

No. 10489

---

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

**Loan Agreement—*Livestock Development Project* (with  
annexed General Conditions Applicable to Loan and  
Guarantee Agreements). Signed at Washington on  
17 July 1969**

*Authentic text: English.*

*Registered by the International Bank for Reconstruction and Development on  
25 May 1970.*

---

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

**Contrat d'emprunt — *Projet relatif au développement de  
l'élevage* (avec, en annexe, les Conditions générales appli-  
cables aux contrats d'emprunt et de garantie). Signé à  
Washington le 17 juillet 1969**

*Texte authentique: anglais.*

*Enregistré par la Banque internationale pour la reconstruction et le développement  
le 25 mai 1970.*

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

---

AGREEMENT, dated July 17, 1969, between SPAIN (hereinafter called the Borrower) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank).

### *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>2</sup> with the same force and effect as if they were fully set forth herein (said General Conditions Applicable to Loan and Guarantee Agreements of the Bank being hereinafter called the General Conditions).

*Section 1.02.* Wherever used in the Loan 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) "Agencia" means Agencia de Desarrollo Ganadero, an agency of the Borrower established or to be established as required by Section 5.03 (c) of this Agreement and any successor thereto;

(b) "ICP" means Instituto de Credito a Medio y Largo Plazo, an agency of the Borrower and any successor thereto;

(c) "Agricola" means Banco de Credito Agricola, an agency of the Borrower and any successor thereto;

(d) "Fondo" means the fund and resources established or to be established by the Borrower with ICP for purposes of the Project.

---

<sup>1</sup> Came into force on 1 January 1970, upon notification by the Bank to the Government of Spain.

<sup>2</sup> See p. 78 of this volume.

*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 twenty-five million dollars (\$25,000,000).

*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, the 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 be modified from time to time 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 the Loan Agreement:

- (a) the equivalent of sixty-one per cent (61%) (or of such other percentages as may be established from time to time by agreement between the Borrower and the Bank) of such amounts as shall have been paid to participating credit institutions on account of long-term loans to cattle producers made by such institutions under the Project for financing the reasonable cost of goods and services required therefor (Category I of the Allocation of the Proceeds of the Loan set forth in Schedule 1 to this Agreement);
- (b) the equivalent of sixty-one per cent (61%) (or of such other percentage or percentages as may be established from time to time by agreement between the Borrower and the Bank) of (x) such amounts as shall have been disbursed to cattle producers for short-term working capital loans out of Fondo's working capital account provided for in paragraph 1 of Schedule 4 to this Agreement, less (y) any repayments of principal of such loans credited to such account (Category II of such Allocation); and
- (c) the equivalent of thirty-six per cent (36%) (or of such other percentage as may 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 establishing and operating the Agencia (Category III of such Allocation).

*Section 2.04.* (a) It is hereby agreed, pursuant to Section 5.01 of the General Conditions, that withdrawals from the Loan Account 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.

(b) No withdrawal from the Loan Account shall be made on account of payments for taxes imposed by the Borrower or any of its political subdivisions on, or in connection with, the importation or supply of goods or services for the Project.

*Section 2.05.* 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 2.06.* 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 2.07.* Interest and other charges shall be payable semi-annually on June 15 and December 15 in each year.

*Section 2.08.* 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 THE LOAN

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

*Section 3.02.* 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.

### *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 *Ministro de Hacienda* of the Borrower is designated as authorized representative of the Borrower for the purposes of Section 8.10 of the General Conditions. The *Ministro de Hacienda* of the Borrower may designate additional or other authorized representatives by appointment notified to the Bank.

#### Article V

##### PARTICULAR COVENANTS

*Section 5.01.* (a) The Borrower shall carry out or cause the Project to be carried out with due diligence and efficiency and in conformity with sound agricultural, administrative and financial policies and practices, and shall, at all times, make available promptly as needed, all sums and other resources which shall be required for the purpose.

(b) The organization, credit and operational policies in respect of the Project of the Borrower and the Bank shall otherwise agree, be those set forth in Schedule 4 to this Agreement and such other policies in respect of the Project as shall be satisfactory to the Borrower and the Bank. The Borrower shall ensure that all such policies are, to the extent necessary, duly and promptly implemented and carried out by such agencies to the satisfaction of the Borrower and the Bank.

