

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

BOLIVIA

**CONTINGENT LOAN FOR NATURAL DISASTER
AND PUBLIC HEALTH EMERGENCIES**

(BO-00010)

LOAN PROPOSAL

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ABBREVIATIONS	
ARL	Automatic redirection list
CCF	Contingent Credit Facility for Natural Disaster and Public Health Emergencies
CONARADE	Consejo Nacional para la Reducción de Riesgos y Atención de Desastres y/o Emergencias (National Council for Risk Reduction and Disaster and/or Emergency Response)
DRM	Disaster risk management
FIN	Finance Department
FORADE	Fideicomiso para la Reducción de Riesgos y Atención de Emergencias (Risk Reduction and Emergency Response Trust Fund)
F RTP	Financing and risk transfer program
IFD/CMF	Connectivity, Markets, and Finance Division
iGOPP	Index of Governance and Public Policy in Disaster Risk Management
IHR	International Health Regulations
INDRMP	Integrated Natural Disaster Risk Management Plan
MEFP	Ministry of Economy and Public Finance
MPD	Ministry of Development Planning
MSyD	Ministry of Health and Sports
NPV	Net present value
OVE	Office of Evaluation and Oversight
PAHO	Pan American Health Organization
RUES	Registro Único de Establecimientos de Salud (Unified Registry of Healthcare Facilities)
SIGEP	Sistema de Gestión Pública (Public Management System)
SISRADE	Sistema Nacional para la Reducción de Riesgos y Atención de Desastres y/o Emergencias (National System for Risk Reduction and Disaster and/or Emergency Response)
SNIS	Sistema Nacional de Información en Salud (National Health Information System)
SOFR	Secured Overnight Financing Rate
SPAR	State Party Self-assessment Annual Reporting Tool
TGN	Tesoro General de la Nación (General Treasury of the Nation)
VIDECI	Viceministerio de Defensa Civil del Ministerio de Defensa (Office of the Vice Minister of Civil Defense at the Ministry of Defense)
WHO	World Health Organization

PROJECT SUMMARY

BOLIVIA

CONTINGENT LOAN FOR NATURAL DISASTER AND PUBLIC HEALTH EMERGENCIES (BO-00010)

Financial Terms and Conditions ^(a)						
Borrower:			Flexible Financing Facility^(b)			
Plurinational State of Bolivia			Amortization period:		25 years ^(c)	
Executing agency:			Grace period:		5.5 years ^(c)	
The borrower, acting through the Ministry of Economy and Public Finance (MEFP)			Original weighted average life:		15.25 years ^(c)	
Source	Amount (US\$ million)	%	Coverage period:		5 years ^(d) ^(e)	
IDB (Ordinary Capital):	Modality I	150	60	Interest rate:		SOFR-based
	Modality II	100	40	Inspection and supervision fee:		^(f)
	Total	250	100	Drawdown fee:		^(g)
				Currency of approval:		United States dollars
Project at a Glance						
<p>Project objective. The general development objective is to help buffer the impact that a severe or catastrophic natural disaster or public health event could have on the country's public finances. The specific development objective is to improve the financial management of natural disaster and public health risks by increasing stable, cost-efficient, and rapidly accessible contingent financing to cover extraordinary public expenditures to aid the population affected by natural disaster and public health emergencies.</p>						
<p>Special contractual condition of general eligibility to request disbursements (coverage trigger): The approval and entry into force of the program Operating Regulations on the terms previously agreed upon with the Bank (paragraph 3.4).</p>						
<p>Special contractual conditions precedent to the first disbursement for each eligible event:</p> <p>a) Disbursements under Modality I (natural disasters): (i) the Bank has verified the occurrence of an eligible event according to the parameters defined in the program Operating Regulations; and (ii) the Integrated Natural Disaster Risk Management Plan (INDRMP), previously agreed upon with the Bank, is being implemented to the Bank's satisfaction (paragraphs 2.7, 2.8, and 3.5);</p> <p>b) Disbursements under Modality II (natural disasters): (i) the Bank has verified the declaration of national disaster or emergency due to an eligible event as defined in the program Operating Regulations; (ii) the INDRMP, previously agreed upon with the Bank, is being implemented to the Bank's satisfaction; and (iii) the Bank has verified the borrower's compliance with the agreed supplemental risk retention financing measures and conditions (paragraph 3.5); and</p> <p>c) Disbursements under Modality II (public health events): (i) the Bank has verified the declaration of national public health emergency due to an eligible public health event as defined in the program Operating Regulations; (ii) the borrower, through the Ministry of Health and Sports (MSyD), has submitted evidence that it is up to date with its progress reporting to the World Health Organization (WHO) on compliance with the International Health Regulations; (iii) the borrower, through the MSyD, has submitted evidence to the Bank's satisfaction that it has a national preparedness and response plan for the specific event, in line with WHO/Pan American Health Organization (PAHO) recommendations, to address the event for which the national public health emergency has been declared; and (iv) the Bank has verified the borrower's compliance with the agreed supplemental risk retention financing measures and conditions (paragraph 3.5).</p> <p>In addition to the above-mentioned contractual conditions, the borrower, through the executing agency, will have submitted, within 90 calendar days after the occurrence of an eligible event, one or more disbursement requests specifying the amount(s) of such disbursement(s) and, for disbursements under Modality I for natural disasters and Modality II for public health events, whether such disbursement(s) will be drawn from the regular lending program, undisbursed balances from the automatic redirection list (ARL), or a combination of these two sources. Disbursements under Modality II for natural disasters may not be drawn from the ARL. In the case of loans from the ARL, the request will identify the loans in question and the respective amount to be utilized (paragraph 3.6). For special contractual conditions for execution, see Annex III.</p>						
<p>Exceptions to Bank policies: None.</p>						
Strategic Alignment						
Objectives:^(h)	O1 <input type="checkbox"/>		O2 <input checked="" type="checkbox"/>		O3 <input type="checkbox"/>	
Operational focus areas:⁽ⁱ⁾	EO1 <input checked="" type="checkbox"/>	EO2-G <input checked="" type="checkbox"/> EO2-D <input type="checkbox"/>	EO3 <input checked="" type="checkbox"/>	EO4 <input type="checkbox"/>	EO5 <input type="checkbox"/>	EO6 <input type="checkbox"/> EO7 <input type="checkbox"/>

^(a) Financial terms and conditions of the contingent loan under the Contingent Credit Facility for Natural Disaster and Public Health Emergencies (document GN-2999-4, approved by the Board of Executive Directors pursuant to Resolution DE-40/20 of 12 May 2020).

^(b) Under the terms of the Flexible Financing Facility (document FN-655-1), the borrower has the option of requesting changes to the amortization schedule, as well as currency, interest rate, commodity, and catastrophe protection conversions. The Bank will take operational and risk management considerations into account when reviewing such requests.

- (c) Amortization periods, weighted average life, and grace periods run from the date of the first disbursement for each eligible event.
- (d) The coverage period or disbursement period (equivalent terms) runs from the entry into force of the loan contract and may be extended for up to five additional years at the Bank's discretion and upon the borrower's request.
- (e) Disbursements will be contingent on the availability of sufficient resources from the [ARL](#) or the Bank's regular lending program for Bolivia, as applicable, when the disbursement is requested (paragraph 2.5).
- (f) The inspection and supervision fee will be established periodically by the Board of Executive Directors as part of its review of the Bank's lending charges, in accordance with the applicable policies.
- (g) The fee is not charged if the loan is not drawn. The Bank will charge only a one-time disbursement fee of 50 basis points at the time of disbursement, applicable solely to the amount disbursed against resources from the regular lending program. This fee is applicable to each disbursement. The drawdown fee will be subject to periodic review by the Board of Executive Directors, as with all lending charges. The fee does not apply to amounts disbursed from loans included in the [ARL](#).
- (h) O1 (Reduce poverty and Inequality); O2 (Address climate change); and O3 (Bolster sustainable regional growth).
- (i) EO1 (Biodiversity, natural capital, and climate action); EO2-G (Gender equality); EO2-D (Inclusion of diverse population groups); EO3 (Institutional capacity, rule of law, and citizen security); EO4 (Social protection and human capital development); EO5 (Productive development and innovation through the private sector); EO6 (Sustainable, resilient, and inclusive infrastructure); EO7 (Regional integration).

I. DESCRIPTION AND RESULTS MONITORING

A. Background, problem addressed, and rationale

1. Bolivia's vulnerability to natural disasters and climate change

- 1.1 Bolivia is at high risk of exposure to natural disasters, which take their heaviest toll on the most vulnerable population groups. Bolivia's score of 6.1 out of 10 on the Disaster Risk Index for Latin America and the Caribbean is regarded as a high level of risk [1].¹ These high risk levels are due in part to the country's high geographic diversity, which poses multiple hazards: the high plateau, plains, and Amazon regions are subject to frequent flooding and droughts, while the mountainous and sub-Andean or valleys regions experience frequent flooding and moderate seismic activity [2]. Heavily urbanized areas, such as the cities of La Paz and Cochabamba, are also prone to landslides [3]. Recent years have also seen an increase in forest fires, primarily in the plains. This, coupled with the heightened vulnerability and exposure of the population and their productive activities and infrastructure, lies behind the rise in the number of disasters in Bolivia.
- 1.2 The main impacts are associated with flooding and drought, which can hit different parts of the country at the same time. Recent events include: (i) the floods in early 2023 that affected nearly 15,000 families in the departments of Santa Cruz and La Paz, while nearly 500,000 families in seven departments were affected by water scarcity and drought [4]; (ii) the 2007 floods that caused US\$500 million in economic harm, affected 440,000 people, and displaced 75,000 families [5]; and (iii) the 2019 forest fires that destroyed two million hectares of woodlands and grasslands, about half of which were in highly biodiverse protected areas. In 2019, moreover, Bolivia experienced heavy rainfall and flooding that affected 23% of all municipios and left 34 people dead and 23,000 families displaced.² The risk of severe or catastrophic disasters thus constitutes a significant contingent fiscal liability for Bolivia. For example, an event with a recurrence interval of 100 years could cause losses for the government equivalent to 1.84% of Bolivia's GDP [7].
- 1.3 **Climate change.** If current conditions of vulnerability and exposure do not lessen, damage and losses are likely to increase amid the changes projected as a consequence of climate change. By 2030, according to the intended nationally determined contribution of the Plurinational State of Bolivia, 27% of the country's territory may be affected by persistent drought, and 24% may be subject to highly frequent flooding [8].
- 1.4 **Gender and natural disasters.**³ Disasters tend to take a heavier toll on the most vulnerable groups, particularly women and girls [9]. This uneven impact manifests along several different dimensions: shorter life expectancy [10], greater likelihood of experiencing a disability [11], and, in particular, a heightened risk of experiencing gender violence as displaced or refugee, compounded by the

¹ See Bibliography ([optional link 6](#)).

