AGREEMENT, dated April 25, 1974

between

1. The Government of Peru, hereinafter called "Borrower";
2. De Nederlandse Investeringsbank voor Ontwikkelingslanden N.V., established at The Hague, The Netherlands, hereinafter called "the Bank";

WHEREAS:

The Netherlands Government offered by its letter dated February 1, 1974 to the Ambassador of Peru in The Netherlands to make available to Borrower a loan up to an amount of Hfl. 5,334,254,21 (Netherlands currency five million threehundred thirty-four thousand twohundred and fifty-four guilders and twenty-one cents) within the framework of the Consultative Group for Peru of the International Bank for Reconstruction and Development the said loan being a part of the financial assistance the Netherlands Government is prepared to give to Borrower for the year 1974.

The Bank is prepared to grant to Borrower the aforementioned loan up to an amount of Hfl. 5,334,254,21 (Netherlands currency five million threehundred thirty-four thousand twohundred and fifty-four guilders and twenty-one cents).

NOW IT IS HEREBY AGREED AS FOLLOWS:

The Bank shall extend to Borrower and Borrower shall accept from the Bank a loan up to an amount of Hfl. 5,334,254,21 (Netherlands currency five million threehundred thirty-four thousand twohundred fifty-four guilders and twenty-one cents) on the terms and conditions set forth in the following articles.
Article 1

(1) As from the date the loan agreement will become effective in accordance with article 17 of the loan agreement the amount of the loan shall be put at the disposal of Borrower with observance of the articles of the loan agreement.

The drawings under the loan shall be charged to a Loan Account Peru 1974 A.

(2) No disbursements shall be allowed after December 31, 1975, unless otherwise agreed upon.

(3) After the becoming effective of the loan agreement to be entered into by Borrower and the Bank for the implementation of the full quantum of the financial assistance the Netherlands Government is prepared to give to Borrower for the year 1974 — as mentioned at the end of the first preamble to this agreement — all rights and obligations of both Borrower and the Bank pursuant to this agreement shall be transferred to the agreement for the loan Peru 1974 and thereupon shall be rights and obligations pursuant to the lastmentioned agreement.

Article 2

(1) Borrower shall pay on the outstanding amount of the loan interest at the rate of interest of 2.1/2 % (two and one half per cent) per annum, which interest shall accrue from the respective dates of drawing.

(2) The interest on the loan shall be due and payable semi-annually on January 31 and July 31 of each year.

- Article 3 -
Article 3

(1) The loan shall be a general-purpose loan, to be used in adequate proportions for programme- and project-assistance requirements within the framework of Borrower's Development Plans.

(2) In principle a small proportion of the loan may be used for the financing of certain items of local expenditure incurred when executing projects mentioned in paragraph 1 of this article.

(3) There shall be regular contacts between Borrower and the Netherlands Ministry of Foreign Affairs on the use of the loan according to the preceding paragraphs of this article. The said Ministry will inform the Bank of its approval of the transactions which may be financed out of the loan.

(4) Wherever used in this agreement the term "goods" shall mean goods and services.

Article 4

(1) When Borrower decides to draw any amount from the loan, Borrower shall request such a drawing by sending the Bank a written request as mentioned in article 5 or article 6 of this agreement accompanied by a copy of the purchase-contract concerned.

(2) The drawings on the loan shall be made either:
   a) through an undertaking to reimburse a bank in The Netherlands, which is authorized by a Peruvian bank to pay the supplier of the goods under a letter of credit against stipulated documents, the former bank hereinafter referred to as the paying bank. An undertaking to reimburse will be considered to be a drawing on the loan at the date of reimbursement,
   or
   b) in cases in which such a method of payment is more adequate - by direct payment by the Bank to the account of the supplier of the goods with a bank in The Netherlands.

(3) The Bank shall test each application on the terms and conditions of this agreement and having found the application in order, shall inform Borrower of its approval.

Article 5

(1) In the case of article 4 (sub 2, a) the Bank shall undertake to reimburse the paying bank after receipt of a written request of Borrower for such an undertaking together with a copy of the relative letter of credit to be opened.

(2) The request implies the unconditional and irrevocable authorization of Borrower to make the payment pursuant to the undertaking to the paying bank in due time.

(3) The amount of the commitment shall in all circumstances be expressed in Netherlands currency.
(4) Upon receipt of a statement of the paying bank that the conditions of the Letter of Credit have been complied with and that the documents concerned have been delivered to it the Bank shall be discharged by the Borrower by the reimbursement without accepting any responsibility for the documents being in order or having been delivered to the paying bank.

(5) The Bank is furthermore irrevocably authorized to extend the currency of an undertaking as mentioned upon a statement of the paying bank that the currency of the underlying letter of credit has been duly extended.

Article 6

In the case of article 4 (sub 2, b) the Bank shall make the direct payment concerned in Netherlands guilders in favour of the supplier upon receipt of a written request thereto from the Borrower for the respective payment, defining specifically the amount to be paid, the date of payment, the name and address of the firm to which the amount has to be paid and the purchase-contract concerned.

Article 7

(1) The loan shall be repayable in twenty-three consecutive annual instalments, the first of which shall be due eight years after the date first above written and so on.

