

OFFICIAL DOCUMENTS

LOAN NUMBER 8692-PE

Loan Agreement

(National Program for Innovation in Fisheries and Aquaculture Project)

between

REPUBLIC OF PERU

and

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

Dated MARCH 13, 2017

LOAN AGREEMENT

Agreement dated MARCH 13, 2017, between the REPUBLIC OF PERU ("Borrower") and the INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("Bank"). The Borrower and the Bank hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

- 1.01. The General Conditions (as defined in the Appendix to this Agreement) constitute an integral part of this Agreement.
- 1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the General Conditions or in the Appendix to this Agreement.

ARTICLE II — LOAN

- 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions set forth or referred to in this Agreement, the amount of forty million Dollars (\$40,000,000), as such amount may be converted from time to time through a Currency Conversion in accordance with the provisions of Section 2.08 of this Agreement ("Loan"), to assist in financing the project described in Schedule 1 to this Agreement ("Project").
- 2.02. The Borrower may withdraw the proceeds of the Loan in accordance with Section IV of Schedule 2 to this Agreement. The Borrower's Representative for purposes of taking any action required or permitted to be taken pursuant to this Section is the Borrower's Minister of Economy and Finance or the Borrower's Director of Indebtedness and Public Treasury (DGETP), or any person whom any of them shall designate in writing.
- 2.03. The Front-end Fee payable by the Borrower shall be equal to one quarter of one percent (0.25%) of the Loan amount. The Borrower shall pay the Front-end Fee not later than sixty (60) days after the Effective Date.
- 2.04. The Commitment Charge payable by the Borrower shall be equal to one quarter of one percent (0.25%) per annum on the Unwithdrawn Loan Balance.
- 2.05. The interest payable by the Borrower for each Interest Period shall be at a rate equal to the Reference Rate for the Loan Currency plus the Fixed Spread; provided, that upon a Conversion of all or any portion of the principal amount of the Loan, the interest payable by the Borrower during the Conversion Period on such amount shall be determined in accordance with the relevant provisions of Article IV of the General Conditions. Notwithstanding the foregoing, if any amount of the Withdrawn Loan Balance remains unpaid when due and such non-payment continues for a period of thirty (30) days, then the interest payable by the Borrower shall instead be calculated as provided in Section 3.02 (e) of the General Conditions.
- 2.06. The Payment Dates are April 15 and October 15 in each year.

- 2.07. The principal amount of the Loan shall be repaid in accordance with the amortization schedule set forth in Schedule 3 to this Agreement.
- 2.08. (a) The Borrower may at any time request any of the following Conversions of the terms of the Loan in order to facilitate prudent debt management: (i) a change of the Loan Currency of all or any portion of the principal amount of the Loan, withdrawn or unwithdrawn, to an Approved Currency; (ii) a change of the interest rate basis applicable to: (A) all or any portion of the principal amount of the Loan withdrawn and outstanding from a Variable Rate to a Fixed Rate, or *vice versa*; or (B) all or any portion of the principal amount of the Loan withdrawn and outstanding from a Variable Rate based on a Reference Rate and the Variable Spread to a Variable Rate based on a Fixed Reference Rate and the Variable Spread, or *vice versa*; or (C) all of the principal amount of the Loan withdrawn and outstanding from a Variable Rate based on a Variable Spread to a Variable Rate based on a Fixed Spread; and (iii) the setting of limits on the Variable Rate or the Reference Rate applicable to all or any portion of the principal amount of the Loan withdrawn and outstanding by the establishment of an Interest Rate Cap or Interest Rate Collar on the Variable Rate or the Reference Rate.
- (b) Any conversion requested pursuant to paragraph (a) of this Section that is accepted by the Bank shall be considered a "Conversion", as defined in the General Conditions, and shall be effected in accordance with the provisions of Article IV of the General Conditions and of the Conversion Guidelines.

ARTICLE III — PROJECT

- 3.01. The Borrower, through PRODUCE, declares its commitment to the objective of the Project. To this end, the Borrower, through PRODUCE, shall carry out the Project in accordance with the provisions of Article V of the General Conditions.
- 3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Borrower and the Bank shall otherwise agree, the Borrower, through PRODUCE, shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

ARTICLE IV - EFFECTIVENESS; TERMINATION

- 4.01. The Additional Conditions of Effectiveness consist of the following:
- (a) the Operational Manual has been adopted by the Borrower, in form and substance satisfactory to the Bank;
- (b) the PIU has been created, and its key staff referred to in Section I.A.1. (ii) of this Agreement has been assigned to work, in form and substance satisfactory to the Bank;

(c) the Steering Committee has been created, in form and substance satisfactory to the Bank.

