

No. 10310

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

**Loan Agreement—*Livestock Development Project* (with annexed General Conditions Applicable to Loan and Guarantee Agreements, and Project Agreement between the Bank and the Zambia Cattle Development Limited). Signed at Washington on 30 June 1969**

*Authentic text: English.*

*Registered by the International Bank for Reconstruction and Development on 10 February 1970.*

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

**Contrat d'emprunt — *Projet relatif au développement de l'élevage* (avec, en annexe, les Conditions générales applicables aux contrats d'emprunt et de garantie, et le Contrat relatif au Projet entre la Banque et la Zambia Cattle Development Limited). Signé à Washington le 30 juin 1969**

*Texte authentique: anglais.*

*Enregistré par la Banque internationale pour la reconstruction et le développement le 10 février 1970.*

## LOAN AGREEMENT<sup>1</sup>

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AGREEMENT, dated June 30, 1969, between the REPUBLIC OF ZAMBIA (hereinafter called the Borrower) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank).

WHEREAS Zambia Cattle Development Limited (hereinafter called ZCDL), a company duly organized under the laws of the Borrower, has been established for the purpose of assuming, establishing and operating beef and dairy ranches;

WHEREAS the Borrower has requested the Bank to assist in the financing of a livestock development project described in Schedule 3 to this Agreement;

WHEREAS the Borrower will make available to ZCDL the proceeds of the loan provided for herein for the purposes of financing the said project, pursuant to a loan agreement to be entered into between the Borrower and ZCDL;

WHEREAS arrangements have been made for Barclays Bank D.C.O. to lend to ZCDL 550,000 Kwacha for use in connection with the said project; and

WHEREAS the Bank has agreed to make a loan to the Borrower for the said project upon the terms and conditions set forth herein and in a project agreement of even date herewith<sup>2</sup> between the Bank and ZCDL;

NOW THEREFORE the parties hereto hereby agree as follows :

### *Article I*

#### GENERAL CONDITIONS; DEFINITIONS

*Section 1.01.* The parties to this Agreement accept all the provisions of the General Conditions Applicable to Loan and Guarantee Agreements of the Bank, dated January 31, 1969,<sup>3</sup> with the same force and effect as if they were fully set forth herein, subject, however, to the following modifications thereof (said General Conditions Applicable to Loan and Guarantee Agreements of the Bank, as so modified, being hereinafter called the General Conditions) :

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<sup>1</sup> Came into force on 10 October 1969, upon notification by the Bank to the Government of Zambia.

<sup>2</sup> See p. 258 of this volume.

<sup>3</sup> See p. 256 of this volume.

(a) The following subparagraph is added to Section 2.01 : “20. The term, ‘Project Agreement’ shall have the meaning set forth in the Loan Agreement.”

(b) Section 9.01 is amended by inserting the words “the Project Agreement” after the words “the Loan Agreement” in both places in which these words appear.

(c) Section 9.03 is amended by inserting the words “Project Agreement” after the words “the Loan Agreement”.

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

(a) “Project Agreement” means the agreement of even date herewith between the Bank and ZCDL, as the same may be amended or supplemented from time to time by agreement between the Borrower, the Bank and ZCDL.

(b) “Subsidiary Loan Agreement” means the agreement to be entered into between the Borrower and ZCDL referred to in Section 5.02(a) of this Agreement, as the same may be amended or supplemented from time to time with the approval of the Bank.

(c) “Subsidiary Loan” means the loan provided for in the Subsidiary Loan Agreement.

(d) “Barclays Bank D.C.O. Loan Agreement” means the agreement to be entered into between ZCDL and Barclays Bank D.C.O., on terms and conditions satisfactory to the Bank, for a loan by Barclays Bank D.C.O. to ZCDL of 555,000 Kwacha for use in connection with the Project, as the same may be amended or supplemented from time to time with the approval of the Bank.

(e) “Minister” means the member of the Cabinet charged with the functions of the “Minister responsible for finance” under the General Loans (International Bank) Act, 1966, of Zambia, or if the President assumes such functions the President.

