

REPUBLIC OF PERU

2176

June 3, 1994

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

Dear Sirs:

Re: Loan No. 3717-PE  
(Transport Rehabilitation Project)  
Section 9.02 of the General Conditions  
Financial and Economic Data

In connection with the Loan to the Republic of Peru for a Transport Rehabilitation Project, in an amount in various currencies equivalent to \$150,000,000, I am writing on behalf of the Republic of Peru to set forth the following:

1. We understand and agree that, for purposes of Section 9.02 of the General Conditions, Peru is required by the Bank to report new "loan commitments" (as defined in the Bank's Debt Reporting System Manual, dated February 1980) not later than 30 days after the end of the quarter during which the debt is incurred, and to report "transactions under loans" (as so defined) not later than March 31 of the year following that for which the report is made.
2. We represent that, except as stated in the Annex hereto, no mortgages, pledges, charges, privileges, priorities or other liens, other than those excluded pursuant to paragraph (c) of Section 9.03 of the General Conditions, exist on any public assets, as such term is defined in said Section, as security for any external debt. Except as stated in such Annex, no defaults exist in respect of any external public debt.

It is our understanding that, in making the Loan, the Bank may rely on the statements set forth or referred to in this letter.

Very truly yours,

REPUBLIC OF PERU

18/   
By Ricardo Lima Mendoza  
Authorized Representative

## A N N E X

With respect to paragraph 2 of the attached letter, the current situation of foreign public debt, grouped by type of creditor, is as follows:

1. Commercial bank creditors. According to numerous legal dispositions, medium- and long-term foreign debt with commercial creditors is subject to "roll-over" or mandatory internal deposits in the Central Bank or Banco de la Nación.

Starting March 1990, for reasons exclusively related to the statute of limitations, several commercial banks have initiated court actions against the Republic of Peru and other State-owned companies.

On November 20, 1992 the Republic of Peru and State-owned companies having foreign public debt, have issued a "Tolling Declaration" for a period of six years. This Declaration will permit commercial creditors to dismiss their lawsuits, since they are now protected from the statute of limitations.

Following the dismissal of all lawsuits, the Republic of Peru has announced it will commence formal negotiations with commercial bank creditors.

2. Government guaranteed loans, falling within Paris Club Negotiations. In September 1991, the Government of Peru reached agreement with the countries represented at the Paris Club. The agreement covered all principal and interest, including moratory interest, owed until September 30, 1991, as well as maturities falling due between October 1991 and December 1992.

With respect to maturities starting January 1993, the Government of Peru will propose a new negotiation covering at least a twelve-month period. This negotiation was contemplated in the September 1991 agreement, in which the governments accepted a new refinancing on the condition that Peru had an agreement with the International Monetary Fund.

With respect to mortgages, pledges, charges, privileges, priorities, or other liens, other than those excluded according to paragraph (c) of Section 9.03 of the General Conditions, that may exist on public assets as security for any external debt, we hereby declare that there are no such type of guarantees over any public assets as guarantee for public external debt.