

FOREST CONSERVATION AGREEMENT

AMONG

THE GOVERNMENT OF THE REPUBLIC OF PERÚ

THE NATURE CONSERVANCY

WORLD WILDLIFE FUND, INC.

CONSERVATION INTERNATIONAL FOUNDATION

FONDO NACIONAL PARA ÁREAS NATURALES PROTEGIDAS POR EL ESTADO

_____, 2002

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FOREST CONSERVATION AGREEMENT

This Forest Conservation Agreement is made and entered into as of _____, 2002 (the “Effective Date”) by and among:

- (1) THE GOVERNMENT OF THE REPUBLIC OF PERÚ (“GOP”);
- (2) THE NATURE CONSERVANCY, a nonprofit corporation organized under the laws of the District of Columbia in the United States of America (“TNC”);
- (3) WORLD WILDLIFE FUND, INC., a nonprofit corporation organized under the laws of the State of Delaware in the United States of America (“WWF”);
- (4) CONSERVATION INTERNATIONAL FOUNDATION, a nonprofit public benefit corporation organized under the laws of the State of California in the United States of America (“CI”); and
- (5) *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) (“Profonanpe”).

RECITALS

WHEREAS, GOP and the Government of the United States of America (“USG”), have entered into that certain Debt Swap Agreement (as defined below) pursuant to which USG has agreed to prepay and cancel certain debt owed by GOP to USG, and substitute certain other obligations therefor, in exchange for a commitment by GOP to fund eligible forest conservation activities in Perú pursuant to the terms and subject to the conditions of this Agreement and the Debt Swap Agreement;

WHEREAS, the US NGOs (as defined below) have entered into that certain Swap Fee Contractual Agreement (as defined below) with USG pursuant to which the US NGOs have agreed to pay USG the Swap Fee (as defined below) in exchange for a commitment by USG to prepay and cancel certain of the debt owed by GOP to USG, and substitute certain other obligations therefor, all pursuant to the terms and subject to the conditions thereof;

WHEREAS, each of the US NGOs has entered into the Swap Fee Contractual Agreement in order to (i) cause USG to enter into the Debt Swap Agreement, (ii) encourage important conservation activities in furtherance of its non-profit mission, and (iii) create incentives for further donations from individuals and corporations committed to the conservation, protection, restoration and management of tropical forest land in Perú, all pursuant to the terms and subject to the conditions thereof;

WHEREAS, USG and GOP have acknowledged 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; and

WHEREAS, GOP desires, in exchange for the commitment of the US NGOs to cause USG to prepay and cancel certain debt owed by GOP to USG, to make certain payments to the Fund Administrator (as defined below) so that the Fund Administrator can, in turn, make grants to the FCA Grant Recipients (as defined below) which grants will be used to conserve, maintain and restore tropical forest land in Perú, in each case pursuant to the terms and subject to the conditions of this Agreement.

NOW, THEREFORE, in consideration of the mutual promises, obligations and undertakings set forth herein, it is agreed by and among the parties as follows:

ARTICLE I DEFINITIONS AND USE OF TERMS

1.1. Defined Terms. The capitalized terms contained and used in this Agreement shall have the respective meanings ascribed to them in this Section 1.1 and elsewhere in this Agreement. If a capitalized term is not defined in this Agreement and it is defined in the Debt Swap Agreement, then it has the meaning ascribed to it in the Debt Swap Agreement.

- (a) “Absent Member” has the meaning set forth in Section 7.1(b).
- (b) “Acceptance Instrument” has the meaning set forth in Section 7.3(a).
- (c) “Agreement” means this Forest Conservation Agreement, as it may be amended from time to time.
- (d) “Authorized Purpose” has the meaning set forth in Section 4.4(a)
- (e) “Business Day” means any day on which the Federal Reserve Bank of New York and GOP are both open for business.
- (f) “Chairperson” has the meaning set forth in Section 7.1(c).
- (g) “CI” has the meaning set forth above.
- (h) “Closing” has the meaning set forth in Section 2.3.
- (i) “Closing Date” means (1) the first Business Day after the date which is forty (40) days after the Effective Date, or (2) such later Business Day as may be agreed by the parties in writing on or before the date set forth in Section 1.1(i)(1).
- (j) “Conflict of Interest” means a transaction in which the interests of any agent, employee or representative of a Peruvian NGO conflict with, or appear to conflict with, his or her official responsibility, including transactions with or involving the business partner(s) of a

Peruvian NGO's project director, co-project director or other project team member or the members of their respective immediate families for salaries, expense reimbursement or any other type of compensation, or payments to organizations in which a Peruvian NGO's project director, co-project director or other project team member or the members of their respective immediate families have a financial interest.

(k) "Debt Reduction Payment" has the meaning set forth in the Debt Swap Agreement.

(l) "Debt Swap Agreement" means the Agreement Between the Government of the United States of America and the Government of the Republic of Perú Regarding a Debt-for-Nature Swap, dated as of even date herewith, as it may be amended from time to time.

(m) "Deficiency Notice" has the meaning set forth in Section 7.2.

(n) "Dollar" and "US\$" means the lawful currency of the United States of America.

(o) "Effective Date" has the meaning set forth above.

(p) "FCA Grant Recipients" means the Long-Term Grant Recipients and the Short-Term Grant Recipients.

(q) "FCA Income" means any funds received by the Fund Administrator or an FCA Grant Recipient from the payments made by GOP under the New FCA Obligations, and any interest or income paid or received in connection with such funds.

(r) "Forest Land" means (i) that portion of SINANPE described in Exhibit 1.1, which will be conserved, maintained and restored with funds provided pursuant to this Agreement, and (ii) any other forest land in Perú approved for conservation, maintenance and restoration by the Oversight Committee.

(s) "Fund Administrator" means Profonampe, or another Peruvian non-governmental organization designated by the Oversight Committee pursuant to Section 7.1(e), or any successor to any of the foregoing.

(t) "GOP" has the meaning set forth above.

(u) "Local Currency" means the *nuevo sol* (PEN) or any other legal tender of Perú that may come into effect on a date subsequent to the Closing Date.

(v) "Long-Term Grant Recipient" means a not-for-profit corporation organized under the laws of Perú that (i) is dedicated to conserving and managing tropical forest land in Perú, (ii) has been given an initial grant of FCA Income by the Oversight Committee for a period of more than three (3) years in accordance with Section 7.1, and (iii) has executed and delivered an Acceptance Instrument, and satisfied the other conditions, as provided in Section 7.3.

(w) "Management Expenses" has the meaning set forth in Section 4.1(c).

(x) “New FCA Obligations” means GOP’s new undertakings pursuant to this Agreement and the Debt Swap Agreement that shall replace, in part, the Outstanding Obligations and obligate GOP to make the payments in accordance with Schedule 3.1 and the terms and conditions hereof.

(y) “New Obligations” means, collectively, the New FCA Obligations and the New USDA Obligations.

(z) “New USDA Obligations” means GOP’s new undertakings pursuant to the Debt Swap Agreement that shall replace, in part, the Outstanding Obligations and obligate GOP to make the payments to USDA pursuant to the terms and subject to the conditions of the Debt Swap Agreement and in accordance with the loan management guidelines of the U.S. Department of Agriculture.

(aa) “NGO Expenses” means in the case of the Fund Administrator, the Management Expenses, and in the case of an FCA Grant Recipient, any expenses that are paid or reimbursed with FCA Income and that are approved by the Oversight Committee.

(bb) “Non-Performing NGO” has the meaning set forth in Section 7.2.

(cc) “Outstanding Obligations” has the meaning set forth in the Debt Swap Agreement.

(dd) “Oversight Committee” has the meaning set forth in Section 7.1(a).

(ee) “Peruvian NGOs” means the Fund Administrator, together with the Long-Term Grant Recipient(s), or any successor to any of the foregoing.

(ff) “Prohibited Purpose” has the meaning set forth in Section 4.4(b).

(gg) “Profonanpe” has the meaning set forth above.

(hh) “Receipts Account” means the accounts opened pursuant to Sections 4.1(a) and 4.2(a).

(ii) “Short-Term Grant Recipient” means a not-for-profit corporation organized under the laws of Perú that (i) is dedicated to conserving and managing tropical forest land in Perú and (ii) has been given an initial grant of FCA Income by the Oversight Committee or a Long-Term Grant Recipient for a period of less than three (3) years.

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

(kk) “Swap Fee” means the payment by the US NGOs of one million one hundred thousand U.S. dollars (U.S.\$1,100,000) to USG in accordance with the terms of the Swap Fee Contractual Agreement.

(ll) “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.

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

(nn) “TNC” has the meaning set forth above.

(oo) “USG” has the meaning set forth above.

(pp) “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 this Agreement and the Swap Fee Contractual Agreement, and the other US NGO(s) desire to consummate the transactions contemplated hereunder and thereunder pursuant to Section 5.3 of this Agreement and Section 8.2(c) of the Swap Fee Contractual Agreement, then “US NGOs” shall mean such US NGO(s) that have elected to proceed with the Closing as provided hereunder and thereunder.

(qq) “Voting Member” has the meaning set forth in Section 7.1(a).

(rr) “Withdrawing NGO” has the meaning set forth in Section 5.3.

(ss) “WWF” has the meaning set forth above.

1.2. Rules of Construction. The words “hereby,” “herein,” “hereunder” and words of similar import refer to this Agreement as a whole (including any Exhibits and Schedules hereto) and not merely to the specific section, paragraph or clause in which such word appears. The definitions given for terms in this Agreement shall apply equally to both the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The conjunction “or” shall be understood in its inclusive sense (and/or). The words “include,” “includes” and “including” shall be deemed to be followed by the phrase “without limitation.”

ARTICLE II CLOSING AND CONDITIONS TO CLOSING

2.1. Obligations of US NGOs. Pursuant to the terms and subject to the conditions of this Agreement and the Swap Fee Contractual Agreement, at the Closing the US NGOs shall pay the Swap Fee to USG and thereby cause USG to (a) make the Debt Reduction Payment, thereby prepaying and canceling all amounts due and unpaid under the Outstanding Obligations, and (b) substitute the New Obligations for the Outstanding Obligations, in each case, pursuant to the terms and subject to the conditions of the Debt Swap Agreement.

2.2. Obligations of GOP. Pursuant to the terms and subject to the conditions of this Agreement and the Debt Swap Agreement, at the Closing GOP shall (a) substitute the New Obligations for the Outstanding Obligations, and (b) make the first payments due to the Fund Administrator under the New FCA Obligations in accordance with Article III.

2.3. Closing. The consummation of the transactions contemplated in Sections 2.1 and 2.2 shall take place simultaneously in a single act (the “Closing”) on the Closing Date.

2.4. Conditions Precedent of the US NGOs. The obligation of the US NGOs hereunder to pay the Swap Fee to USG 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 the US NGOs:

(a) Opinion of the *Oficina de Asesoría Jurídica* of the Ministry of Economy and Finance. Each US NGO 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 2.4(a).

(b) Opinion of Perú Counsel. The Fund Administrator shall have caused its Perú counsel to deliver a legal opinion to the US NGOs addressed to USG and the US NGOs substantially in the form set forth in Exhibit 2.4(b).

