

CONFORMED COPY

LOAN NUMBER 7969-PE

Loan Agreement

(Justice Services Improvement Project II)

between

REPUBLIC OF PERU

and

**INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT**

Dated December 14, 2010

LOAN AGREEMENT

Agreement dated December 14, 2010, between 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 twenty million Dollars (\$20,000,000), 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 Minister of Economy and Finance or the Borrower’s Director of Public Indebtedness or any person whom any of them shall designate in writing.
- 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 Notwithstanding the foregoing, if any amount of the Withdrawn Loan Balance remains unpaid when due and such non-payment continues for a period of thirty days, then the interest payable by the Borrower shall instead be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 May 15 and November 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 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 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 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.
- (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 objectives of the Project. To this end, the Borrower, through the PCU, in coordination with the Participating Institutions, shall carry out the Project, pursuant to the provisions of the Subsidiary Agreement, 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:
- (a) the AMAG’s Organic Law, the CNM’s Organic Law, the AGO’s Organic Law, the MINJUS’ Organic Law and/or the Judiciary’s Organic Law or any provision thereof shall have been amended, suspended, abrogated,

repealed or waived or not enforced in such manner so as to affect materially and adversely, in the opinion of the Bank, the ability of the Borrower or any of the Participating Institutions to carry out any of their obligations under this Agreement; and

- (b) the Borrower or any authority having jurisdiction shall have taken any action concerning the Participating Institutions that would materially affect, in the opinion of the Bank, the ability of the Participating Institutions to carry out any of their respective obligations under this Agreement.

4.02. The Additional Events of Acceleration consist of the following:

- (a) Any event specified in paragraph (b) of Section 4.01 of this Agreement occurs and is continuing for a period of 60 days after notice of the event has been given by the Bank to the Borrower.
- (b) Any event specified in paragraph (a) of Section 4.01 of this Agreement occurs.

ARTICLE V — EFFECTIVENESS; TERMINATION

5.01. The Additional Conditions of Effectiveness consist of the following, namely that the Subsidiary Agreement has been executed on behalf of the Borrower, through MEF, and the Participating Institutions.

5.02. Without prejudice to the provisions of the General Conditions, the Effectiveness Deadline is the date ninety (90) days after the date of this Agreement, but in no case later than the eighteen (18) months after the Bank's approval of the Loan which expire on May 18, 2012.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

6.01. The Borrower's Representative is the Minister of Economy and Finance, provided that the Borrower's Director of Public Indebtedness 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, Perú

Facsimile: (511) 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:	Telex:	Facsimile:
INTBAFRAD Washington, D.C.	248423(MCI) or 64145(MCI)	1-202-477-6391

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

REPUBLIC OF PERU

By /s/ Ismael Benavides Ferreyros
Authorized Representative

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By /s/ Carlos Felipe Jaramillo
Authorized Representative

SCHEDULE 1

Project Description

The objectives of the Project are to improve the quality of service delivery by the Participating Institutions and to enhance access to justice with a focus on citizens' need for justice services.

The Project consists of the following parts:

Part A: Improved Justice Services Delivery

1. Strengthening of the strategic planning and managerial capabilities of the Participating Institutions, through, *inter alia*:
 - (a) the application of case management procedures and the improvement of planning and budget management capacity; and
 - (b) the design and implementation of mechanisms for the coordination of administrative and jurisdictional functions, and for monitoring and performance-based management.
2. Strengthening of the operational capabilities of Participating Institutions, through, *inter alia*:
 - (a) (i) the design and implementation of a case filing system in courts of the Judiciary; (ii) the design and launching of technological platforms and statistical plans for case management for the Judiciary and AGO; and (iii) the development and installation of an electronic consultation system of case files ("information kiosks") for the Judiciary and AGO, including the carrying out of minor civil works;
 - (b) (i) the design and implementation of institutional mechanisms to promote coordination within, and among Participating Institutions; (ii) the development and installation of software for the Judiciary's web portal; (iii) the development and installation of information systems within the AGO; and (iv) the development and implementation of a notification system for the Judiciary; and
 - (c) the development and implementation of service delivery mechanisms to support the reduction of processing time and the improvement of efficiency in attention of users by the Judiciary and AGO, including the design of regulations and a pilot plan for introducing oral proceedings in labor and civil cases by the Judiciary.

