

No. 11158

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

**Loan Agreement—*Third Livestock Project* (with General Conditions Applicable to Loan and Guarantee Agreements). Signed at Washington on 30 June 1970**

*Authentic text: English.*

*Registered by the International Bank for Reconstruction and Development on 11 June 1971.*

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

**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 30 juin 1970**

*Texte authentique : anglais.*

*Enregistré par la Banque internationale pour la reconstruction et le développement le 11 juin 1971.*

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

AGREEMENT, dated June 30, 1970, between REPUBLICA ORIENTAL DEL URUGUAY (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 Loan 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 this 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) "Banco Central" means the Banco Central del Uruguay.

(b) "Banco República" means the Banco de la República Oriental del Uruguay.

(c) "Technical Director" means the livestock specialist referred to in Section 5.01 (b) (i) of this Loan Agreement.

(d) "Comisión" means the "Comisión Honoraria del Plan Agropecuario", an agency of the Ministerio de Ganadería y Agricultura of the Borrower, created under Law No. 12394, of July 2, 1957, of the Borrower, as amended.

(e) "Participating Bank" means Banco República and such other bank or banks as shall have been selected by Banco Central, in agreement with the Bank, to participate in the carrying out of Parts 1 and 2 of the Project on the basis of their (i) past experience and performance in agricul-

<sup>1</sup> Came into force on 10 February 1971, upon notification by the Bank to the Government of Uruguay.

<sup>2</sup> See p. 148 of this volume.

tural lending; (ii) financial condition; (iii) managerial capabilities; and (iv) branch network outside the city of Montevideo.

(f) "Subsidiary Loan Agreements" means the agreements to be entered between Banco Central and each Participating Bank, upon terms and conditions satisfactory to the Bank, and such term includes any amendments thereto made with the approval of the Bank.

(g) "ranch development plan" means a plan of investment to be carried out by a livestock rancher for improving the physical resources of ranches, including fencing, water and stock handling facilities, drainage and irrigation works, pasture improvement, livestock, farm houses, on-ranch disease control devices, and other related on-ranch items, or any combination thereof.

(h) "Livestock Fund" means the fund referred to in Section 5.02 of this Loan Agreement.

(i) "ranch development loan" means a loan made by a Participating Bank to a livestock rancher, in accordance with the lending and operating policies and procedures referred to in Section 5.02 (e) (i) of this Loan Agreement, for the purpose of financing a ranch development plan, except for purchases of breeding cows, heifers and steers.

(j) "CALPROSE" means Cooperativa Agropecuaria Limitada de Productores de Semillas, a cooperative organized under the laws of the Borrower and authorized to do business within the territories of the Borrower pursuant to the Resolution of the Consejo Nacional de Gobierno of the Borrower, dated September 10, 1964 (*Expediente Ministerio de Ganadería y Agricultura No. 198/64*).

## 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 six million three hundred thousand dollars (\$6,300,000).

*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 through 6 of the allocation of the proceeds of the Loan referred to in Section 2.02 of this Loan Agreement; and
- (ii) the equivalent of thirty-nine per cent (39%) 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 disbursed by the Participating Banks (or, if the Bank shall so agree, as shall be required to meet disbursements to be made) under ranch development 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 on account of disbursements in the currency of the Borrower; and
- (b) no withdrawal shall be made from the Loan Account on account of expenditures incurred (i) in the acquisition, importation or transportation of breeding cows, heifers or steers or in respect of loans made for financing of any of the foregoing; or (ii) for consultants' services procured by the Borrower for the purpose of carrying out Part 6 (a) of the Project; or (iii) in respect of Part 5 of the Project, until the Borrower shall have performed its obligations under Section 5.09 of this Loan Agreement.

*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 seven per cent (7%) 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 January 15 and July 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 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, described in Schedule 3 to this Loan Agreement.

