

CONFORMED COPY

CREDIT NUMBER 2127 BO

Development Credit Agreement  
(Social Investment Fund Project)

between

REPUBLIC OF BOLIVIA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated May 7, 1990

CREDIT NUMBER 2127 BO

DEVELOPMENT CREDIT AGREEMENT

AGREEMENT, dated May 7, 1990, between the REPUBLIC OF BOLIVIA (the Borrower) and the INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association).

WHEREAS (A) the Borrower, having satisfied itself as to the feasibility and priority of the Project described in Schedule 2 to this Agreement, has requested the Association to assist in the financing of the Project; and

(B) the Borrower intends to obtain from bilateral and multi-lateral aid and development organizations (hereinafter "Additional Financiers") loans and grants (hereinafter "Additional Funding") to assist in expanding the activities of the Social Investment Fund (as hereinafter defined) on the terms and conditions to be set forth in agreements to be entered into between the Borrower and each of the Additional Financiers (the Additional Funding Agreements);

WHEREAS the Association has agreed, on the basis, inter alia, of the foregoing, to extend the Credit to the Borrower upon the terms and conditions set forth in this Agreement;

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I

General Conditions; Definitions

Section 1.01. The "General Conditions Applicable to Development Credit Agreements" of the Association, dated January 1, 1985 (the General Conditions), constitute an integral part of this Agreement, with the modification that the last sentence of Section 3.02 is deleted.

Section 1.02. Unless the context otherwise requires, the several terms defined in the General Conditions and in the Preamble to this Agreement have the respective meanings therein set forth and the following additional terms have the following meanings:

(a) "SIF" or "Social Investment Fund" means the Social Investment Fund (Fondo de Inversion Social), established by the President of the Republic of Bolivia as a public entity with juridical personality pursuant to Decreto Supremo No. 22407 of January 11, 1990 as amended by Decreto Supremo No. 22452 of March 8, 1990, published in the Official Gazette on March 26, 1990;

(b) "ESF" or "Emergency Social Fund" means the Emergency Social Fund (Fondo Social de Emergencia) established by the President of the Republic of Bolivia as a public entity with juridical personality under Chapter I of Decreto Supremo No. 21137 of November 30, 1985 and revised by Decreto Supremo No. 21456 of November 28, 1986;

(c) "SIF Contractual Arrangement" means the contractual arrangement to be entered into between the Borrower and SIF pursuant to Section 3.01 (b) of this Agreement, as the same may be amended from time to time, and such term includes all schedules to such contractual arrangement;

(d) "ESF Contractual Arrangement" means the contractual arrangement to be entered into between the Borrower and ESF pursuant to Section 3.01 (d) of this Agreement, as the same may be amended from time to time, and such term includes all schedules to such contractual arrangement;

(e) "Investment Subproject" means a subproject in health or education specified in the Annex to Schedule 2 to this Agreement selected in accordance with the Evaluation Manual (as hereinafter defined) which is to be carried out by a Requesting Entity (as hereinafter defined) and to be financed in part out of the proceeds of the Credit;

(f) "IS Subproject" means an eligible subproject for the institutional support of Requesting Entities (as defined hereinafter), as specified in the Annex to Schedule 2 to this Agreement, which are implementing Investment Subprojects, and to be financed in part out of the proceeds of the Credit;

(g) "Subprojects" means collectively, Investment Sub-projects, Subprojects, IS Subprojects and SIF Subprojects; and the term "Subproject" means any one of such Subprojects;

(h) "Beneficiary Community" means a community, selected in accordance with SIF's Promotion Manual (as hereinafter defined), in which a Subproject will be carried out;

(i) "Requesting Entities" means the governmental or non-governmental entities involved in health or education activities, and/or the governmental or non-governmental entities which meet the eligibility criteria to be included in the Evaluation Manual pursuant to paragraph 3 (c) of Schedule 1 to this Agreement, which propose to carry out, or are carrying out Investment Subprojects; "Requesting Entity" means any one of such Requesting Entities;

(j) "Supervising Entities" means the governmental or non-governmental entities which propose to supervise, or are supervising, the carrying out of Subprojects; "Supervising Entity" means any one of such Supervising Entities;

(k) "Subproject Agreement" means the agreement to be entered into between SIF and a Requesting Entity and, where applicable, a contractor or supplier, for purposes of carrying out a Subproject, as the same may be amended from time to time, and such term includes all schedules to the Subproject Agreement;

(l) "Special Account" means the account referred to in Section 2.02 (b) of this Agreement;

(m) "Promotion Manual" means the manual for pre-appraisal of Subprojects, including the poverty targeting of such Subprojects, to be adopted by SIF pursuant to the provisions of Section 7.01 (c) of this Agreement;

(n) "Evaluation Manual" means the manual for appraisal of Subprojects, to be adopted by SIF pursuant to the provisions of Section 7.01 (c) of this Agreement;

(o) "MPSSP" means the Borrower's Ministry of Social Welfare and Public Health;

(p) "MEC" means the Borrower's Ministry of Education and Culture;

(q) "Coordination Agreements" means the agreements to be entered into between the Borrower, through MPSSP and MEC, respectively, and SIF pursuant to the provisions of Section 3.01 (c) of this Agreement; and

(r) "SIF Subproject" means (i) an eligible subproject in health or education as specified in sub-paragraphs (a) and (b) of paragraph 1 of the Annex to Schedule 2 to this Agreement, respectively; or a Subproject for restoring or preserving the Borrower's cultural patrimony, or (ii) an eligible subproject covering the services or activities mentioned in paragraph 2 of the Annex to Schedule 2 to this Agreement for the institutional support of Requesting Entities which are implementing subprojects of the type mentioned in (i) above, and in both cases to be financed from financial sources other than the proceeds of the Credit; and the term "Special SIF Subproject" means a SIF Subproject, as so defined, to be financed under any of the Additional Funding Agreements.

## ARTICLE II

### The Credit

Section 2.01. The Association agrees to lend to the Borrower, on the terms and conditions set forth or referred to in this Agreement, an amount in various currencies equivalent to fifteen million one hundred thousand Special Drawing Rights (SDR 15,100,000).

Section 2.02. (a) The amount of the Credit may be withdrawn from the Credit Account in accordance with the provisions of Schedule 1 to this Agreement for expenditures made or, if the Association shall so agree, to be made, in respect of the reasonable cost of goods and services required for the Project described in Schedule 2 to this Agreement and to be financed out of the proceeds of the Credit.

