

The World BankINTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION1818 H Street N.W.
Washington, D.C. 20433
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December 13, 2010

CONFORMED COPY

Her Excellency
Elba Viviana Caro
Minister of Development Planning
Ministry of Development Planning
Avenida Mariscal Santa Cruz No. 1092
La Paz, Bolivia

Re: Plurinational State of Bolivia: Pilot Program for Climate Resilience-Phase 1
Grant No. TF098449

Excellency:

In response to the request for financial assistance made on behalf of the Plurinational State of Bolivia (“Recipient”), I am pleased to inform you that the International Development Association (“Association”), acting as Implementing Agency of grant funds provided under the Pilot Program for Climate Resilience (“PPCR”), proposes to extend to the Recipient a grant in an amount not to exceed one million and five hundred thousand United States Dollars (U.S.\$1,500,000) (“Grant”) on the terms and conditions set forth or referred to in this letter agreement (“Agreement”), which includes the attached Annex, to assist in the financing of the project described in the Annex (“Project”). This Grant is funded out of the abovementioned trust fund for which the Association receives periodic contributions. In accordance with Section 3.02 of the Standard Conditions (as defined in the Annex to this Agreement), the Recipient may withdraw the Grant proceeds subject to the availability of such funds.

The Recipient represents, by confirming its agreement below, that it is authorized to enter into this Agreement and to carry out the Project in accordance with the terms and conditions set forth or referred to in this Agreement.

Please confirm the Recipient’s agreement to the foregoing by having an authorized official of the Recipient sign and date the enclosed copy of this Agreement, and returning it to the Association.

This Agreement shall become effective upon completion of the last one to occur among the following: (i) receipt by the Association of this countersigned Agreement; and (ii) notice to the Recipient of the Association's acceptance of the evidence required pursuant to Section 4.01 of this Agreement.

Very truly yours,

INTERNATIONAL DEVELOPMENT ASSOCIATION
Acting as Implementing Agency of the Pilot Program for Climate Resilience

By /s/ Carlos Felipe Jaramillo
Director
Bolivia, Chile, Ecuador, Peru and Venezuela
Latin America and the Caribbean Region

AGREED:

PLURINATIONAL STATE OF BOLIVIA

By /s/ Halley Rodríguez Tellez
Authorized Representative

Title: *Viceministro de Inversión Pública y Financiamiento Externo*

Date: December 23, 2010

Enclosures:

- (1) Standard Conditions for Grants Made by the World Bank Out of Various Funds, dated July 31, 2010.
- (2) Disbursement Letter of same date herewith, together with World Bank Disbursement Guidelines for Projects, dated May 1, 2006.

Article I

Standard Conditions; Definitions

1.01. **Standard Conditions.** The Standard Conditions for Grants Made by the World Bank Out of Various Funds dated July 31, 2010 (“Standard Conditions”) constitute an integral part of this Agreement.

1.02. **Definitions.** Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the Standard Conditions or in this Agreement.

- (a) “Advisory Panel” means a multi-stakeholder platform established with the participation of selected Recipient’s entities and civil society involved in climate change issues as well as entities of the International Cooperation Platform for Climate Change and institutions of the United Nations’ System. The objective of this platform is to seek synergies and to strengthen the climate programs and/or projects being executed or being planned by the Recipient.
- (b) “MMAyA” means *Ministerio de Medio Ambiente y Agua*, the Recipient’s Ministry of Environment and Water Resources.
- (c) “Plurinational Climate Change Council” means a committee to be established by the Recipient for the purpose of the implementation of Article II, Part B (b) (i) of this Annex.
- (d) “PNCC” means the entity responsible for the Recipient’s National Program for Climate Change as established under MMAyA through the Supreme Decree No. 25030 of April 27, 1998, and entrusted with the fulfillment of all operational technical commitments of the Recipient to the United Nations Framework Convention on Climate Change.
- (e) “Project Implementing Entity” means the MMAyA which under the Ministerial Resolution No 270 – October 07, 2010, was entrusted, on behalf of the Recipient, with the responsibility of executing and managing use of the Grant for the implementation of the PPCR-Bolivia Phase 1.
- (f) “Project Operational Manual” means the manual referred to in Section 2.03 (a) (ii) (C) of this Annex outlining procedures and guidelines for Project implementation including *inter alia*: (i) procurement and contracting procedures for goods and consultant’s services required for the Project and to be financed out of the proceeds of the Grant; (ii) Project performance indicators and the procedures for the monitoring and evaluation of the Project set by the Recipient and the Association; (iii) procedures for the preparation, review and approval of reports pursuant to the Project’s financial management requirements; and (iv) procedures for the Recipient’s preparation, review and approval of withdrawal applications to the Association, in conformity with the Association instructions.

