Financing Agreement

(Additional Financing for the Urban Infrastructure Project)

between

PLURINATIONAL STATE OF BOLIVIA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated March 21, 2013
FINANCING AGREEMENT

AGREEMENT dated 20\textsuperscript{12} entered into between the PLURINATIONAL STATE OF BOLIVIA (the "Recipient") and the INTERNATIONAL DEVELOPMENT ASSOCIATION (the "Association") for the purpose of providing additional financing for activities related to the Original Project (as defined in the Appendix to this Agreement). 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 sixteen million Special Drawing Rights (SDR 16,000,000) (variously, “Credit” and “Financing”) to assist in financing the project described in Schedule 1 to this Agreement ("Project").

2.02. The Recipient may withdraw the proceeds of the Financing in accordance with Section IV of Schedule 2 to this Agreement.

2.03. The Maximum Commitment Charge Rate payable by the Recipient on the Unwithdrawn Financing Balance shall be one-half of one percent (1/2 of 1%) per annum.

2.04. The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.

2.05. The Interest Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to one and a quarter percent (1.25%) per annum.

2.06. The Payment Dates are February 15 and August 15 in each year.
2.07. The principal amount of the Credit shall be repaid in accordance with the repayment schedule set forth in Schedule 3 to this Agreement.

2.08. 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) the GAMLP to carry out Part A of the Project; and (b) the GAMEA to carry out Part B 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 Schedule 2 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 to perform any of its obligations under its respective Subsidiary Agreement to an extent that, in the opinion of the Association, would materially and adversely affect the achievement of the Project objectives.

(b) The Ley Marco de Autonomías y Descentralización has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of any Project Implementing Entity to perform any of its obligations under the respective Subsidiary Agreement.

(c) The Recipient’s legislative provisions, including as set forth in the Supreme Decree No. 181 ("Normas Básicas del Sistema de Administración de Bienes y Servicios"), which allow procurement under the Project to comply with Section III of Schedule 2 to this Agreement: (i) shall have been amended, suspended, abrogated, repealed or waived so as to render ineffective, in the opinion of the Association, the procurement of the Project in accordance with said Section III; and (ii) unless a provision analogous to said legislative provisions shall have been adopted to replace them, in a manner and substance satisfactory to the Association.
4.02. The Additional Events of Acceleration consist of, namely that any of the events specified in Section 4.01 of this Agreement occurs and is continuing for a period of sixty (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; and

(b) The Operational Manual has been updated and adopted by the Recipient and the Project Implementing Entities in a manner acceptable to the Association.

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.

5.03. Without prejudice to the provisions of the General Conditions, the Effectiveness Deadline is the date one hundred eighty days (180) 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 April 23, 2014.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

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

6.02. The Recipient’s Address is:

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

Facsimile:
011-591-2-231-7408 (with a copy to: 011-591-2-239-2891)
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 248423 (MCI) 1-202-477-6391
Washington, D.C.

AGREED at Washington, DC, USA, as of the day and year first above written.

PLURINATIONAL STATE OF BOLIVIA

By

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

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; and (b) to enhance mobility in El Alto, removing infrastructure bottlenecks and introducing measures to modernize public transport services and urban transport management.

The Project consists of the Original Project (with the exception of Original Project Part C: Sanitation in Santa Cruz), as amended hereby solely for purposes of the Credit:

Part A: Urban Upgrading in La Paz

1. Strengthening and development of the communities residing in the BCdV Neighborhoods, including, inter alia, through:
   
a) the provision of support to residents in the BCdV Neighborhoods in connection with the implementation and maintenance of their proposed BCdV Subprojects;
   
b) the provision of legal services to assist residents in the BCdV Neighborhoods with the registration of their title in the corresponding real property registry; and
   
c) the design of contingency plans for each BCdV Neighborhood to be implemented in response to natural disasters.

2. Carrying out of BCdV Subprojects.

3. Provision of support, including the necessary technical assistance and goods, to the Barrios de Verdad Unit for: (a) the preparation, implementation, supervision and auditing of Part A of the Project; and (b) the implementation and supervision of the Abbreviated Resettlement Plan with respect to the BCdV Subprojects.