4.02. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.

ARTICLE V — REPRESENTATIVE; ADDRESSES

5.01. The Borrower's Representative is its Minister of Economy and Finance, provided that the Borrower's Director of Indebtedness and Public Treasury, may, by him or herself represent the Borrower to sign amendments and/or notices to this Agreement which are considered of an administrative and non-financial nature. The signing by such Director of an amendment and/or notice shall constitute a representation by the Borrower that any such amendment and/or notice is considered to be administrative and non-financial in nature.

5.02. The Borrower's Address is:

Ministry of Economy and Finance
Jr. Junín 319
Lima, Peru
Facsimile: +51 (1) 626-9921

5.03. The Bank's Address is:

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

Telex:	Facsimile:
248423(MCI) or 64145(MCI)	1-202-477-6391

AGREED at Lima, Perú, as of the day and year first above written.

REPUBLIC OF PERU

By




Authorized Representative

Name: ALFREDO THORNE

Title: MINISTER

**INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT**

By



Authorized Representative

Name: ALBERTO RODRIGUEZ

Title: DIRECTOR

SCHEDULE 1

Project Description

The objective of the Project is to strengthen the Borrower's capacity in the delivery of innovations in the fisheries and aquaculture value chains. The Project will support the Borrower's purpose to improve the performance of the National Fisheries and Aquaculture Innovation System (SNIPA) and fisheries and aquaculture value chains, to promote the transformation of the Borrower's fisheries and aquaculture sector through reducing reliance on capture fisheries and increasing emphasis on aquaculture.

The Project consists of the following parts:

Part 1: Promoting Innovation in the Fisheries Sub-sector (*Proyecto Nacional de Innovación en Pesca*)

Strengthening the Borrower's capacity in the delivery of innovations in the capture fisheries sub-sector, through the provision of support to Beneficiaries in the carrying out of Fisheries Subprojects, which consist of, *inter alia*, the following demand-driven activities: (a) upstream applied research designed to test new fisheries management systems, best practices, organizational arrangements and planning methods that contribute to the sustainability of marine and freshwater fisheries resources; (b) downstream adaptive research designed to tailor fisheries management approaches, practices and technologies to local circumstances (including those that have proven effective and viable in other countries); (c) provision of extension advisory services to help introduce or scale up effective fisheries management tools and practices; and (d) capacity-building to strengthen the community of applied fisheries research and extension advisory service providers.

Part 2: Promoting Innovation in the Aquaculture Sub-sector (*Proyecto Nacional de Innovación en Acuicultura*)

Strengthening the Borrower's capacity in the delivery of innovations in the aquaculture sub-sector, through the provision of support to Beneficiaries in the carrying out of Aquaculture Subprojects, which consist of, *inter alia*, the following demand-driven activities: (a) upstream applied research designed to assess the production potential of native aquatic species, fill technological gaps, and/or better understand socio-economic contexts to allow economically viable cultivation of said species; (b) downstream adaptive research designed to adapt innovative aquaculture management and zoning practices, organizational models, and technological approaches (including those that have proven effective and viable in other countries), so they can address problems that currently limit productivity and undermine competitiveness in aquaculture value chains; (c) provision of extension advisory services to help introduce or scale up effective aquaculture tools and practices; and (d) capacity-building to strengthen the community of applied aquaculture research and extension advisory service providers.

Part 3: Strengthening SNIPA, Institutions and Policies to improve governance of Fisheries and Aquaculture (Mejoramiento de la Gobernanza del Sistema Nacional de Innovación en Pesca y Acuicultura)

Strengthening the capacity of the SNIPA to deliver innovations in the fisheries and aquaculture sector, through: (a) the strengthening of policies, regulatory frameworks, processes, and procedures, including those related to production, handling, transformation and consumption of fish and seafood products, and those related to productive and sustainable management of fisheries and aquaculture resources; and (b) establishing a new organizational and institutional model for the fisheries and aquaculture sector.