(c) The Borrower shall cause the agencies of the Borrower responsible for the carrying out of the Project to operate in respect of the Project in accordance with sound agricultural, administrative and financial policies and practices and under the supervision of experienced and competent management.

(d) The Borrower shall, in the carrying out of such parts of the Project as the Borrower and the Bank shall agree upon, employ or cause to be employed consultants and other experts acceptable to, and to an extent and upon terms and conditions satisfactory to, the Borrower and the Bank.

*Section 5.02.* (a) The Borrower shall, for the purpose of carrying out the Project, make or cause to be made available, out of Fondo's resources or otherwise, credit, on terms and conditions satisfactory to the Borrower and the Bank, as required in order to achieve fully and promptly the benefits of the Project.

(b) The Borrower shall exercise its rights in relation to each credit operation financed in whole or in part out of the proceeds of the Loan in such manner as to protect the interests of the Borrower and the Bank.

(c) The Borrower shall cause to be submitted to the Bank, for review and approval, any credit to be made under the Project in excess of the equivalent of two hundred thousand dollars (\$200,000).

*Section 5.03.* (a) The Borrower shall, for purposes of carrying out the credit program included in the Project, take action satisfactory to the Borrower and the Bank in respect of: (i) the transfer of such portions of the Loan as shall be allocated to Categories I, II and III of the Allocation of the Proceeds of the Loan set forth in Schedule 1 to this Agreement from the Borrower to Fondo's accounts with ICP; and (ii) the management and supervision by ICP of such program; and, except as the Borrower and the Bank shall otherwise agree, any provision enacted pursuant to this Subsection (a) shall not be modified.

(b) The Borrower shall take action satisfactory to the Borrower and the Bank in respect of: (i) the establishment and operation of a branch of Agricola in the city of Sevilla; and (ii) the provision by Agricola of the services of at least one credit technician acceptable to the Borrower and the Bank for the purpose of carrying out Part B of the Project; and, except as the Borrower and the Bank shall otherwise agree, any provision enacted pursuant to this Subsection (b) shall not be modified.

(c) The Borrower undertakes that, for the purpose of carrying out the Project, the Borrower will establish or cause to be established the Agencia which will at all times (i) function under a charter and regulations in form and substance satisfactory to the Borrower and the Bank and (ii) have such powers, management and resources as are necessary for the diligent and efficient carrying out of the Project.

*Section 5.04.* The Borrower shall make adequate provision satisfactory to the Bank for the re-utilization, for the purposes of the Project, of the proceeds of repayment of principal of long- and short-term loans made under the Project to the extent that such proceeds are not required for purposes of servicing the Loan.

*Section 5.05.* (a) The Borrower 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 and results achieved by the Project (including the cost thereof) and to reflect in accordance with consistently maintained sound accounting practices the operations and financial condition of the agencies of the Borrower responsible for the carrying out of the Project or any part thereof insofar as they relate to

the Project; shall enable the Bank's representatives to inspect the Project, the goods financed out of the proceeds of the Loan 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 and services financed out of such proceeds, the Project and the administration, operations and financial condition of the agencies of the Borrower responsible for the carrying out of the Project or any part thereof insofar as they relate to the Project.

(b) Except as the Borrower and the Bank shall otherwise agree, the Borrower shall cause the financial statements (balance sheets and related statements of revenues and expenses) of the agencies of the Borrower responsible for the carrying out of the Project or any part thereof insofar as they relate to the Project to be certified annually by an accountant acceptable to the Borrower and the Bank, and shall promptly after their preparation and not later than five months after the close of such agencies' fiscal year transmit to the Bank certified copies of such statements and a signed copy of the accountant's report.

*Section 5.06.* (a) The Borrower and the Bank shall cooperate fully to assure 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 the performance by the Borrower and the Bank of their respective obligations under the Loan Agreement, the administration, operations and financial condition of the agencies of the Borrower responsible for the carrying out of the Project or any part thereof insofar as they relate to the Project, and other matters relating to the purposes of the Loan.

