Loan Agreement

(Cusco Transport Improvement Project – Mejoramiento del Transporte en la Ciudad del Cusco)

between

REPUBLIC OF PERU

and

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

Dated July 24, 2014
LOAN AGREEMENT

Agreement dated July 24, 2014, between the REPUBLIC OF PERU ("Borrower") and 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) constitute an integral 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, on the terms and conditions set forth or referred to in this Agreement, the amount of one hundred and twenty million United States Dollars (USD120,000,000), as such amount may be converted from time to time through a Currency Conversion in accordance with the provisions of Section 2.07 of this Agreement ("Loan"), to assist in financing the project described in Schedule 1 to this Agreement ("Project").

2.02. The Borrower may withdraw the proceeds of the Loan in accordance with Section IV 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 Economy and Finance, or its Director General of Indebtedness and Public Treasury of the Ministry of Finance ("MEF"), and/or any other person whom the Minister and/or the Director shall designate and communicate in writing to the Bank.

2.03. The Front-end Fee payable by the Borrower shall be equal to one quarter of one percent (0.25%) of the Loan amount. The Borrower shall pay the Front-end Fee not later than 60 days after the Effective Date.

2.04. The interest payable by the Borrower for each Interest Period shall be at a rate equal to the Reference Rate for the Loan Currency plus the Variable Spread; provided, that upon a Conversion of all or any portion of the principal amount of the Loan, the interest payable by the Borrower during the Conversion Period on such amount shall be determined in accordance with the relevant provisions of Article IV of the General Conditions. Notwithstanding the foregoing, if any amount of the Withdrawn Loan Balance remains unpaid when due and such non-payment continues for a period of thirty days, then the interest payable by the
Borrower shall instead be calculated as provided in Section 3.02 (e) of the General Conditions.

2.05. The Payment Dates are March 15 and September 15 in each year.

2.06. The principal amount of the Loan shall be repaid in accordance with the amortization schedule set forth in Schedule 3 to this Agreement.

2.07. (a) The Borrower may at any time request any of the following Conversions of the terms of the Loan in order to facilitate prudent debt management: (i) a change of the Loan Currency of all or any portion of the principal amount of the Loan, withdrawn or unwithdrawn, to an Approved Currency; (ii) a change of the interest rate basis applicable to: (A) all or any portion of the principal amount of the Loan withdrawn and outstanding from a Variable Rate to a Fixed Rate, or vice versa; or (B) all or any portion of the principal amount of the Loan withdrawn and outstanding from a Variable Rate based on a Reference Rate and the Variable Spread to a Variable Rate based on a Fixed Reference Rate and the Variable Spread, or vice versa; or (C) all of the principal amount of the Loan withdrawn and outstanding from a Variable Rate based on a Variable Spread to a Variable Rate based on a Fixed Spread; and (iii) the setting of limits on the Variable Rate or the Reference Rate applicable to all or any portion of the principal amount of the Loan withdrawn and outstanding by the establishment of an Interest Rate Cap or Interest Rate Collar on the Variable Rate or the Reference Rate.

(b) Any conversion requested pursuant to paragraph (a) of this Section that is accepted by the Bank shall be considered a "Conversion", as defined in the General Conditions, and shall be effected in accordance with the provisions of Article IV of the General Conditions and of the Conversion Guidelines.

ARTICLE III — PROJECT

3.01. The Borrower declares its commitment to the objective of the Project. To this end, the Borrower shall cause the Regional Government of Cusco, acting through PER Plan COPESCO, to carry out the Project pursuant to the provisions of the Resources Transfer Agreement, in collaboration with CPM, and in accordance with the provisions of Article V of the General Conditions.

3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Borrower and the Bank shall otherwise agree, the Borrower shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.
ARTICLE IV — REMEDIES OF THE BANK

4.01. The Additional Events of Suspension consist of the following, namely, that the Borrower and or the Regional Government of Cusco have amended, suspended, abrogated, repealed, waived, or failed to enforce the Resource Transfer Agreement, whether in whole or in part, so as to affect materially and adversely the ability of the Regional Government of Cusco to perform any of its obligations thereunder.