² Due to the impact of flooding and forest fires in 2019, Bolivia ranked among the 10 countries most affected by extreme climate events that year [6].

³ See Technical document. Alignment with crosscutting theme of gender equality ([optional link 5](#)).

temporary disruption of mechanisms of order and security [12, 13, 14]. In Bolivia, the potential catastrophic impact of disasters tends to disproportionately affect the most vulnerable groups, particularly women, who often have fewer means of coping with such events, especially in rural areas where a higher percentage of poor people are indigenous women, as many as 45% of women do not speak Spanish, and nearly 95% of women perform unpaid labor working at home [15].

2. The country's vulnerability to public health events

- 1.5 Bolivia in recent decades has experienced multiple public health events, primarily biological in origin, some of which became epidemics and caused significant social and economic impacts. Due to Bolivia's geography and topography featuring three ecosystems (high plateau, valleys, and plains), these events have varied in scope and in their impact on specific regions and populations. Bolivia has experienced sporadic outbreaks of dengue, cholera, influenza, chikungunya, and other diseases. Three national emergencies have been declared since 2009 due to the spread of COVID-19, dengue, and the AH1N1 virus. Prior to the COVID-19 pandemic—which, according to the Pan American Health Organization, caused some 22,000 deaths between 2020 and 2022—the most severe outbreak was the cholera epidemic of the 1990s, which caused about 814 deaths in 1992, according to the Ministry of Health and Sports (MSyD). In 2023 Bolivia experienced the worst dengue epidemic in its recent history with 23,000 reported cases and 79 deaths.
- 1.6 These risks of epidemics and pandemics constitute significant contingent liabilities for the public finances since, if they become a reality, significant extraordinary public expenditures would be needed to mount an effective public health response, as happened during the COVID-19 pandemic. In addition to the measures taken for the economic recovery, an estimated US\$557 million in public spending went to address the health emergency in 2020-2021 [16].

3. Financial vulnerability to natural disasters and public health events

- 1.7 Bolivia averaged 4.7% growth during the commodities boom (2003-2013) and made significant strides in poverty reduction and income distribution. A subsequent economic slowdown, however, led to fiscal and current account deficits. Growth for 2024 and 2025 is projected at under 2%, and a fiscal deficit of 7.8% is projected for 2024, above the 7.5% projected for 2023. This is due largely to the lack of structural adjustments in the postboom period to address such dimensions as low economic productivity, allocation of public outlays, high workforce informality, and macrofiscal and monetary policy. These circumstances cause fiscal constraints and limit the ability to act against potential adverse or unforeseen shocks, such as a severe or catastrophic natural disaster.
- 1.8 In view of the country's vulnerability to natural disasters and public health events, the Government of Bolivia has requested the Bank's support through the Contingent Credit Facility for Natural Disaster and Public Health Emergencies (CCF) in the form of a contingent loan of US\$250 million, consisting of US\$150 million under Modality I and US\$100 million under Modality II. This would be the Bank's first contingent loan in Bolivia.

4. Natural disaster risk management in Bolivia

- 1.9 The current regulatory and institutional framework for disaster risk management (DRM) in Bolivia is based on [Law 602 on Risk Management](#) (2014) and its regulatory decree ([Administrative Resolution 04/15](#)), which consolidate the National System for Risk Reduction and Disaster and/or Emergency Response (SISRADE) and its senior coordination body, the National Council for Risk Reduction and Disaster and/or Emergency Response ([CONARADE](#)). CONARADE is chaired by the Office of the President of the Plurinational State of Bolivia and includes the Ministry of Defense; the Ministry of Development Planning (MPD); the Ministry of Environment and Water; the Ministry of Public Works, Services, and Housing; MSyD; and the Ministry of Rural Development and Land. The law also created the National Emergency Operations Committee, which is coordinated by the Office of the Vice Minister of Civil Defense (VIDECI) and organizes sector-specific technical roundtables for emergency response and recovery processes. Law 602 also designated the MPD and the Ministry of Defense as the lead agencies of SISRADE. The MPD is tasked with disaster risk reduction, whereas the Ministry of Defense, acting through VIDECI, is in charge of disaster preparedness and response. The MPD is currently leading the development of a national DRM policy and strategy.
- 1.10 **Governance.** Bolivia's overall progress is rated as "incipient" on the Index of Governance and Public Policy in Disaster Risk Management (iGOPP), with 34.5% of all indicators fulfilled, trailing other Andean countries such as Colombia, Ecuador, and Peru. The iGOPP's specific component of "general governance framework" saw the greatest progress, with 49% compliance. This highlights the importance of Law 602 on Risk Management (2014), which promotes the inclusion of integrated DRM as a crosscutting element in all public policies and at all levels of land management. Also noteworthy is the integration of risk management in the Comprehensive State Planning System (SPIE) through the use of development planning tools.
- 1.11 **Disaster risk identification and reduction.** Progress on the "risk identification" component of the iGOPP is rated as "significant," with 45% of indicators fulfilled. Notable progress has been made in the MPD's development of methodological guidelines for preparing the Comprehensive Land Development Plans and in requiring hazard zoning in cities. Also noteworthy are the probability-based assessments that served as input in designing flood risk mitigation measures as part of program [4403/BL-BO](#), "Bolivia Resilient to Climate Risks." The iGOPP's "risk reduction" component, however, is rated only as "incipient," which reveals gaps in identifying sector-specific responsibilities for this component.
- 1.12 **Preparedness and response.** Bolivia has also shown progress in emergency response planning and in upgrading emergency operation centers and equipment. This progress is reflected in staffing and equipment for emergency operation centers, as well as in the documentation of experiences and lessons learned from large-scale disasters, which have been significant in achieving a more effective and coordinated response to contingencies.

- 1.13 Despite this progress, challenges remain in implementing the DRM regulatory framework. These challenges are especially concentrated in identifying sector responsibilities, achieving institutional coordination and linkages across sectors and regions, and allocating resources for DRM processes [17]. For instance, Bolivia lacks a VIDECI-MPD coordination strategy to identify targets and performance indicators, and most autonomous territorial entities lack specific DRM regulations. The MPD-led effort to formulate DRM policy and strategy is addressing some of these challenges.
- 1.14 **Financial management of risks.** Bolivia has made strides in the financial management of natural disaster risk through multiple instruments. Specifically, the Pachamama universal agricultural insurance program has allowed smallholder farmers, which are vulnerable to the impacts of adverse weather events, to access agricultural insurance. Additionally, Law 602 created the Risk Reduction and Emergency Response Trust Fund (FORADE). With the approval of the proposed contingent loan, Bolivia will take a significant step in reducing financial vulnerability to disasters by adopting a proactive approach to risk management that emphasizes anticipatory financial planning to provide swift access to resources for timely emergency response and thus mitigate the economic and social impact. Despite this progress, some actions are still pending, such as implementing the FORADE trust fund and developing a national strategy for financial management of disaster risks.

5. Public health risk management in Bolivia

- 1.15 The health system in Bolivia is organized into four subsystems: public, private, social security, and traditional medicine. The 2010 [Autonomous Entities and Decentralization Act](#) established levels of responsibility in healthcare service delivery: The central government is the lead policy-making entity and manages level IV hospitals; departmental governments are responsible for tertiary care hospitals; and municipal governments manage primary and secondary care services within their jurisdiction. These divisions between subsystems and management levels result in highly fragmented services with widely varying coverage, benefits, and quality of care. To achieve universal health coverage, in 2019 Bolivia established the United Health System, which provides free healthcare and now covers 64% of those previously without health coverage. The health budget nearly tripled between 2012 and 2021 (from around US\$1 billion to around US\$3 billion).⁴ This equates to about 6% of GDP, which is above the Latin American and Caribbean average. The number of healthcare facilities grew nearly 42% in the past 15 years from 2,975 to 4,212.⁵ Despite these gains, the health system still has significant limitations in terms of coverage and quality. For instance, Bolivia has 1.1 hospital beds per 1,000 population, or half the regional average of 2.14 per 1,000 population. Bolivia is also among the Latin American and Caribbean countries with the lowest number of physicians per resident at approximately 1.6 per 1,000 population. In the wake of the COVID-19 pandemic and the declaration of a national emergency, Bolivia improved its

⁴ According to MSyD data.

⁵ This includes 100 secondary and tertiary care hospitals. Source: National Health Information System (SNIS) and Unified Registry of Healthcare Facilities (RUES), 2021.

hospital care capacity by adding more than 700 new beds and strengthening its departmental laboratories.