(f) “Kwacha” means Kwacha in the currency of the Borrower.

## *Article II*

### THE LOAN

*Section 2.01.* The Bank agrees to lend to the Borrower, on the terms and conditions in this Loan Agreement set forth or referred to, an amount in various currencies equivalent to two million five hundred thousand dollars (\$2,500,000).

*Section 2.02.* (a) 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.

(b) 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, this Loan Agreement and in accordance with the allocation of the proceeds of the Loan set forth in Schedule 1 to this Agreement, as such allocation shall be modified from time to time pursuant to the provisions of such Schedule or by further agreement between the Borrower and the Bank.

*Section 2.03.* The Borrower shall be entitled to withdraw from the Loan Account in respect of the reasonable cost of goods or services required for the Project and to be financed under this Loan Agreement :

- (i) such amounts as shall have been paid (or, if the Bank shall so agree, shall be required to meet payments to be made) for goods or services included in Categories I, II and III of the allocation of the proceeds of the Loan set forth in Schedule 1 to this Agreement; and
- (ii) the equivalent of thirty-seven per cent (37%) of such amounts as shall have been paid (or, if the Bank shall so agree, shall be required to meet payments to be made) for goods or services included in Category IV of the allocation of the proceeds of the Loan set forth in Schedule 1 to this Agreement, provided, however, that no withdrawals shall be made pursuant to this paragraph (ii) unless the Borrower shall certify in respect of each withdrawal that ZCDL has applied to Barclays Bank D.C.O. for a withdrawal in connection with the Barclays Bank D.C.O. Loan Agreement in an amount equivalent to 55% of the amount to be withdrawn from the Loan Account pursuant to this paragraph (ii) and that no circumstances exist which would justify the denial by Barclays Bank D.C.O. of such application;

provided, however, that if there shall be an increase in the estimate of such payments for goods or services included in Category IV, the Bank may by notice to the Borrower adjust the stated percentage applicable to such Category as required in order that withdrawals of the amount of the Loan then allocated to such Category and not withdrawn may continue *pro rata* with the payments remaining to be made for goods or services included in such Category.

*Section 2.04.* It is hereby agreed, pursuant to Section 5.01 of the General Conditions :

- (i) that withdrawals from the Loan Account under Category IV of the allocation of the proceeds of the Loan referred to in Section 2.02 of this Agreement may be made on account of payments in the currency of the Borrower, or for goods produced in, or services supplied from, the territories of the Borrower; and

- (ii) that withdrawals from the Loan Account under Category IV of the allocation of the proceeds of the Loan referred to in Section 2.02 of this Agreement may be made on account of payments made prior to the date of this Loan Agreement but after January 1, 1969.

*Section 2.05.* Except as shall be otherwise agreed between the Borrower and the Bank, no withdrawals shall be made on account of expenditures on any ranch or dairy farm included in the Project, unless satisfactory evidence shall have been furnished to the Bank that ZCDL has appropriate rights of user in respect of the whole parcel of land on which such ranch or farm is situated.

*Section 2.06.* The Borrower shall pay to the Bank a commitment charge at the rate of three-fourths of one per cent ( $\frac{3}{4}$  of 1%) per annum on the principal amount of the Loan not withdrawn from time to time.

*Section 2.07.* The Borrower shall pay interest at the rate of six and one-half per cent ( $6\frac{1}{2}\%$ ) per annum on the principal amount of the Loan withdrawn and outstanding from time to time.

*Section 2.08.* Interest and other charges shall be payable semi-annually on June 15 and December 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 2 to this Agreement.

### *Article III*

#### USE OF PROCEEDS OF LOAN

*Section 3.01.* The Borrower shall cause the proceeds of the Loan to be applied in accordance with the provisions of this Loan Agreement to expenditures on the Project, described in Schedule 3 to this Agreement.

