



DFID Department for
International
Development

DFID
Av. Arce N°2883 esq. Clavijo
(PO Box 694)
La Paz, Bolivia

Jamal Khokhar
Advisor
Office of Outreach and Partnerships
INTER-AMERICAN DEVELOPMENT BANK
1300 New York Ave. NW
Washington, D.C. 20577

Tel: +591 (0) 2 243 5000
Fax: +591 (0) 2 243 4306
Email: j-richmond@dfid.gov.uk

March 19th, 2008

ADMINISTRATIVE ARRANGEMENT
MISCODE: 243-522-001-FA-001
025-2007/2008

With reference to the Cooperation Framework Arrangement (the "Framework Arrangement") dated as of October 3, 2004 between the Government of the United Kingdom of Great Britain and Northern Ireland (the "U.K.") represented by the Department for International Development ("DFID"), and the Inter-American Development Bank (the "IDB"), I am pleased to inform you of the intention of DFID to make available a contribution of seventeen thousand five hundred Pounds Sterling (£17,500.00) (the "Contribution"), to be administered by the IDB for the following project: "*Iniciativas de apoyo a la descentralización en Perú*", No. PE-X1003 (the "Project").

The provisions of the Framework Arrangement will apply to this Administrative Arrangement. The IDB will administer the Contribution in accordance with the provisions of the Framework Arrangement, except as otherwise provided herein. The financial reporting will be expressed in U.S. dollars.

The Contribution is for a COFAB (as defined in the Framework Arrangement) and will be used exclusively for the purposes set out in the attached Project document.

Special reporting requirements: pursuant to the Framework Agreement [provisions 5.1.2 (a) and (b)], the IDB will not provide audited financial statements for the Project. Nevertheless, DFID may request the IDB to have its external auditor to issue a special report related to this Administrative Agreement, based on agreed-upon procedures and paid

according to the second paragraph of provision 4.2.6 of the Framework Agreement.

DFID will deposit the Contribution, upon request from the IDB, into the account indicated by the IDB promptly following the date hereof, in accordance with the following schedule:

£ 17, 500.00

March, 2008 (upon signature of this Administrative Arrangement)

The payment schedule may be amended with DFID's written approval dependent on actual expenditure and need.

The officers responsible for coordination of all matters related to this Administrative Arrangement are:

For DFID:

Javier Castro Kukoc
Programme Manager

DFID Andes
j-castro@dfid.gov.uk

For the IDB:

Marguerite Berger
Chief, Grants and Co-financing
Management Unit
Vice Presidency for Countries
vpc-gcm@iadb.org

The IDB's commitment to use the Contribution as contemplated herein remains subject to the IDB's formalization of all internal approvals necessary for the Project. Attached hereto as Annex "A" is an informative document about the Project.

Subject to their respective policies and procedures with respect to the disclosure of information, the Participants may make this Administrative Arrangement hereunder publicly available.

I would like to propose that this letter, upon your confirmation where indicated below, constitutes an arrangement under the Framework Arrangement between DFID and the IDB.

Sincerely yours,

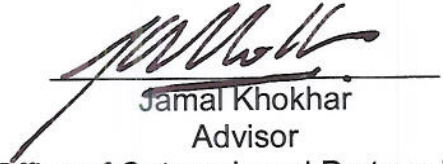
By



Jennie Richmond
Head of DFID Andes

Confirmed and accepted:

Inter-American Development Bank



Jamal Khokhar
Advisor
Office of Outreach and Partnerships