

CONFORMED COPY

GRANT AGREEMENT NUMBER D-008 BO

# Grant Agreement

(Commercial Debt Reduction Program)

among

REPUBLIC OF BOLIVIA

and

BANCO CENTRAL DE BOLIVIA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

as Trustee of  
the Debt Reduction Facility  
for IDA-Only Countries

Dated April 7, 1993

GRANT AGREEMENT NUMBER D-008 BO

## GRANT AGREEMENT

AGREEMENT, dated April 7, 1993, among the REPUBLIC OF BOLIVIA (the Republic) and BANCO CENTRAL DE BOLIVIA (the Recipient) and INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association) acting as trustee of the Debt Reduction Facility for IDA-Only Countries (the Facility).

WHEREAS pursuant to Resolutions No. 89-13 and No. IDA 89-4 of the Executive Directors of the International Bank for Reconstruction and Development (the Bank) and the Association, respectively, as amended on March 26, 1992, the Facility has been established and is being administered by the Association as a trust to provide grants to assist in the reduction of the commercial debt of certain members of the Association;

WHEREAS the Republic has established a medium-term adjustment program, as described in the Policy Framework Paper dated August 19, 1992, that is acceptable to the Association;

WHEREAS the Republic has formulated a debt management strategy satisfactory to the Association that: (a) includes a program for resolving the commercial debt problem of the Republic (the 1992 Debt Reduction Program) in a comprehensive manner based on funds to be provided by the Facility and other available resources, as described in the Republic's 1992 Debt Reduction Program Offering Memorandum dated December 17, 1992 distributed by the Republic to the inter-national banking community (the Offering Memorandum); (b) provides for substantial relief from official bilateral creditors of the Republic; and (c) will materially enhance the Republic's growth and development prospects;

WHEREAS the Governments of the Netherlands, Sweden and Switzerland have entered into contribution agreements with the Association pursuant to which they have agreed to make contributions to the Facility aggregating ten million seven hundred sixty-one thousand nine hundred dollars (\$10,761,900) to assist in the 1992 Debt Reduction Program;

WHEREAS the Republic has confirmed to the Association that it has received assurances from the United States Agency for International Development for six million dollars (\$6,000,000) to assist in the 1992 Debt Reduction Program;

WHEREAS on the basis of the foregoing, the Republic has requested and the Association has agreed to make available to the Recipient a grant out of the funds of the Facility to assist the Republic in implementing the 1992 Debt Reduction Program on the terms and conditions hereinafter set forth;

NOW THEREFORE the parties hereto hereby agree as follows:

## **ARTICLE I**

### **Definitions**

Section 1.01. Wherever used in this Agreement, unless the context otherwise requires, the several terms defined in the Preamble to this Agreement have the respective meanings therein set forth and the following additional terms have the following meanings:

(a) "Bolivian Exchange Bonds" means the Bolivian Exchange Bonds to be issued by the Recipient in exchange for Eligible Debt in accordance with the Offering Memorandum and the Exchange Agreement for the Bolivian Exchange Bonds;

(b) "Closing Date" means the date 180 days after the date of this Agreement, or such later date as may be established by the Association for purposes of Section 5.04 (a) of, and Paragraph 3 of the Schedule to, this Agreement;

(c) "Collateral" means the collateral to be pledged by the Recipient in connection with the Exchange to secure payment of the face amount of

Bolivian Exchange Bonds and STEP Bonds in accordance with the Exchange Agreement;

(d) "Collateral Agent" means the collateral agent identified in the Offering Memorandum;

(e) "Collateral Pledge Agreements" means the Bolivian Exchange Bond Collateral Pledge Agreement and the STEP Bond Collateral Pledge Agreement to be made by the Recipient in favor of the Collateral Agent, in accordance with the terms of the Exchange Agreement;

(f) "Debt Repurchase" means the repurchase of Eligible Debt by the Recipient pursuant to the Debt Repurchase Agreements;

(g) "Debt Repurchase Agreement" means each of the agreements resulting from the tenders received in response to the Repurchase Offer upon the satisfaction or waiver of the conditions precedent set forth in the Repurchase Offer;

(h) "Dollars" and the sign "\$" means dollars in the currency of the United States of America;