(c) Certificate of Secretary of Fund Administrator. At the Closing, the Fund Administrator shall have delivered, or cause to be delivered, to the US NGOs a certificate duly executed by its Secretary (or any other officer of the Fund Administrator specifically authorized to do so), on behalf of the Fund Administrator, certifying that (i) all documents to be executed by the Fund Administrator and delivered at the Closing have been executed by a duly authorized officer of the Fund Administrator; (ii) the *estatutos* (or similar organizational documents) of the Fund Administrator attached to the certificate are true and complete, (iii) such *estatutos* or similar organizational documents have been in full force and effect in the form attached since the date of the adoption of the resolutions referred to in Section 2.4(c)(iv) and no amendment to such *estatutos* or organizational documents has occurred since the date of the last amendment, if any, previously disclosed to, and approved by, the US NGOs in writing and attached thereto, (iv) the resolutions adopted by the *Consejo Directivo* of the Fund Administrator (or a committee thereof duly authorized) authorizing the execution and delivery of this Agreement and the actions taken in connection with the transactions contemplated by this Agreement (a copy of which are attached to the certificate) are true and complete and such resolutions were adopted at a duly convened meeting of the *Consejo Directivo*, at which a quorum was present and acting throughout or by unanimous written consent, and such resolutions remain in full force and effect, and have not been amended, rescinded or modified; and (v) the officer of the Fund Administrator executing this Agreement is an incumbent officer and the specimen signature on such certificate is his or her genuine signature.

(d) Consents and Approvals of the GOP. The transactions contemplated by this Agreement and the Debt Swap Agreement shall have been duly approved and authorized in accordance with *Ley 27575 - Ley de Endeudamiento del Sector Público para el Año Fiscal 2002*, including the authorization required for the execution of the requisite documentation in connection with this Agreement and the Debt Swap Agreement and for the disbursement of funds by GOP as contemplated hereunder and thereunder, and GOP shall have delivered to the U.S. counsel to the US NGOs evidence thereof, including a copy of the *Decreto Supremo* in respect thereof, in each case in a form and substance acceptable to the US NGOs.

(e) Swap Fee Contractual Agreement. The Swap Fee Contractual 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 3.2 of the Swap Fee Contractual Agreement shall have been satisfied or waived.

(f) Debt Swap Agreement. The Debt Swap Agreement shall have been signed 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 Article IV of the Debt Swap Agreement shall have been satisfied or waived.

(g) Wire Transfer Instructions. The Fund Administrator shall have delivered the wire transfer instructions for its Receipts Account to GOP and U.S. counsel to the U.S. NGOs.

(h) Other Documents. Each US NGO shall have received from the Fund Administrator and GOP such further documents, opinions and/or certificates as it may reasonably request.

ARTICLE III PAYMENT OBLIGATIONS OF GOP

3.1. Payment Obligations Under New FCA Obligations. For value received, GOP promises to pay, in accordance with the terms and subject to the conditions hereof, the Fund Administrator the amounts set forth in Schedule 3.1. The first such payment shall be made on the Closing Date, and thereafter payments shall be made on each payment date as specified in Schedule 3.1. Whenever any payment required to be made under the New FCA Obligations falls due on a day which is not a Business Day, the payment shall be considered to be paid on the due date if the payment is received by the Fund Administrator on the next succeeding day which is a Business Day. The obligation to make payments pursuant to this Section 3.1 shall not require bonds, notes, coupons or other instruments to be issued.

3.2. Payment Terms. GOP shall pay all amounts due under the New FCA Obligations in Local Currency by wire transfer of immediately available funds to the Receipts Account of the Fund Administrator.

3.3. Rate of Exchange. For purposes of any payment due under the New FCA Obligations, the rate of exchange used to convert Dollars into Local Currency shall be the buy rate for Local Currency expressed in Dollars quoted by the *Superintendencia de Banca y Seguros del Perú* at close of business Lima time on the Business Day immediately preceding the day on which the payment under the New FCA Obligation is due. In the event that this rate of exchange quoted by the *Superintendencia de Banca y Seguros del Perú* differs by an amount equal to or more than five percent (5%) from that same Business Day's close of business Lima time buy rate for Local Currency expressed in Dollars quoted by Reuters, GOP shall use the latter exchange rate to convert Dollars into Local Currency. The initial calculation of the rates of exchange shall be made by GOP and GOP shall notify the Fund Administrator in writing of both exchange rates on each such payment date.

3.4. Obligations Absolute. The obligation of GOP to pay the New FCA Obligations shall constitute direct, unconditional and general obligations of GOP and will rank at least *pari passu* in all respects with all indebtedness now existing or hereafter issued, created, or assumed by GOP. The full faith and credit of GOP are pledged for the payment of the New FCA Obligations as the same shall become due.

3.5. Late Payments.

(a) Interest on Overdue Amounts. If any amount payable by GOP hereunder is not paid when within thirty (30) days after it is due, interest shall accrue thereon during the period from and including the applicable due date to but excluding the date the overdue amount is paid in full, at a rate that is three and twenty-six hundredths percent (3.26%) per annum (or the maximum allowable interest under applicable law, if lower).

(b) Costs of Collection. GOP shall reimburse the other parties hereto on demand for all costs and expenses incurred in a legal process as a consequence of, or in connection with, the enforcement of any rights under the New FCA Obligations or this Agreement.

ARTICLE IV RECEIPT AND USE OF FUNDS

4.1. The Fund Administrator.

(a) Receipts Account. The Fund Administrator shall, at or prior to the Closing, open a Receipts Account at an internationally recognized private commercial bank or investment management company located in Perú. The Fund Administrator shall not commingle any FCA Income in the same account with any other funds of the Fund Administrator or any third party. No disbursements or transfers shall be made from the Receipts Account of the Fund Administrator except as provided in Sections 4.1(b), 4.1(c) or 7.4 or as otherwise approved by the Oversight Committee in writing. The Fund Administrator shall, no later than two (2) Business Days prior to the Closing, deliver to GOP and the U.S. counsel to the US NGOs the wire transfer instructions for the Receipts Account of the Fund Administrator.

(b) Payments to FCA Grant Recipients. The Fund Administrator shall make the payments to the FCA Grant Recipients at the times and in the amounts approved by the Oversight Committee pursuant to Section 7.1(e) and in accordance with the terms and subject to the conditions hereof. Such payments shall be made by wire transfer of immediately available funds in accordance with the written instructions provided by any such FCA Grant Recipient to the Fund Administrator. Except as provided in Section 4.1(c) or 7.4, the Fund Administrator shall make all amounts in its Receipts Account available for grants to FCA Grant Recipients in accordance with this Section 4.1(b). Prior to making any grant to a Short-Term Grant Recipient as provided hereunder, the Fund Administrator shall have delivered to the Chairperson of the Oversight Committee a copy of the written agreement executed by such Short-Term Grant Recipient in accordance with Section 4.3.

(c) Management Expenses. The Fund Administrator shall have the right to expend in any fiscal year up to five percent (5%) of the FCA Income that it receives from GOP hereunder during such fiscal year on Management Expenses incurred in the ordinary course. For purposes

of this Agreement, “Management Expenses” means such reasonable costs and expenses incurred by the Fund Administrator in the ordinary course in connection with the management, review, oversight and administrative functions, including grant administration, provided by the Fund Administrator hereunder.

(d) Investment of Funds in Receipts Account. Any amounts held in the Receipts Account of the Fund Administrator that are awaiting disbursement in accordance with the instructions of the Oversight Committee shall be conservatively invested in the equivalent of U.S. investment grade financial instruments (or as otherwise approved by the Oversight Committee in writing) and shall be properly diversified. The Oversight Committee shall, in accordance with Section 7.1(e) and with the cooperation of the Fund Administrator, review the investment management of the FCA Income no less frequently than on a semi-annual basis. The Fund Administrator shall obtain periodic statements, no less frequently than on a quarterly basis, reflecting in reasonable detail (i) the nature of the investments in respect of, and the return on, the FCA Income invested pursuant to this Section 4.1(d) and (ii) the transactions executed with funds held in its Receipts Account. The statements of such transaction details (including all fees and commissions paid in connection with such transactions) shall be provided to the Chairperson of the Oversight Committee within twenty (20) days after the conclusion of each calendar quarter during the term of this Agreement and shall be included by the Fund Administrator as an exhibit to its annual report prepared in accordance with Section 6.2.

4.2. Long-Term Grant Recipient(s).

(a) Receipts Account. Each Long-Term Grant Recipient shall, prior to its execution of an Acceptance Instrument, open a separate Receipts Account at an internationally recognized investment grade private commercial bank or investment management company located in Perú. A Long-Term Grant Recipient shall not commingle any FCA Income in the same account with any other funds of such Long-Term Grant Recipient or any third party. No disbursements or transfers shall be made from the Receipts Account of a Long-Term Grant Recipient except as provided in Sections 4.2(b), 7.4 or as otherwise approved by the Oversight Committee in writing.

(b) Use of FCA Income. A Long-Term Grant Recipient may either (i) use the FCA Income itself for direct service conservation or management projects in the Forest Land and to pay NGO Expenses that are approved by the Oversight Committee, or (ii) make one or more grants to third parties to fund conservation or management projects in the Forest Land; *provided, however* that (A) all such FCA Income shall be used for Authorized Purposes, (B) no such FCA Income shall be used for Prohibited Purposes, (C) no FCA Income shall be used to pay overhead or management expenses unless approved in advance by the Oversight Committee in writing, (D) for-profit organizations, the Fund Administrator and agencies and instrumentalities of the Perú government shall not be eligible to receive grants from a Long-Term Grant Recipient pursuant to this Agreement and (E) all such payments to such third parties shall be made in accordance with the terms and subject to the conditions hereof. Except as provided in Section 7.4 or as otherwise approved by the Oversight Committee in writing, a Long-Term Grant Recipient shall make all amounts in its Receipts Account available for direct service projects or grants in accordance with this Section 4.2(b). Prior to making any grant to a Short-Term Grant Recipient as provided hereunder, such Long-Term Grant Recipient shall have delivered to the Chairperson of the

Oversight Committee a copy of the written agreement executed by such Short-Term Grant Recipient in accordance with Section 4.3.

(c) Safe Harbor Provision. On or before the date that is ninety (90) days prior to the start of its fiscal year, a Long-Term Grant Recipient may (but shall not be required to) submit to the Oversight Committee for approval a budget and project plan which shall include all the disbursements which it intends to make for Authorized Purposes from its Receipts Account in the succeeding fiscal year. If such budget and project plan is approved by the Oversight Committee in writing, then any disbursements made in accordance with such approved budget and project plan shall be deemed authorized and proper for purposes of Section 7.2.

4.3. Short-Term Grant Recipients. It shall be a condition precedent to any grant of FCA Income to a Short-Term Grant Recipient that each such grantee execute, and deliver, or cause to be delivered, to the Chairperson of the Oversight Committee, a written agreement containing the terms and conditions set forth in Exhibit 4.3.

4.4. Authorized and Prohibited Purposes.

(a) Use of Funds by the Peruvian NGOs. Each Peruvian NGO covenants and agrees that all disbursements (other than those made in accordance with Sections 4.1(c) and 7.4) made from its respective Receipts Account shall be only for the purposes related to the conservation, maintenance, and restoration of tropical forest land in Perú set forth below (items (i) through (vi) collectively, the “Authorized Purposes”):

(i) the establishment, restoration, protection, and maintenance of parks, protected areas, and reserves;

(ii) the development and implementation of scientifically sound systems of natural resource management, including land and ecosystem management practices;

(iii) training programs to increase the scientific, technical and managerial capacities of individuals and organizations involved in conservation efforts;

(iv) the restoration, protection, or sustainable use of diverse animal and plant species;

(v) research and identification of medicinal uses of tropical forest plant life to treat human diseases, illnesses, and health-related concerns; or

(vi) development and support of the livelihoods of individuals living in or near a tropical forest in a manner consistent with protecting such tropical forest.

