

CONFORMED COPY

CREDIT NUMBER 4923-BO

Financing Agreement

(National Roads and Airport Infrastructure Project)

between

THE PLURINATIONAL STATE OF BOLIVIA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated May 17, 2011

CREDIT NUMBER 4923-BO

FINANCING AGREEMENT

AGREEMENT dated May 17, 2011, entered into between PLURINATIONAL STATE OF BOLIVIA (“Recipient”) and INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”). The Recipient and the Association hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

- 1.01. The General Conditions (as defined in the Appendix to this Agreement) constitute an integral part of this Agreement.
- 1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the General Conditions or in the Appendix to this Agreement.

ARTICLE II — 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 sixty nine million six hundred and fifty thousand Special Drawing Rights (SDR 69,650,000) (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 The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.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 June 1 and December 1 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 cause: (a) ABC to carry out Parts 1, 3(a)(i), and 3(b) of the Project; and (b) AASANA to carry out Parts 2 and 3(a)(ii) of the Project, all 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:
- (a) that ABC and/or AASANA shall have failed to comply with any of its obligations under the ABC Subsidiary Agreement and/or the AASANA Subsidiary Agreement, as the case may be; and
 - (b) the Recipient's legislative provisions, including as set forth in the Supreme Decree ("*Normas Básicas del Sistema de Administración de Bienes y Servicios*") which allow procurement under the Project to comply with Section III of Schedule 2 to this Agreement: (i) shall have been amended, suspended, abrogated, repealed or waived so as to render ineffective, in the opinion of the Association, the procurement of the Project in accordance with said Section III; and (ii) unless a provision analogous to said legislative provisions shall have been adopted to replace them, in a manner and substance satisfactory to the Association.
- 4.02. The Additional Event of Acceleration consists of the following, namely, that any event specified on Section 4.01 of this Agreement occurs and is continuing for a period of ninety (90) days after notice of the event has been given by the Association to the Recipient.

ARTICLE V — EFFECTIVENESS; TERMINATION

- 5.01. The Additional Conditions of Effectiveness consist of the following:
- (a) The ABC Subsidiary Agreement and the AASANA Subsidiary Agreement have been executed on behalf of the parties thereto.

- (b) The ABC Operational Manual and the AASANA Operational Manual have been adopted by ABC and AASANA respectively, all in a manner acceptable to the Association.
- 5.02. The Additional Legal Matter consists of the following, namely, that the ABC Subsidiary Agreement and the AASANA Subsidiary Agreement have been duly authorized or ratified by the Recipient, ABC and AASANA, respectively, and said Subsidiary agreements are legally binding upon the Recipient, ABC and AASANA respectively, all in accordance with their terms.
- 5.03. Without prejudice to the provisions of the General Conditions, the Effectiveness Deadline shall be the date ninety (90) days after the date of this Agreement, but in no case later than the eighteen (18) months after the Bank's approval of the Financing which shall expire on November 5, 2012.
- 5.04. For purposes of Section 8.05 (b) of the General Conditions, the date on which the obligations of the Recipient under this Agreement (other than those providing for payment obligations) shall terminate is twenty years after the date of this Agreement.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

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

6.02. The Recipient's Address is:

Ministerio de Planificación del Desarrollo
Avenida Mariscal Santa Cruz 1092
La Paz, Bolivia

Facsimile: 011-591-2-231-2641 (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:	Telex:	Facsimile:
INDEVAS Washington, D.C.	248423 (MCI)	1-202-477-6391

AGREED at San Buenaventura, Plurinational State of Bolivia, as of the day and year first above written.

PLURINATIONAL STATE OF BOLIVIA

By /s/ Viviana Caro Hinojosa

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Laura Frigenti

Authorized Representative

SCHEDULE 1

Project Description

The objectives of the Project are to improve: (i) year-round transitivity of the *San Buenaventura–Ixiamas* National Road; and (ii) safety, security and operational reliability of the *Rurrenabaque* Airport.