(b) The Borrower shall, for the purposes of the Project, open and maintain in dollars a special account in its Central Bank on terms and conditions satisfactory to the Association. Deposits into, and payments out of, the Special Account shall be made in accordance with the provisions of Schedule 5 to this Agreement.

Section 2.03. The Closing Date shall be June 30, 1994 or such later date as the Association shall establish. The Association shall promptly notify the Borrower of such later date.

Section 2.04. (a) The Borrower shall pay to the Association a commitment charge at the rate of one-half of one percent (1/2 of 1%) per annum on the principal amount of the Credit not withdrawn from time to time. The commitment charge shall accrue from a date sixty days after the date of the Development Credit Agreement to the respective dates on which amounts shall be withdrawn by the Borrower from the Credit Account or shall be cancelled.

(b) The commitment charge shall be paid: (i) at such places as the Association shall reasonably request; (ii) without restrictions of any kind imposed by, or in the territory of, the Borrower; and (iii) in the currency specified in this Agreement for the purposes of Section 4.02 of the General Conditions or in such other eligible currency or currencies as may from time to time be designated or selected pursuant to the provisions of that Section.

Section 2.05. The Borrower shall pay to the Association a service charge at the rate of three-fourths of one percent (3/4 of 1%) per annum on the principal amount of the Credit withdrawn and outstanding from time to time.

Section 2.06. Commitment charges and service charges shall be payable semiannually on April 1 and October 1 in each year.

Section 2.07. The currency of the United States of America is hereby specified for the purposes of Section 4.02 of the General Conditions.

Section 2.08. (a) Subject to paragraphs (b) and (c) below, the Borrower shall repay the principal amount of the Credit in semiannual installments payable on each April 1 and October 1 commencing October 1, 2000 and ending April 1, 2030. Each installment to and including the installment payable on April 1, 2010 shall be one percent (1%) of such principal amount, and each installment thereafter shall be two percent (2%) of such principal amount.

(b) Whenever: (i) the Borrower's gross national product per capita, as determined by the Association, shall have exceeded \$790 in constant 1985 dollars for five consecutive years; and (ii) the Bank shall consider the Borrower creditworthy for Bank lending, the Association may, subsequent to the review and approval thereof by the Executive Directors of the Association and after due consideration by them of the development of the Borrower's economy, modify the terms of repayment of installments under paragraph (a) above by requiring the Borrower to repay twice the amount of each such installment not yet due until the principal amount of the Credit shall have been repaid. If so requested by the Borrower, the Association may revise such modification to include, in lieu of some or all of the increase in the amounts of such installments, the payment of interest at an annual rate agreed with the Association on the principal amount of the Credit withdrawn and outstanding from time to time, provided that, in the judgment of the Association, such revision shall not change the grant element obtained under the above-mentioned repayment modification.

(c) If, at any time after a modification of terms pursuant to paragraph (b) above, the Association determines that the Borrower's economic condition has deteriorated significantly, the Association may, if so requested by the Borrower, further modify the terms of repayment to conform to the schedule of installments as provided in paragraph (a) above.

Section 2.09. SIF and ESF are respectively designated as representatives of the Borrower for the purposes of taking any action required or permitted to be taken under the provisions of Section 2.02 of this Agreement and Article V of the General Conditions in respect of Parts A and B of the Project and in respect of Part C of the Project.

### ARTICLE III

#### Execution of the Project

Section 3.01. (a) The Borrower declares its commitment to the objectives of the Project as set forth in Schedule 2 to this Agreement, and to this end, shall: (i) cause SIF to carry out Parts A and B of the Project; (ii) cause ESF to carry out Part C of the Project; all with due diligence and efficiency and in conformity with appropriate financial, administrative, health, education and managerial practices; and (iii) provide, and cause SIF and ESF respectively to provide, promptly as needed, the funds, facilities, services and other resources required for Parts A and B, and C of the Project.

(b) The Borrower shall enter into a contractual arrangement, satisfactory to the Association, with SIF providing, inter alia, for:

- (i) the transfer of part of the proceeds of the Credit on a grant basis to SIF for purposes of carrying out Parts A and B of the Project; and
- (ii) the obligation of SIF to carry out Parts A and B of the Project in accordance with the terms and conditions set forth in this Agreement, including, without limitation, carrying out Parts A and B of the Project in accordance with the Implementation Procedures set forth in Schedule 4 to this Agreement and the Implementation Program set forth in Part I of Schedule 6 to this Agreement.

(c) The Borrower shall, through MPSSP and MEC, respectively, enter into two agreements with SIF (the Coordination Agreements), under terms and conditions which shall have been approved by the Association which shall include the responsibilities of MPSSP, MEC and SIF in carrying out and coordinating Part A of the Project.

(d) The Borrower shall enter into a contractual arrangement, satisfactory to the Association, with ESF providing, inter alia, for:

- (i) the transfer of part of the proceeds of the Credit on a grant basis to ESF for purposes of carrying out Part C of the Project; and

- (ii) the obligation of ESF to carry out Part C of the Project in accordance with the terms and conditions set forth in this Agreement, including, without limitation, carrying out Part C of the Project in accordance with the Implementation Program set forth in Part II of Schedule 6 to this Agreement.

(e) The Borrower shall exercise its rights under the SIF Contractual Arrangement, the ESF Contractual Arrangement and the Coordination Agreements in such manner as to protect the interests of the Borrower and the Association, and to accomplish the purposes of the Credit, and except as the Association shall otherwise agree, the Borrower shall not change, assign, amend, abrogate or waive the SIF Contractual Arrangement, the ESF Contractual Arrangement or the Coordination Agreements or any provision thereof.

Section 3.02. Except as the Association shall otherwise agree, procurement of the goods, works and consultants' services required for the Project and to be financed out of the proceeds of the Credit shall be governed by the provisions of Schedule 3 to this Agreement.

Section 3.03. The Borrower shall cause SIF, until Project completion, and ESF during the period of implementation of Part C of the Project:

(a) to keep all of the key personnel positions detailed on its organizational chart, including those at the director through the executive director level, filled with employees possessing experience and qualifications acceptable to the Association, and to consult with the Association with respect to replacement of any such key personnel prior to any such replacement;

(b) to employ any fixed-term staff financed in whole or in part out of the proceeds of the Credit with persons having qualifications and experience, and on terms and conditions of employment, satisfactory to the Association; and

(c) to establish, and thereafter maintain, a technical control unit (Fiscalia), with powers and responsibilities satisfactory to the Association.