Said manual may be amended from time to time with the Association's prior approval.

- (g) "Safeguards Policies" means Policies designed specifically to ensure that the environmental (and social) impacts of projects supported by the Association are considered during appraisal and preparation. The Association's safeguard policies cover environmental assessment, natural habitats, pest management, indigenous peoples, cultural resources, involuntary resettlement, forests, dam safety, international waterways and disputed areas.
- (h) "SCF" means Strategic Climate Funds, one of the two funds of the Climate Investment Funds (CIF), approved by the Association's Board of Directors on July 1, 2008.
- (i) "SPCR" means Strategic Program for Climate Resilience, a program of investments and capacity strengthening to mainstream response to climate change in vulnerable sectors and territories of the Recipient, emphasizing areas such as water resources, food security, infrastructure, human settlements and risk management.
- (j) "Technical Secretariat" means a unit to be established by the Recipient for the purpose of technically assisting the Plurinational Climate Change Council in the implementation of Article II, Part B (b) (i) of this Agreement.

Article II Project Execution

2.01. ***Project Objectives and Description.*** The objective of the Project is to assist the Recipient in the reduction of social, economic and environmental vulnerability to climate change and in the incorporation of climate change in the national planning and budgeting process.

The Project consists of the following parts:

Part A: Strengthening the Information System and Databases to Support Decision Making

The activities under the proposed Part A aim to establish the fundamental basis to manage information and develop institutional capacities in analysis and research that contribute to decision making and sectoral and territorial planning and investment in climate resilience, through:

(a) ***Integral Diagnosis and Design for Strengthening of Systematic Observation Networks***

Provision of technical assistance to: (i) carry out an integral evaluation of the meteorological, hydrological, and hydro geological observation networks; (ii) identify demands on institutional capacity building (including equipment provision); (iii) design climate change observation networks in prioritized regions; (iv) carry out a main study that will systematize actual and future climate threats based on the existent documentation; and (v) compile best practices and methodologies at national and international level for their application in a socioeconomically relevant pilot area.

(b) ***Strengthening of Information and Knowledge Generating Institutions***

Provision of technical assistance to: (i) strengthen capacity building at the Recipient's institutions to allow systematization and improved analysis of climate change related information; (ii) establish methodologies, tools and indicators (of vulnerability, impact, and adaptation capacity) for the interface and management of information for decision makers and general public; and (iii) formulate specific recommendations for the integral strengthening of the systematic observation networks to establish a national system for climate and environment observation.

(c) ***Strengthening of the University System Capacities***

Provision of technical assistance to: (i) strengthen academic and research capacities on climate resilience; and (ii) design and incorporate climate change modules in the university curricula, all in order to strengthen analytic capacities such as vulnerability diagnosis formulation, analysis of threats and impacts of climate change, generation of climate change scenarios and hydrologic modeling oriented to planning and early warning systems in a pilot watershed.

Part B: Integration of Climate Resilience in Planning, Investment and Public Management

The activities under this Part B aim to integrate a climate resilient approach into the Recipient's plans of economic and social development. Said plans will include the territorial, economic, and autonomous models from the Recipient's Political Constitution allowing for the incorporation of the climate resilience into the main political, planning, management, and public policy directives, through:

(a) ***Integration of Climate Resilience in Planning and Investment***

Provision of technical assistance to: (i) define national, sectoral, and territorial policies and guidelines to be integrated into the Recipient's plans of economic and social development to manage impacts of climate change; and (ii) formulate operational guides and tools to integrate climate resilience analysis in the Project cycle and the public investment systems.

