

LOAN NUMBER 8562-PE

Loan Agreement

(Support to the Subnational Transport Program Project—(*Programa de Apoyo al Transporte Subnacional-PATS*))

between

REPUBLIC OF PERU

and

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

Dated APRIL 12, 2016

LOAN AGREEMENT

Agreement dated APRIL 12, 2016, between the REPUBLIC OF PERU ("Borrower") and the INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("Bank").

WHEREAS the Borrower intends to obtain from the Inter-American Development Bank (IADB) a loan (the IADB Loan), in an amount equivalent to \$50,000,000 United States Dollars to assist in the financing of the Project on the terms and conditions set forth in the Co-financing Agreement providing for the IADB Loan, to be entered into between the Borrower and the IADB.

Therefore, 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 fifty million United States Dollars (\$50,000,000), 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 Minister of Economy and Finance or the Borrower's General Director of Indebtedness and Public Treasury of its Minister of Finance, or any other 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 Variable 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 declares its commitment to the objective of the Project. To this end, the Borrower shall carry out the Project through PVD, within MTC, with the assistance of the participating Provinces with respect to Parts 1 and 3 of the Project, all 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 shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

ARTICLE IV — REMEDIES OF THE BANK

- 4.01. The Co-financing Deadline for the effectiveness of the Co-financing Agreement is October 31, 2016.

ARTICLE V — EFFECTIVENESS; TERMINATION

- 5.01. The Additional Conditions of Effectiveness consist of the following:
- (a) that the Operational Manual has been adopted by PVD; and
 - (b) that the Program Coordination Group has been created and staffed in a manner satisfactory to the Bank.
- 5.02. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

- 6.01. The Borrower's Representative is its Minister of Economy and Finance, provided that the Borrower's General 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 General 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.

6.02. The Borrower's Address is:

Ministry of Economy and Finance
Jr. Junín 319
Cercado de Lima
Lima, Perú

Facsimile:
(511) 626-9921

With copies to:

Ministry of Transport and Communications
Jr. Zorritos 1203
Cercado
Lima, Perú

Facsimile:
(511) 615-7578

6.03. The Bank's Address is:

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

Cable address:

Telex:

Facsimile:

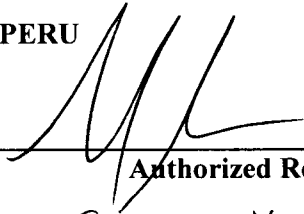
INTBAFRAD
Washington, D.C.

248423(MCI) or
64145(MCI)

1-202-477-6391

AGREED at LIMA, PERU, as of the day and year first above written.

REPUBLIC OF PERU

By 
Authorized Representative

Name ALONSO SEGURA VASI

Title MINISTRO DE ECONOMÍA Y FINANZAS

**INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT**

By 
Authorized Representative

Name ALBERTO RODRÍGUEZ

Title COUNTRY DIRECTOR

SCHEDULE 1

Project Description

The objectives of the Project are to: (i) facilitate sustainable road access of the Borrower's rural populations to services; (ii) reduce transport costs on rural roads linked to priority logistics corridors; and (iii) strengthen decentralized road management.

The Project consists of the following parts:

Part 1: Infrastructure for Integration and Social Inclusion

(a) Scaling up previous rural roads programs by prioritizing interventions that promote accessibility and social inclusion of the poorest rural areas, through: (i) technical design and detailed engineering studies for roads rehabilitation and improvement; (ii) execution of civil works for rehabilitation and improvement of about 1,100 km of rural roads, including road safety materials and related road users training; (iii) implementation of safeguards mitigation measures as needed; and (iv) supervision of related civil works.

(b) Improving the transitivity of rural roads linked to and/or feeding into five selected logistic corridors: *Chiclayo-Moyobamba-Tarapoto-Yurimaguas-Iquitos* (Corridor 1), *Matanari-Arequipa-Juliaca-Puno-Puente Inambari* (Corridor 5), *Cusco-Puerto Maldonado-Iñapari* (Corridor 8), *Cusco-Juliaca-Puno-Desaguadero* (Corridor 11), and *Tarapoto-Aucayacu-Tocache-Tingo María* (Corridor 12) through: (i) technical design and detailed engineering studies for roads rehabilitation and improvement; (ii) centralized execution of civil works for the rehabilitation and improvement of about 1,100 km of rural roads linked to priority logistics corridors, including road safety materials and related road users training; (iii) implementation of safeguards mitigation measures as needed; and (iv) supervision of related civil works.

