

No. 10235

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**INTERNATIONAL DEVELOPMENT ASSOCIATION  
and  
BOLIVIA**

**Development Credit Agreement—*Second ENDE Project Power*  
(with annexed Credit Regulations No. 1, as amended, and  
Project Agreement between the Association and the Empresa  
Nacional de Electricidad S.A.). Signed at Washington on  
28 April 1969**

*Authentic text: English.*

*Registered by the International Development Association on 27 January 1970.*

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**ASSOCIATION INTERNATIONALE  
DE DÉVELOPPEMENT  
et  
BOLIVIE**

**Contrat de crédit de développement — *Deuxième projet ENDE*  
*relatif à l'énergie électrique* (avec, en annexe, le Règlement  
n° 1 sur les crédits de développement, tel qu'il a été modifié,  
et le Contrat relatif au Projet entre l'Association et la  
Empresa Nacional de Electricidad S.A.). Signé à Washington  
le 28 avril 1969**

*Texte authentique : anglais.*

*Enregistré par l'Association internationale de développement le 27 janvier 1970.*

## DEVELOPMENT CREDIT AGREEMENT <sup>1</sup>

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AGREEMENT, dated April 28, 1969, between REPUBLIC OF BOLIVIA (hereinafter called the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (hereinafter called the Association).

WHEREAS the Empresa Nacional de Electricidad S.A. (hereinafter called ENDE) plans to expand its facilities in order to meet the growing power demand of the Borrower's economy, in accordance with a program which has been reviewed with the Association;

WHEREAS the Borrower has requested the Association to assist in the financing of the said program and in particular of the project described in Schedule 2 to this Agreement;

WHEREAS the Borrower will make available to ENDE the proceeds of the credit as provided for herein; and

WHEREAS the Association has agreed to make a credit to the Borrower for the said project upon the terms and conditions set forth herein and in a project agreement of even date herewith <sup>2</sup> between the Association and ENDE;

NOW THEREFORE the parties hereto hereby 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, <sup>2</sup> 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):

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<sup>1</sup> Came into force on 14 October 1969, upon notification by the Bank to the Government of Bolivia.

<sup>2</sup> See p. 24 of this volume.

- (a) Section 6.02 is amended by inserting the words “or either party under the Project Agreement” after the words “the Development Credit Agreement”.
- (b) The following sub-paragraph is added to Section 9.01: “13. The term ‘Project Agreement’ shall have the meaning set forth in the Development Credit Agreement.”

*Section 1.02.* Unless the context otherwise requires, the following terms wherever used in this Development Credit Agreement shall have the following meanings:

(a) The term “Project Agreement” means the agreement of even date herewith between the Association and ENDE, as the same may be amended or supplemented from time to time by agreement between the parties thereto.

(b) The term “Subsidiary Loan Agreement” means the agreement to be entered into between the Borrower and ENDE referred to in Section 4.02 (a) (i) of this Agreement, as the same may be amended or supplemented from time to time.

(c) The term “Interconnection Agreement” means an agreement satisfactory to the Association to be entered into between ENDE and the Bolivian Power Company Ltd. relating to the interconnection and operation of their respective systems to function as the central integrated power system in Bolivia.

(d) The term “DINE” means Direccion Nacional de Electricidad of the Borrower.

(e) The term “Electricity Code” means the *Codigo de Electricidad* (Supreme Decree No. 08438) dated 31 July, 1968, of the Borrower.

## Article II

### THE CREDIT

*Section 2.01.* The Association agrees to make available to the Borrower, on the terms and conditions in this Development Credit Agreement set forth or referred to, a development credit in an amount in various currencies equivalent to seven million four hundred thousand dollars (\$7,400,000).

*Section 2.02.* (a) The Association shall open a Credit Account on its books in the name of the Borrower and shall credit to such account the amount of the Credit.

(b) 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 Agreement and the Regulations and in accordance with the allocation of the proceeds of the Credit set forth in Schedule 1 to this Agreement, as such allocation shall be modified from time to time pursuant to the provisions of such Schedule or by further agreement between the Borrower and the Association.