(b) ***Integration of Climate Resilience in the Public Management Structure***

Provision of technical assistance to: (i) support the structuring of the Plurinational Climate Change Council and its Technical Secretariat promoting dialogue and consensus building for the creation of national policies regarding climate change issues; and (ii) design finance strategies and mechanisms to capture and assign resources for strengthening climate resilience in a sustainable way.

Part C: Climate Resilience Strategy at Sectoral and Territorial Levels

The activities under this Part C aim at the formulation of the Strategic Climate Resilience Program with a planning-action approach by mainstreaming responses to climate change in vulnerable sectors and territories, emphasizing areas such as water resources, food security, infrastructure, human settlements, and risk management, through:

(a) ***Formulation of Climate Resilience Strategy at Sectoral and Territorial Levels***

Provision of technical assistance to: (i) assess climate change vulnerability and impacts on socioeconomic, productive, and environmental areas; and (ii) elaborate climate resilient programs including three strategic sectoral programs and at least three strategic territorial programs with their respective investment plans.

(b) ***Elaboration and/or Complementation of Prioritized Pre Investment and Investment Projects with Climate Resilience Approaches to be implemented in Phase 2 of the PPCR-Bolivia.***

Provision of technical assistance to prepare each investment project according to the Recipient's legal environmental framework focusing on identification and development of actions to diminish and/or mitigate their potentially negative social, environmental and/or other impacts.

(c) ***Formulation of the Recipient's Strategic Program for Climate Resilience***

Provision of technical assistance to: (i) diagnose actual and future climate threats, vulnerability, impacts and adaptation capacity associated to the potentials of productive and socioeconomic development; (ii) prepare an inventory of the existent sectoral and territorial policies related to this issue and development of proposals and complementary policies, plans, and sectoral/ territorial programs on climate resilience; (iii) diagnose the institutional framework, identifying the strengthening needs of institutional capacities, management and coordination mechanisms; (iv) compile minutes of the Recipient's meetings related to climate change with the delegates of all levels of its Executive Body and a broad participation of private sector, indigenous peoples, local communities, and other vulnerable social groups and stakeholders; (v) establishment of investments prioritization methodology to face climate change with the corresponding application; (vi) prepare investment and budget plans and Project timetable; and (vii) prepare the proposal document for PPCR-Bolivia Phase 2.

Part D: Management System for PPCR-BOLIVIA Phase 1

The activities under this Part D aim at the establishment and operation within PNCC of a technical and administrative team to strengthen PNCC and the Project Implementing Entity in order to carry out Phase 1 of the PPCR Project.

Provision of technical assistance to: (i) elaborate a procurement plan for the Project; (ii) prepare the annual Project operational plans; (iii) manage the proceeds of the Grant; (iv) provide legal advice in relation to Project execution; and (v) establish the Advisory Panel.

2.02. ***Project Execution Generally.*** (a) The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall carry out the Project through its Ministry of Environment and Water Resources (MMAyA) ("Project Implementing Entity"), with the assistance of the PNCC, in accordance with the provisions of: (i) Article II of the Standard Conditions; (ii) the "Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants", dated October 15, 2006 ("Anti-Corruption Guidelines"), with the modifications set forth in Section I of the Appendix to this Agreement; (iii) this Article II; (d) the Operational Manual as set forth in Section 2.03 (a) (ii) (C); and (e) the Subsidiary Agreement as set forth in Section 2.03 (a).

- (b) To this end, the Recipient shall cause MMAyA to establish, and thereafter maintain within PNCC, throughout Project implementation, a dedicated team of professionals described in the Operational Manual, in number and with qualifications and experience satisfactory to the Association, including *inter alia*, specialists in financial management and procurement.

