

LOAN NUMBER 8552-BO

Loan Agreement

(Road Sector Capacity Development Project)

between

PLURINATIONAL STATE OF BOLIVIA

and

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

Dated MARCH 9, 2016

LOAN AGREEMENT

Agreement dated MARCH 9, 2016 between PLURINATIONAL STATE OF BOLIVIA ("Borrower") and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("Bank"). The Borrower and the Bank 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 — LOAN

- 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions set forth or referred to in this Agreement, the amount of one hundred sixty five million nine hundred fifty thousand Dollars (USD165,950,000), as such amount may be converted from time to time through a Currency Conversion in accordance with the provisions of Section 2.08 of this Agreement ("Loan"), to assist in financing the project described in Schedule 1 to this Agreement ("Project").
- 2.02. The Borrower may withdraw the proceeds of the Loan in accordance with Section IV of Schedule 2 to this Agreement.
- 2.03. The Front-end Fee payable by the Borrower shall be equal to one quarter of one percent (0.25%) of the Loan amount.
- 2.04. The Commitment Charge payable by the Borrower shall be equal to one quarter of one percent (0.25%) per annum on the Unwithdrawn Loan Balance.
- 2.05. The interest payable by the Borrower for each Interest Period shall be at a rate equal to the Reference Rate for the Loan Currency plus the Fixed Spread; provided, that upon a Conversion of all or any portion of the principal amount of the Loan, the interest payable by the Borrower during the Conversion Period on such amount shall be determined in accordance with the relevant provisions of Article IV of the General Conditions. Notwithstanding the foregoing, if any amount of the Withdrawn Loan Balance remains unpaid when due and such non-payment continues for a period of thirty days, then the interest payable by the Borrower shall instead be calculated as provided in Section 3.02 (e) of the General Conditions.
- 2.06. The Payment Dates are January 15 and July 15 in each year.
- 2.07. The principal amount of the Loan shall be repaid in accordance with the provisions of Schedule 3 to this Agreement.

- 2.08. (a) The Borrower may at any time request any of the following Conversions of the terms of the Loan in order to facilitate prudent debt management: (i) a change of the Loan Currency of all or any portion of the principal amount of the Loan, withdrawn or unwithdrawn, to an Approved Currency; (ii) a change of the interest rate basis applicable to: (A) all or any portion of the principal amount of the Loan withdrawn and outstanding from a Variable Rate to a Fixed Rate, or vice versa; or (B) all or any portion of the principal amount of the Loan withdrawn and outstanding from a Variable Rate based on a Reference Rate and the Variable Spread to a Variable Rate based on a Fixed Reference Rate and the Variable Spread, or vice versa; or (C) all of the principal amount of the Loan withdrawn and outstanding from a Variable Rate based on a Variable Spread to a Variable Rate based on a Fixed Spread; and (iii) the setting of limits on the Variable Rate or the Reference Rate applicable to all or any portion of the principal amount of the Loan withdrawn and outstanding by the establishment of an Interest Rate Cap or Interest Rate Collar on the Variable Rate or the Reference Rate.
- (b) Any conversion requested pursuant to paragraph (a) of this Section that is accepted by the Bank shall be considered a “Conversion”, as defined in the General Conditions, and shall be effected in accordance with the provisions of Article IV of the General Conditions and of the Conversion Guidelines.

ARTICLE III — PROJECT

- 3.01. The Borrower declares its commitment to the objectives of the Project. To this end, the Borrower shall cause the Project to be carried out by the *Administradora Boliviana de Carreteras* (ABC) in accordance with the provisions of Article V of the General Conditions and the ABC Subsidiary Agreement.
- 3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Borrower and the Bank shall otherwise agree, the Borrower shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

ARTICLE IV — REMEDIES OF THE BANK

- 4.01. The Additional Events of Suspension consist of the following:
- (a) ABC shall have failed to comply with any of its obligations under the ABC Subsidiary Agreement.
- (b) ABC’s Legislation has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely, in the opinion of the Bank, the ability of ABC to perform any of its obligations under the Subsidiary Agreement.
- 4.02. The Additional Event of Acceleration consists of the following, namely, that any of the events specified in Section 4.01 (a) and (b) of this Agreement occurs and is continuing for a period of 60 days after notice of the event has been given by the Bank to the Borrower.

