

**AMENDMENT NO. 2  
TO THE  
AGREEMENT  
BETWEEN  
THE GOVERNMENT OF THE REPUBLIC OF FINLAND  
AND  
THE GOVERNMENT OF THE REPUBLIC OF PERU  
ON THE CONVERSION OF CONCESSIONARY CREDITS**

**INTO NATURE AND SOCIAL DEVELOPMENT COMMITMENTS IN PERU**

The parties to the Agreement between the Government of the Republic of Finland and the Government of the Republic of Peru on the Conversion of Concessional Credits to Nature and Social Development Commitments signed on 14 March 1996 (hereafter THE AGREEMENT), as amended by THE AGREEMENT dated on 15 August 2000, agree to continue the co-operation in the spirit of THE AGREEMENT supporting the sustainable use of the natural resources of Peru for the benefit of the population and enhancing the income generating activities of the local people in order to enhance the social development, reduce the poverty and promote the sustainable development in Peru.

Therefore the parties hereby agree to amend THE AGREEMENT with eight additional Articles

**ARTICLE I  
Amendments**

The signatory Governments hereby agree to amend the following parts of THE AGREEMENT:

1. Article IV, Paragraph Number 2. Instead of the Machu Picchu Sanctuary the available financial resources derived from THE AGREEMENT after the conclusion of the Programme of Integrated Management of the Machu Picchu Historic Sanctuary shall be used to the target areas as described in Article II of this Amendment.
2. Article IV, Paragraph Number 9. Program's capital established in THE AGREEMENT will from now on be called Portfolio A and will be a *sinking fund*. The trust fund established in THE AGREEMENT will become an *endowment fund*, called Portfolio B. Conditions for the use of both portfolios are more precisely described in Article III.
3. The signatory Governments hereby agree that all procurements shall be made in accordance with generally accepted principles and good procurement practices as described more precisely in Article IV of this Amendment.

## **ARTICLE II**

### **Financing**

1. The funds shall be used within the Peruvian System of Protected Areas, in accordance to the decisions of the Supervisory Board, to the following projects and target areas which together form THE PROGRAMME (Annex 1A, 1B and 1 C):

- Noroeste Biosphere Reserve (Annex 1 A)
- Nanay-Pucacuro Biological Corridor, including the Pucacuro Reserve Zone (Annex 1 B)
- Gran Ruta Inka (Annex 1 C)

The Supervisory Board shall, annually, define the work plan and authorize the project activities.

2. By this amendment no additional funds will be provided by the Finnish contribution or the Peruvian government.

3. The Peruvian Trust Fund for National Parks and Protected Areas (PROFONANPE) will be in charge of THE PROGRAMME resources management and will allocate 5,28 % of the annual budget for the administration of the funds.

## **ARTICLE III**

### **Portfolios**

The resources available from THE AGREEMENT included in this Amendment and which to date are under the responsibility of PROFONANPE, include the following

- a) Portfolio A: will be a *sinking fund* and will be established of the balance left of the original amount agreed to be spent in the Program of Integrated Management of the Machu Picchu Historic Sanctuary (PMP). The annual financial returns to be produced from Portfolio A until its expiration will be transferred to THE PROGRAMME.

The funds of Portfolio A will be used in financing project activities in protected areas within a period of five years after the entry into force of this amendment. At the end of the fifth year, all remaining funds in Portfolio A will be transferred to Portfolio B.

The non-executed amount in Portfolio A as of December 31, 2005, is US\$ 1,604,687 (one million, six hundred and four thousands, six hundred and eighty seven dollars of the United States).

The objective is that these funds will be used during the period of five years.

- b) Portfolio B: will be an intangible *endowment fund*. This fund will be established with the funds accumulated so far in the trust fund established in Article IV, paragraph 9 of THE AGREEMENT.

The current value of Portfolio B as of December 31, 2005 is US\$ 2,801,554 (two million, eight hundred and one thousands, five hundred and forty-four dollars of the United States). By this amendment this capital shall remain intangible. PROFONANPE will be responsible for the compliance of this mandate.

The annual financial returns of this portfolio and any other income over the intangible capital will be used to finance THE PROGRAMME activities in protected areas determined in Article II, according to annual work plans approved by the Supervisory Board. The Board of Directors of PROFONANPE will approve the annual work plans after the expiration of the Supervisory Board.

