

No. 6409

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

**Loan Agreement—Expressway Project (with related letters  
and annexed Loan Regulations No. 3). Signed at  
Washington, on 13 December 1961**

*Official text of the Agreement and Regulations: English.*

*Official texts of the letters: English and Spanish.*

*Registered by the International Bank for Reconstruction and Development on 4 December  
1962.*

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

**Contrat d'emprunt — Projet d'autoroute (avec lettres y  
relatives et, en annexe, le Règlement n° 3 sur les em-  
prunts). Signé à Washington, le 13 décembre 1961**

*Texte officiel du Contrat et du Règlement: anglais.*

*Textes officiels des lettres: anglais et espagnol.*

*Enregistré par la Banque internationale pour la reconstruction et le développement le  
4 décembre 1962.*

No. 6409. LOAN AGREEMENT<sup>1</sup> (*EXPRESSWAY PROJECT*)  
BETWEEN THE REPUBLIC OF VENEZUELA AND THE  
INTERNATIONAL BANK FOR RECONSTRUCTION AND  
DEVELOPMENT. SIGNED AT WASHINGTON, ON 13  
DECEMBER 1961

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AGREEMENT, dated December 13, 1961, between REPUBLIC OF VENEZUELA (hereinafter called the Borrower) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank).

*Article I*

LOAN REGULATIONS

*Section 1.01.* The parties to this Loan Agreement accept all the provisions of Loan Regulations No. 3 of the Bank dated February 15, 1961,<sup>2</sup> subject, however, to the modification thereof set forth in Section 2.03 (*b*) of this Agreement (said Loan Regulations No. 3 being hereinafter called the Loan Regulations), with the same force and effect as if they were fully set forth herein.

*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 forty-five million dollars (\$45,000,000).

*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 The amount of the Loan may be withdrawn from the Loan Account as provided in, and subject to the rights of cancellation and suspension set forth in this Agreement and the Loan Regulations.

*Section 2.03.* (*a*) Except as the Borrower and the Bank shall otherwise agree :

(i) The Borrower shall be entitled, subject to the provisions of this Agreement, to withdraw from the Loan Account : (*a*) the equivalent of a percentage to be established from time to time by agreement between the Borrower and the Bank of such amounts as shall have been expended by the Borrower for the reasonable cost of goods required for carrying out the Project, such percentage to represent the foreign exchange com-

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<sup>1</sup> Came into force on 4 May 1962, upon notification by the Bank to the Government of Venezuela.

<sup>2</sup> See p. 382 of this volume.

ponent of such cost ; (b) such amounts as shall have been otherwise expended (other than for local currency expenditures) for the reasonable cost of goods required for carrying out the Project and not included in the foregoing ; and (c) if the Bank shall so agree, such amounts as shall be required to meet payments to be made for the reasonable cost of the foregoing.

(ii) Withdrawals from the Loan Account shall be in dollars or such other currencies as the Bank shall from time to time reasonably select.

(iii) Notwithstanding the foregoing provisions of this Section or of the Loan Regulations, no withdrawals shall be made on account of (a) expenditures made prior to January 1, 1961 ; or (b) expenditures made in the territories of any country (except Switzerland) which is not a member of the Bank or for goods produced in (including services supplied from) such territories.

(b) Section 4.01, and the second sentence of Section 3.02 of the Loan Regulations are deleted.

*Section 2.04.* 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.

*Section 2.05.* The Borrower shall pay interest at the rate of five and three-quarters per cent ( $5\frac{3}{4}$ %) per annum on the principal amount of the Loan so withdrawn and outstanding from time to time.

*Section 2.06.* 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 2.07.* Interest and other charges shall be payable annually on January 1 and July 1 in each year.

*Section 2.08.* 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>1</sup> to this Agreement. The specific goods to be financed out of the proceeds of the Loan shall be determined by agreement between the Borrower and the Bank, subject to modification by further agreement between them.

<sup>1</sup> See p. 378 of this volume.

