

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

BOLIVIA

TRANSPORTATION SECTOR POLICY REFORM PROGRAM II

(BO-L1112)

LOAN PROPOSAL

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ABBREVIATIONS

| | |
|-----------|--|
| ABC | Administradora Boliviana de Carreteras [Bolivian Highway Administration] |
| BCB | Banco Central de Bolivia [Central Bank of Bolivia] |
| CCS-TRANS | Consejo de Coordinación Sectorial de Transporte [Transportation Sector Coordination Council] |
| DGAC | Bureau of Civil Aeronautics |
| FSO | Fund for Special Operations |
| ICAO | International Civil Aviation Organization |
| IIRSA | Initiative for the Integration of Regional Infrastructure in South America |
| IMF | International Monetary Fund |
| INE | National Statistics Institute |
| MMAyA | Ministry of the Environment and Water |
| MOPSV | Ministry of Public Works, Services, and Housing |
| NFPS | Nonfinancial public sector |
| PBL | Policy-based loan |
| PLANAST | Plan Nacional Sectorial de Transportes [National Transportation Sector Plan] |
| RVF | Red Vial Fundamental [principal road system] |
| SGV | Sistema de Gestión Vial [road management system] |
| VMSC-MG | Office of the Deputy Minister of Citizen Security |
| VMT | Office of the Deputy Minister of Transportation |

PROJECT SUMMARY

BOLIVIA TRANSPORTATION SECTOR POLICY REFORM PROGRAM II (BO-L1112)

| Financial Terms and Conditions | | | | |
|---|---|--|--|-----|
| Borrower: | Source | % | Amount (US\$) | % |
| Plurinational State of Bolivia | IDB (regular Ordinary Capital): | 85 | 102,000,000 | 85 |
| | IDB (concessional Ordinary Capital): | 15 | 18,000,000 | 15 |
| | IDB: | 100 | 120,000,000 | 100 |
| Executing agency: | Other/Cofinancing: | | 0 | 0 |
| Ministry of Public Works, Services, and Housing (MOPSV) through the Office of the Deputy Minister of Transportation (VMT) | Local: | | 0 | 0 |
| | Total: | | 120,000,000 | 100 |
| | Regular Ordinary Capital (FFF) ^(a) | Concessional Ordinary Capital | | |
| Amortization period: | 20 years | 40 years | | |
| Disbursement period: | 1 year | | | |
| Grace period: | 6.5 years | 40 years | | |
| Interest rate: | LIBOR-based | 0.25% | | |
| Credit fee: | (b) | N/A | | |
| Inspection and supervision fee: | (b) | N/A | | |
| Average weighted life: | 12.75 | N/A | | |
| Currency of approval: | U.S. dollars | | | |
| Project at a glance | | | | |
| <p>Project objective/description: The general objective of the program is to help improve the institutional capacity of Bolivia's transportation sector through the development and implementation of the enabling, regulatory, and technical framework of the new General Transportation Act (Law 165), which will contribute to national productivity, regional integration, and environmental sustainability. The specific objectives are: (i) better quality transportation infrastructure, through the implementation of multiyear strategic planning mechanisms; and (ii) better associated services, through the adoption of policy and regulatory frameworks that are compatible with demand and aimed at efficiency, quality, safety, and sustainability.</p> <p>This is the second in a series of three operations under a programmatic policy-based loan (PBL).</p> | | | | |
| <p>Special contractual conditions: The single disbursement of this Bank loan will be subject to fulfillment by the borrower of the conditions established in the Policy Matrix (Annex II), the Policy Letter, and the other conditions established in the loan contract (paragraph 3.2).</p> | | | | |
| Exceptions to Bank policies: None | | | | |
| Strategic Alignment | | | | |
| Challenges: ^(c) | SI <input type="checkbox"/> | PI <input checked="" type="checkbox"/> | EI <input checked="" type="checkbox"/> | |
| Crosscutting themes: ^(d) | GD <input type="checkbox"/> | CC <input checked="" type="checkbox"/> | IC <input checked="" type="checkbox"/> | |

^(a) Under the terms of the Flexible Financing Facility (FN-655-1), the borrower has the option of requesting changes to the amortization schedule as well as currency and interest rate conversions. The Bank will take operational and risk management considerations, prevailing market conditions, and the loan's level of concessionality into account when reviewing such requests in accordance with the Bank's current policies on such matters.

^(b) The credit fee and the inspection and supervision fee will be established periodically by the Board of Executive Directors as part of its review of the Bank's lending charges, in accordance with applicable policies.

^(c) SI (Social Inclusion and Equality); PI (Productivity and Innovation); and EI (Economic Integration).

^(d) GD (Gender Equality and Diversity); CC (Climate Change and Environmental Sustainability); and IC (Institutional Capacity and Rule of Law).

I. PROGRAM DESCRIPTION AND RESULTS MONITORING

A. Background, problem addressed, and rationale

- 1.1 This program is the second in a programmatic series of three policy-based loans aimed, respectively, at the design, approval, and implementation of reforms in the transportation sector of the Plurinational State of Bolivia. The policies proposed here are consistent with the first operation and provide continuity for the modernization and reform process. Completion of the programmatic series is expected to produce the following outputs: (i) policies, coordination mechanisms, and multiyear planning instruments for sector investments; (ii) specific enabling and regulatory instruments for each subsector, pursuant to the General Transportation Act (Law 165); (iii) regulations for the import of vehicles, control of weights and sizes, and carriage of hazardous materials; (iv) policy framework for road safety; (v) guides for the development of master plans and environmental and sustainable management of infrastructure maintenance; and (vi) a management system for the Red Vial Fundamental (RVF) [principal road system].
- 1.2 **Economic context.** Bolivia has shown good economic performance and a marked reduction in poverty in the last decade. In a context of a boom in export commodities¹ and supported by prudent macroeconomic management, real gross domestic product (GDP) grew by an annual average of 5%² from 2006 to 2015 and the poverty rate fell by 36%.³ The country's solid macroeconomic position allowed it to successfully weather the direct impacts of the 2009 economic and financial crisis,⁴ presenting surplus fiscal and external balances, controlled inflation, and stability in monetary and financial markets ([optional electronic link 7](#)).
- 1.3 The increase revenues from fossil fuel exports and cyclical improvements in tax revenues contributed significantly to improving Bolivia's fiscal position. In the period 2009-2013, the nonfinancial public sector (NFPS) obtained an average general surplus of 1.0% of GDP which translated into high liquidity for the country.⁵ However, in 2014, with the fall in international commodity prices,⁶ the NFPS began to post deficits.⁷ Given the importance of the primary sector in Bolivia's economic structure (30% of GDP), the reduction in export prices (mainly fossil fuels) weakened the economy. Under these circumstances, the authorities responded with expansionary fiscal and monetary policies to sustain the level of economic activity, increasing public investments and direct transfers. As a result, in 2014-2015, Bolivia posted an average general deficit of 5.15% of GDP and the International Monetary Fund (IMF) projected the total NFPS public debt to be 40.6% of GDP at the close of 2016.

¹ The gas price index was 90% higher in 2004-2010 versus 1997-2003 (IMF).

² Real GDP grew from US\$27.3 billion to US\$42.5 billion (IMF).

³ National Statistics Bureau (INE).

⁴ In 2009 Bolivia was the fastest-growing economy in Latin America and the Caribbean (LAC) (3.4%), followed by Uruguay (2.4%), Colombia (1.7%), and Peru (1%). Central Bank of Bolivia (BCB).

⁵ Cumulative Net International Reserves (NIRs) as of September 2016 are the equivalent of 31% of GDP (US\$11.108 billion). Bolivia's NIRs as a percentage of GDP are among the highest in Latin America and the Caribbean: Uruguay (31.6%), Peru (29.9%), Paraguay (22%), Brazil (16.7%), Chile (15.3%), and Mexico (14.9%).

⁶ The Commodities Price Index fell from 183 units to 83 units between 2008 and 2016.

⁷ Fiscal deficit of -3.4% of GDP in 2014 and -6.9% in 2015 (BCB).

- 1.4 The debt sustainability analysis (IMF, 2016) indicates that Bolivia is at moderate risk of over-indebtedness in the current context.⁸ The IMF points out that debt sustainability in the medium term will depend on fiscal consolidation to counteract lower earnings from fossil fuel exports.⁹ The nation's general budget for 2017 projects NFPS external financing requirements of US\$2.642 billion. This operation would cover 4.5% of external financing (paragraph 2.1). All IDB operations taken together would cover 17% of external financing requirements; international cooperation agencies¹⁰ would cover 45%, and the remaining 38% would be covered by bond issues.
- 1.5 Bolivia's macroeconomic framework continues to be appropriate and consistent with the objectives for programmatic loans. The IMF projects that the country's real GDP will grow by 3.7% and 3.5% in 2016 and 2017, respectively. In 2017, Bolivia began the year with fiscal reserves equivalent to 30% of GDP. Cumulative public sector deposits to 2017 will amount to 4.5% of GDP,¹¹ and international reserves will be the equivalent of 16 months of imports, offering a cushion against external shocks.
- 1.6 **Transportation sector.** Bolivia is a landlocked country with varied topography, a widely-scattered population,¹² and a dispersed economic base,¹³ where transportation infrastructure is strategically important on the national level,¹⁴ contributing to the country's socioeconomic integration. In 2015, the transportation sector generated 7.83% of national GDP¹⁵ and employed about 5.8% of the working population. Passenger transport in Bolivia is structured around the four modes of transportation (paragraphs 1.14, 1.18, 1.21, and 1.24). As for freight transport, Bolivia's foreign trade is highly dependent on highway transport.¹⁶ Bolivia plays a very important role in South American integration, reflected in its participation in five of the nine Integration and Development Hubs of the Initiative for the Integration of Regional Infrastructure in South America (IIRSA),¹⁷ which strategically link Bolivian territory with nine South American countries ([optional electronic link 9](#)).
- 1.7 **Sector institutional framework.** The lead agency is the Ministry of Public Works, Housing, and Services (MOPSV), which includes the Office of the Deputy Minister of Transportation (VMT), composed of two branches: the Bureau of Land, River, and Lake Transportation and the Bureau of Air Transportation. The VMT's functions

⁸ Public debt as a percentage of GDP fell from 95.7% to 31% (2003-2016), supported by debt relief, consecutive fiscal surpluses, and strong economic growth (BCB).

