OFFICIAL DOCUMENTS

LOAN NUMBER 8868-BO

Loan Agreement

(Health Service Delivery Network Project)

between

PLURINATIONAL STATE OF BOLIVIA

and

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
LOAN AGREEMENT

AGREEMENT dated as of the Signature Date between the PLURINATIONAL STATE OF BOLIVIA ("Borrower") and the INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("Bank"). The Borrower and the Bank hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

1.01. The General Conditions (as defined in the Appendix to this Agreement) apply to and form 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 — LOAN

2.01. The Bank agrees to lend to the Borrower the amount of two hundred and fifty-two million Dollars (USD 252,000,000), as such amount may be converted from time to time through a Currency Conversion ("Loan"), to assist in financing the project described in Schedule 1 to this Agreement ("Project").

2.02. The Borrower may withdraw the proceeds of the Loan in accordance with Section III of Schedule 2 to this Agreement.

2.03. The Front-end Fee is one quarter of one percent (0.25%) of the Loan amount.

2.04. The Commitment Charge is one quarter of one percent (0.25%) per annum on the Unwithdrawn Loan Balance.

2.05. The interest rate is the Reference Rate plus the Fixed Spread or such rate as may apply following a Conversion; subject to Section 3.02(e) of the General Conditions.

2.06. The Payment Dates are April 15 and October 15 in each year.

2.07. The principal amount of the Loan shall be repaid in accordance with Schedule 3 to this Agreement.

ARTICLE III — PROJECT

3.01. The Borrower declares its commitment to the objective of the Project. To this end, the Borrower shall: (a) cause AISEM to carry out Part 1 and part of Part 3 of the Project, in coordination with the MOH; and (b) carry out Part 2 and part of Part 3 of the Project through UGESPRO PIU, all in accordance with the provisions of Article V of the General Conditions and Schedule 2 to this Agreement.
ARTICLE IV — REMEDIES OF THE BANK

4.01. The Additional Events of Suspension consist of the following:

(a) the National Hospital Plan 2016-2020 has been amended, suspended or abrogated so as to affect, materially and adversely, the execution of the Project; and

(b) Decree 3364 has been amended, suspended or abrogated so as to affect, materially and adversely, the execution of the Project.

4.02. The Additional Events of Acceleration consist of the following:

The events specified in Section 4.01 of this Agreement occur and are continuing for a period of sixty (60) days after notice of the event has been given by the Bank to the Borrower.

ARTICLE V — EFFECTIVENESS; TERMINATION

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

(a) The AISEM Operational Manual has been adopted by AISEM in a manner acceptable to the Bank.

(b) The Financing 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 and twenty (120) days after the Signature Date.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

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

6.02. For purposes of Section 10.01 of the General Conditions: (a) the Borrower’s address is:

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

and
(b) the Borrower’s Electronic Address is:
E-mail: despacho.min@planificacion.gob.bo

6.03. For purposes of Section 10.01 of the General Conditions: (a) the Bank’s address is:

International Bank for Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433
United States of America; and

(b) the Bank’s Electronic Address is:

Telex: Facsimile:
248423(MCI) or 1-202-477-6391
64145(MCI)

AGREED as of the Signature Date.

PLURINATIONAL STATE OF BOLIVIA

By ____________________________
Authorized Representative
Name: Mariana Prado Noyn
Title: Minister of Development Planning
Date: 12/21/2018

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By ____________________________
Authorized Representative
Name: WDU John - Program
Title: Country Manager
Date: 12/20/2018
SCHEDULE 1

Project Description

The objective of the Project is to improve access to, and quality of, health service delivery in Selected Health Networks.

The Project consists of the following parts:

Part 1: Strengthening Health Service Delivery Networks.

Provision of: (a) support for the execution and supervision of Turn-key Contracts for Selected New Hospitals; and (b) technical assistance, design and carrying out of works, installation of medical and non-medical equipment and related maintenance and operation training, and carrying out of supervision activities for the Selected Health Networks, including rehabilitation or expansion of existing health facilities (health posts and Primary Health Care Centers) and construction of new Primary Health Care Centers.

Part 2: Improving Quality of Health Service Delivery and Human Resource Capacity Development.

Provision of support for human resources capacity development, as well as the development and implementation of tools and standards of practice for the management of Selected Health Networks.

Part 2.1: Training medical specialists, other professionals and critical personnel.

Provision of support to reduce the existing gaps of medical specialists, nurses and other health professionals, including, *inter alia*:

(a) Provision of long term training for health professionals through residency programs in other countries.