Part 2: Rural Road Infrastructure Maintenance

Provision of support for the efficient and sustainable decentralized maintenance of the rural road network, through: (i) technical design for periodic and routine maintenance contracts; (ii) centralized and decentralized execution of civil works for periodic and routine maintenance of about 5,000 km of rural roads; and (iii) supervision of related civil works.

Part 3: Decentralized Road Management

Provision of support for the consolidation of the decentralized transport management agenda, through: (i) the strengthening of the capacity at the subnational (Regions and Municipalities) in road transport management; (ii) the institutional strengthening of PVD; (iii) the development and implementation of a capacity building program for routine maintenance through microenterprises; (iv) the design and implementation of a Local and

Logistics Development Window; and (v) Program monitoring and evaluation, including implementation of an information and reporting system.

Part 4: Project Management

Provision of support for Project incremental administrative costs, including staff, audits, information dissemination, program activities related to training, and operational support through consulting services.

SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. Prior to the Effective Date, the Borrower, through PVD, shall create and thereafter maintain until the completion of the Project, a Program Coordination Group led by a Project coordinator and located within PVD, responsible for the management, coordination, supervision, monitoring and evaluation of the Project, and with a structure, responsibilities, and key staff with functions, experience, responsibilities and qualifications acceptable to the Bank as described in the Operational Manual.
2. The Borrower, through PVD, not later than six (6) months after the Effectiveness Date shall create and thereafter maintain until the completion of the Project, a socio-environmental unit within PVD, responsible for the adequate preparation, implementation and supervision of safeguards documents required under the Project, with a structure and key staff acceptable to the Bank, including three specialists on environment, Indigenous Peoples and Resettlement.
3. The Borrower, through PVD, shall adopt and carry out the Project in accordance with a manual (the Operational Manual), satisfactory to the Bank, which shall include supervision and reporting requirements for the carrying out of the Project, including the following: (a) functions and responsibilities for the personnel of PVD in charge of daily Project management, coordination, monitoring and evaluation; (b) the Project administrative, accounting, auditing, reporting, financial (including cash flow aspects), and disbursement procedures; (c) the Safeguard Instruments; (d) the monitoring indicators for the Project; (e) detailed process and procedures for budget preparation and approval; (f) harmonized financial reporting, including content and format of the financial statements; (g) harmonized auditing arrangements, including single set of audit terms of reference; and (h) model form of the Framework Agreement. In the event that any provision of the Operational Manual shall conflict with this Agreement, the terms of this Agreement shall prevail.
4. No later than sixty (60) days after the Effective Date, the Borrower, through PVD, shall establish, and thereafter maintain during the implementation of the Project, a Steering Working Group chaired by PVD's executive director, with membership acceptable to the Bank as described in the Operational Manual, responsible for providing general oversight and guidance on the strategic aspects of the Project.

5. The Borrower, through PVD, shall:
 - (a) Select participating Provinces eligible to benefit from the Project based on the criteria set forth in the Operational Manual;
 - (b) Prior to the provision of support to any participating Province under the Project, enter into: (i) an Agreement (“Framework Agreement”), with each participating Province, acceptable to the Bank as further specified in the Operational Manual, setting forth the terms and conditions of the cooperation between PVD and the Province with respect to Project implementation; and (ii) a financing agreement (*convenios de financiamiento*), setting forth the financing arrangements for road rehabilitation, improvement, periodic and routine maintenance works on a yearly basis; and
 - (c) Exercise its rights and carry out its obligations under each Framework Agreement in such a manner as to protect the interests of the Borrower and of the Bank and to accomplish the purposes of the Project; and except as the Bank shall otherwise agree, not assign, amend, abrogate, repeal, terminate, waive or fail to enforce any Framework Agreement or any substantial provision thereof. In case of any conflict between the terms of said Framework Agreement and those of this Agreement, the terms of this Agreement shall prevail.
6. The Borrower, through PVD, not later than sixty (60) days after the end of each calendar year, shall prepare and furnish to the Bank a plan, acceptable to the Bank (Annual Operating Plan), covering activities planned for the next twelve (12) months of Project implementation.

B. Anti-Corruption

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

C. Safeguards

1. The Borrower, through PVD shall, and shall cause participating Provinces to implement the Project in accordance with the ESMF, IPPF and RPF.

Environmental and Social Management

2. The Borrower, through PVD, prior to carrying out works under the Project shall:
 - (a) carry out site-specific environmental impact assessments, under terms of reference acceptable to the Bank, for the relevant works;

- (b) prepare, consult and disclose respective site-specific ESMPs in a manner acceptable to the Bank and as set forth in the ESMF;
- (c) before issuing bidding documents, prepare and submit to the Bank for its no objection: (i) the proposed design and site for the works and the relevant ESMPs in form and substance satisfactory to the Bank; and (ii) the draft contract for such works to ensure that the provisions of the relevant ESMPs are adequately included in the related contract.