ARTICLE V — EFFECTIVENESS; TERMINATION

- 5.01. The Additional Conditions of Effectiveness consist of the following:
- (a) The ABC Subsidiary Agreement has been executed on behalf of the Borrower and ABC.
 - (b) The Operational Manual has been adopted by ABC in a manner acceptable to the Bank.
 - (c) The Financing 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 Additional Legal Matter consists of the following, namely, that the ABC Subsidiary Agreement has been duly authorized or ratified by the Borrower and ABC and is legally binding upon the Borrower and ABC in accordance with its terms.
- 5.03. The Effectiveness Deadline is the date one hundred fifty (150) days after the date of this Agreement.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

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

- 6.02. The Borrower's Address is:

Ministerio de Planificación del Desarrollo
Avenida Mariscal Santa Cruz 1092
Edificio Ex-Comibol
La Paz, Bolivia

Facsimile: +591-2-5.03

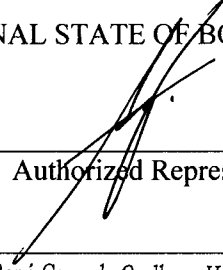
- 6.03. The Bank's Address is:

International Bank for Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

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|-------------------------------|------------------------------|----------------|
| Cable address: | Telex: | Facsimile: |
| INTBAFRAD Washington, D.C. | 248423(MCI) or 64145(MCI) | 1-202-477-6391 |

AGREED-----AT LA PAZ, BOLIVIA-----, as of the day and year first above written.

PLURINATIONAL STATE OF BOLIVIA

By 
Authorized Representative

Name: _____

Title: René Gonzalo Orellana Halkyer
MINISTRO DE PLANIFICACIÓN
DEL DESARROLLO

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By 
Authorized Representative

Name: NICOLA POMARA

Title: REPRESENTANTE RESIDENTE

SCHEDULE 1

Project Description

The objectives of the Project are to enhance the Borrower's national road sector management and improve the condition of the Borrower's primary paved road network targeted under the Project.

The Project consists of the following parts:

Part A. Capacity Development

A.1. Provision of financing of payments under the Eligible Expenditure Program (EEP) to support the institutional strengthening of ABC by: (a) designing and implementing an integrated financial management information system, including providing Training required therefor; (b) updating and adopting ABC's Socio-environmental Manual, including providing Training required therefor; and (c) installing, updating and implementing a pavement management system; all in accordance with the provisions set forth in Section IV of Schedule 2 to this Agreement.

A.2. Provision of support to ABC for, *inter alia*: (a) strengthening ABC's contract management and supervision, including through the provision of Training; (b) (i) carrying out and disseminating a road safety capacity assessment of ABC; and (ii) carrying out minor road safety improvements on the Borrower's primary paved road network; (c) strengthening ABC's capacity for road asset management and management of Performance-Based Contracts; (d) carrying out activities to strengthen climate risk mitigation; (e) designing and implementing a training program on skills enhancement for Road Maintenance Microenterprises; (f) carrying out a comprehensive review of ABC's internal procurement processes; and (g) administering, implementing and monitoring the Project, including the carrying out of the Project audits, the strengthening of ABC's grievance redress mechanism, and the provision of Operating Costs.

Part B. Road Contracting for Paved Primary Network

Provision of support to ABC for, *inter alia*:

B.1. Preparing the bidding documents for the rehabilitation and maintenance works contracts to be financed under Part B.2 below through, *inter alia*: (a) the provision of transactional advice and validation of design and costs for said works; and (b) the carrying out of awareness campaigns of the potential effects of using Performance-Based Contracts.

B.2. Rehabilitating and maintaining approximately 567 kilometers of the Borrower's primary paved road network, in Selected Departments, including providing support for the monitoring and evaluation of said rehabilitation and maintenance works.

SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

The Borrower shall cause ABC to:

1. Assign responsibility internally for the management, implementation, monitoring and reporting of the Project among its central and regional offices, as described in detail in the Operational Manual;
2. operate and maintain throughout Project implementation within ABC, its technical and administrative units, with qualified staff in sufficient numbers (including as may be needed, specialists in, *inter alia*, financial management and procurement), adequate funds, facilities, services and other resources for Project implementation, all acceptable to the Bank;
3. (a) carry out the Project in accordance with the requirements set forth in a manual acceptable to the Bank (Operational Manual or OM); and (b) not to assign, amend, abrogate, or waive the OM or any of its provisions, except with the prior written approval of the Bank. In case of any conflict between the terms of the OM and those of this Agreement, the terms and conditions of this Agreement shall prevail; and
4. operate and maintain, throughout Project implementation, an accessible grievance redress mechanism, acceptable to the Bank, to address grievances relating to the carrying out of the civil works under Part B.2 of the Project.