(b) Prohibited Purposes. Each Peruvian NGO covenants and agrees that no FCA Income shall, directly or indirectly, be (i) used for the purpose of creating or disseminating political propaganda, or otherwise attempting to influence legislation or any government act or decision, (ii) used to participate in any political campaign on behalf of, or in opposition to, any candidate for public office, (iii) used or expended in such a manner that constitutes, or could reasonably be expected to give the appearance of, a Conflict of Interest, or (iv) used or expended

in such a manner that violates, or could reasonably be expected to give the appearance of a violation of, the provisions of the Inter-American Convention on Corruption and any implementing national laws or similar applicable statutes or regulations (items (i) through (iv) collectively, the “Prohibited Purposes”). For the avoidance of doubt, the provisions of this Section 4.4(b) shall not restrict a Peruvian NGO from conducting any lawful political or legislative activity, so long as such activity is not conducted with FCA Income.

4.5. No Assignment of Funds. Except as provided in Sections 4.1(b), 4.2(b)(ii), 7.4 and 11.6 or as otherwise approved by the Oversight Committee in writing: (a) the right to receive funds pursuant to the terms of this Agreement shall not be assignable, and any attempt to assign, pledge, encumber, factor, discount or otherwise transfer the right to receive such funds by a Peruvian NGO shall be a material breach of this Agreement and (b) any attempt to assign, pledge, encumber, factor, discount or otherwise transfer (except as expressly provided herein) the amounts held in any of the accounts established pursuant to this Article IV shall be a material breach of this Agreement.

4.6. Final Determinations. Except as provided in Section 7.1(f) or otherwise expressly set forth herein, the final determination of all issues relative to the payments made by GOP under the New FCA Obligations and the disbursements and transfers of FCA Income made by the Fund Administrator and the Long-Term Grant Recipients shall be made exclusively by the Oversight Committee.

ARTICLE V ADDITIONAL RIGHTS, COVENANTS AND UNDERTAKINGS

5.1. Additional Covenants and Undertakings of GOP. To maximize resources available for tropical forest conservation and effect the purposes of the TFCA and this Agreement, GOP shall not, and shall cause all other local or other governments, taxing authorities or subdivisions in Perú not to (a) impose or assess any taxes, duties, fees, levies or other assessments or charges (including income, use, excise, ad valorem, value added, property, sale, transfer and franchise taxes) on any FCA Income or (b) amend, abrogate, repeal or waive the Fund Administrator’s implementing legislation in any manner which could reasonably be expected to limit the power, authority or independence of the Oversight Committee or otherwise frustrate, in the reasonable judgment of the Oversight Committee, the purposes of the TFCA or this Agreement.

5.2. Additional Covenants and Undertakings of Peruvian NGOs. Each Peruvian NGO covenants that it shall not, without the written consent of the Oversight Committee, modify or amend its *estatutos* (or other organizational documents) in a manner that could reasonably be expected to limit the power, authority or independence of the Oversight Committee or otherwise frustrate, in the reasonable judgment of the Oversight Committee, the purposes of this Agreement or the TFCA.

5.3. Withdrawing NGO(s). In the event that any US NGO(s) determine(s), for whatever reason, not to consummate the transactions contemplated at the Closing (each, a “Withdrawing NGO”), the remaining US NGO(s) shall have the right, but not the obligation, to fund the portion of the Swap Fee allocable to the Withdrawing NGO(s). In the event that the remaining US NGO(s) exercise such right, this Agreement shall be terminated with respect to the Withdrawing

NGO(s) only, and the Withdrawing NGO(s) shall have no further rights, duties or obligations hereunder. Each remaining US NGO which has funded a portion of the Swap Fee owed by the Withdrawing US NGO shall succeed to all rights of the Withdrawing US NGO(s) hereunder and under the Swap Fee Contractual Agreement in proportion to the portion so funded.

5.4. Written Consent in Lieu of a Meeting of the Oversight Committee. Immediately following the Closing, the Oversight Committee shall act by written consent to, among other things, designate a Peruvian non-governmental organization to be a Long-Term Grant Recipient. Each of the parties hereto, in accordance with Section 7.1(d), hereby waives, on behalf of itself and its respective member of the Oversight Committee, written notice thereof.

5.5. Other Obligations of the US NGOs. During the term of this Agreement, the US NGOs shall use their reasonable efforts to (a) publicize the efforts of GOP and the Peruvian NGOs hereunder to conserve, maintain, and restore tropical forest land in its member publications, website, conferences and other appropriate fora, (b) assist the Peruvian NGOs by providing, to the extent available, technical expertise with respect to conservation, maintenance and restoration of the Forest Land, and (c) act as an informal liaison with USG on behalf of the Peruvian NGOs on issues related to this Agreement and the Debt Swap Agreement.

ARTICLE VI AUDIT AND REPORTING REQUIREMENTS

6.1. Financial Audits.

(a) Peruvian NGOs.

(i) Each Peruvian NGO shall keep true and accurate accounts and records in accordance with internationally accepted accounting principles, standards and practices consistently applied. Each Peruvian NGO shall use its best efforts to cause its auditors to prepare and submit to the parties hereto as soon as practicable after the close of its fiscal year (but not later than four (4) months after the close of such fiscal year) complete annual financial statements in respect of such fiscal year, certified by such auditors and prepared in the English and Spanish languages in accordance with internationally accepted accounting principles, standards and practices consistently applied. The auditors of each Peruvian NGO shall be an internationally recognized auditing firm acceptable to the Oversight Committee; *provided, however,* that the current auditing firms of the Peruvian NGOs identified on Exhibit 6.1 are hereby deemed acceptable to the Oversight Committee.

(ii) The certification by the auditors of each Peruvian NGO shall include or be accompanied by a statement that, during the examination by the auditors, the auditors observed or discovered (A) no grants, expenditures or disbursements of FCA Income in violation of the Authorized Purposes or Prohibited Purposes and (B) in the case of Long-Term Grant Recipients, no expenditures or disbursements of FCA Income in violation of a budget previously approved by the Oversight Committee pursuant to Section 4.2(c). In the event that any such violation is observed or discovered, the auditors' certification shall include a detailed description of the expenditures or disbursements of FCA Income in violation of the Authorized Purposes, Prohibited Purposes or the such previously approved budget. Such certification by the auditors

of each such Peruvian NGO shall also include an assessment of the completeness and accuracy of the annual financial and narrative report prepared by such Peruvian NGO in accordance with Section 6.2.

(iii) Each Peruvian NGO shall make the results of such audits (with any redactions thereto as approved by the Oversight Committee in writing) available to the general public in Perú by means of posting on an Internet website or other ways reasonably calculated to provide access to the general public and in a manner reasonably acceptable to the Oversight Committee.

(b) Short-Term Grant Recipients. Promptly upon receipt of any audit report provided by a Short-Term Grant Recipient to a Peruvian NGO, such Peruvian NGO shall, in turn, send such audit reports to the Chairperson of the Oversight Committee and make such reports (with any redactions thereto as approved by the Oversight Committee in writing) available to the general public in Perú by means of posting on an Internet website or other ways reasonably calculated to provide access to the general public and in a manner reasonably acceptable to the Oversight Committee. In the event that the Oversight Committee desires to conduct an audit in respect of any FCA Income received by a Short-Term Grant Recipient, the Peruvian NGO that provided the short term grant of FCA Income shall allow the Oversight Committee to designate the auditor to conduct the audit.

6.2. Narrative Reports. Within ninety (90) days of the close of its fiscal year, each Peruvian NGO shall prepare an annual financial and narrative report for the parties hereto, which report shall identify the NGO Expenses of the Peruvian NGO and their relation to the Authorized Purposes specified in Section 4.4(a) or the budget previously approved by the Oversight Committee pursuant to Section 4.2(c). Each Peruvian NGO shall send copies of such reports to the Chairperson of the Oversight Committee and make such reports available to the general public in Perú by means of posting on an Internet website or other ways reasonably calculated to provide access to the general public.

6.3. Records of NGO Expenses. Each Peruvian NGO shall, and shall use its best efforts to cause its Short-Term Grant Recipients to, maintain complete and accurate records containing all information required for verification of NGO Expenses. Such records shall be maintained at the offices of the recipient of FCA Income for a period of five (5) years following the payment of any such expense. Authorized representatives of GOP, the US NGOs and USG will have the right to examine, copy, and audit these records, by appointment, during normal business hours (or such records shall be copied and delivered to the requesting party). Any such audit will be conducted at the expense of GOP, the US NGOs or USG, as the case may be, and upon prior written notice.

6.4. Access to Forest Land. Each Peruvian NGO shall, and shall use its best efforts to cause its Short-Term Grant Recipients to, allow officials of USG, GOP and the US NGOs to (a) visit its offices, for the purpose of inspecting its facilities, and the Forest Land, and (b) have access to all relevant books of account, ledgers, spreadsheets and other documents associated with the Forest Land and its operations and activities carried out pursuant to this Agreement.

ARTICLE VII
GOVERNANCE AND OVERSIGHT

7.1. Oversight Committee.

(a) Creation of the Oversight Committee. The parties shall create and appoint members to a committee (the “Oversight Committee”) which shall consist of five (5) voting members and one non-voting member. One voting member shall be designated by each of USG, GOP, TNC, CI and WWF (each, a “Voting Member”), and the non-voting member shall be designated by the Fund Administrator. The Oversight Committee shall have the powers and responsibilities set forth in this Article VII and elsewhere in this Agreement. All actions of the Oversight Committee shall be made subject to and in accordance with the provisions of this Agreement.

(b) Members of the Oversight Committee. Except as provided in Section 7.3(b), each member of the Oversight Committee shall hold office until his or her successor is appointed by the body that selected him or her. Each Voting Member of the Oversight Committee shall be entitled to one vote. A member of the Oversight Committee may at any time resign his or her office by delivering a resignation notice in writing to the Oversight Committee and the body that he or she represents shall, within thirty (30) days of such resignation, select a replacement member. A member of the Oversight Committee may be removed from the Oversight Committee with or without cause by the body that selected him or her. In the event that any member of the Oversight Committee shall be unable to attend a meeting of the Oversight Committee (an “Absent Member”), the alternate member of the body that selected such Absent Member may act at the meeting, and exercise the power and authority exercisable by the Absent Member (including, the right to vote if the Absent Member is a Voting Member), in each case in the place of such Absent Member. Each party hereto agrees to use its reasonable efforts to cause either its member or alternate member of the Oversight Committee to be a resident of Perú. The initial appointments to the Oversight Committee are listed on Exhibit 7.1(b).

(c) Chairperson. A chairperson shall be elected from among the Voting Members of the Oversight Committee by such Voting Members (the “Chairperson”) and shall preside at every meeting of the Oversight Committee. The Chairperson shall carry out the duties specified by the regulations and rules adopted by the Oversight Committee pursuant to Section 7.1(e)(i).

(d) Meetings. The Oversight Committee shall hold meetings no less frequently than two (2) times per year or as otherwise agreed by the Oversight Committee. At every meeting four (4) Voting Members shall constitute a quorum. Any matter to be acted on or approved by the Oversight Committee shall require the affirmative vote of no fewer than three (3) Voting Members present at a meeting at which a quorum exists. No member shall have or exercise any veto right in respect of any matter before the Oversight Committee. Meetings shall be held at such times and such places in Perú as the Oversight Committee shall determine and no less than ten (10) days’ advance written notice of such meetings shall be given to each member. Prior notice of a meeting may be waived by a member in writing and shall be deemed to have been waived by a particular member by attendance by such member at such meeting. Members of the Oversight Committee may participate in a meeting of the Oversight Committee by means of telephone conference or similar communications equipment by which all persons participating in

the meeting can hear each other. The Oversight Committee may take action by the written consent of any three (3) Voting Members provided that the notice and quorum requirements set forth in this Section 7.1(d) have been fulfilled. The parties acknowledge and agree that the first action of the Oversight Committee shall be taken immediately following the Closing and the notice requirements in respect thereof shall be deemed to be satisfied by the execution of this Agreement.

