

No. 2087

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

**Loan Agreement — *Port of Callao Project* — (with annexed
Loan Regulations No. 3). Signed at Washington, on
23 January 1952**

Official text: English.

*Registered by the International Bank for Reconstruction and Development on
11 February 1953.*

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

**Contrat d'emprunt — *Projet relatif au port du Callao* —
(avec, en annexe, le Règlement n° 3 sur les emprunts).
Signé à Washington, le 23 janvier 1952**

Texte officiel anglais.

*Enregistré par la Banque internationale pour la reconstruction et le développement
le 11 février 1953.*

No. 2087. LOAN AGREEMENT¹ (*PORT OF CALLAO PROJECT*) BETWEEN THE REPUBLIC OF PERU AND THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT. SIGNED AT WASHINGTON, ON 23 JANUARY 1952

AGREEMENT, dated January 23, 1952, between the 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 Loan Agreement accept all the provisions of Loan Regulations No. 3² of the Bank, dated December 6, 1950, subject, however, to the modifications thereof set forth in Schedule 3² to this Loan Agreement (such 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 Loan Agreement set forth or referred to, the sum of two million five hundred thousand dollars (\$ 2,500,000), or the equivalent thereof in currencies other than dollars.

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 The amount of the Loan may be withdrawn from the Loan Account as provided in, and subject to the rights of cancellation and suspension set forth in, the Loan Regulations. Notwithstanding anything to the contrary contained in this Loan Agreement, unless the Bank shall otherwise agree, (a) no withdrawals from the Loan Account shall be made unless and until the provisions of paragraph 2 of

¹ Came into force on 4 June 1952, upon notification by the Bank to the Government of Peru.

² See p. 178 of this volume.

Schedule 2¹ to this Loan Agreement shall have been complied with and the Bank shall have received evidence satisfactory to it of such compliance, and (b) no withdrawals from the Loan Account shall be made with respect to goods required for the facilities described in paragraph 1 (b) or 1 (c) of said Schedule 2, unless and until the Borrower shall have submitted to the Bank.

- (i) engineering plans and specifications for such facilities,
- (ii) plans for obtaining the currency of the Borrower necessary to finance the installation and construction of such facilities and evidence that such currency will be available as required, and
- (iii) plans for the administration and operation of such facilities,

and the Bank shall have examined such plans and evidence and shall have notified the Borrower that they are satisfactory.

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.

Section 2.04. The Borrower shall pay interest at the rate of four and one-half per cent ($4\frac{1}{2}$ %) 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 ($\frac{1}{2}$ of 1 %) per annum on the principal amount of such special commitment 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 1² to this Loan 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 the cost of goods which will be required for carrying out the Project as described in Schedule 2 to this Loan Agreement. The specific goods to be purchased out of the proceeds of the Loan shall be determined by agreement between the Borrower and the Bank, and the list of such goods may be modified from time to time by agreement between them.

¹ See p. 176 of this volume.

² See p. 174 of this volume.

Section 3.02. The Borrower shall cause all goods purchased in whole or in part with the proceeds of the Loan to be used in the territories of the Borrower exclusively in carrying out 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 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 conformity with sound engineering and financial practices.

(b) The Borrower shall furnish to the Bank, promptly upon their preparation, the plans and specifications for the Project and any material modifications subsequently made therein.

(c) The Borrower shall maintain or cause to be maintained records showing the use made of the goods and the progress of the Project (including the cost thereof) and the financial condition and operations of the entity or entities which are to carry out the Project ; shall enable the Bank's representatives to examine 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 goods, the Project, and the financial condition and operations of the entity or entities which are to carry out the Project.

Section 5.02. (a) The Bank and the Borrower shall co-operate 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 shall arise that shall interfere with, or threaten 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 or any of its political subdivisions or any agency of the Borrower (including Banco Central de Reserva del Peru (Central Bank of Peru)) or of any such political subdivision 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 shall 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 debt maturing by its terms not more than one year after the date on which it is incurred and to be paid out of the proceeds of sale of such commercial goods ; or (iii) any lien created by Banco Central de Reserva del Peru (Central Bank of Peru) on any of its assets in the ordinary course of its business to secure any debt maturing by its terms not more than one year after the date on which it is incurred.

