

No. 10965

**INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT
and
SIERRA LEONE**

**Loan Agreement—*First Highway Project* (with annexed
General Conditions Applicable to Loan and Guarantee Agree-
ments). Signed at Washington on 29 October 1970**

Authentic text : English.

*Registered by the International Bank for Reconstruction and Development on
26 February 1971.*

**BANQUE INTERNATIONALE POUR
LA RECONSTRUCTION ET LE DÉVELOPPEMENT
et
SIERRA LEONE**

**Contrat d'emprunt — *Premier projet relatif au réseau
routier* (avec, en annexe, les Conditions générales applicables
aux contrats d'emprunt et de garantie). Signé à Washington le
29 octobre 1970**

Texte authentique : anglais.

*Enregistré par la Banque internationale pour la reconstruction et le développement
le 26 février 1971.*

LOAN AGREEMENT¹

AGREEMENT, dated October 29, 1970, between SIERRA LEONE (hereinafter called the Borrower) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank).

WHEREAS (A) The Borrower has requested the Bank to assist in the financing of the foreign exchange cost of the Project described in Schedule 2 to the development credit agreement mentioned hereunder by making the loan as hereinafter provided;

(B) The Borrower has also requested the Association to provide additional financial assistance towards the financing of the Project and by an agreement of even date herewith between the Borrower and the Association (hereinafter called the Development Credit Agreement²) the Association is agreeing to provide such assistance in an aggregate principal amount equivalent to three million five hundred thousand dollars (\$3,500,000);

(C) The Borrower and the Bank intend, to the extent practicable, that the proceeds of the credit provided for in the Development Credit Agreement be disbursed on account of expenditures on the Project before disbursements of the proceeds of the Loan provided for in this Agreement are made;

(D) The Borrower has requested the United Nations Development Programme (hereinafter called UNDP) to provide a team of experts to give technical assistance and to carry out a feasibility study and detailed engineering for certain parts of the Project and the UNDP has agreed to make an initial allocation of \$300,000 in respect of such request; and

WHEREAS the Bank has agreed, on the basis *inter alia* of the foregoing, to make a Loan to the Borrower upon the terms and conditions hereinafter set forth;

NOW THEREFORE the parties hereto hereby agree as follows :

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 of the

¹ Came into force on 12 February 1971, upon notification by the Bank to the Government of Sierra Leone.

² See p. 107 of this volume.

Bank, dated January 31, 1969,¹ 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 of the Bank, as so modified, being hereinafter called the General Conditions) :

Section 5.01 is deleted.

Section 1.02. Wherever used in this Agreement, unless the context otherwise required, 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) " Development Credit Agreement " means the agreement of even date herewith between the Borrower and the Association for the purpose of the Project, as such agreement may be amended from time to time; and such term includes the General Conditions Applicable to Development Credit Agreements of the Association, dated January 31, 1969, as made applicable to such agreement, all agreements supplemental to the Development Credit Agreement and all schedules to the Development Credit Agreement;

(b) " SLR " means Sierra Leone Railway, a departmental undertaking of the Borrower;

(c) " Italconsult " means Italconsult, a consultant to the Borrower;

(d) " Road Traffic Regulations " means the regulations under the Road Traffic Act, 1964, of the Borrower;

(e) " MOW " means the Ministry of Works of the Borrower, and shall include any successor thereto;

(f) " MOW Program " means the program for improving the organization, operations and functions of the MOW set forth in Schedule 7 to the Development Credit Agreement; and

(g) " Leone " and the letters " Le " mean the currency of the Borrower.

Article II

THE LOAN

Section 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions in the Loan Agreement set forth or referred to, an amount in various currencies equivalent to three million seven hundred thousand dollars (\$3,700,000).

Section 2.02. The amount of the Loan may be withdrawn from the Loan Account in accordance with the provisions of Schedule 1 to the Development

¹ See p. 104 of this volume.

Credit Agreement, as such Schedule shall be amended from time to time, for expenditures made (or, if the Bank shall so agree, to be made) in respect of the reasonable cost of goods and services required for the Project and to be financed under the Loan Agreement; provided, however, that, except as the Bank shall otherwise agree, no withdrawal shall be made on account of 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.

Section 2.03. The Closing Date shall be June 30, 1975 or such other date as shall be agreed between the Borrower and the Bank.

Section 2.04. The Borrower shall pay to the Bank a commitment charge at the rate of three-fourths of one per cent ($\frac{3}{4}$ of 1%) per annum on the principal amount of the Loan not withdrawn from time to time.

Section 2.05. The Borrower shall pay interest at the rate of seven and one-quarter per cent ($7\frac{1}{4}\%$) per annum on the principal amount of the Loan withdrawn and outstanding from time to time.

Section 2.06. Interest and other charges shall be payable semi-annually on April 1 and October 1 in each year.

Section 2.07. The Borrower shall repay the principal of the Loan in accordance with the amortization schedule set forth in Schedule 1 to this Agreement.

Section 2.08. 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 2.09. The Minister of Finance of the Borrower and such other person or persons as he shall appoint in writing are designated as authorized representatives of the Borrower for the purposes of Section 8.10 of the General Conditions.