(i) "Eligible Debt" means the medium-term external commercial indebtedness of Bolivian public sector obligors which is eligible for Debt Repurchase or Exchange in accordance with the 1992 Debt Reduction Program;

(j) "Exchange" means the exchange of any or all Eligible Debt for Bolivian Exchange Bonds and STEP Bonds in accordance with the Offering Memorandum and the Exchange Agreement;

(k) "Exchange Agreement" means the Exchange Agreement to be entered into among the Republic, the Recipient, each of the financial institutions that have subscribed for Bolivian Exchange Bonds and STEP Bonds, respectively, and Bank of America National Trust and Savings Association, as Closing Agent;

(l) "Fiscal Agency Agreements" means the Bolivian Exchange Bond Fiscal Agency Agreement and the STEP Bond Fiscal Agency Agreement to be entered into between the Recipient and BankAmerica Trust Company of New York, as Fiscal Agent in accordance with the terms of the Exchange Agreement;

(m) "Grant" means the grant referred to in Section 2.01 of this Agreement;

(n) "Grant Account" means the account opened by the Association on its books in the name of the Recipient to which the amount of the Grant is credited;

(o) "Repurchase Offer" means the Repurchase Offer contained in the Offering Memorandum;

(p) "STEP Bonds" means STEP Bonds to be issued by the Recipient in exchange for Eligible Debt in accordance with the Offering Memorandum and the Exchange Agreement; and

(q) "Taxes" includes imposts, levies, fees and duties of any nature, whether in effect at the date of this Agreement or thereafter imposed.

## **ARTICLE II**

### **The Grant**

Section 2.01. The Association agrees to extend to the Recipient, on the terms and conditions set forth in this Agreement, a grant (the Grant) in the amount of twenty million seven hundred sixty-one thousand nine hundred dollars (\$20,761,900).

Section 2.02. The amount of the Grant shall be credited to the Grant Account and may be withdrawn from the Grant Account only in accordance with the provisions of the Schedule to this Agreement, as such Schedule may be amended from time to time by agreement among the parties.

Section 2.03. It is the policy of the Association that no Facility funds shall be withdrawn on account of payments for any Taxes levied by, or in the territory of, the Republic. To that end, neither the Republic nor the Recipient shall cause or permit any proceeds of the Grant to be used as payment for such Taxes.

Section 2.04. Neither the Republic nor the Recipient nor any other person shall have any rights with respect to the Grant, and the Association shall have no obligations with respect thereto, except as stated in this Agreement. The Association does not assume any fiduciary obligation to, or relationship of agency or trust for or with, the Republic or the Recipient and shall have no liability to the Republic or the Recipient or to any other person for any action taken or omitted to be taken by it, except for the performance of its express obligations set forth in this Agreement.

Section 2.05. (a) Unless the Association shall otherwise agree, any proceeds of the Grant held or used, other than in accordance with Section 3.02 of, and the Schedule to, this Agreement, following their withdrawal by the Recipient from the Grant Account, shall be immediately refunded by the Recipient to the Association.

(b) Any refund pursuant to paragraph (a) above shall be made in Dollars under such procedures as the Association shall direct.

### **ARTICLE III**

#### **Execution of the 1992 Debt Reduction Program; Other Covenants**

Section 3.01. (a) The Republic and the Recipient shall carry out the 1992 Debt Reduction Program with due diligence and shall exercise their respective rights and comply with their respective obligations under the Repurchase Offer, Offering Memorandum, the Debt Repurchase Agreements, the Exchange Agreement and the Bolivian Exchange Bonds and the STEP Bonds and the agreements pertaining thereto in such manner so as to protect the interests of the Association.

(b) Prior to the Debt Repurchase and the issuance of the Bolivian Exchange Bonds and the STEP Bonds, neither the Republic nor the Recipient shall, without the prior written consent of the Association, amend, modify, revoke or terminate the 1992 Debt Reduction Program, the Offering Memorandum, the Repurchase Offer, any of the Debt Repurchase Agreements, the Exchange Agreement, any of the Bolivian Exchange Bonds or any of the STEP Bonds or any of the agreements pertaining thereto, waive any provisions thereof or consent to any such amendment, modification, waiver, revocation or termination.

