

No. 9042

**INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT
and
ARGENTINA**

Loan Agreement—*Balcarce Livestock Project* (with related letter, annexed Loan Regulations No. 3, as amended, and Project Agreement between the Bank and the Banco Central de la República Argentina). Signed at Washington, on 31 July 1967

Official text : English.

Registered by the International Bank for Reconstruction and Development on 19 March 1968.

**BANQUE INTERNATIONALE POUR
LA RECONSTRUCTION ET LE DÉVELOPPEMENT
et
ARGENTINE**

Contrat d'emprunt — *Projet de Balcarce relatif à l'élevage* (avec lettre y relative et, en annexe, le Règlement n° 3 sur les emprunts, tel qu'il a été modifié, ainsi que le Contrat relatif au Projet entre la Banque et le Banco Central de la República Argentina). Signé à Washington, le 31 juillet 1967

Texte officiel anglais.

Enregistré par la Banque internationale pour la reconstruction et le développement le 19 mars 1968.

No. 9042. LOAN AGREEMENT¹ (*BALCARCE LIVESTOCK PROJECT*) BETWEEN THE ARGENTINE REPUBLIC AND THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT. SIGNED AT WASHINGTON, ON 31 JULY 1967

AGREEMENT, dated July 31, 1967, between THE ARGENTINE REPUBLIC (hereinafter called the Borrower) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank).

WHEREAS the Borrower has requested the Bank to provide financial assistance for the Balcarce livestock project;

WHEREAS the Banco Central de la República Argentina is willing to assist in the carrying out of such livestock project; and

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

NOW THEREFORE the parties hereto hereby agree as follows :

Article I

LOAN REGULATIONS; DEFINITIONS

Section 1.01. The parties to this Loan Agreement accept all the provisions of Loan Regulations No. 3 of the Bank dated February 15, 1961 as amended February 9, 1967,² with the same force and effect as if they were fully set forth herein, subject, however, to the following modifications thereof (said Loan Regulations No. 3 as so modified being hereinafter called the Loan Regulations) :

(a) The second sentence of Section 3.02 of the Loan Regulations shall apply only to withdrawals pursuant to sub-paragraph (i) of paragraph (a) of Section 2.03 of the Loan Agreement.

(b) Section 4.01 of the Loan Regulations is deleted.

(c) The words "and the Project Agreement"³ are inserted after the words "the Loan Agreement" wherever they occur in Sections 5.06, 7.01, 7.02 and 7.03 of the Loan Regulations.

¹ Came into force on 30 October 1967, upon notification by the Bank to the Government of Argentina.

² See p. 316 of this volume.

³ See p. 318 of this volume.

Section 1.02. Unless the context otherwise requires, the following terms wherever used in this Loan Agreement have the following meanings :

(a) The term “ Banco Central ” means Banco Central de la República Argentina, an agency of the Borrower and includes any successor thereto.

(b) The term “ Banco Nación ” means Banco de la Nación Argentina, a bank organized and existing under the laws of the Borrower, and includes any successor thereto.

(c) The term “ INTA ” means Instituto Nacional de Tecnología Agropecuaria, an agency of the Borrower charged with research, extension and development services to farmers, and includes any successor thereto.

(d) The term “ CONADE ” means Consejo Nacional de Desarrollo, an agency of the Borrower charged with national economic development planning, and includes any successor thereto.

(e) The term “ Project Director ” means the technical livestock expert appointed by INTA for the purposes of the Project.

(f) The term “ Project Agreement ” means the agreement between the Bank and Banco Central of even date herewith and shall include any amendments thereof made by agreement between the Bank and Banco Central.

(g) The term “ Instructions ” means the instructions issued in respect of the Project by the Borrower to Banco Central and accepted by Banco Central and shall include any amendments or additions thereto approved by the Bank.

(h) The term “ Subsidiary Loan Agreement ” means the agreement between Banco Central and Banco Nación and shall include any amendments thereof made by agreement between Banco Central and Banco Nación with the approval of the Bank.

(i) The term “ Participating Bank ” means a bank, acceptable to the Bank, which shall have entered into an agreement with Banco Central on terms and conditions substantially in accordance with the terms and conditions of the subsidiary Loan Agreement.

(j) The term “ pesos ” means pesos in the currency of the Borrower.

(k) The term “ Special Account ” means the account and sub-accounts referred to in Section 5.12 of this Agreement.

