

No. 6409

**INTERNATIONAL BANK
FOR RECONSTRUCTION AND DEVELOPMENT
and
VENEZUELA**

**Loan Agreement—Expressway Project (with related letters
and annexed Loan Regulations No. 3). Signed at
Washington, on 13 December 1961**

Official text of the Agreement and Regulations: English.

Official texts of the letters: English and Spanish.

*Registered by the International Bank for Reconstruction and Development on 4 December
1962.*

**BANQUE INTERNATIONALE POUR
LA RECONSTRUCTION ET LE DÉVELOPPEMENT
et
VENEZUELA**

**Contrat d'emprunt — Projet d'autoroute (avec lettres y
relatives et, en annexe, le Règlement n° 3 sur les em-
prunts). Signé à Washington, le 13 décembre 1961**

Texte officiel du Contrat et du Règlement: anglais.

Textes officiels des lettres: anglais et espagnol.

*Enregistré par la Banque internationale pour la reconstruction et le développement le
4 décembre 1962.*

No. 6409. LOAN AGREEMENT¹ (*EXPRESSWAY PROJECT*)
BETWEEN THE REPUBLIC OF VENEZUELA AND THE
INTERNATIONAL BANK FOR RECONSTRUCTION AND
DEVELOPMENT. SIGNED AT WASHINGTON, ON 13
DECEMBER 1961

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

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, 1961,² subject, however, to the modification thereof set forth in Section 2.03 (*b*) of this Agreement (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.

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-five million dollars (\$45,000,000).

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 The amount of the Loan may be withdrawn from the Loan Account as provided in, and subject to the rights of cancellation and suspension set forth in this Agreement and the Loan Regulations.

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 the Project, such percentage to represent the foreign exchange com-

¹ Came into force on 4 May 1962, upon notification by the Bank to the Government of Venezuela.

² See p. 382 of this volume.

ponent 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 currencies as the Bank shall from time to time reasonably select.

(iii) Notwithstanding the foregoing provisions of this Section or of the Loan Regulations, 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 ($\frac{3}{4}$ 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-quarters per cent ($5\frac{3}{4}\%$) per annum on the principal amount of the Loan so withdrawn and outstanding from time to time.

Section 2.06. 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 ($\frac{1}{2}$ 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 annually on January 1 and July 1 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 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 in Schedule 2¹ to this Agreement. The specific goods to be financed out of the proceeds of the Loan shall be determined by agreement between the Borrower and the Bank, subject to modification by further agreement between them.

¹ See p. 378 of this volume.

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 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 with due diligence and efficiency and in conformity with sound engineering and financial practices.

(b) The Borrower shall cause to be furnished to the Bank, promptly upon their preparation, the plans and specifications for the Project and any material modifications subsequently made therein, in such detail as the Bank shall from time to time request.

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

(d) 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); shall enable the Bank's representatives to inspect the Project, the goods and any relevant records and documents; and shall furnish 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.

Section 5.02. Except as the Bank shall otherwise agree, construction of 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 and awarded on the basis of international competitive bidding.

Section 5.03. The Borrower shall cause to be constructed, reconstructed, improved or maintained to adequate standards and in phase with the works included in the Project national or other roads outside the scope of the Project which may ultimately serve as access or approach roads to the interchanges included in the Project.

Section 5.04. The Borrower shall cause the works included in the Project to be operated, and to be adequately maintained and repaired, in accordance with sound administrative and highway engineering practices.

Section 5.05. The Borrower shall retain competent engineering consultants acceptable to the Bank, upon terms and conditions satisfactory to the Borrower and the Bank.

Section 5.06. (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 5.07. 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 that effect, provided, however, that the foregoing provisions of this Section shall not apply to: (i) any lien created on property, at the time of purchase thereof, solely as security for the payment of the purchase price of such property; (ii) any lien on commercial goods to secure a debt maturing not more than one year after the date on which it is originally incurred and to be paid out of the proceeds of sale of such commercial goods; or (iii) any lien arising in the ordinary course of banking transactions and securing a debt maturing not more than one year after its date.

The term "assets of the Borrower" as used in this Section includes assets of the Borrower or of any of its political subdivisions or of any agency of the Borrower or of any such political subdivision.

Section 5.08. The principal of, and interest and other charges on, the Loan and the Bonds shall be paid without deduction for, and free from, any taxes or fees imposed under the laws of the Borrower or laws in effect in its territories; provided,