

No. 8951

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

**Loan Agreement—*Livestock Development Project* (with related letters, annexed Loan Regulations No. 3, as amended, and Project Agreement between the Bank and the Banco Central do Brazil). Signed at Washington, on 23 September 1967**

*Official text: English.*

*Registered by the International Bank for Reconstruction and Development on 30 January 1968.*

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

**Contrat d'emprunt — *Projet relatif au développement de l'élevage* (avec lettres y relatives et, en annexe, le Règlement n° 3 sur les emprunts, tel qu'il a été modifié, et le Contrat relatif au Projet entre la Banque et le Banco Central do Brazil). Signé à Washington, le 23 septembre 1967**

*Texte officiel anglais.*

*Enregistré par la Banque internationale pour la reconstruction et le développement le 30 janvier 1968.*

No. 8951. LOAN AGREEMENT<sup>1</sup> (*LIVESTOCK DEVELOPMENT PROJECT*) BETWEEN BRAZIL AND THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT. SIGNED AT WASHINGTON, ON 23 SEPTEMBER 1967

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AGREEMENT, dated September 23, 1967, between BRAZIL (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 a livestock development project aimed at increased beef, mutton and wool production in selected regions in the territories of the Borrower;

WHEREAS the Banco Central do Brasil is willing to act as the Borrower's fiscal agent in the carrying out of such livestock development 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; SPECIAL DEFINITIONS

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

(a) Sections 3.02 and 4.01 are deleted.

(b) The words "and the Project Agreement" are inserted after the words "the Loan Agreement" wherever they occur in Sections 5.06 and 7.02 of the Loan Regulations.

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<sup>1</sup> Came into force on 28 December 1967, upon notification by the Bank to the Government of Brazil.

<sup>2</sup> See p. 104 of this volume.

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

(a) the term "Banco Central" means Banco Central do Brasil, an agency of the Borrower, and includes any successor thereto.

(b) the term "*Conselho*" means any of the *conselhos* referred to in Section 5.10 of this Agreement.

(c) the term "FUNAGRI" means Fundo Geral para a Agricultura e Industria, a special fund established in the Banco Central, *inter alia*, for the purposes of supplying agricultural credit.

(d) the term "Project Agreement" means the agreement between the Bank and Banco Central of even date herewith<sup>1</sup> and shall include any amendments thereof made by agreement between the Bank and Banco Central.

(e) the term "Subsidiary Loan Agreement" means any of the agreements between Banco Central and a Participating Bank and shall include any amendments thereto made with the approval of the Bank.

(f) the term "Participating Bank" means any bank meeting the criteria established by the Banco Central in agreement with the Bank which shall have entered into an agreement with Banco Central on terms and conditions satisfactory to the Bank for the purpose of participating in the carrying out of the Project.

(g) the term "Technical Services Fund" means the fund referred to in Section 5.03 (a) (ii) of this Agreement.

(h) the term "Livestock Loan Fund" means the fund referred to in Section 5.03 (a) (i) of this Agreement.

(i) the term "Lending Program" means the long-term livestock development loans included in the Project described in Schedule 2 to this Agreement.

Words importing the singular number include the plural number and *vice versa*.

## Article II

### THE LOAN

*Section 2.01.* The Bank agrees to lend to the Borrower an amount in various currencies equivalent to forty million dollars (\$40,000,000).

*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.

<sup>1</sup> See p. 104 of this volume.

*Section 2.03.* Except as the Bank shall otherwise agree, the Borrower shall be entitled to withdraw from the Loan Account the equivalent of a percentage to be agreed upon from time to time between the Borrower and the Bank (a) of amounts rediscounted to Participating Banks on account of loans to livestock producers under the Lending Program and (b) of the cost of technical services contracted by the National *Conselho* for the purpose of carrying out the Project; provided, however, that no withdrawals from the Loan Account shall be made on account of: (i) expenditures prior to the date of this Agreement; (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; (iii) any loan by a Participating Bank under the Lending Program exceeding two hundred thousand dollars (\$200,000) equivalent unless the prior approval of the Bank to such loan has been obtained; or (iv) expenditures for Part A, B or C of the Project until the livestock expert referred to in Section 5.11 of this Agreement in respect of the region corresponding to that Part shall have been employed.

