No. 6982

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
and
DENMARK

Loan Agreement—*Power Projects–1963* (with annexed Loan Regulations No. 3). Signed at Washington, on 24 July 1963

Official text: English.

Registered by the International Bank for Reconstruction and Development on 18 November 1963.

BANQUE INTERNATIONALE POUR LA RECONSTRUCTION ET LE DÉVELOPPEMENT
et
DANEMARK

Contrat d'emprunt — *Projets relatifs à l'énergie électrique – 1963* (avec, en annexe, le Règlement n° 3 sur les emprunts). Signé à Washington, le 24 juillet 1963

Texte officiel anglais.

Enregistré par la Banque internationale pour la reconstruction et le développement le 18 novembre 1963.

No. 6982. LOAN AGREEMENT[1] (*POWER PROJECTS—1963*) BETWEEN THE KINGDOM OF DENMARK AND THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT. SIGNED AT WASHINGTON, ON 24 JULY 1963

AGREEMENT, dated July 24, 1963, between KINGDOM OF DENMARK (hereinafter called the Borrower) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank).

Article I

LOAN REGULATIONS ; SPECIAL DEFINITIONS

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 modifications thereof set forth in Section 1.02 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. (*a*) The second sentence of Section 3.02 of the Loan Regulations is amended to read as follows :

"Except as the Bank and the Borrower shall otherwise agree, withdrawals shall be made either in the respective currencies in which the cost of goods has been paid or is payable or in the currency in which the Loan is denominated, as the Bank may from time to time elect, provided, however, that any withdrawals on account of expenditures in the currency of the Borrower or for goods produced in (including services supplied from) the territories of the Borrower shall be made in such currency or currencies as the Bank shall reasonably select."

(*b*) Section 4.01 of the Loan Regulations is amended to read as follows :

"SECTION 4.01. *Withdrawal from the Loan Account.* The Borrower shall be entitled to withdraw from the Loan Account (i) such amounts as shall have

[1] Came into force on 7 October 1963, upon notification by the Bank to the Government of Denmark.

[2] See p. 188 of this volume.

been paid for the reasonable cost of goods to be financed under the Loan Agreement ; and (ii), if the Bank shall so agree, such amounts as shall be required to meet payments to be made for the reasonable cost of such goods. Except as shall be otherwise agreed between the Bank and the Borrower, no withdrawals shall be made on account of (*a*) expenditures prior to August 1, 1962 or (*b*) expenditures in the territories of any country which is not a member of the Bank (other than Switzerland) or for goods produced in (including services supplied from) such territories."

(*c*) Section 10.01 (10) of the Loan Regulations is amended by the deletion of the word "Project" and the substitution therefor of the word "Projects".

Section 1.03. Unless the context shall otherwise require, the following terms shall have the following meanings :

(*a*) "Beneficiaries" means Interessentskabet Nordjyllands Elektricitetsforsyning, Sydoestsjaellands Elektricitets Aktieselskab, Interessentskabet Vestkraft, Interessentskabet Midtkraft, and Andelsselskabet Bornholms Hoejspaendingsvaerk.

(*b*) "Subsidiary Loan Agreements" means the agreements between the Borrower and the Beneficiaries referred to in Section 5.07 of this Agreement.

(*c*) "Subsidiary Loans" means the loans provided for in the respective Subsidiary Loan Agreements.

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 twenty-five million dollars ($25,000,000).

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. 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 2.04. 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 2.05. 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 (½ 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 February 1 and August 1 in each year.

Section 2.07. The Borower shall repay the principal of the Loan in accordance with the amortization schedule set forth in Schedule 1 [1] to this Agreement.

Article III

Use of Proceeds of 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 Projects described in Schedule 2 [2] to this Agreement. The amounts of the Loan to be allocated to the individual Projects, 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 exclusively in the carrying out of the Projects.

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 Projects to be carried out with due diligence and efficiency and in conformity with sound engineering and financial practices and shall cause each of the Beneficiaries to operate its properties and main-

[1] See p. 186 of this volume.
[2] See p. 186 of this volume.

tain its financial position in accordance with sound business and public utility practices.

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

(*c*) The Borrower shall : (i) maintain or cause to be maintained records adequate to show the application of the proceeds of the Subsidiary Loans, to disclose the use thereof in the Projects, to record the progress of the Projects (including the cost thereof) and to reflect in accordance with consistently maintained sound accounting practices the operations and financial condition of each of the Beneficiaries ; (ii) enable the Bank's representatives to inspect the Projects, the properties of the Beneficiaries and any relevant records and documents ; and (iii) furnish to the Bank all such information as the Bank shall reasonably request concerning the expenditure of the proceeds of the Loan, the Subsidiary Loans, the Projects and the operations and financial condition of each of the Beneficiaries.

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.

(*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 5.03. 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 or of any of its political subdivisions, or of Danmarks Nationalbank or any other institution acting as the central bank of the Borrower, or of any agency of the Borrower (including Mortgage Bank of Denmark) or of any agency of any political subdivision 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