*Section 3.02.* Except as the Bank shall otherwise agree, the following goods and services to be financed out of the proceeds of the Loan shall be procured as follows :

- (i) Contracts for equipment included in Category I of Schedule 1 to this Agreement amounting to \$25,000 equivalent or more shall be awarded on the basis of international competitive bidding in accordance with the *Guidelines for Procurement under World Bank Loans and IDA Credits*, published by the Bank in February 1968, and in accordance with such other procedures supplementary thereto as are set forth in Schedule 4 to this Agreement or as shall be agreed between the Borrower and the Bank. Such contracts shall be subject to the prior approval of the Bank; and

- (ii) Contracts for equipment included in Category I of Schedule 1 to this Agreement amounting to less than \$25,000 equivalent, and for items included in Categories III and IV of such Schedule will be awarded on the basis of competitive bidding in Zambia and in accordance with such other procedures supplementary thereto as are set forth in Schedule 4 to this Agreement or as shall be agreed between the Borrower and the Bank.

*Section 3.03.* Until the completion of the Project, the Borrower shall cause all goods and services financed out of the proceeds of the Loan to be used exclusively in carrying out the Project, except as the Bank may otherwise agree.

#### *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 Article VIII of the General Conditions.

*Section 4.02.* The Minister and such other person or persons as he shall appoint in writing are designated as authorized representatives of the Borrower for the purposes of Section 8.10 of the General Conditions.

#### *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 administrative, financial, agricultural and economic practices, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the purpose.

(b) The Borrower shall take all action which shall be necessary on its part to enable ZCDL to perform its obligations under the Project Agreement and shall not take any action that would interfere with the performance of such obligations by it.

(c) The Borrower shall not restrict the free movement of cattle within its territories, except as necessary for animal disease control.

(d) The Borrower shall consult with the Bank from time to time concerning the producers' prices for beef cattle and dairy products.

(e) The operating policies and procedures for the carrying out of the Project shall be agreed from time to time between the Borrower, the Bank and ZCDL.

*Section 5.02.* For the purposes of carrying out the Project, the Borrower undertakes to make the following financial arrangements :

(a) The Borrower shall relend the proceeds of this Loan to ZCDL at an interest rate, with a commitment charge and for a term equal to the interest rate, commitment charge and the term of the Loan and on other terms and conditions satisfactory to the Bank, pursuant to a loan agreement satisfactory to the Bank.

(b) The Borrower shall exercise its rights under the Subsidiary Loan Agreement in such manner as to protect the interests of the Borrower and the Bank, and, 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 that Agreement.

(c) The Borrower shall make or cause to be made available to ZCDL, by way of subscription to its capital stock or as grants or as the Bank shall otherwise agree, all additional funds necessary to carry out the Project.

*Section 5.03.* The Borrower shall, within a year from the date of this Loan Agreement, make arrangements satisfactory to the Bank for refinancing the Grazier Scheme currently operated by the Borrower's Cold Storage Board, so as to reflect adequately in the loans by which the Scheme is financed the length of the contracts granted to ranchers participating in the Scheme.

*Section 5.04.* The Borrower (i) shall maintain or cause to be maintained records adequate to identify the goods and services 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 the expenditure of the proceeds of the Loan and to reflect in accordance with consistently maintained sound accounting practices the operations, in respect of the Project, of ZCDL and the departments or agencies of the Borrower responsible for the carrying out of any part of the Project; (ii) shall enable accredited representatives of the Bank to inspect the Project and the ranches included therein, such goods and services, and any relevant records and documents; and (iii) shall furnish or cause to be furnished to the Bank all such information as the Bank shall reasonably request concerning the expenditure of the proceeds of the Loan, such goods and services, the Project and the administration and operations, in respect of the Project, of ZCDL and the departments or agencies of the Borrower responsible for the carrying out of any part of the Project.

*Section 5.05.* (a) The Borrower and the Bank shall cooperate fully to ensure that the purposes of the Loan will be accomplished. To that end, the Borrower

and the Bank shall from time to time, at the request of either party, exchange views through their representatives with regard to matters relating to the purposes of the Loan and the maintenance of the service thereof, and 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 external debt of the Borrower.

(b) 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, the carrying out of the Project or the maintenance of the service of the Loan.