*Section 3.02.* Except as the Bank shall otherwise agree, (a) the goods (other than livestock) to be financed out of the proceeds of the Loan shall be procured 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 August 1969, and in accordance with such procedures supplementary thereto as shall be agreed between the Borrower and the Bank; (b) the contracts for the procurement of such goods (other than goods included in Categories 3 and 4 of the allocation of the proceeds of the Loan referred to in Section 2.02 of this Loan Agreement) shall be subject to the prior approval of the Bank; and (c) goods included in Categories 3 and 4 of the allocation of the proceeds of the Loan referred to in Section 2.02 of this Loan Agreement shall be procured only from suppliers with efficient servicing facilities and sufficient spare parts stocks located and available within the territories of the Borrower.

*Section 3.03.* Except as the Bank shall otherwise agree, the Borrower shall cause all goods and services financed out of the proceeds of the Loan to be used exclusively in the carrying out of 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 Economía y Finanzas*, the *Contador General de la Nación* and the *Gerente General del Banco Central* of the Borrower acting jointly and such other person or persons as they 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 (i) carry out Parts 3, 4, 6, 7 and 8 of the Project, (ii) cause CALPROSE to carry out Part 5 of the Project and (iii) cause Banco Central and the Participating Banks to carry out Parts 1 and 2 of the Project, all with due diligence and efficiency and in conformity with sound administrative, financial and agricultural practices, and shall provide, and cause CALPROSE, Banco Central and the Participating Banks to be provided with, promptly as needed, the funds, facilities, services and other resources required for the purpose.

(b) For the purpose of carrying out the Project, the Borrower shall employ: (i) to an extent and upon terms and conditions satisfactory to the Bank, a livestock specialist acceptable to the Borrower and the Bank with such authority and responsibilities as are set forth in Schedule 4 to this Loan Agreement and experienced and qualified consultants, acceptable to the Bank, for Parts 4 and 6 (b), (c) and (d) of the Project; and (ii) experienced and qualified consultants for Part 6 (a) of the Project.

*Section 5.02.* Unless the Bank shall otherwise agree, the Borrower shall cause Banco Central:

- (a) to establish and maintain, upon terms and conditions satisfactory to the Bank, the Livestock Fund, with authority to hold, manage and reinvest all funds made available for, or accruing to Banco Central from, the carrying out of the Project;
- (b) pursuant to the provisions of the preceding paragraph (a) but without limiting the generality thereof, to credit the Livestock Fund, immediately upon withdrawal from the Loan Account, with such amounts as the Borrower shall have withdrawn from time to time from the Loan Account; provided, however, that in respect of amounts so withdrawn on account of expenditures for ranch development loans, goods and services included in Categories 1, 2, 3 and 4 of the allocation of the proceeds of the Loan referred to in Section 2.02 of this Loan Agreement, such credit shall be made in the currency of the Borrower;

- (c) to enter into a Subsidiary Loan Agreement with each of the Participating Banks for the purpose of lending to such Participating Banks, out of the Livestock Fund, such amounts as shall have been credited to the Livestock Fund in the currency of the Borrower pursuant to the preceding paragraph (b) provided that the aggregate amount to be so lent shall be allocated from time to time by Banco Central among all the Participating Banks in such proportion as shall be consistent with Article 317 of Law No. 13835 of the Borrower, dated January 7, 1970, and provided further that the principal outstanding from time to time of the amounts so lent to each Participating Bank shall: (i) not exceed at any time seventy-five per cent (75%) of the aggregate amounts disbursed from time to time by the respective Participating Bank under ranch development loans; (ii) be repayable by the respective Participating Bank within the same term provided by the respective Participating Bank for the repayment of the aggregate amounts it has so disbursed; (iii) earn interest at the rate of seven and one-half per cent (7 1/2%) per annum on the balance thereof outstanding from time to time; and (iv) be subject from time to time to adjustment in the same proportion applicable to the aggregate amount disbursed by the respective Participating Bank under ranch development loans;
- (d) to exercise its rights in relation to each Subsidiary Loan Agreement in such manner as to protect the interests of the Borrower and the Bank and not to take or concur in any action which would have the effect of amending, abrogating, assigning or waiving any provision of any Subsidiary Loan Agreement;
- (e) to take all such action as shall be necessary from time to time to ensure that:
- (i) ranch development loans are made in accordance with such lending and operating policies and procedures as are set forth in Schedule 5 to this Loan Agreement;
  - (ii) any amounts made available for the purpose of carrying out Part 2 of the Project are lent to importers (1) in accordance with such semi-annual import plans as shall have been prepared by the *Comisión*, (2) for terms not exceeding one hundred and eighty days, (3) at an annual interest rate of eleven and three-fourths per cent (11 3/4%), (4) under conditions requiring importers to have at all times sufficient stocks of rock phosphate, fertilizer, pasture seeds and agricultural machinery and equipment as shall be required by ranchers participating in Part 1 of the Project and to give such ranchers preference in the acquisition of such goods, and (5) upon such other terms and conditions as shall be agreed