(l) The term “ Lending Program ” means the part of the Project described in paragraph 1 of Schedule 2 to this Agreement.

Article II

THE LOAN

Section 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions in the Loan Agreement set forth or referred to, an amount in various currencies equivalent to fifteen million three hundred thousand dollars (\$15,300,000).

Section 2.02. The Bank shall open a Loan Account on its books in the name of the Borrower and shall credit to such Account the amount of the Loan. The amount of the Loan may be withdrawn from the Loan Account as provided in, and subject to the rights of cancellation and suspension set forth in, the Loan Agreement.

Section 2.03. (a) The Borrower shall be entitled, subject to the provisions of the Loan Agreement, to withdraw from the Loan Account :

- (i) such amounts as shall be paid, or, if the Bank shall so agree, as shall be required to meet payments to be made, for the reasonable foreign exchange cost of the services of the Project Director and of vehicles and special equipment referred to in paragraphs 2 and 3 of Schedule 2 to this Agreement and to be financed under the Loan Agreement; and
- (ii) the equivalent of a percentage or percentages to be established from time to time by agreement between the Borrower and the Bank of such amounts as shall have been paid for the reasonable cost of other goods to be financed under the Loan Agreement;

Provided, however, that except as shall be otherwise agreed between the Borrower and the Bank no withdrawals shall be made on account of : (i) expenditures prior to the date of signature of this Agreement, or (ii) expenditures made in the territories of any country (except Switzerland) which is not a member of the Bank or for goods produced in (including services supplied from) such territories.

(b) Unless the Bank shall otherwise agree, the term "foreign exchange cost", for the purposes of this Section, shall exclude expenditures in pesos or for goods produced in (including services supplied from) the territories of the Borrower.

Section 2.04. Withdrawals from the Loan Account pursuant to subparagraph (ii) of paragraph (a) of Section 2.03 of this Agreement shall be in dollars or such other currency or currencies as the Bank shall from time to time reasonably select.

Section 2.05. The Borrower shall pay to the Bank a commitment charge at the rate of three-eighths of one per cent ($\frac{3}{8}$ of 1%) per annum on the principal amount of the Loan not so withdrawn from time to time.

Section 2.06. The Borrower shall pay interest at the rate of six per cent (6%) per annum on the principal amount of the Loan so withdrawn and outstanding from time to time.

Section 2.07. Except as the Borrower and the Bank shall otherwise agree, the charge payable for special commitments entered into by the Bank at the request of the Borrower pursuant to Section 4.02 of the Loan Regulations shall be at the rate of one-half of one per cent ($\frac{1}{2}$ of 1%) per annum on the principal amount of any such special commitments outstanding from time to time.

Section 2.08. Interest and other charges shall be payable semi-annually on February 1 and August 1 in each year.

Section 2.09. The Borrower shall repay the principal of the Loan in accordance with the amortization schedule set forth in Schedule 1 to this Agreement.

Article III

USE OF PROCEEDS OF THE LOAN

Section 3.01. The Borrower shall cause the proceeds of the Loan to be applied exclusively to financing the cost of goods required to carry out the Project. The specific goods to be financed out of the proceeds of the Loan and the methods and procedures for procurement of such goods shall be determined by agreement between the Borrower, acting through Banco Central, and the Bank, subject to modification by further agreement between them.

Section 3.02. Except as the Borrower and the Bank shall otherwise agree, the Borrower shall cause all goods financed out of the proceeds of the Loan to be used in the territories of the Borrower exclusively in the carrying out of the Project.

Article IV

BONDS

Section 4.01. The Borrower shall execute and deliver Bonds representing the principal amount of the Loan as provided in the Loan Regulations.

Section 4.02. The Minister of Economy of the Borrower and such person or persons as he shall appoint in writing are designated as authorized representatives of the Borrower for the purposes of Section 6.12 of the Loan Regulations.

Article V

PARTICULAR COVENANTS

Section 5.01. (a) The Borrower shall cause the Project to be carried out with due diligence and efficiency and in conformity with sound agricultural, economic and financial practices, and shall provide promptly as needed, the funds, facilities, services and other resources required for the purpose.

(b) The Borrower shall make available the proceeds of the Loan to Banco Central on terms and conditions satisfactory to the Bank. To that effect, the Borrower shall issue Instructions. The Borrower shall exercise its rights under the Instructions in such a manner as to protect the interests of the Borrower and the Bank. Except as the Borrower and the Bank 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 Instructions.