- 1.16 According to the 2023 assessment of implementation of the International Health Regulations (IHR) of the World Health Organization (WHO),⁶ Bolivia has an average capacity of 48%, which is below average for Latin America and the Caribbean. Specifically, this assessment shows a high level of capacity in such areas as laboratory, emergency management, epidemiological surveillance, and service delivery; a medium level of capacity in early diagnosis, treatment, clinical management, and epidemiological control; and a low level of capacity in such areas as healthcare human resources at the local level, policies and legal instruments, and border management. One particular weakness noted in the report was limitations in terms of regulations and/or resources for the creation of safe spaces for infection prevention and control, such as water, sanitation, and hygiene services in healthcare facilities, as well as regulations to reduce overcrowding and optimize staffing levels at such facilities.

6. Programs for financing and transferring risks of natural disasters and public health emergencies

- 1.17 The Bank has developed an integrated disaster risk management and finance approach, to help countries improve financial planning (document GN-2354-7). The objective of this approach is to help borrowing member countries with the design and implementation of natural disaster financing and risk transfer programs.
- 1.18 Within this strategic framework, the Bank created the Contingent Credit Facility for Natural Disaster Emergencies (CCF) (document GN-2502-2) to provide countries with significant liquid resources immediately after a natural disaster. Amid the COVID-19 pandemic, the CCF was expanded in 2020 to include public health risks (document GN-2999-4).
- 1.19 Financing and risk transfer programs (FRTPs) assume that, because of budgetary and financial constraints, no single instrument can effectively cover, by itself, all layers of risk [18]. Accordingly, when designing FRTPs, reserve funds should be used to cover the risks associated with recurring events (i.e. high-recurrence, smaller-magnitude events). The use of long-term contingent debt and risk transfer instruments, such as insurance and/or catastrophe bonds, is recommended for severe or catastrophic events with a lower probability of occurrence and a greater impact on the population and public finances [19].⁷
- 1.20 **Potential benefits.** The benefits of FRTPs for the emergency phase have been shown to be greater than their potential costs. FRTPs make it possible for countries to obtain financial coverage that benefits the population, regardless of whether the

⁶ The States Parties use a tool called the State Party Self-assessment Annual Reporting Tool (SPAR), which consists of 35 indicators for the 15 IHR capacities necessary to detect, assess, notify, report, and respond to public health risks and acute events of domestic and international concern. The most recent assessment of Bolivia was conducted in 2023.

⁷ For further discussion on the complementarity of IDB products, see "[Innovative Climate and Disaster Risk Finance Solutions](#)." These efforts build on and supplement other Bank instruments in risk reduction, such as investment loans, policy-based loans, and technical cooperation operations for resilient infrastructure and risk prevention and mitigation.

risks actually materialize, and this type of financing is more efficient in terms of direct costs as well as the savings created. This is achieved by reducing liquidity gap that governments face due to the combination of increased expenditures, lower revenues [20], and incremental constraints in terms of cost and access to debt.

- 1.21 The availability of ex ante financial coverage for the emergency phase reduces the event's impact on public accounts and the vulnerable population by fast-tracking resources to meet the costs of the emergency response. This has been verified in studies conducted by the Bank [21] and other multilaterals such as the International Monetary Fund [22].

7. The operation in the Bank's sector and country strategy

- 1.22 **The Bank's support in Bolivia's natural disaster sector and lessons learned.** The Bank has been supporting Bolivia in strengthening DRM through: (i) two series of policy-based loans ([3487/BL-BO](#) and [3666/BL-BO](#))—approved in 2015 and 2016, respectively, for US\$382.5 million, both now fully executed—to support the consolidation and implementation of the new regulatory and institutional framework for DRM in Bolivia under Law 602 on Risk Management (paragraph 2.8); (ii) an investment loan approved in 2017 for US\$40 million ([4403/BL-BO](#)), now in execution with 81.2% of resources disbursed, to reduce flood and landslide risk; (iii) technical cooperation operations for disaster risk knowledge and identification, such as the [disaster risk profile for Bolivia](#) as it pertains to flooding and landslides in selected watersheds and the investment profile for forest fire reduction [23]; and (iv) the diagnostic assessment of Bolivia's DRM capabilities using the [iGOPP](#)⁸ for DRM and the [Risk Management Index](#).⁹ In addition, the technical cooperation operation, “Strengthening the Integrated Management of Disaster and Climate Change Risk,” is now in preparation, to provide DRM-related technical assistance to Bolivia and support the implementation of this contingent operation.
- 1.23 The Bank's experience in this sector is also reflected in the diagnostic assessment and actions called for in the Integrated Natural Disaster Risk Management Plan ([INDRMP](#)) and its progress indicators, which incorporate recommendations based on the iGOPP and Risk Management Index findings, as well as lessons learned during the above-mentioned operations. In particular, the [INDRMP](#) targets and indicators reflect the following recommendations and lessons learned, among others: (i) the importance of better defining and articulating sector responsibilities for DRM, which is being addressed through policy and strategy formulation; (ii) the importance of gender mainstreaming in DRM through development planning tools; (iii) coordination between risk identification initiatives and the design of risk reduction measures; and (iv) the importance of pursuing a strategic approach to financial management of disaster risk (paragraphs 2.7 and 2.8).
- 1.24 **The Bank's support in Bolivia's public health sector and lessons learned.** The Bank's support for Bolivia in strengthening the health sector includes three recent programs that provided financing to build, equip, and open new hospitals at

⁸ The iGOPP measures the existence of DRM-related regulatory, institutional, and budgetary conditions.

⁹ The Risk Management Index measures the country's performance in DRM.

the secondary and tertiary levels of care, especially in areas with limited availability of medium- and high-complexity services (loans [2614/BL-BO](#), [2822/BL-BO](#), and [3151/BL-BO](#), approved in 2011, 2012, and 2014, all of which have executed 100% of the allocated resources). The Bank has also been implementing the Program to Improve Accessibility to Maternal and Neonatal Health Services in Bolivia (loan [4612/BL-BO](#)), approved in 2018 and now 22.27% executed, which, in addition to providing financing to build and equip nine new hospitals, is strengthening essential neonatal obstetric care services in 16 health networks with the highest indicators of maternal and neonatal mortality. Support is also being provided to consolidate the epidemiological surveillance system through technical cooperation operation [ATN/OC-19068-RG](#), “Strengthening Decision-making in the Control of the COVID-19 Pandemic Through Genomic Surveillance in Bolivia, Colombia, Ecuador, and Peru,” approved in 2021, which has executed 52.47% of the approved resources. The lessons learned in executing these operations include the need to support the management capacity-building of MSyD and the departmental and municipal governments, to expand the delivery of quality health services and make progress in consolidating the model of integrated, comprehensive health networks.

- 1.25 **Good practices and lessons learned under the CCF.** The Bank has approved 17 loans under the CCF¹⁰ and has provided support to countries in nine emergency situations with disbursements totaling US\$517.39 million for natural disasters and public health emergencies (loans [3670/OC-EC](#), [4331/OC-DR](#), [4853/OC-BH](#), [5195/BL-NI](#), [5631/OC-ES](#), [5632/BL-NI](#), [5136/OC-EC](#), [5243/OC-DR](#), and [5186/BL-GY](#)). The instrument’s relevance and effectiveness have been verified and supported by the Country Program Evaluation: Ecuador 2012-2017, prepared by the Office of Evaluation and Oversight (OVE), and the project completion reports validated by OVE on operations in response to the Manabí earthquake in 2016 in Ecuador (loan [3670/OC-EC](#)) and Hurricane María in 2017 in the Dominican Republic (loan [4331/OC-DR](#)). Moreover, COVID-19 coverage was recently used to strengthen the immediate public health response in the Dominican Republic, Guyana, and Ecuador, as evidenced in the project completion report for the Ecuador operation and validated by OVE as a highly successful operation (loan [5136/OC-EC](#), completed). The most significant results include the following:¹¹ (i) the operation’s resources were fast-tracked to the country; (ii) the capacity to deliver hospital services and detect COVID-19 cases improved; and (iii) the operation was complementary with other Bank actions.
- 1.26 The lessons learned from the above-mentioned operations have been incorporated into the design of this operation, such as: (i) strengthening the mechanism for interagency coordination between the executing agency, the Ministry of Economy and Public Finance (MEFP), and other relevant stakeholders, to ensure timely execution of the resources disbursed in emergency situations (paragraph 3.3); (ii) including operational guidelines and procedures in the program [Operating Regulations](#) for program supervision and execution, as well as early coordination between the executing agency and the Bank to streamline the justification of the use of resources (paragraph 1.24); (iii) requiring the executing agency to implement legal and administrative requirements for the

¹⁰ The total amount of active contingent loans is currently US\$3.741 billion.

¹¹ For more details, see the [project completion report for operation 5136/OC-EC](#) and the [OVE validation](#).

potential use of resources by the implementing entities ([Operating Regulations](#)); (iv) requiring an independent reasonable assurance audit, to safeguard the eligibility of expenditures (paragraph 3.10); and (v) providing ongoing training during the coverage period, to build capacity at the MEFP and implementing entities for the potential use of the loan proceeds (paragraph 2.12).

