

CONFORMED COPY

CREDIT NUMBER 4247-BO

Financing Agreement

(Urban Infrastructure Project)

between

REPUBLIC OF BOLIVIA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated March 14, 2007

CREDIT NUMBER 4247-BO

FINANCING AGREEMENT

AGREEMENT dated March 14, 2007, between the REPUBLIC OF BOLIVIA (the "Recipient") and the INTERNATIONAL DEVELOPMENT ASSOCIATION (the "Association"). The Recipient and the Association hereby agree as follows:

ARTICLE I – GENERAL CONDITIONS; DEFINITIONS

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

ARTICLE II —FINANCING

- 2.01. The Association agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a credit in an amount equivalent to twenty million five hundred thousand Special Drawing Rights (SDR 20,500,000) (the "Credit") to assist in financing the project described in Schedule 1 to this Agreement (the "Project").
- 2.02. The Recipient may withdraw the proceeds of the Financing in accordance with Section IV of Schedule 2 to this Agreement.
- 2.03. The Maximum Commitment Charge Rate payable by the Recipient on the Unwithdrawn Financing Balance shall be one-half of one percent (1/2 of 1%) per annum.
- 2.04. The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.
- 2.05. The Payment Dates are February 15 and August 15 in each year.
- 2.06. The principal amount of the Credit shall be repaid in accordance with repayment schedule set forth in Schedule 3 to this Agreement.

- 2.07. The Payment Currency is Dollars.

ARTICLE III —PROJECT

- 3.01. The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall cause, in each case in accordance with the provisions of Article IV of the General Conditions: (a) La Paz to carry out Part A of the Project; (b) El Alto to carry out Part B of the Project through the El Alto Unit; and (c) SAGUAPAC to carry out Part C of the Project.
- 3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Recipient and the Association shall otherwise agree, the Recipient shall ensure that the Project is carried out in accordance with the provisions of Schedules 2 and 4 to this Agreement.

ARTICLE IV — REMEDIES OF THE ASSOCIATION

- 4.01. The Additional Events of Suspension consist of the following:
- (a) Any Project Implementing Entity shall have failed, in the opinion of the Association, to perform any of its obligations under its respective Subsidiary Agreement.
 - (b) Any Project Implementing Entity's Legislation has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of such Project Implementing Entity to perform any of its obligations under its respective Subsidiary Agreement.
 - (c) The SAGUAPAC Concession Legislation has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of SAGUAPAC to perform any of its obligations under its respective Subsidiary Agreement.
 - (d) The Procurement Law has been amended, suspended, abrogated, repealed or waived so as to render its Article 10 ineffective, in the opinion of the Association, and no provision analogous to such Article 10 has been adopted to replace said provision.
 - (e) Any Subsidiary Agreement or any of its provisions have been amended, suspended, abrogated, terminated or waived so as to affect materially and adversely, in the opinion of the Association, the ability of the corresponding Project Implementing Entity to perform its obligations as contemplated under the provisions of this Agreement.

- 4.02. The Additional Events of Acceleration consist of the following:
- (a) Any event specified in paragraphs (a) through (d) of Section 4.01 of this Agreement occurs.
 - (b) The event in paragraph (e) of Section 4.01 of this Agreement occurs and is continuing for a period of 60 days after notice of the event has been given by the Association to the Recipient.

ARTICLE V – EFFECTIVENESS; TERMINATION

- 5.01. The Additional Conditions of Effectiveness consist of the following:
- (a) Each Subsidiary Agreement has been executed on behalf of the Recipient and the respective Project Implementing Entity.
 - (b) The Operational Manual has been approved by the Association and adopted by the Recipient and each Project Implementing Entity.
- 5.02. The Additional Legal Matter consists of the following: namely that each Subsidiary Agreement has been duly authorized or ratified by the Recipient and the respective Project Implementing Entity and is legally binding upon the Recipient and the respective Project Implementing Entity in accordance with its terms, including, *inter alia*, the provisions of such Subsidiary Agreement: (a) incorporated in part or as a whole by reference to this Agreement or the General Conditions; (b) relating to procurement, including those related to a Procurement Audit; (c) providing that this Agreement should prevail in the case of any conflict between a Subsidiary Agreement and this Agreement; and (d) requiring that specific matters be satisfactory to the Association or submitted for the approval of the Association.
- 5.03. Without prejudice to the provisions of the General Conditions, the Effectiveness Deadline is the date ninety (90) days after the date of this Agreement, but in no case later than the eighteen (18) months after the Association’s approval of the Credit which expire on May 21, 2008.

ARTICLE VI – REPRESENTATIVE; ADDRESSES

- 6.01. The Recipient’s Representative is the Minister of Planning and Development.

6.02. The Recipient's Address is:

Ministerio de Planificación del Desarrollo
Viceministerio de Inversión Pública y Financiamiento Externo (VIPFE)
Palacio de Comunicaciones, Piso 11
La Paz, Bolivia

Facsimile:

011-591-2-231-7408 (with a copy to: 011-591-2-239-2891)

6.03. The Association's Address is:

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

Cable:

Telex:

Facsimile:

INDEVAS
Washington, D.C.

248423 (MCI) or
64145 (MCI)

1-202-477-6391

AGREED at the District of Columbia, United States of America, as of the day and year first above written.

REPUBLIC OF BOLIVIA

By /s/ Mario Gustavo Guzmán Saldaña
Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Marcelo Giugale
Authorized Representative

SCHEDULE 1

Project Description

The objectives of the Project are the following: (a) to achieve sustainable improvements in the urban infrastructure and living standards in the poorest neighborhoods of La Paz through comprehensive urban upgrading and neighborhood participation in project implementation; (b) to enhance mobility in the city of El Alto, removing infrastructure bottlenecks and introducing measures to modernize public transport services and urban transport management; and (c) to expand sewerage coverage in poor areas of Santa Cruz.

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

Part A: Urban Upgrading in La Paz

1. Preparation and completion of Part A of the Project through:
 - (a) design of the proposed BdV Subprojects;
 - (b) carrying out of studies and assessments that identify, evaluate and examine the nature, scale and potential environmental, social, cultural, and economic risks and impacts of Part A of the Project;
 - (c) design of a communication strategy for Part A of the Project that ensures the commitment and active participation of all of the stakeholders that would benefit or be affected by Part A of the Project; and
 - (d) provision of equipment to the Barrios de Verdad Unit for use in preparing Part A of the Project consisting of the vehicles, audiovisual equipment for training, and topography instruments described in the respective Procurement Plan for La Paz.