(c) The operating policies and procedures in respect of the carrying out of the Project shall be as agreed upon from time to time between the Borrower, acting through Banco Central, and the Bank.

(d) The Borrower shall cause Banco Central to rediscount 50% of loans made by Banco Nación and any Participating Bank under the Lending Program.

Section 5.02. The Borrower shall enable Banco Central to execute contracts satisfactory to the Bank, with Banco Nación and Participating Banks.

Section 5.03. (a) The Borrower and the Bank shall cooperate fully to assure that the purposes of the Loan 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 Loan. 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 Bank shall from time to time exchange views through their representatives with regard to: the performance by the Borrower of its obligations under the Loan Agreement, the Special Account, the administration, operations and financial condition of INTA in respect of the Project, and of any other agency or agencies of the Borrower assisting the Borrower in the carrying out of the Project or any part thereof, and other matters relating to the purposes of the Loan and the maintenance of the service thereof. The Borrower shall promptly inform the Bank of any condition which interferes with, or threatens to interfere with, the accomplishment of the purposes of the Loan or the maintenance of the service thereof.

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

Section 5.04. The Borrower shall maintain or cause to be maintained, records adequate to identify the goods financed out of the proceeds of the Loan, 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 INTA and CONADE in respect of the Project; shall transmit annually to the Bank certified copies of the certified financial statements of INTA in respect of the Project; shall enable the Bank's representatives to inspect the Project, the goods, and any relevant records and documents; and shall furnish to the Bank all such information as the Bank shall reasonably request concerning the expenditure of the proceeds of the Loan, the goods financed out of such proceeds, the Project, the Special Account and the administration, operations and financial condition of INTA in respect of the Project, and of any other agency or agencies of the Borrower assisting the Borrower in the carrying out of the Project or any part thereof, and other matters relating to the purposes of the Loan.

Section 5.05. It is the mutual intention of the Borrower and the Bank that no other external debt shall enjoy any priority over the Loan by way of a lien on governmental assets. To that end, the Borrower undertakes that, except as the Bank shall otherwise agree, if any lien shall be created on any assets of the Borrower as security for any external debt, such lien will ipso facto equally and ratably secure the payment of the principal of, and interest and other charges on, the Loan and the Bonds, and that in the creation of any such lien express provision will be made to that effect; provided, however, that the foregoing provisions of this Section shall not apply to: (i) any lien created on property, at the time of purchase thereof, solely as security for the payment of the purchase price of such property; or (ii) any lien arising in the ordinary course of banking transactions and to secure a debt maturing not more than one year after the date on which it is originally incurred.

The term "assets of the Borrower" as used in this Section includes assets of the Borrower or of any agency of the Borrower, including assets of Banco Central and any other institution performing the functions of a central bank for the Borrower.

The Borrower further undertakes that, within the limits of its constitutional powers, it will make the foregoing undertaking effective with respect to liens on the assets of any of its political subdivisions and their agencies, including local governing authorities.

Section 5.06. The principal of, and interest and other charges on, the Loan and the Bonds 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; provided, however, that the provisions of this Section shall not apply to taxation of payments under any Bond to a holder thereof other than the Bank when such Bond is beneficially owned by an individual or corporate resident of the Borrower.

Section 5.07. The Loan Agreement, the Project Agreement, and the Bonds 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, issue, delivery or registration thereof and the Borrower shall pay all such taxes, if any, imposed under the laws of the country or countries in whose currency the Loan and the Bonds are payable or laws in effect in the territories of such country or countries.

Section 5.08. The Borrower covenants that, within the limits of its constitutional powers, it will not take or permit any of its political subdivisions or any of its agencies or any agency of any political subdivision to take any action which would prevent or interfere with the performance by Banco Central of any of the covenants, agreements and obligations of Banco Central in the Project Agreement, the Instructions, the Subsidiary Loan Agreement and any agreement with any Participating Bank contained, and will take or cause to be taken all action which shall be necessary in order to cause or enable Banco Central to perform such covenants, agreements and obligations.

Section 5.09. The Borrower shall employ or cause INTA to employ a qualified and experienced Project Director for a period of time and on terms and conditions satisfactory to the Borrower and the Bank. In addition, the Borrower shall cause INTA to provide the Project Director with an adequate number of staff acceptable to, and upon terms and conditions satisfactory to, such Project Director and the Bank.

