

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

**BOLIVIA**

**SUPPORT FOR VULNERABLE POPULATIONS AFFECTED BY CORONAVIRUS**

**(BO-L1216)**

**LOAN PROPOSAL**

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Proposed resolution

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<b>OPTIONAL LINKS</b>	
1.	<a href="#">Rationale for economic viability</a>
2.	<a href="#">Note on social protection policies in the context of COVID-19</a>
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## ABBREVIATIONS

AETN	Autoridad de Electricidad y Tecnología Nuclear [Electricity and Nuclear Technology Authority]
ASFI	Financial System Oversight Authority
Bs	bolivianos
CAF	Andean Development Corporation
CCTP	Conditional cash transfer program
DGAA	Department of Administrative Affairs
ECLAC	Economic Commission for Latin America and the Caribbean
GDP	Gross domestic product
Administration	Gestora Pública de la Seguridad Social de Largo Plazo [Public Long-term Social Security Administration]
IMF	International Monetary Fund
MEFP	Ministry of Economy and Public Finance
MPD	Ministry of Development Planning
TCC	Technical Coordination Committee
WHO	World Health Organization

**PROJECT SUMMARY**  
**BOLIVIA**  
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Financial Terms and Conditions						
<b>Borrower:</b>			<b>Flexible Financing Facility<sup>(a)</sup></b>			
Plurinational State of Bolivia			<b>Amortization period:</b>	21.5 years		
<b>Executing agency:</b>			<b>Disbursement period:</b>	2 years		
Ministry of Economy and Public Finance			<b>Grace period:</b>	11 years <sup>(b)</sup>		
<b>Source</b>	<b>Amount (US\$)</b>	<b>%</b>	<b>Interest rate:</b>	LIBOR-based		
<b>IDB (Ordinary Capital):</b>	450,000,000	100	<b>Credit fee:</b>	<sup>(c)</sup>		
			<b>Inspection and supervision fee:</b>	<sup>(c)</sup>		
<b>Total:</b>	450,000,000	100	<b>Weighted average life:</b>	15.25 years		
			<b>Approval currency:</b>	U.S. dollars		
Project at a Glance						
<b>Project objective/description:</b> The general development objective of this project is to contribute to ensuring minimum levels of quality of life for vulnerable persons amid the crisis caused by COVID-19. The specific objective is to support minimum levels of income for people affected by coronavirus, in the immediate period and during the recovery.						
<b>Special contractual conditions precedent to the first disbursement of the loan proceeds:</b> The executing agency will have submitted to the Bank a copy of the appointment of the technical coordinator and the financial personnel assigned to the project. In addition, the following will be special conditions precedent to the first disbursement <b>for Subcomponent 1.1:</b> (i) for payment of the Canasta Familiar transfer to beneficiaries of the Renta Dignidad program: the signing of an agreement between the Ministry of Economy and Public Finance (MEFP) and the Public Long-term Social Security Administration (Administration), specifying the parties' responsibilities in project execution and how payments will be reported for reimbursement and disbursement of the loan proceeds; (ii) for payment of the Renta Dignidad transfer: the MEFP and the Administration will have signed an agreement specifying the parties' responsibilities in executing the project activities and how payments will be reported for reimbursement and disbursement of the loan proceeds; and the following will be a special condition precedent to the first disbursement <b>for Subcomponent 1.2:</b> the MEFP and the Electricity and Nuclear Technology Authority will have signed an agreement specifying the parties' responsibilities in project execution (paragraph 3.6).						
<b>Exceptions to Bank policies:</b> Partial waiver to the Public Utilities Policy (paragraph 3.7).						
Strategic Alignment						
<b>Challenges:<sup>(d)</sup></b>	SI	<input checked="" type="checkbox"/>	PI	<input type="checkbox"/>	EI	<input type="checkbox"/>
<b>Crosscutting themes:<sup>(e)</sup></b>	GD	<input checked="" type="checkbox"/>	CC	<input type="checkbox"/>	IC	<input type="checkbox"/>

(a) 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, and commodity conversions. The Bank will take operational and risk management considerations into account when reviewing such requests.

(b) Under the flexible repayment options of the Flexible Financing Facility, changes to the grace period are permitted provided that they do not entail any extension of the original weighted average life of the loan or the last payment date as documented in the loan contract.

(c) The credit fee and 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.

(d) SI (Social Inclusion and Equality); PI (Productivity and Innovation); and EI (Economic Integration).

(e) GD (Gender Equality and Diversity); CC (Climate Change and Environmental Sustainability); and IC (Institutional Capacity and Rule of Law).

## I. PROJECT DESCRIPTION, AND RESULTS MONITORING

### A. Background, problem to be addressed, and rationale

- 1.1 **Background.** On 11 March 2020, the World Health Organization (WHO) declared the outbreak of COVID-19, the disease caused by the 2019 novel coronavirus, or SARS-CoV-2, which affects the respiratory system, a pandemic. As of 30 April, according to WHO, there were 3,090,445 confirmed cases in 213 countries or territories, which have resulted in over 217,769<sup>1</sup> deaths. The first cases in Latin America and the Caribbean were reported in late February; since then, cases have grown quickly, with nearly 198,708 confirmed cases of COVID-19 and 10,452 reported deaths.<sup>2</sup> The number of cases, deaths, and affected countries is expected to continue to grow. COVID-19 can be easily spread from person to person through respiratory secretions<sup>3</sup> and direct contact. For this reason, social distancing and isolation measures are essential features of the public health response with the goal of reducing the number of healthy people whom a patient can infect (known as the reproduction number) or, stated another way, the average number of new cases generated by a case over time, to a value below 1. In Bolivia, the first case was recorded on 10 March, and the first death caused by COVID-19 occurred on 29 March; As of 30 April, 1,110 cases and 59 deaths had been recorded.
- 1.2 **Macroeconomic and social context.** Latin America and the Caribbean have made notable progress in reducing poverty in recent years, going from a rate of 45.4% in 2002 to 30.8% at year-end 2019. However, despite this progress, a large proportion of the region's population is still vulnerable: 37% is income vulnerable, i.e. highly likely to fall into poverty in the event of major economic shocks. In Bolivia, according to information from the Bank's Social Sector database (Sociómetro), in 2018, 25.8% of the population lived in monetary poverty, and 41% was vulnerable, meaning that nearly 70% would require social protection in the event of adverse economic events.<sup>4</sup> Considering the severe economic impact expected from COVID-19, most people's source of income will be affected. According to the Bank's *2020 Latin American and Caribbean Macroeconomic Report: Policies to Fight the Pandemic*, the region's gross domestic product (GDP) is expected to decline by between 1.8% and 5.5%. From 2020 to 2022, its GDP growth will average between 0.0% and 2.7%, which contrasts with the pre-COVID-19 estimate of 2.1%.<sup>5</sup> For Bolivia, GDP is expected to shrink by 3.4% in 2020.<sup>6</sup> Given events of this magnitude, those living in poverty or vulnerability before the crisis have no way of offsetting the decline in their incomes.

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<sup>1</sup> WHO COVID-19 See status at: <https://www.who.int/emergencies/diseases/novel-coronavirus-2019> 16 April 2020.

<sup>2</sup> COVID-19 situation update, processed by the Social Protection and Health Division with data from the European Centre for Disease Prevention and Control (ECDC).

<sup>3</sup> <https://www.who.int/es/emergencies/diseases/novel-coronavirus-2019/advice-for-public/q-a-coronaviruses>.

<sup>4</sup> Sociómetro figures use a poverty line of US\$5 per person per day, and a range of US\$5 and US\$12.40 per person per day for vulnerability, adjusted for purchasing power parity. These data are consistent with information from the National Statistics Institute, which, using the national poverty line, reports that poverty fell from 60.6% in 2005 to 34.6% in 2018 (and extreme poverty, from 38.2% to 15.2%).

<sup>5</sup> See [https://publications.iadb.org/english/document/2020\\_Latin\\_American\\_and\\_Caribbean\\_Macro\\_economic\\_Report\\_Policies\\_to\\_Fight\\_the\\_Pandemic.pdf](https://publications.iadb.org/english/document/2020_Latin_American_and_Caribbean_Macro_economic_Report_Policies_to_Fight_the_Pandemic.pdf).

<sup>6</sup> According to World Bank data.

- 1.3 **Problem addressed.** The health measures necessary to fight COVID-19, particularly social distancing, have immediate impacts and will have lasting consequences on the economies of the countries in the region. In part, these impacts are associated with the necessary changes in people's behavior to "flatten the curve" of COVID-19 progression, which will contribute to saving lives. These behaviors may be the result of government mandates (closing schools, restaurants, canceling public events, etc.), decisions made by companies and other institutions (teleworking, cutting back production, etc.), and decisions made by consumers (reducing social contact). This has generated a very significant economic downturn with immediate manifestations and lingering effects, even once the health emergency is over. From a macroeconomic perspective, in addition to shrinking domestic demand, the Economic Commission for Latin America and the Caribbean (ECLAC) sees at least six mechanisms that explain the impacts of the crisis on the region's economy:<sup>7</sup> (i) slowing economic activity of key trading partners that will impact the demand for exports; (ii) less demand for tourism services; (iii) interruption of global value chains; (iv) falling commodity prices; (v) a reduction in remittances; and (vi) deteriorating financial terms. The economic slowdown is expected to reduce tax revenues, while pressure to spend will increase in order to respond to the health emergency.<sup>8</sup>
- 1.4 **The repercussions of the crisis will hurt the income of most people, especially the poorest and most vulnerable groups,** who depend on their largely informal work activities to support their consumption. Even in transitional shocks to income, most people lack the capacity to sustain consumption when faced with drastic reductions to their daily income. Thus, ECLAC projects that the number of people in poverty in the region will rise by at least 35 million (from 185 to 220 million).<sup>9</sup> This situation also puts workers in the formal sector at risk: their companies will face major difficulties in maintaining pre-crisis levels of employment and wages. According to Bank projections, there could be formal job losses in Latin America affecting between 5.4 million and 18 million workers, and informal employment (that is, employees who lack social security coverage) could increase significantly to represent 62% of all employment. In Bolivia, the loss of formal jobs could reach 100,000 (around 10%).<sup>10</sup>
- 1.5 **Within the groups vulnerable to COVID-19 in Bolivia, people age 60 and over stand out,** since, in addition to having a higher death rate in the event of infection,<sup>11</sup>

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<sup>7</sup> See <https://www.cepal.org/es/comunicados/covid-19-tendra-graves-efectos-la-economia-mundial-impactara-paises-america-latina>.