Section 3.04. Without limitation to or restriction upon its other reporting requirements under the General Conditions and this Agreement, the Borrower shall, and shall cause SIF and ESF in respect of their respective Parts of the Project, to promptly inform the Association of any condition which interferes, or threatens to interfere, with the progress of the Project or the Subprojects, the accomplishment of the purposes of the Credit, or the performance of SIF and ESF of their obligations under the SIF Contractual Arrangement and the ESF Contractual Arrangement, or the performance of SIF and the Requesting Entities under Subproject Agreements.

Section 3.05. The Borrower undertakes that, unless the Association shall otherwise agree, Subprojects will be identified, appraised and carried out in accordance with the procedures and on the terms and conditions set forth or referred to in Schedule 4 to this Agreement.

#### ARTICLE IV

##### Financial Covenants

Section 4.01. (a) The Borrower shall cause: (i) SIF to maintain records and accounts adequate to reflect in accordance with sound accounting practices the operations and financial condition of SIF, including separate records and accounts to reflect the operations, resources and expenditures in respect of Parts A and B of the Project and each Subproject; and (ii) ESF to maintain records and accounts adequate to reflect in accordance with sound accounting practices the operations and financial condition of ESF, including separate records and accounts to reflect the operations, resources and expenditures in respect of Part C of the Project.

(b) The Borrower shall, and shall cause SIF and ESF to:

(i) have the records, accounts, and financial statements (balance sheets, statements of income and expenses and related statements) of SIF and ESF referred to in (a) (i) and (ii) above, respectively, including those for the Special Account, for each fiscal year audited, in accordance with appropriate auditing principles consistently applied, by independent auditors acceptable to the Association;

(ii) furnish to the Association as soon as available, but in any case not later than four months after the end of each such year: (A) certified copies of the financial statements mentioned in (i) above for such year as so audited; and (B) the report of such audit by said auditors, of such scope and in such detail as the Association shall have reasonably requested; and

(iii) furnish to the Association such other information concerning such records, accounts, financial statements and the audit thereof as the Association shall from time to time reasonably request.

(c) For all expenditures with respect to which withdrawals from the Credit Account were made on the basis of statements of expenditure, the Borrower shall, and shall cause SIF and ESF to:

(i) maintain, in accordance with paragraph (a) of this Section, records and accounts reflecting such expenditures;

(ii) retain, until one year after the Association has received the audit report for the fiscal year in which the last disbursement from the Credit Account was made, all records (contracts, orders, invoices, bills, receipts and other documents) evidencing such expenditures;

(iii) enable the Association's representatives to examine such records; and

(iv) ensure that such records and accounts are included in the annual audit referred to in paragraph (b) of this Section and that the report of such audit contains a separate opinion by said auditors as to whether the statements of expenditure submitted during such fiscal year, together with the procedures and internal controls involved in their preparation, can be relied upon to support the related withdrawals.

## ARTICLE V

### Other Covenants

Section 5.01. The Borrower shall cause SIF and ESF:

(a) to take out and maintain with responsible insurers, or to make other provision satisfactory to the Association for, insurance against such risks and in such amounts as shall be consistent with appropriate practice;

(b) to carry on their respective operations and conduct their affairs in accordance with sound administrative, financial and managerial practices under the supervision of qualified and experienced management assisted by competent staff in adequate numbers; and

(c) at all times to operate and to maintain their offices, machinery, equipment, vehicles, and other property, and from time to time, promptly as needed, to make all necessary repairs and renewals thereof, all in accordance with sound engineering, financial and managerial practices.

## ARTICLE VI

### Remedies of the Association

Section 6.01. Pursuant to Section 6.02 (h) of the General Conditions, the following additional events are specified:

(a) Decreto Supremo No. 22407 of January 11, 1990 of the Borrower as amended by Decreto Supremo No. 22452 of March 8, 1990, or Decreto Supremo No. 22452 of March 8, 1990 or the regulatory decree to be enacted pursuant to the provisions of Section 7.01 (b) of this Agreement shall have been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of SIF to perform any of its obligations under the SIF Contractual Arrangement or the Coordination Agreements or any Subproject Agreement;

(b) as a result of events which have occurred after the date of this

Agreement, a situation shall have arisen which shall make it improbable that SIF will be able to perform its obligations under the SIF Contractual Arrangement or under any Subproject Agreement;

(c) the Borrower or any other authority having jurisdiction shall have taken any action for the dissolution or disestablishment of SIF, or for the suspension of its operations;

(d) Decreto Supremo No. 21456 of November 28, 1986 of the Borrower shall have been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of ESF to perform any of its obligations under the ESF Contractual Arrangement;

(e) the Borrower or any other authority having jurisdiction shall have taken any action for the dissolution or disestablishment of ESF, or for the suspension of its operations before March 31, 1991;

(f) ESF shall continue to operate and make any disbursements on subprojects being financed by ESF after March 31, 1991.

(g) Additional Funding Agreements covering an amount of not less than \$10,000,000 equivalent shall have failed to become effective by September 30, 1990, or such later date as the Association may agree or Additional Funding Agreements covering an amount of not less than \$25,000,000 equivalent shall have failed to become effective by March 31, 1991, or such later date as the Association may agree; provided, however, that the provisions of this paragraph shall not apply if the Borrower establishes to the satisfaction of the Association that adequate funds for the Project are available to the Borrower from other sources on terms and conditions consistent with the obligations of the Borrower under this Agreement;

(h) (i) Subject to subparagraph (ii) of this paragraph:

- (A) the right of the Borrower to withdraw the proceeds of any grant or loan made to the Borrower for the financing of the Project shall have been suspended, cancelled or terminated in whole or in part, pursuant to the terms of the agreement providing therefor, or
- (B) any such loan shall have become due and payable prior to the agreed maturity thereof.

(ii) Subparagraph (i) of this paragraph shall not apply if the Borrower establishes to the satisfaction of the Association that:

- (A) such suspension, cancellation, termination or prematuring is not caused by the failure of the Borrower to perform any of its obligations under such agreement; and
- (B) adequate funds for the Project are available to the Borrower from other sources on terms and conditions consistent with the obligations of the Borrower under this Agreement.

