

No. 7181

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

Loan Agreement—*Road Project* (with annexed Loan Regulations No. 3). Signed at Washington, on 25 October 1963

Official text: English.

Registered by the International Bank for Reconstruction and Development on 24 March 1964.

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

**Contrat d'emprunt — *Projet relatif au réseau routier*
(avec, en annexe, le Règlement n° 3 sur les emprunts).
Signé à Washington, le 25 octobre 1963**

Texte officiel anglais.

*Enregistré par la Banque internationale pour la reconstruction et le développement
le 24 mars 1964.*

No. 7181. LOAN AGREEMENT¹ (*ROAD PROJECT*) BETWEEN SPAIN AND THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT. SIGNED AT WASHINGTON, ON 25 OCTOBER 1963

AGREEMENT, dated October 25, 1963, between SPAIN (hereinafter called the Borrower) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank).

Article I

LOAN REGULATIONS; DEFINITION

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 with the same force and effect as if they were fully set forth herein, subject, however, to the following modifications thereof (said Loan Regulations No. 3 as so modified being hereinafter called the Loan Regulations):

(a) The second sentence of Section 3.02 of the Loan Regulations shall apply only to withdrawals in respect of expenditures in currencies other than the currency of the Borrower.

(b) Section 4.01 of the Loan Regulations is deleted.

Section 1.02. Unless the context otherwise requires, the term "Pilot Maintenance Program," wherever used in this Agreement or in the Loan Regulations, means the pilot maintenance program described in Part II of the Project.

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 thirty-three million dollars (\$33,000,000).

¹ Came into force on 11 March 1964, upon notification by the Bank to the Government of Spain.

² See p. 314 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 Accounts 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 The amount of the Loan may be withdrawn from the Loan Account as provided in, and subject to the rights of cancellation and suspension set forth in, this Agreement and the Loan Regulations.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. 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) 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 paid for the reasonable cost of goods required for carrying out Part I of the Project; and
- b) such amounts as shall have been expended for the reasonable cost of equipment acquired for Part II of the Project and, if the Bank shall so agree, such amounts as shall be required by the Borrower to meet payments for such equipment;

provided, however, that no withdrawals shall be made on account of : (i) expenditures prior to April 1, 1963; 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 in respect of expenditures in the currency of the Borrower or for goods produced in (including services supplied from) the territories of the Borrower 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 April 15 and October 15 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 1¹ 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. 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* 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 at all times make available promptly as needed all sums which shall be required for the carrying out of the Project.

(c) Except as the Bank shall otherwise agree, the Borrower shall, in the carrying out of the Project, employ or cause to be employed engineering consultants acceptable to, and to an extent and upon terms and conditions satisfactory to, the Borrower and the Bank.

¹ See p. 312 of this volume.

(d) Except as the Borrower and the Bank shall otherwise agree, the works included in Part I of the Project shall be carried out by contractors acceptable to the Borrower and the Bank employed under contracts satisfactory to the Borrower and the Bank.

Section 5.02. (a) The list of road sections to be included in Part I (a) of the Project shall be determined from time to time by agreement between the between Borrower and the Bank, subject to modification by further agreement them.

(b) The general design standards and types of surfacing to be used for the roads included in Part I of the Project shall be as determined by agreement between the Borrower and the Bank, subject to modification by further agreement between them.

(c) The specific details of the Pilot Maintenance Program shall be as determined by agreement between the Borrower and the Bank, subject to modification by further agreement between them.

Section 5.03. (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 the agency or agencies of the Borrower responsible for the carrying out of the Project or any part thereof or the maintenance of the roads and bridges included in Part I of the Project, 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, and the administration, operations and financial condition of the agency or agencies of the Borrower responsible for the carrying out of the Project or any part thereof or the maintenance of the roads and bridges included in Part I of the Project.

(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. 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.

(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 5.04. The Borrower shall maintain records adequate to identify the goods financed out of the proceeds of the Loan, to disclose the use thereof in 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 the agency or agencies of the Borrower responsible for the carrying out of the Project or any part thereof or the maintenance of the roads and bridges included in Part I of the Project, and shall enable the Bank's representatives to inspect the Project, the goods financed out of the proceeds of the Loan, all other road construction and maintenance works, equipment, properties and facilities of the Borrower and any relevant records and documents.

