His Excellency
Mr. Gonzalo Tamayo Flores
Minister of Energy and Mines
Ministry of Energy and Mines
Av. Las Artes Sur 260, San Borja
Lima, Perú

Mr. Jorge Voto-Bernales Gatica
Executive Director
Peruvian Agency for International Cooperation
Av. José Pardo 261, Miraflores
Lima, Perú

Re: EITI Grant No. TF082994
Peru Subnational Implementation of EITI Project
Letter Agreement

Your Excellency:

In response to the request for financial assistance made on behalf of the Republic of Peru ("Recipient"), I am pleased to inform you that the International Bank for Reconstruction and Development ("World Bank"), acting as administrator of grant funds provided by multiple donors ("Donors") under the Extractive Industries Transparency Initiative ("EITI") Extractives Global Programmatic Support Multi-donor Trust Fund, proposes to extend to the Recipient a grant in an amount not to exceed five hundred thousand United States Dollars (USD 500,000) ("Grant") on the terms and conditions set forth or referred to in this letter agreement ("Agreement"), which includes the attached Annex, to assist in the financing of the project described in the Annex ("Project").

This Grant is funded out of the abovementioned trust fund for which the World Bank receives periodic contributions from the Donors. In accordance with Section 3.02 of the Standard Conditions (as defined in the Annex to this Agreement), the World Bank’s payment obligations in connection with this Agreement are limited to the amount of funds made available to it by the Donors under the abovementioned trust fund, and the Recipient’s right to withdraw the Grant proceeds is subject to the availability of such funds.

The Recipient represents, by confirming its agreement below, that it is authorized to enter into this Agreement and to carry out the Project in accordance with the terms and conditions set forth or referred to in this Agreement.

Av. Álvarez Calderón 185, Piso 7, San Isidro, Lima 27, Perú
Telf. (511) 622-2300
Please confirm the Recipient's agreement to the foregoing by having an authorized official of the Recipient sign and date the enclosed copy of this Agreement, and returning it to the World Bank.

Very truly yours,

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By

Alberto Rodriguez
Country Director for Bolivia, Chile, Ecuador, Peru and Venezuela
Latin America and the Caribbean

AGREED:

REPUBLIC OF PERU
Ministry of Energy and Mines

By

Authorized Representative

GONZALO TAMAYO FLORES
Ministro de Energía y Minas
Title

Date:

Peruvian Agency for International Cooperation

By

Authorized Representative

Name

Title

Date:

AGENCY COOPERATION INTERNATIONAL
Enclosures:

(2) Disbursement Letter of the same date as this Agreement, together with the "World Bank Disbursement Guidelines for Investment Project Financing", dated February 2017
(3) 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
(4) World Bank Procurement Regulations for Borrowers under Investment Project Financing" dated July 1, 2016
Article I  
Standard Conditions; Definitions

1.01. **Standard Conditions.** The Standard Conditions for Grants Made by the World Bank out of Various Funds dated February 15, 2012 ("Standard Conditions") constitute an integral part of this Agreement.

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, and the following additional items have the following meaning:

(a) "EITI MSG" or "MSG" means the Recipient’s National EITI Multi-Stakeholder Group, a high-level committee responsible for making policy reviews and decisions that are expected to affect all stakeholders.

(b) "EITI National Secretariat" means the administrative office within MINEM, or any successor or successors thereto, that will undertake Project activities, including monitoring and evaluation.

(c) "EITI Standard 2016" means the standard based on a February 2016 study commissioned to review and recommend formats and categories for data that are required or encouraged under the EITI Standard, as amended from time to time by the parties thereto.

(d) "MINEM" means the Recipient’s Ministry of Energy and Mines, or any successor or successors thereto, responsible for implementing and carrying out the fiduciary activities of the Project.

(e) "OGA" means Oficina General de Administración or the General Administrative Office within MINEM, or any successor or successors thereto, responsible for fiduciary functions under the Project, namely: financial management and reporting, disbursement arrangements, and auditing activities.

(f) "Social Management Office" means a unit within MINEM, or any successor or successors thereto, responsible for carrying out the technical aspects of the Project in coordination with other actors in project implementation including MSGs and subnational entities.

Article II  
Project Execution

2.01. **Project Objectives and Description.** The objective of the Project is to foster transparency and accountability in extractive industries and improve the quality of engagement by key local stakeholders around extractive industries in selected regions by: (i) influencing key extractive industries stakeholders to become more transparent and responsive; and (ii) enabling local organizations and individuals to demand information. The Project consists of the following parts:
Part 1. Increasing transparency

Providing support for disseminating extractive industries-related information, according to the EITI Standard 2016, to selected regions/district governments including, *inter alia*:

(a) publication and dissemination of subnational EITI Reports;
(b) production of summary reports; and
(c) organization of regional launch conferences and communication outreach/engagement.

Part 2. Voice and multi-stakeholder dialogue

Carrying out engagement and capacity-building activities for regional and local-level EITI MSGs including, *inter alia*:

(a) regional/sub-national report analysis workshops;
(b) training on communication techniques, principles of public engagement, transparency and accountability; and
(c) EITI implementation training.

Part 3. Fostering responsiveness

Providing support to local governments and extractive companies for, *inter alia*:

(a) a continued interaction between local stakeholders and civil society organizations on issues of interest throughout the extractives value chain;
(b) the design and use of social media communications products containing specific information on national and subnational EITI implementation; and
(c) expanding the dissemination of subnational activities related to transparency of extractive industries.

2.02. **Project Execution Generally.** The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall cause the Project to be carried out by its Ministry of Energy and Mines ("Project Implementing Entity"), 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 and revised in January 2011 and as of July 1, 2016 ("Anti-Corruption Guidelines"); and (c) this Article II.