B. Subsidiary Agreement

1. To facilitate the carrying out of the Project by ABC, the Borrower shall make the proceeds of the Loan available, on a grant basis, to ABC under an agreement (ABC Subsidiary Agreement) to be entered between the Borrower and ABC, under terms and conditions acceptable to the Bank, among which, *inter alia*, the obligation of ABC to: (a) carry out the Project in accordance with the provisions set forth in Schedule 2 to this Agreement, the Operational Manual and the Anti-corruption Guidelines; and (b) take or permit to be taken all actions to enable the Borrower to comply with its obligations referred to in this Agreement in respect to ABC.
2. The Borrower shall exercise its rights and carry out its obligations under the ABC Subsidiary Agreement in such manner as to protect the interests of the Borrower and the Bank and to accomplish the purposes of the Loan. Except as the Bank shall otherwise agree, the Borrower shall not assign, amend, abrogate, terminate, waive or fail to enforce the ABC Subsidiary Agreement or any of its provisions.

C. Anti-Corruption

The Borrower shall, and shall cause ABC to, ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.

D. Safeguards

1. The Borrower shall cause ABC to carry out the Project in accordance with the Environmental Management Framework (EMF), the Resettlement Policy Framework (RPF) and the Indigenous Peoples Plan (IPP). Except as the Bank shall otherwise agree, the Borrower shall cause ABC to not assign, amend, abrogate or waive the EMF, the RPF and the IPP, or any of their provisions.
2. Without limitation to the provisions set forth in paragraph 1 above, for the purposes of carrying out any works under Part B.2 of the Project the Borrower shall cause ABC to:
 - (a) when Involuntary Resettlement is required for carrying out any Project activities: (i) prepare and disclose, prior to commencement of any works Site-specific RAPs, each and all acceptable to the Bank, in accordance with the RPF; and (ii) immediately thereafter, carry out the works in accordance with the provisions of said Site-specific RAPs and in a manner acceptable to the Bank, including full payment of compensation and/or the provision of relocation to all Displaced Persons prior to any displacement; and
 - (b) maintain a grievance redress mechanism acceptable to the Bank so as to enable an adequate monitoring of the issues related to the implementation of any Site-specific RAP arising as a result of the Project activities.
3. The Borrower shall cause ABC to ensure that the terms of reference for any consultants' services related to the technical assistance provided under the Project, shall be satisfactory to the Bank and, to that end, such terms of reference shall require that the advice conveyed through such technical assistance be consistent with the requirements of the Bank's policies and procedures.

Section II. Project Monitoring Reporting and Evaluation

A. Project Reports and Mid-term Review

1. The Borrower: (a) shall and shall cause ABC to, monitor and evaluate the progress of the Project; and (b) shall cause ABC to prepare Project Reports in accordance with the provisions of Section 5.08 of the General Conditions and on the basis of indicators acceptable to the Bank and set forth in the Operational Manual. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the Bank not later than one month after the end of the period covered by such report.

2. By June 30, 2018 or such other date as the Bank shall agree upon, the Borrower shall carry out jointly with the Bank, a mid-term review of the implementation of the activities under the Project (Mid-term Review). The Mid-term Review shall cover the progress achieved in the implementation of the Project. Following such Mid-term Review, the Borrower shall act promptly and diligently to take any corrective action as shall have been agreed with the Bank.

B. Financial Management, Financial Reports and Audits

1. The Borrower shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 5.09 of the General Conditions.
2. Without limitation on the provisions of Part A of this Section, the Borrower shall cause ABC to prepare and furnish to the Bank not later than thirty (30) days after the end of each calendar semester, interim unaudited financial reports for the Project covering the semester, in form and substance satisfactory to the Bank.
3. The Borrower shall cause ABC to have its Financial Statements audited in accordance with the provisions of Section 5.09 (b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one fiscal year of the Borrower. The audited Financial Statements for each such period shall be furnished to the Bank not later than six months after the end of such period.

C. Other Undertakings

In implementing Part B.2 of the Project, if applicable, as determined by the Bank, the Borrower shall cause ABC to: (a) prepare and furnish to the Bank, an independent technical audit (Technical Audit) in form and substance acceptable to the Bank which shall include, *inter alia*: (1) a description of all the findings and results; (2) a list of proposed measures and actions to be taken to resolve the issues identified under (1) above; and (3) a proposed timeline for the implementation of said measures and actions; (b) afford the Bank a reasonable opportunity to exchange views on such Technical Audit; and (c) thereafter implement such recommended measures, taking into account the Bank's views on the matter.

Section III. Procurement

A. General

1. **Goods, Works and Non-consulting Services.** All goods, works and non-consulting services required for the Project and to be financed out of the proceeds of the Loan shall be procured in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, and with the provisions of this Section and Section I of Annex A to this Schedule.

2. **Consultants' Services.** All consultants' services required for the Project and to be financed out of the proceeds of the Loan shall be procured in accordance with the requirements set forth or referred to in Sections I and IV of the Consultant Guidelines and with the provisions of this Section and Section II of Annex A to this Schedule.
3. **Definitions.** The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Bank of particular contracts refer to the corresponding method described in Sections II and III of the Procurement Guidelines, or Sections II, III, IV and V of the Consultant Guidelines, as the case may be.