(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 5.06.* (a) 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 securing a debt maturing not more than one year after its date.

(b) 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 the Bank of Zambia and any other institution performing the functions of a central bank.

*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 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 shall take all necessary steps to ensure that ZCDL acquires title satisfactory to the Bank to the parcels of land on which the ranches and dairy farms included in the Project are situated.

### *Article VI*

#### REMEDIES OF THE BANK

*Section 6.01.* If any event specified in Section 7.01 of the General Conditions or in Section 6.02 of this Agreement shall occur and shall continue for the period, if any, therein set forth, then at any subsequent time during the continuance thereof, the Bank, at its option, may by notice to the Borrower declare the principal of the Loan and of all the Bonds then outstanding to be due and payable immediately, together with the interest and other charges thereon and upon any such declaration such principal, interest and charges shall become due and payable immediately, anything to the contrary in this Loan Agreement or in the Bonds notwithstanding.

*Section 6.02.* For the purposes of Section 7.01 of the General Conditions, the following additional events are specified :

- (a) ZCDL shall have failed to perform any of its obligations under the Project Agreement and such event shall have continued for a period of sixty days after notice thereof shall have been given by the Bank to the Borrower and ZCDL;
- (b) the Borrower shall have taken any action for the dissolution or disestablishment of ZCDL or for the suspension of its operations, without the prior consent of the Bank;
- (c) the Borrower or ZCDL shall have failed to perform any of its obligations under the Subsidiary Loan Agreement and such event shall have continued for a period of sixty days after notice thereof shall have been given by the Bank to the Borrower and ZCDL;
- (d) the Borrower shall have divested ZCDL of its title to, or rights or other interests in, any of the parcels of land on which the ranches and dairy farms included in the Project are situated, without the consent of the Bank and such event shall have continued for a period of sixty days after notice thereof shall have been given by the Bank to the Borrower and ZCDL;

- (e) the loan provided for by the Barclays Bank D.C.O. Loan Agreement shall have become due and payable prior to the agreed maturity pursuant to the terms thereof; and
- (f) ZCDL shall have repaid in advance of maturity any part of its Loan under the Barclays Bank D.C.O. Loan Agreement without the agreement of the Bank.

*Section 6.03.* For the purposes of Section 6.02 of the General Conditions, the following additional event is specified: Barclays Bank D.C.O. shall have suspended in whole or in part the right of ZCDL to make withdrawals under the Barclays Bank D.C.O. Loan Agreement.

### *Article VII*

#### EFFECTIVE DATE; TERMINATION

*Section 7.01.* The following events are specified as additional conditions to the effectiveness of this Loan Agreement within the meaning of Section 11.01(c) of the General Conditions:

- (a) the execution and delivery of the Project Agreement on behalf of ZCDL have been duly authorized or ratified by all necessary corporate and governmental action;
- (b) the Subsidiary Loan Agreement has been duly executed and has become fully effective and binding on the parties thereto in accordance with its terms, subject only to the effectiveness of the Loan Agreement; and
- (c) the Barclays Bank D.C.O. Loan Agreement has been duly executed and has become fully effective and binding on the parties thereto in accordance with its terms, subject only to the effectiveness of the Loan Agreement.

*Section 7.02.* The following are specified as additional matters, within the meaning of Section 11.02 (c) of the General Conditions, to be included in the opinion or opinions to be furnished to the Bank:

- (a) the Project Agreement has been duly authorized or ratified by, and executed and delivered on behalf of, ZCDL and constitutes a valid and binding obligation of ZCDL, in accordance with its terms;
- (b) the Subsidiary Loan Agreement has been duly authorized or ratified by, and executed and delivered on behalf of, the parties thereto, and constitutes a valid and binding obligation of the parties thereto in accordance with its terms; and
- (c) the Barclays Bank D.C.O. Loan Agreement has been duly authorized or ratified by, and executed and delivered on behalf of the parties thereto, and

constitutes a valid and binding obligation of the parties thereto in accordance with its terms.

*Section 7.03.* The date of September 30, 1969 is hereby specified for the purposes of Section 11.04 of the General Conditions.

