

**OFFICIAL
DOCUMENTS**

**CREDIT NUMBER 5591-BO
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Financing Agreement

(Disaster Risk Management Development Policy Financing)

between

PLURINATIONAL STATE OF BOLIVIA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated **MARCH 12** , 201**5**

FINANCING AGREEMENT

Agreement dated MARCH 12, 2015 entered into between PLURINATIONAL STATE OF BOLIVIA ("Recipient") and INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association") for the purpose of providing financing in support of the Program (as defined in the Appendix to this Agreement). The Association has decided to provide this financing on the basis, *inter alia*, of: (a) the actions which the Recipient has already taken under the Program and which are described in Section I.A of Schedule 1 to this Agreement; and (b) the Recipient's maintenance of an adequate macroeconomic policy framework. The Recipient and the Association therefore hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

- 1.01. The General Conditions (as defined in the Appendix to this Agreement) constitute an integral part of this Agreement.
- 1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the General Conditions or in the Appendix to this Agreement.

ARTICLE II — FINANCING

- 2.01. The Association agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a credit in an amount equivalent to sixty nine million one hundred thousand Special Drawing Rights (SDR (69,100,000) (variously, "Credit" and "Financing"), out of which: (a) sixty five million nine hundred thousand Special Drawing Rights (SDR 65,900,000) will be extended under the terms and conditions set forth in this Agreement ("Portion A of the Financing"); and (b) three million two hundred thousand Special Drawing Rights (SDR 3,200,000) extended under the terms and conditions set forth in this Agreement ("Portion B of the Financing").
- 2.02. The Recipient may withdraw the proceeds of the Financing in support of the Program in accordance with Section II of Schedule 1 to this Agreement.
- 2.03. The Maximum Commitment Charge Rate payable by the Recipient on the Unwithdrawn Credit Balance shall be one-half of one percent (1/2 of 1%) per annum.
- 2.04. The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%).
- 2.05. The Interest Charge payable by the Recipient: (a) on the Withdrawn Credit Balance of Portion A of the Financing shall be equal to one and a quarter percent (1.25%) per annum; and (b) on the Withdrawn Credit Balance of Portion B of the Financing shall be equal to one and eighty three percent (1.83%) per annum.

- 2.06. The Payment Dates are January 15 and July 15 in each year.
- 2.07. The principal amount of the Credit shall be repaid in accordance with the repayment schedule set forth in Schedule 2 to this Agreement.
- 2.08. The Payment Currency is USD.

ARTICLE III — PROGRAM

- 3.01. The Recipient declares its commitment to the Program and its implementation. To this end, and further to Section 4.08 of the General Conditions:
 - (a) the Recipient and the Association shall from time to time, at the request of either party, exchange views on the Recipient's macroeconomic policy framework and the progress achieved in carrying out the Program;
 - (b) prior to each such exchange of views, the Recipient shall furnish to the Association for its review and comment a report on the progress achieved in carrying out the Program, in such detail as the Association shall reasonably request; and
 - (c) without limitation upon the provisions of paragraphs (a) and (b) of this Section, the Recipient shall promptly inform the Association of any situation that would have the effect of materially reversing the objectives of the Program or any action taken under the Program including any action specified in Section I of Schedule 1 to this Agreement.

ARTICLE IV — REMEDIES OF THE ASSOCIATION

- 4.01. The Additional Event of Suspension consists of the following, namely, that a situation has arisen which shall make it improbable that the Program, or a significant part of it, will be carried out.

ARTICLE V — EFFECTIVENESS; TERMINATION

- 5.01. The Additional Conditions of Effectiveness consist of the following:
 - (a) the Association is satisfied with the progress achieved by the Recipient in carrying out the Program and with the adequacy of the Recipient's macroeconomic policy framework; and
 - (b) the Loan Agreement has been executed and delivered and all conditions precedent to its effectiveness (other than the effectiveness of this Agreement) have been fulfilled.

5.02. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

6.01. The Recipient's Representative is the Minister of Development Planning.

6.02. The Recipient's Address is:

Ministry of Development Planning
Av. Mariscal Santa Cruz 1092
La Paz, Bolivia

Facsimile:

011-591-2-231-7408 (with a copy to: 011-591-2-239-2891)

6.03. The Association's Address is:

International Development Association
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Cable address:

Telex:

Facsimile:

INDEVAS
Washington, D.C.


248423(MCI)

1-202-477-6391

AGREED at LA PAZ, PLURINATIONAL STATE OF BOLIVIA as of the day and year first above written.