2. Strengthening and development of the communities residing in the BdV Neighborhoods, including, *inter alia*, through the following:
 - (a) carrying out consultations, training and workshops for residents in each BdV Neighborhood in connection with the implementation of their proposed BdV Subproject, including, *inter alia*, the key operations of selection of the investments for their proposed BdV Subproject, and maintenance and operation of the investments made under their proposed BdV Subproject;

- (b) provision of legal services to assist residents in those communities with the documentation for the registration of their title to the real property where their residential dwelling is located in the corresponding registry and related procedures; and
 - (c) design of contingency plans for each BdV Neighborhood responding to natural disasters affecting these communities, including, *inter alia*, flooding.
3. Carrying out BdV Subprojects consisting of one or more of the following investments (excluding any Water or Sanitation Connections):
- (a) construction of works providing residents of the BdV Neighborhood with basic pedestrian and motorized access and access to public transportation, including, *inter alia*, low-cost road paving, sidewalks, neighborhood access stairs, and public transport stops;
 - (b) installation of street lighting for the BdV Neighborhood;
 - (c) construction of new drainage networks or improvements to existing drainage infrastructure, including, *inter alia*, the construction of new street drains;
 - (d) construction of retaining walls and other small risk mitigation works that prevent or mitigate flood and erosion damage;
 - (e) installation of sanitation facilities in residential dwellings;
 - (f) creation of urban parks and reforested areas;
 - (g) construction of solid waste collection transfer points; and
 - (h) construction of new community centers, childcare facilities, and sports and recreation facilities or improvements to existing such centers and facilities.
4. Provision of technical assistance to the Barrios de Verdad Unit for the management, supervision and auditing of Parts A.2 and A.3 of the Project.

Part B: Urban Transport in El Alto

1. Carrying out the following infrastructure investments in trunk roads and associated drainage works in order to complete the construction of El Alto's second ring road:

- (a) construction of the following: (i) a trunk road that is approximately 3.7 km long (*Avenida Litoral*); (ii) a trunk road that is approximately 0.76 km long (*Avenida Costanera*); and (iii) a two-lane bridge over the Río Seco at the intersection of the *Avenida Litoral* and the *Avenida Costanera*; and
 - (b) construction of ancillary works related to the investments in paragraph (a) above, including *inter alia*: (i) a concrete drainage canal that is approximately 1.2 km running parallel to the *Avenida Costanera*; (ii) road drainage systems; and (iii) street lighting.
2. Carrying out the following public transportation investments to be selected in accordance with the procedures described in the El Alto Section of the Operational Manual:
 - (a) paving of selected dirt and gravel streets in El Alto that currently carry high volumes of public transport vehicles; and
 - (b) construction of strategically located bikeways and improvements to sidewalks in areas identified in the non-motorized transport strategy and feasibility study to be completed under Part B.5 of the Project.
3. Strengthening the institutional capacity of El Alto for urban development and transport management through the following investments:
 - (a) provision of technical assistance and training to staff of the OMOMA, including, *inter alia*, in areas such as planning, budget execution, project evaluation, design and supervision of works, maintenance of assets, environmental management, traffic engineering, and the monitoring and administration of public transportation services; and
 - (b) provision of technical assistance to complete the re-engineering of the internal administrative procedures and urban transport regulations of El Alto.
4. Provision of technical assistance to El Alto to support the preparation of a public transport modernization strategy for El Alto that establishes the institutional, regulatory, social and technical bases for the implementation of a high-capacity, bus rapid transit system in the metropolitan area of La Paz and El Alto.
5. Provision of technical assistance to El Alto to support the design and implementation of the following: (a) a traffic safety and citizen's education strategy; (b) traffic management standards, including, *inter alia*, the use of traffic signals; (c) priority traffic engineering measures; and (d) the non-motorized transport strategy.

6. Provision of technical assistance and training to staff of the El Alto Unit, including, *inter alia*, through the contracting of consultants, satisfactory to the Association, to perform the following functions for the El Alto Unit: project director, civil engineer, administrative officer, traffic engineer, and other support functions.
7. Provision of technical assistance and equipment to the OMOMA and the El Alto Unit for use in implementing, managing and supervising Part B of the Project.

Part C: Sanitation in Santa Cruz

1. Carrying out the following sewerage and wastewater treatment investments in Santa Cruz:
 - (a) construction of secondary sewerage networks in the following neighborhoods of Santa Cruz (collectively, the “Santa Cruz Neighborhoods”): UV-106(P), UV-114, UV-115, UV-118(A), UV-119, and UV-140;
 - (b) construction of main collectors and a sewage pumping station as part of the sewerage system serving in the Santa Cruz Neighborhoods;
 - (c) construction of a system of interceptors connecting each of the Santa Cruz Neighborhoods to the existing main conveyance systems in order to transport the wastewater to the existing wastewater treatment plants; and
 - (d) infrastructure improvements that increase the processing capacity of the two existing wastewater treatment plants of Santa Cruz by at least 15% in order to address future increases in wastewater flow.
2. Provision of technical assistance to SAGUAPAC to carry out studies and assessments that evaluate and examine the nature, scale and potential environmental, social, cultural, and economic risks and impacts of the investments described in Part C.1 of the Project.
3. Provision of technical assistance and training to staff of SAGUAPAC in various technical matters related to sewerage and wastewater treatment.

SCHEDULE 2

Project Execution

Section I. Subsidiary Agreements; Institutional and Other Arrangements

A. Subsidiary Agreements.

1. To facilitate the carrying out of the Project, the Recipient shall enter into a subsidiary agreement with each of La Paz, El Alto and SAGUAPAC, under terms and conditions approved by the Association (each, a "Subsidiary Agreement").
2. The Recipient shall create all of the necessary conditions for each Project Implementing Entity to comply with its obligations under the Subsidiary Agreement.
3. The Recipient shall exercise its rights under each Subsidiary Agreement in such a manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Financing. Except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate, waive or fail to enforce any Subsidiary Agreement or any of its provisions.
4. In the case of a conflict between the provisions of any Subsidiary Agreement and the provisions of this Agreement, the Recipient will ensure that the provisions of this Agreement will prevail.

B. Institutional and Other Arrangements; Operational Manual.

1. The Recipient shall transfer to each Project Implementing Entity, through the respective Subsidiary Agreement, the part of the proceeds of the Financing corresponding to such Project Implementing Entity's Respective Part of the Project as specified in this Agreement.
2. The Recipient shall cause each Project Implementing Entity to carry out its Respective Part of the Project in accordance with the provisions of:
 - (a) this Agreement, including, *inter alia*, the provisions in this Schedule 2 and in Schedule 4 to this Agreement;
 - (b) its respective Subsidiary Agreement with the Recipient;
 - (c) the Operational Manual, Environmental Guides and the recommendations of the Environmental Studies related to its Respective Part of the Project; and
 - (d) the Resettlement Framework.