(b) Provision of support to increase the national capacity of medical residency programs through arrangements with Strategic Partners to support and expand the modernization and scale-up of the Borrower's medical education programs.

(c) Provision of short term training for health professionals.

(d) Provision of training for health workers on indigenous cultural aspects.

(e) Provision of medical education materials and medical training equipment to support the residency programs referred to in (b).
Part 2.2: Developing, updating and dissemination of national clinical care standards and other governance related regulations.

(a) Provision of technical assistance and training on developing, updating and design of tools for dissemination, and use of a database of evidence-based clinical practice guidelines.

(b) Carry out of a patient satisfaction survey.

Part 2.3: Supporting the link between the SNIS and the Selected New Hospitals' information systems.

(a) Development of an interface between the SNIS and the Selected New Hospitals information systems, including the provision of technical assistance, training and acquisition of basic information technology (IT) equipment required thereof.

(b) Update the SNIS by adopting international standards (for example HL7), including the provision of technical assistance and acquisition of equipment required therefor.

(c) Carry out studies on maternal mortality and other relevant studies for prevalent public health related issues.

Part 3: Project Management.

Provision of support to AISEM and UGESPRO PIU for Project management and implementation, including Operating Costs, the acquisition of equipment and the provision of technical assistance in the areas of contract management, procurement, financial management, technical and monitoring and evaluation (including Project audits).
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements.

1. The Borrower shall cause AISEM to:

(a) maintain, throughout Project implementation, a structure, with functions and responsibilities acceptable to the Bank, as set forth in the AISEM Operational Manual, including *inter alia*, the responsibility to implement, monitor and supervise the carrying out of Parts 1 and 3 of the Project (including its financial, procurement and safeguard aspects); and

(b) be headed by a General Director, and staffed with adequate professional, fiduciary, administrative and technical personnel (including social and environmental specialists), all with qualifications, experience and terms of employment acceptable to the Bank, as set forth in the AISEM Operational Manual.

2. The Borrower, through MOH, shall:

(a) establish, and thereafter operate and maintain, throughout Project implementation, a unit within MOH (UGESPRO PIU), with structure and responsibilities acceptable to the Bank, as set forth in the Operational Manual, including *inter alia*, the responsibility to implement, monitor and supervise the carrying out of Parts 2 and 3 of the Project (including its financial, procurement and safeguard aspects);

(b) ensure that the UGESPRO PIU is staffed with adequate professional, fiduciary, administrative and technical personnel (including social and environmental specialists), all with qualifications, experience and terms of employment acceptable to the Bank, as set forth in the Operational Manual; and

(c) not later than a hundred and twenty (120) days after Effective Date, ensure that a procurement specialist, financial management specialist and a disbursement specialist are hired to work full time within the UGESPRO PIU, all under terms of reference acceptable to the Bank.

B. Operational Manuals.

1. The Borrower, through UGESPRO PIU shall, and shall cause AISEM to, carry out the Parts of the Project under their respective responsibility in accordance with the Operational Manual and the AISEM Operational Manual (the Operational Manuals), which shall include, *inter alia*: (a) the budgeting, accounting, auditing, reporting, financial, procurement and disbursement procedures of their respective Parts of the Project; (b) a list of the Selected New Hospitals and the Selected Health Networks and the eligibility criteria and procedures for their selection; (c) the organizational structure for implementation of the Project, including the terms of reference and functions of the AISEM and UGESPRO

...
PIU staff and the procedures to hire additional staff; (d) the Project indicators for the monitoring and evaluation of the Project; and (e) the Safeguard Documents.

2. In case of any conflict between the terms of the Operational Manuals and those of this Agreement, the terms of this Agreement shall prevail.

C. Safeguards.

1. The Borrower through UGESPRO PIU shall, and shall cause AISEM to:

   (a) implement the Project in accordance with the EIA (including the ESMPs), the ESMF (including the SMF) and the RPF;

   (b) comply with the procedures detailed in said ESMF and RPF for environmental screening and social assessment, evaluation, implementation and monitoring of the Project, including the procedures for the preparation of ESMP, and resettlement action plans, if applicable; and

   (c) if applicable, implement and/or cause to be implemented, the pertinent ESMP, and resettlement action plans, if applicable, all in accordance with their terms and in a manner acceptable to the Bank.

