No. 5973

INTERNATIONAL DEVELOPMENT ASSOCIATION
and
HONDURAS

Development Credit Agreement—*Western Highway Extension Project.* Signed at Washington, on 12 May 1961

Official text: English.

Registered by the International Development Association on 20 November 1961.

ASSOCIATION INTERNATIONALE DE DÉVELOPPEMENT
et HONDURAS

Contrat de crédit de développement *Projet de prolongement de la grande route de l'ouest.* Signé à Washington, le 12 mai 1961

Texte officiel anglais.

Enregistré par l'Association internationale de développement le 20 novembre 1961.

No. 5973. DEVELOPMENT CREDIT AGREEMENT[1] (*WESTERN HIGHWAY EXTENSION PROJECT*) BETWEEN THE REPUBLIC OF HONDURAS AND THE INTERNATIONAL DEVELOPMENT ASSOCIATION. SIGNED AT WASHINGTON, ON 12 MAY 1961

AGREEMENT, dated May 12, 1961, between REPUBLIC OF HONDURAS and INTERNATIONAL DEVELOPMENT ASSOCIATION.

Article I

DEFINITIONS ; HEADINGS

Section 1.01. Wherever used in this Agreement or any schedule or any agreement supplemental to this Agreement, unless the context shall otherwise require, the following terms shall have the following meanings :

1. The term "Borrower" means Republic of Honduras.

2. The term "Association" means International Development Association.

3. The term "Bank" means International Bank for Reconstruction and Development.

4. The term "Credit" means the development credit provided for in this Agreement.

5. 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. Whenever reference is made to the currency of the Borrower, the term "currency" includes the currencies of all territories on whose behalf at the time referred to the Borrower has accepted membership in the Association.

6. The term "dollars" and the sign "$" means dollars in currency of the United States of America.

7. The term "Credit Account" means the account on the books of the Association to which the amount of the Credit is to be credited as provided in Section 2.02.

[1] Came into force on 29 June 1961, upon notification by the Association to the Government of Honduras.

8. The term "Project" means the project or projects or program or programs for which the Credit is granted, as described in Schedule 2[1] to this Agreement and as the description thereof shall be amended from time to time by agreement between the Association and the Borrower.

9. The term "goods" means equipment, supplies and services which are required for the Project. Wherever reference is made to the cost of any goods, such cost shall be deemed to include the cost of importing such goods into the territories of the Borrower.

10. The term "Effective Date" means the date on which this Development Credit Agreement shall come into force and effect as provided in Section 9.03.

11 The term "tax" and "taxes" shall include imposts, levies fees and duties of any nature, whether in effect at the date of this Agreement or thereafter imposed.

12. The term "Highway Maintenance Loan Agreement" means the loan agreement dated December 22, 1955[2] between the Borrower and the Bank, as amended by further agreement between them.

13. The term "Highway Construction Loan Agreement" means the loan agreement dated May 9, 1958[3] between the Borrower and the Bank.

Article II

The Credit

Section 2.01. The Association agrees to make available to the Borrower, on the terms and conditions in this Agreement set forth, a development credit in various currencies equivalent to nine million dollars ($9,000,000).

Section 2.02. The Association shall open a Credit Account on its books in the name of the Borrower and shall credit to such account the amount of the Credit. The amount of the Credit may be withdrawn from the Credit Account as provided in this Agreement.

Section 2.03. (*a*) The Borrower shall be entitled to withdraw from the Credit Account (i) amounts expended for the reasonable cost of goods to be financed under this Agreement, and (ii), if the Association shall so agree, amounts required to meet payments to be made for the reasonable cost of such goods.

[1] See p. 208 of this volume.
[2] United Nations, *Treaty Series*, Vol. 230, p. 261.
[3] United Nations, *Treaty Series*, Vol. 323, p. 3.

