No. 7762

INTERNATIONAL DEVELOPMENT ASSOCIATION
and
BOLIVIA

Development Credit Agreement—*BPC Power Project* (with related letter, annexed Development Credit Regulations No. 1 and Project Agreement between the Association and the Bolivian Power Company Limited). Signed at Washington, on 24 July 1964

Official text: English.

Registered by the International Development Association on 11 May 1965.

ASSOCIATION INTERNATIONALE DE DÉVELOPPEMENT
et
BOLIVIE

Contrat de crédit de développement — *Projet BPC relatif à l'énergie électrique* (avec lettre y relative et, en annexe, le Règlement n° 1 sur les crédits de développement et le Contrat relatif au Projet entre l'Association et la Bolivian Power Company Limited). Signé à Washington, le 24 juillet 1964

Texte officiel anglais.

Enregistré par l'Association internationale de développement le 11 mai 1965.

No. 7762. DEVELOPMENT CREDIT AGREEMENT[1] (*BPC POWER PROJECT*) BETWEEN THE REPUBLIC OF BOLIVIA AND THE INTERNATIONAL DEVELOPMENT ASSOCIATION. SIGNED AT WASHINGTON, ON 24 JULY 1964

AGREEMENT, dated July 24, 1964, between REPUBLIC OF BOLIVIA (hereinafter called the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (hereinafter called the Association).

WHEREAS (A) The Borrower is engaged in the carrying out of a power development program for the construction and expansion of power facilities in its territories and has requested the Association and certain lenders in addition to the Association to assist in the financing of such power development program;

(B) By Agreement of even date herewith (hereinafter called the ENDE Credit Agreement)[2] the Association has agreed to make a credit (hereinafter called the ENDE Credit) to the Borrower in an amount in various currencies equivalent to ten million dollars ($10,000,000) on the terms and conditions set forth in such ENDE Credit Agreement for the purpose of assisting in the financing of a portion of such development power program; and

WHEREAS the Association has agreed, on the basis of the foregoing, to provide a credit to the Borrower upon the terms and conditions hereinafter set forth;

NOW THEREFORE the parties hereto agree as follows:

Article I

CREDIT REGULATIONS; SPECIAL DEFINITIONS

Section 1.01. The parties to this Agreement accept all the provisions of Development Credit Regulations No. 1 of the Association dated June 1, 1961,[3] with the same force and effect as if they were fully set forth herein subject, however, to the following modifications thereof (said Development Credit Regulations No. 1 as so modified being hereinafter called the Regulations):

[1] Came into force on 25 August 1964, upon notification by the Association to the Government of Bolivia.
[2] See p. 203 of this volume.
[3] See p. 192 of this volume.

(*a*) Section 3.01 is deleted and the following new Section is substituted therefor :

" SECTION 3.01. *Currencies in which Cost of Goods is to be Paid and Proceeds of the Credit are to be Withdrawn.* (*a*) Except as the Borrower and the Association shall otherwise agree, the cost of goods financed out of the proceeds of the Credit shall be paid in the respective currencies of the countries from which such goods are acquired.

" (*b*) The proceeds of the Credit shall be withdrawn from the Credit Account :

" (i) on account of expenditures in currency of the Borrower or for goods produced in (including services supplied from) the territories of the Borrower, in such currency or currencies as the Association shall from time to time reasonably select;

" (ii) in all other cases, in the currency in which the cost of the goods financed out of such proceeds has been paid or is payable.

" (*c*) The Borrower and the Association may from time to time agree on any other currency in which withdrawals shall be made. "

(*b*) A new Section 3.04 is inserted after Section 3.03 as follows :

" SECTION 3.04. *Purchase of Currency of Withdrawal with Other Currency.* If withdrawal shall be made in any currency which the Association shall have purchased with another currency for the purpose of such withdrawal, the portion of the Credit so withdrawn shall be deemed to have been withdrawn from the Credit Account in such other currency for the purposes of Section 3.03. "

(*c*) Section 3.04 is renumbered as Section 3.05.

