

No. 6010

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

Loan Agreement—*Aguaytia-Pucallpa Road Project* (with annexed Loan Regulations No. 3). Signed at Washington, on 19 December 1960

Official text: English.

Registered by the International Bank for Reconstruction and Development on 20 December 1961.

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

Contrat d'emprunt — *Projet relatif à la route d'Aguaytia à Pucallpa* (avec, en annexe, le Règlement n° 3 sur les emprunts). Signé à Washington, le 19 décembre 1960

Texte officiel anglais.

Enregistré par la Banque internationale pour la reconstruction et le développement le 20 décembre 1961.

No. 6010. LOAN AGREEMENT¹ (*AGUAYTIA-PUCALLPA ROAD PROJECT*) BETWEEN THE REPUBLIC OF PERU AND THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT. SIGNED AT WASHINGTON, ON 19 DECEMBER 1960

AGREEMENT, dated December 19, 1960, between REPUBLIC OF PERU (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 Agreement accept all the provisions of Loan Regulations No. 3 of the Bank dated June 15, 1956,² subject, however, to the modifications thereof set forth in Schedule 3³ to this Agreement (said Loan Regulations No. 3 as so modified being hereinafter called the Loan Regulations), with the same force and effect as if they were fully set forth herein.

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 five million five hundred thousand dollars (\$5,500,000).

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 The amount of the Loan may be withdrawn from the Loan Account as provided herein and in the Loan Regulations, and subject to the rights of cancellation and suspension herein and therein set forth.

Section 2.03. 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the rate of three-fourths of one per cent ($\frac{3}{4}$ of 1 %) per annum on the principal amount of the Loan not so withdrawn from time to time. Such commitment charge shall accrue from a date sixty days after the date of this Agreement to

¹ Came into force on 4 April 1961, upon notification by the Bank to the Government of Peru.

² See p. 294 of this volume.

³ See p. 292 of this volume.

the respective dates on which amounts shall be withdrawn by the Borrower from the Loan Account as provided in Article IV of the Loan Regulations or shall be cancelled pursuant to Article V of the Loan Regulations.

Section 2.04. The Borrower shall pay interest at the rate of five and three-fourths per cent ($5\frac{3}{4}\%$) per annum on the principal amount of the Loan so withdrawn and outstanding from time to time.

Section 2.05. 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 2.06. Interest and other charges shall be payable semi-annually on January 1 and July 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 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 parts A and B of the Project described in Schedule 2¹ to this Agreement. 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.

¹ See p. 290 of this volume.

Section 4.02. The *Ministro de Hacienda y Comercio* 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) In the carrying out of the Project the Borrower shall employ or cause to be employed engineering consultants and other experts acceptable to, and to an extent and upon terms and conditions satisfactory to, the Borrower and the Bank.

(c) Except as the Bank shall otherwise agree, the road included in Part A of the Project shall be constructed or reconstructed by contractors satisfactory to the Borrower and the Bank, employed under contracts satisfactory to the Borrower and the Bank, such contracts to be awarded on the basis of international competitive bidding.

(d) The general design standards and the type of surfacing (including pavement) to be used in the construction or reconstruction of the road included in Part A of the Project and in the planning of the roads included in Part B thereof shall be as determined by agreement between the Borrower and the Bank, subject to modification by further agreement between them.

(e) Upon request from time to time by the Bank, 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.

(f) Without restriction or limitation upon any other provision of this Agreement, the Borrower shall at all times make available promptly as needed all sums which shall be required for the carrying out of the Project.

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

Section 5.02 (a) The Borrower shall cause the road constructed or reconstructed with the proceeds of the Loan to be adequately maintained and shall cause all necessary repairs thereof to be made, all in accordance with sound engineering practices.

(b) The Borrower undertakes that it will diligently (i) take all steps necessary to continue the development and strengthening of the Maintenance Division of its Road Department and of its facilities, so that they will be adequate to maintain, in accordance with sound engineering practices, the main network of roads of the Borrower; and (ii) make full and efficient use, in accordance with such practices, of the Maintenance Division and its facilities in the maintenance of such roads.

Section 5.03. (a) The Borrower and the Bank shall cooperate fully to assure that the purposes of the Loan will be accomplished. To that end, each of them shall furnish to the other all such information as it shall reasonably request with regard to the general status of the Loan. 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.

(b) The Borrower and the Bank shall from time to time exchange views through their representatives with regard to matters relating to the purposes of the Loan and the maintenance of the service thereof. 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 or the maintenance of the service thereof.

(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