No. 6379

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT and ARGENTINA

Loan Agreement—*Road Project* (with annexed Loan Regulations No. 3). Signed at Washington, on 30 June 1961

Official text: English.

Registered by the International Bank for Reconstruction and Development on 28 November 1962.

BANQUE INTERNATIONALE POUR LA RECONSTRUCTION ET LE DÉVELOPPEMENT et ARGENTINE

Contrat d'emprunt — *Projet routier* (avec, en annexe, le Règlement nº 3 sur les emprunts). Signé à Washington, le 30 juin 1961

Texte officiel anglais.

Enregistré par la Banque internationale pour la reconstruction et le développement le 28 novembre 1962.

No. 6379. LOAN AGREEMENT[1] (*ROAD PROJECT*) BETWEEN THE ARGENTINE REPUBLIC AND THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT. SIGNED AT WASHINGTON, ON 30 JUNE 1961

AGREEMENT, dated June 30, 1961, between the ARGENTINE REPUBLIC (hereinafter called the Borrower) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank).

Article I

LOAN REGULATIONS ; SPECIAL DEFINITION

Section 1.01. The parties to this Agreement accept all the provisions of Loan Regulations No. 3 of the Bank dated February 15, 1961,[2] subject, however, to the modifications thereof set forth in Section 2.03 (*b*) of 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. Wherever used in this Agreement, unless the context otherwise requires, the term "Vialidad" shall mean "Dirección Nacional de Vialidad", a public legal entity of the Borrower, organized and existing under Decree-Law No. 505 of January 16, 1958, and shall include any successor to Vialidad.

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 forty-eight million five hundred thousand dollars ($48,500,000).

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 The amount of the Loan may be withdrawn from the Loan Account as provided in, and subject to the rights of cancellation and suspension set forth in, the Loan Regulations.

[1] Came into force on 16 January 1962, upon notification by the Bank to the Government of Argentina.

[2] See p. 102 of this volume.

Section 2.03. (*a*) Except as the Borrower and the Bank shall otherwise agree :

(i) The Borrower shall be entitled, subject to the provisions of this Agreement, to withdraw from the Loan Account : (*a*) the equivalent of a percentage to be established from time to time by agreement between the Borrower and the Bank 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, such percentage to represent the foreign exchange component of such cost ; (*b*) such amounts as shall have been otherwise expended (other than for local currency expenditures) for the reasonable cost of goods required for carrying out the Project and not included in the foregoing ; and (*c*) if the Bank shall so agree, such amounts as shall be required to meet payments to be made for the reasonable cost of the foregoing.

(ii) Withdrawals from the Loan Account shall be in dollars or such other currency or currencies as the Bank shall from time to time reasonably select.

(iii) Notwithstanding the foregoing provisions of this Section no withdrawals shall be made on account of (*a*) expenditures made prior to January 1, 1961 ; or (*b*) expenditures made in the territories of any country (except Switzerland) which is not a member of the Bank or for goods produced in (including services supplied from) such territories.

(*b*) Section 4.01, and the second sentence of Section 3.02, of the Loan Regulations are deleted.

Section 2.04. The Borrower shall pay to the Bank a commitment charge at the rate of three-fourths of one per cent (3/4 of 1%) per annum on the principal amount of the Loan not so withdrawn from time to time.

Section 2.05. The Borrower shall pay interest at the rate of five and three-fourths per cent (5 3/4%) per annum on the principal amount of the Loan so withdrawn and outstanding from time to time.

Section 2.06. 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 (½ of 1%) per annum on the principal amount of any such special commitments outstanding from time to time.

Section 2.07. Interest and other charges shall be payable semi-annually on January 15 and July 15 in each year.

Section 2.08. The Borrower shall repay the principal of the Loan in accordance with the amortization schedule set forth in Schedule 1 [1] to this Agreement.

[1] See p. 100 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 2[1] 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, acting through Vialidad, and the Bank, subject to modification by further agreement between them.

Section 3.02. Except as the Borrower and the Bank shall otherwise agree, the Borrower shall cause all goods financed out of the proceeds of the Loan to be used by Vialidad 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   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.[2]

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*) Except as the Bank shall otherwise agree, the Borrower shall, in the carrying out of part A of the Project, employ or cause to be employed engineering consultants acceptable to, and to an extent and upon terms and conditions satisfactory to, the Borrower and the Bank.

[1] See p. 100 of this volume.

[2] According to the information provided by the International Bank for Reconstruction and Development, at the time of signing of the Agreement no authorized representative had been appointed for the purposes mentioned in this section, since under Argentine law a governmental decree was necessary for the appointment and such decree had not then been adopted. Subsequently, by Decree no. 6673, published in the Argentine *Boletín Oficial* of 11 August 1961, the Minister of Economics was named.

(*c*) Except as the Bank shall otherwise agree, the roads included in the Project shall be constructed : (i) by contractors satisfactory to the Borrower and the Bank employed under contracts satisfactory to the Borrower and the Bank ; and (ii) in accordance with general design standards satisfactory to the Borrower and the Bank.

(*d*) The types 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 Bank, subject to modification by further agreement between them.

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

(*f*) The Borrower shall at all times make available promptly as needed all sums which shall be required for the carrying out of the Project.

(*g*) The list of roads to be included in the Project shall be determined from time to time by agreement between the Borrower (acting through Vialidad) and the Bank, subject to modification by further agreement between them.

(*h*) 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, and to record the progress of the Project (including the cost thereof) and to reflect in accordance with consistently maintained sound accounting practices the financial condition and operations of Vialidad ; 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 financial condition and operations of Vialidad.

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.