#### **ARTICLE IV Procurements**

1. No offer, gift, payment or benefit of any kind, which would or could be construed as an illegal or corrupt practice, shall be accepted, either directly or indirectly, as an inducement or reward for the award or execution of procurement contracts.
2. All procurements shall be made in accordance with generally accepted principles and good procurement practices. Invitations to tender as well as procurement contracts shall, respectively, include a clause on the possibility of the tender being rejected and the contract being cancelled, in case any illegal or corrupt practices have been connected with the award or execution of the contract. Furthermore, the damage or loss caused to the buyer shall, in case of the cancellation of the contract, be compensated by the supplier.

#### **ARTICLE V Competent Authorities**

PROFONANPE and INRENA will sign an agreement detailing the arrangements for the execution of THE PROGRAMME.

PROFONANPE will present to the Supervisory Board, for its comments and approval, the work plan for next year's project activities (including the budget) in December of each year, as well as a progress report (including the report of expenses) of the former year. The Supervisory Board will render its decision on the work plan to PROFONANPE within a month after receiving them. At the end of the fifth year PROFONANPE will present to the Finnish Ministry for Foreign Affairs and the Peruvian Ministry of Economy and Finance a final report of activities and expenses.

PROFONANPE will be in charge of the management of the resources subject to this Amendment under the supervision of a Supervisory Board of THE PROGRAMME, composed by a representative of the Ministry for Foreign Affairs of Finland and a representative of the Ministry of Economy and Finances of Peru. The Supervisory Board will discuss the planned PROGRAMME activities, prepared and presented by PROFONANPE, and authorize their implementation. The Supervisory Board will operate during a period of five years after the entry into force of this Amendment. After that period, the Board of Directors of PROFONANPE will take charge for the supervision of Porfolio B operations.

INRENA, the National Natural Resources Institute of Peru, will be responsible for the implementation of THE PROGRAMME activities, whether directly or through organisations or institutions, under the supervision of the Project's Supervisory Board. THE PROGRAMME will comply with the Peruvian laws and regulations, particularly the Protected Natural Areas Law.

## **ARTICLE VI**

### **Financial management**

Portfolios A and B will both be governed by the policies and procedures currently implemented in PROFONANPE's overall portfolio. Those policies and procedures are approved by PROFONANPE'S Board of Directors.

## **ARTICLE VII**

### **Special Provisions**

During the execution period of THE PROGRAMME PROFONANPE will also provide for the Finnish Ministry for Foreign Affairs and the Peruvian Ministry of Economy and Finance, a copy of its annual audit report, precedingly presented to and approved by the Supervisory Board with regard to the use and management of the funds of portfolios A and B. The competent authorities of Finland have the right to audit the accounts of PROFONANPE, a copy of this audit report shall be provided to the Peruvian Ministry of Economy and Finance.

After the expiration of the Supervisory Board, all plans and reports will be approved by the Board of Directors of PROFONANPE.

Five years after the entry into force of this Amendment, the competent authorities of Finland will send a final evaluation mission to carry out an Implementation Completion Report to THE PROGRAMME. By this means, the Finnish Government will be freed of any responsibility to supervise the use of the funds and will delegate it to the Board of Directors of PROFONANPE. From then on the funds shall be used only for the conservation activities within the Peruvian System of Protected Areas.

The financial resources of the portfolios shall not be used as collateral under any circumstances for a loan or any other benefit or purpose without the prior approval of the competent Finnish authorities.

**ARTICLE VIII**  
**Other provisions**

All other AGREEMENT provisions remain in full force and effect, provided they have not been modified nor contradict this Amendment.

**ARTICLE IX**  
**Entry Into Force**

This Amendment shall enter into force 30 days after its signature.

Done in Lima on \_\_\_ / \_\_\_ 2006 in two originals in the English language.

**FOR THE GOVERNMENT OF  
THE REPUBLIC OF FINLAND**

**FOR THE GOVERNMENT OF THE  
REPUBLIC OF PERU**

.....  
Kimmo Pulkkinen

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Fernando Zavala Lombardi

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Ambassador of Finland

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Peruvian Minister of Economy

Erillinen sivu elektronisen version käsittelyyn:

**ULKOASIAINMINISTERIÖ**

Amerikan ja Aasian osasto

ASA-33 Tellervo Ala-Lehtimäki, Sanna  
Pääkkönen**MUUTOSSOPIMUS**

HEL1111-67

05.10.2005

Interventiokoodi

Viite

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Asiasanat KEHITYSYHTEISTYÖ OIKEUDELLISET ASIAT, PERU

**Hoitaa UM ASA-33**

**Hoitaa UE LIM**

Koordinoi  
Tiedoksi ASA-01; ASA-02; KEO-12

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