

No. 6982

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

**Loan Agreement—Power Projects—1963 (with annexed
Loan Regulations No. 3). Signed at Washington, on
24 July 1963**

Official text: English.

*Registered by the International Bank for Reconstruction and Development on 18 November
1963.*

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

**Contrat d'emprunt — Projets relatifs à l'énergie électrique
- 1963 (avec, en annexe, le Règlement n° 3 sur les em-
prunts). Signé à Washington, le 24 juillet 1963**

Texte officiel anglais.

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

No. 6982. LOAN AGREEMENT¹ (*POWER PROJECTS—1963*)
BETWEEN THE KINGDOM OF DENMARK AND THE
INTERNATIONAL BANK FOR RECONSTRUCTION AND
DEVELOPMENT. SIGNED AT WASHINGTON, ON
24 JULY 1963

AGREEMENT, dated July 24, 1963, between KINGDOM OF DENMARK (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 February 15, 1961,² subject, however, to the modifications thereof set forth in Section 1.02 of 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. (a) The second sentence of Section 3.02 of the Loan Regulations is amended to read as follows :

“Except as the Bank and the Borrower shall otherwise agree, withdrawals shall be made either in the respective currencies in which the cost of goods has been paid or is payable or in the currency in which the Loan is denominated, as the Bank may from time to time elect, provided, however, that any withdrawals on account of expenditures in the currency of the Borrower or for goods produced in (including services supplied from) the territories of the Borrower shall be made in such currency or currencies as the Bank shall reasonably select.”

(b) Section 4.01 of the Loan Regulations is amended to read as follows :

“SECTION 4.01. *Withdrawal from the Loan Account.* The Borrower shall be entitled to withdraw from the Loan Account (i) such amounts as shall have

¹ Came into force on 7 October 1963, upon notification by the Bank to the Government of Denmark.

² See p. 188 of this volume.

been paid for the reasonable cost of goods to be financed under the Loan Agreement ; and (ii), if the Bank shall so agree, such amounts as shall be required to meet payments to be made for the reasonable cost of such goods. Except as shall be otherwise agreed between the Bank and the Borrower, no withdrawals shall be made on account of (a) expenditures prior to August 1, 1962 or (b) expenditures in the territories of any country which is not a member of the Bank (other than Switzerland) or for goods produced in (including services supplied from) such territories."

(c) Section 10.01 (10) of the Loan Regulations is amended by the deletion of the word "Project" and the substitution therefor of the word "Projects".

Section 1.03. Unless the context shall otherwise require, the following terms shall have the following meanings :

- (a) "Beneficiaries" means Interessentskabet Nordjyllands Elektricitetsforsyning, Sydoestsjaellands Elektricitets Aktieselskab, Interessentskabet Vestkraft, Interessentskabet Midtkraft, and Andelsselskabet Bornholms Hoejspaendingsvaerk.
- (b) "Subsidiary Loan Agreements" means the agreements between the Borrower and the Beneficiaries referred to in Section 5.07 of this Agreement.
- (c) "Subsidiary Loans" means the loans provided for in the respective Subsidiary Loan Agreements.

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-five million dollars (\$25,000,000).

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. 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 2.04. 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 2.05. 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 February 1 and August 1 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 1¹ to this Agreement.

Article III

USE OF PROCEEDS OF 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 Projects described in Schedule 2² to this Agreement. The amounts of the Loan to be allocated to the individual Projects, 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 exclusively in the carrying out of the Projects.

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 Projects to be carried out with due diligence and efficiency and in conformity with sound engineering and financial practices and shall cause each of the Beneficiaries to operate its properties and main-

¹ See p. 186 of this volume.

² See p. 186 of this volume.

tain its financial position in accordance with sound business and public utility practices.

(b) The Borrower shall cause to be furnished to the Bank, promptly upon their preparation, the plans and specifications for the Projects and any material modifications subsequently made therein, in such detail as the Bank shall from time to time request.

(c) The Borrower shall : (i) maintain or cause to be maintained records adequate to show the application of the proceeds of the Subsidiary Loans, to disclose the use thereof in the Projects, to record the progress of the Projects (including the cost thereof) and to reflect in accordance with consistently maintained sound accounting practices the operations and financial condition of each of the Beneficiaries ; (ii) enable the Bank's representatives to inspect the Projects, the properties of the Beneficiaries and any relevant records and documents ; and (iii) furnish to the Bank all such information as the Bank shall reasonably request concerning the expenditure of the proceeds of the Loan, the Subsidiary Loans, the Projects and the operations and financial condition of each of the Beneficiaries.

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. 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 Denmark's Nationalbank or any other institution acting as the central bank of the Borrower, or of any agency of the Borrower (including Mortgage Bank of Denmark) or of any agency of any political subdivision 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 : (1) 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.

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 enter into Subsidiary Loan Agreements providing for loans by the Borrower to each of the Beneficiaries of amounts needed to enable them to carry out the Projects. Such Subsidiary Loan Agreements shall be in form and substance satisfactory to the Bank and shall contain appropriate provisions with respect to the financing and the carrying out of the Projects and other obligations of the Borrower under the Loan Agreement.

Section 5.08. Except as the Bank shall otherwise agree : (a) the Borrower shall exercise its rights under the Subsidiary Loan Agreements in such manner as to fulfill its obligations under this Agreement and to protect the interests of the Borrower and the Bank ; and (b) the Borrower shall not amend, assign, abrogate or waive any provision of any of the Subsidiary Loan Agreements.

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 or in Section 6.02 of this Agreement 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 is specified as an additional event for the purposes of Section 5.02 of the Loan Regulations :

A default has occurred in the performance of any covenant or agreement on the part of the Borrower under the Loan Agreement (*Power Projects*) dated February 4, 1959¹ between the Borrower and the Bank.

