

No. 4344

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

Guarantee Agreement—*Second Cassa Project* (with annexed Loan Regulations No. 4 and Loan Agreement—*Second Cassa Project*—between the Bank and Cassa per opere straordinarie di pubblico interesse nell'Italia meridionale (Cassa per il Mezzogiorno)). Signed at Washington, on 6 October 1953

Official text: English.

Registered by the International Bank for Reconstruction and Development on 20 May 1958.

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

Contrat de garantie — *Deuxième Projet de la Cassa* (avec, en annexe, le Règlement n° 4 sur les emprunts et le Contrat d'emprunt — *Deuxième Projet de la Cassa* — entre la Banque et la Cassa per opere straordinarie di pubblico interesse nell'Italia meridionale (Cassa per il Mezzogiorno)). Signé à Washington, le 6 octobre 1953

Texte officiel anglais.

Enregistré par la Banque internationale pour la reconstruction et le développement le 20 mai 1958.

No. 4344. GUARANTEE AGREEMENT¹ (*SECOND CASSA PROJECT*) BETWEEN THE REPUBLIC OF ITALY AND THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT. SIGNED AT WASHINGTON, ON 6 OCTOBER 1953

AGREEMENT, dated October 6, 1953, between REPUBLIC OF ITALY (hereinafter called the Guarantor) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank).

WHEREAS by an agreement of even date herewith between the Bank and Cassa per opere straordinarie di pubblico interesse nell'Italia meridionale (Cassa per il Mezzogiorno) (hereinafter called the Borrower), which agreement and the Schedules therein referred to are hereinafter called the Loan Agreement,² the Bank has agreed to make to the Borrower a loan in the aggregate principal amount of ten million dollars (\$10,000,000) on the terms and conditions set forth in the Loan Agreement, but only on condition that the Guarantor agrees to guarantee such Loan and the obligations of the Borrower in respect thereof; and

WHEREAS in the Loan Agreement the Bank and the Borrower have agreed to accept all the provisions of Loan Regulations No. 4, dated October 15, 1952,² a copy of which has been furnished to the Guarantor, subject, however, to the modifications of said Loan Regulations set forth in Schedule 3⁴ to the Loan Agreement, said Loan Regulations as so modified being hereinafter called the Loan Regulations; and

WHEREAS the Guarantor, in consideration of the Bank's entering into the Loan Agreement with the Borrower, has agreed to guarantee such Loan and the obligations of the Borrower in respect thereof;

NOW THEREFORE, the parties hereto hereby agree as follows :

Article I

Section 1.01. The parties to this Guarantee Agreement accept all the provisions of the Loan Regulations with the same force and effect as if they were fully set forth herein.

¹ Came into force on 13 May 1954, upon notification by the Bank to the Government of Italy.

² See p. 144 of this volume.

³ See p. 160 of this volume.

Section 1.02. Wherever used in this Guarantee Agreement, unless the context shall otherwise require, the respective terms which are defined in Article I of the Loan Agreement shall have the respective meanings therein set forth.

Article II

Section 2.01. Without limitation or restriction upon any of the other covenants on its part in this Guarantee Agreement contained, the Guarantor hereby unconditionally guarantees, as primary obligor and not as surety merely, the due and punctual payment of the principal of, and the interest, commitment charge and service charge, if any, on the Loan, the principal of and interest on the Bonds, the premium, if any, on the prepayment of the Loan or the redemption of the Bonds, and the punctual performance of all the covenants and agreements of the Borrower, all as set forth in the Loan Agreement and in the Bonds.

Section 2.02. Without limitation or restriction upon the provisions of Section 2.01 of this Guarantee Agreement, the Guarantor specifically undertakes, whenever there is reasonable cause to believe that the amount of currency of the Guarantor available to the Borrower will be inadequate to meet the estimated expenditures payable in such currency and required for carrying out the Plan, to make arrangements, satisfactory to the Bank, promptly to provide the Borrower or cause the Borrower to be provided with such amounts of currency of the Guarantor as are needed to meet such expenditures.

