

No. 2562

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

**Loan Agreement—*State of Rio de Janeiro Highway Project*
—(with annexed Loan Regulations No. 3. Signed at
Washington, on 30 April 1953**

Official text: English.

*Registered by the International Bank for Reconstruction and Development on
13 May 1954.*

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

**Contrat d'emprunt — *Projet relatif aux routes de l'État de
Rio-de-Janeiro* — (avec, en annexe, le Règlement n° 3
sur les emprunts). Signé à Washington, le 30 avril 1953**

Texte officiel anglais.

*Enregistré par la Banque internationale pour la reconstruction et le développement
le 13 mai 1954.*

No. 2562. LOAN AGREEMENT¹ (*STATE OF RIO DE JANEIRO HIGHWAY PROJECT*) BETWEEN THE UNITED STATES OF BRAZIL AND THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT. SIGNED AT WASHINGTON, ON 30 APRIL 1953

AGREEMENT, dated April 30, 1953, between the UNITED STATES OF BRAZIL (hereinafter called the Borrower) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank).

Article I

LOAN REGULATIONS; SPECIAL DEFINITIONS

Section 1.01. The parties to this Loan Agreement accept all the provisions of Loan Regulations No. 3² of the Bank dated October 15, 1952 (hereinafter called the Loan Regulations), with the same force and effect as if they were fully set forth herein.

Section 1.02. Except where the context otherwise requires the following terms have the following meanings wherever used in this Loan Agreement or in any Schedule hereto :

(1) The term "Desenvolvimento" means the Banco Nacional do Desenvolvimento Econômico, a legal entity organized and existing under Law No. 1628, dated June 20, 1952, of the Borrower and shall include any successor to the Banco Nacional do Desenvolvimento Econômico.

(2) The term "State" means the State of Rio de Janeiro of the Borrower.

(3) The term "Departamento de Estradas" means the Departamento de Estradas de Rodagem do Estado de Rio de Janeiro, a legal entity of the State organized and existing under the laws of the Borrower and of Decree-Law No. 1673 dated June 17, 1946 of the State and shall include any successor to the Departamento de Estradas de Rodagem do Estado de Rio de Janeiro.

¹ Came into force on 5 November 1953, upon notification by the Bank to the Government of Brazil.

² See p. 146 of this volume.

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, the sum of three million dollars (\$3,000,000), or the equivalent thereof in currencies other than dollars.

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-quarters of one per cent ($\frac{3}{4}$ of 1%) per annum on the principal amount of the Loan not so withdrawn from time to time. The date specified for the purposes of Section 2.02 of the Loan Regulations is June 30, 1953 or the Effective Date, whichever shall be the earlier.

Section 2.04. The Borrower shall pay interest at the rate of four and one-quarter per cent ($4\frac{1}{4}\%$) 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 ($\frac{1}{2}$ of 1%) per annum on the principal amount of such special commitments outstanding.

Section 2.06. Interest and other charges shall be payable semi-annually on January 15 and July 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 1¹ to this Agreement.

Article III

USE OF THE PROCEEDS OF THE LOAN

Section 3.01. The Borrower shall cause the proceeds of the Loan to be applied exclusively to the cost of goods which will be required for the carrying out of the Project described in Schedule 2² to this Agreement. The specific

¹ See p. 144 of this volume.

² See p. 146 of this volume.

goods to be purchased out of the proceeds of the Loan shall be determined by agreement between the Borrower and the Bank, and the list of such goods may be modified from time to time by agreement between them.

Section 3.02. The Borrower shall cause all goods purchased with 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 cause to be furnished to the Bank, promptly upon their preparation, the plans and specifications for the Project and any material modifications subsequently made therein.

(c) The Borrower shall maintain or cause to be maintained records showing the use made of the goods and the progress of the Project (including the cost thereof) and the financial condition and operations of the agency or agencies of the Borrower and of the State (including Departamento de Estradas) responsible for the construction or operation of the Project or any part thereof; shall enable the Bank's representatives to examine 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 goods, the Project, and the financial condition and operations of the agency or agencies of the Borrower and of the State responsible for the construction or operation of the Project or any part thereof.

Section 5.02. (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. The Borrower shall promptly inform the Bank of any condition which shall arise that shall interfere with, or threaten to interfere with, the accomplishment of the purposes of the Loan or the maintenance of the service thereof.

(c) 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 5.03. It is the intention of the Borrower that no other external debt shall have priority over the Loan in the allocation or realization of foreign exchange. Accordingly, the Borrower covenants that, unless the Bank shall otherwise agree in writing, any privilege or priority (including any mortgage, pledge or charge on any property, assets, revenues or receipts of the Borrower or any of its political subdivisions or any agency of any of them) which the Borrower or any such political subdivision or agency shall create or permit to be created as security for the payment of any external debt shall equally and ratably secure the payment of the Loan and the Bonds, and, in the creation of any such privilege or priority, express provision shall be made to that effect; provided, however, that this Section shall not apply (1) to the creation of any mortgage, pledge or other charge or priority on any property purchased, at the time of the purchase, solely as security for the payment of the purchase price of such property; or (2) to any pledge of commercial goods to secure debt maturing not more than one year after the date on which it is originally incurred and to be paid out of the proceeds of sale of such commercial goods; or (3) to any pledge by or on behalf of the Borrower of any of its assets in the ordinary course of banking business to secure any indebtedness maturing not more than one year after its date.