*Section 2.03.* The Borrower shall be entitled to withdraw from the Credit Account (i) such amounts as shall have been paid for the reasonable cost of goods to be financed under the Development Credit Agreement; and (ii), if the Association shall so agree, such amounts as shall be required to meet payments to be made for the reasonable cost of such goods. Except as shall be otherwise agreed between the Association and the Borrower, no withdrawals shall be made on account of (a) expenditures prior to the date of this Agreement or (b) expenditures in the currency of the Borrower or for goods produced in (including services supplied from) the territories of the Borrower.

*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.

*Section 2.05.* Service charges shall be paid semi-annually on June 15 and December 15 in each year.

*Section 2.06.* The Borrower shall repay the principal amount of the Credit withdrawn from the Credit Account in semi-annual installments payable on each June 15 and December 15 commencing June 15, 1979, and ending December 15, 2018, each installment to and including the installment payable on December 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 2.07.* The currency of the United States of America is hereby specified for the purposes of Section 3.02 of the Regulations.

### Article III

#### USE OF PROCEEDS OF THE CREDIT

*Section 3.01.* The Borrower shall apply the proceeds of the Credit in accordance with the provisions of this Agreement and the Subsidiary Loan Agreement exclusively to expenditures on the Project described in Schedule 2 to this Agreement.

*Section 3.02.* Except as the Association shall otherwise agree, (i) the goods (other than consulting services) to be financed out of the proceeds of the Credit shall be procured on the basis of international competitive bidding as set forth in the *Guidelines Relating to Procurement under World Bank Loans and IDA Credits* published by the Association in February 1968, and in accordance with such other procedures supplemental thereto as shall be agreed between the Association and ENDE, and (ii) any contract for the procurement of any of the goods required to carry out the Project (including consulting services) shall be subject to the approval of the Association.

*Section 3.03.* Except as the Borrower and the Association shall otherwise agree, the Borrower shall cause all goods financed out of the proceeds of the Credit to be used in the territories of the Borrower exclusively in carrying out the Project.

### Article IV

#### PARTICULAR COVENANTS

*Section 4.01.* (a) The Borrower shall take or cause to be taken all action which shall be necessary on its part to carry out the Project with due diligence and efficiency and to enable ENDE to perform all the covenants and agreements set forth in the Project Agreement and shall not take, cause or permit to be taken any action that would prevent or interfere with the performance by ENDE of such covenants and agreements.

(b) The Borrower shall at all times make or cause to be made available to ENDE, promptly as needed, the funds, facilities, services and other resources which shall be required for the carrying out of the Project.

*Section 4.02.* (a) The Borrower shall relend (i) to ENDE an amount equivalent to up to seven million three hundred and forty thousand dollars (\$7,340,000) out of the proceeds of the Credit on terms and conditions satisfactory to the Association, pursuant to a loan agreement satisfactory to the Association and (ii) to DINE an amount equivalent to up to sixty thousand dollars (\$60,000) out of the proceeds of the Credit for the purpose of retaining specialized, competent and experienced consultants (unavailable in Bolivia) acceptable to, and on terms and conditions satisfactory to, the Association.

(b) The Borrower shall not take any action or concur in any action which would have the effect of amending, abrogating, assigning or waiving any provision of the Subsidiary Loan Agreement, except with the prior approval of the Association.

*Section 4.03.* (a) The Borrower and the Association shall cooperate fully to assure that the purposes of the Credit will be accomplished. To that end, each of them shall furnish to the other all such information as it shall reasonably request with regard to the general status of the Credit. On the part of the Borrower, such information shall include information with respect to financial and economic conditions in the territories of the Borrower and the international balance of payments position of the Borrower.

(b) The Borrower and the Association shall from time to time exchange views through their representatives with regard to matters relating to the purposes of the Credit and the maintenance of the service thereof. The Borrower shall promptly inform the Association of any condition which interferes with, or threatens to interfere with, the accomplishment of the purposes of the Credit or the maintenance of the service thereof.

(c) The Borrower shall afford all reasonable opportunity for accredited representatives of the Association to visit any part of the territories of the Borrower for purposes related to the Credit.

(d) The Borrower shall furnish to the Association all such information as the Association shall reasonably request concerning the administration, operations and financial condition of DINE.

*Section 4.04.* Except as the Association shall otherwise agree, the Borrower shall not permit or cause the *Estatutos* of ENDE to be amended.

