

The World BankINTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION1818 H Street N.W.
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July 23, 2010

CONFORMED COPY FOR PUBLIC DISCLOSURE

Her Excellency
Mercedes Aráoz Fernández
Minister of Economy and Finance
Ministry of Economy and Finance
Jr. Junín 319, Lima 1
Republic of Perú

**Re: Republic of Peru: Loan No. 7322-PE (Regional Transport Decentralization Project)
Second Amendment to the Loan Agreement**

Excellency:

We refer to the Loan Agreement between the Republic of Peru (the “Borrower”) and the International Bank for Reconstruction and Development (the “Bank”) dated March 15, 2006, with respect to the above-captioned Project, as amended (“Loan Agreement”). Capitalized terms used in this letter (“Amendment Letter”) and not defined herein have the meaning ascribed to them in the Loan Agreement.

Pursuant to the Borrower’s request dated April 13, 2010 (*Oficio 418-2010-EF/75.22*) and based on the information presented in the Borrower’s report "*Informe 110-2010-EF/68.01*", we are pleased to inform you that the Bank hereby agrees to amend the Loan Agreement as follows:

1. The table in Schedule 1 to the Loan Agreement is amended and replaced in its entirety to read as set forth in Attachment I to this Amendment Letter.
2. Part B of Schedule 2 to the Loan Agreement is amended and replaced in its entirety to read as follows:

“Part B: Road Rehabilitation and Periodic Maintenance:

1. Rehabilitate about 1,781 km of the selected regional road segments prioritized through participatory regional road planning by contracting out the private sector to perform said rehabilitation works and related supervision on said selected regional road segments.
2. Perform the periodic maintenance of: (i) about 2,202 km of selected regional road segments rehabilitated by PVR as the same are transferred to the Participating regions; and (ii) other selected regional road segments as rehabilitated under the Project, by contracting out the private sector to perform said periodic maintenance and related supervision on said selected regional road segments.”

3. The first line under Part C of Schedule 2 to the Loan Agreement is amended and replaced in its entirety to read as follows:

“Carry out the routine maintenance of about 4,219 km of the selected regional road segments by:”.
4. The last line of Schedule 2 to the Loan Agreement is amended to read in its entirety as follows:

“The Project is expected to be completed by June 30, 2012.”
5. Schedule 6 to the Loan Agreement is amended and replaced in its entirety to read as set forth in Attachment II to this Amendment Letter.

If you agree with the foregoing amendments, please sign and date this letter in the space provided below and return one fully executed original to us. The provisions of this Amendment Letter will become effective as of the date first above written, upon receipt by the Bank of one fully executed original of this Amendment Letter. All other provisions of the Loan Agreement, except as amended through this Amendment Letter shall remain in full force and effect.

Sincerely yours,

**INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT**

By /s/ C. Felipe Jaramillo
Country Director
Bolivia, Chile, Ecuador, Peru and Venezuela
Latin American and the Caribbean Region

AGREED:

MINISTRY OF ECONOMY AND FINANCE

By: /s/ Betty Sotelo Bazan
Authorized Representative

Title: General Director of Public Indebtedness

Date: September 14, 2010

<u>“Category</u>	<u>Amount of the Loan Allocated (Expressed in Dollars)</u>	<u>% of Expenditures to be financed</u>
(1) Goods under part D.2 of the Project	572,222	37%
(2) Consultant services, training and audits under Part D.2 of the Project	500,000	37%
(3) Allocations		
(a) for consultant’s services and training under Part A of the Project	4,890,353	50%
(b) for works and consultant’s services under Parts B and C of the Project	39,757,399	25%
(c) for goods, consultant’s services and training under Part D.1 of the Project	2,927,778	37%
(4) Premium for Interest Rate Caps and Collars	0	Amount due under Section 2.09 (c) of this Agreement.
(5) Front-end fee	500,000	Amount due under Section 2.04 of this Agreement.
(6) Unallocated	852,248	
TOTAL	50,000,000’	

Attachment I

“SCHEDULE 6**Performance Indicators**

The performance indicators for the Project shall include the following, said indicators being subject to modifications by agreement between the Borrower and the Bank:

Performance Indicators	Targets at the completion date
1. Number of adopted PRRPs.	24
2. Km of selected regional road segments rehabilitated.	1,781
3. Km of selected regional road segments receiving periodic maintenance.	2,202
4. Km of selected regional road segments receiving routine maintenance.	4,219
5. Number of micro-enterprises participating in activities under Part C of the Project.	169
6. Percentage of participating Regions having successfully implemented their Institutional Agreements.	71%”