(b) Except as the Borrower and the Association shall otherwise agree, no withdrawals shall be made on account of (i) expenditures prior to the date of this Agreement or (ii) expenditures in the territories of any country (other than Switzerland) which is not a member of the Bank or for goods produced in (including services supplied from) such territories.

(c) Withdrawals shall be made either in the respective currencies in which the cost of goods has been paid or is payable, or in any currency or currencies which the Association reasonably determines to be freely convertible at the time of withdrawal, as the Association shall from time to time elect.

Section 2.04. Upon the Borrower's request and upon such terms and conditions as shall be agreed upon between the Association and the Borrower, the Association may enter into special commitments in writing to pay amounts to the Borrower or others in respect of the cost of goods notwithstanding any subsequent suspension or cancellation.

Section 2.05. When the Borrower shall desire to withdraw any amount from the Credit Account or to request the Association to enter into a special commitment pursuant to Section 2.04, the Borrower shall deliver to the Association a written application in such form, and containing such statements and agreements, as the Association shall reasonably request. Applications for withdrawal, with the necessary documentaion as hereinafter in this Article provided, shall, except as the Association and the Borrower shall otherwise agree, be made promptly in relation to expenditures for the Project.

Section 2.06. The Borrower shall furnish to the Association such documents and other evidence in support of the application as the Association shall reasonably request, whether before or after the Association shall have permitted any withdrawal requested in the application.

Section 2.07. Each application and the accompanying documents and other evidence must be sufficient in form and substance to satisfy the Association that the Borrower is entitled to withdraw from the Credit Account the amount applied for and that the amount to be withdrawn from the Credit Account is to be used only for the purposes specified in this Agreement.

Section 2.08. Payment by the Association of amounts which the Borrower is entitled to withdraw from the Credit Account shall be made to or on the order of the Borrower.

Section 2.09. The Borrower shall pay in dollars to the Association a service charge at the rate of three-fourths of one per cent ($3/4$ of 1%) per annum on the principal amount of the Credit withdrawn and outstanding from time to time. The Borrower shall also pay in dollars to the Association a service charge at the same rate on the principal amount of any special commitment entered into by the Association pursuant to Section 2.04 and outstanding from time to time.

Section 2.10. (*a*) Service charges shall be computed on the basis of a 360-day year of twelve 30-day months.

(*b*) Service charges shall be payable semi-annually on March 1 and September 1 in each year.

Section 2.11. (*a*) The Borrower shall repay the principal of the Credit in accordance with the amortization schedule set forth in Schedule 1[1] to this Agreement.

(*b*) The Borrower shall have the right to repay in advance of maturity all or any part of the principal amount of one or more outstanding maturities of the Credit specified by the Borrower.

(*c*) The principal of the Credit shall be repaid in dollars and the amount so repayable shall be the equivalent in dollars of the currency or currencies withdrawn from the Credit Account, determined as of the respective dates of withdrawal.

Section 2.12. The principal of, and service charges on, the Credit shall be paid at such place or places as the Association shall reasonably request.

Section 2.13. 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 Association.

Section 2.14. If, at any time after the date of this Agreement and before December 31, 1961, the Association shall adopt terms and conditions of withdrawal and repayment generally applicable to development credits made by the Association to its members which would be more favorable to the Borrower than the terms and conditions of withdrawal and repayment set forth in this Agreement, then, if the Borrower shall so request the Association within one year from the date of such adoption, such more favorable terms and conditions shall be made applicable to the Credit as of the date of such request or such other date as shall be agreed between the Borrower and the Association.

Article III

Use of Proceeds of the Credit

Section 3.01. The Borrower shall cause the proceeds of the Credit to be applied exclusively to financing the cost of goods required to carry out the Project described in Schedule 2 to this Agreement. The specific goods to be financed out of the proceeds of the Credit and the methods and procedures for procurement of such goods shall be determined by agreement between the Borrower and the Association, subject to modification by further agreement between them.

[1] See p. 206 of this volume.