(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 maintenance of the service thereof or the performance by the Borrower of its obligations under the Loan Agreement. 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.

(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 5.07.* 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; (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 the 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 the assets of the Instituto Español de Moneda Extranjera and the Banco de España and any other institution performing the functions of a central bank for the Borrower.

*Section 5.08.* 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, or fees upon, 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 5.09.* 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 5.10.* The Borrower shall take all such action as shall be necessary



to cause: (a) all cattle included in the Project to be vaccinated against hoof-and-mouth disease; (b) all cattle included in Part B of the Project to be vaccinated with Strain-19 against brucellosis; (c) production of subterranean clover and other pasture seeds to be organized and developed as required by the Project; (d) the system of livestock procurement included in the Project to be operated in accordance with sound agricultural, administrative and financial policies and practices satisfactory to the Borrower and the Bank.

*Section 5.11.* The Borrower and the Bank are agreed that the technical services to be provided by the Project will be made available only to such cattle producers as shall undertake to participate further in the Project.

#### *Article VI*

##### REMEDIES OF THE BANK

*Section 6.01.* If any event specified in Section 7.01 of the General Conditions 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, together with such interest and other charges thereon, shall become due and payable immediately anything to the contrary in the Loan Agreement or in the Bonds notwithstanding.

#### *Article VII*

##### EFFECTIVE DATE; TERMINATION

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

- (a) The Borrower has taken satisfactory action in order to enable it to comply with the provisions of Section 5.03 (a) and (b) of this Agreement;
- (b) The Agencia has been established and is operating to the satisfaction of the Borrower and the Bank as required by Section 5.03 (c) of this Agreement;

- (c) A project director and a technical director of the Agencia acceptable to the Borrower and the Bank have been appointed for a period and on other terms and conditions satisfactory to the Borrower and the Bank;
- (d) A technical consultant for Part B of the Project acceptable to the Borrower and the Bank has been retained by the Borrower for a period and on other terms and conditions satisfactory to the Borrower and the Bank;
- (e) The Borrower has taken satisfactory action to organize the system of livestock procurement included in the Project and to provide funds adequate to initiate its operation; and
- (f) The Borrower has taken satisfactory action to set up Fondo and has credited to its account funds adequate to initiate the operation of the credit program included in the Project.

*Section 7.02.* The following is specified as an additional matter, 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:

That the action taken as required in Section 7.01 (a) and (b) of this Agreement is valid and binding under the laws of the Borrower.

*Section 7.03.* The date of December 15, 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 December 1, 1974 or such other date or dates as shall be agreed between the Bank and the Borrower.

*Section 8.02.* The *Ministro de Hacienda* of the Borrower 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:

Oficina de Financiación Exterior  
Ministerio de Hacienda  
Alcala 11, (Pasaje de la Caja de Ahorros)  
Madrid 14, Spain

## Cable address:

Financ exterior  
Madrid

## 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.

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

Spain:

By JUAN JOSÉ ESPINOSA  
Authorized Representative

International Bank for Reconstruction and Development:

By ROBERT S. McNAMARA  
President

## SCHEDULE 1

## ALLOCATION OF THE PROCEEDS OF THE LOAN

*Category*I. *Long-Term Loans for Farm and Ranch Development:*

Pasture establishment and consolidation; Fencing;  
Watering points; Farm buildings; Machinery; Breeding  
stock; and other related items.

<i>Category</i>	<i>Amounts Expressed in Dollar Equivalent</i>	
<i>A. Southwest</i>		
1. Dryland Ranches . . . . .	18,300,000	
2. Irrigated Ranches . . . . .	500,000	
<i>B. North</i>		
1. Dairy Farms . . . . .	500,000	
	Sub-Total:	19,300,000
<i>II. Working Capital</i>		
<i>A. Southwest</i>		
1. Dryland Ranches . . . . .	1,800,000	
2. Irrigated Ranches . . . . .	900,000	
	Sub-Total:	2,700,000
<i>III. Technical Services</i>		
Non-Spanish Experts; Local staff; Investment and Expenses; Training Grants . . . . .		500,000
<i>IV. Unallocated</i> . . . . .		2,500,000
	TOTAL:	\$25,000,000

