

No. 9409

INTERNATIONAL DEVELOPMENT ASSOCIATION
and
HONDURAS

Development Credit Agreement—*Rio Lindo Hydroelectric Project* (with annexed Credit Regulations No. 1, as amended). Signed at Washington on 12 June 1968

Authentic text : English.

Registered by the International Development Association on 14 February 1969.

ASSOCIATION INTERNATIONALE
DE DÉVELOPPEMENT
et
HONDURAS

Contrat de crédit de développement — *Projet hydro-électrique du Lindo* (avec, en annexe, le Règlement n° 1 sur les crédits de développement, tel qu'il a été modifié). Signé à Washington le 12 juin 1968

Texte authentique : anglais.

Enregistré par l'Association internationale de développement le 14 février 1969.

DEVELOPMENT CREDIT AGREEMENT ¹

AGREEMENT, dated June 12, 1968, between REPUBLIC OF HONDURAS (hereinafter called the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (hereinafter called the Association).

WHEREAS

(A) the Borrower has requested the Association to grant a credit to the Borrower for relending to the Empresa Nacional de Energía Eléctrica (hereinafter called ENEE) for the purpose of financing a hydroelectric power project ;

(B) by agreement of even date herewith (hereinafter called the Loan Agreement ²), the International Bank for Reconstruction and Development (hereinafter called the Bank) has agreed to make a loan to the Borrower in an amount in various currencies equivalent to seven million five hundred thousand dollars (\$7,500,000) on the terms and conditions set forth therein, the proceeds of which will also be relent by the Borrower to ENEE for the same purpose :

(C) by a Project Agreement ³ of even date herewith between the Bank, the Association and ENEE, ENEE has undertaken certain obligations in respect of the carrying out of the Project and related matters ;

(D) the Association has, on the basis of the foregoing, agreed 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 as amended February 9, 1967, ⁴ with the same force and effect as if they were fully set forth herein, subject, however, to the following modification

¹ Came into force on 13 September 1968, upon notification by the Association to the Government of Honduras.

² See p. 75 of this volume.

³ See p. 379 of this volume.

⁴ See p. 114 of this volume.

thereof (said Development Credit Regulations No. 1 as so modified being hereinafter called the Regulations) :

The words “ or the Project Agreement ” are inserted in Section 6.02 after the words “ the Development Credit Agreement ”.

Section 1.02. Wherever used in this Agreement or in any Schedule thereto, unless the context shall otherwise require, the several terms defined in the Loan Agreement shall have the respective meanings therein set forth.

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 four million dollars (\$4,000,000).

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 by ENEE on behalf of the Borrower pursuant to Section 7.01 hereof, as provided in, and subject to the rights of cancellation and suspension set forth in, this Agreement and the Regulations.

Section 2.03. 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.

Section 2.04. Service charges shall be payable semi-annually on February 15 and August 15 in each year.

Section 2.05. The Borrower shall repay the principal amount of the Credit in semi-annual installments payable on each February 15 and August 15 in each year commencing August 15, 1978 and ending February 15, 2018, each installment to and including the installment payable on February 15, 1988 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.

Section 2.06. The currency of the United States of America is specified for purposes of paragraph (a) of Section 3.02 of the Regulations.

Article III

USE OF PROCEEDS OF THE CREDIT

Section 3.01. The Borrower shall relend the proceeds of the Credit and of the Loan granted under the Loan Agreement to ENEE pursuant to an agreement (the Subsidiary Loan Agreement) satisfactory to the Association, and shall cause such proceeds to be applied in accordance with the provisions of this Agreement exclusively to financing the cost of goods required to carry out the Project, described in the Schedule of this Agreement. The specific allocation of the proceeds of the Credit and the methods and procedures for procurement of the goods to be financed out of such proceeds shall be determined by agreement between the Association and the Borrower, subject to modification by further agreement between them.

Section 3.02. Except as the Association and the Borrower shall otherwise agree, the Borrower shall cause all goods financed out of the proceeds of the Credit to be used by ENEE exclusively in the carrying out of the Project.

Article IV

PARTICULAR COVENANTS

Section 4.01. (a) The Borrower shall cause ENEE punctually to perform all the covenants, agreements and obligations of ENEE set forth in the Project Agreement and the Subsidiary Loan Agreement, shall take or cause to be taken all action necessary or appropriate to enable ENEE to perform such covenants, agreements and obligations and shall not take or permit any of its political subdivisions or agencies to take any action which would prevent or interfere with the performance by ENEE of such covenants, agreements and obligations.

(b) Without limitation or restriction upon any of the other covenants on its part in this Agreement contained the Borrower shall, whenever there is reason to believe that the funds, facilities, services and other resources available to ENEE are inadequate for the purpose, make arrangements, satisfactory to the Association, promptly to provide ENEE or cause ENEE to be provided with the funds, facilities, services and other resources required therefor.

Section 4.02. Except as the Association shall otherwise agree, the Borrower shall not assign, nor amend, abrogate or waive any provision of, the Subsidiary Loan Agreement.