Part 4: Project Management

Strengthening the institutional and organizational capacity of PRODUCE and its PIU required for the successful implementation of Project-supported activities, including compliance with procurement, safeguards, financial management, and monitoring and evaluation requirements.

SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. The Borrower, through PRODUCE, shall:
 - (a) create, and thereafter operate and maintain until the completion of the Project, a unit (the PIU) within PRODUCE's Vice Ministry of Fisheries and Aquaculture:
 - (i) responsible for the management, coordination, supervision, monitoring and evaluation of the Project; and
 - (ii) with a structure, responsibilities, and key staff with functions, experience, responsibilities and qualifications acceptable to the Bank, as described in the Operational Manual, including: an executive director, an operations director, a Fisheries Innovation Unit director, an Aquaculture Innovation Unit director, a Governance Unit director, a head of planning and budget, an environmental specialist, a head of administration, a financial management specialist and a procurement specialist.
 - (b) not later than six (6) months after the Effective Date, ensure that an accounting specialist and treasurer are assigned to work full time within the PIU under terms of reference acceptable to the Bank;
 - (c) create at least two (2) regional offices during the first year of Project implementation (starting on the year in which the Effective Date falls) and up to four (4) regional offices during the second year of Project implementation, for a total of six (6) regional offices, as further elaborated in the Operational Manual, all responsible for the coordination of Project activities, including the responsibility to ensure integration and quality of activities under the Project.
2. The Borrower, through PRODUCE, shall:
 - (a) create, and thereafter maintain throughout the implementation of the Project, a committee (the Steering Committee) in charge of providing general strategic guidance and ensuring implementation oversight, with functions, responsibilities, resources and competencies acceptable to the Bank, as further defined in the Operational Manual; and
 - (b) not later than six (6) months after the Effective Date, create, and thereafter maintain throughout the implementation of the Project, a committee (the Scientific Advisory Committee) in charge of providing guidance to the PIU on scientific and technical aspects regarding the innovation agenda, and with functions,

responsibilities, resources and competencies acceptable to the Bank, as further defined in the Operational Manual.

3. The Borrower, through PRODUCE, shall carry out the Project in accordance with a manual (the Operational Manual), satisfactory to the Bank, which shall include the rules, methods, guidelines, standard documents and procedures for the carrying out of the relevant Parts of the Project, including, *inter alia*, the following: (a) the detailed description of Project activities and the detailed institutional arrangements of the Project; (b) detailed social, economic, financial, and technical criteria for the evaluation, ranking and selection of Subprojects; (c) a model form of a Subproject Agreement; (d) the Project administrative, accounting, auditing, reporting, financial (including cash flow aspects in relation thereto), procurement and disbursement procedures; (e) the monitoring indicators for the Project; (f) the ESMF and the IPPF; and (g) the rules and procedures for the provision of no-objection to the hiring of staff assigned to the PIU. In the event that any provision of the Operational Manual shall conflict with this Agreement, the terms of this Agreement shall prevail.

B. Subprojects

For the purposes of carrying out Parts 1 and 2 of the Project, the Borrower through PRODUCE shall:

- (a) after having selected a Subproject in accordance with the guidelines and procedures set forth in the Operational Manual, make available to the pertinent Beneficiary a portion of the proceeds of the Loan (the Subproject Funds) pursuant to an agreement ("Subproject Agreement") to be entered into between the Borrower, through PRODUCE, and said Beneficiary, under terms and conditions approved by the Bank and included in the Operational Manual;
- (b) ensure that each Subproject Agreement is prepared based on the model form approved by the Bank and included in the Operational Manual, in which the Borrower, through PRODUCE shall: (i) obtain rights adequate to protect its interests and those of the Bank, including the right to suspend or terminate the right of the Beneficiary to use the proceeds of the Subproject Funds, and/or obtain a refund of all or any part of the amount of the Subproject Funds then withdrawn, upon the Beneficiary's failure to perform any of its obligations under the Subproject Agreement; (ii) require each Beneficiary to carry out its pertinent Subproject with due diligence and efficiency and in accordance with sound technical, economic, aquaculture, fisheries, environmental and social standards and practices satisfactory to the Bank, including in accordance with the provisions of the Anti-Corruption Guidelines (applicable to recipients of Loan proceeds other than the Borrower), the ESMF and the IPPF; (iii) provide, promptly as needed, the resources required for the carrying out of the Subproject; (iv) procure the goods, non-consulting services and consultants' services to be financed out of the Subproject Funds in accordance with the provisions of this Agreement; and (v) enable the PIU and the Bank to inspect the pertinent Subproject, its operation and any relevant records and documents; and

