

AGREEMENT, dated July 13, 1978

between

1. The Republic 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 November 7, 1977 to the Government of Peru -which offer was accepted on November 9, 1977-to make available to Peru a loan amounting to Hfl. 4.700.000,- as debt relief to Peru for the year 1977.

The Bank is prepared to grant to Peru the aforesaid loan up to an amount of Hfl. 4.700.000,-.

NOW IT IS HEREBY AGREED AS FOLLOWS:

The Bank shall grant to Peru and Peru shall accept from the Bank a loan amounting to Hfl. 4.700.000,- (four million sevenhundred thousand Netherlands guilders), on the terms and conditions set forth in the following articles.

Article 1.

The loan shall be administrated on a Loan Account Peru 1977.02.

Article 2.

- (1) Borrower shall pay on the outstanding amount of the loan a rate of interest of 3/4 % (three quarters of one percent), which interest shall accrue from the date 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.

- (1) The loan shall be used for debt relief to Peru for the year 1977.
- (2) Borrower herewith requests the Bank to transfer the total amount of Hfl. 4.700.000,- (four million sevenhundred thousand Netherlands guilders) to account no. 54.04.35.023 of Banco de la Nación, Lima with Algemene Bank Nederland N.V., Amsterdam. The Bank undertakes to make this payment as soon as the loan agreement has become effective in accordance with article 13 of this Agreement.



*[Handwritten signature]*

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- (3) No drawing under the loan shall be allowed after June 30, 1978 unless otherwise agreed upon.

Article 4.

- (1) The loan shall be repayable in forty-one consecutive annual instalments, the first of which shall be due and payable on the last day of the hundred-twentieth calendar month after the date first above written and so on.
- (2) The first repayment of the loan will amount to Hfl. 112.000,- (one hundred twelve thousand Netherlands guilders) and the following ones to Hfl. 114.700,- (one hundred fourteen thousand sevenhundred Netherlands guilders) each.

Article 5.

- (1) In case Borrower fails to pay interest on the respective due dates, the amount unpaid will be increased by a compensation equal to one/sixteenth of one per cent (1/16 %) 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 amount under this Agreement and 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 amount 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 6.

- (1) All payments received by the Bank will be applied in the following order:
- a. to payment of compensation
  - 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 and all drawings, reimbursements, interest payments and all other payments by Borrower to the Bank pursuant to this



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Agreement shall be 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 shall also be free from all restrictions imposed under the laws of Borrower or laws in effect in its territories.

Article 7.

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 sixty days after the statement relating to these entries can reasonably be expected to have been received by Borrower. For the purpose of the preceding sentence the Bank shall accept telex messages.

Article 8.

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 9.

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 10.

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

Article 11.

Borrower shall reimburse to the Bank on first request all costs deriving from any default by Borrower as incurred by the Bank in connection with the implementation of this Agreement.

Article 12.

(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



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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 13.

This 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 14.

- (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  
REPUBLIC OF PERU

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



JORGE VELANDO UGARTECHE  
Embajador del Perú