4.02. The Additional Event of Acceleration consists of the following, namely, that any event specified in Section 4.01 above occurs and is continuing for a period of 60 days after notice of the event has been given by the Bank to the Borrower.

ARTICLE V — EFFECTIVENESS; TERMINATION

5.01. The Additional Conditions of Effectiveness consist of the following:

(a) the Resources Transfer Agreement has been executed on behalf of the Borrower and the Regional Government of Cusco; and

(b) PER Plan COPESCO has prepared and adopted the Project Operations Manual in a manner acceptable to the Bank.

5.02. The Additional Legal Matter consists of the following, namely, that the Resource Transfer Agreement has been duly authorized or ratified by the Borrower and the Region of Cusco and is legally binding upon the Borrower and the Regional Government of Cusco in accordance with its terms.

5.03. The Effectiveness Deadline is the date 90 days after the date of this Agreement, but in no case later than 18 months after the Bank’s approval of the Loan (i.e. no later than August 28, 2015).

ARTICLE VI — REPRESENTATIVE; ADDRESSES

6.01. The Borrower’s Representative is its Minister of Economy and Finance, provided that the Borrower’s Director of Indebtedness and Public Treasury, 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.
6.02. The Borrower's Address is:

Ministry of Economy and Finance
Jr. Junín 319
Lima, Peru
Facsimile: +51 (1) 626-9921

6.03. The Bank's Address is:

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

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

AGREED at Lima, Peru, as of the day and year first above written.

REPUBLIC OF PERU

By

Authorized Representative

Name: Luis Miguel Castilla
Title: MINISTRO ECONOMIA Y FINANZAS

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By

Authorized Representative

Name: Jorge Paníñer
Title: VICE PRESIDENTE PARA AMERICA LATINA Y EL CARIBE

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SCHEDULE 1

Project Description

The objective of the Project is to improve mobility in the east-west corridor of Cusco Provincial Municipality.

The Project consists of the following parts:

Component 1: Integral Improvement of the Via Expresa Avenue of the City of Cusco (PIP- Mejoramiento Integral de la Via Expresa de la Ciudad del Cusco: Ovalo Los Libertadores-Puente Costanera-Nodo Versalles)

(a) Carrying out of final detailed design studies for the completion of the construction of the Via Expresa Avenue; and (ii) based on the final detailed designs mentioned in (i) herein, carrying out of civil works which comprise of approximately 6.7 km of a divided roadway with four local access lanes and four lanes for a total width of approximately 50 meters for purposes of improving connectivity and permeability in the surrounding urban road network for pedestrians, bicycle users and motorized vehicles.

(b) Carrying out of supervision activities of the design and civil works referred to in (a)(i) and (ii) above.

(c) Provision and installation of horizontal and vertical road signaling, including traffic lights, and a control system compatible with CPM’s current traffic light control system.

(d) Acquisition of land and provision of compensation (including cash compensation and other assistance paid for involuntary resettlement) related to implementation of the Project’s Resettlement Plan.

Component 2: Improvement of Mobility in the City of Cusco (Componente de Consultorías)

(a) Mobility plan for the Historical Center of the City of Cusco: Provision of support for the development and improvement of a mobility plan in the historical center of the city of Cusco, paying special attention to the protection and exaltation of its condition as World Heritage Site, and focused on the improvement of mobility for users of public and non-motorized transport modes, and reducing traffic congestion caused by inefficient use of vehicles in the historic city center.

(b) Design of a strategy for the strengthening of the management capacity for the implementation of the public transport plan, strengthening CPM’s traffic authorities capacity for the implementation of public transport and traffic
regulation plans, mobility planning, financing and acquisition of transport models, hardware, planning software and monitoring systems, as well as the provision of training for CPM’s technical transport planning personnel.