Sections 5.05. 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, including the assets of the Instituto Español de Moneda Extranjera and the Banco de España and any other institution performing the functions of a central bank for the Borrower.

Section 5.06. 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, 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 5.07. 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 5.08. 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 5.09. 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 5.10. (a) The Borrower shall cause all the roads and bridges included in the Project 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 road maintenance equipment financed out of the proceeds of the Loan : (i) to be adequately maintained and all necessary repairs and renewals thereof to be made, all in accordance with sound engineering practices; and (ii) except as the Borrower and the Bank shall otherwise agree, to be used exclusively in the Pilot Maintenance Program.

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 an additional condition to the effectiveness of this Agreement within the meaning of Section 9.01 (b) of the Loan Regulations :

Administrative regulations or other arrangements, satisfactory to the Borrower and the Bank, have been made with respect to the methods and procedures for procurement of goods to be financed out of the proceeds of the Loan.

Section 7.02. A date 90 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 July 15, 1968, or such other date or dates as shall be agreed between the Borrower and the Bank as the Closing Date.

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

For the Borrower :

Dirección General de Financiación Exterior
Ministerio de Hacienda
Alcalá 11, Madrid 14, Spain

Alternative address for cablegrams and radiograms :

Financexterior
Madrid

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 *Ministro de Hacienda* 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.

Spain :

By Juan SANCHEZ CORTES
Authorized Representative

International Bank for Reconstruction and Development :

By George D. WOODS
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>
October 15, 1968	\$690,000	October 15, 1976	\$1,060,000
April 15, 1969	705,000	April 15, 1977	1,090,000
October 15, 1969	725,000	October 15, 1977	1,120,000
April 15, 1970	745,000	April 15, 1978	1,150,000
October 15, 1970	765,000	October 15, 1978	1,185,000
April 15, 1971	790,000	April 15, 1979	1,215,000
October 15, 1971	810,000	October 15, 1979	1,250,000
April 15, 1972	830,000	April 15, 1980	1,285,000
October 15, 1972	855,000	October 15, 1980	1,320,000
April 15, 1973	880,000	April 15, 1981	1,355,000
October 15, 1973	905,000	October 15, 1981	1,395,000
April 15, 1974	930,000	April 15, 1982	1,430,000
October 15, 1974	955,000	October 15, 1982	1,470,000
April 15, 1975	980,000	April 15, 1983	1,510,000
October 15, 1975	1,005,000	October 15, 1983	1,560,000
April 15, 1976	1,035,000		

* 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	1 ½%
More than six years but not more than eleven years before maturity	2 ½%
More than eleven years but not more than sixteen years before maturity	3 ½%
More than sixteen years but not more than eighteen years before maturity	4 ½%
More than eighteen years before maturity	5 ½%

SCHEDULE 2

DESCRIPTION OF THE PROJECT

The Project consists of :

Part I. Improvement and Construction Works

(a) Improvement or relocation of about 800 kilometers of road sections, situated in the geographical triangle Madrid – Barcelona – Alicante, all such road sections being part of the national road network of the Borrower.

(b) Construction of a road about 22 kilometers long between Oviedo and Figaredo in the province of Oviedo.

(c) Construction of about 11 kilometers of freeway between the city of Palma and Son San Juan airport in the island of Mallorca, and about 8 kilometers of access roads and inter-sections.

(d) Construction of a bridge over the Ebro river at Amposta in the province of Tarragona, and approaches thereto.

Part II. Pilot Maintenance Program

Establishment and operation by the Dirección General de Carreteras of the Ministerio de Obras Públicas of the Borrower, as a first step in the over-all reorganization of the Borrower's road maintenance operations in the entire country, of a Pilot Maintenance Program consisting of two road maintenance divisions of the Dirección General de Carreteras. The Pilot Maintenance Program is designed with a view to determining the methods of, and requirements for, extending modern road maintenance organization and operations to the entire national road network of the Borrower.

The Pilot Maintenance Program includes :

(a) Acquisition and utilization, in the roads of the pilot areas administered by the Dirección General de Carreteras, of road maintenance equipment and spare parts therefor.

(b) Construction of workshops, offices and warehouses in appropriate locations, and acquisition and utilization of equipment and spare parts therefor.

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.]