Article III

Section 3.01. It is the mutual intention of the Guarantor and the Bank that no other external debt shall enjoy any priority over the Loan by way of a lien on governmental assets. To that end the Guarantor undertakes that, except as the Bank shall otherwise agree, if any lien shall be created on any assets of the Guarantor or any Agency as security for any external debt, such lien shall *ipso facto* equally and ratably secure the payment of the principal of and interest and other charges on the Loan and the Bonds and that in the creation of any such lien express provision shall be made to that effect; provided, however, that this Section shall not apply to (a) any lien created on any property at the time of purchase thereof solely as security for the payment of the purchase price of such property; (b) any lien on commercial goods to secure debt maturing not more than one year after its incurrence and to be paid out of the proceeds of sale of such commercial goods; or (c) any lien created by the Banca d'Italia on any of its assets in the ordinary course of its banking business to secure any indebtedness maturing not more than one year after its incurrence.

Section 3.02. (a) The Bank and the Guarantor shall cooperate fully to assure that the purposes of the Loan shall 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 Guarantor, such information shall include information with respect to financial and economic conditions in the territory of the Guarantor and the international balance of payments position of the Guarantor.

(b) The Guarantor 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 Guarantor 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 Guarantor will at the request of the Bank afford to the Bank all reasonable opportunity for accredited representatives of the Bank to visit freely any part of the territory of the Guarantor for purposes consistent with the spirit and purposes of the Loan.

Section 3.03. The Guarantor covenants that the principal of and interest and other charges on the Loan and the Bonds will be paid without deduction for and free from any taxes, fees or charges imposed by the Guarantor or by any Agency or by any taxing authority thereof or therein and will be paid free from all restrictions of the Guarantor or any Agency. The foregoing provisions of this Section shall not apply to taxation of, or charges or fees upon, payments under the provisions of any Bond to a holder thereof other than the Bank when such Bond is beneficially owned by an individual or corporate resident of the Guarantor.

Section 3.04. The Guarantor covenants that the Loan Agreement and the Bonds and the Guarantee Agreement will be free of any issue, stamp or other tax, fee or charge imposed by the Guarantor or any Agency or any taxing authority thereof or therein.

Article IV

Section 4.01. The Guarantor shall endorse, in accordance with the provisions of the Loan Regulations, its guarantee on the Bonds to be executed and delivered by the Borrower. The Minister for the Treasury of the Guarantor and such person or persons as he shall designate in writing to act in his stead, are designated as the authorized representatives of the Guarantor for the purposes of Section 6.12 (b) of the Loan Regulations.

Article V

Section 5.01. The Guarantor shall take such action as shall be necessary to enable the Borrower to carry out all its obligations under the Loan Agreement and, until termination of this Agreement pursuant to Section 9.05 of the Loan

Regulations, shall continue the Cassa in existence with all the powers and resources necessary for the carrying out of such obligations or shall assign the carrying out of such obligations to another Agency with all the powers and resources necessary therefor.

Article VI

Section 6.01. The following addresses are specified for the purposes of Section 8.01 of the Loan Regulations.

For the Guarantor :
Ministry of the Treasury
Via XX Settembre
Rome
Italy

For the Bank :
International Bank for Reconstruction and Development,
1818 H Street, N. W.
Washington 25, D. C.
United States of America

Section 6.02. The Minister for the Treasury of the Guarantor in office at the time in question is designated for the purposes of Section 8.03 of the Loan Regulations.

Section 6.03. In this Guarantee Agreement any reference to the Minister for the Treasury of the Guarantor shall include a reference to any Minister of the Guarantor for the time being acting for or on behalf of the Minister for the Treasury of the Guarantor.

Section 6.04. The Guarantee Agreement, dated October 10, 1951,¹ between the Guarantor and the Bank, is hereby amended so that references therein to " Loan Agreement " shall be deemed to mean the Loan Agreement therein defined as amended by the Loan Agreement of even date herewith between the Bank and the Cassa.

IN WITNESS WHEREOF the parties hereto, acting through their representatives thereunto duly authorized, have caused this Guarantee 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.

Republic of Italy :
By Alberto TARCHIANI
Authorized Representative

International Bank for Reconstruction and Development :
By R. L. GARNER
Vice President

¹ United Nations, *Treaty Series*, Vol. 159, p. 383.