The Project consists of the following parts:

Part 1: Improving the *San Buenaventura–Ixiamas* National Road

- (a) Improving the *San Buenaventura–Ixiamas* National Road through the carrying out of the necessary civil works and supervision activities for, *inter alia*: (i) the completion of an asphalt concrete pavement; (ii) the rehabilitation of existing drainage and other road protection structures; and (iii) the construction of approximately 21 bridges.
- (b) Provision of support for the carrying out of the necessary audits under the Project.

Part 2: Improving the *Rurrenabaque* Airport

- (a) Supporting Phase II of the *Rurrenabaque* Airport Improvement Program, through: (i) the carrying out of the necessary civil works and supervision activities for the construction of one new taxiway, apron, control tower, operations building, rescue and fire fighting buildings, an access road, and a passenger terminal; and (ii) the acquisition and installation of aviation control, rescue and firefighting equipment.
- (b) Provision of support for the carrying out of the necessary audits under the Project.

Part 3: Institutional Strengthening of ABC and AASANA, and other relevant entities

- (a) Strengthening the capacity of: (i) ABC; and (ii) AASANA, to perform their functions effectively and efficiently, through the provision of technical assistance, training, and incremental operational costs required for Project administration and monitoring, and to implement the Good Governance and Anti-Corruption Action Plan.
- (b) (i) Strengthening ABT's monitoring capacity, through: (A) the construction of two checkpoints to prevent illegal logging and oversight productive and tourism activities in the the areas north of *Ixiama* and *San*

Buenaventura, integrated with axleload controls administered by VIAS BOLIVIA; (B) the provision of vehicles, computers and communication equipment for the carrying out of inspections in the different areas under ABT's jurisdiction; (C) the provision of technical assistance for the carrying out of studies aimed at: (1) assessing illegal logging in the area benefiting from the Project as well as providing recommendations for diminishing it; and (2) reviewing and updating existing policy on forest concession and updating of its implementation instruments, if necessary (i.e. management plans and financial capacity assessment); (D) the acquisition of high resolution satellite images during Project implementation, for the purposes of tracing changes in forest cover in the area benefiting from the Project; and (E) the carrying out of technical workshops for intercultural communities, indigenous population and municipal authorities on various topics related to sustainable forest management.

(ii) Strengthening SERNAP's monitoring capacity, through: (A) the provision of personnel, equipment and vehicles for the prevention of illegal logging and poaching in the buffer zone of the eastern border of the *Madidi* National Park; (B) the construction of a campground facility to serve as headquarters of park rangers, to be located 4 kilometers from *Tumupasa*, in the village of *Sadiri*; (C) the carrying out of workshops to strengthen coordination among the different stakeholders present in the *Madidi* National Park; (D) the preparation of an annual operational plans for the *Madidi* National Park and its buffer zone; and (E) the provision of technical assistance for the design of a financially sustainable mechanism for the management of the *Madidi* National Park, as well as a legal and policy framework for granting ecotourism concessions and promoting tourism.

SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

The Recipient shall cause ABC and AASANA to ensure that:

- (a) responsibility is assigned internally within both ABC and AASANA, as the case may be, for the overall implementation, coordination, monitoring and reporting of the Parts of the Project under their jurisdiction among selected departments and units within ABC and AASANA, as described in detail in the respective Operational Manuals; and
- (b) not later than 3 months after the Effectiveness Date, a team of dedicated professionals is established within ABC and AASANA and thereafter maintained, throughout Project implementation, to provide technical and administrative support to the technical focal points in the departments and units concerned of Project implementation. Said team shall further:
 - (i) operate with structure, mandate and resources satisfactory at all times to the Association; and consist of staff, each having qualifications and experience satisfactory to the Association including among them social, environmental, contract management, monitoring and evaluation, and procurement specialists, as specified in the relevant Operational Manual, all selected and appointed not later than 3 months after the Effective Date, in accordance with the relevant provisions of Section III of Schedule 2 to this Agreement; and
 - (ii) be entrusted with exclusive responsibility for ensuring the overall coordination monitoring and evaluation of the Parts of the Project under their jurisdiction (including the responsibility over the financial and audit aspects of said Parts of the Project).