*Section 4.05.* Except as the Association shall otherwise agree, the

Borrower shall, from time to time, take all action necessary to cause ENDE to be granted and to cause to be maintained, electric tariffs designed to produce revenues sufficient to provide ENDE with a rate of return of nine per cent (9%) in accordance with the provisions of the Electricity Code.

*Section 4.06.* Except as the Association shall otherwise agree, the Government of the Borrower shall not later than September 30, 1971 take all necessary steps to have the Electricity Code enacted by the Congress.

*Section 4.07.* The principal of, and service charges on, the Credit shall be paid without deduction for, and free from, any taxes, and free from all restrictions, imposed under the laws of the Borrower or laws in effect in its territories.

*Section 4.08.* This Agreement and the Project Agreement shall be free from any taxes that shall be imposed under the laws of the Borrower or laws in effect in its territories on or in connection with the execution, delivery or registration thereof.

## Article V

### REMEDIES OF THE ASSOCIATION

*Section 5.01.* (i) If any event specified in paragraphs (a) or (c) of Section 5.02 of the Regulations shall occur and shall continue for a period of thirty days, or (ii) if any event specified in paragraph (b) of Section 5.02 of the Regulations or in paragraphs (a), (b), (c), (d), (e) or (f) of Section 5.02 of this Agreement shall occur and shall continue for a period of sixty days after notice thereof shall have been given by the Association to the Borrower, then at any subsequent time during the continuance thereof the Association, at its option, may declare the principal of the Credit then outstanding to be due and payable immediately, and upon any such declaration such principal shall become due and payable immediately, anything in this Agreement to the contrary notwithstanding.

*Section 5.02.* The following additional events are specified for the purposes of paragraph (k) of Section 5.02 of the Regulations:

- (a) ENDE shall have failed to perform any obligation under the Project Agreement or under the Project Agreement between the Association and Corporacion Boliviana de Fomento dated July 24, 1964;<sup>1</sup>
- (b) The Borrower or ENDE shall have failed to perform any obligation under the Subsidiary Loan Agreement;
- (c) Any material amendment or repeal of any of the provisions of the Electricity Code (either before or after its enactment in accordance with the provisions of Section 4.06 of this Agreement) or of Supreme Decrees Nos. 05999, 06792, 06793, 07591 or 08283 of the Borrower dated February 9, 1962, June 9, 1964, April 20, 1966 and February 28, 1968, respectively, not previously agreed to by the Borrower and the Association, which adversely affect the execution of the Project, the purposes of the Credit, the financial condition of power enterprises operating in Bolivia, or DINE, shall have come into force;
- (d) ENDE shall be unable to pay its debts as they mature or any action or proceeding shall have been taken by ENDE or by others whereby any of the property of ENDE shall or may be distributed among its creditors;
- (e) The outstanding principal of the credit provided for in the Development Credit Agreement (*ENDE Power Project*) between the Borrower and the Association dated July 24, 1964<sup>1</sup> shall have been declared, or become, due and payable in advance of the agreed maturity thereof;
- (f) The Borrower or any other authority having jurisdiction shall have taken any action for (i) the dissolution of ENDE or for the suspension of its operations, or (ii) the acquisition of the ownership, possession or control of any of the property or assets of ENDE necessary for the proper and efficient operation of its business; and
- (g) An extraordinary situation shall have arisen which shall make it improbable that ENDE will be able to perform its obligations under the Project Agreement.

## *Article VI*

### EFFECTIVE DATE; TERMINATION

*Section 6.01.* The following events are specified as additional conditions

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<sup>1</sup> United Nations, *Treaty Series*, vol. 534, p. 203.



to the effectiveness of this Development Credit Agreement within the meaning of Section 8.01 (b) of the Regulations:

- (a) The execution and delivery of the Project Agreement on behalf of ENDE has been duly authorized or ratified by all necessary corporate and governmental action;
- (b) The execution and delivery of the Subsidiary Loan Agreement on behalf of the Borrower and ENDE has been duly authorized or ratified by all necessary corporate and governmental action;
- (c) DINE shall have employed consultants acceptable to the Association on terms and conditions satisfactory to the Association for the purpose of providing specialized assistance in the carrying out of its regulatory functions;
- (d) The execution and delivery of the Interconnection Agreement on behalf of ENDE has been duly authorized or ratified by all necessary corporate and governmental action; and
- (e) ENDE shall have employed a firm of independent auditors acceptable to the Association to carry out the provisions of Section 2.08 (d) of the Project Agreement.

