

No. 10225

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

**Loan Agreement—*Third Livestock Project* (with annexed
General Conditions Applicable to Loan and Guarantee
Agreements). Signed at Washington on 25 June 1969**

Authentic text: English.

*Registered by the International Bank for Reconstruction and Development on
26 January 1970.*

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

**Contrat d'emprunt — *Troisième projet relatif à l'élevage*
(avec, en annexe, les Conditions générales applicables aux
contrats d'emprunt et de garantie). Signé à Washington
le 25 juin 1969**

Texte authentique : anglais.

*Enregistré par la Banque internationale pour la reconstruction et le développement
le 26 janvier 1970.*

LOAN AGREEMENT¹

AGREEMENT, dated June 25, 1969, between REPUBLIC OF PARAGUAY (hereinafter called the Borrower) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank).

WHEREAS

(A) By an agreement of even date herewith (hereinafter called the Development Credit Agreement),² the International Development Association (hereinafter called the Association) has agreed to make a credit (hereinafter called the Credit) to the Borrower in an amount in various currencies equivalent to four million three hundred thousand dollars (\$4,300,000) on the terms and conditions set forth in said Development Credit Agreement; and

(B) the Bank has, on the basis of the foregoing, agreed to grant a loan to the Borrower upon the terms and conditions hereinafter set forth;

NOW THEREFORE, the parties hereto hereby agree as follows:

Article I

GENERAL CONDITIONS; DEFINITIONS

Section 1.01. The parties to this Loan Agreement accept all the provisions of the General Conditions Applicable to Loan and Guarantee Agreements of the Bank, dated January 31, 1969³ 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 this Loan Agreement, unless the context otherwise requires, the several terms defined in the General Conditions (other

¹ Came into force on 24 December 1969, upon notification by the Bank to the Government of Paraguay.

² See p. 95 of this volume.

³ See p. 92 of this volume.

than the term “Project”) have the respective meanings therein set forth and the following additional terms have the following meanings:

- (a) The term “Central Bank” means the Central Bank of Paraguay.
- (b) The term “Development Bank” means the National Development Bank of Paraguay.
- (c) The term “Technical Director” means the livestock expert referred to in Section 5.02 of this Loan Agreement.
- (d) The term “Coordinating Committee” means the committee referred to in Section 5.01(b) of this Loan Agreement, composed of a senior officer of the Central Bank as chairman, and a representative of the Development Bank, both to be appointed in consultation with the Bank and the Association, and the Technical Director.
- (e) The term “Operating Agreement” means the agreement among the Borrower, the Central Bank and the Development Bank, dated February 28, 1964, as amended February 18, 1966, as the same may be amended from time to time.
- (f) The term “livestock” means beef breeding cattle, dairy breeding cattle and sheep.
- (g) The term “farm development plan” means a proposal for improving the physical resources of farms, including fencing, water and stock handling facilities, drainage works, pasture improvement, breeding stock, farm houses, on-farm disease control devices and other related on-farm items or any combination thereof to be financed out of the proceeds of the Loan and the Credit.
- (h) The term “Livestock Fund” means the fund referred to in Section 5.01(b) of this Loan Agreement.
- (i) The term “First Livestock Project” means the project described in the Schedule to the Development Credit Agreement between the Borrower and the Association, dated December 26, 1963. ¹
- (j) The term “Second Livestock Project” means the project described in the Schedule to the Development Credit Agreement between the Borrower and the Association, dated April 4, 1966. ²

¹ United Nations, *Treaty Series*, vol. 507, p. 3.

² *Ibid.*, vol. 582, p. 331.

- (k) The term “Livestock Projects Division” means the division referred to in Section 5.05 of this Loan Agreement.
- (l) The term “Project” means the project for which the Loan and the Credit are granted as described in Schedule 3 to this Loan Agreement and as the description thereof shall be amended from time to time by agreement between the Borrower, the Bank and the Association.