<sup>8</sup> According to ECLAC, "The crisis will place additional pressure on countries with limited fiscal headroom, which will jeopardize social spending, which is already under stress after seven years of slow economic growth." [https://repositorio.cepal.org/bitstream/handle/11362/45337/4/S2000264\\_es.pdf](https://repositorio.cepal.org/bitstream/handle/11362/45337/4/S2000264_es.pdf).

<sup>9</sup> This is explained by the loss of work income and the low levels of unemployment insurance coverage in the region. For example, see [https://repositorio.cepal.org/bitstream/handle/11362/45337/4/S2000264\\_es.pdf](https://repositorio.cepal.org/bitstream/handle/11362/45337/4/S2000264_es.pdf).

<sup>10</sup> Azuara, O. et al., 2020: "Escenarios de Pérdida de Empleos Formales por COVID-19 en América Latina y el Caribe", <https://publications.iadb.org/es/como-impactara-la-covid-19-al-empleo-posibles-escenarios-para-america-latina-y-el-caribe>.

<sup>11</sup> While there are no specific data for Bolivia, international evidence shows that the fatality rate rises considerably with age. See <https://www.worldometers.info/coronavirus/coronavirus-age-sex-demographics/> and <https://www.statista.com/statistics/1106372/coronavirus-death-rate-by-age-group-italy/>.

their labor market participation rate is nearly 61% in the 60 to 80 age range (71% for men and 51% for women),<sup>12</sup> meaning that they will see a drop in their work income due to the measures described above.<sup>13</sup> The poverty rate is also 33% higher among those age 60 and over than in the under-60 population.<sup>14</sup> In terms of the labor market breakdown, 82% of the active population works in the informal sector, while, for working people age 60 and over, the number rises to 92%.

- 1.6 As for electricity consumption, while more than 90% of households have access to electricity, according to the 2018 Household Survey, households in extreme and moderate poverty spent 12.61% and 9.25% of their average monthly income, respectively, on power. In the context of a significant drop in income, expected as a result of COVID-19, it is important to ensure that the most vulnerable users can consume power and that the system is sustainable.<sup>15</sup> The importance of having access to electricity as a determining factor in quality of life is established in the Sustainable Development Goals. In the context of COVID-19, power services are key to preventing illness and combatting the pandemic, for example, in the supply of clean water for essential hygiene and to enable communications and information technology services that connect people while they maintain social distancing.<sup>16</sup>
- 1.7 **Bolivia has a series of cash transfer programs to support the poor and vulnerable population.** The main ones include:
  1. **Renta Dignidad [Dignity Pension]**
- 1.8 With roots in Bolivia dating back to 1998, this program was created in 2007 out of BONOSOL (from 2003). It consists of a transfer to people age 60 and over, the amount of which varies depending on whether the beneficiary receives a pension (in 2019, 84% did not). Those who do not receive a pension (70% of whom live in poverty or income-vulnerability<sup>17</sup>) are entitled to a monthly payment of 350 bolivianos (Bs) (equivalent to about US\$50), with thirteen payments made per year. Those who receive a pension collect 75% of this amount. In late 2019, there were 1.1 million registered beneficiaries.<sup>18</sup> The annual Renta Dignidad budget is some US\$560 million.<sup>19</sup>
  2. **Bono Juana Azurduy [Juana Azurduy Voucher]**
- 1.9 Created in 2009, the Bono Juana Azurduy program ultimately seeks to provide access to health and comprehensive development services, with a view to lowering maternal and infant mortality. It does this through conditional cash transfers targeting

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<sup>12</sup> Based on data from the National Statistics Institute's Household Survey processed by the Bank's Social Sector.

<sup>13</sup> For people who receive Renta Dignidad and work, labor income accounted for around 70% of total income, according to the 2018 Household Survey.

<sup>14</sup> According to the 2018 Household Survey, 17% of the population is 60 or older, and nearly 30% lives in households where at least one person is in that age range. The poverty rate for people under 60 was 21%, and for those 60 and over, it was 28% (with a poverty line of US\$5 per capita per day).

<sup>15</sup> See [optional link 7](#).

<sup>16</sup> For further details, see: <https://www.un.org/sustainabledevelopment/es/energy/>.

<sup>17</sup> Project team calculation based on the National Statistics Institute's 2018 Household Survey.

<sup>18</sup> Approximately 2.3 million people live in households where at least one person receives Renta Dignidad.

<sup>19</sup> For further details on Renta Dignidad, see [optional link 6](#).



women who are pregnant or lactating, and those who have small children. The conditions for receiving the subsidy are: (i) attending four prenatal checkups; (ii) attending a postpartum checkup; and (iii) attending checkups to monitor the child's growth and development through year two. In 2018, the program had 229,000 registered beneficiaries, including women and children. Payment amounts vary depending on the extent to which the conditions are fulfilled. The maximum is Bs 1,820 (around US\$260) for the four prenatal checkups, institutional delivery, and postpartum checkup, as well as the bimonthly comprehensive health checks for the child for two years. The program's annual budget is some US\$27 million.

### **3. Renta Solidaria [Solidarity Pension]**

- 1.10 This is a pension for people with severe or very severe disabilities created in 2013. Through 2018, there were 30,500 beneficiaries receiving Bs 1,000 annually (around US\$145), and the annual budget was US\$4.4 million.

### **4. Bono Juancito Pinto [Juancito Pinto Voucher]**

- 1.11 This conditional cash transfer program was created in 2006 as an incentive to enroll and keep children in school. It covers all children age 6 to 14 who attend public school throughout the country and provides Bs 200 (roughly US\$28) once per year for each child. The program has around 2.2 million beneficiaries and is based on the national student registry. Its annual budget is approximately US\$66 million.

### **5. Tarifa Dignidad [Dignity Rate]**

- 1.12 To ensure access to electricity for the most vulnerable populations, in 2010, "Tarifa Dignidad" was created for nationwide implementation, both in urban and rural areas. The benefit consists of an average discount of 25% on the rate in effect for household consumers who use under 70 kilowatt-hours per month, and it benefited approximately 1.2 million users in 2019.<sup>20</sup> This arrangement works within a consolidated rate structure that ensures sustainability and coverage in the electricity sector.<sup>21</sup>
- 1.13 **Challenges and progress.** Since the health crisis was declared in March, a series of supreme decrees<sup>22</sup> have been published, describing the social actions adopted in response to the pandemic. These include: (i) implementing Canasta Familiar [Family Basket], a special Bs 400 (US\$57.40) transfer to beneficiaries of the three existing cash transfer programs: Renta Dignidad (for those without a pension), Juana Azurduy (registered mothers), and Renta Solidaria; (ii) creating the Bono Familia [Family Voucher], a special voucher of Bs 500 (US\$71.70) per child for all families with children that attend public schools, as they have been deprived of the national school meals program due to the temporary closure of schools; (iii) prohibiting residential water, power, and gas service shutoffs; (iv) subsidizing electricity bills, and covering 100% of the rate for families that consume up to Bs 120 of electricity

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<sup>20</sup> It should be noted that, in Bolivia, according to the Office of the Deputy Minister for Electricity and Alternative Energy, estimated electricity coverage is 100% in urban areas and 90% in rural areas. A family that has a refrigerator, television, radio, and three light bulbs consumes an average of 153 kilowatt-hours per month.

<sup>21</sup> For further details, see [optional link 7](#).

<sup>22</sup> See <http://www.gacetaoficialdebolivia.gob.bo/> for a complete list of supreme decrees related to COVID-19.

per month and lower percentages for those who consume more;<sup>23</sup> (v) deferring principal payments on personal, family, and small business bank loans for two months; and (vi) extending the deadline for solidarity fund withholdings, risk premiums, fees, and contributions on an exceptional basis. The first two measures envisage around 3.5 million beneficiaries and an expenditure of approximately Bs 1.73 billion (some US\$248 million). Moreover, on 14 April, the Bolivian government announced the implementation of the Bono Universal [Universal Voucher], which consists of a Bs 500 unconditional transfer to all people age 18 to 59 who do not benefit from another voucher program or contribute to Pension Fund Administrators, as established in Supreme Decree 4215. Payments were first issued on Thursday, 30 April, according to the last digit of citizen identity card numbers. The Bono Universal thus excludes beneficiaries of the Canasta Familiar program.<sup>24</sup> The government also announced that formal-sector businesses would have access to soft loans through the financial system.<sup>25</sup>

- 1.14 Bolivia has made headway in establishing benefit payment procedures that include social distancing measures, in order to adapt to the circumstances presented by the pandemic. Supreme Decree 4,200, for example, regulates the circulation of people based on the last digit of their identity card number.<sup>26</sup> New authorized financial assistance sites to collect special voucher benefits have been added, bringing the total to 1,038 across the country, according to the Financial System Oversight Authority.<sup>27</sup> Voucher transactions have been simplified, particularly for the elderly, whose relatives are now authorized to collect benefits on their behalf.<sup>28</sup> A payment strategy has also been implemented to avoid having people congregate at financial

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<sup>23</sup> Bs 120 per month is equivalent to about 150-kilowatt hours of consumption per month. This calculation is based on the total amounts billed in April, May, and June 2020. According to Supreme Decree 4206, this benefit will only be valid for the months of April, May, and June 2020, and will be paid by the State directly to electricity distribution companies.