3. Strengthening of the capacity of Participating Institutions to implement the new CPC, in accordance with the CPC Implementation Strategy, through, *inter alia*:
 - (a) the development of case and administrative management systems aimed at coordinating information managed by the Participating Institutions, including for the management of caseload data within and among Participating Institutions pursuant to the provisions of the CPC;
 - (b) the design and implementation of training activities on the CPC procedural reforms, for personnel of the Participating Institutions;
 - (c) the carrying out of minor works for the refurbishment, including equipping, of courtrooms, AGO offices and MINJUS' public defense offices, required for the implementation of oral proceedings;
 - (d) the development and implementation of a joint communications strategy for the Participating Institutions, in coordination with the Commission for Implementation of the CPC; and
 - (e) the carrying out of minor civil works for the refurbishment of the legal medical institute within the AGO to establish a forensic laboratory.

Part B: Improved Human Resources Management Capacity

1. Strengthening of managerial capabilities of the Participating Institutions, through, *inter alia*:
 - (a) the design and implementation of: (i) professional development plans for personnel of the Judiciary; and (ii) human resources planning and management models for the Participating Institutions;
 - (b) the support of the institutional capabilities of CNM to improve its human resources processes for, *inter alia*: (i) the development and validation of job profiles; (ii) the development and adoption of recruitment processes and instruments, including registries and communication strategies; (iii) the design and implementation of a system to evaluate the judges' and prosecutors' performance in accordance with the relevant job profile; (iv) the identification of post-selection training programs, in coordination with AMAG; and (v) the carrying out of minor civil works to refurbish CNM central office to install new technological equipment; and
 - (c) the support of the managerial capacities of CNM for, *inter alia*: (i) the development of human resources administrative rules and procedures for the CNM; and (ii) the development and installation of information systems

for the Judiciary and AGO to improve access to legal databases of their personnel.

2. Support of the development and implementation of integrated judicial training programs in AMAG, through, *inter alia*, the development of training courses and materials, including for:
 - (a) the development of a specialized program for those interested in joining the Judiciary;
 - (b) the development of planning and learning tools adapted to the needs of the personnel of the Judiciary, MINJUS' public defense, and AGO;
 - (c) the design of an evaluation system for the training programs; and
 - (d) the creation of electronic libraries, virtual information centers, and carrying out of minor civil works for the installation of conference facilities, including videoconferencing.

Part C: Enhanced Transparency and Access to Justice

1. Strengthening of the transparency and anticorruption efforts of the Participating Institutions, through, *inter alia*:
 - (a) the support of the disciplinary capacity of the Judiciary, including: (i) the provision of anticorruption training for personnel of the Judiciary; (ii) the establishment of institutional coordination mechanisms among administrative units in the justice sector; and (iii) the development of mechanisms to oversee the functioning of judicial institutions, through joint activities with the Peruvian civil society; and
 - (b) the support of OCMA, including: (i) the development and implementation of managerial tools to improve the Judiciary's efficiency and transparency; and (ii) the development and implementation of a communication strategy.
2. Promoting an equitable delivery of justice services for the poor, through, *inter alia*:
 - (a) (i) the support for the creation of new ALEGRAs, including the carrying out of minor civil works and the acquisition of equipment; and (ii) the development and implementation of training programs for legal aid providers and personnel of ALEGRAs;

- (b) the support of managerial capabilities of MINJUS, including the design and implementation of user-centered service delivery strategies and mechanisms; and
- (c) the support of the public legal education program, including the dissemination of information and consultation with community leaders, local authorities, and representatives of grassroots organizations.