## 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 . . . . .	665,000	June 15, 1981 . . . . .	1,005,000
June 15, 1975 . . . . .	685,000	December 15, 1981 . . . . .	1,040,000
December 15, 1975 . . . . .	705,000	June 15, 1982 . . . . .	1,070,000
June 15, 1976 . . . . .	730,000	December 15, 1982 . . . . .	1,105,000
December 15, 1976 . . . . .	755,000	June 15, 1983 . . . . .	1,145,000
June 15, 1977 . . . . .	780,000	December 15, 1983 . . . . .	1,180,000
December 15, 1977 . . . . .	805,000	June 15, 1984 . . . . .	1,220,000
June 15, 1978 . . . . .	830,000	December 15, 1984 . . . . .	1,260,000
December 15, 1978 . . . . .	855,000	June 15, 1985 . . . . .	1,300,000
June 15, 1979 . . . . .	885,000	December 15, 1985 . . . . .	1,340,000
December 15, 1979 . . . . .	915,000	June 15, 1986 . . . . .	1,385,000
June 15, 1980 . . . . .	945,000	December 15, 1986 . . . . .	1,420,000
December 15, 1980 . . . . .	975,000		

\* 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 part 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 . . . . .	$\frac{3}{4}$ of 1%
More than three years but not more than six years before maturity . . . . .	1 $\frac{3}{4}$ %
More than six years but not more than eleven years before maturity . . . . .	2 $\frac{3}{4}$ %
More than eleven years but not more than fourteen years before maturity . . . . .	4 $\frac{1}{2}$ %
More than fourteen years but not more than sixteen years before maturity . . . . .	5 $\frac{1}{2}$ %
More than sixteen years before maturity . . . . .	6 $\frac{1}{2}$ %

## SCHEDULE 3

## DESCRIPTION OF THE PROJECT

The Project is the development of livestock resources in Spain in order to increase meat production, principally beef, through a combination of credit facilities and technical assistance. The Project consists of: (a) a credit program, managed and supervised by ICP, whereby loans will be made by Agricola and the participating private credit institutions to cattle producers and financed through a refinancing operation out of Fondo's resources; (b) the establishment and operation of the Agencia for the purpose of providing technical services related to the Project and of approving and supervising loans to such producers; (c) the establishment and operation of a system of livestock procurement; and (d) training fellowships abroad for Spanish Project technicians.

The Project embraces two geographical areas: (a) Part A—the Southwest Project area, comprising Extremadura and Western Andalucía and (b) Part B—the North Project area, principally in the province of Santander, and includes, in Part A, the development of combined breeding-fattening ranches and irrigated fattening ranches emphasizing beef production, and, in Part B, the re-orientation and intensification of dairy farms to supply male calves as feeder cattle for beef-farming operations.

Under both Part A and Part B, long- and short-term financing, together with ancillary technical services will be provided for the development of commercial livestock ranches and farms. On-farm and ranch development will cover the following investment categories: pasture establishment and consolidation; fencing; watering points; farm buildings; machinery; breeding stock; and working capital.

Under Part A, breeding cattle will be made available to participating producers through the system of livestock procurement included in the Project.

#### SCHEDULE 4

##### ORGANIZATION, CREDIT AND OPERATIONAL POLICIES

1. Proceeds of the Loan from Categories I, II and III of the Allocation of the Proceeds of the Loan set forth in Schedule 1 will be credited to Fondo. Fondo will maintain the following separate Project accounts: (a) On-Ranch Investment; (b) Working Capital; and (c) Agencia. Fondo will refinance long- and short-term loans made by Agricola and participating private credit institutions, which will be entitled to refinance 100% of eligible loans at a rate of 5.75% per annum. Funds for the Agencia will be disbursed by Fondo from the appropriate account.

