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**AGREEMENT BETWEEN  
THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND  
THE GOVERNMENT OF THE REPUBLIC OF PERÚ  
REGARDING A DEBT-FOR-NATURE SWAP**

The Government of the United States of America and the Government of the Republic of Perú,

*Seeking to* facilitate the conservation, protection, restoration, and sustainable use and management of tropical forests in Perú, which provide a wide range of benefits to humankind,

*Noting* that rapid rates of tropical deforestation and forest degradation continue to be serious problems in many regions of the world,

*Recognizing* that the alleviation of external debt in the context of broader economic reforms can reduce economic pressures on countries and result in increased protection for tropical forests,

*Further recognizing* the Government of Perú's strong record in implementing market-based economic reforms including sustained efforts to liberalize its investment regime,

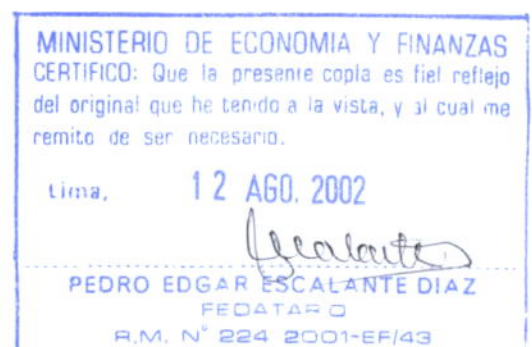
*Wishing to* ensure that resources freed from debt will be used for the conservation of tropical forests,

*Acknowledging* the importance of the principles of sustainable development and sound use of natural resources and the need to promote conservation, local development and the sustainability in the use of natural resources for the benefit of local communities,

*Further recognizing* the role played by The Nature Conservancy, the World Wildlife Fund, Inc. and Conservation International Foundation in tropical forest protection in Perú, and the success of non-governmental organizations in Perú in conserving and managing tropical forest land in Perú, and

*In furtherance of* the goals of the U.S. Tropical Forest Conservation Act of 1998, Public Law No. 105-214, as amended, and the U.S. Foreign Operations, Export Financing, and Related Programs Appropriations Act, FY 2002, Public Law No. 107-115,

Have agreed on this 26<sup>th</sup> day of June, 2002, as follows:



## ARTICLE I DEFINITIONS

1.1. Defined Terms. The capitalized terms contained and used in this Agreement which are defined below shall have the respective meanings ascribed to them in this Section 1.1 and elsewhere in this Agreement.

(a) "Agreement" means this Agreement between the Government of the United States of America and the Government of the Republic of Perú Regarding a Debt-For-Nature Swap, as it may be amended from time to time.

(b) "Business Day" means any day on which the Federal Reserve Bank of New York and GOP are both open for business.

(c) "CI" means Conservation International Foundation, a nonprofit public benefit corporation organized under the laws of the State of California in the United States of America, and any of its successors.

(d) "Closing" has the meaning set forth in Section 2.3.

(e) "Closing Date" has the meaning set forth in Section 2.3.

(f) "Debt Reduction Payment" means the transfer of five million five hundred thousand U.S. dollars (U.S.\$ 5,500,000) by USG from the Debt Restructuring Account to the USDA Account.

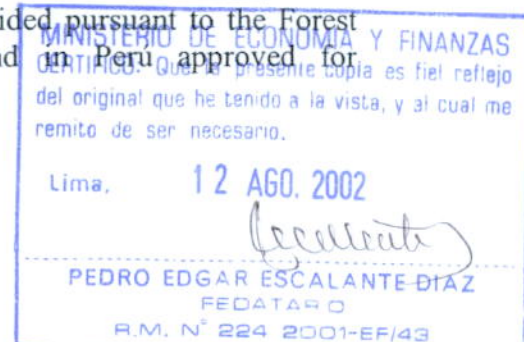
(g) "Debt Restructuring Account" means the "Debt Restructuring Program Account," Account # 11X0091 at the U.S. Department of the Treasury.