(e) Authority and Responsibilities of the Oversight Committee. The Oversight Committee shall have the following authority and responsibilities, all of which shall be exercised or carried out pursuant to the procedures set forth in Section 7.1(d):

(i) approval of such regulations and rules for the proceedings of the Oversight Committee as are necessary or desirable for the conduct of the business of the committee and not in conflict with the terms of this Agreement, the Debt Swap Agreement or the Swap Fee Contractual Agreement;

(ii) designation of Peruvian non-governmental, non-profit organizations to become Long-Term Grant Recipients hereunder and the determination of the amount and terms of payments to be made by the Fund Administrator to the Long-Term Grant Recipients in accordance with Section 4.1(b);

(iii) approval of any annual budgets and program plans submitted by Long-Term Grant Recipients pursuant to Section 4.2(c);

(iv) review of the investment management of the FCA Income by, or on behalf of, the Fund Administrator in accordance with Section 4.1(d);

(v) supervision of the application process in respect of the grants made by the Fund Administrator to Short-Term Grant Recipients in accordance with Section 4.1(b) and the selection of those Short-Term Grant Recipients that will receive FCA Income from the Fund Administrator;

(vi) the determination of the amount and terms of payments to be made by the Fund Administrator to the Short-Term Grant Recipients;

(vii) administration of the oversight process set forth in this Article VII;

(viii) review of the performance of the Fund Administrator on an annual basis, and, in its sole and absolute discretion, the designation of a new Peruvian non-governmental organization to replace the then-existing Fund Administrator, which new non-governmental organization shall, in all cases, be a not-for-profit corporation organized under the laws of Perú that is dedicated to conserving and managing tropical forest land in Perú;

(ix) the adoption of conditions and requirements, if any, pursuant to which the Fund Administrator or an FCA Grant Recipient may expend FCA Income (A) for projects in Perú that are located outside the Forest Land described in Exhibit 1.1, or (B) for purposes other than those expressly authorized pursuant to this Agreement; and

(x) the authority and responsibilities conferred and imposed thereon pursuant to Article IV, Sections 7.2 and 7.4 and elsewhere in this Agreement.

(f) Delegation. Notwithstanding the creation of the Oversight Committee, each party to this Agreement shall retain the rights, powers and discretion granted to it under this Agreement, and the Oversight Committee shall not be delegated or vested with any such rights, powers or discretion unless such delegation or vesting of rights is expressly provided for in this Agreement. Except as expressly contemplated by Section 7.3(a), the Oversight Committee shall not have the power to amend or modify this Agreement, which may only be amended or modified as provided in Section 11.1.

7.2. Improper Use of Funds. In the event that the Oversight Committee determines that: (a) any portion of the FCA Income received by a Peruvian NGO pursuant to this Agreement has been used for a purpose not authorized by this Agreement, (b) it is reasonably likely that future payments to a Peruvian NGO would not be used for the purposes specified in this Agreement, (c) a Peruvian NGO is no longer capable of receiving the payments specified in this Agreement or performing the functions required of it herein, or (d) a Peruvian NGO is in breach of any material term or provision of this Agreement, then, in addition to all of the other remedies of the US NGOs, the Chairperson of the Oversight Committee shall provide written notice thereof (a “Deficiency Notice”) to such non-performing Peruvian NGO (the “Non-Performing NGO”) and the Non-Performing NGO shall, within thirty (30) days of receipt of such Deficiency Notice, take all steps necessary to rectify the matters identified in the notice. No further payments shall be made by GOP or the Fund Administrator, as applicable, to such Non-Performing NGO unless and until the matters identified in the Deficiency Notice are rectified to the satisfaction of the Oversight Committee. In the event that the matters identified in the Deficiency Notice are not rectified to the satisfaction of the Oversight Committee within such period, then, upon satisfaction of the conditions set forth in Section 7.3, GOP (or, in the case of a Long-Term Grant Recipient that is a Non-Performing NGO, the Fund Administrator) shall redirect future payments due under this Agreement from the Non-Performing NGO to a new beneficiary designated by the Oversight Committee, which new beneficiary shall, in all cases, be a not-for-profit corporation organized under the laws of Perú that is dedicated to conserving and managing tropical forest land in Perú.

7.3. Replacement Beneficiaries.

(a) Acceptance of Terms. Any new Long-Term Grant Recipient or Fund Administrator designated by the Oversight Committee pursuant to Sections 7.1(e) or 7.2 shall not be entitled to receive funds pursuant to this Agreement unless and until it (i) opens a Receipts Account in accordance with Sections 4.1(a) or 4.2(a), as applicable and (ii) executes and delivers to the Oversight Committee an instrument in substantially the form attached hereto as Exhibit 7.3(a)(i) (the “Acceptance Instrument”) and a Secretary’s certificate in substantially the form attached hereto as Exhibit 7.3(a)(ii). Upon the satisfaction of the conditions set forth in Sections 7.3(a)(i) and (ii), the new beneficiary shall become a “Peruvian NGO,” shall replace the Non-Performing NGO, and shall thereafter have all of the rights and obligations of the Non-Performing NGO under this Agreement (including, in the case of a newly designated Fund Administrator, the right to select a non-voting representative to serve on the Oversight Committee).

(b) Rights and Obligations Following Acceptance. From and after the date of the Acceptance Instrument (i) the Non-Performing NGO shall have no further right to receive funds under this Agreement, (ii) all of the rights and obligations of the Non-Performing NGO under this Agreement (other than accrued obligations that have not yet been discharged by the Non-Performing NGO) shall terminate automatically without any further action of the parties hereto, and (iii) if the Non-Performing NGO had a representative on the Oversight Committee, the representative of such Non-Performing NGO on the Oversight Committee shall be replaced by a non-voting representative selected by the newly designated Fund Administrator.

7.4. Non-Exclusive Remedies in Respect of Non-Performing NGOs. In the event of a material breach of any term or provision of this Agreement, in addition to the other remedies of the US NGOs, the Oversight Committee may instruct the Non-Performing NGO (a) to transfer to the Receipts Account of the new beneficiary designated by the Oversight Committee pursuant to Section 7.3 the amounts, if any, held in the Receipts Account of such Non-Performing NGO and/or (b) to transfer to the account designated by the Oversight Committee an amount equal to the amount of FCA Income disbursed by such Non-Performing NGO in contravention of the terms of this Agreement. The Non-Performing NGO shall effect such transfer(s) within thirty (30) days of receipt of instructions from the Oversight Committee. For the avoidance of doubt and without limitation of Section 9.3, the obligations of a Non-Performing NGO under Section 4.4 with respect to use of FCA Income shall survive in the event that the Non-Performing NGO is replaced for the reasons specified in Sections 7.1(e) or 7.2.

7.5. Conditional Grant. Each Peruvian NGO expressly acknowledges and agrees that (a) all amounts received pursuant to this Agreement are granted on the express condition that they be used for the purposes, and pursuant to the terms and subject to the conditions, specified herein, and (b) the condition set forth in this sentence is a material part of the bargain between and among the parties hereto.

ARTICLE VIII
REPRESENTATIONS AND WARRANTIES

8.1. Representations and Warranties of GOP. GOP represents and warrants to the US NGOs and the Fund Administrator, as of the date hereof and the Closing Date, that (a) the execution and delivery of this Agreement and the Debt Swap Agreement, the performance by GOP of its obligations hereunder and thereunder, and compliance by GOP with the terms hereof and thereof, have been duly authorized by all necessary actions of GOP and do not and will not conflict with, be inconsistent with or result in a breach of, any of the terms, covenants, conditions or provisions of, or constitute a default under, any agreement or other instrument, arrangement or obligation (whether written or oral) to which GOP is a party or by which it or any of its property, assets or revenues may be bound or affected; (b) this Agreement and the Debt Swap Agreement are its legal, valid and binding obligations, enforceable in accordance with the respective terms and conditions hereof and thereof, and the financial obligations of GOP hereunder and thereunder are and will continue to constitute the direct, unconditional and general obligations of GOP, and rank and will rank at least *pari passu* in all respects with all indebtedness now existing or hereafter issued, created or assumed by GOP; (c) GOP is subject to civil law with respect to its obligations hereunder; (d) the execution and delivery by USG, the US NGOs and the Fund Administrator of this Agreement, the Debt Swap Agreement and the Swap Fee Contractual Agreement, as applicable, and the performance of the transactions contemplated herein and therein (including the making of grants to FCA Grant Recipients), do not and will not result in any taxes, duties, fees, levies or other assessments or charges (including income, use, excise, ad valorem, value added, land, property, real estate, sale, transfer and franchise taxes) imposed by GOP or any other local or other government, taxing authority, or subdivision located in Perú; (e) all acts and conditions required to be done, performed and to have occurred prior to, and all consents, approvals, exemptions and other requirements of governmental, public and other bodies and authorities required for or in connection with, the execution and performance of the transactions described in this Agreement and the Debt Swap Agreement in order to make the obligations of GOP hereunder and thereunder valid, binding and enforceable in accordance with the respective terms hereof and thereof have been done, performed, and occurred in strict compliance with the laws of Perú and any applicable Peruvian regulation or regulatory requirement, and are in full force and effect; and (f) it is not necessary or advisable in order to ensure the legality, validity, enforceability, or admissibility in evidence of this Agreement, the Debt Swap Agreement or the Swap Fee Contractual Agreement in Perú that such agreements or any other agreement, document, notice or instrument be filed, recorded, registered, authenticated, legalized or enrolled with any court or authority in Perú or that any stamp, registration, or similar tax be paid on or in relation to the same.

8.2. Representations and Warranties of the Peruvian NGOs. Each Peruvian NGO represents and warrants to the US NGOs and GOP, as of the date hereof and the Closing Date, that (a) it is a corporation duly organized, validly existing and in good standing under the laws of Perú; (b) the execution and performance by it of its obligations hereunder do not and will not constitute a breach of, or conflict with, any other material agreement or arrangement, whether written or oral, by which it is bound, including its *estatutos* or similar organizational documents; (c) this Agreement is its legal, valid and binding obligation, enforceable in accordance with the terms and conditions hereof.

8.3. Representations and Warranties of the US NGOs. Each US NGO, severally but not jointly, represents and warrants to GOP and the Fund Administrator, as of the date hereof and the Closing Date, that (a) it is a corporation duly organized and validly existing under the laws of its jurisdiction of incorporation; (b) the execution and performance by it of its obligations hereunder do not and will not constitute a breach of, or conflict with, any other material agreement or arrangement, whether written or oral, by which it is bound; and (c) this Agreement and the Swap Fee Contractual Agreement are its legal, valid and binding obligations, enforceable in accordance with the respective terms and conditions hereof and thereof.

ARTICLE IX TERM AND TERMINATION

9.1. Term. This Agreement shall become effective on the Effective 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 forty-five (45) days after the Effective Date, or such later Business Day as may be agreed to by the Parties in writing on or before the date which is forty-five (45) days after the Effective Date, or (b) if the Closing has occurred, upon the final disbursement of FCA Income by the Peruvian NGOs in accordance with the terms hereof. In addition, this Agreement may be terminated by the Oversight Committee with respect to a Non-Performing NGO in accordance with Article VII.

