

No. 6977

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

**Loan Agreement—*Highway Project* (with annexed Loan Regulations No. 3). Signed at Washington, on 26 October 1962**

*Official text: English.*

*Registered by the International Bank for Reconstruction and Development on 15 November 1963.*

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

**Contrat d'emprunt — *Projet relatif au réseau routier*  
(avec, en annexe, le Règlement n° 3 sur les emprunts).  
Signé à Washington, le 26 octobre 1962**

*Texte officiel anglais.*

*Enregistré par la Banque internationale pour la reconstruction et le développement le 15 novembre 1963.*

No. 6977. LOAN AGREEMENT<sup>1</sup> (*HIGHWAY PROJECT*) BETWEEN THE ORIENTAL REPUBLIC OF URUGUAY AND THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT. SIGNED AT WASHINGTON, ON 26 OCTOBER 1962

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AGREEMENT dated October 26, 1962, between REPÚBLICA ORIENTAL DEL URUGUAY (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> 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 eighteen and a half million dollars (\$18,500,000).

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 The amount of the Loan may be withdrawn from the Loan Account as provided in, and subject to the rights of cancellation and suspension set forth in, the Loan Regulations.

*Section 2.03.* Except as the Bank shall otherwise agree, the Borrower shall be entitled, subject to the provisions of this Agreement and the Loan Regulations, to withdraw from the Loan Account :

- (a) such amounts as shall have been expended for the reasonable foreign exchange cost of goods to be financed under this Agreement and, if the Bank

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<sup>1</sup> Came into force on 26 October 1963, upon notification by the Bank to the Government of Uruguay.

<sup>2</sup> See p. 56 of this volume.

shall so agree, such amounts as shall be required by the Borrower to meet payments for such goods ; and

- (b) the equivalent of a percentage or percentages to be established from time to time by agreement between the Borrower and the Bank of such amounts as shall have been expended for the reasonable cost of goods required for carrying out Part A of the Project described in Schedule 2<sup>1</sup> to this Agreement and not included in (a) above, such percentage to represent the foreign exchange component of such cost ; provided, however, that no withdrawals shall be made on account (i) of expenditures prior to January 1, 1962 ; or (ii) 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.

*Section 2.04.* Withdrawals from the Loan Account pursuant to subsection (b) of Section 2.03 of this Agreement shall be in dollars or such other currency or currencies as the Bank shall from time to time reasonably select.

*Section 2.05.* 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 2.06.* The Borrower shall pay interest at the rate of five and one-half per cent ( $5\frac{1}{2}$  %) per annum on the principal amount of the Loan so withdrawn and outstanding from time to time.

*Section 2.07.* 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 2.08.* Interest and other charges shall be payable semi-annually on March 1 and September 1 in each year.

*Section 2.09.* The Borrower shall repay the principal of the Loan in accordance with the amortization schedule set forth in Schedule 1<sup>2</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

<sup>1</sup> See p. 54 of this volume.

<sup>2</sup> See p. 54 of this volume.

in Schedule 2 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.* Except as the Borrower and the Bank shall otherwise agree, 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 *Ministro de Hacienda* and the *Director de Crédito Público* of the Borrower acting jointly and such person or persons as they shall jointly 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) Except as the Bank shall otherwise agree, the Borrower shall, in the carrying out of the Project, employ or cause to be employed technical consultants acceptable to, and to an extent and upon terms and conditions satisfactory to, the Borrower and the Bank.

(c) Except as the Bank shall otherwise agree, the road and structures included in the Project shall be constructed or improved : (i) by contractors satisfactory to the Borrower and the Bank employed under contracts satisfactory to the Borrower and the Bank ; and (ii) in accordance with general design standards satisfactory to the Borrower and the Bank.

(d) Upon request from time to time by the Bank, the Borrower shall promptly furnish or cause to be furnished to the Bank the plans, specifications and work schedules for the Project and any material modifications subsequently made therein, in such detail as the Bank shall request.

(e) The Borrower shall at all times make available promptly as needed all sums which shall be required for the carrying out of the Project.

(f) 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) and to reflect in accordance with consistently maintained sound accounting practices the financial condition and operations of the agency or agencies of the Borrower responsible for the carrying out of the Project or any part thereof; shall enable the Bank's representatives to inspect the Project, the goods, any relevant records and documents, all other roads in the Borrower's highway system, and all of the Borrower's highway construction and maintenance equipment, workshop and facilities; and shall furnish or cause to be furnished to the Bank all such information as the Bank shall reasonably request concerning the expenditure of the proceeds of the Loan, the Project, the goods, the highway system of the Borrower, and the financial condition and operations of the agency or agencies of the Borrower responsible for the carrying out of the Project or any part thereof.

