No. 10290

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

and ARGENTINA

Loan Agreement—Second Road Project (with annexed General Conditions Applicable to Loan and Guarantee Agreements). Signed at Washington on 24 June 1969

Authentic text: English.

Registered by the International Bank for Reconstruction and Development on 3 February 1970.

BANQUE INTERNATIONALE POUR LA RECONSTRUCTION ET LE DÉVELOPPEMENT

et ARGENTINE

Contrat d'emprunt — Deuxième projet routier (avec, en annexe, les Conditions générales applicables aux contrats d'emprunt et de garantie). Signé à Washington le 24 juin 1969

Texte authentique: anglais.

Enregistré par la Banque internationale pour la reconstruction et le développement le 3 février 1970.

LOAN AGREEMENT 1

AGREEMENT, dated June 24, 1969, between THE ARGENTINE REPUBLIC (hereinafter called the Borrower) and International Bank for Reconstruction and Development (hereinafter called the Bank).

Article I

GENERAL CONDITIONS; DEFINITIONS

Section 1.01. The parties to this Agreement accept all the provisions of the General Conditions Applicable to Loan and Guarantee Agreements of the Bank, dated January 31, 1969,² with the same force and effect as if they were fully set forth herein (said General Conditions Applicable to Loan and Guarantee Agreements of the Bank being hereinafter called the General Conditions).

- Section 1.02. Wherever used in this Agreement, unless the context otherwise requires, the several terms defined in the General Conditions have the respective meanings therein set forth and the following additional terms have the following meanings:
- (a) "Vialidad" means Dirección Nacional de Vialidad, a public legal entity of the Borrower, organized and existing under Decree-Law No. 505 of January 16, 1958, and includes any successor or successors to Vialidad; and
- (b) "Plan Trienal" means the three-year road construction program of the Borrower provided for in Law No. 17961 of November 7, 1968 of the Borrower.

Article II

THE LOAN

Section 2.01. The Bank agrees to lend to the Borrower, on the terms and

¹ Came into force on 12 January 1970, upon notification by the Bank to the Government of Argentina.

² See p. 82 of this volume.

conditions in the Loan Agreement set forth or referred to, an amount in various currencies equivalent to twenty-five million dollars (\$25,000,000).

Section 2.02. (a) 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.

(b) 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 and in accordance with the Allocation of Proceeds of the Loan set forth in Schedule 1 to this Agreement, as such allocation shall be modified from time to time pursuant to the provisions of such Schedule or by further agreement between the Borrower and the Bank.

Section 2.03. The Borrower shall be entitled to withdraw from the Loan Account in respect of the reasonable cost of goods or services required for the Project and to be financed under the Loan Agreement:

- (i) such amounts as shall have been paid (or, if the Bank shall so agree, as shall be required to meet payments to be made) for goods or services included in Category IV of the Allocation of Proceeds of Loan set forth in Schedule 1 to this Agreement;
- (ii) the equivalent of fifty per cent (50%) of such amounts as shall have been paid (or, if the Bank shall so agree, as shall be required to meet payments to be made) for goods or services included in Category I of the Allocation of Proceeds of Loan set forth in Schedule 1 to this Agreement; and
- (iii) the equivalent of sixty per cent (60%) of such amounts as shall have been paid (or, if the Bank shall so agree, as shall be required to meet payments to be made) for goods or services included in Categories II and III of the Allocation of Proceeds of the Loan set forth in Schedule 1 to this Agreement;

provided, however, that if there shall be an increase in the estimate of such payments for goods or services included in any of the Categories I, II and III, the Bank may by notice to the Borrower adjust the stated percentages applicable to such Categories as required in order that withdrawals of the amounts of the Loan then allocated to such Categories and not withdrawn may continue

pro rata with the payments remaining to be made for goods or services included in such Categories.

- Section 2.04. (a) It is hereby agreed, pursuant to Section 5.01 of the General Conditions, that withdrawals from the Loan Account may be made on account of payments in the currency of the Borrower, or for goods produced in, or services supplied from, the territories of the Borrower.
- (b) No withdrawal from the Loan Account shall be made on account of payments for taxes imposed by the Borrower or any of its political subdivisions on, or in connection with the importation or supply of goods or services for the Project.
- Section 2.05. The Borrower shall pay to the Bank a commitment charge at the rate of three-fourths of one per cent (3/4 of 1 %) per annum on the principal amount of the Loan not withdrawn from time to time.
- Section 2.06. The Borrower shall pay interest at the rate of six and one-half per cent $(6^1/2\%)$ per annum on the principal amount of the Loan withdrawn and outstanding from time to time.
- Section 2.07. Interest and other charges shall be payable semi-annually on March 15 and September 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 Schedule 2 to this Agreement.

