Financing Agreement

(Additional Financing for Community Investment in Rural Areas Project)

between

PLURINATIONAL STATE OF BOLIVIA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated November 16, 2015
FINANCING AGREEMENT

Agreement dated **November 16, 2015** entered into between PLURINATIONAL STATE OF BOLIVIA ("Recipient") and INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association") for the purpose of providing additional financing for activities related to the Original Project (as defined in the Appendix to this Agreement). 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 — FINANCING

2.01. The Association agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a credit in an amount equivalent to forty three million two hundred thousand Special Drawing Rights (SDR 43,200,000) (variously, "Credit" and "Financing"), consisting of: (a) an amount of forty million one hundred thousand Special Drawing Rights (SDR 40,100,000) ("Portion A of the Credit"); and (b) an amount of three million one hundred thousand Special Drawing Rights (SDR 3,100,000) ("Portion B of the Credit"); all extended under the terms and conditions set forth in this Agreement, to assist in financing the project described in Schedule 1 to this Agreement ("Project").

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

2.03. The Maximum Commitment Charge Rate payable by the Recipient on the Unwithdrawn Financing Balance shall be one-half of one percent (1/2 of 1%) per annum.

2.04. The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.
2.05. The Interest Charge payable by the Recipient on the Withdrawn Credit Balance of Portion A of the Credit shall be equal to one and a quarter percent (1.25 %) per annum.

2.06. The Interest Charge payable by the Recipient on the Withdrawn Credit Balance of Portion B of the Credit shall be equal to one point eighty three percent (1.83 %) per annum.

2.07. The Payment Dates are January 15 and July 15 in each year.

2.08. The principal amount of the Credit shall be repaid in accordance with the repayment schedule set forth in Schedule 3 to this Agreement.

2.09. The Payment Currency is Dollar.

ARTICLE III — PROJECT

3.01. The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall carry out the Project by means of its Ministry of Rural Development and Land ("MDRyT"), through its Unidad Desconcentrada Empoderar, in accordance with the provisions of Article IV of the General Conditions.

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 — EFFECTIVENESS; TERMINATION

4.01. The Effectiveness Deadline is the date one hundred twenty (120) days after the date of this Agreement.

4.02. 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 V — REPRESENTATIVE; ADDRESSES

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

5.02. The Recipient’s Address is:

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

Facsimile:

+591-2-312641

The Association’s Address is:

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

Cable: Telex: Facsimile:

INDEVAS 248423 (MCI) 1-202-477-6391
Washington, D.C.
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: René Gonzalo Orellana Halkyer
Title: MINISTRO DE PLANIFICACION DEL DESARROLLO

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Authorized Representative

Name: Nicola Pontara
Title: COUNTRY MANAGER
SCHEDULE 1

Project Description

The objective of the Project is to improve access to sustainable basic infrastructure and services for the most disadvantaged rural Communities selected in some of the poorest municipalities of the Recipient.

The Project consists of the Original Project as amended hereby:

Part A: Community Capacity Building

1. Provision of technical assistance, training and institutional strengthening support to Communities in order to enable them to identify, prepare, implement, operate and maintain Community Investments Subprojects under Part B hereto.

2. Provision of limited technical assistance to local entities in Participating Municipalities in order to support and supervise the planning and implementation of Community Investment Subprojects and to ensure compliance with applicable technical standards.

Part B: Community-Driven Development Investment

Provision of CI Grants to selected Communities in order to carry out Community Investment Subprojects.

