

II

Treaties and international agreements

filed and recorded

from 4 February 1970 to 17 March 1970

No. 653

Traités et accords internationaux

classés et inscrits au répertoire

du 4 février 1970 au 17 mars 1970

N° 653

No. 653

**INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT
and
INTERNATIONAL FINANCE CORPORATION**

**Loan Agreement (*International Finance Corporation Loan*). Signed
at Washington on 23 December 1969**

Authentic text: English.

*Filed and recorded at the request of the International Bank for Reconstruction
and Development on 12 March 1970.*

**BANQUE INTERNATIONALE POUR
LA RECONSTRUCTION ET LE DÉVELOPPEMENT
et
SOCIÉTÉ FINANCIÈRE INTERNATIONALE**

**Contrat d'emprunt (*Emprunt de la Société financière internationale*).
Signé à Washington le 23 décembre 1969**

Texte authentique : anglais.

*Classé et inscrit au répertoire à la demande de la Banque internationale pour la
reconstruction et le développement le 12 mars 1970.*

LOAN AGREEMENT¹

AGREEMENT, dated December 23, 1969, between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank) and INTERNATIONAL FINANCE CORPORATION (hereinafter called IFC).

Article I

THE LOAN

Section 1.01. LOAN. The Bank agrees to lend to IFC, on the terms and conditions set forth in this Agreement, an amount in various currencies equivalent to two hundred million dollars (\$200,000,000), hereinafter called the Loan.

Section 1.02. WITHDRAWAL OF LOAN. (a) The amount of the Loan may be withdrawn as provided in, and subject to the rights of cancellation and suspension set forth in, this Agreement.

(b) The amount of the Loan may be withdrawn from time to time by IFC on its written request to reimburse it for amounts disbursed by it, or to provide amounts to be disbursed by it, on loans made by it; provided, however, that no withdrawal shall be made if at the time of such withdrawal or as a result thereof the aggregate amount of debt (including the guarantee of any debt) incurred or assumed by IFC from any source and then outstanding shall exceed an amount equal to four times its unimpaired subscribed capital and surplus. For purposes of this Section debt shall be deemed to be incurred (i) under a loan contract, on the date and to the extent it is drawn down pursuant thereto, and (ii) under a guarantee, on the date the guarantee contract has been entered into.

(c) Withdrawals shall be made in dollars, or in such other currency or currencies as may be agreed between the Bank and IFC.

¹ Came into force on 23 December 1969 by signature.

(d) Each withdrawal request by IFC shall identify the loans made by it in respect of which withdrawal is requested and shall contain such other information and certifications as the Bank shall reasonably request.

Section 1.03. COMMITMENT CHARGE. IFC shall pay a commitment charge in dollars on the principal amount of the Loan not withdrawn from time to time at the rate of three-fourths of one per cent ($\frac{3}{4}$ of 1%) per annum on unwithdrawn amounts up to and including \$100,000,000 and at the rate of three-eighths of one percent ($\frac{3}{8}$ of 1%) on unwithdrawn amounts in excess of \$100,000,000. Such commitment charge shall accrue from the date of this Agreement to the respective dates on which amounts shall be withdrawn by IFC or shall be cancelled.

Section 1.04. INTEREST. IFC shall pay interest on the principal amount of the Loan outstanding from time to time at the rate of seven per cent (7%) per annum. Interest shall accrue from the respective dates on which amounts shall be so withdrawn. Interest on any portion of the Loan shall be payable in the currency in which the principal of such portion of the Loan is repayable.

Section 1.05. SPECIAL COMMITMENTS BY THE BANK. Upon IFC's written request and upon such terms and conditions as shall be agreed upon between the Bank and IFC, the Bank may enter into special commitments in writing to pay amounts to IFC or others notwithstanding any subsequent suspension or cancellation of the Loan. The charge payable for such special commitments shall be payable in dollars at the rate of one-half of one per cent ($\frac{1}{2}$ of 1%) per annum on the principal amounts of any such special commitments outstanding from time to time.

Section 1.06. COMPUTATION AND PAYMENT OF INTEREST AND OTHER CHARGES. Interest, commitment charge and the charge payable for special commitments shall be computed on the basis of a 360-day year of twelve 30-day months and shall be payable semi-annually on April 1 and October 1 in each year.

Section 1.07. REPAYMENT. (a) IFC shall repay the principal of the Loan in accordance with the Amortization Schedule to this Agreement.