Part B: Urban Transport in El Alto


2. Provision of support to the GAMEA for: (a) the modernization of the public transport sector in El Alto, through, inter alia: (i) the preparation of the feasibility studies of a high-capacity bus rapid transit system in the metropolitan area of La Paz and El Alto; and (ii) the strengthening of its institutional capacity.
to: (A) design and manage a high-capacity bus rapid transit system; and (B) design and implement urban transport investments; and (b) the strengthening of its budgeting and financial capacity.

3. Provision of support, including the necessary technical assistance and goods, to the OMOMA and the GCA for: (a) the implementation, supervision and auditing of Part B of the Project; and (b) the implementation and supervision of the RPF and EMF with respect to the El Alto Subprojects.
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Subsidiary Agreements

1. To facilitate the carrying out of the Project Implementing Entities' respective Part of the Project, the Recipient shall enter into a subsidiary agreement with each Project Implementing Entity (each, a "Subsidiary Agreement") under terms and conditions approved by the Association, which shall include, inter alia:

(a) the obligation of each Project Implementing Entity to comply with the pertinent provisions of this Agreement (including the procurement and financial sections), the Operational Manual and the Anti-Corruption Guidelines;

(b) the obligation of each Project Implementing Entity to promptly inform the Recipient and the Association of any condition which interferes, or threatens to interfere, with the performance of their respective obligations under the Project;

(c) the right of the Recipient to take remedial actions against the respective Project Implementing Entity in case any of the Project Implementing Entities shall have failed to comply with any of its obligations under the respective Amended Subsidiary Agreement, as the case may be; and

(d) with respect to the Subsidiary Agreement for the GAMLP, the obligation of the GAMLP to allocate and make available throughout Project implementation, the amount of nine million four hundred thousand United States Dollars (US$ 9,400,000) (or its equivalent in Boliviano), as counterpart funding required for the implementation of Part A of the Project.

2. The Recipient shall take all of the necessary measures for each Project Implementing Entity to comply with its obligations under its respective 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 provisions of this Agreement shall prevail.

B. Institutional and Other Arrangements

1. The Recipient shall:

(a) 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;

(b) cause each Project Implementing Entity to carry out its respective Part of the Project in accordance with the provisions of:

   i. this Agreement;
   
   ii. its respective Subsidiary Agreement;
   
   iii. the Operational Manual,
   
   iv. the EMFs; and
   
   v. the RPF (with respect to the El Alto Subprojects) and the Abbreviated Resettlement Plan (with respect to the BCdV Subprojects);

2. The Recipient shall cause the GAMLP to maintain, throughout implementation of its respective Part of the Project, the Barrios de Verdad Unit, with powers and responsibilities, terms of reference, staff and resources acceptable to the Association; and

3. The Recipient shall cause the GAMEA to maintain, throughout implementation of its respective Part of the Project the GCA with powers and responsibilities, terms of reference, staff (including a Project director and financial, procurement and social specialists), and resources acceptable to the Association.

C. Operational Manual

1. Without limitation to the provisions of Section 4.01 of the General Conditions, the Recipient shall, and shall cause each Project Implementing Entity to: (a) update the Operational Manual in a manner acceptable to the Association and; (b) thereafter, carry out the Project in accordance with the provisions of the Operational Manual, which shall include, inter alia: (i) the list of BCdV Neighborhoods; (ii) the detailed criteria and procedures for the selection and the carrying out of the
BCdV Subprojects and the El Alto Subprojects; (iii) the procurement, financial management and disbursement requirements, procedures, and documenting (including standard bidding documents) for the Project; (iv) the indicators to be used for monitoring and evaluating the Project; (v) the powers, responsibilities, structure and key staff composition of the Barrios de Verdad Unit and the GCA; (vi) the policies and procedures for the Recipient’s coordination of the implementation, monitoring and evaluation of the Project, including *inter alia*, the procedures for: (A) 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 (B) compiling and consolidating the project reports, financial statements and other information prepared by each Project Implementing Entity for delivery to the Association; (vii) the BCdV Neighborhoods’ co-financing arrangements under the BCdV Subprojects; (viii) the EMFs; (ix) the RPF; and (x) the Abbreviated Resettlement Plan.

2. Except as the Association shall otherwise agree, the Recipient shall, and shall cause each Project Implementing Entity to, not amend, abrogate, waive or fail to enforce the Operational Manual, or any provisions thereof. In case of any conflict between the terms of this Agreement and those of the Operational Manual, the terms of this Agreement shall prevail.

