

No. 10652

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**INTERNATIONAL DEVELOPMENT ASSOCIATION  
and  
BOLIVIA**

**Development Credit Agreement—*Interim Second Beni Livestock Development Project* (with annexed General Conditions Applicable to Development Credit Agreements and Project Agreement between the Association and the Banco Agrícola de Bolivia). Signed at Washington on 13 January 1970**

*Authentic text: English.*

*Registered by the International Development Association on 11 August 1970.*

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**ASSOCIATION INTERNATIONALE  
DE DÉVELOPPEMENT  
et  
BOLIVIE**

**Contrat de crédit de développement — *Deuxième projet intérimaire relatif au développement de l'élevage dans le Beni* (avec, en annexe, les Conditions générales applicables aux contrats de crédit de développement et le Contrat relatif au Projet entre l'Association et la Banque agricole de Bolivie). Signé à Washington le 13 janvier 1970**

*Texte authentique : anglais.*

*Enregistré par l'Association internationale de développement le 11 août 1970.*

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

AGREEMENT, dated January 13, 1970, between REPUBLIC OF BOLIVIA (hereinafter called the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (hereinafter called the Association).

WHEREAS the Association has made a development credit to the Borrower dated May 26, 1967<sup>2</sup> (Beni Livestock Development Project), Credit 107 BO, for the first stage of a livestock development program aimed at increasing beef production in selected areas in the territories of the Borrower (hereinafter called the First Livestock Credit);

WHEREAS the Borrower has requested the Association to provide further financial assistance for the continuation of the said livestock development program; and

WHEREAS the Association is willing to make a credit to the Borrower, on the terms and conditions hereinafter set forth;

NOW THEREFORE the parties hereto hereby agree as follows:

### *Article I*

#### GENERAL CONDITIONS; DEFINITIONS

*Section 1.01.* The parties to this Development Credit Agreement accept all the provisions of the General Conditions Applicable to Development Credit Agreements of the Association, dated January 31, 1969,<sup>3</sup> with the same force and effect as if they were fully set forth herein (said General Conditions Applicable to Development Credit Agreements of the Association being hereinafter called the General Conditions).

*Section 1.02.* Wherever used in this Development Credit Agreement, unless the context otherwise requires, the several terms defined in the General Conditions have the respective meanings therein set forth, and the following additional terms have the following meanings:

(a) The term "Central Bank" means the Banco Central de Bolivia.

<sup>1</sup> Came into force on 18 June 1970, upon notification by the Association to the Government of Bolivia.

<sup>2</sup> United Nations, *Treaty Series*, vol. 618, p. 159.

<sup>3</sup> See p. 80 of this volume.

(b) The term “BAB” means the Banco Agrícola de Bolivia.

(c) The term “Project Agreement” means the agreement of even date herewith<sup>1</sup> between the Association and BAB, as the same may be amended or supplemented from time to time by agreement between the Association and BAB.

(d) The term “ranch development plan” means a proposal for investing in fencing, stock handling and watering facilities, essential ranch construction, stock and pasture management equipment and tools, selected pasture establishment and limited numbers of breeding cattle or other related on-ranch items or any combination thereof, and for the provision of working capital and technical services in connection therewith.

(e) The term “Project Director” means the livestock expert referred to in Section 2.08 of the Project Agreement.

(f) The term “Subsidiary Loan Agreement” means the agreement to be entered into between the Borrower and BAB, on terms and conditions satisfactory to the Association.

(g) The term “Project Area” means the Provinces of Ballivián, Yacuma, Mamoré, Itenez, Cercado, Marbán and Moxos of the Departamento del Beni of the Borrower.

## Article II

### THE CREDIT

*Section 2.01.* The Association agrees to lend to the Borrower, on the terms and conditions in this Development Credit Agreement set forth or referred to, an amount in various currencies equivalent to one million four hundred thousand dollars (\$1,400,000).

*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 Development Credit Agreement.

