

Protocol

dated May 20, 1999

between

The Export-Import Bank of Japan

and

The Republic of Peru

## Protocol

In respect of the loan request from The Republic of Peru (hereinafter referred to as "Peru") and Corporación Financiera de Desarrollo S.A. (hereinafter referred to as "COFIDE") for the implementation of a program executed by COFIDE to develop the private and financial sectors in Peru in accordance with the Multi-sector Credit Program Stage II (hereinafter referred to as the "Program"), which has been approved by The Inter-American Development Bank (hereinafter referred to as the "IDB"), The Export-Import Bank of Japan (hereinafter referred to as the "EXIMBANK") and Peru (the EXIMBANK and Peru hereinafter referred to as the "Parties") hereby agree on this 20th day of May, 1999 that, upon the terms and conditions hereinafter set forth, and subject to the agreement by the Parties to all other terms and conditions thereof and the negotiation, execution and delivery of a mutually acceptable definitive loan agreement (hereinafter referred to as the "Loan Agreement") with respect thereto, the EXIMBANK shall extend a loan (hereinafter referred to as the "Loan") in an aggregate principal amount not exceeding the Japanese Yen equivalent of up to US\$200 million (hereinafter referred to as the "Facility") to Peru for the implementation of the Program, such loan to be made in the form of a co-financing with the US\$200 million loan to be made by IDB under the loan agreement between the IDB and Peru signed on January 27, 1999 (hereinafter referred to as the "IDB Loan Agreement").

Except as may be otherwise agreed or modified between the Parties, the terms and conditions of the Loan shall be as follows;

### 1. The terms and conditions of the Facility

(1) Lender(s)

The EXIMBANK together with private financial institutions in Japan

(2) Borrower

Peru

(3) Amount and Currency

The Japanese Yen equivalent of up to US\$200 million

(4) Use of Loan

The proceeds of the Loan shall be used to provide medium and long-

term financing through COFIDE financial intermediaries to implement technically, economically and financially feasible investment projects of private enterprises in Peru in the form of a co-financing with the IDB and in accordance with the Program.

(5) Interest Rate

Interest on a disbursed principal of the Loan will be paid at the rate per annum equal to the higher of (i) the Japanese Long-Term Prime Lending Rate prevailing on the date on which such disbursement is made and (ii) the Fiscal Investment and Loan Program Rate on such date plus one-fifth of one per cent (0.2%), such interest rate to be payable semi-annually in arrears.

(6) Amortization

The principal of the Loan shall be repaid in 30 semi-annual equal installments (15 years), commencing on the date that is six months after the scheduled final date of the grace period. The disbursement period for the Loan will be 3 years and the grace period, following the disbursement period, will be 2 years. Accordingly, the term of the Loan will be 20 years.

(7) Commitment Charge

Peru shall pay to the EXIMBANK a commitment charge to be agreed among the Parties.

(8) Expenses

All out-of-pocket expenses, including but not limited to, legal fees incurred by the EXIMBANK in connection with the negotiation, preparation, documentation and execution of the Loan Agreement, and expenses related to the administration of the Loan, shall be borne by Peru.

(9) Disbursement Procedure

Special Account Method

(10) Procurement

Procurement of the goods and services to be financed out of the proceeds of the Loan shall be made and effected in accordance with, and governed by, the provisions of the IDB Loan Agreement.

(11) Governing Law

Japanese law

(12) Others

- (i) Co-financing arrangements between the IDB and the EXIMBANK shall have been completed.

(ii) Other terms and conditions of the Loan shall be set forth in the Loan Agreement to be concluded between the parties.

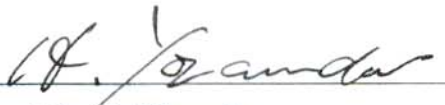
**2. Term of Validity**


This Protocol shall be effective for a period of 6 months commencing on the date hereof and shall expire on November 20, 1999, unless otherwise agreed between the Parties.

In WITNESS WHEREOF, the EXIMBANK and Peru have caused this Protocol to be duly executed in duplicate in the English language and signed in their respective names and delivered in Tokyo, Japan as of the date and year first above written.


The Export-Import Bank of Japan

The Republic of Peru

By   
Hiroshi Yasuda  
Governor

By   
Fernando de Trazegnies Granda  
Minister of Foreign Affairs

Witness

By   
Alberto Fujimori  
President of the Republic of Peru