D. Safeguards

1. The Recipient shall, and shall cause each Project Implementing Entity to: (a) implement the Project in accordance with their respective EMF (including the provisions for physical cultural resources); (b) adopt the procedures detailed in said respective EMF for environmental screening, evaluation implementation and monitoring of the BCdV Subprojects and the El Alto Subprojects, including the procedures for the preparation of environmental management plans, if applicable; and (c) implement the pertinent environmental management plan, in accordance with its terms and in a manner acceptable to the Association.

2. The Recipient shall, and shall cause the GAMEA to: (a) implement the Project in accordance with the RPF; (b) adopt the procedures detailed in said RPF for screening, evaluation, implementation and monitoring of the El Alto Subprojects; and (c) implement the pertinent resettlement action plan or abbreviated resettlement plan (for cases where 200 or less persons are affected, or where they are not physically relocated or would lose 10% or less of their productive assets), as the case may be, all in accordance with their terms and in a manner acceptable to the Association.
3. The Recipient shall, and shall cause the GAMLP to, implement the La Paz Subprojects in accordance with the Abbreviated Resettlement Plan.

4. The Recipient shall, and shall cause each Project Implementing Entity to, ensure that: (a) mechanisms are in place to address the culturally specific needs of the Recipients’ Indigenous Peoples groups; and (b) the benefits of the Project are culturally appropriate.

5. The Recipient shall, and shall cause each Project Implementing Entity to, ensure that the terms of reference for any consultancies related to the technical assistance provided under Part A.1.(c) and Part B.2.(a)(i) of the Project, shall be acceptable to the Association. To that end, such terms of reference shall require that the advice conveyed through such consultancies be consistent with the requirements of the Association’s Safeguards Policies.

E. Anti-Corruption

The Recipient shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.

F. Subprojects

1. La Paz Subprojects:

For the purposes of carrying out Part A.3 of the Project, the Recipient shall cause the GAMLP, through the respective Subsidiary Agreement, to:

(a) carry out each BCdV Subproject in accordance with the terms and conditions approved by the Association and included in the Operational Manual for the implementation of each BCdV Subproject; and

(b) furnish to the Association for its prior review the first two BCdV Subprojects.

2. El Alto Subprojects:

For the purposes of carrying out Part B.1 of the Project, the Recipient shall cause the GAMEA, through the respective Subsidiary Agreement, to:

(a) after having selected a El Alto Subproject in accordance with the guidelines and procedures set forth in the Operational Manual, carry out said El Alto Subproject in accordance with the terms and conditions approved by the Association and included in the Operational Manual for the implementation of said Subproject; and

(b) furnish to the Association for its prior review all the El Alto Subprojects.
Section II.  Project Monitoring, Reporting and Evaluation

A.  Project Reports

1.  The Recipient shall cause each Project Implementing Entity to monitor and evaluate the progress of the Part of the Project under their responsibility and to prepare Project Reports in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of the performance indicators acceptable to the Association and set forth in the Operational Manual. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the Association not later than one month after the end of the period covered by such report.

B.  Financial Management, Financial Reports and Audits

1.  The Recipient shall cause each Project Implementing Entity to maintain a financial management system in accordance with the provisions of Section 4.09 of the General Conditions.

2.  The Recipient shall cause each Project Implementing Entity to prepare and furnish to the Association not later than 30 days after the end of each calendar semester, interim unaudited financial reports for the Part of the Project under their responsibility covering the semester, in form and substance acceptable to the Association.

3.  The Recipient shall cause each Project Implementing Entity to have the Financial Statements of their respective Part of the Project audited in accordance with the provisions of Section 4.09 (b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one fiscal year of the Recipient, or such other period to be agreed with the Association; commencing with the fiscal year in which the first withdrawal under this Agreement will be made. The audited Financial Statements for each such period shall: (a) be furnished to the Association not later than six months after the end of such period; and (b) made publicly available in a timely fashion and in manner acceptable to the Association.

Section III.  Procurement

A.  General

1.  Goods, Works and Non-consulting Services. All goods, works and non-consulting services required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, with the provisions of this Section and the provisions of Section I of Annex A to this Schedule.
2. **Consultants’ Services.** All consultants’ services required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Sections I and IV of the Consultant Guidelines, with the provisions of this Section and the provisions of 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 Sections II and III of the Procurement Guidelines, or Sections II, III and IV of the Consultant Guidelines, as the case may be.