### *Article VIII*

#### MISCELLANEOUS

*Section 8.01.* The Closing Date shall be November 30, 1974 or such other date as shall be agreed between the Borrower and the Bank.

*Section 8.02.* The Minister is designated as representative of the Borrower for the purposes of Section 10.03 of the General Conditions.

*Section 8.03.* The following addresses are specified for the purposes of Section 10.01 of the General Conditions :

For the Borrower :

Finance Division  
Office of the Vice President  
P.O. Box RW.62  
Ridgeway  
Lusaka, Zambia

Alternative address for cables :

Finance, Ridgeway  
Lusaka

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.

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 to be delivered in the District of Columbia, United States of America, as of the day and year first above written.

Republic of Zambia :  
By Rupiah B. BANDA  
Authorized Representative

International Bank for Reconstruction and Development :  
By J. Burke KNAPP  
Vice President

#### SCHEDULE 1

##### ALLOCATION OF PROCEEDS OF LOAN

<i>Category</i>	<i>Amounts Expressed in Dollar Equivalent</i>
I. Equipment, including vehicles, water pipes and fencing wire . . . . .	500,000
II. Technical services . . . . .	200,000
III. Artificial insemination . . . . .	100,000
IV. Other development expenses . . . . .	1,400,000
V. Unallocated . . . . .	300,000
TOTAL	<u>2,500,000</u>

##### REALLOCATION UPON CHANGE IN COST ESTIMATES

1. If the estimate of the cost of the items included in any of the Categories I to IV shall decrease, the amount of the Loan then allocated to, and no longer required for, such Category will be reallocated by the Bank to Category V.

2. If the estimate of the cost of the items included in any of the Categories I to IV shall increase, an amount equal to the portion, if any, of such increase to be financed out of the proceeds of the Loan (or, in the case of Category IV an amount equal to 37% of such increase) will be allocated by the Bank, at the request of the Borrower, to such Category V, subject, however, to the requirements for contingencies, as determined by the Bank, in respect of the cost of the items in the other Categories.

SCHEDULE 2  
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>
December 15, 1974 . . . . .	90,000	December 15, 1979 . . . . .	125,000
June 15, 1975 . . . . .	95,000	June 15, 1980 . . . . .	130,000
December 15, 1975 . . . . .	95,000	December 15, 1980 . . . . .	135,000
June 15, 1976 . . . . .	100,000	June 15, 1981 . . . . .	135,000
December 15, 1976 . . . . .	105,000	December 15, 1981 . . . . .	140,000
June 15, 1977 . . . . .	105,000	June 15, 1982 . . . . .	145,000
December 15, 1977 . . . . .	110,000	December 15, 1982 . . . . .	150,000
June 15, 1978 . . . . .	115,000	June 15, 1983 . . . . .	155,000
December 15, 1978 . . . . .	115,000	December 15, 1983 . . . . .	160,000
June 15, 1979 . . . . .	120,000	June 15, 1984 . . . . .	175,000

\* To the extent that any part of the Loan is repayable in a currency other than dollars (see General Conditions, Section 4.02), 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 portion of the principal amount of the Loan pursuant to Section 3.05(b) of the General Conditions or on the redemption of any Bond prior to its maturity pursuant to Section 8.15 of the General Conditions :

<i>Time of Prepayment or Redemption</i>	<i>Premium</i>
Not more than three years before maturity . . . . .	1%
More than three years but not more than six years before maturity . . . . .	2 $\frac{1}{4}$ %
More than six years but not more than eleven years before maturity . . . . .	3 $\frac{3}{4}$ %
More than eleven years but not more than thirteen years before maturity . . . . .	5 $\frac{1}{4}$ %
More than thirteen years before maturity . . . . .	6 $\frac{1}{2}$ %

SCHEDULE 3

DESCRIPTION OF THE PROJECT

The Project consists of the following parts :

A. *Ranch and Dairy Farm Development :*

1. the further development of the following existing ranches and dairy farm :
  - (a) seven beef cattle breeding/weaning ranches,
  - (b) two beef cattle breeding/fattening ranches,
  - (c) one beef cattle bull breeding ranch, and
  - (d) one dairy farm;

2. the establishment and development of :
  - (a) two additional beef cattle breeding/weaning ranches, and
  - (b) four additional dairy farms; and
3. the establishment and the conduct of a limited pilot pasture improvement program on the above-mentioned ranches and a selected legume seed multiplication plot at one of the above-mentioned ranches or farms.