Section 5.04. The principal of, and interest and other charges on, the Loan and the Bonds shall be paid without deduction for and free from any taxes or fees imposed under the laws of the Borrower or laws in effect in its territories; provided, however, that the provisions of this Section shall not apply to taxation of, or fees upon, payments under any Bond to a holder thereof other than the Bank when such Bond is beneficially owned by an individual or corporate resident of the Borrower.

Section 5.05. The Loan Agreement and the Bonds shall be free from any taxes or fees that shall be imposed under the laws of the Borrower or laws in effect in its territories on or in connection with the execution, issue, delivery or registration thereof and the Borrower shall pay all such taxes and fees, if any, imposed under the laws of the country or countries in whose currency the Loan and the Bonds are payable or laws in effect in the territories of such country or countries.

Section 5.06. The principal of, and interest and other charges on, the Loan and the Bonds shall be paid free from all restrictions imposed under the laws of the Borrower or laws in effect in its territories.

Section 5.07. The Borrower shall satisfy the Bank that adequate arrangements have been made to insure the goods financed with the proceeds of the Loan against risks incident to their purchase and importation into the territories of the Borrower.

Article VI

REMEDIES OF THE BANK

Section 6.01. If any event specified in paragraph (a) or paragraph (b) of Section 5.02 of the Loan Regulations shall occur and shall continue for a period of thirty days or if any event specified in paragraph (c) of Section 5.02 of the Loan Regulations shall occur and shall continue for a period of sixty days after notice thereof shall have been given by the Bank to the Borrower, then at any subsequent time during the continuance thereof, the Bank, at its option, may declare the principal of the Loan and of all the Bonds then outstanding to be due and payable immediately, and upon any such declaration such principal shall become due and payable immediately, anything in this Loan Agreement or in the Bonds to the contrary notwithstanding.

Article VII

EFFECTIVE DATE; TERMINATION

Section 7.01. The following event is specified as an additional condition to the effectiveness of this Agreement within the meaning of Section 9.01 (b) of the Loan Regulations : this Loan Agreement shall have been duly registered by the Tribunal de Contas of the Borrower.

Section 7.02. A date 60 days after the date of this Loan Agreement is hereby specified for the purposes of Section 9.04 of the Loan Regulations.

Article VIII

MISCELLANEOUS

Section 8.01. The Closing Date shall be December 31, 1953.

Section 8.02. The following addresses are specified for the purposes of Section 8.01 of the Loan Regulations :

For the Borrower : Ministerio da Fazenda, Esplanada do Castelo 375, Rio de Janeiro, Brasil.

For the Bank : International Bank for Reconstruction and Development, 1818 H Street, N.W., Washington, D.C., U.S.A.

Section 8.03. The Minister of Finance of the Borrower and Desenvolvimento are designated for the purposes of Section 8.03 of the Loan Regulations.

IN WITNESS WHEREOF, the parties hereto, acting through their representatives thereunto duly authorized, have caused this Loan Agreement to be signed in their respective names and delivered in the District of Columbia, United States of America, as of the day and year first above written.

The United States of Brazil
By W. MOREIRA SALLES
Authorized Representative

International Bank for Reconstruction and Development
By Eugene R. BLACK
President

SCHEDULE 1

AMORTIZATION SCHEDULE

<i>Date Payment Due</i>	<i>Payment of Principal (expressed in dollars) *</i>	<i>Principal Amount Outstanding After Each Payment (expressed in dollars) *</i>	<i>Date Payment Due</i>	<i>Payment of Principal (expressed in dollars) *</i>	<i>Principal Amount Outstanding After Each Payment (expressed in dollars) *</i>
		\$3,000,000	January 15, 1957	\$300,000	\$1,200,000
July 15, 1954	\$300,000	2,700,000	July 15, 1957	300,000	900,000
January 15, 1955	300,000	2,400,000	January 15, 1958	300,000	600,000
July 15, 1955	300,000	2,100,000	July 15, 1958	300,000	300,000
January 15, 1956	300,000	1,800,000	January 15, 1959	300,000	
July 15, 1956	300,000	1,500,000			

* To the extent that any part of the Loan is repayable in a currency other than dollars (see Loan Regulations, Section 3.02) the figures in these columns represent dollar equivalents determined as for purposes of withdrawal.

PREMIUMS ON PREPAYMENT AND REDEMPTION

The following percentages are specified as the premiums payable on repayment in advance of maturity of any part of the principal amount of the Loan pursuant to Section 2.05 (b) of the Loan Regulations or on the redemption of any Bond prior to its maturity pursuant to Section 6.16 of the Loan Regulations:

<i>Time of Prepayment or Redemption</i>	<i>Premium</i>
Not more than 6 months before maturity	½%
More than 6 months but not more than 1 year and 6 months before maturity	¾%
More than 1 year and 6 months but not more than 3 years before maturity	1%
More than 3 years before maturity	1½%

SCHEDULE 2

DESCRIPTION OF THE PROJECT

The project consists of the improvement of the transportation system of the State through the use of highway construction, paving, and maintenance equipment and machinery by Departamento de Estradas in the construction, paving, maintenance and repair of the State's main and secondary road system.

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

LOAN REGULATIONS No. 3, DATED 15 OCTOBER 1952

REGULATIONS APPLICABLE TO LOANS MADE BY THE BANK TO MEMBER GOVERNMENTS

[*Not published herein. See United Nations, Treaty Series, Vol. 165, p. 252.*]