

No. 4952

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

**Loan Agreement—*Tunnsjø-Tunnsjødal* Project (with annexed Loan Regulations No. 3). Signed at Washington, on 8 July 1959**

*Official text: English.*

*Registered by the International Bank for Reconstruction and Development on 28 October 1959.*

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

**Contrat d'emprunt — *Projet Tunnsjø-Tunnsjødal* (avec, en annexe, le Règlement n° 3 sur les emprunts). Signé à Washington, le 8 juillet 1959**

*Texte officiel anglais.*

*Enregistré par la Banque internationale pour la reconstruction et le développement le 28 octobre 1959.*

No. 4952. LOAN AGREEMENT<sup>1</sup> (*TUNNSJØ-TUNNSJØDAL PROJECT*) BETWEEN THE KINGDOM OF NORWAY AND THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT. SIGNED AT WASHINGTON, ON 8 JULY 1959

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AGREEMENT, dated July 8, 1959, between KINGDOM OF NORWAY (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. 3 of the Bank dated June 15, 1956,<sup>2</sup> subject, however, to the modifications thereof set forth in Schedule 3<sup>3</sup> 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.

*Section 1.02.* Wherever used in this Loan Agreement, unless the context shall otherwise require, the following terms shall have the following meanings :

1. The term "NVE" shall mean Norges Vassdrags- og Elektrisitetsvesen.
2. The term "NTE" shall mean Nord-Trøndelag Elektrisitetsverk.

*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 twenty million dollars (\$20,000,000).

*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

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<sup>1</sup> Came into force on 27 August 1959, upon notification by the Bank to the Government of Norway.

<sup>2</sup> See p. 248 of this volume.

<sup>3</sup> See p. 246 of this volume.

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 ( $\frac{3}{4}$  of 1%) per annum on the principal amount of the Loan not so withdrawn from time to time. 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 six per cent (6 %) 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 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<sup>1</sup> 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<sup>2</sup> 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.

<sup>1</sup> See p. 244 of this volume.

<sup>2</sup> See p. 246 of this volume.

*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 Royal Minister of Commerce and Shipping 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, in such detail as the Bank shall from time to time request.

(c) The Borrower shall maintain or cause to be maintained records adequate to show the expenditure of the proceeds of the Loan, to identify the goods financed out of the proceeds of the Loan, to disclose the use thereof in the Project and the total current expenditures on 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 and financial condition of NVE, NTE and of any other agency or agencies of the Borrower or of the *fylke* of Nord-Trøndelag responsible for the construction or operation of the Project or any part thereof; shall enable the Bank's representative 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 expenditures on the Project, including the expenditure of the proceeds of the Loan, the Project, the goods and the operations and financial condition of NVE, NTE and of any other agency or agencies of the Borrower or of the *fylke* of Nord-Trøndelag 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 interferes with, or threatens 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 mutual intention of the Borrower and the Bank that no other external debt shall enjoy any priority over the Loan by way of a lien on governmental assets or by way of priority in the allocation or realization of foreign exchange. To that end, the Borrower undertakes that, except as the Bank shall otherwise agree, if any lien shall be created on any assets of the Borrower, or of any of its political subdivisions or of any agency of the Borrower or of any such political subdivision, as security for any external debt, such lien will *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 will be made to that effect. If the Borrower, because of the provisions of the Law of November 12, 1954, No. 1 (Norwegian Municipalities Act,) shall be unable to make the foregoing effective with respect to any lien on any assets of a political subdivision or agency of a political subdivision, the Borrower shall give to the Bank an equivalent lien satisfactory to the Bank. The foregoing provisions of this Section shall not apply to: (i) any lien created on property, at the time of purchase thereof, solely as security for the payment of the purchase price of such property; (ii) any lien on commercial goods to secure a 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; (iii) any lien arising in the ordinary course of banking transactions and securing a debt maturing not more than one year after the date on which it is originally incurred; or (iv) any lien upon real estate, property in Norway or revenues or receipts in currency of the Borrower, if such lien is given by a political subdivision or by an agency of a political subdivision of the Borrower under arrangements or circumstances which would not result in priority in the allocation or realization of foreign exchange.

*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 all imported goods financed out of the proceeds of the Loan against risks incident to their purchase and importation into the territories of the Borrower.

*Section 5.08.* The Borrower shall cause NVE to operate and maintain its plants, equipment and property, and NTE to operate and maintain the plants, equipment and property described in paragraph 1 of Schedule 2 hereto, and in each case from time to time make all necessary renewals and repairs thereof, in conformity with sound engineering, financial and public utility practices.