Part C: Coordination, Monitoring and Evaluation

Provision of support to MDRyT and its Unidad Desconcentrada Empoderar, in order to carry out the coordination, monitoring and evaluation of Parts A and B of the Project, including: (a) the establishment and operation of a Project Coordination Team with regional branches responsible for the administrative, financial, procurement, social and environmental management of the Project, and the audits thereof; and (b) the carrying out of a Project impact evaluation survey(s).
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. 1. The Recipient shall vest the overall responsibility for the implementation of the Project in the MDRyT, and to this end shall, through MDRyT:

(a) maintain, throughout Project implementation:

(i) within MDRyT, the “Unidad Desconcentrada Empoderar” or “EMPODERAR”; and

(ii) within EMPODERAR, a Project Coordination Team (PCT) and Regional Operation Units (“ROUs”),

all with structure, functions and responsibilities and funding acceptable to the Association and set forth in the Operational Manual (OM), as shall be required for the day-to-day implementation of the Project;

(b) ensure that the PCT is, throughout Project implementation, headed by a Project coordinator, and that each ROU is headed by a regional coordinator, all staffed with adequate professional, fiduciary, administrative and technical personnel (including procurement and financial specialists), with qualifications, experience and terms of reference acceptable to the Association, as set forth in the OM;

(c) no later than three (3) months after the Effective Date complete the staffing of the ROUs, in a manner acceptable to the Bank;

(d) ensure that the staff of the PCT and ROUs are hired following a competitive and transparent selection process satisfactory to the Association and detailed in the OM; and

(e) require that in each Participating Municipality, a Municipal Committee (Comité Municipal) is established and maintained, throughout the period of implementation of Part B of the Project, as a pre-condition for each said Participating Municipality to participate in the Project, with functions, powers, responsibilities and resources, satisfactory to the Association and detailed in the OM, as shall be required for the periodic review and endorsement of eligible Communities to be awarded CI Grants.
B. Operational Manual

The Recipient shall implement the Project in accordance with the provisions of the OM; and shall not amend, suspend, abrogate, repeal or waive any of its provisions without the prior written consent of the Association. In case of any conflict between the terms and conditions of the OM and those of this Agreement, the terms and conditions of this Agreement shall prevail.

C. Annual Operating Plans

1. The Recipient, through MDRyT (through EMPODERAR), shall:

   (a) by no later than September 15 of each year, commencing on September 15, 2016, prepare and furnish to the Association, a detailed annual operating plan (the “Annual Operating Plan”), in form and substance satisfactory to the Association, setting out a time-bound program of Project activities by component and sub-component for the following Fiscal Year, including: (i) a forecast of the funds required for their implementation, and the respective financing sources; (ii) an update of the Project’s disbursement profile; and (iii) the Project indicators to be achieved during the Fiscal Year covered by each said plan; and

   (b) thereafter carry out the Project activities for the corresponding Fiscal Year as so provided in the pertinent Annual Operating Plan as so discussed with, and agreed by, the Association.

D. Community Investment Subprojects

1. Prior to the implementation of any given Community Investment Subproject under Part B of the Project, the Recipient through EMPODERAR shall:

   (a) when applicable, enter into a memorandum of understanding (the “MOU”) with each Participating Municipality where those Communities are located, under terms and conditions acceptable to the Association and substantially similar to those provided in the OM, in order to assist with, and facilitate, the implementation of Community Investment Subprojects by the respective Community; and

   (b) upon having selected a Community Investment Subproject in accordance with the selection criteria and procedures set forth in the OM, enter into a written agreement (the “CI Grant Agreement”) with each Community or cluster thereof, as the case may be, for the provision of the respective CI Grant, on terms and conditions acceptable to the Association, which shall include, *inter alia*:

      (i) the Community/ies’ obligation to:
(A) implement the Community Investment Subproject in compliance with the OM, the Anti-corruption Guidelines, the provisions of Section III of this Schedule (Procurement), the ESMF and the RPF, and when applicable, prepare an Environmental and Social Management Plan and/or a Resettlement Action Plan, in form and substance acceptable to the Association, and to implement the Community Investment Subproject in accordance with the relevant Environmental Management Plan and/or Resettlement Action Plan;

(B) co-finance part of the costs of the Community Investment Subproject, as defined in the OM;

(C) accept the Association's and the Recipient's right to carry out, and its/their obligation to facilitate and cooperate with, random and/or unannounced physical or documentary inspections of the sites and documents related to its/their Community Investment Subproject;