Article III

Use of Proceeds of Loan

- Section 3.01. The Borrower shall apply the proceeds of the Loan in accordance with the provisions of the Loan Agreement to expenditures on the Project described in Schedule 3 to this Agreement.
- Section 3.02. Except as the Bank shall otherwise agree: (i) the goods and services to be financed out of the proceeds of the Loan shall be procured on the basis of international competitive bidding in accordance with the Guidelines for Procurement under World Bank Loans and IDA Credits, published by the Bank in February 1968, and in accordance with such other procedures supplementary thereto as are set forth in Schedule 4 to this Agreement or as shall be agreed between the Borrower and the Bank; and (ii) contracts for the procure-

ment of such goods and services shall be subject to the prior approval of the Bank.

Section 3.03. Until the completion of the Project, the Borrower shall cause all goods and services financed out of the proceeds of the Loan to be used exclusively in carrying out the Project, except as the Bank may otherwise agree.

Article IV

BONDS

Section 4.01. If and as the Bank shall from time to time request, the Borrower shall execute and deliver Bonds representing the principal amount of the Loan as provided in Article VIII of the General Conditions.

Section 4.02. The Ministro de Economía y Trabajo of the Borrower and such other person or persons as he shall appoint in writing are designated as authorized representatives of the Borrower for the purposes of Section 8.10 of the General Conditions.

Article V

PARTICULAR COVENANTS

- Section 5.01. (a) The Borrower shall carry out the Project with due diligence and efficiency and in conformity 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 take all such timely action (including adequate provision of funds) as shall be necessary to acquire all such land, rights-of-way and other property rights as shall be required for carrying out the Project.
- (c) In the carrying out of parts A, B1 and C of the Project, the Borrower shall employ or cause to be employed consultants and experts acceptable to, and to an extent and upon terms and conditions satisfactory to, the Borrower and the Bank.
- (d) Except as the Bank shall otherwise agree, construction 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.

- (e) The general design standards and types of surfacing (including pavement) to be used for the roads included in the Project shall be as set forth in Schedule 5 to this Agreement, as such standards shall be modified from time to time by agreement between Vialidad and the Bank.
- (f) The Borrower shall promptly furnish or cause to be furnished to the Bank the plans, specifications and work schedules for the Project and any material modifications subsequently made therein, in such detail as the Bank shall request.
- 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, 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 and the Bank of their respective obligations under the Loan Agreement, the administration, operations and financial condition of Vialidad and in respect of the Project of any other agency or agencies of the Borrower responsible for the carrying out of the Project or any part thereof, and other matters relating to the purposes of the Loan, and the *Plan Trienal*.
- The Borrower shall furnish or cause to be furnished to the Bank all such information as the Bank shall reasonably request concerning the expenditure of the proceeds of the Loan, the goods and services financed out of such proceeds, the Project, the national road network of the Borrower and, to the extent such information is available to it, the provincial primary road network of the Borrower, the Plan Trienal, and the administration, operations and financial condition of Vialidad and in respect of the Project of any other agency or agencies of the Borrower responsible for the carrying out of the Project or any part thereof. Such information shall include: (i) such technical, economic and financial information as shall be necessary for the proper planning of maintenance, improvement and expansion of the national and provincial primary road networks of the Borrower, such information to be collected and recorded in accordance with sound statistical methods and procedures; and (ii) information with respect to 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 of the obligations under the Loan Agreement by the Borrower, by Vialidad

and in respect of the Project by any other agency or agencies of the Borrower responsible for the carrying out of the Project or any part thereof.

(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. The Borrower shall maintain records adequate to identify the goods and services financed out of the proceeds of the Loan, to disclose the use thereof in the Project, to record the progress of the Project and to reflect in accordance with consistently maintained sound accounting practices the operations and financial condition of Vialidad and of any other agency or agencies of the Borrower responsible for the carrying out of the Project or any part thereof and shall enable the Bank's representatives to inspect the Project, the goods financed out of the proceeds of the Loan, the primary roads of the national and provincial networks of the Borrower, and any other relevant records and documents.