- 1.27 **Strategic alignment.** The program is consistent with the IDB Group Institutional Strategy: Transforming for Greater Scale and Impact (document CA-631) and is aligned with the objective of addressing climate change by strengthening countries' climate resilience and adaptation capabilities, including disaster risk management, through increased ex ante financial coverage for natural disaster and public health emergencies. Thus, based on the [joint methodology of the multilateral development banks for tracking climate finance](#),¹² this operation is deemed to have 100% climate finance for adaptation, as it enhances the country's financial protection against disaster risks and strengthens its climate resilience and adaptation capacities. Under the Green Finance Tracking Methodology at the IDB Group (document GN-3101), this operation also contributes 100% to the environmental sustainability objective of "resilience and disaster risk management." The program is also aligned with the following operational focus areas: (i) biodiversity, natural capital, and climate action, as all of the operation's resources may be allocated to support the country's financial framework for adapting to climate change, fostering climate resilience, and protecting vulnerable populations, particularly those affected by severe flooding and drought; (ii) gender equality and inclusion of diverse population groups, as it promotes gender mainstreaming in Bolivia's integrated natural disaster risk management through activities included in the [INDRMP](#) and the Results Matrix (paragraph 1.30); and (iii) institutional capacity, rule of law, and citizen security, particularly macrofiscal policy and management, as it strengthens the management of contingent fiscal liabilities by increasing the amount of ex ante contingent financing, and will contribute to enhancing the country's capacity to administer public resources (paragraph 1.7).
- 1.28 This loan is also consistent with the Bank's Disaster Risk Management Policy (document GN-2354-5), Climate Change Sector Framework Document (document GN-2835-13), Health Sector Framework Document (document GN-2735-12), and Gender and Diversity Sector Framework Document (document GN-2800-13), as it will contribute to enhancing Bolivia's financial management of climate, disaster, and public health risks with a gender lens. The operation is aligned with the IDB Group Country Strategy with Bolivia 2022-2025 (document GN-3088), as it will contribute to the crosscutting area of climate change and environmental sustainability through improved financial management of climate and disaster risks. Lastly, the operation is included in the 2024 Operational Program Report (document GN-3207).

¹² See Technical document. Contribution to climate change adaptation ([optional link 4](#)).

- 1.29 This operation is not covered by the Paris Alignment Implementation Approach (document GN-3142-1) and so provides no information on how to assess its alignment with the mitigation and adaptation targets of the Paris Agreement.¹³
- 1.30 **Gender considerations.** The program, through the [INDRMP](#), will promote actions for mainstreaming gender equity in the country's DRM. Actions in the first year, which are included in the governance and disaster risk reduction components of the [INDRMP](#)'s indicators matrix, will focus on gender mainstreaming in the national DRM policy and strategy and on planning risk reduction actions under MPD leadership. Moreover, in view of the gender gap that has been identified (paragraph 1.4), the operation calls for a diagnostic assessment and action plan as an additional output to support gender mainstreaming in the country's DRM (paragraph 1.36). This output will be produced following the guidelines of the strategic framework for gender mainstreaming in contingent loans¹⁴ and will be implemented as part of the [INDRMP](#)'s monitoring and supervision framework (paragraph 3.13). A focus on the needs of indigenous populations in the country's DRM will be promoted in the actions under the [INDRMP](#) and in the above-mentioned action plan.

B. Objectives, components, and cost

- 1.31 **Objectives.** The general development objective is to help buffer the impact that a severe or catastrophic natural disaster or public health event could have on the country's public finances. The specific development objective is to improve the financial management of natural disaster and public health risks by increasing stable, cost-efficient, and rapidly accessible contingent financing to cover extraordinary public expenditures to aid the population affected by natural disaster and public health emergencies.
- 1.32 As additionality, the operation will contribute to enhancing the country's integrated DRM through the [INDRMP](#) (paragraphs 2.7 and 2.8). Moreover, gender equality will be mainstreamed in the country's DRM through gender actions in the [INDRMP](#) (paragraph 1.30), along with development of an action plan for implementation of the guidelines for addressing gender-based violence in emergency and disaster situations.
- 1.33 **Sole component.** The proposed operation consists of a sole component for US\$250 million that will structure stable, efficient, and rapidly accessible ex ante financial coverage to provide timely financing for extraordinary expenditures that are likely to arise during severe natural disaster and public health emergencies.
- 1.34 **Subcomponent 1.1. Coverage under Modality I (US\$150 million).** This subcomponent will provide timely financing for extraordinary public expenditures that are likely to occur during severe or catastrophic natural disaster and public health emergencies (parametric coverage) (paragraph 2.3).

¹³ The Paris Alignment Implementation Approach, in line with the practices of other multilateral development banks, does not include short-term financial instruments or technical assistance, nor does it apply to credit facilities for natural disaster and public health emergencies or to special development lending. IDB Group Paris Alignment Implementation Approach: Principles, Methodology, and Technical Guidance, paragraph 2.11.

¹⁴ See Section II of [optional link 5](#).

Covered events are earthquakes, flooding caused by torrential precipitation, and forest fires.

- 1.35 **Subcomponent 1.1. Coverage under Modality II (US\$100 million).** This subcomponent will provide timely financing for extraordinary public expenditures that are likely to occur during severe or catastrophic natural disaster and public health emergencies (nonparametric coverage) (paragraph 2.4). Covered events are droughts and future epidemics and pandemics.¹⁵
- 1.36 As a specific output, the operation also calls for developing an action plan to implement the guidelines for addressing gender-based violence in emergency and disaster situations¹⁶ in order to strengthen the country's efforts on this issue (paragraph 1.30).
- 1.37 To assess the country's financial needs for dealing with emergencies caused by severe or catastrophic natural disasters or public health events, the Bank analyzed its exposure and vulnerability to such events and their historical impact (paragraphs 1.1 to 1.8). Based on this analysis, the loan amount was set at US\$250 million, consisting of US\$150 million under Modality I and US\$100 million under Modality II. These amounts are within the limits in each modality for CCF operations (document GN-2999-9, paragraphs 4.4 to 4.7).¹⁷
- 1.38 **Beneficiaries.** The potential beneficiaries are, generally, the entire population of Bolivia and, specifically, the affected population that receives emergency assistance under the proposed coverage.

C. Key results indicators

- 1.39 To demonstrate the expected contribution to the project's general objective (paragraph 1.31), the following indicators will be monitored: (i) ex ante financial coverage relative to probable maximum expenditure during emergencies caused by natural disasters of catastrophic magnitude covered by the project; and (ii) ex ante financial coverage relative to probable maximum expenditure during national public health emergencies covered by the project.
- 1.40 To determine whether the operation's specific objective has been met (paragraph 1.31), the following indicators will be monitored: (i) the amount of ex ante financial coverage available for the country to respond to natural disaster or public health emergencies; (ii) the beneficiaries of the ex ante financial coverage available for natural disaster emergencies; (iii) the beneficiaries of the ex ante financial coverage available for public health emergencies; (iv) the differential between the financial cost of the IDB loan and the cost of Bolivia's long-term sovereign commercial external debt; (v) the financial savings ratio following the

¹⁵ The loan may not be used for the COVID-19 pandemic declared by the WHO between March 2020 and May 2023, as it does not constitute an eligible event under Modality II of the CCF (document GN-2999-4, paragraph 3.16). Future pandemics or epidemics may be eligible, however, including those caused by this novel coronavirus SARS-CoV-2.

¹⁶ This output will be financed with resources from regional technical cooperation operation [ATN/OC-18888-RG](#), "Promoting Institutional Capacity-building for the Mainstreaming of the Gender Perspective in Climate and Disaster Risk Management within the Framework of the CCF."

¹⁷ The coverage ceiling under Modality I is US\$300 million or 2% of the country's GDP, whichever is less. The coverage ceiling under Modality II is up to US\$100 million or 1% of GDP, whichever is less.

occurrence of an eligible event: cost of funds disbursed by the IDB relative to the cost of issuing sovereign debt, expressed in terms of net present value (NPV); and (vi) the speed of access to funds following the occurrence of an eligible event: number of days between the eligibility verification request and availability of the funds.

- 1.41 **Economic analysis.** The economic analysis employs a cost-effectiveness methodology to evaluate a scenario in which the full financial coverage of US\$250 million would be used due to the occurrence of a catastrophic natural disaster and a public health event.¹⁸ The NPV of the funding cost of the IDB loan was compared to the cost of issuing bonds under the following assumptions: (i) interest rate set for the Bank loan; and (ii) bonds issued with a maturity of around 10 years with a rate based on the country's current risk premium on the international market. The two NPVs were calculated using a discount rate of 12%. The results show that the contingent loan is 39% of the cost of issuing debt, which makes it a much more efficient option.

II. FINANCING STRUCTURE AND MAIN RISKS

A. Financing instrument

- 2.1 This proposal is for an investment loan from the Bank under the Contingent Credit Facility for Natural Disaster Emergencies (CCF) (document GN-2999-9) for up to US\$250 million. Of that amount, up to US\$150 million will be used under Modality I for natural phenomena (parametric coverage), and up to US\$100 million will be used under Modality II for natural disasters and public health events (nonparametric coverage). The funds may come from the regular lending program, available undisbursed balances of investment loans in execution that are identified in the automatic redirection list ([ARL](#)),¹⁹ or a combination of these two options. For coverage of natural disasters under Modality II, funds may not be drawn from the [ARL](#) (document GN-2999-9, paragraph 4.12).
- 2.2 Contingent loans granted under the CCF have specific financial terms and conditions (described in the project summary) to provide adequate support to the country at the critical time of an emergency caused by severe events, when public finances are affected. The specific terms and conditions include the following: (i) the amortization periods, weighted average life, and grace periods are calculated from the date of the first disbursement for each eligible event; (ii) the Bank will charge only a one-time disbursement fee of 50 basis points (reviewed periodically) at the date of each disbursement, applicable solely to the amount disbursed against resources from the regular lending program

¹⁸ Two other scenarios were evaluated, and the results indicate that the contingent loan would still be the most efficient option. See Project economic analysis ([optional link 1](#)).

¹⁹ The [ARL](#) includes the Bank's investment loans in effect with the country that have balances available for disbursement. In these cases, the remaining balances can be automatically redirected following an event (document GN-2999-9, paragraph 4.12). The [ARL](#) was agreed upon between the borrower and the Bank, based on the following criteria: (i) the government's priorities in the context of a potential emergency; and (ii) the status of project execution and performance. In consultation with the borrower, the [ARL](#) will be periodically updated to include new loans. If an event is declared eligible by the Bank and the resources disbursed come entirely or partially from [ARL](#) balances, the Bank will update the project management systems to reflect the corresponding changes in the selected loans.

