

No. 8248

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

**Loan Agreement—*La Oroya-Aguaytia Road Project* (with  
annexed Loan Regulations No. 3). Signed at Washington,  
on 17 September 1965**

*Official text: English.*

*Registered by the International Bank for Reconstruction and Development on 12 July  
1966.*

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

**Contrat d'emprunt — *Projet relatif à la route La Oroya-  
Aguaytia* (avec, en annexe, le Règlement n° 3 sur les  
emprunts). Signé à Washington, le 17 septembre 1965**

*Texte officiel anglais.*

*Enregistré par la Banque internationale pour la reconstruction et le développement  
le 12 juillet 1966.*

No. 8248. LOAN AGREEMENT<sup>1</sup> (*LA OROYA-AGUAYTIA ROAD PROJECT*) BETWEEN THE REPUBLIC OF PERU AND THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT. SIGNED AT WASHINGTON, ON 17 SEPTEMBER 1965

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AGREEMENT, dated September 17, 1965, between 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. 3 of the Bank dated February 15, 1961,<sup>2</sup> with the same force and effect as if they were fully set forth herein, subject, however, to the following modifications thereof (said Loan Regulations No. 3 as so modified being hereinafter called the Loan Regulations) :

- (a) The second sentence of Section 3.02 of the Loan Regulations shall apply only to withdrawals in respect of expenditures in currencies other than the currency of the Borrower.
- (b) Section 4.01 of the Loan Regulations shall be deleted.
- (c) Section 9.04 of the Loan Regulations shall be deleted.

*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 thirty-three million dollars (\$33,000,000).

*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.

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<sup>1</sup> Came into force on 30 November 1965, upon notification by the Bank to the Government of Peru.

<sup>2</sup> See p. 328 of this volume.

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 Agreement.

*Section 2.03.* Except as the Borrower and the Bank shall otherwise agree, the Borrower shall be entitled, subject to the provisions of the Loan Agreement, to withdraw from the Loan Account :

- (a) the equivalent of a percentage or percentages to be established from time to time by agreement between the Borrower and the Bank of such amounts as shall have been paid for the reasonable cost of construction required for carrying out the Project; and
- (b) such amounts as shall have been expended for the foreign exchange cost of equipment acquired for and services rendered in connection with the Project and not included in the foregoing, and, if the Bank shall so agree, such amounts as shall be required by the Borrower to meet payments for such equipment and services;

provided, however, that no withdrawals shall be made on account of : (i) expenditures prior to May 15, 1965; or (ii) expenditures made in the territories of any country (except Switzerland) which is not a member of the Bank or for goods produced in (including services supplied from) such territories.

*Section 2.04.* Withdrawals from the Loan Account in respect of expenditures in the currency of the Borrower or for goods produced in (including services supplied from) the territories of the Borrower shall be in dollars or such other currency or currencies as the Bank shall from time to time reasonably select.

*Section 2.05.* 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 so withdrawn from time to time.

*Section 2.06.* The Borrower shall pay interest at the rate of five and one-half per cent ( $5\frac{1}{2}\%$ ) per annum on the principal amount of the Loan so withdrawn and outstanding from time to time.

*Section 2.07.* 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 2.08.* Interest and other charges shall be payable semi-annually on February 15 and August 15 in each year.

*Section 2.09.* The Borrower shall repay the principal of the Loan in accordance with the amortization schedule set forth in Schedule 1 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 financing the cost of goods required to carry out the Project. 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.* Except as the Borrower and the Bank shall otherwise agree, 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 cause the Project to be carried out with due diligence and efficiency and in conformity with sound engineering and financial practices.

(b) Without restriction or limitation upon any other provision of this Loan Agreement, 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.

(c) In the carrying out of the Project, the Borrower shall employ or cause to be employed engineering consultants and other experts acceptable to, and to an extent and upon terms and conditions satisfactory to, the Borrower and the Bank.