Section 5.04. 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 5.05. 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 to secure a debt maturing not more than one year after the date on which it is originally incurred.

The term "assets of the Borrower" as used in this Section includes assets

of the Borrower or of any agency of the Borrower, including assets of the Banco Central de la República Argentina.

The Borrower further undertakes that, within the limits of its constitutional powers, it will make the foregoing undertaking effective with respect to liens on the assets of any of its political subdivisions and their agencies, including local governing authorities.

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, and free from all restrictions, 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 5.07. The Loan Agreement and the Bonds shall be free from any taxes that shall be imposed by the Borrower 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. (a) The Borrower shall continue adequately to maintain all the roads and bridges of the national road network of the Borrower and shall continue promptly to make all necessary repairs thereof, all in accordance with sound engineering practices, and shall take all steps necessary to ensure the proper use and protection of such roads and bridges, including the consistent enforcement of appropriate regulations in respect of vehicle weights and dimensions.
- (b) The Borrower shall cause all of the machinery, equipment and facilities required for the purpose of maintaining its national road network to be adequately maintained and repaired.

Section 5.09. The Borrower and the Bank recognize the importance of evaluating the economic merits of such roads as shall be included in the future road construction plans in Argentina and the Borrower agrees that due account will be taken of such merits in the formulation of such plans.

Article VI

REMEDIES OF THE BANK

Section 6.01. If any event specified in Section 7.01 of the General Conditions shall occur and shall continue for the period, if any, therein set forth, then at any subsequent time during the continuance thereof, the Bank, at its option, may by notice to the Borrower declare the principal of the Loan and of all the Bonds then outstanding to be due and payable immediately, together with the interest and other charges thereon and upon any such declaration such principal, interest and charges shall become due and payable immediately, anything to the contrary in the Loan Agreement or in the Bonds notwith-standing.

Article VII

MISCELLANEOUS

Section 7.01. The Closing Date shall be June 30, 1972 or such other date as shall be agreed between the Borrower and the Bank.

Section 7.02. The date of October 1, 1969 is hereby specified for the purposes of Section 11.04 of the General Conditions.

Section 7.03. The Ministro de Economia y Trabajo of the Borrower is designated as representative of the Borrower for the purposes of Section 10.03 of the General Conditions.

Section 7.04. The following addresses are specified for the purposes of Section 10.01 of the General Conditions:

For the Borrower:

Dirección Nacional de Vialidad Avenida Maipú 3 Buenos Aires, Argentina

Cable address:

Vialidad Nacional Buenos Aires

For the Bank:

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

Cable address:

Intbafrad Washington, D.C.

IN WITNESS WHEREOF, the parties hereto, acting through their representatives thereunto duly authorized, have caused this Agreement to be signed in their respective names and to be delivered in the District of Columbia, United States of America, as of the day and year first above written.

The Argentine Republic:

By Eduardo A. Roca
Authorized Representative

International Bank for Reconstruction and Development:

By J. Burke KNAPP

Vice President

SCHEDULE 1

ALLOCATION OF PROCEEDS OF THE LOAN

Categ	rory	Amounts Expressed in Dollar Equivalent
I. II. III.	Road construction under part A of the Project Consultants' services for part A of the Project Consultants' services for part B 1 (b) and (c) of the Project.	17,600,000 600,000 3,000,000
IV. V.	Miscellaneous imported equipment for part C of the Project Unallocated	500,000 3,300,000
	Total:	25,000,000

REALLOCATION UPON CHANGE IN COST ESTIMATES

1. If the estimated cost of the goods and services included in any of the Categories I to IV shall increase, an amount equal to such increase in the case of Category IV, or in the case of Category I, an amount equal to 50% of such increase, or in the case of Categories II and III, amounts equal to 60% of such increase, will be reallocated by the Bank, at the request of the Borrower, to such Category from Category V, subject, however, to the requirements for contingencies, as determined by the Bank in respect of the cost of the goods and services in the other Categories.

2. If the estimated cost of the goods and services included in any of the Categories I to IV shall decrease, the amount of the Loan then allocated to, and no longer required for such Category, will be reallocated by the Bank to Category V.