from time to time between the Bank, the *Comisión* and Banco Central; and

- (iii) any amounts lent out of the Livestock Fund for the purpose of carrying out Part 5 of the Project shall be so lent upon such terms and conditions as shall be agreed between the Bank and the *Comisión*;
- (f) to establish and maintain in the Livestock Fund separate accounts in respect of (i) amounts lent to each Participating Bank under Subsidiary Loan Agreements; (ii) any other amounts lent out of the Livestock Fund for the purpose of carrying out Parts 2 and 5 of the Project; and (iii) any other amounts disbursed by the Livestock Fund for the purpose of carrying out Parts 3, 4, 6, 7 and 8 of the Project;
- (g) to have the accounts referred to in the preceding paragraph (f) and the financial statements of the Livestock Fund (balance sheet and related statement of earnings and expenses) audited annually by the Tribunal de Cuentas of the Borrower or an accountant or accounting firm acceptable to the Bank and, promptly after the preparation of such financial statements but not later than four months after the end of the Livestock Fund's fiscal year, transmit to the Bank certified audited copies of such accounts and financial statements together with a signed copy of such Tribunal de Cuentas', accountant's or firm's report; and
- (h) in addition to, but without limitation upon its obligations contained in paragraph (a) of this Section, to provide, from time to time, such amounts in the currency of the Borrower as shall be necessary to finance the purchase, by the *Comisión* or such other entity as shall be agreed, from time to time, between the Borrower and the Bank, of pasture seed produced within the territories of the Borrower, such amounts to be at least equal to five per cent (5%) of such amounts as shall have been credited to the Livestock Fund in the currency of the Borrower, in accordance with paragraph (b) of this Section.

*Section 5.03.* The Borrower shall cause Banco República to establish and maintain a separate section for the purpose of participating in the carrying out of Parts 1 and 2 of the Project, under the direction of a full-time manager.

*Section 5.04.* The Borrower shall (i) cause to be paid to the Livestock Fund, out of the Rentas Generales of the Borrower, all such amounts and at such times as Banco República shall owe to Banco Central under any Subsidiary Loan Agreement between Banco Central and Banco República; and (ii) take, not later than March 31, 1971, or such other date as shall be agreed between the Borrower and the Bank, all such action as shall be necessary, including but not limited to, the amendment of



Article 14 of Law 12394 of the Borrower, to enable Banco República to repay directly to Banco Central any such amounts so owed.

*Section 5.05.* Except as the Borrower and the Bank shall otherwise agree, the Borrower shall, for a period of nine years from the date of this Loan Agreement, cause Banco Central to use all sums paid or to be paid to the Livestock Fund in the currency of the Borrower exclusively for the purpose of satisfying the working capital requirements arising from the carrying out of ranch development plans within the territories of the Borrower; provided, however, that the foregoing provisions of this Section shall not apply to sums required by the Borrower to (i) service the financial obligations of the Borrower under any loan agreement between the Borrower and the Bank 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 in the territories of the Borrower financed under any such loan agreement, including the reasonable cost of technical services or of training of local technicians. The Borrower and the Bank shall consult from time to time as to the policies and procedures for ensuring effective use of such sums.