B. Safeguards and Operational Manuals

The Recipient shall cause ABC and AASANA to carry out the Parts of the Project under their responsibility in accordance with the provisions of:

- (a) the Indigenous Peoples Development Plan;

- (b) the Resettlement and Compensation Plan (with respect to Part 1 of the Project) and the Abbreviated Resettlement Plan (with respect to Part 2 of the Project);
- (c) the Environmental Management Plans and additionally, with respect to Part 1 of the Project, the mitigation measures derived from the Study on Potential Environmental Impacts Associated to the Rehabilitation of the road *San Buenaventura–Ixiamas*;
- (d) the Good Governance and Anti-Corruption Action Plan; and
- (e) the ABC Operational Manual and the AASANA Operational Manual (the Operational Manuals), satisfactory to the Association, each of them including, *inter alia*: (i) the detailed description of the activities of the Project for which they are responsible for, including their implementation, sequence, timetable, benchmark and institutional arrangements; (ii) the qualification, experience, functions, responsibilities, structure of the key staff assigned to Project execution, the institutional arrangements in respect thereof and the ensuing assignment of respective responsibilities for the Project activities, including, *inter alia*, the financing, procurement, reporting and auditing aspects concerning their respective Parts of the Project; (iii) environmental guidelines for construction, including procedures to follow in case of unexpected findings of physical resources with possible cultural archeological, paleontological, historical, religious, aesthetic, or other cultural value; (iv) the Project Monitoring Indicators to be used for Project monitoring and evaluation in respect of the Parts of the Project under their responsibility; (v) the Project administrative, financial, accounting, auditing, procurement and disbursement procedures, including all pertinent standard documents and model contracts in relation thereto; and (vi) the overview of planned capacity building and training activities, including workshops and study tours, to be carried out by ABC and/or AASANA under the Project. Except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate, waive or fail to enforce any of the provisions of the Operational Manuals. In case of any conflict among any provision of any of the Operational Manuals and the provisions of this Agreement, the provisions of this Agreement shall prevail.

C. Implementation Arrangements

1. To facilitate the carrying out of ABC and AASANA’s respective Parts of the Project, the Recipient shall make part of the proceeds of the Financing available, on a grant basis, to:

- (a) ABC under a subsidiary agreement (the ABC Subsidiary Agreement) to be entered into between the Recipient and ABC; and
 - (b) AASANA under a subsidiary agreement (the AASANA Subsidiary Agreement) to be entered into between the Recipient and AASANA all under terms and conditions approved by the Association, which shall include, *inter alia*, the following:
 - (i) the arrangement for the harmonization, rationalization and consolidation of financial managements issues, audit and reporting for the Parts of the Project under their responsibility;
 - (ii) the obligation of ABC and AASANA to promptly inform the Recipient and the Association of any condition which interferes, or threatens to interfere, with the performance of their respective obligations under the Project;
 - (iii) the obligation of ABC and AASANA to comply with the pertinent provisions of this Agreement, the Operation Manuals and the Anti-Corruption Guidelines; and
 - (iv) the right of the Recipient to take remedial actions against ABC and/or AASANA in case ABC and/or AASANA shall have failed to comply with any of its obligations under the ABC Subsidiary Agreement and/or the AASANA Subsidiary Agreement, as the case may be.
2. The Recipient shall exercise its rights and carry out its obligations under the ABC Subsidiary Agreement and the AASANA Subsidiary Agreement in such 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 assign, amend, abrogate, terminate, waive or fail to enforce the ABC Subsidiary Agreement and/or the AASANA Subsidiary Agreement or any of its provisions.
3. The Recipient shall, and shall cause AASANA to ensure, that the runway constructed under Phase I of the *Rurrenabaque* Airport Improving Program, and currently in operations, is regularly maintained and continues to be operational throughout Project implementation in a manner satisfactory to the Association, as specified in the AASANA Operational Manual. The Recipient shall, and shall cause AASANA, to promptly carry out, at the Recipient's own expenses, the necessary works to repair said runway in case of material or structural failure (as determined by both the Recipient and the Association), in order to maintain it operational.

