Financing Agreement

(Investing in Children and Youth Project)

between

REPUBLIC OF BOLIVIA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated July 31, 2008
FINANCING AGREEMENT

AGREEMENT dated July 31, 2008, entered into between REPUBLIC 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 — 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 ten million nine hundred thousand Special Drawing Rights (SDR 10,900,000) (variously, “Credit” and “Financing”) 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 The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.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 Payment Dates are February 15 and August 15 in each year.
2.06. The principal amount of the Credit shall be repaid in accordance with the repayment schedule set forth in Schedule 3 to this Agreement.

2.07. The Payment Currency is Dollars.

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 through MDP, MOH and MOL, 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 — REMEDIES OF THE ASSOCIATION

4.01. The Additional Event of Suspension consists of the following, namely, that the Procurement Supreme Decree has been amended, suspended, abrogated, repealed or waived so as to render its Article 42 (a) ineffective, in the opinion of the Association, and no provision analogous to such Article 42 (a) has been adopted to replace said Article 42 (a).

4.02. The Additional Event of Acceleration consists of the following, namely, that the event specified in Section 4.01 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. Without prejudice to the provisions of the General Conditions, the Effectiveness Deadline is the date one hundred twenty (120) days after the date of this Agreement, but in no case later than the eighteen (18) months after the Association’s approval of the Credit which expire on September 11, 2009.
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
Viceministerio de Inversión Pública y Financiamiento Externo (VIPFE)
Palacio de Comunicaciones, Piso 11
La Paz, Bolivia

Facsimile:

011-591-2-231-7408 (with a copy to: 011-591-2-239-2891)

6.03. The Association’s Address is:

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

Cable: INDEVAS  Telex: 248423 (MCI)  Facsimile: 1-202-477-6391
Washington, D.C.
AGREED at the District of Columbia, United States of America, as of the day and year first above written.

REPUBLIC OF BOLIVIA

By /s/ Mario Gustavo Guzmán Saldaña
Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Evangeline Javier
Authorized Representative
SCHEDULE 1

Project Description

The objectives of the Project are to: (i) reduce the prevalence of chronic malnutrition in children up to 2 years old, living in the most vulnerable rural areas of the Recipient’s territory; (ii) improve the management and operation of the Recipient’s skills development program for low income youth to enhance its effectiveness in increasing the ability of low-income youth living in urban and peri-urban areas to find and maintain a formal job; and (iii) improve the Recipient’s capacity to design and manage a coherent, measurable and effective social protection system in the medium term, and develop instruments to improve inter-institutional coordination and monitoring.

The Project consists of the following parts:

Part 1. Social Protection Program for the Mother and Child

(a) financing of: (i) cash transfers to the Program’s beneficiaries subject to the regular utilization of maternal and infant health and nutrition services; and (ii) associated administrative costs;

(b) carrying out of: (i) communication campaigns to promote the Recipient’s social protection program for the mother and child (the “Program”) and strengthen the public health messages of the Program; (ii) training and workshops to Program’s beneficiaries to ensure that the Program’s lessons on maternal and infant health and nutrition are well understood and thereafter acted upon; (iii) training and technical assistance to health staff involved in the Program; and (iv) specific protocols for the counseling of individual beneficiaries; and

(c) strengthening the technical unit within the MOH responsible for administering the Program, including: (i) enhancing the operational capacity of staff; (ii) implementing a management information system to follow up and oversee the Program; and (iii) financing of management costs related to the implementation of the Project.

Part 2. Improving and Expanding a Skills Development Program (“FEP”) for Unemployed Youth Living in Poor Urban and Peri-Urban Areas

(a) increasing the effectiveness of the FEP, by financing a process evaluation of the FEP to inform its managers of necessary adjustments in design and operations;

(b) financing the refinement of the model and strengthening the institutional and implementation arrangements of FEP based on the process evaluation carried out
under paragraph (a) above, including the development of management tools and monitoring and evaluation mechanisms;

(c) expansion of the training and internship programs under the FEP to additional targeted cities, including the financing of: (i) a beneficiary registry; (ii) training courses; and (iii) trainee allowances for transport and meals; and