Part D: Project Management, Monitoring and Evaluation

1. Strengthening of the PCU, including improving its procurement, financial management and monitoring and evaluation capabilities.
2. Provision of technical assistance to the PCU to carry out the audits referred to in Section II.B.4 of Schedule 2 to this Agreement.
3. Strengthening of the management, monitoring and evaluation capabilities of the Participating Institutions for the carrying out of Project activities.

SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. Steering Committee

- (a) The Borrower, through the Participating Institutions, shall maintain, at all times, until the completion of the Project, a steering committee (CDP) with membership, structure, functions and responsibilities satisfactory to the Bank, as set forth in the Operational Manual.
- (b) The CDP shall be responsible, *inter alia*, for: (i) providing overall policy and strategic guidance to ensure timely Project implementation; (ii) ensuring appropriate inter-institutional coordination among the Participating Institutions, and promoting the resolution of any issues which may affect Project implementation; and (iii) carrying out general oversight and quality assurance controls to ensure efficient Project implementation pursuant to the provisions of this Agreement and the Subsidiary Agreement.

2. Project Coordination Unit

- (a) The Borrower, through the Judiciary, shall maintain, at all times until the completion of the Project, the Project coordination unit (PCU), within the Judiciary, with functions and responsibilities satisfactory to the Bank, as set forth in the Operational Manual.
- (b) The Borrower, through the Judiciary, shall take all necessary measures, to timely allocate part of the proceeds of the Loan to maintain the PCU staffed, at all times throughout Project implementation, by qualified and experienced technical and administrative staff in adequate numbers, with the core functions required for the effective implementation of the Project (including a Project coordinator, a procurement specialist, an accountant, and a disbursement specialist), all with terms of reference satisfactory to the Bank.

B. Implementation Actions

1. Project Operational Manual

- (a) The Borrower, through the PCU and the Participating Institutions, shall carry out, and/or cause to be carried out the Project, in accordance with the provisions of a manual satisfactory to the Bank, the Operational Manual, which shall include, *inter alia*, the following provisions: (i) guidelines for the preparation of AOP; (ii) detailed terms of reference, procedures and timetable for the establishment and maintenance of financial management, accounting and auditing systems under the Project; (iii) procedures, requirements and standard bidding documents for the procurement of minor works, goods and consultants' services financed under the Project by the PCU; (iv) institutional and administrative mechanisms established to ensure inter-institutional coordination, including the terms of reference and functions and responsibilities of the Participating Institutions, CDP, the PCU, and the coordination staff of the Participating Institutions; (v) terms of reference and procedures for the monitoring and evaluation of Project implementation; (vi) the format of: (A) the unaudited interim financial reports referred to in Section II.B.2 of this Schedule, and (B) the Financial Statements; (vii) the Project indicators; and (viii) the environmental guidelines for the Project, including procedures to prevent, mitigate, and manage any potential environmental negative impact of minor civil works carried out under the Project.
- (b) Except as the Borrower and the Bank may otherwise agree in writing, the Borrower, through the PCU and the Participating Institutions, shall not abrogate, amend, suspend, waive or otherwise fail to enforce the Operational Manual or any provision thereof.
- (c) In case of any conflict between the terms of the Operational Manual and this Agreement, the provisions of this Agreement will prevail.

2. Annual Operating Plan

For the purposes of carrying out of the Project, the Borrower, through the PCU, shall:

- (a) prepare, in accordance with guidelines detailed in the Operational Manual, and, starting on February 28, 2011 and thereafter by not later than November 30 of each year of Project implementation, submit to the Bank a consolidated annual operating plan (AOP) satisfactory to the Bank, which plan shall include, *inter alia*: (i) a description of Project activities to be carried out during the year following the date of presentation of each such plan (based on the list of prioritized activities under each

Participating Institution's responsibility for the relevant year, prepared by each said Participating Institution); (ii) a timetable for the implementation of said activities; and (iii) a financial plan, including a budget plan (detailing the amount of counterpart funds to be provided in the relevant year); and

- (b) thereafter take all measures required to ensure the efficient completion and achievement of said AOP, based on the views of the Bank on said plan.