2.03. ***Institutional and Other Arrangements.***

For the purposes of the implementation of the Project, the Recipient shall:

- (a) Enter into an agreement with the Project Implementing Entity (the Subsidiary Agreement) which shall include provisions detailing, *inter alia*:
- (i) the Recipient's obligations to: (A) promptly transfer the proceeds of the Grant to the Project Implementing Entity; and (B) obtain, and if necessary, facilitate the completion of any legislative approvals and budget appropriations required to effectively enable the Project Implementing Entity to carry out its obligations under the Subsidiary Agreement; and
 - (ii) the Project Implementing Entity's obligations to: (A) carry out Project activities with due diligence and efficiency; (B) use the Grant funds in accordance with the terms and conditions of this Agreement and those of the Subsidiary Agreement, and in conformity with administrative, technical, financial, procurement, auditing, participatory and legal standards and practices set out in the Project Operational Manual; (C) carry out Project activities in accordance with the Project Operational Manual, acceptable to the Association, wherein shall be set forth, *inter alia*, the modalities for the assistance provided by PNCC to the Project Implementing Entity, the administrative, technical, financial, procurement, auditing, participatory and legal standards and practices to be used for Project implementation; (D) furnish all information covering the implementation of Project Activities and the use of the proceeds of the Grant, as the Association shall reasonably request; (E) from time to time, exchange views with the Association's representatives on the progress and results of the Project activities pursuant to the provisions of Section 2.04 of this Agreement; (F) take, in close consultation with the Recipient, all necessary measures required to enable the Association's representatives to visit the territory of the Recipient for purposes related to the Grant; (G) carry out procurement and contractual aspects required for the implementation of the Project Activities and the maintenance of all relevant procurement documentation, all in accordance with the provisions of the Section 2.07 of this Agreement; (H) ensure the timely withdrawal of Grant funds pursuant to the provisions of Article III to this Agreement and the terms of the Disbursement Letter; (I) ensure compliance with financial management procedures detailed in Section 2.06 of this Annex; (J) ensure, until the completion of the Project, efficient inter-institutional coordination and exchanges between the public sector representatives appointed to the Project, seeking to resolve, in a timely manner, any issue that may delay Project implementation; and (K) the Project is carried out in accordance with the "Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants", dated October 15, 2006.
- (b) Except as the Association may otherwise agree, the Recipient shall not amend, assign, waive or fail to enforce the Subsidiary Agreement or any provision thereof. In case of any

conflict between the terms of the Subsidiary Agreement and those of this Agreement, the terms of this Agreement shall prevail. The Recipient shall promptly inform the Association of any condition which interferes or threatens to interfere with the performance of the Recipient respective obligations under such agreement.

- (c) For the purposes of the implementation of the Project, the Project Implementing Entity shall exercise its rights and carry out its obligations under the Subsidiary Agreement in such manner as to protect the interests of the Recipient and the Association and to accomplish the purposes and objectives of the Grant.
- (d) For purposes of Project implementation, and with regard to Safeguards Policies, the following shall apply:
 - (i) during Phase 1, the Recipient's legal environmental framework and the Association's overall safeguards policy framework shall be used to screen possible interventions within the SPCR and to manage the budget accordingly. Both frameworks shall ensure the identification and formulation of guidelines, measures and actions aimed at avoiding, preventing, alleviating and/or mitigating potentially negative social, environmental or other impacts during the project cycle of the SPCR.
 - (ii) for each investment project profile, the SPCR shall incorporate an analysis of possible environmental and social issues, and how those would be mitigated.
 - (iii) except as the Association shall otherwise agree, the preparation of each investment project shall follow the Association standards and/or other standards approved by the Association, along with preparation of the required safeguards instruments, which shall also be disclosed and consulted with the affected stakeholders.

2.04. ***Donor Visibility and Visit.*** (a) The Recipient shall take or cause to be taken all such measures as the Association may reasonably request to identify publicly the SCF donor's support for the Project.

- (b) For the purposes of Section 2.09 of the Standard Conditions, the Recipient shall, upon the Association's request, take all measures required on its part to enable the representatives of the SCF donors to visit any part of the Recipient's territory for purposes related to the Project.

