Loan Agreement

(National Urban Cadaster and Municipal Support Project-
Creación del servicio de catastro urbano en distritos priorizados de las provincias de Chiclayo y
Lambayeque del departamento de Lambayeque, la provincia de Lima del departamento de
Lima, y la provincia de Piura del departamento de Piura)

between

REPUBLIC OF PERU

and

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT
LOAN AGREEMENT

AGREEMENT dated as of the Signature Date 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) apply to and form 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 the amount of fifty million dollars (USD 50,000,000), as such amount may be converted from time to time through a Currency Conversion ("Loan"), to assist in financing the project described in Schedule I to this Agreement ("Project").

2.02. The Borrower may withdraw the proceeds of the Loan in accordance with Section III 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 the Ministry of Economy and Finance (MEF) or the Borrower's Director of Public Treasury (DGTP), or any person whom any of them shall designate in writing.

2.03. The Front-end Fee is one quarter of one percent (0.25%) of the Loan amount.

2.04. The Commitment Charge is one quarter of one percent (0.25%) per annum on the Unwithdrawn Loan Balance.

2.05. The interest rate is the Reference Rate plus the Variable Spread or such rate as may apply following a Conversion; subject to Section 3.02(e) of the General Conditions.

2.06. The Payment Dates are February 1 and August 1 in each year.

2.07. The principal amount of the Loan shall be repaid in accordance with Schedule 3 to this Agreement.

ARTICLE III — PROJECT

3.01. The Borrower declares its commitment to the objectives of the Project. To this end, the Borrower, through MVCS, shall carry out the Project through COFOPRI, under the strategic direction and supervision of the MVCS, in accordance with the provisions of Article V of the General Conditions and Schedule 2 to this Agreement.
ARTICLE IV — EFFECTIVENESS; TERMINATION

4.01. The Additional Condition of Effectiveness consists of the following, namely that the Operations Manual has been adopted by COFOPRI in a manner and with contents acceptable to the Bank.

4.02. The Effectiveness Deadline is the date ninety (90) days after the Signature Date.

ARTICLE V — REPRESENTATIVE; ADDRESSES

5.01. The Borrower’s Representative is its Minister of MEF, provided that the Borrower’s Director of DGTP, 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. For purposes of Section 10.01 of the General Conditions the Borrower’s address is:

Ministry of Economy and Finance
Jr. Junin 319
Lima, Peru

Facsimile: +51(1) 626-9921

5.03. For purposes of Section 10.01 of the General Conditions: (a) the Bank’s address is:

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

(b) the Bank’s Electronic Address is:

Telex: Facsimile:
248423(MCI) or 1-202-477-6391
64145(MCI)
AGREED as of the Signature Date.

REPUBLIC OF PERU

By

Authorized Representative

Name: MARÍA ANTONIETA ALVA LUPERDI

Title: MINISTER

Date: 22 MAY 2020

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By

Authorized Representative

Name: MARIANNE FAY

Title: DIRECTOR

Date: 18 MAY 2020
SCHEDULE 1

Project Description

The objective of the Project is to improve the coverage of urban cadaster services in Selected Municipalities to enhance local government capacities for revenue generation and urban management.

The Project consists of the following parts:

Part 1: Strengthening Municipal Systems, Services and Capacities to generate and maintain Urban Cadasters in Selected Municipalities

1.1. Creation of an urban cadastral information base for tax purposes and urban management in Selected Municipalities, including, *inter alia:* (a) a communication campaign that targets messaging for men and women about the Project; (b) carrying out of cadastral surveys in Selected Municipalities including collection of property status information disaggregated by gender; (c) generation of property valuation maps in Selected Municipalities; (d) updating of municipal databases used for property tax collection based on the new cadastral information; and (e) acquisition of hardware and software to use and maintain the cadaster system at the national and local level.