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 four million three hundred thousand dollars (\$4,300,000).

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 Loan 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, as shall be required to meet payments to be made) for goods or services included in Categories 2 and 3 of the allocation of the proceeds of the Loan referred to in Section 2.02 of this Loan Agreement; and
- (ii) the equivalent of sixty-five per cent (65%) or such other percentage or percentages as shall be agreed from time to time between the Borrower and the Bank of such amounts as shall have been paid (or, if the Bank

shall so agree, so shall be required to meet payments to be made) under loans included in Category 1 of the allocation of the proceeds of the Loan referred to in Section 2.02 of this Loan Agreement.

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

- (a) withdrawals from the Loan Account under Category 1 of the allocation of the proceeds of the Loan referred to in Section 2.02 of this Loan Agreement may be made, in accordance with the provisions of Section 5.03 of this Loan Agreement, 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
- (b) no withdrawals shall be made from the Loan Account until the amount of the Credit shall have been fully withdrawn.

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 April 1 and October 1 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 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 in accordance with the provisions of this Loan Agreement to expenditures on the Project.

Section 3.02. The goods and services to be financed out of the proceeds of the Loan shall be procured in accordance with such methods and procedures as are set forth in Schedule 4 to this Loan Agreement, as such methods and procedures shall be modified from time to time by agreement between the Borrower and the Bank.

Section 3.03. Except as the Bank shall otherwise agree, the Borrower shall (i) cause all goods and services financed out of the proceeds of the Loan to be used exclusively in carrying out the Project or (ii), in the case of goods included in Category 2 of the allocation of the proceeds of the Loan referred to in Section 2.02 of this Loan Agreement, cause the contractors to undertake that in the use of such goods preference shall be given to the needs of ranchers participating in 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 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 make and maintain arrangements with the Central Bank, the Development Bank and the Livestock Fund, under the Operating Agreement, for the carrying out of the Project, with due diligence and efficiency and in conformity with sound administrative, financial, agricultural and engineering practices, and shall provide, or cause to be provided, promptly as needed, the funds, facilities, services and other resources required for the purpose.

(b) The Borrower shall (i) establish and maintain, pursuant to arrangements satisfactory to the Bank and the Association, a fund, to be managed by the Coordinating Committee, to hold and manage all funds made available for, or accruing from, the carrying out of the First Livestock Project, the Second Livestock Project and the Project described in Schedule 3 to this Loan Agreement (hereinafter called the Livestock Fund); and (ii) cause the Livestock Fund at all times to keep its cash resources in deposit with the Central Bank.

Section 5.02. The Borrower shall cause the Livestock Fund to employ a Technical Director, acceptable to the Bank and the Association, and shall second such Technical Director to the Development Bank for a period and on terms and conditions satisfactory to the Livestock Fund, the Bank and the Association.

Section 5.03. The Borrower undertakes that: (i) all loans described under Parts 1 and 2 of the Project shall be made with the approval of the Coordinating Committee, acting upon a recommendation of the Technical Director; (ii) all loans described under Part 1 of the Project shall be made with the additional prior approval of the Bank and the Association, whenever the amount of any such loan or loans made or proposed to be made to any single rancher between the date of this Loan Agreement and the Closing Date, shall be, in the aggregate, in excess of the equivalent of \$100,000; and (iii) unless the Bank and the Association shall otherwise agree, the portion of any loan described under Part 1 of the Project to be allocated for the purchase of livestock shall not exceed fifty per cent (50%) of the amount of such loan.

