

No. 8266

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

Loan Agreement—*Second Road Project* (with annexed Loan Regulations No. 3). Signed at Washington, on 27 April 1966

Official text: English.

*Registered by the International Bank for Reconstruction and Development on
21 July 1966.*

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

**Contrat d'emprunt — *Deuxième projet relatif aux routes*
(avec, en annexe, le Règlement n° 3 sur les emprunts).
Signé à Washington, le 27 avril 1966**

Texte officiel anglais.

*Enregistré par la Banque internationale pour la reconstruction et le développement
le 21 juillet 1966.*

No. 8266. LOAN AGREEMENT¹ (*SECOND ROAD PROJECT*)
BETWEEN THE REPUBLIC OF FINLAND AND THE
INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT. SIGNED AT WASHINGTON, ON
27 APRIL 1966

AGREEMENT, dated April 27, 1966 between REPUBLIC OF FINLAND (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, 1961,² with the same force and effect as if they were fully set forth herein, subject, however, to the following modifications thereof :

- (a) Section 4.01 is deleted;
- (b) Section 4.02 is deleted;
- (c) Section 9.04 is deleted.

Loan Regulations No. 3, as so modified, are hereinafter called the Loan Regulations.

Article II

THE LOAN

Section 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions in the Loan Agreement set forth or referred to, an amount in various currencies equivalent to twenty million dollars (\$20,000,000).

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 The amount of the Loan may be withdrawn from the Loan Account as provided in, and subject to the rights of cancellation and suspension set forth in, the Loan Agreement.

¹ Came into force on 16 June 1966, upon notification by the Bank to the Government of Finland.

² See p. 122 of this volume.

Section 2.03. (a) Except as the Borrower and the Bank shall otherwise agree, the Borrower shall be entitled, subject to the provisions of the Loan Agreement, to withdraw from the Loan Account the equivalent of a percentage or percentages to be established from time to time by agreement between the Borrower and the Bank of : (i) such amounts as shall have been paid for the reasonable cost of goods to be financed under this 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.

(b) Except as shall be otherwise agreed between the Borrower and the Bank, no withdrawals shall be made on account of : (i) expenditures prior to January 1, 1966, or (ii) expenditures made 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 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 six per cent (6%) per annum on the principal amount of the Loan so withdrawn and 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 1 to this Agreement,

Section 2.08. Pursuant to the second sentence of Section 3.02 of the Loan Regulations, the Borrower and the Bank agree that withdrawals shall be made in such currency or currencies as the Bank shall reasonably select.

Article III

USE OF PROCEEDS OF LOAN

Section 3.01. The Borrower shall apply the proceeds of the Loan 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 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 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 carry out the Project with due diligence and efficiency and in accordance with sound engineering, administrative and financial practices, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the purpose.

(b) The Borrower shall operate, maintain and repair all roads and the bridge included in the Project in accordance with sound engineering and highway practices.

(c) Except as the Borrower and the Bank shall otherwise agree, the Borrower shall, in carrying out Parts I, II and IV of the Project, employ engineering consultants acceptable to, and upon terms and conditions satisfactory to, the Borrower and the Bank.

(d) The general design standards to be used for the roads and the bridge included in the Project shall be satisfactory to the Borrower and the Bank.

(e) Except as the Bank shall otherwise agree, the works referred to in Parts I, II and III of the Project shall be carried out by contractors satisfactory to the Borrower and the Bank, employed under contracts satisfactory to the Borrower and the Bank.

(f) The lists of roads included in Parts III and IV of the Project shall be determined by agreement between the Borrower and the Bank, subject to modification by further agreement between them.

Section 5.02. (a) The Borrower shall furnish or cause to be furnished to the Bank, promptly upon their preparation, the plans, specifications and work schedules for the Project and any material modifications subsequently made therein, in such detail as the Bank shall from time to time request.

(b) The Borrower : (i) 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, 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 construction, operation and maintenance of the Project or any part thereof; (ii) shall enable the Bank's representatives to inspect the Project, the operation thereof, the goods and any relevant records and documents; and (iii) shall furnish 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, and the operations, administration and financial condition of the agency or agencies of the Borrower responsible for the construction, operation and maintenance of the Project or any part thereof.

Section 5.03. The Borrower and the Bank shall cooperate fully to assure that the purposes of the Loan will be accomplished. To that end :

(a) 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 progress of the Project, 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 construction, operation and maintenance 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;

(b) 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; and

(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 5.04. 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 by its terms 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 Suomen Pankki-Finlands Bank or any other institution acting as the central bank of the Borrower.

Section 5.05. 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 5.06. 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 5.07. 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 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 March 31, 1969, or such other date as may from time to time be agreed between the Borrower and the Bank.

Section 7.02. If the Loan Agreement shall not have come into force and effect by July 15, 1966, the Loan Agreement and all obligations of the parties hereunder shall terminate, unless the Bank, after consideration of the reasons for the delay, establishes a later date for purposes of this Section. The Bank shall promptly notify the Borrower of such later date.

Section 7.03. The following addresses are specified for the purposes of Section 8.01 of the Loan Regulations :

For the Borrower :

Republic of Finland
Embassy of Finland
1900 Twenty-fourth Street, N.W.
Washington, D.C. 20008
United States of America

Alternative address for cables and radiograms :

Finlandia
Washington, D.C.

For the Bank :

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

Alternative address for cables and radiograms :

Intbafrad
Washington, D.C.

Section 7.04. 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.

Republic of Finland :

By Olavi MUNKKI

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 (expressed in dollars) *</i>	<i>Date Payment Due</i>	<i>Payment of Principal (expressed in dollars) *</i>
August 1, 1969	\$550,000	February 1, 1976	\$805,000
February 1, 1970	565,000	August 1, 1976	830,000
August 1, 1970	580,000	February 1, 1977	855,000
February 1, 1971	600,000	August 1, 1977	880,000
August 1, 1971	615,000	February 1, 1978	905,000
February 1, 1972	635,000	August 1, 1978	935,000
August 1, 1972	655,000	February 1, 1979	960,000
February 1, 1973	675,000	August 1, 1979	990,000
August 1, 1973	695,000	February 1, 1980	1,020,000
February 1, 1974	715,000	August 1, 1980	1,050,000
August 1, 1974	735,000	February 1, 1981	1,085,000
February 1, 1975	760,000	August 1, 1981	1,125,000
August 1, 1975	780,000		

* 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>Premiums</i>
Not more than three years before maturity	½%
More than three years but not more than six years before maturity	2¼%
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	5%
More than thirteen years before maturity	6%

SCHEDULE 2

DESCRIPTION OF PROJECT

The Project consists of :

- I. The construction of a four-lane freeway between Tampere and Kulju.
- II. The construction of a bridge with adjacent road sections at Savonlinna.
- III. The paving of about 2000 kms of various road sections over a two year period (1966 and 1967).
- IV. The final engineering and design by consultants of roads to be improved and constructed as part of a future road program.

* * *

The Project is scheduled to be completed in the fall of 1968.

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.*]