No. 8264

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT and SPAIN

Loan Agreement—*Ports Project* (with annexed Loan Regulations No. 3). Signed at Washington, on 29 September 1965

Official text: English.

Registered by the International Bank for Reconstruction and Development on 19 July 1966.

BANQUE INTERNATIONALE POUR LA RECONSTRUCTION ET LE DÉVELOPPEMENT et ESPAGNE

Contrat d'emprunt — *Projet de travaux portuaires* (avec, en annexe, le Règlement nº 3 sur les emprunts). Signé à Washington, le 29 septembre 1965

Texte officiel anglais.

Enregistré par la Banque internationale pour la reconstruction et le développement le 19 juillet 1966.

No. 8264. LOAN AGREEMENT[1] (*PORTS PROJECT*) BETWEEN SPAIN AND THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT. SIGNED AT WASHINGTON, ON 29 SEPTEMBER 1965

AGREEMENT, dated September 29, 1965, between SPAIN (hereinafter called the Borrower) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank).

Article I

LOAN REGULATIONS; 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,[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 shall be deleted.

(*c*) Section 9.04 of the Loan Regulations shall be deleted.

Section 1.02. Unless the context otherwise requires, the following terms, wherever used in the Loan Agreement, shall have the following meanings:

(*a*) The term "Project Ports" means the ports of Barcelona, Huelva, La Luz y Las Palmas and Pasajes.

(*b*) The term "Part B Ports" means the ports of Alicante, Almería, Avilés, Bilbao, Cádiz, Cartagena, Gijón-Musel, La Coruña, Málaga, Palma de Mallorca, Santander, Sevilla, Tarragona, Valencia, Vigo, Pontevedra and Villagarcía de Arosa, for which port equipment will be provided for use therein as described in Part B of the Project.

(*c*) The term "Principles of Autonomy" means such fundamental rules of port management and finances as shall be agreed between the Borrower and the Bank, and in the implementation of which legislation, in form and substance

[1] Came into force on 31 January 1966, upon notification by the Bank to the Government of Spain.

[2] See p. 74 of this volume.

satisfactory to the Borrower and the Bank, is to be enacted by the Borrower enabling it to entrust any of the ports of the Borrower with such powers and functions and to impose thereon such duties and liabilities, all as more fully provided in Section 5.08 of this Agreement.

(*d*) The term " Ports Finances Law " means the legislative measures, to be enacted by the Borrower as required by Section 7.01 of this Agreement, setting forth financial and other provisions (including provisions with respect to port rates) applicable to all the ports of the Borrower, as provided in Section 5.08 (*c*) of this Agreement.

(*e*) The term " Ports Development Plan " means the 1964-1967 port investment program of the Borrower for the modernization and development of all the ports of the Borrower established pursuant to Law No. 194 of December 28, 1963, together with any amendment or amendments of the Ports Development Plan.

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 forty million dollars ($40,000,000).

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. (*a*) Except as the Borrower and the Bank shall otherwise agree, the Borrower shall be entitled, subject to the provisions of the Loan Agreement, to withdraw from the Loan Account :

(1) 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 construction required for carrying out the Project; and

(2) such amounts as shall have been expended for the reasonable cost of equipment acquired for the Project and not included in the foregoing, 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, 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.

(*b*) Notwithstanding any other provision of the Loan Agreement, unless the Bank shall otherwise agree, the Borrower shall not be entitled to make withdrawals from the Loan Account in respect of goods for the minerals pier and the petroleum pier described in Part A 2 (*a*) of the Project until firm arrangements, in form and substance satisfactory to the Borrower and the Bank, have been made in respect of the utilization of such piers and the other works and facilities related thereto by the principal prospective users of such piers, works and facilities; provided, however, that if evidence satisfactory to the Bank of such arrangements has not been furnished to it within nine months of the date of this Agreement, the Bank, at its option, may at any time thereafter by notice to the Borrower cancel an amount of the Loan not in excess of the equivalent of two million eight hundred and fifty thousand dollars ($2,850,000).

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-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 ($5^1/_2$%) 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 ($^1/_2$ 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 June 1 and December 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 *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 Borrower and the Bank shall otherwise agree, the Borrower shall cause the works included in the Project to 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 Borrower and the Bank shall cooperate 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 ports of the Borrower, 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 thereof, and other matters relating to the purposes of the Loan.