*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 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, in such detail as the Bank shall from time to time request.

(c) The general design standards to be used for the Project shall be satisfactory to the Bank and the Borrower.

(d) 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); 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.

*Section 5.02.* Except as the Bank shall otherwise agree, construction of the Project shall be carried out by contractors satisfactory to the Borrower and the Bank employed under contracts satisfactory to the Borrower and the Bank and awarded on the basis of international competitive bidding.

*Section 5.03.* The Borrower shall cause to be constructed, reconstructed, improved or maintained to adequate standards and in phase with the works included in the Project national or other roads outside the scope of the Project which may ultimately serve as access or approach roads to the interchanges included in the Project.

*Section 5.04.* The Borrower shall cause the works included in the Project to be operated, and to be adequately maintained and repaired, in accordance with sound administrative and highway engineering practices.

*Section 5.05.* The Borrower shall retain competent engineering consultants acceptable to the Bank, upon terms and conditions satisfactory to the Borrower and the Bank.

*Section 5.06.* (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 5.07.* 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. 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 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, provided, however, that 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; or (iii) any lien arising in the ordinary course of banking transactions and securing a debt maturing not more than one year after its date.

The term "assets of the Borrower" as used in this Section includes assets of the Borrower or of any of its political subdivisions or of any agency of the Borrower or of any such political subdivision.

*Section 5.08.* 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 5.09.* 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 5.10.* 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 5.11.* The Borrower shall satisfy the Bank that adequate arrangements have been made to insure the goods financed out of the proceeds of the Loan against risks incident to their purchase and importation into the territories of the Borrower.

*Section 5.12.* The Borrower shall at all times make available promptly as needed all funds and other resources required for the execution of the Project.

## 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) or for the purposes of paragraph (h) 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.

*Section 6.02.* The following event is specified for the purposes of Section 5.02 (h) of the Loan Regulations: The Borrower shall, without the agreement of the Bank, have modified or terminated or permitted to lapse clause No. Seven of the Agreement described in the letter dated December 2, 1961<sup>1</sup> from the Borrower to the Bank.

<sup>1</sup> See p. 379 of this volume.

*Article VII*

## MISCELLANEOUS

*Section 7.01.* The Closing Date shall be June 30, 1965.

*Section 7.02.* The following addresses are specified for the purposes of Section 7.01 of the Loan Regulations :

For the Borrower :

Ministro de Hacienda  
Ministerio de Hacienda  
Caracas, Venezuela

Alternative address for cablegrams and radiograms :

Minhacienda  
Caracas

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 7.03.* The Minister of Finance of the Borrower is designated for the purposes of Section 8.03 of the Loan Regulations.

*Section 7.04.* A date sixty days after the date of this Agreement is hereby specified for the purposes of Section 9.04 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.

Republic of Venezuela :

By J. A. MAYOBRE  
Authorized Representative

International Bank for Reconstruction and Development :

By J. Burke KNAPP  
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>
January 1, 1966 . . . . .	\$836,000	July 1, 1974 . . . . .	\$1,353,000
July 1, 1966 . . . . .	860,000	January 1, 1975 . . . . .	1,392,000
January 1, 1967 . . . . .	884,000	July 1, 1975 . . . . .	1,432,000
July 1, 1967 . . . . .	910,000	January 1, 1976 . . . . .	1,473,000
January 1, 1968 . . . . .	936,000	July 1, 1976 . . . . .	1,516,000
July 1, 1968 . . . . .	963,000	January 1, 1977 . . . . .	1,559,000
January 1, 1969 . . . . .	991,000	July 1, 1977 . . . . .	1,604,000
July 1, 1969 . . . . .	1,019,000	January 1, 1978 . . . . .	1,650,000
January 1, 1970 . . . . .	1,048,000	July 1, 1978 . . . . .	1,697,000
July 1, 1970 . . . . .	1,079,000	January 1, 1979 . . . . .	1,746,000
January 1, 1971 . . . . .	1,110,000	July 1, 1979 . . . . .	1,796,000
July 1, 1971 . . . . .	1,141,000	January 1, 1980 . . . . .	1,848,000
January 1, 1972 . . . . .	1,174,000	July 1, 1980 . . . . .	1,901,000
July 1, 1972 . . . . .	1,208,000	January 1, 1981 . . . . .	1,956,000
January 1, 1973 . . . . .	1,243,000	July 1, 1981 . . . . .	2,012,000
July 1, 1973 . . . . .	1,278,000	January 1, 1982 . . . . .	2,070,000
January 1, 1974 . . . . .	1,315,000		