Section 3.02. The Republic and the Recipient shall ensure that the proceeds of the Grant are used solely: (a) for: (i) the payment of amounts due pursuant to the Debt Repurchase Agreements; and (ii) the acquisition of Collateral or the subsequent payment to the holders of Bolivian Exchange Bonds and STEP Bonds of the face amount thereof in accordance with the terms

thereof, in each case, except as the Association may otherwise agree, only in proportion to all other funding provided for such purpose, as identified pursuant to Section 5.01 (b) of this Agreement; and (b) for other expenditures permitted pursuant to the Schedule to this Agreement.

Section 3.03. (a) The Recipient shall maintain or cause to be maintained separate records and accounts adequate to reflect in accordance with sound accounting practices the use of the proceeds of the Grant and all transactions to which it is a party under the 1992 Debt Reduction Program.

(b) The Recipient shall:

(i) have the records and accounts referred to in paragraph (a) of this Section audited, in accordance with appropriate auditing principles consistently applied, by independent auditors acceptable to the Association;

(ii) furnish to the Association, as soon as available, but in any case not later than four months after the Closing Date, a certified copy of the report of such audit by said auditors, of such scope and in such detail as the Association shall have reasonably requested; and

(iii) furnish to the Association such other information concerning said records and accounts and the audit thereof as the Association shall from time to time reasonably request. the

Section 3.04. (a) The Republic and the Recipient shall promptly provide or cause to be provided to the Association copies of all reports received with respect to the Collateral pursuant to the Collateral Pledge Agreements and such other notices, certificates, reports and other documents prepared or received by the Republic or the Recipient, respectively, under or in connection with the 1992 Debt Reduction Program as the Association requests.

(b) The Recipient shall enable the Association's representatives to examine all records and documents relevant to the performance of its obligations under this Agreement.

(c) Not later than six months after the Closing Date or such later date as may be agreed for this purpose between the parties, the Republic and the Recipient shall prepare and furnish to the Association a report, of such scope and in such detail as the Association shall reasonably request, on the carrying out of the 1992 Debt Reduction Program, its cost and the benefits derived and to be derived from it, the performance by the Republic and the Recipient of their respective obligations under this Agreement, and the accomplishment of the purposes of the Grant.

Section 3.05. The Republic, the Recipient and the Association shall cooperate fully to assure that the purposes of the Grant will be accomplished. To that end, the Republic, the Recipient and the Association shall:

(i) from time to time, at the request of any of them, exchange views with regard to the progress of the 1992 Debt Reduction Program, the purposes of the Grant, and the performance of their respective obligations under this Agreement; and furnish to the other party all such information related thereto as it shall reasonably request; and

(ii) promptly inform each other of any condition which interferes

with, or threatens to interfere with, the matters referred  
to in paragraph (i) above.

#### ARTICLE IV

##### Suspension; Cancellation

Section 4.01. (a) If any of the following events shall have occurred and be continuing, the Association may, by notice to the Republic and the Recipient, suspend in whole or in part the right of the Recipient to make withdrawals from the Grant Account:

(i) the Republic or the Recipient shall have failed to perform any of their respective obligations under this Agreement;

(ii) any representation made, or statement furnished, by the Republic or the Recipient in connection with this Agreement and intended to be relied upon by the Association in making the Grant shall have been incorrect in any material respect;

(iii) the Association shall have suspended in whole or in part the right of the Republic or the Recipient to make withdrawals under any other agreement between the Republic or the Recipient, respectively, and the Association because of a failure by the Republic or the Recipient to perform any of its obligations under such agreement;

(iv) the right of the Republic or the Recipient to withdraw proceeds of any financing (other than that provided hereunder) provided for the 1992 Debt Reduction Program shall have been suspended, cancelled or terminated;

(v) as a result of events which have occurred after the date of this Agreement, an extraordinary situation shall have arisen which shall make it improbable that the 1992 Debt Reduction Program can be carried out in whole or in part or that the Republic or the Recipient will be able to perform their respective obligations under this Agreement or any agreement pertaining to the 1992 Debt Reduction Program; or

(vi) the Republic shall have been suspended from membership in or be a member ceased to be a member of the Association, or ceased to be a member of the International Monetary Fund.