(d) strengthening the Recipient’s institutional capacity to consolidate a system for training youth and improve their possibilities for labor market insertion, including: (i) the carrying out of activities to enhance the Recipient’s capacity to implement the FEP, provide orientation to training institutions, monitor FEP results and supervise training providers, and measure FEP’s impact; (ii) the carrying out of activities to support the MOL to design a strategy for youth at-risk in the transition from school to work, including the provision of technical assistance in the following areas: (A) sustainability of the FEP, including midterm coordination and merging of the FEP with other similar youth training and employment interventions of the Recipient; (B) transfer of the model of intervention to sub-national governments, which are expected to be responsible for the execution and financial sustainability of the FEP; and (C) definition of a comprehensive mid to long term strategy to support youth at-risk in the transition from school to work under decent conditions.

Part 3. Institutional Strengthening of the Recipient’s Social Protection and Integrated Community Development Network ("RPS-DIC")

(a) consolidation of the technical coordination unit for the RPS, established within MDP, to enhance its capacity to formulate strategies regarding the RPS-DIC, and coordinate and monitor the RPS-DIC programs through the provision of technical advisory services, training, and workshops, including: (i) coordination and monitoring focused technical assistance to the technical coordination unit and financing of associated administrative and operational costs; (ii) support to MDP to develop a beneficiaries system and a comprehensive monitoring and evaluation system for the RPS-DIC as the main tool to inform policy making, coordination and monitoring; and (iii) support the technical coordination unit in developing medium and long-term strategies for the continual evolution of the RPS-DIC, specifically focusing on second-generation issues of social protection systems;

(b) provision of technical assistance and support to UDAPE for the carrying out of surveys to evaluate the impact of up to three programs of the RPS-DIC, including the pilot of the FEP; and

(c) provision of technical assistance for the carrying out of financial and procurement audits for the Project.
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Implementation Agreements

1. The Recipient, through its Ministry of Finance and MDP, shall enter into an agreement with: (i) MOH (“MOH Subsidiary Agreement”); (ii) MOL (“MOL Subsidiary Agreement”); and (iii) MDP (“Bi-Ministerial Resolution”), under terms and conditions agreed with the Association, including those set forth in the Operational Manual, with respect to the transfer of part of the proceeds of the Credit to MOH, MOL and MDP, and the role and responsibilities of MOH, MOL and MDP under the Project.

2. Without limitation to the provisions of paragraph 1 above, MOH shall enter into an agreement with each Municipality within a Target Area (“Municipality Agreement”), under terms and conditions agreed with the Association, including those set forth in the Operational Manual, with respect to the role and responsibilities of each Municipality within the Target Area for the carrying out of activities under Part 1 of the Project.

3. The Recipient shall exercise its rights under the MOH Subsidiary Agreement, the MOL Subsidiary Agreement, the Bi-Ministerial Resolution, and the Municipality Agreements, in such a manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Financing. Except as the Association shall otherwise agree, the Recipient shall not, and shall cause not to, assign, amend, abrogate, waive or fail to enforce the MOH Subsidiary Agreement, the MOL Subsidiary Agreement, the Bi-Ministerial Resolution, the Municipality Agreements or any of their provisions.

4. In the case of a conflict between the provisions of the MOH Subsidiary Agreement, the MOL Subsidiary Agreement, the Bi-Ministerial Resolution or the Municipality Agreements, and the provisions of this Agreement, the Recipient will ensure that the provisions of this Agreement shall prevail.

B. Institutional and Other Arrangements

1. The Recipient, through MDP, MOH and MOL, shall carry out the Project in accordance with the provisions of:

   (a) this Agreement;

   (b) the MOH Subsidiary Agreement;
(c) the MOL Subsidiary Agreement;
(d) the Bi-Ministerial Resolution;
(e) the Municipality Agreements; and
(f) the Operational Manual.

2. At all times during the execution of the Project, MDP, MOH and MOL shall maintain a team responsible for the implementation of the Project, with staff in numbers, qualifications, functions and responsibilities at all times agreed with the Association and set forth in the Operational Manual, including the discharge of 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.