9.3. Survival. The terms of Sections 1.1, 1.2, 5.1, 6.1, 6.3, 6.4, 9.3, 10.2, 10.3, 11.2 and 11.3 and other sections which by their nature are intended to extend beyond termination or expiration shall survive any termination or expiration of this Agreement for any reason.

ARTICLE X DISPUTE RESOLUTION

10.1. Informal Resolutions of Disputes. The parties hereto hereby agree that, in the event of any dispute between or among any of the parties relating to this Agreement, the parties shall first seek to resolve the dispute through informal discussions. Any party may give the other parties written notice of any dispute not resolved in the normal course of business. Within twenty (20) days after delivery of said notice, officials of all parties to the dispute shall meet at a mutually acceptable time and place, and thereafter as often as they reasonably deem necessary, to exchange relevant information and to attempt to resolve the dispute. If the matter has not been resolved within sixty (60) days of the disputing party's notice, or if the parties fail to meet within twenty (20) days after delivery of such notice, any party may invoke arbitration of the controversy or claim as provided in Section 10.2. If a negotiator intends to be accompanied at a meeting by an attorney, the other negotiators shall be given at least three (3) Business Days' notice of such intention and may also be accompanied by an attorney. All negotiations pursuant to this Section 10.1 are confidential and shall be treated as compromise and settlement negotiations for purposes of applicable rules of evidence.

10.2. Arbitration of Disputes. Subject to Section 10.1, any dispute arising out of or in connection with this Agreement, including any questions relating to its existence, validity or termination shall be referred to and finally resolved by arbitration under the Rules of Arbitration

of the International Chamber of Commerce, which rules are deemed incorporated by reference into this Section 10.2. There shall be a single arbitrator selected or appointed to resolve the dispute, who shall not be a national of Perú or the United States of America. In the event the parties cannot agree on the selection of an arbitrator, the International Chamber of Commerce shall appoint the arbitrator. The place of arbitration shall be Miami, Florida. The parties to the arbitration shall use their reasonable efforts to conclude the arbitration of any controversy or dispute no later than one hundred twenty (120) days after submission of the dispute. The arbitrator may include in any award the requirement that the losing party pay the other parties all reasonable costs including attorneys' fees incurred during the arbitration. All arbitration rulings and awards shall be final and binding on the parties and shall be enforceable in any court of competent jurisdiction. Each party hereby irrevocably consents to service of process in any action or proceeding hereunder by mailing copies thereof to the party's address set forth in Exhibit 11.3, or as otherwise designated by a party pursuant to Section 11.3, by recognized express courier.

10.3. Waiver of Immunity. The parties hereto acknowledge and agree that this Agreement and the transactions contemplated hereby constitute commercial activities of GOP and the Fund Administrator and that GOP and the Fund Administrator are subject to private commercial law with respect thereto. To the extent that GOP or the Fund Administrator has or hereafter may acquire any immunity (sovereign or otherwise) from jurisdiction of any court or from any legal process (including service or notice, attachment prior to judgment, attachment in aid of execution, execution or otherwise) with respect to itself or its property, each of GOP and the Fund Administrator hereby agrees not to claim and irrevocably waives such immunity in respect of its obligations under this Agreement, including the New Obligations, and, without limiting the generality of the foregoing, each of GOP and the Fund Administrator agrees that the waiver set forth in this Section 10.3 shall have the fullest scope permitted under applicable laws, including the Foreign Sovereign Immunities Act of 1976 of the United States of America and is intended to be irrevocable for purposes of such Act; provided that the foregoing waiver shall not apply to property that is (a) used by a diplomatic or consular mission of Perú, (b) of a military character and under control of a military authority or defense agency of Perú, (c) located in Perú and dedicated to a public or governmental use (as distinguished from property dedicated to commercial use) or (d) shares of Peruvian public sector entities or shares of Peruvian private sector entities owned or controlled by GOP or a Peruvian public sector entity or revenues collected from the sale of such shares to the extent such shares or revenues are exempt by Peruvian law from attachment or execution.

10.4. Role of USG. The parties hereto agree that USG may, at the request of any party, be included in consultations regarding the implementation and enforcement of this Agreement.

ARTICLE XI MISCELLANEOUS

11.1. Amendment; Waiver. Except as expressly contemplated by Section 7.3(a), this Agreement may be amended only by a written instrument signed by the parties hereto. No provision of this Agreement may be waived orally, but only by a written instrument signed by the party against whom enforcement of such waiver is sought. A failure or delay in exercising any right, power or privilege in respect of this Agreement shall not be presumed to operate as a

waiver, and a single or partial exercise of any right, power or privilege shall not be presumed to preclude any subsequent or further exercise, of that right, power or privilege or the exercise of any other right, power or privilege.

11.2. Governing Law. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, UNITED STATES OF AMERICA, WITHOUT GIVING EFFECT TO ITS PRINCIPLES OR RULES OF CONFLICT OF LAWS TO THE EXTENT SUCH PRINCIPLES OR RULES WOULD REQUIRE OR PERMIT THE APPLICATION OF THE LAWS OF ANOTHER JURISDICTION.

11.3. Notices. All notices, consents, requests, instructions, approvals and other communications provided for herein shall be in writing and shall be deemed validly given (a) upon personal delivery, (b) one day after being sent by facsimile with telephone confirmation of receipt, or (c) five days after being sent by a recognized express courier service that maintains records of receipt, in each case as set forth in Exhibit 11.3 or as otherwise designated by a party pursuant to this Section 11.3.

11.4. Counterparts. This Agreement (and each amendment, modification and waiver in respect of it) may be executed and delivered in counterparts, each of which shall be deemed an original and all of which, taken together, shall constitute one instrument. Copies of executed counterparts transmitted by telecopy, facsimile or other electronic transmission service shall be considered original executed counterparts for purposes of this Section 11.4, provided receipt of copies of such counterparts is confirmed. This Agreement shall not be effective unless and until signed by all parties hereto.

11.5. Severability. If any covenant or provision hereof is determined to be void or unenforceable in whole or in part, it shall not be deemed to affect or impair the validity of any other covenant or provision, each of which is hereby declared to be separate and distinct. If any provision of this Agreement is so broad as to be unenforceable, such provision shall be interpreted to be only so broad as is enforceable. If any provision of this Agreement is declared invalid or unenforceable for any reason other than over breadth, the offending provision will be modified so as to maintain the essential benefits of the bargain among the parties hereto to the maximum extent possible, consistent with law and public policy.

11.6. Successors and Assigns. This Agreement shall be binding upon the respective successors and permitted assigns of the parties hereto. Except as provided in Section 7.3, this Agreement shall not be assignable or otherwise transferable by a party without the prior written consent of the other parties and any attempt to so assign or transfer this Agreement without such consent shall be void and of no effect.

11.7. Further Assurances. Each party hereto shall execute and deliver such additional documents and perform such acts as are reasonably requested by the other parties in order fully to effect the intent of this Agreement.

11.8. No Joint Venture. Each of the parties hereto is an independent contractor. Nothing in this Agreement shall be construed as establishing a partnership or joint venture relationship

between and among the parties hereto. No employee, agent, officer, director or other representative of any party shall, by reason of this Agreement or otherwise, be considered (a) an employee of, or be entitled to employee or fringe benefits of, any other party or (b) as an agent or legal representative of any other party for any purpose. Without limitation of the foregoing, no party hereto is granted hereby, and no party shall hold itself out as having, any right or authority to assume or create any obligation or responsibility or to make any representation or warranty, express or implied, on behalf of or in the name of any other party or to otherwise bind any other party in any manner.

11.9. Descriptive Headings. Titles and headings used in this Agreement are for reference purposes only and shall not in any way affect or limit the meaning or construction of any provision of this Agreement.

11.10. Remedies Cumulative. The rights, powers, remedies and privileges provided in this Agreement are cumulative and not exclusive of any rights, powers, remedies and privileges provided by applicable law.

11.11. Accounting and Financial Determinations. All accounting terms used herein shall be interpreted, and all accounting determinations and computations hereunder shall be made, using internationally accepted accounting principles, standards and practices consistently applied.

11.12. Exhibits and Schedules. The following exhibits and schedules are part of this Agreement and are incorporated herein by reference:

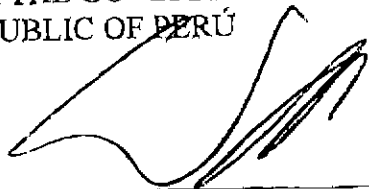
Exhibit 1.1	Description of Forest Land
Exhibit 2.4(a)	Form of Opinion of the <i>Oficina de Asesoría Jurídica</i> of the Ministry of Economy and Finance
Exhibit 2.4(b)	Form of Opinion of Perú Counsel to Fund Administrator
Exhibit 4.3	Terms to be Included in Agreements Executed by Short-Term Grant Recipients
Exhibit 6.1	Current Outside Auditors of Peruvian NGOs
Exhibit 7.1(b)	Initial Appointments to Oversight Committee
Exhibit 7.3(a)(i)	Form of Acceptance Instrument
Exhibit 7.3(a)(ii)	Form of Secretary's Certificate
Exhibit 11.3	Notices
Schedule 3.1	New FCA Obligations

11.13. Entire Agreement. This Agreement contains the entire agreement of the parties with respect to the subject matter hereof, and all prior or contemporaneous understandings or agreements, whether written or oral, among the parties with respect to such subject matter are hereby superseded in their entirety.

[End of text; signature page follows]

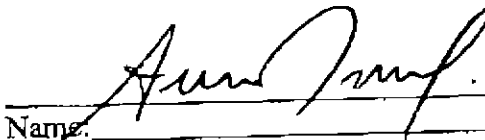
IN WITNESS WHEREOF, the parties have executed and delivered this Forest Conservation Agreement as of the date and year first above written.

FOR THE GOVERNMENT OF THE
REPUBLIC OF PERÚ



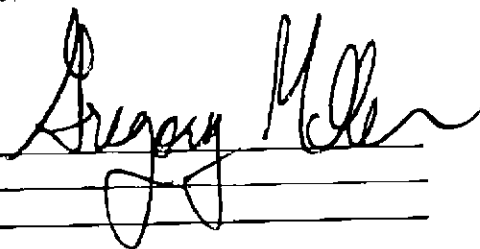
Name: _____
Title: _____

FONDO NACIONAL PARA ÁREAS
NATURALES PROTEGIDAS POR EL
ESTADO (AS INITIAL FUND ADMINISTRATOR)



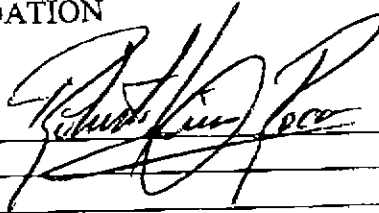
Name: _____
Title: _____

THE NATURE CONSERVANCY



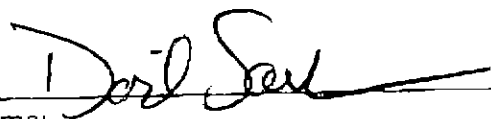
Name: _____
Title: _____

CONSERVATION INTERNATIONAL
FOUNDATION



Name: _____
Title: _____

WORLD WILDLIFE FUND, INC.



Name: _____
Title: _____

[Signature Page to Forest Conservation Agreement]

IN WITNESS WHEREOF, the parties have executed and delivered this Forest Conservation Agreement as of the date and year first above written.