<sup>24</sup> Through the same decree, the Bolivian government approved the expansion of Bono Familia to families with children in private school and to students of alternative and special education schools. The amount for these population groups will also be Bs 500.

<sup>25</sup> Supreme Decree 4,216 of 14 April 2020. Both ECLAC and the International Monetary Fund, as well as other institutions, are monitoring the measures adopted by countries in response to the coronavirus. For example, see <https://www.imf.org/en/Topics/imf-and-covid19/Policy-Responses-to-COVID-19#B> and <https://www.cepal.org/en/topics/covid-19>.

<sup>26</sup> <https://boliviaemprende.com/wp-content/uploads/2020/03/D.S.-4200-1.pdf-1.pdf>.

<sup>27</sup> Information up to date through 9 April 2020 based on data from the Financial System Oversight Authority: <https://www.asfi.gob.bo/index.php/18-int-financiera.html>.

<sup>28</sup> As a supplement, the Renta Dignidad program has a home payment system that is applied in 2% of the cases; emphasis has also been placed on the possibility of a family member collecting the Renta Dignidad payment with the written authorization of the beneficiary in order to maintain social distancing of older adults. Thus, payment points and collection options are being expanded.

- assistance sites. This includes staggering transfer times and creating a clear payment schedule.<sup>29</sup>
- 1.15 **Rationale and strategy.** To offset the loss of income and employment caused by COVID-19 response measures, large-scale compensatory policies will be supported. Due to the importance of supporting the consumption of the most vulnerable families as economic conditions deteriorate, this project should support the implementation of existing transfer arrangements throughout the crisis, particularly Renta Dignidad (explained in paragraph 1.8) for persons age 60 and over who do not have a pension, as well as the use of additional transfer programs, specifically Canasta Familiar (explained in paragraph 1.13) for those without a pension who receive Renta Dignidad.<sup>30</sup> Canasta Familiar regulations set out eligibility criteria and do not set conditions to receive the benefit.<sup>31</sup> The project will also support basic access to electricity for households whose monthly bill is up to Bs 120 through assistance to cover payments for April, May, and June 2020.<sup>32</sup>
- 1.16 These strategies will maintain the differentiated approaches currently used in transfer programs to protect the most vulnerable groups. For example, Renta Dignidad corrects preexisting gaps reflected by lower access to contributory pensions for indigenous peoples and women. According to the Household Survey, 16.1% of people age 60 and over receive a contributory pension, but there are notable differences across ethnicities (10.1% of the indigenous population versus 20.4% of the rest of the population) and genders (12.4% of women compared to 20% of men). In the case of working people 60 and over, a similar pattern can be seen. Among indigenous peoples, labor market participation is higher than for the rest of the population (67.2% versus 50.7%), which shows that this group needs to work to meet its needs.<sup>33</sup> There are also significant gaps in terms of work income for people age 60 and over who do not receive a contributory pension: the average

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<sup>29</sup> Based on the practices observed in other countries, these initial measures could be supplemented with a clear and effective communication strategy, and over the medium term, by expanding the network of establishments where voucher payments can be collected. It should be noted that Bolivia has a regulatory framework that simplifies the process of opening an account, allowing it to be done remotely, and legally recognizes electronic money. In this context, conditions are favorable to move toward digital options for benefit payments, and an opportunity has arisen to strengthen the emerging ecosystem, reinforcing the ability of country's social safety net to respond to future shocks. See: <https://publications.iadb.org/es/los-mecanismos-de-pago-digitales-una-guia-para-los-proyectos-de-proteccion-social-durante-pandemias>.

<sup>30</sup> Transfers to Renta Dignidad beneficiaries will be financed. For further details, see [optional link 6](#).

<sup>31</sup> Decree 4,200 announced the creation of the Canasta Familiar program under the Ministry of Productive Development and Plural Economy. It is regulated by a biministerial resolution issued by this ministry and the Ministry of Economy and Public Finance ([https://repositorio.economiayfinanzas.gob.bo/documentos/Documentos\\_de\\_Interes/2020/RBM\\_MDPyEP\\_1\\_20\\_CANASTA\\_FAMILIAR.pdf](https://repositorio.economiayfinanzas.gob.bo/documentos/Documentos_de_Interes/2020/RBM_MDPyEP_1_20_CANASTA_FAMILIAR.pdf)).

<sup>32</sup> Access to electricity is one of the Sustainable Development Goals, and there is evidence of a relationship between electricity consumption and income, particularly at low levels of residential consumption. More information on energy poverty in Bolivia can be found at <https://www.sdsnbolivia.org/midiendo-la-pobreza-y-la-desigualdad-energetica-a-nivel-municipal-en-bolivia/>. There is also evidence of the effectiveness of programs to assist poor households with electricity consumption, e.g. in Mexico, where a program supported family savings and use of the service (see <https://www.transparenciapresupuestaria.gob.mx/work/models/PTP/SED/Evaluaciones/CHPF2009/20s072ei07.pdf>).

<sup>33</sup> The difference between these percentages is greater in the 60-and-over population than in the 18 to 59 population, where the employment rate was 79.6% among the indigenous population compared to 69% in the rest of the population. This suggests that, in relative terms, the labor market participation of the indigenous population increases as of age 60.

hourly wage of women in this group is 74% of what it is for men, and the hourly wage earned by indigenous peoples is also lower than for the rest of the population.<sup>34</sup> Lastly, in this age group, poverty among indigenous peoples is considerably higher than for the rest of the population (54% compared to 24.9%); there is also a significant difference between women and men (39% among women and 34.5% among men). With this backdrop in mind, Renta Dignidad certainly helps close these gaps for indigenous peoples and women. Among the population that does not receive a contributory pension, the program had 83.9% coverage,<sup>35</sup> with higher levels among the most vulnerable groups: the percentage of indigenous people who receive Renta Dignidad is higher than for the rest of the population (89.9% and 79.6%, respectively). The percentage of women who receive the benefit is also higher than the percentage of men (87.6% and 80%, respectively).<sup>36</sup> The relative participation of indigenous peoples in Renta Dignidad is greater due to specific strategies developed to allow for communication in indigenous languages in public service centers and over the helpline, as well as in the program's outreach campaign.<sup>37</sup>

- 1.17 **Coordination with other Bank projects.** This project is consistent with the Proposal for the IDB Group's Governance Response to the COVID-19 Pandemic Outbreak (document GN-2996). This project is related to the reallocation of funds from loan 4612/BL-BO (Program to Improve Accessibility to Maternal and Neonatal Health Services in Bolivia) to support the health response to COVID-19, in particular to expand hospital response capacity for treatment of cases requiring respiratory support.<sup>38</sup>
- 1.18 **The Bank's experience and lessons learned.** Since the mid-1990s, the Bank has supported the design, implementation, and evaluation of cash transfer programs in 18 countries in the region. The evaluation of these programs found that cash transfers are the most effective instrument for redistributing resources and supporting consumption in the most vulnerable families. Moreover, the Bank's operational experience in this area shows that evaluating the vulnerability of households, inputting records in information systems, and processing payments requires time and field work. Payment in remote areas can require delivery of cash and thus entail gatherings of people. In a context of social distancing and the need

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<sup>34</sup> Relative income (indigenous population/the rest) is 20%. This figure is higher among the 18 to 59 population (80%) because of the activities performed by older indigenous adults.

<sup>35</sup> According to data from the 2018 Household Survey. While the program's target population consists of all people age 60 and over, the survey asks if any income from a subsidized pension was received, and those who respond affirmatively are counted as actual recipients.

<sup>36</sup> [Optional link 6](#) includes a recent study (published in 2020), which shows the impacts of Renta Dignidad among women and indigenous populations.

<sup>37</sup> Bolivia has 37 official languages: 36 indigenous languages, including Quechua and Aymara, plus Spanish. In fact, the government and numerous nongovernmental organizations are developing campaigns in indigenous languages to communicate information related to government social programs. The Bolivian television station that reaches a large part of the country also has programming in these languages broadcast over the air and on the Internet: <http://www.boliviavt.bo/principal/index.php?lang=ay>. The network of radio stations also provides information in three languages depending on the region: <https://www.radioillimani.bo/>.

<sup>38</sup> This reallocation was not a substantial or fundamental change from loan 4612/BL-BO since both Component 1 and Component 2 of that operation include procurement of supplies and medications for health care institutions and the strengthening of the institution's medical equipment.

for a rapid response to the crisis, this suggests that it is strategic to use existing social protection systems (beneficiary records and systems) as the foundation and prioritize payments through bank accounts or other electronic mechanisms (e.g. electronic wallet). In Bolivia, the Bank also has experience implementing these types of interventions, including: the “Multiphase Program in Support of the Plan to Eradicate Extreme Poverty” (PEEP) Phase I (loan 2252/BL-BO), which implemented payments to beneficiaries of the Bono Juana Azurduy program for mothers and children through the use of a financial agent supporting the program’s execution unit,<sup>39</sup> a good practice that will be incorporated into the process of paying the Canasta Familiar and Renta Dignidad transfers; and the “Master Registry of Beneficiaries Program” (loan 2637/BL-BO), which strengthened the digital registries for conditional cash transfer programs. The lessons learned from this project included strengthening the registries of each entity responsible for direct payment, which will be done through a technical cooperation operation associated with this project. Regionally, given their connection with issues of database management, the following technical cooperation operations stand out: “Modernization of Public Employment Services II” (ATN/OC-16825-RG) on the use of technology for the clean-up, establishment, and improvement of unified databases with lessons learned including the importance of having a general map of the system, which will be implemented in a technical cooperation operation; and the “Program to Strengthen the Pension System in Paraguay” (ATN/OC-14763-PR) on issues associated with good practices in improving noncontributory pension databases, including the importance of their rapid analysis as an initial strengthening measure, which is included as a measure supporting the fiduciary payment process.