The approximate area and expected animal carrying capacity of each ranch and dairy farm to be included in the Project are set out in Exhibit A to this Schedule, subject to modification by further agreement between the Borrower, the Bank and ZCDL.

**B. Technical Services :**

1. the provision of technical services for the post of General Manager of ZCDL; and
2. consultant services to assist :
  - (a) ZCDL in planning the two breeding/weaning ranches and four dairy farms included in the Project, the artificial insemination program, livestock watering facilities, pasture improvement schemes, and
  - (b) the National Livestock Development Group in developing technical, economic and financial aspects of a national livestock development program.

The Project is expected to be completed by June 30, 1974.

*EXHIBIT A*

RANCH AND DAIRY FARM AREAS AND CAPACITIES

<i>Category and Name</i>	<i>Province</i>	<i>Area (Acres)</i>	<i>Carrying Capacity (Animal Units)</i>
<i>Breeding/Weaning Ranches</i>			
Chisamba	Central	37,510	2,800
Kitwe	North Western	70,000	5,300
Mkushi	Central	46,250	3,500
Solwezi	North Western	106,770	7,000
Kalomo	Southern	80,000	6,000
Mugoto/Wolverton	Southern	20,000	2,800
Katete/Chinjara	Eastern	48,260	4,700
No. 8	Southern or Central	55,000	5,300
No. 9	Southern or Central	55,000	5,300
<i>Breeding/Fattening Ranches</i>			
Mbala	Northern	109,000	6,000
Chishinga	Luapula	104,770	5,800

<i>Category and Name</i>	<i>Province</i>	<i>Area (Acres)</i>	<i>Carrying Capacity (Animal Units)</i>
<i>Bull Breeding Ranch</i>			
Monze	Southern	20,000	2,700
<i>Dairy Farms</i>			
Gravetts	Central	1,500	800
No. 2	Southern or Central	3,500	1,000
No. 3	Southern or Central	3,500	1,000
No. 4	Southern or Central	3,500	1,000
No. 5	Southern or Central	3,500	1,000

#### SCHEDULE 4

##### PROCUREMENT

1. Equipment included in Category I of Schedule 1 to this Agreement shall, as far as possible and in accordance with sound procurement practices, be purchased by bulk contracts.

2. For contracts referred to in subsection (i) of Section 3.02 of this Agreement, the Bank's approval shall be obtained in advance for all international bid invitation documents and for the tendering procedures. After bids have been received, a summary and analysis of these shall be sent to the Bank, together with the recommendations for awards and a justification for any award proposed to be made to other than the lowest bidder.

3. For contracts referred to in subsection (ii) of Section 3.02 of this Agreement, tender notices shall be widely circulated within Zambia, to local and foreign suppliers.

4. As soon as possible after the execution of any contract and prior to the submission to the Bank of the first application for withdrawal of funds from the Loan Account in respect of the contract, a certified copy thereof shall be sent to the Bank.

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

GENERAL CONDITIONS, DATED 31 JANUARY 1969

GENERAL CONDITIONS APPLICABLE TO LOAN AND GUARANTEE AGREEMENTS

[Not published herein. See United Nations, Treaty Series, vol. 691, p. 300.]

## PROJECT AGREEMENT

AGREEMENT, dated June 30, 1969, between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank) and ZAMBIA CATTLE DEVELOPMENT LIMITED (hereinafter called ZCDL).