*Section 2.04.* Withdrawals from the Loan Account shall be made in such 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 from the Loan Account.

*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 commitment outstanding from time to time.

*Section 2.08.* Interest and other charges shall be payable semi-annually on March 15 and September 15 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 I to this Loan 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 allocation of the proceeds of the Loan 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 exclusively in carrying out the Project.

#### *Article IV*

##### BONDS

*Section 4.01.* If and as the Bank shall from time to time request, 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 Finance of the Borrower is designated as authorized representative of the Borrower for the purposes of Section 6.12 of the Loan Regulations. The Minister of Finance of the Borrower may designate additional authorized representatives by appointment in writing.

#### *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, administrative, 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 enter into arrangements satisfactory to the Bank with Banco Central. Except as 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 such arrangements.

(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.

*Section 5.02.* (a) Except as the Bank shall otherwise agree, the Borrower shall (i) enable Banco Central to relend the proceeds of the Loan or the equivalent thereof to Participating Banks and to enter into Subsidiary Loan Agreements satisfactory to the Bank for the purpose, and (ii) cause Banco Central to rediscount, on terms and conditions satisfactory to the Bank, 100% of loans made by Participating Banks to livestock producers under the Lending Program.

(b) The Borrower shall ensure that the short- and medium-term financing necessary to complement the Lending Program in order to achieve the benefits contemplated thereunder shall be made available to the livestock producers to whom loans shall be made under said Lending Program.

*Section 5.03.* (a) The Borrower shall cause Banco Central to establish and administer (i) a Livestock Loan Fund and (ii) a Technical Services Fund in respect of the Project.

(b) The Borrower shall from time to time deposit with the Livestock Loan Fund and with the Technical Services Fund, as the case may be, such sums as shall be required by Banco Central (i) to enable it to rediscount loans to Participating Banks pursuant to Section 5.02 (a) (ii) of this Agreement and (ii) to meet the cost of the technical services contracted by the National *Conselho* for the purpose of carrying out the Project.

(c) Except as the Borrower, acting through Banco Central, and the Bank shall otherwise agree, the Borrower shall use the portion of the proceeds of any repayment which Banco Central receives from Participating Banks under the Subsidiary Loan Agreements and which is not required to service the Loan, for the purpose of continuing the financing of livestock development in the territories of the Borrower.

*Section 5.04.* (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 administration, operations and financial condition of the Livestock Loan Fund, the Technical Services Fund and FUNAGRI in respect of the Project, and of any agency or political subdivision 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 5.05.* The Borrower shall maintain, or cause to be maintained, records adequate to identify the allocation of the proceeds of the Loan and the goods financed therefrom, 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 any agency or political subdivision of the Borrower assisting the Borrower in the carrying out of the Project or any part thereof; shall transmit annually to the Bank certified copies of the certified financial statements of any agency or political subdivision of the Borrower assisting the Borrower in the carrying out of the Project or any part thereof 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 Livestock Loan Fund, the Technical Services Fund and the administration, operations and financial conditions of FUNAGRI in respect of the Project, and of any agency or political subdivision 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 5.06.* It is the mutual intention of the Borrower and the Bank that no other external debt shall enjoy any priority over the Loan in the allocation or realization of foreign exchange. 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; (ii) any lien on commercial goods to secure a debt maturing not more than one year after the date on which it is originally incurred and to be paid out of the proceeds of sale of such commercial goods; or (iii) any lien arising in the ordinary course of banking transactions and securing a debt maturing not more than one year after its date.

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

*Section 5.07.* 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 5.08.* 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 5.09.* The Borrower covenants that 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 and any of the Subsidiary Loan Agreements contained, or with the performance by any Participating Bank of any of the covenants, agreements and obligations of any Participating Bank in any Subsidiary Loan Agreement contained, and will take or cause to be taken all action which shall be necessary in order to cause or enable Banco Central and Participating Banks to perform such covenants, agreements and obligations.