SCHEDULE 2

AMORTIZATION SCHEDULE

Paymen of Princi (express Date Payment Due in dollar.	pal of Principal ed (expressed
September 15, 1973 285,00	March 15, 1984 560,000
March 15, 1974 295,00	
September 15, 1974 305,000	
March 15, 1975	
September 15, 1975 325,00	1
March 15, 1976	
September 15, 1976	, •
March 15, 1977	
September 15, 1977 370,00	
March 15, 1978	
September 15, 1978 395,00	
March 15, 1979 410,00	
September 15, 1979 420,00	
March 15, 1980 435,00	
September 15, 1980 450,00	
March 15, 1981 465,00	
September 15, 1981 480,00	
March 15, 1982 495,00	
September 15, 1982 510,00	
March 15, 1983 525,00	
September 15, 1983 545,00	

^{*} To the extent that any portion of the Loan is repayable in a currency other than dollars (see General Conditions, Section 4.02), 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 portion of the principal amount of the Loan pursuant to Section 3.05(b) of the General Conditions or on the redemption of any Bond prior to its maturity pursuant to Section 8.15 of the General Conditions:

Time of Prepayment or Redemption	Premium
Not more than three years before maturity	1/2 of 1%
More than three years but not more than six years before maturity	1 1/4%
More than six years but not more than eleven years before maturity	2 1/4%
More than eleven years but not more than sixteen years before maturity.	3 3/4%
More than sixteen years but not more than twenty-one years before maturity	5%
More than twenty-one years but not more than twenty-three years before	
maturity	6%
More than twenty-three years before maturity	6 1/2%

SCHEDULE 3

DESCRIPTION OF THE PROJECT

The Project consists of:

- A. The upgrading and paving of about 800 kilometers of sections of roads of the national road network of the Borrower including:
 - Route 7, Laboulaye-Mercedes (about 203 km)
 - Route 3, San Antonio Oeste-Arroyo Verde (about 169 km)
 Uzcudum-Canadon Ferrais (about 222 km)
 - Route 251, Intersection Route 22-San Antonio Oeste (about 202 km)
- B. 1. The identification and preparation of a five-year road investment program (1971-1975), including:
 - (a) The carrying out of a reconnaissance study of the national and provincial primary road networks in order to identify road construction priorities for improving such networks, including a review of those works in the *Plan Trienal* for which contracts have not been awarded on the date of this Agreement or for the financing of which there is no provision in the 1969 budget of the Borrower;
 - (b) The carrying out of: (i) feasilibity studies of road sections totalling about 2,500 km selected because of their high priority from those included in the above reconnaissance study; and (ii) detailed engineering, including bidding documents, for about 2,000 km of those road sections identified by feasibility studies as having the highest priority, all such road sections to be acceptable to the Bank;
 - (c) The coordination and continuous review of the work under (b) above, including the establishment and application of sound technical and economic criteria.
- 2. The improvement of the planning and administration of the road network, including:
 - (a) The carrying out of a road inventory of and the establishment and initial

- operation of a traffic counting system for the national and provincial primary road networks.
- (b) The improvement of internal cost accounting systems for cost control programming, forecasting expenditures and preparing cost estimates.
- 3. The formulation of recommendations in respect of coordination and development of the various modes of transport.
- C. The procurement and utilization of miscellaneous field and office equipment for design and construction control of road investment, collection of road traffic and inventory data, and enforcement of motor vehicle weight regulations.

* *

Part A of the Project is expected to be completed by January 31, 1972.

The studies provided for in paragraphs (a) and (b) of Part B of the Project are expected to be completed by June 30, 1971.

SCHEDULE 4

PROCUREMENT

A. Contracts for Civil Engineering

- 1. Non-Argentine contractors will not be required to register in Argentina as a condition of bidding for a contract. In the event that registration shall be necessary after a non-Argentine contractor has been awarded the contract, the registration procedure will be facilitated.
- 2. For the purposes of bidding on the Project, roads will be divided into a number of bidding sections, a number of such sections to be further divided into bidding subsections. Contractors may bid for the sections and/or for one or more of such subsections, and contracts will be awarded on the basis of the lowest evaluated bid for each section and/or for the aggregate total of bids for the subsections. The bidding sections and subsections will be as follows:

Bidding sections				Approximate length (km)	Number of bidding subsections
Route 7					
Laboulaye-Mackenna				98	3
Mackenna-Border Cordoba/San Luis				68	2
Border Cordoba/San Luis-Mercedes	•	•	•	37	