(b) The principal of the Loan shall be repayable in the several currencies withdrawn and the amount repayable in each currency shall be the amount withdrawn in that currency; provided, however, that if withdrawal shall be made in any currency which the Bank shall have purchased with another

currency for the purpose of such withdrawal, the portion of the Loan so withdrawn shall be repayable in such other currency and the amount so repayable shall be the amount paid by the Bank on such purchase. Except as the Bank and IFC shall otherwise agree, the portion of the Loan to be repaid in any particular currency shall be repayable in such instalments as the Bank shall from time to time specify, not inconsistent with the instalments set forth in the Amortization Schedule.

Section 1.08. PREPAYMENT AT OPTION OF IFC. (a) IFC shall have the right, upon payment of all accrued interest and other charges and of the premium specified in the Amortization Schedule, and upon not less than 45 days' written notice to the Bank, to repay in advance of maturity all or part (but not less than \$5,000,000 at any one time) of the principal amount of the Loan at the time outstanding. Any premium payable on prepayment of any portion of the Loan shall be payable in the currency in which the principal of such portion of the Loan is payable.

(b) Any such partial prepayment shall be applied *pro rata* to the principal amounts of the several maturities of the Loan as set forth in the Amortization Schedule.

(c) It is the policy of the Bank to encourage the repayment prior to maturity of portions of its loans retained by the Bank for its own account. Accordingly, the Bank will sympathetically consider, in the light of all circumstances then existing, any request of IFC that the Bank waive the payment of any premium payable under paragraph (a) of this Section.

Section 1.09. PLACE OF PAYMENT. The principal of, and interest and other charges on, the Loan shall be paid at such places as the Bank shall reasonably request.

Section 1.10. VALUATION OF CURRENCIES. Whenever it shall be necessary for the purposes of this Agreement to determine the value of one currency in terms of another, such value shall be as reasonably determined by the Bank.

Section 1.11. EXCHANGE RESTRICTIONS. Any payment required under this Agreement to be made to the Bank in the currency of any country shall be made in such manner, and in currency acquired in such manner, as shall be permitted under the laws of such country for the purpose of making such payment and effecting the deposit of such currency to the account of the Bank with a depository of the Bank in such country.

Article II

PARTICULAR COVENANTS

Section 2.01. USE OF PROCEEDS. (a) IFC shall use the proceeds of the Loan exclusively in its lending operations, including reimbursing itself for amounts disbursed and outstanding on loans made by it out of funds originating from sources other than the Loan.

(b) In relending the Loan proceeds, IFC shall provide that its borrowers shall not use the funds borrowed to finance expenditures in the territories of any country which is not a member of the Bank (other than Switzerland) or for goods produced in, or services supplied from, such territories.

(c) The foregoing paragraphs of this Section shall apply equally to all funds recovered by IFC on account of the principal of loans made pursuant to paragraph (a).

Section 2.02. PARI PASSU CLAUSE. IFC undertakes that, except as the Bank shall otherwise agree, if any lien shall be created on any assets of IFC as security for any 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 that in the creation of any such lien express provision will be made to that effect, provided, however, that the provisions of this Section shall not apply to 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 any lien arising in the ordinary course of banking transactions and securing a debt maturing not more than one year after its date.

Article III

CANCELLATION, SUSPENSION AND ACCELERATION

Section 3.01. CANCELLATION BY IFC. IFC may by notice to the Bank cancel any amount of the Loan which IFC shall not have withdrawn prior to the giving of such notice, except that IFC may not so cancel any amount of the Loan in respect of which the Bank shall have entered into a special commitment pursuant to Section 1.05 of this Agreement.

Section 3.02. SUSPENSION BY THE BANK. If any of the following events

shall have happened and be continuing the Bank may by notice to IFC suspend in whole or in part the right of IFC to make withdrawals under the Loan:

- (a) A default shall have occurred in any payment required under this Agreement.
- (b) A default shall have occurred in the performance of any other obligation of IFC under this Agreement.
- (c) A default shall have occurred with respect to any indebtedness of IFC other than to the Bank (including the guarantee of any debt) or under any agreement or trust deed pursuant to which there is outstanding any indebtedness of IFC (including the guarantee of any debt) and such default shall have continued for more than any applicable period of grace.

Section 3.03. ACCELERATION OF PRINCIPAL REPAYMENT. (i) If any event specified in paragraph (a) of Section 3.02 of this Agreement shall occur and continue for a period of thirty days, or (ii) if any event specified in paragraph (b) of such Section shall occur and continue for a period of sixty days after notice thereof shall have been given by the Bank to IFC or (iii) if any event specified in paragraph (c) of such Section shall occur, then at any subsequent time during the continuance thereof, the Bank, at its option, may declare the principal of the Loan then outstanding together with interest and other charges thereon to be due and payable immediately, and upon any such declaration such principal, interest and charges shall become due and payable immediately, anything in this Agreement to the contrary notwithstanding.