Section 6.02. Pursuant to Section 7.01 (d) of the General Conditions, the following additional events are specified: (i) the event specified in paragraph (g) of Section 6.01 of this Agreement shall occur and continue for a period of sixty days; (ii) any event specified in paragraphs (a) or (c) or (d) or (e) or (f) of Section 6.01 of this Agreement shall occur; and (iii) the event specified in paragraph (h) (i) (B) of Section 6.01 of this Agreement shall occur, subject to the proviso of paragraph (ii) of that Section.

## ARTICLE VII

### Effective Date; Termination

Section 7.01. The following events are specified as additional conditions to the effectiveness of the Development Credit Agreement within the meaning of Section 12.01 (b) of the General Conditions:

(a) that the SIF Contractual Arrangement has been entered into between the Borrower and SIF;

(b) that the regulatory decree (Decreto Reglamentario) specifying SIF's

organizational and operational structure has been enacted by the Borrower in form and substance satisfactory to the Association;

(c) that the Promotion Manual and the Evaluation Manual have been approved by SIF's administrative council in form and substance satisfactory to the Association;

(d) that the Coordination Agreements have been entered into in form and substance satisfactory to the Association; and

(e) that Additional Funding Agreements have been entered into in amounts of at least \$10,000,000 equivalent and commitments, satisfactory to the Association, have been received by the Borrower and/or SIF from Additional Financiers in amounts of at least \$15,000,000 equivalent to cover the Additional Funding needs of the Project; or alternative arrangements, satisfactory to the Association, have been made by the Borrower and/or SIF to cover such Additional Funding needs.

Section 7.02. The following are specified as additional matters, within the meaning of Section 12.02 (b) of the General Conditions, to be included in the opinion or opinions to be furnished to the Association:

(a) that the SIF Contractual Arrangement has been duly authorized or ratified by, and is legally binding upon SIF and the Borrower in accordance with its terms; and

(b) that the Coordination Agreements have been duly authorized or ratified by, and are legally binding upon SIF and the Borrower in accordance with their respective terms.

Section 7.03. The date of August 7, 1990 is hereby specified for the purposes of Section 12.04 of the General Conditions.

Section 7.04. The obligations of the Borrower under Articles III, IV and V of this Agreement and the provisions of Section 6.02 of this Agreement shall cease and determine on the date on which the Development Credit Agreement shall terminate or on the date twenty years after the date of this Agreement, whichever shall be the earlier.

#### ARTICLE VIII

##### Representative of the Borrower; Addresses

Section 8.01. Except as provided in Section 2.09 of this Agreement, the Minister of Planning and Coordination of the Borrower is designated as representative of the Borrower for the purposes of Section 11.03 of the General Conditions.

Section 8.02. The following addresses are specified for the purposes of Section 11.01 of the General Conditions:

For the Borrower:

Minister of Planning and Coordination  
Ministerio de Planeamiento y Coordinacion  
Avda. Arce 2147  
La Paz, Bolivia

Cable address: Telex:

MINCORD 3280  
La Paz, Bolivia

For the Association:

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

Cable address: Telex:

INDEVAS 197688 (TRT)  
Washington, D.C. 248423 (RCA)  
64145 (WUI) or  
82987 (FTCC)



With a copy to:

Executive Director  
Fondo de Inversion Social  
Edificio Banco Central  
Piso 12, Casilla 17103  
La Paz, Bolivia

Telex:

3528  
FSETEL BV

IN WITNESS WHEREOF, the parties hereto, acting through their duly authorized representatives, have caused this Agreement to be signed in their respective names in the District of Columbia, United States of America, as of the day, month and year first above written.

REPUBLIC OF BOLIVIA

By /s/ Enrique Garcia Rodriguez

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Shahid Husain

Regional Vice President  
Latin America and the Caribbean

SCHEDULE 1

Withdrawal of the Proceeds of the Credit

1. The table below sets forth the Categories of items to be financed out of the proceeds of the Credit, the allocation of the amounts of the Credit to each Category and the percentage of expenditures for items so to be financed in each Category:

Category	Amount of the Credit Allocated (Expressed in SDR Equivalent)	% of Expenditures to be Financed
(1) Investment Sub-projects for health under Part A.1 of the Project:	)	)
(a) Primary Care	1,860,000)	)
(b) Nutrition	2,190,000)	90% of amounts disbursed by SIF for each Sub- project for which a Subproject Agreement has been signed before December 31, 1991
(c) Basic Sanitation	2,190,000)	)
(2) Investment Sub-projects for education under Part A.1 of the Project:	)	)
(a) Construction of classrooms	4,100,000)	)

	and libraries	)	
		)	
(b)	Equipment, furniture and text distribu- tion	450,000)	90% of amounts disbursed by SIF for each Sub- project for which a Subproject Agreement has been signed before Decem- ber 31, 1991
(c)	Training programs	520,000)	
(3)	IS Subprojects under Part A.2 of the Project	140,000)	
(4)	Institutional Development of SIF:		
(a)	Salaries, Travel, and Training for SIF Staff	1,000,000	100% of expendi- tures made by SIF before December 31, 1993
(b)	Equipment, supplies and vehicles	540,000	100% of foreign expenditures and 80% of local expenditures (ex- factory cost)
(c)	Consultants' services, including travel and subsistence of consul- tants	470,000	100%
(5)	Training under Part C of the Project	130,000	100% of expen- ditures made on or before March 31, 1991
(6)	Unallocated	1,510,000	
	TOTAL	15,100,000	

2. For the purposes of this Schedule:

(a) the term "foreign expenditures" means expenditures in the currency of any country other than that of the Borrower for goods or services supplied from the territory of any country other than that of the Borrower;

(b) the term "local expenditures" means expenditures in the currency of the Borrower or for goods or services supplied from the territory of the Borrower; and

(c) "Salaries, Travel, and Training for SIF Staff" means the salaries, travel and training expenses for SIF managers, excluding its executive director, and fixed term technical staff, in amounts and type of expenditures satisfactory to the Association.