(c) Bicycle Use Promotion: Designing and implementing pedestrian and biking paths circuits in peri-urban areas to foster the use of bicycles and other non-motorized modes of transport, including the construction of a biking path in the Vía Expresa Avenue and the development of a bicycle path network plan.

(d) Provision of support for the management of the road network of the City of Cusco: (i) provision of support to CPM’s infrastructure office to strengthen its capacity to prepare a urban road network maintenance management strategy, including annual plans (aimed at enhancing the condition of the existing roadways), and their budgets and to implement said plans based on results; and (ii) provision of support to CPM on transport infrastructure works in the greater metropolitan area of the CPM, including the provision of software and hardware to enhance management capacities and to better control the condition of the roadways and to monitor the state of the road network.

Component 3: Institutional Strengthening and Monitoring and Evaluation (Capacitación del Personal, Contratación de Consultores, Monitoreo y Sistematización)

(a) Strengthening of the institutional capacity of PER Plan COPESCO in order to enhance its institutional capabilities required for the successful implementation of Project activities, including Project technical support on procurement, safeguards, and financial management requirements (including audits).

(b) Provision of support for the carrying out of monitoring activities as well as mid-term and impact evaluation surveys in order to evaluate the Project’s impacts, including social impacts and livelihood improvements for low-income groups, women, the disabled and other vulnerable segments of society.

Component 4: Project Management (Gestión y Administración del Programa)

Strengthening of the institutional capacity of PER Plan COPESCO for the oversight and supervision of Project activities, through the provision of goods, consultants’ services and operating costs.
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Subsidiary Agreement

1. To facilitate the carrying out of the Project by the Regional Government of Cusco, the Borrower shall on-lend the proceeds of the Loan to the Regional Government of Cusco under a subsidiary agreement to be entered into between the Borrower and the Regional Government of Cusco, under terms and conditions approved by the Bank ("Resources Transfer Agreement"); which shall include, *inter alia*:

   (a) the roles and responsibilities of the Regional Government of Cusco, acting through PER Plan COPESCO, with regard to the implementation of the Project;

   (b) the obligation of the Regional Government of Cusco, acting through PER Plan COPESCO, to carry out the Project in accordance with the Safeguard Documents; and

   (c) the obligation of the Regional Government of Cusco, acting through PER Plan COPESCO, to comply with the pertinent obligations, requirements, procedures, criteria and standards set forth in the General Conditions, including, *inter alia*, the obligation to prepare Financial Statements and make them publicly available, the Procurement Guidelines, the Consultants Guidelines, the Anti-Corruption Guidelines and the Project Operations Manual.

2. The Borrower shall exercise its rights and carry out its obligations under the Resource Transfer Agreement in such manner as to protect the interests of the Borrower and the Bank and to accomplish the purposes of the Loan. Except as the Bank shall otherwise agree, the Borrower shall not assign, amend, abrogate, waive, terminate or fail to enforce the Resource Transfer Agreement or any of its provisions.

3. Notwithstanding the foregoing, in the event of a conflict between the provisions of the foregoing Resource Transfer Agreement and those of this Agreement (including the additional instructions referred to in Section IV.A.1 of this Schedule), the provisions of this Agreement shall prevail.
B. Institutional Arrangements

1. The Borrower shall cause the Regional Government of Cusco, acting through PER Plan COPESCO, to carry out the Project using its existing structure and shall have dedicated staff assigned to coordinate and manage Project implementation, with experience and qualifications defined in the Project Operations Manual, and vested with financial resources, functions and competencies required for the carrying out of the day-to-day implementation of Project activities, including the inter-institutional coordination with CPM and other line agencies, the carrying out of planning, procurement, financial management, monitoring and reporting activities, as well as the implementation of, and monitoring and enforcement of contractors' compliance with, the provisions of the Safeguard Documents.

