Financing Agreement

Santa Cruz Road Corridor Connector Project (San Ignacio – San José)

between

PLURINATIONAL STATE OF BOLIVIA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated February 2, 2017
FINANCING AGREEMENT

AGREEMENT dated February 2, 2017, entered into between PLURINATIONAL STATE OF BOLIVIA (“Recipient”) and INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”). The Recipient and the Association 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 — CREDIT

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 thirty million Dollars (USD30,000,000) (“Credit”), to assist in financing the project described in Schedule 1 to this Agreement (“Project”).

2.02. The Recipient may withdraw the proceeds of the Credit in accordance with Section IV of Schedule 2 to this Agreement.

2.03. The Front-end Fee payable by the Recipient shall be equal to one quarter of one percent (0.25%) of the Credit amount.

2.04. The Commitment Charge payable by the Recipient shall be one-quarter of one percent (0.25%) per annum on the Unwithdrawn Credit Balance.

2.05. The Interest Charge payable by the Recipient for each Interest Period shall be at a rate equal to three point eighty three percent (3.83%) per annum provided, however, that the Interest Charge payable shall in no event be less than three quarters of one percent (0.75%) per annum.

2.06. The Payment Dates are April 15 and October 15 in each year.
2.07. The principal amount of the Credit shall be repaid in accordance with the amortization schedule set forth in Schedule 3 to this Agreement.

2.08. The Payment Currency is Dollar.

ARTICLE III — PROJECT

3.01. The Recipient declares its commitment to the objective of the Project. To this end, the Recipient shall cause the Project to be carried out by the Administradora Boliviana de Carreteras (ABC) in accordance with the provisions of Article IV 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 Recipient and the Association shall otherwise agree, the Recipient shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

ARTICLE IV — REMEDIES OF THE ASSOCIATION

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 Association, the ability of ABC to perform any of its obligations under the ABC 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) or (b) of this Agreement occurs and is continuing for a period of 60 days after notice of the event has been given by the Association to the Recipient.

ARTICLE V — EFFECTIVENESS; TERMINATION

5.01. The Additional Conditions of Effectiveness consist of the following:

(a) The ABC Subsidiary Agreement has been signed on behalf of the Recipient and ABC.
(b) The Operational Manual has been adopted by ABC in a manner acceptable to the Association.

(c) The Loan Agreement has been signed 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 one hundred fifty (150) days after the date of this Agreement.

5.03. For purposes of Section 8.05 (b) of the General Conditions, the date on which the obligations of the Recipient under this Agreement (other than those providing for payment obligations) shall terminate is twenty years after the date of this Agreement.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

6.01. The Recipient’s Representative is its Minister of Development Planning.

6.02. The Recipient’s Address is:

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

Facsimile: +591-2-3118473

6.03. The Association’s Address is:

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

Telex: Facsimile:
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

Authorized Representative

Name: Mariana Prado Yraya

Title: Ministro de Planificación del Desarrollo

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Authorized Representative

Name: Nicolo Fontana

Title: Representante Residente
SCHEDULE 1

Project Description

The objective of the Project is to improve transport accessibility along the road corridor between San Ignacio de Velasco and San José de Chiquitos.

The Project consists of the following parts:

Part A. Road Upgrading

1. (a) Upgrading of approximately 208 kilometers of the Recipient’s primary road network between San Ignacio de Velasco and San José de Chiquitos, including, the construction of a limited number of bypasses (including carrying out the technical design and construction of the bypass in San Ignacio de Velasco) and bridges, as further described in the Operational Manual; and (b) when applicable, as determined by the Association, carrying out of Technical Audits.

2. Providing support (through the provision of small works, goods, Training and technical assistance, as the case may be) for the implementation and supervision of the Environmental Impact Assessment/Environmental Management Plan, the Resettlement Action Plan, the Resettlement Policy Framework and the Indigenous Peoples Plan.

Part B. Technical Studies and Project Management

1. Carrying out preparatory activities for the upgrading of selected segments of the road corridor between San Matías and San Ignacio de Velasco, including, the preparation of relevant feasibility studies (including technical, economic, environmental and social aspects) and bidding documents, excluding from the Project the upgrading works of the selected road segments).

2. Carrying out of relevant gender studies and poverty and social impact analyses.

3. Provision of support for the implementation, monitoring and evaluation of the Project including, inter alia: (a) the carrying out of the Project audits; and (b) the carrying out of capacity building activities on, inter alia, road asset management.
SCHEDULE 2
Project Execution

Section I. Implementation Arrangements

The Recipient shall cause ABC to:

1. assign responsibility 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, 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 Association;

3. (a) carry out the Project in accordance with the requirements set forth in a manual acceptable to the Association (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 Association. 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 Association, to address grievances relating to the carrying out of the civil works under Part A of the Project.