Article III

PARTICULAR COVENANTS

Section 3.01. The Borrower accepts all the provisions of articles III, IV and V of the Development Credit Agreement and of Schedules 1 through 7 thereto, with the same force and effect as if they were fully set forth herein; provided, however, that : (i) all references to the Association in such articles or in any of them shall be deemed to be references to the Bank, (ii) all references to the Credit in such articles or in any of them shall be deemed to be references to the Loan, and (iii) all references to the Development Credit Agreement in such articles or in any of them shall be deemed to be references to the Loan Agreement.

Section 3.02. So long as any part of the Credit provided for under the Development Credit Agreement shall remain outstanding, all actions taken, including approvals given, by the Association pursuant to any of the articles of, and Schedules to, the Development Credit Agreement enumerated in Section 3.01 of this Agreement, as well as pursuant to Sections 2.02, 2.03 and 7.01 of the Development Credit Agreement, shall be deemed to be taken or given in the name and on behalf of both the Association and the Bank; and all information or documentation furnished by the Borrower to the Association pursuant to the provisions of any of such articles and sections of the Development Credit Agreement or Schedules thereto shall be deemed to be furnished to both the Association and the Bank.

Section 3.03. (a) It is the mutual intention of the Borrower and the Bank that no other external debt shall enjoy any priority over the Loan or the Bonds by way of a lien on governmental assets.

(b) To that end the Borrower *(i)* represents that at the date of this Agreement no lien exists on any governmental assets as security for any external debt except as otherwise disclosed in writing by the Borrower to the Bank, and *(ii)* undertakes that if any such lien shall be created, it 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 in the creation of any such lien express provision will be made to that effect.

(c) The foregoing representation and undertaking shall not apply to: *(i)* any lien created on property, at the time of purchase thereof, solely as security for payment of the purchase price of such property; and *(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, the term “governmental assets” means assets of the Borrower or of any of its political subdivisions or of any agency of the Borrower or of any such political subdivision, including the Bank of Sierra Leone or any institution performing the functions of a central bank for the Borrower.

Article IV

TAXES AND RESTRICTIONS

Section 4.01. The principal of, and interest and other charges on, the Loan and the Bonds shall be paid without deduction for, and free from, any taxes imposed under the laws of the Borrower or laws in effect in its territories; provided, however, that the foregoing 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 4.02. The Loan Agreement and the Bonds shall be free from any taxes on or in connection with the execution, issue, delivery or registration thereof imposed under the laws of the Borrower or laws in effect in its territories 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 4.03. The payment of the principal of, and interest and other charges on, the Loan and the Bonds shall be free from all restrictions, regulations controls and moratoria of any nature imposed under the laws of the Borrower or laws in effect in its territories.

Article V

REMEDIES OF THE BANK

Section 5.01. 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, 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, interest and charges shall become due and payable immediately, anything to the contrary in the Loan Agreement or in the Bonds notwithstanding.

Article VI

EFFECTIVE DATE; TERMINATION

Section 6.01. The following event is specified as an additional condition to the effectiveness of the Loan Agreement within the meaning of Section 11.01 (c) of the General Conditions :

That all the conditions precedent to the effectiveness of the Development Credit Agreement other than the effectiveness of the Loan Agreement shall have been fulfilled.

Section 6.02. The date February 1, 1971 is hereby specified for the purposes of Section 11.04 of the General Conditions.

Article VII

REPRESENTATIVE OF THE BORROWER; ADDRESSES

Section 7.01. The Minister of Finance of the Borrower is designated as representative of the Borrower for the purposes of Section 10.03 of the General Conditions.

Section 7.02. The following addresses are specified for the purposes of Section 10.01 of the General Conditions :

For the Borrower :

The Financial Secretary
The Ministry of Finance
Freetown, Sierra Leone

Cable address :

Minfin
Freetown

For the Bank :

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

Cable address :

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.

Sierra Leone :

By JOHN J. AKAR
Authorized Representative

International Bank for Reconstruction and Development :

By MOHAMED SHOAI B
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>
April 1, 1975	50,000	April 1, 1984	100,000
October 1, 1975	55,000	October 1, 1984	100,000
April 1, 1976	55,000	April 1, 1985	105,000
October 1, 1976	55,000	October 1, 1985	110,000
April 1, 1977	60,000	April 1, 1986	115,000
October 1, 1977	60,000	October 1, 1986	115,000
April 1, 1978	65,000	April 1, 1987	120,000
October 1, 1978	65,000	October 1, 1987	125,000
April 1, 1979	70,000	April 1, 1988	130,000
October 1, 1979	70,000	October 1, 1988	135,000
April 1, 1980	75,000	April 1, 1989	140,000
October 1, 1980	75,000	October 1, 1989	145,000
April 1, 1981	80,000	April 1, 1990	150,000
October 1, 1981	80,000	October 1, 1990	155,000
April 1, 1982	85,000	April 1, 1991	160,000
October 1, 1982	90,000	October 1, 1991	165,000
April 1, 1983	90,000	April 1, 1992	175,000
October 1, 1983	95,000	October 1, 1992	180,000

* 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 pursuant 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	1½%
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	3½%
More than eleven years but not more than sixteen years before maturity	5½%
More than sixteen years but not more than twenty years before maturity	6½%
More than twenty years before maturity	7½%

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. p. 300.]