⁹ Bolivia reported its first fiscal deficit in nine years in 2014, a deficit of 6.9% in 2015, and similar prospects in 2016, which means higher pressure on public borrowing (BCB).

¹⁰ Primary sources of financing: Development Bank of Latin America (CAF), People's Republic of China, and the World Bank.

¹¹ Projection of the Ministry of Economy and Public Finance.

¹² Average population density 10 inhabitants/km² (Brazil: 25 inhabitants/km², Argentina: 16 inhabitants/km², and Paraguay: 17 inhabitants/km², World Bank, 2015).

¹³ Departmental share of GDP (2014): Santa Cruz (28.48%), La Paz (25.20%), Cochabamba (14.20%), Tarija (13.69%), Potosí (5.43%), Chuquisaca (4.97%), Oruro (4.77%), Beni (2.41%), and Pando (0.86%).

¹⁴ Between 2006–2015, public investment in transportation accounted for 36% of all the country's investments in infrastructure.

¹⁵ Latin American and Caribbean average: 6.31%.

¹⁶ Twenty-five percent of exports and 82% of imports were moved by road (INE, 2015).

¹⁷ Bolivia has 52 integration projects (US\$10.6 billion).

include responsibility for proposing policies and standards and applying the sector plans for transportation, under the framework of national development strategies that guarantee public access to a safe, efficient, and comprehensive transportation system comprising the different modes ([optional electronic link 8](#)).

- 1.8 **Policy and regulatory considerations in the transportation sector.** The General Transportation Act (Law 165) was passed in August 2011, with the objective of “establishing general, technical, economic, social, and organizational policies for transportation, considering the modes of air, road, rail, and waterborne transport as one comprehensive system, for the entire territory of the Plurinational State of Bolivia in order to contribute to wellbeing.” The comprehensive system covers infrastructure and associated services as a means of integrating the country’s social, productive, and commercial development. The law considers the development of infrastructure and services for the country’s internal and external integration to be a priority.
- 1.9 In this context, in 2014 the Bank approved the first of three operations under a programmatic policy-based loan (PBL) in the transportation sector (BO-L1089; 3181/BL-BO).¹⁸ The problems identified in the program and progress since the first operation was approved are described below.
- 1.10 **General problems in the transportation sector.** Institutional capacity for regulating transportation infrastructure and services is limited.¹⁹ This can be seen in limited interagency coordination and the absence of tools for multiyear strategic investment planning, such as an up-to-date national transportation plan²⁰ and strategic investment plans for the transportation subsectors. The problem identified is due to the absence of a specific regulatory and policy framework (technical and regulatory) for each mode and the need for an interagency coordination body for multiyear planning, as called for in Law 165. A start was made on these actions in the program’s first operation.
- 1.11 Solid institutions and regulations contribute to the effective management of public investments (IMF, 2013). According to the IMF’s Index of Public Investment Management Efficiency,²¹ the quality of project planning, selection, implementation, and evaluation in Bolivia is relatively lower than in other Latin American and Caribbean countries.²²
- 1.12 As a consequence of this limited institutional capacity and despite the Bolivian government’s investment efforts (paragraph 1.6), the country’s physical linkage still presents large challenges. Bolivia ranks 120th (out of 140 countries) in the transportation infrastructure pillar of the World Economic Forum’s (WEF) Global Competitiveness Index, which reflects shortcomings in the quality of transportation

¹⁸ Considering the complexity of the reforms included in this programmatic PBL, the program was designed from the start as a triennial program, with each operation taking an average of three years.

¹⁹ Passenger and freight transport, merchandise logistics, tourist transportation, and support activities involving all modes of transport.

²⁰ There is a transportation sector development (2009) and the updated master overland transportation plan (2005).

²¹ Analyzes the quality and efficiency of the public investment management process in 71 developing countries. Dabla-Norris et al. (2012), *Investing in Public Investment: An Index of Public Investment Efficiency*.

²² Bolivia’s average score: 2.44 (out of a maximum of 4); Peru (2.61); Colombia (3.07); and Brazil (3.12).

infrastructure and services. Moreover, the projects related to IIRSA's Integration and Development Hubs are still being consolidated.²³ The sector's limitations tend to increase logistics costs, raising the price of imports and undermining the competitiveness of exports.²⁴

- 1.13 A diagnostic assessment of each transportation subsector linked to the general problem identified (paragraph 1.10) is presented below, and the progress observed in the anticipated outcomes is described.²⁵
- 1.14 **Road transport.** During the design of the initial program, the need was identified to move ahead with specific regulations for this subsector and to systematize a multiyear planning process for investments and maintenance, through the creation of management tools for road assets to capture and process data on traffic, accidents, rights-of-way, and vehicle weight and size controls. Moreover, with the goal of helping to reduce emissions, improve road safety, and facilitate international trade, the need was identified to regulate vehicle imports under Euro emission standards and to adopt international standards for highway carriage of hazardous materials.
- 1.15 These limitations affect the quality of the road system, with 26% in poor or very poor condition and 53% in average condition, which increases shipping costs,²⁶ creating barriers to economic activities,²⁷ productivity (paragraph 1.12),²⁸ and territorial cohesion. Bolivia's low road density (0.07 km/km²)²⁹ reflects scant coverage, which affects the quality of transportation services. Data from Latinbarómetro 2015 indicate that an average of 50% of Bolivians report little or no satisfaction with the quality of urban transportation services and road infrastructure. In addition, the age of the automotive fleet³⁰ and the absence of specific emission standards for imported vehicles contribute to increased pollutant emissions.
- 1.16 The policy achievements of the first operation (paragraph 1.46) are addressing the needs described (paragraph 1.14), and there has been a 28% reduction in complaints about land transportation services (2015), which has exceeded the midterm goal for 2016 (14%) ([required electronic link 3](#)).

²³ Ten percent completed, 30% in execution, and the remainder in the preinvestment stage.

²⁴ The cost of exporting a container is US\$1,440 and of importing one US\$1,745. Latin American and Caribbean averages: US\$1,287 and US\$1,666, respectively (World Bank, 2014).

²⁵ Because the program has not yet been fully implemented, the progress observed is not considered solely attributable to the reforms included in the program, since the Bolivian government is implementing supplementary measures.

²⁶ Percentage of paved roads: 12%. Carrying freight for export over unpaved roads can result in transport costs that are twice as high as for paved roads (IDB/Palermo 2016).

²⁷ Transportation costs: Bolivia 8.4% of traded value; average for the Latin American Integration Association (ALADI) countries 6.3%. (ALADI 2016).

²⁸ Bolivia's total factor productivity (39%) is below the regional average (52%) (IDB, 2010). Lower transportation costs help to encourage more traffic and expand regional trade. An ex post evaluation of improvements in a transportation corridor in Laos demonstrated that the number of freight operators doubled over a period of five years. Rehabilitation of a road that links Kazakhstan and Kyrgyzstan led to an increase in traffic volumes of 25% and in regional exports of 160% between 1998 and 2007 (Asian Development Bank, 2008).

²⁹ Latin American and Caribbean average: 0.18 km/km².

³⁰ Average age of Bolivia's automotive fleet: 15.4 years (MOPSV 2015).

- 1.17 The first operation identified the need to improve the institutional framework for road safety (paragraph 1.46). The Office of the Deputy Minister for Citizen Safety (VMSC) of the Ministry of the Interior approved a national road safety plan and is preparing the respective regulatory framework. Implementation of that plan will benefit from the existence of data collection tools (paragraph 1.15) on road conditions and accidents (currently in preparation), which will enable critical points in the network to be identified for intervention. These measures will help to improve the current situation in which the number of road accidents grew by 20% between 2006 and 2014 and traffic accident mortality and injuries grew by 23% (from 1,905 to 2,341) and 57% (from 11,956 to 18,820), respectively.³¹ Since the first operation was approved, a decline of 5.2% has been observed in the average annual road-accident mortality rates ([required electronic link 3](#)).
- 1.18 **Rail transport.** During the design of the initial program, the need was identified to flesh out and update the rail transport regulatory framework,³² including aspects relating to the carriage of hazardous materials under international standards, and the preparation of technical manuals for railway construction.
- 1.19 These limitations affect investments to upgrade infrastructure and safety³³ which, in turn, affect the quality of rail transport services and growth of the subsector, which plays a key role for some of the country's main exports.³⁴
- 1.20 The policy achievements of the first operation (paragraph 1.50) are addressing the needs described (paragraph 1.18), for an average increase in the amount of freight carried by the two systems of 12% (2015) and a reduction of 37% in the number of derailments in the eastern system (2015) ([required electronic link 3](#)).
- 1.21 **Air transport.** During the design of the initial program, the need was identified to improve and update sector regulations, in particular the Bolivian Aeronautical Regulations, adopt the International Civil Aviation Organization's international standards, and develop instruments to support the planning of investments and maintenance for infrastructure and equipment.
- 1.22 These limitations affect the quality of infrastructure³⁵ and services, and are reflected in outdated technologies³⁶ and constraints³⁷ that make it difficult to respond to rapid growth in the sector³⁸ in public air transport operations.
- 1.23 The policy achievements of the first operation (paragraph 1.54) are addressing the needs described (paragraph 1.21), for a 14% reduction in complaints about service³⁹

³¹ INE.