(b) If the Republic or the Recipient shall have failed, after the Closing Date, to perform any of their respective obligations under this Agreement, the Association may, by notice to the Republic and the Recipient, suspend in whole or in part the right of the Republic and the Recipient to make withdrawals under any other agreement between the Republic or the Recipient and the Association.

(c) The right of the Recipient to make withdrawals from the Grant Account or the right of the Republic to make withdrawals from any credit account established under any development credit agreement between the Republic and the Association, shall continue to be suspended until the event or events which gave rise to suspension shall have ceased to exist, unless the Association shall have notified the Republic or the Recipient, as the case may be, that the right to make withdrawals has been restored.

Section 4.02. If: (a) at any time, the Association determines, after consultation with the Republic and the Recipient, that an amount of the Grant will not be required to finance the 1992 Debt Reduction Program pursuant to the terms of this Agreement;

(b) after the Closing Date, an amount of the Grant shall remain unwithdrawn from the Grant Account; or

(c) the right of the Republic or the Recipient to make withdrawals in respect of any amount from the Grant Account or from any of the credit accounts mentioned in paragraph (c) of Section 4.01 of this Agreement, shall have been suspended for a continuous period of thirty days, the Association may, by notice to the Republic and the Recipient, terminate the right of the Republic and the Recipient, as the case may be to make withdrawals with respect to such amount. Upon the giving of such notice, such amount shall be cancelled.

Section 4.03. Notwithstanding any cancellation or suspension under this Article, all the provisions of this Agreement shall continue in full force and effect except as specifically provided in this Article.

#### **ARTICLE V**

##### **Effective Date; Termination**

Section 5.01. This Agreement shall not become effective until the following conditions have been fulfilled:

(a) the Association shall have received evidence satisfactory to it establishing that the Offering Memorandum, the Repurchase Offer, the Debt Repurchase Agreements, the Exchange Agreement and the forms of the Fiscal Agency Agreements, the Collateral Pledge Agreements, the Bolivian Exchange Bonds and the STEP Bonds are in form and substance satisfactory to the Association and that the Debt Repurchase Agreements and the Exchange Agreement have been entered into and that no party thereto has breached any of its obligations thereunder;

(b) the Association shall have received evidence satisfactory to it establishing that financing for the 1992 Debt Reduction Program is available to the Republic or the Recipient, as the case may be, from other sources under terms and conditions and in an amount acceptable to the Association which, together with the Grant, will be adequate to finance the 1992 Debt Reduction Program;

(c) the Association shall have received evidence satisfactory to it establishing that the execution and delivery of this Agreement, the Offering Memorandum, the Repurchase Offer, each Debt Repurchase Agreement, the Exchange Agreement, the Fiscal Agency Agreements, the Collateral Pledge Agreements, the Bolivian Exchange Bonds and the STEP Bonds by the Republic and the Recipient have been duly authorized or ratified by all necessary governmental or corporate action;

(d) the Association shall have received evidence satisfactory to it establishing that the holders of Eligible Debt aggregating at least \$108,000,000 equivalent have entered into Debt Repurchase Agreements or the Exchange Agreement with respect to such Eligible Debt;

(e) no event shall have occurred since the date of this Agreement which would have entitled the Association to suspend the right of the Recipient to make withdrawals from the Grant Account if this Agreement had

become effective on such date.

Section 5.02. As part of the evidence to be furnished pursuant to Section 5.01 (c) of this Agreement, the Recipient shall furnish to the Association an opinion or opinions satisfactory to the Association of counsel acceptable to the Association, showing that:

(a) this Agreement has been duly authorized or ratified by, and executed and delivered on behalf of, the Republic and the Recipient and is legally binding upon them in accordance with its terms;

(b) the execution, delivery and performance of the Offering Memorandum, the Repurchase Offer, each Debt Repurchase Agreement and the Exchange Agreement have been duly authorized or ratified by the Republic and the Recipient, in accordance with the Republic's law;

