# No. 8269

# INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
# and
# PERU

## Loan Agreement—*San Lorenzo Project* (with annexed Loan Regulations No. 3). Signed at Washington, on 18 June 1965

*Official text: English.*

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

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

## Contrat d'emprunt — *Projet San Lorenzo* (avec, en annexe, le Règlement n° 3 sur les emprunts). Signé à Washington, le 18 juin 1965

*Texte officiel anglais.*

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

# No. 8269. LOAN AGREEMENT[1] (*SAN LORENZO PROJECT*) BETWEEN THE REPUBLIC OF PERU AND THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT. SIGNED AT WASHINGTON, ON 18 JUNE 1965

AGREEMENT, dated June 18, 1965, between REPUBLIC OF PERU (hereinafter called the Borrower) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank).

WHEREAS, by a loan agreement dated April 5, 1955[2] between the Borrower and the Bank, the Bank agreed to make a loan to the Borrower in various currencies equivalent to $18,000,000 for the implementation of Stage II of the San Lorenzo Irrigation and Land Settlement Project;

WHEREAS the Borrower intends to complete said Project, as described in Schedule 2 to the above-mentioned loan agreement, under the supervision of the Dirección de la Irrigación y Colonización San Lorenzo;

WHEREAS the Bank is willing at this time to make a loan to the Borrower, upon the terms and conditions hereinafter set forth;

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] subject, however, to the modification thereof set forth in Section 1.02 of 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.

*Section 1.02.* The second sentence of Section 4.01 of the Loan Regulations is amended to read as follows :

[1] Came into force on 24 November 1965, upon notification by the Bank to the Government of Peru.
[2] United Nations, *Treaty Series*, Vol. 211, p. 115.
[3] See p. 212 of this volume.

" Except as shall be otherwise agreed between the Bank and the Borrower, no withdrawals shall be made on account of (*a*) expenditures prior to September 1, 1964 or (*b*) expenditures 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 1.03.* Except where the context otherwise requires, the following terms have the following meanings wherever used in this Agreement :

(*a*) The term " San Lorenzo Water System " means the works and facilities for the utilization of the waters of the Quiroz, Chipillico and Piura rivers, as provided in the *Decreto Supremo* No. 37 dated November 25, 1964.

(*b*) The term " San Lorenzo Management " means the Dirección de la Irrigación y Colonización San Lorenzo created by Law No. 13240 of the Borrower dated June 16, 1959, and integrating the Instituto de Reforma y Promoción Agraria of the Borrower pursuant to the *Decreto Supremo* No. 41 dated November 25, 1964.

(*c*) The term " Agricultural Bank " means the Banco de Fomento Agropecuario del Perú.

## *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 eleven million dollars ($11,000,000).

*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, this Agreement and the Loan Regulations.

*Section 2.03.* The Borrower shall pay to the Bank a commitment charge at the rate of three-eighths of one per cent ($^3/_8$ of 1%) per annum on the principal amount of the Loan not so withdrawn from time to time.

*Section 2.04.* The Borrower shall pay interest at the rate of five and one-half percent ($5^1/_2$%) 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 ($^1/_2$ 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 April 15 and October 15 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.

## *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 described in Schedule 2 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 Bank and the San Lorenzo Management acting on behalf of the Borrower, subject to modification by further agreement between them.

*Section 3.02.* 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.

*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 on account of expenditures in the currency of the Borrower or for goods produced in (including services supplied from) the territories of the Borrower shall be made in dollars or in such other currency or currencies as the Bank shall reasonably select.

## *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 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 agricultural, engineering, economic and financial practices.

(*b*) The Borrower shall at all times make available promptly as needed all sums and other resources which shall be required for the carrying out of the Project and for the operating expenses of the San Lorenzo Management.

(*c*) The operating policies and procedures for the carrying out of the Project shall be agreed upon from time to time between the Borrower, the Bank and the San Lorenzo Management, and the Borrower shall ensure at all times that said operating policies are duly carried out.

(*d*) The Borrower shall cause consultants acceptable to the Bank to be employed by the San Lorenzo Management, to an extent and upon terms and conditions satisfactory to the Bank and the San Lorenzo Management, to assist in the carrying out of the Project. However, the consultants to assist in the carrying out of the Basin Program included in the Project shall be employed by the Borrower.

(*e*) Upon request from time to time by the Bank, the Borrower shall promptly furnish or cause the San Lorenzo Management to furnish 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*) 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, 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 San Lorenzo Management and, in respect of the Project, the Agricultural Bank; shall enable the Bank's representatives to inspect the Project, the goods, and any relevant records and documents; and 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 Project and the goods, the administration, operations and financial condition of the San Lorenzo Management, and, in connection with the Project, the operations of the Agricultural Bank.

*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, each of them shall furnish to the other all such information as it shall reasonably