*Section 2.03.* (a) The Borrower shall be entitled to withdraw from the Credit Account in respect of the long-term loans or the portions thereof to be financed under this Development Credit Agreement the equivalent of eighty-five per cent (85%) or such other percentage as may be established

<sup>1</sup> See p. 80 of this volume.

from time to time by agreement between the Borrower and the Association of such amounts as shall have been disbursed by BAB under the loans described in the Allocation of Proceeds of the Credit included in Schedule 1 to this Agreement; provided, however, that no withdrawals shall be made with respect to any such loan or portion thereof unless the Project Director approves the ranch development plan for which such loan was requested and, where the amount of any such loans is one hundred thousand dollars (\$100,000) equivalent or more, unless the relevant plan shall also have been approved by the Association.

(b) No withdrawals shall be made from the Credit Account before the amounts allocated to Category 1 of the Allocation of the Proceeds of the First Livestock Credit have been withdrawn in full.

*Section 2.04.* The currency of the United States of America is hereby specified for the purposes of Section 4.02 of the General Conditions.

*Section 2.05.* The Borrower shall pay to the Association a service charge at the rate of three-fourths of one per cent ( $\frac{3}{4}$  of 1%) per annum on the principal amount of the Credit withdrawn and outstanding from time to time.

*Section 2.06.* Service charges shall be payable semi-annually on May 15 and November 15 in each year.

*Section 2.07.* The Borrower shall repay the principal amount of the Credit withdrawn from the Credit Account in semi-annual installments payable on each May 15 and November 15 commencing May 15, 1980 and ending November 15, 2019, each installment to and including the installment payable on November 15, 1989 to be one-half of one per cent ( $\frac{1}{2}$  of 1%) of such principal amount, and each installment thereafter to be one and one-half per cent ( $1\frac{1}{2}\%$ ) of such principal amount.

### Article III

#### USE OF PROCEEDS OF THE CREDIT

*Section 3.01.* The Borrower shall cause the proceeds of the Credit to be applied exclusively to financing the cost of the goods required to carry out the Project. The specific allocation of the proceeds of the Credit shall be determined by agreement between the Association and BAB acting on behalf of the Borrower, subject to modification by further agreement between them.

*Section 3.02.* Except as 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 the carrying out of the Project.

*Article IV*

## PARTICULAR COVENANTS

*Section 4.01.* (a) The Borrower shall cause the Project to be carried out by BAB with due diligence and efficiency and in conformity with sound agricultural, administrative, economic and financial practices and shall cause BAB to be provided, promptly as needed, with the funds, facilities, services and other resources required for the purpose.

(b) The Borrower shall enter into a Subsidiary Loan Agreement for the purpose of relending the equivalent of the proceeds of the Credit to BAB. The Borrower shall exercise its rights in relation to the Subsidiary Loan Agreement in such manner as to protect the interests of the Borrower and the Association. Except as the Borrower and the Association shall otherwise agree, the Borrower shall not take or concur in any action which would have the effect of amending, abrogating, assigning or waiving any provision of the Subsidiary Loan Agreement.

(c) The operating policies and procedures for the carrying out of the Project shall be as agreed from time to time between the Association, the Borrower and BAB pursuant to Section 4.01 (c) of the First Livestock Credit.

*Section 4.02.* (a) The Borrower shall maintain at the Central Bank a Fund (hereinafter called the Project Revolving Fund) under terms and conditions satisfactory to the Association to be used exclusively to make and receive payments connected with the Project.

(b) Payments by BAB of principal and interest under the Subsidiary Loan Agreement shall be made to the Project Revolving Fund, and the Borrower shall, until the termination of the said Subsidiary Loan Agreement, cause all sums so paid to be made available to BAB for the purpose of continuing the financing of livestock development in the Project Area, except for sums required to (i) service the Credit and (ii) meet the administrative expenses arising from the Project.

(c) The Borrower shall cause the accounts relating to the Project Revolving Fund to be audited annually by an accountant acceptable to the Association, and shall promptly thereafter, and not later than four months after the close of the Borrower's financial year, transmit to the Association certified copies of such accounts and a signed copy of the accountant's report.