2. The Borrower shall cause the Regional Government of Cusco, acting through PER Plan COPESCO, and for the purposes of assisting in the carrying out of the Project and to formalize their respective responsibilities under the Project to:

   (a) not later than 30 days after the Effectiveness Date, enter into an agreement with CPM under terms and conditions satisfactory to the Bank ("Implementation Agreement"); and

   (b) exercise its rights and carry out its obligations under the Implementation Agreement and in such manner as to protect the interests of the Borrower and the Bank and to accomplish the purposes of the Loan. Except as the Bank shall otherwise agree, the Borrower shall not assign, amend, abrogate, waive, or fail to enforce the Implementation Agreement or any of its provisions, whether in whole or in part.

3. The Borrower, not later than 30 days after the Effectiveness Date, shall cause the Regional Government of Cusco, acting through PER Plan COPESCO, to update, in a manner satisfactory to the Bank, the existing Delegation Agreement signed between the Regional Government of Cusco and the CPM.

C. Operations Manual

The Borrower shall cause the Regional Government of Cusco, acting through PER Plan COPESCO, to:

(a) implement the Project in accordance with the Project Operations Manual; provided however that in the event of conflict between the provisions of said manual and those of this Agreement, the provisions of this Agreement shall prevail; and

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(b) refrain from amending, suspending, waiving, and/or voiding any provision of the Project Operations Manual, whether in whole or in part, without the prior written concurrence of the Bank.

D. Anti-Corruption

The Borrower shall ensure, and cause the Regional Government of Cusco, acting through PER Plan COPESCO to ensure, that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.

E. Safeguards

1. The Borrower shall cause the Regional Government of Cusco, acting through PER Plan COPESCO, to:

   (a) carry out the Project in accordance/compliance with the Environmental and Social Impact Assessment ("ESIA"); and the Resettlement Plan; and

   (b) refrain from taking any action which would prevent or interfere with the implementation of the Safeguard Documents, including any amendment, suspension, waiver, and/or voidance of any provision of the Safeguard Documents, whether in whole or in part, without the prior written concurrence of the Bank.

2. After the completion of the final detailed designs mentioned in Component 1 (a) (i) of the Project, but prior to the commencement of the civil works under Component 1 (a) (ii) of the Project, the Borrower shall cause the Regional Government of Cusco, acting through PER Plan COPESCO, to ensure that:

   (a) all necessary governmental permits and clearances for such civil works, shall have been obtained from the competent governmental authority/ies and submitted to the Bank;

   (b) if applicable, that the Safeguard Documents have been revised, updated and disclosed in a manner satisfactory to the Bank;

   (c) all resettlement measures set forth in the applicable Safeguard Documents for such civil works shall have been fully executed, including the full payment of compensation prior to displacement and/or the provision of relocation assistance to all Displaced Persons; and

   (d) all land acquisition required for such civil works shall have been concluded and such land shall be free of encumbrances and ready to be handed over to the winning bidder, all in a manner acceptable to the Bank.
3. The Borrower shall cause the Regional Government of Cusco (acting through PER Plan COPESCO) to ensure that each contract for civil works under the Project includes the obligation of the relevant contractor to comply with the relevant Safeguard Documents applicable to such civil works commissioned/awarded pursuant to said contract.

4. Without limitation to Section 3.01 of this Agreement, the Borrower shall cause the Regional Government of Cusco (acting through PER Plan COPESCO) to ensure that the Operational Costs expenditures for the Project are financed exclusively out of the Regional Government of Cusco’s own resources, and, to this end, shall cause the Regional Government of Cusco to provide, promptly as needed, the funds, services, facilities and other resources required therefor.

5. For purposes of Component 2 of the Project, the Borrower shall cause the Regional Government of Cusco (acting through PER Plan COPESCO) to ensure that the terms of reference of any consultancy contract entered under such Component shall be satisfactory to the Bank, following its review thereof, and to that end, such terms of reference shall duly incorporate the requirement of the Bank’s Safeguards Policies then in force, as applied to the advice conveyed through such technical assistance.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

1. The Borrower shall cause the Regional Government of Cusco, acting through PER Plan COPESCO, to monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 5.08 of the General Conditions and on the basis of the indicators set forth in the Project Operations Manual. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the Bank not later than 45 days after the end of the period covered by such report.