FOR THE GOVERNMENT OF THE
REPUBLIC OF PERÚ

FONDO NACIONAL PARA ÁREAS
NATURALES PROTEGIDAS POR EL
ESTADO (AS INITIAL FUND ADMINISTRATOR)

Name: Allan Wagner
Title: Ambassador of Peru to the United States

Name: Alberto Paniagua
Title: Executive Director

THE NATURE CONSERVANCY

CONSERVATION INTERNATIONAL
FOUNDATION

Name: Gregory Miller
Title: Vice President and Andes Division Director

Name: Roberto Roca
Title: Vice President

WORLD WILDLIFE FOUNDATION, INC.

Name: David Sandalow
Title: Executive Vice President

EXHIBIT 1.1
Legal Description of Forest Land

1. Pacaya Samiria National Reserve.

The national reserve established by Decree 16-82-AG with a total area of 2,080,000 hectares. The borders of the reserve are as follows: In the north, the border starts from the village of Veracruz located at 75°35' longitude west and 5°06' latitude south and follows the waters below the right bank of the Marañon River until it joins with the Ucayali River. In the east, it starts from the coordinates 73°35' longitude west and 4°29' latitude south extending from the upper waters of the left bank of the Ucayali River and following the Puinahua canal to the coordinates 75°08' longitude west and 6°07' latitude south, close to the town of Vista Alegre on the Ucayali. In the south, it extends from the eastern border toward the west along the strip that divides the Samiria and Chambira rivers until it reaches the coordinates 75°27' longitude west and 6°08' latitude south, then it goes north along the strip dividing the Huallaga and Alto Samiria rivers to the village of Veracruz.

2. Apurimac Reserved Zone

The Apurimac Reserved Zone (ARZ) was established by Supreme Resolution 0186-88-AG, on April 28, 1988, with a total area of 1,669,200 hectares (16,692 square kilometers). The reserve is located between 72°56'24'' - 74°13'12'' West and 10°48'00'' - 12°48'00'' South. The altitude varies between 300 and 4 500 meters above sea level. The Apurimac Reserved Zone comprises the provinces of La Concepción in the department of Cuzco, Atalaya in the department of Ucayali and Satipo in the department of Junin. The most important water basins are those of the Lower Urubamba, Tambo, Ene and Apurimac rivers. Access from the east side of the Vilcabamba Range is by air to Sepahua, and from there along the Urubamba River by boat. From the west (banks of the Ene and Tambo rivers), access to the area is through the locality of Satipo, following the route Lima - La Merced – Satipo (420 Km.). From Satipo one may go by road to Puerto Ocopa (64 Km.) and by boat along the Tambo or Ene rivers. No transverse or lengthwise road crosses the range of mountains, although there are some paths ancestrally used by pedestrians.

3. Manu Reserved Zone

The Manu Reserved Zone was established by Supreme Resolution R.S. 0151-80-AG-DGFF, on June 26, 1980, with a total area of 257,000 hectares (2,570 square kilometers). The reserve is located between 70°47'24'' - 71°20'24'' West and 11°48'00'' - 12°24'00'' South. The altitudinal range is not very wide, varying between 300 and 500 meters above sea level. It is located in the provinces of Manu and Paucartambo, departments of Madre de Dios and Cuzco respectively. Access by air is from Lima to Cuzco, then by surface the trip from Cuzco to Shinguya takes one and a half days. Or one may take a boat and sail along the Upper Madre de Dios River to the Manu River, a 6-hour voyage. One may also fly on a small aircraft from Cuzco to the mouth of the Manu river; this flight takes approximately 45 minutes.

4. Manu National Park

The Manu National Park was established by Supreme Decree 644-73-Ag on May 29, 1973, with a total area of 1,532,806 hectares (15,328.06 square kilometers). In 1977, Manu was recognized by UNESCO as Biosphere Reserve and in 1987 as Natural Heritage of Mankind. The reserve is located between 71°10'00'' - 72°25'00'' West and 11°16'00'' - 13°11'00'' South. The altitude varies between 240 to 4 000 meters. It is located in the provinces of Manu and Paucartambo, departments of Madre de Dios and Cuzco respectively. Manu is one of the few natural rainforests still existing in the world, and its authenticity and natural environments constitute its main touristic appeal. This national park also contains unstudied archaeological sites as well as other important pre-hispanic ruins, such as the Pusharo petroglyphs in the region of the Palotoa River, and the Mamería ruins.

5. Machu Picchu Historical Sanctuary

Machu Picchu Historical Sanctuary was established by Supreme Decree 119-80-AA on August 14, 1980, with a total area of 32,592 hectares (325.92 square kilometers). UNESCO has recognized Machu Picchu as Cultural and Natural Heritage of Mankind. The reserve is located between 74°06'22'' - 74°07'52'' West 13°01'12'' - 13°02'30'' South. Elevations in the area range from 1 800 to 6 270 meters above sea level. This natural area is located in the department of Cuzco, province of Urubamba, district of Machu Picchu. The Historical Sanctuary of Machu Picchu is located in a Peruvian region which is part of the Andean and also part of the Amazonia. Access by air is from Lima to the city of Cuzco (the flight takes approximately an hour and 15 minutes); then by train (5 hours) to Aguas Calientes. Finally, a 7,8 kilometer road takes you from Aguas Calientes to the citadel of Machu Picchu.

6. Bahuaja Sonene National Park

The Bahuaja Sonene National Park was established by Supreme Decree 048-2000-AG, on September 4, 2000, with a total of area of 1,091,416 hectares (10,914.16, square kilometers). The reserve is located between 69°31'00'' - 68°44'00'' West and 12°40'00'' - 13°10'00'' South. The altitude varies between 250 and 400 meters above sea level. This natural area is located in the south eastern region of Perú, bounded on the east by the Republic of Bolivia, the area comprises part of the province of Tambopata, in the south east of the department of Madre de Dios, and the provinces of Carabaya and Sandia, in the north of Puno. The area includes ecosystems of high and low tropical forest in both departments.

7. Tambopata-Candamo Reserved Zone

The area was established by Supreme Decree. 0032-90-AG/DGFF, on January 26, 1990, with a total area of 1,043,998 hectares (10,439.98 square kilometers). The reserve is located between 69°00'00'' - 70°20'43'' West and 12°30'06'' - 13°53'06'' South. The altitude varies between 220 and 3000 meters above sea level. This area comprises the provinces of Tambopata, Carabaya and Sandia; in the departments of Madre de Dios and Puno. Access from Madre de Dios is by air from Lima to Puerto Maldonado (1 ½ hour-flight); then by boat along the Tambopata, Malinowski or Madre de Dios rivers. Access from Puno is by air from Lima to

Juliaca (2 hour-flight), then by road from Puno to Putina Punco (approximately 12 hours); and then by boat (zodiac) along the Tambopata River (two-day voyage).

8. Amarakaeri Reserved Zone

This area was established by Supreme Decree 028-2000-AG on July 6, 2000, with an area of 419,139 hectares (4,191.39 square kilometers). The altitude varies between 300 and 3 300 meters above sea level. The reserve is located between 70°29'24'' - 71°19'12'' West 12°18'36'' - 13°16'12'' South. The Amarakaeri Reserved Zone is located by the Madre de Dios and Karene basins, in the area inhabited by the Harakmbut native communities. Politically, this area comprises the district of Madre de Dios, province of Manu, in the department of Madre de Dios.

9. Alto Purús Reserved Zone

This area was recently established as reserved zone by Supreme Decree 001-2002-AG on January 6, 2002 with a total area of 2,724,263 hectares (27,242.63 square kilometers). The altitude varies between 200 to 600 meters above sea level. The reserve is located between 70°32'24'' - 73°33'00'' West and 9°26'24'' - 11°37'48'' South. This reserved zone is located in the provinces of Purús and Atalaya, department of Ucayali, and in the province of Tahuamanu, in the department of Madre de Dios.

10. Cordillera Azul National Park

The Cordillera Azul National Park was established by Supreme Resolution DSN 031-2001-AG. del 21 de mayo del 2001. on may 21, 2001, with a total area of 1.35 million hectares (5,000 square miles). The reserve is located between 6°15'00''S - 9°00'00''S and 75°20'00''O and 76°40'00'' O. This area has been re-designated to the highest protection category and renamed Cordillera Azul National Park. The reserved zone was expanded from 1,137,786 to 1,353,191 hectares in order to protect all the mountains in this area and to define natural boundaries. The Cordillera Azul National Park limits run between the rivers Huallaga and Uyacali . This new national park is the second largest in Perú, and protects the montane forests of the departments of San Martín, Ucayali , Loreto and Huanuco.

* * *

EXHIBIT 2.4(a)
Form of Opinion of the *Oficina de Asesoría Jurídica* of the Ministry of Economy and Finance of Perú

[Closing Date]

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.

The Nature Conservancy
4245 North Fairfax Drive, Suite 100
Arlington, Virginia 22203-1606

Conservation International Foundation
1919 M Street, N.W.
Washington, D.C. 20036

World Wildlife Fund, Inc.
1250-24th Street, N.W.
Washington, D.C. 20009

Ladies and Gentlemen:

I, as the *Jefe de Oficina de Asesoría Jurídica* of the Ministry of Economy and Finance of the Government of the Republic of Perú (“GOP”), at your request, render this opinion in connection with the execution and delivery by GOP of (a) the Agreement between the Government of the United States of America (“USG”) and GOP Regarding a Debt-For-Nature Swap, dated _____, 2002 (the “Debt Agreement”), and (b) the Forest Conservation Agreement, dated _____, 2002 (the “Forest Conservation Agreement”), among Conservation International Foundation, a nonprofit public benefit corporation organized under the laws of the State of California in the United States of America (“CI”), The Nature Conservancy, a nonprofit corporation organized under the laws of the District of Columbia in the United States of America (“TNC”), World Wildlife Fund, Inc., a nonprofit corporation organized under the laws of the State of Delaware in the United States of America (“WWF”) (together with CI and TNC, the “US NGOs”), *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) (“Profonanpe”) and GOP. The Debt Agreement and the Forest Conservation Agreement are referred to herein collectively as the “Debt Swap Documents.” Capitalized terms used herein without definition have the respective meanings ascribed thereto in the Debt Swap Documents.

I have examined, *inter alia*, the following:

1. The Peruvian Constitution; *Decreto Supremo* N° 096-96-EF; *Resolución Ministerial* N° 197-96-EF; *Ley* 27575, *Ley de Endeudamiento del Sector Público para el Año Fiscal* 2002; *Decreto Ley* N° 26154; *Decreto Supremo* N° 024-93-AG and amendments thereto enacted through *Decreto Supremo* N° 043-94-AG and *Decreto Supremo* N° 007-98-AG; and *Resolución Suprema* N° 098-2001-AG, as amended by *Resolución Suprema* 001-2002-AG.

2. The Debt Swap Documents;

3. Evidence that there have been granted all appropriate authorizations, approvals, licenses and consents which may be necessary to authorize GOP to perform all actions necessary on its part to implement the provisions of the Debt Swap Documents, and that the same are in full force and effect.

4. All such other laws, regulations and documents as I have considered necessary or advisable for the purpose of giving this opinion.

In addition, I have made such other investigations as I have considered appropriate for the purpose of giving this opinion.

Based upon such examinations, I am of the following opinion:

A. GOP has full power and authority to incur the obligations set forth in the Debt Swap Documents, to execute and deliver the Debt Swap Documents, to comply with the provisions thereof, and to perform the obligations expressed to be binding upon it in the Debt Swap Documents.

B. The Debt Swap Documents constitute legal, valid and binding obligations of GOP, enforceable in accordance with their respective terms, and the financial obligations of GOP thereunder are and will continue to constitute the direct, unconditional and general obligations of GOP, and rank and will rank at least *pari passu* in all respects with all indebtedness now existing or hereafter issued, created or assumed by GOP.

