Mr. Alberto Paniagua  
Executive Director  
Fondo de Promoción de las Áreas Naturales Protegidas del Perú (PROFONANPE)  
Av. Javier Prado Oeste 2378  
San Isidro (Lima 27)  
Peru

Re: PERU: Strengthening Sustainable Management of the Guano Islands, Islets and Capes National Reserve System (RNSIIPG) Project  
(GEF Grant No.TF012909)

Dear Sir,

In response to the request for financial assistance made on behalf of (PROFONANPE or the “Recipient”), I am pleased to inform you that the International Bank for Reconstruction and Development (“World Bank”), acting as Implementing Agency of the Global Environment Facility (“GEF”), proposes to extend to the Recipient, for the benefit of the Republic of Peru (“Member Country”), a grant in an amount not to exceed one hundred sixty-eight thousand two hundred seventy-one United States Dollars (U.S.$ 168,271) (“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 activities described in the Annex (“Activities”). The objective of the Activities is to facilitate the preparation of a proposed project designed to improve the management effectiveness of the RNSIIPG by: (a) securing sustainable financing through the establishment and operation of an endowment fund and other sources of revenue; (b) developing socially viable biodiversity management models; and (c) building stakeholder capacity and scientific foundations, through training and adequately assessing and monitoring biodiversity and ecosystems dynamics (“Project”), for the carrying out of which the Recipient has requested the World Bank’s assistance.

This Grant is funded out of the GEF trust fund for which the World Bank receives periodic contributions from 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: (a) it is authorized to enter into this Agreement and to carry out the Activities in accordance with the terms and conditions set forth or referred to in this Agreement; and (b) it understands that the provision of this Grant does not constitute or imply any commitment on the part of the World Bank, either as Implementing Agency of the GEF or in its own capacity, to assist in the financing of the Project, all in accordance with the provisions of this Agreement.
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 return it to the World Bank. Upon receipt by the World Bank of this countersigned copy, this Agreement shall become effective as of the date of the countersignature; provided, however, that the offer of this Agreement shall be deemed withdrawn if the World Bank has not received the countersigned copy of this Agreement within 90 days after the date of signature of this Agreement by the World Bank, unless the World Bank shall have established a later date for such purpose.

Very truly yours,

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By [Signature]

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

AGREED:

PERUVIAN TRUST FUND FOR NATIONAL PARKS AND PROTECTED AREAS (PROFONANPE)

By: [Signature]

Authorized Representative

Name: [Name]
Title: [Executive Director]
Date: 16/10/2012


(2) Disbursement Letter of the same date as this Agreement, together with World Bank.

(3) Disbursement Guidelines for Projects, dated May 1, 2006.


Article I
Standard Conditions; Definitions


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; provided that for the purposes of this Agreement the term “Project”, whenever used in the Standard Conditions, shall mean the Activities referred to in Section 2.01 of this Annex.

1.03. For purposes of this Agreement, the following terms, whenever used in this Agreement, shall have the following meanings:


(b) “RNSIIPG” means Reserva Nacional del Sistema de Islas, Islotes y Puntas Guaneras, the Member Country’s Guano Islands, Islets and Capes National Reserve System.

Article II
Project Execution

2.01. **Project Objectives and Description.** The objective of the Activities is to assist the Recipient and engage stakeholders in the design and preparation of the Project. The Activities for which the Grant is provided consist of the following parts:

Part 1: Biodiversity Indicators, Priority Sites, and Collaborative Subprojects

(a) Development of a baseline to monitor marine biodiversity, including, *inter alia*: a revised selection of target species and indicators to track ecosystems health.

(b) Development of the criteria for the selection of Project sites.

(c) Design of a prototype for the carrying out of collaborative subprojects under the Project aimed at working with communities in sustainable marine resource management.

Part 2: Socioeconomic and Policy Context, Stakeholder Analysis, Social and Environmental Assessments and Institutional Needs

(a) Carrying out of an assessment of the socioeconomic conditions of local populations, to be incorporated in the Project design, including, *inter alia*: the identification of potential stakeholders and sites for the Project.
(b) Development of a baseline and targets of institutional development indicators to enable the management of the RNSIIPG based on the GEF’s management effectiveness tracking tool (METT) for marine protected areas.

(c) Establishment of a communications plan and mechanism to ensure the participation of local communities during Project implementation.


(a) Development of a monitoring and evaluation framework for the Project, including, inter alia: detail procedures for the monitoring and evaluation of subprojects under the Project.

(b) Carrying out of an assessment to determine the roles and responsibilities of local institutions and organizations during the implementation of the Project.

2.02. Project Execution of the Activities Generally. The Recipient declares its commitment to the objectives of the Activities. To this end, the Recipient shall carry out the Activities 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 (“Anti-Corruption Guidelines”); and (c) this Article II.

2.03. Institutional and Other Arrangements. During the implementation of the Activities, the Recipient shall ensure that the terms of reference for any consultancies related to studies, technical assistance or capacity building that may have implications or could affect environmentally or socially sensitive areas, incorporate the requirements of the World Bank’s Safeguard Policies, in a manner acceptable to the World Bank.

2.04. Monitoring, Reporting and Evaluation of the Activities. (a) The Recipient shall monitor and evaluate the progress of the Activities 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 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.

2.05. Financial Management. (a) The Recipient 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 shall ensure that interim unaudited financial reports for the Activities are prepared and furnished to the World Bank 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 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 entire period 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.

2.06. Procurement. All goods, works, non-consulting services, and/or consulting services required for the Activities and to be financed, fully or partially, out of the proceeds of the Grant shall be procured in accordance with the requirements set forth or referred to in 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 (“Procurement Guidelines”), and the “Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers”, dated January 2011 (“Consultant Guidelines”).

2.07. Any contract for Eligible Expenditures to be financed in full or in part out of the proceeds of the Grant shall be included in the procurement plan prepared by the Recipient and approved by the Bank in accordance with the Procurement Guidelines and the Consultant Guidelines, prior to initiating the procurement process for any such contract.

Article III
Withdrawal of Grant Proceeds

3.01. Eligible Expenditures. (a) The Recipient 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 “World Bank Disbursement Guidelines for Projects” dated May 2006, 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) Consultants' services, Workshops and Operating Costs.</td>
<td>168,271</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>168,271</td>
<td></td>
</tr>
</tbody>
</table>

(b) For the purpose of this Section the term: (i) “Workshops” means expenditures (excluding consultants' services) incurred by the Recipient, including seminars, workshops and conference, and costs associated with such activity include travel and subsistence costs for training participants, costs of securing the services of trainers, rental of training facilities, preparation and reproduction of training materials and other costs directly related to course preparation and implementation; and (ii) “Operating Costs” means the reasonable incremental
operating expenses incurred by the Recipient on account of the implementation, management and monitoring of the Activities, including, *inter alia:* operation and maintenance costs of office and office equipment; office supplies, additional staff costs, travel and supervision costs, *per diem,* but excluding the salaries and indemnities of officials and public servants of the Member Country’s civil service.

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 countersignature of this Agreement by the Recipient, except that withdrawals up to an aggregate amount not to exceed thirty thousand United States Dollars (U.S. $30,000) equivalent may be made for payments made prior to this date but on or after July 15, 2012 for Eligible Expenditures.

3.03. **Withdrawal Period.** The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is September 30, 2013.

**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 its Executive Director.

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

Peruvian Trust Fund for National Parks and Protected Areas (PROFONANPE)  
Av. Javier Prado Oeste 2378  
San Isidro (Lima 27)  
Peru  

Facsimile:  
+51-1-218-1049

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  

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