- (c) exercise its rights and carry out its obligations under each Subproject Agreement in such manner as to protect the interests of the Borrower and the Bank and to accomplish the purposes of the Loan. Except as the Bank shall otherwise agree, the Borrower through PRODUCE shall not assign, amend, abrogate, waive, terminate or fail to enforce any Subproject Agreement or any provisions thereof.

C. Anti-Corruption

The Borrower, through PRODUCE, shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.

D. Safeguard

1. Environmental and Social Management Framework (ESMF)

The Borrower through PRODUCE shall: (a) implement the Project in accordance with the ESMF; (b) comply with the procedures detailed in said ESMF for environmental screening, evaluation, implementation and monitoring of Subprojects, including the procedures for the preparation of environmental and/or social management plans, and pest management plans, if applicable; and (c) if applicable, implement and/or cause to be implemented, the pertinent environmental and social management plan, in accordance with its terms and in a manner acceptable to the Bank.

2. Indigenous Peoples Planning Framework (IPPF)

The Borrower, through PRODUCE, shall: (a) implement the Project in accordance with the IPPF; (b) adopt the procedures detailed in said IPPF for screening, evaluation, implementation and monitoring of Subproject, including the procedures for the preparation of indigenous peoples development plans, if applicable; and (c) if applicable, implement and/or cause to be implemented, the pertinent indigenous peoples development plan in accordance with its terms and in a manner acceptable to the Bank.

3. Resettlement

The Borrower, through PRODUCE, shall ensure that no Resettlement is involved under the Project.

4. Technical assistance

The Borrower, through PRODUCE, shall ensure that the terms of reference for any consultancy in respect of any Project activity shall be satisfactory to the Bank following its review thereof and, to that end, such terms of reference shall duly incorporate the requirements of the applicable Bank Safeguards Policies, as applied to the advice conveyed through such technical assistance.

5. Reports on Approved Subprojects

The Borrower, through PRODUCE, shall, not later than thirty (30) calendar days after the end of each calendar semester during Project implementation (starting with the semester in which the Effective Date falls), prepare and furnish to the Bank, a report (the Subproject Report) listing the approved Subprojects during said calendar semester, including information concerning the location of the same and the activities supported by said Subprojects, including any fisheries or aquaculture species involved, in a form and manner acceptable to the Bank.

Section II. Project Monitoring Reporting and Evaluation

A. Project Reports

The Borrower, through PRODUCE, shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 5.08 of the General Conditions and on the basis of the indicators acceptable to the Bank. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the Bank not later than one month after the end of the period covered by each such report.

B. Financial Management, Financial Reports and Audits

1. The Borrower through PRODUCE, shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 5.09 of the General Conditions.
2. The Borrower through PRODUCE, shall prepare and furnish to the Bank not later than forty-five (45) days after the end of each calendar semester, interim unaudited financial reports for the Project covering the semester, in form and substance satisfactory to the Bank.
3. The Borrower through PRODUCE, shall have its Financial Statements audited in accordance with the provisions of Section 5.09 (b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one fiscal year of the Borrower or, if applicable, such other period to be agreed with the Bank. The audited Financial Statements for each such period shall be furnished to the Bank not later than six (6) months after the end of such period.

Section III. Procurement

A. General

1. **Goods, Works and Non-consulting Services.** All goods, works and non-consulting services required for the Project and to be financed out of the proceeds of the Loan shall be procured in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, and with the provisions of this Section.

2. **Consultants' Services.** All consultants' services required for the Project and to be financed out of the proceeds of the Loan shall be procured in accordance with the requirements set forth or referred to in Sections I and IV of the Consultant Guidelines and with the provisions of this Section.
3. **Definitions.** The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Bank of particular contracts refer to the corresponding method described in Sections II and III of the Procurement Guidelines, or Sections II, III, IV and V of the Consultant Guidelines, as the case may be.

