

No. 7474

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

Loan Agreement—Road Project (with annexed Loan Regulations No. 3). Signed at Washington, on 10 July 1964

Official text: English.

*Registered by the International Bank for Reconstruction and Development on
20 November 1964.*

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

Contrat d'emprunt — *Projet relatif aux routes (avec, en annexe, le Règlement n° 3 sur les emprunts).* Signé à Washington, le 10 juillet 1964

Texte officiel anglais.

*Enregistré par la Banque internationale pour la reconstruction et le développement
le 20 novembre 1964.*

No. 7474. LOAN AGREEMENT¹ (*ROAD PROJECT*) BETWEEN THE REPUBLIC OF FINLAND AND THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT. SIGNED AT WASHINGTON, ON 10 JULY 1964

AGREEMENT, dated July 10, 1964, between REPUBLIC OF FINLAND (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, 1961² subject, however, to the modification thereof set forth in Section 1.02 of this Agreement, with the same force and effect as if they were fully set forth herein (said Loan Regulations No. 3 as so modified being hereinafter called the Loan Regulations).

Section 1.02. For the purposes of this Agreement the provisions of the Loan Regulations shall be deemed to be modified as follows :

Section 4.01 of the Loan Regulations is deleted.

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 eight million five hundred thousand dollars (\$28,500,000).

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 The amount of the Loan may be withdrawn from the Loan Account as provided in, and subject to the rights of cancellation and suspension set forth in, this Agreement and the Loan Regulations.

¹ Came into force on 21 August 1964, upon notification by the Bank to the Government of Finland.

² See p. 142 of this volume.

Section 2.03. Except as the Borrower and 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 expenditures in respect of works referred to in Part I of Schedule 2¹ to this Agreement) for the reasonable cost of goods to be financed out of the proceeds of the Loan, or, 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;
- (b) such amounts as shall be the equivalent of a percentage or percentages as may from time to time be established by agreement between the Borrower and the Bank of such amounts as shall have been expended for the reasonable cost of works referred to in Part I of Schedule 2 to this Agreement;

provided, however, that no withdrawals shall be made on account of : (i) expenditures prior to May 1, 1964, 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. The Borrower shall pay to the Bank a commitment charge at the rate of three-eighths of one per cent ($\frac{3}{8}$ of 1 %) per annum on the principal amount of the Loan not so withdrawn and outstanding from time to time.

Section 2.05. 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 2.06. 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 semi-annually on March 15 and September 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 1¹ to this Agreement.

Article III

USE OF PROCEEDS OF LOAN

Section 3.01. The Borrower shall apply the proceeds of the Loan exclusively to financing the cost of goods required to carry out the Project. The specific

¹ See p. 140 of this volume.

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 exclusively in the carrying out of the Project.

Section 3.03. Pursuant to the second sentence of Section 3.02 of the Loan Regulations, the Borrower and the Bank agree that any withdrawals (i) pursuant to Section 2.03 (b) of this Agreement and (ii) on account of any expenditures in the currency of the Borrower or for goods produced in the territories of the Borrower, shall be made in such currency or currencies as the Bank shall reasonably elect.

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 accordance with sound engineering, administrative and financial practices.

(b) The Borrower shall cause all roads included in the Project to be operated, maintained and repaired in accordance with sound engineering and highway practices and shall cause the equipment included in the Project to be operated and maintained in accordance with sound engineering and administrative practices.

(c) In furtherance of the purposes of (a) and (b) of this Section, the Borrower shall, *inter alia*, make available, or cause to be made available, promptly as needed all funds and other resources which shall be required therefor.

(d) In carrying out Part I. A. of the Project, the Borrower shall employ engineering consultants acceptable to, and upon terms and conditions satisfactory to, the Borrower and the Bank.

(e) The general design standards to be used for the roads included in the Project shall be satisfactory to the Borrower and the Bank.

(f) Except as the Bank shall otherwise agree, the works referred to in Part I 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.

(g) The list of roads included in Part I. B. of the Project shall be determined by agreement between the Borrower and the Bank, subject to modification by further agreement between them.

Section 5.02. (a) The Borrower shall cause to be furnished to the Bank, promptly upon their preparation, the plans, specifications and construction schedules for the Project and any material modifications subsequently made therein, in such detail as the Bank shall from time to time request.

(b) The Borrower : (i) 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) 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, operation and maintenance of the Project or any part thereof; (ii) shall enable the Bank's representatives to inspect the Project, the operation thereof, the goods and any relevant records and documents; and (iii) 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, the goods, and the operations and financial condition of the agency or agencies of the Borrower responsible for the construction, operation and maintenance of the Project or any part thereof.

Section 5.03. The Borrower and the Bank shall cooperate fully to assure that the purposes of the Loan will be accomplished. To that end :

(a) 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 progress of the Project, 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 construction,