

No. 8288

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

Loan Agreement—*Pisco Port Project* (with related letters and annexed Loan Regulations No. 3). Signed at Washington, on 13 May 1966

Official text: English.

Registered by the International Bank for Reconstruction and Development on 1 August 1966.

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

Contrat d'emprunt — *Projet relatif au port de Pisco* (avec lettres y relatives et, en annexe, le Règlement n° 3 sur les emprunts). Signé à Washington, le 13 mai 1966

Texte officiel anglais.

Enregistré par la Banque internationale pour la reconstruction et le développement le 1^{er} août 1966.

No. 8288. LOAN AGREEMENT¹ (*PISCO PORT PROJECT*)
BETWEEN THE REPUBLIC OF PERU AND THE INTER-
NATIONAL BANK FOR RECONSTRUCTION AND DE-
VELOPMENT. SIGNED AT WASHINGTON, ON 13 MAY
1966

AGREEMENT, dated May 13, 1966, between REPUBLIC OF PERU (herein-
after called the Borrower) and INTERNATIONAL BANK FOR RECONSTRUCTION AND
DEVELOPMENT (hereinafter called the Bank).

Article I

LOAN REGULATIONS; SPECIAL DEFINITION

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 modification thereof (said Loan Regulations No. 3, as so modified,
being hereinafter called the Loan Regulations) :

Section 9.04 is deleted.

Section 1.02. The term Public Ports means the following public ports of
the Borrower : Iquitos, Pucallpa, Yurimaguas, Maldonado, Talara, Paita, Sala-
verry, Chimbote, Pisco, Matarani, Ilo, Eten, Pacasmayo, Besique, Casma, Huar-
mey, Supe, Huacho, Chancay, Cerro Azul, Tambo de Mora, Chala, Atico, and
Quilca.

This enumeration may be amended from time to time by agreement between
the Borrower and the Bank.

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 nine million one hundred thousand dollars (\$9,100,000).

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

¹ Came into force on 15 July 1966, upon notification by the Bank to the Government of Peru.

² See p. 88 of this volume.

amount of the Loan may be withdrawn from the Loan Account as provided in, and subject to the rights of cancellation and suspension set forth in, the Loan Agreement.

Section 2.03. 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 withdrawn from time to time from the Loan Account.

Section 2.04. 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 2.05. 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 May 15 and November 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 Borrower and the Bank, 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.

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 carry out the Project with due diligence and efficiency and in conformity with sound engineering 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, renew and repair the facilities, machinery, equipment and property of the Public Ports all in accordance with sound engineering, financial and port management standards and practices.

(c) In the carrying out of the Project the Borrower shall employ (i) competent and experienced engineering consultants, (ii) competent and experienced operations consultants, and (iii) competent and experienced contractors. Such consultants and contractors and the terms and conditions of their employment shall be acceptable to the Borrower and the Bank.

(d) The Borrower shall also employ competent and experienced consultants acceptable to the Borrower and the Bank to conduct the studies described in Part III of Schedule 2 to this Agreement. The scope of the studies to be conducted by such consultants and the terms and conditions of their employment shall be determined by agreement between the Borrower and the Bank.

(e) The Borrower shall promptly furnish or cause to be furnished to the Bank the plans, specifications and work schedules for any part of 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 conditions 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, the goods, and the

administration, 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 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 5.03. 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 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 assets of the Banco Central de Reserva del Perú.

Section 5.04. 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; pro-