- 1.19 **Coordination with other multilaterals and/or donor agencies.** The Bank is coordinating the response to the COVID-19 crisis with other international agencies. In the area of health, the Bank has followed the guidelines of the World Health Organization and the Pan American Health Organization and has coordinated with regional entities and the World Bank. Specifically, the IDB and the World Bank are supporting the government’s response to the COVID-19 epidemic by expanding hospital response capacity for patients requiring respiratory support and intensive care through financing for: (i) contracting additional health human resources; (ii) procuring medical care and diagnostic equipment (laboratory and imaging); and (iii) procuring personal protective equipment, tests and laboratory reagents, medications, and other care-oriented supplies. This support aims to increase the capacity of the country’s hospital system with 905 additional hospital beds and 500 intensive care beds.<sup>40</sup> Moreover, in response to the health emergency caused by COVID-19, the Andean Development Corporation (CAF) granted a US\$50-million loan to Bolivia.<sup>41</sup> In the case of the social consequences, the Bank is sharing

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<sup>39</sup> For payment of the Canasta Familiar and Renta Dignidad transfers, this project will use the same financial agent that supported the process of paying the Bono Juana Azurduy transfers. This financial agent (Síntesis) is the company that provides the technology platform service for payments and integration of financial institutions to gather the data on all the payments and produce a single reporting system.

<sup>40</sup> On 2 April, the World Bank approved US\$20 million to address the immediate priorities of the health system and technical assistance to counter the growth of the outbreak of this virus in the country. <https://www.worldbank.org/en/news/press-release/2020/04/02/el-banco-mundial-facilita-apoyo-y-recursos-inmediatos-para-atender-la-emergencia-por-el-covid-19-coronavirus-en-bolivia>.

<sup>41</sup> <https://www.caf.com/es/actualidad/noticias/2020/04/caf-otorga-credito-de-usd-50-millones-a-bolivia-para-atender-la-emergencia-sanitaria-ocasionada-por-el-covid-19/>.

diagnostic assessments with the International Monetary Fund (IMF), the World Bank, and ECLAC, and the proposals presented herein coincide with the objective of supporting the health measures necessary to address the pandemic (supporting families so they can comply with social distancing measures), protecting the most vulnerable against COVID-19, and promoting the recovery of the economy in the medium term. The Bank is in constant communication with the World Bank, the IMF, and CAF to coordinate the support of the various measures promoted by the government. For example, the World Bank will partially finance the programs Canasta Familiar (for the population not covered by this operation), Bono Familia, and Bono Universal, described in paragraph 1.13, for approximately US\$250 million. Moreover, the French Development Agenda is supplementing this financing with up to 100 million euros. On 17 April, the IMF approved US\$327 million to support required medical expenses and finance support measures to preserve social safety net spending, which will supplement the support financed under this operation.<sup>42</sup>

1.20 **Strategic alignment.** The project is consistent with the second Update to the Institutional Strategy (document AB-3190-2) and is aligned with the challenge of social inclusion and equality, through support for maintaining minimum levels of income and welfare of the most vulnerable populations in response to COVID-19, particularly people 60 and over and households that are vulnerable in terms of income, based on their low levels of electricity consumption. The project is also aligned with the crosscutting area of diversity by prioritizing the populations vulnerable to COVID-19, particularly indigenous peoples with inclusive communication strategies executed in indigenous languages. The project will contribute to the Corporate Results Framework (CRF) 2020-2023 (document GN-2727-12) through the indicator on beneficiaries of targeted anti-poverty programs. The project is aligned with the Strategy on Social Policy for Equity and Productivity (document GN-2588-4) in the areas of enhancing equity and supporting vulnerable populations. It is also consistent with the Social Protection and Poverty Sector Framework Document (document GN-2784-7), which underscores the importance of supporting vulnerable populations in particular against external shocks through responsive social protection policies. This project is consistent with the Proposal for the IDB Group's Governance Response to the COVID-19 Pandemic Outbreak (document GN-2996), since one of its priorities is to protect the income of affected vulnerable populations by leveraging existing social protection systems.

## **B. Objectives, components, and cost**

1.21 **Objectives.** The general development objective of this project is to contribute to ensuring minimum levels of quality of life for vulnerable persons amid the crisis caused by COVID-19. The specific objective is to support minimum levels of income for people affected by coronavirus, in the immediate period and during the recovery. The operation is structured as a single component with two subcomponents:

1.22 **Sole component: Protection of vulnerable populations using existing cash transfer programs.**

1.23 **Subcomponent 1.1. Protection of vulnerable populations through the Renta Dignidad program. (US\$405.3 million).** This component will partially finance cash

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<sup>42</sup> <https://www.imf.org/en/News/Articles/2020/04/17/pr20170-bolivia-imf-executive-board-approvesemergency-support-to-address-covid-19>.

transfers to beneficiaries of the Renta Dignidad program (particularly people 60 and over who do not receive a pension).<sup>43</sup> This includes part of the regular Renta Dignidad payments made over the months of the crisis and recovery (at present Bs 350 (US\$50.90) to every person without a pension or other income from the State), as well as the additional payments announced under Canasta Familiar as part of the COVID-19 economic measures, i.e. Bs 400 to beneficiaries of Renta Dignidad who do not have a pension or other source of income. More specifically, the component may cover up to 100% of the special Canasta Familiar payments to that group, and 100% of up to 10 scheduled monthly payments, also to the same group. To support the efficient distribution of the transfers in the context of COVID-19, it may also finance the cost of transfer fees, which are currently up to Bs 4 per transfer.<sup>44</sup> As documented in paragraph 1.16, most of the voucher beneficiaries are expected to be women (in 2019, they were 54%). As part of the delivery of vouchers, the MEFP is improving its strategies to communicate with indigenous peoples about COVID-19-related issues, including eligibility criteria, requirements, and how to collect Canasta Familiar and Renta Dignidad during the health emergency.<sup>45</sup>

- 1.24 **Subcomponent 1.2. Protection to support basic electricity consumption by the vulnerable population. (US\$44.5 million).** Recognizing the relevance of building payment capacity for electricity service to avoid further aggravating socioeconomic inequalities in access, in particular for the vulnerable population, this subcomponent will subsidize up to 100% of electricity bills for households that consume up to Bs 120 per month (US\$17).<sup>46</sup> There are an estimated two million customers that fall into this category.<sup>47</sup>
- 1.25 **Project administration and audit (US\$200,000)** This item will finance management and the contracting of audits for the project.
- 1.26 **Beneficiaries.** The actions proposed in this operation will target individuals directly affected by COVID-19, mainly because they live in a state of poverty or vulnerability to the crisis, and their household's ability to earn an income has been diminished,<sup>48</sup>

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<sup>43</sup> The total support for regular Renta Dignidad payments is approximately US\$380 million (with the rest of the component for the payment associated with Canasta Familiar). This amount represents around 67.8% of the annual budget for Renta Dignidad. Partial financing will be provided for 10 monthly payments to the population receiving Renta Dignidad who do not have a pension or other income from the government.

<sup>44</sup> As indicated in paragraph 1.14, the network of institutions where transfers can be collected has been expanded in order to reduce the risk of contagion caused by the congregation of people (see paragraph 2.4).

<sup>45</sup> The Bank is supporting these efforts through the technical cooperation operation "Project to Support the Implementation and Management of Indigenous Native Campesino Government Institutions (ATN/JF-16567-BO).

<sup>46</sup> Pursuant to Supreme Decree 4,206 (<https://boliviaemprende.com/wp-content/uploads/2020/04/Decreto-Supremo-4206-Gaceta-Oficial-de-Bolivia-en-PDF.pdf>), the support will cover electricity consumption, as well as the public lighting and city cleaning fees and Cooperative Audit and Oversight Authority fee. It will also benefit the vulnerable population employed in the informal sector. As mentioned above, in Bolivia, 82% of jobs are in the informal sector and more than 60% of the population is vulnerable.

<sup>47</sup> Based on data from the 2018 Household Survey, around 7 million people live in these homes. The exact number of beneficiaries will be determined according to actual consumption in these households over the months that they receive support.

<sup>48</sup> As a reference, according to the 2018 Household Survey data, more than 50% of people age 60 to 80 work.

specifically, around 745,000 recipients of Renta Dignidad who do not receive a pension.<sup>49</sup> Approximately 2 million people who live in homes that consume up to Bs 120 of electricity per month (around US\$17) will also benefit.<sup>50, 51</sup>

### C. Key results indicators

- 1.27 **Expected outcomes.** The program will help maintain standards of living for persons vulnerable to COVID-19 whose income level is affected, for the months that the health emergency lasts and the first few months of the recovery. To do this, it will help maintain household incomes. The primary expected outcomes are to provide support through direct cash transfers to people age 60 and over who do not receive a pension, maintaining current coverage levels among indigenous peoples, and support to cover the electricity bills of vulnerable families who consume up to Bs 120 of power per month.
- 1.28 **Economic viability.** Income compensation for poor and vulnerable people amid the COVID-19 crisis will reinforce health measures and help families maintain minimal levels of wellbeing. Based on the foregoing, a cost-benefit analysis was conducted, in which a net present value of US\$66.2 million<sup>52</sup> was estimated in the base case scenario. This value remained robust in response to changes in the discount rate and the effectiveness of the transfers. The overall analysis also discusses the benefits of reducing the disease's reproduction number through the implementation of social distancing measures ([optional link 1](#)).

