



W 8306-PE

July 24, 2014

Mr. Luis Miguel Castilla Rubio
Minister of Economy and Finance
Ministry of Economy and Finance
Jr. Junín 319
Lima, Perú

Re: IBRD Loan 8306-PE (Cusco Regional Development Project)
Additional Instructions: Disbursement Letter

Excellency,

I refer to the Loan Agreement between the International Bank for Reconstruction and Development (the "Bank") and Peru (the "Borrower") for the above-referenced project, dated July 24, 2014. The Agreement provides that the Bank may issue additional instructions regarding the withdrawal of the proceeds of Loan 8306-PE ("Loan"). This letter ("Disbursement Letter"), as revised from time to time, constitutes the additional instructions.

The attached *World Bank Disbursement Guidelines for Projects*, dated May 1, 2006, ("Disbursement Guidelines") (Attachment 1) are an integral part of the Disbursement Letter. The manner in which the provisions in the Disbursement Guidelines apply to the Loan is specified below. Sections and subsections in parentheses below refer to the relevant sections and subsections in the Disbursement Guidelines and, unless otherwise defined in this letter, the capitalized terms used have the meanings ascribed to them in the Disbursement Guidelines.

I. Disbursement Arrangements

(i) Disbursement Methods (section 2). The following Disbursement Methods may be used under the Financing:

- Reimbursement
- Advances
- Direct Payments

(ii) Disbursement Deadline Date (subsection 3.7). The Disbursement Deadline Date is four (4) months after the Closing Date specified in the Loan Agreement. Any changes to this date will be notified by the World Bank.

(iii) Disbursement Conditions (subsection 3.7). Please refer to the Disbursement Condition(s) in Schedule 2, Section IV. B of the Loan Agreement.

II. Withdrawal of Financing Proceeds

(i) Authorized Signatures (subsection 3.1). A letter in the Form attached (Attachment 2) should be furnished to the World Bank at the address indicated below providing the name(s) and specimen signature(s) of the official(s) authorized to sign Applications:

The World Bank
1818 H Street, NW
Washington D.C., 20433, USA
Attention: Livia Benavides, Acting Director

(ii) Applications (subsections 3.2 - 3.3). Please provide completed and signed (a) applications for withdrawal together with supporting documents required, to the address indicated below:

Banco Mundial
Setor Comercial Norte
Quadra 02, Lote A
Edifício Corporate Finance Center
7º andar
70712-900 Brasilia, D.F.
Brazil
Attention: Loan Department

(iii) Electronic Delivery (subsection 3.4) The Bank may permit the Borrower to electronically deliver to the Bank Applications (with supporting documents) through the Bank's Client Connection, web-based portal. The option to deliver Applications to the Bank by electronic means may be effected if: (a) the Borrower has designated in writing, pursuant to the terms of subparagraph (i) of this Section, its officials who are authorized to sign and deliver Applications and to receive secure identification credentials ("SIDC") from the Bank for the purpose of delivering such Applications by electronic means; and (b) all such officials designated by the Borrower have registered as users of Client Connection. If the Bank agrees, the Bank will provide the Borrower with SIDC for the designated officials. Following which, the designated officials may deliver Applications electronically by completing Form 2380, which is accessible through Client Connection (<https://clientconnection.worldbank.org>). The Borrower may continue to exercise the option of preparing and delivering Applications in paper form. The Bank reserves the right and may, in its sole discretion, temporarily or permanently disallow the electronic delivery of Applications by the Borrower.

(iv) Terms and Conditions of Use of SIDC to Process Applications. By designating officials to use SIDC and by choosing to deliver the Applications electronically, the Borrower confirms through the authorized signatory letter its agreement to: (a) abide by the *Terms and Conditions of Use of Secure Identification Credentials in connection with Use of Electronic Means to Process Applications and Supporting Documentation* ("Terms and Conditions of Use of Secure Identification Credentials") provided in Attachment 3; and (b) to cause such official to abide by those terms and conditions.

(v) Minimum Value of Applications (subsection 3.5). The Minimum Value of Applications for Reimbursement and Direct Payment is US\$500,000.

(vi) Advances (sections 5 and 6) to COPESCO.

- **Type of Designated Account (subsection 5.3):** Segregated.
- **Currency of Designated Account (subsection 5.4):** US Dollars.
- **Financial Institution at which the Designated Account Will Be Opened (subsection 5.5):** Banco de la Nación.
- **Ceiling (subsection 6.1):** US\$1,000,000.

III. Reporting on Use of Financing Proceeds

(i) Supporting Documentation (section 4). Supporting documentation should be provided with each application for withdrawal as set out below:

- **For requests for Reimbursement:**
 - Records evidencing eligible expenditures (e.g., copies of receipts, supplier invoices) for payments made under contracts for:
 - Goods and Works costing US\$150,000 equivalent per contract or more;
 - Consultant firms costing US\$100,000 equivalent per contract or more; and
 - Individual consultants and Non-Consultant Services, and Training costing US\$50,000 equivalent or more;
 - Statement of Expenditure in the form attached (Attachment 4) for payments, including Operating Costs that do not exceed the thresholds established above; and
 - List of payments for contract subject to prior in the form attached (Attachment 5).
- **For requests for Advances to a Designated Account:**
 - Records evidencing eligible expenditures (e.g., copies of receipts, supplier invoices) for payments made under contracts for:
 - Goods and Works costing US\$150,000 equivalent per contract or more;
 - Consultant firms costing US\$100,000 equivalent per contract or more; and
 - Individual consultants and Non-Consultant Services, and Training costing US\$50,000 equivalent or more;
 - Statement of Expenditure in the form attached (Attachment 4) for payments, including Operating Costs that do not exceed the thresholds established above;
 - List of payments for contract subject to prior in the form attached (Attachment 5); and

- Designated Account Activity Statement in the form attached (Attachment 6) with a copy of the Designated Account Bank Statement.
- **For requests for Direct Payment:** records evidencing eligible expenditures (e.g., copies of receipts, supplier invoices).

(ii) Frequency of Reporting Eligible Expenditures Paid from the Designated Account (subsection 6.3): Quarterly or more often if needed.

IV. Other Important Information

For additional information on disbursement arrangements, please refer to the Disbursement Handbook available on the World Bank's public website at <http://www.worldbank.org> and its secure website "Client Connection" at <http://clientconnection.worldbank.org>. Print copies are available upon request.

If you have not already done so, the World Bank recommends that you register as a user of the Client Connection website (<http://clientconnection.worldbank.org>). From this website you will be able to download Applications, monitor the near real-time status of the Financing, and retrieve related policy, financial, and procurement information.

If you have any queries in relation to the above, please contact the World Bank Loan Department by sending a message to loa-lcr@worldbank.org and placing the project name and loan number in the subject line.

Yours sincerely,



Livia Benavides
Acting Director
Bolivia, Chile, Ecuador, Perú and Venezuela
Latin America and the Caribbean Region

Attachments - *ATT*

1. *World Bank Disbursement Guidelines for Projects*, dated May 1, 2006
2. Form for Authorized Signatures
3. Terms and Conditions of Use of Secure Identification Credentials in connection with Use of Electronic Means to process Applications and Supporting Documentation
4. Statement of Expenditures (SOE), including Summary Statement
5. List of Payments for Contracts Subject to Prior Review
6. Designated Account Activity Statement