*Section 5.06.* (a) The Borrower shall establish and maintain such policies and shall adopt such measures consistent therewith as shall from time to time be necessary to afford efficient livestock producers doing business within the territories of the Borrower a reasonable opportunity to obtain a financial rate of return of at least fifteen per cent (15%) per annum on their productive livestock investments, under normal conditions of production.

(b) As used in this Section, “productive livestock investment” means any investment made or to be made after the date of this Loan Agreement that would qualify for inclusion in a ranch development plan and for approval by the *Comisión*, had such investment been proposed for financing under a ranch development loan.

*Section 5.07.* For the purpose of carrying out Part 6 of the Project, the Borrower shall, *inter alia*:

(a) maintain and improve its inspection, hygiene control and disease control services in respect of beef and sheep meats as shall be necessary to satisfy the requirements of the more important markets for the Borrower’s exports thereof, such improvements to include, but without limitation, the centralization under a full-time coordinator within the Ministerio de Ganadería y Agricultura of the Borrower of all agencies or departments concerned with such services;

- (b) before approving any proposed investment for the modernization, expansion or improvement of meat processing plants operating within the territories of the Borrower, review the technical, economic and financial aspects thereof;
- (c) before approving any major investment in any meat processing plants which as of the date of this Loan Agreement are totally or partially owned or controlled by the Borrower, (i) define the future functions of such plants including, but without being limited to, the ownership and management thereof, and (ii) upon such definition, afford the Bank a reasonable opportunity to express its opinion and exchange views with the Borrower thereon;
- (d) reorganize, not later than April 30, 1971, the Instituto Nacional de la Carne and the Comisión de Abasto of the Borrower into a single entity to be in charge, through an adequately staffed technical department, of (i) supervising the operations and investments of the meat processing plants operating within the territories of the Borrower and (ii) the organization, coordination and promotion of meat marketing within and without the territories of the Borrower; and
- (e) take all such additional action as shall be necessary to enact any laws or regulations required for purposes of the foregoing not later than July 31, 1971.

*Section 5.08.* The Borrower shall (i) ensure the availability to ranchers of an adequate supply of officially tested foot-and-mouth vaccines; and (ii) take all necessary action to ensure that all livestock belonging to ranchers participating in the Project is periodically vaccinated against foot-and-mouth disease in accordance with the technical standards recommended by the Borrower's official veterinary service.

*Section 5.09.* The Borrower shall furnish to the Bank for its approval, promptly upon their preparation but not later than October 31, 1970, the final detailed plans, specifications, contracts and schedules in respect of the carrying out of Part 5 of the Project.

*Section 5.10.* (a) The Borrower shall inform the Bank of any proposed action to amend, waive or abrogate any provision of Law No. 12394 of the Borrower and shall afford the Bank a reasonable opportunity, in advance of the taking of such action, to exchange views with the Borrower with respect thereto.

(b) The *Reglamento Interno* of the *Comisión*, approved by the Decree of the Borrower dated January 30, 1958, shall be modified only by mutual agreement between the Borrower and the Bank.

*Section 5.11.* The Borrower undertakes to insure or cause to be insured, or make other provision satisfactory to the Bank for the insurance

of, the imported goods to be financed out of the proceeds of the Loan or out of the proceeds of loans made under Parts 1, 2 and 5 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 5.12.* 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 out of the proceeds of loans made under Parts 1, 2 and 5 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 Banco Central, the Participating Banks, the Livestock Fund, the *Comisión* 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 representatives to inspect the Project, the goods and services financed out of the proceeds of the Loan and out of the proceeds of loans made under Parts 1, 2 and 5 of the Project, and any relevant records and documents.