## II. FINANCING STRUCTURE AND MAIN RISKS

### A. Financing instruments

- 2.1 This operation is a specific investment loan. It will be financed from the Bank's Ordinary Capital resources for a total amount of US\$450 million. The disbursement period will be 24 months.

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<sup>49</sup> The universe that meets this criteria consists of around 850,000 people. It was agreed that the Bank would partially finance benefits for this population for 10 months, including the additional Canasta Familiar payment.

<sup>50</sup> This accounts for approximately 70% of connected homes.

<sup>51</sup> Annex III describes the operation and regulations of the Renta Dignidad, Canasta Familiar, and temporary electricity rate reduction programs.

<sup>52</sup> The base case scenario uses a 5% discount rate. The internal rate of return is 15.51%. With a 12% discount rate, the net present value is US\$61.3 million. As indicated in [optional link 1](#), the discount rate of 5% is consistent with the recommendations of the National Institute for Health and Clinical Excellence, which suggests using values in the range of 1.5%-3.5% in analyzing the benefits of social programs, as well as the WHO and specialized literature on the economic evaluation of social projects.



**Table 1. Estimated project costs (US\$ millions)**

<b>Components</b>	<b>IDB</b>	<b>%</b>
Sole component: Protection of vulnerable populations using existing cash transfer programs	<b>449.8</b>	<b>99.96</b>
Subcomponent 1.1. Protection of vulnerable populations through the Renta Dignidad program	405.3	90.07
Subcomponent 1.2. Protection to support basic electricity consumption by the vulnerable population	44.5	9.89
Administration and audit	0.2	00.04
<b>Total</b>	<b>450.0</b>	<b>100.00</b>

**Table 2. Projected disbursements (US\$ millions)**

	<b>2020</b>	<b>2021</b>	<b>Total</b>
IDB	315	135	450
%	70	30	100

**B. Environmental and social risks**

2.2 In accordance with Directive B.3 of the Bank’s Environment and Safeguards Compliance Policy (Operational Policy OP-703), the project has been classified as a category “C” operation inasmuch as it not expected to cause any negative environmental or social impacts, or such impacts will be minimal. The project will not finance any physical infrastructure component, so no associated environmental or social impacts or risks are anticipated.

**C. Fiduciary risks**

2.3 The procurement risk is low inasmuch as no investments in goods, services, or infrastructure are expected. However, medium-level financial management risks have been identified, including: (i) possible delays in the project’s fiduciary management due to the inexperience of the Ministry of Economy and Public Finance (MEFP) as an executing agency for Bank-financed investment loans; (ii) potential delays in administrative and financial management due to the additional work load that the incorporation of this project entails (US\$450 million), and other delays in the MEFP project portfolio resulting from the COVID-19 emergency; (iii) interagency coordination, as well as information and document flows, between the MEFP and the Public Long-term Social Security Administration (Administration) and the Electricity and Nuclear Technology Authority (AETN), which could lead to delays in accountability and financial reporting, affecting the project’s execution; and (iv) potential ineligible expenses under subcomponent 1.1 due to possible weaknesses in registry, update, and monitoring processes for beneficiary databases and the payment system. Mitigation actions for these risks will include: (i) training MEFP designated staff in procurement and financial management under IDB policies; (ii) designating personnel in the MEFP Department of Administrative Affairs (DGAA) to be responsible for the project’s financial management, i.e. keeping accounting records of transfers, preparing the project’s consolidated financial statements, contracting an audit firm, and handling external audit requests; (iii) forming a coordination body made up of MEFP, Administration, and AETN representatives; and (iv) contracting an expert with Bank funds to evaluate the databases managed by the Administration under this project. This evaluation will involve an analysis of the Renta Dignidad and Canasta Familiar databases

managed by the Administration, as well as management and information systems linked to the operation.

#### **D. Other key risks and issues**

- 2.4 **Development.** A medium-level development risk has been identified: if crowds form at payment sites, it could create an infection risk for the staff responsible for payments, as well as the beneficiaries. To mitigate this risk, a protocol has been established on providing service in bank branches, staggering service times by identity document number, and incorporating all bank establishments into the payment process.<sup>53</sup> Technical support will also be provided parallel to this operation to develop a strategy for the use of alternative payment methods, with a particular emphasis on digital ones, e.g. bank transfers, ATM payments, and electronic payment tools.<sup>54</sup>
- 2.5 **Sustainability.** The project is considered sustainable as it finances specific assistance programs such as Canasta Familiar and the electricity rate subsidy. Moreover the Renta Dignidad program represents more than 20 years of efforts to offer economic protection to older adults, and has a consolidated financing arrangement for its payments. This operation supports Bolivia's efforts to respond to the pandemic and mitigate its economic impacts on the most vulnerable groups. The loan represents a fraction of the financial and social effort being made by the country, which is determined to assume economic costs to save lives, as well as advance an inclusive recovery once the emergency has been contained. The Bank will also provide technical support to the MEFP and the Administration to improve payment record-keeping and monitoring systems and promote improvements in management and to cut regular processing costs for vouchers.

### **III. IMPLEMENTATION AND MANAGEMENT PLAN**

#### **A. Implementation arrangements**

- 3.1 **Borrower and executing agency.** The borrower will be the Plurinational State of Bolivia. The executing agency will be the MEFP, which will be supported by its DGAA for the project's financial management, and by a technical coordinator designated by the minister for interagency coordination. The executing agency will receive technical support from the Administration for subcomponent 1.1<sup>55</sup> and from the AETN for subcomponent 1.2.<sup>56</sup>

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<sup>53</sup> The regular voucher payments described in paragraphs 1.8 to 1.11 were traditionally made through a single banking institution.

<sup>54</sup> Lastly, the Bank will promote dialogue and technical work to better prepare social protection institutions to respond to similar situations, whether health emergencies or natural disasters or events.

<sup>55</sup> The Administration was established pursuant to Law 65 of 10 December 2010 (<http://www.gestora.bo/archivos/ver?id=193>). It makes Renta Dignidad payments in accordance with Supreme Decree 3,333 of 2017 (<http://www.gestora.bo/archivos/ver?id=197>) and Canasta Familiar payments based on biministerial resolution 0001/2020 issued between the Ministry of Productive Development and Plural Economy and the MEFP (<https://repositorio.economiayfinanzas.gob.bo/documentos/Documentos de Interes/2020/RBM MDPyEP 1 20 CANASTA FAMILIAR.pdf>).

<sup>56</sup> The AETN was established through Supreme Decree 0071 of 9 April 2009 (<https://www.lexivox.org/norms/BO-DS-N071.html>).

- 3.2 **Execution and administration.** The MEFP will act through the DGAA and a technical coordinator designated for project execution. This coordinator will be the main point of contact between the Bank and the executing agency. Throughout execution, the MEFP will be responsible for the project's general administration, which includes planning; legal and procurement management; disbursement, administrative, financial, and account management; and monitoring and evaluation, as well as technical management, which will be conducted in close coordination with the entities that will support execution indicated in the preceding paragraph. The Administration will be responsible for preparing, managing, and updating the Renta Dignidad beneficiary database; managing Renta Dignidad payments, administering the Universal Senior Income Fund, protecting electronic information and documents, addressing grievances, issuing payments at homes (when necessary), processing voucher payment slips, performing daily reconciliations for the payment process, managing documents and archives, and drafting reports. The Administration has also contracted a company to help manage payments.<sup>57</sup> The AETN, for its part, will be responsible for designing and implementing a procedure to reimburse electricity distribution companies for expenses associated with the "payment and temporary reduction of electricity rates," as established in Supreme Decree 4,206, which states that subsidies will exempt users from paying their bills, which will be considered settled. Essentially, data from these companies within Bolivia's electric power system—currently used to issue monthly bills—will be employed to identify residential users who consume up to Bs 120 (US\$17) of power per month, including rates and taxes. Based on the information sent by the companies, the AETN, through monthly resolutions on billing for April, May, and June 2020, will determine the amounts, in bolivianos, per distributor that have been discounted, and these will be reported to the MEFP. All information produced by distribution companies that is related to this project will be reviewed, reconciled, and validated by the AETN.
- 3.3 **Interagency coordination.** To implement this operation efficiently, a body will be created to set out technical guidelines for project execution, monitor the physical and financial progress of the transfers, and serve as an operational coordinating body. The form and operation of this body will be determined in the agreements signed between the MEFP and the Administration, and the MEFP and the AETN, as specified in paragraph 3.6 and will include executing agency, Administration, and AETN representatives.
- 3.4 **Retroactive financing.** The Bank may retroactively finance eligible expenditures made by the borrower prior to the loan approval date for direct transfers or electricity bill subsidies up to US\$225 million (50% of the loan amount), provided that requirements substantially similar to those established in the loan contract were met, and the contracting procedures followed are consistent with the basic procurement principles. It is estimated that up to US\$185 million in direct transfer under Subcomponent 1.1 and up to US\$40 million to cover electricity bills under Subcomponent 1.2 may be recognized. Such expenditures must have been made on or after 30 January 2020, when WHO declared COVID-19 a global health emergency, as part of the economic measures adopted in response to this crisis. Even though this predates the project officially entering the pipeline (document

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<sup>57</sup> As explained in footnote 39, the financial agent manages the technology platform for payments and integration of the information on all payments made by the various financial institutions.

