

No. 7999

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

Loan Agreement—*Road Project* (with annexed Loan Regulations No. 3). Signed at Washington, on 16 December 1964

Official text: English.

Registered by the International Bank for Reconstruction and Development on 3 December 1965.

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

Contrat d'emprunt — *Projet relatif au réseau routier* (avec, en annexe, le Règlement n° 3 sur les emprunts). Signé à Washington, le 16 décembre 1964

Texte officiel anglais.

Enregistré par la Banque internationale pour la reconstruction et le développement le 3 décembre 1965.

No. 7999. LOAN AGREEMENT¹ (*ROAD PROJECT*) BETWEEN THE REPUBLIC OF PARAGUAY AND THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT. SIGNED AT WASHINGTON, ON 16 DECEMBER 1964

AGREEMENT, dated December 16, 1964, between REPUBLIC OF PARAGUAY (hereinafter called the Borrower) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank).

WHEREAS by an agreement with the Borrower dated October 26, 1961² (hereinafter called the Credit Agreement) the International Development Association has made available to the Borrower, on the terms and conditions set forth in said Credit Agreement, a development credit in an amount in various currencies equivalent to six million dollars (\$6,000,000) for the purpose of assisting in the financing of a road construction and maintenance project which is being carried out by the Borrower ; and

WHEREAS the Borrower has requested the Bank to grant a supplementary loan for the same purpose ;

NOW THEREFORE the parties hereto hereby agree as follows :

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, 1961,³ with the same force and effect as if they were fully set forth herein, subject, however, to the following modification thereof (said Loan Regulations No. 3, as so modified, being hereinafter called the Loan Regulations) : Section 4.01 of the Loan Regulations is deleted.

Section 1.02. Except where the context otherwise requires, the term "Project" wherever used in this Loan Agreement means the project for which the Loan is

¹ Came into force on 9 September 1965, upon notification by the Bank to the Government of Paraguay.

² United Nations, *Treaty Series*, Vol. 447, p. 277.

³ See p. 186 of this volume.

granted as described in Schedule 1 of the Credit Agreement and as the description thereof shall be amended from time to time by agreement among the Borrower, the Bank and the International Development Association.

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 two million two hundred thousand dollars (\$2,200,000).

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 Loan Agreement.

Section 2.03. Except as the Borrower and the Bank shall otherwise agree :

(a) The Borrower shall be entitled, subject to the provisions of this Agreement, to withdraw from the Loan Account : (i) 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 (other than consultants' services) required for carrying out Part A of the Project ; and (ii) such amounts as shall have been otherwise expended (other than for goods produced in, including services supplied from, the territories of the Borrower or for expenditures in currency of the Borrower) for the reasonable cost of goods required for carrying out the Project and not included in (i) hereof ; and (iii) 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.

(b) Withdrawals from the Loan Account on account of expenditures specified in (i) of sub-section (a) of this Section shall be in dollars or such other currency or currencies, other than currency of the Borrower, as the Bank shall from time to time reasonably select.

(c) Notwithstanding the foregoing provisions of this Section, no withdrawals shall be made on account of (i) expenditures made prior to September 10, 1964, 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. The Borrower shall pay to the Bank a commitment charge at the rate of three-eighths of one per cent ($\frac{3}{8}$ 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 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 2.06. 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 commitment outstanding from time to time.

Section 2.07. Interest and other charges shall be payable semi-annually on February 15 and August 15 in each year.

Section 2.08. The Borrower shall repay the principal of the Loan in accordance with the amortization schedule set forth in the Schedule 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* and the *Director del Tesoro* of the Borrower and such person or persons as they 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. Sections 4.01, 4.02, 4.03, 4.06 and 4.07 of the Credit Agreement are hereby incorporated into this Loan Agreement with the same force and effect

as if they were fully set forth herein, provided, however, that : (i) all references to the Association in such Sections or in any of them shall be deemed to be references to the Bank, and (ii) all references in such Sections or in any of them to the Credit shall be deemed to be references to the Loan.

Section 5.02. 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 ; or (ii) 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 Banco Central del Paraguay and any other institution performing the functions of a central bank for the Borrower.

Section 5.03. 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 5.04. 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 5.05. 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.

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 or paragraph (a) of Section 6.02 of this Agreement 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 paragraph (b) of 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 additional events are specified for the purposes of Section 5.02 (h) of the Loan Regulations :

(a) A default shall have occurred in the payment of principal or service charge or any other payment required under the Credit Agreement ;

(b) A default shall have occurred in the performance of any other covenant or agreement on the part of the Borrower under the Credit Agreement.

Article VII

MISCELLANEOUS

Section 7.01. The Closing Date shall be December 31, 1969 or such other date as shall be agreed between the Borrower and the Bank as the Closing Date.

Section 7.02. The following addresses are specified for the purposes of Section 8.01 of the Loan Regulations :

For the Borrower :

Ministerio de Hacienda
Asunción, Paraguay

Alternative cable address :

Minhacienda
Asunción, Paraguay

For the Bank :

International Bank for Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Alternative cable address :

Intbafrad
Washington, D. C.

Section 7.03. The Ambassador of Paraguay to the United States is designated for the purposes of Section 8.03 of the Loan Regulations.

Section 7.04. A date 90 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 Paraguay :

By Juan PLATE
Authorized Representative

International Bank for Reconstruction and Development :

By J. Burke KNAPP
Vice President

SCHEDULE

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 15, 1970	\$30,000	February 15, 1980	55,000
August 15, 1970	30,000	August 15, 1980	55,000
February 15, 1971	35,000	February 15, 1981	55,000
August 15, 1971	35,000	August 15, 1981	60,000
February 15, 1972	35,000	February 15, 1982	60,000
August 15, 1972	35,000	August 15, 1982	60,000
February 15, 1973	35,000	February 15, 1983	60,000
August 15, 1973	40,000	August 15, 1983	65,000
February 15, 1974	40,000	February 15, 1984	65,000
August 15, 1974	40,000	August 15, 1984	70,000
February 15, 1975	40,000	February 15, 1985	70,000
August 15, 1975	40,000	August 15, 1985	70,000
February 15, 1976	45,000	February 15, 1986	75,000
August 15, 1976	45,000	August 15, 1986	75,000
February 15, 1977	45,000	February 15, 1987	80,000
August 15, 1977	45,000	August 15, 1987	80,000
February 15, 1978	50,000	February 15, 1988	80,000
August 15, 1978	50,000	August 15, 1988	85,000
February 15, 1979	50,000	February 15, 1989	85,000
August 15, 1979	50,000	August 15, 1989	80,000

* 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 withdrawals.

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 %

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

LOAN REGULATIONS No. 3, DATED 15 FEBRUARY 1961

LOAN REGULATIONS APPLICABLE TO LOANS MADE BY THE BANK TO MEMBER GOVERNMENTS

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