B. Subsidiary Agreement

1. To facilitate the carrying out of the Project by ABC, the Recipient shall make the proceeds of the Credit available to ABC under an agreement (ABC Subsidiary Agreement) to be entered between the Recipient and ABC, under terms and conditions acceptable to the Association, which shall include, *inter alia*, the obligation of ABC to carry out the Project in accordance with the provisions set forth in this Schedule 2, the Operational Manual and the Anti-corruption Guidelines.

2. The Recipient shall exercise its rights and carry out its obligations under the ABC Subsidiary Agreement in such manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Credit. The Recipient shall not take any action in respect of the ABC Subsidiary Agreement or any of its provisions which shall affect materially and adversely, in the opinion of the Association, the ability of ABC to perform any of its obligations under said ABC
Subsidiary Agreement. In case of any conflict between the provisions of the ABC Subsidiary Agreement and those of this Agreement, the provisions of this Agreement shall prevail.

C. Anti-Corruption

The Recipient shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.

D. Safeguards

1. The Recipient shall cause ABC to carry out the Project in accordance with the Environmental Impact Assessment/Environmental Management Plan (EIA/EMP), the Resettlement Policy Framework (RPF), the Resettlement Action Plan (RAP) and the Indigenous Peoples Plan (IPP). Except as the Association shall otherwise agree, the Recipient shall cause ABC to not assign, amend, abrogate or waive the EIA/EMP, the RPF, the RAP and/or 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 A (except for the construction works of the bypass of San Ignacio de Velasco) of the Project, the Recipient shall cause ABC to carry out the works in accordance with the provisions of the Resettlement Action Plan, including full payment of compensation and/or the provision of relocation assistance to all affected persons, prior to any displacement.

3. Without limitation to the provisions set forth in paragraph 1 and 2 above, and after the final detailed designs of works regarding the bypass of San Ignacio de Velasco have been completed, the Recipient shall cause ABC to, if Involuntary Resettlement is involved: (a) prepare and disclose, prior to commencement of any works, a site-specific resettlement action plan acceptable to the Association, in accordance with the RPF; and (b) immediately thereafter, carry out said works in accordance with the provisions of said site-specific resettlement action plan and in a manner acceptable to the Association, including full payment of compensation and/or the provision of relocation assistance to all affected persons, prior to any displacement.

4. The Recipient shall cause ABC to ensure that the proceeds of the Credit are not used for the acquisition of land without the prior written concurrence of the Association.

5. The Recipient shall cause ABC to ensure that the terms of reference for any technical assistance provided under the Project shall be satisfactory to the Association, 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 Association’s Safeguards Policies and Procedures.
Section II.  Project Monitoring, Reporting and Evaluation

A.  Project Reports

1. The Recipient shall cause ABC to: (a) jointly with the Recipient, monitor and evaluate the progress of the Project; and (b) prepare Project Reports in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of indicators acceptable to the Association and set forth in the Operational Manual. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the Association not later than one month after the end of the period covered by each report.

2. Without limitations to the provisions of paragraph 1 of this Section, the Recipient shall, by October 15, 2018, or such other date as the Association shall agree upon, carry out jointly with ABC and the Association, 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 Recipient shall act promptly and diligently to take and/or cause ABC to take, any corrective action as shall have been agreed with the Association.

B.  Financial Management, Financial Reports and Audits

1. The Recipient shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 4.09 of the General Conditions.

2. Without limitation on the provisions of Part A of this Section, the Recipient shall cause ABC to prepare and furnish to the Association not later than thirty (30) days after the end of each calendar semester, interim unaudited financial reports for the Project covering the pertinent calendar semester, in form and substance satisfactory to the Association.

3. The Recipient shall cause ABC to have its Financial Statements audited in accordance with the provisions of Section 4.09 (b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one fiscal year of the Recipient. The audited Financial Statements for each such period shall be furnished to the Association not later than six months after the end of such period.

C.  Technical Audits

In implementing Part A of the Project, as applicable, as determined by the Association, the Recipient shall cause ABC to: (a) prepare and furnish to the Association, an independent technical audit (Technical Audit) in form and
substance acceptable to the Association 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 Association a reasonable opportunity to exchange views on such Technical Audit; and (c) thereafter implement such recommended measures, taking into account the Association'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 Credit 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 Credit 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 Association 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 Association of Procurement Decisions**

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

Section IV. **Withdrawal of the Proceeds of the Credit**

A. **General**

1. The Recipient may withdraw the proceeds of the Credit in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Association shall specify by notice to the Recipient (including the “World Bank Disbursement Guidelines for Projects” dated May 2006, as revised from time to time by the Association 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 Credit (“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 USD)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, works, non-consulting services, consultants’ services, Training and Operating Costs for the Project</td>
<td>29,925,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Front-end Fee</td>
<td>75,000</td>
<td>Amount payable pursuant to Section 2.03 of this Agreement in accordance with Section 3.01 (a) of the General Conditions</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>30,000,000</td>
<td></td>
</tr>
</tbody>
</table>

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made from the Credit for payments made prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed USD6,000,000 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 the Project.

