
CREDIT NUMBER 261 BO

Project Agreement

(Third Livestock Development Project)

BETWEEN

INTERNATIONAL DEVELOPMENT ASSOCIATION

AND

BANCO AGRICOLA DE BOLIVIA

DATED JUNE 25, 1971

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DATED JUNE 25, 1971

PROJECT AGREEMENT

AGREEMENT, dated June 25, 1971 between INTERNATIONAL DEVELOPMENT ASSOCIATION (hereinafter called the Association) and BANCO AGRICOLA DE BOLIVIA (hereinafter called BAB).

WHEREAS by a development credit agreement of even date herewith between Republic of Bolivia (hereinafter called the Borrower) and the Association (hereinafter referred to as the Development Credit Agreement), the Association has agreed to make available to the Borrower an amount in various currencies equivalent to six million eight hundred thousand dollars (\$6,800,000), on the terms and conditions set forth in the Development Credit Agreement, but only on condition that BAB agree to undertake such obligations toward the Association as hereinafter set forth;

WHEREAS by a subsidiary loan agreement between the Borrower and BAB, the equivalent of up to six million seven hundred thousand dollars (\$6,700,000) out of the proceeds of the credit provided for under the Development Credit Agreement will be made available to BAB on the terms and conditions therein 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 Agreement, unless the context shall otherwise require, the several terms defined in the Development Credit Agreement and in the General Conditions (as so defined) have the respective meanings therein set forth.

ARTICLE II

Execution of the Project

Section 2.01. (a) BAB shall carry out Parts A, B and D of the Project described in Schedule 2 to the Development Credit Agreement with due diligence

and efficiency and in conformity with sound agricultural, economic, administrative and financial practices, and shall provide, or cause to be provided, promptly as needed, the funds, facilities, services and other resources required for the purpose.

(b) The operating policies and procedures for the carrying out of Parts A, B and D of the Project shall be as set forth in Schedule 3 to the Development Credit Agreement or as the same may be amended from time to time by agreement between the Borrower, the Association and BAB, and BAB shall ensure at all times that said operating policies and procedures are duly carried out.

Section 2.02. In order to assist BAB in the carrying out of Parts A and B of the Project BAB shall (i) maintain its livestock project division which shall at all times have an adequate number of qualified staff under the direction of a qualified and experienced livestock expert (the Project Director) acceptable to the Association, upon terms and conditions satisfactory to the Association and BAB, and (ii) maintain a Project Loan Committee whose composition, functions and responsibilities shall at all times be satisfactory to the Association.

Section 2.03. Except as the Association may otherwise agree, BAB shall cause all goods and services financed out of the proceeds of the Credit relented to it by the Borrower to be used exclusively for the Project.

Section 2.04. BAB: (i) shall maintain records adequate to record the progress of Parts A, B and D of the Project (including the cost thereof) and to identify the goods and services financed out of the proceeds of the Credit relented to it by the Borrower, and to disclose the use thereof in the Project; (ii) shall enable the Association's representatives to inspect the Project, the goods financed out of such proceeds and any relevant records and documents; and (iii) shall furnish to the Association all such information as the Association shall reasonably request concerning the Project, the expenditure of the proceeds of the Credit so relented to it and the goods and services financed out of such proceeds.

Section 2.05. (a) BAB shall enter into a Subsidiary Loan Agreement with the Borrower, and shall exercise its rights thereunder in such manner as to protect the interests of the Borrower, the Association and BAB.

(b) BAB shall duly perform all its obligations under the Subsidiary Loan Agreement. Except as the Association shall otherwise agree, BAB shall not take or concur in any action which would have the effect of amending, abrogating, assigning or waiving the Subsidiary Loan Agreement or any provision thereof.

ARTICLE III

Financial Covenants

Section 3.01. BAB shall maintain records adequate to reflect in accordance with consistently maintained sound accounting practices its operations and financial condition.

Section 3.02. BAB shall maintain separate accounts in respect of the Project and (i) have such accounts for each financial year audited, in accordance with sound 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 three months after the end of each such year, (A) certified copies of such audited separate accounts and (B) 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 the accounts and financial statements of BAB and the audit thereof as the Association shall from time to time reasonably request.

Section 3.03. 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 further lending to ranchers who are recipients of loans from the proceeds of the Subsidiary Loan Agreement.

Section 3.04. 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.

ARTICLE IV

Consultation, Information and Inspection

Section 4.01. The Association and BAB shall cooperate fully to assure that the purposes of the Credit will be accomplished. To that end, the Association and BAB shall from time to time, at the request of either party, exchange views through their representatives with regard to the performance of their respective obligations under this Agreement, the administration, operations and financial condition of BAB and other matters relating to the purpose of the Credit.

Section 4.02. The Association and BAB shall promptly inform each other of any condition which interferes with, or threatens to interfere with, the accomplishment of the purposes of the Credit, or the performance by either of them of its obligations under this Agreement or the performance by the Borrower and BAB of their respective obligations under the Subsidiary Loan Agreement.

Section 4.03. The Association and BAB shall from time to time exchange views with respect to the steps undertaken by BAB to increase the number and responsibility of middle level executive personnel in conformity with sound management practice.

ARTICLE V

Effective Date; Termination; Cancellation and Suspension

Section 5.01. This Agreement shall come into force and effect on the date upon which the Development Credit Agreement becomes effective.

Section 5.02. (a) This Agreement and all obligations of the Association and of BAB thereunder shall terminate on the earlier of the following two dates:

- (i) the date on which the Development Credit Agreement shall terminate in accordance with its terms; or
- (ii) the date on which the Subsidiary Loan Agreement terminates in accordance with its terms.

(b) If the Development Credit Agreement terminates in accordance with its terms before the date specified in paragraph (a) (ii) of this Section, the Association shall promptly notify BAB of this event and, upon the giving of such notice, this Agreement and all obligations of the parties thereunder shall forthwith terminate.

Section 5.03. All the provisions of this Agreement shall continue in full force and effect notwithstanding any partial cancellation or suspension under the Development Credit Agreement.

ARTICLE VI

Miscellaneous Provisions

Section 6.01. Any notice 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, telex or radiogram 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. 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

Section 6.02. Any action required or permitted to be taken, and any documents required or permitted to be executed, under this 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 6.03. BAB shall furnish to the Association sufficient evidence of the authority and the authenticated specimen signature of the person or persons who will, on behalf of BAB, take any action or execute any documents required or permitted to be taken or executed by BAB pursuant to any of the provisions of this Agreement.

Section 6.04. 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, acting through their representatives thereunto duly authorized, have caused this 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 /s/ J. Burke Knapp

Vice President

BANCO AGRICOLA DE BOLIVIA

By /s/ Antonio Sanchez de Lozada

Authorized Representative