

No. 6992

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

**Loan Agreement—*Rana and Trollheim Project* (with annexed Loan Regulations No. 3). Signed at Washington, on 15 October 1963**

*Official text: English.*

*Registered by the International Bank for Reconstruction and Development on 22 November 1963.*

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

**Contrat d'emprunt—*Projet de Rana et de Trollheim* (avec, en annexe, le Règlement n° 3 sur les emprunts). Signé à Washington, le 15 octobre 1963**

*Texte officiel anglais.*

*Enregistré par la Banque internationale pour la reconstruction et le développement le 22 novembre 1963.*

No. 6992. LOAN AGREEMENT<sup>1</sup> (*RANA AND TROLLHEIM PROJECT*) BETWEEN THE KINGDOM OF NORWAY AND THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT. SIGNED AT WASHINGTON, ON 15 OCTOBER 1963

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AGREEMENT, dated October 15, 1963, 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 February 15, 1961,<sup>2</sup> subject, however, to the modification 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.* The second sentence of Section 4.01 of the Loan Regulations 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 April 1, 1963 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.”

*Section 1.03.* Wherever used in this Loan Agreement, the term “NVE” shall mean Norges Vassdrags- og Elektrisitetsvesen.

*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).

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<sup>1</sup> Came into force on 6 November 1963, upon notification by the Bank to the Government of Norway.

<sup>2</sup> See p. 120 of this volume.

*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 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 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 semiannually on May 15 and November 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 ; CURRENCIES

*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 Projet 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. 116 of this volume.

<sup>2</sup> See p. 118 of this volume.

*Section 3.03.* Pursuant to the second sentence of Section 3.02 of the Loan Regulations, the Borrower and the Bank agree 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 dollars or in such other currency or currencies as the Bank shall reasonably select.

#### *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) Upon request from time to time by the Bank, the Borrower shall promptly furnish to the Bank the plans, specifications and construction schedules 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 : (i) 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 and of any other agency or agencies of the Borrower responsible for the construction or operation of the Project or any part thereof ; and (ii) enable the Bank's representatives to inspect the Project, the goods and any relevant records and documents.

*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, the Borrower and the Bank shall from time to time, at the request of either party, exchange views

through their representatives with regard to the performance by the Borrower of its obligations under the Loan Agreement, the administration, operations and financial condition of NVE and of any other agency or agencies of the Borrower responsible for the construction or operation of the Project or any part thereof, and other matters relating to the purposes of the Loan.

(b) The Borrower shall furnish to the Bank all such information as the Bank shall reasonably request concerning the expenditure of the proceeds of the Loan, the goods financed out of such proceeds, the Project, the administration, operations and financial condition of NVE and of any other agency or agencies of the Borrower responsible for the construction or operation of the Project or any part thereof, financial and economic conditions in the territories of the Borrower and the international balance of payments position of the Borrower.

(c) 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, the maintenance of the service thereof or the performance by the Borrower of its obligations under the Loan Agreement.

(d) 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, including the Norges Bank or any other institution acting as the Central Bank 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 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 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 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.

*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*

## MISCELLANEOUS

*Section 7.01.* The Closing Date shall be September 30, 1968 or such other date as may from time to time be agreed between the Borrower and the Bank.

*Section 7.02.* A date sixty days after the date of this Agreement is hereby specified for the purposes of Section 9.04 of the Loan Regulations.