**B. Particular Methods of Procurement of Goods, Works and Non-consulting Services**

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods, works and non-consulting services 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, works and non-consulting services. The Procurement Plan shall specify the circumstances under which such methods may be used:

<table>
<thead>
<tr>
<th>Procurement Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) National Competitive Bidding undertaken in compliance with the additional</td>
</tr>
<tr>
<td>provisions set forth in Section I of Annex A to this Schedule 2, and the</td>
</tr>
<tr>
<td>Recipient’s legislative provisions, including as set forth in the Supreme Decree</td>
</tr>
<tr>
<td>No. 181 (“Normas Básicas del Sistema de Administración de Bienes y Servicios”),</td>
</tr>
<tr>
<td>in effect as of August 24, 2012</td>
</tr>
<tr>
<td>(b) Shopping (subject to the special provisions set forth in Annex A to this</td>
</tr>
<tr>
<td>Agreement)</td>
</tr>
<tr>
<td>(c) Direct Contracting</td>
</tr>
<tr>
<td>(d) Force Account</td>
</tr>
<tr>
<td>(e) Well-established Private Sector Procurement Methods, acceptable to the</td>
</tr>
<tr>
<td>Association</td>
</tr>
<tr>
<td>(f) Community Participation Procedures, acceptable to the Association</td>
</tr>
</tbody>
</table>
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.

<table>
<thead>
<tr>
<th>Procurement Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) Quality Based Selection</td>
</tr>
<tr>
<td>(b) Selection under a Fixed Budget</td>
</tr>
<tr>
<td>(c) Least Cost Selection</td>
</tr>
<tr>
<td>(d) Selection Based on Consultant’s Qualifications</td>
</tr>
<tr>
<td>(e) Single Source Selection</td>
</tr>
<tr>
<td>(f) Well-established Private Sector Procurement Methods or Commercial Practices, acceptable to the Association</td>
</tr>
<tr>
<td>(g) Procedures set forth in paragraph 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants</td>
</tr>
<tr>
<td>(i) Single Source Procedures for the Selection of Individual Consultants</td>
</tr>
</tbody>
</table>

D. **Review by the Association of Procurement Decisions**

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.

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 shall specify by notice to the Recipient (including the “World Bank Disbursement Guidelines for Projects” dated May 2006, as revised from time to time by the Association and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the table in paragraph 2 below.
2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Financing ("Category"), the allocations of the amounts of the Financing to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Financing Allocated (expressed in SDR)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, works, consultants' services and Training for Part A of the Project</td>
<td>8,000,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Goods, works, consultants' services, Training and Operating Costs for Part B of the Project</td>
<td>8,000,000</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>16,000,000</td>
<td></td>
</tr>
</tbody>
</table>

3. For purposes of the table in paragraph 2 above, the following terms mean:

(a) "Training" means reasonable expenditures (other than those for consultants' services) incurred by any Project Implementing Entity in connection with the carrying out of training seminars, knowledge exchange visits, workshops, including the reasonable travel costs (i.e. accommodations, transportation costs and *per diem*, *inter alia*) of trainees and trainers (if applicable), training registration fees, catering, rental of training facilities and equipment, logistics and printing services, as well as training materials for the purposes of the Project and directly related to the activities described in their respective Part of the Project;

(b) "Operating Costs" means the reasonable expenditure (none of which would have been incurred absent the Project), incurred by the GAMEA and the GCA for the implementation, management, coordination and supervision of Part B of the Project, including travel expenses; operation and maintenance of office equipment; vehicle rental, operation, insurance and maintenance costs; rental of offices; utilities; nondurable and/or consumable office materials; bank charges; communication, printing and publications;
and salaries and other emoluments for temporary staff hired for the purposes of the Project, other than the GAMEA’s regular staff honoraria.

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made for:

   (a) payments made prior to the date of this Agreement; and

   (b) payments for Eligible Expenditures under Category (2) of the table in Section IV of this Schedule unless:

      (i) the amount under Category 2 of the table in Section IV of Schedule 2 to the Original Financing Agreement has been fully disbursed; and

      (ii) the GAMEA, to the satisfaction of the Association, has selected the Project director and the procurement, financial and social specialists referred to in Section I.B.3 of Schedule 2 to this Agreement.