C. In light of the fact that the acts contemplated under the Forest Conservation Agreement constitute commercial activities of GOP and Profonampe, the following acts are irrevocably binding on GOP:

1. The waiver of immunity from (a) attachment in aid of execution, (b) execution and (c) attachment prior to the entry of judgment;
2. The waiver of the defense of an inconvenient forum; and
3. The submission to binding arbitration under the Arbitration Rules of the International Chamber of Commerce.

D. The choice of law of the State of New York, United States of America as the governing law of the Forest Conservation Agreement is a valid choice of law.

E. The execution and delivery of the Debt Swap Documents, the performance by GOP of its obligations thereunder and compliance by GOP with the terms thereof, have been duly authorized by all necessary actions of GOP and do not as of the date hereof:

1. Violate any provisions of any law, rule, regulation, order, judgment, injunction, decree, resolution, determination or award of any court or any judicial, administrative or governmental authority or organization having applicability to GOP;

2. Conflict, be inconsistent with or result in a breach of, any of the terms, covenants, conditions or provisions of, or constitute a default under, any agreement or other instrument, arrangement or obligation (whether written or oral) to which GOP is a party or by which it or any of its property, assets or revenues may be bound or affected; or

3. Constitute any arrangement that will create or result in any lien, pledge, mortgage, charge or other encumbrance or security interest whatsoever over the whole or any part of the undertaking, property or assets, present or future, of GOP, as security in respect of any present or future obligation of GOP in respect of any indebtedness.

F. The officials of GOP executing the Debt Swap Documents and all notices, instruments and other documents required thereunder or otherwise related thereto were, are and will be fully authorized to execute the same for and on behalf of GOP.

G. GOP is not in default under any such law, rule, regulation, order, judgment, injunction, decree, resolution, determination or award as is referred to in paragraph E(1) of this opinion, nor is GOP in default under any agreement, instrument, arrangement or obligation as is referred to in paragraph E of this opinion, in any such case being a default which could reasonably be expected to have a material adverse effect on the property, assets, revenues or condition of GOP or on GOP's ability duly to perform and observe its obligations under the Debt Swap Documents.

H. It is not necessary or advisable in order to ensure the legality, validity, enforceability or admissibility in evidence of the Debt Swap Documents that the Debt Swap Documents or any other agreement, document, notice or instrument be filed, recorded, registered, authenticated, legalized or enrolled with any court or authority in Perú or that any stamp, registration or similar tax be paid on or in relation to the same.

I. All acts and conditions required to be done, performed and to have occurred prior to, and all consents, approvals, exemptions and other requirements of governmental, public and other bodies and authorities required for or in connection with, the execution and performance of the transactions contemplated by the Debt Swap Documents in order to make the obligations of GOP thereunder valid, binding and enforceable in accordance with their respective terms have been done, performed and occurred in strict compliance with the laws of Perú and all applicable Peruvian regulations and regulatory requirements, and are in full force and effect.

J. There is no litigation or administrative proceedings of or before any court or governmental authority or agency or tribunal pending (or to my knowledge threatened) to enjoin

or restrain the execution or performance by GOP of either of the Debt Swap Documents or in any manner to question the laws and proceedings under which any of the Debt Swap Documents have been or are to be executed, performed or enforced, and none of the said laws and proceedings have been repealed, revoked or rescinded in whole or in part.

K. No consents, licenses, approvals or authorizations of, or declarations to, governmental authorities or agencies are required other than those already obtained to implement and make effective the arrangements contemplated by the Debt Swap Documents.

L. The Debt Swap Documents are in proper legal form under the laws of Perú for the enforcement thereof against GOP, each of the US NGOs and Profonanpe, as applicable.

M. The execution and delivery by each of the US NGOs and Profonanpe of the Forest Conservation Agreement, and the consummation of the transactions contemplated therein (including the making of grants to FCA Grant Recipients), do not and will not result in any assessments, 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. For the avoidance of doubt, the opinion set forth in this Paragraph M does not extend to any assessments, taxes, levies, fees or other charges that may be incurred by an FCA Grant Recipient making an expenditure of FCA Income in the ordinary course of business.

N. GOP is subject to civil law with respect to its obligations under the Forest Conservation Agreement. Under the laws of Perú, GOP has no immunity from the jurisdiction of the courts, or from suit or any other legal process with respect to the obligations of GOP under the Forest Conservation Agreement, save that no execution can be levied against GOP's property situated in Perú to satisfy a judgment debt or otherwise.

I express no opinion other than as to the laws of Perú.

This opinion is given pursuant to Section 4.1(b) of the Debt Agreement and Section 2.4(a) of the Forest Conservation Agreement solely for the benefit of USG, the US NGOs and the Peruvian NGOs.

Very truly yours,

Jefe de Oficina de Asesoría Jurídica of the
Ministry of Economy and Finance of the
Government of the Republic of Perú

* * *

EXHIBIT 2.4(b)
Form of Opinion of Perú Counsel to Fund Administrator

[Closing Date]

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.

The Nature Conservancy
4245 North Fairfax Drive, Suite 100
Arlington, Virginia 22203-1606

Conservation International Foundation
1919 M Street, N.W.
Washington, D.C. 20036

World Wildlife Fund, Inc.
1250-24th Street, N.W.
Washington, D.C. 20009

Ladies and Gentlemen:

This opinion is rendered in connection with the execution and delivery of that certain Forest Conservation Agreement, dated _____, 2002 (the “Forest Conservation Agreement”), among Conservation International Foundation, a nonprofit public benefit corporation organized under the laws of the State of California in the United States of America (“CI”), The Nature Conservancy, a nonprofit corporation organized under the laws of the District of Columbia in the United States of America (“TNC”), World Wildlife Fund, Inc., a nonprofit corporation organized under the laws of the State of Delaware in the United States of America (“WWF”) (together with CI and TNC, the “US NGOs”), *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) (“Profonanpe”) and Government of the Republic of Perú (“GOP”). Capitalized terms used herein without definition have the respective meanings ascribed thereto in the Forest Conservation Agreement.

For purposes of issuing the opinions expressed herein, we have examined, *inter alia*, the following:

1. the Forest Conservation Agreement;

2. the Agreement between the Government of the United States of America (“USG”) and GOP Regarding a Debt-For-Nature Swap, dated _____, 2002;

3. the Swap Fee Contractual Agreement among USG and the US NGOs, dated _____, 2002;

4. The Peruvian Constitution; *Decreto Supremo* N° 096-96-EF; *Resolución Ministerial* N° 197-96-EF; *Ley* 27575, *Ley de Endeudamiento del Sector Público para el Año Fiscal* 2002; *Decreto Ley* N° 26154; *Decreto Supremo* N° 024-93-AG and amendments thereto enacted through *Decreto Supremo* N° 043-94-AG and *Decreto Supremo* N° 007-98-AG; and *Resolución Suprema* N° 098-2001-AG, as amended by *Resolución Suprema* 001-2002-AG; and

5. Such other documents, records, instruments, licenses, approvals and certificates as we have deemed necessary or appropriate to enable us to render the opinions expressed herein.

In addition, we have considered such matters of law as we have deemed necessary or appropriate to enable us to render the opinions expressed herein.

Based on the foregoing, we give you our opinion as follows:

A. Profonanpe is a corporation duly organized, validly existing and in good standing under the laws of Perú.

B. The execution, delivery and performance by Profonanpe of the Forest Conservation Agreement is within its corporate powers and has been duly and properly authorized by all necessary corporate action in accordance with the laws of Perú, and does not constitute a default under any law, rule or regulation applicable to Profonanpe or any agreement, contractual restriction, judgment, injunction, order, decree or other instrument binding upon Profonanpe.

C. The execution, delivery and performance by Profonanpe of the Forest Conservation Agreement does not and will not violate or conflict with any existing provision of any laws or regulations of Perú applicable to Profonanpe, or any decision or judgment of any court or tribunal or regulatory authority in Perú or any arbitral award binding on Profonanpe or conflict with any existing agreement and/or other instrument to which it is a party or by which it is bound.

D. The Forest Conservation Agreement has been duly executed and delivered on behalf of Profonanpe and no authorization, approval or other action by, and no notice to or filing with, any Peruvian governmental authority, including, without limitation, any local, regional, municipal or national authorities or other legislative, administrative, governmental, regulatory or judicial body of Perú, is required for the due execution, delivery and performance by Profonanpe of the Forest Conservation Agreement or any other agreements related thereto.

E. The Forest Conservation Agreement once duly executed, constitutes a legal, valid, unconditional and binding obligation of GOP and Profonanpe, enforceable against them severally in accordance with its terms, except as enforceability thereof may be limited by applicable bankruptcy, insolvency, reorganization or similar laws relating to or affecting creditors' rights generally and by the effect of general principles of equity.

F. The officials of Profonanpe executing the Forest Conservation Agreement and all notices, instruments and other documents required thereunder or otherwise related thereto were, are and will be fully authorized to execute the same for and on behalf of Profonanpe.

G. The Forest Conservation Agreement is in proper legal form under the laws of Perú for the enforcement thereof against GOP and Profonanpe, as applicable, and it is not necessary or advisable in order to ensure the legality, validity, enforceability or admissibility in evidence of the Forest Conservation Agreement that the Forest Conservation Agreement or any other agreement, document, notice or instrument be filed, recorded, registered, authenticated, legalized or enrolled with any court or authority in Perú or that any stamp, registration or similar tax be paid on or in relation to the same. The full faith of GOP is pledged for the performance by GOP of its obligations under the Forest Conservation Agreement.

H. All acts and conditions required to be done, performed and to have occurred prior to, and all consents, approvals, exemptions and other requirements of governmental, public and other bodies and authorities required for or in connection with, the execution and performance of the transactions contemplated by the Forest Conservation Agreement in order to make the obligations of Profonanpe thereunder valid, binding and enforceable in accordance with its terms have been done, performed and occurred in strict compliance with the laws of Perú and all applicable Peruvian regulations and regulatory requirements, and are in full force and effect.

I. There is no pending, nor to the best of our knowledge after due inquiry, threatened action or proceeding affecting Profonanpe or any of its assets, before any court, governmental agency or arbitrator, which may, or would, in accordance with their respective terms, affect the legality, validity or enforceability of the Forest Conservation Agreement or any related agreement, or which, if adversely determined, may be reasonably anticipated to affect materially (i) the financial condition or operations of Profonanpe or (ii) its ability to perform its obligations under the Forest Conservation Agreement.

J. GOP and Profonanpe are each subject to civil law with respect to their respective obligations under the Forest Conservation Agreement. The choice of law of the State of New York, United States of America as the governing law of the Forest Conservation Agreement is a valid choice of law. In light of the fact that the acts contemplated under the Forest Conservation Agreement constitute commercial activities of GOP and Profonanpe, the following acts are irrevocably binding on GOP and Profonanpe:

1. The waiver of immunity from (a) attachment in aid of execution, (b) execution and (c) attachment prior to the entry of judgment;
2. The waiver of the defense of an inconvenient forum; and

3. The submission to binding arbitration under the Arbitration Rules of the International Chamber of Commerce.

The opinions expressed herein are limited in all respects to questions arising under the Constitution and the laws of Perú, and we express no opinion concerning any question arising under the laws of any other jurisdiction. This opinion is given pursuant to Section 2.4(b) of the Forest Conservation Agreement solely for the benefit of USG and the US NGOs and is not to be used, circulated, quoted or otherwise referred to for any other purpose.