2.05. ***Project Monitoring, Reporting and Evaluation.*** (a) The Recipient, through the MMAyA, shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 2.06 of the Standard Conditions and on the basis of the indicators agreed with the Association and set forth in the Project Operational Manual. 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) The Recipient, through the Project Implementing Entity, shall prepare the Completion Report in accordance with the provisions of Section 2.06 of the Standard Conditions. The Completion Report shall be furnished to the Association not later than six months after the Closing Date.

2.06. **Financial Management.** (a) The Recipient, through the Project Implementing Entity, shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.07 of the Standard Conditions.

(b) The Recipient, through the Project Implementing Entity, shall ensure that interim unaudited financial reports for the Project are prepared and furnished to the Association not later than 30 days after the end of each calendar semester, covering the semester, in form and substance satisfactory to the Association.

(c) The Recipient, through the Project Implementing Entity, shall have its Financial Statements audited in accordance with the provisions of Section 2.07 (b) of the Standard Conditions. Such audit of the Financial Statements shall cover the entire period during which withdrawals from the Grant Account were made. The audited Financial Statements for such period shall be furnished to the Association not later than six months after the end of such period.

2.07. **Procurement**

(a) General. All goods and services required for the Project and to be financed out of the proceeds of the Grant shall be procured in accordance with the requirements set forth or referred to in:

(i) Section I of the “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the Association in May 2004 and revised in October 2006 and May 2010 (“Procurement Guidelines”), in the case of goods;

(ii) Sections I and IV of the “Guidelines: Selection and Employment of Consultants by Association Borrowers” published by the Association in May 2004 and revised in October 2006 and May 2010 (“Consultant Guidelines”) in the case of consultants’ services; and

(iii) the provisions of this Section, as the same shall be elaborated in the procurement plan prepared and updated from time to time by the Recipient for the Project in accordance with paragraph 1.16 of the Procurement Guidelines and paragraph 1.24 of the Consultant Guidelines (“Procurement Plan”).

(b) Definitions. The capitalized terms used in the following paragraphs of 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 the Consultant Guidelines, as the case may be.

(c) Particular Methods of Procurement of Goods and Non-Consulting Services

Goods shall be procured under contracts awarded on the basis of Shopping with at least three comparable quotations.

Non-Consulting Services shall be procured under contracts awarded on the basis of Shopping with at least three quotations.

(d) Particular Methods of Procurement of Consultants’ Services

- (i) Except as otherwise provided in item (ii) below, consultants' services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection.
 - (ii) The following methods may be used for the procurement of consultants' services for firms for those assignments which are specified in the Procurement Plan: (A) Quality-based Selection; (B) Selection under a Fixed Budget; (C) Least Cost Selection; (D) Selection based on Consultants' Qualifications; (E) Single-source Selection; (F) Selection of Individual Consultants; and the following procurement methods for individual consultants which are specified in the Procurement Plan: (AA) procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants; and (BB) Sole Source Procedures for the Selection of Individual Consultants.
- (e) Review by the Association of Procurement Decisions. Except as the Association shall otherwise determine by notice to the Recipient, the following contracts shall be subject to Prior Review by the Association: (i) the first two contracts to be awarded for goods; (ii) the first two contracts to be awarded for non-consulting services; (iii) all contracts to be awarded on the direct contracting for goods and non consulting services; (iv) each contract for individual consultants to cost the equivalent of \$25,000 or more and all contracts for the Project personnel "*Consultor de línea*"; and (v) each contract for consultants' services provided by a firm estimated to cost the equivalent of \$100,000 or more. All other contracts shall be subject to Post Review by the Association as indicated in paragraph (g) (xiv).
- (f) Procurement Review (Special Audit). Not later than April 30, 2012 or another date acceptable to the Association, during the implementation of the Project, a contract shall be awarded to independent "Reviewers/Auditors" with experience and qualifications satisfactory to the Association, operating under terms of reference satisfactory to the Association, to perform a procurement review/audit of all the procurement records and documentation of the Project, in accordance with procurement auditing principles acceptable to the Association.
- (g) Special Provisions

In addition to, and without limitation on any other provision set forth in this Schedule or the Procurement Guidelines, the following rules shall govern all procurement of goods and works under the National Competitive Bidding procurement method:

- (i) A merit point system shall not be used in the pre-qualification of bidders.
- (ii) The award of goods and works contracts 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) The Borrower shall open all bids at the stipulated time and place in accordance with a procedure satisfactory to the Bank.