C. Subsidiary Agreement

1. To facilitate the carrying out the Project, the Borrower, through MEF, shall enter into an agreement with all Participating Institutions (the Subsidiary Agreement), under terms and conditions satisfactory to the Bank, and in accordance with those set forth in the Operational Manual, which shall include, *inter alia*: (a) the obligation of the PCU to comply with its obligations under this agreement; and (b) the obligation of each of the Participating Institutions to: (i) prepare and submit to the PCU, for purposes of the preparation of the relevant AOP, a list of prioritized activities, under its responsibility for the relevant year; (ii) implement the Project activities under its responsibility in accordance with the AOP for the relevant year, and as set forth in the Operational Manual; (iii) provide the corresponding counterpart funds for the financing of the Project activities under its responsibility; and (iv) take or permit to be taken all actions to enable the Borrower, through MEF and the PCU, to comply with its obligations under this Agreement.
2. The Borrower, through MEF and the PCU, shall exercise its rights and comply with its obligations under the Subsidiary 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, or fail to enforce the Subsidiary Agreement or any of its provisions.

D. Anti-Corruption

The Borrower, through the Participating Institutions and the PCU, shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.

Section II. Project Monitoring Reporting and Evaluation

A. Project Reports

1. The Borrower, through the PCU, shall 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 Operational Manual. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the Bank not later than forty five calendar days after the end of the period covered by such report.
2. For purposes of Section 5.08 (b) of the General Conditions, the Borrower, through the PCU, shall, no later than April 30, 2013, exchange views with the Bank (the mid-term review) on the execution of the Project, and the pertinent Project Reports covering the last two calendar semesters preceding the date of said mid-term review.

B. Financial Management, Financial Reports and Audits

1. The Borrower, through the PCU, shall maintain or cause to be maintained 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, through the PCU, shall prepare and furnish to the Bank as part of the Project Report, interim unaudited financial reports for the Project covering the pertinent semester, in form and substance satisfactory to the Bank.
3. The Borrower, through the PCU, shall have its Financial Statements 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. 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. The Borrower, through the PCU, shall, not later than six months after the Effective Date, hire an independent auditor, with experience and qualifications acceptable to the Bank, and under terms of reference acceptable to the Bank, for purposes of carrying out the independent audits referred to in Section 5.09 (b) of the General Conditions.

Section III. Procurement

A. General

1. **Goods and Works.** All goods and works 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 the Procurement Guidelines, or Consultant Guidelines, as the case may be.

B. Particular Methods of Procurement of Goods and Works

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods and works shall be procured under contracts awarded on the basis of International Competitive Bidding procedures.
2. **Other Methods of Procurement of Goods and Works.** The following table specifies the methods of procurement, other than International Competitive Bidding, which may be used for goods and works. The Procurement Plan shall specify the circumstances under which such methods may be used.

<u>Procurement Method</u>
(a) National Competitive Bidding
(b) Shopping
(c) Direct Contracting

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 table specifies the methods of procurement, other than Quality and Cost-based Selection, which may be used for consultants' services. The Procurement Plan shall specify the circumstances under which such methods may be used.

<u>Procurement Method</u>
(a) Quality-Based Selection
(b) Selection under a Fixed Budget
(c) Least Cost Selection
(d) Selection Based on the Consultants' Qualifications
(e) Single Source Selection
(f) Procedures set forth in paragraphs 5.2 through 5.4 of the Consultant Guidelines for the Selection of Individual Consultants
(g) Sole Source Procedures for the Selection of Individual Consultants set forth in paragraph 5.4 of the Consultant Guidelines for the Selection of Individual Consultants

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.