*Section 5.10.* The Borrower shall appoint or cause to be appointed and shall maintain or cause to be maintained a National and three Regional *Conselhos* the composition, organization, functions and financial resources of each of which, respectively, shall be satisfactory to the Bank. In addition, the Borrower shall establish or cause to be established and maintain or cause to be maintained three regional offices for the technical administration of the Project on terms and conditions satisfactory to the Bank.

*Section 5.11.* Except as the Bank shall otherwise agree, the Borrower shall cause the National *Conselho* to employ a qualified and experienced livestock expert (hereinafter called the Project Director) in respect of each regional office of the Project for a period of time and on terms and conditions satisfactory to the Borrower and the Bank. In addition, the Borrower shall cause the National *Conselho* to provide each Project Director with adequate funds and staff.

*Section 5.12.* The Borrower shall cause the National *Conselho* to establish and maintain records adequate to identify the cost of the technical services contracted by the National *Conselho*, to disclose the use thereof in the Project and to have the accounts relating thereto audited in a satisfactory manner.

*Section 5.13.* The Borrower shall (i) undertake an expanded program against foot and mouth disease in the Project areas and initiate a program for compulsory

vaccination against foot and mouth disease on each of the farms benefitting from the Lending Program, and (ii) conduct a beef and cattle marketing study to an extent and on terms and conditions satisfactory to the Bank.

#### 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 paragraph (b) of 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.* The following are hereby specified as additional events for the purposes of paragraph (i) of Section 5.02 of the Loan Regulations:

(a) The Borrower or any of its political subdivisions or agencies or any agency of any political subdivision of the Borrower shall have adopted measures which would adversely and materially affect the economic benefits expected to result from the Project.

(b) Any covenant or agreement on the part of Banco Central under the Project Agreement or any Subsidiary Loan Agreement 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 arrangements with the Banco Central provided for in Section 5.01 (b) of this Agreement shall have been made;
- (c) the Borrower shall have caused Banco Central to establish the Livestock Development Fund and the Technical Services Fund;

- (d) the Loan Agreement and Project Agreement have been duly registered by the Banco Central of the Borrower; and
- (e) all necessary acts, consents and approvals to be performed or given by the Borrower, its political subdivisions or agencies or by any agency of any political subdivision or otherwise to be performed or given in order to authorize the carrying out of the Project and to enable the Borrower to perform all of the covenants, agreements and obligations of the Borrower in the Loan Agreement contained, together with all necessary powers and rights in connection therewith, have been performed or given.

*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 arrangements provided for in Section 5.01 (b) of this Agreement have been duly and validly executed and shall have become effective in accordance with their terms;
- (c) that all acts, consents and approvals referred to in Section 7.01 (e), together with all necessary powers and rights in connection therewith, have been duly and validly performed or given and that no other such acts, consents or approvals are required in order to authorize the carrying out of the Project and to enable the Borrower to perform all of the covenants, agreements and obligations of the Borrower in the Loan Agreement contained; and
- (d) that the Loan Agreement and Project Agreement have been duly registered by the Banco Central of the Borrower.

*Section 7.03.* The date of December 31, 1967 is hereby specified for the purposes of Section 9.04 of the Loan Regulations.

#### *Article VIII*

##### MISCELLANEOUS

*Section 8.01.* The Closing Date shall be December 31, 1973, 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:

Ministerio da Fazenda  
Rio de Janeiro, Brazil

Cable address:

Minifaz  
Rio de Janeiro Brazil  
with copies to Banco Central

For the Bank:

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

Cable address:

Intbafrad  
Washington, D.C.

*Section 8.03.* The Minister of Finance of the Borrower 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 city of Rio de Janeiro, Brazil, as of the day and year first above written.