- (iv) The Borrower shall use a single envelope procedure.
- (v) Whenever there is a discrepancy between the amounts in figures and in the words of a bid, the amounts in words shall govern.
- (vi) There will be no prescribed minimum number of bids 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 Bolivian 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 other procurement rules or regulations of the Borrower's agencies or of any state-owned entity shall apply without the prior review and consent of IDA.
- (xiii) Government-owned enterprises may participate in bids only if they follow paragraph 1.8 (c) of the Guidelines.
- (xiv) 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, except for those contracts terminated by the Recipient's Project Implementing Entity for which the Recipient shall seek the Association's no objection prior to the proposed termination.
- (xv) No contractor or supplier shall be denied a fair and equitable treatment in the resolution of any dispute with the Project Implementing Entity.

In addition to, and without limitation on any other provisions set forth in this Section or the Consultant Guidelines, the following rules shall govern all procurement of consultant services referred to in this Section:

- (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 authorities.

- (iii) Foreign consultants shall not be required to be registered in the Borrower's National Registry of Consultants (*Registro Nacional de Consultoría*).
- (iv) Consultants (firms and individuals) shall not be required to present bid and performance securities as a condition to present proposals and sign a contract.

Article III
Withdrawal of Grant Proceeds

3.01. **Eligible Expenditures.** The Recipient, through the Project Implementing Entity, may withdraw the proceeds of the Grant in accordance with the provisions of: (a) the Standard Conditions; (b) this Section; and (c) such additional instructions as the Association may specify by notice to the Recipient (including the "Association 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 following table. The table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Grant ("Category"), the allocations of the amounts of the Grant to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

<u>Category</u>	Amount of the Grant Allocated (expressed in USD)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1) Consultants' services	1,067,080	100%
(2) Goods	160,518	100%
(3) Training/dissemination/ workshops	144,459	100%
(4) Operational costs	127,943	100%
TOTAL AMOUNT	1,500,000	

For the purpose of this Section the terms:

- (a) "Training/dissemination/workshops" means reasonable expenditures incurred by the Project Implementing Entity for the purposes of the Project implementation and directly related to training activities such as workshops, seminars, conferences, rental facilities, workshops materials and presentation expenses.
- (b) "Operational costs" means reasonable recurrent expenditures (other than those for consultant services) incurred by Project Implementing Entity for the purposes of the Project and directly related to the activities described in the Project, including *inter alia*,

office materials and supplied, office rental, transportation, phone and fax charges, media campaigns and printing of materials.

3.02. ***Withdrawal Conditions.*** Notwithstanding the provisions of Section 3.01 of this Agreement, no withdrawal shall be made for payments made prior to the date of countersignature of this Agreement by the Recipient.

3.03. ***Withdrawal Period.*** The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is two (2) years after Grant signing.

Article IV

Effectiveness

4.01. This Agreement shall not become effective until evidence satisfactory to the Association has been furnished to the Association that the conditions specified below have been satisfied:

- (a) the execution and delivery of this Agreement on behalf of the Recipient have been duly authorized or ratified by all necessary governmental action required under the legal framework of the Recipient;
- (b) the Subsidiary Agreement referred to in Section 2.03 (a) of this Annex has been duly executed and ratified by the Recipient and the Implementing Entity, and is legally binding upon each such party in accordance with its terms;
- (c) the Project Operational Manual referred to in Section 2.03 (a) (ii) (C) of this Annex has been prepared and adopted by the Recipient and the Project Implementing Entity in a manner satisfactory to the Association; and
- (d) the Procurement Plan referred to in Section 2.07 (a) (iii) of this Annex has been prepared and adopted by the Recipient and the Project Implementing Entity in a manner satisfactory to the Association.