2. The Borrower shall cause the Regional Government of Cusco, acting through PER Plan COPESCO, to prepare and furnish to the Bank by no later than six months after the Closing Date, the report on the execution of the Project set forth in Section 5.08 (c) of the General Conditions.

B. Financial Management, Financial Reports and Audits

1. The Borrower shall maintain, and cause the Regional Government of Cusco (acting through PER Plan COPESCO) to maintain, a financial management system in accordance with the provisions of Section 5.09 of the General Conditions.
2. Without limitation on the provisions of Part A of this Section, the Borrower shall cause the Regional Government of Cusco (acting through PER Plan COPESCO) to prepare and furnish to the Bank, as part of each Project Report, interim financial reports for the Project covering the pertinent calendar semester, in form and substance satisfactory to the Bank.

3. The Borrower shall cause the Regional Government of Cusco (acting through PER Plan COPESCO) to have the Financial Statements of the Project, audited in accordance with the provisions of Section 5.09 (b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one fiscal year of the Borrower and the Regional Government of Cusco, commencing with the fiscal year in which the first withdrawal was made. The audited Financial Statements for each such period shall be furnished to the Bank not later than six months after the end of such period.

4. For purposes of paragraph 3 above, the Borrower shall, no later than six months of the Effective Date, select and contract the services of a qualified and experienced auditor, acceptable to the Bank, under terms of reference satisfactory to the Bank, to serve as independent external auditor for a period of at least three consecutive years.

Section III. Procurement

A. General

1. Goods, Works and Non-consulting Services. All goods, works and non-consulting services required for the Project and to be financed out of the proceeds of the Loan shall be procured in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, and with the provisions of this Section.

2. Consultants’ Services. All consultants’ services required for the Project and to be financed out of the proceeds of the Loan shall be procured in accordance with the requirements set forth or referred to in Sections I and IV of the Consultant Guidelines and with the provisions of this Section.

3. Definitions. The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Bank of particular contracts refer to the corresponding method described in Sections II and III of the Procurement Guidelines, or Sections II, III, IV and V of the Consultant Guidelines, as the case may be.
B. Particular Methods of Procurement of Goods, Works and Non-consulting Services

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods, works and non-consulting services shall be procured under contracts awarded on the basis of International Competitive Bidding.

2. **Other Methods of Procurement of Goods, Works and Non-consulting Services.** The following methods, other than International Competitive Bidding, may be used for procurement of goods, works and non-consulting services for those contracts specified in the Procurement Plan:

<table>
<thead>
<tr>
<th>Procurement Methods:</th>
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<tbody>
<tr>
<td>(a) Limited International Bidding.</td>
</tr>
<tr>
<td>(b) National Competitive Bidding subject to the additional provisions set forth in paragraph 3 below.</td>
</tr>
<tr>
<td>(c) Shopping.</td>
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<tr>
<td>(d) Direct Contracting.</td>
</tr>
</tbody>
</table>

3. **Special Provisions for National Competitive Bidding.** In addition and without limitation or restriction to any other provisions set forth in this Section or the Procurement Guidelines, the following provisions shall govern the procurement of goods, works and non-consulting services with National Competitive Bidding procedures under this Section:

(a) foreign bidders shall not be required to be locally registered as a condition of participation in the bidding selection process;

(b) no reference value (*precio referencial*) shall be required for publication in the bidding documents or used for the purpose of bid evaluation;

(c) award of contracts shall be based exclusively on price and, whenever appropriate, shall take into account factors that can be quantified objectively, and the procedure for such quantification shall be disclosed in the invitation to bid;

(d) foreign bidders shall be allowed to participate in National Competitive Biddings without restriction, and shall not be subject to any unjustified requirement which will affect their ability to bid such as, but not limited to, the requirement to authenticate (*legalizar*) their bidding documents or any document related to such bidding documents with either Peruvian
Consulates, the Borrower’s Ministry of Foreign Affairs, or any Peruvian authorities as a prerequisite of bidding; and

(e) the Regional Government of Cusco, acting through PER Plan COPESCO, shall use standard bidding documents and standard evaluation formats; all satisfactory to the Bank.