Section 5.04. The Borrower covenants that the principal of, and interest and other charges on, the Loan and the Bonds will be paid without deduction for and free from any taxes imposed by the Borrower or any taxing authority thereof or therein and free from all restrictions of the Borrower or any of its political subdivisions or any agency of the Borrower or of any such political subdivision. The foregoing provisions of this Section shall not apply to taxes on 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 5.05. The Borrower covenants that the Loan Agreement and the Bonds will be free of any issue, stamp or other tax imposed by the Borrower or any taxing authority thereof or therein.

Section 5.06. The Borrower shall satisfy the Bank that adequate arrangements have been made to insure the goods financed with the proceeds of the Loan against

risks incident to their purchase and importation into the territories of the Borrower.

Section 5.07. The Borrower shall provide or cause to be provided the funds necessary to meet the costs of the Project payable in currency of the Borrower or other currency as and when required.

Section 5.08. The autonomous authority referred to in paragraph 2 of Schedule 2 of this Loan Agreement shall carry out its functions in accordance with sound management principles under the direction of a qualified and experienced port administrator mutually satisfactory to the Borrower and the Bank. The existence of such authority, its autonomous character and its right to carry on its operations shall at all times be maintained and it shall have such rights, privileges, powers and franchises as shall be necessary to enable it to discharge its responsibilities and to conduct its operations efficiently.

Article VI

REMEDIES OF THE BANK

Section 6.01. If any event specified in paragraph (a) or (b) of Section 5.02 of the Loan Regulations shall occur and shall continue for a period of thirty days or 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 Loan Agreement or in the Bonds to the contrary notwithstanding.

Article VII

MISCELLANEOUS

Section 7.01. The Closing Date shall be July 1, 1953.

Section 7.02. The following addresses are specified for the purposes of Section 8.01 of the Loan Regulations :

For the Borrower : Ministerio de Hacienda y Comercio, Lima, Peru.

For the Bank : International Bank for Reconstruction and Development, 1818 H Street, N.W., Washington 25, D.C., United States of America.

Section 7.03. A date ninety days after the date of this Loan Agreement is hereby specified for the purposes of Section 9.04 of the Loan Regulations.

Section 7.04. The Minister of Finance of the Borrower in office at the time in question 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 Peru :

By F. BERCKEMEYER
Authorized Representative

International Bank for Reconstruction and Development :

By Eugene R. BLACK

SCHEDULE 1

AMORTIZATION SCHEDULE

| <i>Date Payment Due</i> | <i>Payment of Principal (Expressed in dollars*)</i> | <i>Principal Amount Outstanding After Each Payment (Expressed in dollars*)</i> | <i>Date Payment Due</i> | <i>Payment of Principal (Expressed in dollars*)</i> | <i>Principal Amount Outstanding After Each Payment (Expressed in dollars*)</i> |
|-------------------------|---|--|-------------------------|---|--|
| July 1, 1953 . . | — | \$ 2,500,000 | July 1, 1960 . . | \$91,000 | \$1,392,000 |
| January 1, 1954 . | \$68,000 | 2,432,000 | January 1, 1961 . | 93,000 | 1,299,000 |
| July 1, 1954 . . | 70,000 | 2,362,000 | July 1, 1961 . . | 95,000 | 1,204,000 |
| January 1, 1955 . | 71,000 | 2,291,000 | January 1, 1962 . | 98,000 | 1,106,000 |
| July 1, 1955 . . | 73,000 | 2,218,000 | July 1, 1962 . . | 100,000 | 1,006,000 |
| January 1, 1956 . | 75,000 | 2,143,000 | January 1, 1963 . | 102,000 | 904,000 |
| July 1, 1956 . . | 76,000 | 2,067,000 | July 1, 1963 . . | 104,000 | 800,000 |
| January 1, 1957 . | 78,000 | 1,989,000 | January 1, 1964 . | 107,000 | 693,000 |
| July 1, 1957 . . | 80,000 | 1,909,000 | July 1, 1964 . . | 109,000 | 584,000 |
| January 1, 1958 . | 82,000 | 1,827,000 | January 1, 1965 . | 112,000 | 472,000 |
| July 1, 1958 . . | 83,000 | 1,744,000 | July 1, 1965 . . | 114,000 | 358,000 |
| January 1, 1959 . | 85,000 | 1,659,000 | January 1, 1966 . | 117,000 | 241,000 |
| July 1, 1959 . . | 87,000 | 1,572,000 | July 1, 1966 . . | 119,000 | 122,000 |
| January 1, 1960 . | 89,000 | 1,483,000 | January 1, 1967 . | 122,000 | — |