B. Particular Methods of Procurement of Goods, Works and Non-consulting Services

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods, works and non-consulting services shall be procured under contracts awarded on the basis of International Competitive Bidding.
2. **Other Methods of Procurement of Goods, Works and Non-consulting Services.** The following methods, other than International Competitive Bidding, may be used for procurement of goods, works and non-consulting services for those contracts specified in the Procurement Plan: (a) National Competitive Bidding; (b) Shopping; and (c) Direct Contracting.

C. Particular Methods of Procurement of Consultants' Services

1. **Quality- and Cost-based Selection.** Except as otherwise provided in paragraph 2 below, consultants' services shall be procured under contracts awarded on the basis of Quality and Cost-based Selection.
2. **Other Methods of Procurement of Consultants' Services.** The following methods, other than Quality and Cost-based Selection, may be used for procurement of consultants' services for those contracts which are specified in the Procurement Plan: (a) Quality-based Selection; (b) Selection under a Fixed Budget; (c) Least Cost Selection; (d) Selection based on Consultants' Qualifications; (e) Single-source Selection of consulting firms; (f) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants; and (g) Single-source procedures for the Selection of Individual Consultants.

D. Review by the Bank of Procurement Decisions

The Procurement Plan shall set forth those contracts which shall be subject to the Bank's Prior Review. All other contracts shall be subject to Post Review by the Bank.

E. Special Provisions

- (a) In addition and without limitation or restriction to any other provision set forth in this Section or the Procurement Guidelines, the following provisions shall govern

all procurement of goods, works and Non-Consulting Services under National Competitive Bidding procedures:

- (i) Foreign bidders shall not be required to be locally registered as a condition of participation in the selection process.
 - (ii) No reference value shall be required for publication in the bidding documents or used for the purpose of evaluation.
 - (iii) Award of contracts shall be based exclusively on price and, whenever appropriate, shall take into account factors that can be quantified objectively, and the procedure for such quantification shall be disclosed in the invitation to bid.
 - (iv) Foreign bidders shall be allowed to participate in National Competitive Bidding without restriction and shall not be subject to any unjustified requirement which will affect their ability to bid such as, but not limited to, the requirement to authenticate their bidding documents or any documentation related to such bidding documents with either Peruvian Consulates, the Ministry of Foreign Affairs, or any Peruvian authorities as a prerequisite of bidding.
 - (v) The Borrower, through PRODUCE, shall cause the PIU utilize standard bidding documents satisfactory to the Bank.
- (b) In addition and without limitation or restriction to any provision set forth in this Section or the Consultant Guidelines, the following provisions shall govern all employment of consultants referred to in Section III.C of this Schedule:
- (i) Foreign consultants shall not be required to be locally registered as a condition of participation in the selection process.
 - (ii) Foreign consultants shall not be required to authenticate any documentation related to their participation in the selection process with Peruvian Consulates, the Ministry of Foreign Affairs, or any Peruvian authorities as a condition of participation in said selection process.
 - (iii) No minimum number of responsive proposals shall be required prior to awarding a contract for consulting services.
 - (iv) The Borrower, through PRODUCE, shall cause the PIU to use standard requests for proposals and standard evaluation formats, all satisfactory to the Bank.
 - (v) Foreign consultants, either individuals or firms, shall not be required to pay fees to the Peruvian Consultants' Association that are different from those required for Peruvian consultants.

- (vi) No consultant financed out of the proceeds of the Loan shall, at the time he or she is carrying out his or her contractual obligations as a consultant, may hold civil service office or any other position in any agency of the Borrower (including the PIU), nor shall such consultant have any right to re-entry into any such office or position upon the conclusion of his or her consulting services.

F. Procurement Plan Execution System

The Borrower, through PRODUCE, shall: (i) supply the STEP with the information contained in the Procurement Plan within sixty (60) days after the date of this Agreement; and (ii) update the Procurement Plan at least once a year, or as needed through the duration of the Project, to reflect the actual Project implementation needs and progress and, supply the STEP with the information contained in the updated Procurement Plan immediately thereafter.

Section IV. Withdrawal of Loan Proceeds

A. General

1. The Borrower through PRODUCE, may withdraw the proceeds of the Loan in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Bank shall specify by notice to the Borrower (including the "World Bank Disbursement Guidelines for Projects" dated May 2006, as revised from time to time by the Bank and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the table in paragraph 2 below.
2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Loan ("Category"), the allocation of the amounts of the Loan to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category.

