

No. 6131

**INTERNATIONAL DEVELOPMENT ASSOCIATION
and
CHILE**

**Development Credit Agreement—*Road Construction Project*
(with related letter and annexed Development Credit
Regulations No. 1). Signed at Washington, on 28 June
1961.**

Official text: English.

Registered by the International Development Association on 23 April 1962.

**ASSOCIATION INTERNATIONALE
DE DÉVELOPPEMENT
et
CHILI**

**Contrat de crédit de développement — *Projet relatif à la
construction de routes* (avec lettre y relative et, en
annexe, le Règlement n° 1 sur les crédits de développe-
ment). Signé à Washington, le 28 juin 1961**

Texte officiel anglais.

Enregistré par l'Association internationale de développement le 23 avril 1962.

No. 6131. DEVELOPMENT CREDIT AGREEMENT¹ (*ROAD CONSTRUCTION PROJECT*) BETWEEN THE REPUBLIC OF CHILE AND THE INTERNATIONAL DEVELOPMENT ASSOCIATION. SIGNED AT WASHINGTON, ON 28 JUNE 1961

AGREEMENT, dated June 28, 1961, between REPUBLIC OF CHILE (hereinafter called the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (hereinafter called the Association).

Article I

DEVELOPMENT CREDIT REGULATIONS ; SPECIAL DEFINITIONS

Section 1.01. The parties to this Agreement accept the provisions of Development Credit Regulations No. 1 of the Association dated June 1, 1961² (hereinafter called the Regulations), with the same force and effect as if they were fully set forth herein.

Section 1.02. For the purposes of this Agreement the term "goods" as defined in paragraph 10 of Section 9.01 of the Regulations shall include any property required for the Project.

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 or referred to, a development credit in an amount in various currencies equivalent to nineteen million dollars (\$19,000,000).

Section 2.02. The Association shall open a Credit Account in the name of the Borrower and shall credit to such Credit Account the amount of the Credit. The amount of the Credit may be withdrawn from the Credit Account as provided in, and subject to the rights of cancellation and suspension set forth in, this Agreement and the Regulations.

Section 2.03. Except as the Borrower and the Association shall otherwise agree, the Borrower shall be entitled, subject to the provisions of this Agreement, to with-

¹ Came into force on 19 October 1961, upon notification by the Association to the Government of Chile.

² See p. 102 of this volume.

draw from the Credit Account (i) the equivalent of a percentage or percentages to be established from time to time by agreement between the Borrower and the Association of such amounts as shall have been expended by the Borrower for the reasonable cost of goods required for carrying out part A of the Project ; (ii) such amounts as shall have been paid to consultants for their services under part B of the Project ; (iii) such amounts as shall have been otherwise expended for the reasonable foreign exchange cost of engineering equipment and services required for carrying out the Project and not included in the foregoing ; and (iv) if the Association shall so agree, such amounts as shall be required to meet payments to be made for the reasonable cost of the foregoing.

Provided, however, that no withdrawals shall be made on account of expenditures for goods procured prior to January 1, 1961.

Section 2.04. Withdrawals from the Credit Account shall be in such currency or currencies as the Association shall from time to time reasonably select.

Section 2.05. The Borrower shall pay to the Association a service charge at the rate of three-fourths of one per cent ($\frac{3}{4}$ of 1%) per annum on the principal amount of the Credit withdrawn and outstanding from time to time. The Borrower shall also pay 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 4.02 of the Regulations.

Section 2.06. Service charges shall be paid semi-annually on June 1 and December 1 in each year.

Section 2.07. The Borrower shall repay the principal of the Credit withdrawn from the Credit Account in semi-annual instalments payable on each June 1 and December 1 commencing December 1, 1971, and ending June 1, 2011, each instalment to and including the instalment payable on June 1, 1981 to be one half of one per cent ($\frac{1}{2}$ of 1%) of such principal amount, and each instalment thereafter to be one and one half of one per cent ($1\frac{1}{2}$ %) of such principal amount.

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 1¹ 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. 100 of this volume.

Section 3.02. Except as the Borrower and the Association shall otherwise agree, the Borrower shall cause all goods financed out of the proceeds of the Credit to be used in the territories of the Borrower exclusively in the carrying out of the Project.

Article IV

PARTICULAR COVENANTS

Section 4.01. (a) The Borrower shall cause the Project to be carried out and maintained with due diligence and efficiency and in conformity with sound engineering and financial practices.

(b) In carrying out the Project the Borrower shall employ competent and experienced engineering consultants satisfactory to the Borrower and the Association upon terms and conditions satisfactory to the Borrower and the Association.

(c) The list of works to be included in Part A of the Project shall be determined from time to time by agreement between the Borrower and the Association, subject to modification by further agreement between them.

(d) Except as the Association shall otherwise agree, the roads and structures included in the Project shall be constructed or improved by contractors satisfactory to the Borrower and the Association, employed under contracts satisfactory to the Association awarded on the basis of international competitive bidding.

(e) The general design standards and the type of surfacing (including pavement) to be used for the roads included in the Project shall be as determined by agreement between the Borrower and the Association, subject to modification by further agreement between them.

(f) Upon request from time to time by the Association, the Borrower shall promptly furnish or cause to be furnished to the Association the plans, specifications and work schedules for the Project and any material modifications subsequently made therein, in such detail as the Association shall request.

Section 4.02. (a) The Borrower shall maintain or cause to be maintained records adequate to identify the goods financed out of the proceeds of the Credit, 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 with respect to the Project of the agency or agencies of the Borrower responsible for the carrying out of the Project or any part thereof; shall enable the Association's representatives to inspect the Project, the goods and any relevant records and documents; and shall furnish or cause to be furnished to the Association all such information as the Association shall reasonably request concerning the expenditure of the proceeds of the Credit, the Project, and the