C. Operational Manual

1. The Recipient, through MDP, MOH and MOL, shall carry out the Project in accordance with the terms of a manual satisfactory to the Association (the Operational Manual). Except as the Association shall otherwise agree, the Recipient shall not amend, waive or fail to enforce the Operational Manual or any provision thereof. In case of any conflict between the terms of this Agreement and those of the Operational Manual, the terms of this Agreement shall prevail.

2. The Operational Manual shall include provisions detailing procedures and guidelines for the carrying out of the Project, including, inter alia:

(a) the procedures for the preparation, review and approval of reports pursuant to the Project’s financial management arrangements;
(b) the procurement and contracting procedures consistent with Section III of Schedule 2 to this Agreement, to be applicable to the contracts for the goods, non-consultant and consultants’ services required for the Project and to be financed out of the proceeds of the Credit;
(c) the Project impact and 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;
(d) the procedures for the Recipient’s preparation, review and approval of Credit proceeds withdrawal applications to the Association, in conformity with the instructions that the Association may give to the Recipient in this respect, including but not limited to special instructions referred to in Section IV of Schedule 2;

(e) the health and nutrition conditions to be met by the beneficiaries of the Program to receive the Cash Transfers and the eligibility criteria for households to participate in the Program;

(f) the model form for the Municipality Agreements;

(g) the provisions to address the culturally specific needs of the Recipient’s indigenous peoples to ensure that the benefits of the Project are culturally appropriate and that there is broad community support for the Project; and

(h) the model forms for contracts to be entered into by MOH and the financial institutions in charge of paying the Cash Transfers.

D. Anti-Corruption

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

E. Other Covenants

The Recipient shall furnish to the Association a semi-annual operational audit integrating the results of the implementation of Part 1(a) of the Project and setting out the measures to ensure the adequate and efficient carrying out of Part 1(a) of the Project and the achievement of the objectives thereof.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

The Recipient, though MDP, shall monitor and evaluate the progress of the Project and prepare or cause to be prepared Project Reports in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of the Indicators. 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 such report. The Recipient shall review the latest Project Report with the Association before the Association’s semi-annual meetings with the Recipient, or on such later dates as the Association may request.
B.  Financial Management, Financial Reports and Audits

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

2. The Recipient shall prepare and furnish to the Association not later than 30 days after the end of each calendar quarter, interim un-audited financial reports for each part of the Project covering the calendar quarter, in form and substance satisfactory to the Association.

3. The Recipient shall have the Financial Statements for each part of the Project to be audited in accordance with the provisions of Section 4.09 (b) of the General Conditions. Each audit shall cover the period of one fiscal year of the Recipient, commencing with the fiscal year in which the first withdrawal under this Agreement was made. 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 and Non-Consultant Services. All goods and non-consultant 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.

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, with the provisions of this Section and with the provisions of 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 and Non-Consultant Services

1. International Competitive Bidding. Except as otherwise provided in paragraph 2 below, goods and non-consultant services shall be procured under contracts awarded on the basis of International Competitive Bidding.

2. Other Methods of Procurement of Goods and Non-Consultant Services. The following table specifies the methods of procurement, other than International
Competitive Bidding, which may be used for goods and non-consultant services. The Procurement Plan shall specify the circumstances under which such methods may be used:

<table>
<thead>
<tr>
<th>Procurement Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) National Competitive Bidding, subject to the additional provisions set forth in Section I of Annex A to this Schedule 2.</td>
</tr>
<tr>
<td>(b) Shopping, subject to the additional provisions set forth in Section I of Annex A to this Schedule 2.</td>
</tr>
<tr>
<td>(c) Direct Contracting, subject to the Association’s prior consent.</td>
</tr>
</tbody>
</table>

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 table specifies methods of procurement, other than Quality and Cost-based Selection, which may be used for consultants’ services. The Procurement Plan shall specify the circumstances under which such methods may be used. Hiring of local consultants shall be subject to the additional provisions set forth in Section I of Annex A to this Schedule 2.