3. Notwithstanding the provisions of paragraph 1 above and unless otherwise agreed by the Association, no withdrawals shall be made in respect of:

(a) payments made for expenditures prior to the date of this Agreement, except that withdrawals, in an aggregate amount not exceeding the equivalent of SDR 1,510,000, may be made on account of payments made for expenditures before that date but after January 1, 1990;

(b) in respect of a Subproject unless the Subproject is in accordance with the provisions set forth or referred to in Schedule 4 to this Agreement;

(c) expenditures for any Subproject of each of the groups of Subprojects identified in paragraphs 1 (a) (iii) and (vi), (b) (iii) and 2 of the Annex to Schedule 2 to the Development Credit Agreement unless: (i) a methodology for selection and appraisal of such types of Subprojects and criteria to be met by a Requesting Entity to be eligible for the carrying out of an IS Subproject or a Special Subproject encompassing the same type of services or activities as an IS Subproject, both acceptable to the Association, have been developed by SIF; and (ii) SIF's Evaluation Manual has been amended to incorporate such methodology and criteria; and

(d) expenditures for Category (5) of the table in paragraph 1 of this Schedule unless: (i) the ESF Contractual Arrangement has been entered into between the Borrower and ESF; (ii) a legal opinion, acceptable to the Association, has been furnished to the Association, concluding that the ESF Contractual Arrangement has been duly authorized or ratified by and is legally binding upon ESF and the Borrower in accordance with its terms; and (iii) the Association shall have approved the course outlines, teaching materials, criteria for selection of agencies and the budgets referred to in Part III.2 of Schedule 6 to the Development Credit Agreement.

## SCHEDULE 2

### Description of the Project

The objectives of the Project are to assist the Borrower in: (a) strengthening the basic and preventive health care and primary education services directed towards the poorest of its population; and (b) strengthening the capabilities of agencies executing infrastructure projects in the identification, appraisal and supervision of such projects.

The Project consists of the following parts, subject to such modifications thereof as the Borrower and the Association may agree upon from time to time to achieve such objectives:

#### Part A: Subprojects

##### 1. Investment Subprojects

Financing and carrying out of Investment Subprojects within Beneficiary Communities.

##### 2. IS Subprojects

Financing and carrying out of IS Subprojects to permit the expansion of the services of the Requesting Entity in question so as to reach unserved Beneficiary Communities.

##### 3. Special SIF Subprojects

Financing and carrying out of Special SIF Subprojects.

#### Part B: Institutional Development of SIF

1. Improvement of SIF's information system and data base intended to enhance SIF's ability to design, target and monitor Subprojects.

2. Provision of technical assistance to SIF to carry out studies related to the development and improvement of SIF's financial management and operational capacity.

#### Part C: ESF Training of Agencies

Carrying out of a training program to selected agencies executing infrastructure projects in the appraisal, evaluation and monitoring of projects in their respective fields.

\* \* \*

The Project is expected to be completed by December 31, 1993.

## ANNEX TO SCHEDULE 2

### Investment Subprojects and IS Subprojects

#### 1. Investment Subprojects

The following are the services and activities to be carried out under Investment Subprojects eligible for financing out of the proceeds of the Credit.

(a) Health

- (i) Day care and child nutrition centers: Construction, repair, or expansion of facilities, provision of equipment and supplies, and financing of selected operating costs (for a maximum of 18 months) of centers: (A) providing day care for children of 6 months to 6 years; or (B) providing meals to children under the age of 14 who must work full time;
- (ii) School meal programs: Provision of equipment and selected operating costs (for a maximum of 18 months) to assist in initiating programs for the distribution of one meal per day to children of pre-school age to 12 years in areas judged to suffer from significant nutritional deficiencies;
- (iii) Nutrition and training and development programs: An integrated program designed to improve the diet of poor rural communities, consisting of installation of basic infrastructure (such as wells or cisterns and simple greenhouse structures of plastic sheeting), provision of simple tools, seeds, and fertilizers, and training for beneficiaries in improving the nutritional quality of their diets.
- (iv) Basic and primary health care: Construction, expansion, or repair of health posts, provision of basic equipment, supplies, and medicines, financing of personnel and other operating costs (for a maximum of 18 months), training for para-medical personnel (nurse's aids, midwives, and health promotion agents), and basic health, nutrition and hygiene education programs for Beneficiary Communities.
- (v) Immunization campaigns: Provision of medicines and supplies, travel expenses, and education and promotion programs for Beneficiary Communities required for the carrying out of immunization campaigns in areas threatened by epidemics of specific diseases and with a high percentage of population in SIF's target group.
- (vi) Water supply and basic sanitation: Installation of basic infrastructure (e.g. wells, distribution pipes or ducts, small-scale sewerage systems or latrines), in marginal urban areas and rural communities, combined with training for communities in the importance, treatment and use of safe potable water and of basic hygiene.

(b) Education

- (i) Construction, expansion, or repair of primary school buildings in economically depressed urban areas or rural areas and/or provision of equipment, furniture, instructional supplies, or textbooks.
- (ii) Repair or expansion of buildings or rooms for use as libraries in Beneficiary Communities, as a complement to ongoing formal or informal educational programs; provision of equipment, furniture, and reading materials; and financing of operating costs (for up to 18 months).
- (iii) Repair or expansion of facilities used for short-term training programs for adults with less than secondary education, provision of tools and supplies, and financing of operating costs (for up to 18 months).

2. IS Subprojects

The following are the services and the activities to be carried out under IS Subprojects eligible for financing out of the proceeds of the Credit:

Construction of new buildings or modification of existing structures, together

with provision of equipment, supplies and financing of initial operating costs (up to 18 months) necessary to permit installation of a base of operations in an unserved Beneficiary Community.

### SCHEDULE 3

#### Procurement and Consultants' Services

##### Section I. Procurement of Goods and Works

###### Part A: International Competitive Bidding

1. Except as provided in Part C hereof, goods and works shall be procured under contracts awarded in accordance with procedures consistent with those set forth in Sections I and II of the "Guidelines for Procurement under IBRD Loans and IDA Credits" published by the Bank in May 1985 (the Guidelines).

2. To the extent practicable, contracts for works and equipment shall be grouped in bid packages estimated to cost the equivalent of \$500,000 or more and \$100,000 or more, respectively.

###### Part B: Preference for Domestic Manufacturers

In the procurement of goods in accordance with the procedures described in Part A.1 hereof, goods manufactured in Bolivia may be granted a margin of preference in accordance with, and subject to, the provisions of paragraphs 2.55 and 2.56 of the Guidelines and paragraphs 1 through 4 of Appendix 2 thereto.