4. The Recipient shall ensure, throughout Project implementation, that:
(a) sufficient funds are available for the successful implementation of Part 3 of the Project (including those funds required by ABT, SERNAP and VIAS BOLIVIA for their contribution to the implementation of Part 3(b) of the Project); and (b) with respect to Part 3(b) of the Project, ABT, SERNAP and VIAS BOLIVIA provide timely and quality technical contributions to Part 3(b) of the Project at the request of ABC with respect to the activities set forth in said Part 3(b) of the Project.
5. The Recipient, not later than 3 months after the Effectiveness Date, shall create a participatory working group and thereafter maintain it operational with composition and structure acceptable to both the Recipient and the Association, for the sustainable development of the area economically benefiting from the Project. Said working group may be composed by representatives from affected municipalities, government entities, and civil society organizations working in the area, as well as other concerned stakeholders.

D. Anti-Corruption

The Recipient shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines. In this regard, the Recipient shall ensure that both, the ABC Subsidiary Agreement and the AASANA Subsidiary Agreement, include the obligation of ABC and AASANA to comply with the Anti-Corruption Guidelines.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

1. The Recipient shall cause ABC and AASANA, to monitor and evaluate the progress of the Parts of the Project under their responsibility and prepare Project Reports in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of the Project Indicators agreed with the Association. 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.

B. Financial Management, Financial Reports and Audits

1. The Recipient shall cause ABC and AASANA to maintain or cause to be maintained a financial management system in respect of the Parts of the Project under their responsibility, all in accordance with the provisions of Section 4.09 of the General Conditions.

2. The Recipient shall cause ABC and AASANA to prepare and furnish to the Association not later than forty-five (45) days after the end of each calendar quarter, interim unaudited financial reports for the Project covering the quarter, in form and substance satisfactory to the Association.
3. The Recipient shall cause ABC and AASANA to have the Financial Statements of the Project 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, covering the period starting January 1 and ending December 31 of each year or any other period to be agreed with the Association.
4. The Recipient shall cause ABC and AASANA to: (a) furnish to the Recipient and to the Association the audited financial statements for each such period not later than 6 months after the end of such period; and (b) ensure that each said audited financial statements be made publicly available in a timely fashion and in a manner acceptable to the Association.

Section III. Procurement

A. General

1. **Goods, Works and Non-consultant services.** All goods, works 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, and with the provisions of this Section.
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-consultant services

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

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

<u>Procurement Method</u>
<p>(a) National Competitive Bidding (NCB), subject to the following additional procedures:</p> <ul style="list-style-type: none"> i. A merit point system shall not be used in the pre-qualification of bidders. ii. The award of contracts for goods and Non-consultant services shall be based exclusively 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. iii. All bids shall be opened at the stipulated time and place in accordance with a procedure satisfactory to the Association. iv. The single envelope procedure shall be used. v. Whenever a discrepancy shall occur between the amounts in figures and in the words of a bid, the amounts in words shall govern. vi. No prescribed minimum number of bids shall be required to be submitted for a contract to be subsequently awarded. vii. Foreign bidders shall be allowed to participate. viii. Foreign bidders shall not be required to legalize any documentation related to their bids with Recipient's authorities as a prerequisite for bidding. ix. No margin of preference shall be granted for any particular category of bidders. x. 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. xi. Foreign bidders shall not, as a condition for submitting bids, be required to enter into a joint venture agreement with local bidders. xii. No procurement rules or regulations of neither of the Recipient's agencies, including ABC and AASANA, nor of any state-owned entity shall apply without the prior review and consent of the Association. xiii. Recipient State-owned enterprises shall be allowed to participate in bids only upon their compliance with the provisions of paragraph 1.8 (c) of the Guidelines. xiv. No contractor or supplier shall be denied fair and equitable treatment in any resolution of dispute with the Recipient and/or any

	of its executing agencies.
xv.	No reference value shall be required for publication in the bidding documents or used for the purpose of evaluation.
xvi.	Bidding documents for NCB shall include Anticorruption Clauses that shall be substantially identical to those pertaining to the Association Standard Bidding Documents for ICB.
(b)	Shopping, subject to the additional procedures set forth above for NCB when applicable.
(c)	Direct Contracting.