E. Special Provisions

1. 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, and works with National Competitive Bidding procedures:
 - (a) Foreign bidders shall not be required to be locally registered as a condition of participation in the selection process.
 - (b) No reference value shall be required for publication in the bidding documents or used for the purpose of 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 Bidding 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 their bidding documents or any documentation related to such bidding documents with either Peruvian Consulates, the Ministry of Foreign Affairs, or any Peruvian authorities as a prerequisite of bidding.

- (e) The Borrower shall use standard bidding documents and standard evaluation formats, all satisfactory to the Bank.
2. 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 employment of consultants:
- (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 any documentation related to their participation in the selection process with either Peruvian Consulates, the Ministry of Foreign Affairs, or any Peruvian authorities as a condition of participation in said selection process.
 - (c) The Borrower 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.
 - (e) No consultant hired for the Project, at the time he or she is carrying out his or her contractual obligations as consultant, may hold civil service office or any other position in any agency 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.

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.

Category	Amount of the Loan Allocated (expressed in USD)	Percentage of Expenditures to be financed (inclusive of Taxes)
(1) Minor works	3,472,500	100%
(2) Goods	5,970,000	100%
(3) Consultants' services	6,979,500	100%
(4) Training	2,135,000	100%
(5) Operating Costs	1,246,000	100%
(6) Unallocated	197,000	
TOTAL AMOUNT	20,000,000	

For purposes of this paragraph:

- (a) the term "Operating Costs" means the incremental expenses incurred on account of Project implementation, including office equipment, communication costs, office administration costs, travel, and supervision costs of locally contracted employees; and
- (b) the term "Training" means reasonable expenditures (other than those for consultants' services) for: (i) travel, room, board and *per diem* expenditures incurred by trainers and trainees in connection with the carrying out of training activities; (ii) course fees; (iii) training facility rentals; and (iv) training material preparation, acquisition, reproduction and distribution expenses.

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; or
 - (b) for payments made prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed \$500,000 equivalent may be made for payments made prior to this date but on or after April 1, 2010, for Eligible Expenditures.

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2. The Closing Date is September 30, 2015.

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 payable 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.

Principal Payment Date	Installment Share (Expressed as a Percentage)
November15, 2021	25 %
May15, 2022	17%
November15, 2022	19%
May 15, 2023	11%
November15, 2023	28%

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: (i) 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 (ii) 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

1. “AGO” means *Ministerio Público-Fiscalía de la Nación*, the Borrower’s Attorney General’s Office established and operating pursuant to the provisions of Chapter X of the Borrower’s Constitution and AGO’s Organic Law (as hereinafter defined), or any successor or successors thereto acceptable to the Bank.
2. “AGO’s Organic Law” means *Ley Orgánica del Ministerio Público*, the Borrower’s Legislative Decree No. 052 dated March 16, 1981, duly published in the Borrower’s Official Gazette dated March 18, 1981, as amended to the date of this Agreement.
3. “ALEGRA” means *Asistencia Legal Gratuita*, the Borrower’s legal aid centers administered by MINJUS.
4. “AMAG” means *Academia de la Magistratura*, the Borrower’s judicial and prosecutorial academy established and operating pursuant to the provisions of Article 151 of the Borrower’s Constitution and AMAG’s Organic Law (as hereinafter defined), or any successor or successors thereto acceptable to the Bank.
5. “AMAG’s Organic Law” means *Ley Orgánica de la Academia de la Magistratura*, the Borrower’s Law No. 26335 dated July 20, 1994, duly published in the Borrower’s Official Gazette dated July 21, 1994, as amended to the date of this Agreement.
6. “Anti-Corruption Guidelines” means the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006, with the modifications set forth in Section II of this Appendix.
7. “AOP” means any of the annual operating plans referred to in Section I.B.2 (a) of Schedule 2 to this Agreement.
8. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
9. “CDP” means *Comité Directivo del Proyecto*, the steering committee referred to in Section I.A.1 (a) of Schedule 2 to this Agreement, established under the First Project, with the incorporation of AGO in accordance with the CDP’s resolution (*Acta de Sesión XII*) dated September 14, 2009, which mandate has been extended throughout the implementation of this Project by CDP’s resolution (*Acta de Sesión XIV*) dated March 11, 2010.

