

No. 6202

**INTERNATIONAL BANK FOR RECONSTRUCTION AND
DEVELOPMENT
and
COSTA RICA**

**Loan Agreement—*Highway Project* (with annexed Loan
Regulations No. 3). Signed at Washington, on
13 October 1961**

Official text: English.

*Registered by the International Bank for Reconstruction and Development on
13 June 1962.*

**BANQUE INTERNATIONALE POUR
LA RECONSTRUCTION ET LE DÉVELOPPEMENT
et
COSTA RICA**

**Contrat d'emprunt—*Projet relatif au réseau routier* (avec,
en annexe, le Règlement n° 3 sur les emprunts). Signé
à Washington, le 13 octobre 1961**

Texte officiel anglais.

*Enregistré par la Banque internationale pour la reconstruction et le développement
le 13 juin 1962.*

No. 6202. LOAN AGREEMENT¹ (*HIGHWAY PROJECT*)
BETWEEN THE REPUBLIC OF COSTA RICA AND
THE INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT. SIGNED AT WASHINGTON, ON
13 OCTOBER 1961

AGREEMENT, dated October 13, 1961, between REPUBLIC OF COSTA RICA (hereinafter called the Borrower) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank).

WHEREAS (A) the Borrower has requested the Bank to make a loan to it in an amount equivalent to \$5,500,000, to assist the Borrower in financing a program for reconstruction, construction and maintenance of certain highways in the territories of the Borrower ;

(B) the Borrower has also requested the International Development Association (hereinafter called the Association) to provide additional assistance for the same purpose ;

(C) by an agreement of even date herewith between the Borrower and the Association (hereinafter called the Development Credit Agreement), the Association is agreeing to provide such assistance in an amount equivalent to \$5,500,000 ; and

WHEREAS the Bank has agreed, upon the basis of the foregoing, to make a loan to the Borrower upon the terms and conditions hereinafter set forth ;

NOW THEREFORE, it is hereby agreed as follows :

Article I

LOAN REGULATIONS

Section 1.01. The parties to this Loan Agreement accept all the provisions of Loan Regulations No. 3 of the Bank dated February 15, 1961² (said Loan Regulations No. 3 being hereinafter called the Loan Regulations) with the same force and effect as if they were fully set forth herein.

¹ Came into force on 2 May 1962, upon notification by the Bank to the Government of Costa Rica.

² See p. 44 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 five million five hundred thousand dollars (\$5,500,000).

Section 2.02. The Bank shall open a Loan Account on its books in the name of the Borrower and shall credit to such Loan 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, the Loan Regulations; provided, however, that, notwithstanding any provision of the Loan Regulations or of this Agreement, no amount shall be withdrawn from the Loan Account at any time if the amount of such withdrawal and all prior withdrawals from the Loan Account shall be greater than the aggregate amount which shall have been, or shall concurrently be, withdrawn from the Credit Account (as that term is used in the Development Credit Agreement) pursuant to the Development Credit Agreement.

Section 2.03. 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 2.04. 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 so withdrawn 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 May 1 and November 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 1¹ to this Agreement.

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

¹ See p. 42 of this volume.

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 Economy and 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 and maintained with due diligence and efficiency and in conformity with sound engineering, financial and highway practices.

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

(c) Except as the Borrower and the Bank shall otherwise agree, the Project shall be carried out by contractors satisfactory to the Borrower and the Bank, employed under contracts satisfactory to the Borrower and the Bank.

(d) The general design standards to be used for the Project shall be satisfactory to the Borrower and the Bank.

(e) The Borrower shall furnish or cause to be furnished to the Bank, promptly upon their preparation, the plans, specifications, contracts and work schedules for the Project and any material modifications subsequently made therein, in such detail as the Bank shall request.

¹ See p. 44 of this volume.

(f) The list of roads to be included in the Project shall be determined by agreement between the Borrower and the Bank, subject to modification by further agreement between them.

Section 5.02. The Borrower shall maintain or 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, 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 agency or agencies of the Borrower responsible for the carrying out and operation of the Project or any part thereof; shall enable the Bank's representatives to inspect the Project, the goods and any relevant records and documents; and shall furnish or 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, and the goods, and the operations and financial condition of the agency or agencies of the Borrower responsible for the carrying out and operation of the Project or any part thereof.

Section 5.03. (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.

(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 5.04. It is the mutual intention of the Borrower and the Bank that no other external debt shall enjoy any priority over the Loan by way of a lien on governmental assets. To that end, the Borrower undertakes that, except as the Bank shall otherwise agree, if any lien shall be created on any assets of the Borrower as security for any external 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 the Bonds, and that in the creation of any such lien express provision will be made to