(d) Except as the Bank shall otherwise agree, the Borrower shall cause the works in the Project to be constructed or reconstructed by contractors acceptable to the Borrower and the Bank, employed under contracts satisfactory to the Borrower and the Bank, such contracts to be awarded on the basis of international competitive bidding.

(e) The general design standards and the type of surfacing (including pavement) to be used in the construction of the Project shall be as determined by agreement between the Borrower and the Bank, subject to modification by further agreement between them.

(f) Upon request from time to time by the Bank, the Borrower shall promptly furnish or cause to be furnished 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.

*Section 5.02.* 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, and 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 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.

*Section 5.03.* (a) The Borrower shall cause the road constructed or reconstructed with the proceeds of the Loan to be adequately maintained and shall cause all necessary repairs thereof to be made, all in accordance with sound engineering practices.

(b) The Borrower undertakes that it will diligently: (i) take all steps necessary to continue the development and strengthening of the Maintenance Division of its Road Department and of its facilities, so that they will be adequate to maintain, in accordance with sound engineering practices, the main network of roads of the Borrower; and (ii) make full and efficient use, in accordance with such practices, of the Maintenance Division and its facilities in the maintenance of such roads.

*Section 5.04.* (a) The Borrower and the Bank shall cooperate fully to assure that the purposes of the Loan will be accomplished. To that end, the

Borrower and the Bank shall from time to time, at the request of either party, exchange views through their representatives with regard to : the performance by the Borrower of its obligations under the Loan Agreement, the roads of the Borrower, the administration, operations and financial condition of the agency or agencies of the Borrower responsible for the carrying out of the Project or any part thereof or the maintenance thereof, and other matters relating to the purposes of the Loan.

(b) The Borrower shall furnish to the Bank all such information as the Bank shall reasonably request concerning : the expenditure of the proceeds of the Loan, the goods financed out of such proceeds, the Project, the roads of the Borrower, and the administration, operations and financial condition of the agency or agencies of the Borrower responsible for the carrying out of the Project or any part thereof or the maintenance thereof.

(c) 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, the maintenance of the service thereof or the performance by the Borrower of its obligations under the Loan Agreement. 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.

(d) 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 5.05.* 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 5.06.* 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; provided, however, that the provisions of this Section shall not apply to taxation of 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 5.07.* The Loan Agreement and the Bonds shall be free from any taxes 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, 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 5.08.* 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 5.09.* The Borrower shall satisfy the Bank that adequate arrangements have been made to insure the goods financed out of the proceeds of the Loan against risks incident to their purchase and importation into the territories of the Borrower.

*Section 5.10.* The Borrower shall take all such action as shall be necessary to assure that the dimensions and axle-loads of vehicles using its national road system shall be kept within limits substantially in accordance with standards mutually satisfactory to the Bank and the Borrower.

## *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 Loan Agreement or in the Bonds to the contrary notwithstanding.

*Article VII*

## MISCELLANEOUS; TERMINATION

*Section 7.01.* The Closing Date shall be June 30, 1971, or such other date or dates as shall be agreed between the Borrower and the Bank as the Closing Date.

*Section 7.02.* If the Loan Agreement shall not have come into force and effect by November 30, 1965, the Loan Agreement and all obligations of the parties hereunder shall terminate, unless the Bank, after consideration of the reasons for the delay, establishes a later date for the purposes of this Section. The Bank shall promptly notify the Borrower of such date.

*Section 7.03.* The following addresses are specified for the purposes of Section 8.01 of the Loan Regulations :

For the Borrower :

*Ministro de Hacienda y Comercio*  
Lima, Peru

Alternative address for cablegrams and radiograms :

Minhacienda  
Lima, Peru

For the Bank :

International Bank for Reconstruction and Development  
1818 H Street, N.W.  
Washington, D.C. 20433  
United States of America

Alternative address for cablegrams and radiograms :

Intbafrad  
Washington, D.C.