Brazil:

*By* Antonio DELFIM NETO  
Authorized Representative

International Bank for Reconstruction and Development:

*By* George D. WOODS  
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>
March 15, 1974 . . . . .	930,000	March 15, 1981 . . . . .	1,410,000
September 15, 1974 . . . . .	960,000	September 15, 1981 . . . . .	1,450,000
March 15, 1975 . . . . .	990,000	March 15, 1982 . . . . .	1,495,000
September 15, 1975 . . . . .	1,020,000	September 15, 1982 . . . . .	1,540,000
March 15, 1976 . . . . .	1,050,000	March 15, 1983 . . . . .	1,585,000
September 15, 1976 . . . . .	1,080,000	September 15, 1983 . . . . .	1,635,000
March 15, 1977 . . . . .	1,115,000	March 15, 1984 . . . . .	1,685,000
September 15, 1977 . . . . .	1,145,000	September 15, 1984 . . . . .	1,735,000
March 15, 1978 . . . . .	1,180,000	March 15, 1985 . . . . .	1,785,000
September 15, 1978 . . . . .	1,215,000	September 15, 1985 . . . . .	1,840,000
March 15, 1979 . . . . .	1,250,000	March 15, 1986 . . . . .	1,895,000
September 15, 1979 . . . . .	1,290,000	September 15, 1986 . . . . .	1,950,000
March 15, 1980 . . . . .	1,330,000	March 15, 1987 . . . . .	2,010,000
September 15, 1980 . . . . .	1,370,000	September 15, 1987 . . . . .	2,060,000

\* 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

## Part A

*Regional project I—Rio Grande do Sul*

A livestock development program consisting of:

- (1) Provision to beef-cattle, mutton and wool producers of long-term loans for on-farm investments such as pasture establishment and consolidation, fencing, water facilities, farm machinery, and silos;

- (2) Provision of technical services in respect of the loans referred to under subparagraph (1) above including transportation and office equipment;
- (3) The carrying out of research to increase livestock production.

#### Part B

##### *Regional project II—Matto Grosso, Sao Paulo and Parana (northern part)*

A livestock development program consisting of:

- (1) Provision to beef-cattle producers of long-term loans for on-farm investments such as land clearance, pasture establishment and consolidation, fencing, water facilities, farm machinery, farm buildings and corrals, and purchase of breeding cattle from local sources;
- (2) Provision of technical services in respect of the loans referred to under subparagraph (1) above including transportation and office equipment;
- (3) The carrying out of research to increase livestock production.

#### Part C

##### *Regional project III—Goiias and Minas Gerais*

A livestock development program consisting of:

- (1) Provision to beef-cattle producers of long-term loans for on-farm investments such as land clearance, pasture establishment and consolidation, fencing, water facilities, farm machinery, farm buildings and corrals, and purchase of breeding cattle from local sources;
- (2) Provision of technical services in respect of the loans referred to under subparagraph (1) above including transportation and office equipment;
- (3) The carrying out of research livestock production.

#### *General*

- (1) The establishment of a National *Conselho* to support the foregoing activities.
- (2) The provision from local resources of short- and medium-term financing to complement the Lending Program.

### LETTERS RELATING TO THE LOAN AGREEMENT

September 23, 1967

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

*Loan No. 516 BR*  
*Controls*

Dear Sirs,

1. This letter is with reference to Section 6.02 (a) of the Loan Agreement (*Livestock Development Project*) between ourselves of even date herewith and will confirm that there

are no longer in existence in Brazil obligatory ceilings on the retail, the wholesale and the farm prices of cattle, beef, mutton or wool, nor are there any restrictions on the movement of the above-mentioned commodities, except for customary administrative purposes. There are no quantitative restrictions on the exports of cattle, beef, mutton or wool and no discriminatory export taxes designed to limit their exports.

2. We realize that the removal of price and export controls was deemed necessary in order to ensure the economic benefits expected to result from the Project and therefore confirm that any adoption of such controls in the future are to be regarded, *prima facie*, as matters adversely and materially affecting the economic benefits expected to result from the Project, unless:

- (a) the controls are imposed for customary administrative purposes;
- (b) the controls are temporary and imposed because of emergency conditions; or
- (c) the controls, notwithstanding their imposition, continue (i) to ensure adequate returns on the investments of livestock producers participating in the Lending Program, and (ii) do not impair the incentives for domestic sales or exports of beef, mutton or wool.

