

No. 7181

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

Loan Agreement—*Road Project* (with annexed Loan Regulations No. 3). Signed at Washington, on 25 October 1963

Official text: English.

Registered by the International Bank for Reconstruction and Development on 24 March 1964.

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

**Contrat d'emprunt — *Projet relatif au réseau routier*
(avec, en annexe, le Règlement n° 3 sur les emprunts).
Signé à Washington, le 25 octobre 1963**

Texte officiel anglais.

*Enregistré par la Banque internationale pour la reconstruction et le développement
le 24 mars 1964.*

No. 7181. LOAN AGREEMENT¹ (*ROAD PROJECT*) BETWEEN SPAIN AND THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT. SIGNED AT WASHINGTON, ON 25 OCTOBER 1963

AGREEMENT, dated October 25, 1963, between SPAIN (hereinafter called the Borrower) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank).

Article I

LOAN REGULATIONS; 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 in respect of expenditures in currencies other than the currency of the Borrower.

(b) Section 4.01 of the Loan Regulations is deleted.

Section 1.02. Unless the context otherwise requires, the term "Pilot Maintenance Program," wherever used in this Agreement or in the Loan Regulations, means the pilot maintenance program described in Part II of the Project.

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 thirty-three million dollars (\$33,000,000).

¹ Came into force on 11 March 1964, upon notification by the Bank to the Government of Spain.

² See p. 314 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 Accounts 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 The amount of the Loan may be withdrawn from the Loan Account as provided in, and subject to the rights of cancellation and suspension set forth in, this Agreement and the Loan Regulations.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. 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) 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 paid for the reasonable cost of goods required for carrying out Part I of the Project; and
- b) such amounts as shall have been expended for the reasonable cost of equipment acquired for Part II of the Project and, if the Bank shall so agree, such amounts as shall be required by the Borrower to meet payments for such equipment;

provided, however, that no withdrawals shall be made on account of : (i) expenditures prior to April 1, 1963; 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 in respect of expenditures in the currency of the Borrower or for goods produced in (including services supplied from) the territories of the Borrower 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.

Section 2.08. Interest and other charges shall be payable semi-annually on April 15 and October 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. 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* 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 at all times make available promptly as needed all sums which shall be required for the carrying out of the Project.

(c) Except as the Bank shall otherwise agree, the Borrower shall, in the carrying out 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. 312 of this volume.

(d) Except as the Borrower and the Bank shall otherwise agree, the works included in Part I of the Project shall be carried out by contractors acceptable to the Borrower and the Bank employed under contracts satisfactory to the Borrower and the Bank.

Section 5.02. (a) The list of road sections to be included in Part I (a) of the Project shall be determined from time to time by agreement between the between Borrower and the Bank, subject to modification by further agreement them.

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

(c) The specific details of the Pilot Maintenance Program shall be as determined by agreement between the Borrower and the Bank, subject to modification by further agreement between them.

Section 5.03. (a) The Borrower and the Bank shall co-operate fully to assure that the purposes of the Loan will be accomplished. To that end, the Borrower and the Bank shall from time to time, at the request of either party, exchange views through their representatives with regard to the performance by the Borrower of its obligations under the Loan Agreement, the administration, operations and financial condition of the agency or agencies of the Borrower responsible for the carrying out of the Project or any part thereof or the maintenance of the roads and bridges included in Part I of the Project, and other matters relating to the purposes of the Loan.

(b) The Borrower shall furnish to the Bank all such information as the Bank shall reasonably request concerning the expenditure of the proceeds of the Loan, the goods financed out of such proceeds, the Project, and the administration, operations and financial condition of the agency or agencies of the Borrower responsible for the carrying out of the Project or any part thereof or the maintenance of the roads and bridges included in Part I of the Project.

(c) 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, the maintenance of the service thereof or the performance by the Borrower of its obligations under the Loan Agreement. 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.

(d) 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.