(D) maintain, up to one (1) year after the completion of its/their Community Investment Subproject, records adequate to reflect, in accordance with the requirements of the OM, the resources and expenditures incurred in respect of its/their Community Investment Subproject, and, upon the Recipient's and/or the Association's request, shall have such records audited in accordance with appropriate auditing principles consistently applied by an independent auditor;

(ii) in the event that a CI Grant was awarded to a cluster of Communities implementing the same Community Investment Subproject, all said Communities shall be deemed jointly and severally liable for all the obligation undertaken by the cluster; and

(iii) the Recipient's right to take remedial actions (including restitution of funds) against the Community/ies in case the Community/ies shall have failed to comply with any of its/their obligations under the relevant CI Grant Agreement.

2. The Recipient shall exercise its rights and carry out its obligations under each CI Grant Agreement in such manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Financing.
E. Anti-Corruption

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

F. Safeguards

1. The Recipient shall implement the Project through MDRyT (through EMPODERAR), and/or cause the Communities to implement their respective Community Investment Subprojects, in accordance with the Environmental and Social Management Framework ("ESMF") and the Resettlement Policy Framework ("RPF"). Except as the Association shall otherwise agree, the Recipient, through MDRyT (through EMPODERAR) shall and/or shall cause the Communities to, not assign amend, abrogate or waive the ESMF and the RPF or any of their provisions.

2. Without limitations to the provisions set forth in paragraph 1 above, and for the purposes of carrying out Community Investment Subprojects under Part B of the Project, the Recipient, through MDRyT (through EMPODERAR), shall: (a) refrain from awarding any given CI Grant unless and until: (i) the screening of the respective proposal for Community Investment Subproject has been carried out in accordance with the provisions set forth in the ESMF and the RPF; and (ii) if applicable, an appropriate Environmental and Social Management Plan and/or Resettlement Action Plan has been prepared and disclosed in accordance with the ESMF and/or the RPF, all in a manner and substance satisfactory to the Association, and (b) immediately thereafter, approve said Community Investment Subproject in accordance with the criteria set forth in the OM and, if applicable, ensure that said Community Investment Subproject is carried out in accordance with the corresponding Environmental and Social Management Plan and/or Resettlement Action Plan, all in a manner acceptable to the Association.

3. The Recipient, through MDRyT (through EMPODERAR), shall ensure that the proceeds of the Financing, including the proceeds on-granted under the CI Grants, are not used for the purchase/acquisition of land without the prior concurrence of the Association.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

1. The Recipient, through MDRyT: (a) shall monitor and evaluate the progress of the Project and 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 included in the OM. Each Project Report shall cover the period
of one calendar semester, and shall be furnished to the Association not later than forty-five (45) days after the end of the period covered by such report.

B. Financial Management, Financial Reports and Audits

1. The Recipient, through EMPODERAR, 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. The Recipient, through EMPODERAR, shall prepare and furnish to the Association not later than forty five (45) 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 Association.

3. The Recipient, through EMPODERAR, shall 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.

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 Financing 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 Financing 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 the Procurement Guidelines, or 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 Procurement Plan shall specify the circumstances under which the following methods of procurement (other than International Competitive Bidding) may be used for goods, works and Non-consulting Services, namely: (a) National Competitive Bidding, subject to the additional provisions set forth in Section I of Annex A to this Schedule; (b) Shopping; (c) Direct Contracting; and (d) Community Participation procedures which have been found acceptable to the Association.

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 Procurement Plan shall specify the circumstances under which the following methods of procurement (other than Quality- and Cost-Based Selection) may be used for consultants' services, namely: (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

1. 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.

