

Banco Mundial

BANCO INTERNACIONAL DE RECONSTRUCCION Y FOMENTO
ASOCIACION INTERNACIONAL DE FOMENTO

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December 19, 2003

His Excellency
Javier Cuevas
Minister of Finance
Palacio de Comunicaciones, Piso 19
La Paz, Bolivia

**Ref: BOLIVIA – Credit N° 3096-BO, Grant Agreement 24243-BO
Education Quality and Equity Improvement Project –
Extension of Closing Date and Reallocation of Funds**

Excellency:

Please refer to the Development Credit Agreement dated July 20, 1998, between the International Development Association (the Association) and the Republic of Bolivia (the Borrower), as amended, and the Grant Agreement dated October 1st. 2001, between the International Development Association (the Association) as Administrator on behalf of the Kingdom of Sweden and the Republic of Bolivia (the Borrower).

Pursuant to your letter dated October 12, 2003, the Association hereby agrees to amend the Development Credit Agreement and Grant Agreement, to: a) extend the Closing Date of both Agreements; b) reallocate part of the proceeds of the Credit and Grant Agreements; c) increase the Authorized Allocation of the Grant Agreement for the FPS Swedish Special Account and; d) create a new Category 5 in the Grant Agreement. The use of this new Category will be retroactive up to 12 months prior to the date of effectiveness of this amendment.

A) Development Credit Agreement is amended as follows:

1. Section 2.03 is amended by deleting “December 31, 2003” and replacing it by “December 31, 2004”;
2. Schedule 1, the table under paragraph 1 is amended to read as follows in its entirety:

SCHEDULE 1**Withdrawal of the Proceeds of the Credit**

<u>Category</u>	<u>Amount of the Credit Allocated (Expressed in SDR equivalent)</u>	<u>% of Expenditures to be Financed</u>
(1) Civil works		
(a) Under Part A.1 Of the Project	25,173,600	100% of the FPS financial share under each Educational Subproject
(b) Under Part C of the Project	7,793,600	72%
(2) Goods		
(a) under Part A.1 of the Project	1,939,700	100% of FPS financial share under share Educational Subproject
(b) under Part A.2 of the Project	1,219,800	
(c) under Parts B and D of the Project	581,500	100% of foreign expenditures; 87% of local expenditures
(d) under Part E (b) of the Project	184,600	100% of foreign expenditures; 87% of local expenditures
(3) Consultants Services and Training		
(a) under Part A.2 of the Project	2,026,100	100% of FPS financial share under each Educational Subproject
(b) under Parts B and D of the Project	9,805,900	87%
(c) under Part E (a) of the Project	236,300	87%

(d) under Part E (b) of the Project	535,700	87%
(4) Incremental Operating Costs for all Part of the Project other than for Part E (b)of the Project	389,600	87% of expenditures incurred on or before December 31, 1999; 60% of expenditures incurred after December 31, 1999 but on or before December 31, 2001; and 40% thereafter
(a) for Part E (b) of the Project	703,300	80%
(5) Incremental Remuneration	520,900	100% FPS financial share under each Educational Subproject
(6) Salaries and travel costs of FPS staff	1,462,900	75% of expenditures incurred before the date of this Agreement and after July 16, 1997
(7) Refunding of Project Preparation Advance	353,400	Amount due pursuant to Section 2.02 of this Agreement
(8) Unallocated	0	
(9) FOMCALIDAD Subgrants	2,773,100	100% of amounts disbursed by MECD
TOTAL	<u>55,700,00</u>	

3. Schedule 2, last paragraph is amended to read as follows in its entirety: “The Project is expected to be completed by December 31, 2004”.

B) Swedish Grant Agreement is amended as follow:

1. Section 2.03 is amended by deleting “December 31, 2003” and replacing by “December 31, 2004”;

2. Schedule 1, the table under paragraph 1 is hereby amended to read as follows in its entirety:

SCHEDULE 1

Withdrawal of the Proceeds of the Swedish Grant

<u>Category</u>	<u>Amount of the Credit Allocated (Expressed in SEK equivalent)</u>	<u>% of Expenditures to be Financed</u>
(1) Civil Works under Part A.1 of the Project	45,800,000	100% of the FPS financial share under each Educational Subproject
(2) Goods		
(a) under Part A.1 of the Project	10,565,000	100% of FPS financial share under each Educational Subproject
(b) under Part B.3 (e) of the Project	31,000,000	100% of foreign expenditures; 87% of local expenditures
(3) Consultants Services and Training under Part B.3 of the Project	15,000,000	87%
(4) Unallocated	0	
(5) Consultants Services and Training under Part A.2 of the Project	135,000	100% of FPS financial share under each Educational Subproject
TOTAL	<u>102,500,000</u>	

3. Schedule 2, paragraph 1(c) is hereby amended to read as follows in its entirety: “the term “Authorized Allocation” means: (i) an amount equivalent to \$ 500,000 to be withdrawn from the Swedish Grant Account and deposited into the MECD Swedish Special Account pursuant to paragraph 3(a) of this Schedule; and (ii) an amount equivalent to \$ 700,000 to be withdrawn from the Swedish Grant Account and deposited into the FPS Swedish Special Account pursuant to paragraph 3(a) of this Schedule.”

Please confirm your agreement to the foregoing by signing and dating this letter in the space provided below and returning the same to the undersigned. This amendments letter shall be executed in two counterparts, each of which shall be an original.

Upon your confirmation, please return one fully executed original to us. The provision of this amendment letter will become effective once the Association has received one executed original of this amendment letter.

Sincerely,

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Marcelo Giugale
Country Director
Bolivia, Ecuador, Peru and Venezuela
Latin America and the Caribbean Region

AGREED:
REPUBLIC OF BOLIVIA

By /s/ Javier Cuevas Argote
Authorized Representative

Date: December 19, 2003

cc: Mr. Roberto Camacho, Vice Minister of Public Investment and External Financing
Mr. Donato Ayma, Minister of Education
Mr. John Newman, Resident Representative, World Bank, Bolivia
Mr. Marco Camacho, Executive Director, Social Investment and Productive Fund
Mr. Thorsten Wetterblad, Counsel and Head of Director Mission