No. 10290

Bidding sections	Approximate length (km)	Number of bidding subsections
Route 3		
San Antonio Oeste-Arroyo Verde	169	3
Uzcudum-Malaspina	104	2
Malaspina-Canadon Ferrais	118	3
Route 251		-
Junction Route 22-San Antonio Oeste	202	4

- 3. A period of at least 60 days will be allowed for submission of proposals from bidders. Proposals will be accompanied by a bid bond or bank guarantee amounting to about 2% of the estimated contract value.
- 4. The successful bidder will be allowed the option of furnishing a guarantee by an acceptable financial institution in the amount of not less than 10% of the contract value or a performance bond in an amount of 100% of the contract price, such guarantee or bond to remain in effect until six months after completion of road work and one year after completion of bridge work. In addition, the contract will provide for retention of 10% of the value of the works on monthly invoices. The contractor will remain liable for defective work for a period of six months after final reception of road work and one year after final reception of bridge work. A non-Argentine contractor will be entitled to convert into foreign exchange a reasonable portion of the contract payments.
 - 5. The following documents will be submitted to the Bank for approval:
 - (a) at the time of distribution, the bidding advertisement and list of addresses;
 - (b) before calling for bids, the proposed procedures for post-qualification of bidders, and the consultants' comments and recommendations thereon, and a copy of the tender documents excluding drawings; and
 - (c) before any award is made, an official record of the opening of bids, a detailed evaluation of bids and proposal for award, and the consultants' comments and recommendations thereon.
- 6. As soon as the contract has been executed a signed copy will be sent to the Bank.

B. Contracts for Equipment

7. Bids for individual imported items of equipment or groups of similar imported items of equipment for a single contract estimated to amount in the aggre-

gate to less than \$10,000 equivalent may be requested from selected suppliers.

- 8. A period of 45 days will be allowed for the submission of proposals from equipment suppliers in respect of single equipment contracts such as those provided for in the previous paragraph but the value of which is estimated to exceed \$10,000 equivalent.
 - 9. The following documents will be submitted to the Bank for approval:
 - (a) a list of equipment to be purchased, indicating the approximate cost of each item, a report in support of such list containing the recommendations of consultants and experts, and, in respect of the individual items referred to in paragraph 7 above, the proposed suppliers thereof, the equipment specifications, and the recommendations for award;
 - (b) in addition, in respect of contracts of \$10,000 equivalent or more:
 - (i) before inviting bids, copies of the advertising coverage with a list of addresses, and bidding documents including specifications; and
 - (ii) before an award is made, an evaluation of bids and proposal for award.
- 10. As soon as a contract has been executed, a signed copy will be sent to the Bank.

SCHEDULE 5
GENERAL DESIGN STANDARDS

	Terrain	Route 3 and 251	Route 7
Design speed, km/h	Flat	100 90 60	120 100 70
Minimum horizontal radius, m	Flat	500 300 120	600 400 160
Maximum grade, %	Flat	5 6 7	3 5 7
Stopping sight distance, m	Flat	185 135 75	220 150 90

No. 10290

	Terrain	Route 3 and 251	Route 7
Passing sight distance, m	Flat	740	800
	Rolling	610	680
	Mountainous	400	470
Pavement width, m	Flat	6.70	7.30
·	Rolling	6.70	7.30
	Mountainous	6.70	6.70
Shoulder width, m	Flat	1.50	3.00
	Rolling	1.50	3.00
	Mountainous	1.50	2.00
Pavement type		Triple	
		Ditamainana	A ambaltia

Bituminous Asphaltic surface concrete treatment

Bridge and pavement design

Bridges are designed for the German standards "Din-1075" as modified and set forth in the standard design manual in use by Vialidad in 1968 entitled "Bases para el Calculo de Puentes de Hormigon Armado". Pavement design is based on a 12,000 lb. wheel load equivalent.

Width of bridges (curb-to-curb) Structures 10 m long or less: total width equals pavement plus shoulders. Structures more than 10 m long: 8.30 m.

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

GENERAL CONDITIONS, DATED 31 JANUARY 1969

GENERAL CONDITIONS APPLICABLE TO LOAN AND GUARANTEE AGREEMENTS [Not published herein. See United Nations, Treaty Series, vol. 691, p. 300.]