<table>
<thead>
<tr>
<th>Procurement Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) Quality-based Selection.</td>
</tr>
<tr>
<td>(b) Selection under a Fixed Budget.</td>
</tr>
<tr>
<td>(c) Least Cost Selection.</td>
</tr>
<tr>
<td>(d) Selection Based on Consultant’s Qualifications.</td>
</tr>
<tr>
<td>(e) Single Source Selection.</td>
</tr>
<tr>
<td>(f) Selection of Individual Consultants.</td>
</tr>
</tbody>
</table>
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. Annual Procurement Audits. The Recipient, through MDP shall:

   (a) not later than January 30 of each year during the implementation of the Project, beginning on January 30, 2009, 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 Recipient’s previous fiscal year of implementation of the Project, in accordance with procurement auditing principles acceptable to the Association (“Procurement Audit”);

   (b) not later than March 31 of each year during the implementation of the Project, beginning on March 31, 2009 and continuing for each year thereafter during the implementation of the Project, furnish to the Association the report, in form and substance satisfactory to the Association, on the Procurement Audit completed for the Recipient’s prior fiscal year;

   (c) at all times during the implementation of the Project, 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 April 30 of each year during the implementation of the Project, beginning on April 30, 2009, exchange views with the Association on the results of the Procurement Audit completed for the Recipient’s prior fiscal year and thereafter implement such recommended measures, taking into account the Association’s views on the matter.

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 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 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) (a) Cash Transfers and Operating Costs for Part 1 (a) of the Project; and (b) Goods, consultant services, Training and Operating Costs for Parts 1 (b) and (c) of the Project</td>
<td>6,100,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Goods, Non-Consultant Services, consultant services, Training and Operating Costs for Part 2 of the Project</td>
<td>2,300,000</td>
<td>100%</td>
</tr>
<tr>
<td>(3) Goods, consultant services (including audits), Training and Operating Costs for Part 3 of the Project</td>
<td>600,000</td>
<td>100%</td>
</tr>
<tr>
<td><strong>TOTAL AMOUNT</strong></td>
<td><strong>10,900,000</strong></td>
<td></td>
</tr>
</tbody>
</table>

1. For purposes of the table in paragraph 2 above, the terms:

   (a) “Cash Transfers” means payments made by MOH to beneficiaries of the Program, subject to completion of the health and nutrition conditions set forth in the Operational Manual in accordance to the Recipient’s Supreme Decree No. 29246, dated August 2, 2007;
(b) “Non-Consultant Services” means the reasonable expenditures for the hiring of public and/or private institutions to carry out training activities under Part 2 (c) of the Project;

(c) “Training” means reasonable expenditures (other than those for consultants’ services) incurred by MDP, MOH and MOL for the purposes of the Project and directly related to training activities described in the Project, including, *inter alia*, costs related to workshops, seminars, conferences, study tours, facility rentals, and travel costs and *per diems* for MDP, MOH and MOL civil service officials or employees; and

(d) “Operating Costs” means reasonable recurrent expenditures (other than those for consultants’ services) incurred by MDP, MOH and MOL for the purposes of the Project and directly related to the activities described in the Project, including, *inter alia*, office materials and supplies, operation and maintenance of office equipment, insurance, vehicle and equipment operation, utilities, transportation, media campaigns, travel and *per diem* for purposes directly related to Project supervision and printing of materials.

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawals shall be made for payments made prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed: (i) $1,500,000 equivalent for Category 1 in the table in paragraph A above; (ii) $360,000 equivalent for Category 2 in the table in paragraph A above; and (iii) 100,000 equivalent for Category 3 in the table in paragraph A above, may be made for payments made one year prior to such date but in no case before January 15, 2008 for Eligible Expenditures.

2. No withdrawals shall be made for payments under Category 1 (a) of the table in paragraph A above, until the Recipient has: (i) established and implemented to the satisfaction of the Association, the management information system to administer and monitor the Cash Transfers; and (ii) contracted the financial agency or agencies to pay the Cash Transfers to beneficiaries of the Program following the Procurement methods in Schedule 2 and Annex to Schedule 2.

3. No withdrawals shall be made for payments under Category 2 of the table in paragraph A above, until the MOL has established and operated to the satisfaction of the Association, a financial management system for the implementation of the Project.