3. Without limitation to the provisions of Section 4.01 of the General Conditions, the Recipient shall carry out or cause the carrying out of the Project in accordance with the provisions of a manual, in form and substance satisfactory to the Association (the "Operational Manual"), that shall: (i) incorporate the La Paz Section, the El Alto Section and the SAGUAPAC Section, in their entirety, including any annexes, attachments and schedules; (ii) the Environmental Guides; (iii) the Resettlement Framework; and (iv) contain the policies and procedures for the Recipient's coordination and supervision of the Project, including, *inter alia*:
 - (a) the detailed procedures for coordinating the implementation, monitoring and evaluation of all Parts of the Project, including, *inter alia*, the procedures for: (i) coordinating requests for amendments, waivers, and other communications between each Project Implementing Entity, the Recipient and the Association, including requests for the reallocation or cancellation of proceeds of the Financing; and (ii) compiling and consolidating the project reports, financial statements and other information prepared by each Project Implementing Entity for delivery to the Association;
 - (b) the procurement and financial management requirements and procedures for the Project, including, *inter alia*, the structure and procedures for the flow of all proceeds of the Financing including the transfer of proceeds from the Recipient to each Project Implementing Entity; and
 - (c) the functions, responsibilities, structure and key staff of the Recipient that will be responsible for the coordinating the implementation, monitoring and evaluation of the Project.
4. Except as the Association shall otherwise agree, the Recipient shall not amend, abrogate, waive or fail to enforce the Operational Manual, the Environmental Guides, the Resettlement Framework, or any provisions thereof. In case of any conflict between the terms of this Agreement and those of the Operational Manual or a Subsidiary Agreement, the terms of this Agreement shall prevail.

Section II. Project Monitoring, Reporting, and Evaluation

A. Project Reports.

The Recipient shall monitor and evaluate the progress of the Project and prepare or cause to be prepared Project Reports in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of the Indicators. 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. The Recipient shall review the most recent Project Report with the Association during the Association's

semi-annual meetings with Recipient, or on such later dates as the Association may request.

B. Financial Management, Financial Reports and Audits.

1. The Recipient shall maintain (or cause to be maintained) financial management systems in accordance with the provisions of Section 4.09 of the General Conditions.
2. The Recipient shall prepare (or cause to be prepared) and furnish to the Association not later than one month after the end of each calendar quarter, interim un-audited financial reports for each Part of the Project covering the quarter, in form and substance satisfactory to the Association.
3. The Recipient shall have (or cause to have) the Financial Statements audited in accordance with the provisions of Section 4.09(b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one fiscal year of the Recipient, commencing with the fiscal year in which the first withdrawal under the Project Preparation Advance was made. The audited Financial Statements for each such period shall be furnished to the Association not later than six months after the end of such period.

Section III. Procurement

A. General.

1. **Goods and Works.** All goods and works required for the Project shall be procured in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, the provisions of this Schedule (including, *inter alia*, Section I of Annex A to this Schedule) and the Approved Bidding Documents.
2. **Consultants' Services.** All consultants' services required for the Project shall be procured in accordance with the requirements set forth or referred to in Sections I and IV of the Consultant Guidelines and the provisions of this Schedule (including, *inter alia*, Section II of Annex A to this Schedule).
3. **Definitions.** The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Association of particular contracts, refer to the corresponding method described in the Procurement Guidelines, or Consultant Guidelines, as the case may be.
4. **Stipulation of Procedures under the Procurement Law.** For purposes of Article 10 of the Procurement Law, the Procurement Guidelines, the Consultant Guidelines, and the provisions of this Schedule and the Approved Bidding

Documents all collectively constitute the stipulated procedures for the procurement of goods and services financed under this Agreement.

B. Particular Methods of Procurement of Goods and Works

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods and works shall be procured under contracts awarded on the basis of International Competitive Bidding.
2. **Other Methods of Procurement of Goods and Works.** The following table specifies the methods of procurement, other than International Competitive Bidding, which may be used for goods and works. The Procurement Plan shall specify the circumstances under which such methods may be used:

<u>Procurement Method</u>
(a) National Competitive Bidding, subject to the additional provisions set forth in Section I of Annex A to this Schedule 2.
(b) Shopping

C. Particular Methods of Procurement of Consultants’ Services

1. **Quality- and Cost-based Selection.** Except as otherwise provided in paragraph 2 below, consultants’ services shall be procured under contracts awarded on the basis of Quality and Cost-based Selection and in accordance with the provisions set forth in Section II of Annex A to this Schedule 2.
2. **Other Methods of Procurement of Consultants’ Services.** The following table specifies methods of procurement, other than Quality and Cost-based Selection, which may be used for consultants’ services. The Procurement Plan shall specify the circumstances under which such methods may be used. Procurement of consultants’ services under any such method shall be in accordance with the provisions set forth in Section II of Annex A to this Schedule 2.

<u>Procurement Method</u>
(a) Quality-based Selection
(b) Selection under a Fixed Budget
(c) Least Cost Selection

(d)	Selection Based on Consultant's Qualifications
(e)	Single Source Selection
(f)	Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants
(g)	Sole Source Procedures for the Selection of Individual Consultants

D. Review by the Association of Procurement Decisions

1. Procurement Planning.

- (a) Beginning on November 30, 2006 and continuing for each year thereafter during the implementation of the Project, the Recipient shall cause each Project Implementing Entity to furnish to the Association for its review and approval an updated version of its respective Procurement Plan that includes, *inter alia*, contract cost estimates, contract packaging, and applicable selection criteria and procedures) prior to the issuance to bidders or consultants of any requests for proposals under such updated version of its respective Procurement Plan and in no event later than November 30 of each such year, in accordance with the provisions of paragraph 1 of Appendix 1 of both the Procurement Guidelines and the Consultant Guidelines. Procurement of all works goods and services other than consultant services and selection of all consultants' services shall be undertaken by each Project Implementing Entity in accordance with its respective Procurement Plan.
- (b) The Procurement Plan shall set forth those contracts which shall be subject to the Association's Prior Review. All other contracts shall be subject to Post Review by the Association.

2. Annual Procurement Audits. The Recipient shall cause each Project Implementing Entity:

- (a) not later than November 30 of each year during the implementation of the Project, beginning on November 30, 2007 and continuing for each year thereafter during the implementation of the Project, to contract independent auditors of experience and qualifications satisfactory to the Association operating under terms of reference satisfactory to the Association to perform a procurement audit of all the procurement records and documentation for the Project Implementing Entity's

Respective Part of the Project relating to the previous fiscal year of implementation of the Project in accordance with procurement auditing principles acceptable to the Association (“Procurement Audit”);

- (b) not later than April 30 of each year during the implementation of the Project, beginning on April 30, 2008 and continuing for each year thereafter during the implementation of the Project, to furnish to the Association the report, in form and substance satisfactory to the Association, on the Procurement Audit completed for the prior fiscal year;
- (c) at all times during the implementation of the Project, to furnish to the Association and to the auditors performing a Procurement Audit such other information concerning the procurement records and documentation for the Project Implementing Entity’s Respective Part of the Project as the Association or the auditors may from time to time reasonably request; and
- (d) not later than May 30 of each year during the implementation of the Project, beginning on May 30, 2008 and continuing for each year thereafter during the implementation of the Project, to exchange views with the Association on the results of the Procurement Audit completed for the prior fiscal year and thereafter implement such recommended measures, taking into account the Association’s views on the matter.