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

LOAN REGULATIONS No. 4, DATED 15 OCTOBER 1952

REGULATIONS APPLICABLE TO LOANS MADE BY THE BANK TO BORROWERS OTHER THAN
MEMBER GOVERNMENTS

[*Not published herein. See United Nations, Treaty Series, Vol. 172, p. 124.*]

LOAN AGREEMENT (*SECOND CASSA PROJECT*)

AGREEMENT, dated October 6, 1953, between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank) and CASSA PER OPERE STRAORDINARIE DI PUBBLICO INTERESSE NELL'ITALIA MERIDIONALE (CASSA PER IL MEZZOGIORNO) (hereinafter called the Borrower).

WHEREAS the Government of Italy adopted a ten-year Plan (subsequently changed to a twelve-year Plan) for the development of Southern Italy to be executed by the Borrower; and

WHEREAS the development of Southern Italy to be achieved by the Plan will create a demand for additional dollar imports; and

WHEREAS the Bank has indicated its willingness to participate in financing the dollar impact of the Plan, the extent of such participation to be determined from time to time by agreement between the Bank, the Borrower and the Government of Italy in the light of all relevant considerations including progress made in carrying out the Plan and the Italian economic situation; and

WHEREAS by a Loan Agreement dated October 10, 1951,¹ between the Bank and the Borrower, (hereinafter called the First Loan Agreement) the Bank agreed to lend to the Borrower on the terms and conditions therein set forth the sum of \$10,000,000 as the initial Bank financing for such purpose; and

WHEREAS the Bank has agreed to make a second loan of \$10,000,000 for such purpose.

NOW THEREFORE, the parties hereto hereby agree as follows :

Article I

SPECIAL DEFINITIONS

Section 1.01. Except where the context otherwise requires, the following terms have the following meanings wherever used in this Agreement or any Schedule thereto :

(1) The term "Cassa" means Cassa per opere straordinarie di pubblico interesse nell'Italia meridionale (Cassa per il Mezzogiorno).

¹ United Nations, *Treaty Series*, Vol. 159, p. 383.

- (2) The term "Borrower" includes any department or agency of the Guarantor which may be charged by the Guarantor, upon dissolution of the Cassa or otherwise, with the carrying out of the obligations of the Borrower hereunder.
- (3) The term "Plan" means the twelve-year plan for the economic and social advancement of Southern Italy, provided for in Law No. 646 of the Republic of Italy dated the 10th of August 1950, Law No. 1575, dated the 22nd of December 1951, Law No. 166, dated the 22nd of March 1952, and Law No. 949, dated the 25th of July 1952, and as further described in Schedule 2 to this Agreement.
- (4) The term "Supplementary Projects" means the project or projects for the development of Southern Italy which shall be agreed upon by the Bank and the Borrower pursuant to Section 4.06 of this Agreement.
- (5) The term "Projects Account" means the account or accounts of the Borrower established pursuant to Section 4.05 of this Agreement.
- (6) The term "Agency" means any political subdivision of the Guarantor or any instrumentality of the Guarantor or of a political subdivision of the Guarantor and shall include any institution or organization a majority interest in which at the time referred to is owned directly or indirectly by the Guarantor or a political subdivision of the Guarantor, or all or substantially all of whose obligations are guaranteed by the Guarantor or a political subdivision of the Guarantor, or the operations of which are conducted primarily in the interest of or for account of the Guarantor or a political subdivision of the Guarantor, as the case may be.
- (7) The term "Loan Regulations" means Loan Regulations No. 4 of the Bank, dated October 15, 1952,¹ subject however to the modifications thereof set forth in Schedule 3² to this Agreement.

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 ten million dollars (\$10,000,000).

Section 2.02. The parties to this Agreement accept all the provisions of the Loan Regulations, a copy of which has been furnished to the Borrower, with the same force and effect as if they were fully set forth herein.

Section 2.03. The Borrower shall pay to the Bank a commitment charge as provided in Section 2.02 of the Loan Regulations 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 withdrawn from time to time.

Section 2.04. The Borrower shall pay interest at the rate of five per cent (5%) per annum on the principal amount of the Loan withdrawn and outstanding from time to time.

Section 2.05. Interest and commitment charge shall be payable semi-annually on May 1 and November 1 in each year.

¹ See p. 144 of this volume.

² See p. 160 of this volume.

