

No. 8879

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT
and
HONDURAS

Loan Agreement — *Western Highway Paving Project* (with
annexed Loan Regulations No. 3, as amended). Signed
at Washington, on 26 May 1967

Official text: English.

*Registered by the International Bank for Reconstruction and Development on
29 December 1967.*

BANQUE INTERNATIONALE POUR
LA RECONSTRUCTION ET LE DÉVELOPPEMENT
et
HONDURAS

Contrat d'emprunt — *Projet relatif au pavage du réseau
routier occidental* (avec, en annexe, le Règlement n° 3
sur les emprunts, tel qu'il a été modifié). Signé à
Washington, le 26 mai 1967

Texte officiel anglais.

*Enregistré par la Banque internationale pour la reconstruction et le développe-
ment le 29 décembre 1967.*

No. 8879. LOAN AGREEMENT¹ (*WESTERN HIGHWAY PAVING PROJECT*) BETWEEN THE REPUBLIC OF HONDURAS AND THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT. SIGNED AT WASHINGTON, ON 26 MAY 1967

AGREEMENT, dated May 26, 1967, between REPUBLIC OF HONDURAS (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, as amended February 9, 1967,² 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 is 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 eight million six hundred thousand dollars (\$8,600,000).

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 The amount of the Loan may be withdrawn from the Loan Account as provided in, and subject to the rights of cancellation and suspension set forth in, this Loan Agreement.

¹ Came into force on 15 September 1967, upon notification by the Bank to the Government of Honduras.

² See p. 162 of this volume.

Section 2.03. Except as the Bank shall otherwise agree, the Borrower shall be entitled, subject to the provisions of this Loan Agreement, to withdraw from the Loan Account :

- (a) such amounts as shall have been paid (other than for local currency expenditures) for the reasonable cost of consultants services required for the Project and to be financed out of the proceeds of the Loan ;
- (b) 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 paid for the reasonable cost of construction work required for the Project and to be financed out of the proceeds of the Loan ; and
- (c) if the Bank shall so agree, such amounts as shall be required to meet payments to be made for such goods ;

provided, however, that no withdrawals shall be made on account of : (i) expenditures prior to the Effective Date ; 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.

As used in this Section, the term " local currency expenditures " means expenditures in the currency of the Borrower or for goods produced in (including services supplied from) the territories of the Borrower.

Section 2.04. As an exception to Section 3.02 of the Loan Regulations, withdrawals from the Loan Account pursuant to Section 2.03 of this Loan 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 ($\frac{3}{8}$ 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 ($\frac{1}{2}$ 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 February 1 and August 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 Loan 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 Loan Agreement. The allocation of the proceeds of the Loan, the specific goods to be financed therefrom 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. If and as the Bank shall from time to time request, the Borrower shall execute and deliver Bonds representing the principal amount of the Loan as provided in Article VI of the Loan Regulations.

Section 4.02. The *Ministro de Economía y 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. The Borrower shall carry out the Project with due diligence and efficiency and in conformity with sound engineering and financial practices and shall provide, promptly as needed, the funds, facilities, services and other resources required for the purpose.

Section 5.02. (a) In order to assist it in the carrying out of the Project, the Borrower shall employ competent and experienced consultants acceptable

to, and to an extent and upon terms and conditions satisfactory to, the Borrower and the Bank.

(b) In the carrying out of the Project, the Borrower shall cause the roads included in Parts 1 and 2 of the Project to be reconstructed, paved and surfaced by contractors acceptable to the Borrower and the Bank and employed under contracts satisfactory to the Borrower and the Bank.

(c) The general design standards and the types of pavement (including surfacing) to be used for Parts 1 and 2 of the Project shall be determined by agreement between the Borrower and the Bank, subject to modification by further agreement between them.

(d) 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.

(e) 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 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.

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 exchange views through their representatives with regard to matters relating to the purposes of the Loan and the maintenance of the service thereof and the operations, administration and financial condition of the agency or agencies of the Bor-