*Section 5.02.* (a) The Borrower and the Bank shall co-operate 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, including Bank of the Republic, 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, for constitutional reasons, shall be unable to make the foregoing undertaking effective

with respect to any lien on assets of an agency which is granted autonomy by the Constitution (other than Bank of the Republic) or on assets of a political subdivision or agency of a political subdivision, the Borrower shall grant 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 arising in the ordinary course of banking transactions and securing a debt maturing not more than one year after its date ; (iii) 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 (iv) any lien upon property in Uruguay 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 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 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 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, 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 out of the proceeds of the Loan against risks incident to their purchase and importation into the territories of the Borrower.

*Section 5.08.* (a) The Borrower shall cause all the roads of its highway system to be adequately maintained and shall cause all necessary repairs thereof to be made, all in accordance with sound engineering practices.

(b) The Borrower shall cause all of its highway maintenance machinery and equipment and facilities to be maintained and repaired, all in accordance with sound engineering practices.

(c) The Borrower shall cause all maintenance equipment, spare parts and materials financed out of the proceeds of the Loan to be used exclusively for the purpose of maintenance operations on the national highway system.

*Section 5.09.* The Borrower shall cause priority to be given to the Project in its highway construction program, and, to that end, shall, if necessary to accomplish the prompt and diligent completion of the Project, cause such revisions in the construction schedules and allocations of funds for other parts of that program to be made as may be required therefor.

#### *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 event is specified as additional conditions to the effectiveness of the Agreement within the meaning of Section 9.01 (b) of the Loan Regulations : The agreement with the consultants required by Section 5.01 (b) shall have been entered into with respect to Part A and Part B of the Project.

*Section 7.02.* A date 60 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 December 31, 1966, or such other date as may from time to time be agreed between the Borrower and the Bank as the Closing Date.

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

For the Borrower :

Ministro de Obras Públicas  
Montevideo, Uruguay

Alternative cable address :

Ministro de Obras Públicas  
Montevideo, Uruguay

For the Bank :

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

Alternative cable address :

Intbafrad  
Washington, D.C.

*Section 8.03.* The *Ministro de Obras Públicas* 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.

República Oriental del Uruguay :

By Raúl YBARRA SAN MARTÍN  
Authorized Representative

International Bank for Reconstruction and Development :

By G. M. WILSON  
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 1, 1967 . . . . .	\$625,000	September 1, 1972 . . . . .	\$ 840,000
September 1, 1967 . . . . .	640,000	March 1, 1973 . . . . .	865,000
March 1, 1968 . . . . .	660,000	September 1, 1973 . . . . .	885,000
September 1, 1968 . . . . .	675,000	March 1, 1974 . . . . .	910,000
March 1, 1969 . . . . .	695,000	September 1, 1974 . . . . .	935,000
September 1, 1969 . . . . .	715,000	March 1, 1975 . . . . .	960,000
March 1, 1970 . . . . .	735,000	September 1, 1975 . . . . .	990,000
September 1, 1970 . . . . .	755,000	March 1, 1976 . . . . .	1,015,000
March 1, 1971 . . . . .	775,000	September 1, 1976 . . . . .	1,045,000
September 1, 1971 . . . . .	795,000	March 1, 1977 . . . . .	1,070,000
March 1, 1972 . . . . .	820,000	September 1, 1977 . . . . .	1,095,000

\* 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 three years but not more than six years before maturity . . . . .	2%
More than six years but not more than eleven years before maturity . . . . .	3½%
More than eleven years but not more than thirteen years before maturity . . . . .	4½%
More than thirteen years before maturity . . . . .	5½%

## SCHEDULE 2

## DESCRIPTION OF THE PROJECT

The Project consists of :

A. The improvement of about 485 kms of National Route No. 5 between Progreso and Rivera, including the widening and replacement of some structures.

B. The strengthening of the highway maintenance organization and its operations, including the acquisition of maintenance and related equipment.

C. Consulting services for the preparation and execution of works under A and B.

D. A highway planning study of Uruguay to include a study of the order of priority of road investment (taking into account other means of transportation) ; the organization and operation of the Highway Department (Dirección de Vialidad), including the establishment of a planning office ; and the regulation of road transport.

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.*]