Section 2.06. 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

PURPOSE OF LOAN

Section 3.01. The purpose of the Loan is further to assist the Borrower and the Republic of Italy in promoting the economic and social development of Southern Italy by supplying part of the foreign exchange requirements resulting directly and indirectly from the carrying out of the Plan and by making available for the Supplementary Projects the lira equivalent of the Loan.

Article IV

WITHDRAWAL OF PROCEEDS OF LOAN AND USE OF LIRA EQUIVALENT

Section 4.01. 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 hereinafter and in the Loan Regulations provided, and subject to the rights of cancellation and suspension set forth herein and in the Loan Regulations.

Section 4.02. The Borrower shall be entitled to make withdrawals in dollars from the Loan Account from time to time of such amounts as shall, together with amounts previously so withdrawn, bear the same ratio to \$10,000,000 as amounts in excess of 100 billion lire, provided by the Borrower and expended on the carrying out of the Plan (other than the Supplementary Projects and the Supplementary Projects provided for in the First Loan Agreement) since July 1, 1950, shall bear to 100 billion lire.

Section 4.03. When the Borrower shall desire to withdraw any amount from the Loan Account, the Borrower shall deliver to the Bank a written application in such form, and containing such statements and agreements, as the Bank shall reasonably request. The Borrower shall furnish to the Bank such documents and other evidence in support of the application as the Bank shall reasonably request, whether before or after the Bank shall have permitted any withdrawal requested in the application. Each application and the accompanying documents must be sufficient in form and substance to satisfy the Bank that the Borrower is entitled to withdraw from the Loan Account the amount applied for.

Section 4.04. Since the rate at which Loan proceeds are withdrawn affects the cost to the Bank of holding funds at the Borrower's disposal, applications for withdrawal, with the necessary documentation, as in this Article provided, shall, except as the Bank and the Borrower shall otherwise agree, be made promptly in relation to expenditures for the Plan.

Section 4.05. Each withdrawal hereinabove provided for shall be paid by the Bank to or on the order of the Banca d'Italia which shall thereupon transfer an amount in lire, equivalent to the amount so withdrawn, upon the order of the Borrower, to the

¹ See p. 158 of this volume.

Projects Account. The Projects Account shall be an account or accounts in the name of the Borrower in one or more *Istituti di credito di diritto pubblico* which shall have been selected by the Borrower and which shall have agreed to such arrangements with respect to withdrawals from the Projects Account as shall be satisfactory to the Bank. The Borrower shall in each application for a withdrawal state the conversion rate between the dollar and the lira on the basis of which such transfer shall be made in respect of such withdrawal and the making of such withdrawal shall be subject to the approval of such rate by the Bank.

Section 4.06. (a) The amounts so transferred to the credit of the Borrower in the Projects Account shall be used by it for assisting in the financing of Supplementary Projects in Southern Italy which will contribute to the development of that region. Such financing and the arrangements in respect thereof and of withdrawals from the Projects Account shall be in accordance with such criteria and procedures as shall be agreed upon between the Bank and the Borrower. Amounts in the Projects Account shall be used or withdrawn by the Borrower only for the financing of Supplementary Projects in accordance with such arrangements, except as the Bank and the Borrower may otherwise agree.

(b) The arrangements, referred to in sub-paragraph (a) of this Section 4.06, for the financing of a Supplementary Project shall in any event include the reservation by the Borrower of rights adequate to protect the interests of the Borrower and the Bank, including, without limitation : (i) the right to require that the proceeds of such financing shall be used exclusively in the carrying out of such Supplementary Project; (ii) the right to require that the Supplementary Project be carried out and completed with due diligence and efficiency and in accordance with sound engineering and financial standards; (iii) the right to inspect such Supplementary Project and (iv) the right to obtain all such information as the Borrower shall reasonably request relating to any of the foregoing and to the operation and financial condition of such Supplementary Project and, to the extent relevant thereto, of the enterprise which shall construct and operate it. Such arrangements shall include appropriate provision whereby further access by such enterprise to the proceeds of such financing may be suspended or terminated by the Borrower upon failure by such enterprise to carry out the terms upon which such financing shall have been granted.

Article V

BONDS

Section 5.01. The Borrower shall execute and deliver Bonds representing the principal amount of the Loan as provided in the Loan Regulations.