B. Particular Methods of Procurement of Goods, Works and Non-consulting Services

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods, works and non-consulting services shall be procured under contracts awarded on the basis of International Competitive Bidding.
2. **Other Methods of Procurement of Goods, Works and Non-consulting Services.** The following methods, other than International Competitive Bidding, may be used for procurement of goods, works and non-consulting services for those contracts specified in the Procurement Plan: (a) National Competitive Bidding, subject to the additional provisions set forth in Section I of Annex A to this Schedule; (b) Shopping; and (c) Direct Contracting.

C. Particular Methods of Procurement of Consultants' Services

1. **Quality- and Cost-based Selection.** Except as otherwise provided in paragraph 2 below, consultants' services shall be procured under contracts awarded on the basis of Quality and Cost-based Selection.
2. **Other Methods of Procurement of Consultants' Services.** The following methods, other than Quality and Cost-based Selection, may be used for procurement of consultants' services for those contracts which are specified in the Procurement Plan: (a) Quality-based Selection; (b) Selection under a Fixed Budget; (c) Least Cost Selection; (d) Selection based on Consultants' Qualifications; (e) Single-source Selection of consulting firms; (f) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants; and (g) Single-source procedures for the Selection of Individual Consultants.

D. Review by the Bank of Procurement Decisions

The Procurement Plan shall set forth those contracts which shall be subject to the Bank's Prior Review. All other contracts shall be subject to Post Review by the Bank.

Section IV. Withdrawal of Loan Proceeds

A. General

1. The Borrower may withdraw the proceeds of the Loan in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Bank shall specify by notice to the Borrower (including the “World Bank Disbursement Guidelines for Projects” dated May 2006, as revised from time to time by the Bank and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the table in paragraph 2 below.
2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Loan (“Category”), the allocation of the amounts of the Loan to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category.

| Category | Amount of the Loan Allocated (expressed in USD) | Percentage of Expenditures to be financed (inclusive of Taxes) |
|--|---|---|
| (1) Payments for EEP under Part A.1 of the Project | 0 | 100% of the Loan amount allocated for each DLI as set forth in the table in Schedule 4 |
| (2) Goods, non-consulting services, consultants’ services, Training and Operating Costs for Part A.2 of the Project | 0 | 100% |
| (3) Goods, works, non-consulting services, consultants’ services, Training and Operating Costs under Part B of the Project | 165,535,125 | 100% |
| (4) Front-end Fee | 414,875 | Amount payable pursuant to Section 2.03 of this Agreement in accordance with Section 2.07 (b) of the General Conditions |
| TOTAL AMOUNT | 165,950,000 | |

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made for payments made prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed USD20,000,000 may be made for payments made prior to

this date but on or after the date twelve (12) months prior to the date of this Agreement, for Eligible Expenditures under Category (3).

2. Without limitation to the provisions set forth in paragraph 1 above, withdrawals from the Loan Account in respect of Category (1) shall be made upon submission to the Bank of evidence, acceptable to the Bank, with respect to: (a) the achievement of the respective Disbursement-Linked Indicator (DLI) as referred to in Schedule 4 to this Agreement; (b) the expenditures incurred under the EEP during the period of twelve (12) months prior to the date of the withdrawal request for the respective DLI. If the total amount of the expenditures incurred during this period is less than the Loan amount allocated to the respective DLI, the Bank, may, at its sole discretion: (a) disburse the unwithdrawn portion of the Loan allocated to the respective DLI at a later date provided that the evidence of additional expenditures under the EEP incurred in relation to the respective DLI has been furnished to the Bank; (b) reallocate said amount to another DLI; or (c) cancel said amount.
3. Notwithstanding the provisions of paragraph 2 above, if the Bank is not satisfied that any of the DLIs has been achieved in the year in which said DLI is set to be achieved, the Bank may, at any time, by notice to the Borrower, decide, in its sole discretion, to: (a) when satisfied that said DLI has been complied with, authorize the withdrawal of the proceeds of the Loan allocated to said DLI at a later date; or (b) cancel the proceeds of the Loan.
4. The Bank and the Borrower may agree from time to time, by exchange of letters, to modify the DLIs, corresponding amounts or respective dates for the DLIs set forth in Schedule 4 to this Agreement.
5. If the Bank determines at any time that any payment out of the Designated Account was made for an expenditure which is not an Eligible Expenditure, or was not justified by the evidence furnished to the Bank, the Borrower shall promptly upon notice from the Bank, provide such additional evidence as the Bank may request, or deposit into the Designated Account (or, if the Bank shall so request, refund to the Bank) an amount equal to the amount of such payment. Unless the Bank shall otherwise agree, no further deposit by the Bank into the Designated Account shall be made until the Borrower has provided such additional evidence or made such deposit or refund, as the case may be.
6. Refunds to the Bank made pursuant to paragraph 5 above shall be credited to the Loan Account for subsequent withdrawal or for cancellation, as determined by the Bank, in accordance with the provisions of this Agreement.
7. The Closing Date is June 30, 2022.