*Section 5.13.* (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: the performance by the Borrower, Banco Central, the Participating Banks, the Livestock Fund, the *Comisión* or the Technical Director of their respective obligations under this Loan Agreement and the Subsidiary Loan Agreements, the administration, operations and financial condition of Banco Central, the Participating Banks, the Livestock Fund, the *Comisión* 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.

(b) The Borrower shall furnish to the Bank all such information as the Bank shall reasonably request concerning: the expenditure of the proceeds of the Loan and of the proceeds of loans made under Parts 1, 2 and 5 of the Project, the goods and services financed out of such proceeds, the Project, the policies, measures and rate of return referred to in Section 5.06 of this Loan Agreement, and the administration, operations and financial condition of Banco Central, the Participating Banks, the Livestock Fund, the

*Comisión* 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, the maintenance of the service thereof and the general status of the Loan. On the part of the Borrower, such information shall include information with respect to financial and economic conditions in the territories of the Borrower and the international balance of payments position of the Borrower.

(c) The Borrower shall promptly inform the Bank of any condition which interferes with, or threatens to interfere with, the accomplishment of the purposes of the Loan or the maintenance of the service thereof or the performance by the Borrower, Banco Central, the Participating Banks, the Livestock Fund, the *Comisión* or the Technical Director of their respective obligations under this Loan Agreement and the Subsidiary Loan Agreements.

(d) 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 5.14.* 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 5.15.* 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 5.16.* 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 or by way of priority in the allocation or realization of foreign exchange. To that end, the Borrower undertakes that, except as the Bank shall otherwise agree, if any lien shall be created on any assets of the Borrower or of any of its political subdivisions or of any agency of the Borrower or of any such political subdivision, including

Banco Central and any other institution performing the functions of a central bank for the Borrower, 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. If the Borrower, for constitutional reasons, shall be unable to make the foregoing undertaking effective with respect to any lien on assets of an agency which is granted autonomy by the Constitution (other than Banco Central or any other institution performing the functions of a central bank for the Borrower) or on assets of a political subdivision or agency of a political subdivision, the Borrower shall grant to the Bank an equivalent lien satisfactory to the Bank. 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 arising in the ordinary course of banking transactions and securing a debt maturing not more than one year after its date; or (iii) any lien upon property in Uruguay or revenues or receipts in currency of the Borrower, if such lien is given by a political subdivision of the Borrower or by an agency of such political subdivision under arrangements or circumstances which would not result in priority in the allocation or realization of foreign exchange.

### 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 in this Loan Agreement or in the Bonds to the contrary notwithstanding.

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

- (a) Any Participating Bank shall have failed to perform any of its obligations under a Subsidiary Loan Agreement, and such event shall continue for a period of sixty days after notice thereof shall have been given to the Borrower by the Bank.

- (d) Any provision of any Subsidiary Loan Agreement shall have been amended, terminated, assigned or waived, or Banco Central shall have failed to enforce any provision of any Subsidiary Loan Agreement, without the prior agreement of the Bank.
- (c) Any of the Participating Banks shall have become unable to pay its debts as they mature or any action or proceeding shall have been taken by any of the Participating Banks or by others whereby any of the property of any of the Participating Banks shall or may be distributed among its creditors.
- (d) The Borrower or any other authority having jurisdiction shall have taken any action for the dissolution or disestablishment of any of the Participating Banks or for the suspension of its operations.

*Section 6.03.* For the purposes of Section 6.02 of the General Conditions, the following additional event is specified, namely:

An extraordinary situation shall have arisen which shall make it improbable that any of the Participating Banks will be able to perform its obligations under a Subsidiary 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 livestock Fund shall have been established and its establishment shall have been duly authorized or ratified by all necessary corporate and governmental action;
- (b) Banco República shall have established the separate section and made the initial appointment to fill the position referred to in Section 5.03 of this Loan Agreement and such establishment and appointment shall have been duly authorized or ratified by all necessary corporate and governmental action;
- (c) the Borrower shall have taken all necessary action to enable it to comply with its obligations under Section 5.04 (i) of this Loan Agreement;
- (d) the Borrower shall have employed the Technical Director;
- (e) Banco Central shall have made the first of the allocations referred to in Section 5.02. (c) of this Loan Agreement; and

(f) Banco Central shall have entered into a Subsidiary Loan Agreement with at least one Participating Bank.