4. The Closing Date is December 31, 2013.
Annex A  
to  
SCHEDULE 2  

Additional Provisions Relating to  
Particular Methods of Procurement  

Section I. Goods and Non-Consultant Services  

Without limitation upon the provisions of Schedule 2 to this Agreement or the Procurement Guidelines, the following additional provisions shall apply to all goods and non-consultant services procured for the Project (pursuant to Section III.A.1 of Schedule 2 to this Agreement) under contracts awarded on the basis of National Competitive Bidding (“NCB Contracts”):  

1. A merit point system shall not be used in the pre-qualification of bidders.  

2. The award of goods and non-consultant services contracts shall be based on price and, whenever appropriate, shall also take into account factors similar to those referred to in paragraph 2.51 of the 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. The Recipient shall open all bids at the stipulated time and place in accordance with a procedure satisfactory to the Association.  

4. The Recipient shall use a single envelope procedure.  

5. Whenever there is a discrepancy between the amounts in figures and in words of a bid, the amounts in words shall govern.  

6. There will be no prescribed minimum number of bids 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 Bolivian authorities as a prerequisite for bidding.  

9. No margin of preference shall be granted for any particular category of bidders.
10. 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.

11. Foreign bidders shall not, as a condition for submitting bids, be required to enter into a joint venture agreement with local bidders.

12. No other procurement rules or regulations of the Recipient’s agencies or of any state-owned entity shall apply without the prior review and consent of the Association.

13. Government-owned enterprises may participate in bids only if they follow paragraph 1.8 (c) of the Procurement Guidelines.

Section II. **Selection of Consultant Services**

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

1. As a condition for participating in the selection process, foreign consultants shall not be required to enter into a joint venture agreement with local consultants, unless the conditions stated in paragraph I.1.2 of the Consultant Guidelines are met.

2. As a condition for participating in the selection process, foreign consultants shall not be required to legalize their proposals or any documentation related to such proposals with the Recipient’s authorities.

3. Foreign consultants shall not be required to be registered in the Recipient’s National Registry of Consultants (*Registro Nacional de Consultoría*).

4. Consultants (firms and individuals) shall not be required to present bid and performance securities as a condition to present proposals and sign a contract.
**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 August 15 and February 15:</td>
<td></td>
</tr>
<tr>
<td>Commencing August 15, 2018 to and including February 15, 2028.</td>
<td>1.25%</td>
</tr>
<tr>
<td>Commencing August 15, 2028, to and including February 15, 2043.</td>
<td>2.50%</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


2. “Bi-Ministerial Resolution” means the agreement referred to in Section I.A.1 (iii) 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.


5. “FEP” means First Employment Program (Mi Primer Empleo Digno), the Recipient’s program established pursuant the Recipient’s Supreme Decree No. 29246, dated August 22, 2007.

6. “General Conditions” means the “International Development Association General Conditions for Credits and Grants”, dated July 1, 2005 (as amended through October 15, 2006).


8. “MDP” means Ministerio de Planificación del Desarrollo, the Recipient’s Ministry of Development Planning.


10. “MOH Subsidiary Agreement” means the agreement referred to in Section I.A.1(i) of Schedule 2 to this Agreement.


12. “MOL Subsidiary Agreement” means the agreement referred to in Section I.A.1(ii) of Schedule 2 to this Agreement.

14. “Municipality Agreement” means an agreement referred to in Section I.A.2 of Schedule 2 to this Agreement.

15. “Operational Manual” means the manual referred to in Section I.C of Schedule 2 to this Agreement.


17. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated January 16, 2008 and referred to in paragraph 1.16 of the Procurement Guidelines and paragraph 1.24 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.

18. “Procurement Supreme Decree” means the Recipient’s Supreme Decree No. 29190 (Decreto Supremo Nº 29190) of July 11, 2007, as amended and as in effect on the date of this Agreement.

19. “RPS-DIC” means Red de Protección Social y Desarrollo Integral Comunitario, the Recipient’s social protection network, under the coordination of MDP, established pursuant to the Recipient’s Supreme Decree No. 29246, dated August 22, 2007.

20. “Target Areas” means the Recipient’s Municipalities which meet the eligibility criteria set forth in the Operational Manual to be beneficiaries of the Project and listed in the Operational Manual, as such list can be expanded with the Association’s prior no objection.