Section IV. Withdrawal of the Proceeds of the Financing

A. General.

1. The Recipient may withdraw the proceeds of the Financing in accordance with the provisions of: (a) Article II of the General Conditions; (b) this Section; and (c) such additional instructions as the Association may specify by notice to the Recipient (including the “World Bank Disbursement Guidelines for Projects” dated May 2006, as revised from time to time by the Association and as made applicable to this Agreement pursuant to such instructions), to: (i) repay the Project Preparation Advance in accordance with Section 2.07 of the General Conditions; and (ii) finance other Eligible Expenditures as set forth in the table in paragraph 2 below.
2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Financing (“Category”), the allocations of the amounts of the Financing to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

<u>Category</u>	<u>Amount of the Financing Allocated (Expressed in SDR)</u>	<u>Percentage of Expenditures to be Financed</u>
(1) Goods, works, consultants' services and Training under Part A of the Project	6,500,000	100%
(2) Goods, works, consultants' services and Training under Part B of the Project	6,500,000	100%
(3) Goods, works, consultants' services and Training under Part C of the Project	6,800,000	100%
(4) Refund of Project Preparation Advance	600,000	Amount payable pursuant to Section 2.07 of the General Conditions
(5) Unallocated	100,000	
TOTAL AMOUNT	20,500,000	

3. For purposes of the table in paragraph 2 above, the term "Training" means reasonable expenditures (other than those for consultants' services) incurred by a Project Implementing Entity for the purposes of the Project and directly related to the activities described in its Respective Part of the Project, including, *inter alia*, costs related to workshops, seminars, conferences, study tours, training registration fees, equipment, facility rentals, and local and foreign travel costs and *per diems* for civil service officials or employees of the respective Project Implementing Entity.

B. Withdrawal Conditions; Withdrawal Period.

1. Notwithstanding the provisions of Part A of this Section no withdrawal shall be made:
- (a) for payments made prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed SDR 1,360,000 may be made for payments made by La Paz or the Barrios de Verdad

Unit prior to this date but on or after September 7, 2006, for Eligible Expenditures related to works under Category (1);

- (b) for payments made prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed SDR 1,360,000 may be made for payments made by El Alto prior to this date but on or after September 7, 2006, for Eligible Expenditures related to works under Category (2); and
- (c) for payments made prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed SDR 1,360,000 may be made for payments made by SAGUAPAC prior to this date but on or after: (i) March 14, 2006, for Eligible Expenditures related to consultants' services under Category (3); and (ii) September 7, 2006, for Eligible Expenditures related to goods and works under Category (3).

2. The Closing Date is November 30, 2010.

Section V. Other Undertakings

Notwithstanding the provisions of Section IV of this Schedule, the Recipient shall not directly or indirectly use, or permit any Project Implementing Entity to use, the proceeds from the Financing for the payment of expenditures related to Water or Sanitation Connections in La Paz or El Alto.

Annex A
to
SCHEDULE 2

**Additional Provisions Relating to
Particular Methods of Procurement**

Section I. Goods and Works

Without limitation upon the provisions of Schedule 2 to this Agreement or the Procurement Guidelines, the following additional provisions shall apply to all goods and works procured for the Project (pursuant to Section III.A.1 of Schedule 2 to this Agreement) under contracts awarded on the basis of National Competitive Bidding (“NCB Contracts”):

1. The Recipient shall submit (or cause to be submitted) all forms and models of requests for quotations and bidding documents that the Recipient or any Project Implementing Entity proposes to use for the procurement of goods and works under NCB Contracts (the “Standard Bidding Documents”) to the Association for its approval before the Recipient issues its first invitation for bids for any of the NCB Contracts for the Project. Except as the Association shall otherwise agree, neither the Recipient nor any Project Implementing Entity shall amend, revise or otherwise modify or change the Standard Bidding Documents that have been approved by the Association in accordance with the foregoing sentence (the “Approved Bidding Documents”).

2. Each bid shall be evaluated and the corresponding contract awarded to the responsive bidder: (a) who meets the appropriate technical and financial standards or capabilities; and (b) whose bid has been determined to be the lowest evaluated bid. Such determination shall be made exclusively on the basis of the specifications, conditions and evaluation criteria stipulated in the Approved Bidding Documents. If the bid evaluation will consider any factor other than the amount or amounts of each bid, the Approved Bidding Documents will precisely stipulate and describe each such factor, including, *inter alia*, the manner in which such factor will be quantified and given a relative weight for purposes of determining the lowest evaluated bid. 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 2.52 of the Procurement 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. For purposes of bid evaluation and comparison, the only bid amount or amounts to be used as a factor shall be the bid amount or amounts as quoted in the corresponding bid, as such bid may be corrected by the Recipient for arithmetic errors.

3. Foreign bidders shall be allowed to participate and shall not, as a condition for participating in the bidding process, be required to:
 - (a) be registered in the Recipient's territory;
 - (b) have a representative in the Recipient's territory;
 - (c) enter into a joint venture agreement with local bidders; or
 - (d) legalize their bids or any documentation related to such bids with an embassy or consulate of the Recipient, the Recipient's Ministry of Foreign Affairs, or any other governmental authority or representative of the Recipient, as a pre-condition to participating in the bidding process.
4. No reference value shall be required for publication in the bidding documents and call for bids.
5. Any standards and technical specifications (quoted in the bidding documents) which are at least substantially equivalent to the standards and technical specifications of the Recipient or the applicable Project Implementing Entity shall be acceptable.
6. No minimum number of responsive proposals shall be required prior to awarding a contract for goods or works.
7. No margin of preference shall be granted for any particular category of bidders.
8. The Recipient shall open, or cause the opening of, all bids at the stipulated time and place in accordance with a procedure satisfactory to the Association.
9. No other procurement rules or regulations of the Recipient or any Project Implementing Entity shall apply without the prior review and approval of the Association.

Section II. Selection of Consultant Services

Without limitation upon the provisions of Schedule 2 to this Agreement or the Consultant Guidelines, the following additional provisions shall apply to all consultants' services procured for the Project (pursuant to Section III.A.2 of Schedule 2 to this Agreement):

1. Foreign consultants will be allowed to participate and will not, as a condition for participating in the selection process, be required to:
 - (a) be registered in the Recipient's territory;
 - (b) have a representative in the Recipient's territory;

- (c) enter into a joint venture agreement with local consultants, unless the conditions stated in paragraph 1.12 of the Consultant Guidelines are met; or
 - (d) legalize their proposals or any documentation related to such proposals with an embassy or consulate of the Recipient, the Recipient's Ministry of Foreign Affairs, or any other governmental authority or representative of the Recipient, as a pre-condition to participating in the selection process.
2. No minimum number of responsive proposals shall be required prior to awarding a contract for consulting services.

