

ALBERTO RODRIGUEZ  
Director  
Bolivia, Chile, Ecuador, Peru and Venezuela

June 7, 2017

His Excellency  
Mr. Alfredo Thorne  
Minister of Economy and Finance  
Ministry of Economy and Finance  
Jirón Junin 319  
Lima, Peru

Excellency,

*Re: Peru: Basic Education Project (Loan No. 8226-PE)  
Second Amendment to the Loan Agreement*

We refer to the Loan Agreement between the Republic of Peru (“Borrower”) and the International Bank for Reconstruction and Development (“Bank”), dated July 1, 2013 (“Loan Agreement”) as amended, with respect to the above-captioned Project. Please note that capitalized terms used in this letter (“Amendment Letter”) and not defined herein have the meaning ascribed to them in the Loan Agreement.

We are pleased to inform you that pursuant to your request dated April 12, 2017, the Bank hereby agrees to amend the Loan Agreement as follows:

1. Article 3.01 to the Loan Agreement is hereby amended to read in its entirety as follows:

“3.01 The Borrower declares its commitment to the objective of the Project and the Program. To this end, the Borrower shall carry out the Project, through MINEDU, with the overall technical coordination of SPE, and with the assistance of: (i) UMC for Part 1 of the Project; (ii) DEI and OSEE for Part 1(b) of the Project jointly with UMC; (iii) OSEE, DIGEDD and DIGC for Part 2 of the Project; and (iv) UE 118 for Part 3 of the Project, all in accordance with the provisions of Article V of the General Conditions.”

2. Section IV.C.2 of Schedule 2 to the Loan Agreement is hereby amended to read in its entirety as follows:



Av. Alvarez Calderón 185, Piso 7, San Isidro, Lima 27, Perú  
Telf. (511) 622-2300

“2. If the Bank has not received evidence of full compliance with the DLIs listed in Schedule 5 to this Agreement, in respect to any Loan withdrawal under Category (1) (as referred to in the Operational Manual and additional instructions referred to in Section IV.A.1 of this Schedule), then:

- (a) the Bank shall disburse the Loan amount of the corresponding withdrawal attributable to each DLI, in proportion to the respective degree of execution of each DLI and in accordance with additional instructions referred to in Section IV.A.1 of this Schedule;
- (b) the Borrower, through MINEDU, shall prepare and furnish to the Bank a satisfactory time-bound action plan to achieve such DLI or DLIs in a manner satisfactory to the Bank; and
- (c) as soon as the Bank is satisfied that said action plan has been implemented, the Bank shall authorize the withdrawal of unwithdrawn Loan amount by which the corresponding Loan withdrawal had been reduced in the withdrawal period following the date of implementation of said action plan, all as further detailed in the additional instructions referred to in Section IV.A.1 of this Schedule.”

3. Section IV.C.3 of Schedule 2 to the Loan Agreement is hereby deleted in its entirety.

4. Schedule 4 is hereby amended to read in its entirety as set forth in Annex 1 to the Amendment Letter.

5. Schedule 5 is hereby amended to read in its entirety as set forth in Annex 2 to the Amendment Letter.

6. Section I of the Appendix to the Loan Agreement is hereby amended to modify the following definitions:

““Amendment Letter” means the agreement entered into between the Borrower and the Bank to amend this Agreement, dated June 7, 2017.”

““Basic Education” means pre-primary, primary, secondary, special, alternative and technical-productive education.”



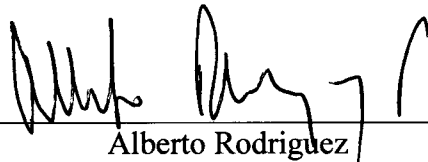
All other provisions of the Loan Agreement, except as amended in this Amendment Letter, shall remain in full force and effect.

Please confirm your agreement with the foregoing, on behalf of the Borrower, by signing and dating the two originals of this Amendment Letter, and returning one fully executed original to us. The provisions set forth in this Amendment Letter, including its Annexes, shall become effective as of the date of the countersignature upon receipt by the Bank of one fully executed original of this Amendment Letter.