2. The Borrower through UGESPRO PIU shall, and shall cause AISEM to ensure that all bidding documents and contracts for civil works under the Project include the obligation of the relevant contractors and subcontractors to: (a) comply with the obligations under the relevant Safeguard Documents; (b) adopt and implement measures to assess and manage the risks and impacts of labor influx and workers' camps; and (c) adopt and enforce code of conducts that should be provided to and signed by all workers; all in a manner satisfactory to the Bank and as applicable to such civil works commissioned or carried out pursuant to said contracts.

3. The Borrower through UGESPRO PIU shall, and shall cause AISEM to ensure that the terms of reference for any consultancies related to the technical assistance provided under the Project, shall be acceptable to the Bank 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 Bank's Safeguard Policies.

Section II. Project Monitoring Reporting and Evaluation

The Borrower, through the MOH shall and shall cause AISEM to, furnish to the Bank the Project Reports not later than forty-five (45) days after the end of each calendar semester, covering the calendar semester.

Section III. Withdrawal of Loan Proceeds

A. General.

Without limitation upon the provisions of Article II of the General Conditions and in accordance with the Disbursement and Financial Information Letter, the Borrower may
withdraw the proceeds of the Loan to: (a) finance Eligible Expenditures; and (b) pay: (i) the Front-end Fee; and (ii) each Interest Rate Cap or Interest Rate Collar premium; in the amount allocated and, if applicable, up to the percentage set forth against each Category of the following table:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Loan 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, Training and consulting services for Part 1 of the Project</td>
<td>195,000,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Training and consulting services for Part 2 of the Project</td>
<td>49,000,000</td>
<td>100%</td>
</tr>
<tr>
<td>(3) Goods, Training, Operating Costs and consulting services for Project activities under the responsibility of AISEM in respect of Part 3 of the Project</td>
<td>4,685,000</td>
<td>100%</td>
</tr>
<tr>
<td>(4) Goods, Training, Operating Costs and consulting services for Project activities under the responsibility of UGESPRO PIU in respect of Part 3 of the Project</td>
<td>2,685,000</td>
<td>100%</td>
</tr>
<tr>
<td>(5) Front-end Fee</td>
<td>630,000</td>
<td>Amount payable pursuant to Section 2.03 of this Agreement in accordance with Section 2.07 (b) of the General Conditions</td>
</tr>
<tr>
<td>(6) Interest Rate Cap or Interest Rate Collar premium</td>
<td>0</td>
<td>Amount due pursuant to Section 4.05 (c) of the General Conditions</td>
</tr>
<tr>
<td><strong>TOTAL AMOUNT</strong></td>
<td><strong>252,000,000</strong></td>
<td></td>
</tr>
</tbody>
</table>

B. Withdrawal Conditions; Withdrawal Period.

1. Notwithstanding the provisions of Part A above, no withdrawal shall be made:

(a) for payments made prior to the Signature Date, except that withdrawals up to an aggregate amount not to exceed $500,000 may be made for payments made prior to this date but on or after March 1, 2018, for Eligible Expenditures under Category (1) and (3).
(b) under Categories (2) and (4) unless: (i) the UGESPRO PIU is created in a manner acceptable to the Bank; and (ii) the Operational Manual is adopted by the Borrower, through the MOH, in a manner acceptable to the Bank.

2. The Closing Date is July 31, 2023.
SCHEDULE 3
Commitment-Linked Amortization Repayment Schedule

Customized Amortization Repayment Schedule

The Borrower shall repay the principal amount of the Loan as follows:

<table>
<thead>
<tr>
<th>Repayment Date</th>
<th>Installment Share (Expressed as a Percentage)</th>
</tr>
</thead>
<tbody>
<tr>
<td>April 15, 2032</td>
<td>1.58730%</td>
</tr>
<tr>
<td>October 15, 2032</td>
<td>1.58730%</td>
</tr>
<tr>
<td>April 15, 2033</td>
<td>3.76984%</td>
</tr>
<tr>
<td>October 15, 2033</td>
<td>3.76984%</td>
</tr>
<tr>
<td>April 15, 2034</td>
<td>4.16667%</td>
</tr>
<tr>
<td>October 15, 2034</td>
<td>4.16667%</td>
</tr>
<tr>
<td>April 15, 2035</td>
<td>0.00%</td>
</tr>
<tr>
<td>October 15, 2035</td>
<td>0.00%</td>
</tr>
<tr>
<td>April 15, 2036</td>
<td>4.76190%</td>
</tr>
<tr>
<td>October 15, 2036</td>
<td>4.76190%</td>
</tr>
<tr>
<td>April 15, 2037</td>
<td>5.95238%</td>
</tr>
<tr>
<td>October 15, 2037</td>
<td>5.95238%</td>
</tr>
<tr>
<td>April 15, 2038</td>
<td>6.74603%</td>
</tr>
<tr>
<td>October 15, 2038</td>
<td>6.74603%</td>
</tr>
<tr>
<td>April 15, 2039</td>
<td>7.14286%</td>
</tr>
<tr>
<td>October 15, 2039</td>
<td>7.14286%</td>
</tr>
<tr>
<td>April 15, 2040</td>
<td>7.73810%</td>
</tr>
<tr>
<td>October 15, 2040</td>
<td>7.73810%</td>
</tr>
<tr>
<td>April 15, 2041</td>
<td>8.13492%</td>
</tr>
<tr>
<td>October 15, 2041</td>
<td>8.13492%</td>
</tr>
</tbody>
</table>
APPENDIX