(c) each of the Debt Repurchase Agreements and the Exchange Agreement have been duly executed and delivered by the Republic and the Recipient and, assuming due authorization, execution and delivery thereof by the other parties thereto, is a legally valid instrument binding upon the parties thereto, and enforceable in accordance with its terms;

(d) the execution and delivery of each of the Fiscal Agency Agreements, Collateral Pledge Agreements, Bolivian Exchange Bonds and STEP Bonds have been duly authorized by the Republic and the Recipient and, upon such execution and delivery and assuming due authorization, execution and delivery by the other parties thereto, will be the legal, valid and binding obligations of the Republic and the Recipient, enforceable against them in accordance with their respective terms and entitled to the benefits of the applicable Fiscal Agency Agreement;

(e) the execution and delivery by the Republic and the Recipient of the Offering Memorandum, the Repurchase Offer, each of the Debt Repurchase Agreements, the Exchange Agreements, and each of the Fiscal Agency Agreements, Collateral Pledge Agreements, Bolivian Exchange Bonds and STEP Bonds, and the performance of their respective obligations thereunder, do not and will not conflict with or result in a breach of: (i) the terms or provisions of, or constitute a default under, any agreement or instrument to which the Republic or the Recipient is a party (or that the terms or provisions of, or default under, any such agreement or instrument have been properly waived); or (ii) any law or statute, or any order or regulation applicable to the Republic or the Recipient of any court, government agency, authority or body or arbitrator having jurisdiction over it;

(f) upon issuance of the Bolivian Exchange Bonds and the STEP Bonds, the Collateral Agent will have a valid and perfected first lien on and first priority security interest in the Collateral; and

(g) the performance by the Republic and the Recipient of their respective obligations under the Debt Repurchase Agreements, the Exchange Agreement, the Fiscal Agency Agreements, the Collateral Pledge Agreements, the Bolivian Exchange Bonds and the STEP Bonds will not create any obligation on the part of the Republic, the Recipient or the Association to any creditor of any Bolivian public sector obligor that does not participate in the 1992 Debt Reduction Program.

Section 5.03. Except as the Association shall otherwise agree, this Agreement shall enter into effect on the date on which the Association dispatches to the Republic and the Recipient notice of its acceptance of the evidence required by Section 5.01 of this Agreement.



Section 5.04. This Agreement shall terminate upon performance by the Republic and the Recipient of all their respective obligations hereunder; provided that if the Recipient shall not have made any withdrawal from the Grant Account on or before the Closing Date (because of the failure of this Agreement to become effective or for any other reason), this Agreement shall terminate immediately thereafter.

## ARTICLE VI

### **Enforceability of the Grant Agreement; Failure to Exercise Rights; Arbitration**

Section 6.01. The rights and obligations of the Republic, the Recipient and the Association under this Agreement shall be valid and enforceable in accordance with their terms notwithstanding the law of any State or political subdivision thereof to the contrary. Neither the Republic, the Recipient nor the Association shall be entitled in any proceeding under this Article to assert any claim that any provision of any of such Agreements is invalid or unenforceable because of any provision of the Articles of Agreement of the Association or of the Resolutions mentioned in the Preamble to this Agreement.

Section 6.02. No delay in exercising, or omission to exercise, any right, power or remedy accruing to any party under this 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. No action of such party in respect of any default, or any acquiescence by it in any default, shall affect or impair any right, power or remedy of such party in respect of any other or subsequent default.

Section 6.03. (a) Any controversy between the parties to this Agreement and any claim arising under this Agreement which has not been settled by agreement of the parties shall be submitted to arbitration by an Arbitral Tribunal as hereinafter provided.

(b) The parties to such arbitration shall be the Republic and the Recipient on one side, and the Association on the other side.

(c) The Arbitral Tribunal shall consist of three arbitrators appointed as follows: one arbitrator shall be appointed by the Association; a second arbitrator shall be appointed by the Republic and the Recipient; and the third arbitrator (hereinafter sometimes called the Umpire) shall be appointed by agreement of the parties or, if they shall not agree, by the President of the International Court of Justice or, failing appointment by said President, by the Secretary General of the United Nations. If either side shall fail to appoint an arbitrator, such arbitrator shall be appointed by the Umpire. In case any arbitrator appointed in accordance with this Section shall resign, die or become unable to act, a successor arbitrator shall be appointed in the same manner as herein prescribed for the appointment of the original arbitrator and such successor shall have all the powers and duties of such original arbitrator.