Category	Amount of the Loan Allocated (expressed in USD)	Percentage of Expenditures to be financed (inclusive of Taxes)
(1) Goods, minor works, non-consulting services and consultants' services, Training and Operating Costs under Subprojects under Parts 1 and 2 of the Project	35,957,000	100%
(2) Goods non-consulting services, consultants' services (including Project audits) and Training under Part 3 of the Project	4,043,000	100%
TOTAL AMOUNT	40,000,000	

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made:
 - (a) from the Loan Account until the Bank has received payment in full of the Front-end Fee; or
 - (b) for payments made prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed \$4,000,000 may be made for payments made prior to this date but on or after November 3, 2016, for Eligible Expenditures.
2. The Closing Date is January 25, 2022.

SCHEDULE 3

Amortization Schedule

1. The following table sets forth the Principal Payment Dates of the Loan and the percentage of the total principal amount of the Loan payable on each Principal Payment Date (“Installment Share”). If the proceeds of the Loan have been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined by the Bank by multiplying: (a) Withdrawn Loan Balance as of the first Principal Payment Date; by (b) the Installment Share for each Principal Payment Date, such repayable amount to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.

Principal Payment Date	Installment Share (Expressed as a Percentage)
On each April 15 and October 15 Beginning October 15, 2022 Through April 15, 2026	12.50%

2. If the proceeds of the Loan have not been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined as follows:
- (a) To the extent that any proceeds of the Loan have been withdrawn as of the first Principal Payment Date, the Borrower shall repay the Withdrawn Loan Balance as of such date in accordance with paragraph 1 of this Schedule.
 - (b) Any amount withdrawn after the first Principal Payment Date shall be repaid on each Principal Payment Date falling after the date of such withdrawal in amounts determined by the Bank by multiplying the amount of each such withdrawal by a fraction, the numerator of which is the original Installment Share specified in the table in paragraph 1 of this Schedule for said Principal Payment Date (“Original Installment Share”) and the denominator of which is the sum of all remaining Original Installment Shares for Principal Payment Dates falling on or after such date, such amounts repayable to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.
3. (a) Amounts of the Loan withdrawn within two (2) calendar months prior to any Principal Payment Date shall, for the purposes solely of calculating the principal amounts payable on any Principal Payment Date, be treated as withdrawn and outstanding on the second Principal Payment Date following the date of withdrawal and shall be repayable on each Principal Payment Date commencing with the second Principal Payment Date following the date of withdrawal.
- (b) Notwithstanding the provisions of sub-paragraph (a) of this paragraph, if at any time the Bank adopts a due date billing system under which invoices are issued on

or after the respective Principal Payment Date, the provisions of such subparagraph shall no longer apply to any withdrawals made after the adoption of such billing system.

4. Notwithstanding the provisions of paragraphs 1 and 2 of this Schedule, upon a Currency Conversion of all or any portion of the Withdrawn Loan Balance to an Approved Currency, the amount so converted in the Approved Currency that is repayable on any Principal Payment Date occurring during the Conversion Period, shall be determined by the Bank by multiplying such amount in its currency of denomination immediately prior to the Conversion by either: (a) the exchange rate that reflects the amounts of principal in the Approved Currency payable by the Bank under the Currency Hedge Transaction relating to the Conversion; or (b) if the Bank so determines in accordance with the Conversion Guidelines, the exchange rate component of the Screen Rate.