Section 3.04. CANCELLATION BY THE BANK. If (a) the right of IFC to make withdrawals shall have been suspended with respect to any amount of the Loan for a continuous period of thirty days, or (b) by December 31, 1975 or such other date as the Bank and IFC shall agree upon, an amount of the Loan shall remain unwithdrawn, the Bank may by notice to IFC terminate the right of IFC to make withdrawals with respect to such amount. Upon the giving of such notice such amount of the Loan shall be cancelled.

Section 3.05. AMOUNTS SUBJECT TO SPECIAL COMMITMENT NOT AFFECTED BY CANCELLATION OR SUSPENSION BY THE BANK. No cancellation or suspension by the Bank shall apply to amounts subject to any special commitment entered into by the Bank pursuant to Section 1.05 of this Agreement except as expressly provided in such commitment.

Section 3.06. APPLICATION OF CANCELLATION TO MATURITIES OF THE LOAN. Except as otherwise agreed between the Bank and IFC, any cancellation pursuant to this Agreement of any amount of the Loan not withdrawn shall be applied *pro rata* to the principal amounts of the several maturities of the Loan as set forth in the Amortization Schedule.

Article IV

TERMINATION OF 1966 LOAN AGREEMENT

Section 4.01. The Loan Agreement between the Bank and IFC dated October 28, 1966,¹ as amended by agreement dated October 30, 1967² is terminated as of the date of this Agreement.

Article V

MISCELLANEOUS

Section 5.01. ENFORCEABILITY. The rights and obligations of the Bank and IFC under this Agreement shall be valid and enforceable in accordance with their terms notwithstanding the law of any state, or political subdivision thereof, to the contrary.

Section 5.02. DEFINITIONS. Unless the context otherwise requires, the following terms have the following meanings wherever used in this Agreement or the Amortization Schedule thereto:

- (a) the term "currency" means such coin or currency as at the time referred to is legal tender for the payment of public and private debts in the territories of the government referred to;
- (b) the term "dollars" and the sign "\$" mean dollars in currency of the United States of America; and
- (c) the term "lien" includes mortgages, pledges, charges, privileges and priorities of any kind.

Section 5.03. TERMINATION. If and when the entire principal amount of the Loan and all interest and other charges which shall have accrued on the Loan shall have been paid, this Agreement and all obligations of the parties hereunder shall forthwith terminate.

¹ United Nations, *Treaty Series*, vol. 586, p. 225.

² *Ibid.*, vol. 613, p. 432.

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.

International Bank for Reconstruction and Development:

By J. Burke KNAPP
Vice President

International Finance Corporation:

By William S. GAUD
Executive Vice President

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>
April 1, 1973	3,150,000	October 1, 1981	5,655,000
October 1, 1973	3,260,000	April 1, 1982	5,855,000
April 1, 1974	3,375,000	October 1, 1982	6,060,000
October 1, 1974	3,495,000	April 1, 1983	6,270,000
April 1, 1975	3,615,000	October 1, 1983	6,490,000
October 1, 1975	3,745,000	April 1, 1984	6,720,000
April 1, 1976	3,875,000	October 1, 1984	6,955,000
October 1, 1976	4,010,000	April 1, 1985	7,195,000
April 1, 1977	4,150,000	October 1, 1985	7,450,000
October 1, 1977	4,295,000	April 1, 1986	7,710,000
April 1, 1978	4,445,000	October 1, 1986	7,980,000
October 1, 1978	4,600,000	April 1, 1987	8,260,000
April 1, 1979	4,765,000	October 1, 1987	8,550,000
October 1, 1979	4,930,000	April 1, 1988	8,845,000
April 1, 1980	5,100,000	October 1, 1988	9,155,000
October 1, 1980	5,280,000	April 1, 1989	9,475,000
April 1, 1981	5,465,000	October 1, 1989	9,820,000
		TOTAL:	200,000,000

* To the extent that any portion of the Loan is repayable in a currency other than dollars (see Section 1.07), the figures in this column represent dollar equivalents determined as for purposes of withdrawal.

PREMIUMS ON PREPAYMENT

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 1.08 of this Agreement:

<i>Time of Prepayment</i>	<i>Premium</i>
Not more than three years before maturity	1%
More than three years but not more than six years before maturity	2%
More than six years but not more than eleven years before maturity	3 ¹ / ₄ %
More than eleven years but not more than sixteen years before maturity	5%
More than sixteen years but not more than eighteen years before maturity	6%
More than eighteen years before maturity	7%