2. The Closing Date is December 31, 2021.
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 Recipient'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 Recipient's authorities as a prerequisite for bidding.
9. Bidders shall not be required, as condition for submitting their bids, to be registered in the Recipient'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 next 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 Recipient's agencies, nor of any state-owned entity shall apply without the prior review and consent of the Association.

14. Recipient 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 dispute resolution with the Recipient 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 Association 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 Recipient’s authorities.

4. Foreign consultants shall not be required to be registered in the Recipient’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 Recipient 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. Recipient 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 substantially identical to those pertaining to the Association’s Request for Proposals.
SCHEDULE 3
Amortization Schedule

<table>
<thead>
<tr>
<th>Date Payment Due</th>
<th>Principal Amount of the Credit repayable (expressed as a percentage)*</th>
</tr>
</thead>
<tbody>
<tr>
<td>On each April 15 and October 15</td>
<td>2.5%</td>
</tr>
<tr>
<td>commencing on April 15, 2022 to and including October 15, 2030</td>
<td>2.5%</td>
</tr>
<tr>
<td>and on April 15, 2031, to and ending on October 15, 2040</td>
<td>2.75%</td>
</tr>
</tbody>
</table>

* The percentages represent the percentage of the principal amount of the Credit to be repaid.
APPENDIX

Section I. Definitions


2. “ABC Subsidiary Agreement” means the agreement referred to in Section I.B.1 of Schedule 2 to this Agreement pursuant to which the Recipient shall transfer the proceeds of the Credit to ABC for the carrying out of the Project.

3. “Administradora Boliviana de Carreteras” or “ABC” means the Recipient’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.

4. “Association’s Safeguards Policies and Procedures” means the operational policies and procedures of the Association (as the same may be amended from time to time by the Association) set forth in the Bank’s Operational Manual and identified as Environmental Assessment (OP/BP 4.01), Natural Habitats (OP/BP 4.04), Forests (OP/BP 4.36), Pest Management (OP/BP 4.09), Indigenous Peoples (OP/BP 4.10), Physical Cultural Resources (OP/BP 4.11), Involuntary Resettlement (OP/BP 4.12), Forestry (OP/BP 4.36), Safety of Dams (OP/BP 4.37), Projects on International Waterways (OP/BP 7.50), and Projects in Disputed Areas (OP/BP 7.60), as said manual is published under www.worldbank.org.


6. “Category” means a category set forth in the table in Section IV.A.2 of Schedule 2 to this Agreement.


8. “Department of Santa Cruz” means Departamento de Santa Cruz, one the Recipient’s departments.

9. “Environmental Impact Assessment/Environmental Management Plan” or “EIA/EMP” means the environmental impact assessment, acceptable to the Association, which includes an environmental management plan, prepared by ABC, acceptable to the Association, and published in the Recipient’s territory and
on the Association’s external website on December 5, 2016, which contains, *inter alia*, site-specific environmental mitigation measures anticipated for activities under the Project, including measures for chance findings of physical cultural property, as said EIA/EMP may be amended from time to time with the Bank’s prior written approval.

10. “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.

11. “Indigenous Peoples Plan” or “IPP” means the indigenous peoples plan prepared by ABC, acceptable to the Association, and published in the Recipient’s territory on January 21, 2016 and on the Association’s external website on May 25, 2016, 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 (including gender-oriented 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 Association’s prior written approval.

12. “Involuntary Resettlement” means the impact of: (a) 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; or (b) an involuntary restriction of access to legally designated parks and protected areas (including reserves) which causes an adverse impact on the livelihoods of the affected persons.

13. “Loan Agreement” means the loan agreement for the Project between the Recipient and the Bank, dated the same date as this Agreement, as such loan agreement may be amended from time to time. “Loan Agreement” includes all appendices, schedules and agreements supplemental to the Loan Agreement.

14. “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; salaries of ABC staff working for the Project (but excluding salaries of the Recipient’s civil servants); and any other reasonable expenditure as may be agreed by the Bank and included in the Operational Manual.

15. “Operational Manual” or “OM” means the manual prepared by ABC, in form and substance satisfactory to the Association which shall include, inter alia: (i) the programming and budgeting, accounting, auditing, reporting, financial, procurement and disbursement procedures of the Project; (ii) the organizational structure for implementation of the Project; (iii) the Project indicators for the monitoring and evaluation of the Project; and (iv) the description of Project activities, as the same may be amended from time to time with the Association’s prior written consent.


17. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated August 3, 2016 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.