2. The Closing Date is October 31, 2015.

Section V. Other Undertakings

The Recipient undertakes that the proceeds of the Financing shall not be used to finance land acquisition in La Paz or El Alto. If the Association, at any time, determines that an amount of the Financing was used to make a payment for such land acquisition, the Recipient shall promptly, upon notice to the Association, refund an amount equal to the amount of such payment to the Association.
Annex A
To
SCHEDULE 2

Special Provisions Relating to
Particular Methods of Procurement

Section I. Goods, Works and Non-consulting Services

Without limitation upon the provisions of Section III of Schedule 2 to this Agreement or the Procurement Guidelines, the following additional provisions shall apply to all goods, works and non-consulting services procured for the Project under contracts awarded on the basis of National Competitive Bidding ("NCB"):

1. A merit point system shall not be used in the pre-qualification of bidders.

2. The award of contracts for goods, works and non-consultant services shall be based exclusively on price and, whenever appropriate, shall also take into account factors similar to those referred to in paragraph 2.51 of the Guidelines, provided, however, that the bid evaluation shall always be based on factors that can be quantified objectively, and the procedure for such quantification shall be disclosed in the invitation to bid.

3. All bids shall be opened at the stipulated time and place in accordance with a procedure acceptable to the Association.

4. The single envelope procedure shall be used.

5. Whenever a discrepancy shall occur between the amounts in figures and the amounts in words of a bid, the amounts in words shall govern.

6. No prescribed minimum number of bids shall be required to be submitted for a contract to be subsequently awarded.

7. Foreign bidders shall be allowed to participate.

8. Foreign bidders shall not be required to legalize any documentation related to their bids with Recipient's authorities as a prerequisite for bidding.

9. No margin of preference shall be granted for any particular category of bidders.

10. In the event that a bidder whose bid was evaluated as the bid with the lowest evaluated price withdraws its bid, the contract may be awarded to the second lowest responsive evaluated bid.
11. Foreign bidders shall not, as a condition for submitting bids, be required to enter into a joint venture agreement with local bidders.

12. No procurement rules or regulations of neither of the Recipient’s agencies, nor of any state-owned entity shall apply without the prior review and consent of the Association.

13. Recipient State-owned enterprises shall be allowed to participate in bids only upon their compliance with the provisions of paragraph 1.10 (b) of the Procurement Guidelines.

14. No contractor or supplier shall be denied fair and equitable treatment in any resolution of dispute with the Recipient and/or any of its executing agencies.

15. No reference value shall be required for publication in the bidding documents or used for the purpose of evaluation.

16. Bidding documents for NCB shall include anticorruption clauses that shall be substantially identical to those pertaining to the Association Standard Bidding Documents for ICB.

Section II. Selection of Consultant Services

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 shall not be required, as a condition for participating in the selection process, to enter into a joint venture agreement with local consultants, unless the conditions stated in paragraph 1.15 of the Consultant Guidelines are met.

2. Foreign consultants shall not be required, as a condition for participating in the selection process, to legalize their proposals or any documentation related to such proposals with Recipient’s authorities.

3. Foreign consultants shall not be required to be registered in the Recipient's National Registry of Consultants (Registro Nacional de Consultoría).

4. Consultants, either firms or individuals, shall not be required to present performance securities as a condition to present proposals and sign an award contract.

5. Consultant, individually or as a firm, shall not be denied a fair and equitable treatment in its resolution of dispute with the Recipient and/or any of its executing agencies.


## SCHEDULE 3

**Repayment Schedule**

<table>
<thead>
<tr>
<th>Date Payment Due</th>
<th>Principal Amount of the Credit repayable (expressed as a percentage)*</th>
</tr>
</thead>
<tbody>
<tr>
<td>On each February 15 and August 15:</td>
<td></td>
</tr>
<tr>
<td>Commencing February 15, 2018 to and including August 15, 2027</td>
<td>1.65%</td>
</tr>
<tr>
<td>Commencing February 15, 2028 to and including August 15, 2037</td>
<td>3.35%</td>
</tr>
</tbody>
</table>

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

Section I. Definitions

1. “Abbreviated Resettlement Plan” means the GAMLP’s plan dated August 1, 2012, acceptable to the Association, and published and made publicly available on August 14, 2012 on the website http://www.lapaz.bo/index.php?option=com_phocadownload&view=category&id=72%3Apolíticas-y-procedimientos-de-gestión-ambiental&Itemid=503&lang=es, detailing resettlement assistance, measures (including compensation) and procedures for the BCdV Subprojects, as the same may be amended from time to time with the Association’s prior approval and such term includes any schedules to the Abbreviated Resettlement Plan.