C. Particular Methods of Procurement of Consultants’ Services

1. **Quality- and Cost-based Selection.** Except as otherwise provided in paragraph 2 below, consultants’ services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection.

2. **Other Methods of Procurement of Consultants’ Services.** The following methods, other than Quality and Cost-based Selection, may be used for procurement of consultants’ services for those contracts which are specified in the Procurement Plan:

<table>
<thead>
<tr>
<th>Procurement Methods:</th>
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</thead>
<tbody>
<tr>
<td>(a) Quality-based Selection.</td>
</tr>
<tr>
<td>(b) Selection based on Consultants’ Qualifications.</td>
</tr>
<tr>
<td>(c) Selection under a Fixed Budget.</td>
</tr>
<tr>
<td>(d) Least Cost Selection.</td>
</tr>
<tr>
<td>(e) Single-source Selection of consulting firms.</td>
</tr>
<tr>
<td>(f) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants.</td>
</tr>
<tr>
<td>(g) Single-source procedures for the Selection of Individual Consultants.</td>
</tr>
</tbody>
</table>

3. In addition and without limitation or restriction to any other provisions set forth in this Section or the Consultant Guidelines, the following provisions shall govern all procurement of consultants’ services:

(a) foreign consultants shall not be required to be locally registered as a condition of participation in the selection process;

(b) foreign consultants shall not be required to authenticate (legalizar) any documentation related to their participation in the selection process with Peruvian Consulates, the Borrower’s Ministry of Foreign Affairs, or any Peruvian authorities as a condition of participation in said selection process;
(c) the Regional Government of Cusco, acting through PER Plan COPESCO, shall use standard requests for proposals and standard evaluation formats, all satisfactory to the Bank;

(d) foreign consultants, either individuals or firms, shall not be required to pay fees to the Peruvian Consultants' Association that are different from those required for Peruvian consultants; and

(e) no individual consultant financed out of the proceeds of the Loan shall, at the time he or she is carrying out his or her contractual obligations as consultant, hold civil service office or any other position in any agency or instrumentality of the Borrower, nor shall such consultant have any right to re-entry into any such office or position upon the conclusion of his or her consulting services.

D. Review by the Bank of Procurement Decisions

The Procurement Plan shall set forth those contracts which shall be subject to the Bank's Prior Review. All other contracts shall be subject to Post Review by the Bank.

Section IV. Withdrawal of Loan Proceeds

A. General

1. The Borrower may withdraw the proceeds of the Loan in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Bank shall specify by notice to the Borrower (including the "World Bank Disbursement Guidelines for Projects" dated May 2006, as revised from time to time by the Bank and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the table in paragraph 2 below.

2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Loan ("Category"), the allocation of the amounts of the Loan 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 Loan Allocated (expressed in USD)</th>
<th>Percentage of Expenditures to be financed</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, works, non-consulting services, consultants’ services, Training and Workshops under the Project.</td>
<td>116,000,000</td>
<td>up to 100%</td>
</tr>
<tr>
<td>(2) Land acquisition and compensation for land acquisition related to the implementation of the Resettlement Plan under Component 1(d) of the Project.</td>
<td>4,000,000</td>
<td>up to 100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>120,000,000</td>
<td></td>
</tr>
</tbody>
</table>

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made: (a) from the Loan Account until the Bank has received payment in full of the Front-end Fee; and (b) for payments made prior to this Agreement.

2. The Closing Date is June 30, 2019.
SCHEDULE 3

Amortization Schedule

1. The following table sets forth the Principal Payment Dates of the Loan and the percentage of the total principal amount of the Loan repayable on each Principal Payment Date ("Installment Share"). If the proceeds of the Loan have been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined by the Bank by multiplying: (a) Withdrawn Loan Balance as of the first Principal Payment Date; by (b) the Installment Share for each Principal Payment Date, such repayable amount to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.