\* To the extent that any part of the Loan is repayable in a currency other than dollars (see Loan Regulations, Section 3.03), 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 three years before maturity . . . . .	½ of 1%
More than 3 years but not more than 6 years before maturity . . . . .	1½%
More than 6 years but not more than 11 years before maturity . . . . .	2½%
More than 11 years but not more than 16 years before maturity . . . . .	3½%
More than 16 years but not more than 18 years before maturity . . . . .	4¾%
More than 18 years before maturity . . . . .	5¾%

## SCHEDULE 2

## DESCRIPTION OF PROJECT

The Project consists of :

A. *Works.* The completion of construction of two sections of controlled-access toll expressways, including earthworks, bridges, viaducts, tunnels, paving, interchanges, toll stations, and compensatory works such as the diversion of rivers, the relocation of existing roads and services, and the construction of agricultural underpasses and service



tracks. Provision will be made for future extension of the expressways at certain interchanges.

One expressway section is about 59 kilometers long and extend from Coche (a suburb of Caracas) to Tejerías, where it will link with the existing four-lane expressway to Valencia.

The other expressway section is about 35 kilometers long and connects the city of Valencia with the existing coastal road to Puerto Cabello at El Palito.

B. *Services.* Engineering services during the construction period of the Project in connection with design, documentation, construction and supervision.

LETTERS RELATING  
TO THE LOAN AGREEMENT

I

[SPANISH TEXT — TEXTE ESPAGNOL]

REPUBLICA DE VENEZUELA  
MINISTERIO DE HACIENDA

Crédito Público y Financiamiento  
Oficina del Comisionado del Ministro

Caracas, 2 Dic. 1961  
152° y 103°

No. CPO 269

Señores  
Banco Internacional de Reconstrucción y  
Fomento  
Washington 25, D. C. USA

Muy señores nuestros :

En relación al contrato que firmará el Gobierno de Venezuela con ese Instituto, denominado Proyecto de Carreteras, me es grato manifestar a ustedes lo siguiente :

Conforme a lo dispuesto en los Artículos 89 y 90 de la Ley de Banco Central existe un Convenio de Cambio vigente entre el Ejecutivo Nacional y el Banco Central de Venezuela, publicado en la *Gaceta Oficial* N° 26.716 de fecha 29 de Noviembre de 1961 que acompañamos, cuya Cláusula Séptima establece lo siguiente :

LETTRES RELATIVES  
AU CONTRAT D'EMPRUNT

I

[TRANSLATION — TRADUCTION]

REPUBLIC OF VENEZUELA  
MINISTRY OF FINANCE

Public Credit and Finance  
Office of the Deputy Minister

Caracas, 2 December 1961

No. CPO 269

The International Bank for Reconstruction  
and Development  
Washington 25, D. C.  
United States of America

Dear Sirs,

With reference to the contract which the Government of Venezuela is to sign with the Bank, known as the Expressway Project, I have the honour to inform you of the following :

In accordance with articles 89 and 90 of the Central Bank Act, an Exchange Agreement is at present in force between the National Executive and the Central Bank of Venezuela. It was published in the *Gaceta Oficial* No. 26,716 of 29 November 1961, which is attached. Article 7 of the Agreement provides as follows :

« El Banco Central de Venezuela no podrá constituir garantía sobre sus activos en oro o divisas o consistentes en acreencias exigibles en oro o divisas, para asegurar el cumplimiento de las obligaciones contraídas por el Banco, salvo que se trate de garantías originadas en el curso ordinario de las operaciones bancarias y que aseguren el cumplimiento de obligaciones cuyo plazo de vencimiento no exceda de un año. »

El Banco Central de Venezuela no podrá, por lo tanto, contraer ninguna deuda en contravención de los términos de la Cláusula Séptima antes citada.