Indigenous Peoples Planning Framework (IPPF)

- 3. If required by the IPPF, the Borrower, through PVD, shall: (a) prior to carrying out works under the Project, prepare, consult and disclose the relevant IPPs; and (b) immediately thereafter, implement the relevant IPPs in accordance with their terms, all in a manner acceptable to the Bank and as set forth in the IPPF.

Resettlement Policy Framework (RPF)

- 4. If any activity under the Project requires Resettlement, the Borrower shall, prior to the carrying out of the related works: (a) prepare RAPs according to the RPF for sites where pre-screening has identified resettlement impacts as defined by the RPF; (b) consult and disclose the relevant RAPs; and (c) implement the relevant RAPs in accordance with their terms, all in a manner acceptable to the Bank and as set forth in the RPF.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

The Borrower, through PVD 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 indicators included in the Operational Manual and 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 forty-five (45) days after the end of the period covered by such report.

B. Financial Management, Financial Reports and Audits

- 1. The Borrower, through PVD, shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 5.09 of the General Conditions, as described in the Operational Manual.
- 2. Without limitation on the provisions of Part A of this Section, the Borrower, through PVD, 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 PVD, 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. The audited Financial Statements for each such period shall be furnished to the Bank not later than four (4) 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

1. In addition and without limitation or restriction to any other provisions set forth in this Section or the Procurement Guidelines, the following provisions shall govern the procurement of works, goods and non-consultant services under this Section:
 - (a) No reference value shall be required for publication in the bidding documents.
 - (b) 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.
 - (c) The Borrower, through PVD, shall utilize standard bidding documents satisfactory to the Bank.
 - (d) Foreign bidders shall not be required to legalize their bids or any documentation related to such bids with either Peruvian consulates, the Ministry of Foreign Affairs, or any Peruvian authorities, as a pre-condition to participate in the bidding process.

- (e) There will be no prescribed minimum number of bids submitted for a contract to be subsequently awarded.
2. In addition and without limitation or restriction to any other provisions set forth in this Section or the Consultant Guidelines, the following provisions shall govern all employment of consultants:
- (a) Foreign consultants shall not be required to be locally registered as a condition of participation in the selection process.
 - (b) Foreign consultants shall not be required to legalize their proposals or any documentation related to such proposals with either Peruvian consulates, the Ministry of Foreign Affairs, or any Peruvian authorities, as a pre-condition to participate in the selection process.
 - (c) No minimum number of responsive proposals shall be required prior to awarding a contract for consulting services.
 - (d) 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.
 - (e) 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 consultant, hold civil service office or any other position in any agency of the Borrower, 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.

Section IV. Withdrawal of Loan Proceeds

A. General

- 1. The Borrower 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, works, non-consulting services, and consultants' services for Part 1 of the Project.	35,000,000	100%
(2) Goods, works, non-consulting services, and consultants' services for Part 2 of the Project.	10,000,000	100%
(3) Goods, non-consulting services, and consultants' services for Part 3 of the Project.	4,650,000	100%
(4) Consultants' services for Part 4 of the Project.	350,000	100%
TOTAL AMOUNT	50,000,000	

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made from the Loan Account: (a) for payments made prior to the date of this Agreement; and (b) until the Bank has received payment in full of the Front-end Fee.
2. The Closing Date is March 31, 2021.

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 April 15, 2028	50%
On October 15, 2028	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 sub-paragraph 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: (i) 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 (ii) if the Bank so determines in accordance with the Conversion Guidelines, the exchange rate component of the Screen Rate.
 5. If the Withdrawn Loan Balance is denominated in more than one Loan Currency, the provisions of this Schedule shall apply separately to the amount denominated in each Loan Currency, so as to produce a separate amortization schedule for each such amount.