*Section 6.02.* The following are specified as additional matters, within the meaning of Section 8.02 (b) of the Regulations, to be included in the opinion or opinions to be furnished to the Association:

- (a) That the Project Agreement has been duly authorized or ratified by, and executed and delivered on behalf of, ENDE and constitutes a valid and binding obligation of ENDE, in accordance with its terms;
- (b) That the Subsidiary Loan Agreement has been duly authorized or ratified by, and executed and delivered on behalf of, the Borrower and ENDE, and constitutes a valid and binding obligation of the parties thereto in accordance with its terms; and
- (c) That the Interconnection Agreement has been duly authorized or ratified by, and executed and delivered on behalf of ENDE and constitutes a valid and binding obligation of ENDE in accordance with its terms.

*Section 6.03.* If this Agreement shall not have come into force and effect by July 15, 1969, this Agreement and all obligations of the parties hereunder shall terminate, unless the Association, after consideration of the reasons for the delay, establishes a later date for the purpose of this Section. The Association shall promptly notify the Borrower of such later date.

*Section 6.04.* Upon termination of the Project Agreement in accordance with its terms, the obligations of the Borrower with respect to the Project shall forthwith terminate.

*Article VII*

MISCELLANEOUS

*Section 7.01.* The Closing Date shall be June 30, 1973 or such other date as shall be agreed between the Borrower and the Association.

*Section 7.02.* The following addresses are specified for the purposes of Section 7.01 of the Regulations:

For the Borrower:

Ministerio de Economía Nacional  
La Paz, Bolivia

Cable address:

Mineconomia  
La Paz

For the Association:

International Development Association  
1818 H Street, N.W.  
Washington, D.C. 20433  
United States of America

Cable address:

Indevas  
Washington, D.C.

*Section 7.03.* The Minister of National Economy of the Borrower is designated for the purposes of Section 7.03 of the Regulations.

IN WITNESS WHEREOF, the parties hereto acting through their representatives thereunto duly authorized, have caused this Development Credit Agreement to be signed in their respective names and delivered in the District of Columbia, United States of America, as of the day and year first above written.

Republic of Bolivia:  
By Enrique LARREA H.  
Authorized Representative

International Development Association:  
By J. Burke KNAPP  
Vice President

### SCHEDULE 1

#### ALLOCATION OF PROCEEDS OF CREDIT

<i>Category</i>	<i>Amounts Expressed in U.S. Dollar Equivalent</i>
A. Materials and services for the construction of the Santa Isabel hydroelectric plant, including associated transmission facilities . . . . .	6,200,000
B. Engineering and consulting services for ENDE . . . . .	340,000
C. Consulting services for DINE . . . . .	60,000
D. Unallocated . . . . .	800,000
	TOTAL 7,400,000

#### REALLOCATION UPON CHANGE IN COST ESTIMATES

1. If the estimate of the foreign exchange cost of the items included in any of the Categories A, B or C shall decrease, the amount of the Credit then allocated to, and no longer required (i) for Category A or B, as the case may be, will be reallocated by the Association to Category D, and (ii) for Category C will be cancelled by notice from the Association to the Borrower.

2. If the estimate of the foreign exchange cost of the items included in any of the categories A or B, shall increase, an amount equal to such increase will be allocated by the Association, at the request of the Borrower and ENDE, to such Category A or B, as the case may be, from Category D, subject, however, to the requirements for contingencies, as determined by the Association, in respect of the cost of other items in such Category A or B.

## SCHEDULE 2

## DESCRIPTION OF THE PROJECT

The Project consists in:

1. The construction of a hydroelectric plant at Santa Isabel of about 34 MW using tailrace waters from the Corani plant with associated transmission facilities to connect the plant to the existing power system, including engineering services for supervision of construction and the study of further extensions.

2. Consultant services for DINE for the purpose of providing specialized assistance in the carrying out of its regulatory functions.

The Project is expected to be completed by March 31, 1972.