WHEREAS by a Loan Agreement of even date herewith<sup>1</sup> between the Republic of Zambia (hereinafter called the Borrower) and the Bank, which agreement, the schedules therein referred to and the General Conditions Applicable to Loan and Guarantee Agreements<sup>2</sup> of the Bank made applicable thereto are hereinafter called the Loan Agreement, the Bank has agreed to assist in the financing of a livestock development project of the Borrower by making available to the Borrower an amount in various currencies equivalent to two million five hundred thousand dollars (\$2,500,000) on the terms and conditions set forth in the Loan Agreement, but only on condition *inter alia* that ZCDL agree to undertake certain obligations to the Bank as hereinafter in this Project Agreement set forth; and

WHEREAS ZCDL, 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 shall have the respective meanings therein set forth.

*Article II*

## PARTICULAR COVENANTS

*Section 2.01.* (a) ZCDL shall carry out the Project with due diligence and efficiency and shall at all times conduct its operations and affairs in accordance with sound administrative, financial, agricultural and economic practices and under the supervision of experienced and competent management.

(b) Any appointment to the position of ZCDL's General Manager shall be made only after agreement with the Bank, and the terms, conditions, powers, duties and qualifications for such position shall be determined in agreement with the Bank.

(c) ZCDL shall appoint a senior beef ranch manager to assist the General Manager in all matters pertaining to the beef cattle ranches included in the Project and a senior dairy manager to assist the General Manager in all matters pertaining to the development and operation of the dairy farms included in the Project, both appointments to be made upon the recommendation of ZCDL's General Manager and after consulting with the

<sup>1</sup> See p. 230 of this volume.

<sup>2</sup> See p. 256 of this volume.

Bank sufficiently in advance of such appointments for the Bank to have adequate opportunity to comment on them.

*Section 2.02.* (a) ZCDL shall select appropriate sites for the two additional beef cattle ranches and for the four additional dairy farms referred to respectively in paragraph A, subparagraph 2 of Schedule 3 to the Loan Agreement, and shall, within six months of the date of this Agreement, submit to the Bank for its approval detailed plans for the development of such additional ranches and farms. The Bank shall make its best efforts to evaluate such plans promptly upon their submission.

(b) Except as the Bank shall otherwise agree and in accordance with the approved plans referred to in paragraph (a) of this Section, ZCDL shall establish the ranches and dairy farms referred to in paragraph A, subparagraph 2 of Schedule 3 to the Loan Agreement, and shall maintain these as well as the ranches and farms specified in paragraph A, subparagraph 1 of the said Schedule, with the approximate areas specified in Exhibit A to that Schedule, and shall endeavor to stock each with the approximate number of animals specified as its carrying capacity in that Exhibit.

(c) ZCDL shall not (i) import any livestock for the Project or release any on the ranches and farms included in the Project unless such importation shall have met quarantine and other veterinary regulations in force at the time and acceptable to the Bank, or (ii) purchase within the territories of the Borrower any beef cattle without normal veterinary consultation or dairy cattle without a veterinary inspection and health tests.

*Section 2.03.* ZCDL shall (i) cause all goods and services financed out of the proceeds of the Subsidiary Loan to be used exclusively in the territories of the Borrower in carrying out the Project; and (ii) cause such goods and services to be procured in accordance with the methods and procedures provided in Section 3.02 of the Loan Agreement and in agreements supplemental thereto.

*Section 2.04.* ZCDL shall establish and maintain separate accounts for each of the ranches and farms included in the Project, and have such accounts and the financial statements of ZCDL audited annually by an independent accountant or accounting firm acceptable to the Bank, and shall transmit to the Bank, not later than six months after the close of ZCDL's fiscal year, certified copies of such accounts and a signed copy of such accountant's or such firm's report.

*Section 2.05.* ZCDL shall (i) maintain records adequate to identify the goods and services financed out of the proceeds of the Subsidiary Loan, to disclose the use thereof, to record the progress of the Project and to reflect in accordance with consistently maintained sound accounting practices all financial transactions between ZCDL and the Borrower with respect to the Project and the operations and financial condition of ZCDL; and (ii) shall enable the Bank's representatives to inspect the goods and services financed out of the proceeds of the Subsidiary Loan and any relevant records and documents.