*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, and that all acts, consents and approvals required in connection with the foregoing have been duly and validly performed or given;
- (b) that the separate section of Banco República referred to in Section 5.03 of this Loan Agreement has been duly and validly established and that all acts, consents and approvals required in connection with the foregoing have been duly and validly performed or given;
- (c) that all acts, consents and approvals required in connection with the action taken by the Borrower to enable it to comply with its obligations under Section 5.04 (i) of this Loan Agreement have been duly authorized or ratified by all necessary governmental action;
- (d) that all acts, consents and approvals required in connection with the allocation referred to in Section 7.01 (e) of this Loan Agreement have been duly authorized or ratified by all necessary governmental action; and
- (e) that the Subsidiary Loan Agreement or Agreements entered into by Banco Central for the purposes of Section 7.01 (f) of this Loan Agreement have been duly authorized or ratified by all necessary corporate and governmental action and constitute valid and binding obligations of the parties thereto in accordance with its or their terms.

*Section 7.03.* The date of September 30, 1970, is hereby specified for the purpose of Section 11.04 of the General Conditions.

### *Article VIII*

#### MISCELLANEOUS

*Section 8.01.* The Closing Date shall be September 30, 1971, or such other date as shall be agreed between the Borrower and the Bank.

*Section 8.02.* The *Comisión*, acting on behalf 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 Economía y Finanzas  
Colonia 1089  
Montevideo, Uruguay

## Alternative address for cables:

Mineconomía y Finanzas  
Montevideo

## With copies to:

Comisión Honoraria del Plan Agropecuario  
Ciudadela 1471  
Montevideo, Uruguay

## 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.

Republica oriental del Uruguay:

*By* HÉCTOR LUISI  
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. Ranch development loans .....	2,100,000
2. Seeds and fertilizer .....	3,200,000
3. Agricultural machinery and equipment .....	100,000
4. Pasture seed cleaning and processing equipment (Part 5 of the Project) .....	300,000
5. Technical and consultants' services .....	340,000
6. Training abroad for local technicians .....	60,000
7. Unallocated .....	<u>200,000</u>
	<b>TOTAL <u>6,300,000</u></b>

## REALLOCATION UPON CHANGE IN COST ESTIMATES

1. If the estimate of the cost of the items included in any of the Categories 1 to 6 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 7.

2. If the estimate of the cost of the items included in any of the Categories 1 to 6 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 39% of such increase) will be allocated by the Bank, at the request of the Borrower, to such Category from Category 7, 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>
July 15, 1974 .....	300,000	July 15, 1978 .....	395,000
January 15, 1975 .....	310,000	January 15, 1979 .....	410,000
July 15, 1975 .....	320,000	July 15, 1979 .....	425,000
January 15, 1976 .....	335,000	January 15, 1980 .....	440,000
July 15, 1976 .....	345,000	July 15, 1980 .....	455,000
January 15, 1977 .....	355,000	January 15, 1981 .....	470,000
July 15, 1977 .....	370,000	July 15, 1981 .....	485,000
January 15, 1978 .....	380,000	January 15, 1982 .....	505,000

\* 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 two years before maturity .....	1 <sup>1</sup> / <sub>4</sub> %
More than two years but not more than four years before maturity .....	2 <sup>1</sup> / <sub>2</sub> %
More than four years but not more than eight years before maturity .....	4%
More than eight years but not more than ten years before maturity .....	5 <sup>3</sup> / <sub>4</sub> %
More than ten years before maturity .....	7%