2. The Recipient, through EMPODERAR, shall carry out procurement audits in accordance with the following provisions:

   (a) not later than December 15 of each year during the implementation of the Project, beginning on December 15, 2016, through EMPODERAR shall select and contract independent auditors with experience and qualifications satisfactory to the Association, operating under terms of
reference satisfactory to the Association, to perform a procurement audit of all the procurement records and documentation for the Project, relating to the previous Fiscal Year of implementation of the Project, in accordance with procurement auditing principles acceptable to the Association ("Procurement Audit");

(b) not later than April 30 of each Fiscal Year during the implementation of the Project, beginning on April 30, 2017, through EMPODERAR shall furnish to the Association the report, in form and substance satisfactory to the Association, on the Procurement Audit completed for the prior Fiscal Year;

(c) at all times during the implementation of the Project, the Recipient, through EMPODERAR, shall furnish to the Association and to the auditors performing a Procurement Audit, such other information concerning the procurement records and documentation for the Project as the Association or the auditors may from time to time reasonably request; and

(d) not later than May 30 of each year during the implementation of the Project, beginning on May 30, 2017, through EMPODERAR shall exchange views with the Association on the results of the Procurement Audit completed for the prior Fiscal Year, and thereafter implement such recommended measures, taking into account the Association’s views on the matter, if any.

Section IV. Withdrawal of the Proceeds of the Financing

A. General

1. The Recipient may withdraw the proceeds of the Financing in accordance with the provisions of Article I 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 Financing ("Category"), the allocations of the amounts of the Financing to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:
## 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.

2. The Closing Date is November 30, 2019.

### Section V. Other Undertakings

The Recipient and the Association hereby agree to amend the Original Financing Agreement to read as follows:

1. Schedule 1 to the Original Financing Agreement is hereby amended and replaced in its entirety to read as Schedule 1 to this Agreement.

2. Section I.D.1 (a) of Schedule 2 to the Original Financing Agreement is hereby amended and replaced in its entirety to read as Section I.D.1(a) of Schedule 2 to this Agreement:

   “Prior to the implementation of any given Community Investment Subproject under Part B of the Project, the Recipient through EMPODERAR shall:
(a) when applicable, enter into a memorandum of understanding (the "MOU") with each Participating Municipality where those Communities are located, under terms and conditions acceptable to the Association and substantially similar to those provided in the OM, in order to assist with, and facilitate, the implementation of Community Investment Subprojects by the respective Community;"

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

"1. The Recipient shall implement the Project through MDRyT (through EMPODERAR), and/or cause the Communities to implement their respective Community Investment Subprojects, in accordance with the Environmental and Social Management Framework ("ESMF") and the Resettlement Policy Framework ("RPF"). Except as the Association shall otherwise agree, the Recipient, through MDRyT (through EMPODERAR) shall and/or shall cause the Communities to, not assign amend, abrogate or waive the ESMF and the RPF or any of their provisions.

2. Without limitations to the provisions set forth in paragraph 1 above, and for the purposes of carrying out Community Investment Subprojects under Part B of the Project, the Recipient, through MDRyT (through EMPODERAR), shall: (a) refrain from awarding any given CI Grant unless and until: (i) the screening of the respective proposal for Community Investment Subproject has been carried out in accordance with the provisions set forth in the ESMF and the RPF; and (ii) if applicable, an appropriate Environmental and Social Management Plan and/or Resettlement Action Plan has been prepared and disclosed in accordance with the ESMF and/or the RPF, all in a manner and substance satisfactory to the Association, and (b) immediately thereafter, approve said Community Investment Subproject in accordance with the criteria set forth in the OM and, if applicable, ensure that said Community Investment Subproject is carried out in accordance with the corresponding Environmental and Social Management Plan and/or Resettlement Action Plan, all in a manner acceptable to the Association.

3. The Recipient, through MDRyT (through EMPODERAR), shall ensure that the proceeds of the Financing, including the proceeds on-granted under the CI Grants, are not used for the purchase/acquisition of land without the prior concurrence of the Association."

4. Section I of the Appendix to the Original Financing Agreement is hereby amended to read as Section I of the Appendix to this Agreement, as applicable.
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 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 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 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 resolution of dispute 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. No reference value (precio referencial) shall be used for the purpose of evaluation.