(*d*) The words " or the Project Agreement " are inserted in Section 6.02 after the words " the Development Credit Agreement " :

Section 1.02. Whenever used in this Agreement or in any Schedule thereto, unless the context shall otherwise require, the following terms shall have the following meanings :

(*a*) The term " BPC " shall mean Bolivian Power Company Limited, a company duly incorporated under the laws of Nova Scotia, Canada, and operating in the territories of the Borrower pursuant to an agreement (hereinafter called the Concession) with the Municipality of the City of La Paz dated October 28, 1950, approved by the Borrower in Supreme Decree No. 40455 dated November 6, 1950;

(*b*) The term " BPC Project Agreement " shall mean the agreement (and any schedule thereto) between the Association and BPC of even date herewith,[1]

[1] See p. 192 of this volume,

and shall include any amendment thereof made by agreement between the Association and BPC;

(*c*) The term " COMIBOL " shall mean Corporación Minera de Bolivia, an autonomous agency of the Borrower;

(*d*) The term " foreign currency " shall mean any currency other than the currency of the Borrower;

(*e*) The term " Subsidiary Loan Agreement " shall mean the Loan Agreement between the Borrower and BPC referred to in Section 3.01 of this Agreement;

(*f*) The term " General Agreement " shall mean the agreement dated December 13, 1963 between the Borrower and BPC (and the letters of the Minister of Finance of the Borrower to BPC dated June 10, 1964, and BPC's acceptance thereof relating thereto) defining, *inter alia*, the areas to be served by the Borrower, BPC and other power entities, respectively, and certain financial and administrative arrangements including the payment of debt owed by the Borrower to BPC;

(*g*) The term " Rate of Return " shall mean the rate of return set forth in the General Agreement;

(*h*) The term " COMIBOL Agreement " shall mean the agreement contained in the exchange of letters dated April 30, 1963, May 6, 1963, May 7, 1963, May 26, 1963, and October 28, 1963, between BPC and COMIBOL setting forth the terms and conditions for the payment of debt owed by COMIBOL to BPC;

(*i*) The term " Interconnection Letter " shall mean the letter dated April 29, 1964 between BPC and the Empresa Nacional de Electricidad of Corporación Boliviana de Fomento; and

(*j*) The terms " CBF " and " Company " shall have the respective meanings set forth in the ENDE Credit Agreement.

Article II

The Credit

Section 2.01. The Association agrees to make available to the Borrower, on the terms and conditions in this Agreement set forth or referred to, a development credit in an amount in various currencies equivalent to five million dollars ($5,000,000).

Section 2.02. The Association shall open a Credit Account in the name of the Borrower and shall credit to such Credit Account the amount of the Credit. The amount of the Credit may be withdrawn from the Credit Account as provided in, and subject to the rights of cancellation and suspension set forth in, this Development Credit Agreement.

Section 2.03. (*a*) The Borrower shall be entitled, subject to the provisions of this Development Credit Agreement, to withdraw from the Credit Account (i) such amounts as shall have been expended for the reasonable foreign currency cost of goods required for the carrying out of the Project; and (ii), if the Association shall so agree, such amounts as shall be required to meet payments to be made for the reasonable foreign currency cost of such goods.

(*b*) Except as the Association shall otherwise agree, no withdrawals shall be made on account of expenditures prior to June 1, 1963.

Section 2.04. The Borrower shall pay to the Association (*a*) a service charge at the rate of three-fourths of one per cent ($^3/_4$ of 1 %) per annum on the principal amount of the Credit withdrawn and outstanding from time to time, and (*b*) a service charge at the same rate on the principal amount outstanding of any special commitment entered into by the Association pursuant to Section 4.02 of the Regulations.

Section 2.05. Service charges shall be payable semi-annually on May 1 and November 1 in each year.

Section 2.06. The Borrower shall repay the principal of the Credit withdrawn from the Credit Account in semi-annual instalments payable on each May 1 and November 1 commencing November 1, 1974, and ending May 1, 2014, each instalment to and including the instalment payable on May 1, 1984 to be one-half of one per cent ($^1/_2$ of 1 %) of such principal amount, and each instalment thereafter to be one and one-half per cent ($1^1/_2$ %) of such principal amount.

Article III

Use of Proceeds of Credit

Section 3.01. The Borrower shall relend the proceeds of the Credit to BPC pursuant to a Loan Agreement on terms and conditions satisfactory to the Borrower, the Association and BPC.

Article IV

Particular Covenants

Section 4.01. The Borrower shall, so long as the BPC Project Agreement shall not have terminated in accordance with its terms, duly perform its obligations under the General Agreement and shall promptly grant, or cause to be granted, to BPC and maintain, or cause to be maintained, electric tariffs designed to produce to BPC revenues sufficient to provide the Rate of Return. Except as the Association shall otherwise agree, the Borrower shall not amend, assign, abrogate or waive any provision of the General Agreement or of the Subsidiary Loan Agreement.