Definitions

1. “AISEM” means *Agencia de Infraestructura en Salud y Equipamiento Médico*, the Borrower’s Agency for Health Infrastructure and Medical Equipment created by the Borrower’s Decree (*Decreto Supremo*) No. 3293, dated August 24, 2017.

2. “AISEM Operational Manual” means the manual prepared by AISEM and acceptable to the Bank, referred to in Section I.B.1. of Schedule 2 to this Agreement, as the same may be amended from time to time with the prior written approval of the Bank.

3. “Anti-Corruption Guidelines” means, for purposes of paragraph 5 of the Appendix to the General Conditions, the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 and revised in January 2011 and as of July 1, 2016.


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

6. “Decree 3364” means the Borrower Supreme Decree (*Decreto Supremo*) No. 3364, dated October 18, 2017, and published in the Borrower’s Official Gazette of October 18, 2017, which determines the obligations of all public entities that participate in the process of transfer of external resources from credit or grant agreements entered into with the Borrower, including the obligation of the implementing entities to execute the relevant projects in accordance with the provisions of the pertinent loan or financing agreements.

7. “Environmental and Social Management Framework” or “ESMF” means the Borrower’s framework, acceptable to the Bank, published and available to the public on the MOH website on March 16, 2018 and on the Bank’s Operations Portal on March 30, 2018, which contains the environmental protection measures in respect of the Selected New Hospitals to be constructed in the Level Three Hospital in La Paz and one Level Two Hospital in Caranavi under Part 1 of the Project, including, inter alia: (a) measures for chance findings of cultural property; (b) guidelines for the identification of existing environmental conditions and potential direct and indirect environmental impacts resulting from the carrying out of the Project; (c) guidelines for the carrying out of environmental assessments and the preparation of environmental management plans, when applicable; (d) the recommendation of mitigation measures for each negative environmental impact identified; (e) measures for enhancing each identified positive environmental impact; and (f) the Social Management Framework, as said framework may be amended from time to time with the prior agreement of the Bank.

8. “Environmental and Social Management Plan” or “ESMP” means: (a) each of the following Plan of Application and Environmental Monitoring/Prevention and Mitigation Program (PASA/PPM) for the Selected New Hospitals to be constructed in: Quillacollo and Puerto Villaroel (Cochabamba), San Julian, La Guardia, San Ignacio de Velasco and
Warnes (Santa Cruz), San Ramon (Beni) and Uncia (Potosi), under Part 1 of the Project dated March 16, 2018, prepared by the Borrower and included in the EIA, as such plans may be amended from time to time with the prior approval of the Bank. Each plan shall include, *inter alia*: (i) specific activities, budget and responsibilities to ensure the implementation of measures to avoid, minimize and/or mitigate potential direct and indirect environmental impacts associated with the applicable Part of the Project; (ii) measures for the protection of natural habitats; and (iii) procedures for the screening of any physical cultural resources in the Project area and incorporating “chance find” procedures in the event that culturally significant resources are discovered during Project implementation; and (b) any future plan to be prepared according to the ESMF for a Selected New Hospital to be constructed under Part 1 of the Project.

9. “Environmental Impact Assessment” or “EIA” means the environmental assessment prepared by the Borrower and acceptable to the Bank, published and available to the public on the MOH website on March 16, 2018 and on Bank’s Operations Portal on March 30, 2018, which assessment evaluates the likely positive and negative environmental impact of Project activities, updated or supplemented from time to time with the prior written concurrence from the Bank.

10. “Financing Agreement” means the agreement between the Borrower and the Bank for the Project, of the same date as this Agreement, as such agreement may be amended from time to time. “Financing Agreement” includes all appendices, schedules and agreements supplemental to the Financing Agreement.


12. “HL7” means Health Level 7, a set of international standards for transfer of clinical and administrative data between software applications used by various healthcare providers.