(d) An arbitration proceeding may be instituted under this Section upon notice by the party instituting such proceeding to the other party. Such notice shall contain a statement setting forth the nature of the controversy or claim to be submitted to arbitration, the nature of the relief sought, and the name of the arbitrator appointed by the party instituting such proceeding. Within thirty days after such notice, the other party shall notify to the party instituting the proceeding the name of the arbitrator appointed by such other party.

(e) If within sixty days after the notice instituting the arbitration

proceeding, the sides shall not have agreed upon an Umpire, either side may request the appointment of an Umpire as provided in paragraph (c) of this Section.

(f) The Arbitral Tribunal shall convene at such time and place as shall be fixed by the Umpire. Thereafter, the Arbitral Tribunal shall determine where and when it shall sit.

(g) The Arbitral Tribunal shall decide all questions relating to its competence and shall, subject to the provisions of this Section and except as the parties shall otherwise agree, determine its procedure. All decisions of the Arbitral Tribunal shall be by majority vote.

(h) The Arbitral Tribunal shall afford to the parties a fair hearing and shall render its award in writing. Such award may be rendered by default. An award signed by a majority of the Arbitral Tribunal shall constitute the award of such Tribunal. A signed counterpart of the award shall be transmitted to each party. Any such award rendered in accordance with the provisions of this Section shall be final and binding upon the parties to this Agreement. Each party shall abide by and comply with any such award rendered by the Arbitral Tribunal in accordance with the provisions of this Section.

(i) The parties shall fix the amount of the remuneration of the arbitrators and such other persons as shall be required for the conduct of the arbitration proceedings. If the parties shall not agree on such amount before the Arbitral Tribunal shall convene, the Arbitral Tribunal shall fix such amount as shall be reasonable under the circumstances. Each party shall defray its own expenses in the arbitration proceedings. The costs of the Arbitral Tribunal shall be divided between and borne equally by the parties. Any question concerning the division of the costs of the Arbitral Tribunal or the procedure for payment of such costs shall be determined by the Arbitral Tribunal.

(j) The provisions for arbitration set forth in this Section shall be in lieu of any other procedure for the settlement of controversies between the parties to this Agreement or of any claims by any party against any other such party arising hereunder.

(k) The Association shall not be entitled to enter judgment against the Republic upon the award, to enforce the award against the Republic by execution or to pursue any other remedy against the Republic for the enforcement of the award, except as such procedure may be available against the Republic otherwise than by reason of the provisions of this Section. If, within thirty days after counterparts of the award shall have been delivered to the parties, the award shall not be complied with by the Association, the Republic or the Recipient may take any such action for the enforcement of the award against the Association.

(l) Service of any notice or process in connection with any proceeding under this Section or in connection with any proceeding to enforce any award rendered pursuant to this Section may be made in the manner provided in Section 7.01 of this Agreement. The parties to this Agreement waive any and all other requirements for the service of any such notice or process.

## **ARTICLE VII**

### **Miscellaneous Provisions**

Section 7.01. (a) Any notice or request required or permitted to be given or made under this Agreement shall be in writing. Except as otherwise provided in Section 5.03 of this Agreement, 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 telex to the party to which it is required or permitted to be given or made at such party's 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.

(b) The following addresses are specified for the purposes of paragraph (a) above:

For the Republic:

Ministerio de Planeamiento  
y Coordinación  
Avenida Arce No. 2147  
La Paz, Bolivia

Telex:

2220 BV

For the Recipient:

Banco Central de Bolivia  
-Casilla No. 3118  
La Paz, Bolivia

Telex:

3540 NAVIANA

For the Association:

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

Cable Address:

Telex:

INDEVAS  
Washington, D.C.

248423 (RCA)  
64145 (WUI)  
82987 (FTCC) or  
197688 (TRT)

Section 7.02. (a) The Minister of Planning and Coordination of the Republic in his capacity as President of the External Financing Committee of the Republic is designated as representative of the Republic for the purposes of taking any action required or permitted to be taken by the Republic under the provisions of this Agreement.

