

No. 2567

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

**Loan Agreement—*Second Agricultural Machinery Project*  
—(with annexed Loan Regulations No. 3). Signed at  
Washington, on 12 April 1954**

*Official text: English.*

*Registered by the International Bank for Reconstruction and Development on  
20 May 1954.*

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

**Contrat d'emprunt — *Deuxième Projet relatif au matériel  
agricole* — (avec, en annexe, le Règlement N° 3 sur les  
emprunts). Signé à Washington, le 12 avril 1954**

*Texte officiel anglais.*

*Enregistré par la Banque internationale pour la reconstruction et le développement  
le 20 mai 1954.*

No. 2567. LOAN AGREEMENT<sup>1</sup> (*SECOND AGRICULTURAL MACHINERY PROJECT*) BETWEEN THE REPUBLIC OF PERU AND THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT. SIGNED AT WASHINGTON, ON 12 APRIL 1954

AGREEMENT, dated April 12, 1954, between the REPUBLIC OF PERU (hereinafter 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 Agreement accept all the provisions of Loan Regulations No. 3<sup>2</sup> of the Bank, dated October 15, 1952 (hereinafter called the Loan Regulations), with the same force and effect as if they were fully set forth herein.

*Section 1.02.* Except where the context otherwise requires, the term "SCIPA" means Servicio Cooperativo Inter-Americano de Produccion de Alimentos, an agency of the Ministry of Agriculture of the Borrower organized and existing under Supreme Resolution No. 286 dated May 20, 1943 and Supreme Resolution No. 332 dated September 22, 1950 of the Borrower, or any successor organization maintained or established pursuant to Section 5.09 of this Agreement.

*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, the sum of one million seven hundred thousand dollars (\$1,700,000), 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 The amount of the Loan may be withdrawn from the Loan Account as provided in, and subject to the rights of cancellation and suspension set forth in, the Loan Regulations.

<sup>1</sup> Came into force on 4 May 1954, upon notification by the Bank to the Government of the Republic of Peru.

<sup>2</sup> See p. 244 of this volume.

*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.

The date specified for the purposes of Section 2.02 of the Loan Regulations is June 1, 1954 or the Effective Date, whichever shall be the earlier.

*Section 2.04.* The Borrower shall pay interest at the rate of four and one-quarter per cent ( $4\frac{1}{4}\%$ ) 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 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 financing the cost of goods required to carry out the Project described in Schedule 2<sup>2</sup> to this Agreement. The specific goods to be financed out of the proceeds of the Loan 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.

<sup>1</sup> See p. 242 of this volume.

<sup>2</sup> See p. 244 of this volume.

*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 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 financial condition and operations of SCIPA; 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, the goods, 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 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; (ii) any lien on commercial goods to secure debt maturing not more than one year after the date on which it is originally incurred and to be paid out of the proceeds of sale of such commercial goods; or (iii) any lien arising in the ordinary course of banking transactions to secure a debt maturing not more than one year after the date on which it is originally incurred.

The word Borrower as used in this Section means the Borrower or any of its political subdivisions or any agency of the Borrower or of any such political subdivision, including the Banco Central de Reserva del Peru.

*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.* (i) 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 (ii) 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 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 June 1, 1954.

#### *Article VIII*

##### MISCELLANEOUS

*Section 8.01.* The Closing Date shall be April 1, 1956.

*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., United States of America.

*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 Fernando 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, 1956 . . .	—	\$1,700,000	January 15, 1959 . . .	\$154,000	\$821,000
July 15, 1956 . . .	\$139,000	1,561,000	July 15, 1959 . . .	157,000	664,000
January 15, 1957 . . .	142,000	1,419,000	January 15, 1960 . . .	161,000	503,000
July 15, 1957 . . .	145,000	1,274,000	July 15, 1960 . . .	164,000	339,000
January 15, 1958 . . .	148,000	1,126,000	January 15, 1961 . . .	168,000	171,000
July 15, 1958 . . .	151,000	975,000	July 15, 1961 . . .	171,000	—

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 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 . . . . .	½%
More than 6 months and not more than 2 years and 6 months before maturity . . . . .	¾%
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 . . . . .	1½%

\* 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.

## 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.

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

LOAN REGULATIONS No. 3, DATED 15 OCTOBER 1952

REGULATIONS APPLICABLE TO LOANS MADE BY THE BANK TO MEMBER GOVERNMENTS

[*Not published herein. See United Nations, Treaty Series, Vol. 165, p. 252.*]