APPENDIX

Section I. Definitions

1. "Anti-Corruption Guidelines" means the "Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants", dated October 15, 2006 and revised in January 2011.
2. "Aquaculture Subprojects" means any of the activities referred to in Part 2 of the Project.
3. "Bank Safeguard Policies" means the Bank's operational policies and procedures set forth in the Bank's Operational Manual under OP/BPs 4.01, 4.04, 4.09, 4.10, 4.11, 4.12, 4.36, 4.37, 7.50 and 7.60 as said manual is published under <http://web.worldbank.org>.
4. "Beneficiary" means any Innovation Agent or any Productive Agent under any given Subproject which meets the eligibility criteria to receive Subproject Funds.
5. "Category" means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
6. "Consultant Guidelines" means the "Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers" dated January 2011 (revised July 2014).
7. "Environmental and Social Management Framework" or "ESMF" means the Borrower's framework dated August 30, 2016, acceptable to the Bank, published and available to the public on the website <http://pnipa.produce.gov.pe> on September 20, 2016, and on Bank's external website on August 30, 2016, which contains the environmental protection measures in respect of the Project, including, *inter alia*: (a) measures for chance findings of cultural property; (b) measures for protection of natural habitats; (c) guidelines for the adoption of pest management measures in all applicable activities to be developed under the Project, and the preparation of pest management plans, when applicable; (d) guidelines for the identification of existing environmental conditions and potential direct and indirect environmental impacts resulting from the carrying out of the Project (including Subprojects); (e) guidelines for the carrying out of environmental assessments and the preparation of environmental management plans, when applicable; (f) the recommendation of mitigation measures for each negative impact identified; and (g) measures for enhancing each identified positive impact, as such framework may be amended from time to time with the agreement of the Bank.
8. "Fisheries Subprojects" means any of the activities referred to in Part 1 of the Project.
9. "General Conditions" means the "International Bank for Reconstruction and Development General Conditions for Loans", dated March 12, 2012, with the modifications set forth in Section II of this Appendix.
10. "Innovation Agent" means any institution, organization, association, community, university, research institute, firm, non-governmental organization (NGO), governmental

agency and international organization (all having legal status officially recognized by the Borrower), as well as an individual professional and technician, all of whom are engaged in innovation activities in the fisheries and aquaculture sector.

11. "Indigenous Peoples Planning Framework or IPPF" means the Borrower's framework, acceptable to the Bank, published and available to the public on the website <http://pnipa.produce.gob.pe> on September 20, 2016 and external website on September 3, 2016, satisfactory to the Bank, detailing measures to mitigate any adverse impact on indigenous peoples as a result of any activity carried out under the Project (including Subprojects) and to ensure that they benefit from the Project, including procedures for the preparation and implementation of the pertinent Indigenous Peoples development plans.
12. "Operating Costs" means the reasonable incremental operational costs (which would not have been incurred absent the Project) incurred by Beneficiaries under Subprojects, including *inter alia*, supplies for research activities, printing services, communication costs, and logistics services, as further detailed in the Operational Manual.
13. "Operational Manual" means the manual referred to in Section I.A.3 of Schedule 2 to this Agreement, as said manual may be amended from time to time with the agreement of the Bank.
14. "PIU" means the unit referred to in Section I.A.1 (a) of Schedule 2 to this Agreement, or any successor thereto acceptable to the Bank.
15. "Procurement Guidelines" means the "Guidelines: Procurement of Goods, Works and Non-consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers" dated January 2011 (revised July 2014).
16. "Procurement Plan" means the Borrower's procurement plan for the Project, dated November 3, 2016 and referred to in paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.
17. "PRODUCE" means *Ministerio de la Producción*, the Borrower's Ministry of Production.
18. "Productive Agent" means any individual, producer group, and firm involved in the capture, culture, processing, and distribution of aquatic species, including any artisanal fisher, small-scale marine and freshwater aquaculture producer, owner of an artisanal fishing vessel, and any other [entity] involved directly in post-harvest value-adding activities in the fisheries and aquaculture sector.
19. "*Proyecto Nacional de Innovación en Acuicultura*" and "*Proyecto Nacional de Innovación en Pesca*" means the Borrower's national projects for innovation in aquaculture and fisheries, which are included in the Borrower's National Program for Innovation in Fisheries and Aquaculture (*Programa Nacional de Innovación en Pesca y Acuicultura*, within the framework of National Public Investment System (Law N° 27293) and with SNIP code N° Prog-19-2014-SNIP.22.

