No. 7763

INTERNATIONAL DEVELOPMENT ASSOCIATION
and
BOLIVIA

Development Credit Agreement—*ENDE Power Project* (with related letter, annexed Development Credit Regulations No. 1, Project Agreement between the Association and the Corporación Boliviana de Fomento and Memorandum of Understanding between the Association, the Inter-American Development Bank and the Government of Bolivia). 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 ENDE 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 Corporación Boliviana de Fomento ainsi que le Mémorandum d'accord entre l'Association, la Banque interaméricaine de développement et le Gouvernement bolivien). Signé à Washington, le 24 juillet 1964

Texte officiel anglais.

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

No. 7763. DEVELOPMENT CREDIT AGREEMENT[1] (*ENDE 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[2] (hereinafter called the BPC Credit Agreement) the Association has agreed to make a credit (hereinafter called the BPC Credit) to the Borrower in an amount in various currencies equivalent to five million dollars ($5,000,000) on the terms and conditions set forth in such BPC Credit Agreement, for the purpose of assisting in the financing of a portion of such power development program;

(C) By agreement of even date herewith (hereinafter called the IDB Loan Agreement), the Inter-American Development Bank (hereinafter called the IDB) has agreed to make a loan (hereinafter called the IDB Loan) to the Borrower in an amount in various currencies equivalent to three and one half million dollars ($3,500,000) on the terms and conditions set forth in such IDB Loan Agreement, for the purpose of assisting in the financing of a portion of such development power program;

WHEREAS the Association has agreed, upon the basis of the foregoing, to provide a credit to the Borrower upon the terms and conditions hereinafter set forth for the purpose of assisting in the financing of a portion of such power development program;

NOW THEREFORE the parties hereto agree as follows :

[1] Came into force on 25 August 1964, upon notification by the Association to the Government of Bolivia.

[2] See p. 171 of this volume.

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,[1] 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):

(*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 ENDE Project Agreement " are inserted in Section 6.02 after the words " the Development Credit Agreement ".

[1] See p. 226 of this volume.

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 " Company " shall mean Empresa Nacional de Electricidad, S.A., a company to be established and organized under the laws of the Borrower pursuant to Section 4.05 of this Agreement;

(*b*) The term " Statutes " shall mean the *Estatutos Sociales* of the Company and the term " management " shall mean collectively the Presidente del Directorio and the Gerente General of the Company or either one of them individually;

(*c*) The term " CBF " shall mean Corporación Boliviana de Fomento, an agency of the Borrower, acting through its power department, the Empresa Nacional de Electricidad;

(*d*) The term " Beneficiary " shall mean CBF until CBF's obligations under the ENDE Project Agreement shall have terminated in accordance with Section 2.10 (*b*) thereof, and thereafter it shall mean the Company;

(*e*) The term " ENDE Project Agreement " shall mean the agreement (and any schedule thereto) between the Association and Corporación Boliviana de Fomento of even date herewith,[1] and shall include any amendment thereof made by agreement between the Association and the Beneficiary;

(*f*) The term " DINE " shall mean Dirección Nacional de Electricidad, an agency of the Borrower established pursuant to Supreme Decree No. 05997 of the Borrower dated February 9, 1962;

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

(*h*) The term " Letter of Intention " shall mean the agreement dated February 25, 1964 between CBF and COMIBOL;

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

(*j*) The terms " BPC ", " Subsidiary Loan Agreement ", " General Agreement ", and " Interconnection Letter " shall have the respective meanings set forth in the BPC Credit Agreement;

(*k*) The term " Rate of Return " shall mean a rate of return computed *mutatis mutandis* in the same manner as the rate of return on BPC's assets provided for in the General Agreement; and

(*l*) The term " subsidiary " shall mean any corporation of which at least a majority of the outstanding voting stock shall be owned, or which shall be effectively controlled, by the Company or by one or more subsidiaries of the Company or by the Company and one or more of its subsidiaries.

[1] See p. 226 of this volume.

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 ten million dollars ($10,000,000).

Section 2.02. The Association shall open a Credit Account on its books 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. The Borrower shall be entitled, subject to the provisions of this Development Credit Agreement, to withdraw from the Credit Account (i) the equivalent of such percentage as may from time to time be agreed between the Borrower and the Association of such amounts as shall have been paid for the reasonable cost of goods to be financed out of the proceeds of the Credit; and (ii), if the Association shall so agree, the equivalent of a like percentage of such amounts as shall be required to meet payments to be made for the reasonable cost of such goods; provided, however, that no withdrawals shall be made from the Credit Account on account of expenditures incurred prior to June 1, 1963.

Section 2.04. The Borrower shall pay to the Association 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. The Borrower shall also pay to the Association a service charge at the same rate on the principal amount of any special commitment entered into by the Association pursuant to Section 4.02 of the Regulations and outstanding from time to time.

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 amount of the Credit in semi-annual installments payable on each May 1 and November 1 commencing November 1, 1974 and ending May 1, 2014, each installment to and including the installment payable on May 1, 1984 to be one-half of one per cent ($^1/_2$ of 1%) of such principal amount, and each installment thereafter to be one and one-half per cent ($1^1/_2$%) of such principal amount.

Article III

Use of Proceeds of the Credit

Section 3.01. The proceeds of the Credit shall be applied exclusively to financing the cost of goods required to carry out the Project described in the