2.03. **Institutional and Other Arrangements.** For purposes of carrying out the Project and without limitations upon the provisions of Section 2.02 above, the Recipient, through its Ministry of Energy and Mines, shall:

(a) provide in-kind contribution for carrying out administrative aspects of the Project including staff time of civil servants and office space for meetings through its EITI National Secretariat, supervised by a national coordinator;
(b) carry out the fiduciary aspects of the Project through its OGA;
(c) carry out the technical aspects of the Project through its Social Management Office;
ensure that the OGA and Social Management Office maintain at all times during Project implementation, staffing, resources, functions and responsibilities, satisfactory to the World Bank for the implementation of the Project;

(e) ensure the clarity of responsibilities between the EITI MSG and EITI National Secretariat and the complementary function of both entities;

(f) ensure that the terms of reference for any consultancies related to any of the Project activities, or the terms of reference for any technical assistance provided under the Project, shall be satisfactory to the World Bank; and

(g) prior to conducting any training or workshop under the Project, furnish to the World Bank for its review, the following information relating to such training or workshop: (i) objective and content of the respective training or workshop; (ii) criteria for the selection of the trainer or facilitator conducting such training or workshop, (iii) expected duration and an estimate cost of said training or workshop; and (iv) criteria for the selection of trainees or participants to said training or workshop.

2.04. Donor Visibility and Visit. (a) The Recipient, through its Ministry of Energy and Mines, shall take or cause to be taken all such measures as the World Bank may reasonably request to identify publicly the Donors’ support for the Project.

(b) For the purposes of Section 2.09 of the Standard Conditions, the Recipient, through its Ministry of Energy and Mines, upon the World Bank’s request, shall take all measures required on its part to enable the representatives of the Donors to visit any part of the Recipient’s territory for purposes related to the Project.

2.05. Project Monitoring, Reporting and Evaluation. (a) The Recipient, through its Ministry of Energy and Mines and with input from MSG, shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 2.06 of the Standard Conditions and on the basis of indicators acceptable to the World Bank. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the World Bank not later than one month after the end of the period covered by such report.

(b) The Recipient, through its Ministry of Energy and Mines and with input from MSG, shall 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 six months after the Closing Date.

2.06. Financial Management. (a) The Recipient, through its Ministry of Energy and Mines, 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 its Ministry of Energy and Mines, shall ensure that interim unaudited financial reports for the Project are prepared and furnished to the World Bank not later than forty-five (45) days after the end of each calendar semester, covering the semester, in form and substance satisfactory to the World Bank.

(c) The Recipient, through its Ministry of Energy and Mines, shall have its Financial Statements audited in accordance with the provisions of Section 2.07 (b) of the Standard Conditions. Such audit of the Financial Statements shall cover the entire period of during which
withdrawals from the Grant Account were made. The audited Financial Statements for such period shall be furnished to the World Bank not later than six months after the end of such period.

2.07. **Procurement.** All goods and consulting services required for the Project and to be financed out of the proceeds of the Grant shall be procured in accordance with the requirements set forth or referred to in the “World Bank Procurement Regulations for Borrowers under Investment Project Financing” dated July 1, 2016 (“Procurement Regulations”), and the provisions of the Recipient’s procurement plan for the Project (“Procurement Plan”) dated February 7, 2017 provided for under Section IV of the Procurement Regulations, as the same may be updated from time to time in agreement with the World Bank.

### Article III
**Withdrawal of Grant Proceeds**

3.01. **Eligible Expenditures.** (a) The Recipient, through its Ministry of Energy and Mines, may withdraw the proceeds of the Grant in accordance with the provisions of: (i) the Standard Conditions; (ii) this Section; and (iii) such additional instructions as the World Bank may specify by notice to the Recipient (including the “Disbursement Guidelines for Investment Project Financing”, dated February 2017, as revised from time to time by the World Bank and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the following table. The table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Grant (“Category”), the allocations of the amounts of the Grant to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

<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, consultants’ services, Operating Costs, and Training and Workshops under the Project</td>
<td>500,000</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>500,000</td>
<td></td>
</tr>
</tbody>
</table>

(b) For the purpose of this Section the terms:

(i) “Operating Costs” means reasonable operating costs required for the Project including consumable materials and supplies, communications, mass media and printing services, vehicle rental, operation and maintenance, charges for the opening and operation of bank accounts required for the Project, and travel, lodging and per diems, but excluding salaries of officials of the Recipient’s civil service.

(ii) “Training and Workshops” means the reasonable cost of: (A) training/workshop materials and rental of facilities and equipment; (B) tuition fees, travel, accommodation and per diem of trainers/facilitators and trainees/participants; and
any other expenses related to training and workshops to be carried out under the Project.

3.02. **Withdrawal Conditions.** Notwithstanding the provisions of Section 3.01 of this Agreement, no withdrawal shall be made for payments made prior to the date of this Agreement.

3.03. **Withdrawal Period.** The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is March 15, 2019.

**Article IV**

**Recipient's Representative; Addresses**

4.01. **Recipient's Representative.** The Recipient's Representative referred to in Section 7.02 of the Standard Conditions is the Minister of Energy and Mines.

4.02. **Recipient's Address.** The Recipient's Address referred to in Section 7.01 of the Standard Conditions is:

Ministry of Energy and Mines  
Av. Las Artes Sur 260, San Borja  
Lima, Perú

Telephone:  
51-1 626-9921

4.03. **World Bank's Address.** The World Bank's Address referred to in Section 7.01 of the Standard Conditions is:

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

Telex:  
248423 (MCI) or 64145 (MCI)  
Facsimile:  
1-202-477-6391