Section 5.10. The Borrower shall cause INTA to conduct the drainage and soil studies referred to in paragraph 3 of Schedule 2 to this Agreement and to employ consultants acceptable to the Borrower and the Bank to assist INTA in such studies. The scope of the studies to be conducted by INTA, the scope of the work of such consultants and the terms and conditions of their employment shall be determined by agreement between the Borrower and the Bank.

Section 5.11. The Borrower shall cause CONADE to conduct the marketing studies referred to in paragraph 4 of Schedule 2 to this Agreement and to employ consultants acceptable to the Borrower and the Bank to assist CONADE in such studies. The scope of the studies to be conducted by CONADE, the scope of the work of such consultants and the terms and conditions of their employment shall be determined by agreement between the Borrower and the Bank.

Section 5.12. (a) The Borrower shall cause Banco Central to establish and administer a Special Account and the necessary sub-accounts in respect of the Project.

(b) Except as the Borrower, acting through Banco Central, and the Bank shall otherwise agree, the Borrower shall use the portion of the proceeds of payments which Banco Central receives from Banco Nación pursuant to paragraph *(d)* of Section 2.01 of the Subsidiary Loan Agreement and which is not currently required to service the Loan, for the purpose of continuing the livestock development program of the Borrower for a period of twenty years from the date of this Agreement.

(c) The terms and conditions with respect to the use of the funds credited to the Special Account shall be determined by agreement among the Borrower, Banco Central and the Bank, subject to modification by further agreement between them.

Section 5.13. Except as the Bank shall otherwise agree, the Borrower undertakes to insure the imported goods to be financed out of the proceeds of the Loan against marine, transit and other hazards incident to 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 the Borrower to replace or repair such goods.

Article VI

REMEDIES OF THE BANK

Section 6.01. (i) If any event specified in paragraph *(a)* or paragraph *(b)* of Section 5.02 of the Loan Regulations shall occur and shall continue for a period of thirty days, or (ii) if any event specified in paragraph *(c)* of Section 5.02 of the Loan Regulations or in Section 6.02 of this Agreement shall occur and shall continue for a period of sixty days after notice thereof shall have been given by the Bank to the Borrower, then at any subsequent time during the continuance thereof, the Bank, at its option, may declare the principal of the Loan and of all the Bonds 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 or in the Bonds to the contrary notwithstanding.

Section 6.02. Pursuant to paragraph (i) of Section 5.02 of the Loan Regulations, the following is hereby specified as an additional event for the purposes of said Section :

any covenant or agreement on the part of Banco Central under the Project Agreement, the Instructions or the Subsidiary Loan Agreement or in any agreement with a Participating Bank shall not have been performed.

Article VII

EFFECTIVE DATE; TERMINATION

Section 7.01. The following events are specified as additional conditions to the effectiveness of this Agreement within the meaning of Section 9.01 (b) of the Loan Regulations :

- (a) the execution and delivery of the Project Agreement on behalf of Banco Central have been duly authorized or ratified by all necessary corporate and governmental action;
- (b) the issuance of Instructions on behalf of the Borrower has been duly authorized or ratified by all necessary governmental action and action by Banco Central;
- (c) the execution and delivery of the Subsidiary Loan Agreement on behalf of Banco Central and Banco Nación have been duly authorized or ratified by all necessary corporate and governmental action;
- (d) the Borrower shall have caused Banco Central to establish a Special Account; and
- (e) the Tribunal de Cuentas of the Borrower shall have examined this Agreement and the Project Agreement in accordance with the laws of the Borrower and shall have issued its opinion thereon without formulating any objection thereto.

Section 7.02. The following are specified as additional matters, within the meaning of Section 9.02 (c) of the Loan Regulations, to be included in the opinion or opinions to be furnished to the Bank :

- (a) that the Project Agreement has been duly authorized or ratified by, and executed and delivered on behalf of, Banco Central and constitutes a valid and binding obligation of Banco Central in accordance with its terms;
- (b) that the Instructions have been duly authorized or ratified by the Borrower and constitute valid and binding obligations of Banco Central in accordance with their terms; and

- (c) that the Subsidiary Loan Agreement has been duly authorized or ratified by, and executed and delivered on behalf of, Banco Central and Banco Nación and constitutes a valid and binding obligations of Banco Central and Banco Nación in accordance with its terms.