SCHEDULE 3**Repayment Schedule**

Date Payment Due	Principal Amount of the Credit repayable (expressed as a percentage)*
On each February 15 and August 15:	
commencing February 15, 2017 to and including August 15, 2026	1.25%
commencing February 15, 2027 to and including August 15, 2041	2.5%

*The percentages represent the percentage of the principal amount of the Credit to be repaid, except as the Association may otherwise specify pursuant to Section 3.03 (b) of the General Conditions.

SCHEDULE 4**Additional Provisions Relating to Project Execution****Section I. Provisions Applicable to Each Project Implementing Entity**

Without limitation upon the provisions of Schedule 2 to this Agreement, the General Conditions or the other provisions of this Schedule 4, the Recipient shall cause each Project Implementing Entity to carry out its Respective Part of the Project in accordance with the following provisions:

A. Project Monitoring and Evaluation.

1. The Project Implementing Entity shall maintain or cause to be maintained policies and procedures adequate to enable it to monitor and evaluate on an ongoing basis, in accordance with the Indicators, the progress of its Respective Part of the Project and the achievement of its objectives.
2. The Project Implementing Entity shall monitor and evaluate the progress of its Respective Part of the Project and prepare Project Reports for its Respective Part of the Project in accordance with the provisions of Section 4.08(b) of the General Conditions and on the basis of the Indicators for its Respective Part of the Project. Each such Project Report shall cover the period of one calendar semester, and shall be furnished to the Recipient not later than four weeks after the end of the period covered by such report for incorporation and forwarding by the Recipient to the Association of the overall Project Report.
3. The Project Implementing Entity shall provide to the Recipient not later than four months after the Closing Date, for incorporation in the report referred to in Section 4.08(c) of the General Conditions all such information as the Recipient or the Association shall reasonably request for the purposes of such Section.
4. The Project Implementing Entity shall review the most recent Project Report with the Association during the Association's semi-annual meetings with the Project Implementing Entity, or on such later dates as the Association may request.
5. The Project Implementing Entity shall enable the Association's representatives: (i) to visit any facilities and construction sites included in its Respective Part of the Project; and (ii) to examine the goods financed out of the proceeds of the Financing for its Respective Part of the Project, and any plants, installations, sites, works, buildings, property, equipment, records and documents relevant to the performance of their obligations under this Agreement or the respective Subsidiary Agreement.

B. Financial Management, Financial Reports; Audits.

1. The Project Implementing Entity shall maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Association, both in a manner adequate to reflect the operations, resources and expenditures related to its Respective Part of the Project.
2. The Project Implementing Entity shall prepare and furnish to the Association not later than one month after the end of each calendar quarter, interim un-audited financial reports for its Respective Part of the Project covering the quarter, in form and substance satisfactory to the Association.
3. The Project Implementing Entity shall have the financial statements referred to in paragraph 1 of this Section I.B audited by independent auditors acceptable to the Association, in accordance with consistently applied auditing standards acceptable to the Association. Each audit of these financial statements shall cover the period of one fiscal year of the Project Implementing Entity, commencing with the earlier of: (a) the fiscal year in which the first withdrawal under the Project Preparation Advance was made; and (b) the fiscal year in which the first withdrawal under this Agreement was made. The audited financial statements for each period, including the management letter, shall be furnished to the Association not later than six months after the end of the period.

Section II. Provisions Applicable Specifically to La Paz

Without limitation upon the provisions of Schedule 2 to this Agreement, the General Conditions or the other provisions of this Schedule 4, the Recipient shall cause La Paz to carry out its Respective Part of the Project in accordance with the following provisions:

1. La Paz shall carry out its Respective Part of the Project in accordance with the provisions of:
 - (a) this Agreement, including, *inter alia*, the General Conditions, the Consultant Guidelines and the Procurement Guidelines;
 - (b) its respective Subsidiary Agreement;
 - (c) the La Paz Environmental Guide and the recommendations of the La Paz Environmental Study; and
 - (d) the Resettlement Framework.
2. La Paz shall carry out its Respective Part of the Project in accordance with the provisions of the Operational Manual, including, *inter alia*, the section of the Operational Manual to be prepared by La Paz, in form and substance satisfactory

to the Association, that shall contain the policies and procedures for the carrying out, monitoring and evaluation of its Respective Part of the Project (the “La Paz Section”), including, *inter alia*:

- (a) the detailed criteria and procedures for selecting of the BdV Neighborhoods and the BdV Subprojects, carrying out of the BdV Subprojects, transferring the works completed under the BdV Subprojects to the respective BdV Neighborhood, and fostering the participation of the BdV Neighborhoods throughout the process of preparing, prioritizing and carrying out the BdV Subprojects, including, *inter alia*:
 - (i) the steps of the process for selecting the BdV Neighborhoods that will participate in the Part A of the Project as part of the Barrios de Verdad Program;
 - (ii) the timing for preparing, negotiating and signing the BdV Documents; and
 - (iii) the preparation of an implementation and contingency plan for each BdV Subproject with the participation of the respective BdV Neighborhood;
 - (b) the model forms of the BdV Documents;
 - (c) the procurement, financial management and disbursement requirements, procedures, and documenting (including standard bidding documents) for its Respective Part of the Project;
 - (d) the indicators to be used for monitoring and evaluation of its Respective Part of the Project; and
 - (e) the functions, responsibilities, structure and key staff composition of the Barrios de Verdad Unit.
3. Except as the Association shall otherwise agree, La Paz shall not amend, waive or fail to enforce its respective Subsidiary Agreement, the Operational Manual, the La Paz Environmental Guides, the Resettlement Agreement, or any provision thereof. In case of any conflict between the terms of this Agreement and those of its respective Subsidiary Agreement or the Operational Manual, La Paz shall ensure that the terms of this Agreement shall prevail.

4. La Paz shall:
- (a) maintain at all times during implementation of its Respective Part of the Project, the Barrios de Verdad Unit, with terms of reference, staff and resources satisfactory to the Association;
 - (b) provide the Association with a list of all of the proposed BdV Neighborhoods that have been selected before the Barrios de Verdad Unit proceeds with providing technical assistance to the proposed BdV Neighborhoods and shall provide the Association with such information concerning the selection of those proposed BdV Neighborhoods as the Association may from time to time reasonably request, including, *inter alia*, any *actas*, minutes, or other documents reflecting the deliberations and process by which the selections of the proposed BdV Neighborhoods were made;
 - (c) submit each BdV Subproject to the Association for approval: (i) after the designs for such BdV Subproject have been completed; and (ii) before submitting any application for the withdrawal of proceeds of the Financing from the Credit Account for works related to such BdV Subproject;
 - (d) when presenting a BdV Subproject to the Association for approval, La Paz shall furnish to the Association an application, in form and substance satisfactory to the Association, and in conformity with the relevant provisions of the La Paz Section of the Operational Manual, containing, *inter alia*:
 - (i) a description of the proposed BdV Subproject and expenditures to be incurred therein;
 - (ii) a detailed description of how the proposed BdV Subproject meets the eligibility criteria set forth in the La Paz Section of the Operational Manual;
 - (iii) a plan for the administration, operation and maintenance of the proposed BdV Subproject;
 - (iv) evidence that La Paz holds the corresponding environmental permits required for the execution of the works planned under the proposed BdV Subproject;
 - (v) an environmental management plan, satisfactory to the Association, for the BdV Subproject, which shall be based on the