PLURINATIONAL STATE OF BOLIVIA

By


René Gonzalo Orellana Halkyer
MINISTRO DE PLANIFICACIÓN

Authorized Representative

Name: _____

Title: _____

INTERNATIONAL DEVELOPMENT ASSOCIATION

By


Authorized Representative

Name: JORGE SALLAZAR CALDERON

Title: VICEPRESIDENTE PARA LA
REGION DE AMERICA
LATINA Y EL CARIBE

SCHEDULE 1

Program Actions; Availability of Financing Proceeds

Section I. Actions under the Program

The actions taken by the Recipient under the Program include the following:

Pillar 1: Strengthening Disaster Risk Reduction and Adaptation to Climate Change

1. The Recipient has integrated disaster risk management into its Comprehensive National Planning System (SPIE) and the management of public investments, pursuant to the Recipient's Law No. 602 on Disaster Risk Management, dated November 14, 2014 and published in the Recipient's Official Gazette November 18, 2014, and Ministerial Resolution No. 156, dated August 20, 2013.
2. The Recipient has taken actions to operationalize the governing structure for climate change adaptation in the Recipient's territory by- regulating the functions, responsibilities and resources of the Plurinational Authority of Mother Earth (APMT), pursuant to the Recipient's Executive Decree No. 1696, dated August 14, 2013 and published in the Recipient's Official Gazette August 14, 2013.

Pillar 2: Strengthening the Institutional Coordination for Emergency Response and Management

3. The Recipient has institutionalized a coordination system between national and sub-national (including regional, departmental, municipal and native indigenous *campesino* territories) governmental levels for emergency and disaster response, pursuant to the Recipient's Law No. 602 on Disaster Risk Management, dated November 14, 2014 and published in the Recipient's Official Gazette November 18, 2014.
4. The Recipient has integrated the National Directorate of Firefighters of the Bolivian Police as part of the National Public Safety System and the National Disaster Risk Management System (SISRADE), pursuant to the Recipient's Law No. 449 dated December 4, 2013 and published in the Recipient's Official Gazette December 6, 2013, and the Recipient's Law No. 602 on Disaster Risk Management dated November 14, 2014 and published in the Recipient's Official Gazette November 18, 2014, respectively.

Pillar 3: Reducing the Fiscal Impact and Improving the Recipient's Capacity to Respond Financially to Disaster Associated to Adverse Natural Events

5. The Recipient has strengthened the legal and institutional framework for financial protection against disasters by establishing: (a) risk transfer instruments and mechanisms; and (b) the necessary sources of financing of emergency and disaster response activities; pursuant to the Recipient's Law No. 602 on Disaster Risk Management, dated November 14, 2014 and published in the Recipient's Official Gazette November 18, 2014.

Section II. Availability of Financing Proceeds

A. General. The Recipient may withdraw the proceeds of the Financing to finance the Recipient's budget expenditures (other than Excluded Expenditures as provided in paragraph E below) in accordance with the provisions of this Section and such additional instructions as the Association may specify by notice to the Recipient.

B. Allocation of Financing Amounts. The Financing is allocated in a single withdrawal tranche, from which the Recipient may make withdrawals of the Financing. The allocation of the amounts of the Financing to this end is set out in the table below:

Allocations	Amount of the Portion A of the Financing Allocated (expressed in SDR)	Amount of the Portion B of the Financing Allocated (expressed in SDR)
(1) Single Withdrawal Tranche	65,900,000	3,200,000
TOTAL AMOUNT	65,900,000	3,200,000

C. Withdrawal Tranche Release Conditions. No withdrawal shall be made of the Single Withdrawal Tranche unless the Association is satisfied: (a) with the Program being carried out by the Recipient; and (b) with the adequacy of the Recipient's macroeconomic policy framework.

D. Deposits of Financing Amounts. Except as the Association may otherwise agree:

1. all withdrawals from the Credit Account shall be deposited by the Association into an account designated by the Recipient and acceptable to the Association; and
2. the Recipient shall ensure that upon each deposit of an amount of the Financing into this account, an equivalent amount is accounted for in the Recipient's budget management system, in a manner acceptable to the Association.

E. Excluded Expenditures. The Recipient undertakes that the proceeds of the Financing shall not be used to finance Excluded Expenditures. If the Association determines at any time that an amount of the Financing was used to make a payment for an Excluded Expenditure, the Recipient shall, promptly upon notice from the Association, refund an amount equal to the amount of such payment to the Association. Amounts refunded to the Association upon such request shall be cancelled.