- GN-2259-1), authorization of the recognition of expenditures on an exceptional basis is justified as of that date, given the exceptional circumstances surrounding the global health emergency.<sup>58</sup>
- 3.5 Given the unpredictable and sudden nature of the pandemic, as well its rapid evolution and impact on the economy and vulnerable groups, it is consistent with the project's development objectives to recognize the efforts made by the government to take immediate health measures and actions to support these groups before the project's approval.
- 3.6 **Special contractual conditions precedent to the first disbursement of the loan proceeds: The executing agency will have submitted to the Bank a copy of the appointment of the technical coordinator and the financial personnel assigned to the project. In addition, the following will be special conditions precedent to the first disbursement for Subcomponent 1.1: (i) for payment of the Canasta Familiar transfer to beneficiaries of the Renta Dignidad program: the signing of an agreement between the Ministry of Economy and Public Finance (MEFP) and the Public Long-term Social Security Administration, specifying the parties' responsibilities in project execution and how payments will be reported for reimbursement and disbursement of the loan proceeds; (ii) for payment of the Renta Dignidad transfer: the MEFP and the Social Security Administration will have signed an agreement specifying the parties' responsibilities in the execution of the project activities and how payments will be reported for reimbursement and disbursement of the loan proceeds; and the following will be a special condition precedent to the first disbursement for Subcomponent 1.2: the MEFP and the Electricity and Nuclear Technology Authority will have signed an agreement specifying the parties' responsibilities in project execution.** The first condition is necessary to ensure that staff has been designated to coordinate the flow of payment information, as well as reporting and monitoring activities. The subcomponents' conditions are required to determine the responsibilities of each entity in project execution.
- 3.7 **Partial waiver to the Public Utilities Policy.** Management is requesting that the Board of Executive Directors approve a partial waiver to the Public Utilities Policy set forth in document GN-2716-6. This request is made so this operation, which supports the payment of vulnerable households' electricity bills, is not required to comply with the principles of financial sustainability, given the importance of supporting the country in the adoption of crisis measures that ensure the population's access to basic utilities services, with emphasis on the most affected groups, by reducing the potential costs given the economic circumstances caused by the pandemic. The support included in this loan is temporary and takes into account criteria of efficiency, transparency, and sustainability.
- 3.8 **Procurement.** Procurement financed in whole or in part with Bank funds will be conducted in accordance with the Policies for the Procurement of Goods and Works Financed by the Inter-American Development Bank (document (document GN-2349-15) and the Policies for the Selection and Contracting of Consultants Financed by the Inter-American Development Bank

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<sup>58</sup> The Government of Bolivia announced the first health measures on 4 March in Supreme Decree 4,174 and the primary economic measures on 18 March in Supreme Decree 4,197.

(document GN-2350-15), or those in effect during execution, and with the Financial Management Guidelines for IDB-financed Projects (document OP-273-12).

- 3.9 **Disbursements.** The borrower may request disbursements in the form of expenditure reimbursement when it has made eligible transfers with its own resources. It may also request advances of funds based on liquidity needs, in accordance with a financial plan that covers up to 180 days. To access a new advance, at least 80% of the cumulative balance of prior advances will have been justified. The rendering of accounts for advances will be done pursuant to document OP-273-12 (Financial Management Guidelines for IDB-financed Projects).
- 3.10 **Audit.** The MEFP, acting through the DGAA, will be responsible for contracting an external audit for the project. This service will be provided by an independent audit firm with experience auditing transfer and subsidy programs. Due to the unique nature of this type of project, a reasonable assurance report will be required. Audit costs will be financed with project resources. The procedures and terms of reference for the reasonable assurance report will be agreed on ahead of time between the executing agency and the Bank.

## **B. Summary of arrangements for monitoring results**

- 3.11 **Monitoring.** The executing agency will be responsible for implementing the monitoring and evaluation plan. The main monitoring tool for this project will be the Results Matrix. The main source of information for monitoring the impact, outcome, and output indicators will be administrative records from the transfer programs and the electric power sector, as well as household surveys and health data reported by WHO. The executing agency will prepare an execution plan once the emergency situation stabilizes. The main reporting tool will be the progress monitoring report, which will use the project's semiannual reports as its source of information ([optional link 1](#)).
- 3.12 **Evaluation.** Given the nature of this operation, a "before and after" analysis will be performed using information from available time series on results indicators, particularly the coverage of transfers and electricity subsidies among the target population. This will be supplemented by a longitudinal power consumption analysis of households that receive these subsidies to examine consumption patterns before and after the crisis, and determine the outcomes in terms of electricity access and use.

Development Effectiveness Matrix		
Summary		BO-L1216
<b>I. Corporate and Country Priorities</b>		
<b>1. IDB Group Strategic Priorities and CRF Indicators</b>		
Development Challenges & Cross-cutting Themes	-Social Inclusion and Equality -Gender Equality and Diversity	
CRF Level 2 Indicators: IDB Group Contributions to Development Results	-Beneficiaries of targeted anti-poverty programs (#)	
<b>2. Country Development Objectives</b>		
Country Strategy Results Matrix		
Country Program Results Matrix		The intervention is not included in the 2020 Operational Program.
Relevance of this project to country development challenges (If not aligned to country strategy or country program)		This project is consistent with the Proposal for the IDB Group's Governance Response to the COVID-19 Pandemic Outbreak (GN-2996), since one of the priorities is to protect the incomes of vulnerable and affected populations, using existing social safety nets.
<b>II. Development Outcomes - Evaluability</b>		Evaluable
<b>3. Evidence-based Assessment &amp; Solution</b>		9.6
3.1 Program Diagnosis		3.0
3.2 Proposed Interventions or Solutions		3.6
3.3 Results Matrix Quality		3.0
<b>4. Ex ante Economic Analysis</b>		10.0
4.1 Program has an ERR/NPV, or key outcomes identified for CEA		3.0
4.2 Identified and Quantified Benefits and Costs		3.0
4.3 Reasonable Assumptions		1.0
4.4 Sensitivity Analysis		2.0
4.5 Consistency with results matrix		1.0
<b>5. Monitoring and Evaluation</b>		7.0
5.1 Monitoring Mechanisms		2.5
5.2 Evaluation Plan		4.5
<b>III. Risks &amp; Mitigation Monitoring Matrix</b>		
Overall risks rate = magnitude of risks*likelihood		Low
Identified risks have been rated for magnitude and likelihood		Yes
Mitigation measures have been identified for major risks		Yes
Mitigation measures have indicators for tracking their implementation		Yes
Environmental & social risk classification		C
<b>IV. IDB's Role - Additionality</b>		
The project relies on the use of country systems		
Fiduciary (VPC/FMP Criteria)	Yes	Financial Management: Budget, Treasury.
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	"Apoyo a la seguridad social en Bolivia y la generación de empleo en el contexto de la crisis de coronavirus", in preparation.

Note: (\*) Indicates contribution to the corresponding CRF's Country Development Results Indicator.

The operation BO-L1216, for US\$ 450,000,000, is part of the Bank's operational response to the COVID-19 Pandemic, Support for Vulnerable Populations Affected by Coronavirus. The general objective of the project is to help ensure minimum levels of quality of life for vulnerable people in the face of the crisis caused by COVID-19. The specific objective is to support minimum income levels of people affected by the coronavirus, in the immediate period and during the recovery.

The loan proposal presents a solid diagnosis of the problem, as well as a review of international evidence. The proposed solutions are an appropriate response to the problems identified in the proposal and its contributing factors. The results matrix is consistent with the vertical logic of the project, presenting adequate indicators at the level of outcomes and impacts. The outcome indicators are appropriately defined to measure the achievements of the project's specific objective. The impact indicators reflect the contribution to the final health ("Confirmed COVID-19 cases") and economic ("Income level of vulnerable families (three lower quintiles) compared to income level of non-vulnerable families (two higher quintiles) 12 months after the start of the crisis", and "Renta Dignidad Coverage among indigenous people over 60 who do not receive a contributory pension") objectives of the operation.

The economic analysis shows that the operation is efficient with an NPV of US \$66,2 million. In a context of high uncertainty, the analysis considers the benefits associated with the multiplier effect on the economy from the spending of families who benefit from the transfers, who are over 60 years old, as well as the families with low energy consumption that receive support to cover electricity bills.

Given the nature of this operation, the monitoring and evaluation plan proposes to carry out a reflexive evaluation (before and after) using the information from available time series on the outcome indicators, specifically, the coverage of transfers and supports for electricity consumption among the target population. In addition, a longitudinal analysis of the energy consumption of households that receive the corresponding support will be carried out to analyze consumption patterns before and after the crisis to assess effects in terms of access and use of electricity.