*Section 7.03.* 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 7.04.* 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 Chr. BRINCH  
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<br/>(expressed in dollars)*</i> | <i>Date Payment Due</i>   | <i>Payment of Principal<br/>(expressed in dollars)*</i> |
|---------------------------|---|---------------------------|---|
| November 15, 1968 . . . . | \$335,000   | May 15, 1979 . . . . .    | \$595,000   |
| May 15, 1969 . . . . .    | 345,000   | November 15, 1979 . . . . | 610,000   |
| November 15, 1969 . . . . | 355,000   | May 15, 1980 . . . . .    | 630,000   |
| May 15, 1970 . . . . .    | 365,000   | November 15, 1980 . . . . | 645,000   |
| November 15, 1970 . . . . | 375,000   | May 15, 1981 . . . . .    | 665,000   |
| May 15, 1971 . . . . .    | 385,000   | November 15, 1981 . . . . | 680,000   |
| November 15, 1971 . . . . | 395,000   | May 15, 1982 . . . . .    | 700,000   |
| May 15, 1972 . . . . .    | 405,000   | November 15, 1982 . . . . | 720,000   |
| November 15, 1972 . . . . | 420,000   | May 15, 1983 . . . . .    | 740,000   |
| May 15, 1973 . . . . .    | 430,000   | November 15, 1983 . . . . | 760,000   |
| November 15, 1973 . . . . | 440,000   | May 15, 1984 . . . . .    | 780,000   |
| May 15, 1974 . . . . .    | 455,000   | November 15, 1984 . . . . | 800,000   |
| November 15, 1974 . . . . | 465,000   | May 15, 1985 . . . . .    | 825,000   |
| May 15, 1975 . . . . .    | 480,000   | November 15, 1985 . . . . | 845,000   |
| November 15, 1975 . . . . | 490,000   | May 15, 1986 . . . . .    | 870,000   |
| May 15, 1976 . . . . .    | 505,000   | November 15, 1986 . . . . | 895,000   |
| November 15, 1976 . . . . | 520,000   | May 15, 1987 . . . . .    | 920,000   |
| May 15, 1977 . . . . .    | 535,000   | November 15, 1987 . . . . | 945,000   |
| November 15, 1977 . . . . | 550,000   | May 15, 1988 . . . . .    | 970,000   |
| May 15, 1978 . . . . .    | 565,000   | November 15, 1988 . . . . | 1,010,000   |
| November 15, 1978 . . . . | 580,000   |                           |   |

\* 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%             |
| More than three years but not more than six years before maturity . . . . .               | 1%             |
| More than six years but not more than eleven years before maturity . . . . .              | 1½%            |
| More than eleven years but not more than sixteen years before maturity . . . . .          | 2½%            |
| More than sixteen years but not more than twenty-one years before maturity . . . . .      | 3½%            |
| More than twenty-one years but not more than twenty-three years before maturity . . . . . | 4½%            |
| More than twenty-three years before maturity . . . . .                                    | 5½%            |

## SCHEDULE 2

## DESCRIPTION OF PROJECT

The Project consists of the Rana (North Norway) and Trollheim (Central Norway) hydroelectric power stations, with a combined capacity of 340 MW, and of about 220 Km of high voltage transmission lines with related substations. The major works to be constructed are the following :

1. *Rana Power Station*

- a rock fill dam and a concrete gravity dam at Tvervatn ;
- a rock fill dam at Store Akersvatn ;
- a concrete gravity dam at Kjensvatn ;
- a diversion tunnel approximately 7.8 Km long from Plura to Tvervatn ;
- a diversion tunnel approximately 6 Km long from Tvervatn to Store Akersvatn ;
  
- a diversion tunnel approximately 9.6 Km long from Fagerlibekken to Kjensvatn ;
  
- a diversion tunnel approximately 6.8 Km long from Kjensvatn to Store Akersvatn ;
  
- a power station supply tunnel, approximately 9.5 Km long, surge chamber, pressure shaft and underground powerhouse with an installed capacity of 230 MW in two units, and related substation facilities ; space will be provided for the installation of two additional units at a later date ;
- a tailrace tunnel approximately 3.5 Km long into Rana river.

## 2. *Trollheim Power Station*

- two rock fill dams across the Folla river at Sande and at Graahaug ;
- a rock fill dam at Spinkletjern ;
- a diversion tunnel approximately 9.3 Km long from Rinna to Bulu ;
- a diversion tunnel approximately 4.4 Km long from Bulu to Sande ;
- a diversion tunnel approximately 1.8 Km long from Sprinkletjern to Folla ;
- a power station supply tunnel, approximately 5 Km long, surge chamber, pressure shaft and underground powerhouse with an installed capacity of 110 MW in a single unit, and related substation facilities ; space will be provided for the installation of another unit at a later date ;
- a tailrace tunnel approximately 0.6 Km long into Surna river.

## 3. *Transmission Facilities (and related substation additions)*

- 145 kv double circuit line from Rana Power Station to Svabo substation, approximately 5 Km long ;
  - 245 kv single circuit line from North Røssaga Power Station to Tunnsjødal Power Station, approximately 184 Km long ;
  - 300 kv single circuit line from Eidum substation to Strinda substation, approximately 32 km long.
- The Project is scheduled to be completed by the end of 1968.

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.*]