
LOAN NUMBER 384 FI

Loan Agreement

(Road Project)

BETWEEN

REPUBLIC OF FINLAND

AND

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

DATED JULY 10, 1964

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AGREEMENT, dated July 10, 1964, 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 subject, however, to the modification thereof set forth in Section 1.02 of this Agreement, with the same force and effect as if they were fully set forth herein (said Loan Regulations No. 3 as so modified being hereinafter called the Loan Regulations).

SECTION 1.02. For the purposes of this Agreement the provisions of the Loan Regulations shall be deemed to be modified as follows:

Section 4.01 of the Loan Regulations is deleted.

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 eight million five hundred thousand dollars (\$28,500,000).

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 The amount of the Loan may be withdrawn from the Loan Account as pro-

vided 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 Borrower and 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) such amounts as shall have been expended (other than for expenditures in respect of works referred to in Part I of Schedule 2 to this Agreement) for the reasonable cost of goods to be financed out of the proceeds of the Loan, or, 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) such amounts as shall be the equivalent of a percentage or percentages as may from time to time be established by agreement between the Borrower and the Bank of such amounts as shall have been expended for the reasonable cost of works referred to in Part I of Schedule 2 to this Agreement;

provided, however, that no withdrawals shall be made on account of: (i) expenditures prior to May 1, 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 and outstanding 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 commitments 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 1 to this Agreement.

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.

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 (i) pursuant to Section

2.03(b) of this Agreement and (ii) on account of any expenditures in the currency of the Borrower or for goods produced in the territories of the Borrower, shall be made in such currency or currencies as the Bank shall reasonably elect.

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 cause the Project to be carried out with due diligence and efficiency and in accordance with sound engineering, administrative and financial practices.

(b) The Borrower shall cause all roads included in the Project to be operated, maintained and repaired in accordance with sound engineering and highway practices and shall cause the equipment included in the Project to be operated and maintained in accordance with sound engineering and administrative practices.

(c) In furtherance of the purposes of (a) and (b) of this Section, the Borrower shall, *inter alia*, make available, or cause to be made available, promptly as needed all funds and other resources which shall be required therefor.

(d) In carrying out Part I. A. of the Project, the

Borrower shall employ engineering consultants acceptable to, and upon terms and conditions satisfactory to, the Borrower and the Bank.

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

(f) Except as the Bank shall otherwise agree, the works referred to in Part I 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.

(g) The list of roads included in Part I. B. 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 cause to be furnished to the Bank, promptly upon their preparation, 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.

(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 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; (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 its date; or (iv) any lien created by Suomen Pankki-Finlands Bank on any of its assets in the ordinary course of its business to secure a debt maturing by its terms not more than one year after the date on which it is incurred.

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 subdivisions, 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.

SECTION 5.08. (a) Except as the Borrower and the Bank shall otherwise agree, the Borrower shall insure or cause to be insured the goods financed out of the proceeds of the Loan against such risks and in such amounts as shall be consistent with sound business practices.

(b) In particular, the Borrower shall satisfy the Bank that adequate arrangements have been made to insure the imported goods financed out of the proceeds of the Loan against risks incident to their purchase and importation into the territories of the Borrower. Such insurance shall be consistent with sound business practices and shall be payable in the currency in which the cost of the goods insured thereunder shall be payable or in any other currency which the Borrower can convert into such currency.

ARTICLE VI

Remedies of 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. 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 7.02. The Closing Date shall be December 31, 1967 or such other date as may from time to time be agreed between the Borrower and the Bank.

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 /s/ PENTTI UUSIVIRTA
Authorized Representative

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By /s/ G. M. WILSON
Vice President

SCHEDULE 1
Amortization Schedule

Date Payment Due	Payment of Principal (expressed in dollars)*
March 15, 1968	\$ 855,000
September 15, 1968	880,000
March 15, 1969	900,000
September 15, 1969	925,000
March 15, 1970	950,000
September 15, 1970	980,000
March 15, 1971	1,005,000
September 15, 1971	1,030,000
March 15, 1972	1,060,000
September 15, 1972	1,090,000
March 15, 1973	1,120,000
September 15, 1973	1,150,000
March 15, 1974	1,185,000
September 15, 1974	1,215,000
March 15, 1975	1,250,000
September 15, 1975	1,285,000
March 15, 1976	1,320,000
September 15, 1976	1,355,000
March 15, 1977	1,390,000
September 15, 1977	1,430,000
March 15, 1978	1,470,000
September 15, 1978	1,510,000
March 15, 1979	1,550,000
September 15, 1979	1,595,000

* 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.	1/2%
More than three years but not more than six years before maturity.....	2%
More than six years but not more than eleven years before maturity.....	3 1/2%
More than eleven years but not more than thirteen years before maturity.....	4 1/2%
More than thirteen years before maturity..	5 1/2%

SCHEDULE 2**Description of Project**

The Project consists of:

I. Construction and Pavement Works:

- A. The construction of about 15 km four-lane freeway section west of Helsinki between Gumbole and Veikkola.
- B. The pavement of about 2,400 km of various road sections over a two-year period (1964-1965).

II. Procurement of Maintenance Equipment:

Procurement of additional maintenance equipment for general use by the National Board of Roads and Waterways of the Borrower.

III. Transportation Study:

A long-range transportation study with the assistance of outside experts.

The Project is scheduled to be completed by the end of 1967.