10. “CNM” means *Consejo Nacional de la Magistratura*, the Borrower’s judicial council established and operating pursuant to the provisions of Article 150 of the Constitution and the provisions of CNM’s Organic Law (as hereinafter defined), or any successor or successors thereto acceptable to the Bank.
11. “CNM’s Organic Law” means *Ley Orgánica del Consejo Nacional de la Magistratura*, the Borrower’s Law No. 26397 dated November 25, 1994, duly published in the Borrower’s Official Gazette dated December 7, 1994, as amended to the date of this Agreement.
12. “Commission for the Implementation of the CPC” means *Comisión Especial de Implementación del Código Procesal Penal*, the Borrower’s Special Commission for the Implementation of the CPC, established by the Borrower’s Legislative Decree No. 958, dated July 28, 2004, duly published in the Borrower’s Official Gazette on July 29, 2004, as amended to the date of this Agreement.
13. “Constitution” means *Constitución Política del Perú*, the Borrower’s Constitution dated October 31, 1993, as amended to the date of this Agreement.
14. “Consultant Guidelines” means the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” published by the Bank in May 2004 and revised in October 2006 and May 2010.
15. “CPC” means *Código Procesal Penal*, the Borrower’s Criminal Procedure Code, enacted by the Borrower’s Legislative Decree No. 957, dated July 28, 2004, duly published in the Borrower’s Official Gazette on July 29, 2004, as amended to the date of this Agreement.
16. “CPC Implementation Strategy” means, jointly: (a) the Borrower’s working plan for the implementation of the CPC (*Plan de Trabajo de la Comisión Especial de Implementación del Código Procesal Penal*), dated June 2007, as this document may be amended from time to time by the Commission for the Implementation of the CPC; and (b) the Borrower’s timetable for the implementation of the CPC (*Calendario Oficial de Aplicación Progresiva del Código Procesal Penal*), established in the Borrower’s Legislative Decree No. 958, dated July 28, 2004, duly published in the Borrower’s Official Gazette on July 29, 2004, as amended to the date of this Agreement.
17. “First Project” means the Justice Services Improvement Project financed in part with the proceeds of the loan No.7219-PE pursuant to the provisions set forth in the loan agreement entered into between the Borrower and the Bank, dated November 30, 2004.
18. “General Conditions” means the “International Bank for Reconstruction and Development General Conditions for Loans”, dated July 31, 2010.

19. “Judiciary” means *Poder Judicial*, the Borrower’s judicial branch responsible for administering and delivering judicial services in the Borrower’s territory, pursuant to the provisions of Chapter VIII of the Constitution, and the provisions of the Judiciary’s Organic Law (as hereinafter defined).
20. “Judiciary’s Organic Law” means *Texto Unico Ordenado de la Ley Orgánica del Poder Judicial*, the Borrower’s Supreme Decree N° 017-93-JUS dated May 28, 1993 published in the Borrower’s Official Gazette on June 2, 1993, setting forth the organization, roles and responsibilities of the Judiciary, as amended to the date of this Agreement.
21. “MEF” means *Ministerio de Economía y Finanzas*, the Borrower’s Ministry of Economy and Finance, and any successor or successors thereto.
22. “MINJUS” means *Ministerio de Justicia*, the Borrower’s Ministry of Justice, or any successor or successors thereto acceptable to the Bank.
23. “MINJUS’ Organic Law” means *Ley Orgánica del Sector Justicia*, the Borrower’s Law Decree (*Decreto Ley*) N° 25993 dated December 7, 1992, duly published in the Borrower’s Official Gazette on December 24, 1992, as amended to the date of this Agreement.
24. “OCMA” means *Oficina de Control de la Magistratura*, the anti-corruption office of the Judiciary, with functions and responsibilities set forth in the OCMA regulations (*Reglamento de Organización y Funciones de la Oficina de Control de la Magistratura del Poder Judicial*), approved by the Judiciary’s administrative resolution No. 129-2009-CE-PJ, as said regulations have been amended to the date of this Agreement.
25. “Operational Manual” means the Borrower’s manual dated June 2010, acceptable to the Bank, referred to in Section I.B.1 of Schedule 2 to this Agreement.
26. “Participating Institution” means any of the following institutions within the Borrower’s judicial sector: AMAG, CNM, the Judiciary, MINJUS, and AGO, approved by the Bank for participation under the Project.
27. “PCU” means the Project Coordination Unit, within the Judiciary, referred to in Section I.A.2 of Schedule 2 to this Agreement, established under the First Project, with functions and responsibilities set forth in the Operational Manual, or any successor or successors thereto acceptable to the Bank.
28. “Procurement Guidelines” means the “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the Bank in May 2004 and revised in October 2006 and May 2010.