## RESULTS MATRIX

<b>Project objective:</b>	The general development objective of this project is to contribute to ensuring minimum levels of quality of life for vulnerable persons amid the crisis caused by COVID-19. The specific objective is to support minimum levels of income for people affected by coronavirus, in the immediate period and during the recovery.
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### EXPECTED IMPACT

Indicators	Unit of measure	Baseline	Baseline year	Final target	Means of verification	Comments
<b>General development objective:</b> To contribute to ensuring minimum levels of quality of life for vulnerable persons amid the crisis caused by COVID-19.						
Confirmed COVID-19 cases	Number	116,334	2020	34,900	Baseline indicates projections in an adverse scenario; the target indicates projections in an intermediate scenario (according to the projection by Univ. Mayor San Simón)	Measured by the Ministry of Health.
Income level of vulnerable families (three poorest quintiles) with respect to the income level of families that are not vulnerable (two richest quintiles) 12 months after the start of the crisis.	Percentage	8.85	2018	8.85	Household survey, total per capita income of household.	The vulnerable population comprises the three poorest income quintiles; the two richest quintiles are not vulnerable.
Coverage of the Renta Dignidad program among indigenous people 60 and over who do not receive a contributory pension.	Percentage	89.9	2018 Household survey	89.9	Household survey	

**EXPECTED OUTCOMES**

Indicators	Unit of measure	Base-line	Baseline year	Final target	Final target year	Means of verification	Comments
The <b>specific objective</b> is to support minimum levels of income for people affected by coronavirus, in the immediate period and during the recovery.							
Renta Dignidad beneficiaries who receive special transfers (Canasta Familiar) as part of the strategy to address the impacts of COVID-19.	Percentage	0	2019	90	2020	Record of special transfers paid to the target population and records from the Renta Dignidad register	Denominator is the number of people who received transfers in the last pre-COVID-19 period (February 2020); numerator is Canasta Familiar transfers paid during the COVID-19 response to those beneficiaries. Figures will be disaggregated by gender.
Renta Dignidad beneficiaries who receive regular transfers during the immediate period and during the recovery from the crisis caused by coronavirus.	Percentage	100	February 2020	95	2021	Record of transfers paid to the target population and records from the Renta Dignidad register	Denominator is the number of people who received transfers in the last pre-COVID-19 period (February 2020); numerator is Renta Dignidad transfers paid during the COVID-19 response and recovery to those beneficiaries. The four months to be analyzed will be specified at the start of execution. The target is not 100% due to potential complications in collecting the payments. Figures will be disaggregated by gender.
Families with consumption below Bs 120/month who receive support in the form of credits on their electricity bill associated with COVID-19.	Percentage	0	2019	95	2020	Records of the Electricity and Nuclear Technology Authority (AETN)	Refers to electricity accounts eligible for the subsidy associated with the response to COVID-19.



OUTPUTS

Outputs	Unit of measure	Baseline	Baseline year	2020	2021	Final target	Means of verification	Comments
<b>Subcomponent 1.1. Protection of vulnerable populations using the Renta Dignidad program</b>								
Persons benefiting from Renta Dignidad who receive special transfers (Canasta Familiar).	Persons	0	2019	745,000	0	745,000	Administrative records	Refers to eligible persons (enrolled in Renta Dignidad who have no pension). Figures will be disaggregated by gender.
Persons benefiting from Renta Dignidad who receive regular transfers during the months of the health emergency or recovery.	Persons	745,000	2019	745,000	745,000	745,000	Administrative records of the Public Social Security Administration	Refers to eligible persons (enrolled in Renta Dignidad who have no pension) who receive the nine monthly payments. Figures will be disaggregated by gender.
<b>Subcomponent 1.2. Protection to support basic electricity consumption by the vulnerable population</b>								
Household and/or residential electricity customers who consume less than Bs 120/month who receive full support for electricity consumption.	Customer s	0	2019	1,850,000	0	1,850,000	AETN administrative records	Number of household and/or residential customer accounts with consumption below Bs 120/month who receive full support.

## FIDUCIARY AGREEMENTS AND REQUIREMENTS

**Country:** Bolivia  
**Project number:** BO-L1216  
**Sector:** SPH  
**Year:** 2020  
**Name:** Support for Vulnerable Populations Affected by Coronavirus  
**Cofinancing:** N/A  
**Co-execution:** N/A  
**Subexecution:** Administration and AETN

**Executing agency:** The Ministry of Economy and Public Finance (MEFP) with technical support from the Public Long-term Social Security Administration (Administration) for subcomponent 1.1; and the Electricity and Nuclear Technology Authority (AETN) for subcomponent 1.2.

### I. FIDUCIARY CONTEXT OF THE EXECUTING AGENCY

#### 1. Use of country systems in program<sup>1</sup>

Budget	<input checked="" type="checkbox"/>	Reports	<input checked="" type="checkbox"/>	Information system	<input checked="" type="checkbox"/>	NCB	<input type="checkbox"/>
Treasury	<input checked="" type="checkbox"/>	Internal audit	<input type="checkbox"/>	Shopping	<input type="checkbox"/>	Advanced NCB	<input type="checkbox"/>
Accounting	<input checked="" type="checkbox"/>	External control	<input type="checkbox"/>	Individual consultants	<input type="checkbox"/>	Consulting firm	<input type="checkbox"/>

**Applicable laws/regulations:**

#### 2. Fiduciary capacity of the executing agency

The project will be technically implemented by the Administration and the AETN, under the general coordination of the MEFP, which will be the executing agency and, as such, the Bank's main counterpart during execution and supervision. The MEFP will be responsible for the project's general administration, which includes planning; legal and procurement management; disbursement, administrative, financial, and account management; and monitoring and evaluation, as well as technical management of the Administration and the AETN. To do this, the MEFP will be supported by its Department of Administrative Affairs (DGAA).

During project preparation, a desk review of the fiduciary capacity of these three institutions was conducted. It concluded that the MEFP, the Administration, and the AETN have a satisfactory level of development in this area to execute the project. They have well-established administrative structures and procedures that will be used during the project's implementation. Furthermore, their involvement in managing the transfers financed under this project is provided for in Supreme

<sup>1</sup> Any system or subsystem that is subsequently approved may be applicable to the operation, in accordance with the terms of validation by the Bank.

Decreets 4,200 of 25 March 2020, 4,210 of 8 April 2020, and 4,023 of 20 April 2020, and their regulations, which seek to reinforce measures to contain the spread of the coronavirus (COVID-19) throughout the country.

The fiduciary risk for procurement is considered low, inasmuch as no significant activities of this nature will be carried out during the project. The level of financial management risk is medium, due to the potential factors explained below.

### 3. Fiduciary risks and mitigation measures

**Fiduciary risk:** High ; Medium ; Low

Risk	Risk level	Mitigation plan
Possible delays in the project's fiduciary management due to the MEFP's inexperience as an executing agency for Bank-financed investment loans.	Medium	Training MEFP designated staff in procurement and financial management under IDB policies.
Potential delays in fiduciary management due to the additional work load that the incorporation of this project entails (US\$450 million), and other delays in the MEFP project portfolio resulting from the COVID-19 emergency (around US\$600 million from other donors).	Medium	-Designating personnel in the MEFP DGAA to be responsible for the project's financial management, i.e. keeping accounting records of transfers, preparing the project's consolidated financial statements, contracting an audit firm, and handling external audit requests. -The contracting of an individual consultant to support the DGAA with the project's financial management and, if necessary, additional support for the DGAA, was budgeted under the "project administration" category.
Interagency coordination, as well as information and document flows, between the MEFP, Administration, and AETN, which could lead to delays in accountability and financial reporting, affecting the project's execution.	Medium	A coordination body will be formed, which will be made up of MEFP, Administration, and AETN representatives.
Potential ineligible expenses under subcomponent 1.1 due to possible weaknesses in registry, update, and monitoring processes for beneficiary databases and the payment system.	Medium	Using technical cooperation resources, the Bank will contract an expert to evaluate the databases managed by the Administration (Renta Dignidad and Canasta Familiar), as well as the management and information systems linked to this operation.

## II. CONSIDERATIONS FOR THE SPECIAL PROVISIONS OF THE CONTRACT

<p><b>Exchange rate</b> for accounting purposes:</p> <ul style="list-style-type: none"> <li>For the justification of advances received in the designated account, the exchange rate used will be the one in effect on the date of conversion of the disbursement currency to the borrower's local currency.</li> <li>For reimbursements, the exchange rate will be the one in effect at the time the expenditure is made in the borrower's local currency.</li> </ul>
<p><b>External audit:</b> The type of audited financial report selected for supervision of this project's financial management is a special purpose financial audit and/or a reasonable assurance report. These reports will be submitted within 120 days after the end of each fiscal year. The final report will be submitted within 120 days after the last disbursement of the loan. The audit's scope and related considerations will be governed by the Financial Management Guidelines (document OP-273-12) and the Guide for Financial Reports and Management of External Audit.</p>

## III. AGREEMENTS AND REQUIREMENTS FOR PROCUREMENT EXECUTION

### Exceptions to policies and guidelines

No exceptions to the Bank's policies are anticipated.
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<p><b>Retroactive financing and/or advance procurement<sup>2</sup></b></p>	<ul style="list-style-type: none"> <li>The Bank may retroactively finance eligible expenditures made by the borrower prior to the loan approval date to pay direct transfers or electricity bill subsidies up to the amount of US\$225 million (50% of the loan amount), provided that requirements substantially similar to those established in the loan contract have been met and provided that procurement procedures are consistent with basic procurement principles. It is estimated that up to US\$185 million in direct transfer under Subcomponent 1.1 and up to US\$40 million to cover electricity bills under Subcomponent 1.2 may be recognized. Such expenditures must have been made on or after 30 January 2020, when WHO declared COVID-19 a global health emergency, as part of the economic measures adopted during the health emergency.</li> </ul>
<p><b>[Expenditures made before the effective date of the amended contract]</b></p>	<ul style="list-style-type: none"> <li>Not applicable</li> </ul>
<p><b>Additional procurement support</b></p>	<ul style="list-style-type: none"> <li>Not applicable</li> </ul>

<sup>2</sup> These will be done in accordance with the retroactive financing, recognition of expenditures, and advance procurement policy (document GN-2559-1) or any equivalent policy in effect at the time of the operation.