³² Preinvestment studies for the central bi-oceanic railway corridor identify the need for a solid regulatory framework and effective instruments for sector coordination (IDB, 2015).

³³ Eastern system: 55 derailments in 2015 (Ferroviaria Oriental S.A.).

³⁴ The eastern system carried 1.7 million tons: 56% soybeans and byproducts; 26% fossil fuels and minerals.

³⁵ Bolivia ranks 86th out of 140 countries in available seat kilometers (FEM: 2015).

³⁶ The main airports (La Paz, Cochabamba, and Santa Cruz) operate with equipment that is more than 20 years old (MOPSV).

³⁷ The percentage of airports certified for public air transport operations is 8.33%.

³⁸ Growth in passenger traffic (12.9% a year between 2010 and 2015) has been higher than the average in Latin America and the Caribbean (8%).

³⁹ Linked to service for users.

(2015) and an 84% reduction in complaints about flight cancellations (2015), as well as a 14% increase in the number of airports that apply environmental mitigation measures (2016) ([required electronic link 3](#)).

- 1.24 **Waterborne transport.** During the design of the initial program, the need was identified to prepare a specific regulatory framework to cover ports, merchant marine activities, navigational safety, and environmental protection, with a designated authority and jurisdiction to improve port management and operation. Regulations of this kind were prepared under the program's first operation (paragraph 1.58).
- 1.25 These limitations affect the planning of investments in infrastructure and safe services,⁴⁰ undermining the subsector's capacity to accommodate growth in exports.⁴¹
- 1.26 **Proposed solution.** To address the problems mentioned above (paragraph 1.10), the Bolivian government identified progress in regulating Law 165 as a priority. The essential elements of this effort are reflected in the four enabling regulations for land, rail, air, and waterborne transport. To achieve effective and coordinated implementation of this law, a coordinating institution is required, such as the Transportation Sector Coordination Council (CCS-TRANS), capable of approving and implementing a national transportation sector plan. Taking a comprehensive and multimodal approach, the plan should identify a portfolio of multiyear investment priorities for the country. To operationalize the law and the regulations for its four modes, enabling, technical, and operational actions were identified to improve the quality of services, safety, harmonization with international standards and recommendations, environmental sustainability, and infrastructure maintenance (paragraph 1.34). These improvements in transportation service quality will have a positive impact on national productivity and the country's economic integration (paragraph 1.33). With the Bank's support, the Bolivian government designed a policy reform program for the transportation sector, structured in three programmatic operations (paragraph 1.9): the first focused on designing the required regulatory, policy, and institutional instruments; the second, described herein, focuses on approval of those instruments and the design of tools to support the planning and management of road infrastructure; and the third will focus on implementation of the legal, institutional, and management instruments to support the sustainability and continuity of the reforms.
- 1.27 This second phase of the programmatic series includes the approval of enabling regulations for each mode of transportation, which are central to fulfillment of the program's objectives. The incorporation of the technical and administrative recommendations resulting from the community consultations on the reforms have contributed to the creation of sounder, consensus-based instruments that meet the sector's needs and enhance ownership and implementation. The adjustments made to certain conditions for fulfillment of the operation⁴² are in response to needs identified during the consultations, confirming the suitability of the financing

⁴⁰ No regulations exist at present on compulsory third-party insurance to be obtained by waterborne transport operators.

⁴¹ More than one million tons a year of soybeans are exported using this mode. Total exports by river grew by 7% (2010-2015).

⁴² Detailed in the Comparative matrix ([optional electronic link 10](#)) and footnotes associated with each policy.

instrument used for the program (programmatic PBL) (paragraph 2.1). This is the case with the draft legislation: (i) rights-of-way on the RVF; (ii) national technical vehicle-inspection system; and (iii) civil aeronautics, the revised scope of which in the second phase has been adjusted for submission of the first two bills to the Legislative Assembly and the civil aeronautics bill to the Ministry of the Presidency. These adjustments do not affect the scope of the third operation, and are considered acceptable as they aim to strengthen fulfillment of the program's objectives, given the degree of fulfillment of the central policies in the second phase ([optional electronic link 10](#)).

- 1.28 **Lessons learned.** The Bank has worked on seven policy reform programs in the transportation sector.⁴³ This program incorporates the most relevant lessons learned, which coincide with the lessons obtained during the preparation and development of the first operation, including the need to: (i) have up-to-date policy instruments that respond to the demands of transportation systems and promote efficiency and competition in the sector which, in this case, is reflected in the technical and enabling regulation of infrastructure and services in the different modes of transport; (ii) establish interagency coordination at the highest government levels to improve dialogue with the different transportation subsectors, including the private sector, to facilitate implementation of the reforms and attract investments, which is embodied in this program by the creation and start-up of CCS-TRANS (paragraph 1.44); (iii) have investment planning tools to guarantee consistency between the objectives of sector policies and the development challenges of countries, which has been included in this program through the preparation of master investment and maintenance plans (paragraph 1.41) and road asset management tools (paragraphs 1.60 and 1.62); and (iv) spacing of the phases compatible with the policy agenda and the different resources available (paragraph 2.4).
- 1.29 **Program rationale.** According to the Organization for Economic Cooperation and Development (OECD),⁴⁴ regulatory policy plays a fundamental role in supporting economic development and strengthening the rule of law, helping policy makers to reach informed decisions about what, whom, and how to regulate. In the transportation sector, policies should evolve at the same pace as the economies are transformed, so as to ensure that infrastructure does not become a bottleneck, but rather a driver of the countries' economic development. The way in which infrastructure is used, i.e. the associated services, is what ultimately determines the impact on users, and therefore it is a key factor in contributing to the comprehensive development of economies. Adequate sector policies with a crosscutting approach (paragraph 1.34) are essential for guaranteeing good infrastructure and good use of it. Some theoretical studies⁴⁵ conclude that constraints on the institutional framework, regulation, and management can interfere with the provision of public

⁴³ Air Transport Reform Program (1042/SF-GY), Air Transport Reform Program (2682/OC-BH), Fiscal Stability Consolidation Program for the Economic and Social Development of the State of Alagoas (3061/OC-BR), Program to Support the National Logistics Policy (2540/OC-CO), Institutional Strengthening and Reform of the Transport Sector I (HA-L1088), Transportation Sector Policy Reform Program (BO-L1089), Support for Colombia's Public-Private Partnership Program (CO-L1162), Support for Panama's Transport and Logistics Sector Reform Program, Phases I and II (PN-L1110, PN-L1119).

⁴⁴ OECD (2010), *Regulatory Policy and the Road to Sustainable Growth*.

⁴⁵ Chakraborty and Dabla-Norris (2009), *The Quality of Public Investment*.

infrastructure services, lowering the quality and effectiveness of public capital, and negatively affecting businesses' incentives for investing.

- 1.30 **Effectiveness of results.** According to Talvitie (1997)⁴⁶ implementation of multiyear strategic planning helps to lower highway transportation costs by between 5% and 30%. In addition, a study in Spain⁴⁷ on the impact of road traffic and safety policies on accident rates found, using econometric techniques, that implementing reforms of control measures and enforcement of penalties reduced mortality by between 17.78% and 20.7%.
- 1.31 **Bolivian government's strategy.** The Economic and Social Development Plan 2016-2020 (PDES) prioritizes giving new impetus to the country's public management, focused on coordinating the different phases of the investment process (planning, execution, monitoring, and evaluation) by introducing tools to develop the process in a comprehensive, complementary, and coordinated fashion. This priority is consistent with the objectives and components of this operation, particularly its support for sector coordination and transportation infrastructure planning and management, and reinforces the government's commitment to implementing the final programmatic operation.
- 1.32 **The Bank's country strategy with Bolivia.** This operation is aligned with the IDB Country Strategy with Bolivia (2016-2020) (document GN-2843) with respect to the strategic objective of improving the provision of quality public goods and services and, in particular, through instruments to support planning and operations, as it contributes to the outcome of better transportation infrastructure to facilitate the country's logistics. The Bank will continue to support implementation and consolidation of transportation sector reform processes. The operation is also included in the 2017 Operational Program Report (document GN-2884).
- 1.33 **Strategic alignment.** The program is consistent with the Bank's Update to the Institutional Strategy 2010-2020 (document AB-3008) and is strategically aligned with the challenges of: (i) productivity and innovation under the criterion linked to the establishment of effective institutional frameworks, since it will help improve multiyear transportation infrastructure planning which, in turn, will have a positive impact on reducing general transportation costs (paragraph 1.15); and (ii) economic integration, under the criterion of national subsidiarity, through support for harmonization with international standards in air safety, carriage of hazardous materials, and emissions standards for imported vehicles. Moreover, the reforms to the sector's regulatory framework and development of its institutional capacity have the end goal of facilitating the movement of people and goods by integrating national and regional systems.
- 1.34 The program is also aligned with the crosscutting areas of: (i) institutional capacity and rule of law, under the criterion of improvements in the volume, quality, punctuality, and accessibility of transportation services, since it will help to bolster public administration capacity (government effectiveness) in the formulation and application of investment policies and regulation of transportation services; and (ii) climate change and environmental sustainability, since it will support policies

⁴⁶ Reform projects for the transportation sector in Thailand (1994).

⁴⁷ Tena-Sánchez, J. (2013), El impacto de las nuevas políticas de seguridad vial sobre la conducta de los conductores [Impact of the new road safety policies on drivers' behavior].