10. The Request for Proposals shall include anti-corruption clauses that shall be identical to those pertaining to the Association’s Request for Proposals.
SCHEDULE 3

Repayment 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 January 15 and July 15:</td>
<td></td>
</tr>
<tr>
<td>commencing January 15, 2021 to and including July 15, 2030</td>
<td>1.65%</td>
</tr>
<tr>
<td>commencing January 15, 2031 to and including July 15, 2040</td>
<td>3.35%</td>
</tr>
</tbody>
</table>

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

Section I. Definitions

1. "Annual Operating Plan" means the time-bound plan for Project activities to be carried out on any given Fiscal Year of Project implementation, and to be prepared by the Recipient pursuant to Section I.C.1(a) of Schedule 2 to this Agreement.


3. "Category" means a category set forth in the table in Section IV of Schedule 2 to this Agreement.

4. "CI Grant" means any matching grant made out of the proceeds of the Financing and to be provided by MRDL to one or more Communities in order to co-finance the reasonable costs of goods, works, consultants' services, Non-consulting Services, Incremental Operating Costs, Training & Workshops and/or other expenditures the Association may agree from time to time, required for a Community Investment Subproject under Part B of the Project, in accordance with the ceiling amounts, terms and conditions set forth in the OM and provided in the respective CI Grant Agreement.

5. "CI Grant Agreement" means the agreement referred to in Section I.D.1(b) of Schedule 2 to this Agreement pursuant to which the Recipient will make part of the proceeds of the Financing available to one or more Communities as CI Grant to co-finance a Community Investment Subproject.

6. "Communities" means, collectively, any of the Pueblos Indígenas, Comunidades Campesinas, Comunidades Indígenas, Comunidades Afro bolivianas, Comunidades Interculturales o Juntas Vecinales (also known as naciones y pueblos indígena originarios campesinos under of the Recipient’s Constitution), registered and operating under the Recipient’s law, and with legal standing (personería jurídica) pursuant to the Recipient’s Law No. 1551 of Participación Popular, dated April 20, 1994, and which has met the criteria set forth in the OM to receive a CI Grant.

7. "Community Investment Subproject" means a small-scale social or economic investment (e.g. basic infrastructure and services, food security and nutrition enhancement activities, or vulnerability-reduction actions) to be implemented by one or more Communities, which has been designed and selected pursuant to the provisions of the OM.

9. "Departments" means any of the following Recipient's autonomous departments: the Gobierno Autonómico Departamental de Chuquisaca (Autonomous Departmental Government of Chuquisaca), the Gobierno Autonómico Departamental de Cochabamba (Autonomous Departmental Government of Cochabamba), the Gobierno Autonómico Departamental de La Paz (Autonomous Departmental Government of La Paz), the Gobierno Autonómico Departamental de Oruro (Autonomous Departmental Government of Oruro), the Gobierno Autonómico Departamental de Pando (Autonomous Departmental Government of Pando), and any other Recipient's autonomous department as the Recipient and the Association shall agree.

10. "Displaced Persons" means persons who, on account of the execution of activities under the Project, have 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 persons must move to another location; or (ii) the involuntary restriction of access to legally designated parks and protected areas, resulting in adverse impacts on the livelihood of such persons.

11. "Environmental and Social Management Framework" or "ESMF" means the Recipient's framework, acceptable to the Association, which has been adopted by the Recipient on May 20, 2011 and updated in May 2015, through its Unidad Desconcentrada Empoderar, containing the policy statements, guiding principles and procedures or reference in order to avoid, mitigate and minimize any adverse environmental and social impact under the Project, which document: (i) summarizes the Association's environmental and safeguard policies requirements; (ii) identifies potential negative environmental and social impacts to be caused by the Project; (iii) prescribes the appropriate roles and responsibilities in the screening of Project activities and proposals for Community Investment Subprojects; (iv) includes guidelines for the preparation of Environmental and Social Management Plans; (v) incorporates a negative list of activities not eligible for financing under the Project; and (vi) incorporates a Pest Management Plan and chance finding procedures, acceptable to the Association, for the appropriate management of any physical cultural resources.