<b>Alternative procurement arrangements</b>	• Not applicable
<b>Projects with financial intermediaries</b>	• Not applicable
<b>Procurement agents</b>	• Not applicable
<b>Direct contracting</b>	• None

<p><b>Operating expenses:</b> <input checked="" type="checkbox"/></p> <p>The project's operating and maintenance expenses will be financed throughout its useful life. These expenses will be made following the executing agency's administrative procedures. The Bank may abstain from financing such expenses if it determines that they have violated the principles of competition, efficiency, and economy.</p>	<p><b>Domestic preference:</b> <input type="checkbox"/></p> <p>Not applicable</p>
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<b>General project procurement supervision method:</b>	
The procurement of works, goods, and services is not expected; however, should it take place, international direct contracting and exceptional processes will undergo an ex ante review. Consultants will likely be contracted using the following method:	
<b>Supervision method:</b> Ex ante	<b>For:</b> International firms or consultants

**Country thresholds:** [www.iadb.org/procurement](http://www.iadb.org/procurement)

#### IV. FINANCIAL MANAGEMENT AGREEMENT AND REQUIREMENTS

<p><b>Operating procedure for the transfers</b></p>	<p>The project's implementation arrangements and the responsibilities of the MEFP, the Administration, and the AETN are described in section III "Implementation and Management" of the loan proposal. The concepts to be financed under this operation are the Renta Dignidad and Canasta Familiar voucher programs, as well as subsidies to <u>temporarily lower electricity rates</u>. A description of the transfers to be financed, including their operating procedures, is found in:</p> <ul style="list-style-type: none"> <li>• <b>Canasta Familiar:</b> Supreme Decree 4,200 of 25 March 2020, Article 11 (and the modifications established in Supreme Decree 4,210 of 7 April 2020 and Supreme Decree 4,223 of 20 April 2020), which orders that the Canasta Familiar benefit be granted; and the Regulations Governing the Canasta Familiar Program for Bolivian Lower-income Households, which set out the guidelines for the delivery of this benefit. The latter text specifies the amount, frequency, and purpose of the voucher, as well as eligibility requirements for beneficiaries, procedures and methods for delivery, the funding allocated, and the deadline for collecting it.</li> <li>• <b>Subsidies to temporarily lower electricity rates:</b> Law 1,294 "Exceptional Deferral of Loan Payments and Temporary Reduction of Basic Service Payment," Article 2, which sets forth the provisions for the delivery of basic services during the COVID-19 emergency; Supreme Decree 4,206, Chapter 3, which regulates the procedure for introducing electricity bill discounts per type of user; and AETN resolution 125/2020, which explains the procedure for transferring MEFP funds to electricity distribution companies after receiving approval from AETN.</li> <li>• <b>Renta Dignidad:</b> Law 3,791 of 28 November 2007 and Supreme Decree 29,400 of 29 December 2007, which establish Renta Dignidad and regulate its operations. These texts determine who the beneficiaries are, the amount of the benefit, the frequency and expiration of payment, the entities involved in management and issuance of payment, the sources of financing, and the mechanisms for administering the program database. In 2017, the Administration took over the role of managing and paying Renta Dignidad, pursuant to Supreme Decree 3,333.</li> </ul>
<p><b>Programming and budget</b></p>	<p>Law 1,178 "Government Administration and Control" of 20 July 1990 (SAFCO Act) regulates the systems for administering and controlling State resources, including the budget subsystem. The MEFP, the Administration, and the AETN must comply with this law. Additionally, Law 1,267 "2020 General State Budget," Article 24 states that funds appropriated by the National Treasury to public sector entities will be authorized through a supreme decree. Supreme Decree 4,200 of 25 March 2020, which seeks to reinforce measures to contain the spread of COVID-19, and Supreme Decree 4,206 of 1 April 2020, which regulates Law 1,294 "Exceptional Deferral of Loan Payments and Temporary Reduction of Basic Service Payment," state the following for the vouchers and subsidies financed under this operation:</p>

	<ul style="list-style-type: none"> <li>• <u>Budget for Canasta Familiar</u>: Supreme Decree 4,200 of 25 March 2020, Article 11 and Second Transition Provision, amended by Supreme Decree 4,210 of 8 April 2020 authorizes the MEFP, through the National Treasury, to allocate additional funding in fiscal year 2020 (Bs 440 million) to pay for Canasta Familiar. In addition, the Second Final Provision of Supreme Decree 4,223 established that the MEFP shall channel resources through the Universal Senior Income Fund administered by the Administration.</li> <li>• <u>Budget for transfers for the “Payment and Temporary Reduction of Electricity Rates:”</u> Supreme Decree 4,200, Article 10 sets forth that the national government will pay all residential electricity bills for homes throughout the country that consume up to Bs 120 (around US\$17) during April, May, and June 2020. Additionally, Supreme Decree 4,206, Article 34 states that the cost of temporarily electricity rate discounts will be assumed by the MEFP, through the National Treasury, to which end, this entity is authorized to make the corresponding payments to electricity distribution companies in the amount reported by the AETN.</li> <li>• <u>Budget for Renta Dignidad</u>: Supreme Decree 29,400 of 29 December 2007, Article 2 establishes that this voucher program will be financed by the Universal Senior Income Fund. This fund, in turn, is supported by 30% of all revenue from the Direct Hydrocarbon Tax and dividends from public enterprises capitalized as of 2008.</li> </ul>
<p><b>Treasury and disbursement management</b></p>	<ul style="list-style-type: none"> <li>• <b>Disbursement method:</b> The borrower may request disbursements in the form of expenditure reimbursements when it has made eligible transfers with its own resources. It may also request advances of funds based on liquidity needs, in accordance with a financial plan that covers up to 180 days. To access a new advance, at least 80% of the cumulative balance of prior advances will have been justified. The rendering of accounts for advances will be done pursuant to document OP-273-12 (Financial Management Guidelines for IDB-financed Projects) and the provisions of the Agreements to be signed between the MEFP and the Administration and the MEFP and the AETN.</li> <li>• <b>Disbursement mechanism:</b> Disbursements will preferably be made electronically, though manual requests will also be accepted.</li> </ul>
	<ul style="list-style-type: none"> <li>• <b>Resource flow – advances of funds:</b> For advances of funds, the loan proceeds will be deposited in the Central Bank of Bolivia’s Treasury Single Account and subsequently transferred to the project’s designated account (bank records) in U.S. dollars or bolivianos. From there, transfers will be made to the financial institutions responsible for issuing final payments to beneficiaries in the case of Renta Dignidad and Canasta Familiar, or to the electricity distribution companies in the case of electricity bill subsidies.</li> </ul>
	<ul style="list-style-type: none"> <li>• <b>Resource flow – reimbursement of expenditures:</b> In this case, the loan proceeds will be disbursed in the account or accounts (generally the National Treasury) of the government that have provided preliminary financing of the expenditure.</li> </ul>

	<ul style="list-style-type: none"> <li>• <b>Expenditure eligibility – subcomponent 1.1:</b> Payments made by the Administration to beneficiaries through the bank system (at payment agency windows) and nonbank system will be accepted as eligible expenditures.</li> <li>• <b>Expenditure eligibility – subcomponent 1.2:</b> Bank transfers made from executing agency accounts or the designated account to the accounts of electricity distribution companies will be accepted as eligible expenditures. To be eligible, each transfer will comply with Supreme Decree 4,206 of 1 April 2020 and AETN resolution 125/2020 of 3 April 2020. Transfer amounts will be subject to subsequent adjustments due to differences that may arise during reconciliations conducted by the AETN with electricity companies. Any necessary adjustments will be made in the following transfer of funds or, at the latest, in the last transfer made with the loan proceeds.</li> </ul>
<p><b>Accounting, information systems, and reporting</b></p>	<p>The project will use the National Public Management System (SIGEP) for budget, asset, and treasury management, as well as to issue reports. Accounting will be done on a “cash” basis, and the Basic Standards for the Integrated Accounting System, which are “compatible” with the International Public Sector Accounting Standards, will be applied. While the SIGEP accounting module for external financing is improved, it will also be necessary to use SIAP-IDB (or other accounting software acceptable to the Bank) as a supplementary accounting system to issue reports requested by the Bank, including disbursement requests.</p>
<p><b>External control</b></p>	<p>The MEFP will be responsible for contracting an external audit for the project. This service will be provided by an independent audit firm with experience auditing transfer and subsidy programs. Due to the unique nature of this type of project, a special purpose financial audit and/or a reasonable assurance report will be required. The scope of the report will cover both the executing agency and the support institutions: the Administration for subcomponent 1.1 and the AETN for subcomponent 1.2. Audit costs will be financed with project resources. The scope, procedures, and terms of reference for the audit work will be agreed upon ahead of time between the executing agency and the Bank.</p>
<p><b>Financial supervision of the project</b></p>	<p>Given the medium-level fiduciary management risk for this operation, supervision will include: (i) at least one comprehensive visit to the executing agency and the payment agent (Síntesis) during the first four months of the project’s implementation; (ii) a desk review of the diagnostic assessment of the Administration’s information systems and databases; (iii) an external audit of the project and an audit report desk review.</p>



## V. RELEVANT INFORMATION FOR THE OPERATION

### Policies and guidelines applicable to the operation

Financial management	Procurement
<ul style="list-style-type: none"><li>• <a href="#">Document GN-2811 [OP-273-12]</a></li></ul>	<ul style="list-style-type: none"><li>• <a href="#">Document GN-2349-15</a></li><li>• <a href="#">Document GN-2350-15</a></li></ul>

### Records and files

The executing agency will be responsible for putting controls in place to protect the integrity of documents produced in the course of the project's execution. The Bank may verify the archive organization, control, and security standards at any time.

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

PROPOSED RESOLUTION DE-\_\_\_/20

Bolivia. Loan \_\_\_/OC-BO to the Plurinational State of Bolivia  
Support for Vulnerable Populations Affected by Coronavirus

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 financing to cooperate in the execution of the project "Support for Vulnerable Populations Affected by Coronavirus". Such financing will be for the amount of up to US\$450,000,000 from the resources of the Bank's Ordinary Capital, 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 \_\_\_ \_\_\_\_\_ 2020)