Please also note that the Restructuring Paper dated June 7, 2017 shall be disclosed on the Bank's external website.

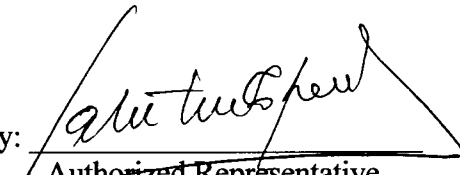
Sincerely,

**INTERNATIONAL BANK FOR RECONSTRUCTION AND  
DEVELOPMENT**

  
\_\_\_\_\_  
Alberto Rodriguez  
Director  
Bolivia, Chile, Ecuador, Peru and Venezuela

AGREED:

**REPUBLIC OF PERU**

By:   
\_\_\_\_\_  
Authorized Representative

Name: VALENTIN COBEÑAS AQUINO  
Director General (e)  
Dirección General de Endeudamiento y Tesoro Público

Title: \_\_\_\_\_

Date: 07 JUL 2017

**SCHEDULE 4**  
**Eligible Budget Activities**  
 (Expressed in thousand *Nuevos Soles*)

	<b>Project components</b>	<b>Budget Activity code</b>	<b>Responsible Units</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>Total</b>
1	Evaluating student learning			50.78	84,140.43	98,514.70	107,311.19	290,017.10
(a)	Student Census Assessment (ECE)	5000244	UMC	50.78	71,513.92	76,601.59	84,679.89	232,846.18
	National sample evaluations	5000252	UMC			20,331.91	22,631.30	42,963.21
(b)	Assessment of preschool students and quality of services	5003145	DEI/OSEE		332.90	1,449.85		1,782.75
(c)	Participation in international assessments	5000253	UMC		12,293.61	131.35		12,424.96
2	Evaluating instructional practice and school leadership				42,709.65	196,972.28	129,206.79	368,888.72
(a)	Monitoring learning opportunities in the classroom	5003146	OSEE		1,163.00	1,161.60	878.46	3,203.06
(b)	School principal evaluation system	5004409	DIGEDD/ DIGC		39,226.65	167,010.68	75,128.33	281,365.66
(c)	Teacher performance evaluation	5003128	DIGEDD		1,550.00	24,750.00	51,250.00	77,550.00
(d)	Design of the evaluation system to determine merit-based promotions within the Teaching Career	5004410	DIGEDD		600.00	2,350.00	1,650.00	4,600.00
(e)	Design of the evaluation system to determine merit-based entrance to the Teaching Career	5003109	DIGEDD		170.00	1,700.00	300.00	2,170.00
3	Strengthening MINEDU implementation capacity			271.01	2,014.30	1,858.81	1,930.81	6,074.93
(a)	Program management	5000276	UE 118	271.01	2,014.30	1,858.81	1,930.81	6,074.93
	<b>TOTAL</b>			<b>321.79</b>	<b>128,864.38</b>	<b>297,345.79</b>	<b>238,448.79</b>	<b>664,980.75</b>

## SCHEDULE 5

DLI #	Indicator	Baseline	2013	2014	2015	2016	2017
1	School management positions staffed through the school principal evaluation system	0	0	15,000	0	0	3000
2	Student assessments for new grades of Primary Education and Secondary Education levels validated in a pilot study	0	2	2	0	0	0
3	Additional grades at the Primary Education and Secondary Education levels in which sound national assessments are administered in at least two subject areas.	0	1	0	1	1	0
4	Results of national student assessments in new grades at the Primary Education and Secondary Education levels reported at the regional and school level.	0	0	0	1	1	1
5	National surveys carried out to evaluate child development progress and the quality of public Pre-primary Education services.	0	0	1	0	0	1
6	Borrower's (through MINEDU) participation in international assessments of student learning outcomes	Participati on in PISA 2012	Participati on in TERCE		Participat ion in PISA and ICCS		
7	National studies of classroom instructional practice in Primary Education and/or Secondary Education levels, as the case may be.	1	1	1	1	0	0
8	Results of national studies of classroom instructional practice reported at the national level.	1	1	0	2	1	0
9	School principals certified in school management nationwide	0	0	0	0	0	10,000