

No. 8480

**INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT
and
IRAQ**

Loan Agreement—*Road Project* (with annexed Loan Regulations No. 3). Signed at Washington, on 22 July 1966

Official text: English.

*Registered by the International Bank for Reconstruction and Development on
21 December 1966.*

**BANQUE INTERNATIONALE POUR
LA RECONSTRUCTION ET LE DÉVELOPPEMENT
et
IRAK**

Contrat d'emprunt — *Projet relatif aux routes* (avec, en annexe, le Règlement n° 3 sur les emprunts). Signé à Washington, le 22 juillet 1966

Texte officiel anglais.

*Enregistré par la Banque internationale pour la reconstruction et le développement
le 21 décembre 1966.*

No. 8480. LOAN AGREEMENT¹ (*ROAD PROJECT*) BETWEEN
THE REPUBLIC OF IRAQ AND THE INTERNATIONAL
BANK FOR RECONSTRUCTION AND DEVELOPMENT.
SIGNED AT WASHINGTON, ON 22 JULY 1966

AGREEMENT, dated July 22, 1966, between REPUBLIC OF IRAQ (hereinafter called the Borrower) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank).

Article I

LOAN REGULATIONS; DEFINITION

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 is deleted.

(c) Section 9.04 of the Loan Regulations is deleted.

Section 1.02. Wherever used in the Loan Agreement, unless the context otherwise requires, the term "Ministry" means the Ministry of Communications of the Borrower, acting by its Director General of Roads and Bridges, any successor thereto or any other agency of the Borrower charged with the responsibility for the roads 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 twenty-three million dollars (\$23,000,000).

¹ Came into force on 20 September 1966, upon notification by the Bank to the Government of Iraq.

² See p. 252 of this volume.

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 this Agreement and the Loan Regulations, 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 expended for the reasonable cost of goods required for carrying out Part I of the Project; and
- (b) such amounts as shall have been expended for the reasonable cost in foreign exchange of goods required to carry out Parts II and III of the Project and, if the Bank shall so agree, such amounts as shall be required by the Borrower to meet payments for such goods;

provided, however, that no withdrawals shall be made on account of (i) expenditures prior to April 1, 1965, 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.

Withdrawals from the Loan Account pursuant to subsection (a) above shall be in dollars or such other currency or currencies as the Bank shall from time to time reasonably select.

Section 2.04. The Borrower shall pay to the Bank a commitment charge at the rate of three-eighths of one per cent ($\frac{3}{8}$ 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 six per cent (6%) 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 ($\frac{1}{2}$ 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 January 15 and July 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 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 (acting through the Ministry) 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) The Borrower shall at all times make available promptly as needed all sums and other resources which shall be required for the carrying out of the Project.

(c) Except as the Bank shall otherwise agree, the Borrower shall, in the carrying out of the Project, employ or cause to be employed engineering consultants and experts acceptable to, and to an extent and upon terms and conditions satisfactory to, the Borrower and the Bank.

(d) Except as the Borrower and the Bank shall otherwise agree, the works included in Part I of the Project shall be carried out by contractors satisfactory to the Borrower and the Bank employed under contracts satisfactory to the Borrower and the Bank.

(e) The Borrower shall cause the Directorate-General of Roads and Bridges of the Ministry at all times to maintain an adequate staff, including in particular sufficient engineering personnel qualified and experienced in the construction and maintenance of roads and the supervision thereof.

Section 5.02. (a) The general design standards to be used for the roads included in Part I of the Project shall be as determined by agreement between the Borrower and the Bank, subject to modification by further agreement between them.

(b) Upon request from time to time by the Bank, the Borrower shall promptly 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 reasonably request.

Section 5.03. (a) The Borrower and the Bank shall cooperate fully to ensure 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 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 for the maintenance of roads and bridges under the jurisdiction of the Ministry and other matters relating to the purposes of the Loan.

(b) The Borrower shall furnish to the Bank all such information as the Bank shall reasonably request concerning the expenditure of the proceeds of the Loan, the goods financed out of such proceeds, the Project, and the administration, operations and financial condition of the agency or agencies of the Borrower responsible for carrying out of the Project or any part thereof or for the maintenance of roads and bridges under the jurisdiction of the Ministry. 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.

(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, the maintenance of the service thereof or the performance by the Borrower of its obligations under the Loan Agreement.

(d) The Borrower shall afford all reasonable opportunity for accredited representatives of the Bank to visit any part of the territories of the Borrower for purposes related to the Loan.

Section 5.04. The Borrower shall maintain 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