APPENDIX

Section I. Definitions

1. “Annual Operating Plans” means any of the plans referred to in Section I.A.5 of Schedule 2 to this Agreement, which shall contain the activities to be implemented during the life of the Project.
2. “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.
3. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
4. “Co-financier” means the Inter-American Development Bank.
5. “Co-financing” means, for purposes of paragraph 16 of the Appendix to the General Conditions, an amount of \$50,000,000 to be provided by the Co-financier to assist in financing the Project.
6. “Co-financing Agreement” means the agreements to be entered into between the Borrower and the Co-financiers providing for the Co-financing.
7. “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).
8. “District Municipality” means a local subdivision within a Province in the Borrower’s territory established and operating under the Borrower’s Organic Law No. 27972 of May 27, 2003.
9. “Environmental and Social Management Framework” means the Borrower’s framework dated July 2, 2015, acceptable to the Bank, as published and available to the public on the website <http://www.proviasdes.gob.pe/index.html>, which contains the environmental protection measures in respect of the Project, including: (i) measures for chance findings of cultural property; (ii) protection of natural habitats; (iii) guidelines for the identification of existing environmental conditions and potential direct and indirect environmental impacts resulting from the carrying out of the Project; (iv) guidelines for the carrying out of environmental assessments and the preparation of environmental management plans, when applicable; (v) the recommendation of mitigation measures for each negative impact identified; and (vi) measures for enhancing each identified positive impacts.

10. “Environmental and Social Management Plan” or “ESMP” means any site-specific environmental and social management plan to be prepared by the Borrower, through PVD, and approved by the Bank, for activities under the Project, as set forth in the ESMF.
11. “Framework Agreement” means the agreement referred to in Section I.A.4 of this Agreement.
12. “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.
13. “Indigenous Peoples’ Plan” or “IPP” means any site-specific indigenous peoples’ plan to be prepared by the Borrower and approved by the Bank, for activities under the Project, as set forth in the IPPF.
14. “Indigenous Peoples’ Planning Framework” or “IPPF” means the Borrower’s framework dated July 2, 2015, acceptable to the Bank, published and available to the public on the website <http://www.proviasdes.gob.pe> 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 and to ensure that they benefit from the Project, including procedures for the preparation and implementation of the pertinent Indigenous Peoples development plans.
15. “Local and Logistics Development Window” means an initiative to identify and promote productive activities and small private investments, complementing the improvement of transport conditions in selected Project locations as established and operating under the Operational Manual.
16. “MEF” means *Ministerio de Economía y Finanzas*, the Borrower’s Ministry of Economy and Finance.
17. “MTC” means *Ministerio de Transportes y Comunicaciones*, the Borrower’s Ministry of Transport and Communications.
18. “Operational Manual” means the manual referred to in Section I.A of Schedule 2 to this Agreement.
19. “PATS” means *Programa de Apoyo al Transporte Subnacional*, the Borrower’s program registered in the Borrower’s National System of Public Investment (SNIP) under No. PROG-023-2012-SNIP and declared viable by MEF on October 7, 2015.

20. “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).
21. “Procurement Plan” means the Borrower’s procurement plan for Part V of the Project, dated October 21, 2015 and referred to in paragraph 1.25 of the Consultant Guidelines, and paragraph 1.18 of the Procurement Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraph.
22. “Program Coordination Group” means a group of existing staff within PVD in charge of overall supervision of the Project, and referred to in Section I.A1. of Schedule 2 to this Agreement.
23. “Province” means a territorial subdivision in the Borrower’s territory under the jurisdiction of a Provincial Municipality and including two or more District Municipalities as established and operating under Article 3, Title I of the Borrower’s Organic Law No. 27972, dated May 27, 2003.
24. “PVD” means *Provias Descentralizado*, the Borrower’s “*Proyecto Especial de Infraestructura de Transporte Descentralizado*”, the Project implementing agency within the Vice-Ministry of Transport of MTC, created pursuant the Borrower’s Supreme Decree No. 029-2006-MTC of August 10, 2006, or any successor thereof.
25. “Resettlement” means the impact of an involuntary taking of land under the Project, which taking causes affected persons to have their: (i) standard of living adversely affected; or (ii) 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 (iii) access to productive assets adversely affected, temporarily or permanently; or (iv) business, occupation, work or place of residence or habitat adversely affected, temporarily or permanently.
26. “Resettlement Action Plan” or “RAP” means any site-specific resettlement action plan to be prepared by the Borrower and approved by the Bank, for activities under the Project, as set forth in the RPF.
27. “Resettlement Policy Framework or “RPF” means the document prepared by the Borrower and dated July 2, 2015, published and available to the public on the website <http://www.proviasdes.gob.pe/index.html> and outlining general implementation procedures, mitigation measures and monitoring procedures for involuntary resettlement under the Project, including the procedures for the preparation and implementation of RAPs, as said framework may be amended from time to time with the Bank’s prior approval.

28. "Region" means The Borrower's politically, economically and administratively autonomous regions, established/acknowledged under Chapter XIV (on Decentralization) of the Political Constitution of the Republic of Peru, as complemented by Law 27680 of March 7, 2002.
29. "Steering Working Group" means the committee providing general oversight on the strategic aspects of the Project, referred to in Section I.A.4 of this Agreement.

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 (60) 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”.