2. “Agreement” means this Financing Agreement, as the same may be amended from time to time.


5. “Barrios de Verdad Unit” means the project implementation unit for BCdV Program created by the GAMLP pursuant to Article 89 of Municipal Ordinance GAMLP No. 197/2005 (Ordenanza Municipal GAMLP No. 197/2005).

6. “BCdV Neighborhood” means any neighborhood in La Paz that has been selected by the Barrios de Verdad Unit to participate in the BCdV Program in accordance with the provisions set forth in the Operational Manual.


8. “BCdV Subproject” means any eligible infrastructure investment under the BCdV Program consisting of: (i) construction of 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; (ii) installation of street lighting for the BCdV Neighborhood; (iii) construction of new drainage networks or improvements to existing drainage infrastructure,
including, *inter alia*, the construction of new street drains; (iv) construction of
retaining walls and other small risk mitigation works that prevent or mitigate
flood and erosion damage; (v) provision of sanitary modules in residential
dwellings; (vi) creation of urban parks and reforested areas; (vii) construction of
solid waste collection transfer points; and (viii) construction of new community
centers, childcare facilities, and sports and recreation facilities or improvements
to existing such centers and facilities; as approved by the Association in
accordance with the provisions of the pertinent section of the Operational
Manual; and to be carried out by the Barrios de Verdad Unit in a BCdV
Neighborhood. “BCdV Subprojects” means, collectively, all of such projects.

9. “Category” means a category set forth in the table in Section IV of Schedule 2
to this Agreement.

10. “Consultant Guidelines” means the “Guidelines: Selection and Employment of
Consultants under IBRD Loans and IDA Credits and Grants by World Bank
Borrowers”, dated January 2011.


12. “El Alto Subproject” means any eligible infrastructure investment in: (i) trunk
roads and associated drainage works; and (ii) non-motorized transport solutions
(including construction or rehabilitation of pedestrian sidewalks and bikeways;
and installation of traffic signals), as approved by the Association in accordance
with the provisions of the pertinent section of the Operational Manual; and to be
carried out by the GAMEA in its territory. “El Alto Subprojects” means,
collectively, all of such projects.

13. “EMF” or “Environmental Management Framework” means each of the
frameworks prepared by the GAMLP (for Part A of the Project) and the
GAMEA (for Part B of the Project), dated January 2012, and March 2006,
respectively, acceptable to the Association; and, published and made publicly
available on July 27, 2012, on the website
http://www.lapaz.bo/index.php?option=com_phocadownload&view=category&id=72%
3Apoliticas-y-procedimientos-de-gestion-ambiental&Itemid=503&lang=es, and on
August 24, 2012 on the website: www.elalto.gob.bo, respectively, containing
the environmental protection measures applicable to their respective Parts of the
Project, including: (i) guidelines for the identification of existing environmental
conditions and potential direct and indirect environmental impacts resulting
from the carrying out of their respective Parts of the Project; (ii) guidelines for
the carrying out of environmental assessments and the preparation of
environmental management plans, when applicable; (iii) the recommendation of
mitigation measures for each negative impact identified; and (iv) measures for
enhancing each identified positive impacts, as may be amended from time to
time with the Association’s prior approval. “EMFs” means, collectively, the frameworks prepared by the Project Implementing Entities.


15. “GAMLP” means the Municipal Autonomous Government (Gobierno Autónomo Municipal) of La Paz.

16. “GCA” means “Grupo de Coordinación y Asesoramiento”, the unit within the OMOMA in charge of coordinating and implementing Part B of the Project, created by the GAMEA pursuant to Technical Administrative Resolution No. 012/2007 (Resolución Técnica Administrativa Municipal No. 012/2007).

17. “General Conditions” means the “International Development Association General Conditions for Credits and Grants”, dated July 31, 2010, with the modifications set forth in Section II of this Appendix.