29. “Procurement Plan” means the Borrower’s procurement plan for the Project, dated September 20, 2010 and referred to in paragraph 1.16 of the Procurement Guidelines and paragraph 1.24 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.
30. “Subsidiary Agreement” means the agreement referred to in Section I.C.1 of Schedule 2 to this Agreement.

Section II. Modifications to the Anti-Corruption Guidelines

The modifications to the Anti-Corruption Guidelines are as follows:

1. Section 5 is re-numbered as Section 5(a) and a new Section 5(b) is added to read as follows:

“... (b) These Guidelines also provide for the sanctions and related actions to be imposed by the Bank on Borrowers (other than the Member Country) and all other individuals or entities who are recipients of Loan proceeds, in the event that the Borrower or the individual or entity has been debarred by another financier as a result of a determination by such financier that the Borrower or the individual or entity has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of a financing made by such financier.”

2. Section 11(a) is modified to read as follows:

“... (a) sanction in accordance with prevailing Bank’s sanctions policies and procedures (fn13) a Borrower (other than a Member Country) (fn 14) or an individual or entity, including (but not limited to) declaring such Borrower, individual or entity ineligible publicly, either indefinitely or for a stated period of time: (i) to be awarded a Bank-financed contract; (ii) to benefit from a Bank-financed contract, financially or otherwise, for example as a sub-contractor; and (iii) to otherwise participate in the preparation or implementation of the project or any other project financed, in whole or in part, by the Bank, if at any time the Bank determines (fn 15) that such Borrower, individual or entity has engaged in corrupt, fraudulent, collusive, coercive or obstructive practices in connection with the use of loan proceeds, or if another financier with which the Bank has entered into an agreement for the mutual enforcement of debarment decisions has declared such person or entity ineligible to receive proceeds of financings made by such financier or otherwise to participate in the preparation or implementation of any project financed in whole or in part by such financier as a result of a determination by such financier that the Borrower or the individual or entity has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of a financing made by such financier.”

Footnotes:

“13. An individual or entity may be declared ineligible to be awarded a Bank financed contract upon completion of sanctions proceedings pursuant to the Bank’s sanctions policies and procedures, or under the procedures of temporary suspension or early temporary suspension in connection with an ongoing sanctions proceeding, or following a sanction by another financier with whom the Bank has entered into a cross debarment agreement, as a result of a determination by such financier that the firm or individual has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of a financing made by such financier.”

“14. Member Country includes officials and employees of the national government or of any of its political or administrative subdivisions, and government owned enterprises and agencies that are not eligible to bid under paragraph 1.8(b) of the Procurement Guidelines or participate under paragraph 1.11(c) of the Consultant Guidelines.”

“15. The Bank has established a Sanctions Board, and related procedures, for the purpose of making such determinations. The procedures of the Sanctions Board sets forth the full set of sanctions available to the Bank. In addition, the Bank has adopted an internal protocol outlining the process to be followed in implementing debarments by other financiers, and explaining how cross-debarments will be posted on the Bank’s website and otherwise be made known to staff and other stakeholders.”