Section 5.02. The President or Director General of the Borrower, and such person or persons as either of them shall appoint in writing to act in his stead, are designated as authorized representatives of the Borrower for the purposes of Section 6.12 (a) of the Loan Regulations.

Article VI

PARTICULAR COVENANTS

Section 6.01. (a) The Borrower shall cause the Plan to be carried out with due diligence and efficiency and in accordance with sound engineering practices.

(b) The Borrower shall maintain, or cause to be maintained, books, accounts and records adequate to show the progress of the Plan and the Supplementary Projects and the operation and financial condition of the Supplementary Projects; shall at the request of the Bank enable, or take such steps as shall be necessary to enable, the Bank's accredited representatives to examine the sites, works and construction included in the Plan and the Supplementary Projects, the operation thereof, and any relevant records and documents and shall furnish to the Bank all such information as the Bank shall reasonably request concerning the Plan and the Supplementary Projects, and the operation thereof.

(c) The operations and transactions of the Borrower in connection with the Supplementary Projects shall be accounted for by the Borrower separately from its other activities and shall be administered in such manner as shall be agreed between the Bank and the Borrower.

(d) The Borrower shall exercise its rights in relation to each Supplementary Project in such manner as to ensure the carrying out and completion of such Project, by the enterprise which shall have contracted to construct it, with due diligence and efficiency and in accordance with sound engineering and financial practices.

Section 6.02. (a) The Borrower and the Bank shall cooperate fully to assure that the purposes of the Loan and this Agreement shall 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 its operations and financial condition.

(b) The Borrower and the Bank shall from time to time exchange views 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.

Section 6.03. It is the mutual intention of the Borrower and the Bank that no other debt shall enjoy any priority over the Loan by way of a lien on assets of the Borrower. To that end, the Borrower specifically undertakes that, except as the Bank shall otherwise agree, if any lien shall be created on any assets of the Borrower as security for any debt, such lien shall *ipso facto* equally and ratably secure the payment of the principal of, and interest and other charges on, the Loan and the Bonds, and that in the creation of any such lien express provision shall be made to that effect. However, this Section shall not apply to any lien created on any property at the time of purchase thereof solely as security for the payment of the purchase price of such property.

Section 6.04. The Borrower shall pay or cause to be paid any and all taxes, duties, charges or fees that shall be imposed on or in connection with the execution, issue, delivery or registration of this Agreement, the Bonds or the Guarantee Agreement, or that shall be imposed by the Guarantor or by any Agency or by any taxing authority thereof or therein upon this Agreement, the Bonds or the Guarantee Agreement, or the registration thereof with any Agency or official, or the payment of principal, interest or other charges thereunder. Such principal, interest and other charges shall be paid

without deduction for and free of any and all such taxes, charges and fees. This Section shall not apply to taxation of any Bond, or payments made under the provisions of any Bond, when the beneficial holder thereof, other than the Bank, shall be an individual or corporate resident of the Guarantor.

Article VII

REMEDIES OF THE BANK

Section 7.01. If any event specified in paragraphs (a) or (b) of Section 5.02 of the Loan Regulations shall occur and shall have continued for a period of thirty days or if an event specified in paragraph (c) or paragraph (j) of Section 5.02 of the Loan Regulations shall occur and shall have continued 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 Agreement or in the Bonds to the contrary notwithstanding.

Section 7.02. The following is specified as an event for the purposes of Section 5.02 (j) of the Loan Regulations: Any event originally specified in paragraph (c) of Section 5.02 of Loan Regulations No. 4 of the Bank dated December 6, 1950¹ with reference to the First Loan Agreement shall have occurred.

Article VIII

MODIFICATION OF FIRST LOAN AGREEMENT

Section 8.01. Paragraph (3) of Section 1.01 of the First Loan Agreement is amended to read as follows:

“(3) The term “Plan” means the twelve-year plan for the economic and social advancement of Southern Italy, provided for in Law No. 646 of the Republic of Italy dated the 10th of August 1950, Law No. 1575, dated the 22nd of December 1951, Law No. 166, dated the 22nd of March 1952, and Law No. 949, dated the 25th of July 1952, and as further described in Schedule 2 to this Agreement.”