12. "Environmental and Social Management Plan" means the environmental and social action plan to be prepared in respect of any selected Community Investment Subproject, as may be required following the screening procedures thereof, in accordance with the ESMF and the provision of Section I.F.2 of Schedule 2 to this Agreement; said plan setting forth the measures designed to mitigate the
environmental and social impact of the respective Community Investment Subproject, including without limitation, impacts on cultural heritage sites and the handling of archeological findings, as well as administrative and monitoring arrangements to ensure the implementation of said plan.

13. "Fiscal Year" means the Recipient’s fiscal year which commences on January 1 of each year and finishes on December 31 of the same calendar year.

14. "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.

15. "Incremental Operating Cost" means the reasonable costs of incremental expenditures incurred by the Unidad Desconcentrada Empoderar or the Communities benefiting from CI Grants in relation to their respective activities under the Project, which expenditures would not have been incurred absent the Project, including, inter alia: (i) office rental and utilities fees; (ii) office staples; (iii) operation and maintenance of office equipment; (iv) vehicle rental, operations and maintenance; (v) in-country travel per diem and allowances for PCT and ROUs staff and Community members for routine activities related to Project implementation and supervision; (vi) banking services and insurance costs; (vii) advertisement, communication and dissemination expenses; (vii) translation and printing costs; (viii) salaries of support staff of EMPODERAR working for the Project, and health benefits exclusively for the PCT and ROUs staff working for the Project; but excluding the Recipient’s public servants and/or permanent employees.


17. "MOU" means any of the memoranda of understanding referred to in Section I.D.1(a) of Schedule 2 to this Agreement.

18. "Municipal Committee" means each of the Comités Municipales to be established and coordinated by the Participating Municipalities pursuant to Section I.A.1(e) of Schedule 2 to this Agreement, the MOUs and the OM.

19. "Non-Consulting Services" means the reasonable costs of services for which the physical aspects of the activity predominate and are bid and contracted on the basis of performance of measurable physical output, which include, but are not limited to, cleaning, maintenance, transport, data management, translation, printing, communication, publication and repairs.
20. “Operational Manual” or “OM” means the manual prepared by the Recipient, in form and substance satisfactory to the Association, pursuant to Section I.B 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 (including the field procedures on financial management and procurement aspects for Pando); (ii) the eligibility criteria and procedures for the selection, approval, carrying out, monitoring and supervision of Community Investment Subprojects (including a negative list of environmentally sensitive investments ineligible for financing under the Community Investment Subprojects); (iii) the co-financing arrangements for Communities under the Community Investment Subprojects; (iv) the organizational structure for implementation of the Project, including the terms of reference and functions of the PCT and ROUs staff and the procedures to hire additional staff; (v) the Project indicators for the monitoring and evaluation of the Project; (vi) the ESMF and the RPF, and (vii) the guidelines on Communities participatory planning; as the same may be amended from time to time with the Association’s prior written consent.


22. “Original Project” means the Project described in Schedule 1 to the Original Financing Agreement.

23. “Pando” means the *Gobierno Autónomo Departamental de Pando*, one of the Recipient’s Departments participating in the Project.

24. “Participating Municipality” means any of the Recipient’s poorest municipalities, listed in the OM which have entered into an MOU with MRDL, in accordance with the provision of Section I.D.1(a) of Schedule 2 to this Agreement.

25. “Pest Management Plan” means the plan, acceptable to the Association, incorporated as annex to the Environmental and Social Management Framework, prepared and adopted by the Recipient on May 20, 2011 and revised in May 15, 2015, in respect of Part B of the Project, which identifies, *inter alia*: (i) the series of alternative strategies that may be applied and disseminated during the implementation of the Project in order to avoid pesticide based control of insects and diseases; (ii) a blacklist of chemical compounds forbidden by the Recipient’s legislation and the Associations’ rules; (iii) the guidelines for the application of low toxicity pesticides and, if needed, toxicity mitigation actions; (iv) the needs for training and capacity building on acceptable pest management practices to various stakeholders in their own languages; and (v) a permanent evaluation system in order to continuously improve the pest management practices.
26. “Portion A of the Credit” means the portion of the Credit referred to in Section 2.01 (a) of this Agreement.