(h) "Differential Payment" means the amount, calculated by USG in its sole discretion, equal to (i) the aggregate amount that would have been owing to USDA under the Outstanding Obligations prior to the Payment Due Date according to the original terms of the Outstanding Obligations, less (ii) an amount equal to the aggregate of all payments made by GOP under the New Obligation prior to the Payment Due Date.

(i) "Entry into Force Date" has the meaning set forth in Section 9.1.

(j) "Forest Conservation Agreement" means that certain Forest Conservation Agreement, dated as of even date herewith, among the US NGOs, the Peruvian NGOs and GOP pursuant to which the parties thereto agree to promote eligible activities designed to conserve, maintain and restore the Forest Land.

(k) "Forest Land" means (i) that portion of SINANPE described in Exhibit A, which will be conserved, maintained and restored with funds provided pursuant to the Forest Conservation Agreement, and (ii) any other forest land in Peru approved for





conservation, maintenance and restoration by a majority vote of the Oversight Committee in accordance with the terms of the Forest Conservation Agreement.

(l) "Fund Administrator" means Profonampe, or another Peruvian non-governmental organization designated by the Oversight Committee pursuant to the Forest Conservation Agreement, or any successor to any of the foregoing.

(m) "GOP" means the Government of the Republic of Perú, its agencies and instrumentalities.

(n) "New Obligation" means GOP's new undertakings pursuant to this Agreement that shall replace the Outstanding Obligations and obligate GOP (i) to make the payments to the Fund Administrator in accordance with the Forest Conservation Agreement, and (ii) to make the payments to USDA in accordance with Schedule A and the terms and conditions set forth herein and in accordance with USDA's loan management guidelines.

(o) "Outstanding Obligations" means USDA Loan 96 PEA under the agreement entitled "P.L 480" dated December 31, 1996, that obligates GOP to repay principal and interest on debt whose outstanding principal amounts to U.S.\$ 28,315,096.47 as of January 1, 2002.

(p) "Oversight Committee" means the oversight committee formed and operated pursuant to the Forest Conservation Agreement.

(q) "Party" means either USG or GOP, and "Parties" means, collectively, USG and GOP.

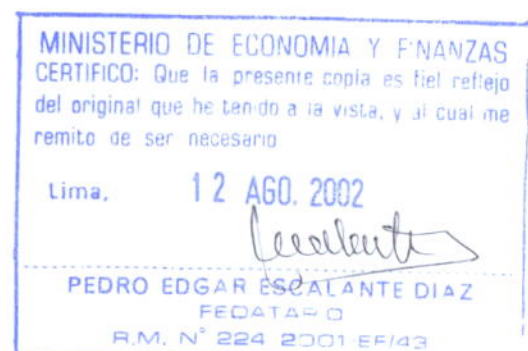
(r) "Payment Due Date" has the meaning set forth in Section 6.2(a).

(s) "Peruvian NGOs" has the meaning set forth in the Forest Conservation Agreement.

(t) "Profonampe" means the *Fondo Nacional para Áreas Naturales Protegidas por el Estado*, a not-for-profit corporation organized under the laws of Perú pursuant to Decree Law 26154 (December 1992), and any of its successors.

(u) "Schedule A" means the schedule, attached to this Agreement, that lists the U.S. dollar payments of principal and interest to be made by GOP to USDA pursuant to this Agreement.

(v) "SINANPE" means the *Sistema Nacional de Áreas Naturales Protegidas por el Estado*, the Peruvian national system of protected areas.



(w) "Swap Fee Contractual Agreement" means that certain Swap Fee Contractual Agreement among USG and the US NGOs, dated as of even date herewith, as may be amended from time to time.

(x) "TFCA" means the U.S. Tropical Forest Conservation Act of 1998, Public Law No. 105-214, as amended.

(y) "TNC" means The Nature Conservancy, a nonprofit corporation organized under the laws of the District of Columbia in the United States of America, and any of its successors.