(i.e., not funded from the [ARL](#)); and (iii) the period during which resources are available (coverage period) is five years, running from the entry into force of the loan contract, and can be extended for up to five additional years at the borrower's request and at the Bank's discretion, as long as the Integrated Natural Disaster Risk Management Plan ([INDRMP](#)) is still in place and progressing to the Bank's satisfaction and/or the country is up to date with its progress reporting to the World Health Organization (WHO) on compliance with the International Health Regulations (IHR).

- 2.3 **Eligible events under Modality I.** The loan will provide coverage under Modality I for earthquakes, flooding caused by torrential precipitation, and forest fires that occur during the coverage period and satisfy the parameters of intensity and affected population contractually agreed upon between the country and the Bank and detailed in the terms and conditions of coverage under Modality I ([Operating Regulations](#), Annex I). Event eligibility will be verified on the basis of the agreed parameters. The annex specifically details how the parametric triggers work to determine event eligibility, as well as the methodology for calculating the maximum amount of available coverage.
- 2.4 **Eligible events under Modality II.** The loan will provide coverage under Modality II for the following types of events that occur during the coverage period: droughts resulting in a national declaration of emergency or disaster, and future epidemics and pandemics resulting in a national declaration of a public health emergency. Specific issues related to the legal framework, scope, and procedure for declaring emergencies are addressed in Annex II of the program [Operating Regulations](#).
- 2.5 Disbursements of the financing will be contingent on the availability of sufficient resources from the [ARL](#) or resources allocated to the Bank's regular lending program with Bolivia, as applicable, when the disbursement is requested. For disbursements under Modality II for natural disasters, financing may not be drawn from the [ARL](#). If sufficient resources are not available at the time of the disbursement request, the Bank may disburse up to the maximum amount of available resources. In the event that no funds are available, the Bank will not be obligated to make any disbursements for as long as, and to the extent that, no resources are available. Once this situation has ended as determined by the Bank, it will notify the borrower.
- 2.6 **Disbursement limits per event.** The maximum amount that may be disbursed for each eligible event will be subject to the lower of the following limits: (i) the available undisbursed balance of coverage available under the corresponding modality; and (ii) the limit for each disbursement method established in the program [Operating Regulations](#). For Modality I, the limit will also be subject to the maximum amount resulting from applying the terms and conditions on parametric coverage to the eligible event.
- 2.7 **Integrated Natural Disaster Risk Management Plan (INDRMP).** To be eligible to receive financing through the CCF, member countries are required to have a public policy in place for integrated natural disaster risk management and to promote its effective development (document GN-2999-9, paragraph 4.3.a). Bolivia has an [INDRMP](#) agreed upon between the Bank and the country, and so

meets this eligibility requirement. The agreed [INDRMP](#) has been documented in Annex III of the program [Operating Regulations](#) and is satisfactory to the Bank.

- 2.8 To maintain natural disaster coverage, the country must ensure that the [INDRMP](#) is progressing to the Bank's satisfaction. For monitoring purposes, annual progress indicators are identified for each of the strategic pillars of the [INDRMP](#). The Bank will perform annual assessments to monitor progress. For the next such assessment, annual indicators were agreed upon and are specified in Table 1 of Annex III to the program [Operating Regulations](#). Satisfactory execution of the plan will be determined by significant progress on all agreed indicators. For subsequent annual verification periods, new annual progress indicators, including those related to gender, will be identified in coordination with the government.
- 2.9 **International Health Regulations (IHR).** The CCF states that, to receive financing through public health coverage, countries must be up to date with their reporting of progress against IHR compliance to the WHO.²⁰ As reported in the SPAR platform, Bolivia is up to date on this IHR obligation, having reported its most recent annual evaluation in 2023. During the coverage period of the reformulated loan, the Bank will monitor the country's annual compliance with reporting to the WHO under the IHR.

B. Environmental and social safeguard risks

- 2.10 Operations financed under the CCF are exempt from the Bank's Environmental and Social Policy Framework (document GN-2965-23). No adverse environmental or social impacts are anticipated because the loan resources may only be used to finance expenditures to address emergencies, and the MEFP, as executing agency, must adhere to the country's environmental and social legislation. Moreover, the loan contract includes a list of the types of ineligible expenditures (negative list).

C. Fiduciary risks

- 2.11 The operation will be consistent with the specific fiduciary control requirements and procedures established in the CCF policy document (document GN-2999-9) and in Annex III, "Fiduciary Agreements and Requirements," supplemented by the Financial Management Guidelines for IDB-financed Projects (document OP-273-12).

D. Other key issues and risks

- 2.12 **Institutional environment risk.** There is a medium-high risk that, due to delays in interagency communications and coordination between the public sector entities involved in budget execution during natural disaster or public health emergencies, the MEFP, the MPD, the Ministry of Defense, MSyD, and other institutions required emergency response, the resources disbursed for an eligible event may not be timely executed within the period stipulated in the loan (paragraph 3.9), making the emergency response and the operation less effective. As mitigation measures:

²⁰ The report on compliance with the IHR recommendations is updated annually through the State Party Self-assessment Annual Reporting Tool ([SPAR](#)). For more information, see [Guidance Document for the State Party Self-Assessment Annual Reporting Tool](#).

(i) the Bank will provide technical support to the MEFP, including training workshops to explain how parametric coverage works and to conduct role-playing exercises for catastrophe scenarios, as part of the project supervision and implementation process; (ii) an early coordination and execution mechanism, including interagency coordination agreements, will be established to streamline communication and processes related to financial and procurement management, as well as justification of the use of resources (paragraphs 3.2 and 3.3); and (iii) the program [Operating Regulations](#) will specify the legal and administrative requirements for the executing agency to consider in allocating resources to the implementing entities. For disbursements, the Bank will monitor and support the use of this coordination and execution mechanism by the above-mentioned entities.

- 2.13 **Sustainability.** The country is expected to continue strengthening integrated disaster risk management by implementing its national DRM policy and strategy (paragraph 1.14), while strengthening the adoption of efficient risk retention and transfer instruments. In addition, a technical cooperation operation now in preparation should help support some key [INDRMP](#) targets related to interagency coordination mechanisms for emergency response and financial risk management processes. The country is also expected to continue with its commitment to make progress in the IHR framework.

III. IMPLEMENTATION AND MANAGEMENT PLAN

A. Summary of implementation arrangements

- 3.1 The borrower will be the Plurinational State of Bolivia. The executing agency will be the borrower, acting through the Ministry of Economy and Public Finance (MEFP). The proceeds of the contingent loan will be disbursed to the General Treasury of the Nation (TGN). The MEFP will act under its authority to make the budget modifications and corresponding transfers. The proceeds of the contingent loan will be used by the public sector institutions responsible for budget execution during natural disaster or public health emergencies (implementing entities). The executing agency will be responsible for: (i) overall project coordination; (ii) management and monitoring fulfillment of the program's objectives and terms and conditions; (iii) arrangement and processing of disbursement requests with the Bank; (iv) timely transfer of resources to the implementing entities in accordance with national laws; (v) coordination of tracking of the requirements for monitoring and evaluation of the execution of loan proceeds; and (vi) delivery of the justification of use of the disbursed resources to the Bank within the prescribed time, in coordination with the implementing entities (paragraph 3.11).
- 3.2 **Policy framework for interagency coordination in natural disaster and public health emergencies.** For emergencies caused by natural disasters, the MEFP will coordinate with the implementing entities responsible for the immediate response, under Bolivian laws and regulations on disaster risk management (DRM) (paragraph 1.9). If an eligible event occurs, the National Council for Risk Reduction and Disaster and/or Emergency Response ([CONARADE](#)) or the relevant entity under Law 602 or applicable legislation will be responsible for assessing the immediate emergency and rehabilitation needs, as well as ascertaining the

necessary requirements for financing them. The MEFP will then be tasked with transferring resources to the implementing entities, which will carry out the response actions. For emergencies caused by epidemics and pandemics, the [National Strategic Council for Health Emergencies](#) and the Ministry of Health and Sports (MSyD) will coordinate with other institutions responsible for the immediate public health response under Bolivian laws and regulations (paragraphs 1.15 and 1.16). These entities will be tasked with preparing the response plan and establishing sector-specific guidelines for an effective intervention (paragraph 1.15) and will coordinate actions for the immediate public health response through the National Strategic Council for Health Emergencies. The MEFP will transfer resources to the corresponding implementing entities based on the priorities established for the response.

3.3 Coordination and execution mechanism for drawing on the loan proceeds.

The MEFP-led coordination and execution mechanism will facilitate the flow of funds to the implementing entities in case of natural disasters or public health events (see program [Operating Regulations](#)). The Bank will monitor implementation by the MEFP immediately following a contingent loan disbursement. This mechanism will be coordinated within the existing framework of institutional arrangements for responding to emergencies caused by natural disasters and public health events (paragraph 3.2) and will include the following processes: (i) prioritization and planning of the response; (ii) budget management; (iii) execution and monitoring; and (iv) accountability and closing.

3.4 Special contractual condition of general eligibility to request disbursements (coverage trigger): The approval and entry into force of the program [Operating Regulations](#) on the terms previously agreed upon with the Bank.

The program [Operating Regulations](#) will include: (i) the reference framework, including the interagency coordination and execution mechanism; (ii) operational provisions; (iii) the terms and conditions of coverage under each modality; (iv) the Integrated Natural Disaster Risk Management Plan ([INDRMP](#)); (v) the automatic redirection list ([ARL](#)); (vi) terms of reference for contracting the audit firm for independent verification of the use of the disbursed resources following the occurrence of an eligible event; (vii) example of an indicative list of potential eligible expenditures for future pandemics; and (viii) the list of excluded expenditures (negative list).

