceeds of the Subsidiary Loan against marine, transit and other hazards incident to acquisition, transportation and delivery thereof to the place of use or installation and incident to construction and installation thereof and for such insurance any indemnity shall be payable in a currency freely usable by NPA to replace or repair such goods.

*Section 2.11.* NPA shall duly perform all its obligations under the Subsidiary Loan Agreement. Except as the Bank and NPA shall otherwise agree, NPA shall not take or concur in any action which would have the effect of amending, abrogating, assigning or waiving any provision of the Subsidiary Loan Agreement.

*Section 2.12.* NPA shall at all times take all action necessary to ensure that marine navigation in the area referred to in Part I of the Project is not endangered or impeded by the intrusion of rock or other obstruction within such area.

*Section 2.13.* NPA shall, prior to December 31, 1969, enter into arrangements, satisfactory to the Bank, with MPMC or other firm acceptable to the Bank, providing for the day-to-day management of all or any of NPA ports by MPMC or such other firm. The said arrangements shall come into force and effect upon the termination of the Monrovia Port Management Contract.

### *Article III*

#### EFFECTIVE DATE; TERMINATION

*Section 3.01.* This Project Agreement shall come into force and effect on the Effective Date.

*Section 3.02.* If the Loan Agreement shall terminate in accordance with its terms, this Project Agreement and all obligations of the parties hereunder shall terminate.

*Section 3.03.* If and when the entire principal amount of the Subsidiary Loan shall have been repaid by NPA to the Borrower in accordance with the Subsidiary Loan Agreement, or on June 1, 1984, whichever is later, this Project Agreement and all obligations of NPA hereunder shall forthwith terminate.

*Article IV*

## MISCELLANEOUS PROVISIONS

*Section 4.01.* No delay in exercising, or omission to exercise, any right, power, or remedy accruing to either party under this Project Agreement upon any default shall impair any such right, power or remedy or be construed to be a waiver thereof or an acquiescence in such default; nor shall the action of such party in respect of any default, or any acquiescence in any default, affect or impair any right, power or remedy of such party in respect of any other or subsequent default.

*Section 4.02.* Any notice or request required or permitted to be given or made under this Project Agreement and any agreement between the parties contemplated by this Project Agreement shall be in writing. Such notice or request shall be deemed to have been duly given or made when it shall be delivered by hand or by mail, telegram, cable, telex or radiogram to the party to which it is required or permitted to be given or made at its address hereinafter specified, or at such other address as such party shall have designated by notice to the party giving such notice or making such request. The addresses so specified are:

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.

For NPA:

National Port Authority  
Care of Department of Commerce and Industry,  
Monrovia, Liberia

Alternative address for cables:

National Port Authority  
Monrovia, Liberia

*Section 4.03.* Any action required or permitted to be taken, and any documents required or permitted to be executed under this Project Agreement or the Loan Agreement on behalf of NPA may be taken or executed by the Executive Officer of NPA or such other person or persons as NPA shall designate in writing.

*Section 4.04.* This Project Agreement may be executed in several counterparts, each of which shall be an original and all collectively but one instrument.

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

International Bank for Reconstruction and Development :

By J. Burke KNAPP  
Vice President

National Port Authority :

By S. Edward PEAL  
Authorized Representative

### SCHEDULE I

#### SUPPLEMENTARY PROCEDURES FOR PROCUREMENT

The following procedures shall apply to the procurement of goods and services (other than consultants' services) to be financed out of the proceeds of the Subsidiary Loan :

- (i) Copies of invitations to bid, draft forms of contract, specifications and all other bid documents together with a complete description of the advertising procedures to be used (including a list of publications in which the advertisements would appear and the time to be allowed for bid preparation) will be submitted to the Bank for its review and comment before the calling of bids. If bidders are to be prequalified, complete information on the prequalification procedure will be submitted to the Bank before the qualification information is invited.
- (ii) After bids have been received and analyzed, copies of the analysis of bids, the recommendations of the consultants and the proposals of the National Port Authority for award, together with the reasons for such proposals, will be submitted to the Bank for its review and approval prior to the award of the contract or the issuance of a letter of intent.
- (iii) If the proposed final contract were to differ substantially from the terms and conditions contained in the respective documents submitted to the Bank under (i) and (ii) above, then copies of the text of the proposed changes will be submitted to the Bank for its review and approval prior to the execution of the contract.
- (iv) As soon as a contract is signed, a certified copy of such contract will be transmitted to the Bank.