No. 7999

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT and PARAGUAY

Loan Agreement—*Road Project* (with annexed Loan Regulations No. 3). Signed at Washington, on 16 December 1964

Official text: English.

Registered by the International Bank for Reconstruction and Development on 3 December 1965.

BANQUE INTERNATIONALE POUR LA RECONSTRUCTION ET LE DÉVELOPPEMENT et PARAGUAY

Contrat d'emprunt — *Projet relatif au réseau routier* (avec, en annexe, le Règlement n° 3 sur les emprunts). Signé à Washington, le 16 décembre 1964

Texte officiel anglais.

Enregistré par la Banque internationale pour la reconstruction et le développement le 3 décembre 1965.

No. 7999. LOAN AGREEMENT[1] (*ROAD PROJECT*) BETWEEN THE REPUBLIC OF PARAGUAY AND THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT. SIGNED AT WASHINGTON, ON 16 DECEMBER 1964

AGREEMENT, dated December 16, 1964, between REPUBLIC OF PARAGUAY (hereinafter called the Borrower) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank).

WHEREAS by an agreement with the Borrower dated October 26, 1961[2] (hereinafter called the Credit Agreement) the International Development Association has made available to the Borrower, on the terms and conditions set forth in said Credit Agreement, a development credit in an amount in various currencies equivalent to six million dollars ($6,000,000) for the purpose of assisting in the financing of a road construction and maintenance project which is being carried out by the Borrower ; and

WHEREAS the Borrower has requested the Bank to grant a supplementary loan for the same purpose ;

NOW THEREFORE the parties hereto hereby agree as follows :

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,[3] with the same force and effect as if they were fully set forth herein, subject, however, to the following modification thereof (said Loan Regulations No. 3, as so modified, being hereinafter called the Loan Regulations) : Section 4.01 of the Loan Regulations is deleted.

Section 1.02. Except where the context otherwise requires, the term "Project" wherever used in this Loan Agreement means the project for which the Loan is

[1] Came into force on 9 September 1965, upon notification by the Bank to the Government of Paraguay.
[2] United Nations, *Treaty Series*, Vol. 447, p. 277.
[3] See p. 186 of this volume.

granted as described in Schedule 1 of the Credit Agreement and as the description thereof shall be amended from time to time by agreement among the Borrower, the Bank and the International Development Association.

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 two hundred thousand dollars ($2,200,000).

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 Loan Agreement.

Section 2.03. Except as the Borrower and the Bank shall otherwise agree :

(*a*) The Borrower shall be entitled, subject to the provisions of this Agreement, to withdraw from the Loan Account : (i) the equivalent of a percentage to be established from time to time by agreement between the Borrower and the Bank of such amounts as shall have been expended by the Borrower for the reasonable cost of goods (other than consultants' services) required for carrying out Part A of the Project; and (ii) such amounts as shall have been otherwise expended (other than for goods produced in, including services supplied from, the territories of the Borrower or for expenditures in currency of the Borrower) for the reasonable cost of goods required for carrying out the Project and not included in (i) hereof ; and (iii) if the Bank shall so agree, such amounts as shall be required to meet payments to be made for the reasonable cost of the foregoing.

(*b*) Withdrawals from the Loan Account on account of expenditures specified in (i) of sub-section (*a*) of this Section shall be in dollars or such other currency or currencies, other than currency of the Borrower, as the Bank shall from time to time reasonably select.

(*c*) Notwithstanding the foregoing provisions of this Section, no withdrawals shall be made on account of (i) expenditures made prior to September 10, 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 (3/8 of 1%) per annum on the principal amount of the Loan not so withdrawn from time to time.

Section 2.05. The Borrower shall pay interest at the rate of five and one-half per cent (5½%) 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 (½ of 1%) per annum on the principal amount of any such special commitment outstanding from time to time.

Section 2.07. Interest and other charges shall be payable semi-annually on February 15 and August 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 the Schedule 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* and the *Director del Tesoro* of the Borrower and such person or persons as they 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. Sections 4.01, 4.02, 4.03, 4.06 and 4.07 of the Credit Agreement are hereby incorporated into this Loan Agreement with the same force and effect