3.5 Special contractual conditions precedent to the first disbursement for each eligible event:

a. **Disbursements under Modality I (natural disasters):** (i) the Bank has verified the occurrence of an eligible event according to the parameters defined in the program [Operating Regulations](#); and (ii) the [INDRMP](#), previously agreed upon with the Bank, is being implemented to the Bank's satisfaction (paragraphs 2.7 and 2.8);

b. **Disbursements under Modality II (natural disasters):** (i) the Bank has verified the declaration of national disaster or emergency due to an eligible event as defined in the program [Operating Regulations](#); (ii) the [INDRMP](#), previously agreed upon with the Bank, is being implemented to the Bank's satisfaction; and (iii) the Bank has verified

the borrower's compliance with the agreed supplemental risk retention financing measures and conditions; and

- c. **Disbursements under Modality II (public health events):** (i) the Bank has verified the declaration of national public health emergency due to an eligible public health event as defined in the program [Operating Regulations](#); (ii) the borrower, through the MSyD, has submitted evidence that it is up to date with its progress reporting to the World Health Organization (WHO) on compliance with the International Health Regulations; (iii) the borrower, through the MSyD, has submitted evidence to the Bank's satisfaction that it has a national preparedness and response plan for the specific event, in line with WHO/PAHO recommendations, to address the event for which the national public health emergency has been declared; and (iv) the Bank has verified the borrower's compliance with the agreed supplemental risk retention financing measures and conditions.

- 3.6 **In addition to the above-mentioned contractual conditions, the borrower, acting through the executing agency, will have submitted, within 90 calendar days after the occurrence of an eligible event, one or more disbursement requests specifying the amount(s) of such disbursement(s) and, for disbursements under Modality I for natural disasters and Modality II for public health events, whether such disbursement(s) will be drawn from the regular lending program, undisbursed balances from the automatic redirection list ([ARL](#)), or a combination of these two sources. In the case of loans from the [ARL](#), the request will identify the loans in question and the respective amount to be utilized. Disbursements under Modality II for natural disasters may not be drawn from the [ARL](#).** These contractual conditions are established in the CCF policy document (document GN-2999-9) as standard conditions for the execution of contingent loans.
- 3.7 Each disbursement of the loan will be made in accordance with the financial terms and conditions established in document GN-2999-9 and the project summary, regardless of whether the resources come entirely or partially from the regular lending program, loans included in the [ARL](#), or a combination of the two sources, as applicable.
- 3.8 **Eligible expenditures.** The loan proceeds may be used to finance extraordinary public expenditures incurred during emergencies caused by eligible events and, pursuant to document GN-2999-9, paragraph 4.20(c): (i) are not explicitly excluded in the loan contract (negative list); (ii) are legal under the laws of the Plurinational State of Bolivia; (iii) are directly or indirectly related to the natural disaster or public health emergency for which the financing has been provided; (iv) have verifiable, documented, clearly registered procurement and payments as evidence that the goods and services have been utilized; and (v) have been adequately dimensioned and priced. Examples of types of expenditures that might be eligible are included in Annex VI of the program [Operating Regulations](#).
- 3.9 The Bank may recognize up to 100% of the amount of eligible expenditures effectively incurred and paid by the borrower from the day on which the eligible event began and for a period of up to 180 calendar days immediately thereafter.

Upon request from the borrower, the Bank, at its sole discretion, can extend this period for an additional 90 days (document GN-2999-9, paragraph 4.20(f)). All procurement-related matters will be governed by the rules established in the CCF policy document (document GN-2999-9). The borrower will use its national laws on the procurement of goods and the contracting of works or services applicable to extraordinary fiscal expenditures in emergency situations (Annex III).

- 3.10 **Reasonable assurance audits.** The Bank will require independent verification of expenditures financed by the loan, to assess compliance with the eligibility criteria set forth in the loan contract and the program [Operating Regulations](#). This independent verification will be performed by a reasonable assurance audit firm included in the list of audit firms approved by the Bank. The MEFP will contract the audit firm and will initially assume the costs (document GN-2999-9, paragraph 4.20(b)). The implementing entities will be responsible for providing the required information to the audit firm on a timely basis. This contracting will occur within 45 days after the first disbursement and may be conducted using the corresponding Bank policy; its costs are eligible to be financed from the loan proceeds.
- 3.11 **Justification of the use of resources.** The borrower, acting through the MEFP, will justify the use of disbursed resources through a Consolidated Report on Adequate Use of Resources, prepared with input from the implementing entities, which it will deliver to the Bank within 365 calendar days after the occurrence of the eligible event for which the Bank has disbursed the resources in question. This report will be accompanied by the final report of the reasonable assurance audit commissioned by the borrower for the concurrent expenditure review (paragraph 3.10). Once the Consolidated Report on Adequate Use of Resources has been submitted, the Bank will determine the total amount of expenditures eligible for financing. If there are unjustified or ineligible expenditures, the Bank may require the borrower to reimburse the unjustified amount.
- 3.12 If necessary, as established in document GN-2999-9, and no later than two years after each disbursement, the Bank, at its entire discretion and without cost for the borrower, may conduct subsequent additional audits to verify the adequacy of the declared eligible expenditures, the findings of which may support a request for reimbursement of amounts deemed ineligible for financing.

B. Summary of arrangements for monitoring results

- 3.13 **Monitoring.** During the coverage period of the loan, the Bank will periodically monitor progress in implementing the [INDRMP](#) and gender-related activities and will conduct annual evaluations of them (see [monitoring and evaluation plan](#)). If, as a result of these assessments, the Bank finds that the [INDRMP](#) is not progressing satisfactorily on the basis of the indicators established for such purpose, the borrower will be notified of the specific actions that must be taken within a maximum period of 90 days from the issuance date of the notification in order to maintain eligibility for natural disaster coverage. Once this timeframe passes, if the Bank finds that the recommended remedial actions were not completely and properly taken, it may, upon formal notification to the borrower, suspend the borrower's eligibility for natural disaster coverage until the shortcomings have been properly remedied. However, once this coverage has been triggered, it will remain

active for the duration of the period established in the contract, unless the Bank formally notifies the borrower of coverage suspension (document GN-2999-9, paragraph 4.25).

- 3.14 **Evaluation.** As indicated in the [monitoring and evaluation plan](#), the loan is evaluated following the occurrence of an eligible event that results in a disbursement through a project completion report. The evaluation methodologies consist of a reflexive methodology and an ex post cost-effectiveness analysis. In the former, the evaluation would focus on the efficiency of the loan over the entire period of coverage provided and on whether the speed with which the country accessed the funds is adequate. In the latter, the evaluation would focus on comparing the NPV cost of the funds disbursed against the cost of other sources of financing, thus making it possible to estimate the financial savings ratio for the country.

Development Effectiveness Matrix		
Summary		BO-0010
I. Corporate and Country Priorities		
Section 1. IDB Group Institutional Strategy Alignment		
Operational Focus Areas	-Biodiversity, natural capital, and climate action -Gender equality and inclusion of diverse population groups -Institutional capacity, rule of law, citizen security	
[Space-Holder: Impact framework indicators]		
2. Country Development Objectives		
Country Strategy Results Matrix	GN-3088	The operation is aligned with the cross-cutting areas of climate change and environmental sustainability
Country Program Results Matrix	GN-3207	The intervention is included in the 2024 Operational Program.
Relevance of this project to country development challenges (If not aligned to country strategy or country program)		
II. Development Outcomes - Evaluability		Evaluable
3. Evidence-based Assessment & Solution		9.7
3.1 Program Diagnosis		2.5
3.2 Proposed Interventions or Solutions		3.2
3.3 Results Matrix Quality		4.0
4. Ex ante Economic Analysis		10.0
4.1 Program has an ERR/NPV, or key outcomes identified for CEA		2.0
4.2 Identified and Quantified Benefits and Costs		3.0
4.3 Reasonable Assumptions		2.0
4.4 Sensitivity Analysis		2.0
4.5 Consistency with results matrix		1.0
5. Monitoring and Evaluation		9.5
5.1 Monitoring Mechanisms		4.0
5.2 Evaluation Plan		5.5
III. Risks & Mitigation Monitoring Matrix		
Overall risks rate = magnitude of risks*likelihood		Medium Low
Environmental & social risk classification		N.A.
IV. IDB's Role - Additionality		
The project relies on the use of country systems		
Fiduciary (VPC/FMP Criteria)	Yes	Budget, Treasury, Accounting and Reporting. Procurement: Information System, Price Comparison.
Non-Fiduciary		
The IDB's involvement promotes additional improvements of the intended beneficiaries and/or public sector entity in the following dimensions:		
Additional (to project preparation) technical assistance was provided to the public sector entity prior to approval to increase the likelihood of success of the project	Yes	ATN/OC-18888-RG. "Promoting Institutional Capacity Building for the Mainstreaming of the Gender Perspective in Climate and Disaster Risk Management within the Framework of the CCF"

The project BO-0010 is a Contingent Loan for Natural Disaster and Public Health Emergencies in Bolivia. The loan allows for US\$150 MM under Modality 1 for severe natural disasters such as earthquakes, floods, or fires and US\$100 MM under Modality 2 for public health risks or non-parametric natural disasters. What ties the events under both modalities is their unpredictability and their low probability of occurrence; that they are not tied to economic factors; that they tend to cause a great impact on the most vulnerable population; and that they are a major source of contingent fiscal liability.

The general objective of the project is to contribute to alleviating the impact that a severe catastrophic natural disaster or public health event could have on the country's public finances. The specific objective is to improve financial management of risks for both natural disasters and public health crises by increasing stable, cost-efficient, and fast-access contingent financing to cover extraordinary public expenses aimed at the attention of the population affected by emergencies due to natural disasters and in public health.