*Section 4.03.* The Borrower shall: (i) 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 the Project (including the cost thereof) and to reflect in accordance with consistently maintained sound accounting practices the operations and financial condition of the Project Revolving Fund; (ii) enable the Association's representatives to inspect the Project, the goods and any relevant records and documents; and (iii) furnish or cause to be furnished to the Association all such information as the Association shall reasonably request concerning the expenditure of the proceeds of the Credit, the Project, the goods, and the administration, operations and financial condition of the Project Revolving Fund.

*Section 4.04.* The Borrower and the Association shall cooperate fully to assure that the purposes of the Credit will be accomplished. To that end:

(a) The Borrower and the Association shall from time to time, at the request of either party, exchange views through their representatives with regard to the progress of the Project, the performance by the Borrower of its obligations under this Development Credit Agreement, the administration, operations and financial condition of the Project Revolving Fund, the financial and economic conditions in the territories of the Borrower, and the international balance of payments position of the Borrower;

(b) 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, the maintenance of the service thereof or the performance by the Borrower of its obligations under this Development Credit Agreement and the Subsidiary Loan Agreement; and

(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.

*Section 4.05.* 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 4.06.* This Development Credit 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.

*Section 4.07.* The Borrower shall take reasonable measures to maintain in the Project Area (i) an effective foot-and-mouth disease control

program, and (ii) an effective procedure for prompt clarification of land titles.

### Article V

#### REMEDIES OF THE ASSOCIATION

*Section 5.01.* If any event specified in Section 7.01 of the General Conditions or in Section 5.02 of this Development Credit Agreement shall occur and shall continue for the period, if any, therein set forth, then at any subsequent time during the continuance thereof, the Association, at its option, may by notice to the Borrower declare the principal of the Credit then outstanding to be due and payable immediately together with the service charges thereon and upon any such declaration such principal, together with such charges, shall become due and payable immediately, anything in this Development Credit Agreement to the contrary notwithstanding.

*Section 5.02.* For the purposes of Section 7.01 of the General Conditions, the following additional events are specified:

- (a) BAB shall have failed to perform any covenant or agreement of BAB under the Project Agreement, and such non-performance shall continue for a period of sixty days;
- (b) A default shall have occurred in the performance of any covenant or agreement on the part of the Borrower or BAB under the Subsidiary Loan Agreement, and such non-performance shall continue for a period of sixty days;
- (c) An event specified under Section 5.02 (a) and (b) of the First Livestock Credit shall have occurred.

### Article VI

#### EFFECTIVE DATE; TERMINATION

*Section 6.01.* The following events are specified as additional conditions to the effectiveness of this Development Credit Agreement within the meaning of Section 10.01 (b) of the General Conditions:

- (a) The execution and delivery of the Project Agreement on behalf of BAB have been duly authorized or ratified by all necessary corporate and governmental action; and
- (b) The execution and delivery of the Subsidiary Loan Agreement on behalf of the Borrower and BAB have been duly authorized or ratified by all necessary governmental and corporate action.

*Section 6.02.* The following are specified as additional matters, within the meaning of Section 10.02 (b) of the General Conditions, 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, BAB and constitutes a valid and binding obligation of BAB in accordance with its terms; and
- (b) that the Subsidiary Loan Agreement has been duly authorized or ratified by, and executed and delivered on behalf of, the Borrower and BAB and constitutes a valid and binding obligation of the Borrower and BAB in accordance with its terms.

*Section 6.03.* The date of April 15, 1970 is hereby specified for the purposes of Section 10.04 of the General Conditions.

*Section 6.04.* The obligations of the Borrower under Sections 4.01, 4.02, 4.03 and 4.07 of this Development Credit Agreement shall terminate on the date on which this Development Credit Agreement shall terminate or on the date when all principal withdrawn by BAB from the Project Revolving Fund prior to the Closing Date and interest thereon shall have been paid by BAB to the Borrower, whichever shall be the earlier.

## *Article VII*

### MISCELLANEOUS

*Section 7.01.* The Closing Date shall be December 31, 1974 or such other date as shall be agreed between the Borrower and the Association as the Closing Date.