(z) "USDA" means the U.S. Department of Agriculture.

(aa) "USDA Account" means the Commodity Credit Corporation Finance Account #12X4143 at the USDA in the name of "Commodity Credit Corporation", ALC# 8585, on the books of the Federal Reserve Bank of New York.

(bb) "USG" means the Government of the United States of America, acting primarily through the U.S. Department of the Treasury.

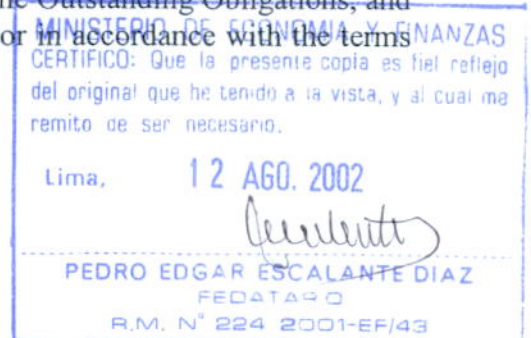
(cc) "US NGOs" means TNC, WWF and CI; *provided, however*, that in the event that any of WWF, TNC or CI determines prior to the Closing Date, for whatever reason, that it does not desire to consummate the transactions contemplated under the Swap Fee Contractual Agreement and the Forest Conservation Agreement, and the other US NGO(s) desire to consummate the transactions contemplated thereunder pursuant to Section 8.2(c) of the Swap Fee Contractual Agreement and Section 5.3 of the Forest Conservation Agreement, then "US NGOs" shall mean such US NGO(s) that have elected to proceed with the Closing as provided thereunder.

(dd) "WWF" means the World Wildlife Fund, Inc., a nonprofit corporation organized under the laws of the State of Delaware in the United States of America, and any of its successors.

## ARTICLE II CLOSING

2.1. Obligations of USG. Pursuant to the terms and subject to the conditions hereof, at the Closing USG shall (a) make the Debt Reduction Payment, thereby prepaying and canceling all amounts due and unpaid under the Outstanding Obligations, and (b) substitute the New Obligation for the Outstanding Obligations.

2.2. Obligations of GOP. Pursuant to the terms and subject to the conditions hereof, at the Closing GOP shall (a) substitute the New Obligation for the Outstanding Obligations, and (b) make the first payments due to the Fund Administrator in accordance with the terms of the Forest Conservation Agreement.





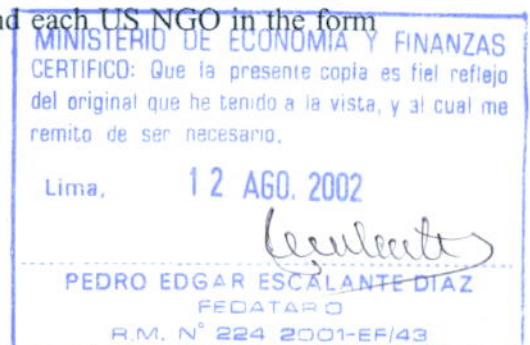
- 2.3. Closing. The consummation of the transactions contemplated in this Article II shall take place simultaneously in a single act (the "Closing") as soon as practicable after the date on which GOP and the US NGOs shall have received notice from USG that the conditions set forth in Section 4.1 have been satisfied or waived, but in no event later than (a) the first Business Day after the date which is twenty (20) days after the Entry into Force Date, or (b) such later Business Day as may be agreed by the Parties and the US NGOs in writing on or before the date set forth in Section 2.3(a) (the "Closing Date").

