No. 8188

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT and HONDURAS

Loan Agreement — *North Road Project* (with annexed Loan Regulations No. 3). Signed at Washington, on 2 February 1965

Official text : English.

Registered by the International Bank for Reconstruction and Development on 28 April 1966.

BANQUE INTERNATIONALE POUR LA RECONSTRUCTION ET LE DÉVELOPPEMENT et HONDURAS

Contrat d'emprunt — *Projet relatif à la route du Nord* (avec, en annexe, le Règlement n° 3 sur les emprunts). Signé à Washington, le 2 février 1965

Texte officiel anglais.

Enregistré par la Banque internationale pour la reconstruction et le développement le 28 avril 1966.

No. 8188. LOAN AGREEMENT[1] (*NORTH ROAD PROJECT*) BETWEEN THE REPUBLIC OF HONDURAS AND THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT. SIGNED AT WASHINGTON, ON 2 FEBRUARY 1965

AGREEMENT, dated February 2, 1965, between REPUBLIC OF HONDURAS (hereinafter called the Borrower) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank).

WHEREAS the Borrower has requested the Bank and other lenders to assist in the financing of construction and maintenance of the North Road as follows :

(i) The Inter-American Development Bank (hereinafter called the IADB) will make loans (hereinafter called the IADB Loans) to the Borrower in a total amount in various currencies equivalent to nine million five hundred thousand dollars (($9,500,000) on the terms and conditions to be set forth in agreements (hereinafter called the IADB Loan Agreements) ; and

(ii) By Agreement of even date herewith (hereinafter called the Credit Agreement, [2] the International Development Association (hereinafter called the Association) has agreed to make a credit (hereinafter called the Credit) to the Borrower in an amount in various currencies equivalent to three million five hundred thousand dollars ($ 3,500,000) on the terms and conditions set forth in such Credit Agreement ;

WHEREAS the Bank has agreed to make a loan to the Borrower in an amount in various currencies equivalent to six million dollars ($6,000,000) on the terms and conditions hereinafter set forth ;

NOW THEREFORE the parties hereto hereby agree as follows :

Article 1

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, 1961, [3] subject, however, to the modifications set forth in Schedule 3 to this Agree-

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[1] Came into force on 1 February 1966, upon notification by the Bank to the Government of Honduras.
[2] See p. 279 of this volume.
[3] See p. 276 of this volume.

ment (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.

Article II

The Loan

Section 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions in the Loan Agreement set forth or referred to, an amount in various currencies equivalent to six million dollars ($6,000,000).

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, the Loan Agreement.

Section 2.03. Except as the Bank shall otherwise agree, the Borrower shall be entitled, subject to the provisions of the Loan Agreement, 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 the carrying out of the Project ; and

(*b*) if the Bank shall so agree, such amounts as shall be required by the Borrower to meet payments under (*a*) hereof ;

provided, however, that no withdrawals shall be made on account fo : (i) payments made prior to the date of this Agreement ; 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 ; or (iii) any expenditures unless and until all amounts under the Credit Agreement shall have been disbursed or cancelled.

Section 2.04. Withdrawals from the Loan Account pursuant to Section 2.03 of this Agreement 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-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 2.06. The Borrower shall pay interest at the rate of five and one-half per cent (5 ½ %) 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 (½ 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 1 and October 1 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 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 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 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 conformity with sound engineering and financial practices.

(*b*) In carrying out the Project, the Borrower shall employ, or cause to be employed, qualified and experienced consultants, acceptable to, and to an extent and upon terms and conditions satisfactory to, the Borrower and the Bank.

(*c*) Except as the Bank shall otherwise agree, the Borrower shall cause all construction included in the Project to be carried out by contractors acceptable to the Bank and employed under contracts satisfactory to the Bank.

(*d*) The general design standards including the type of surfacing (pavement) to be used for Parts A and B of the Project shall be determined by agreement between the Borrower and the Bank, subject to modification by further agreement between them.

(*e*) Upon request from time to time by the Bank, the Borrower shall promptly furnish or cause to be furnished to the Bank the plans, specifications and work schedules for the Project and any material modifications subsequently made therein, in such detail as the Bank shall request.

(*f*) The Borrower 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, administration and financial condition of the agency or agencies responsible for the carrying out of the Project or any part thereof ; shall enable the Bank's representatives to inspect the Project, the goods and any relevant records and documents ; and shall furnish or cause to be furnished 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, administration and financial condition of the agency or agencies responsible for the carrying out of the Project or any part thereof.

Section 5.02. The Borrower shall at all times make or cause to be made available, promptly as needed, all sums and other resources required for the carrying out of the Project.

Section 5.03. (*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.