*Section 7.02.* The following addresses are specified for the purposes of Section 9.01 of the General Conditions:

For the Borrower:

Ministerio de Hacienda  
La Paz, Bolivia

Cable address:

Minhacienda  
La Paz, Bolivia

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 *Ministro de Hacienda* of the Borrower is designated for the purposes of Section 9.03 of the General Conditions.

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 Col. EDMUNDO VALENCIA IBÁÑEZ  
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 Dollar Equivalent</i>
Long-term loans for investment in ranch development . . . . .	1,400,000

#### SCHEDULE 2

##### DESCRIPTION OF PROJECT

The Project is the continuation of the first stage of a livestock development program of the Borrower, and consists in providing beef cattle producers in the Project Area with the following:

- (1) Long-term loans or portions thereof for investment in ranch development;
- (2) Related technical services; and
- (3) Short-term loans for working capital, exclusively from BAB's own resources.

## INTERNATIONAL DEVELOPMENT ASSOCIATION

## GENERAL CONDITIONS, DATED 31 JANUARY 1969

## GENERAL CONDITIONS APPLICABLE TO DEVELOPMENT CREDIT AGREEMENTS

[Not published herein. See United Nations, Treaty Series, vol. 703, p. 244.]

## PROJECT AGREEMENT

AGREEMENT, dated January 13, 1970, between INTERNATIONAL DEVELOPMENT ASSOCIATION (hereinafter called the Association) and BANCO AGRÍCOLA DE BOLIVIA (hereinafter called BAB).

WHEREAS, by a Development Credit Agreement of even date herewith (hereinafter called the Development Credit Agreement)<sup>1</sup> between the Republic of Bolivia (hereinafter called the Borrower) and the Association, the Association has agreed to further assist in the financing of a livestock development program of the Borrower, for which program a credit was earlier made available pursuant to a development credit agreement between the Borrower and the Association dated May 26, 1967 (hereinafter called the First Livestock Credit) on the terms and conditions set forth herein and in certain other agreements signed in conjunction therewith, by making available to the Borrower an amount in various currencies equivalent to one million four hundred thousand dollars (\$1,400,000), on the terms and conditions set forth in the Development Credit Agreement, but only on condition *inter alia* that BAB agree to undertake certain obligations to the Association as hereinafter in this Project Agreement set forth; and

WHEREAS BAB, 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, the several terms defined in the Development Credit Agreement and in the General Conditions (as so defined) shall have the respective meanings therein set forth.

<sup>1</sup> See p. 64 of this volume.

*Article II*

## PARTICULAR COVENANTS OF BAB

*Section 2.01.* (a) BAB shall carry out the Project described in Schedule 2 to the Development Credit Agreement and conduct its operations with due diligence and efficiency and in conformity with sound agricultural, administrative, economic and financial practices, under the supervision of experienced and competent management.

(b) The operating policies and procedures for the carrying out of the Project shall be as agreed from time to time between the Association, the Borrower and BAB pursuant to Section 4.01 (c) of the First Livestock Credit, and BAB shall ensure at all times that said operating policies and procedures are duly carried out.

(c) BAB shall maintain 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 the Project (including the cost thereof) and to reflect in accordance with consistently maintained sound accounting practices the operations and financial condition of BAB; shall enable the Association's representatives to inspect the Project, the goods and any relevant records and documents; and shall furnish to the Association all such information as the Association shall reasonably request concerning the expenditure of the proceeds of the Credit, the Project, the Subsidiary Loan Agreement, the goods, and the administration, operation and financial condition of BAB.

*Section 2.02.* BAB shall enter with the Borrower into the Subsidiary Loan Agreement, and shall exercise its rights thereunder in such manner as to protect the interests of the Borrower, the Association and BAB.

*Section 2.03.* (a) The Association and BAB 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 with regard to the general status of the Project.

(b) The Association and BAB shall from time to time exchange views through their representatives with regard to matters relating to the purposes of the Credit. BAB 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 BAB of its obligations under this Project Agreement and the Subsidiary Loan Agreement.