La Paz Environmental Study and the La Paz Environmental Guides;

- (vi) when applicable: (A) an abbreviated resettlement plan or other action plan for resettlement of the population affected by the BdV Subproject prepared in accordance with the Resettlement Framework and to be implemented in accordance with the terms therein; and (B) the necessary inter-institutional arrangements satisfactory to the Association; and
- (vii) the drafts of the BdV Documents to be entered into in connection with the proposed BdV Subproject;
- (e) carry out any BdV Subproject in accordance with the terms and conditions approved by the Association;
- (f) before initiating the carrying out of any BdV Subproject, enter, through the Barrios de Verdad Unit, into arrangements satisfactory to the Association with the relevant BdV Neighborhood;
- (g) exercise its rights and comply with its obligations under the BdV Documents and all other agreements related to its Respective Part of the Project in such manner as to protect the interests of La Paz and the Association and to accomplish the purposes of the Financing, and, except as the Association shall otherwise agree, La Paz shall not assign, amend, abrogate, waive or fail to enforce its rights under such agreements or any provision thereof;
- (h) ensure that all bidding documents and contracts under its Respective Part of the Project incorporate the La Paz Environmental Guides; and
- (i) require that all contractors carrying out works under its Respective Part of the Project comply with the La Paz Environmental Guides and monitor the compliance by such contractors with the La Paz Environmental Guides.

Section III. Provisions Applicable Specifically to El Alto

Without limitation upon the provisions of Schedule 2 to this Agreement, the General Conditions or the other provisions of this Schedule 4, the Recipient shall cause El Alto to carry out its Respective Part of the Project in accordance with the following provisions:

1. El Alto shall carry out its Respective Part of the Project in accordance with the provisions of:

- (a) this Agreement, including, *inter alia*, the General Conditions, the Consultant Guidelines and the Procurement Guidelines;
 - (b) its respective Subsidiary Agreement;
 - (c) the El Alto Environmental Guide and the recommendations of the El Alto Environmental Study; and
 - (d) the Resettlement Framework.
2. El Alto shall carry out its Respective Part of the Project in accordance with the provisions of the Operational Manual, including, *inter alia*, the section of the Operational Manual to be prepared by El Alto, in form and substance satisfactory to the Association, that shall contain the policies and procedures for the carrying out, monitoring and evaluation of its Respective Part of the Project (the “El Alto Section”), including, *inter alia*:
- (a) the detailed criteria and procedures for selection and carrying out of each El Alto Subproject;
 - (b) the model forms of project reports, terms of reference, bidding documents and all other documents to be used in connection with its Respective Part of the Project;
 - (c) the procurement, financial management and disbursement requirements, procedures, and documenting (including standard bidding documents) for its Respective Part of the Project;
 - (d) the indicators to be used for monitoring and evaluation of its Respective Part of the Project;
 - (e) the powers, functions, responsibilities, structure and key staff composition of the El Alto Unit, including, *inter alia*, the terms of reference for such staff; and
 - (f) the terms of reference for the audits of its financial statements.
3. Except as the Association shall otherwise agree, El Alto shall not amend, waive or fail to enforce its respective Subsidiary Agreement, the Operational Manual, the El Alto Environmental Guides, the Resettlement Framework, or any provision thereof. In case of any conflict between the terms of this Agreement and those of its respective Subsidiary Agreement or the Operational Manual, El Alto shall ensure that the terms of this Agreement shall prevail.

4. El Alto shall:
- (a) maintain at all times during implementation of its Respective Part of the Project, the El Alto Unit, with powers and responsibilities, terms of reference, staff and resources satisfactory to the Association;
 - (b) submit each El Alto Subproject to the Association for approval before submitting any application for the withdrawal of proceeds of the Financing from the Credit Account or before disbursing funds from the Designated Account for the purpose of financing expenditures under the relevant El Alto Subproject;
 - (c) when presenting an El Alto Subproject to the Association for approval, El Alto shall furnish to the Association an application, in form and substance satisfactory to the Association, and in conformity with the relevant provisions of the El Alto Section of the Operational Manual, containing, *inter alia*:
 - (i) a description of the proposed El Alto Subproject and expenditures to be incurred therein;
 - (ii) a detailed description of how the proposed El Alto Subproject meets the eligibility criteria set forth in the El Alto Section of the Operational Manual;
 - (iii) a plan for the administration, operation and maintenance of the proposed El Alto Subproject;
 - (iv) evidence that El Alto holds the corresponding environmental permits required for the execution of the works planned under the proposed El Alto Subproject;
 - (v) an environmental management plan, satisfactory to the Association, for the proposed El Alto Subproject, which shall be based on the El Alto Environmental Study and the El Alto Environmental Guides; and
 - (vi) when applicable: (A) an abbreviated resettlement plan or other action plan for resettlement of the population affected by the El Alto Subproject prepared in accordance with the Resettlement Framework and to be implemented in accordance with the terms therein; and (B) the necessary inter-institutional arrangements satisfactory to the Association; and
 - (d) carry out any El Alto Subproject in accordance with the terms and conditions approved by the Association;

- (e) ensure that all bidding documents and contracts under its Respective Part of the Project incorporate the El Alto Environmental Guides; and
- (f) require that all contractors carrying out works under its Respective Part of the Project comply with the El Alto Environmental Guides and monitor the compliance by such contractors with the El Alto Environmental Guides.

Section IV. Provisions Applicable Specifically to SAGUAPAC

Without limitation upon the provisions of Schedule 2 to this Agreement, the General Conditions or the other provisions of this Schedule 4, the Recipient shall cause SAGUAPAC to carry out its Respective Part of the Project in accordance with the following provisions:

1. SAGUAPAC shall carry out its Respective Part of the Project in accordance with the provisions of:
 - (a) this Agreement, including, *inter alia*, the General Conditions, the Consultant Guidelines and the Procurement Guidelines;
 - (b) its respective Subsidiary Agreement; and
 - (c) the SAGUAPAC Environmental Guide and the recommendations of the SAGUAPAC Environmental Study.
2. SAGUAPAC shall carry out its Respective Part of the Project in accordance with the provisions of the Operational Manual, including, *inter alia*, the section of the Operational Manual to be prepared by SAGUAPAC, in form and substance satisfactory to the Association, that shall contain the policies and procedures for the carrying out, monitoring and evaluation of its Respective Part of the Project (the "SAGUAPAC Section"), including, *inter alia*:
 - (a) the detailed criteria and procedures for selection and carrying out of the proposed works under its Respective Part of the Project;
 - (b) the procurement, financial management and disbursement requirements, procedures, and documenting (including standard bidding documents) for its Respective Part of the Project;
 - (c) the indicators to be used for monitoring and evaluation of its Respective Part of the Project; and
 - (d) the organizational structure, main workflow processes and job descriptions for the key managerial, technical, procurement, financial

and environmental management staff positions for its Respective Part of the Project.