Atentamente,

Andrés Germán OTERO  
Ministro de Hacienda

*Anexos :*  
MAM.rgr.  
011261

"The Central Bank of Venezuela shall not file a guarantee on the basis of its assets in gold or foreign exchange, or in claims against gold or foreign exchange, in order to meet its liabilities, except in the case of guarantees filed in the normal course of banking operations in order to meet liabilities of not more than one year's maturity."

The Central Bank of Venezuela, therefore, cannot contract any debt which violates the terms of article 7 as quoted above.

Yours faithfully,

Andrés Germán OTERO  
Minister of Finance

*Encl :*  
MAM.rgr.  
011261

## II

EMBAJADA DE VENEZUELA <sup>1</sup>  
WASHINGTON, D. C.

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

Dec. 13, 1961

Gentlemen :

*Expressway Project : List of Goods and Withdrawal Percentage*

We refer to Section 3.01 of the Loan Agreement (*Expressway Project*) of even date\* between us.

Attached hereto is a List of Goods to be purchased out of the proceeds of the Loan and to which we request your agreement in accordance with Section 3.01 of said Loan Agreement.

With reference to Section 2.03 of the Loan Agreement and pursuant to Section 4.01 of the Loan Regulations as amended, we request your agreement to the disbursement from the Loan Account of

<sup>1</sup> Embassy of Venezuela.

\* See p. 372 of this volume.

(a) 35% of such payments made by the Ministry of Public Works to construction contractors for the procurement of Category A.1 of the List of Goods on or after January 1, 1961 as may be approved by the Bank. It is understood that such percentage may be adjusted if there are significant changes in the foreign currency component of this category or in the amounts expended after January 1, 1961, for the goods listed under this category, estimated as follows :

<i>Expressway Section</i>	<i>Estimated Cost* Bs. Million</i>
Coche-Tejerias . . . . .	237
Valencia-El Palito (Pto Cabello) . . . . .	165
	<u>402</u>

\* Including 15% contingency allowance after end 1961.

(b) Such foreign currency component of cost for engineering services as approved by the Bank to the limit of funds in Category B.

(c) To the limit of funds in Category C, such additional foreign currency costs under Categories B and A.1 as may be approved by the Bank, and also such foreign currency costs for Project works in Category A.2 as may be subsequently approved by the Bank with due regard to design, documentation, method of execution, accounting and the assessment of foreign currency costs.

Please confirm your agreement with the foregoing by signing and returning to us the enclosed copy of this letter.

Very truly yours,

Republic of Venezuela :  
By J. A. MAYOBRE  
Authorized Representative

*Confirmed :* ✓  
International Bank for Reconstruction  
and Development :  
By Orvis A. SCHMIDT  
Authorized Representative

#### EXPRESSWAY PROJECT — LIST OF GOODS

<i>Category</i>	<i>Amount</i>
A. 1 Project Works as described in Schedule 2 of the Loan Agreement, excluding those works referred to in Category A.2 of this List . . . . .	\$42,000,000
A. 2 Project Works involving the construction of three tunnels on the Coche - Tejerias Expressway, namely : Ocumitos No. 1, Ocumitos No. 2, and Los Anaucos.	Amount to be determined and to be transferred from C.
B. Engineering Services . . . . .	\$1,000,000
C. Contingencies . . . . .	\$2,000,000

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

LOAN REGULATIONS No. 3, DATED 15 FEBRUARY 1961

REGULATIONS APPLICABLE TO LOANS MADE BY THE BANK TO MEMBER GOVERNMENTS

*[Not published herein. See United Nations, Treaty Series, Vol. 414, p. 268.]*