The diagnosis is solid and clearly identifies, based on empirical evidence, the main problem and the factors that determine it. The intervention proposal is clearly linked to the problems and factors identified. The Results Matrix reflects the objective of the program and captures a good vertical logic in accordance to the instrument of the contingent credit line.

An ex-ante cost-effectiveness analysis is carried out which clearly demonstrates the benefits of the contingent financing. Furthermore, the proposed monitoring and evaluation (M&E) plan is in accordance with the DEM guidelines and the characteristics of contingent loans for natural disaster emergencies. The proposed evaluation seeks to assess the efficiency of the operation with an ex-post cost-effectiveness analysis in the event of the occurrence of an eligible natural disaster or public health emergency. Additionally, the M&E plan proposes a reflexive evaluation.

RESULTS MATRIX

Project objective:	The specific development objective is to improve the financial management of natural disaster and public health risks by increasing stable, cost-effective, and rapidly accessible contingent financing to cover extraordinary public expenditures to aid the population affected by natural disaster and public health emergencies. The general development objective is to help buffer the impact that a severe or catastrophic natural disaster or public health event could have on the country's public finances.
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GENERAL DEVELOPMENT OBJECTIVE

Indicator	Unit of measure	Baseline value	Baseline year	Expected year achieved	Target	Means of verification	Comments
General development objective: To help buffer the impact that a severe or catastrophic natural disaster or public health event could have on the country's public finances.							
Indicator 1. ¹ Ex ante financial coverage relative to probable maximum expenditure during emergencies caused by natural disasters of catastrophic magnitude covered by the project	%	0 ²	2024	5	29 ³	Ministry of Economy and Public Finance (MEFP)	See optional link 8 .
Indicator 2. ¹ Ex ante financial coverage relative to probable maximum expenditure during national public health emergencies covered by the project	%	0 ⁴	2024	5	14 ⁴	MEFP	See optional link 8 .

¹ This indicator measures impact because it aggregates all the sources of contingent coverage vis-à-vis maximum expenditure.

² Bolivia has no ex ante financial coverage for natural disaster emergencies in place as this operation is being prepared. The probable maximum expenditure estimate is based on a catastrophic natural disaster that occurs once every 100 years.

³ Assumes that no severe or catastrophic event occurs during the coverage period of the contingent loan and coverage of US\$250 million for disasters.

⁴ Bolivia does not currently have ex ante financial coverage for emergencies caused by public health events. The probable maximum expenditure estimate in a national health emergency reflects extraordinary public expenditures in the health sector in response to the COVID-19 pandemic. The target assumes US\$100 million in coverage.

SPECIFIC DEVELOPMENT OBJECTIVES

Indicator	Unit of measure	Baseline value	Baseline year	Year 1	Year 2	Year 3	Year 4	Year 5	End of project	Means of verification	Comments
<p>Specific development objective: To improve the financial management of natural disaster and public health risks by increasing stable, cost-effective, and rapidly accessible contingent financing to cover extraordinary public expenditures to aid the population affected by natural disaster and public health emergencies.</p>											
<p>Indicator 1. Availability and stability: Increase in the country's ex ante financial coverage for extraordinary expenditures during emergencies caused by natural disasters or public health events.</p>											
Amount of ex ante financial coverage available for the country to respond to natural disaster or public health emergencies	US\$ million	0	2024	250 ⁵	250	250	250	250	250	MEFP	See optional link 8 .
<p>Indicators 2 and 3. Vulnerable people with enhanced resilience to natural disasters, epidemics, and pandemics when benefiting from the ex ante financial coverage provided by the contingent loan.</p>											
Potential beneficiaries of the ex ante financial coverage available for natural disaster emergencies	Thousands of people	0 ⁶	2024	371 ⁶	354	339	324	310	310	Office of the Vice Minister of Civil Defense at the Ministry of Defense (VIDECI)	See optional link 8 .
Potential beneficiaries of the ex ante financial coverage available for public health emergencies	Thousands of people	0	2024	237 ⁷	228	220	212	204	204	Ministry of Health and Sports (MSyD)	See optional link 8 .

⁵ Bolivia has financial coverage from the Bank's contingent loan.

⁶ The country does not currently have available ex ante financial coverage. Values for the subsequent years assume financial coverage per affected person equivalent to two months of the country's per capita income (US\$674 in 2024 and adjusted for inflation in subsequent years) and CCF loan coverage of US\$250 million (Modality I and II for natural disasters).

⁷ Assumes average financial coverage per person of US\$422 (estimated cost of care per hospitalization for dengue fever in 2024 and adjusted for inflation in subsequent years) and available ex ante financial coverage of US\$100 million from the Bank's contingent loan.

SPECIFIC DEVELOPMENT OBJECTIVES

Indicator	Unit of measure	Baseline value	Baseline year	Year 1	Year 2	Year 3	Year 4	Year 5	End of project	Means of verification	Comments
Indicators 4 and 5. Financial cost: Contingent financial coverage is cost-efficient.											
Differential between the financial cost of the IDB loan and the cost of Bolivia's long-term sovereign commercial external debt	Basis points	1511 ⁸	2024	Cost diff.	Cost diff.	Cost diff.	Cost diff.	Cost diff.	200 or more	IDB Finance Department (FIN), Refinitiv Eikon MEFP	See optional link 8 .
Financial savings ratio following the occurrence of an eligible event: cost of funds disbursed by the IDB relative to the cost of issuing sovereign debt, expressed in terms of net present value (NPV)	%	69 ⁹	2024	20	20	20	20	20	20	FIN Refinitiv Eikon MEFP	See optional link 8 .
Indicator 6. Speed of access: Contingent financial coverage is efficient in terms of how rapidly the country can access the loan proceeds to cover potential emergency expenditures.											
Speed of access to funds following the occurrence of an eligible event: number of days between the eligibility verification request and availability of the funds	Days	90 ¹⁰	2024	30	30	30	30	30	30	FIN MEFP	See optional link 8 .

⁸ See Project economic analysis ([optional link 1](#)).

⁹ A cost-effectiveness analysis was used that compares the NPV of the funding cost of the IDB loan with the cost of issuing bonds. See [optional link 1](#).

¹⁰ Average time taken to authorize and process a sovereign bond issue on the international market for a country that performs this type of operation intermittently (subject to revision based on future issues).

OUTPUTS

Indicator	Unit of measure	Baseline value	Baseline year	Year 1	Year 2	Year 3	Year 4	Year 5	End of project	Means of verification
1. Sole component: Stable, efficient, and rapidly accessible ex ante financial coverage to provide timely financing for extraordinary expenditures that are likely to arise during severe natural disaster and public health emergencies.										
Subcomponent 1.1. Coverage under Modality I. Severe or catastrophic natural disasters (parametric coverage)	US\$ million	0	2023	150	150	150	150	150	150	MEFP
Subcomponent 1.2. Coverage under Modality II. Severe or catastrophic natural disaster and public health emergencies (nonparametric coverage)	US\$ million	0	2023	100	100	100	100	100	100	MEFP
2. Diagnostic assessment and gender action plan for gender mainstreaming in the country's DRM ¹¹	Number	0	2023	0	1	0	0	0	1	Ministry of Development Planning (MPD). See monitoring and evaluation plan .

¹¹ This output will be financed with resources from regional technical cooperation operation [ATN/OC-18888-RG](#).

Country: Bolivia

Division: IFD/CMF

Operation number: BO-O0010

Year: 2024

FIDUCIARY AGREEMENTS AND REQUIREMENTS

Executing agency: Ministry of Economy and Public Finance (MEFP)

Operation title: Contingent Loan for Natural Disaster and Public Health Emergencies

I. FIDUCIARY CONTEXT OF THE EXECUTING AGENCY

1. Use of country systems in the operation¹

<input checked="" type="checkbox"/> Budget	<input checked="" type="checkbox"/> Reports	<input checked="" type="checkbox"/> Information system	<input type="checkbox"/> National competitive bidding
<input checked="" type="checkbox"/> Treasury	<input type="checkbox"/> Internal audit	<input checked="" type="checkbox"/> Shopping	<input checked="" type="checkbox"/> Other
<input checked="" type="checkbox"/> Accounting	<input type="checkbox"/> External control	<input type="checkbox"/> Individual consultants	

2. Fiduciary execution mechanism

<input checked="" type="checkbox"/>	Features of fiduciary execution	<p>The borrower will be the Plurinational State of Bolivia. The executing agency will be the MEFP, which will designate a focal point/coordinator, a financial specialist, and a monitoring specialist.</p> <p>The operation will consist of an investment loan under the Contingent Credit Facility for Natural Disaster and Public Health Emergencies (document GN-2999-4) for up to US\$250 million, which will include: (i) coverage for natural disasters under the parametric Modality I (up to US\$150 million); and (ii) coverage for natural disasters and public health events under the nonparametric Modality II (up to US\$100 million).</p> <p>Given the specific features of this type of operation, when the events occur and according to the type of event, the borrower will designate the public entities that will be tasked with the emergency response and related procurement activities using funds from this operation (implementing entities). The executing agency, acting through the assigned team, will coordinate the prioritization and allocation of the loan proceeds to the implementing entities in accordance with the response plan determined by the country for each event.</p> <p>The procurement and financial management requirements will include the operational guidance established in policy document GN-2999-9, "Contingent Credit Facility for Natural Disaster and Public Health Emergencies."</p> <p>Financial transactions will be performed in the Public Management System (SIGEP), which provides information on budget execution securely and reliably. This system provides financial information in official currency and in accordance with the accounting classifier for each expenditure item. The operation's accounting records will be kept in accordance with the government accounting system.</p> <p>Since the executing agency will be responsible for coordinating the allocation of the loan proceeds to the implementing entities in accordance with the response plan determined by the country for each</p>
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¹ Any system or subsystem subsequently approved may be applicable to the operation, in accordance with the terms of the Bank's validation.

		event, the legal and administrative requirements for the executing agency to consider in allocating resources to the implementing entities will be established in the program Operating Regulations , to avoid risks in execution.
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3. Fiduciary capacity

Fiduciary capacity of the executing agency	The MEFP has the necessary and sufficient capacity to ensure effective, transparent financial execution of this operation's resources. In addition, the MEFP is currently executing operation 5376/OC-BO and emergency technical cooperation operation ATN/OC-19945-BO , and has executed operation 5039/OC-BO .
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4. Fiduciary risks and risk response

Type of risk	Risk	Level of risk	Risk response
Internal processes	Since information on expenditures financed with resources from this operation may be missing and/or insufficient, and internal accounting processes may be delayed, some expenditures executed by the implementing entities may be rejected due to noncompliance with eligibility criteria, which would increase the times for justification of expenditures of this operation.	Medium-low	The program Operating Regulations will include an early coordination mechanism to streamline communication and processes related to financial and procurement management, as well as justification of the use of resources. Based on the Operating Regulations , the executing agency will coordinate the allocation of the loan proceeds to the implementing entities in accordance with the response plan determined by the country for each event. The Operating Regulations will also clearly establish the legal and administrative requirements that the executing agency will consider in allocating resources to the implementing entities, to avoid delays in execution.

