Her Excellency
E. Viviana Caro Hinojosa
Minister of Development Planning
Ministry of Development Planning
Avenida Mariscal Santa Cruz Esquina Oruro #1092
Ex Edificio Comibol
La Paz, Bolivia

Re: Plurinational State of Bolivia: Credit No. 4382-BO (Expanding Access to Reduce Health Inequities Project - APL III)
First Amendment to the Financing Agreement

Excellency,

We refer to the Financing Agreement between the International Development Association (the “Association”) and the Plurinational State of Bolivia (the “Recipient”) dated September 19, 2008, with respect to the above-captioned Project (the “Agreement”).

Pursuant to your letter dated June 4, 2012 and the Aide Memoire dated November 8, 2012, requesting the Association to: (a) amend the Agreement; and (b) to cancel a total amount of SDR 4,850,000 from the Credit, we are pleased to inform you that the Association acknowledges your partial cancellation request as of June 5, 2012, and agrees to amend the terms of the Agreement as follows:

1. The designation of “Republic of Bolivia” is hereby amended and replaced throughout the Agreement by “Plurinational State of Bolivia”.

2. Part 1 of Schedule 1 to the Agreement is hereby amended and replaced in its entirety to read as follows:

"Part 1. Stewardship Role of Health Authorities - Essential Functions in Public Health"

(a) Strengthening the SNIS in the areas of data gathering, analysis, reporting, monitoring, supervision, evaluation, management and research, through:

(i) the design and adaptation of the technical standards, processes, procedures and standards of the SNIS in public health and epidemiological surveillance, including: (A) identification and evaluation of new sectoral and intersectoral information needs caused by implementation of new health policies; (B) development of instruments for the capture and validation of the data from primary and secondary sources of information, securing flows of information, frequency, quality control, and definition of levels of information; and (C) development of complementary computer tools and software for implementation and operation at the national, departmental and Project-targeted municipalities level;
(ii) the development of an index to monitor the progress of mothers and children during the children’s two first years of life; and

(iii) the organization of a national health summit ("Cumbre de Salud") to define health sector strategies.

(b) Strengthening the capacity of MSD and of the Recipient’s departmental and local health authorities in order to apply modern management methodologies and instruments, to design programming based on priority and goal selection, and to establish a results-based management system, through:

(i) the provision of technical assistance to develop and implement standard practices and management tools, including: (A) the preparation and validation of norms, processes, methodologies, and management tools; and (B) the carrying out of training for national and departmental level public health staff in the use of new standard practices, processes, methodologies and management tools, monitoring, project and programs evaluations;

(ii) the dissemination of the health results achieved by the Recipient’s national, departmental and municipals governments during their respective management periods, through community meetings, workshops and publications financed by the Project; and

(iii) the strengthening of MSD’s human resources policy, including the upgrading of the human resources data captured by SNIS in order to identify gaps, limitations of training, evaluation of performance and the updating of regulatory framework for the management of human resources of the sector.”

3. Part 2 of Schedule 1 to the Agreement is hereby amended and replaced in its entirety to read as follows:

“Part 2. Family, Community and Intercultural Health

(a) Development and strengthening of health referral networks, through:

(i) the carrying out of a study to analyze and determine the status of resources and existing capacities of the health networks in the Target Areas;

(ii) the renovation of public health facilities, public housing, the purchase of medical equipment therefore, the carrying out of the Social Investment and Productive Fund (FPS), financial audits and the financing of FPS operating costs;

(iii) the development of capacity in quality management concepts; and

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4. Part 3 of Schedule 1 to the Agreement is hereby amended and replaced in its entirety to read as follows:

"Part 3. Health Insurance Program

(a) Support the rollout of a universal health insurance program record system for the enrollment of families and individuals, through:

(i) the carrying out of training in use of the enrollment system for key personnel, operational personnel and community leaders; and

(ii) the design, printing and distribution nation-wide of a family health enrollment form ("Carpeta Familiar")."

5. Section I.B.2 of Schedule 2 to the Agreement is hereby amended and replaced in its entirety to read as follows:

"2. At all times during the execution of the Project, MSD shall maintain a team responsible for the implementation of the Project (UGESPRO and Technical Area), with staffing numbers, qualifications, functions and responsibilities satisfactory to the Association, including, inter alia, the following responsibilities:

(a) overall planning, coordination, monitoring and evaluation of Project activities; and

(b) the updating of the Procurement Plan and the elaboration of the annual implementation plan."

6. Section I.C.2 (c) of Schedule 2 to the Agreement is hereby amended and replace in its entirety to read as follows:

"(c) Project implementation indicators and the procedures for the monitoring and evaluation of the Project, including for compliance with Section II of Schedule 2 to this Agreement;"

7. Section I.E.3 of Schedule 2 to the Agreement is hereby amended and replaced in its entirety to read as follows:

"3. Not later than 90 days after the Effective Date, the Recipient shall ensure that the UGESPRO and the Technical Area are fully staffed and operational, and shall maintain them thereafter throughout the implementation of the Project."