## INTERNATIONAL DEVELOPMENT ASSOCIATION

DEVELOPMENT CREDIT REGULATIONS No. 1, DATED 1 JUNE 1961  
AS AMENDED 9 FEBRUARY 1967REGULATIONS APPLICABLE TO DEVELOPMENT CREDIT AGREEMENTS  
WITH MEMBER GOVERNMENTS

[*Not published herein. See United Nations, Treaty Series, vol. 617, p. 60.*]

## PROJECT AGREEMENT

AGREEMENT, dated April 28, 1969, between the INTERNATIONAL DEVELOPMENT ASSOCIATION (hereinafter called the Association) and EMPRESA NACIONAL DE ELECTRICIDAD S.A. (hereinafter called ENDE).

WHEREAS by a development credit agreement of even date herewith<sup>1</sup> between Republic of Bolivia (hereinafter called the Borrower) and the Association, which agreement, the schedules therein referred to and the Development Credit Regulations No. 1<sup>2</sup> of the Association made applicable thereto are hereinafter called the Development Credit Agreement, the Association has agreed to make available

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<sup>1</sup> See p. 4 of this volume.

<sup>2</sup> See above.

to the Borrower an amount in various currencies equivalent to seven million four hundred thousand dollars (\$7,400,000), on the terms and conditions set forth in the Development Credit Agreement, but only on condition that seven million three hundred and forty thousand dollars (\$7,340,000) out of the proceeds thereof be relented to ENDE and that ENDE agree to undertake certain obligations to the Association as hereinafter in this Project Agreement set forth; and

WHEREAS ENDE, in consideration of the Association's entering into the Development Credit Agreement with the Borrower, has agreed to undertake the obligations hereinafter set forth;

NOW THEREFORE the parties hereto hereby agree as follows:

### *Article I*

#### DEFINITIONS

*Section 1.01.* Wherever used in this Project Agreement, unless the context shall otherwise require, (i) the several terms defined in the Development Credit Agreement shall have the respective meanings therein set forth, and (ii) 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 ENDE or by one or more subsidiaries of ENDE or by ENDE and one or more of its subsidiaries.

### *Article II*

#### PARTICULAR COVENANTS

*Section 2.01.* (a) ENDE shall carry out Part 1 of the Project with due diligence and efficiency and shall at all times conduct its operations and affairs in accordance with sound engineering, public utility, administrative, and financial practices and under the supervision of experienced and competent management.

(b) To assist ENDE in carrying out Part 1 of the Project, ENDE shall employ competent and experienced consultants satisfactory to, and upon terms and conditions agreed between, the Association and ENDE.

(c) Except as the Association shall otherwise agree, ENDE shall cause all works included in Part 1 of the Project to be constructed by contractors acceptable to the Association and ENDE.

(d) ENDE shall furnish to the Association, promptly upon their preparation, the plans, specifications and the construction schedule for Part 1 of the Project and any material modifications subsequently made therein, in such detail as the Association shall from time to time request.

(e) ENDE shall maintain or cause to be maintained records adequate to identify the goods financed out of the proceeds of the Credit, to disclose the use thereof in the Project, to record the progress of Part 1 of the Project (including the cost thereof) and to reflect in accordance with consistently maintained sound accounting practices the operations and financial condition of ENDE; shall enable the Association's representatives to inspect Part 1 of the Project, the goods and any relevant records and documents and all other plants, sites, works, properties and equipment of ENDE and shall furnish to the Association all such information as the Association shall reasonably request concerning the expenditures of the proceeds of the Credit, which have been relented to it, Part 1 of the Project, the goods, and the administration, operations and financial condition of ENDE.

*Section 2.02.* (a) The Association and ENDE shall co-operate fully to assure that the purposes of the Credit will be accomplished. To that end, each of them shall furnish to the other all such information as it shall reasonably request.

(b) The Association and ENDE shall from time to time exchange views through their representatives with regard to matters relating to the purposes of the Credit and to the administration, operations and financial condition of ENDE. ENDE shall promptly inform the Association of any condition which interferes with, or threatens to interfere with, the accomplishment of the purposes of the Credit or the performance by ENDE of its obligations under this Agreement or the obligations to be performed by ENDE pursuant to the provisions of the Development Credit Agreement, or which shall increase or threaten to increase materially the estimated cost of the Project.

*Section 2.03.* ENDE shall duly perform all its obligations under the (i) Subsidiary Loan Agreement and (ii) Interconnection Agreement, and shall not take any action or concur in any action which would have the effect of amending, abrogating, assigning or waiving any of their provisions without the prior approval of the Association.

