

No. 2093

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

**Loan Agreement — *Agricultural Machinery Project* — (with  
Loan Regulations No. 3). Signed at Washington, on  
8 July 1952**

*Official text: English.*

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

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

**Contrat d'emprunt — *Projet relatif au matériel agricole* —  
(avec, en annexe, le Règlement n° 3 sur les emprunts).  
Signé à Washington, le 8 juillet 1952**

*Texte officiel anglais.*

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

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 The amount of the Loan may be withdrawn from the Loan Account as provided in, and subject to the rights of cancellation and suspension set forth in, the Loan Regulations.

*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the rate of three-fourths of one per cent ( $\frac{3}{4}$  of 1 %) per annum on the principal amount of the Loan not so withdrawn from time to time.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at the rate of four and one-eighth per cent ( $4\frac{1}{8}$  %) per annum on the principal amount of the Loan so withdrawn and outstanding from time to time.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 commitment outstanding from time to time.

*Section 2.06.* Interest and other charges shall be payable semi-annually on January 15 and July 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<sup>1</sup> 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 the cost of goods which will be required for the carrying out of the Project described in Schedule 2<sup>2</sup> to this 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.

*Section 3.02.* The Borrower shall cause all goods purchased with the proceeds of the Loan to be used in the territories of the Borrower exclusively in the carrying out of the Project.

<sup>1</sup> See p. 332 of this volume.

<sup>2</sup> See p. 334 of this volume.

*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 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 SCIPA ; shall enable the Bank's representatives to examine 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 goods, the Project, and the financial condition and operations of SCIPA.

*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 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 of any of its political subdivisions or of 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 principal of, and interest and other charges on, the Loan and the Bonds shall be paid without deduction for and free from any taxes or fees 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, or fees upon, 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 Loan Agreement and the Bonds shall be free from any taxes or fees 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 and fees, 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 5.06.* 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 5.03.* 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 of any of its political subdivisions or of 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 principal of, and interest and other charges on, the Loan and the Bonds shall be paid without deduction for and free from any taxes or fees 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, or fees upon, 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 Loan Agreement and the Bonds shall be free from any taxes or fees 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 and fees, 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 5.06.* 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 5.07.* 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 5.08.* The Borrower shall make arrangements with SCIPA satisfactory to the Bank for the carrying out of the Project.

*Section 5.09.* If SCIPA's legal or administrative status should be changed or its existence be ended during the term of the Loan, the Borrower shall maintain or establish a successor organization which shall fulfill SCIPA's functions under this Agreement. Such successor organization shall be under the direction of a qualified and experienced director mutually satisfactory to the Borrower and the Bank, and it shall have such staff, legal and administrative status, organization, financial resources, fiscal and accounting procedures, and powers as in the opinion of the Borrower and the Bank are required to enable such successor organization to carry out its responsibilities efficiently.

#### *Article VI*

##### REMEDIES OF THE BANK

*Section 6.01.* 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 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*

##### EFFECTIVE DATE ; TERMINATION

*Section 7.01.* The following is specified as an additional condition to the effectiveness of the Loan Agreement within the meaning of Section 9.01 (b) of the Loan Regulations : the Borrower shall have made the arrangements provided for in Section 5.08 of this Agreement.

*Section 7.02.* The date specified for the purposes of Section 9.04 of the Loan Regulations is September 1, 1952.

## Article VIII

## MISCELLANEOUS

*Section 8.01.* The Closing Date shall be July 1, 1954.

*Section 8.02.* 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., U.S.A.

*Section 8.03.* 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

President

## 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>
January 15, 1954	\$ —	\$1,300,000	January 15, 1957	\$118,000	\$627,000
July 15, 1954	106,000	1,194,000	July 15, 1957	120,000	507,000
January 15, 1955	109,000	1,085,000	January 15, 1958	123,000	384,000
July 15, 1955	111,000	974,000	July 15, 1958	125,000	259,000
January 15, 1956	113,000	861,000	January 15, 1959	128,000	131,000
July 15, 1956	116,000	745,000	July 15, 1959	131,000	—

\* 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.

## 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>Premium</i>
Not more than 6 months before maturity . . . . .	1/2 %
More than 6 months and not more than 2 years and 6 months before maturity . . . . .	3/4 %
More than 2 years and 6 months and not more than 4 years and 6 months before maturity . . . . .	1 %
More than 4 years and 6 months before maturity . . . . .	1 1/2 %

## SCHEDULE 2

## DESCRIPTION OF THE PROJECT

The project consists of the importation and use in Peru by SCIPA of tractors, bulldozers, threshers, plows and other equipment for the purpose of developing the agricultural resources of the Borrower. SCIPA will use the equipment purchased with the proceeds of the Loan primarily in machinery pools. The equipment in such machinery pools will be hired out together with SCIPA's own operators at contractual rates to assist farmers in tilling and seeding, harvesting, improving or preparing land for irrigation by clearing, draining, levelling, ditching, contouring and terracing, in building farm feeder roads, and in carrying on other agricultural activities.

SCIPA may sell, pledge, or mortgage any of such equipment provided the proceeds of any such disposition are applied to the purchase of other equipment which shall be used in such machinery pools.

## SCHEDULE 3

MODIFICATION OF LOAN REGULATIONS No. 3<sup>1</sup>

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 September 1, 1952, whichever shall be the earlier, or from such other date as may be agreed upon between

<sup>1</sup> See p. 336 of this volume.



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.*]