**Annex A
to
SCHEDULE 2**

**Additional Provisions Relating to
Particular Methods of Procurement**

Section I. Goods, Works and Non-Consulting Services

Without limitation upon the provisions of Section III of Schedule 2 to this Agreement or the Procurement Guidelines, the following additional provisions shall apply to all goods, works and non-consulting services procured for the Project and awarded on the basis of National Competitive Bidding procedures (*Proceso de Licitación Abierta*) set forth in the Borrower's Supreme Decree No. 181, dated June 28, 2009 (*Normas Básicas del Sistema de Administración de Bienes y Servicios*), as amended through Supreme Decree No. 1497, dated February 20, 2013:

1. A merit point system shall not be used in the pre-qualification of bidders.
2. The award of contracts for goods, works and non-consulting services shall be based exclusively on price and, whenever appropriate, shall also take into account factors similar to those referred to in paragraph 2.52 of the Procurement Guidelines, provided, however, that the bid evaluation shall always be based on factors that can be quantified objectively, and the procedure for such quantification shall be disclosed in the invitation to bid.
3. All bids shall be opened at the stipulated time and place in accordance with a procedure acceptable to the Association.
4. The single envelope procedure shall be used.
5. Whenever a discrepancy shall occur between the amounts in figures and the amounts in words of a bid, the amounts in words shall govern. No bid shall be rejected due to arithmetic errors.
6. No prescribed minimum number of bids shall be required to be submitted for a contract to be subsequently awarded.
7. Foreign bidders shall be allowed to participate.
8. Foreign bidders shall not be required to legalize any documentation related to their bids with the Borrower's authorities as a prerequisite for bidding.
9. Bidders shall not be required, as condition for submitting their bids, to be registered in the Borrower's *Registro Único de Proveedores del Estado* (RUPE).
10. No margin of preference shall be granted for any particular category of bidders.

11. In the event that a bidder whose bid was evaluated as the bid with the lowest evaluated price withdraws its bid, the contract may be awarded to the second lowest responsive evaluated bid.
12. Foreign bidders shall not, as a condition for submitting bids, be required to enter into a joint venture agreement with local bidders.
13. No procurement rules or regulations of neither of the Borrower's agencies, nor of any state-owned entity shall apply without the prior review and consent of the Bank.
14. Borrower state-owned enterprises shall be allowed to participate in bids only upon their compliance with the provisions of paragraph 1.10 (b) of the Procurement Guidelines.
15. No contractor or supplier shall be denied fair and equitable treatment in any resolution of dispute with the Borrower and/or any of its implementing entities.
16. No reference value shall be required for publication in the bidding documents or used for the purpose of evaluation.
17. Bidding documents for NCB shall include anticorruption clauses that shall be substantially identical to those pertaining to the Bank Standard Bidding Documents for ICB.

Section II. Selection of Consultant Services

Without limitation upon the provisions of Section III of Schedule 2 to this Agreement or the Consultant Guidelines, the following additional provisions shall apply to all consultants' services procured for the Project:

1. Consultants shall not be required, as condition for participating in the selection process, to be registered in the *Registro Único de Proveedores del Estado (RUPE)*.
2. Foreign consultants shall not be required, as a condition for participating in the selection process, to enter into a joint venture agreement with local consultants, unless the conditions stated in paragraph 1.15 of the Consultant Guidelines are met.
3. Foreign consultants shall not be required, as a condition for participating in the selection process, to legalize their proposals or any documentation related to such proposals with the Borrower's authorities.
4. Foreign consultants shall not be required to be registered in the Borrower's National Registry of Consultants (*Registro Nacional de Consultoría*).
5. Consultants, either firms or individuals, shall not be required to present performance securities as a condition to present proposals and sign an awarded contract.

6. Consultants, either firms or individuals, shall not be denied fair and equitable treatment in any dispute resolution with the Borrower and/or any of its implementing entities.
7. Consultants, either firms or individuals, shall not be required to sign consultant services' contracts containing a retention amount fee clause.
8. Borrower state-owned enterprises shall be allowed to participate in the selection process only upon their compliance with the provisions of paragraph 1.13 (b) of the Consultant Guidelines.
9. The Request for Proposals shall include anti-corruption clauses that shall be identical to those pertaining to the Bank's Request for Proposals.

