No. 8287

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT and PARAGUAY

Loan Agreement—*Second Road Project* (with annexed Loan Regulations No. 3). Signed at Washington, on 4 April 1966

Official text: English.

Registered by the International Bank for Reconstruction and Development on 1 August 1966.

BANQUE INTERNATIONALE POUR LA RECONSTRUCTION ET LE DÉVELOPPEMENT et PARAGUAY

Contrat d'emprunt — *Deuxième projet de construction de routes* (avec, en annexe, le Règlement n° 3 sur les emprunts). Signé à Washington, le 4 avril 1966

Texte officiel anglais.

Enregistré par la Banque internationale pour la reconstruction et le développement le 1er août 1966.

No. 8287. LOAN AGREEMENT[1] (SECOND ROAD PROJECT) BETWEEN THE REPUBLIC OF PARAGUAY AND THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT. SIGNED AT WASHINGTON, ON 4 APRIL 1966

AGREEMENT, dated April 4, 1966, between REPUBLIC OF PARAGUAY (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, 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):

Sections 4.01 and 9.04 are deleted.

Article II

THE LOAN

Section 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions in this Loan Agreement set forth or referred to, an amount in various currencies equivalent to two million one hundred thousand dollars ($2,100,000).

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 The amount of the Loan may be withdrawn from the Loan Account as provided in, and subject to the rights of cancellation and suspension set forth in, this Loan Agreement.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. (*a*) The Borrower shall be entitled to withdraw from the Loan Account: (i) the equivalent of a percentage or percentages to be established from time to time by agreement between the Borrower and the Bank of such

[1] Came into force on 20 July 1966, upon notification by the Bank to the Government of Paraguay.

[2] See p. 58 of this volume.

amounts as shall have been paid or, if the Bank shall so agree, as shall be required to meet payments to be made for the reasonable cost of construction work required for carrying out the part of the Project described in paragraph 1 of Schedule 2 to this Agreement and to be financed under this Loan Agreement; and (ii) such amounts as shall have been paid or, if the Bank shall so agree, as shall be required to meet payments to be made for the reasonable foreign exchange cost of other goods required for carrying out the Project and to be financed under this Loan Agreement.

(*b*) Unless the Bank shall otherwise agree, the term " foreign exchange cost ", for the purposes of this Section, shall exclude expenditures in currency of the Borrower or for goods produced in (including services supplied from) the territories of the Borrower.

(*c*) Except as shall be otherwise agreed between the Borrower and the Bank, no withdrawals shall be made on account of (i) expenditures prior to January 1, 1966, or (ii) expenditures 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. Withdrawals pursuant to paragraph (*a*) (i) of Section 2.03 shall be made in such 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 six per cent (6%) 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 commitment outstanding from time to time.

Section 2.08. Interest and other charges shall be payable semi-annually on February 15 and August 15 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 described in Schedule 2 to this Agreement. The specific goods to be financed out 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, administrative and financial practices, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the purpose.

(*b*) In carrying out the Project the Borrower shall employ competent and experienced engineering consultants acceptable to the Borrower and the Bank upon terms and conditions satisfactory to the Borrower and the Bank.

(*c*) Except as the Bank shall otherwise agree, the road and structures referred to in paragraph 1 of Schedule 2 to this Agreement shall be constructed or improved by contractors acceptable to the Borrower and the Bank, employed under contracts satisfactory to the Bank.

(*d*) The general design standards and the type of surfacing to be used for the road and structures referred to in paragraph 1 of Schedule 2 to this Agreement 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.

Section 5.02. 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 and financial condition with respect to the Project of the agency or agencies of the Borrower 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 of the Borrower responsible for the carrying out of the Project or any part thereof or the maintenance of the main road network.

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.

(*b*) 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 operations, administration 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 of the main road network and other matters relating to the purposes of the Loan.

(*c*) The Borrower shall promptly inform the Bank of any condition which interferes with, or threatens to interfere with, the accomplishment of the purposes of the Loan or the maintenance of the service thereof.