### ARTICLE III PAYMENT OF NEW OBLIGATIONS

- 3.1. Payments of Principal and Interest. GOP shall make payments of principal and interest to USDA, in each case in U.S. dollars, in accordance with Schedule A and in accordance with the payment conditions and default provisions of the Outstanding Obligations. All payments made to the USDA Account shall be deposited by wire transfer in accordance with the wire transfer instructions set forth in Part I of Exhibit C.
- 3.2. Overdue Payments. Interest shall accrue, at an interest rate of three and twenty-six hundredths percent (3.26%) per annum, on any overdue and unpaid installment of either principal or interest payable to the USDA under the New Obligation. GOP shall make any such overdue payments in U.S. dollars in accordance with the payment instructions set forth in Section 3.1 and in accordance with the payment conditions and default provisions of the Outstanding Obligations.
- 3.3. No Assignment. GOP shall not assign, delegate or otherwise transfer its obligations under the New Obligation or this Agreement to any third party.

### ARTICLE IV CONDITIONS TO CLOSING

- 4.1. Conditions Precedent of USG. The obligation of USG hereunder to make the Debt Reduction Payment at the Closing shall be subject to the fulfillment or waiver on or prior to the Closing Date of the following conditions, each of which shall be performed to the satisfaction of USG:
- (a) Swap Fee Contractual Agreement. The US NGOs shall have executed and delivered the Swap Fee Contractual Agreement, and each of the US NGOs shall have duly performed and complied in all material respects with all agreements, covenants and conditions required to be performed or complied with by it under the Swap Fee Contractual Agreement as of the Closing Date.
- (b) Opinion of the Oficina de Asesoría Jurídica of the Ministry of Economy and Finance. USG shall have received a legal opinion of the Oficina de Asesoría Jurídica of the Ministry of Economy and Finance addressed to USG and each US NGO in the form of Exhibit B.





(c) Forest Conservation Agreement. The Forest Conservation Agreement shall have been executed and delivered by the parties thereto and the transactions contemplated thereunder shall have been consummated prior to, or concurrently with, the Closing, or the conditions set forth in Section 2.4 of the Forest Conservation Agreement shall have been satisfied or waived.

(d) Other Documents. USG shall have received from GOP such further documents, opinions and/or certificates as USG shall reasonably request.

## ARTICLE V ADDITIONAL COVENANTS OF GOP

- 5.1. Imposition of Taxes. GOP agrees to take no action, including the imposition of any taxes, levies, fees or other charges, that could reasonably be expected to interfere with or reduce any of the payments required to be made by GOP pursuant to the Forest Conservation Agreement.
- 5.2. Consultation. GOP agrees to consult with the Peruvian NGOs and US NGOs before undertaking any action that could reasonably be expected to affect the activities of the Peruvian NGOs in or relating to the Forest Land.
- 5.3. Financial Reports. GOP agrees to forward to USG, within thirty (30) days of receipt, all annual activity reports, financial audits and other reports from the Peruvian NGOs required by the Forest Conservation Agreement relating to the use of payments received pursuant to the Forest Conservation Agreement, the preservation and conservation of the Forest Land and any other related activities of the Peruvian NGOs.

## ARTICLE VI FAILURE TO MAKE PAYMENTS

- 6.1. New Agreements. In the event GOP fails to make any payment specified in this Agreement or in the Forest Conservation Agreement when due, no new agreements under Title I of the U.S. Agricultural Trade Development and Assistance Act of 1954, as amended (Public Law No. 83-480) and/or no new credit agreements under the U.S. Food for Progress Act of 1985 (Public Law No. 99-198) shall be concluded by USG and GOP unless and until GOP shall have made all payments due under the Forest Conservation Agreement, or USG otherwise agrees.
- 6.2. Outstanding Obligations Restored.
- (a) Consultation. In the event that GOP fails to make any payment specified in this Agreement or in the Forest Conservation Agreement when due (the "Payment Due Date"), GOP shall commence discussions with USG within seven (7) Business Days after the Payment Due Date to seek to resolve such matter.