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

* To the extent that any part of the Loan is repayable in a currency other than dollars (see Loan Regulations Section 3.02), the figures in these columns represent dollar equivalents determined as for purposes of withdrawal.

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>Premium</i> |
|--|----------------|
| Not more than 5 years before maturity | 1/2 % |
| More than 5 years but not more than 10 years before maturity | 1 % |
| More than 10 years before maturity | 1 3/4 % |

SCHEDULE 2

DESCRIPTION OF THE PROJECT

The project consists of the improvement of the Port of Callao, located about eight kilometers west of Lima, through the provision of general cargo handling, bulk grain discharging and bulk grain storage facilities, as described below :

1. (a) The Borrower will procure and install or cause to be procured and installed general cargo handling facilities and equipment designed primarily for the expeditious movement of general cargo to and from shipside and for stacking such cargo in warehouses or storage yards. Such facilities and equipment will include fork-lift trucks, pallets, pallet racks, straddle trucks, truck-mounted cranes, tractors, tractor-trailers together with an adequate supply of spare parts, tools and shop and lubricating equipment for the repair and maintenance of such facilities and equipment.

(b) The Borrower will procure and install or cause to be procured and installed facilities for discharging bulk grain which will be located in the Muelle Marginal, Terminal Maritimo. Such facilities will be designed for unloading grain in bulk from ships at a rate of about 400 tons per hour and will be equipped with the necessary conveyors, distribution piping, machinery and accessories for delivering bulk grain, as it is unloaded from ships, to storage facilities located adjacent to the discharging plant.

(c) The Borrower will procure and install or cause to be procured and installed facilities for the storage of bulk grain with a capacity for storing approximately 20,000 tons of grain. Such facilities will be of the silo type, constructed of reinforced concrete and will be equipped with an elevator and devices for weighing and delivering grain to rail cars and trucks.

2. There shall be duly established under the laws of Peru an autonomous authority as a separate agency of the Borrower under the direction of a qualified and experienced port administrator which will be responsible for all movement and storage of cargo in the Port of Callao area, and the operation, regulation and unified development of port and navigation facilities in the Port of Callao area, and which will have such legal status, organization, financial resources, and fiscal and accounting procedures and powers as in the opinion of the Borrower and the Bank are required to enable such authority to carry out its responsibilities efficiently.

SCHEDULE 3

MODIFICATION OF LOAN REGULATIONS No. 3¹

For the purposes of this Loan Agreement Loan Regulations No. 3 of the Bank, dated December 6, 1950, shall be deemed to be modified as follows :

(a) The second sentence of Section 2.02 shall read as follows : "Such commitment charge shall accrue from the Effective Date or from April 1, 1952, whichever shall be the earlier, or from such other date as may be agreed upon between the Bank and the Borrower, to the respective dates on which amounts shall be withdrawn by the Borrower from the Loan Account as provided in Article IV or shall be cancelled pursuant to Article V. »

(b) The last two sentences of Section 4.02 shall be deleted.

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

LOAN REGULATIONS No. 3, DATED 6 DECEMBER 1950

REGULATIONS APPLICABLE TO LOANS MADE BY THE BANK TO MEMBER GOVERNMENTS

[*Not published herein. See United Nations, Treaty Series, Vol. 158, p. 170.*]

¹ See below.