## 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 making of ranch development loans to about 3,000 ranchers to help finance ranch development plans.
2. The making of loans to importers of rock phosphate, fertilizer, pasture seeds and agricultural machinery and equipment required to carry out ranch development plans.
3. Provision to ranchers of technical services to assist in the preparation and carrying out of ranch development plans.
4. Pasture research, including fertilizer and grazing management trials.
5. Production of pasture seed, mainly certified.
6. Reorganization of the meat processing industry in Uruguay, including:
  - (a) modernization, expansion and improvement of privately-owned meat processing plants;
  - (b) modernization, expansion and improvement of meat processing plants totally or partially owned or controlled by the Borrower;
  - (c) improvement of the Borrower's meat inspection service; and
  - (d) improvement of the meat processing industry regulation and of the meat marketing system.

7. Administrative reorganization of the staff serving the *Comisión*, including *inter alia*:
  - (a) appointment of five regional supervisors, reporting directly to the Technical Director, to oversee field technicians;
  - (b) appointment of a full-time accountant and a full-time director for administration;
  - (c) creation of a ranch budgeting and record-keeping unit, under the Technical Director; and
  - (d) strengthening of supervision procedures.
8. Training of local technicians, especially in ranch budgeting and record keeping, in accordance with such programs and at such places as shall be agreed from time to time between the Borrower and the Bank.

#### SCHEDULE 4

##### AUTHORITY AND RESPONSIBILITIES OF THE TECHNICAL DIRECTOR

The Technical Director shall be responsible to the *Comisión* for the execution of Parts 1, 3, 4, 5, 7 and 8 of the Project. He shall have the following specific duties and powers:

- (1) advising the *Comisión* on major policy decisions in respect of the Project;
- (2) conducting the execution of Parts 1, 3, 4, 5, 7 and 8 of the Project in accordance with the policies and procedures approved by the *Comisión*;
- (3) cooperating with the management of the Participating Banks in the carrying out of Parts 1 and 3 of the Project;
- (4) training staff serving the *Comisión* as shall be necessary to carry out Part 8 of the Project;
- (5) approving or disapproving all ranch development plans;
- (6) following up, supervising and giving technical assistance to ranchers as necessary to ensure success of each farm development plan;
- (7) advising Participating Banks, through the *Comisión*, on the suspension or prematuring of ranch development loans, or both, when he finds that the respective ranch development plan is not being carried out in accordance with the terms of the respective ranch development loan agreement; and informing the Participating Banks, through the *Comisión*, if and when such situation has been satisfactorily rectified;
- (8) establishing and maintaining ranch records for sample ranches as needed for Project evaluation;

- (9) making recommendations to the *Comisión* with respect to:
  - (a) remuneration and other compensation for staff serving the *Comisión* as shall be necessary to attract the best qualified personnel available; and
  - (b) recruitment, promotion, suspension or removal of such staff;
- (10) preparing quarterly and annual progress reports for submission to the *Comisión* and transmittal to the Bank;
- (11) providing guidance to agencies of the Borrower, principally the Borrower's Agricultural Research Center at Estanzuela, concerned with (a) the preparation and execution of pasture and beef research work related to the Project and (b) Part 5 of the Project; and
- (12) attending all such meetings of the *Comisión* as, in his opinion, shall require his presence.

#### SCHEDULE 5

#### LENDING AND OPERATING POLICIES AND PROCEDURES OF THE PARTICIPATING BANKS IN RESPECT OF PART I OF THE PROJECT

##### A. *Purpose*

Participating Banks shall make ranch development loans to eligible borrowers only for the exclusive purpose of assisting in the financing of eligible expenditures included in a ranch development plan.

##### B. *Eligibility*

In order to qualify for the granting of a ranch development loan, each applicant shall show to the satisfaction of the Participating Bank that he meets all creditworthiness criteria as shall be reasonably established from time to time by the Participating Bank.

##### C. *Terms and Conditions*

1. The amount of ranch development loans shall not exceed eighty per cent (80%) of the estimated cost of the ranch development plan to be financed therewith.