5. Policies and guidelines applicable to the operation:

- Supreme Decree 181 and the specific regulations of the goods and services administration systems of each public entity.
- Supreme decrees issued by the Executive Branch of the Plurinational State of Bolivia declaring a national emergency and executive decrees issued by the highest national authority and/or competent authority declaring a state of emergency caused by natural disasters and/or public health events.

II. CONSIDERATIONS FOR THE SPECIAL PROVISIONS OF THE LOAN CONTRACT

Special conditions precedent to the first disbursement. Designation of a bank account (subaccount for accounting purposes) within the country's Treasury Single Account in both foreign currency and local currency.
Exchange rate. For the purposes of Article 4.10 of the General Conditions, the parties agree that the exchange rate to be used will be the rate stipulated in Article 4.10(b)(i). For the purpose of determining the equivalency of expenditures incurred in local currency chargeable against the local contribution, or of reimbursements of expenditures chargeable against the loan, the exchange rate will be the rate on the effective date on which the

borrower, the executing agency, or any other person or corporation with delegated authority to incur expenditures makes the respective payments to the contractor, vendor, or beneficiary.

Audit type. A reasonable assurance audit will be performed. The borrower, acting through the executing agency, will deliver a final reasonable assurance report issued by the contracted external audit firm to the Bank within 365 calendar days after the declaration of an eligible event. The Bank-eligible audit firm will be contracted within 45 days after the first disbursement. The audit firm will be contracted by the MEFP.

III. PROCUREMENT EXECUTION AGREEMENTS AND REQUIREMENTS

<input checked="" type="checkbox"/>	<p>Use of country systems</p>	<p>For procurement on this type of operation, the government agencies assigned to manage the emergency use national laws and regulations to conduct procurements in accordance with document GN-2999-9.</p> <p>Since this is a contingent loan, the procurements to be financed will be determined after the occurrence of the event triggering the need for funding to address the aftermath. Therefore, the procurements cannot be identified at the time of approval of the operation.</p>
<input checked="" type="checkbox"/>	<p>Records and files</p>	<p>The borrower and implementing entities will keep the project's fiduciary records (documents related to procurement and financial management) independently in accordance with their scope of authority, using digital and physical files, and will have procedures and instructions for their proper storage, to ensure that all expenditures are properly supported and available for review upon request by the Bank or auditors, for a two-year period running from the date on which each disbursement is made.</p>

IV. FINANCIAL MANAGEMENT AGREEMENTS AND REQUIREMENTS

<input checked="" type="checkbox"/>	<p>Programming and budget</p>	<p>The MEFP, together with the implementing entities, are responsible for expanding their budgets through the established procedures for budgetary modifications.</p> <p>The borrower will use the SIGEP to allocate the necessary budget and accounting line items for the specific expenditures related to the emergency.</p>
<input checked="" type="checkbox"/>	<p>Treasury and disbursement management</p>	<p>For disbursements under Modality I for natural disasters and Modality II for public health risks, upon the occurrence an eligible event, at the country's discretion, the amounts to be disbursed may be drawn alternatively from the resources of the regular lending program, other investment loans previously approved and identified in the automatic redirection list, or a combination of the two options. For disbursements under Modality II for natural disasters, funds may be drawn only from the regular lending program. The executing agency may submit disbursement requests within the time frame established for this operation under the following modalities:</p> <ul style="list-style-type: none"> (i) Advances of funds to finance future eligible expenditures, up to 35% of total approved coverage. (ii) Reimbursements of eligible expenditures incurred by the borrower using its own resources, up to 100% of total approved coverage. (iii) Direct payments by the Bank to third parties on behalf of, and at the request of, the borrower for the amounts agreed upon between the borrower and the Bank, following Bank policies on anti-money laundering and combating the financing of terrorism.

		<p>Designated account. To administer the advances of funds, the Bank and the borrower will agree, prior to the request for an advance, on the designation of a subaccount for accounting purposes within the country's Treasury Single Account.</p> <p>Accounting for the advance of funds. Before the borrower may request a further advance of funds, justification must be provided to the Bank for at least 60% of the total accumulated balances pending justification.</p> <p>Eligible expenditures. To be eligible, expenditures must be made within the designated period and satisfy the eligibility criteria established in the loan contract.</p> <p>Projection of priority expenditures. Prior to each request for an advance, the borrower will provide the Bank with a projection of financial needs and prioritized eligible expenditures consistent with the amount of the requested advance and based on the cash flow model, which will be submitted to the Bank on a timely basis. The Bank will perform a preliminary review of the information provided according to the applicability criteria in relation to the list of prioritized expenditures, as well as proportionality in relation to the allocation of the requested resources. If necessary, the Bank will propose changes to the borrower</p> <p>Declaration of expenditures financed with own resources. The borrower will include a declaration letter signed by the executing agency in the reimbursement request, expressly indicating that the expenditures to be reimbursed by the Bank were financed exclusively with treasury resources.</p>
<input checked="" type="checkbox"/>	<p>Accounting, information systems, and reporting</p>	<p>Information system. The country's official for accounting and budget control system, known, as SIGEP, will be used.</p> <p>Documentation and recording of expenditures. To be declared eligible, payments must be incurred (paid), recorded, and documented in accordance with applicable national laws.</p> <p>Records. Proper record-keeping will ensure that payments for which the financing is being requested have not been, and will not be, submitted by the borrower to receive financing from other Bank operations and/or other multilateral finance institutions.</p> <p>Reports. Before requesting reimbursement, the MEFP will provide the Bank with a statement of eligible expenditures consistent with the requested amount and based on the pro forma report provided by the Bank. The items included in the statement of expenditures must be sufficiently detailed to allow the Bank to distinguish the expenditures incurred and to facilitate the expenditure audit process to be conducted by an independent audit firm. Each item listed in the statement of expenditures will have, at a minimum, a breakdown of the information as agreed upon with the Bank.</p>
<input checked="" type="checkbox"/>	<p>External control and financial reports</p>	<p>Within 365 calendar days after an eligible event, the MEFP will deliver to the Bank a final report of the reasonable assurance audit issued by a Bank-eligible external audit firm.</p> <p>The executing agency will use resources from the financing to commission the reasonable assurance audit in accordance with the terms of reference previously agreed upon with the Bank. The borrower will complete the commissioning of the independent audit firm within 45 days after the first disbursement is made.</p> <p>Final report. The audit firm will prepare a final report of the reasonable assurance audit, which will be a required part of the borrower's submittal of a final accounting for the use of resources within 365 calendar days after the occurrence of an eligible event.</p> <p>The audit firm will express a conclusion, with a reasonable degree of certainty, as to whether the expenditures submitted by the borrower are sufficiently compliant</p>

		<p>with policies, procedures, characteristics, records, and supporting documents to be declared eligible as stipulated in the loan contract and applicable policies.</p> <p>The Bank may request partial audit reports on progress in executing expenditures, which may accompany the partial accountability reports.</p> <p>Additionally, the Bank, at its entire discretion and without cost to the borrower, may verify the appropriateness of the expenditures declared as eligible by means of independent external audits. Such audits will be performed no later than two years after the end of the disbursement period of the corresponding contingent loan under the Contingent Credit Facility.</p> <p>If the Bank finds ineligible expenses as a result of any of the loan audits, it may require that the borrower immediately remedy the situation or reimburse the disputed amounts.</p>
<input checked="" type="checkbox"/>	Financial supervision of the operation	Financial supervision will be conducted through in-person visits or virtual work meetings and the review of assurance reports or such other reports or activities as the Bank may take into consideration.

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

PROPOSED RESOLUTION DE-___/24

Bolivia. Loan BO-00010 to the Plurinational State of Bolivia
Contingent Loan for Natural Disaster and Public
Health Emergencies

The Board of Executive Directors

RESOLVES:

That the President of the Bank, or such representative as he shall designate, is authorized, in the name and on behalf of the Bank, to enter into such contract or contracts as may be necessary with the Plurinational State of Bolivia, as borrower, for the purpose of granting it a Contingent Loan for Natural Disaster and Public Health Emergencies. Such contingent credit will be for the amount of up to US\$250,000,000 from the resources of the Bank's Ordinary Capital resources, and will be subject to the availability of resources from the Bank's regular loan program with the Plurinational State of Bolivia or from the Automatic Redirection List, as the case may be, and will be subject to the Financial Terms and Conditions and the Special Contractual Conditions of the Project Summary of the Loan Proposal.

(Adopted on _____ 2024)