- that help reduce greenhouse gas emissions, thanks to the promotion of rail and waterborne transport and regulation of emission standards for imported vehicles (paragraph 1.46). The program will also facilitate natural disaster risk management in the aircraft movement area (paragraph 1.54) and identification of highway areas that are vulnerable to natural disasters (paragraph 1.62). According to the [Multilateral Development Banks' Climate Finance Tracking Methodology](#), this operation contributes to the IDB Group's target of earmarking 30% of annual financing to projects related to climate change by 2020.
- 1.35 For airport management, the project will include natural disaster risk management in the aircraft movement area. Lastly, the program will contribute to natural disaster management by mapping the areas and points that are most vulnerable to natural disasters as well as the populations living near highways (paragraphs 1.62 and 1.63).
- 1.36 The program is also aligned with the following indicators of the Corporate Results Framework 2016-2019 (document GN-2727-4) (CRF): (i) regional, subregional, and extra-regional integration agreements and cooperation initiatives supported, since it will help harmonize national regulations with international standards on air safety, carriage of hazardous materials, and imported vehicle emissions, which has been included in the results matrix output indicator: "Regulations governing the carriage of hazardous materials by highway harmonized with the regional/international standard agreed upon in MERCOSUR;" (ii) government agencies benefited by projects that strengthen technological and managerial tools to improve public service delivery, since the program will contribute to the creation and introduction of multiyear planning and programming tools, such as implementation of vehicle weight and size inspection stations and a road management system, sector master plans, maintenance investment plans, a guide for environmental management and sustainable airport maintenance; and (iii) greenhouse gas emissions (paragraph 1.34).
- 1.37 The program is also aligned with the IDB Infrastructure Strategy: Sustainable Infrastructure for Competitiveness and Inclusive Growth (document GN-2710-5) since it helps to: (i) plan, build, and maintain infrastructure for the delivery of quality services that promote sustainable and inclusive growth (second strategic principle); (ii) promote ongoing improvements in infrastructure governance to enhance efficiency in the delivery of infrastructure services; and (iii) promote the harmonization of regulatory frameworks for regional transportation and infrastructure planning for regional and global integration (both priority areas for action). Lastly, the program is aligned with the Transportation Sector Framework Document (document GN-2740-7), by contributing to dimension 5 of success, which involves supporting countries in strengthening their institutions in the transportation sector by increasing their capacity to generate and implement transportation sector policies, plan and execute projects, and regulate services. The alignment includes: (i) support for the consolidation of transportation within a public institution (institutional strengthening in efficiency, transparency, and coordination with citizens); (ii) consolidation of sector information and data to strengthen public policy design; and (iii) attention to the sector's regulatory and planning requirements.

- 1.38 **Bank participation in the sector.** In recent years, the Bank has approved eight investment and preinvestment loans in transportation for US\$451 million.⁴⁸ The policy reform program complements that portfolio since it will help to improve the sector's institutional framework and increase the availability of planning and management tools.
- 1.39 **Beneficiaries.** The improvement in infrastructure planning and management processes will boost the country's productivity, through better transportation services (paragraph 1.15). The main beneficiaries will be Bolivian producers⁴⁹ who will have better access to national and international markets. Users of transportation services and infrastructure will also benefit.⁵⁰

B. Objectives, components, and cost

- 1.40 **Objective.** The general objective of the program is to help improve the institutional capacity of Bolivia's transportation sector through the development and implementation of the enabling, regulatory, and technical framework of the new General Transportation Act (Law 165), which will contribute to national productivity, regional integration, and environmental sustainability. The specific objectives are: (i) better quality transportation infrastructure, through the implementation of multiyear strategic planning mechanisms; and (ii) better associated services, through the adoption of policy and regulatory frameworks that are compatible with demand and aimed at efficiency, quality, safety, and sustainability.
- 1.41 **Components.** The Policy Matrix (Annex II) establishes the sequence of program commitments, structured in the following components:
- 1.42 **Component 1. Macroeconomic stability.** The objective of this component is to ensure that the macroeconomic context is consistent with the program's objectives, as established in the Policy Matrix.
- 1.43 **Component 2. Policy and regulatory framework.** This component includes regulations to develop the general, regulatory, and technical considerations required under Law 165 for each mode of transport and implementation of the prioritized actions and mechanisms established therein.
- 1.44 **Subcomponent 2.1. General policy framework.** This subcomponent is intended to develop the general regulations for Law 165, which will develop sector policies and planning, with a view to efficiently and effectively improving the country's regional and international integration. It also seeks to comprehensively implement multiyear planning. To attain this objective, in the first operation, regulations for CCS-TRANS were prepared, establishing its structure and functions. CCS-TRANS

⁴⁸ Northern Corridor Highway Program, La Paz-Caranavi Segment, IIRSA Río Branco-La Paz Hub (1597/SF-BO) 100% executed (2014); Northern Corridor Highway Program, Santa Bárbara-Rurrenabaque Section (1833/SF-BO) 100% executed (2016); Performance-based Road Maintenance (1940/BL-BO) 100% executed (2014); Road Conservation in the East-West Corridor (2233/BL-BO) 100% executed (2014); Preinvestment Program for Strategic Transportation Projects (2498/BL-BO) 84% executed (2017); Montero-Yapacaní Two-lane Segment of the Santa Cruz-Cochabamba Highway (2786/BL-BO) 13% executed (2018); Airport Infrastructure Program, Stage I (2951/BL-BO) 15% executed (2018); and Rehabilitation of the La Paz-El Alto Highway (2981/BL-BO) 14% executed (2018).

⁴⁹ According to the Bolivian National Agricultural Census (2013), the country has 2,057,341 producers.

⁵⁰ According to the Bolivian household survey (2014), 68% of households report spending on urban transportation services, 16% on inter-city transportation, and 30% on fuel and lubricants for vehicles.

will be operative in the second operation and a start will be made on the national transportation sector plan (PLANAST),⁵¹ which will be implemented in the third operation in land and air transportation, including the transportation information system (SINTRA) and disaster risk management in the sector (paragraph 1.10).

- 1.45 **Subcomponent 2.2. Regulatory and policy framework for road transport.** This subcomponent has the following objectives: (i) to develop the regulatory framework of Law 165 for land transportation as it pertains to service delivery in terms of quality, safety, and economy, in order to achieve higher quality and more efficient service; (ii) to implement regulations and oversight in the areas of rights and obligations, rates, and insurance; and (iii) to develop technical regulations to govern aspects related to infrastructure, transportation safety, and vehicle regulation (safety and emissions), to ensure that infrastructure lasts for its useful life under adequate service conditions, to save human lives, and to reduce greenhouse gas emissions.
- 1.46 To date, progress has been made in attaining the aforementioned objectives. Fulfilment of the conditions for the first operation made it possible to: (i) prepare regulations governing passenger and freight road transportation; (ii) prepare draft legislation on the national vehicle technical-inspection system; (iii) prepare regulations governing the import of vehicles under Euro standards or their equivalent; (iv) prepare regulations governing the carriage of hazardous materials by highway; (v) approve a national road safety plan; (vi) prepare a highway accident prevention manual; (vii) enact the law to control vehicle weights and sizes; and (viii) prepare draft legislation on rights-of-way for highways.
- 1.47 For the second operation: (i) the regulations prepared under the first operation will be approved, including regulations governing the carriage of hazardous materials, whose implementation will begin,⁵² with MERCOSUR recommendations incorporated to facilitate Bolivia's integration with regional markets; (ii) the implementation program will be approved for equipping vehicle weight and size inspection stations on the RVF, including a metrology services laboratory;⁵³ (iii) draft regulations for rights-of-way and the national vehicle technical-inspection system (paragraph 1.271.10) will be submitted to the Legislative Assembly; (iv) the policy framework for the national road safety plan will be prepared; and (v) the highway accident prevention manual will be approved.
- 1.48 The following is expected under the third operation: (i) implementation of the administrative resolutions necessary to regulate and oversee public road transportation services in the following areas: (a) rights, obligations, and prohibitions

⁵¹ Originally, approval of PLANAST was planned under the second operation. The preparation of intermediate planning tools (sector comprehensive development plan and transportation information system) intended to improve the technical soundness of PLANAST warranted an extension of the planned timetable. At the government's request, the policy action has been adjusted to the new timetable, with PLANAST now in the preparation stage, but no change has been made in the final scope of the reform, which involves its implementation ([optional electronic link 10](#)).

⁵² Originally, the second operation included plans to implement the regulations for the carriage of hazardous fossil fuels and minerals. The Bolivian government has prioritized implementation of regulations governing all hazardous materials, broadening the scope of this second reform, whose implementation will require more time to complete ([optional electronic link 10](#)).

⁵³ The inclusion of a metrology services laboratory (not originally planned) will improve the operation of the vehicle inspection stations, allowing for greater autonomy and reliability in the operation of the weighing system ([optional electronic link 10](#)).

governing users, operators, drivers, and administrators of land terminals; (b) rate regulations for passenger transport; and (c) insurance; (ii) implementation of the national vehicle technical-inspection system in departmental capitals and of the regulations for the carriage of hazardous materials; (iii) approval of the policy framework for the national road safety plan; and (iv) the start of operations of vehicle weight and size inspection stations on the RVF.