1.2. Strengthening municipal capacity by supporting the design, implementation and management of face-to-face technical assistance and a virtual learning platform to build capacities in Selected Municipalities in aspects related to, *inter alia:* (a) the collection, use, maintenance and update of the cadastral information; and (b) the use of the information for property tax collection, land use planning, urban and financial management, disaster risk management.

Part 2: Strengthening the National Institutional Framework

Provision of support at the national level to strengthen the Borrower’s institutional framework, including, *inter alia:* (a) updating of national level methodologies, procedures and standards for urban cadastral formation, maintenance and dissemination; (b) updating of the property valuation methodology to reflect market prices; (c) development and implementation of a national level cadastral information system; (d) development of guidelines for integrating natural hazard data into urban cadaster; and (e) capacity strengthening in urban management at MVCS and COFOPRI.

Part 3: Project Management

Provision of support to COFOPRI for Project management, coordination and implementation, including, *inter alia:* (a) the establishment and staffing of the PIU; (b) monitoring, result evaluation and impact assessment activities; (c) fiduciary implementation and oversight, including audits; and (d) management of environmental and social risks, including the implementation and monitoring of the Project’s grievance redress mechanism.
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements.

1. For purposes of complying with its obligations referred to in Section 3.01 of this Agreement, the Borrower shall promptly transfer the proceeds of the Loan to COFOPRI through its budgetary mechanisms and in a manner acceptable to the Bank.

2. To facilitate the implementation of the Project, the Borrower, through MVCS, shall:

(a) by no later than ninety (90) days after Effective Date, create and maintain, throughout Project implementation a steering committee (the Steering Committee) led by MVCS, responsible for strategic direction, project oversight and coordination with stakeholders, approval of main Project operational instruments and selection of key personnel of PIU, and with composition and functions set forth in the Operations Manual; and

(b) by no later than thirty (30) days after Effective Date, create and maintain, throughout Project implementation, a Project Implementation Unit (PIU) within COFOPRI, with functions, staffing, qualifications and responsibilities satisfactory to the Bank, as set forth in the Operations Manual.

B. Cooperation Agreements.

Prior to the carrying out of any Project activity under the jurisdiction of a Selected Municipality, the Borrower, through MVCS and COFOPRI, shall enter into a Cooperation Agreement with every Selected Municipality, under terms and conditions acceptable to the Bank.


1. The Borrower, through COFOPRI, shall carry out the Project in accordance with the provisions of a manual (the Operations Manual), satisfactory to the Bank, containing, inter alia: (a) the activities and timetable of actions to be carried out under the Project; (b) the composition and responsibilities of the PIU and Steering Committee; (c) the fiduciary, technical and operational aspects and procedures for implementation of the Project, including the financial management procedures (budgeting, accounting and internal control, disbursement and flow of funds, financial reporting, annual reports, internal and external audit arrangements procedures); and (d) the performance indicators for the Project.

2. The Borrower, through COFOPRI, shall not amend or waive or fail to enforce any provision of the Operations Manual without the Bank’s prior written approval. In case of any conflict between the terms of the Operations Manual and those of this Agreement, the terms of this Agreement shall prevail.

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D. Safeguards.

1. The Borrower, through COFOPRI, shall carry out the Project in accordance with the Social Assessment and the Operations Manual.

2. The Borrower, through COFOPRI, shall ensure that the terms of reference of any Project consultancy 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 Bank’s Safeguard Policies then in force, as applied to the advice conveyed through such technical assistance.

Section II. Project Monitoring Reporting and Evaluation

The Borrower, through COFOPRI, shall furnish to the Bank each Project Report not later than 45 days after the end of each calendar semester, covering the calendar semester.