18. “Indigenous People” means distinct, vulnerable, social and cultural groups possessing any of the following characteristics: (i) self-identification as a members of a distinct indigenous cultural group and recognition of this identity by others; (ii) collective attachment to geographically distinct habitat or ancestral territories in the areas covered by Project activities, and/or to natural resources in these habitats and territories; (iii) customary cultural, economic, social or political institutions that are separate from those of the dominant society and culture; or (iv) an indigenous language.


20. “Ley Marco de Autonomías y Descentralización ” means the Recipient’s Law No. 031 of July 19, 2010, as amended and as in effect on the date of this Agreement.

21. “OMAF” means the Financial Management Municipal Office (Oficialía Mayor Administrativa Financiera) of the GAMEA that was created pursuant to Municipal Resolution No. 185/2012, dated of March 26, 2012.

22. “OMOMA” means the Works and Environment Department (Oficialía Mayor de Obras y Medio Ambiente) of the GAMEA that was created pursuant to Municipal Resolution No. 185/2012, dated of March 26, 2012.

23. “Operational Manual” means the manual referred to in Section I.C of Schedule 2 to this Agreement, as the same may be amended from time to time with the approval of the Association.

-21-
24. "Original Financing Agreement" means the financing agreement for the Urban Infrastructure Project between the Recipient and the Association, dated March 14, 2007 (Credit No 4247-BO).

25. "Original Project" means the Project composed of Parts A, B and C, described in the Original Financing Agreement.


27. "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 August 14, 2012 (with respect to Part A of the Project) and June 28, 2012 (with respect to Part B of the Project), and that is referred to in paragraph 1.16 of the Procurement Guidelines and paragraph 1.24 of the Consultant Guidelines, as the same may be updated from time to time in accordance with the provisions of said paragraphs.

28. "Project Implementing Entity" means the GAMLP or the GAMEA. "Project Implementing Entities" means, collectively, the GAMLP and the GAMEA.

29. "RPF" or "Resettlement Policy Framework" means the document prepared by the GAMEA, dated July 2, 2012, acceptable to the Association, published and made publicly available on August 24, 2012, on the website: www.elalto.gob.bo outlining general implementation procedures, mitigation measures and monitoring procedures for involuntary resettlement under the Project, including the procedures for preparation and implementation of resettlement plans, when applicable, as said framework may be amended from time to time with the Association's prior approval.

30. "Subsidiary Agreement" means any of the agreements referred to in Section I.A of Schedule 2 to this Agreement, as said Subsidiary Agreements may be amended from time to time with the agreement of the Association.

Section II. Modifications to the General Conditions

The modifications to the General Conditions are as follows:

1. Section 3.02 is modified to read as follows:

   "Section 3.02. Service Charge and Interest Charge

   (a) Service Charge. The Recipient shall pay the Association a service charge on the
Withdrawn Credit Balance at the rate specified in the Financing Agreement. The Service Charge shall accrue from the respective dates on which amounts of the Credit are withdrawn and shall be payable semi-annually in arrears on each Payment Date. Service Charges shall be computed on the basis of a 360-day year of twelve 30-day months.

(b) **Interest Charge.** The Recipient shall pay the Association interest on the Withdrawn Credit Balance at the rate specified in the Financing Agreement. Interest shall accrue from the respective dates on which amounts of the Credit are withdrawn and shall be payable semi-annually in arrears on each Payment Date. Interest shall be computed on the basis of a 360-day year of twelve 30-day months.”

1. Paragraph 28 of the Appendix (“Financing Payment”) is modified by inserting the words “the Interest Charge” between the words “the Service Charge” and “the Commitment Charge”.

2. The Appendix is modified by inserting a new paragraph 32 with the following definition of “Interest Charge”, and renumbering the remaining paragraphs accordingly:

   “32. “Interest Charge” means the interest charge specified in the Financing Agreement for the purpose of Section 3.02(b).”

3. Renumbered paragraph 37 (originally paragraph 36) of the Appendix (“Payment Date”) is modified by inserting the words “Interest Charges” between the words “Service Charges” and “Commitment Charges”.

4. Renumbered paragraph 50 (originally paragraph 49) of the Appendix (“Service Charge”) is modified by replacing the reference to Section 3.02 with Section 3.02 (a).