(b) Discounts Reversed. If GOP does not make full payment under this Agreement or the Forest Conservation Agreement (including all accrued interest due as set forth in Section 3.2 of this Agreement and Section 3.5 of the Forest Conservation Agreement, as the case may be) within thirty (30) Business Days after the Payment Due Date, then the discounts on the Outstanding Obligations offered as a concession to GOP in this Agreement shall be reversed and the undiscounted obligations of GOP under the Outstanding Obligations shall be restored in accordance with the following procedures: (i) all future payments of principal and interest specified in Schedule A shall be made to USDA in accordance with the terms of this Agreement, (ii) all future payments specified in Forest Conservation Agreement shall be made to the Fund Administrator in accordance with the terms of the Forest Conservation Agreement, (iii) GOP shall immediately make the Differential Payment to the U.S. Treasury account specified in Part II of Exhibit C to reverse past discounts received by GOP, and (iv) GOP shall make future payments to the U.S. Treasury account specified in Part II of Exhibit C in an amount, calculated by USG in its sole discretion, equal to (A) the amount that would have been owing to USDA under the Outstanding Obligations after the Payment Due Date according to the original terms of the Outstanding Obligations, less (B) an amount equal to the aggregate of the payments made to USDA and the Fund Administrator in accordance with (b)(i) and (b)(ii) above.

## ARTICLE VII CONSULTATION

Upon the written request of either Party, the Parties shall consult concerning the implementation or interpretation of this Agreement. These consultations shall take place within thirty (30) days after a request for consultations is received from the other Party.

## ARTICLE VIII AMENDMENT AND NOTIFICATION

8.1. Amendment. This Agreement may be amended with the written consent of both Parties.

8.2. Notice. Notifications under the Agreement shall be delivered as follows:

(a) To USG:

Deputy Assistant Secretary for International  
Development, Debt and Environment Policy  
U.S. Department of the Treasury  
1500 Pennsylvania Avenue, N.W.  
Washington, D.C. 20220  
U.S.A.  
(202) 622-0154 (telephone)  
(202) 622-2536 (facsimile)





(b) To GOP:

Ministry of Economy and Finance  
General Direction of Public Credit  
Jr. Junín 319 - Lima 1  
Perú  
(511) 426-9822 (telephone)  
(511) 426-8500 (facsimile)  
Attn: Sr. Fernando Lituma Aguero  
Director General de Crédito Público

#### ARTICLE IX ENTRY INTO FORCE AND TERMINATION

- 9.1. Entry into Force. This Agreement shall enter into force twenty (20) days after the date of the last signature hereto (the "Entry into Force Date").
- 9.2. Termination. This Agreement shall terminate (a) in the event that the Closing has not taken place on or before the date which is twenty-five (25) days after the Entry into Force Date, or such later Business Day as may be agreed to by the Parties in writing on or before the date which is twenty-five (25) days after the Entry into Force Date, or (b) if the Closing has occurred, upon the payment by GOP of all amounts due under the Forest Conservation Agreement.

#### ARTICLE X OTHER PROVISIONS

- 10.1. Exhibits and Schedules. The following exhibits and schedules are part of this Agreement:

Exhibit A	Description of Forest Land
Exhibit B	Form of Legal Opinion
Exhibit C	Wire Transfer Instructions

Schedule A    Schedule of Payments to be Received by USDA

*[The remainder of this page is intentionally blank; signature page follows]*





IN WITNESS WHEREOF the Parties have executed and delivered this Agreement.

DONE in Washington, D.C., as of the date and year first above written, in duplicate, in English.

FOR THE GOVERNMENT OF THE  
UNITED STATES OF AMERICA:

  
Name: John B. Taylor

Title: Under Secretary (International Affairs)

FOR THE GOVERNMENT OF THE  
REPUBLIC OF PERÚ:

  
Name: Allan Wagner

Title: Ambassador of Peru to the United States

MINISTERIO DE ECONOMIA Y FINANZAS  
CERTIFICO: Que la presente copia es fiel reflejo  
del original que he tenido a la vista, y al cual me  
remito de ser necesario.

Lima, 12 AGO. 2002

PEDRO EDGAR ESCALANTE DIAZ  
FEDATARIO

R.M. N° 224,2001-EF/43

[Signature Page to Debt Swap Agreement]