No. 7758

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT and ECUADOR

Loan Agreement—*Second Higbway Project* (with annexed Loan Regulations No. 3). Signed at Washington, on 26 May 1964

Official text: English.

Registered by the International Bank for Reconstruction and Development on 10 May 1965.

BANQUE INTERNATIONALE POUR LA RECONSTRUCTION ET LE DÉVELOPPEMENT et ÉQUATEUR

Contrat d'emprunt — *Deuxième projet relatif au réseau routier* (avec, en annexe, le Règlement n° 3 sur les emprunts). Signé à Washington, le 26 mai 1964

Texte officiel anglais.

Enregistré par la Banque internationale pour la reconstruction et le développement le 10 mai 1965.

No. 7758. LOAN AGREEMENT[1] (*SECOND HIGHWAY PROJECT*) BETWEEN THE REPUBLIC OF ECUADOR AND THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT. SIGNED AT WASHINGTON, ON 26 MAY 1964

AGREEMENT, dated May 26, 1964, between REPUBLIC OF ECUADOR (hereinafter called the Borrower) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank).

WHEREAS (A) Prior to the date of this Agreement, the Borrower has obtained from the Bank and other lenders financial assistance for highway construction, betterment and maintenance as follows :

(i) By Agreement dated November 6, 1959 hereinafter called the DLF Loan Agreement), the Development Loan Fund (hereinafter called the DLF), an agency of the United States of America, has agreed to make a loan (hereinafter called the DLF Loan) to the Borrower in an amount in various currencies equivalent to $5,300,000, on the terms and conditions set forth in such DLF Loan Agreement;

(ii) By Agreement dated September 20, 1957[2] (hereinafter called the First Bank Loan Agreement), the Bank has agreed to make a loan (hereinafter called the First Bank Loan) to the Borrower in an amount in various currencies equivalent to $14,500,000, on the terms and conditions set forth in such First Bank Loan Agreement; and

(iii) By Agreement dated September 1, 1963 (hereinafter called the First AID Loan Agreement), the Agency for International Development (hereinafter called the AID), an agency of the United States of America, has agreed to make a loan (hereinafter called the First AID Loan) to the Borrower in an amount in various currencies equivalent to $2,700,000, on the terms and conditions set forth in such First AID Loan Agreement;

WHEREAS (B) The Borrower is engaged in the carrying out of a five-year highway development program (hereinafter called the Highway Development Program) for the construction, reconstruction, betterment and maintenance of various highways of the national highway system of the Borrower, such Highway

[1] Came into force on 24 December 1964, upon notification by the Bank to the Government of Ecuador.
[2] United Nations, *Treaty Series*, Vol. 289, p. 237.

Development Program forming part of a ten-year transportation investment program (hereinafter called the Transportation Investment Program) within the *Plan General de Desarrollo Económico y Social* of the Borrower for the development of the general transportation sector in the territories of the Borrower;

WHEREAS (C) The Borrower has taken measures intended to increase substantially the resources to be made available for the carrying out of the Highway Development Program and has requested the Bank and certain lenders in addition to the Bank to assist in the financing of the Highway Development Program as follows:

(i) By Agreement of even date herewith (hereinafter called the Second AID Loan Agreement), the AID has agreed to make a loan (hereinafter called the Second AID Loan) to the Borrower in an amount in various currencies equivalent to $13,300,000 on the terms and conditions set forth in such Second AID Loan Agreement;

(ii) By Agreement of even date herewith (hereinafter called the IADB Loan Agreement), the Inter-American Development Bank (hereinafter called the IADB) has agreed to make a loan (hereinafter called the LADB Loan) to the Borrower in an amount in various currencies equivalent to $6,000,000 on the terms and conditions set forth in such IADB Loan Agreement; and

(iii) By Agreement of even date herewith (hereinafter called the Credit Agreement), the International Development Association (hereinafter called the Association) has agreed to make a credit (hereinafter called the Association Credit) to the Borrower in an amount in various currencies equivalent to $8,000,000 on the terms and conditions set forth in such Credit Agreement;[1]

WHEREAS (D) The Bank has agreed to make a loan to the Borrower in an amount in various currencies equivalent to nine million dollars ($9,000,000) on the terms and conditions hereinafter set forth, but only on condition that the Banco Central del Ecuador accept its obligations under Section 5.04 of this Agreement; and

WHEREAS (E) The Banco Central del Ecuador, in consideration of the Bank's entering into this Agreement with the Borrower, has agreed to accept such obligations of Banco Central del Ecuador and to evidence its acceptance thereof by causing this Agreement to be signed by its duly authorized representative;

NOW THEREFORE the parties hereto hereby agree as follows:

[1] See p. 93 of this volume.

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,[1] subject, however, to the modifications thereof set forth in Schedule 3[1] to 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. Except where the context otherwise requires, the following terms shall have the following meanings wherever used in this Agreement:

(*a*) The term " Fondo Nacional de Carreteras " shall mean the fund created by Decree No. 530 of the Borrower published in the *Registro Oficial* No. 208 of March 18, 1964;

(*b*) The term " highway debt of the Borrower " shall mean collectively (i) the debts incurred or to be incurred by the Borrower under this Agreement, the First Bank Loan Agreement, the DLF Loan Agreement, the First AID Loan Agreement, the Second AID Loan Agreement, the IADB Loan Agreement and the Credit Agreement, and (ii) all other debts incurred by the Borrower and specified in Article 5 of the Decree No. 530 of the Borrower published in the *Registro Oficial* No. 208 of March 18, 1964;

(*c*) The term " sucres " shall mean the currency of the Borrower.

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 nine million dollars ($9,000,000).

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 this Loan Agreement, and subject to such other conditions as may be agreed between the Borrower and the Bank; provided, however, that, except as shall be otherwise agreed between the Borrower and the Bank,

[1] See p. 144 of this volume.

(*a*) no withdrawals shall be made on account of expenditures prior to such date or dates as shall be agreed upon between the Borrower and the Bank,[1] and

(*b*) no withdrawals shall be made in respect of expenditures relating to Parts E and F of the Project described in Schedule 2 to this Agreement until the conditions set forth in paragraph (*b*) of Section 2.03 of the Credit Agreement shall have been fulfilled.

Section 2.03. Except as the Borrower and the Bank shall otherwise agree, payments by the Bank of amounts which the Borrower is entitled to withdraw from the Loan Account shall be made for the account of the Borrower to Banco Central del Ecuador for crediting the equivalent in sucres of such amounts to the Project Revolving Fund described in Section 5.12 of this Agreement.

Section 2.04. The Borrower shall pay to the Bank a commitment charge at the rate of three-fourths of one per cent ($^3/_4$ of 1 %) per annum on the principal amount of the Loan not withdrawn from time to time from the Loan Account.

Section 2.05. The Borrower shall pay interest at the rate of five and one-half per cent ($5^1/_2$ %) 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 ($^1/_2$ 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 February 1 and August 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 1 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 Parts A, B, C, E and F of the Project described in Schedule 2[2] to this Agreement. The specific goods to be financed out of the proceeds of the Loan and the methods

[1] The following information was provided by the International Bank for Reconstruction and Development: " By supplemental letter dated May 26, 1964, the Borrower and the Bank have agreed upon the following dates : (i) October 1, 1962 with respect to expenditures for Parts A and C of the Project; (ii) May 1, 1964 with respect to expenditures for Part B of the Project; and (iii) Effective Date with respect to expenditures for Parts E and F of the Project."

[2] See p. 142 of this volume.