Her Excellency
Mrs. Maria Antonieta Alva Luperdi
Minister of Economy and Finance
Ministry of Economy and Finance
Jr. Junín 319, Cercado de Lima
Lima, Perú

Re: Peru: Strengthening the Science, Technology and Innovation System Project (Loan No. 8682-PE)
Second Amendment to the Loan Agreement

Excellency:

Please refer to the Loan Agreement between the International Bank for Reconstruction and Development (the “Bank”) and the Republic of Peru (the “Borrower”) for the Strengthening the Science, Technology and Innovation System Project (“Project”) dated February 8, 2017 (“Loan Agreement”), as amended. The capitalized terms used in this letter (“Amendment Letter”) and not defined herein have the meaning ascribed to them in the Loan Agreement.

We also refer to the Borrower’s request, through the Ministry of Economy and Finance, dated March 2, 2020 (Oficio No. 183-2020-EF/52.04) indicating certain changes in the implementation arrangements on account of Law No. 30806, approved in July 2018, whereby the administrative and fiduciary management of FONDECYT was absorbed by CONCYTEC, as well as a reallocation of resources from Component 3 to Component 2 to support scale-up activities under sub-component 2.3 of the Project.

We are pleased to inform you that the Bank agrees with the Borrower’s request, and proposes to amend the Loan Agreement as follows:

1. Section I.A.2 in Schedule 2 (Project Execution) to the Loan Agreement is hereby amended to read as follows:

“2. **Project Implementation Team**: The Borrower shall ensure that FONDECYT assigned (adscrito) to CONCYTEC, with administrative and fiduciary support from CONCYTEC, shall: (a) maintain, until the completion of the Project, a team (the PIT) responsible for the management, coordination, supervision, monitoring and evaluation of the Project, including all procurement, financial management, safeguard aspects related to the Project; and (b) hire no later than one month after the Effective Date, and thereafter maintain, key staff in said PIT with functions, experience, responsibilities and qualifications acceptable to the Bank, as described in the Operational Manual, including a Project coordinator, an adjunct Project coordinator; at least three technical experts, one procurement specialist, one financial management specialist, one budget and planning specialist, one legal specialist, and one communication specialist, to support the implementation of the Project.”

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2. The table specifying the categories of Eligible Expenditures under Section IV.A.2 in Schedule 2 (Project Execution) to the Loan Agreement is hereby amended to read as follows:

<table>
<thead>
<tr>
<th>“Category”</th>
<th>Amount of the Loan Allocated (expressed in USD)</th>
<th>Percentage of Expenditures to be financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Matching Grants under Parts 2.3 (Productivity and Innovation Matching Grants Type 1) and 3</td>
<td>32,262,600</td>
<td>100% of amounts disbursed under each Matching Grant</td>
</tr>
<tr>
<td>(2) Consulting' services and Non-consulting Services required for Matching Grants under Part 3</td>
<td>3,157,400</td>
<td>100% of amounts disbursed</td>
</tr>
<tr>
<td>(3) Goods, Non-consulting Services, consulting services, Operating Costs and Training required under the Project, excluding Parts 2.3 and 3 of the Project</td>
<td>7,307,300</td>
<td>100%</td>
</tr>
<tr>
<td>(4) Goods, Non-consulting Services, consulting services, Operating Costs and Training required for Matching Grants under Part 2.3 (Productivity and Innovation Matching Grants Type 2)</td>
<td>2,272,700</td>
<td>100% of amounts disbursed</td>
</tr>
<tr>
<td>Total Amount</td>
<td>45,000,000</td>
<td></td>
</tr>
</tbody>
</table>

3. The following Definitions in the Appendix to the Loan Agreement are hereby amended to read as follows:

   “5. “CONCYTEC” means Consejo Nacional de Ciencia, Tecnología e Innovación Tecnológica, the Borrower’s National Council for Science, Technology, and Technological Innovation, a specialized technical entity (organismo) assigned (adscrito) to PCM, as established and operating under the Borrower’s Law No. 28303 dated July 27, 2004, as modified by Law No. 30806 of July 5, 2018.”

   “9. “FONDECYT” means Fondo Nacional de Desarrollo Científico, Tecnológico y de Innovación Tecnológica, the Borrower’s National Fund for Scientific, Technological and Innovation Development, an implementation agency assigned (adscrito) to CONCYTEC, as established and operating under the Borrower’s Law No. 28303 dated July 27, 2004, as modified by Law No. 30806 of July 5, 2018.”

   “19. “PIT” means the Project Implementation Team created within FONDECYT and CONCYTEC and referred to in Section I.A.2 of Schedule 2 to this Agreement, or any successor to thereto acceptable to the Bank.”

All the terms and conditions of the Loan Agreement, except as amended hereby, shall remain in full force and effect.

Finally, during the Project’s mid-term review carried out in July 2019, the Borrower and the Bank reviewed the Project’s progress towards achieving the PDO and results indicators, and mutually reached a
H. E. Maria Antonieta Alva Luperdi

Conclusion that minor adjustments needed to be made to the Project's intermediate results indicators; those changes will be reflected accordingly in the Project Operational Manual, pursuant to Section II.A.1 of Schedule 2 to the Loan Agreement.

Please confirm the Borrower's agreement to the amendment by signing and dating this Amendment Letter in the spaces provided below. All other provisions of the Loan Agreement, except as amended through this Amendment Letter, shall remain in full force and effect. This Amendment Letter shall be executed in two (2) counterparts each of which shall be an original.

The provisions set forth in this Amendment Letter shall become effective upon the date of the countersignature and receipt by the Bank of one fully executed original of this Amendment Letter.

The Restructuring Paper dated April 30, 2020 will be disclosed on the Bank's external website.

Very truly yours,

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By

Marianne Fay
Director
Bolivia, Chile, Ecuador and Peru

AGREED:

MINISTRY OF ECONOMY AND FINANCE OF PERU

By: Authorized Representative

Name: Jose. Olivares
Title: Director General
Date: 28/05/2020

cc: Mr. Jose Andres Olivaes Canchari
General Director of Public Treasury
Ministry of Economy and Finance