###### Part C: Other Procurement Procedures

###### 1. Local competitive bidding:

Contracts for works estimated to cost less than \$500,000 equivalent and contracts for goods estimated to cost less than \$100,000 equivalent may be procured under contracts awarded on the basis of competitive bidding, advertised locally, in accordance with procedures satisfactory to the Association.

###### 2. Shopping:

Contracts for works estimated to cost less than \$100,000 equivalent, up to an aggregate amount not to exceed \$6,000,000; for goods estimated to cost less than \$20,000 equivalent, up to an aggregate amount not to exceed the equivalent of \$600,000, and contracts for minor computer equipment and related software with aggregate value not to exceed the equivalent of \$150,000, may be awarded on the basis of comparison of price quotations solicited from a list of at least three suppliers eligible under the Guidelines, in accordance with procedures acceptable to the Association.

###### 3. Direct Contracting:

Computer equipment and related software for the expansion of SIF's existing computing system up to an aggregate amount not to exceed the equivalent of \$150,000, may be procured under a single contract awarded through direct contracting, in accordance with procedures satisfactory to the Association.

###### Part D: Review by the Association of Procurement Decisions

###### 1. Review of invitations to bid and of proposed awards and final contracts:

(a) With respect to: (i) each contract for goods and works procured under the provisions of Part A.1 and Part C.1 hereof; (ii) the first four contracts procured under the provisions of Part C.2 hereof; (iii) contracts for Subprojects estimated to cost the equivalent of \$100,000 equivalent or more; (iv) contracts for Subprojects which involve more than one goods or works contract; and (v) contracts for the purchase of computer equipment and related software following the procedures specified in Part C, paragraphs 2 and 3 of this Schedule, the procedures set forth in paragraphs 2 and 4 of Appendix 1 to the Guidelines shall apply. Where payments for any such contract are to be made out of the Special Account, such procedures shall be modified to ensure that the two conformed copies of the contract required to be furnished to the Association pursuant to said paragraph 2 (d) shall be furnished to the Association prior to the making of the first payment out of the Special Account in respect of such contract.

(b) With respect to each contract not governed by the preceding paragraph, the procedures set forth in paragraphs 3 and 4 of Appendix 1 to the Guidelines shall apply. Where payments for such contract are to be made out of the Special Account, such procedures shall be modified to ensure that the two conformed copies of the contract together with the other information required to be furnished to the Association pursuant to said paragraph 3 shall be furnished to the Association as part of the evidence to be furnished pursuant to paragraph 4 of Schedule 5 to this Agreement.

2. The figure of 15% is hereby specified for purposes of paragraph 4 of Appendix 1 to the Guidelines.

## Section II. Employment of Consultants

In order to assist SIF in carrying out Parts A and B of the Project, the Borrower shall employ or cause to be employed consultants whose qualifications, experience and terms and conditions of employment shall be satisfactory to the Association. Such consultants shall be selected in accordance with principles and procedures satisfactory to the Association on the basis of the "Guidelines for the Use of Consultants by World Bank Borrowers and by the World Bank as Executing Agency" published by the Bank in August 1981.

### SCHEDULE 4

#### Implementation Procedures

##### I. SIF Operating Procedures

1. Proposals for Subprojects may be initiated or sponsored by governmental and non-governmental entities, community and other groups. Proposals for Subprojects shall identify the type of Subproject and the Beneficiary Community, describe the works or goods to be financed, describe any goods or works to be provided in kind by the Beneficiary Community, identify the Requesting Entity and its contribution to the financing of the Subproject and, if applicable, propose a Supervising Entity.

2. SIF shall pre-appraise the proposals for Subprojects received in accordance with the Promotion Manual, as the same may be amended from time to time in agreement with the Association.

3. SIF shall appraise Subprojects in accordance with the Evaluation Manual. The Evaluation Manual shall be modified from time to time, on a basis and in a manner acceptable to the Association, so as to introduce guidelines for the evaluation of each group of Subprojects identified in paragraphs 1 (a) (iii) and (vi), (b) (iii), and 2 of the Annex to Schedule 2 to the Development Credit Agreement and criteria for the eligibility of Requesting Entities referred to in paragraph 3 (c) of Schedule 1 to this Agreement.

4. SIF shall estimate the value of each Subproject, including the imputed value of the contribution in kind of the Beneficiary Community, such estimated value to be reasonable and acceptable to the Association, and to cover the costs of all goods and works necessary to achieve the benefits estimated to result from the Subproject.

5. SIF shall approve each Subproject on the basis of the criteria set forth in the Promotion and Evaluation Manuals and shall submit to the Association for review and approval by the Association, prior to entering into the relevant Subproject Agreement for such Subproject:

- (i) each Subproject for which the estimated financing to be provided by SIF is the equivalent of \$250,000 or more;
- (ii) the first ten Investment Subprojects in health and in education, respectively;
- (iii) the first two IS Subprojects;
- (iv) any Subproject to be carried out through the award of two or more contracts; and
- (v) any Subproject including activities or services not included among those specified in the Annex to Schedule 2 to the Development

Credit Agreement or in the Evaluation Manual.

6. The information that shall be provided to the Association with respect to each Subproject shall be acceptable to the Association and shall include at least the information set forth in the Appendix to this Schedule and, including in respect of all Subprojects, a plan for the financing of operating costs related to the Subproject.

7. SIF shall evaluate the eligibility of Requesting Entities for participation in the Project in accordance with criteria satisfactory to the Association.

8. Subprojects shall be carried out pursuant to written agreements between SIF, the Requesting Entity and, where applicable, a contractor or supplier, under terms and conditions satisfactory to the Association which, inter alia, will provide for the following obligations and rights:

- (i) the Requesting Entities' obligation to carry out the Subproject with due diligence and efficiency and in accordance with appropriate technical, financial and managerial practices and to maintain adequate accounts to reflect, in accordance with sound accounting practices, the operations, resources and expenditures in respect of the Subproject;
- (ii) the requirement that: (A) the goods and services to be financed from the proceeds of the Credit shall be procured in accordance with Schedule 3 of this Agreement; and (B) such goods and services shall be used exclusively in the carrying out of the Subproject;
- (iii) SIF's right to inspect, by itself, or jointly with representatives of the Association, if the Association shall so request, such goods and the sites, works, plants and construction included in the Subproject, the operation thereof and any relevant records and documents;
- (iv) SIF's right to obtain all such information as SIF or the Association shall reasonably request regarding the foregoing, the administration, operations and financial condition of the Subproject and the benefits to be derived from the Subproject;
- (v) SIF's right to suspend or terminate the right of the Requesting Entity to use the proceeds of the Credit for the Subproject upon failure by any such Entity to perform any of its respective obligations under its Subproject Agreement with SIF; and
- (vi) the obligation of the Requesting Entity to report on the progress of implementing the Subproject.

