

No. 6204

**INTERNATIONAL DEVELOPMENT ASSOCIATION
and
COSTA RICA**

Development Credit Agreement—*Highway Project* (with related letter and annexed Development Credit Regulations No. 1). Signed at Washington, on 13 October 1961

Official text: English.

Registered by the International Development Association on 13 June 1962.

**ASSOCIATION INTERNATIONALE
DE DÉVELOPPEMENT
et
COSTA RICA**

Contrat de crédit de développement — *Projet relatif au réseau routier* (avec lettre y relative et, en annexe, le Règlement n° 1 sur les crédits de développement). Signé à Washington, le 13 octobre 1961

Texte officiel anglais.

Enregistré par l'Association internationale de développement le 13 juin 1962.

No. 6204. DEVELOPMENT CREDIT AGREEMENT¹ (*HIGHWAY PROJECT*) BETWEEN THE REPUBLIC OF COSTA RICA AND THE INTERNATIONAL DEVELOPMENT ASSOCIATION. SIGNED AT WASHINGTON, ON 13 OCTOBER 1961

AGREEMENT, dated October 13, 1961, between REPUBLIC OF COSTA RICA (hereinafter called the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (hereinafter called the Association).

WHEREAS (A) the Borrower has requested the Association to provide a credit 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 Bank for Reconstruction and Development (hereinafter called the Bank) to make a loan to it to provide additional assistance for the same purpose;

(C) by an agreement of even date² herewith between the Bank and the Borrower (hereinafter called the Loan Agreement), the Bank is agreeing to make a loan of the equivalent of \$5,500,000 to the Borrower; and

WHEREAS the Association has agreed, upon the basis of the foregoing, to provide a credit to the Borrower upon the terms and conditions hereinafter set forth;

NOW THEREFORE, it is hereby agreed as follows :

Article I

CREDIT REGULATIONS

Section 1.01. The parties to this Agreement accept all the provisions of Development Credit Regulations No. 1 of the Association dated June 1, 1961³ (said Development Credit Regulations No. 1 being hereinafter called the Regulations No. 1 being hereinafter called the Regulations) with the same force and effect as if they were fully set forth herein.

¹ Came into force on 2 May 1961, upon notification by the Association to the Government of Costa Rica.

² United Nations, *Treaty Series*, Vol. 430.

³ See p. 18 of this volume.

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 five million five hundred thousand dollars (\$5,500,000).

Section 2.02. The Association shall open a Credit Account on its books in the name of the Borrower and shall credit to such 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; provided, however, that no withdrawals shall be made on account of expenditures prior to October 1, 1961; and provided, further, that, notwithstanding any provision of the Regulations or of this Agreement, no amount shall be withdrawn from the Credit Account at any time if the amount of such withdrawal and all prior withdrawals from the Credit Account shall be greater than the aggregate amount which shall have been, or shall concurrently be, withdrawn from the Loan Account (as that term is used in the Loan Agreement) pursuant to the Loan Agreement.

Section 2.03. Withdrawals from the Credit Account shall be in such freely convertible currency or currencies as the Association shall from time to time reasonably select.

Section 2.04. 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 outstanding from time to time of any special commitment entered into by the Association pursuant to Section 4.02 of the Regulations.

Section 2.05. Service charges shall be payable semi-annually on May 1 and November 1 in each year.

Section 2.06. The Borrower shall repay the principal of the Credit withdrawn from the Credit Account in semi-annual instalments payable on each May 1 and November 1 commencing November 1, 1971, and ending May 1, 2011, each instalment to and including the instalment payable on May 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 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.

Section 3.02. 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, 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 Association upon terms and conditions satisfactory to the Borrower and the Association.

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

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

(e) The Borrower shall furnish or cause to be furnished to the Association, 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 Association shall request.

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

Section 4.02. 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 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 Association's

¹ See p. 16 of this volume.