Article VII

EFFECTIVE DATE ; TERMINATION

Section 7.01. The following event is specified as an additional condition to the effectiveness of this Agreement within the meaning of Section 9.01 (b) of the Loan Regulations :

Subsidiary Loan Agreements with the respective Beneficiaries, in terms satisfactory to the Bank, shall have been duly executed and delivered by the parties thereto and shall have become fully effective in accordance with their terms, subject only to the effectiveness of this Agreement.

Section 7.02. The following are specified as additional matters, 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 :

(a) that the respective Beneficiaries have full power and authority to construct and operate the Projects and have all necessary rights and powers in connection therewith and that all acts, consents, validations and approvals necessary therefor have been duly and validly performed or given ;

(b) that the Subsidiary Loan Agreements have been duly authorized or ratified by, and executed and delivered on behalf of, the Borrower and the respective Beneficiaries and constitute valid and binding obligations of the Borrower and the respective Beneficiaries in accordance with their terms.

¹ United Nations, *Treaty Series*, Vol. 328, p. 143.

Section 7.03. 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.

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

For the Borrower :

Ministry of Finance
Copenhagen, Denmark

Alternative address for cablegrams and radiograms :

Finans
Copenhagen

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 Minister of Finance 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 Denmark :

By T. DAHLGAARD
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>
February 1, 1967	\$455,000	August 1, 1975	\$720,000
August 1, 1967	465,000	February 1, 1976	740,000
February 1, 1968	480,000	August 1, 1976	760,000
August 1, 1968	490,000	February 1, 1977	780,000
February 1, 1969	505,000	August 1, 1977	800,000
August 1, 1969	520,000	February 1, 1978	825,000
February 1, 1970	535,000	August 1, 1978	845,000
August 1, 1970	550,000	February 1, 1979	870,000
February 1, 1971	565,000	August 1, 1979	895,000
August 1, 1971	580,000	February 1, 1980	920,000
February 1, 1972	595,000	August 1, 1980	945,000
August 1, 1972	610,000	February 1, 1981	970,000
February 1, 1973	630,000	August 1, 1981	995,000
August 1, 1973	645,000	February 1, 1982	1,025,000
February 1, 1974	665,000	August 1, 1982	1,050,000
August 1, 1974	680,000	February 1, 1983	1,080,000
February 1, 1975	700,000	August 1, 1983	1,110,000

* 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	1/2%
More than three years but not more than six years before maturity	1 1/2%
More than six years but not more than eleven years before maturity	2 1/2%
More than eleven years but not more than sixteen years before maturity	3 1/2%
More than sixteen years but not more than eighteen years before maturity	4 1/2%
More than eighteen years before maturity	5 1/2%

SCHEDULE 2
DESCRIPTION OF PROJECTS

1. *Interessentskabet Nordjyllands Elektricitetsforsyning (NEFO)*

A thermal plant will be constructed near Aalborg. The plant will be equipped with an 130,000 kw turbogenerating unit. The unit will have a reheat cycle and be designed to operate at a pressure of 1,990 pounds per square inch and a temperature of 995° F. The boiler will be designed to burn coal or oil and produce 925,000 pounds of steam per hour. All auxiliaries necessary for the operation of the plant will be provided.

Approximately 48 kilometers of 150 kv transmission lines and two associated substations will be constructed. The project is expected to be completed by December 31, 1966.

2. *Sydoestsjaellands Elektricitets Aktieselskab (SEAS)*

A thermal plant will be constructed at Stigsnaes near Skaelskoer. The plant will be equipped with an 140,000 kw turbogenerating unit. The unit will have a reheat cycle and be designed to operate at a pressure of 2,630 pounds per square inch and a temperature of 995° F. The boiler will be of the Benson type and equipped to burn oil or coal and produce 1,000,000 pounds of steam per hour. All auxiliaries necessary for the operation of the plant will be provided. An 120 kv transmission line approximately 50 kilometers long will be constructed. The project is expected to be completed by December 31, 1966.

3. *Interessentskabet Vestkraft*

The existing Esbjerg plant will be expanded by the installation of an 130,000 kw turbogenerating unit. The unit will have a reheat cycle and be designed to operate at 1,990 pounds per square inch and a temperature of 995° F. The boiler will be equipped to burn lignite or oil and produce 920,000 pounds of steam per hour. All auxiliaries necessary for the operation of the new unit will be provided. Three transformers, each with a capacity of 53,000 kva, will be installed. The transmission network will be extended by the construction of an 150 kv transmission line about 72 kilometers long, and 60 kv transmission lines about 160 kilometers long. Associated substations will be built. The project is expected to be completed by September 30, 1965.

4. *Interessentskabet Midtkraft*

The existing Aarhus thermal plant will be expanded by the installation of a 70,000 kw turbogenerating unit. The unit will be designed to operate at a pressure of 1,900 pounds per square inch and a temperature of 1,000° F. Two boilers will be installed, designed to burn lignite or oil and each to produce 370,000 pounds of steam per hour. All auxiliaries necessary for the operation of the new unit will be provided. The transmission network will be extended by construction of an 150 kv transmission line about 144 kilometers long and a 60 kv transmission line about 160 kilometers long. Associated substations will be built. The project is expected to be completed by December 31, 1965.

5. *Andelsselskabet Bornholms Højspaendingsvaerk*

The existing Roenne plant will be expanded by the installation of a 7,500 kw turbogenerating unit. The boiler will be designed to produce 100,000 pounds of steam per hour. All auxiliaries necessary for the operation of the unit will be provided. The project is expected to be completed by December 31, 1965.

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.*]