(b) The President or the General Manager of the Recipient or any person authorized in writing by the President of the Recipient for such purposes is designated as representative of the Recipient for the purposes of taking any action required or permitted to be taken by the Recipient under the provisions of this Agreement.

Section 7.03. The Republic and the Recipient shall furnish to the Association sufficient evidence of the authority of the person or persons who will, on behalf of the Republic and the Recipient, respectively, take any action or execute any documents required to be taken or executed by the

Republic and the Recipient, respectively, under this Agreement, including, in the case of the Recipient, withdrawal applications, and the authenticated specimen signature of each such person.

Section 7.04. This Agreement shall be free from any Taxes levied by, or in the territory of, the Recipient on or in connection with the execution, delivery or registration hereof.

Section 7.05. This Agreement may be executed in several counterparts, each of which shall be an original.

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

REPUBLIC OF BOLIVIA

By /s/ Jorge Crespo Valasco  
Authorized Representative

BANCO CENTRAL DE BOLIVIA

By /s/ Jorge Crespo Velasco  
Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION  
as Trustee of the Debt Reduction Facility  
for IDA-Only Countries

By /s/ Sri-ram Aiyer  
Acting Regional Vice President  
Latin America and the Caribbean

#### **SCHEDULE**

##### **Withdrawal of the Proceeds of the Grant**

1. (a) The proceeds of the Grant may be withdrawn from the Grant Account to pay:
  - (i) the repurchase price payable by the Recipient pursuant to the Debt Repurchase Agreements;

(ii) the cost of acquisition of Collateral; and

(iii) an amount not exceeding three hundred fifty thousand Dollars (\$350,000) for incidental costs incurred by the Recipient and approved by the Association, in order to complete the 1992 Debt Repurchase Program.

Withdrawals pursuant to subparagraphs (i) and (ii) of this paragraph may be made (x) only with respect to Eligible Debt that is not guaranteed, collateralized or secured by any government (other than that of the Republic), by other third parties (other than a Bolivian entity) or by assets and (y) not earlier than two business days in advance of the closing date established under the Debt Repurchase Agreements and the Exchange Agreement provided the proceeds of such withdrawals are deposited with an independent trustee in accordance with the procedures described in paragraph 1 (c) of this Schedule.

(b) Withdrawals pursuant to Paragraph 1 (a) of this Schedule shall be made in Dollars; provided, however, that if the expenditures to be financed out of the Grant have been paid or are payable in another currency, the Association shall, at the request of the Recipient, purchase such currency with the proceeds of such withdrawal and further provided, that, whenever it shall be necessary for purposes of this Agreement to determine the value of any currency in terms of Dollars, such value shall be as determined by the Association.

(c) Withdrawals from the Grant Account by the Recipient shall be made only on the order of the Recipient and in accordance with procedures acceptable to the Association, including, in the event proceeds of the Grant are withdrawn prior to the closing date established under the Debt Repurchase Agreements and the Exchange Agreements, procedures for the maintenance of all such withdrawals with an independent trustee, and for the refund by such trustee of all such proceeds in the event the conditions precedent to the performance of the Debt Repurchase Agreements and the Exchange Agreement are not satisfied.

(d) Requests for such withdrawals shall be made by delivery to the Association of a written application from the representative or representatives of the Recipient designated in Section 7.02 (b) of this Agreement (or the authorized delegate of such representative pursuant to such Section), in such form, and containing such statements and agreements and accompanied by such supporting evidence, as the Association shall reasonably request, including, without limitation, confirmation of the continued validity of the opinions furnished to the Association pursuant to Section 5.02 of this Agreement.

2. Notwithstanding the provisions of Paragraph 1 above, no withdrawal from the Grant Account by the Recipient shall be permitted unless the Association has received evidence satisfactory to it establishing that: (i) no party has breached any of its obligations under the Debt Repurchase Agreements and the Exchange Agreement; and (ii) neither the Republic nor the Recipient has any reason to believe that the conditions precedent to the performance by the parties of their obligations under the Debt Purchase Agreements and the Exchange Agreements will not be satisfied.

3. The Recipient shall not be entitled to make any withdrawal from the Grant Account after the Closing Date.