- 1.49 **Subcomponent 2.3. Regulatory and policy framework for rail transport.** This subcomponent has the following objectives: (i) to develop the regulatory framework of Law 165 for rail transport as it pertains to service delivery in terms of quality, safety, and economy, in order to achieve higher quality and more efficient service; (ii) to implement regulations and oversight in the areas of rights and obligations, rates, and insurance; and (iii) to develop technical regulations to govern aspects relating to infrastructure, safety, and the environment in order to promote the use of railways to carry freight and passengers, providing incentives for safe multimodal transportation.
- 1.50 Under the first programmatic operation, the following was achieved: (i) regulations were prepared governing rail transport; (ii) draft regulations were prepared on rail infrastructure; and (iii) draft regulations were prepared on the carriage of hazardous materials by rail.
- 1.51 For the second operation: (i) the enabling regulations governing rail transport and the regulations governing the carriage of hazardous materials by rail will be approved and their implementation will begin,⁵⁴ with MERCOSUR recommendations incorporated to facilitate Bolivia's integration with regional markets; and (ii) the environmental manual for rail infrastructure construction will be approved.⁵⁵
- 1.52 The following is expected under the third operation: (i) implementation of the administrative resolutions necessary to regulate and oversee rail transport in aspects relating to: (a) rights, obligations, and prohibitions governing infrastructure users, operators, and administrators; (b) rate regulations for passenger transport; and (c) insurance; and (ii) implementation of the regulations for the carriage of hazardous materials.
- 1.53 **Subcomponent 2.4. Regulatory and policy framework for air transport.** This subcomponent has the following objectives: (i) to develop the regulatory framework of Law 165 for air transport as it pertains to service delivery in terms of quality and economy, in order to achieve higher quality and more efficient service; (ii) to implement regulations and oversight in the areas of rights and obligations, rates, and insurance; and (iii) to develop technical regulations to govern aspects relating to infrastructure, safety, and the environment, in order to improve and prolong the useful life of airport infrastructure and equipment.
- 1.54 To fulfil the objectives of this subcomponent, under the first operation the following was achieved: (i) enabling regulations for air transport of passengers, airport

⁵⁴ These regulations are being processed jointly with the highway regulations.

⁵⁵ At the request of the Bolivian government, approval of the rail infrastructure regulations planned for this second operation has been suspended, since it is reworking its priorities in rail regulation in general. However, it was decided to continue with approval of the environmental manual for rail construction, which responds to the objective of developing the technical aspects of railway construction and operation, owing to its importance for the interventions under way ([optional electronic link 10](#)).

services, air freight, and air postal shipping were prepared; (ii) the contents of the guide on preparing master plans were identified; (iii) the updated Bolivian Aeronautical Regulations were approved; (iv) draft legislation was prepared updating the Civil Aeronautics Act; (v) the contents of the environmental management guides on airport operation were identified; and (vi) the contents of the guide on the sustainable maintenance management of the aircraft movement area at airports were identified.

- 1.55 For the second operation: (i) the regulations, updates, and guides established previously will be approved; (ii) the draft Civil Aeronautics Act will be submitted to the Ministry of the Presidency (paragraph 1.27); (iii) the airport maintenance investment plan will be prepared, including multiyear investment programming; and (iv) the Bolivian air navigation plan will be updated.
- 1.56 The following is expected under the third operation: (i) implementation of the administrative resolutions necessary to regulate and oversee public air transportation services in aspects relating to: (a) rights, obligations, and prohibitions governing infrastructure users, operators, and administrators; (b) rate regulations for passenger transport; and (c) insurance; (ii) approval of the regulations for the law updating the Civil Aeronautics Act (Law 2902) and the airport maintenance investment plan; and (iii) updating the Bolivian air navigation plan.
- 1.57 **Subcomponent 2.5. Regulatory and policy framework for waterborne transport.** This subcomponent has the following objectives: (i) to develop the regulatory framework of Law 165 for waterborne transport as it pertains to service delivery in terms of quality and economy, in order to achieve higher quality and more efficient service; (ii) to implement regulations and oversight in the areas of rights and obligations, rates, and insurance; and (iii) to develop technical regulations to govern aspects relating to infrastructure, safety, and the environment, in order to promote the use of waterborne transport, providing incentives for safe multimodal transportation.
- 1.58 To fulfil the above objectives, under the first operation the following was achieved: (i) enabling regulations were prepared for waterborne transport; (ii) regulations were prepared for Law 165 for waterborne transport; and (iii) regulations were prepared for waterborne transport insurance (national and international). The second operation will obtain approval of the previously established regulations.⁵⁶
- 1.59 The following is expected under the third operation: (i) implementation of the administrative resolutions necessary to regulate and oversee public waterborne transportation services in aspects relating to: (a) rights, obligations, and prohibitions governing infrastructure users, operators, and administrators; (b) rate regulations for passenger transport; and (c) insurance; and (ii) implementation of the waterborne transport regulations in the areas of the carriage of hazardous materials, classification and rating of ports, registration, and tonnage.
- 1.60 **Subcomponent 2.6. Interventions in road infrastructure.** This subcomponent has the following objectives: (i) to provide technical tools for planning road network maintenance; and (ii) to provide a system for accident reporting and classification to

⁵⁶ The enabling regulations for waterborne transport and insurance have been combined into a single set of regulations ([optional electronic link 10](#)).

identify critical points on the RVF in order to take precautions and actions to reduce the number of traffic accidents and injuries (paragraph 1.17).

- 1.61 No policy reform was established for this subcomponent for the first operation, inasmuch as the Bolivian Highway Administration (ABC) was already working to develop road management tools.
- 1.62 For the second operation, a start will be made on contracting a road management system (SGV) structured in 14 modules, including a classified road inventory, a pavement condition module, a traffic and vehicle operating cost module, a maintenance activities module, etc. The SGV broadens the scope of this policy, since the original plan was only to provide a classified road inventory. The SGV will consolidate information on the development of the RVF and its condition and will serve as an instrument for strategic decision-making. In addition, for the second operation: (i) a system for reporting and classifying vehicle counts will be obtained; (ii) an up-to-date system for reporting and classifying accidents will be obtained; (iii) a procedure for the release of rights-of-way on the RVF will be prepared, including types, geometric aspects, plant cover, and occupancy; and (iv) a guide for the identification and assessment of environmental liabilities in road projects will be prepared, including types and potential mitigation measures.
- 1.63 The following is expected under the third operation: (i) a complete, up-to-date classified road inventory; (ii) an updated system for reporting and classifying vehicle counts; (iii) prioritization of road maintenance interventions; (iv) an approved program for interventions at critical points; (v) a complete, updated guide on the release of rights of way on the RVF; and (vi) an updated guide on the identification and evaluation of environmental liabilities in road projects.

C. Key results indicators

- 1.64 The operation is expected to obtain the following outcomes: (i) increase in multiyear sector planning; (ii) improvement in the quality of transportation infrastructure and services; and (iii) promotion of environmental sustainability. These results will help to achieve the following impacts: (i) increase in the use of land, rail, air, and waterborne transport; (ii) decrease in the road accident mortality rate; and (iii) improvement in the efficiency of overland transport.
- 1.65 **Economic analysis.** The economic analysis ([optional electronic link 1](#)) assesses the potential impact of implementing the enabling, regulatory, and technical framework of the General Transportation Act on the economy, considering the socioeconomic costs and benefits of applying the proposed policies for highway and air transportation, calculated by comparing scenarios with and without the program. The economic flows were discounted at 12%. The average estimated economic internal rate of return (EIRR) is 19.6%. The sensitivity analysis (based on Monte Carlo simulations) produces an average EIRR of 19.1% and a net present value (NPV) of US\$1,100,600,000. The results of the analysis show that the program is economically feasible and robust in the face of possible variations in costs and benefits.

Table 1. Economic evaluation indicators

| Indicator | Base case scenario |
|---------------------|---------------------------|
| NPV (US\$ millions) | 1,344.73 |
| Benefits/costs | 1.47 |
| EIRR (%) | 19.6 |

II. FINANCING STRUCTURE AND MAIN RISKS

A. Financing instruments

- 2.1 This program is the second in a series of three operations technically related to one another but independently financed and is structured in accordance with the guidelines governing PBLs (document CS-3633-1). This second operation will be for US\$120 million, in a single disbursement. The financing has been scaled on the basis of paragraph 3.27 (b) of the document Policy-based Loans: Guidelines for Preparation and Implementation (document CS-3633-1), referring to a country's broad fiscal resource needs (paragraph 1.4). The amount of the third operation will be determined in accordance with the country's financing requirements and the Bank's programming exercise. This modality is appropriate given the complexity and long period required to develop, build consensus, and implement the reforms included in the program, which could result in adjustments to future triggers in response to new knowledge acquired. Eighty five percent of the program will be financed from the Bank's Ordinary Capital and 15% from the Ordinary Capital concessional resources.

B. Environmental and social risks

- 2.2 In accordance with Directive B.13 of the Environment and Safeguards Compliance Policy (Operational Policy OP-703), this operation does not require an environmental classification or an environmental and social management report. It does not entail socioenvironmental risks. The planned reform measures seek to include the regulations needed to govern aspects relating to infrastructure, safety, and the environment, and promote the sustainable development of transportation infrastructure such as: (i) the highway accident prevention manual and the national road safety plan; (ii) the environmental manual for railway construction; and (iii) the environmental management guide on the operation of airports. Accordingly, the program will have positive environmental and social impacts.

C. Fiduciary risks

- 2.3 The operation poses low risk, since the funds to be provided will be unrestricted and managed through national budgetary support systems based on a responsible fiscal policy framework.

D. Other program risks

- 2.4 During program design, a risk management workshop for the program was held with beneficiary institutions, following the Bank's methodology. The operation is considered to be low-risk since it has broad political support, and the Bolivian government has made a clear commitment to the sustainability of the policies agreed upon under this operation. That commitment was evident in the successful implementation of the first reform operation, which also served to establish mechanisms for internal coordination and monitoring needed to carry out the

subsequent phases. Financial resources to fulfill the policy commitments have also been identified and guaranteed. The risk of delays in timely completion of some reforms has been mitigated by the Bank monitoring the program closely, while also providing support in the form of technical cooperation funding.⁵⁷

III. IMPLEMENTATION AND MANAGEMENT PLAN

A. Summary of implementation arrangements

- 3.1 As in the first operation, the borrower will be the Plurinational State of Bolivia and the executing agency will be the MOPSV through the VMT. The MOPSV will have the following responsibilities: (i) to coordinate with the other entities involved in the operation, including those within the ministry and with other ministries responsible for defining, approving, and adopting measures ([optional electronic link 8](#)); (ii) to submit reports and evidence of fulfillment of the operation's conditions to the Bank, and any other reports the Bank may require; (iii) to promote actions associated with attainment of the policy objectives defined in the program; and (iv) to compile, file, and provide the Bank with all information, indicators, and parameters that help the borrower and the Bank monitor, measure, and evaluate the program's results.
- 3.2 The sole disbursement of the Bank's financing will be contingent upon fulfillment by the borrower of the conditions established in the Policy Matrix (Annex II), the Policy Letter, and the conditions established in the loan contract.