SCHEDULE 3

Amortization Schedule

The Borrower shall repay the principal amount of the Loan in full on July 15, 2035.

SCHEDULE 4

Disbursement Linked Indicators

The DLIs and corresponding amounts may be adjusted from time to time by the Bank and the Borrower, based on the review pursuant to Section IV.B.4 of Schedule 2 to this Agreement.

| Disbursement Linked Indicator Description | Disbursement Linked Indicator | Amount of Loan Allocated (expressed in USD) |
|---|--|---|
| (1) <u>First DLI:</u> Implementation of an integrated financial management information system in ABC | DLI#1.1: ABC has approved the design of an integrated financial management information system based on revised operational procedures, acceptable to the Bank, in Year 2 | DLI#1.1: USD 500,000 |
| | DLI#1.2: ABC has installed and operationalized the approved integrated financial management information system in ABC's central office and in at least five (5) of its regional offices, in a manner acceptable to the Bank, in Year 3 | DLI#1.2: USD 1,500,000 |
| | DLI#1.3: At least 75% of ABC technical staff with responsibilities related to operational tasks in ABC's central office and in five (5) of its regional offices, have been trained on the revised operational procedures and the integrated financial management information system, under terms of reference acceptable to the Bank, in Year 4 | DLI#1.3: USD 500,000 |
| | | |

| | | |
|---|--|--|
| <p>(2) <u>Second DLI:</u></p> <p>Strengthening ABC's environmental and social management capacity on road works</p> | <p>DLI#2.1: ABC's Social-environmental Manual has been: (a) updated to include guidelines for addressing Involuntary Resettlement in the right-of-way of roads, on terms acceptable to the Bank; and (b) thereafter approved in a manner acceptable to the Bank; all in Year 3</p> <p>DLI#2.2: ABC's Socio-environmental Manual has been: (a) updated to include criteria to assess collective vulnerability of indigenous peoples' cultures, on terms acceptable to the Bank; and (b) thereafter approved, in a manner acceptable to the Bank; all in Year 3</p> <p>DLI#2.3: All ABC social and environmental staff and at least 75% of ABC technical staff with responsibilities related to works supervision, have been trained on the description of the features of the updated ABC's Socio-environmental Manual ; and at least one (1) workshop has been organized with private sector contractors and consultants, on terms and in a manner acceptable to the Bank, in Year 4</p> | <p>DLI# 2.1: USD 400,000</p> <p>DLI#2.2: USD 400,000</p> <p>DLI#2.3: USD 200,000</p> |
| <p>(3) <u>Second DLI:</u></p> <p>Development of a rehabilitation planning</p> | <p>DLI# 3.1: (a) a pavement management system has been installed in ABC and populated with information on the road condition of at</p> | <p>DLI# 3.1: USD 1,000,000</p> |

| | | |
|---|---|---|
| <p>strategy for the Borrower's primary paved road network</p> | <p>least 50% of the Borrower's primary paved road network; and (b) at least three (3) ABC's technical staff have received training on the use of the pavement management system, all on terms and in a manner acceptable to the Bank and in Year 3</p> <p>DLI#3.2: the installed pavement management system in ABC is operative, in Year 4</p> <p>DLI#3.3: (a) the installed and operative pavement management system in ABC has been fed with information on the road condition of at least 90% of the Borrower's primary paved road network; and (b) 20% of the information fed in the pavement management system under DLI 4.1 (a) has been updated; all on terms and in a manner acceptable to the Bank and in Year 5</p> | <p>DLI# 3.2: USD 300,000</p> <p>DLI# 3.3: USD 200,000</p> |
|---|---|---|

APPENDIX

Section I. Definitions

1. “ABC’ Legislation” means the Borrower’s Law No. 3507 dated October 27, 2006 and Supreme Decree No. 28946, dated November 25, 2006.
2. “ABC’s Socio-environmental Manual” means ABC’s *Manual Ambiental de Carreteras* dated November 2008.
3. “ABC Subsidiary Agreement” means the agreement referred to in Section I.B of Schedule 2 to this Agreement pursuant to which the Borrower shall transfer the proceeds of the Loan to ABC for the carrying out of the Project.
4. “*Administradora Boliviana de Carreteras*” or “ABC” means the Borrower’s entity responsible for the administration and management of the Recipient’s primary road network, created through Law No. 3507 of October 27, 2006, or any legal successor thereto.
5. “Anti-Corruption Guidelines” means the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 and revised in January 2011.
6. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
7. “Consultant Guidelines” means the “Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011 (revised July 2014).
8. “DBMOT” means Design-Build-Maintain- Operate- Transfer.
9. “Disbursement Linked Indicator” or “DLI” means in respect of Category (1), each of the indicators related to said Category as set forth in the table in Schedule 4 to this Agreement, on the basis of the achievement of which, the amount of the Loan allocated to said result may be withdrawn in accordance with the provisions of Section IV.B of Schedule 2 to this Agreement.
10. “Displaced Person” means a person who, on account of the execution of the Project, has experienced or would experience direct economic and social impacts caused by: (i) the involuntary taking of land, resulting in: (a) relocation or loss of shelter; (b) loss of assets or access to assets; or (c) loss of income sources or means of livelihood, whether or not such person must move to another location; or (ii) the involuntary restriction to access to legally designated parks and protected areas, resulting in adverse impacts on the livelihood of such person, and “Displaced Persons” means, collectively, the plural thereof.