Section 7.03. If this Loan Agreement shall not have come into force and effect by August 31, 1967, this Loan Agreement and all obligations of the parties hereunder shall terminate, unless the Bank, after consideration of the reasons for the delay, establishes a later date for the purposes of this Section. The Bank shall promptly notify the Borrower of such date.

Article VIII

MISCELLANEOUS

Section 8.01. The Closing Date shall be July 31, 1972, or such other date or dates as shall be agreed by the Borrower and the Bank.

Section 8.02. The following addresses are specified for the purposes of Section 8.01 of the Loan Regulations :

For the Borrower :

Banco Central de la República Argentina
Buenos Aires, Argentina

Alternative address for cables :

Centralban
Baires

For the Bank :

International Bank for Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Alternative address for cables :

Intbafrad
Washington, D.C.

Section 8.03. The President of Banco Central is designated for the purposes of Section 8.03 of the Loan Regulations.

IN WITNESS WHEREOF, the parties hereto, acting through their representatives thereunto duly authorized, have caused this Loan 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.

The Argentine Republic :

By Alvaro C. ALSOGARAY
Authorized Representative

International Bank for Reconstruction and Development :

By Simon ALDEWERELD
Vice President

SCHEDULE 1

AMORTIZATION SCHEDULE

<i>Date Payment Due</i>	<i>Payment of Principal (expressed in dollars)*</i>	<i>Date Payment Due</i>	<i>Payment of Principal (expressed in dollars)*</i>
August 1, 1972	305,000	August 1, 1980	490,000
February 1, 1973	315,000	February 1, 1981	505,000
August 1, 1973	325,000	August 1, 1981	520,000
February 1, 1974	335,000	February 1, 1982	535,000
August 1, 1974	345,000	August 1, 1982	555,000
February 1, 1975	355,000	February 1, 1983	570,000
August 1, 1975	365,000	August 1, 1983	585,000
February 1, 1976	375,000	February 1, 1984	605,000
August 1, 1976	390,000	August 1, 1984	620,000
February 1, 1977	400,000	February 1, 1985	640,000
August 1, 1977	410,000	August 1, 1985	660,000
February 1, 1978	425,000	February 1, 1986	680,000
August 1, 1978	435,000	August 1, 1986	700,000
February 1, 1979	450,000	February 1, 1987	720,000
August 1, 1979	465,000	August 1, 1987	745,000
February 1, 1980	475,000		

* To the extent that any part of the Loan is repayable in a currency other than dollars (see Loan Regulations, Section 3.03), the figures in this column represent dollar equivalents determined as for purposes of withdrawal.

PREMIUMS ON PREPAYMENT AND REDEMPTION

The following percentages are specified as the premiums payable on repayment in advance of maturity of any part of the principal amount of the Loan pursuant to Section 2.05 (b) of the Loan Regulations or on the redemption of any Bond prior to its maturity pursuant to Section 6.16 of the Loan Regulations :

<i>Time of Prepayment or Redemption</i>	<i>Premium</i>
Not more than three years before maturity	½%
More than three years but not more than six years before maturity	1½%
More than six years but not more than eleven years before maturity	2½%
More than eleven years but not more than sixteen years before maturity	3½%
More than sixteen years but not more than eighteen years before maturity	5%
More than eighteen years before maturity	6%

SCHEDULE 2

DESCRIPTION OF PROJECT

The Project is the first stage of the livestock development program of the Borrower and consists of :

1. (a) The making of loans to livestock producers for farm development; and
(b) The making of loans to contractors for the purchase of machinery and equipment required for services to livestock producers.
2. The provision of technical services in respect of the Lending Program and the procurement and use by INTA of vehicles and special equipment for the Lending Program.
3. The carrying out by INTA of drainage and soil studies, including the procurement of equipment for such studies.
4. The carrying out by CONADE of marketing studies.

It is expected that the Project will require up to five years for its completion.