4.02. Except as the Recipient and the Association shall otherwise agree, this Agreement shall enter into effect on the date upon which the Association dispatches to the Recipient notice of its acceptance of the evidence required pursuant to Section 4.01 (“Effective Date”). If, before the Effective Date, any event has occurred which would have entitled the Association to suspend the right of the Recipient to make withdrawals from the Grant Account if this Agreement had been effective, the Association may postpone the dispatch of the notice referred to in this Section until such event has ceased to exist.

Article V

Recipient’s Representative; Addresses

5.01. ***Recipient’s Representative.*** The Recipient’s Representative referred to in Section 7.02 of the Standard Conditions is the Minister of Development Planning.

5.02. **Recipient's Address.** The Recipient's Address referred to in Section 7.01 of the Standard Conditions is:

Ministry of Development and Planning
Avenida Mariscal Santa Cruz No. 1092
La Paz, Bolivia

5.03. **Association's Address.** The Association's Address referred to in Section 7.01 of the Standard Conditions is:

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

Cable:	Telex:	Facsimile:
INDEVAS	248423 (MCI) or	1-202-477-6391
Washington, D.C.	64145 (MCI)	

APPENDIX**Modifications to the Anti-Corruption Guidelines****Section I. The modifications to the Anti-Corruption Guidelines are as follows:**

1. Section 5 is re-numbered as Section 5(a) and a new Section 5(b) is added to read as follows:

“...(b) These Guidelines also provide for the sanctions and related actions to be imposed by the Bank on Borrowers (other than the Member Country) and all other individuals or entities who are recipients of Loan proceeds, in the event that the Borrower or the individual or entity has been debarred by another financier as a result of a determination by such financier that the Borrower or the individual or entity has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of a financing made by such financier.”

2. Section 11(a) is modified to read as follows:

“... (a) sanction in accordance with prevailing Bank’s sanctions policies and procedures (fn13) a Borrower (other than a Member Country) (fn 14) or an individual or entity, including (but not limited to) declaring such Borrower, individual or entity ineligible publicly, either indefinitely or for a stated period of time: (i) to be awarded a Bank-financed contract; (ii) to benefit from a Bank-financed contract, financially or otherwise, for example as a sub-contractor; and (iii) to otherwise participate in the preparation or implementation of the project or any other project financed, in whole or in part, by the Bank, if at any time the Bank determines (fn 15) that such Borrower, individual or entity has engaged in corrupt, fraudulent, collusive, coercive or obstructive practices in connection with the use of loan proceeds, or if another financier with which the Bank has entered into an agreement for the mutual enforcement of debarment decisions has declared such person or entity ineligible to receive proceeds of financings made by such financier or otherwise to participate in the preparation or implementation of any project financed in whole or in part by such financier as a result of a determination by such financier that the Borrower or the individual or entity has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of a financing made by such financier.”

Footnotes:

“13. An individual or entity may be declared ineligible to be awarded a Bank financed contract upon completion of sanctions proceedings pursuant to the Bank’s sanctions policies and procedures, or under the procedures of temporary suspension or early temporary suspension in connection with an ongoing sanctions proceeding, or following a sanction by another financier with whom the Bank has entered into a cross debarment agreement, as a result of a determination by such financier that the firm or individual has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of a financing made by such financier.”

“14. Member Country includes officials and employees of the national government or of any of its political or administrative subdivisions, and government owned enterprises and agencies that are not eligible to bid under paragraph 1.8(b) of the Procurement Guidelines or participate under paragraph 1.11(c) of the Consultant Guidelines.”

“15. The Bank has established a Sanctions Board, and related procedures, for the purpose of making such determinations. The procedures of the Sanctions Board sets forth the full set of sanctions available to the Bank. In addition, the Bank has adopted an internal protocol outlining the process to be followed in implementing debarments by other financiers, and explaining how cross-debarments will be posted on the Bank’s website and otherwise be made known to staff and other stakeholders.”