##### *Lending Policies*

2. Credit to participants under the Project will be extended only on the basis of investment plans drawn up or recommended by the Agencia. Development loans will finance up to 85% of the cost of each investment plan and will be for terms of 12 years, including 3 years of grace; working capital loans will finance up to 85% of the amounts required for working capital under each investment plan as determined by the Agencia and will be disbursed and repaid as required by such plan. ICP will authorize private banking institutions to extend loans under the Project for terms as long as 12 years, including grace periods. The evaluation of creditworthiness will be solely the responsibility of the lending institution which will accept or reject the borrower on that ground only and will include the value of livestock and equipment provided by the Project in the evaluation of creditworthiness. Technical evaluation will be the responsibility of the Agencia's Technical Director and his staff and no loan will be made except on his authority, nor can any lending institution modify any investment plan approved by the Technical Director.

3. Interest to borrowers will be at 6.5% per annum. In addition, borrowers will pay a technical service charge of 0.5% per annum on their outstanding balances to defray part of the costs of the Agencia. The lending institution will collect this charge which will be credited subsequently to the appropriate Fondo account.

*Technical Services*

4. The Agencia will be directly responsible to the Ministry of Agriculture of the Borrower with responsibility for providing technical services and approving and supervising loans under the Project. It will have a high degree of autonomy including the authority to engage and dismiss staff, pay salaries sufficient to ensure full-time competent service with the Agencia and provide its staff with transportation within any part of the Project areas. The Agencia will receive general guidance from an advisory committee composed of representatives of the Ministry of Agriculture, Agrícola, the participating private banking institutions, the head of the system of livestock procurement and leading cattle producers.

5. The Director of the Agencia will be in charge of the general management, administration and office staff, and of liaison with the Ministry of Agriculture, advisory committee, participating credit institutions and authorities and agencies of the Borrower.

6. The Technical Director of the Agencia will have the responsibility for controlling the day-to-day activities of the technical staff. His responsibilities will include the selection of technicians, their training in assisting cattle producers in the preparation of development plans, recommending loans to the participating lending institutions and supervising the execution of approved loans. The Agencia will keep records of investment plans and loan supervision in order to provide an adequate basis for measurement of Project impact.

7. The Agencia will detach a team to the North Project Area, led by an expert in modern high-level dairy and beef production on grassland, in order to provide Project related technical services to the participating cattle producers of that Area.

8. Training fellowships of 6 to 12 months to Australia and/or New Zealand will be provided under the Project for not more than four Spanish technicians who will be recommended by the Technical Director of the Agencia after a reasonable period of operation of the Project.

*System of Livestock Procurement*

9. The Ministry of Agriculture will organize and operate a system of livestock procurement to provide breeding stock to participating cattle producers in the Southwest Project Area. Under the system, suitable female calves selected by qualified veterinarians will be withheld from slaughter. The rearing of these calves to breeding age will be arranged with cooperating breeders for further deployment in the Southwest Project Area. The system will acquire the cattle on a cash basis at its meat value. Participating producers will be charged for a mature heifer a price covering both the purchase price of the calves and the cost to the system of rearing them to breeding age. The Borrower will make available to the system a cash

revolving fund adequate to permit cash purchase of cattle through its trading systems, and cause Agricola to provide cooperating breeders with sufficient and timely short-term credit for the purpose of the system. Administrative costs and transport costs as well as other transfer costs, will be, to the extent necessary, absorbed by the Borrower.

### *Meat Import and Marketing Policies*

10. In order to improve livestock production and marketing efficiency, meat import and marketing policies will be progressively modified to the effect that:

- (a) Veal will be imported in sufficient quantity to ensure, in combination with adjustable import levies, a relationship between the prices of beef and veal that will encourage beef production;
- (b) Beef and veal imports will be permitted without quantitative restrictions and opened up to the private sector and the Comisaria General de Abastecimientos y Transportes, subject to periodically adjustable import levies designed to align the prices of domestic and imported carcasses; and
- (c) Meat price-support operations will be made more efficient and will automatically apply to the major beef producing and marketing regions of Spain. To that effect, the Comisaria will provide a mechanism whereby any producer can deliver beef to an abattoir, and receive prompt payment at the time of slaughtering and grading. The Comisaria will not sell meats below current market prices, taking into account different kinds and qualities of meat.

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.*]