Very truly yours,

Brazil:

By Antonio DELFIM NETO  
Authorized Representative

September 23, 1967

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

*Loan No. 516 BR*  
*Priority within Credit Ceiling*

Dear Sirs,

This letter is with reference to the Loan Agreement (*Livestock Development Project*) between Brazil and the Bank of even date herewith and will confirm that the rediscount of loans made by the Participating Banks to livestock producers under the Lending Program will be given priority within the overall credit ceilings that may be in effect from time to time.

Very truly yours,

Brazil:

By Antonio DELFIM NETO  
Authorized Representative

## 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

## (LIVESTOCK DEVELOPMENT PROJECT)

AGREEMENT, dated September 23, 1967, between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank) and BANCO CENTRAL DO BRASIL (hereinafter called Banco Central).

WHEREAS by a loan agreement of even date herewith (hereinafter called the Loan Agreement)<sup>1</sup> between Brazil (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 forty million dollars (\$40,000,000) (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; 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 Regulations<sup>2</sup> (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 agricultural, administrative, economic and financial practices.

<sup>1</sup> See p. 78 of this volume.

<sup>2</sup> See above.

(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 enter into Subsidiary Loan Agreements, on terms and conditions satisfactory to the Bank, with Participating Banks.

(d) Banco Central shall rediscount on terms and conditions satisfactory to the Bank 100% or such other percent as may from time to time be agreed with the Bank, of loans made by Participating Banks under the Lending Program. For the purpose of expediting rediscount facilities under the Project, Banco Central shall enter into arrangements satisfactory to the Bank with the Banco do Brasil authorizing Banco do Brasil to provide rediscount facilities on behalf of Banco Central through its branch offices in the territories of the Borrower.

*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.

(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 Agreements, the expenditure of the proceeds of the Loan, the Project, the Livestock Development Fund, the Technical Services Fund, and in respect of the Project, the administration, operations and financial condition of Banco Central, including FUNAGRI, 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, the Subsidiary Loan Agreements or the arrangements referred to in Section 5.01 (b) of the Loan 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 Livestock Development Fund, the Technical Services Fund, and in respect of the Project, of FUNAGRI and 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, the Subsidiary Loan Agreements and the arrangements referred to in Section 5.01 (b) of the Loan Agreement, the expenditure of the proceeds of the Loan, the Project, the Livestock Development Fund, the Technical Services Fund, and in respect of the Project, the administration, operations, and financial condition of Banco Central, including FUNAGRI.

*Section 2.03.* Except as the Bank shall otherwise agree, Banco Central shall cause the financial statements in respect of the Livestock Development Fund, the Technical Services Fund and FUNAGRI in respect of the Project, to be audited and certified annually in a manner acceptable to the Bank and Banco Central and shall, promptly after their

audit 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 administer the funds credited to the Livestock Development Fund and the Technical Services Fund, as the case may be, in accordance with sound administrative and financial practices.

*Section 2.05.* Banco Central shall cause the Participating Banks 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.* 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 arrangements entered into pursuant to Section 5.01 (b) of the Loan Agreement or of the Subsidiary Loan Agreements. Banco Central shall exercise its rights and fulfill its obligations under the arrangements entered into pursuant to Section 5.01 (b) of the Loan Agreement or the Subsidiary Loan Agreements, as the case may be, 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 9.04 of the Loan Regulations, 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

Cable address:

Intbafrad  
Washington, D.C.

For Banco Central:

Av. Presidente Vargas 84  
Rio de Janeiro, Brazil

Cable address:

Bancentral  
Rio de Janeiro, Brazil

*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 city of Rio de Janeiro, Brazil, as of the day and year first above written.

International Bank for Reconstruction and Development:

*By* George D. WOODS  
President

Banco Central do Brasil:

*By* Ruy LEME  
Authorized Representative