B. Summary of arrangements for monitoring results

- 3.3 The MOPSV will coordinate timely fulfillment of the commitments corresponding to this second operation, and will be responsible for providing information on progress with respect to the Policy Matrix (Annex II) and the Results Matrix ([required electronic link 3](#)), and for submitting the evidence to the Bank as set forth in the Means of Verification Matrix. The results indicators (paragraph 1.64) will guide the monitoring of progress in program implementation and allow it to be evaluated upon completion of the last programmatic operation. The borrower and the Bank have agreed to monitor program execution with annual monitoring meetings.
- 3.4 The Project Completion Report will be prepared within 12 months after disbursement of the last operation, and an ex post cost-benefit evaluation will be used to evaluate the program's results. The borrower has agreed with the Bank on the indicators, baseline, and targets for the final evaluation.

IV. POLICY LETTER

- 4.1 **Policy Letter.** The Policy Matrix ([Annex II](#)) for the operation is aligned with the Policy Letter issued by the Bolivian government ([required electronic link 1](#)) and reflects the agreement between the Bank and the government on the macroeconomic and sector policies to be supported under this program. The letter confirms the government's commitment to implement the activities agreed upon in the Policy Matrix.

⁵⁷ Support for the Preparation and Implementation of the Transportation Sector Policy Reform Program II (ATN/OC-13963).

| Development Effectiveness Matrix | | |
|---|--|--|
| Summary | | |
| I. Corporate and Country Priorities | | |
| 1. IDB Development Objectives | Yes | |
| Development Challenges & Cross-cutting Themes | -Productivity and Innovation -Economic Integration -Climate Change and Environmental Sustainability -Institutional Capacity and the Rule of Law | |
| Country Development Results Indicators | -Reduction of emissions with support of IDBG financing (annual million tons CO2 e)* -Regional, sub-regional and extra-regional integration agreements and cooperation initiatives supported (#)* -Government agencies benefited by projects that strengthen technological and managerial tools to improve public service delivery (#)* | |
| 2. Country Development Objectives | Yes | |
| Country Strategy Results Matrix | GN-2843 | Improve the provision of quality public goods and services. |
| Country Program Results Matrix | GN-2884 | The intervention is included in the 2017 Operational Program. |
| Relevance of this project to country development challenges (If not aligned to country strategy or country program) | | |
| II. Development Outcomes - Evaluability | Evaluable | |
| 3. Evidence-based Assessment & Solution | 8.4 | |
| 3.1 Program Diagnosis | 3.0 | |
| 3.2 Proposed Interventions or Solutions | 2.4 | |
| 3.3 Results Matrix Quality | 3.0 | |
| 4. Ex ante Economic Analysis | 10.0 | |
| 4.1 The program has an ERR/NPV, a Cost-Effectiveness Analysis or a General Economic Analysis | 4.0 | |
| 4.2 Identified and Quantified Benefits | 1.5 | |
| 4.3 Identified and Quantified Costs | 1.5 | |
| 4.4 Reasonable Assumptions | 1.5 | |
| 4.5 Sensitivity Analysis | 1.5 | |
| 5. Monitoring and Evaluation | 6.5 | |
| 5.1 Monitoring Mechanisms | 1.5 | |
| 5.2 Evaluation Plan | 5.0 | |
| III. Risks & Mitigation Monitoring Matrix | Low | |
| Overall risks rate = magnitude of risks*likelihood | Yes | |
| Identified risks have been rated for magnitude and likelihood | Yes | |
| Mitigation measures have been identified for major risks | Yes | |
| Mitigation measures have indicators for tracking their implementation | Yes | |
| Environmental & social risk classification | B.13 | |
| IV. IDB's Role - Additionality | | |
| The project relies on the use of country systems | | |
| Fiduciary (VPC/FMP Criteria) | Yes | Financial Management: Budget, Treasury, Accounting and Reporting, External Control, Internal Audit. Procurement: Information System, parison, ontracting Individual Consultant, ational Public Bidding. |
| Non-Fiduciary | Yes | Strategic Planning National System, Monitoring and Evaluation National System, Statistics National System, Environmental Assessment National System. |
| The IDB's involvement promotes additional improvements of the intended beneficiaries and/or public sector entity in the following dimensions: | | |
| Gender Equality | | |
| Labor | | |
| Environment | | |
| Additional (to project preparation) technical assistance was provided to the public sector entity prior to approval to increase the likelihood of success of the project | Yes | The Bank is supporting the preparation of the operation through technical cooperation BO-T1264, as well as via related products in the following loans: (i) BO-L1056; (ii) BO-L1076; and (iii) BO-L1095. |
| The ex-post impact evaluation of the project will produce evidence to close knowledge gaps in the sector that were identified in the project document and/or in the evaluation plan | | |

Note: (*) Indicates contribution to the corresponding CRF's Country Development Results Indicator.

The general objective of the program is to contribute to improving the institutional capacity of the transport sector in Bolivia through the development and implementation of the normative, technical and regulatory framework of the General Transportation Law (Law 165). The application of this law is expected to contribute to the improvement of national productivity, regional integration, and environmental sustainability. The specific objectives are to improve: (i) the quality of transport infrastructure, through the implementation of multi-year strategic planning mechanisms; and (ii) the associated services, through the adoption of normative and regulatory frameworks appropriate for the demand, and oriented to efficiency, quality, safety and sustainability. This is the second of a series of three operations under the modality of Programmatic Loan to Support Policy Reforms (PBP).

The loan proposal presents a solid diagnosis of the problems to be addressed by the project and its dimensions. The interventions proposed are linked to the problems identified and potential beneficiaries are identified. Although the document makes reference to some evaluation studies, given the wide scope of reforms and expected results considered as part of this operation and the difficulty in evaluating this type of reforms, it is considered that there is not enough rigorous causal evidence on effectiveness. In addition, given that the referenced studies come from contexts that are very different to those in Bolivia, it is considered that there is no external validity.

The results matrix has a clear vertical logic. All indicators presented are SMART, have baselines, targets, and means of verification. While the matrix includes as part of its indicators some of the benefits quantified in the economic analysis, some benefits that are considered important for the profitability of the project, such as savings in travel times, are omitted. It would have been advisable to include these indicators in the matrix.

The economic analysis is complete and presents a cost-benefit analysis of the main reforms that can be evaluated from this perspective. The main economic benefits quantified are savings in travel times, savings in vehicle operating costs, reduction of global and local emissions, and reduction of maintenance costs. The results suggest that the project is economically viable and its profitability is maintained in several sensitivity scenarios analyzed using Monte Carlo simulations.

The monitoring and evaluation plan is solid, based on an ex-post economic analysis and a before and after analysis.

The risk matrix of the operation presents reasonable risks and mitigation measures, as well as monitoring indicators.

POLICY MATRIX

OBJECTIVE: The general objective of the program is to help improve the institutional capacity of Bolivia's transportation sector through the development and implementation of the enabling, regulatory, and technical framework of the new General Transportation Act (Law 165), which will contribute to national productivity, regional integration, and environmental sustainability. The specific objectives are: (i) better quality transportation infrastructure, through the implementation of multiyear strategic planning mechanisms; and (ii) better associated services, through the adoption of policy and regulatory frameworks that are compatible with demand and aimed at efficiency quality, safety, and sustainability.

| Objective and components | Agency responsible | Policy actions I | Policy actions II | Triggers III |
|---|--------------------|---|--|--|
| Component 1. Macroeconomic stability | | | | |
| <ul style="list-style-type: none"> Help improve macroeconomic stability. | IDB/RES | 1.1 The macroeconomic framework is consistent with the program's objectives and the Policy Letter. | 2.1 The macroeconomic framework is consistent with the program's objectives and the Policy Letter. | 3.1 The macroeconomic framework is consistent with the program's objectives and the Policy Letter. |
| Component 2. Policy and regulatory framework | | | | |
| Subcomponent 2.1. General policy framework | | | | |
| <ul style="list-style-type: none"> Develop the general regulations for Law 165, which will permit sector policies and planning to be developed, with a view to improving the country's integration (national and international) efficiently and effectively. Comprehensively implement multiyear planning for the sector. | VMT-MOPSV | 1.2 Preparation of the regulations for the Transportation Sector Coordination Council (CCS-TRANS), establishing its structure, mechanisms, and avenues for sector coordination and operation. | 2.2 CCS-TRANS operational. | 3.2 Implementation of PLANAST in land and air transport including: (i) the transportation information system (SINTRA) operating; and (ii) disaster risk management in the transportation sector operating. |
| | | | 2.3 National Transportation Sector Plan (PLANAST) in preparation in accordance with the guidelines established in Law 165. | |