3. Except as the Association shall otherwise agree, SAGUAPAC shall not amend, waive or fail to enforce its respective Subsidiary Agreement, the Operational Manual, the SAGUAPAC Environmental Guide, or any provision thereof. In case of any conflict between the terms of this Agreement and those of its respective Subsidiary Agreement or the Operational Manual, SAGUAPAC shall ensure that the terms of this Agreement shall prevail.
4. SAGUAPAC shall:
 - (a) maintain at all times during implementation of its Respective Part of the Project, staff with job descriptions and resources satisfactory to the Association;
 - (b) furnish to the Association, in form and substance satisfactory to the Association, and in conformity with the relevant provisions of the SAGUAPAC Section of the Operational Manual:
 - (i) a plan for the administration, operation and maintenance of the proposed works planned under its Respective Part of the Project;
 - (ii) evidence that SAGUAPAC holds the corresponding environmental permits required for the execution of the works planned under its Respective Part of the Project; and
 - (iii) an environmental management plan, satisfactory to the Association, for the proposed works planned under its Respective Part of the Project, which shall be based on the SAGUAPAC Environmental Study and the SAGUAPAC Environmental Guide;
 - (c) ensure that all bidding documents and contracts under its Respective Part of the Project incorporate the SAGUAPAC Environmental Guide; and
 - (d) require that all contractors carrying out works under its Respective Part of the Project comply with the SAGUAPAC Environmental Guide and monitor the compliance by such contractors with the SAGUAPAC Environmental Guide.
5. Without limitation upon the provisions of Section I.B of this Schedule 4, SAGUAPAC shall maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Association, both in a manner adequate to reflect the operations and financial condition of SAGUAPAC as a whole and to separately reflect and

register the operations, resources and expenditures related to its Respective Part of the Project.

6. Without limitation upon the provisions of Section I.B of this Schedule 4, SAGUAPAC shall prepare and furnish to the Association not later than one month after the end of each calendar quarter, interim un-audited financial reports for its Respective Part of the Project covering the quarter, in form and substance satisfactory to the Association.
7. Without limitation upon the provisions of Section I.B of this Schedule 4, SAGUAPAC shall have its financial statements referred to in paragraph 5 above audited by independent auditors acceptable to the Association, in accordance with consistently applied auditing standards acceptable to the Association. Each audit of these financial statements shall cover the period of one fiscal year of SAGUAPAC, commencing with the fiscal year in which the first withdrawal under this Agreement was made. The audited financial statements for each period, including the management letter, shall be furnished to the Association not later than six months after the end of the period.

APPENDIX**Section I. Definitions**

1. “Agreement” means this Financing Agreement, as the same may be amended from time to time.
2. “Approved Bidding Documents” has the meaning given to it in paragraph 1 of Section I of Annex A to Schedule 2 to this Agreement.
3. “Barrios de Verdad Program” means the Barrios de Verdad Program (*Programa “Barrios de Verdad”*), as described in Article 89 of Municipal Ordinance GMLP No. 197/2005 (*Ordenanza Municipal GMLP No. 197/2005*) and in the GMLP’s Program of Government for the five-year period of 2005-2009 (*Programa de Gobierno para el quinquenio 2005-2009*), whose objective is to increase and improve access to basic services to approximately 100 neighborhoods in La Paz.
4. “Barrios de Verdad Unit” means the project implementation unit for the Barrios de Verdad Program (*Unidad Ejecutora del Programa Barrios de Verdad*) created by the GMLP pursuant to Article 89 of Municipal Ordinance GMLP No. 197/2005 (*Ordenanza Municipal GMLP No. 197/2005*).
5. “BdV Documents” means, collectively, the following agreements and documents related to the Barrios de Verdad Program: (i) the agreement (*Acta de Aprobación de Vecinos*) by each BdV Neighborhood confirming the completion of the physical works under the BdV Subproject; (ii) the agreement by the BdV Neighborhood to participate in the activities related to the BdV Subproject and establishing the representative of the BdV Neighborhood; (iii) the agreement of the BdV Neighborhood to operate and maintain the works completed under the BdV Subproject; (iv) the standard bidding documents; and (v) any other agreements and documents related to La Paz’s Respective Part of the Project.
6. “BdV Neighborhood” means any neighborhood in La Paz that has been selected by the Barrios de Verdad Unit to participate in the Barrios de Verdad Program in accordance with the provisions of the La Paz Section of the Operational Manual.
7. “BdV Subproject” means any project carried out by La Paz under the Barrios de Verdad Program: (a) consisting of one or more of the investments described in Part A.3 of the Project, but not including any Water or Sanitation Connections; (b) carried out in a BdV Neighborhood; (c) selected in accordance with the provisions of the Operational Manual; and (d) approved by the Association. “BdV Subprojects” means collectively, all of such projects
8. “Category” has the meaning given to it in Section IV.A.2 of Schedule 2 to this Agreement.

9. “Central Bank” means the *Banco Central de Bolivia*, the Recipient’s central bank.
10. “Consultant Guidelines” means the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” published by the Bank in May 2004.
11. “El Alto” means the Municipality of El Alto in the territory of the Recipient.
12. “El Alto Environmental Guides” means, collectively, the following manuals prepared for the Project and attached to the Operational Manual: (a) the “Environmental Guide for the Construction of Roads and Drainage Systems for El Alto” prepared by Beta Gamma Consultores S.A. on May 5, 2006; and (b) the “Environmental Guide for Archeological Recovery for El Alto” prepared by Beta Gamma Consultores S.A. on May 5, 2006.
13. “El Alto Environmental Study” means Environmental Evaluation Study (*Estudio de Evaluación Ambiental*) dated March 2006, prepared by Maria del Carmen Rocabado Miranda.
14. “El Alto Section” has the meaning given to it in Section III.2 of Schedule 4 to this Agreement.
15. “El Alto Subproject” means any project carried out by El Alto: (a) consisting of one or more of the investments described in Parts B.1 and B.2 of the Project; (b) carried out in the territory in El Alto; (c) selected in accordance with the provisions of the El Alto Section of the Operational Manual; and (d) approved by the Association. “El Alto Subprojects” means collectively, all of such projects.
16. “El Alto Unit” means the unit within the OMOMA that will coordinate and manage Part B of the Project created by the GMEA pursuant to Technical Administrative Resolution No. 101/2007 (*Resolución Técnica Administrativa Municipal No. 10/2007*).
17. “Environmental Guides” means, collectively, the El Alto Environmental Guides, the La Paz Environmental Guides and the SAGUAPAC Environmental Guide.
18. “Environmental Studies” means, collectively, the El Alto Environmental Study, the La Paz Environmental Study, and the SAGUAPAC Environmental Study.
19. “General Conditions” means the “International Development Association General Conditions for Credits and Grants”, dated July 1, 2005.
20. “GMEA” means the Municipal Government (*Gobierno Municipal*) of El Alto.
21. “GMLP” means the Municipal Government (*Gobierno Municipal*) of La Paz.