*Section 2.04.* Except as the Association shall otherwise agree, BAB shall cause all goods financed out of the proceeds of the Credit to be used in the territories of the Borrower exclusively in the carrying out of the Project.

*Section 2.05.* BAB shall (i) continue to carry out an analysis of the profitability of the several types of its lending operations and maintain accounting procedures, satisfactory to the Association, to reflect adequately the results of such

analysis; and (ii) establish separate accounts in respect of the Project. BAB shall have such separate accounts audited annually by an accountant acceptable to the Association and shall promptly after the preparation of the audit and not later than four months after the close of BAB's financial year transmit to the Association certified copies of such audited separate accounts and a signed copy of the accountant's report.

*Section 2.06.* BAB shall at all times maintain its existence and right to carry on its operations and shall 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.

*Section 2.07.* Except as the Association shall otherwise agree, BAB shall not take or concur in any action which would have the effect of amending, assigning, abrogating or waiving any provision of the Subsidiary Loan Agreement.

*Section 2.08.* BAB shall maintain a livestock project division with an adequate number of qualified staff under the direction of a qualified and experienced livestock expert (hereinafter called the Project Director) acceptable to the Association, upon terms and conditions satisfactory to the Association and BAB.

*Section 2.09.* BAB shall maintain a project loan committee whose composition, functions and responsibilities shall be satisfactory to the Association.

*Section 2.10.* In addition to long-term development loans to ranchers under the Project, BAB shall provide, by means of short-term loans, the working capital necessary to enable said ranchers to achieve the benefits expected to result from the Project.

*Section 2.11.* BAB shall use the proceeds of payments received by it on account of loans granted under the Project, which are not required by BAB to service the loan from the Borrower under the Subsidiary Loan Agreement or to meet its expenses arising from the Project, for the purpose of financing further ranch development in the Project Area.

*Section 2.12.* Except as the Association shall otherwise agree, BAB shall not prior to the Closing Date incur any debt, other than debt under the Subsidiary Loan Agreement, for the purpose of providing long-term loans for investment in ranch development in the Project Area.

### *Article III*

#### EFFECTIVE DATE; TERMINATION

*Section 3.01.* This Project Agreement shall enter into force and effect on the Effective Date. If the Development Credit Agreement shall terminate pursuant to Section 10.04 of the General Conditions, the Association shall promptly notify

BAB of this event and, upon the giving of such notice, this Project Agreement and all obligations of the parties hereunder shall forthwith terminate.

*Section 3.02.* This Project Agreement shall terminate and all obligations of the Association and BAB hereunder shall cease and determine on the date on which the Development Credit Agreement shall terminate or on the date when all principal withdrawn by BAB from the Project Revolving Fund prior to the Closing Date and interest thereon shall have been paid by BAB to the Borrower, whichever shall be the earlier.

#### *Article IV*

#### MISCELLANEOUS PROVISIONS

*Section 4.01.* No delay in exercising, or omission to exercise, any right, power, or remedy accruing to either party under this Project Agreement upon any default shall impair any such right, power or remedy or be construed to be a waiver thereof or an acquiescence in such default; nor shall the action of such party in respect of any default or any acquiescence in any default, affect or impair any right, power or remedy of such party in respect of any other or subsequent default.

*Section 4.02.* Any notice or request required or permitted to be given or made under this Project Agreement and any agreement between the parties contemplated by this Project 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, cablegram 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

Cable address:

Indevas  
Washington, D.C.

For BAB:

Banco Agrícola de Bolivia  
Casilla 1179  
La Paz, Bolivia

Cable address:

Banagrigo  
La Paz, Bolivia

*Section 4.03.* Any action required or permitted to be taken, and any documents required or permitted to be executed, under this Project Agreement on behalf of BAB may be taken or executed by the *Presidente* and the *Gerente General* of BAB or such other person or persons as they shall designate in writing.

*Section 4.04.* This Project 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, acting through their representatives thereunto duly authorized, have caused this Project 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.

International Development Association:

By J. BURKE KNAPP  
Vice President

Banco Agrícola de Bolivia:

By Col. JULIO SANJINES-GOYTIA  
Authorized Representative