11. “Eligible Expenditure Program” or “EEP” means a set of defined expenditures within ABC’s budget including employee’s salaries, social insurance and other mandatory contributions for the ABC’s staff incurred by ABC for carrying out the activities under the Project.
12. “EMF” or “Environmental Management Framework” means the Borrower’s framework acceptable to the World Bank and published on September 10, 2015, which contains, *inter alia* the environmental protection measures in respect of the Project, including: (a) measures for chance findings of physical cultural property; (b) protection of natural habitats and pest management; (c) guidelines for the identification of existing environmental conditions and potential direct and indirect environmental impacts resulting from the carrying out of the Project; (d) guidelines for the carrying out of environmental assessments and the preparation of environmental management plans, when applicable; (e) the recommendation of mitigation measures for each negative impact identified; and (f) measures for enhancing each identified positive impacts; as may be amended from time to time with the Bank’s prior approval.
13. “Financing Agreement” means the agreement between the Borrower and the Association for the Project, of the same date as this Agreement, as such agreement may be amended from time to time. “Financing Agreement” includes all appendices, schedules and agreements supplemental to the Financing Agreement.
14. “General Conditions” means the “International Bank for Reconstruction and Development General Conditions for Loans”, dated March 12, 2012, with the modifications set forth in Section II of this Appendix.
15. “Indigenous People Plan” or “IPP” means the Borrower’s indigenous peoples plan, acceptable to the Bank, and published on September 10, 2015, which contains, *inter alia*: (a) a framework for ensuring free, prior and informed consultation with the affected indigenous peoples’ communities during Project implementation; (b) an action plan of measures to ensure that the indigenous peoples’ communities benefit from the Project in a manner that is culturally appropriate, including, when necessary, through the provision of Training; (c) accessible procedures to address grievances by the indigenous peoples’ communities arising from Project implementation; and (d) a mechanism and benchmarks for monitoring, evaluating and reporting on the IPP implementation; as said plan may be amended from time to time with the Bank’s prior written approval.
16. “Involuntary Resettlement” means the impact of an involuntary taking of land under the Project, which taking causes affected persons to have their: (i) standard of living adversely affected; or (ii) right, title or interest in any house, land (including premises, agricultural and grazing land) or any other fixed or movable asset acquired or possessed, temporarily or permanently; or (iii) access to productive assets adversely affected, temporarily or permanently; or (iv) business, occupation, work or place of residence or habitat adversely affected, temporarily or permanently.

17. “Operating Costs” means the reasonable expenditure (none of which would have been incurred absent the Project), incurred by ABC for the implementation, management, coordination and supervision of the Project, including: travel expenses; per diem; operation and maintenance of office equipment; purchase, maintenance and repair of vehicles; rental of offices; utilities; nondurable and/or consumable office materials; excluding salaries of the Borrower’s civil servants or permanent employees; and any other reasonable expenditure as may be agreed by the Bank and included in the Operational Manual.
18. “Operational Manual” or “OM” means the manual prepared by the Borrower, in form and substance satisfactory to the Bank, pursuant to Section I.A.3 of Schedule 2 to this Agreement which shall include, *inter alia*: (i) the programming and budgeting, accounting, auditing, reporting, financial, procurement and disbursement procedures of the Project; (ii) the DLIs for the monitoring and evaluation of Part A.1 of the Project, including the procedures for verifying the achievement of said DLIs; (iii) the organizational structure for implementation of the Project; (iv) the Project indicators for the monitoring and evaluation of the Project; and (v) the terms of reference to be followed in the design of the training program referred to in Part A.2 (e); as the same may be amended from time to time with the Bank’s prior written consent.
19. “Performance Based Contract” means a multi-year contract entered into with a private sector contractor, which contract obligates the private sector contractor to undertake all phases of road rehabilitation and maintenance work as a single package, from design and programming of works, through the execution of such works.
20. “Procurement Guidelines” means the “Guidelines: Procurement of Goods, Works and Non-consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011 (revised July 2014).
21. “Procurement Plan” means the Borrower’s procurement plan for the Project, dated September 29, 2015 and referred to in paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.
22. “Resettlement Policy Framework” or “RPF” means the Borrower’s framework, published on September 11, 2015, in form and substance acceptable to the Bank, outlining general implementation procedures, mitigation measures and monitoring procedures for Resettlement under the Project, including the procedures for the preparation and implementation of Site-specific Resettlement Plans, when applicable, as said framework may be amended from time to time with the Bank’s prior written approval.
23. “Road Maintenance Microenterprises” means any micro, small or medium-sized enterprise selected pursuant to the criteria and procedures set forth in the Operational Manual to participate in the training program under Part A.2 (e) of the Project.