Section 8.02. For the purposes of the First Loan Agreement paragraph (c) of Section 5.02 of Loan Regulations No. 4 of the Bank, dated December 6, 1950, is hereby amended to read as follows:

“(c) A default shall have occurred in the performance of any other covenant or agreement on the part of the Borrower or the Guarantor under the Loan Agreement, the Guarantee Agreement or the Bonds or under the Loan Agreement dated October 6, 1953, the Guarantee Agreement of even date therewith, or the Bonds therein provided for.”

Section 8.03. For the purposes of the First Loan Agreement, Section 5.05 of Loan Regulations No. 4 of the Bank, dated December 6, 1950, is hereby amended to read as follows:

¹ United Nations, *Treaty Series*, Vol. 158, p. 223.

"SECTION 5.05. *Application of Cancellation to Maturities of the Loan.* Except as otherwise agreed between the Bank and the Borrower, any cancellation pursuant to this Article shall be applied *pro rata* to the several maturities of the principal amount of the Loan as set forth in the amortization schedule to the Loan Agreement, except that no such cancellation shall be applied to Bonds theretofore delivered or requested pursuant to Article VI, or to portions of the Loan theretofore sold by the Bank."

Section 8.04. Section 4.05 of the First Loan Agreement is hereby amended by substituting for the words "an account in the name of the Borrower in an Italian commercial bank of national character" in the second sentence thereof the words "an account or accounts in the name of the Borrower in one or more *Istituti di credito di diritto pubblico.*"

Section 8.05. Section 5.02 of the First Loan Agreement is hereby amended to read as follows :

"*Section 5.02.* The President or Director General of the Borrower, and such person or persons as either of them shall appoint in writing to act in his stead, are designated as authorized representatives of the Borrower for the purposes of Section 6.12 (a) of the Loan Regulations."

Section 8.06. Schedule 2 to the First Loan Agreement is hereby amended to read the same as Schedule 2¹ to this Agreement.

Section 8.07. Except as provided in this Agreement, the First Loan Agreement shall remain in full force and effect.

Article IX

MISCELLANEOUS

Section 9.01. The date specified for the purposes of Section 9.04 of the Loan Regulations is 60 days after the date of this Agreement.

Section 9.02. The Closing Date shall be September 30, 1954.

Section 9.03. The following addresses are specified for the purposes of Section 8.01 of the Loan Regulations :

For the Bank :

International Bank for Reconstruction and Development.
1818 H Street, N.W.
Washington 25, D. C.
United States of America

For the Borrower :

Cassa per il Mezzogiorno,
Via Aniene 14
Rome, Italy

¹ See p. 160 of this volume.

IN WITNESS WHEREOF the parties hereto, acting through their representatives thereunto duly authorized, have caused this 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.

International Bank for Reconstruction and Development :

By R. L. GARNER
Vice President

Cassa per opere straordinarie di pubblico interesse nell'Italia meridionale (Cassa per il Mezzogiorno) :

By Alberto TARCHIANI
Authorized Representative

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>
May 1, 1958	—	\$10,000,000	Nov. 1, 1968	234,000	6,122,000
Nov. 1, 1958	\$143,000	9,857,000	May 1, 1969	239,000	5,883,000
May 1, 1959	146,000	9,711,000	Nov. 1, 1969	246,000	5,637,000
Nov. 1, 1959	150,000	9,561,000	May 1, 1970	252,000	5,385,000
May 1, 1960	154,000	9,407,000	Nov. 1, 1970	258,000	5,127,000
Nov. 1, 1960	157,000	9,250,000	May 1, 1971	265,000	4,862,000
May 1, 1961	161,000	9,089,000	Nov. 1, 1971	271,000	4,591,000
Nov. 1, 1961	165,000	8,924,000	May 1, 1972	278,000	4,313,000
May 1, 1962	169,000	8,755,000	Nov. 1, 1972	285,000	4,028,000
Nov. 1, 1962	174,000	8,581,000	May 1, 1973	292,000	3,736,000
May 1, 1963	178,000	8,403,000	Nov. 1, 1973	299,000	3,437,000
Nov. 1, 1963	183,000	8,220,000	May 1, 1974	307,000	3,130,000
May 1, 1964	187,000	8,033,000	Nov. 1, 1974	314,000	2,816,000
Nov. 1, 1964	192,000	7,841,000	May 1, 1975	322,000	2,494,000
May 1, 1965	197,000	7,644,000	Nov. 1, 1975	330,000	2,164,000
Nov. 1, 1965	202,000	7,442,000	May 1, 1976	339,000	1,825,000
May 1, 1966	207,000	7,235,000	Nov. 1, 1976	347,000	1,478,000
Nov. 1, 1966	212,000	7,023,000	May 1, 1977	356,000	1,122,000
May 1, 1967	217,000	6,806,000	Nov. 1, 1977	365,000	757,000
Nov. 1, 1967	222,000	6,584,000	May 1, 1978	374,000	383,000
May 1, 1968	228,000	6,356,000	Nov. 1, 1978	383,000	—