2. Ranch development loans shall be denominated and repayable in the currency of the Borrower; provided, however, that the outstanding principal amount of each ranch development loan shall be adjusted by the Participating Banks, not later than April 30 in each year, in accordance with such procedures as shall have been in effect on the date of the respective ranch development loan agreement, which shall be so provided therein; such procedures to be in accordance with the provisions of Article 316 of Law No. 13835 of the Borrower, dated January 7, 1970, and based on (i) the cattle and wool ranch-gate price index furnished by Banco Central to the Participating Banks prior to March 31 in every year or (ii) such other basis as shall be agreed from time to time by Banco Central and the Bank.

3. The adjusted outstanding principal amount of each ranch development loan shall: (a) be repaid in not less than seven years but not more than ten years, in such installments as shall be commensurate with the borrower's estimated net income arising from his ranch development plan, including a period of grace of not less than two years but not more than four years, provided, however, that if the ranch development plan to be financed involves an area in excess of ten per cent (10%) of the total area of the ranch, such period of grace shall be not less than three years; (b) bear interest at the rate of eleven per cent (11%) per annum; and (c) not be subject to any commissions, fees, or charges whatsoever imposed by the Participating Banks.

4. The standard ranch development loan agreement of the Participating Banks shall include such other terms and conditions as shall be satisfactory to the Bank, *inter alia*, the obligation of the borrower to keep records of the progress and cost of his ranch development plan, good husbandry and residence covenants on the part of the borrower, disclosure and information covenants (according to Part E of this Schedule) on the part of the Participating Bank and adequate rights for supervision, suspension of disbursements and foreclosure and other enforcement of security in favor of the Participating Bank.

5. Participating Banks shall also grant to ranchers participating in the Project such short- and medium-term loans as shall be (i) necessary to satisfy the working capital requirements of such ranchers arising out of the execution of their approved ranch development plans and (ii) consistent with the preceding paragraph B.

#### D. Approvals

1. The Participating Banks shall not grant any ranch development loan unless the ranch development plan that such loan is intended to assist in financing has been approved by the *Comisión*.

2. Whenever the amount of any ranch development loan or loans made or proposed to be made by one or more Participating Banks to any single rancher shall be, in the aggregate, in excess of the equivalent of \$100,000, the Participating Banks shall also obtain, through the *Comisión*, the prior approval in writing of the Bank.

#### E. Disbursements and Records

1. Whenever any goods or services to be financed out of the proceeds of any ranch development loan or loans shall be procured or paid by any Participating Bank or through its intermediary, the Participating Bank shall promptly inform its borrowers of the amounts charged to their respective ranch development loan accounts on account of such goods or services so procured or paid, such information to be supported with copies of the borrower's receipts for such goods or services in the amounts so charged.

2. The Participating Banks shall furnish periodic statements to each borrower, showing the amounts drawn on the borrower's ranch development loan account, including interest, payments made and the outstanding adjusted balance of the respective ranch development loan.

3. All Participating Banks shall: (i) establish and maintain separate accounts in respect of their respective Subsidiary Loan Agreement and of each ranch development loan made; (ii) have such accounts audited annually by independent auditors acceptable to the Bank and Banco Central; and (iii) promptly after the completion of such audit but not later than four months after the end of the respective Participating Bank's fiscal year, transmit to the Bank and Banco Central certified audited copies of such accounts together with a signed copy of the auditors' report.

#### F. *Supervision*

1. The Participating Banks shall ensure that amounts drawn on ranch development loan accounts are applied exclusively to expenditures on the ranch development plan that such ranch development loan is intended to assist in financing.

2. The staff of the Participating Banks, or the staff serving the *Comisión* on their behalf, shall regularly visit the ranches where ranch development plans financed with ranch development loans are being carried out to ensure that borrowers are effectively and punctually carrying out such plans and complying with the provisions of their respective ranch development loan agreements with the Participating Banks.

### 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.*]