F. Closing Date. The Closing Date is July 15, 2016.

SCHEDULE 2

Repayment Schedule

Date Payment Due	Principal Amount of the Credit repayable (expressed as a percentage)*
On each January 15 and July 15:	
commencing July 15, 2020 to and including January 15, 2030	1.65%
commencing July 15, 2030 to and including January 15, 2040	3.35%

* The percentages represent the percentage of the principal amount of the Credit to be repaid, except as the Association may otherwise specify pursuant to Section 3.03 (b) of the General Conditions.

APPENDIX

Section I. Definitions

1. “Comprehensive National Planning System” or “SPIE” means the Recipient’s *Sistema de Planificación Integral del Estado* established pursuant to the Recipient’s Framework Law No.031 -*Ley Marco de Descentralización y Autonomías “Andrés Ibáñez”*, dated July 19, 2010.
2. “Excluded Expenditure” means any expenditure:
 - (a) for goods or services supplied under a contract which any national or international financing institution or agency other than the Association or the Bank has financed or agreed to finance, or which the Association or the Bank has financed or agreed to finance under another credit, grant or loan;
 - (b) for goods included in the following groups or sub-groups of the Standard International Trade Classification, Revision 3 (SITC, Rev.3), published by the United Nations in Statistical Papers, Series M, No. 34/Rev.3 (1986) (the SITC), or any successor groups or subgroups under future revisions to the SITC, as designated by the Association by notice to the Recipient:

Group	Sub-group	Description of Item
112		Alcoholic beverages
121		Tobacco, un-manufactured, tobacco refuse
122		Tobacco, manufactured (whether or not containing tobacco substitutes)
525		Radioactive and associated materials
667		Pearls, precious and semiprecious stones, unworked or worked
718	718.7	Nuclear reactors, and parts thereof; fuel elements (cartridges), non-irradiated, for nuclear reactors
728	728.43	Tobacco processing machinery
897	897.3	Jewelry of gold, silver or platinum group metals (except watches and watch cases) and goldsmiths’ or silversmiths’ wares (including set gems)
971		Gold, non-monetary (excluding gold ores and concentrates)

- (c) for goods intended for a military or paramilitary purpose or for luxury consumption;
 - (d) for environmentally hazardous goods, the manufacture, use or import of which is prohibited under the laws of the Recipient or international agreements to which the Recipient is a party;
 - (e) on account of any payment prohibited by a decision of the United Nations Security Council taken under Chapter VII of the Charter of the United Nations; and
 - (f) with respect to which the Association determines that corrupt, fraudulent, collusive or coercive practices were engaged in by representatives of the Recipient or other recipient of the Financing proceeds, without the Recipient (or other such recipient) having taken timely and appropriate action satisfactory to the Association to address such practices when they occur.
3. “Loan Agreement” means the agreement between the Recipient and the Bank in support of the Program, of the same date as this Agreement, as such agreement may be amended from time to time. “Loan Agreement” includes all appendices, schedules and agreements supplemental to the Loan Agreement.
 4. “General Conditions” means the “International Development Association General Conditions for Credits and Grants”, dated July 31, 2010 with the modifications set forth in Section II of this Appendix.
 5. “National Directorate of Firefighters of the Bolivian Police” means the Recipient’s *Dirección Nacional de Bomberos de la Policía Boliviana*, established pursuant to the Recipient’s Law No. 449, dated December 4, 2013.
 6. “National Disaster Risk Management System” or “SISRADE” means the Recipient’s *Sistema Nacional para la Reducción de Riesgos y Atención de Desastres y/o Emergencias*, established pursuant to the Recipient’s Law No. 602, dated November 14, 2014.
 7. “National Public Safety System” means the Recipient’s *Sistema Nacional de Seguridad Ciudadana*, established pursuant to the Recipient’s Law No. 264, dated July 31, 2012.
 8. “Plurinational Authority of Mother Earth” or APMT means the Recipient’s *Autoridad Plurinacional de la Madre Tierra*, established pursuant to the Recipient’s Law No.300, dated October 15, 2012.
 9. “Portion A of the Financing” means the portion of the Financing referred to in Article 2.01 (a) of this Agreement.
 10. “Portion B of the Financing” means the portion of the Financing referred to in Article 2.01 (b) of this Agreement.