C. Particular Methods of Procurement of Consultants' Services

1. **Quality- and Cost-based Selection.** Except as otherwise provided in paragraph 2 below, consultants' services shall be procured under contracts awarded on the basis of Quality and Cost-based Selection, subject to the following additional procedures which shall equally apply in respect of any of the other methods set forth below:

(i)	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 1.12 of the Consultant Guidelines are met;
(ii)	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 Recipient's authorities;
(iii)	foreign consultants shall not be required to be registered in the Recipient's National Registry of Consultants (<i>Registro Nacional de Consultoría</i>);
(iv)	consultants, either firms or individuals, shall not be required to present bid and performance securities as a condition to present proposals and sign an award contract; and
(v)	no consultant, individually or as a firm, shall be denied a fair and equitable treatment in its resolution of dispute with the Recipient and/or any of its executing agencies.

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.

<u>Procurement Method</u>
(a) Quality-Cost Based Selection (QCBS)
(b) Quality Based Selection (QBS)
(c) Consultant Qualification Based Selection (CQS)
(d) Fixed Budget Selection (FBS)

(e) Least-Cost Selection (LCS)
(f) Sole Source Selection (SSS)
(g) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants (IC)

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 shall cause ABC and AASANA to carry out procurement audits, under the following terms and conditions:
 - (a) not later than November 30 of each year during the implementation of the Project, beginning on November 2012, ABC and AASANA 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 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 May 15 of each year during the implementation of the Project, beginning on May 15, 2013 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 June 15 of each year during the implementation of the Project, beginning on June 15, 2013, 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:

<u>Category</u>	<u>Amount of the Credit Allocated (expressed in SDR)</u>	<u>Percentage of Expenditures to be Financed (inclusive of Taxes)</u>
(1) Goods, works, consultants’ services (including audits), Non-consultant services, Operating Costs and Training under Part 1 of the Project	65,850,000	100%
(2) Goods, works, consultants’ services (including audits), Non-consultant services, Operating Costs and Training under Part 2 of the Project	3,800,000	100%
TOTAL AMOUNT	69,650,000	

3. For purposes of this Section:
 - (a) “Operating Costs” means the reasonable expenditure (none of which would have been incurred absent the Project), incurred by either ABC and/or AASANA for the implementation, management, coordination and

supervision of the Parts of Project under their responsibility, including travel expenses, operation and maintenance of office equipment, maintenance and repair of vehicles, rental of offices, utilities, nondurable and/or consumable office materials, excluding salaries of civil servants or permanent employees; and

- (b) “Training” means the reasonable expenditures (other than those for consultants’ services and Non-consultant services) incurred by ABC and/or AASANA, as the case may be, for the carrying out of training activities for Parts of the Project under their responsibility, including reasonable costs of trainers’ fees, travel and *per diem* of trainers and trainees, printing and reproduction services of training material (i.e. books, manuals and/or materials), training logistics such as hotel services, travel services, rental of training facilities and equipment.

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, except that withdrawals up to an aggregate amount not to exceed \$20,000,000 equivalent may be made for payments made prior to this date but on or after March 1, 2011 (but in no case more than one year prior to the date of this Agreement), for Eligible Expenditures under the Project.
2. The Closing Date is December 31, 2016.