* 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.

PREMIUMS ON PREPAYMENT AND REDEMPTION

The following percentages are specified as the premiums payable in dollars 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 5 years before maturity	½%
More than 5 years but not more than 10 years before maturity	1%
More than 10 years but not more than 15 years before maturity	1½%
More than 15 years but not more than 20 years before maturity	2%
More than 20 years before maturity	2½%

SCHEDULE 2

DESCRIPTION OF PLAN

The twelve-year plan for the development of Southern Italy is to be carried out by the Borrower over the period July 1, 1950-June 30, 1962. Its cost is estimated at about 1.280 billion Italian lire, to be allocated to the Borrower in annual instalments of approximately 100 billion lire. The main categories of the Plan and the estimated amounts to be spent on each are as follows :

	<i>In billion lire</i>
Land Reclamation, Irrigation and Improvement	440
Flood and Erosion Control	50
Land Transformation and Settlement	280
Aqueducts and Sewers	110
Roads	90
Promotion of Tourism	30
Unallocated (including railroads)	280
	1,280

SCHEDULE 3

MODIFICATIONS OF THE LOAN REGULATIONS

For the purposes of this Agreement the provisions of the Loan Regulations shall be deemed to be modified as follows :

(a) Section 2.02 of the Loan Regulations shall be deemed to read as follows :

“SECTION 2.02. *Commitment Charge.* A commitment charge at the rate specified in the Loan Agreement shall be payable on the amount of the Loan standing to the credit of the Borrower from time to time in the Loan Account. Such com-

mitment charge shall accrue from the Effective Date or from a date 60 days after the date of the Loan Agreement, whichever shall be the earlier, 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 Agreement or shall be cancelled pursuant to Article V of these Regulations.”

(b) The first two sentences of Section 3.01 of the Loan Regulations shall be deemed to be deleted.

(c) Section 3.02 of the Loan Regulations shall be deemed to read as follows :

“SECTION 3.02. *Currency in Which Principal is Repayable; Amount of Repayment; Maturities.* The principal of the Loan shall be repayable in dollars; provided, however, that if withdrawal shall be made in dollars which the Bank shall have purchased with Swiss francs for the purpose of such withdrawal, the part of the Loan so withdrawn shall be repayable in Swiss francs and the amount so repayable shall be the amount paid by the Bank on such purchase. Except as the Bank and the Borrower shall otherwise agree, the portion of the Loan to be repaid, under the provisions of this Section, in any particular currency shall be repayable in such instalments, not inconsistent with the instalments set forth in the amortization schedule to the Loan Agreement, as the Bank shall specify. Any premium payable under Section 2.05 on prepayment of any part of the Loan, or under Section 6.16 on redemption of any Bond, shall be payable in the currency in which the principal of such part of the Loan, or of such Bond, is repayable.”

(d) Section 3.05 of the Loan Regulations shall be deemed to be deleted.

(e) Article IV of the Loan Regulations shall be deemed to be deleted.

(f) Section 5.04 and paragraphs (e) and (f) of Section 5.02 of the Loan Regulations shall be deemed to be deleted.

(g) The reference to Article IV in Section 8.02 of the Loan Regulations shall be deemed to be a reference to Article IV of this Agreement.

(h) Paragraphs 12 and 13 of Section 10.01 of the Loan Regulations shall be deemed to be deleted, and the following paragraph 12 shall be deemed to be inserted :

“12. The terms ‘lira’ and ‘lire’ mean Italian lira and Italian lire, respectively.”