27. “Portion B of the Credit” means the portion of the Credit referred to in Section 2.01 (b) of this Agreement.

28. “Procurement Audit” means any of the audits referred to in Section III.D. 2 (a) of Schedule 2 to this Agreement.


30. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated June 18, 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.

31. “Project Coordination Team” and the acronym “PCT” mean the team referred to in Section I.A.1 (a) (ii) of Schedule 2 to this Agreement.

32. “Regional Operating Units” or “ROUs” means the units referred to in Section I.A.1 (a) (ii) of Schedule 2 to this Agreement.

33. “Resettlement Action Plan” means the resettlement plan, acceptable to the Association, prepared in respect of a selected Community Investment Subproject, in accordance with the Resettlement Policy Framework and the provisions of Section I.F.2 of Schedule 2 to this Agreement, which sets out the principles and procedures governing land acquisition, resettlement and compensation for Displaced Persons, as well as reporting and monitoring arrangements to ensure compliance with said plan.

34. “Resettlement Policy Framework” means the framework, acceptable to the Association prepared and adopted by the Recipient on June 7, 2011, and revised in May 15, 2015 in respect of Part B of the Project, which sets forth the policies and procedures for the acquisition, compensation and rehabilitation of Displaced Persons, and guidelines for the preparation of the respective Resettlement Action Plans.

35. “Training & Workshops” means the reasonable costs of training, workshops and conference (other than the costs of consultants’ services and/or Non-Consulting Services) relevant to the Project, and carried out in the territory of the Recipient or, subject to the prior approval of the Association, attended abroad, by the staff of the Unidad Desconcentrada Empoderar and/or the Communities benefiting from CI Grants, as the case may be; such costs to include reasonable travel costs (i.e.
accommodation, transportation, travel insurance 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 training and workshops activities described in the Project.

36. “Unidad Desconcentrada Empoderar” or “EMPODERAR” means the technically independent unit within MRDL referred to in Article 2(b) of the Recipient’s Decreto Supremo No. 29315 of October 17, 2007.

Section II. Modifications to the General Conditions

The modifications to the General Conditions are as follows:

1. Section 3.02 is modified to read as follows:

“Section 3.02. Service Charge and Interest Charge

(a) Service Charge. The Recipient shall pay the Association a service charge on the Withdrawn Credit Balance at the rate specified in the Financing Agreement. The Service Charge shall accrue from the respective dates on which amounts of the Credit are withdrawn and shall be payable semi-annually in arrears on each Payment Date. Service Charges shall be computed on the basis of a 360-day year of twelve 30-day months.

(b) Interest Charge. The Recipient shall pay the Association interest on the Withdrawn Credit Balance at the rate specified in the Financing Agreement. Interest shall accrue from the respective dates on which amounts of the Credit are withdrawn and shall be payable semi-annually in arrears on each Payment Date. Interest shall be computed on the basis of a 360-day year of twelve 30-day months.”

2. Paragraph 16 of the Appendix (“Credit Account”) is modified to read as follows:

“Credit Account” means the accounts opened by the Association in its books in the name of the Recipient to each of which the amounts of the portions of the Credit specified in the Financing Agreement are respectively credited.”

3. Paragraph 28 of the Appendix (“Financing Payment”) is modified by inserting the words “the Interest Charge” between the words “the Service Charge” and “the Commitment Charge”

4. The Appendix is modified by inserting a new paragraph 32 with the following definition of “Interest Charge”, and renumbering the subsequent paragraphs accordingly:
“32. “Interest Charge” means the interest charge specified in the Financing Agreement for the purpose of Section 3.02(b).”

5. Renumbered paragraph 37 (originally paragraph 36) of the Appendix ("Payment Date") is modified by inserting the words "Interest Charges" between the words "Service Charges" and "Commitment Charges".

6. Renumbered paragraph 50 (originally paragraph 49) of the Appendix ("Service Charge") is modified by replacing the reference to Section 3.02 with Section 3.02 (a).