24. “Selected Departments” means the Department of Beni and the Department of Santa Cruz, within the Borrower’s territory, or any other department as agreed by the Bank and the Borrower which has met the criteria for participating in the Project, as set forth in the OM.
25. “Site-specific Resettlement Plan” means any resettlement action plan, to be prepared by ABC, in accordance with the RPF, containing, *inter alia*, a program of actions, measures and policies for compensation of Displaced Persons, including budget and cost estimates, and sources of funding, together with adequate institutional, monitoring and reporting arrangements capable of ensuring proper implementation of, and regular feedback on compliance with its terms, for each site.
26. “Technical Audit” means an independent technical review of the planning, design, construction and management of the rehabilitation and maintenance works under Part B.2 of the Project.
27. “Training” means expenditures (other than those for consultants’ services) incurred by the Borrower in connection with the carrying out of training activities (such as seminars, workshops, including the reasonable travel costs (i.e. accommodation, transportation and *per-diem*, *inter alia*) of trainees and trainers (if applicable), training registration fees, catering, rental of training facilities and equipment, logistics and printing services, as well as training materials, all for the purposes of, and directly related to, the activities of the Project.
28. “Year 2” means the Borrower’s calendar year 2017 starting on January 1, 2017 and ending on December 31, 2017.
29. “Year 3” means the Borrower’s calendar year 2018 starting on January 1, 2018 and ending on December 31, 2018.
30. “Year 4” means the Borrower’s calendar year 2019 starting on January 1, 2019 and ending on December 31, 2019.
31. “Year 5” means the Recipient’s calendar year 2020 starting on January 1, 2020 and ending on December 31, 2020.

Section II. Modifications to the General Conditions

The General Conditions are hereby modified as follows:

1. In the **Table of Contents**, the references to Sections, Section names and Section numbers are modified to reflect the modifications set forth in the paragraphs below.

2. Section 3.01. (*Front-end Fee*) is modified to read as follows:

“Section 3.01. *Front-end Fee; Commitment Charge*

(a) The Borrower shall pay the Bank a front-end fee on the Loan amount at the rate specified in the Loan Agreement (the “Front-end Fee”).

(b) The Borrower shall pay the Bank a commitment charge on the Unwithdrawn Loan Balance at the rate specified in the Loan Agreement (the “Commitment Charge”). The Commitment Charge shall accrue from a date sixty days after the date of the Loan Agreement to the respective dates on which amounts are withdrawn by the Borrower from the Loan Account or cancelled. The Commitment Charge shall be payable semi-annually in arrears on each Payment Date.”

3. In the Appendix, **Definitions**, all relevant references to Section numbers and paragraphs are modified, as necessary, to reflect the modification set forth in paragraph 2 above.

4. The Appendix is modified by inserting a new paragraph 19 with the following definition of “Commitment Charge”, and renumbering the subsequent paragraphs accordingly:

“19. “Commitment Charge” means the commitment charge specified in the Loan Agreement for the purpose of Section 3.01(b).”

5. In the renumbered paragraph 49 (originally paragraph 48) of the Appendix, the definition of “Front-end Fee” is modified by replacing the reference to Section 3.01 with Section 3.01 (a).

6. In the renumbered paragraph 68 (originally paragraph 67) of the Appendix, the definition of the term “Loan Payment” is modified to read as follows:

“68. “Loan Payment” means any amount payable by the Loan Parties to the Bank pursuant to the Legal Agreements or these General Conditions, including (but not limited to) any amount of the Withdrawn Loan Balance, interest, the Front-end Fee, the Commitment Charge, interest at the Default Interest Rate (if any), any prepayment premium, any transaction fee for a Conversion or early termination of a Conversion, the Variable Spread Fixing Charge (if any), any premium payable upon the establishment of an Interest Rate Cap or Interest Rate Collar, and any Unwinding Amount payable by the Borrower.”

7. In the renumbered paragraph 73 (originally paragraph 72) of the Appendix, the definition of “Payment Date” is modified by deleting the word “is” and inserting the words “and Commitment Charge are” after the word “interest”.