(2) The first repayment with respect to the loan will amount to Hfl. 231,354,21 (Netherlands currency twohundred thirty-one thousand threehundred fifty-four guilders and twenty-one cents) and the following ones to Hfl. 231,950,- (Netherlands currency twohundred thirty-one thousand ninehundred fifty guilders) each.

Article 8

(1) In case Borrower fails to pay interest on the respective due date, the amount unpaid will be increased by a compensation equal to one quarter of one per cent per calendar month as long as the failure continues - a part of a month to count as a full month.

(2) In case Borrower fails to perform any of its obligations under this agreement and/or any other loan agreement between Borrower and the Bank, Borrower shall no longer be entitled to draw on the loan and the outstanding amounts under this agreement and under any other loan agreement between Borrower and the Bank shall be due and collectable at once upon notification in writing of the failure and the said amounts plus interest and compensation shall be paid by Borrower to the Bank forthwith. However, as far as the then prevailing circumstances at the discretion of the Bank will permit, the Bank shall grant the opportunity to Borrower to fulfil its obligations within a term of at most sixty days.

- Article 9 -
Article 9

(1) All payments received by the Bank will be applied in the following order:
   a. to payment of compensation as defined in article 8 (1);
   b. to payment of costs;
   c. to payment of interest;
   d. to payment of the outstanding amount on the loan,
   provided that in the above order earlier matured debts will rank above later matured ones.

(2) All payments by Borrower to the Bank must be made in Netherlands currency in the account of the Bank with De Nederlandsche Bank N.V. at Amsterdam, without any reduction or set-off.

(3) This agreement shall be free from any taxes (including duties, fees or impositions) that shall be imposed under the laws of Borrower or laws in effect in its territories on or in connection with the execution of the agreement or the performance thereof by the Bank.

(4) All payments of interest and redemption and all other payments to be made by Borrower shall be made without deduction for, and free from any taxes (including duties, fees and impositions) that shall be imposed under the laws of Borrower or laws in effect in its territories and free from all restrictions imposed under the laws of Borrower or laws in effect in its territories.

(5) If any taxes (including duties, fees or impositions) shall be imposed, they shall be in conformity with the above paragraph for the account of Borrower and paid by Borrower.

Article 10

The Bank shall send to Borrower a written statement of all entries in the books of the Bank in connection with this agreement. This statement shall be deemed to have been acknowledged as correct by Borrower if objections of Borrower to the Bank duly justified in writing have not been made known to the Bank within a month after the statement relating to these entries can reasonably be expected to have been received by Borrower.

Article 11

As long as this agreement is in force Borrower shall furnish to the Bank such information as may especially be required for the implementation and administration of the agreement.

Article 12

(1) The Borrower is obliged to furnish to the Bank in writing sufficient evidence of authority of its authorized representatives or representatives in the performance of this agreement.

(2) The person or persons concerned shall bind Borrower fully to any amount and in any respect.

(3) These authorizations remain in force until the Bank has been informed by Borrower in writing that they have been cancelled.

Article 13
Article 13

No delay in exercising or omission to exercise any right, power or remedy accruing to either party under this agreement upon any default shall impair any such right, power or remedy or be construed to be a waiver thereof or an acquiescence in such default, unless otherwise provided for in this agreement.

Article 14

All rights of the Bank pursuant to this agreement shall redound not only to itself but also to its successors and assignees.

Article 15

The Borrower shall reimburse to the Bank on first request all costs deriving from any default of Borrower and in general costs other than ordinary business expenditures as incurred by the Bank in connection with the implementation of this agreement.

Article 16

(1) Any disagreement that may arise in connection with this contract will be solved definitely by arbitration. At the arise of a disagreement the party who requests the arbitration will address the other in writing setting forth the matter to be arbitrated. Within the following 20 days each one of the parties will appoint directly an arbitrator and both in accordance will nominate the third arbitrator who will be the President of the Court of Arbitration. If this term is exceeded without the nomination being done or without agreeing upon the President, the arbitrator and/or the President will be appointed by the Court of Arbitration of the International Chamber of Commerce of Paris. The Court of Arbitration will operate in the City of Rotterdam, Holland, and will proceed in accordance with the regulations for arbitrations of the aforementioned International Chamber of Commerce of Paris. The verdicts of the Court will be based on the terms of the agreement and will be definitive and compulsory for both parties.

(2) The Bank submits itself expressly to the Courts of the Republic of Peru as to the execution of the verdict to which this clause refers.

Article 17

This loan agreement shall not become effective until either party having signed the agreement, has furnished evidence satisfactory to the other party that its signature is legal, valid and binding and that all necessary authorizations have been obtained.
Article 18

(1) For the performance of this contract and for the serving of legal process Borrower irrevocably elects domicile at the Embassy of Peru at The Hague and the Bank elects domicile at its office at The Hague.

(2) In witness whereof the parties hereto, acting through their duly authorized representatives have caused this agreement to be signed in duplicate in their respective names and delivered in The Hague as of the day and year first above written.

For and on behalf of the Government of Peru,
The Ambassador of Peru in The Netherlands by virtue of the Full Powers conferred to him by the President of the Republic of Peru on February 28, 1972

DE NEDERLANDSE INVESTERINGSBANK VOOR ONTWIKKELINGSLANDEN N.V.
Managing Officers:
DE NATIONALE INVESTERINGSBANK N.V.

[Signatures]