No. 4221

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT and ECUADOR

Loan Agreement—*Highway Maintenance and Construction Project* (with annexed Loan Regulations No. 3). Signed at Washington, on 20 September 1957

Official text: English.

Registered by the International Bank for Reconstruction and Development on 18 March 1958.

BANQUE INTERNATIONALE POUR LA RECONSTRUCTION ET LE DÉVELOPPEMENT et ÉQUATEUR

Contrat d'emprunt — *Projet de travaux d'entretien et de construction relatif au réseau routier* (avec, en annexe le Règlement n° 3 sur les emprunts). Signé à Washington, le 20 septembre 1957

Texte officiel anglais.

Enregistré par la Banque internationale pour la reconstruction et le développement le 18 mars 1958.

No. 4221. LOAN AGREEMENT[1] (*HIGHWAY MAINTENANCE AND CONSTRUCTION PROJECT*) BETWEEN THE REPUBLIC OF ECUADOR AND THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT. SIGNED AT WASHINGTON, ON 20 SEPTEMBER 1957

AGREEMENT, dated September 20, 1957, between REPUBLIC OF ECUADOR (hereinafter called the Borrower) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank).

WHEREAS the Bank has agreed to make to the Borrower a loan in various currencies equivalent to fourteen million five hundred thousand dollars ($14,500,000) on the terms and conditions hereinafter set forth, but only on condition that the Banco Central del Ecuador accept its obligations under Section 5.03 of this Agreement; and

WHEREAS the Banco Central del Ecuador, in consideration of the Bank's entering into this Agreement with the Borrower, has agreed to accept such obligations of Banco Central del Ecuador and to evidence its acceptance thereof by causing this Agreement to be signed by its duly authorized representative;

NOW THEREFORE the parties hereto hereby agree as follows :

Article 1

LOAN REGULATIONS; SPECIAL DEFINITIONS

Section 1.01. The parties to this Loan Agreement accept all the provisions of Loan Regulations No. 3 of the Bank dated June 15, 1956,[2] subject, however, to the modification thereof set forth in Schedule 3[3] to this Agreement (said Loan Regulations No. 3 as so modified being hereinafter called the Loan Regulations), with the same force and effect as if they were fully set forth herein.

[1] Came into force on 3 January 1958, upon notification by the Bank to the Government of Ecuador.

[2] See p. 258 of this volume.

[3] See p. 256 of this volume.

Section 1.02. Except where the context otherwise requires, the following terms shall have the following meanings wherever used in this Agreement:

(*a*) The term " First Gasoline Tax " shall mean the gasoline tax created by Emergency Decree Law No. 12 of the Borrower, published in the *Registro Oficial* number 233 of June 8, 1953;

(*b*) The term " net proceeds of the First Gasoline Tax " shall mean the larger of either of the following amounts:

(i) the amount remaining from the gross proceeds of such tax accruing subsequent to December 31, 1957, after deducting such amounts as are required to make payments of principal of, and interest on, the Dollar Obligations of the Borrower; or

(ii) in the year 1958, 54 % of the gross proceeds of such tax, and in each calendar year thereafter, 64 % of the gross proceeds of such tax.

(*c*) The term " Dollar Obligations of the Borrower " shall mean the dollar obligations of the Borrower as described in a separate table agreed upon by the Borrower and the Bank.

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 fourteen million five hundred thousand dollars ($14,500,000).

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 Regulations.

Section 2.03. The Borrower shall pay to the Bank a commitment charge at the rate of three-fourths of one per cent ($^3/_4$ of 1%) per annum on the principal amount of the Loan not so withdrawn from time to time. Notwithstanding the provisions of Section 2.02 of the Loan Regulations, such commitment charge shall accrue from a date sixty days after the date of this Agreement to the respective dates on which amounts shall be withdrawn by the Borrower from the Loan Account as provided in Article IV of the Loan Regulations or shall be cancelled pursuant to Article V of the Loan Regulations.

Section 2.04. The Borrower shall pay interest at the rate of five and three-fourths per cent ($5^3/_4$%) per annum on the principal amount of the Loan so withdrawn and outstanding from time to time.

Section 2.05. 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 $1^0/_0$) per annum on the principal amount of any such special commitments outstanding from time to time.

Section 2.06. Interest and other charges shall be payable semi-annually on March 15 and September 15 in each year.

Section 2.07. The Borrower shall repay the principal of the Loan in accordance with the amortization schedule set forth in Schedule 1[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[2] to this Agreement. 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. 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 del Tesoro* 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. To that end, the Borrower shall employ engineering

[1] See p. 254 of this volume.
[2] See p. 256 of this volume.

consultants acceptable to the Bank upon terms and conditions satisfactory to the Bank, including terms and conditions under which the execution of the Project shall be under the supervision of such consultants.

(*b*) Except as the Bank shall otherwise agree, all roads included in part B of the Project shall be constructed or reconstructed by contractors satisfactory to the Bank employed under contracts satisfactory to the Bank.

(*c*) The general design standards and the types of pavement to be used for the roads included in part B of the Project shall be determined by Agreement between the Borrower and the Bank.

(*d*) The Borrower shall cause to be furnished to the Bank, promptly upon their preparation, the detailed program for part A of the Project and the work program and plans and specifications for part B of the Project, and any material modifications subsequently made therein, in such detail as the Bank shall from time to time 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, and to record the progress of the Project (including the cost thereof) and to reflect in accordance with consistently maintained sound accounting practices the financial condition and operations of the agency or agencies of the Borrower responsible for the execution or operation 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 to the Bank all such information as the Bank shall reasonably request concerning the expenditure of the proceeds of the Loan, the Project, and the goods, and the financial condition and operations of the agency or agencies of the Borrower responsible for the execution or operation of the Project or any part thereof.

(*f*) Without limitation or restriction upon the foregoing provisions of this Section, the Borrower covenants that all designs and specifications to be used in connection with carrying out the Project shall be either prepared or approved by the engineering consultants referred to in paragraph (*a*) of this Section.

Section 5.02. (*a*) The Borrower and the Bank shall co-operate 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