20. "Resettlement" means the impact of: (i) an involuntary taking of land under the Project, which taking causes affected persons to have their: (a) income source or means of livelihood adversely affected (whether or not the affected persons must move to another location); or (b) right, title or interest in any house, land (including premises, agricultural and grazing land) or any other fixed or movable asset acquired or possessed, temporarily or permanently; or (c) access to productive assets adversely affected, temporarily or permanently; or (d) business, occupation, work or place of residence or habitat adversely affected, temporarily or permanently; or (ii) an involuntary restriction of access to natural resources in legally designated parks and protected areas (including reserves) which causes an adverse impact on the livelihoods of the affected persons.
21. "Scientific Advisory Committee" means the committee referred to in Section I.A. 2 (b) of this Agreement.
22. "SNIP" means *Sistema Nacional de Inversión Pública*, the Borrower's National Public Investment System.
23. "SNIPA" means *Sistema Nacional de Innovación en Pesca y Acuicultura*, the Borrower's National Fisheries and Aquaculture Innovation System, a decentralized, open, and dynamic system comprising of both, public and private representatives, which aims to promote innovation in the fisheries and aquaculture sector and improve the knowledge needed to ensure an efficient and sustainable management of the resource-based off fishing and aquaculture activities.
24. "Steering Committee" means *Grupo de Trabajo: Comité Directivo*, the committee referred to in Section I.A.2 (a) of Schedule 2 to this Agreement.
25. "STEP" means Systematic Tracking on Exchanges in Procurement, the Bank's system for the execution of the Procurement Plan.
26. "Subproject" any Fisheries Subproject and/or Aquaculture Subproject.
27. "Subproject Agreement" means any of the agreements referred to in Section I.B (a) of Schedule 2 to this Agreement.
28. "Subproject Funds" means a non-refundable contribution made out of the proceeds of the Loan from the Borrower, through PRODUCE, to a Beneficiary for the partial financing of a Subproject.
29. "Subproject Report" means the report referred to in Section I.D.5. of Schedule 2 to this Agreement.
30. "Training" means expenditures (other than those for consulting services) incurred by the Borrower, through PRODUCE, in connection with the carrying out of training, seminars, and workshops under the Project, including the reasonable travel costs (e.g. accommodations, transportation costs and *per diem*) of trainees and trainers (if applicable), tuition, catering, rental of training facilities and equipment, logistics and printing services,

as well as training materials and equipment, and registration fees (up to the amount per registration fee, as set forth in the Operational Manual).

Section II. Modifications to the General Conditions

The General Conditions are hereby modified as follows:

1. In the **Table of Contents**, the references to Sections, Section names and Section numbers are modified to reflect the modifications set forth in the paragraphs below.
2. Section 3.01. (*Front-end Fee*) is modified to read as follows:

“Section 3.01. *Front-end Fee; Commitment Charge*

(a) The Borrower shall pay the Bank a front-end fee on the Loan amount at the rate specified in the Loan Agreement (the “Front-end Fee”).

(b) The Borrower shall pay the Bank a commitment charge on the Unwithdrawn Loan Balance at the rate specified in the Loan Agreement (the “Commitment Charge”). The Commitment Charge shall accrue from a date sixty days after the date of the Loan Agreement to the respective dates on which amounts are withdrawn by the Borrower from the Loan Account or cancelled. The Commitment Charge shall be payable semi-annually in arrears on each Payment Date.”
3. In the Appendix, **Definitions**, all relevant references to Section numbers and paragraphs are modified, as necessary, to reflect the modification set forth in paragraph 2 above.
4. The Appendix is modified by inserting a new paragraph 19 with the following definition of “Commitment Charge”, and renumbering the subsequent paragraphs accordingly:

“19. “Commitment Charge” means the commitment charge specified in the Loan Agreement for the purpose of Section 3.01(b).”
5. In the renumbered paragraph 49 (originally paragraph 48) of the Appendix, the definition of “Front-end Fee” is modified by replacing the reference to Section 3.01 with Section 3.01 (a).
6. In the renumbered paragraph 68 (originally paragraph 67) of the Appendix, the definition of the term “Loan Payment” is modified to read as follows:

“68. “Loan Payment” means any amount payable by the Loan Parties to the Bank pursuant to the Legal Agreements or these General Conditions, including (but not limited to) any amount of the Withdrawn Loan Balance, interest, the Front-end Fee, the Commitment Charge, interest at the Default Interest Rate (if any), any prepayment premium, any transaction fee for a Conversion or early termination of a Conversion, the Variable Spread Fixing Charge (if any), any premium payable upon the establishment of an Interest Rate Cap or Interest Rate Collar, and any Unwinding Amount payable by the

Borrower.”

7. In the renumbered paragraph 73 (originally paragraph 72) of the Appendix, the definition of “Payment Date” is modified by deleting the word “is” and inserting the words “and Commitment Charge are” after the word “interest”.