Hi: Excellency  
Dr. Luis Miguel Castilla Rubio  
Minister of Economy and Finance  
Ministry of Economy and Finance  
Jirón Junín 319  
Lima, Peru

Re: Peru: IDF Grant for National Results Based Monitoring, Evaluation and Information Project (IDF Grant No. TF096843)  
Amendment to the Grant Agreement

Excellency,

We refer to the Grant Agreement between the International Bank for Reconstruction and Development (the “World Bank”) and Republic of Peru (the “Recipient”) dated September 27, 2010 and countersigned on October 1, 2010, with respect to the above-captioned Project (“Grant Agreement”). Capitalized terms used in this amendment letter (the “Amendment Letter”) and not defined herein have the meaning ascribed to them in the Grant Agreement.

In accordance with the letter received from your Ministry, dated May 21, 2012 and from the General Office of Administration of the Ministerial Council dated March 8, 2012, wherein a request is made to amend the Grant Agreement, we are pleased to inform you that the World Bank agrees to your request and consequently proposes to amend the Grant Agreement as follows:

1. Section 1.02 of the Grant Agreement is hereby amended and replaced to read in its entirety as follows:

“1.02 Definitions. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the Standard Conditions or in this Agreement the following additional terms shall have the following meanings:

(a) “MEF” means Ministerio de Economía y Finanzas, the Recipient’s ministry of economy and finance, or any successor or successors thereto.

(b) “MIDIS” means Ministerio de Desarrollo e Inclusión Social, the Recipient’s ministry of social development and inclusion, or any successor or successors thereto.

(c) “Training” means the expenditures (other than consultant services) incurred by the Recipient, through UCPS and MIDIS in connection to training activities, including, inter alia, purchase and publication of materials, rental of facilities, course fees, and travel and subsistence of trainees.

(d) “UCPS” means Unidad de Coordinación de Préstamos Sectoriales, the Project’s implementation unit within MEF.
Section 2.01 of the Grant Agreement is hereby amended to replace the description of the Project activities to read as follows:

“The Project consists of the following activities:

(a) Design of a policy and program evaluation system, including, *inter alia*: (i) the review of best international practices, and the carrying out of study tours; (ii) the carrying out of national workshops to validate its design; and (iii) the design and initial implementation of a training program;

(b) Testing of the system designed under Part (a), including, *inter alia*, (i) the design of the evaluation methodology; and (ii) the carrying out of field evaluations;

(c) Carrying out of activities to improve the transparency and sustainability of the system designed under Part (a), including, *inter alia*: (i) the development of a dashboard of monitoring indicators; and (ii) the development of a virtual library of evaluations; and

(d) Carrying out of the Project’s financial audits.

Section 2.02 of the Grant Agreement is hereby amended and replace to read in its entirety as follows:

“2.02. Project Execution Generally. The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient, through UCPS shall carry out the Project, in close coordination with MIDIS, all in accordance with the provisions of: (a) Article II of the Standard Conditions; (b) the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 (“Anti-Corruption Guidelines”), with the modifications set forth in the Appendix to this Agreement; and (c) this Article II.”

Section 2.03 of the Grant Agreement is hereby amended to read in its entirety as follows:

2.03. Institutional and Other Arrangements. For the purposes of the implementation of the Project, the Recipient, through UCPS, shall:

(a) maintain throughout the implementation of the Project, procurement, financial and planning systems and structures, acceptable to the World Bank, to ensure an effective implementation of the Project.

(b) enter into an agreement with the MIDIS (the “Inter-institutional Agreement”) on terms and conditions satisfactory to the World Bank which shall include provisions including, *inter alia*:

(i) The obligation of the Recipient, through UCPS, to:

   (A) support the implementation of the Project, by providing MIDIS with all the required goods, consultant services and Training (as defined in this Agreement) to carry out the Project; and
(B) abide by the technical decisions made by MIDIS with respect to the Project.

(ii) The obligation of MIDIS to:

(A) carry out the Project with due diligence and efficiency and in accordance with the provisions of this Agreement and the Anti-Corruption Guidelines.

(B) take all actions necessary to enable the Recipient, through UCPS, to comply with its obligations under this Agreement.