Very truly yours,

_____ LAW FIRM

per: _____
Attorney-at-Law

* * *

EXHIBIT 4.3
Terms to be Included in Agreement Executed by Short-Term Grant Recipients

Each Short-Term Grant Recipient shall covenant and agree in writing:

(a) that all funds received by such Short-Term Grant Recipient from [*insert name of Fund Administrator or Long-Term Grant Recipient* (“Grantor”)] and any interest or income paid or received in connection with such funds (the “FCA Income”) shall be used only for the purposes related to the conservation, maintenance, and restoration of tropical forest land in Perú set forth below:

(i) the establishment, restoration, protection, and maintenance of parks, protected areas, and reserves;

(ii) the development and implementation of scientifically sound systems of natural resource management, including land and ecosystem management practices;

(iii) training programs to increase the scientific, technical and managerial capacities of individuals and organizations involved in conservation efforts;

(iv) the restoration, protection, or sustainable use of diverse animal and plant species;

(v) research and identification of medicinal uses of tropical forest plant life to treat human diseases, illnesses, and health-related concerns; or

(vi) development and support of the livelihoods of individuals living in or near a tropical forest in a manner consistent with protecting such tropical forest.

(b) that no FCA Income shall, directly or indirectly, be:

(i) used for the purpose of creating or disseminating political propaganda, or otherwise attempting to influence legislation or any government act or decision;

(ii) used to participate in any political campaign on behalf of, or in opposition to, any candidate for public office;

(iii) be used or expended in such a manner that constitutes, or could reasonably be expected to give the appearance of, a Conflict of Interest, and for such purposes, “Conflict of Interest” means a transaction in which the interests of any agent, employee or representative of the Short-Term Grant Recipient conflict with, or appear to conflict with, his or her official responsibility, including, without limitation, transactions with or involving the business partner(s) of the Short-Term Grant Recipient’s project director, co-project director or other project team member or the members of their respective immediate families for salaries, expense reimbursement or any other type of compensation, or payments to organizations in which the

Short-Term Grant Recipient's project director, co-project director or other project team member or the members of their respective immediate families have a financial interest; or

(iv) be used or expended in such a manner that violates, or could reasonably be expected to give the appearance of a violation of, the provisions of the Inter-American Convention on Corruption and any implementing national laws or similar applicable statutes or regulations.

The provisions of this paragraph (b) shall not restrict the Short-Term Grant Recipient from conducting any lawful political or legislative activity, so long as such activity is not conducted with FCA Income.

(c) that the conservation or management project funded with FCA Income shall be located in that portion of the *Sistema Nacional de Áreas Naturales Protegidas por el Estado* described in Exhibit 1.1 to the Forest Conservation Agreement a copy of which shall be attached to the written agreement executed by the Short-Term Grant Recipient;

(d) that it shall not assign, pledge, encumber, factor, discount or otherwise transfer the right to receive any FCA Income provided to such Short-Term Grant Recipient;

(e) to keep true and accurate accounts and records in respect of the FCA Income in accordance with internationally accepted accounting principles, standards and practices consistently applied;

(f) to have its books, records and accounts audited by an auditing firm acceptable to the Grantor; and

(g) to send copies of its audit reports to the Grantor.

EXHIBIT 6.1
Current Outside Auditors of Peruvian NGOs

Current outside auditor of Profonanpe: Ramírez Enríquez y Asociados, member of Moores
Rowland Internacional

* * *

EXHIBIT 7.1(b)
Initial Appointments to the Oversight Committee

1. For TNC: William Ulfelder
Alternate: Eduardo Durand
2. For WWF: Edgar Maravi
Alternate: Teddi Peñaherrera
3. For CI: Carlos Ponce
Alternate: Roberto Roca
4. For GOP: *To be designated*
Alternate: *To be designated*
5. For USG: U.S. government representative — U.S. Ambassador to
Perú or his designee
Alternate: Carrie McKellogg
6. For Fund Administrator
(non-voting member): Alberto Paniagua Villagra
Alternate: *To be designated*

* * *

EXHIBIT 7.3(a)(i)
Form of Acceptance Instrument

[_____, 20__]

Reference is made to that certain Forest Conservation Agreement, dated as of _____, 2002, among the Government of the Republic of Perú (“GOP”), The Nature Conservancy (“TNC”), World Wildlife Fund, Inc. (“WWF”), Conservation International Foundation (“CI”) and Fondo Nacional para Áreas Naturales Protegidas por El Estado (“Profonampe”) (such agreement, including any exhibits, schedules and subsequent amendments, is referred to herein as the “Agreement”). Capitalized term used herein without definition have the respective meanings ascribed to them in the Agreement.

If the Transferee is a Long-Term Grant Recipient:

1. In consideration of the transfer to the undersigned of certain rights and obligations of a Long-Term Grant Recipient set forth in the Agreement, the undersigned, having all due authority, hereby (a) agrees that from and after the Effective Date (as defined below), the undersigned joins in, and becomes a Long-Term Grant Recipient party to, the Agreement and is entitled to all of the benefits under and is subject to all of the covenants, obligations, restrictions and limitations set forth in the Agreement that are applicable to Long-Term Grant Recipients (for purposes of such covenants and obligations treating the execution and delivery hereof as if it were the execution and delivery of the Agreement) and (b) makes the representations, warranties, agreements and acknowledgements to WWF, CI, TNC, GOP and the other Peruvian NGOs set forth in the Agreement and applicable to Long-Term Grant Recipients (for purposes of such representations and warranties treating the execution and delivery hereof as if it were the execution and delivery of the Agreement).

Or, if the Transferee is a replacement Fund Administrator:

1. In consideration of the transfer to the undersigned of certain rights and obligations of the Fund Administrator set forth in the Agreement, the undersigned, having all due authority, hereby (a) agrees that from and after the Effective Date (as defined below), the undersigned joins in, and becomes the Fund Administrator party to, the Agreement and is entitled to all of the benefits under and is subject to all of the covenants, obligations, restrictions and limitations set forth in the Agreement that are applicable to the Fund Administrators (for purposes of such covenants and obligations treating the execution and delivery hereof as if it were the execution and delivery of the Agreement) and (b) makes the representations, warranties, agreements and acknowledgements to WWF, CI, TNC, GOP and the other Peruvian NGOs set forth in the Agreement and applicable to the Fund Administrator (for purposes of such representations and warranties treating the execution and delivery hereof as if it were the execution and delivery of the Agreement).

2. For purposes of Section 6.1 of the Agreement, the current auditor of [*name of Transferee*] is [_____]. For purposes of the Agreement, the wire transfer instructions of [*name of Transferee*] are as follows:

[
[
[
[

For purposes of Section 11.3 of the Agreement, all notices, consents, requests, instructions, approvals and other communications provided for in the Agreement shall be directed as follows:

[
[
[
[

3. This Acceptance Instrument shall take effect and shall become a part of the Agreement immediately upon the satisfaction of the conditions set forth in Section 7.3(a) of the Agreement (the "Effective Date").

[Remainder of page intentionally left blank; signature page follows]

IN WITNESS WHEREOF, the undersigned has executed and delivered this Acceptance Instrument as of the date and year first above written.

[TRANSFEREE]

By: _____
Name:
Title:

* * *

EXHIBIT 7.3(a)(ii)
Form of Secretary's Certificate

CERTIFICATE OF SECRETARY OF [*NAME OF TRANSFEREE*]

Reference is made to that certain Forest Conservation Agreement, dated as of _____, 2002, among the Government of the Republic of Perú (“GOP”), The Nature Conservancy (“TNC”), World Wildlife Fund, Inc. (“WWF”), Conservation International Foundation (“CI” and together with TNC and WWF, the “US NGOs”) and Fondo Nacional para Áreas Naturales Protegidas por El Estado (such agreement, including any exhibits, schedules and subsequent amendments, is referred to herein as the “Agreement”). Capitalized term used herein without definition have meanings ascribed to them in the Agreement.

The undersigned, [_____], hereby certifies to the US NGOs, GOP and the Government of the United States of America that (s)he is the duly elected or appointed, qualified and acting Secretary of [*name of Transferee*], and as such has access to [*name of Transferee*]'s records and is familiar with the matters therein contained and herein certified, and further certifies that:

(i) All documents to be executed by such [*name of Transferee*] and delivered with the Acceptance Instrument have been executed by a duly authorized officer of [*name of Transferee*];

(ii) The *estatutos* (or similar organizational documents) of such [*name of Transferee*], attached hereto as Exhibit A are true and complete;

(iii) Such *estatutos* or similar organizational documents have been in full force and effect in the form attached since the date of the adoption of the resolutions referred to in clause (iv) below and no amendment to such *estatutos* or similar organizational documents has occurred since the since the date of the last amendment, if any, previously disclosed to, and approved by, the US NGOs in writing and attached thereto;

(iv) The resolutions adopted by the *Consejo Directivo* of [*name of Transferee*] (or a committee thereof duly authorized) authorizing the execution and delivery of the Acceptance Instrument and the actions taken in connection with the transactions contemplated by the Agreement (a copy of which are attached hereto as Exhibit B) are true and complete and such resolutions were adopted at a duly convened meeting thereof, at which a quorum was present and acting throughout or by unanimous written consent, and such resolutions remain in full force and effect, and have not been amended, rescinded or modified; and

(v) The following persons are qualified and acting officers of [*name of Transferee*], duly elected or appointed to the offices set forth opposite their respective names, and the signature appearing opposite the name of each such officer is his genuine signature:

<u>Name</u>	<u>Office</u>	<u>Signature</u>
_____	_____	_____
_____	_____	_____

IN WITNESS WHEREOF, the undersigned has hereunto set his hand this ____ day of _____, 20__.

Name: _____
Title: _____

I, _____, do hereby certify that _____ is the incumbent Secretary of [*name of Transferee*] and that the signature appearing above is his genuine signature.

Name: _____
Title: _____

EXHIBIT 11.3
Addresses for Notice Purposes

To TNC at:

The Nature Conservancy
4245 North Fairfax Drive, Suite 100
Arlington, Virginia 22203-1606
(703) 841-7198 (telephone)
(703) 841-4880 (facsimile)
Attn: William H. Ulfelder

with a copy (which copy shall not constitute notice) to:

Covington & Burling
1201 Pennsylvania Avenue, N.W.
Post Office Box 7566
Washington, D.C. 20044
Telephone: (202) 662-6000
Facsimile: (202) 662-6291
Attn: Stuart Irvin

To CI at:

Conservation International Foundation
1919 M Street, N.W., Suite 600
Washington, D.C. 20036
(202) 912 1289 (telephone)
(202) 912 1044 (facsimile)
Attn: Marianne Guerin-McManus
Executive Director, Global Conservation Fund; and

with a copy (which copy shall not constitute notice) to:

Covington & Burling
1201 Pennsylvania Avenue, N.W.
Post Office Box 7566
Washington, D.C. 20044
Telephone: (202) 662-6000
Facsimile: (202) 662-6291
Attn: Stuart Irvin

To WWF at:

World Wildlife Fund, Inc.
1250-24th Street, N.W.
Washington, D.C. 20009
(202) 778-9720 (telephone)
(202) 296-7186 (facsimile)
Attn: General Counsel

with a copy (which copy shall not constitute notice) to:

Covington & Burling
1201 Pennsylvania Avenue, N.W.
Post Office Box 7566
Washington, D.C. 20044
Telephone: (202) 662-6000
Facsimile: (202) 662-6291
Attn: Stuart Irvin

To Profonanpe at:

PROFONANPE
Prolongacion Arenales #772
Miraflores, Lima - 18
Perú
Telephone/Facsimile: 011-511-441-5870 / 441-8385
Attn: Alberto Paniagua Villagra, Director

To GOP at:

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

* * *

SCHEDULE 3.1
New FCA Obligations

[Please see spreadsheet on following page]