*Section 5.09.* The Borrower shall maintain such rate structure for NVE as shall be necessary to provide revenues sufficient to cover all operating expenses, including adequate maintenance and depreciation (or contributions to a fund or funds in lieu of depreciation) and taxes (other than income taxes), and to provide a reasonable return on the investment in NVE's facilities.

*Section 5.10.* Except as the Borrower and the Bank shall otherwise agree, the Borrower shall not permit NVE to abrogate, waive, assign, amend or agree to the amendment of any provision of the contract, dated June 24, 1959 between NVE and the *fylke* of Nord-Trøndelag.

*Article VI*

## REMEDIES OF THE BANK

*Section 6.01.* (i) 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 (ii) 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 Agreement or in the Bonds to the contrary notwithstanding.

*Article VII*

## EFFECTIVE DATE ; TERMINATION

*Section 7.01.* The following events are specified as additional conditions to the effectiveness of this Agreement within the meaning of Section 9.01 (b) of the Loan Regulations :

(a) that the Borrower shall have entered into such agreement or agreements with the *fylke* of Nord-Trøndelag as shall be necessary to make the provisions of Sections 5.01 (a), (b) and (c), 5.07 and 5.08 of this Agreement effective with respect to the *fylke* of Nord-Trøndelag ;

(b) that NVE and NTE shall have entered into an agreement, satisfactory to the Bank, providing for the assistance by NVE to NTE in the design and supervision of the construction of the Generating Facilities included in the Project.

*Section 7.02.* The following is specified as an additional matter within the meaning of Section 9.02 (c) of the Loan Regulations, to be included in the opinion or opinions to be furnished to the Bank : that the agreements required to be entered into pursuant to the provisions of Section 7.01 of this Agreement constitute valid and binding obligations of the respective parties thereto.

*Section 7.03.* A date sixty days after the date of this 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 February 29, 1964.

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

For the Borrower :

Royal Ministry of Commerce and Shipping  
Fr. Nansens pl. 4  
Oslo, Norway

Alternative address for cablegrams and radiograms :

Utgjeld  
Oslo

For the Bank :

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

Alternative address for cablegrams and radiograms :

Intbafrad  
Washington, D. C.

*Section 8.03.* The Secretary General of the Royal Ministry of Commerce and Shipping of the Borrower is 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.

Kingdom of Norway :

By Torfinn OFTEDAL  
Authorized Representative

International Bank for Reconstruction and Development :

By W. A. B. ILIFF  
Vice-President



## SCHEDULE 1

## AMORTIZATION SCHEDULE

<i>Date Payment Due</i>	<i>Payment of Principal (expressed in dollars) *</i>	<i>Date Payment Due</i>	<i>Payment of Principal (expressed in dollars) *</i>
March 15, 1964 . . . . .	\$244,000	September 15, 1974 . . . . .	\$454,000
September 15, 1964 . . . . .	251,000	March 15, 1975 . . . . .	467,000
March 15, 1965 . . . . .	259,000	September 15, 1975 . . . . .	481,000
September 15, 1965 . . . . .	266,000	March 15, 1976 . . . . .	495,000
March 15, 1966 . . . . .	274,000	September 15, 1976 . . . . .	511,000
September 15, 1966 . . . . .	283,000	March 15, 1977 . . . . .	526,000
March 15, 1967 . . . . .	291,000	September 15, 1977 . . . . .	542,000
September 15, 1967 . . . . .	300,000	March 15, 1978 . . . . .	558,000
March 15, 1968 . . . . .	309,000	September 15, 1978 . . . . .	575,000
September 15, 1968 . . . . .	318,000	March 15, 1979 . . . . .	592,000
March 15, 1969 . . . . .	328,000	September 15, 1979 . . . . .	609,000
September 15, 1969 . . . . .	338,000	March 15, 1980 . . . . .	628,000
March 15, 1970 . . . . .	348,000	September 15, 1980 . . . . .	647,000
September 15, 1970 . . . . .	358,000	March 15, 1981 . . . . .	666,000
March 15, 1971 . . . . .	369,000	September 15, 1981 . . . . .	686,000
September 15, 1971 . . . . .	380,000	March 15, 1982 . . . . .	707,000
March 15, 1972 . . . . .	391,000	September 15, 1982 . . . . .	728,000
September 15, 1972 . . . . .	403,000	March 15, 1983 . . . . .	749,000
March 15, 1973 . . . . .	415,000	September 15, 1983 . . . . .	772,000
September 15, 1973 . . . . .	428,000	March 15, 1984 . . . . .	795,000
March 15, 1974 . . . . .	440,000	September 15, 1984 . . . . .	819,000