| Objective and components | Agency responsible | Policy actions I | Policy actions II | Triggers III |
|--|--------------------|--|--|---|
| Subcomponent 2.2. Regulatory and policy framework for road transport | | | | |
| <ul style="list-style-type: none"> Develop the regulatory framework of Law 165 as it pertains to service delivery in terms of quality, safety, and economy, in order to achieve higher quality and more efficient service. Implement regulation and oversight in the areas of rights and obligations, rates, and insurance. | VMT-MOPSV | 1.3 Preparation of enabling regulations for road transport, which will consider the relevance of including rights, obligations, and prohibitions, pursuant to Law 165; oversight of services; rate regulations; insurance; infractions and sanctions; and defense of competition. | 2.4 Approval of enabling regulations for ground passenger and freight transportation, which include considerations related to rights, obligations, and prohibitions, pursuant to Law 165; control and oversight of services; rate regulations; insurance; infractions and sanctions; and defense of competition. | 3.3 Implementation of the administrative resolutions needed to regulate and oversee public road transportation services in the following areas: (i) rights, obligations, and prohibitions governing users, operators, drivers, and administrators of land terminals, pursuant to Law 165; (ii) rate regulations for passenger transport; and (iii) insurance. |
| <ul style="list-style-type: none"> Develop technical regulations for road transportation to govern aspects linked to infrastructure, transportation safety, and vehicle regulation (safety and emissions) to ensure that infrastructure lasts for its useful life under adequate service conditions, to save human lives, and to reduce growth in greenhouse gas emissions. | VMT-MOPSV | 1.4 Preparation of draft legislation on the national vehicle technical-inspection system, which will consider the relevance of including the creation of a national vehicle technical-inspection system, establishing its organization and operation. | 2.5 Submission to the Legislative Assembly of draft legislation on the national vehicle technical-inspection system, which establishes the organization and operation of the system. | 3.4 Implementation of the national vehicle technical-inspection system in departmental capitals. |
| | VMT-MOPSV MMAyA | 1.5 Preparation of regulations for the import of vehicles under Euro emission standards or their equivalent for submission to MMAyA, which will consider the relevance of including mechanisms to verify new vehicle gas emissions and supplementing the permissible limits for new imported vehicles established in Annex 5 of Supreme Decree 28139, amending the Regulations on Environmental Pollution. | 2.6 Approval of the regulations for the import of vehicles under Euro emission standards or their equivalent, considering mechanisms to verify new vehicle gas emissions, as established in the annex, section 6, of Supreme Decree 28139, amending the Regulations on Environmental Pollution. | 3.5 Implementation of the mechanism for verifying the emissions of new motor vehicles. |

| Objective and components | Agency responsible | Policy actions I | Policy actions II | Triggers III |
|--------------------------|----------------------|--|--|---|
| | VMT-MOPSV | 1.6 Preparation of regulations for the carriage of hazardous materials by highway, which will consider the relevance of including conditions for the handling and carriage of hazardous materials by highway to minimize risks and ensure public safety, health, and environmental protection. | 2.7 Approval of the regulations for the carriage of hazardous materials by highway, which include considerations related to the conditions for the handling and carriage of hazardous materials by highway to minimize risks and ensure public safety, health, and environmental protection. | 3.6 Implementation of the regulations for the carriage of hazardous materials by highway in the transport of all hazardous freight. |
| | VMT-MOPSV | | 2.8 Approval of the certification procedure to authorize the carriage of hazardous materials by highway, entailing the start of implementation of the regulations for the carriage of hazardous goods by highway. | |
| | VMT-MOPSV VMSC-MG | 1.7 Approval of the national road safety plan, which will consider the relevance of including lines of action for the different aspects entailed in the comprehensive improvement of road safety (institutions, infrastructure, vehicles, users, and victim assistance) and profiles of specific measures for each aspect. | 2.9 Preparation of a policy framework consistent with the national road safety plan, which includes: a draft road safety act, an administrative resolution establishing the body responsible for overseeing compliance with the national road safety plan, and the inclusion of public and road safety education in the school curriculum. | 3.7 Approval of the policy framework in accordance with the national road safety plan. |

| Objective and components | Agency responsible | Policy actions I | Policy actions II | Triggers III |
|--------------------------|--------------------|---|--|---|
| | VMSC-MG | 1.8 Preparation of a highway accident prevention manual, which will consider the relevance of including: (i) the establishment of relevant aspects that contribute to accident prevention in the provision of public land transportation services; (ii) inclusion of road safety education in the school curriculum; and (iii) dissemination, communication, and awareness-raising activities relating to road safety education in the provision of public transportation services. | 2.10 Approval of the highway accident prevention manual, which includes aspects related to: (i) the establishment of relevant aspects that contribute to accident prevention in the provision of public land transportation services; (ii) inclusion of road safety education in the school curriculum; and (iii) dissemination, communication, and awareness-raising activities relating to road safety education in the provision of public transportation services. | 3.8 Oversight of the implementation of mechanisms that contribute to accident prevention in the provision of public land transportation services. |
| | ABC-MOPSV | 1.9 Enactment of the vehicle weights and size control act, which will consider the relevance of including a determination of permissible weights and dimensions for travel on the principal road system (RVF), the issuance of special permits, and other technical considerations. | 2.11 Approval of an implementation program to equip vehicle inspection stations on the RVF (with an estimated budget and investment plan). | 3.9 Vehicle inspection stations on the RVF in operation. |
| | VMT-MOPSV-ABC | 1.10 Preparation of draft legislation on rights-of-way for highways, which will consider the relevance of establishing general criteria for determining road width and taking account of possible uses of rights-of-way and the form they would take. | 2.12 Submission to the Legislative Assembly of draft legislation on rights-of-way and the registry of road assets, which includes aspects related to general criteria for determining road width and takes account of possible uses of rights-of-way and the form they would take. | 3.10 Approval of the regulations for the highway rights-of-way act for the RVF. |

| Objective and components | Agency responsible | Policy actions I | Policy actions II | Triggers III |
|--|--------------------|--|---|---|
| Subcomponent 2.3. Regulatory and policy framework for rail transport | | | | |
| <ul style="list-style-type: none"> Develop the regulatory framework of Law 165 as it pertains to service delivery in terms of quality, safety, and economy, in order to achieve higher quality and more efficient service. Implement regulations and oversight in the areas of rights and obligations, rates, and insurance. | VMT-MOPSV | 1.11 Preparation of enabling regulations for rail transport, which will consider the relevance of including rights, obligations, and prohibitions, pursuant to Law 165; oversight of services; rate regulations; insurance; infractions and sanctions; and defense of competition. | 2.13 Approval of the enabling regulations for rail transport, which include considerations related to rights, obligations, and prohibitions, pursuant to Law 165; control and oversight of services; rate regulations; insurance; infractions and sanctions; and defense of competition. | 3.11 Implementation of the administrative resolutions needed to regulate and oversee rail transport services in aspects relating to: (i) rights, obligations, and prohibitions governing infrastructure users, operators, and administrators, pursuant to Law 165; (ii) rate regulations for passenger transport; and (iii) insurance. |
| <ul style="list-style-type: none"> Develop technical regulations for rail transport to govern aspects relating to infrastructure, safety, and the environment in order to promote the use of railways to carry freight and passengers, providing incentives for safe multimodal transportation. | VMT-MOPSV | 1.12 Preparation of draft regulations for railway infrastructure, which will consider the relevance of including: (i) railway line specifications document; (ii) access to rail infrastructure; (iii) rights-of-way; (iv) railroad crossings and junctions; (v) construction of lines in the principal system; and (vi) classification and exclusion of lines. | 2.14 Approval of the environmental manual for railway construction that includes standards and recommendations for rail infrastructure construction. | 3.12 Implementation of the administrative resolutions needed to regulate and oversee rail transport services in aspects relating to: (i) railway line specifications document; (ii) access to rail infrastructure; (iii) rights-of-way; (iv) railroad crossings and junctions; (v) construction of lines in the principal system; and (vi) classification and exclusion of lines. |
| | VMT-MOPSV | 1.13 Preparation of draft regulations for the carriage of hazardous materials by rail, which will consider the relevance of including conditions for handling and transporting hazardous merchandise by rail in order to minimize risks and ensure public safety, health, and environmental protection. | 2.15 Approval of the regulations for the carriage of hazardous materials by rail, which include considerations related to conditions for handling and transporting hazardous merchandise by rail in order to minimize risks and ensure public safety, health, and environmental protection. | 3.13 Implementation of the regulations for the carriage of hazardous materials in all areas. |
| | VMT-MOPSV | | 2.16 Approval of the certification procedure to authorize the carriage of hazardous materials by rail, entailing the start of implementation of the regulations for the carriage of hazardous goods by rail. | |

| Objective and components | Agency responsible | Policy actions I | Policy actions II | Triggers III |
|---|--------------------|--|---|--|
| Subcomponent 2.4. Regulatory and policy framework for air transport | | | | |
| <ul style="list-style-type: none"> Develop the regulatory framework of Law 165, as it pertains to service delivery in terms of quality and economy, in order to achieve higher quality and more efficient service. Implement regulations and oversight in the areas of rights and obligations, rates, and insurance. | VMT-MOPSV | 1.14 Preparation of enabling regulations for air transport, which will consider the relevance of including rights, obligations, and prohibitions, pursuant to Law 165; oversight of services; rate regulations; insurance; infractions and sanctions; and defense of competition. | 2.17 Approval of the enabling regulations for air passenger transport, airport services, air freight, and air postal shipping, which include considerations related to rights, obligations, and prohibitions, pursuant to Law 165; oversight of services; rate regulations; insurance; infractions and sanctions; and defense of competition. | 3.14 Implementation of the administrative resolutions needed to regulate and oversee public air transport services in aspects relating to: (i) rights, obligations, and prohibitions governing infrastructure users, operators, and administrators, pursuant to Law 165; (ii) rate regulations for passenger transport; and (iii) insurance. |
| <ul style="list-style-type: none"> Develop technical regulations for air transport to govern aspects relating to infrastructure, safety, and the environment, in order to improve and prolong the useful life of airport infrastructure and equipment. Have a maintenance plan for airport infrastructure and equipment to ensure safe air operations, complying with national and international aviation regulations. Keep the regulations up to date, taking account of the audit performed by ICAO, among other considerations. Have an environmental management guide applicable to airport operations. | VMT-MOPSV | 1.15 Identification of the contents of the guide on preparing master plans, including diagnostics, sector analysis, guidelines on intervention programs, market study, present and future demand, etc. | 2.18 Approval of the guide on preparing airport master plans, including recommendations for diagnostics, analysis of strategic factors and variables, market studies, and procedures for estimating present and future demand. | 3.15 Implementation of the guide on preparing master plans in airport expansion programs. |
| | VMT-MOPSV | 1.16 Approval of the updated Bolivian Aeronautical Regulations, taking account of the audit performed by ICAO in 2012, which will consider the relevance of including: (i) certification and approval of airports; (ii) licensing and approval of airport personnel; (iii) management and technical and administrative control of air traffic; and (iv) certification and operation of aircraft. Approval by the competent authority of the code-sharing agreements between operators. | 2.19 Approval of the updated Bolivian Aeronautical Regulations taking account of the recommendations of the audit performed by ICAO in 2013 and its validation mission in 2016, which considered factors related to: (i) certification of airports; (ii) licensing of pilots, crew members, and airport personnel; (iii) regulation of air traffic services; and (iv) certification of air service operators. | 3.16 Approval of the updated Bolivian Aeronautical Regulations taking account of the recommendations of the audit to be performed by ICAO. |