11. "Program" means the program of actions, objectives and policies designed to promote growth and achieve sustainable reductions in poverty and set forth or referred to in the letter dated November 25, 2014 from the Recipient to the Association declaring the Recipient's commitment to the execution of the Program, and requesting assistance from the Association in support of the Program during its execution.
12. "Single Withdrawal Tranche" means the amount of the Financing allocated to the category entitled "Single Withdrawal Tranche" in the table set forth in Part B of Section II of Schedule 1 to this Agreement.

Section II. Modifications to the General Conditions

The modifications to the General Conditions are as follows:

1. The last sentence of paragraph (a) of Section 2.03 (relating to Applications for Withdrawal) is deleted in its entirety.
2. Sections 2.04 (*Designated Accounts*) and 2.05 (*Eligible Expenditures*) are deleted in their entirety, and the subsequent Sections in Article II are renumbered accordingly.
3. "Section 3.02. *Service Charge and Interest Charge*
 - (a) *Service Charge*. The Recipient shall pay the Association a service charge on the Withdrawn Credit Balance at the rate specified in the Financing Agreement. The Service Charge shall accrue from the respective dates on which amounts of the Credit are withdrawn and shall be payable semi-annually in arrears on each Payment Date. Service Charges shall be computed on the basis of a 360-day year of twelve 30-day months.
 - (b) *Interest Charge*. The Recipient shall pay the Association interest on the Withdrawn Credit Balance at the rate specified in the Financing Agreement. Interest shall accrue from the respective dates on which amounts of the Credit are withdrawn and shall be payable semi-annually in arrears on each Payment Date. Interest shall be computed on the basis of a 360-day year of twelve 30-day months."
4. Paragraph 16 of the Appendix ("Credit Account") is modified to read as follows:

"“Credit Account” means the accounts opened by the Association in its books in the name of the Recipient to each of which the amounts of the portions of the Credit specified in the Financing Agreement are respectively credited.”
5. Sections 4.01 (*Project Execution Generally*), and 4.09 (*Financial Management; Financial Statements; Audits*) are deleted in their entirety, and the remaining Sections in Article IV are renumbered accordingly.
6. Paragraph (a) of Section 4.05 (renumbered as such pursuant to paragraph 4 above and relating to *Use of Goods, Works and Services*) is deleted in its entirety.

7. Paragraph (c) of Section 4.06 (renumbered as such pursuant to paragraph 4 above) is modified to read as follows:

“Section 4.06. Plans; Documents; Records

... (c) The Recipient shall retain all records (contracts, orders, invoices, bills, receipts and other documents) evidencing expenditures under the Financing until two years after the Closing Date. The Recipient shall enable the Association’s representatives to examine such records.”

8. Paragraph (c) of Section 4.07 (renumbered as such pursuant to paragraph 4 above) is modified to read as follows:

“Section 4.07. Program Monitoring and Evaluation

... (c) The Recipient shall prepare, or cause to be prepared, and furnish to the Association not later than six months after the Closing Date, a report of such scope and in such detail as the Association shall reasonably request, on the execution of the Program, the performance by the Recipient and the Association of their respective obligations under the Legal Agreements and the accomplishment of the purposes of the Financing.”

9. The following terms and definitions set forth in the Appendix are modified or deleted as follows, and the following new terms and definitions are added in alphabetical order to the Appendix as follows, with the terms being renumbered accordingly:

- (a) The definition of the term “Eligible Expenditure” is modified to read as follows:

“‘Eligible Expenditure’ means any use to which the Financing is put in support of the Program, other than to finance expenditures excluded pursuant to the Financing Agreement.”

- (b) The term “Financial Statements” and its definition as set forth in the Appendix are deleted in their entirety.

- (c) The term “Financing Payment” is modified by inserting the words “the Interest Charge” between the words “the Service Charge” and “the Commitment Charge”.

- (d) A new term called “Interest Charge” is added to read as follows:

“‘Interest Charge’ means the interest charge specified in the Financing Agreement for the purpose of Section 3.02(b).”

- (e) The term “Payment Date” is modified by inserting the words “Interest Charges” between the words “Service Charges” and “Commitment Charges”.

- (f) The term “Project” is modified to read “Program” and its definition is modified to read as follows:

“‘Program’ means the program referred to in the Financing Agreement in support of which the Financing is made.” All references to “Project” throughout these General Conditions are deemed to be references to “Program”.

- (g) The term “Service Charge” is modified by replacing the reference to Section 3.02 with Section 3.02 (a).