

No. 560

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

**Agreement (with exchange of letters) concerning a loan of  
200 million Swiss francs to the International Bank  
for Reconstruction and Development. Signed at Berne,  
on 17 September 1956**

*Official texts: English and French.*

*Filed and recorded at the request of the International Bank for Reconstruction and  
Development on 28 August 1959.*

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

**Accord (avec échange de lettres) concernant un prêt de  
200 millions de francs suisses à la Banque interna-  
tionale pour la reconstruction et le développement.  
Signé à Berne, le 17 septembre 1956**

*Textes officiels anglais et français.*

*Classé et inscrit au répertoire à la demande de la Banque internationale pour la  
reconstruction et le développement le 28 août 1959.*

No. 560. AGREEMENT<sup>1</sup> BETWEEN THE SWISS CONFEDERATION AND THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT CONCERNING A LOAN OF 200 MILLION SWISS FRANCS TO THE ABOVE-MENTIONED BANK. SIGNED AT BERNE, ON 17 SEPTEMBER 1956

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The Swiss Confederation  
and  
the International Bank for Reconstruction and Development,  
considering the economic situation in Switzerland and the present liquidity of the finances of the Confederation,  
the purposes of the Bank  
and considering further the desire of the contracting parties to facilitate the reconstruction and development of countries which lack capital,  
have agreed as follows :

*Article 1*

The Swiss Confederation (hereinafter referred to as the Confederation) agrees to make a loan to the International Bank for Reconstruction and Development (hereinafter referred to as the Bank) on the terms and conditions in this Agreement set forth, in the sum of 200 million (two hundred million) Swiss francs, hereinafter referred to as the Loan.

*Article 2*

The proceeds of the Loan shall be made available to the Bank on January 1, 1957, in free Swiss francs in an account to be opened by the Bank with the Swiss National Bank, subject, nevertheless, to the provisions of Article 7.

*Article 3*

The Bank agrees to pay interest at the rate of  $3\frac{3}{8}\%$  (three and three-eighths per cent) per annum on the principal amount of the Loan outstanding from time to time. Such interest shall be payable annually on January 1, for the first time on January 1, 1958.

*Article 4*

The Bank agrees to repay the Loan in six equal annual instalments, payable on January 1 of each of the years 1960 through 1965.

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<sup>1</sup> Came into force on 21 December 1956, upon ratification by the Swiss Federal Council, in accordance with article 10.

However, the Swiss Federal Council and the Bank may agree to extend the maturity of each instalment once or several times for further periods of six years, upon terms and conditions to be arranged for each such extension between the Federal Council and the Bank.

#### *Article 5*

On and after January 1, 1962, the Bank shall have the right to prepay, on not less than 90 days' notice to the Federal Department of Finance and Customs, and upon payment of the premiums hereinafter provided, all or part of the instalments of the Loan falling due in 1963, 1964 and 1965.

Any partial prepayment shall be deemed a prepayment of the last of such instalment or instalments (or portion thereof) outstanding at the time of prepayment.

The Bank shall pay a premium of :

1½% (one and one half per cent) on principal amounts prepaid more than two years before maturity,

1% (one per cent) on principal amounts prepaid more than one year but not more than two years before maturity,

½% (one half per cent) on principal amounts prepaid not more than one year before maturity.

#### *Article 6*

The Bank agrees to pay the interest on and the principal (including premium if any) of the Loan in free Swiss francs.

#### *Article 7*

Except as the Federal Council shall otherwise agree, the proceeds of the Loan shall be used by the Bank for the following purposes :

- (i) to purchase U.S. dollars from the Swiss National Bank;
- (ii) to disburse Swiss francs to or on the order of the Bank's borrowers representing the cost of Swiss goods and services;
- (iii) to purchase currencies other than U.S. dollars from the Swiss National Bank, subject to the consent in each case of the Federal Department of Finance and Customs.

#### *Article 8*

Swiss francs received by the Bank on account of interest or other charges on, or repayment or sale of, loans made by it out of the proceeds of the Loan shall be at the unrestricted disposal of the Bank.

*Article 9*

Any dispute between the Confederation and the Bank concerning the application or interpretation of this Agreement or of any supplementary arrangement or agreement which is not settled by negotiation shall be submitted for decision to a board of three arbitrators of whom the first shall be appointed by the Federal Council, the second by the Bank, and a presiding arbitrator by agreement of the contracting parties or, if they shall not agree, by the President of the International Court of Justice, unless in any specific case the parties agree to resort to a different mode of settlement.

*Article 10*

This Agreement is signed on behalf of the Confederation subject to ratification. It shall enter into force on the date of ratification by the Swiss Federal Council.

DONE at Berne, on the 17th of September 1956, in two copies in French, and two copies in English, the French text being authentic.

For the Swiss Confederation :

For the International Bank for  
Reconstruction and Development :

Dr. H. STREULI  
Federal Councillor

Henry W. RILEY  
Treasurer

## EXCHANGE OF LETTERS

## I

Berne, September 17, 1956

Dr. H. Streuli  
Federal Councillor  
Chief of the Department of Finance  
and Customs  
Berne

Dear Mr. Federal Councillor,

With reference to the Loan Agreement of even date<sup>1</sup> between the Swiss Confederation and the International Bank for Reconstruction and Development, I have the honour to advise you as follows :

<sup>1</sup> See p. 312 of this volume.

You have expressed the wish that the Bank should cover its requirements for Swiss franc disbursements to its borrowers to the maximum extent practicable out of the proceeds of borrowings in the Swiss market. Without prejudice to its legal rights under Article 7 (ii) of the Loan Agreement, the Bank will give sympathetic consideration to this wish. The Bank intends that the use of the proceeds of the Loan will not reduce its further issuing activity in the Swiss market.

Without prejudice to its legal rights under Article 8 of the Loan Agreement, the Bank is prepared to exchange views with the Swiss authorities from time to time regarding its use of the funds covered by that Article, with a view to taking into account in such use Swiss monetary policy prevailing at the time.

Sincerely yours,

For the International Bank  
for Reconstruction and Development :

Henry W. RILEY  
Treasurer

## II

LE CHEF DU DÉPARTEMENT DES FINANCES ET DES DOUANES  
DE LA CONFÉDÉRATION SUISSE<sup>1</sup>

Berne, September 17, 1956

Henry W. Riley, Esq.  
Treasurer of the International Bank  
for Reconstruction and Development  
Berne

Dear Sir,

I have the honour to acknowledge receipt of your letter of September 17, 1956, which I have duly noted and which reads as follows :

[*See letter I*]

Sincerely yours,

Dr. H. STREULI  
Chief of the Federal Department  
of Finance and Customs

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<sup>1</sup> Chief of the Federal Department of Finance and Customs of the Swiss Confederation.