*Section 7.04.* The *Ministro de Hacienda y Comercio* of the Borrower 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 :

Celso PASTOR DE LA TORRE

Authorized Representative

International Bank for Reconstruction and Development :

George D. WOODS

President

### SCHEDULE I

#### AMORTIZATION SCHEDULE

<i>Date Payment Due</i>	<i>Payment of Principal (expressed in dollars)*</i>	<i>Date Payment Due</i>	<i>Payment of Principal (expressed in dollars)*</i>
August 15, 1971 . . . . .	\$485,000	August 15, 1981 . . . . .	830,000
February 15, 1972 . . . . .	495,000	February 15, 1982 . . . . .	855,000
August 15, 1972 . . . . .	510,000	August 15, 1982 . . . . .	875,000
February 15, 1973 . . . . .	525,000	February 15, 1983 . . . . .	900,000
August 15, 1973 . . . . .	540,000	August 15, 1983 . . . . .	925,000
February 15, 1974 . . . . .	555,000	February 15, 1984 . . . . .	950,000
August 15, 1974 . . . . .	570,000	August 15, 1984 . . . . .	975,000
February 15, 1975 . . . . .	585,000	February 15, 1985 . . . . .	1,005,000
August 15, 1975 . . . . .	600,000	August 15, 1985 . . . . .	1,030,000
February 15, 1976 . . . . .	615,000	February 15, 1986 . . . . .	1,060,000
August 15, 1976 . . . . .	635,000	August 15, 1986 . . . . .	1,090,000
February 15, 1977 . . . . .	650,000	February 15, 1987 . . . . .	1,120,000
August 15, 1977 . . . . .	670,000	August 15, 1987 . . . . .	1,150,000
February 15, 1978 . . . . .	685,000	February 15, 1988 . . . . .	1,180,000
August 15, 1978 . . . . .	705,000	August 15, 1988 . . . . .	1,215,000
February 15, 1979 . . . . .	725,000	February 15, 1989 . . . . .	1,245,000
August 15, 1979 . . . . .	745,000	August 15, 1989 . . . . .	1,280,000
February 15, 1980 . . . . .	765,000	February 15, 1990 . . . . .	1,315,000
August 15, 1980 . . . . .	785,000	August 15, 1990 . . . . .	1,345,000
February 15, 1981 . . . . .	810,000		

\* To the extent that any portion of the Loan is repayable in a currency other than dollars (see Loan Regulations, Section 3.03), the figures in this column 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 three years before maturity . . . . .	½%
More than three years but not more than six years before maturity . . . . .	1%
More than six years but not more than eleven years before maturity . . . . .	1 ½%
More than eleven years but not more than sixteen years before maturity . . . . .	2 ½%
More than sixteen years but not more than twenty-one years before maturity . . . . .	3 ½%
More than twenty-one years but not more than twenty-three years before maturity . . . . .	4 ½%
More than twenty-three years before maturity . . . . .	5 ½%

## SCHEDULE 2

## DESCRIPTION OF PROJECT

The Project consists of :

1. The construction and/or reconstruction of about 486 kilometers of the existing road between La Oroya and Aguaytia, a section of the Central Highway. This work will be supervised by consultants.

2. The preparation by consultants of feasibility studies and of final engineering for such roads as shall be agreed by the Bank and the Borrower, giving priority of consideration to roads for which preliminary surveys have already been made.

3. The employment of consulting engineers and experts to render advisory services to the Directorate of Highways under the jurisdiction of the Ministry of Development and Public Works.

## INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

## LOAN REGULATIONS No. 3, DATED 15 FEBRUARY 1961

## LOAN REGULATIONS APPLICABLE TO LOANS MADE BY THE BANK TO MEMBER GOVERNMENTS

[*Not published herein. See United Nations, Treaty Series, Vol. 414. p. 268.*]