LETTER RELATING TO THE LOAN AGREEMENT

THE ARGENTINE REPUBLIC
BANCO CENTRAL DE LA REPÚBLICA ARGENTINA
BANCO DE LA NACIÓN ARGENTINA

July 31, 1967

International Bank for Reconstruction
and Development
1818 H Street, N.W.
Washington, D.C. 20433

Balcarce Livestock Project
Operating Policies and Procedures for Lending Program

Dear Sirs :

With reference to Section 5.01 (c) of the Loan Agreement (*Balcarce Livestock Project*) of even date herewith between The Argentine Republic and International Bank for Reconstruction and Development, to Section 2.01 (b) of the Project Agreement (*Balcarce Livestock Project*) of even date herewith between International Bank for Reconstruction and Development and Banco Central de la República Argentina and to Section 2.01 (b) of the Subsidiary Loan Agreement (*Balcarce Livestock Project*) between Banco Central de la República Argentina and Banco de la Nación Argentina, we wish to confirm the following :

1. With respect to the Lending Program, Banco Nación shall make loans to livestock producers and contractors only on the basis of farm development plans or plans for machinery purchases approved by the Project Director. Banco Nación shall have the right to accept or reject on grounds of creditworthiness loan applications approved by the Project Director. However, Banco Nación shall not amend such applications without the approval of the Project Director. If a beneficiary of a loan under the Lending Program is found to have applied loan proceeds for purposes other than those stated in the farm development plans or plans for the purchase of machinery by contractors, as approved by the Project Director, Banco Nación shall promptly suspend disbursements to such beneficiary until the Project Director shall have notified the Banco Nación that the beneficiary has complied with the terms of the original farm development plan or plan for the purchase of machinery.

2. Loans to livestock producers shall be for 80 per cent of the estimated cost of farm development plans, approved by the Project Director, for pasture establishment and consolidation, fencing, watering points, stock handling facilities, cattle, farm machinery or other related on-farm items or any combination thereof. Such loans are to be for a period of nine years including a grace period of four years from the date of signing of each loan.

3. Loans to contractors shall be for 60 per cent of the reasonable cost of machinery and equipment required for services to livestock producers and approved by the Project

Director. Such loans are to be for a period of up to five years including a grace period of one year.

4. All loans made by Banco Nación under the Lending Program shall bear interest at the rate of 15 per cent per annum and a service charge at the rate of 1 per cent per annum.

5. Banco Central shall rediscount 50 per cent of loans made by Banco Nación to livestock producers and contractors in connection with the Lending Program, promptly after receipt of adequate documentary evidence from Banco Nación that such payments have been made under loans approved by the Project Director.

6. Of the 16 per cent interest and charges to be collected by Banco Nación from the livestock producers and contractors borrowing under the Lending Program, 8 per cent shall be retained by Banco Nación and the remaining 8 per cent shall be paid to Banco Central.

Please confirm your agreement with the foregoing by signing the form of confirmation on the enclosed copy of this letter and returning it to us.

Very truly yours,

The Argentine Republic
Banco Central de la República Argentina :

By Angel R. CARAM
Authorized Representative

Banco de la Nación Argentina :

By Angel R. CARAM
Authorized Representative

Confirmed :

International Bank for
Reconstruction and Development :

By Gerald ALTER

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

LOAN REGULATIONS No. 3, DATED 15 FEBRUARY 1961, AS AMENDED
9 FEBRUARY 1967

REGULATIONS APPLICABLE TO LOANS MADE BY THE BANK TO MEMBER GOVERNMENTS

[*Not published herein. See United Nations, Treaty Series, Vol. 615, p. 98.*]

PROJECT AGREEMENT
(BALCARCE LIVESTOCK PROJECT)

AGREEMENT, dated July 31, 1967, between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank) and BANCO CENTRAL DE LA REPÚBLICA ARGENTINA (hereinafter called Banco Central).

WHEREAS by a loan agreement of even date herewith (hereinafter called the Loan Agreement¹) between the Argentine Republic (hereinafter called the Borrower) and the Bank, the Bank has agreed to make available to the Borrower a loan of an amount in various currencies equivalent to fifteen million three hundred thousand dollars (\$15,300,000) (hereinafter called the Loan), on the terms and conditions set forth in the Loan Agreement;

WHEREAS the Borrower has agreed to make available to Banco Central the proceeds of the Loan;

WHEREAS by a subsidiary loan agreement satisfactory to the Bank (hereinafter called the Subsidiary Loan Agreement) between Banco Central and Banco de la Nación Argentina, Banco Central has undertaken certain obligations to assist the Borrower in the carrying out of the Project; and

WHEREAS Banco Central in consideration of the Bank's entering into the Loan 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 Loan Agreement and in the Loan Regulations² (as so defined) shall have the respective meanings therein set forth.

Article II

PARTICULAR COVENANTS

Section 2.01. (a) Banco Central shall assist the Borrower in the carrying out of the Project with due diligence and efficiency and in conformity with sound administrative and financial practices.

