Restructuring Paper

On a Proposed Project Restructuring of National Roads and Airport Infrastructure Project

Approved on May 5, 2011

To the Plurinational State of Bolivia

December 14, 2016

Transport and ICT Global Practice
Latin America and the Caribbean Region

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ABBREVIATIONS AND ACRONYMS

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
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<tbody>
<tr>
<td>AASANA</td>
<td>Airport and Aviation Services Administration</td>
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<td>ABC</td>
<td>Bolivian Highway Administrator</td>
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<td>ABT</td>
<td>Forest and Land Authority</td>
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<td>GoB</td>
<td>Government of the Plurinational State of Bolivia</td>
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<td>IP</td>
<td>Implementation Progress</td>
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<td>PDO</td>
<td>Project Development Objectives</td>
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<td>SERNAP</td>
<td>National Service of Protected Areas</td>
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<td>SDR</td>
<td>Special Drawing Rights</td>
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BOLIVIA
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Extension of Closing Date
BOLIVIA – NATIONAL ROADS AND AIRPORT INFRASTRUCTURE PROJECT

Restructuring Paper

1. The proposed Restructuring will extend the closing date of the BOLIVIA: NATIONAL ROADS AND AIRPORT INFRASTRUCTURE PROJECT (CREDIT 4923-BO), P122007, from December 31, 2016, until August 7, 2018, slightly more than 19 months to complete the implementation and achieve the project objectives. The Government of the Plurinational State of Bolivia (GoB) has formally requested this extension of the closing date of the Credit through a letter dated August 3, 2016. This is the first closing date extension of the Project.

2. The SDR XX million Credit (US$109.5 million equivalent at the time of approval) was approved on May 5, 2011 with an effectiveness date of April 10, 2012. The Project’s Development Objective (PDO) is to improve the year-round transitability of the San Buenaventura–Ixiamas national road and improve the safety, security and operational reliability of the Rurrenabaque Airport. The PDO will be met through: (i) the improvement of the San Buenaventura-Ixiamas national road, (ii) the improvement of the operational reliability and safety at the Rurrenabaque Airport through construction of a new taxiway, flight control tower, passenger terminal and related civil works, as well as purchase of firefighting and aviation control equipment, and lastly, (iii) the institutional strengthening of the national road agency, Administradora Boliviana de Carreteras (ABC), Administración de Aeropuertos y Servicios Auxiliares a la Navegación Aérea (AASANA), the Autoridad de Bosques y Tierra (ABT) and Servicio Nacional de Areas Protegidas (SERNAP), as well as support territorial development in the Project area through a forum of stakeholders.

3. Current Status. Due to significant implementation delays, overall progress towards the achievement of the PDO is rated Unsatisfactory while Implementation Progress (IP) is considered Moderately Satisfactory based on recent improvement in execution progress on the road and completion of relevant procurement processes for the airport. Given improved performance of the Project executing entities and achievement of actions agreed between the GoB and the Bank, the PDO remains achievable within the timeframe of the proposed closing date extension.

4. Under Component 1, lingering issues with equipment and staffing of the roads contracts have largely been resolved. As for Component 2, the three procurement packages for the airport have advanced and physical works are expected to start in February 2017. For the institutional aspects in Component 3 (Institutional Strengthening of ABC and AASANA, and other relevant entities), the GoB has provided some funding for strengthening capacities. Within Component 3, the intention was to maintain throughout project execution a participatory Working Group to support sustainable territorial development of the region. The client has
informed the Bank that, while they remain committed to territorial development focus in the region, they wish to incorporate that work into their existing mechanisms for engagement in the region and are requesting that the Bank be amenable to such change. Cumulative disbursements stand at US$42.56 million

5. The proposed extension of time matches contractual closing date of the civil works under Component 1 (Improving the San Buenaventura – Ixiamas National Road), and is also necessary to allow implementation of the works within Component 2 (Improving the Rurrenabaque Airport) to proceed. The extended closing date would allow a new design strategy for implementation of Component 3 to be considered.