<table>
<thead>
<tr>
<th>Principal Payment Date</th>
<th>Installment Share (Expressed as a Percentage)</th>
</tr>
</thead>
<tbody>
<tr>
<td>On each March 15 and September 15 Beginning on March 15, 2022 through March 15, 2035</td>
<td>3.57%</td>
</tr>
<tr>
<td>On September 15, 2035</td>
<td>3.61%</td>
</tr>
</tbody>
</table>

2. If the proceeds of the Loan have not been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined as follows:

(a) To the extent that any proceeds of the Loan have been withdrawn as of the first Principal Payment Date, the Borrower shall repay the Withdrawn Loan Balance as of such date in accordance with paragraph 1 of this Schedule.

(b) Any amount withdrawn after the first Principal Payment Date shall be repaid on each Principal Payment Date falling after the date of such withdrawal in amounts determined by the Bank by multiplying the amount of each such withdrawal by a fraction, the numerator of which is the original Installment Share specified in the table in paragraph 1 of this Schedule for said Principal Payment Date ("Original Installment Share") and the denominator of which is the sum of all remaining Original Installment Shares for Principal Payment Dates falling on or after such date, such amounts repayable to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.
3. (a) Amounts of the Loan withdrawn within two calendar months prior to any Principal Payment Date shall, for the purposes solely of calculating the principal amounts payable on any Principal Payment Date, be treated as withdrawn and outstanding on the second Principal Payment Date following the date of withdrawal and shall be repayable on each Principal Payment Date commencing with the second Principal Payment Date following the date of withdrawal.

(b) Notwithstanding the provisions of sub-paragraph (a) of this paragraph, if at any time the Bank adopts a due date billing system under which invoices are issued on or after the respective Principal Payment Date, the provisions of such sub-paragraph shall no longer apply to any withdrawals made after the adoption of such billing system.

4. Notwithstanding the provisions of paragraphs 1 and 2 of this Schedule, upon a Currency Conversion of all or any portion of the Withdrawn Loan Balance to an Approved Currency, the amount so converted in the Approved Currency that is repayable on any Principal Payment Date occurring during the Conversion Period, shall be determined by the Bank by multiplying such amount in its currency of denomination immediately prior to the Conversion by either: (a) the exchange rate that reflects the amounts of principal in the Approved Currency payable by the Bank under the Currency Hedge Transaction relating to the Conversion; or (b) if the Bank so determines in accordance with the Conversion Guidelines, the exchange rate component of the Screen Rate.

5. If the Withdrawn Loan Balance is denominated in more than one Loan Currency, the provisions of this Schedule shall apply separately to the amount denominated in each Loan Currency, so as to produce a separate amortization schedule for each such amount.
APPENDIX

Section I. Definitions


2. "Bank's Safeguards Policies" means the Bank's operational policies and procedures, set forth in the Bank's operational manual and identified as OP/BP 4.01, 4.04, 4.09, 4.10, 4.11, 4.12, 4.36, 4.37, 7.50 and 7.60, as said manual is published under www.worldbank.org/opmanual.

3. "Category" means a category set forth in the table in Section IV of Schedule 2 to this Agreement.


5. "Cusco Provincial Municipality or CPM" means one of the municipalities comprising the autonomous region of Cusco, or any successor thereto.

6. "Delegation Agreement" means the Convenio No. 00015 para la Formulación y Ejecución del Proyecto de Inversión Pública de Competencia Municipal Exclusiva, the agreement entered into between the Regional Government of Cusco and the CMP on June 21, 2012, as amended, and referred to in Section I.B.3 of Schedule 2 to this Agreement.

7. "Displaced Persons" means persons who, on account of the execution of the Project, have experienced or would experience direct economic and social impacts caused by: (a) the involuntary taking of land, resulting in: (i) relocation or loss of shelter; (ii) loss of assets or access to assets; or (iii) loss of income sources or means of livelihood, whether or not such persons must move to another location; or (b) the involuntary restriction of access to legally designated parks and protected areas, resulting in adverse impact on the livelihoods of such persons.