(b) The operating policies and procedures in respect of the carrying out of the Project shall be as agreed upon from time to time between the Bank and Banco Central, acting on behalf of the Borrower.

(c) Banco Central shall rediscount 50% of loans made by Banco Nación and any Participating Bank under the Lending Program and shall release to Banco Nación and any Participating Bank from their minimum reserves with Banco Central such funds as

¹ See p. 290 of this volume.

² See p. 316 of this volume.

shall be necessary to make available the remaining 50% of payments under such loans, it being agreed that such procedures shall not be revised without the prior approval of the Bank.

Section 2.02. (a) The Bank and Banco Central shall cooperate fully to assure that the purposes of the Loan 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 and the Special Account.

(b) The Bank and Banco Central shall from time to time exchange views through their representatives with regard to the performance by Banco Central of its obligations under this Project Agreement and the Subsidiary Loan Agreement, the expenditure of the proceeds of the Loan, the Project, the Special Account and in respect of the Project, the administration, operations and financial condition of Banco Central, and other matters relating to the purposes of the Loan. Banco Central shall promptly inform the Bank of any condition which interferes with, or threatens to interfere with, the accomplishment of the purposes of the Loan or the performance by Banco Central of its obligations under this Project Agreement.

(c) Banco Central shall maintain or cause to be maintained records adequate to reflect in accordance with consistently maintained sound accounting practices the operations and financial condition of the Special Account and, in respect of the Project, of Banco Central; shall enable the Bank's representatives to inspect any relevant records and documents in respect of the Project; and shall furnish or cause to be furnished to the Bank all such information as the Bank shall reasonably request concerning the performance of Banco Central of its obligations under this Project Agreement and the Subsidiary Loan Agreement, the expenditure of the proceeds of the Loan, the Project, the Special Account and, in respect of the Project, the administration, operations and financial condition of Banco Central.

Section 2.03. Except as the Bank shall otherwise agree, Banco Central shall cause the financial statements pertaining to the Special Account and the Project to be certified annually in a manner acceptable to the Bank and Banco Central and shall, promptly after their preparation and not later than four months after the close of Banco Central's fiscal year, transmit to the Bank certified copies of such statements.

Section 2.04. Banco Central shall, in respect of the Project, carry on its operations and conduct its affairs in accordance with sound business, economic and financial practices, under the supervision of experienced and competent management.

Section 2.05. Banco Central shall cause Banco Nación and any Participating Bank to operate, in respect of the Project, in accordance with sound business, agricultural, economic and financial practices, under the supervision of experienced and competent management.

Section 2.06. (a) Banco Central shall administer the funds credited to the Special Account in accordance with sound administrative and financial practices and shall make payments out of such funds to Banco Nación, INTA and CONADE, as the case may be

under such rules as shall be determined from time to time by agreement between the Bank and Banco Central.

(b) Except as the Bank shall otherwise agree, Banco Central shall not amend, assign, abrogate or waive any provision relating to the administration by Banco Central of the Special Account.

Section 2.07. Except as the Bank shall otherwise agree, Banco Central shall not take or concur in any action which would have the effect of amending, assigning, abrogating or waiving any provision of the Instructions, the Subsidiary Loan Agreement or any agreement with Participating Banks. Banco Central shall exercise its rights and fulfill its obligations under the Instructions, the Subsidiary Loan Agreement or any agreement with the Participating Banks in such manner as to protect the interests of the Borrower, the Bank and Banco Central.

Article III

EFFECTIVE DATE; TERMINATION

Section 3.01. This Agreement shall come into force and effect on the Effective Date. If, pursuant to Section 7.03 of the Loan Agreement, the Loan Agreement shall be terminated, this Project Agreement and all obligations of the parties hereunder shall also terminate and the Bank shall promptly notify Banco Central thereof.

Section 3.02. This Project Agreement and the obligations of the parties hereunder shall terminate when the Loan Agreement shall terminate in accordance with its terms.

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 Bank :

International Bank for Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Alternative address for cables :

Intbafrad
Washington, D.C.

For Banco Central :

Banco Central de la República Argentina
Buenos Aires, Argentina

Alternative address for cables :

Centralban
Baires

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 Banco Central may be taken or executed by the President of Banco Central or such other person or persons as he 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 Bank for Reconstruction and Development :

By Simon ALDEWERELD
Vice President

Banco Central de la República Argentina :

By Angel R. CARAM
Authorized Representative