Section 5.04. Except as the Borrower, the Bank and the Association shall otherwise agree, the Borrower shall cause the Livestock Fund to use all sums paid or to be paid thereto exclusively for the purpose of continuing the financing of livestock development in the territories of the Borrower for a period of thirty years from the date of this Loan Agreement; provided, however, that the foregoing provisions of this Section shall not apply to sums required by the Livestock Fund to (i) service the financial obligations of the Borrower under any loan agreement or any development credit agreement between the Borrower and, respectively, the Bank or the Association, entered into for the purpose of assisting the financing of livestock development in the territories of the Borrower and (ii) meet the reasonable costs of carrying out and administering any project of livestock development on the territories of the Borrower financed under any loan agreement or any development credit agreement

between the Borrower and, respectively, the Bank or the Association, including the reasonable cost of technical services or of training of local technicians. The Borrower, the Bank and the Association shall consult from time to time as to the policies and procedures for ensuring effective use of such sums.

Section 5.05. The Borrower shall cause the Development Bank to (i) establish and maintain, under the direction of the Technical Director, a Livestock Projects Division within its Development Department, to assist in carrying out the Development Bank's obligations under the Operating Agreement; and (ii) staff such Livestock Projects Division with not less than ten full-time field technicians and such other full-time administrative staff and temporary technical advisory personnel as shall, from time to time, be necessary to properly carry out such Livestock Projects Division's functions.

Section 5.06. The Borrower shall cause the Development Bank and the Livestock Fund to (i) maintain separate accounts in respect of the First Livestock Project, the Second Livestock Project and the Project described in Schedule 3 to this Loan Agreement; (ii) have their financial statements (balance sheet and related statement of earnings and expenses) and such separate accounts audited annually by an accountant or accounting firm acceptable to the Bank and the Association and (iii) promptly after the preparation of such financial statements but not later than four months after the close of the Development Bank's and the Livestock Fund's respective fiscal years, transmit to the Bank and the Association certified audited copies of such financial statements and separate accounts together with a signed copy of the accountant's or accounting firm's report.

Section 5.07. The Borrower shall (i) ensure the availability to ranchers of an adequate supply of officially tested foot-and-mouth vaccines; (ii) continue its policy of free importation of such vaccines until the supply of such vaccines produced within the territories of the Borrower is adequate to comply with the foregoing provisions of this Section; and (iii) take all necessary action to ensure that all livestock belonging to ranchers participating in the Project is periodically vaccinated against foot-and-mouth disease.

Section 5.08. Unless the Bank and the Association shall otherwise agree, the Borrower shall (a) at all times establish its annual livestock slaughter quota

so as to ensure and promote freedom of livestock and beef marketing for exports; (b) review the structure of the Borrower's taxes affecting production and marketing of livestock and beef so as to avoid discrimination against exports thereof; and (c) within six months from the Effective Date, exchange views with the Bank and the Association on legislative or other kind of reforms proposed pursuant to the preceding paragraph (b) of this Section and on a timetable proposed for the implementation of such reforms.

Section 5.09. The Borrower undertakes to insure or cause to be insured, or make other provision satisfactory to the Bank and the Association for the insurance of, the imported goods to be financed out of the proceeds of the Loan and the Credit or out of the proceeds of loans made under Parts 1 and 2 of the Project against marine, transit and other hazards incident to the acquisition, transportation and delivery thereof to the place of their use or installation and for such insurance any indemnity shall be payable in a currency freely usable to replace or repair such goods.

Section 5.10. 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 and the Credit and out of the proceeds of loans made under Parts 1 and 2 of the Project, 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, administration and financial condition, in respect of the Project, of the Central Bank, the Development Bank, the Livestock Fund, the Coordinating Committee and of any department or agency of the Borrower responsible for the carrying out of the Project or any part thereof or for the maintenance of all works, facilities and equipment related thereto and shall enable the Bank's and the Association's representatives to inspect the Project, the goods and services financed out of the proceeds of the Loan and the Credit and out of the proceeds of loans made under Parts 1 and 2 of the Project, and any relevant records and documents.