8. "Environmental and Social Impact Assessments" and the acronym "ESIA" mean, collectively, the social and environmental impact assessments dated December 3, 2013 (acceptable to the Bank), and published on the web page www.copesco.gob.pe prepared by PER Plan COPESCO, which assessments evaluate the likely positive and negative environmental and social impact of Project activities and include an environmental and social management plan; as
the same may be revised, updated or supplemented from time to time with the
class written concurrence of the Bank.

9. “General Conditions” means the “International Bank for Reconstruction and

10. “Implementation Agreement” means the agreement referred to in Section 1.B.2 of
Schedule 2 to this Agreement.

11. “MEF” means the Ministry of Economy and Finance of the Borrower, or any
successor thereto.

12. “PER Plan COPESCO” means the special commission established by the
Borrower pursuant to Supreme Decree No. 001-69-IC/DS, dated April 25, 1969,
under the auspices of the Borrower’s Ministry of Industry and Tourism, for the
supervision of the touristic and cultural plan PERU-UNESCO, and subsequently
transferred to the Region of Cusco pursuant to the Borrower’s Supreme Decree

and Non-consulting Services under IBRD Loans and IDA Credits and Grants by
World Bank Borrowers” dated January 2011.

14. “Procurement Plan” means the Borrower’s procurement plan for the Project,
dated December 3, 2013 in paragraph 1.18 of the Procurement Guidelines and
paragraph 1.25 of the Consultant Guidelines, as the same shall be updated from
time to time in accordance with the provisions of said paragraphs.

15. “Project Operations Manual” means the manual to be adopted by PER Plan
COPESCO, pursuant to Section 1.C of Schedule 2 to this Agreement setting forth
the guidelines and procedures for the implementation of the Project, including: (i)
the allocation of functions, powers, and responsibilities of PER Plan COPESCO;
(ii) the financial management arrangements, activity planning and budgetary
procedures; (iii) the mechanism to ensure compliance with procurement
requirement and the Safeguards Documents; (iv) guidelines and procedures to be
followed in connection with the findings of cultural property; and (v) the
monitoring and evaluation and reporting requirements/framework for Project
activities; as said manual may be amended from time to time subject to the prior
concurrence of the Bank.

16. “Regional Government of Cusco” means the executive branch of the autonomous
region of Cusco, as established/acknowledge under Article 2 of Law 27867 of
November 16, 2002 as amended, or any successor thereto.
17. "Resettlement Plan" means Plan de Compensación y Reasentamiento Involuntario – (PACRI), the plan dated December 4, 2013 prepared and adopted by PER Plan COPESCO and acceptable to Bank, published in the web site www.copesco.gob.pe, in respect of the proposed activities under Component 1 of the Project, defining protocols and procedures to ensure the payment of compensation at full replacement cost, and/or the provision of resettlement, assistance to Displaced Persons; as such plan may be revised, updated or supplemented, from time to time, subject to the prior written concurrence of the Bank.

18. "Resources Transfer Agreement" means the agreement referred to in Section I.A.1 of Schedule 2 to this Agreement.

19. "Safeguard Documents" means, collectively, the Resettlement Plan and the ESIA.

20. "Training and Workshops" means the reasonable expenditures (other than consultants' and non-consulting services) incurred by PER Plan COPESCO, for the carrying out of training activities, and/or study tours, conferences and workshops conducted and/or attended by PER Plan COPESCO’s staff and/or the Project’s stakeholders, including reasonable costs for the purchase and printing/publication of materials, rental of training facilities, course/registration fees, travel, subsistence, and per diem for trainers and trainees.

21. "World Heritage Site" means a place that is listed by the United Nations Education, Scientific and Cultural Organization -UNESCO- as of special cultural or physical significance and with importance to the common heritage of humanity.