

Law for creation of the National Environmental Fund

Law N° 26793

Article 1.- The National Environmental Fund (FONAM) is hereby created as an intangible trust fund, with the purpose of financing plans, programs, projects and activities aimed at protecting the environment, strengthening environmental management, the sustainable use of natural resources and the environmental patrimony through financial institutional mechanisms.

Article 2.- FONAM, created by the present law, constitutes a private law institution, non-profit and of public and social interest, with its own legal status, in accordance with the provisions of the present law, governed by the Regulations of the present law, its bylaws and, additionally, by the provisions of the Civil Code. The administration of FONAM also includes the administration of its own resources.

In the execution of its acts and contracts, FONAM shall be governed by the legislation common to private law entities, not being applicable to its activities the restrictions, limitations and prohibitions established for the entities of the National Public Sector, as well as the rules of a similar nature provided by the budgetary legislation and special laws.

FONAM shall have an indefinite duration and in the event of dissolution, its resources shall be transferred in the manner established in its Bylaws.

Article 3.- The resources of FONAM are as follows:

- a) The reconversion of the external debt, for the financing of programs, projects and activities aimed at environmental protection, the strengthening of environmental management, the sustainable use of natural resources and the environmental patrimony;
- b) Non-reimbursable contributions from governments, international organizations, foundations and others;
- c) Capitalization of financing and investment in national and international financial markets;
- d) Voluntary fundraising campaigns at the local, regional or national level sponsored by FONAM's Board of Directors;
- e) Inheritances, legacies and donations received; and,
- f) Any other contribution or allocation from public or private, national or foreign entities, in any capacity whatsoever.

Article 8.- The Fund operates through the following financial mechanisms:

- a) Environmental trust funds, established through government debt donations agreed with external and internal creditors. The funds will be constituted between the creditor and donor entity, and the Board of Directors of FONAM constituted as trustee. The funds will be deposited in a financial or banking institution chosen bilaterally.
- b) Trusts, which shall be constituted by the donating entity, as trustor, who shall deposit the donation as trust assets in a financial or banking institution, as fiduciary, and expressly designating the Board of Directors as trustee, assigning the donation in its favor, in the case of direct administration of the funds, or in favor of the Boards of Directors, when they administer the Sub-Accounts. The trusts referred to in the preceding paragraph are governed by the General Law of the Financial System and the Insurance System and the Organic Law of the Superintendency of Banking and Insurance.

- c) Public Funds, established through public law entities, destined to short and medium term programmatic activities, provided through bids and by direct donation.
- d) Any other financial mechanism or operation aimed at preserving and increasing FONAM's resources.

FINAL PROVISIONS

Second: The National Fund of Natural Areas Protected by the State - FONANPE- and PROFONANPE, created by Decree Law No. 26154, are distinct and separate entities from the National Environmental Fund -FONAM-, and as such maintain their full validity, as well as the agreements and contracts subscribed by PROFONANPE, in the terms in which they were agreed upon.

Ordered to be published and complied with.

Given at Government House, in Lima, on the twentieth day of May, nineteen hundred and ninety-seven.

ALBERTO FUJIMORI FUJIMORI

Constitutional President of the Republic