8. Section IV.A.2. of Schedule 2 to the Agreement is hereby amended and replaced in its entirety to read as follows:

(iv) the development and implementation of standards and instruments of quality management in the provision of health services."

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2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Financing ("Category"), the allocations of the amounts of the Credit to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Credit Allocated (expressed in SDR)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, consultants’ services, Training and MSD Operating Costs for Part 1 of the Project</td>
<td>1,510,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) (a) Goods, consultants’ services, training and MSD Operating Costs for Part 2 of the Project except for Part 2 (a) (ii); (b) Works, goods and consultants’ services (including audits) under Part 2 (a) (ii) of the Project; and (c) FPS Operating Costs under Part 2 (a) (ii) of the Project</td>
<td>400,000</td>
<td>100%</td>
</tr>
<tr>
<td>(3) Goods, consultants’ services, Training and MSD Operating Costs for Part 3 of the Project</td>
<td>4,100,000</td>
<td>100%</td>
</tr>
<tr>
<td>(4) Goods, consultants’ services (including audits) and MSD Operating Costs for Part 4 of the Project</td>
<td>200,000</td>
<td>5% of the total cost of the works, goods and services under Part 2 (a)(ii) of the Project paid in tranches as set forth in the Operational Manual</td>
</tr>
<tr>
<td>(5) Unallocated</td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>127,761</td>
<td>100%</td>
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<tr>
<td></td>
<td>512,239</td>
<td>100%</td>
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<td></td>
<td>6,850,000</td>
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</tbody>
</table>
9. Section IV.A. 3 (b) of Schedule 2 to the Agreement is hereby amended and replaced in its entirety to read as follows:

“(b) "FPS Operating Costs" means reasonable recurrent expenditures (other than those for consultants’ services) incurred by FPS for the purposes of the Project and directly related to the activities described in the Project, including, inter alia, salaries of staff, office materials and supplies, operation and maintenance of office equipment, insurance, vehicle and equipment operation, bank charges on the Designated Account, transportation, media publications, travel and per diem of FPS officials for purposes of Project supervision and printing of materials; and"

10. Section IV.A.3 (c) of Schedule 2 to the Agreement is hereby amended and replaced in its entirety to read as follows:

“(c) "MSD Operating Costs" means reasonable recurrent expenditures (other than those for consultants’ services) incurred by MSD for the purposes of the Project and directly related to the activities described in the Project, including, inter alia, operation and maintenance of office equipment, bank charges on the Designated Account, rental of office space, travel and per diem of MSD officials for purposes of Project supervision and printing of materials."

11. Section IV.B.3 of Schedule 2 to the Agreement is hereby amended and replaced in its entirety to read as follows:

“3. No withdrawals shall be made for payments under Categories (1), 2(a), (3) and (4) of the table in paragraph A above, until MSD has signed the contracts of: (i) the UGESPRO’s financial management specialist and procurement specialist; and (ii) the Technical Area’s technical coordinator.”

12. Section I of the Appendix to the Agreement is hereby amended as follows:

(a) The following definitions are deleted (and the existing definitions are consequently renumbered to keep the alphabetical order):

“DILOS” means Directorios Locales de Salud, created pursuant to the Recipient’s Law No. 2426, dated November 21, 2007.

“SU SALUD” means Seguro Universal de Salud, the Recipient’s universal health insurance to be created pursuant to the Recipient’s Bill No. 005, dated 2007, submitted to the Recipient’s Congress for approval.

“UCOFI” means the administrative unit within MSD which will carry out financial management and procurement activities, created pursuant to the Recipient’s Resolution No.1059, dated December 13, 2007.
The following definition is added, placed in alphabetical order (and the existing definitions are consequently renumbered to keep the alphabetical order), to read as follows:

"UGESPRO" means the administrative unit within MSD which will carry out the financial management and procurement activities, created pursuant to the Recipient’s Resolution No.1028, dated October 16, 2008.

Please confirm your agreement with the foregoing amendment by signing, dating and returning to us the enclosed copy of this amendment letter. This amendment letter shall be executed in two counterparts, each of which shall be an original.

The provisions set forth herein shall become effective upon receipt by the Association of a fully executed original of this Letter Amendment.

Please note that the Restructuring Paper dated November 29, 2012 will be disclosed on the Association’s external website.

Very truly yours,

INTERNATIONAL DEVELOPMENT ASSOCIATION

Susan G. Goldmark
Director
Bolivia, Chile, Ecuador, Peru and Venezuela
Latin America and the Caribbean Region

AGREED:

PLURINATIONAL STATE OF BOLIVIA

By: (Authorized Representative)

Name: Viviana Caro Hinojosa

Title: Minister of Development Planning

Date: 06 MAR 2013