13. “Level Three Hospital” means hospitals that provide differentiated services that require high level technology and include all medical specialties and sub-specialties and can also host full medical residency programs.

14. “Level Two Hospital” means hospitals that provide differentiated services, with medium level technology, including the following specialties: internal medicine, pediatrics, general surgery, obstetrics/gynecology and anesthesiology; that may also include other specialties based on the local epidemiological profile; and can also host full medical residency programs.

15. “MOH” means the Borrower’s Ministry of Health, or any of its successor or successors thereto, acceptable to the Bank.

17. "Operating Costs" means reasonable recurrent expenditures (none of which would have been encountered absent the Project), incurred by AISEM and the UGESPRO PIU for the implementation, coordination and supervision of the Project, including, inter alia, travel costs (i.e., accommodation, transportation and per-diem); operation and maintenance of office equipment; vehicle rental, operation, insurance and maintenance costs; rental of offices; utilities; non-durable and/or consumable office materials; communication, printing and publications; and salaries of support staff working for the Project, all as determined by the Bank.

18. "Operational Manual" means the manual prepared by the Borrower, through UGESPRO PIU and the MOH, and acceptable to the Bank, referred to in Section I.B.1. of Schedule 2 to this Agreement, as the same may be amended from time to time with the prior written approval of the Bank.


20. "Primary Health Care Center" means any facility in which the first-contact (entrance to the health system) should take place, the services are undifferentiated (no specialists) provided by general practitioners, nurses and community health workers mainly through ambulatory services.


22. "Resettlement" means the impact of an involuntary taking of land under the Project, which taking causes affected persons to have their: (a) standard of living adversely affected; or (b) 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 (c) access to productive assets adversely affected, temporarily or permanently; or (d) business, occupation, work or place of residence or habitat adversely affected, temporarily or permanently.

23. "Resettlement Policy Framework" or "RPF" means the Borrower's framework acceptable to the Bank, published and available to the public on the MOH website on March 16, 2018 and on Bank’s Operations Portal on March 30, 2018 as adopted by the Borrower, which sets forth, inter alia, the principles and objectives governing Resettlement preparation and implementation, and a description of the process for preparing and approving resettlement plans, as said framework may be amended from time to time with the agreement of the Bank.

24. "Safeguards Documents" means collectively the EIA (including the ESMPs), the ESMF (including the SMF), and the RPF.

25. "Selected Health Networks" means the ten networks identified by the Borrower as intervention areas under Part 1 of the Project, namely: Southern La Paz, Caranavi, Quillacollo, Puerto Villaroel, La Guardia, San Julian, San Ignacio de Velasco, Warnes, San Ramon, and Uncia.
26. "Selected New Hospitals" means the following hospitals to be constructed under Part 1 of the Project: (i) one Level Three Hospital in La Paz; and (ii) nine Level Two Hospitals in Caranavi (La Paz), Quillacollo and Puerto Villaroel (Cochabamba), San Julian, La Guardia, San Ignacio de Velasco and Warnes (Santa Cruz), San Ramon (Beni) and Uncia (Potosi).

27. "Signature Date" means the later of the two dates on which the Borrower and the Bank signed this Agreement and such definition applies to all references to "the date of the Loan Agreement" in the General Conditions.

28. "SNIS" means Sistema Nacional de Información en Salud, the Borrower's national health information system.

29. "Social Management Framework" means the Borrower's social framework, acceptable to the Bank and included in the ESMF, which contains specific measures to strengthen social benefits of the Project with an intercultural approach given the majority of the Project's beneficiaries are indigenous peoples, including specific measures to be included in the ESMPs, as said framework may be amended from time to time with the prior agreement of the Bank.

30. "Strategic Partners" means leading academic centers and well known medical residency programs in other countries that will support the expansion and strengthening of the Borrower's medical residency programs by providing technical assistance, tools, training and tutoring services.

31. "Training" means expenditures (other than those for consulting' services) incurred by the Borrower, through UGESPRO PIU and AISEM in connection with the carrying out of 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 for the purposes of and directly related to the activities described in the Project.

32. "Turn-key Contracts" means a single responsibility contract based on a lump-sum price under which payments are made as per contractual milestones when they are met and under which the contractor is responsible for the design, engineering, construction provision of equipment, training and follow-up to ensure that the facility is fully operational, at the agreed price and by a fixed date.

33. "UGESPRO PIU" means the unit within MOH referred to in Section I.A.2 of Schedule 2 to this Agreement, or any successor thereto, acceptable to the Bank.