

No. 6976

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

Loan Agreement—*Rivas Irrigation Project* (with related letter and annexed Loan Regulations No. 3). Signed at Washington, on 1 March 1963

Official text: English.

Registered by the International Bank for Reconstruction and Development on 15 November 1963.

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

Contrat d'emprunt — *Projet d'irrigation de Rivas* (avec lettre connexe et, en annexe, le Règlement n° 3 sur les emprunts). Signé à Washington, le 1^{er} mars 1963

Texte officiel anglais.

Enregistré par la Banque internationale pour la reconstruction et le développement le 15 novembre 1963.

No. 6976. LOAN AGREEMENT¹ (*RIVAS IRRIGATION PROJECT*) BETWEEN THE REPUBLIC OF NICARAGUA AND THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT. SIGNED AT WASHINGTON, ON 1 MARCH 1963

AGREEMENT, dated March 1, 1963, between REPUBLIC OF NICARAGUA (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 Loan Agreement accept all the provisions of Loan Regulations No. 3 of the Bank dated February 15, 1961,² with the same force and effect as if they were fully set forth herein, subject, however, to the following modifications thereof (said Loan Regulations No. 3 as so modified being hereinafter called the Loan Regulations) :

- (a) The second sentence of Section 3.02 of the Loan Regulations shall apply only to withdrawals pursuant to subsection (a) of Section 2.03 of this Agreement.
- (b) Section 4.01 of the Loan Regulations is deleted.

Section 1.02. Unless the context otherwise requires, the term "Empresa" wherever used in this Agreement means Empresa de Riego de Rivas, an agency of the Borrower established by, and operating under, Decree No. 635 of the Borrower, published in *La Gaceta* of January 2, 1962, or any successor to the Empresa.

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 two million six hundred thousand dollars (\$2,600,000).

¹ Came into force on 3 October 1963, upon notification by the Bank to the Government of Nicaragua.

² See p. 36 of this volume.

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.

Section 2.03. Except as the Bank shall otherwise agree, the Borrower shall be entitled, subject to the provisions of this Agreement and the Loan Regulations, to withdraw from the Loan Account :

- (a) such amounts as shall have been expended (other than for local currency expenditures) for the reasonable cost of goods to be financed under this Agreement and, if the Bank shall so agree, such amounts as shall be required by the Borrower to meet payments for such goods ; and
- (b) the equivalent of a percentage or percentages to be established from time to time by agreement between the Borrower and the Bank of such amounts as shall have been expended for the reasonable cost of works required for carrying out Part A (iii), (iv) and (v), and Part D of the Project described in Schedule 2¹ to this Agreement and not included in (a) above, such percentage or percentages to represent the foreign exchange component of such cost ;

provided, however, that no withdrawals shall be made on account of : (i) expenditures prior to the date of this Agreement ; or (ii) 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.

Section 2.04. Withdrawals from the Loan Account pursuant to subsection (b) of Section 2.03 of this Agreement shall be in dollars or such other currency or currencies as the Bank shall from time to time reasonably select.

Section 2.05. 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 2.06. The Borrower shall pay interest at the rate of five and one-half per cent ($5\frac{1}{2}$ %) per annum on the principal amount of the Loan so withdrawn and outstanding from time to time.

Section 2.07. 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.

¹ See p. 34 of this volume.

Section 2.08. Interest and other charges shall be payable semi-annually on March 15 and September 15 in each year.

Section 2.09. 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 2 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. 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 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 *Ministro de Hacienda y Crédito Público* 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 operated with due diligence and efficiency and in conformity with sound engineering, agricultural and financial practices.

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

¹ See p. 32 of this volume.

(c) The Borrower shall make available or cause to be made available to farmers in the Project area credit on reasonable terms as needed to enable them to develop their farms under irrigation.

(d) The Borrower shall employ or cause to be employed a suitably qualified consultant, acceptable to the Bank and on terms and conditions satisfactory to the Bank, for final design and supervision of construction of Part A of the Project.

(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 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) to show the results achieved by irrigation of the land included in the Project 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 construction or 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 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, the results achieved by irrigation of the land included in the Project, and the operations and financial condition of the agency or agencies of the Borrower responsible for the construction or operation of the Project or any part thereof.

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

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