22. “Indicators” means the impact, performance and implementation indicators set forth in a supplemental letter of even date herewith.
23. “La Paz” means the Municipality of La Paz in the territory of the Recipient.
24. “La Paz Environmental Guides” means, collectively, the following manuals prepared for the Project and attached to the Operational Manual: (a) the “Environmental Guide for Occupational Security in Infrastructure Works for La Paz” prepared by Máximo Libermann on May 5, 2006; (b) the “Environmental Guide for the Construction of Roads, Terraces, Drainage and Community Infrastructure for La Paz” prepared by Máximo Libermann on May 5, 2006; and (c) the “Environmental Guide for Archeological Recovery for La Paz” prepared by Máximo Libermann on May 5, 2006.
25. “La Paz Environmental Study” means the Environmental Study for the La Paz Component (*Estudio Ambiental del Componente de La Paz*) dated May 5, 2006, prepared by Máximo Libermann.
26. “La Paz Section” has the meaning given to it in Section II.2 of Schedule 4 to this Agreement.
27. “Minister of Planning and Development” means the *Ministro de Planificación del Desarrollo*, the Recipient’s Minister of Planning and Development.
28. “NCB Contracts” has the meaning given to it in the first paragraph of Annex A to Schedule 2 to this Agreement.
29. “OMOMA” means the Urban Development and Environment Department (*Oficialía Mayor de Obras y Medio Ambiente*) of the GMEA that (a) was created pursuant to the Recipient’s Law No. 2028 (*Ley de Municipalidades*) of October 28, 1999, as amended, and (b) has been given certain responsibilities by the GMEA in connection with the implementation of Part B of the Project pursuant to Technical Administrative Resolution No. 160/05 (*Resolución Técnica Administrativa Municipal No. 160/05*).
30. “Operational Manual” has the meaning given to it in Section I.B.3 of Schedule 2 to this Agreement, as the same may be amended from time to time with the consent of the Association.
31. “Procurement Audit” has the meaning given to it in Section III.D.2(a) of Schedule 2 to this Agreement.
32. “Procurement Guidelines” means the “Guidelines for Procurement under IBRD Loans and IDA Credits” published by the Bank in May 2004.

33. “Procurement Law” means the Recipient’s Supreme Decree No. 27328 (*Decreto Supremo N° 27328*) of January 31, 2004, as amended and as in effect on the date of this Agreement.
34. “Procurement Plan” means the procurement plan prepared by each Project Implementing Entity for its Respective Part of the Project that was approved by the Association on July 26, 2006, and that is referred to in paragraph 1.16 of the Procurement Guidelines and paragraph 1.24 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of Section III.D.1(a) of Schedule 2 to this Agreement.
35. “Project Implementing Entity’s Legislation” means: (a) with respect to La Paz and El Alto, the Recipient’s Law No. 2028 (*Ley de Municipalidades*) of October 28, 1999, as amended and as in effect on the date of this Agreement; and (b) with respect to SAGUAPAC, the Recipient’s General Law of Cooperative Associations (*Ley General de Sociedades Cooperativas*) of September 13, 1958, as amended and as in effect on the date of this Agreement.
36. “Project Preparation Advance” means the advance referred to in Section 2.07 of the General Conditions, granted by the Association to the Recipient pursuant to the Letter Agreement No. Q5080 signed on behalf of the Association on December 2, 2005, and on behalf of the Recipient on January 17, 2006.
37. “Resettlement Framework” means the Resettlement Framework (*Marco de Reasentamiento*) dated April 2006, as revised on May 11, 2006, that was approved by the Association.
38. “SAGUAPAC” means the *Cooperativa de Servicios Públicos “Santa Cruz” Ltda.*, the public services cooperative of Santa Cruz.
39. “SAGUAPAC Concession Legislation” means, collectively, the following: (a) the concession for the provision of water and sewerage services granted to SAGUAPAC by the Superintendent of Water (*Superintendencia de Aguas*) of the System of Sectoral Regulation (*Sistema de Regulación Sectorial - SIRESE*) pursuant to *Resolución SA No. 37/98* of September 14, 1998; and (b) Recipient’s Law No. 2409 of July 31, 2002, as amended and as in effect on the date of this Agreement.
40. “SAGUAPAC Environmental Guide” means the “Environmental Guide for water networks, sanitation and archeological recovery for SAGUAPAC” prepared by Máximo Liberman on May 5, 2006, for the Project and attached to the Operational Manual.
41. “SAGUAPAC Environmental Study” means the Environmental Impact Evaluation Study: Expansion of the Water and Sewerage Systems in Santa Cruz

(Estudio de Evaluación de Impacto Ambiental: Expansión de los Sistemas de Agua y Alcantarillado en Santa Cruz) dated April 2006, prepared by SAGUAPAC.

42. “SAGUAPAC Section” has the meaning given to it in Section IV.2 of Schedule 4 to this Agreement.
43. “Santa Cruz” means the Municipality of Santa Cruz de la Sierra in the territory of the Recipient.
44. “Subsidiary Agreement” has the meaning given to it in Section I.A.1 of Schedule 2 to this Agreement.
45. “Water or Sanitation Connections” means investments in water or sanitation connections (other than sanitary modules and the materials for inter-domiciliary connections corresponding to such sanitary modules which may be financed under Part A of the Project).

Section II. Modifications to the General Conditions

The modifications to the General Conditions are as follows and constitute an integral part of this Agreement:

The definition of “Project Implementing Entity” in paragraph 40 of the Appendix to the General Conditions shall be amended and replaced in its entirety with the following text:

“Project Implementing Entity” means a legal entity (other than the Recipient or the Guarantor) which is responsible for implementing all or a part of the Project and which: (a) is a party to the Project Agreement; or (b) is not a party to the Project Agreement but is a party to an agreement (referred to in a Legal Agreement as a “Subsidiary Agreement”) whereby such party's role in implementing the Project or any part thereof is set forth. If there is more than one such entity, “Project Implementing Entity” refers separately to each such entity. For cases where clause (b) of this definition applies: the last sentence of Section 1.01 of these General Conditions shall be disregarded; the Association's obligation in Section 6.06(b)(ii) of these General Conditions to notify the Project Implementing Entity shall be disregarded; references to the Project Implementing Entity in Articles VIII and IX of these General Conditions shall be disregarded with the exception of the reference in Section 9.03; and, in those other Sections of these General Conditions where reference is made to a Project Implementing Entity's obligations

under the Project Agreement or under a Legal Agreement, such obligations shall be deemed to be those set forth in the respective “Subsidiary Agreement” referred to herein.