*Section 2.04.* Except as the Association shall otherwise agree, ENDE: (i) shall use, or cause to be used, all goods financed out of the proceeds of the Credit exclusively in the carrying out of the Project; (ii) shall procure such goods in accordance with the terms and conditions set forth in Section 3.02 of the Development Credit Agreement and Schedule 1 to this Agreement; (iii) shall obtain title to all such goods free and clear of all encumbrances; and (iv) shall not sell or otherwise dispose of any goods financed out of the said proceeds, other than such goods as shall have become worn out or obsolete.

*Section 2.05.* (a) ENDE shall take out and maintain with responsible insurers, or make other provisions satisfactory to the Association for, insurance against such risks and in such amounts as shall be consistent with sound public utility practices.

(b) Without limiting the generality of the foregoing, ENDE undertakes to insure the imported goods financed out of the proceeds of the Subsidiary Loan Agreement against marine, transit and other hazards incident to the acquisition, transportation and delivery thereof to the place of use or installation and for such insurance any indemnity shall be payable in a currency freely usable by ENDE to replace or repair such goods.

*Section 2.06.* Except as the Association shall otherwise agree, ENDE shall take all steps necessary or desirable to obtain and maintain electric tariffs designed to produce revenues sufficient to provide it with a rate of return of nine per cent (9%) in accordance with the provisions of the Electricity Code.

*Section 2.07.* Except as the Association shall otherwise agree, ENDE shall not undertake or execute, for its own account or for the account of any other party or parties, any power projects or developments exceeding 3 MW of physical capacity other than the Project.

*Section 2.08.* (a) ENDE shall (i) at all times maintain its existence and right to carry on operations and shall, except as the Association shall otherwise agree, take all steps necessary to acquire, maintain and renew all rights, powers, privileges and franchises which are necessary or useful in the conduct of its business; (ii) operate and maintain all its plants, equipment and property and from time to time make all necessary renewals and repairs thereof, all in accordance with sound engineering, public utility, administrative and financial practices; and (iii) at all times manage its affairs, plan its future expansion and maintain its financial position in accordance with sound engineering, public utility, administrative and financial practices.

(b) Except as the Association shall otherwise agree, ENDE shall not sell, lease, transfer or assign any of its property or assets, except in the normal course of its business and shall not engage in any activity other than power generation, transmission and distribution.

(c) Except as the Association shall otherwise agree ENDE shall not incur any indebtedness unless the net consolidated revenues of ENDE and its subsidiaries (if any) in the twelve consecutive months immediately preceding such incurrence shall be at least 1.5 times the estimated maximum debt service requirements for

any succeeding twelve-month period following such incurrence on all indebtedness of ENDE and its subsidiaries (if any), including the indebtedness proposed to be incurred. For the purposes of this paragraph:

- (i) The term “indebtedness” shall include the assumption and fguarantee o indebtedness and shall mean all indebtedness of ENDE and its subsidiaries (if any) maturing by its terms more than one year after the date of its incurrence, but excluding any indebtedness between ENDE and its subsidiaries (if any) or between such subsidiaries;
- (ii) Indebtedness shall be deemed to be incurred on the date of execution and delivery of the contract or loan agreement providing for such indebtedness;
- (iii) The term “net consolidated revenues” shall mean gross revenues from all sources, excluding any revenues arising from the transactions between ENDE and its subsidiaries (if any) or between such subsidiaries, adjusted to take account of electric tariffs in effect at the time of incurrence of indebtedness even though they were not in effect during the twelve consecutive months to which such revenues related, less operating and administrative expenses including provision for taxes, if any, but before provision for depreciation and interest and other charges on debt;
- (iv) the term “debt service requirements” shall mean the aggregate amount of amortization (including sinking fund contributions), interest and other charges on debt; and
- (v) Whenever for the purposes of this paragraph it shall be necessary to value, in terms of the currency of the Borrower, indebtedness payable in another currency, such valuation shall be made on the basis of the prevailing rate of exchange at which such other currency is, at the time of such valuation, lawfully obtainable for the purposes of servicing such indebtedness.

(d) ENDE shall have its accounts regularly audited at least once a year by independent auditors acceptable to the Association and shall promptly upon their preparation and not later than five months after the close of the fiscal year to which they relate, send to the Association certified copies of such accounts and the auditors report.