*Section 2.06.* Except as the Bank shall otherwise agree, ZCDL shall insure or cause to be insured the imported goods including livestock to be financed out of the proceeds of the Subsidiary Loan against marine, transit and other hazards incident to the 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 ZCDL to replace or repair such goods or livestock.

*Section 2.07.* ZCDL shall duly perform all its obligations under the Subsidiary Loan Agreement. Except as the Bank and the Borrower shall otherwise agree, ZCDL shall not take any action or concur in any action which would have the effect of amending, abrogating, assigning, or waiving any provision of that Agreement.

*Section 2.08.* ZCDL shall (i) promptly take all requisite steps for the acquisition and retention by ZCDL of all such lands, interests in land and properties and all rights, powers and privileges as may be necessary for the establishment and operation of the ranches and dairy farms included in the Project; and (ii) promptly furnish to the Bank satisfactory evidence of its acquisition of such lands, interests, rights, powers and privileges.

*Section 2.09.* (a) Except as the Bank shall otherwise agree, (i) ZCDL shall not incur any debt if, after the incurring of such debt, the debt of ZCDL then incurred and outstanding would exceed the amount of its paid-in capital and (ii) ZCDL shall not permit its current liabilities to exceed 50% of its current assets.

(b) For the purposes of this Section :

- (i) The term "debt" means any debt incurred by ZCDL maturing more than one year after the date on which it is originally incurred, including debts assumed or guaranteed by ZCDL.
- (ii) The term "incur" with reference to any debt includes any modification of the terms of payment of such debt. Debt shall be deemed to be incurred (a) under a contract or loan agreement, on the date it is drawn down pursuant to such contract or loan agreement, and (b) under a guarantee agreement, on the date the agreement providing for such guarantee shall have been entered into.
- (iii) The term "current assets" means inventories (including livestock), prepayments, accounts receivable and other assets readily convertible into cash, and cash and bank balances.
- (iv) The term "current liabilities" means all liabilities due and payable and all other liabilities which would be payable or could be called for payment within one year including the current portion of long-term debt.
- (v) Whenever in connection with this Section it shall be necessary to value in terms of Kwacha debt payable in another currency, such valuation shall be made on the basis of the prevailing lawful rate of exchange at which such other currency is, at the time of such valuation, obtainable for the purposes of servicing such debt.

*Section 2.10.* ZCDL 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 party all such information as such other party shall reasonably request.

*Section 2.11.* ZCDL and the Bank shall from time to time exchange views through their representatives with regard to matters relating to the purposes of the Loan. ZCDL 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 ZCDL of its obligations under this Project Agreement, or, where appropriate, the carrying out of the provisions of the Loan Agreement.

### *Article III*

#### EFFECTIVE DATE; TERMINATION

*Section 3.01.* This Project Agreement shall enter into force and effect on the Effective Date. If the Loan Agreement shall terminate pursuant to Section 11.04 of the General Conditions, the Bank shall promptly notify ZCDL of this event and, upon the giving of such notice, this Project Agreement and all obligations of the parties hereunder shall forthwith terminate.

*Section 3.02.* On the date on which the Loan Agreement shall terminate, this Project Agreement and all obligations of ZCDL hereunder shall forthwith terminate.

### *Article IV*

#### MISCELLANEOUS PROVISIONS

*Section 4.01.* No delay in exercising, or omission to exercise, any right, power or remedy accruing to any 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 or cablegram 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 ZCDL :

Zambia Cattle Development Limited  
P.O. Box 31  
Lusaka, Zambia

Alternative address for cables :

Cattle  
Lusaka

*Section 4.03.* ZCDL shall furnish to the Bank sufficient evidence of the authority of the persons who will, on behalf of ZCDL, take any action or execute any documents required or permitted to be taken or executed by ZCDL pursuant to any of the provisions of this Project Agreement and the authenticated specimen signature of each such person.

*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 to be 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 J. Burke KNAPP  
Vice President

Zambia Cattle Development Limited :

By S. J. MWAMBA  
Authorized Representative