9. SIF shall, in respect of any construction or civil works to be carried out under any Subproject, enter into an agreement, under terms and conditions acceptable to the Association, with a supervising entity, acceptable to the Association.

## II. Terms and Conditions of Subprojects

Subprojects shall be financed on the following terms and conditions:

- (i) financing may be provided on a grant or loan basis;
- (ii) financing out of the proceeds of the Credit shall not exceed 90% of the actual disbursements of SIF for each Subproject; and
- (iii) a mobilization advance of 20%, or such higher percentage as the Association shall agree, of the estimated value of the Subproject may be paid upon signing of the Subproject Agreement. Subsequent payments may be made on the basis of a percentage, acceptable to the Association, of works completed or goods procured, and shall be evidenced by written documentation thereof. A retention of 10% of the estimated value of the Subproject may be paid upon completion of the Subproject, as evidenced by a certificate of completion, acceptable to the Association.

1. Key Indicators for Subproject Review by the Association

- A. Basic Subproject Data:  
Subproject Name  
Subproject Code Number  
Subproject Agreement Code Number(s)  
Group (Health or Education)  
Sub-Group  
Type (Infrastructure or Assistance)  
Name and Type of Requesting Entity  
Name of Supervisor  
Requesting Entity and, if applicable, contractor or supplier  
Method of Procurement (for all contracts, if more than one)  
Related Subprojects, if any  
Other Subprojects in same area
- B. Subproject Financing:  
Total Subproject Cost  
Amount Requested from SIF  
Amount Approved by SIF  
Counterpart Amount by Requesting Entity  
Counterpart Source  
Value of Beneficiary Community Contribution  
Source of Beneficiary Community Contribution  
Type of Beneficiary Community Contribution  
Source of SIF Financing (borrower, Credit proceeds, external donor)  
Amount of Mobilization Advance
- C. Poverty Targeting:  
Name of:  
Department  
Province  
Canton  
Locality (Rural) or Neighborhood (Urban)  
Classification (rural/urban)  
Community Poverty Index  
Date of Community Evaluation by SIF
- D. Subproject Evaluation:  
Description of Subproject  
Estimated duration of subproject execution (SIF-financed portion)  
Model Subproject cost (Proyecto Tipo)  
Composition of subproject costs (labor, materials, equipment)  
Internal rate of return, where applicable, as per Evaluation Manual  
Physical Targets (e.g., area to be constructed, number of school lunches, number of desks or textbooks)  
Estimated number of beneficiaries  
Cost per beneficiary  
Evaluator  
Observations

2. Key Indicators for Subprojects Supervision

Amount and Date of Disbursements  
Percentage of physical works completed  
Delays, reason  
Changes in contract amounts and arrangements  
Observations

3. Key Indicators of Subproject Cycle

Date Request received by SIF



Date Request Assigned to Promotion Unit (Dept. of Health  
or Education)  
Priority Assigned by Promotion Unit  
Date of site visit to Beneficiary Community  
Date of Approval (or other disposition)  
Date Sub-project sent to Legal Department for initiation  
of procurement/contracting process  
Outstanding legal requirements to be fulfilled  
Date of contract signature  
Date of initiation of Sub-project execution  
Date of completion  
Current Status  
Previous Status  
Time Elapsed in Each Phase  
Observations

#### SCHEDULE 5

##### Special Account

1. For the purposes of this Schedule:

(a) the term "eligible Categories" means Categories (1) through (5) set forth in the table in paragraph 1 of Schedule 1 to this Agreement;

(b) the term "eligible expenditures" means expenditures in respect of the reasonable cost of goods and services required for the Project and to be financed out of the proceeds of the Credit allocated from time to time to the eligible Categories in accordance with the provisions of Schedule 1 to this Agreement; and

(c) the term "Authorized Allocation" means an amount equivalent to \$2,000,000 to be withdrawn from the Credit Account and deposited into the Special Account pursuant to paragraph 3 (a) of this Schedule.

2. Payments out of the Special Account shall be made exclusively for eligible expenditures in accordance with the provisions of this Schedule.

3. After the Association has received evidence satisfactory to it that the Special Account has been duly opened, withdrawals of the Authorized Allocation and subsequent withdrawals to replenish the Special Account shall be made as follows:

(a) For withdrawals of the Authorized Allocation, the Borrower shall furnish to the Association a request or requests for a deposit or deposits which do not exceed the aggregate amount of the Authorized Allocation. On the basis of such request or requests, the Association shall, on behalf of the Borrower, withdraw from the Credit Account and deposit in the Special Account such amount or amounts as the Borrower shall have requested.

(b) (i) For replenishment of the Special Account, the Borrower shall furnish to the Association requests for deposits into the Special Account at such intervals as the Association shall specify.

(ii) Prior to or at the time of each such request, the Borrower shall furnish to the Association the documents and other evidence required pursuant to paragraph 4 of this Schedule for the payment or payments in respect of which replenishment is requested. On the basis of each such request, the Association shall, on behalf of the Borrower, withdraw from the Credit Account and deposit into the Special Account such amount as the Borrower shall have requested and as shall have been shown by said documents and other evidence to have been paid out of the Special Account for eligible expenditures.

All such deposits shall be withdrawn by the Association from the Credit Account under the respective eligible Categories, and in the respective equivalent amounts, as shall have been justified by said documents and other evidence.

4. For each payment made by the Borrower out of the Special Account, the Borrower shall, at such time as the Association shall reasonably request, furnish to the Association such documents and other evidence showing that such payment was made exclusively for eligible expenditures.

5. Notwithstanding the provisions of paragraph 3 of this Schedule, the Association shall not be required to make further deposits into the Special Account:

(a) if, at any time, the Association shall have determined that all further withdrawals should be made by the Borrower directly from the Credit Account in accordance with the provisions of Article V of the General Conditions and paragraph (a) of Section 2.02 of this Agreement; or

(b) once the total unwithdrawn amount of the Credit allocated to the eligible Categories, less the amount of any outstanding special commitment entered into by the Association pursuant to Section 5.02 of the General Conditions with respect to the Project, shall equal the equivalent of twice the amount of the Authorized Allocation.

