

No. 5837

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

Loan Agreement—*Port Project* (with annexed Loan Regulations No. 3). Signed at Washington, on 9 September 1960

Official text: English.

Registered by the International Bank for Reconstruction and Development on 25 August 1961.

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

Contrat d'emprunt — *Projet portuaire* (avec, en annexe, le Règlement n° 3 sur les emprunts). Signé à Washington, le 9 septembre 1960

Texte officiel anglais.

Enregistré par la Banque internationale pour la reconstruction et le développement le 25 août 1961.

No. 5837. LOAN AGREEMENT¹ (*PORT PROJECT*) BETWEEN THE STATE OF ISRAEL AND THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT. SIGNED AT WASHINGTON, ON 9 SEPTEMBER 1960

AGREEMENT, dated September 9, 1960, between STATE OF ISRAEL (hereinafter called the Borrower) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank).

Article 1

LOAN REGULATIONS; SPECIAL DEFINITIONS

Section 1.01. The parties to this Loan Agreement accept all the provisions of Loan Regulations No. 3 of the Bank dated June 15, 1956,² subject, however, to the modifications thereof set forth in Schedule 3³ to this Agreement (said Loan Regulations No. 3 as so modified being hereinafter called the Loan Regulations), with the same force and effect as if they were fully set forth herein.

Section 1.02. Except where the context otherwise requires, the following terms have the following meanings wherever used in this Agreement or any Schedule thereto :

- (a) the term "Port Revenues " means all amounts which shall be received by the Borrower, the Authority, or the Bank of Israel or any other agency or instrumentality of the Borrower in currencies other than the currency of the Borrower for or in respect of the operation of the ports referred to in Section 5.09 (b) of this Agreement, or for, or in respect of, any services provided at such ports, including without limitation charges or fees for stevedoring and port dues, regardless of to whom they are payable or paid; and
- (b) the term " Authority " means the authority to be established by the Borrower pursuant to Section 5.09 of this Agreement.

¹ Came into force on 18 November 1960, upon notification by the Bank to the Government of Israel.

² See p. 24 of this volume.

³ See p. 22 of this volume.

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 twenty-seven million five hundred thousand dollars (\$27,500,000).

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; provided, however, that, except as the Borrower and the Bank may otherwise agree, no more than an amount equivalent to two million dollars (\$2,000,000) shall be withdrawn from the Loan Account until the Borrower shall have complied with the provisions of Section 5.09 of this Agreement.

Section 2.03. The Borrower shall pay to the Bank a commitment charge at the rate of three-fourths of one per cent ($\frac{3}{4}$ of 1 %) per annum on the principal amount of the Loan not so withdrawn from time to time. Such commitment charge shall accrue from a date sixty days after the date of this Agreement to the respective dates on which amounts shall be withdrawn by the Borrower from the Loan Account as provided in Article IV of the Loan Regulations or shall be cancelled pursuant to Article V of the Loan Regulations.

Section 2.04. The Borrower shall pay interest at the rate of five and three-fourths per cent ($5\frac{3}{4}$ %) per annum on the principal amount of the Loan so withdrawn and outstanding from time to time.

Section 2.05. Except as the Borrower and the Bank shall otherwise agree, the charge payable for special commitments entered into by the Bank at the request of the Borrower pursuant to Section 4.02 of the Loan Regulations shall be at the rate of one-half of one per cent ($\frac{1}{2}$ of 1 %) per annum on the principal amount of any such special commitments outstanding from time to time.

Section 2.06. Interest and other charges shall be payable semi-annually on February 15 and August 15 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 1¹ to this Agreement.

Section 2.08. The obligation of the Borrower to pay the principal of, and interest and other charges on, the Loan and the Bonds, shall be general and not limited or restricted in any way to any particular fund or funds, or source or sources of payment by any other provisions of this Agreement or otherwise.

¹ See p. 20 of this volume.

Article III

USE OF PROCEEDS OF THE LOAN

Section 3.01. The Borrower shall cause the proceeds of the Loan to be applied exclusively to financing the cost of goods required to carry out the Project described in Schedule 2¹ to this Agreement. The specific goods to be financed out of the proceeds of the Loan and the methods and procedures for procurement of such goods shall be determined by agreement between the Borrower and the Bank, subject to modification by further agreement between them.

Section 3.02. The Borrower shall cause all goods financed out of the proceeds of the Loan to be used in the territories of the Borrower exclusively in the carrying out of the Project.

Article IV

BONDS

Section 4.01. The Borrower shall execute and deliver Bonds representing the principal amount of the Loan as provided in the Loan Regulations.

Section 4.02. The Minister of Finance of the Borrower and such person or persons as he shall appoint in writing are designated as authorized representatives of the Borrower for the purposes of Section 6.12 of the Loan Regulations.

Article V

PARTICULAR COVENANTS

Section 5.01. (a) The Borrower shall cause the Project to be carried out with due diligence and efficiency and in conformity with sound engineering and financial practices.

(b) In the carrying out of the Project the Borrower shall employ or cause to be employed engineering consultants and, except as the Bank and the Borrower shall otherwise agree, the Borrower shall employ or cause to be employed contractors for the construction of the Project. The engineering consultants and the contractors, and the terms and conditions on which they are employed, shall be mutually satisfactory to the Borrower and the Bank.

(c) 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.

¹ See p. 22 of this volume.

(d) The Borrower shall 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 to reflect in accordance with consistently maintained sound accounting practices the operations and financial condition of the Authority and, to the extent that they relate to the Project, of any other agency of the Borrower responsible for the construction or operation of the Project or any part thereof; shall enable the Bank's representatives to inspect the properties and operations of the Authority or of such agency, the sites, works and construction included in the Project, the goods and any relevant records and documents; and shall cause to be furnished to the Bank all such information as the Bank shall reasonably request concerning the expenditure of the proceeds of the Loan, the Project, the goods, and the operations and financial condition of the Authority and, to the extent that they relate to the Project, of any other agency of the Borrower responsible for the construction or operation of the Project or any part thereof.

Section 5.02. (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 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 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 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 or the implementation of the arrangements provided for in Section 5.08.

(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 5.03. 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 or fees 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, or fees upon, 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.