Section 5.11. (a) The Borrower and the Bank shall cooperate fully to ensure that the purposes of the Loan and the Credit 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, the Central Bank, the Development Bank, the Livestock Fund, the Coordinating Committee or the Technical Director of their respective obligations under this Loan Agreement, the Development Credit Agreement and the Operating Agreement, the administration, operations and financial condition of the Central Bank, the Development Bank, the Livestock Fund, the Coordinating Committee and of any department or agency of the Borrower responsible for the carrying out of the Project or any part thereof or the maintenance of all works, facilities and equipment related thereto, and other matters relating to the purposes of the Loan and the Credit.

(b) The Borrower shall furnish to the Bank and the Association all such information as the Bank and the Association shall reasonably request concerning: the expenditure of the proceeds of the Loan and the Credit and of the proceeds of loans made under Parts 1 and 2 of the Project, the goods and services financed out of such proceeds, the Project, and the administration, operations and financial condition of the Central Bank, the Development Bank, the Livestock Fund, the Coordinating Committee and of any department or agency of the Borrower responsible for the carrying out of the Project or any part thereof or the maintenance of all works, facilities and equipment related thereto, and any other matters relating to the purposes of the Loan and the Credit, the maintenance of the service thereof and the general status of the Loan and the Credit. 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 promptly inform the Bank and the Association of any condition which interferes with, or threatens to interfere with, the accomplishment of the purposes of the Loan or the Credit or the maintenance of the service thereof or the performance by the Borrower, the Central Bank, the Development Bank, the Livestock Fund, the Coordinating Committee or the Technical Director of their respective obligations under this Loan Agreement, the Development Credit Agreement and the Operating Agreement.

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

Section 5.12. 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 coporate resident of the Borrower.

Section 5.13. This 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 5.14. 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.

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 Central Bank and any other institution performing the functions of a central bank for the Borrower.

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 Loan 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, namely:

any event specified in Section 6.03 of this Loan 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.

Section 6.03. For the purposes of Section 6.02 of the General Conditions, the following additional events are specified:

- (a) Law No. 710 of the Borrower, dated July 25, 1961, shall have been suspended, terminated, repealed or amended, without the prior agreement of the Bank and the Association.
- (b) The Operating Agreement shall have been suspended, terminated, repealed or amended, without the prior agreement of the Bank and the Association.

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 conditions precedent to the effectiveness of the Development Credit Agreement shall have been fulfilled, subject only to the effectiveness of this Loan Agreement;
- (b) The Livestock Fund shall have been established, its establishment shall have been duly authorized or ratified by all necessary corporate and governmental action and the said Livestock Fund shall have been given possession of all assets to be transferred thereto;
- (c) The Livestock Projects Division shall have been established in the Development Bank and its establishment shall have been duly authorized or ratified by all necessary corporate and governmental action;
- (d) The Operating Agreement shall have been amended in accordance with this Loan Agreement, in a manner satisfactory to the Borrower, the Bank and the Association and such amendment shall have been duly authorized or ratified by all necessary corporate and governmental action; and
- (e) The Livestock Fund shall have employed the Technical Director.

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) That the Livestock Fund has been duly and validly established, that all assets to be transferred thereto have been duly and validly transferred and that all acts, consents and approvals required in connection with the foregoing have been duly and validly performed or given;
- (b) That the Livestock Projects Division has been duly and validly established in the Development Bank and that all acts, consents and approvals required in connection with the foregoing have been duly and validly performed or given; and
- (c) That the amendment to the Operating Agreement referred to in Section 7.01(d) of this Loan Agreement has been duly authorized or ratified by, and executed and delivered on behalf of, the Borrower, the Central Bank, the Development Bank and the Livestock Fund and constitutes a valid and binding obligation of the Borrower, the Central Bank, the Development Bank and the Livestock Fund 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 June 30, 1974 or such other date as shall be agreed between the Borrower and the Bank.