*Section 2.09.* The obligations to be assumed by ENDE pursuant to the provisions of Section 2.08 of this Agreement shall be applicable to any subsidiary of ENDE as though such obligations were binding on any such subsidiary, and ENDE shall cause any such subsidiary to carry out such obligations.

*Section 2.10.* (a) Any change of the *Gerente General* of ENDE shall be made only after prior consultation with the Association.

(b) Except as the Association shall otherwise agree, ENDE shall not permit or cause its *Estatutos* to be amended.



*Article III*

## EFFECTIVE DATE; TERMINATION

*Section 3.01.* This Agreement shall come into force and effect on the Effective Date. If, pursuant to Section 8.04 of the Regulations, the Association shall terminate the Development Credit Agreement, the Association shall promptly notify ENDE of such termination and, upon the giving of such notice, this Agreement and all obligations of the parties hereunder shall forthwith cease and determine.

*Section 3.02.* This Agreement shall terminate and all obligations of the Association and ENDE hereunder shall cease and determine on the date on which the Development Credit Agreement shall terminate or on a date thirty years after the date of this Agreement, whichever shall be the earlier.

*Article IV*

## MISCELLANEOUS PROVISIONS

*Section 4.01.* Any notice, demand or request required or permitted to be given or made under this Agreement and any agreement between the parties contemplated by this Agreement shall be in writing. Such notice or request shall be deemed to have been duly given or made when it shall be delivered by hand or by mail, telegram, cable or radiogram to the party to which it is required or permitted to be given or made at its address hereinafter specified, or at such other address as such party shall have designated by notice to the party giving such notice or making such request.

The addresses so specified are:

For the Association:

International Development Association  
1818 H Street, N.W.  
Washington, D.C. 20433  
United States of America

Alternative address for cablegrams or radiograms:

Indevas  
Washington, D.C.

For ENDE:

Empresa Nacional de Electricidad S.A.  
Casilla 565  
Cochabamba, Bolivia

Alternative address for cablegrams or radiograms:

Enelectric  
Cochabamba

*Section 4.02.* ENDE shall furnish to the Association sufficient evidence of the authority of the person or persons who will, on behalf of ENDE, take any action or execute any documents required or permitted to be taken or executed by ENDE, pursuant to any of the provisions of the Development Credit Agreement or this Agreement and the authenticated specimen signature of each such person.

*Section 4.04.*<sup>1</sup> This Agreement may be executed in several counterparts, each of which shall be an original and all collectively but one instrument.

IN WITNESS WHEREOF the parties hereto have caused this Agreement to be signed in their respective names by their representatives thereunto duly authorized and delivered in the District of Columbia, United States of America, as of the day and year first above written.

International Development Association:

By J. Burke KNAPP  
Vice President

Empresa Nacional de Electricidad S.A.:

By Roberto CAPRILES  
Julio SANJINES  
Authorized Representatives

#### SCHEDULE 1

1. With respect to all contracts for civil works and for the purchase of machinery, equipment or materials involving expenditures exceeding the equivalent of U.S.\$50,000 the following procedures shall apply:

(a) Copies of advertisements together with a description of advertising procedures, invitations to bid, specifications, conditions of contract and all other tender documents will be submitted to the Association for review and approval prior to the issuance of any such document for purpose of invitations to bid.

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<sup>1</sup> Should read "4.03". (Information supplied by the Bank.)

(b) After bids have been received, analyzed and evaluated, the recommendation of ENDE's consultants and the proposal for contract award, together with the documents substantiating the recommendations and proposals, will be submitted to the Association for review and approval prior to making an award of contract or issuing a letter of intent.

(c) If the proposed final contract is to differ substantially from the terms and conditions contained in the respective documents approved by the Association under paragraph (a) or (b) above, the text of the proposed changes will be submitted to the Association for review and approval prior to the signature of the contract.

(d) As soon as a letter of intent has been issued or a contract signed two copies thereof will be sent to the Association.

2. For contracts involving expenditures equivalent to U.S.\$50,000 or less copies of all relevant documents, including the invitation to bid and the bid analysis and evaluation, and two copies of the signed contract, and any other related material that the Association shall request, shall be sent to the Association promptly after execution of any such contract and prior to the submission to the Association of the first application for withdrawal in respect of such contract.