SCHEDULE 3

Repayment Schedule

Date Payment Due	Principal Amount of the Credit repayable (expressed as a percentage)*
On each June 1 and December 1, commencing June 1, 2021 to and including December 1, 2030	5%

* 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. “AASANA” means “*Administración de Aeropuertos y Servicios Auxiliares a la Navegación Aérea*”, the Recipient’s entity responsible for the administration of airports and flight services, created through Law No. 412 of October 16, 1968.
2. “AASANA Operational Manual” manual referred to in Section I.B (e) of Schedule 2 to this Agreement.
3. “AASANA Subsidiary Agreement” means the agreement referred to in Section I.C.1 (b) of Schedule 2 to this Agreement.
4. “Abbreviated Resettlement Plan” or *Plan de Compensación a Personas Afectadas por las Obras de Ampliación y Mejoramiento del Aeropuerto de Rurrenabaque*, means the Recipient’s plan dated February 25, 2011, acceptable to the Association, detailing resettlement assistance, measures (including compensation) and procedures for Part 2 of the Project, as the same may be amended from time to time with the Association’s prior approval and such term includes any schedules to the Resettlement Plan.
5. “ABC” means “*Administradora Boliviana de Carreteras*”, the Recipient’s entity responsible for the administration and management of national roads, created through Law No. 3507 of October 27, 2006.
6. “ABC Operational Manual” means the manual referred to in Section I.B (e) of Schedule 2 to this Agreement.
7. “ABC Subsidiary Agreement” means the agreement referred to in Section I.C.1 (a) of Schedule 2 to this Agreement.
8. “ABT” means *Autoridad de Fiscalización y Control Social de Bosques y Tierra*, the Recipient’s Authority on Forests and Land created pursuant to decree (*Decreto Supremo*) No. 0071 of April 9, 2009.
9. “Anti-Corruption Guidelines” means 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.
10. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
11. “Consultant Guidelines” means the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” published by the Bank in May 2004 and revised in October 2006 and May 2010.

12. “Environmental Assessment for Improvements in the *Rurrenabaque* Airport” means *Estudio Ambiental para el Mejoramiento del Aeropuerto de Rurrenabaque*, means the document prepared by the Recipient identifying environmental impacts associated with the improvements of the *Rurrenabaque* Airport dated and disclosed on January 13, 2011.
13. “Environmental Management Plans” means the plans prepared by ABC (for Part 1 of the Project and derived from the Technical and Economic Feasibility, Environmental Impact and Final Design Study for the San *Buenaventura–Ixiamas* Road); and AASANA (for Part 2 of the Project and derived from the Environmental Assessment for Improvements in the *Rurrenabaque* Airport), dated March 1, 2011 and January 13, 2011, respectively and published and available to the public on March 1, 2011 and February 16, 2011, respectively, which sets out the environmental protection/mitigation measures applicable to their respective Parts of the Project, including those directly affecting natural habitats and forests. Said Environmental Management Plan to include, *inter alia*: (i) environmental screening checklist for Project interventions; and (ii) environmental supervision, monitoring and evaluation procedures for the Project.
14. “General Conditions” means the “International Development Association General Conditions for Credits and Grants”, dated July 31, 2010.
15. “Good Governance and Anti-Corruption Action Plan” means the plan prepared by the Recipient dated March 1, 2011, acceptable to the Association, setting forth measures and actions to be taken during implementation of the Project with respect to mitigation of corruption, which shall include mechanisms for, *inter alia*: (i) proper communications and information; (ii) improving institutional capacity; (iii) transparency and empowerment of stakeholders; and (iv) the creation of a one-stop window mechanism for complaints, grievances and suggestions for the Project.
16. “Indigenous Peoples Development Plan” means the plan prepared by the Recipient, dated February 25, 2011, acceptable to the Association, published and available to the public on March 1, 2011, which sets out the measures to be taken to ensure that indigenous peoples will not be harmed by the Project and to ensure their participation and involvement in the implementation and monitoring of the Project as it affects them.
17. “*Ixiamas*” means the city at the end of the *San Buenaventura–Ixiamas* National Road, about 114 kilometers from the town of *San Buenaventura*, in the Recipient’s department of *La Paz*.
18. “*Madidi* National Park” means the Recipient’s national park established in September 21, 1995, located in the northwest region of the Recipient’s

department of La Paz, encompassing the Recipient's municipalities of *Apolo*, *San Buenaventura*, *Ixiamas*, *Curva* and *Pelechuco* and comprising 18,958 square kilometers.