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:

Ministerio de Hacienda
Asunción, Paraguay

Alternative address for cables:
Minhacienda
Asunción

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 the Association:

International Development Association
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Alternative address for cables:
Indevas
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 Paraguay:

By ROQUE AVILA
Authorized Representative

International Bank for Reconstruction and Development:

By J. BURKE KNAPP
Vice President

SCHEDULE 1

ALLOCATION OF PROCEEDS OF THE LOAN

<i>Category</i>	<i>Amounts Expressed in Dollar Equivalent</i>
1. Loans for farm development	4,000,000
2. Imported machinery and equipment	65,000
3. Technical services for Parts 3 and 4 of the Project, including transport and equipment, and training of local technicians	120,000
4. Unallocated	115,000
	<u>TOTAL: 4,300,000</u>

REALLOCATION UPON CHANGE IN COST ESTIMATES

1. If the estimate of the cost of the items included in any of the Categories 1 to 3 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 4.

2. If the estimate of the cost of the items included in any of the Categories 1 to 3 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 1, an amount equal to 65% of such increase) will be allocated by the Bank, at the request of the Borrower, to such Category from Category 4, 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>
October 1, 1979	50,000	April 1, 1990	100,000
April 1, 1980	55,000	October 1, 1990	105,000
October 1, 1980	55,000	April 1, 1991	105,000
April 1, 1981	55,000	October 1, 1991	110,000
October 1, 1981	60,000	April 1, 1992	115,000
April 1, 1982	60,000	October 1, 1992	120,000
October 1, 1982	60,000	April 1, 1993	120,000
April 1, 1983	65,000	October 1, 1993	125,000
October 1, 1983	65,000	April 1, 1994	130,000
April 1, 1984	70,000	October 1, 1994	135,000
October 1, 1984	70,000	April 1, 1995	140,000
April 1, 1985	75,000	October 1, 1995	145,000
October 1, 1985	75,000	April 1, 1996	150,000
April 1, 1986	80,000	October 1, 1996	155,000
October 1, 1986	80,000	April 1, 1997	155,000
April 1, 1987	85,000	October 1, 1997	165,000
October 1, 1987	85,000	April 1, 1998	170,000
April 1, 1988	90,000	October 1, 1998	175,000
October 1, 1988	90,000	April 1, 1999	180,000
April 1, 1989	95,000	October 1, 1999	185,000
October 1, 1989	95,000		

* To the extent that any portion 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 four years before maturity	¼%
More than four years but not more than eight years before maturity	1¼%
More than eight years but not more than fourteen years before maturity	2¼%

<i>Time of Prepayment or Redemption</i>	<i>Premium</i>
More than fourteen years but not more than twenty years before maturity	3½%
More than twenty years but not more than twenty-six years before maturity	5%
More than twenty-six years but not more than twenty-eight years before maturity	6%
More than twenty-eight years before maturity	6½%

SCHEDULE 3

DESCRIPTION OF THE PROJECT

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

1. The granting of loans to about 500 ranchers to help financing farm development plans.
2. The granting of loans to contractors for the importation of machinery and equipment required to carry out farm development plans.
3. Provision to ranchers of technical services to assist in the preparation and implementation of farm development plans.
4. Pasture research, including fertilizer and grazing management trials.
5. Training of local technicians.

SCHEDULE 4

PROCEDURES FOR THE PROCUREMENT OF GOODS AND SERVICES REFERRED TO IN SECTION 3.02 OF THIS LOAN AGREEMENT

1. Goods (other than livestock) and services required to carry out farm development plans shall be procured by ranchers through normal commercial channels available in the territories of the Borrower.

2. Purchases of livestock required by ranchers to carry out farm development plans, whether imported or domestic, shall be subject to the approval of the Technical Director as regards price, quality, source and animal health standards.

3. Machinery and equipment required to carry out farm development plans and to be financed out of the proceeds of the Loan allocated to Category 2 of Schedule 1 to this Loan Agreement, shall be procured by contractors, in accordance with sound

commercial procurement practices, from suppliers with efficient servicing facilities and sufficient spare parts stocks located and available within the territories of the Borrower.

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.*]