(C) oversee the technical aspects of the Project, including, inter alia: preparing terms of reference, defining technical specifications and carrying out the supervision of Project activities;

(c) exercise its rights and carry out its obligations under the Inter-institutional Agreement in such manner as to protect the interest of the Recipient and the World Bank and to accomplish the purpose of this Grant. Except as the World Bank shall otherwise agree, the Recipient shall not assign amend, abrogate, waive or fail to enforce the Inter-institutional Agreement or any portion thereof; except as the World Bank may otherwise agree. In case of any conflict between the terms of the Inter-institutional Agreement and those of this Agreement, the terms of this Agreement shall prevail.

5. Section 2.04 of the Grant Agreement is hereby amended to read in its entirety as follows:

2.04. Project Monitoring, Reporting and Evaluation. (a) The Recipient, through UCPS shall monitor and evaluate the progress of the Project and, upon the World Bank’s request, prepare Project Reports, in accordance with the provisions of Section 2.06 of the Standard Conditions and on the basis of the indicators acceptable to the World Bank. Each Project Report shall cover such period as shall be indicated in the World Bank’s request and shall be furnished to the World Bank not later than one month after the date of such request.

(b) The Recipient, through UCPS, shall, upon the World Bank’s request, prepare the Completion Report in accordance with the provisions of Section 2.06 of the Standard Conditions. The Completion Report shall be furnished to the World Bank not later than five months after the Closing Date.

6. Section 2.05 of the Grant Agreement is hereby amended to read in its entirety as follows:

“2.05. Financial Management. (a) The Recipient, through UCPS, shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.07 of the Standard Conditions.

(b) The Recipient, through UCPS, shall ensure that interim unaudited financial reports for the Project are prepared and furnished to the World Bank as part of the Project Report not later than one month after the end
of each calendar semester, covering the semester, in form and substance satisfactory to the World Bank.

(c) The Recipient, through UCPS, shall have its Financial Statements audited in accordance with the provisions of Section 2.07 (b) of the Standard Conditions. Each such audit of the Financial Statements shall cover the period of one fiscal year of the Recipient. The audited Financial Statements for each such period shall be furnished to the World Bank not later than five months after the end of such period.

7. The table in Section 3.01 of the Grant Agreement is hereby amended to read as follows:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Grant Allocated (expressed in USD)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods</td>
<td>45,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Consultants’ Services, including audits</td>
<td>199,500</td>
<td>100%</td>
</tr>
<tr>
<td>(3) Training</td>
<td>66,850</td>
<td>100%</td>
</tr>
<tr>
<td><strong>TOTAL AMOUNT</strong></td>
<td><strong>311,350</strong></td>
<td></td>
</tr>
</tbody>
</table>

8. The definition of “Training” in section 3.01 is hereby deleted.

9. Section 4.01 of the Grant Agreement is hereby amended to read in its entirety as follows:

“4.01. Additional Event of Suspension. The Additional Event of Suspension referred to in Section 4.02 (k) of the Standard Conditions consists of the following, namely, that MIDIS fail to comply with the provisions of the Inter-institutional Agreement.”

10. Article V of the Grant Agreement is hereby amended to read in its entirety as follows:

“Article V
Recipient’s Representative; Addresses

5.01. Recipient’s Representative. The Recipient’s Representative referred to in Section 7.02 of the Standard Conditions is the Minister of Economy and Finance or the Recipient’s Director of Public Indebtedness, or any person whom any of them shall designate in writing.

5.02. Recipient’s Address. The Recipient’s Address referred to in Section 7.01 of the Standard Conditions is:

Minister of Economy and Finance
Ministry of Economy and Finance
Jirón Junín 319
Lima, Peru

Please confirm your agreement with the foregoing amendment by signing and dating this letter in the spaces provided below. This Amendment Letter shall be executed in two counterparts, each of which shall be an original. The provisions of this Amendment Letter shall become effective upon receipt by the World Bank of: (i) one fully executed original of this Amendment Letter; and (ii) evidence acceptable to the World Bank that the Inter-institutional Agreement referred to in Section 2.03 (b) has been duly executed. All other provisions of the Grant Agreement, except as amended through this letter shall remain in full force and effect.

Very truly yours,

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

Susan G. Goldmark
Director
Bolivia, Chile, Ecuador, Peru and Venezuela
Latin America and the Caribbean Region

AGREED:

REPUBLIC OF PERU

By: __________________________
     Authorized Representative

Name: LUIS MIGUEL CASTILLA RUBIO

Title: MINISTRO DE ECONOMIA Y FINANZAS

Date: 04 de octubre de 2012