\* 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 this column 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 3 years before maturity . . . . .	$\frac{1}{2}$ of 1 %
More than 3 years but not more than 6 years before maturity . . . . .	1 %
More than 6 years but not more than 11 years before maturity . . . . .	2 %
More than 11 years but not more than 16 years before maturity . . . . .	3 %
More than 16 years but not more than 21 years before maturity . . . . .	4 %
More than 21 years but not more than 23 years before maturity . . . . .	5 %
More than 23 years before maturity . . . . .	6 %

## SCHEDULE 2

## DESCRIPTION OF PROJECT

The Project comprises the construction of the following principal works :

1. *Generating Facilities :*

- a 3.2 km tunnel between Lakes Namsvatn and Vekteren ;
- a 0.6 km canal between Lakes Vekteren and Limingen ;
- a 2.8 km pressure tunnel with intake installations from Lake Limingen ;
- surge tank, penstock and underground Tunnsjø power station, with an installed capacity of 23 MW in one unit, and related substation facilities ;
- a 0.15 km tailrace tunnel into Lake Tunnsjø ;
- an intake dam at Grøndalsfoss ;
- an 11 km pressure tunnel and surge tank, penstocks and underground Tunnsjødal power station with an installed capacity of 145 MW in four units and related substation facilities ;
- a 2.1 km tailrace tunnel into the Namsen River ;
- a 60 kV transmission line connecting the Tunnsjø and Tunnsjødal power stations.

2. *Transmission Facilities (and related substation additions) :*

- 300 kV line Tunnsjødal-Eidum, 180 km long ;
- 130 kV line Osbu-Vågåmo, 83 km long ;
- 300 kV line Vågåmo-Vinstra, 47 km long ;
- 300 kV line Fåberg-Skjeberg, 245 km long.

The generation of power from the facilities included in the Project is expected to begin in the third quarter of 1963, reaching full capacity at the end of that year. The completion of the transmission lines is also scheduled for the end of 1963.

## SCHEDULE 3

## MODIFICATIONS OF LOAN REGULATIONS No. 3

For the purposes of this Agreement the provisions of Loan Regulations No. 3 of the Bank, dated June 15, 1956, shall be deemed to be modified as follows :

(a) Section 2.02 is deleted.

(b) The second sentence of Section 3.01 is amended to read as follows :

"The proceeds of the Loan shall, to the extent that the Bank shall so elect, be withdrawn from the Loan Account in the several currencies in which goods are paid for ; except that with respect to goods paid for in the currency of the Borrower or acquired from sources within the territory of the Borrower such withdrawals may, to the extent that the Bank shall so elect, be made in any currency selected by the Bank."

(c) The following sentence is added to Section 3.05 :

"If a withdrawal is applied for on account of expenditures in the currency of the Borrower, the value of the currency of the Borrower in terms of the currency or currencies to be withdrawn shall be as reasonably determined by the Bank."

(d) The second sentence of Section 4.01 is amended to read as follows :

"Except as shall be otherwise agreed between the Bank and the Borrower, no withdrawals shall be made on account of (a) expenditures prior to the Effective Date or (b) expenditures in the territories of any country which is not a member of the Bank or for goods produced in (including services supplied from) such territories.\*"

(e) Section 4.03 is amended to read as follows :

"SECTION 4.03. *Applications for Withdrawal or for Special Commitment.* When the Borrower shall desire to withdraw any amount from the Loan Account or to request the Bank to enter into a special commitment pursuant to Section 4.02, 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. 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 hereinafter in this Article provided, shall, except as the Bank and the Borrower shall otherwise agree, be made promptly in relation to delivery of goods (or in the case of advance and progress payments to suppliers, in relation to such payments), or as the case may be, shall be made promptly in relation to expenditures on the Project."

(f) Section 9.03 is amended to read as follows :

"SECTION 9.03. *Effective Date.* Notwithstanding the provisions of Section 8.01 and except as shall be otherwise agreed by the Bank and the Borrower, the Loan Agreement shall come into force and effect on the date upon which the Bank dispatches to the Borrower notice of its acceptance of the evidence required by Section 9.01."

(g) Paragraph 13 of Section 10.01 is amended to read as follows :

"13. The term "external debt" means any debt payable in any medium other than currency of the Borrower, whether such debt is or may become payable absolutely or at the option of the creditor in such other medium."

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

LOAN REGULATIONS No. 3, DATED 15 JUNE 1956

REGULATIONS APPLICABLE TO LOANS MADE BY THE BANK TO MEMBER GOVERNMENTS

[Not published herein. See United Nations, Treaty Series, Vol. 280, p. 302.]