19. "Non-consultant services" means the services which will be bid and contracted on the basis of performance of measurable physical outputs to cover reasonable costs of, *inter alia*, data collection services and other services which are not rendered by consultants, media campaigns, all of which are not covered by any other category of Eligible Expenditures.
20. "Operational Manuals" means jointly the ABC Operational Manual and the AASANA Operational Manual.
21. "Procurement Guidelines" means the "Guidelines: Procurement under IBRD Loans and IDA Credits" published by the Bank in May 2004 and revised in October 2006 and May 2010.
22. "Procurement Plan" means the Recipient's procurement plan for the Project, dated February 28, 2011 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.
23. "Project Indicators" means the indicators to monitor and evaluate the progress of the Project referred to in paragraph 1 of Section II of Schedule 2 to this Agreement.
24. "Resettlement and Compensation Plan" or *Plan de Reasentamiento e Indemnizaciones de Poblaciones Afectadas* means the Recipient's plan dated February 25, 2011, acceptable to the Association, detailing resettlement assistance, measures (including compensation) and procedures for Part 1 of the Project, as the same may be amended from time to time with the Association's prior approval and such term includes any schedules to the Resettlement and Compensation Plan.
25. "*Rurrenabaque* Airport" means the Recipient's airport at about 2.5 kilometers northeast of the city center of the town of *Rurrenabaque*, in the Recipient's department of *El Beni*.
26. "*Rurrenabaque* Airport Improving Program" means the Recipient's program to upgrade the airport infrastructure for the purposes of providing a more efficient, safe and reliable service to both aircraft and passengers. Said improving program is being implemented in two phases: Phase I, already completed and financed entirely by the Recipient, encompassing the construction of a new runway serving the airport, and Phase II, encompassing the construction of a taxiway,

apron, control tower, operational buildings, rescue and firefighting buildings, as well as a passengers terminal, to be financed under Part 2 of the Project.

27. “*San Buenaventura–Ixiamas National Road*” means the Recipient’s road, along National route F-6, located in the municipalities of *San Buenaventura* and *Ixiamas*, in the department of *La Paz*.
28. “SERNAP” means *Servicio Nacional de Areas Protegidas*, the Recipient’s National Service for Protected Areas.
29. “Study on Potential Environmental Impacts, mainly Indirect, Associated to the Rehabilitation of the *San Buenaventura–Ixiamas Road*” means the document prepared by the Recipient (*Mitigación de impactos ambientales potenciales, principalmente indirectos, asociados al proyecto de mejoramiento del camino San Buenaventura–Ixiamas*), identifying indirect environmental impacts associated with the rehabilitation of the *San Buenaventura–Ixiamas National Road*, including and a set of mitigation measures to be implemented by Recipient, dated and published on March 1, 2011.
30. “Technical and Economic Feasibility, Environmental Impact and Final Design Study for the *San Buenaventura–Ixiamas Road*” means *Estudio de Factibilidad Técnico, Económico, Impacto Ambiental y Diseño Final de la Carretera San Buenaventura–Ixiamas*, the document prepared by the Recipient justifying the technical and economical feasibility of the *San Buenaventura–Ixiamas National Road*, as well as identifying environmental impacts and mitigation measures expressed in the Environmental Management Plan prepared for Part 1 of the Project, dated and published on March 1, 2011.
31. “*Tumupasa*” means an intermediate village between the town of *San Buenaventura* and the town of *Ixiamas*.
32. “VIAS BOLIVIA” means the Recipient’s entity in charge of directly administering tolls, axleload control, and standards of the core road network, created pursuant decree (*Decreto Supremo*) No. 28948 of November 25, 2006.