Section III. Withdrawal of Loan Proceeds

A. General.

Without limitation upon the provisions of Article II of the General Conditions and in accordance with the Disbursement and Financial Information Letter, the Borrower, through COFOPRI, may withdraw the proceeds of the Loan to finance Eligible Expenditures in the amount allocated and, if applicable, up to the percentage set forth against each Category of the following table:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Loan Allocated (expressed in USD)</th>
<th>Percentage of Expenditures to be financed (exclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, non-consulting services, consulting services and Operating Costs for Part 1 of the Project</td>
<td>44,700,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Goods, non-consulting services, consulting services and Operating Costs for Part 2 of the Project</td>
<td>5,300,000</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>50,000,000</td>
<td></td>
</tr>
</tbody>
</table>

B. Withdrawal Conditions; Withdrawal Period.

1. Notwithstanding the provisions of Part A above, no withdrawal shall be made for payments made prior to the Signature Date.

2. The Closing Date is February 28, 2025.
SCHEDULE 3

Customized Amortization Repayment Schedule

The Borrower shall repay the principal amount of the Loan as follows:

<table>
<thead>
<tr>
<th>Principal Payment Date</th>
<th>Installment Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>August 1, 2026</td>
<td>10 %</td>
</tr>
<tr>
<td>February 1, 2027</td>
<td>10 %</td>
</tr>
<tr>
<td>August 1, 2027</td>
<td>20%</td>
</tr>
<tr>
<td>February 1, 2028</td>
<td>20%</td>
</tr>
<tr>
<td>August 1, 2028</td>
<td>20%</td>
</tr>
<tr>
<td>February 1, 2029</td>
<td>20%</td>
</tr>
</tbody>
</table>
APPENDIX

Definitions

1. “Anti-Corruption Guidelines” means, for purposes of paragraph 5 of the Appendix to the General Conditions, 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 and as of July 1, 2016.


3. “Category” means a category set forth in the table in Section III.A of Schedule 2 to this Agreement.

4. “COFOPRI” means Organismo de Formalización de la Propiedad Informal, the Borrower’s public agency (organismo público) within MVCS for the formalization of informal property, created and regulated by Legislative Decree (Decreto Legislativo) No. 803, dated March 22, 1996.

5. “Cooperation Agreements” means the agreements referred to in Section I.B of Schedule 2 to this Agreement.

6. “DGTP” means the Directorate of Public Treasury within MEF.


8. “MEF” means Ministerio de Economía y Finanzas, the Borrower’s Ministry of Economy and Finance, or any successor thereto acceptable to the Bank.

9. “MVCS” means Ministerio de Vivienda, Construcción y Saneamiento, the Borrower’s Ministry of Housing, Construction and Sanitation, or any successor thereto acceptable to the Bank.

10. “Operating Costs” means the reasonable incremental operational costs (which would not have been incurred absent the Project) incurred by COFOPRI in connection with the daily operation of the Project, including, inter alia, rental and maintenance of equipment and vehicles, rental of office facilities, office utilities, supplies and materials, domestic travel, training related and communication costs.

11. “Operations Manual” means the Borrower’s manual acceptable to the Bank and referred to in Section I.C of Schedule 2 to this Agreement, as the same may be amended from time to time with the agreement of the Bank.

12. “PIU” means the unit referred to in Section I.A.2 (b) of Schedule 2 to this Agreement.

14. "Selected Municipalities" means the municipalities of 22 districts selected as beneficiaries of the Project according to the criteria established in the Borrower’s feasibility study (Estudio de Pre-inversión), which are located in the provinces of Lima, Chiclayo, Lambayeque and Piura.

15. "Signature Date" means the later of the two dates on which the Borrower and the Bank signed this Agreement and such definition applies to all references to “the date of the Loan Agreement” in the General Conditions.

16. "Social Assessment" means the assessment prepared by the Borrower, through COFOPRI, to identify and assess the social risks and impacts of the Project, and design appropriate mitigation, management, and monitoring measures, acceptable to the Bank, and disclosed on the Bank’s website on October 24, 2019 and on COFOPRI’s website on October 23, 2019; as such assessment may be updated from time to time with prior written approval of the Bank.

17. "Steering Committee" means the committee referred to in Section 1.A.2 (a) of Schedule 2 to this Agreement.