| Objective and components | Agency responsible | Policy actions I | Policy actions II | Triggers III |
|---|--------------------|---|--|--|
| | VMT-MOPSV | 1.17 Preparation of draft legislation updating the Civil Aeronautics Act (Law 2902), which will consider the relevance of including technical, legal, and competitiveness criteria relating to air transport. | 2.20 Submission to the Ministry of the Presidency of the draft regulations for the Civil Aeronautics Act of the Plurinational State of Bolivia, which consider technical and legal aspects and competitiveness criteria relating to civil aeronautics, and include management of operational safety in conformity with ICAO regulations, incorporating a proposed new institutional framework. | 3.17 Approval of the regulations for the law updating the Civil Aeronautics Act of the Plurinational State of Bolivia. |
| | VMT-MOPSV | 1.18 Identification of the contents of the environmental management guide on airport operation (aircraft movement area) being prepared, which will consider the relevance of including: (i) airport solid waste management; (ii) water and soil pollution; (iii) impact of the construction and expansion of airports; and (iv) environmental plans and programs. | 2.21 Approval of the environmental management guide on airport operation (aircraft movement area), which includes aspects related to air pollution control, solid waste management, management of hazardous materials, and soil protection. | 3.18 Implementation of the environmental management guide on airport operation (aircraft movement area) in airport operating programs. |
| <ul style="list-style-type: none"> Program, plan, and prioritize the maintenance of assets in order to extend the useful life of infrastructure. Develop safe air operations at the airports included in the air navigation plan. | VMT-MOPSV | 1.19 Identification of the contents of the sustainable maintenance management guide for aircraft movement areas in airports being prepared, which will consider the relevance of including: (i) revision and updating; (ii) organization; (iii) infrastructure; (iv) provisioning and logistics; (v) information management; and (vi) management control. | 2.22 Approval of the sustainable maintenance management guide for aircraft movement areas in airports, which includes airport classification, execution of maintenance and its frequency, and maintenance operations by type of airport. | 3.19 Approval of the airport maintenance investment plan. |
| | VMT-MOPSV | | 2.23 Preparation of an airport maintenance investment plan, which includes multiyear maintenance investment programming for national airport infrastructure. | |

| Objective and components | Agency responsible | Policy actions I | Policy actions II | Triggers III |
|--|--------------------|---|--|---|
| | VMT-MOPSV | | 2.24 Approval of the update of the national air navigation plan. | 3.20 Update of the Bolivian air navigation plan. |
| Subcomponent 2.5. Regulatory and policy framework for waterborne transport | | | | |
| <ul style="list-style-type: none"> Develop the regulatory framework of Law 165, as it pertains to service delivery in terms of quality and economy, in order to achieve higher quality and more efficient service. Implement regulations and oversight in the areas of rights and obligations, rates, and insurance. | VMT-MOPSV | 1.20 Preparation of the enabling regulations for waterborne transport, which will consider the relevance of including rights, obligations, and prohibitions, pursuant to Law 165; oversight of services; rate regulations; insurance; infractions and sanctions; and defense of competition. | 2.25 Approval of the enabling regulations for waterborne transport, which include considerations related to rights, obligations, and prohibitions, pursuant to Law 165; control and oversight of services; rate regulations; insurance; infractions and sanctions; and defense of competition. | 3.21 Implementation of the administrative resolutions needed to regulate and oversee public waterborne transport services in aspects relating to: (i) rights, obligations, and prohibitions governing infrastructure users, operators, and administrators, pursuant to Law 165; (ii) rate regulations for passenger transport; and (iii) insurance. |
| <ul style="list-style-type: none"> Develop technical regulations for waterborne transport to govern aspects relating to infrastructure, safety, and the environment, in order to promote the use of waterborne transport, providing incentives for safe multimodal transportation. | VMT-MOPSV | 1.21 Preparation of regulations of the General Transportation Act for waterborne transport, which will consider the relevance of including port matters, merchant marine activities, control of navigational safety, environmental protection in ports and navigable waterways, infractions and sanctions, technical standards to be met for the waterways to be declared navigable, passenger and freight transport, the competent authority for navigable waterways, and the classification of waterways. | 2.26 Approval of the regulations of the General Transportation Act for waterborne transport in the areas of hazardous materials, port classification, regulation and tonnage, merchant marine activities, port safety and services, environmental protection in ports and navigable waterways, and the authority in charge of navigable waterways. The regulations will include criteria requiring all operators to have insurance covering their vessels, third parties, passengers, and the goods carried. | 3.22 Implementation of the regulations of the General Transportation Act for waterborne transport in the areas of hazardous freight, classification and rating of ports, registration, and tonnage. |
| | VMT-MOPSV | | | 3.23 Implementation of the administrative resolutions needed to regulate and oversee waterborne transport services in aspects relating to: (i) the development of navigable waterways; (ii) passenger and freight transport; (iii) the authority in charge of navigable waterways; (iv) classification of navigable waterways; and (v) waterborne transport insurance requiring all operators to have insurance covering their vessels, third parties, passengers, and the goods carried. |

| Objective and components | Agency responsible | Policy actions I | Policy actions II | Triggers III |
|--|--------------------|------------------|---|---|
| Subcomponent 2.6. Interventions in road infrastructure | | | | |
| <ul style="list-style-type: none"> ▪ Have a permanently up-to-date inventory classifying roads on the RVF. ▪ Systematize the information found in documents and reports and information to be produced in the future. ▪ Have technical tools for planning road maintenance. | ABC-MOPSV | | 2.27 Contracting of the road management system, which will include: (i) a database; (ii) an inventory classification module; (iii) a pavement condition module; (iv) a traffic and vehicle operating costs module; (v) a maintenance activities module; (vi) a pavement behavior prediction module; (vii) a maintenance plans module; (viii) a maintenance plans budgeting module; (ix) an operating cost analysis module; (x) an integrated planning and management module; (xi) a georeferenced information system module; (xii) an administrative module; (xiii) maps and scales; and (xiv) a maintenance management module. | 3.24 Complete and up-to-date road classification inventory. |
| | ABC-MOPSV | | | 3.25 Complete and up-to-date system for reporting and classifying vehicle counts. |
| | ABC-MOPSV | | 2.28 Complete system for reporting and classifying vehicle counts. | 3.26 Prioritized road maintenance interventions. |

| Objective and components | Agency responsible | Policy actions I | Policy actions II | Triggers III |
|--|--------------------|------------------|--|--|
| Have a system for accident reporting and classification to identify critical points on the RVF in order to take precautions and actions to reduce the number of accidents. | ABC-MOPSV | | 2.29 Complete and up-to-date management system for accident reporting and classification. | 3.27 Program of interventions at critical points approved. |
| <ul style="list-style-type: none"> Have a guide for identifying the status of rights-of-way, establishing types and the corresponding procedures to be applied in the different cases that arise when they are released. The guide would allow the procedures to be applied in each case in which rights-of-way are released in the execution stage of projects belonging to the RVF. | ABC-MOPSV | | 2.30 Preparation of a procedure for the release of rights-of-way on the RVF that includes types, geometric aspects, plant cover, and occupancy. | 3.28 Guide for the release of rights-of-way on the RVF (including types, geometric aspects, plant cover, and occupancy) complete and up-to-date. |
| <ul style="list-style-type: none"> Have a guide to classify environmental liabilities, establish types, and the corresponding mitigation and recovery measures to be applied in each case. The guide will allow the corresponding measures to be applied to each type of environmental liability. | ABC-MOPSV | | 2.31 Preparation of the guide to identify and evaluate environmental liabilities in road projects that includes types and potential mitigation measures. | 3.29 Guide identifying and evaluating environmental liabilities in road projects complete and up-to-date. |

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

PROPOSED RESOLUTION DE-___/___

Bolivia. Loan ____/BL-BO to the Plurinational State of Bolivia
Transportation Sector Policy Reform Program II

The Board of Executive Directors

RESOLVES:

That the President of the Bank, or such representative as he shall designate, is authorized, in the name and on behalf of the Bank, to enter into such contract or contracts as may be necessary with the Plurinational State of Bolivia, as Borrower, for the purpose of granting it a financing to cooperate in the execution of a transportation sector policy reform program II. Such financing will be chargeable to the Bank's Ordinary Capital (OC) resources in the following manner: (i) up to the amount of US\$18,000,000, subject to concessional financial terms and conditions ("Concessional OC"); and (ii) up to the amount of US\$102,000,000, subject to financial terms and conditions applicable to loan operations financed from the Bank's regular program of OC resources ("Regular OC"), as indicated in the Project Summary of the Loan Proposal, and subject to the Special Contractual Conditions of said Project Summary.

(Adopted on ____ 2017)