18. “Resettlement Action Plan” or “RAP” means the resettlement action plan prepared by ABC, acceptable to the Association, published in the Recipient’s territory on July 26, 2016 and on the Association’s external website on May 25, 2016, containing, inter alia, a program of actions, measures and policies for compensation of affected 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, as said plan may be amended from time to time with the Association’s prior written consent.

19. “Resettlement Policy Framework” or “RPF” means the framework prepared by ABC, published in the Recipient’s territory on July 14, 2016 and on the Association’s external website on July 13, 2016, in form and substance acceptable to the Association, outlining general implementation procedures, mitigation measures and monitoring procedures in the event of Involuntary Resettlement as a result of the design and construction of the bypass in San Ignacio de Velasco referred to in Part A.1 (a) of the Project, including the procedures for the preparation and implementation of site-specific resettlement plan(s), when applicable, as said framework may be amended from time to time with the Association’s prior written approval.

20. “San Ignacio de Velasco” means the city of San Ignacio de Velasco located in the Department of Santa Cruz.
21. “San José de Chiquitos” means the city of San José de Chiquitos, located in the Department of Santa Cruz.

22. “San Matías” means the city of San Matías, located in the Department of Santa Cruz.

23. “Technical Audit” means an independent technical review of the planning, design, construction and management of the upgrading works under Part A.1 (a) of the Project.

24. “Training” means expenditures (other than those for consultants’ services) incurred by ABC 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.

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, as necessary, to reflect the modifications set forth in the paragraphs below.

2. Section 2.07 (*Refinancing Preparation Advance*) is retitled as “*Refinancing Preparation Advance; Capitalizing Front-end Fee*”; amended by adding a new paragraph (b), and modified to read as follows:

   “Section 2.07. *Refinancing Preparation Advance; Capitalizing Front-end Fee*

   (a) If the Financing Agreement provides for the repayment out of the proceeds of the Financing of an advance made by the Bank or the Association (“Preparation Advance”), the Association shall, on behalf of the Recipient, withdraw from the Financing Account on or after the Effective Date the amount required to repay the withdrawn and outstanding balance of the advance as at the date of such withdrawal from the Financing Account and to pay all accrued and unpaid charges, if any, on the advance as at such date. The Association shall pay the amount so withdrawn to itself or the Bank, as the case may be, and shall cancel the remaining unwithdrawn amount of the advance.

   (b) Except as otherwise provided in the Financing Agreement, the Association shall, on behalf of the Recipient, withdraw from the Financing Account on or after
the Effective Date and pay to itself the amount of the Front-end Fee payable pursuant to Section 3.01 (a).”

3. Section 3.01 (Commitment Charge) is retitled as “Front-end Fee; Commitment Charge”, amended by adding a new paragraph (a), and modified to read as follows:

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

(a) The Recipient shall pay the Association a front-end fee on the Credit amount at the rate specified in the Financing Agreement (the “Front-end Fee”).

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

4. Section 3.02 (Service Charge) is retitled as “Interest Charge” and modified to read as follows:

“As Section 3.02. 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 Charges shall be computed on the basis of a 360-day year of twelve 30-day months.”

5. Section 3.03 (Repayment of the Credit) is modified by deleting paragraph (b) in its entirety and amending the remaining paragraph (a) to read as follows:

“As Section 3.03. Repayment of the Credit

The Recipient shall repay the Withdrawn Credit Balance to the Association in installments as provided in the Financing Agreement.”

6. In the Appendix, Definitions, all relevant references to Sections, numbers and paragraphs are modified, as necessary, to reflect the modifications set forth in paragraphs 1 through 5 above.

7. Paragraph 28 of the Appendix (“Financing Payment”) is modified to read as follows:
“28. “Financing Payment” means any amount payable by the Recipient to the Association pursuant to the Financing Agreement or these General Conditions, including (but not limited to) any amount of the Withdrawn Credit Balance, interest, the Front-end Fee and the Commitment Charge.”

8. A new paragraph 30 is inserted in the Appendix with the following definition of “Front-end Fee”, and the subsequent paragraphs are renumbered accordingly:

“30. “Front-end Fee” means the fee specified in the Financing Agreement for the purpose of Section 3.01 (a).”

9. A new paragraph 33 is inserted in the renumbered Appendix with the following definition of “Interest Charge”, and the subsequent paragraphs are renumbered accordingly:

“33. “Interest Charge” means the interest charge specified in the Financing Agreement for the purpose of Section 3.02.”

10. Renumbered paragraph 38 (originally paragraph 36) of the Appendix (“Payment Date”) is modified by deleting the words “Service Charges” and inserting the words “Interest Charges”.

11. Renumbered paragraph 51 (originally paragraph 49) of the Appendix (“Service Charge”) is deleted in its entirety, and the subsequent paragraphs are renumbered accordingly.