No. 9590

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT and CHILE

Loan Agreement—*Second Highway Maintenance Project* (with annexed Loan Regulations No. 3, as amended). Signed at Washington on 19 September 1968

Authentic text: English.

Registered by the International Bank for Reconstruction and Development on 30 May 1969.

BANQUE INTERNATIONALE POUR LA RECONSTRUCTION ET LE DÉVELOPPEMENT et CHILI

Contrat d'emprunt — *Deuxième projet relatif à l'entretien des routes* (avec, en annexe, le Règlement n° 3 sur les emprunts, tel qu'il a été modifié.) Signé à Washington le 19 septembre 1968

Texte authentique: anglais.

Enregistré par la Banque internationale pour la reconstruction et le développement le 30 mai 1969.

LOAN AGREEMENT[1]

AGREEMENT, dated September 19, 1968, between the REPUBLIC OF CHILE (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 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 (said Loan Regulations No. 3 being hereinafter called the Loan Regulations).

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 eleven million six hundred thousand dollars ($11,600,000).

Section 2.02. (*a*) The Bank shall open a Loan Account on its books in the name of the Borrower and shall credit to such Loan Account the amount of the Loan.

(*b*) The amount of the Loan may be withdrawn from the Loan Account as provided in, and subject to the rights of cancellation and suspension set forth in, this Agreement and the Loan Regulations and in accordance with the allocation of the proceeds of the Loan set forth in Schedule 1 to this Agreement, as such allocation shall be modified from time to time pursuant to the provisions of such Schedule or by further agreement between the Borrower and the Bank.

Section 2.03. In respect of items under Category IV of Schedule 1, withdrawals from the Loan Account may be made on account of expenditures

[1] Came into force on 25 April 1969, upon notification by the Bank to the Government of Chile.
[2] See p. 178 of this volume.

therefor made prior to the Effective Date but subsequent to November 1, 1967.

Section 2.04. The Borrower shall pay to the Bank a commitment charge at the rate of three-fourths of one per cent ($^1/_4$ of 1 %) per annum on the principal amount of the Loan not withdrawn from time to time.

Section 2.05. The Borrower shall pay interest at the rate of six and one-half per cent ($6\,^1/_2$ %) per annum on the principal amount of the Loan 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 ($^1/_2$ 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 April 1 and October 1 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 2 to this Agreement.

Article III

Use of Proceeds of the Loan

Section 3.01. The Borrower shall apply the proceeds of the Loan in accordance with the provisions of this Agreement to expenditures on the Project, described in Schedule 3 to this Agreement.

Section 3.02. Except as the Bank shall otherwise agree, (i) the goods to be financed out of the proceeds of the Loan shall be procured on the basis of international competitive bidding in accordance with the *Guidelines for Procurement under World Bank Loans and IDA Credits* published by the Bank in February 1968, and in accordance with such other procedures supplementary thereto as shall be agreed between the Borrower and the Bank, and (ii) contracts for the procurement of such goods shall be subject to the approval of the Bank.

Section 3.03. 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 exclusively in carrying out 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 Ambassador of the Republic of Chile to the United States of America is designated as authorized representative of the Borrower for the purposes of Section 6.12 of the Loan Regulations. Such representative may designate additional or other representatives by appointment in writing notified to the Bank.

Article V

PARTICULAR COVENANTS

Section 5.01. (*a*) The Borrower shall carry out the Project with due diligence and efficiency and in conformity with sound highway-maintenance, engineering, administrative and financial practices, and shall provide, promptly as needed, all funds, facilities, services and other resources required for the purpose.

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

Section 5.02. Upon request from time to time by the Bank, the Borrower shall furnish promptly to the Bank the reports, plans, specifications, contract documents and work schedules for the Project and any material modification subsequently made therein, in such detail as the Bank shall reasonably request.

Section 5.03. (*a*) The Borrower shall: (i) cause the national highway system of the Borrower to be adequately maintained and cause all necessary repairs thereof to be made, all in accordance with sound engineering practices; and (ii) provide, promptly as needed, the funds, facilities, services and other resources required for the foregoing.

(*b*) The Borrower shall (i) cause all of its road-maintenance equipment to be adequately maintained and all necessary repairs and renewals thereof to be made, all in accordance with sound engineering practices; and (ii) cause suitable workshops to be established and maintained in suitable places for the foregoing.

(*c*) The Borrower shall take all necessary action to cause the dimensions and axle loads of the vehicles using the national highway system of the Borrower to be kept within the limits currently provided by the laws and regulations and to ensure permanent and consistent enforcement thereof, and shall consult with the Bank on all proposals to amend or supplement such laws.

(*d*) The Borrower shall maintain suitable facilities to collect and record in accordance with sound statistical methods and procedures such technical, economic and financial information as shall be required for the proper planning of maintenance, improvement and extension of the Borrower's national highway system.

Section 5.04. 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 to be financed out of the proceeds of the Loan, 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 5.05. (*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, the maintenance of the service thereof, the Project, 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.

(*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.

(*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.