Thereafter, withdrawal from the Credit Account of the remaining unwithdrawn amount of the Credit allocated to the eligible Categories shall follow such procedures as the Association shall specify by notice to the Borrower. Such further withdrawals shall be made only after and to the extent that the Association shall have been satisfied that all such amounts remaining on deposit in the Special Account as of the date of such notice will be utilized in making payments for eligible expenditures.

6. (a) If the Association shall have determined at any time that any payment out of the Special Account: (i) was made for an expenditure or in an amount not eligible pursuant to paragraph 2 of this Schedule; or (ii) was not justified by the evidence furnished to the Association, the Borrower shall, promptly upon notice from the Association: (A) provide such additional evidence as the Association may request; or (B) deposit into the Special Account (or, if the Association shall so request, refund to the Association) an amount equal to the amount of such payment or the portion thereof not so eligible or justified. Unless the Association shall otherwise agree, no further deposit by the Association into the Special Account shall be made until the Borrower has provided such evidence or made such deposit or refund, as the case may be.

(b) If the Association shall have determined at any time that any amount outstanding in the Special Account will not be required to cover further payments for eligible expenditures, the Borrower shall, promptly upon notice from the Association, refund to the Association such outstanding amount.

(c) The Borrower may, upon notice to the Association, refund to the Association all or any portion of the funds on deposit in the Special Account.

(d) Refunds to the Association made pursuant to paragraphs 6 (a), (b) and (c) of this Schedule shall be credited to the Credit Account for subsequent withdrawal or for cancellation in accordance with the relevant provisions of this Agreement, including the General Conditions.

#### SCHEDULE 6

##### Implementation Program for Parts A, B and C of the Project

###### Part I:

Actions to be taken by the Borrower and SIF by (date)

###### 1. Review with the Association:

- |  |                       |
|--|-----------------------|
| (a) the progress made by SIF in the implementation of the Project  | March 31 each year    |
| (b) SIF's contribution in the implementation of the Borrower's health and education policies; and any modifications that may be required for the purposes in respect of SIF's role in such sectors | March 31 each year    |
| (c) health and education sector strategies, expenditures and related investment plan for the following year  | November 30 each year |

- (d) actions taken by the Borrower to provide financing for operating expenditures for projects within the education and health sector for which the Borrower is responsible November 30 each year

Part II:

- | Actions to be taken by SIF   | by (date)               |
|--|-------------------------|
| 1. Furnish to the Association terms of reference, acceptable to the Association, for the following studies:  |                         |
| (a) poverty and demography   | September 30, 1990      |
| (b) institutional evaluation of SIF  | July 31, 1990           |
| (c) Subproject evaluation and supervision methodology  | July 31, 1990           |
| (d) annual monitoring  | December 31 each year   |
| 2. Furnish to the Association revisions to the Evaluation Manual, acceptable to the Association, which shall include, inter alia, evaluation guidelines for the Subprojects specified in paragraph 1 (a) (iii) and (vi), (b) (iii) and 2 of the Annex to Schedule 2 to the Development Credit Agreement and eligibility for Requesting Entities which would carry out Subprojects covering services and activities described in said paragraph 2 | September 30, 1990      |
| 3. Without limitation to any other monitoring and reporting requirements set forth, or referred to, in the General Conditions or the Development Credit Agreement:   |                         |
| (a) Define methodology for baseline indicators and submit to the Association draft terms of reference for baseline survey of Beneficiary Communities   | July 31, 1990           |
| (b) Finalize arrangements for the establishment of baseline indicators and subsequent impact surveys of Beneficiary Communities  | September 30, 1990      |
| (c) Submit to the Association annual reports on the progress made by SIF in its monitoring program   | October 31 of each year |
| (d) Submit to the Association a report on the first impact survey of Beneficiary Communities   | March 31, 1993          |

- (e) Furnish to the Association the following reports:
- |   |  |
|---|--|
| (A) summaries of all Sub-projects approved by SIF, source of financing, status of processing or execution, and key monitoring indicators; | the 15th day of each month   |
| (B) quarterly progress reports reviewing sources and uses of funds, and highlighting problems identified by SIF;                          | Every July 1, October 1, January 1, and April 1, beginning July 1, 1990. |
| (C) quarterly review of procurement under Subprojects;  | Every July 1, October 1, January 1, and April 1, beginning July 1, 1990  |
| (D) reports presenting the results of the annual reviews specified in Part I, item 1 above; and   | 1 month after the review   |
| (E) a final report on implementation experience and the outcome of the first three years of the SIF Program.                              | June 30, 1993  |

4. Furnish to the Association:

- |   |                         |
|---|-------------------------|
| (a) yearly budget as agreed with corresponding ministries (including Finance, and Planning and Coordination, where applicable); and   | November 30 each year   |
| (b) SIF's programming of Sub-projects to be committed during the following twelve months taking into account the budget referred to above and the progress made in obtaining Additional Funding | January 31 of each year |

Part III

Actions to be taken by the Borrower and ESF by (date)

1. The Borrower and ESF shall:

Close down ESF's operations according to the following timetable:

- |  |                    |
|--|--------------------|
| (a) Terminate disbursements under ESF subprojects                | March 31, 1991     |
| (b) Transfer all physical assets of ESF to SIF                   | June 30, 1991      |
| (c) Complete legal process for termination or liquidation of ESF | September 30, 1991 |

2. ESF shall:

- (a) (i) Furnish to the Association final course outlines, acceptable to the Association for each training seminar, together with complete detailed budgets thereof; and (ii) thereafter carry out each training seminar following the course outlines and budgets referred to above. Before commencing implementation of a training program
  - (b) (i) Furnish to the Association:
    - (A) the list of teaching materials needed for the training program to be carried out by ESF; and
    - (B) the selection criteria for the agencies to be selected as beneficiaries of such training; and(ii) Thereafter, carry out the training program utilizing the materials and following the criteria referred to above. Before commencing implementation of a training program
  - (c) Begin the training program under Part C of the Project July 1, 1990
  - (d) Finalize such training program March 31, 1991
- 